

**Borrego Water District Board of Directors
Special Meeting
February 11, 2020 @ 9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004**

I. OPENING PROCEDURES

- A. Call to Order:
- B. Pledge of Allegiance
- C. Roll Call
- D. Approval of Agenda
- E. Approval of Minutes - None
- F. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min)
- G. Comments from Directors
- H. Correspondence Received from the Public - None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

- A. Borrego Water District Town Hall 2020 Draft Agenda (2-3)
 - 1. Draft Finance Section Slides – L Brecht (4-14)
- B. Risk Management Policy Overview – G Poole (15-18)
- C. Borrego Water District Representation on the Watermaster Technical Advisory Committee – G Poole (19-25)
- D. Status of Wells in Borrego Springs Sub Basin – M Panchal (26-27)
- E. Update on Status of Settlement Agreement / Stipulated Judgment – G Poole (28-30)
 - 1. Costs of Physical Solution L-Brecht

III. STAFF REPORT

- A. General Manager Report: Status Update and Verbal Discussion of: (31-35)
 - 1. Letter to Borrego Springs Community Sponsor Group
 - 2. Economics of BWD Solar at Office and Wastewater Treatment Plant
 - 3. Borrego Springs High School Agreement for use of High School Well

IV. CLOSED SESSION:

- A. Conference with Legal Counsel - Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Section 54956.9: (Three (3) potential cases)

V. CLOSING PROCEDURE: The next Board Meeting is scheduled for February 25, 2020 at Borrego Water District, 806 Palm Canyon Drive, Borrego Springs, CA 92004

AGENDA: February 11, 2020

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

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

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

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

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 11, 2020
AGENDA ITEM II.A

February 5, 2020

TO: Board of Directors
FROM: Geoffrey Poole, General Manager
SUBJECT: Borrego Water District Town Hall 2020 Draft Agenda– Dice/Johnson

RECOMMENDED ACTION:
Discuss and direct staff as deemed appropriate

ITEM EXPLANATION:
The Town Hall Committee comprised of President Dice and Director Johnson have recently met and developed the attached Draft Agenda with a proposed date is March 17th. Director Brecht has developed the attached slides.

NEXT STEPS
Once the date is set, staff will begin to make the preparations

FISCAL IMPACT
N/A

ATTACHMENTS
1 Draft Agenda
2. Finance related slides from Director Brecht

**Borrego Water District Board of Directors
Special Meeting TOWN HALL 2020
March 17, 2020 @ 4:00 p.m.
Borrego Springs Library
2580 Country Club Rd. Borrego Springs, CA 92004**

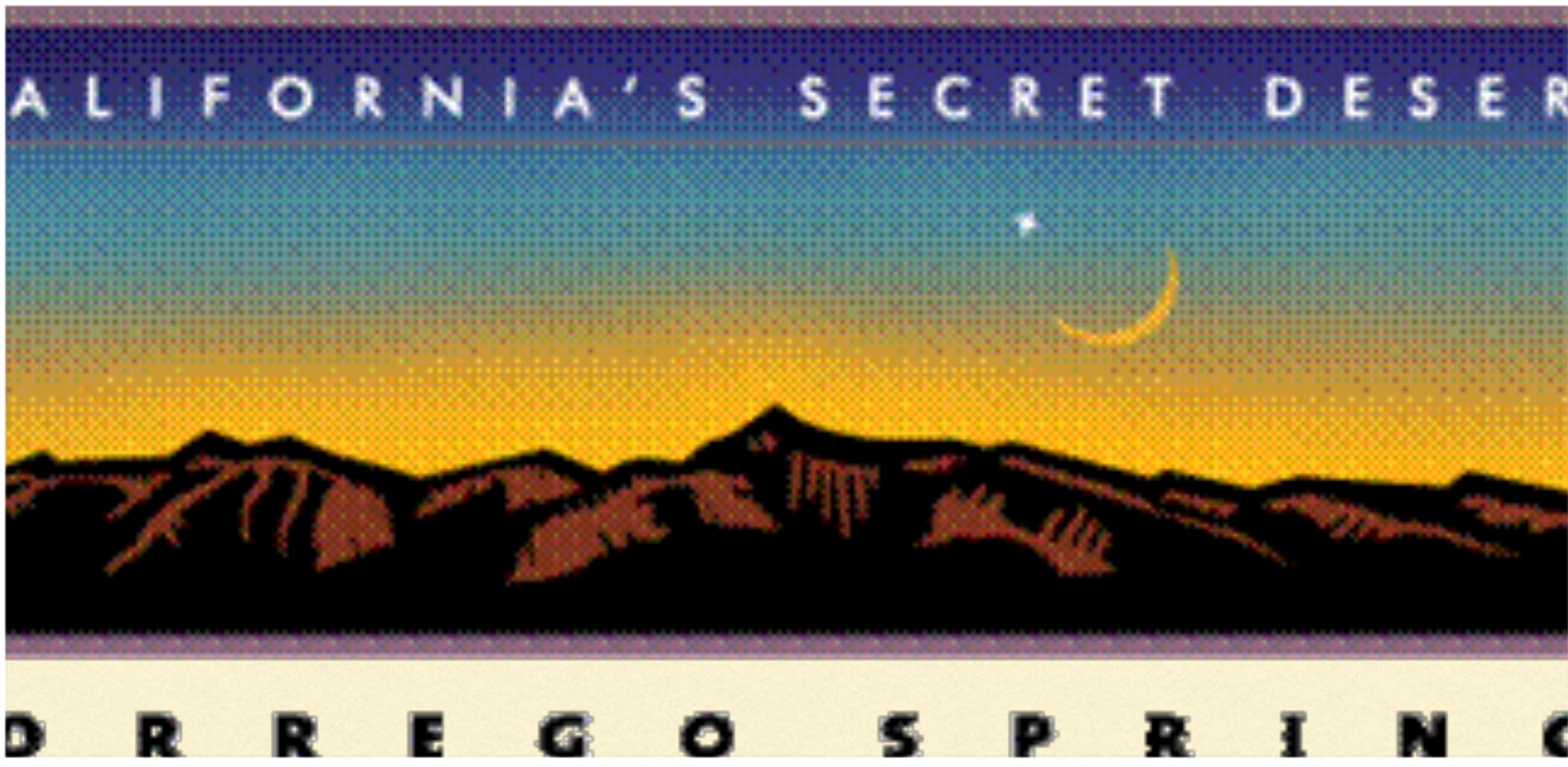
I. OPENING PROCEDURES

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- F. Comments from Directors
- G. Correspondence Received from the Public – None

VI. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

- A. BWD Town Hall 2020
 - 1. Capital Projects Construction – R Delahay
 - 2. Proposition 218 Rate Setting Process – K Dice
 - 3. BWD Finances – L Brecht
 - 4. Grant Funding Efforts – D Johnson
 - 5. Stipulated Judgment Update – D Duncan
 - 6. Questions and Answers – G Poole

- VII. CLOSING PROCEDURE:** The next Board Meeting is scheduled for March 24, 2020 at Borrego Water District, 806 Palm Canyon Drive, Borrego Springs, CA 92004



