

Borrego Water District Board of Directors
Special Meeting
July 18, 2018 @ 9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

REMOTE ACCESS: <https://zoom.us/j/2496624514> **CALL IN:** 669 900 6833 **MEETING ID:** 249 662 4514

I. OPENING PROCEDURES

- A. Call to Order
- B. Pledge of Allegiance
- C. Roll Call
 - *Director Joe Tatusko will be calling in from remote location*
- D. Approval of Agenda
- E. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min)
- F. Comments from Directors

II. CLOSED SESSION:

Conference with Legal Counsel - Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: (two (2) potential cases)

III. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

A. BORREGO WATER DISTRICT (5-29)

- 1. 2018 CIP Bond Financing Summary and Approval of Expenditures – G Poole
- 2. Mesquite Trails Ranch Request for Waiver of Sewer Fees – G Poole & Doug Wilson, Mesquite – G Poole & D Wilson, Mesquite Ranch
- 3. Position of BWD Board on County of San Diego Property Specific Request Proposal– L Brecht
- 4. Contracting and Purchasing Policy – G Poole

B. GSA – BORREGO BASIN GROUNDWATER SUSTAINABILITY PLAN (30-58)

- 1. Description of GSP Reimbursables – G Poole
- 2. Le Sar Update on Proposition One SDAC Grant Projects (Outreach and Socioeconomic Modeling) – R Ralston

IV. INFORMATIONAL ITEMS

A. BORREGO WATER DISTRICT (60-62)

- 1. BWD Proposition 218 RFP Notes – L Brecht

B. GSA – BORREGO BASIN GROUNDWATER SUSTAINABILITY PLAN

- 1. BWD Groundwater Sustainability Plan Advisory Committee Representative Report – D Duncan, Verbal

AGENDA: July 18, 2018

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

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

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

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

V. STAFF REPORT

A. General Manager – Verbal

VI. CLOSED SESSION:

Conference with legal counsel for Public Employee Performance Evaluation - Title: General Manager Employee Performance Review- pursuant to subdivision (d) (4) of Government Code Section (Government Code § 54957).

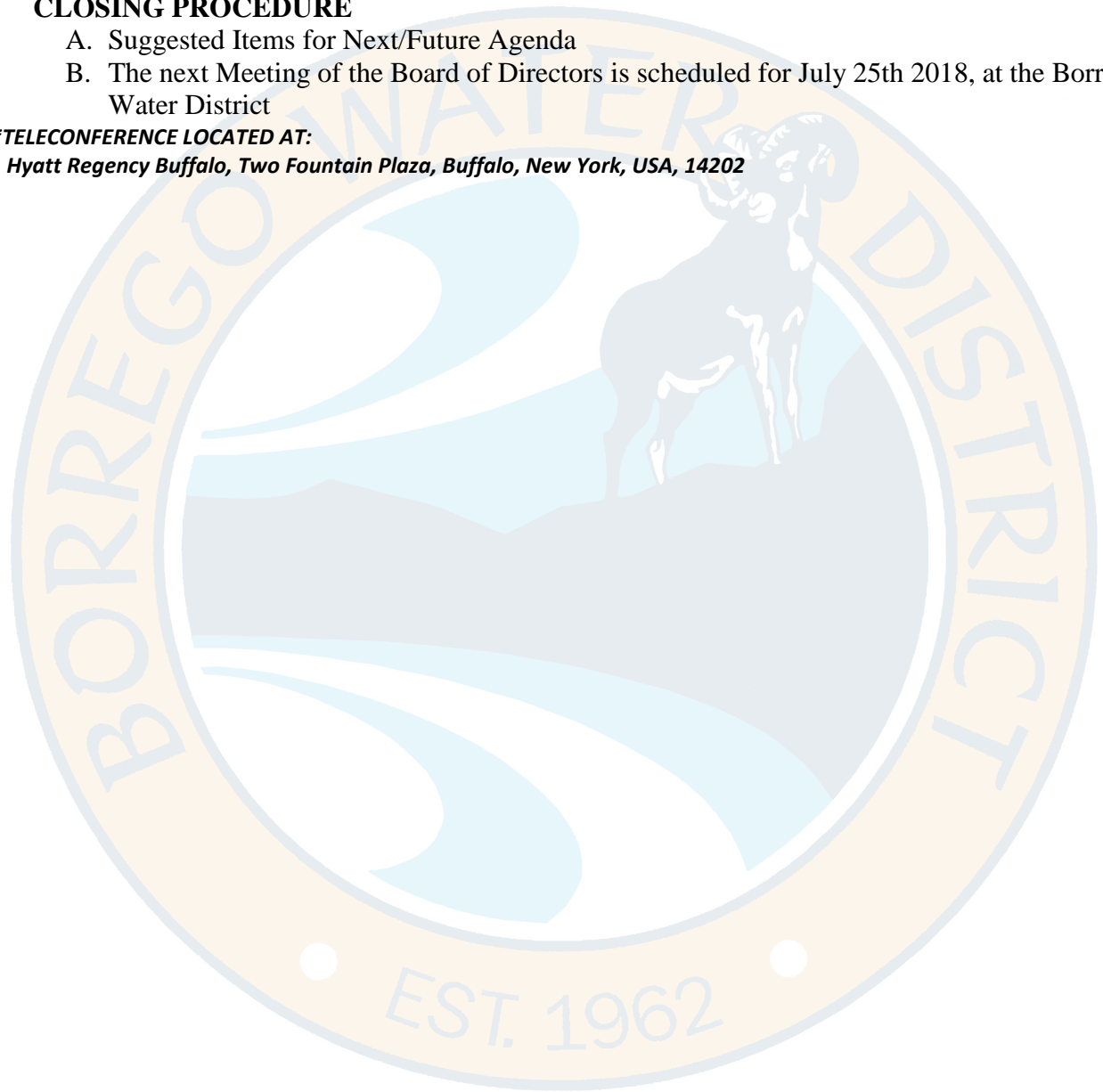
VII. CLOSING PROCEDURE

A. Suggested Items for Next/Future Agenda

B. The next Meeting of the Board of Directors is scheduled for July 25th 2018, at the Borrego Water District

***TELECONFERENCE LOCATED AT:**

Hyatt Regency Buffalo, Two Fountain Plaza, Buffalo, New York, USA, 14202



AGENDA: July 18, 2018

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