FINANCE

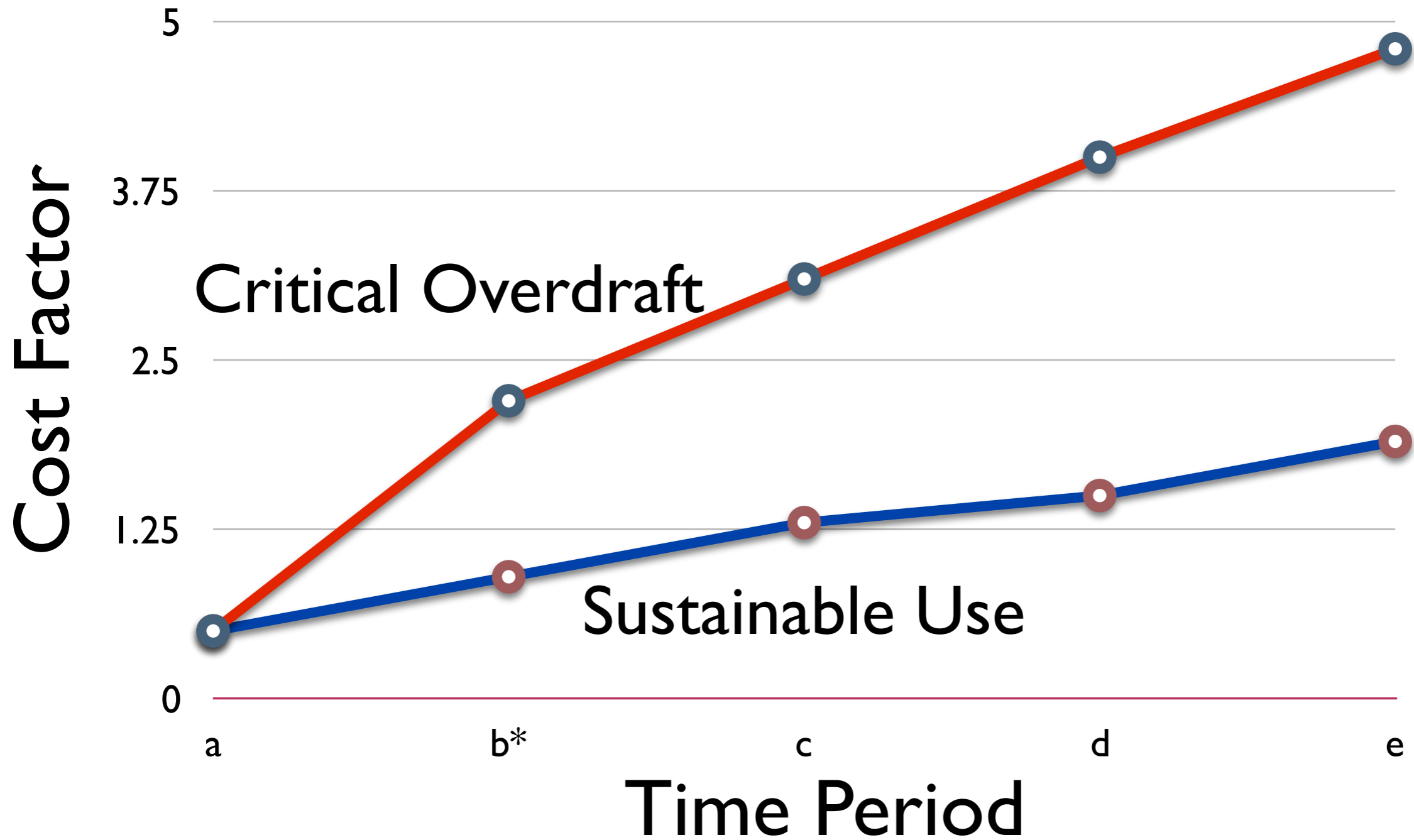
Town Hall 2020

SUSTAINABLE USE OF GROUNDWATER (SGMA)

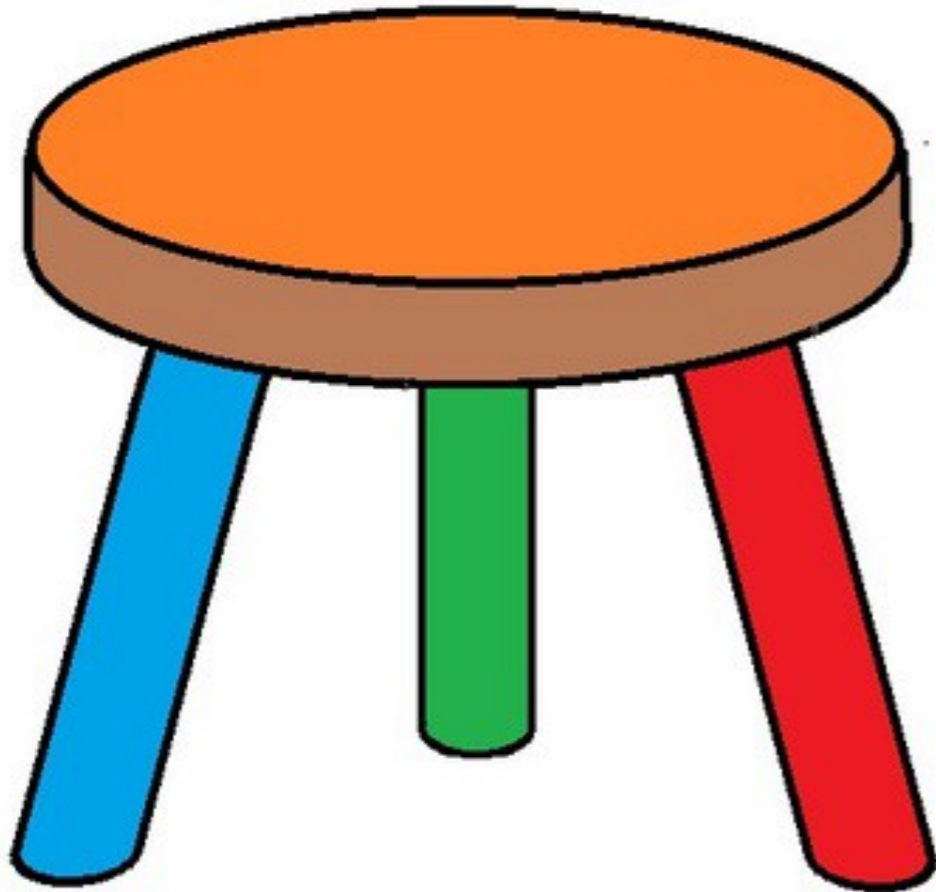
- SGMA is forcing function for Borrego to get its economic house in order
- provides two paths: (1) GSA/GSP path; (2) an “alternative” Watermaster/Physical Solution path. Both are equally valid under SGMA
- why choose the “alternative” path? GSA/GSP path takes longer (~3-5-years longer) and ~\$12M more; BWD ratepayers would likely pay ~40% of this cost increase
- the GSA/GSP path does not address water rights, so expensive litigation over water rights could occur at any time during the proposed rampdown
- only other option than 2 SGMA paths is a “contested adjudication.” Longer to begin rampdowns than under SGMA; costs ~\$16M more; BWD ratepayers would likely pay ~50% of this amount

- Why Bother with Critical Overdraft?
- Financial Advantage of Sustainable Use

Rate Impacts of Critical Overdraft vs Sustainable Use



STIPULATION IS NECESSARY BUT INSUFFICIENT AS A STANDALONE



- three legged stool
- requires enforcement of “Physical Solution”
- requires BWD “revenue sufficiency”— rates sufficient to maintain BWD’s credit
- requires County ordinances, policies, land use and zoning that are SGMA-compliant

SOME HISTORY - IN FY 2011

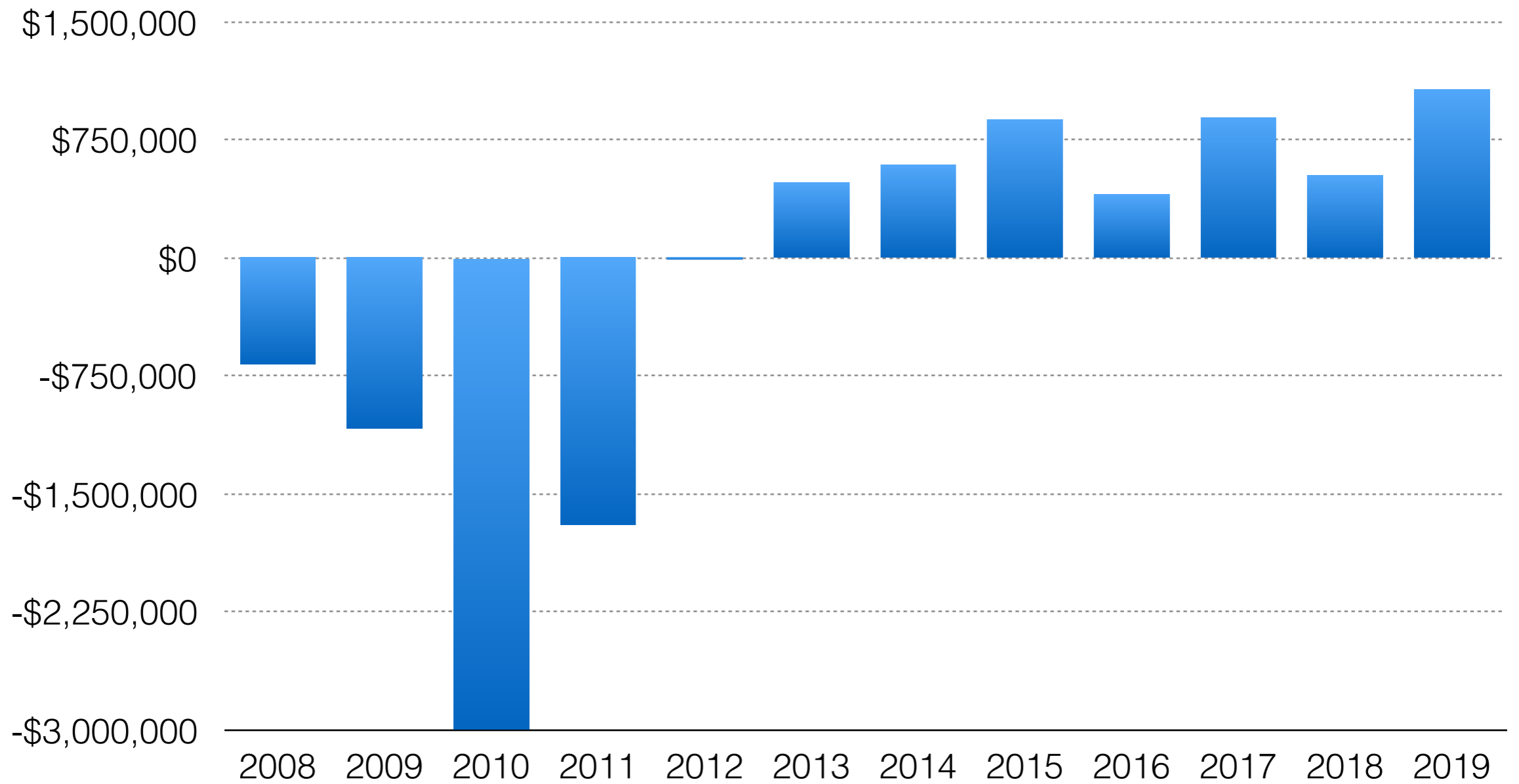
- the basin overdraft and its attendant direct & deferred costs had more than doubled since 1982 when USGS study unequivocally determined the Borrego Springs Subbasin was in “serious” overdraft; by 2010 in “critical” overdraft
- BWD: \$0 of ~\$6.2 million in unallocated cash reserves left; ~\$1.2 million annual cash operating deficit
- BWD had obligated ~\$7.0 million in potential new debt from 2007-2010 non-CIP business deals with no means to pay P&I
- no ability for BWD to borrow for ~\$20M in deferred CIP needs, even short-term (lost all credit); no cash flow management reporting; no long-term CIP plan
- \$1.3M in BWD grants for basin studies assumed Subbasin would be dewatered

BOARD STRATEGIC FOCUS OVER 9-YEARS: TO REGAIN CREDIT & ADDRESS OVERDRAFT

- eliminated \$5.5 million of \$7.0 million in future debt payment obligations; refinanced \$1.5 million Viking loan saving \$1 million in financing costs
- cut \$1.2 million in annual operating expenses
- conducted 2 Proposition 218s that raised Tier I residential commodity rates between FY 2012-2020; resulting in rates that are still half of water rates in San Diego and about equal to rates in other nearby desert communities
- wrote off ~\$1.4 million in previously capitalized expenses to clean up Balance Sheet
- developed rolling 10-year CIP; monthly detailed cash flow reporting; consolidated FY budget
- deferred ~\$11.0 million in necessary CIP costs until credit was restored (by FY 2019)
- renegotiated basin studies to assume Subbasin could be saved rather than dewatered

Financial Health of the District

■ Net Increase (Decrease) In Cash & Cash Equivalents



REVENUE SUFFICIENCY

- state water law requires BWD to charge rates that are “revenue sufficient”
- “sufficient” for what?
 - to protect public health (Milwaukee, WI; Walkerton, Ontario examples)
 - to maintain credit to borrow for CIP needs (that protect service reliability and public health)
- Consequences of insufficiency are dire: service disruptions; people get sick; property values tank

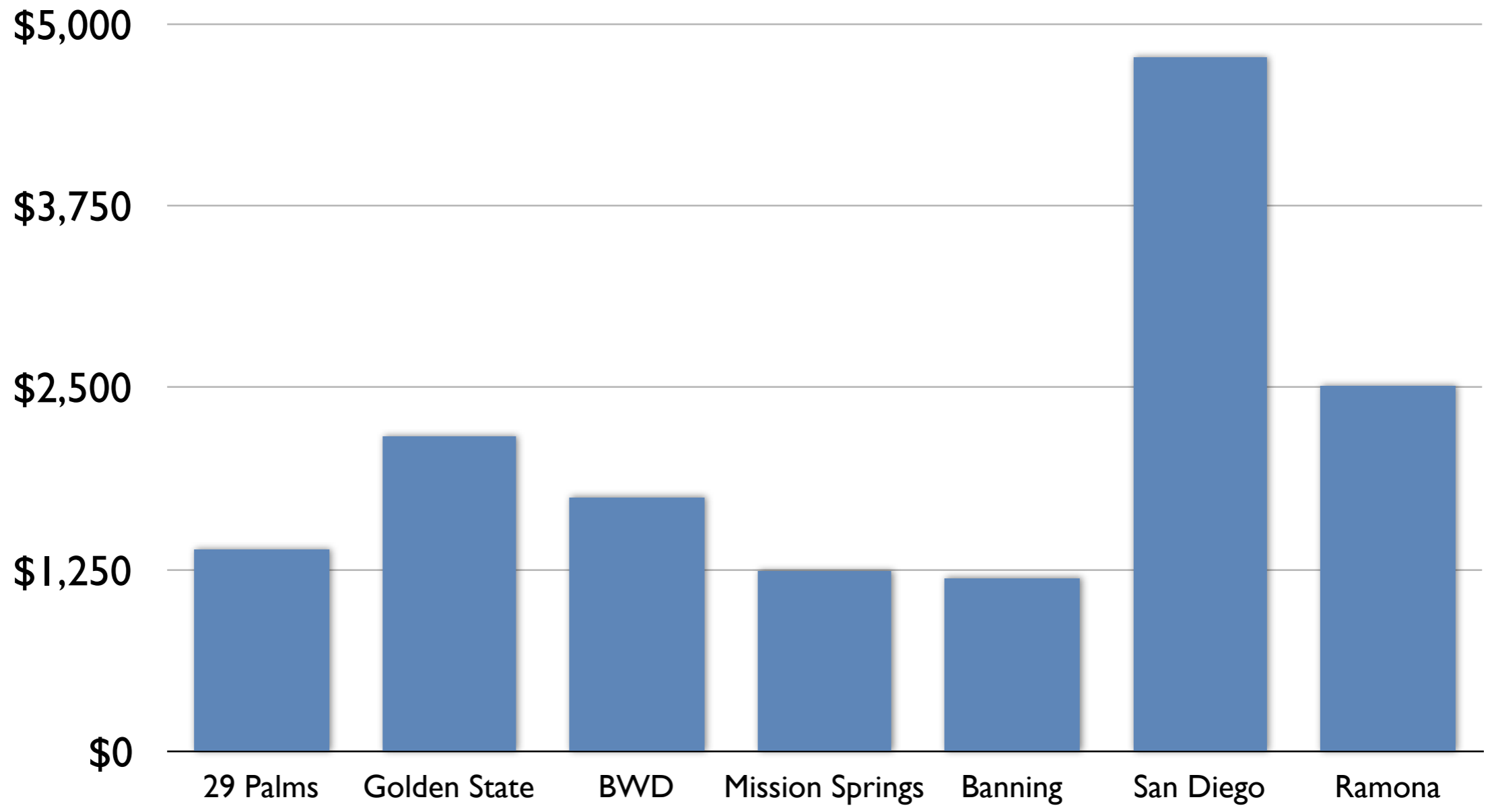
FY 2021 RATES ASSUMPTIONS

- due to past deferred CIP over many years by previous BWD Boards, BWD will need to go out for another ~\$5 million in new debt for CIP in ~3-4 years
- BWD is presently short of adequate cash flow to handle increased P&I payments for new CIP debt taken down after FY2021 and short of adequate cash reserves at this time to obtain the lowest cost new debt
- SGMA will, for the first time, create a cost for all pumpers of the basin — an annual pumping fee. In the past, extractions from the groundwater basin were free for all pumpers. This fee and related annual “Physical Solution” implementation costs will add new ongoing operating expenses

PROPOSED RATES FOR FY 2021 VS. FY 2020 RATES

- tier 1 residential volumetric use
- tier 2 residential volumetric use
- tier 3 residential volumetric use
- commercial volumetric use
- monthly service charge
- sewer & wastewater treatment increase

■ Provisional 2021 Cost Comparison for 1 AF of water purchased (3/4" meter)



BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 11, 2020
AGENDA ITEM II.B

February 5, 2020

TO: Board of Directors
FROM: Geoffrey Poole, General Manager
SUBJECT: Risk Management Policy Overview – G Poole

RECOMMENDED ACTION:

Discuss and direct staff as deemed appropriate

ITEM EXPLANATION:

Staff is developing a Risk Management Policy to combat the numerous risks facing BWD by identifying the risk and the appropriate procedures to address it. As issues appear, the list will grow over time, but the initial list of specific risks to be included in the Risk Management Policy are shown below:

Air Quality
Cyber Security
Rams Hill Flood Control
Groundwater Sampling and Water Quality Monitoring

NEXT STEPS

Continue to update RMP as future issues arise

FISCAL IMPACT

TBD

ATTACHMENTS

1 Draft Risk Management Policy with Procedures

BORREGO WATER DISTRICT

POLICY STATEMENT

SUBJECT: Risk Management Policy
NO: TBD
ADOPTED: February XX, 2020

PURPOSE: To establish procedures to address the wide array of risks facing BWD.

GOALS: Provide clear procedures to be included in future annual budgets and provide direction to Staff on specific steps to take.

POLICY: The Policy of the Board of Directors of the Borrego Water District with regard to Risk Management is as follows:

AIR QUALITY

POLICY

Participate and Support Ongoing Air Quality Monitoring Activities.

PROCEDURES

- a. Remain in Contact with UCI and its Consultants to confirm Air Quality Monitoring is ongoing in compliance with contractual obligations
- b. Provide Logistical Assistance as needed to UCI and Consultants for equipment repair and similar operational activities.
- c. Receive periodic updates from the Consultant to report the results of the Monitoring

FUNDING: Consult with State, County and other Organizations to determine if future funding sources exist.

CYBER SECURITY

POLICY

Operate and maintain BWD Computer systems for maximum protection from internal and external threats.

PROCEDURES

1. Understand the Assets
 - A. Perform Asset Inventory, Physical Inspection and Create Database: Identifying assets through an annual physical inspection for prioritizing cyber defense including data, processes, personnel and supporting infrastructure and dependencies to other systems (Asset Inventory). The Asset Inventory should include all components on the IT and OT networks and in the field, including third party and legacy equipment. Details should include but not be limited to asset user, location, device type, model number, device name, hardware/firmware/software versions, patch levels,

- device configurations, active services, protocols, network addresses, asset value and criticality. Furthermore, an asset inventory is not a singular task, but an ongoing process.
- B. Inspect for Unauthorized Assets: While conducting the Asset Inventory, perform an inventory to identifying equipment that do not belong, such as a rogue wireless access point or other unapproved devices or connections. Inventories also illuminate processes and procedures that could enable the detection of unauthorized configuration changes or other anomalies within the environment.
 - C. Security of Asset Inventory Information: In the same way asset inventory and network diagram documentation are of paramount importance to the asset owner, they are also very attractive to an adversary. Hence, this information needs to be as rigorously protected as the ICS system itself.
2. Understand Risks
- A. Assess Risks: Risk assessments are instrumental in identifying security gaps and vulnerabilities. They are vital to prioritizing the application of controls and countermeasures to protect the organization. The goal of a risk assessment is to identify and prioritize risk based on the likelihood that a threat or vulnerability could adversely impact an organization.
 - B. Restrictive Procedures: Only dedicated and properly secured devices should be permitted within the control system environment, and each one should be clearly marked as such. In the event one is installed and then no longer needed, connections must be disabled immediately.
 - C. Physical Security: Non-technical, physical barriers, like fences, barricades, gates, guards and locked doors/cabinets with alarmed doors/windows should be used to establish a security defense around the perimeter of buildings or rooms containing IT equipment. Utilize off site storage of programs and back up files.
 - D. Enforce User Access Controls: Providing control system access only to those individuals who are authorized to have it.
3. Understand External Threats
- A. 3rd Party Testing: On a quarterly basis, 3rd party, independent Consultants shall be used to evaluate BWDs cyber security systems thru an External Vulnerability Scan, External Pen Test and Internal Vulnerability Scan.
 - B. Cybersecurity Insurance: Participate in Cyber Insurance programs to assist with recovery in the event of a loss.

RAMS HILL FLOOD RISK MANAGEMENT FACILITY

POLICY

Ensure facility meets current standards, is properly maintained and BWD ratepayers are insulated from any potential losses

PROCEDURES

1. Determine if Facility meets current standards.
2. Confirm as-built conditions are reflective of design/construction standards required for the Facility.
3. Inspected by a Registered Engineer at least once every 3 years or following a significant rain event. BWD staff will inspect the Facility at least once per quarter or during/following a significant rain event.
4. Work with Insurance carrier to provide adequate protection from losses, if one it occurs.
5. Calculate cost of all activities above and adjust fees to direct beneficiaries accordingly

GROUNDWATER ELEVATIONS AND WATER QUALITY MONITORING

POLICY

Ensure adequate collection of groundwater elevation and water quality data

PROCEDURES

- 1 Increase sampling of BWD wells to semi annual
- 2 Contact existing well owners regarding its use for water quality sampling - Peterson
- 3 Obtain DWR Grant for monitoring wells.
- 4 Develop periodic trend analysis reports on information generated

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 11, 2020
AGENDA ITEM II.C

February 5, 2020

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Borrego Water District Representation on the Watermaster Technical Advisory Committee – G Poole

RECOMMENDED ACTION:

Discuss and direct staff as deemed appropriate

ITEM EXPLANATION:

A component of the recently approved Settlement Agreement and Stipulated Judgment is the formation of a Technical Advisory Committee to advise the Watermaster Board and Staff. One of the most significant tasks for the TAC include an evaluation of the Groundwater Management Plan every 5 years. Each pumper is invited to provide technical expertise and BWD has received two proposals to represent (Dudek and Dr Jay Jones)

NEXT STEPS

Continue to update RMP as future issues arise

FISCAL IMPACT

TBD

ATTACHMENTS

1 Proposals from Dudek Engineering and Dr Jay Jones - ENSI

January 9, 2020

Geoff Poole, General Manger
Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 92004

Subject: *Proposal for Technical Advisory Committee Support – Borrego Springs Subbasin*

Dear Mr. Poole

Dudek is pleased to present you with this proposal to provide Technical Advisory Committee Support for the Borrego Springs Subbasin. Over the past 7 years, Dudek has provided engineering and hydrogeologic technical services to the Borrego Water District (BWD) working towards developing sustainable solutions for the Borrego Valley. Dudek appreciates this opportunity to build upon development of the Draft Final Groundwater Sustainability Plan for the Borrego Springs Groundwater Subbasin through the ongoing Stipulated Agreement/Judgment process.

Task 1 Technical Advisory Committee Support

Dudek anticipates providing technical support to the BWD during implementation of the Stipulated Agreement/Judgement. We assume that each meeting will require 6 hours to attend, and will require up to 4 hours of preparation prior to the meeting. Additionally we have budgeted time for preparation of figures and text to inform the Technical Advisory Committee discussions and time for up to 4 meetings with BWD specifically to discuss Technical Advisory Committee related concerns. Additional meetings or preparation may be necessary and will be requested on an as-needed basis.

Dudek will bill as-needed work on a time and materials basis in accordance with rates listed on the 2020 Standard Schedule of Charges (attached). All as-needed work will be approved via written authorization (e-mail) by the BWD General Manger.

Cost for Task 1\$39,993.00

Mr. Geoff Poole

Subject: Proposal for Technical Advisory Committee Support – Borrego Springs Subbasin

Dudek appreciates this opportunity to assist the BWD. If you have any questions or require further discussion, please contact me at tdriscoll@dudek.com or 760.415.1425.

Sincerely,



Trey Driscoll, PG No. 8511, CHG No. 936
Principal Hydrogeologist

Att.: *Table 1. Fee Schedule, 2020 Standard Schedule of Charges*
cc: *Derek Reed, Dudek*

Please sign below to approve this proposal as an amendment to the existing scope of work.

Approved by _____
Borrego Water District

Date approved _____

Table 1. Fee Estimate

Dudek Labor Hours and Rates					TOTAL DUDEK HOURS	DUDEK LABOR COSTS	OTHER DIRECT COSTS*	TOTAL FEE
Project Team Role: Team Member:	Principal Hydrogeologist Driscoll	Sr. Hydrogeologist I Duverge	Hydrogeologist II McManus	Hydrogeologist II Pritchard- Petersen				
Billable Rate :	\$250	\$190	\$135	\$135				
Task 1	Technical Advisory Committee Support							
	Attend TAC Meetings (assumes up to six meetings in Borrego Springs)	36			36	\$ 9,000	\$ 593	\$ 9,593
	Prepare for TAC Meetings (as needed)	24			24	\$ 6,000		\$ 6,000
	Prepare Figures, Tables and Presentations for TAC (as needed)	24	40	40	40	\$ 24,400		\$ 24,400
	Subtotal Task 1	84	40	40	40	\$ 39,400	\$ 593	\$ 39,993
	Total Non-Optional Hours and Fee	84	40	40	40	\$ 39,400	\$ 593	\$ 39,993
	<i>Percent of Hours:</i>	40%	20%	20%	20%	100%		

DUDEK

2020 STANDARD SCHEDULE OF CHARGES

ENGINEERING SERVICES

Project Director.....	\$290.00/hr
Principal Engineer III.....	\$270.00/hr
Principal Engineer II.....	\$260.00/hr
Principal Engineer I.....	\$250.00/hr
Program Manager.....	\$235.00/hr
Senior Project Manager.....	\$235.00/hr
Project Manager.....	\$230.00/hr
Senior Engineer III.....	\$225.00/hr
Senior Engineer II.....	\$215.00/hr
Senior Engineer I.....	\$205.00/hr
Project Engineer IV/Technician IV.....	\$195.00/hr
Project Engineer III/Technician III.....	\$185.00/hr
Project Engineer II/Technician II.....	\$170.00/hr
Project Engineer I/Technician I.....	\$155.00/hr
Senior Designer.....	\$175.00/hr
Designer.....	\$165.00/hr
Assistant Designer.....	\$160.00/hr
CADD Operator III.....	\$155.00/hr
CADD Operator II.....	\$145.00/hr
CADD Operator I.....	\$130.00/hr
CADD Drafter.....	\$120.00/hr
CADD Technician.....	\$110.00/hr
Project Coordinator.....	\$135.00/hr
Engineering Assistant.....	\$115.00/hr

ENVIRONMENTAL SERVICES

Project Director.....	\$245.00/hr
Senior Specialist IV.....	\$230.00/hr
Senior Specialist III.....	\$220.00/hr
Senior Specialist II.....	\$200.00/hr
Senior Specialist I.....	\$190.00/hr
Specialist V.....	\$180.00/hr
Specialist IV.....	\$170.00/hr
Specialist III.....	\$160.00/hr
Specialist II.....	\$145.00/hr
Specialist I.....	\$130.00/hr
Analyst V.....	\$120.00/hr
Analyst IV.....	\$110.00/hr
Analyst III.....	\$100.00/hr
Analyst II.....	\$90.00/hr
Analyst I.....	\$80.00/hr
Technician V.....	\$100.00/hr
Technician IV.....	\$90.00/hr
Technician III.....	\$80.00/hr
Technician II.....	\$70.00/hr
Technician I.....	\$60.00/hr
Compliance Monitor.....	\$95.00/hr

DATA MANAGEMENT SERVICES

GIS Programmer I.....	\$185.00/hr
GIS Specialist IV.....	\$160.00/hr
GIS Specialist III.....	\$150.00/hr
GIS Specialist II.....	\$140.00/hr
GIS Specialist I.....	\$130.00/hr
Data Analyst III.....	\$100.00/hr
Data Analyst II.....	\$90.00/hr
Data Analyst I.....	\$80.00/hr
UAS Pilot.....	\$100.00/hr

CONSTRUCTION MANAGEMENT SERVICES

Principal/Manager.....	\$195.00/hr
Senior Construction Manager.....	\$180.00/hr
Senior Project Manager.....	\$165.00/hr
Construction Manager.....	\$155.00/hr
Project Manager.....	\$145.00/hr
Resident Engineer.....	\$145.00/hr
Construction Engineer.....	\$140.00/hr
On-site Owner's Representative.....	\$140.00/hr
Construction Inspector III.....	\$130.00/hr
Construction Inspector II.....	\$120.00/hr
Construction Inspector I.....	\$110.00/hr
Prevailing Wage Inspector.....	\$135.00/hr

HYDROGEOLOGICAL SERVICES

Project Director.....	\$285.00/hr
Principal Hydrogeologist/Engineer II.....	\$265.00/hr
Principal Hydrogeologist/Engineer I.....	\$250.00/hr
Sr. Hydrogeologist IV/Engineer IV.....	\$235.00/hr
Sr. Hydrogeologist III/Engineer III.....	\$220.00/hr
Sr. Hydrogeologist II/Engineer II.....	\$205.00/hr
Sr. Hydrogeologist I/Engineer I.....	\$190.00/hr
Hydrogeologist VI/Engineer VI.....	\$175.00/hr
Hydrogeologist V/Engineer V.....	\$165.00/hr
Hydrogeologist IV/Engineer IV.....	\$155.00/hr
Hydrogeologist III/Engineer III.....	\$145.00/hr
Hydrogeologist II/Engineer II.....	\$135.00/hr
Hydrogeologist I/Engineer I.....	\$125.00/hr
Technician.....	\$100.00/hr

DISTRICT MANAGEMENT & OPERATIONS

District General Manager.....	\$195.00/hr
District Engineer.....	\$185.00/hr
Operations Manager.....	\$160.00/hr
District Secretary/Accountant.....	\$120.00/hr
Collections System Manager.....	\$135.00/hr
Grade V Operator.....	\$125.00/hr
Grade IV Operator.....	\$110.00/hr
Grade III Operator.....	\$100.00/hr
Grade II Operator.....	\$75.00/hr
Grade I Operator.....	\$70.00/hr
Operator in Training.....	\$65.00/hr
Collection Maintenance Worker II.....	\$75.00/hr
Collection Maintenance Worker I.....	\$65.00/hr

CREATIVE SERVICES

3D Graphic Artist.....	\$180.00/hr
Graphic Designer IV.....	\$160.00/hr
Graphic Designer III.....	\$145.00/hr
Graphic Designer II.....	\$130.00/hr
Graphic Designer I.....	\$115.00/hr

PUBLICATIONS SERVICES

Technical Editor III.....	\$145.00/hr
Technical Editor II.....	\$130.00/hr
Technical Editor I.....	\$115.00/hr
Publications Specialist III.....	\$105.00/hr
Publications Specialist II.....	\$95.00/hr
Publications Specialist I.....	\$85.00/hr
Clerical Administration.....	\$90.00/hr

Forensic Engineering – Court appearances, depositions, and interrogatories as expert witness will be billed at 2.00 times normal rates.

Emergency and Holidays – Minimum charge of two hours will be billed at 1.75 times the normal rate.

Material and Outside Services – Subcontractors, rental of special equipment, special reproductions and blueprinting, outside data processing and computer services, etc., are charged at 1.15 times the direct cost.

Travel Expenses – Mileage at current IRS allowable rates. Per diem where overnight stay is involved is charged at cost.

Invoices, Late Charges – All fees will be billed to Client monthly and shall be due and payable upon receipt. Invoices are delinquent if not paid within 30 days from the date of the invoice. Client agrees to pay a monthly late charge equal to 1% per month of the outstanding balance until paid in full.

Annual Increases – Unless identified otherwise, these standard rates will increase 3% annually.

The rates listed above assume prevailing wage rates does not apply. If this assumption is incorrect Dudek reserves the right to adjust its rates accordingly.

December 12, 2019

Mr. Geoff Poole
General Manager, Borrego Water District (BWD)
806 Palm Canyon Drive,
Borrego Springs, CA 92004

RE: Technical Support for Borrego Water District:
Technical Advisory Committee

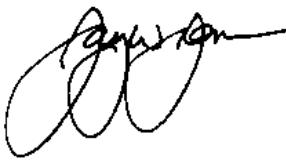
Dear Geoff,

The draft ‘Stipulated Agreement¹’ includes provision for a Technical Advisory Committee (TAC) “to study technical aspects of the Basin and to issue recommendations to Watermaster based on such technical study for the purpose of achieving Sustainable Groundwater Management in the Basin in an effective and efficient manner”. It is understood that BWD will require technical support for the TAC and work related to BWD’s role in compliance with the California Sustainable Groundwater Management Act (SGMA) as outlined in the proposed stipulated agreement and ultimately under a court-approved stipulated judgement.

ENSI is pleased to be able to offer technical support services to BWD in support of the afore-referenced TAC process. These services will be provided on an as-needed basis and time and material cost proposals can be provided per task as requested. A copy of ENSI’s professional service rates is attached. This work would be done under our existing contract dated 4/4/2018. If you are in agreement please sign and date as indicated below.

Thank you for your time and attention.

Sincerely,



Jay W. Jones, CA PG#4106
Environmental Navigation Services Inc. (ENSI)

Accepted By:

Signed _____ Dated _____

Mr Geoff Poole.
General Manager, Borrego Water District (BWD)

¹ As currently posted at the BWD website: <http://www.bvgsp.org/stipulation.html>

ENVIRONMENTAL NAVIGATION SERVICES, INC.

ENSI FEE SCHEDULE 2020

The following rates apply for services:

Senior Professional/ PG Review, \$195/hr

Deposition/ Expert Witness Testimony, \$390/hr

Staff Professional/ Field Management, \$150/hr

Field Technician, \$125/hr

Graphics Support, \$70/hr plus materials

The Senior Professional Rate applies in most instances where a Registered Professional is required for professional services. Support professional (staff) rates may vary depending on personnel required for a given project. Contract personnel may also be used depending on project requirements and may include independent contractors supervised by ENSI.

Minimum contract duration is 4 hours, to be invoiced at the Professional Services Rate.

A 15% G&A rate is generally applied to direct project and subcontracted expenses. A reduced G&A rate of 10% may apply on a project-specific basis.

Per diem and mileage rates are based upon current published Federal government rates.

Services requiring invasive subsurface activities such as drilling and excavation are typically conducted by subcontractors possessing insurance, licenses, and other requirements specific to those services.

General/ Professional/ Pollution Liability Insurance is in force with a general aggregate value of \$2,000,000.

Rates effective 1/1/2020. An annual rate increase of 3% will apply in 2021, and in subsequent years.

**PO Box 231026, Encinitas, CA 92023-1026
Phone: 760 944 9576 E-Mail: Environavigation@gmail.com**

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 11, 2020
AGENDA ITEM II.D

February 5, 2020

TO: Board of Directors
FROM: Geoffrey Poole, General Manager
SUBJECT: Status of Wells in Borrego Springs Sub Basin – M Panchal

RECOMMENDED ACTION:
Discuss and direct staff as deemed appropriate

ITEM EXPLANATION:
The attached Well Data List was created by combining The County and Dudek lists (part of GSP process) to count the number of wells present in Borrego Valley Basin. There are total 221 wells identified in Basin.

The list specifies types of wells located in the valley. There are 11 types of wells which are identified and bifurcated into categories. The Categories being Agriculture, Agriculture/Domestic, Air Ranch, Domestic, Industrial, Irrigation, Monitoring, Municipal, Recreation, State and Unknown. Under each category the well can further be recognized by its Status.

Active, Inactive, Known Active, Known Inactive, Known Monitoring and Unknown are the 6 Status of the wells. Known Active and Known Inactive signifies the “known” status of the wells from Dudek’s data collection in the past. The consolidated data shows the highest number (108) of Unknown status wells. 58 being known inactive, 42 being known active, 6 being active, 5 being inactive and 2 known monitoring.

NEXT STEPS
TBD

FISCAL IMPACT
TBD

ATTACHMENTS
1 Well Count

Well Report-2/1/2020

	Agri i	Agri/Do m	Air Ranch	Domesti c	Industria l	Irrigatio n	Monitorin g	Municip al	Recreatio n	Sta te	Unk n	Tota l
Active	1			2		1			2			6
Inactive	2			3								5
Known Active	6	1	1	7	3	1		12	11			42
Known Inactive	23						11	7	1	3	13	58
Known monitoring							1			1		2
Unknown	31	4		71		1					1	108
Total	63	5	1	83	3	3	12	19	14	4	14	221

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 11, 2020
AGENDA ITEM II.E.1

February 5, 2020

TO: Board of Directors
FROM: Geoffrey Poole, General Manager
SUBJECT: Costs of Physical Solution L-Brecht

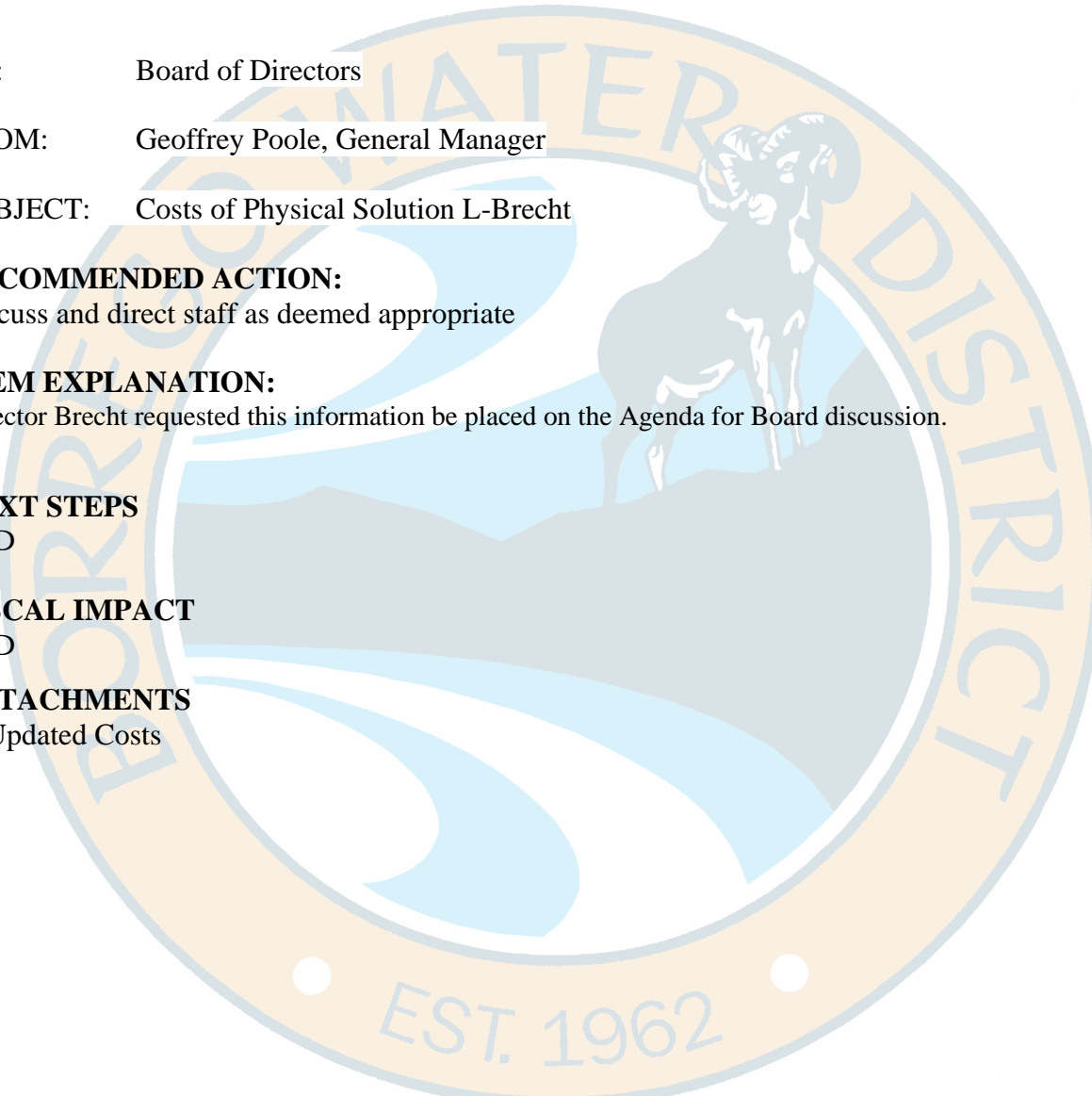
RECOMMENDED ACTION:
Discuss and direct staff as deemed appropriate

ITEM EXPLANATION:
Director Brecht requested this information be placed on the Agenda for Board discussion.

NEXT STEPS
TBD

FISCAL IMPACT
TBD

ATTACHMENTS
1. Updated Costs



ECONOMICS OF “PHYSICAL SOLUTION” TO CRITICAL OVERDRAFT

Actual “Physical Solution” Planning & Estimated Implementation Costs

Item	Cost
Federal & State basin studies grants & subsidies to BWD from 1/1/2010 - 1/1/2015	\$2,000,000
Local share of State & Federal grants paid by BWD from 1/1/2010 - 1/31/2019*	\$1,400,000
DWR Grants for Borrego Water Coalition (BWC) work between 1/1/2013 - 1/1/2015	\$150,000
BWD costs for BWC work 1/1/2013 - 1/1/2015	\$80,000
BWC Pumper’s contributions 1/1/2013 - 1/1/2015	\$50,000
DWR Grants to BWD for CCP GSP/GMP facilitation through 6/30/2018	\$120,000
DWR 2017 Grant to County for Borrego Basin GSA formation	\$60,000
DWR Prop 1 Grant to BWD for GSP/GMP SDAC socio-economic work	\$500,000
DWR Prop 1 Grant reimbursing County for GSP development costs from 4/4/2017	<u>\$1,475,000</u>
TOTAL Development Costs for “Physical Solution” (GSP/GMP)	\$5,835,000
Estimated Stipulated Judgement Legal Costs (implements “Physical Solution”)	\$500,000
Estimated 2020-2040 Watermaster “Physical Solution” Implementation Expenses	\$8,000,000
Estimated BWD CEQA costs paid for from DWR Prop 1 grant to County	<u>\$500,000</u>
TOTAL “Physical Solution” Estimated Implementation Costs (2020-2040)	\$9,000,000
TOTAL Actual & Estimated “Physical Solution” Costs	\$14,835,000

All of the above costs are necessary for implementing a SGMA-compliant “Physical Solution”:

- Basin characteristics (* net of \$300,000 reimbursement of BWD’s GSP/GMP expenses under Stipulation)
- Hydrology and economics of water supply from outside the Subbasin
- Developing pumper recommendations for meeting SGMA objectives
- Developing a defensible groundwater management plan (GMP) that will solve the critical overdraft

Not included in these “Physical Solution” costs:

- Cost of water rights/pumping allocation transfers from one sector to another

Community economic risks of not meeting SGMA-related objectives by 2040:

- Loss of assessed property values (subbasin water users' present assessed value ~\$340,000,000).
- Loss of annual revenue to region from Anza-Borrego Desert State Park (visitors spend ~\$40M annually)

Business risks:

- PV cost of municipal well abandonment and/or advanced water treatment (worst case: adds \$10~\$40M)

DRAFT 1.4 — January 18, 2020 — Developed by Director Lyle Brecht

BORREGO WATER DISTRICT
 BOARD OF DIRECTORS MEETING
 FEBRUARY 11, 2020
 AGENDA ITEM III – GM REPORT

February 5, 2020

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: General Manager Report: Status Update and Verbal Discussion of:

1. Letter to Borrego Springs Community Sponsor Group
2. Economics of BWD Solar at Office and Wastewater Treatment Plant
3. Borrego Springs High School Agreement for use of High School Well

1. Attached is the Agenda item and letter presented to the BS Community Sponsor Group at its Feb 6th meeting.
2. In January 2016, BWD installed a \$365,000 solar system at the Waste Water Treatment Plant and in October 2017, BWD spent \$110,443 for solar at the office and warehouse. At the WWTP, prior to solar installation in 2015, the annual energy bill was \$22,834 and since the annual SDGE bills have been \$-4,358. Without increasing the 2015 bill for rate increases that would have been incurred, the WWTP solar bill for the four years following installation is \$114,171 and the actual expenses resulted in energy bills of -\$4,358 for total savings of \$118,530. Adding in the Rebate is \$43,000 the total economic benefit is \$161,530 or 55% recovery of initial investment. At the BWD offices, the energy bill for 2015 was \$14,151 and in subsequent years the energy costs were \$4,302 for a total savings of \$24,000 or 22.79% recovery of initial investment of \$114,171.

WWTP Investment	-\$365,000	Rebate	\$43,000
		<u>4 Yr. Energy Savings</u>	<u>\$118,530</u>
		Total	\$161,530

55% of initial investment recovered

Office/Warehouse

Investment	-\$114,171	2 Yr. Energy Savings	\$24,000
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22% of initial investment recovered

3. Borrego Springs High School Agreement for use of High School Well.

BWD staff has located an Insurance Broker who has indicated his Company has access to numerous Brokers that provide insurance from well contamination. The quote is due in 2 weeks and once the quote is received discussions with the School District on finalizing the Agreement will begin. Staff intends to bring the Agreement back to the Board in late February or early March depending upon the timing of receiving the quotes.





February 4, 2020

TO: Borrego Spring Community Sponsor Group
FROM: Kathy Dice, Borrego Water District Board President
SUBJECT: Future BWD Participation in County Land Use Related Processes

The Board of Directors of the Borrego Water District (BWD) would like to take this opportunity to inform AECOM, the Sponsor Group, and the various agencies and departments of the County involved with aspects of the Land Code Development Update of the BWD's interest in this process.¹

From the standpoint of BWD, various ordinances, policies, and planning and zoning of the County for Borrego Springs consistent with the General Plan, are largely inconsistent with the objectives of the State of California's Sustainable Groundwater Management Act (SGMA) that went into effect January 1, 2015.²

Borrego Springs overlays the Borrego Springs Subbasin of the Borrego Valley Groundwater Basin, the sole source of municipal supply for the Borrego community. The California Department of Water Resources (DWR) has designated the Subbasin as in *critical overdraft*.³ BWD's service district covers all but a few hundred acres of the Subbasin.

¹ Presently, BWD is the acting Groundwater Sustainability Agency (GSA) for the Subbasin under the SGMA "alternative" submission of a stipulated Settlement Agreement submitted to DWR on January 31, 2020. Soon a Watermaster will take responsibility for implementing a "Physical Solution" to the critical overdraft, but this will not alter BWD's responsibilities for providing municipal water and sewer services to its customers.

² Described in some detail in the *Draft Final Groundwater Sustainability Plan* (May 2019) located at <https://www.sandiegocounty.gov/content/sdc/pds/SGMA/borrego-valley/GSP.html> and the *Groundwater Management Plan* (December 2019) located at <http://www.bvgsp.org/judgment.html>.

³ DWR's definition is: "A basin is subject to **critical overdraft** when continuation of present water management practices would probably result in significant adverse **overdraft**-related environmental, social, or economic impacts." From a planning perspective, the potential economic impacts from policies and zoning that are misaligned with SGMA objectives are likely quite large.

A few of the gaps in the County's planning and permitting processes that create potential financial risk for BWD and its ratepayers, who represent approximately \$300,000,000 in County assessed property values, include the following:⁴

- Although there is a willingness to help at the Staff level, there is currently a lack of active enforcement of the County's well abandonment standards (mandated by the State).⁵ This is a community-wide public health issue that potentially creates a liability for both the County and for BWD.
- County well permitting as a purely ministerial task, irrespective of legal water rights or potential well interference with BWD production wells. Because there has been no advance consultation, BWD has had to spend considerable legal and technical resources of its own to deal with potential issues a new well can create. This has generated a potential \$1.5 million contingent liability for BWD ratepayers if one municipal well needed to be replaced.
- It is likely that the current General Plan already includes approved Equivalent Dwelling Units (EDUs) that exceed potential available municipal supply from the Subbasin under SGMA supply-constraints.⁶ Past zoning and land use approvals were largely done without adequate consideration of water supply or water quality impacts to the Subbasin.⁷
- Current zoning practices do not adequately take into account potential financial risk to BWD and its ratepayers. BWD has a Policy for New Development that manages some of this financial risk. But only thoughtful zoning can begin to manage the greater share of this risk. To date, BWD has

⁴ Financial risk = probability of adverse events occurring x sum of potential costs of those adverse events occurring.

⁵ San Diego County Code, Sections 67.401 through 67.424 provide the regulatory authority to abandon wells. In addition, Section 67.421 adopts standards from Department of Water Resources Bulletin 74-81 and 74-90 (i.e., California Well Standards) for the construction, repair, reconstruction, or destruction of wells. Chapter 4, Wells Section 67.401 states: "It is the purpose of this Chapter to provide for the construction, repair and reconstruction of wells to the end that the ground water of this County will not be polluted or contaminated and that water obtained from such wells will be suitable for the purpose for which used and will not jeopardize the health, safety or welfare of the people of this County, and for the destruction of abandoned wells or wells found to be public nuisances to the end that such wells will not cause pollution or contamination of ground water or otherwise jeopardize the health, safety or welfare of the people of this County" (Amended by Ord. No. 10238 (N.S.), effective 1-4-13).

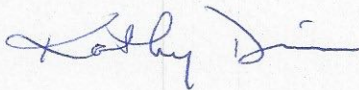
⁶ In BWD's service area, there presently exists approximately 3,000 County approved, legally buildable, but as yet unbuilt, Equivalent Dwelling Units (EDUs). See Dudek, *Theoretical Water Demand at Buildout of Present Unbuilt Lots Under County's Current Zoning in Borrego Springs* (October 4, 2016).

⁷ BWD does not presently possess adequate water supply to service these unbuilt EDUs under SGMA-supply constraints. Even if the District did have access to adequate supplies from the Subbasin, it is uncertain that the Severely Disadvantaged Community customer base would be able to afford the resultant water rates. See Raftelis Financial Consultants, *Borrego Water District County Zoning and SGMA Impact Assessment* (November 17, 2016) and *Borrego Water District Water Rates Affordability Assessment* (October 4, 2017).

brought into the picture after the fact, once the zoning decision has already been made. This is an overly expensive approach to zoning decisions that tends to foist the risk and potential expense to BWD municipal ratepayers. The presenting issue is to place new development where BWD infrastructure can accommodate its development with affordable improvements paid for by the developer rather than burdening BWD ratepayers with the debt of costly additional infrastructure, such as an additional production well or extensive pipeline, where none currently exist, and the developer would only pay for the partial capacity required by its project.

Because it is a Severely Disadvantaged Community (SDAC) and located within an Economically Distressed Area (EDA) the community is particularly susceptible and vulnerable to the changes that will occur as a result of severe water use reductions under SGMA.⁸ For example, BWD is especially sensitive to zoning and land use decisions that may create more impetus for water and sewer rate increases, rather than less.⁹ The Board of the BWD would welcome working with the County in developing ordinances, policies, and planning and zoning and in general, a more integrated approach that enhances the economic vitality and viability of the Borrego Springs community, while not shifting additional financial risk to BWD municipal ratepayers.

Sincerely,



Kathy Dice, President

BWD Board of Directors

Attachment: Environmental Navigation Services, Inc. (ENSI), *SDAC IMPACT/VULNERABILITY ANALYSIS (TASK 2 REPORT): Baseline Water Use; Water Supply Impact/SDAC Vulnerability/ SGMA Impacts* (April 15, 2019).

⁸ As defined by DWR, Severely Disadvantaged Communities (SDAC) are Census geographies having less than 60% of the Statewide annual median household income (\$37,091 [2017]). Map-based DAC information developed by the DWR can be reviewed at <https://gis.water.ca.gov/app/dacs/>. As defined by DWR, an EDA is a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality with a population of 20,000 persons or less, with a median household income (MHI) that is less than 85% of the Statewide MHI, and with one or more of the following conditions: 1) Financial hardship 2) Unemployment rate at least 2% of higher than statewide average 3) Low population density.

⁹ See especially the 430 pp. ENSI, *Task 3, Report 2 of 2: Cost and Rate Structure Uncertainty and Impact Analysis; SGMA/Environmental/Societal/Government Impacts* (May 13, 2019).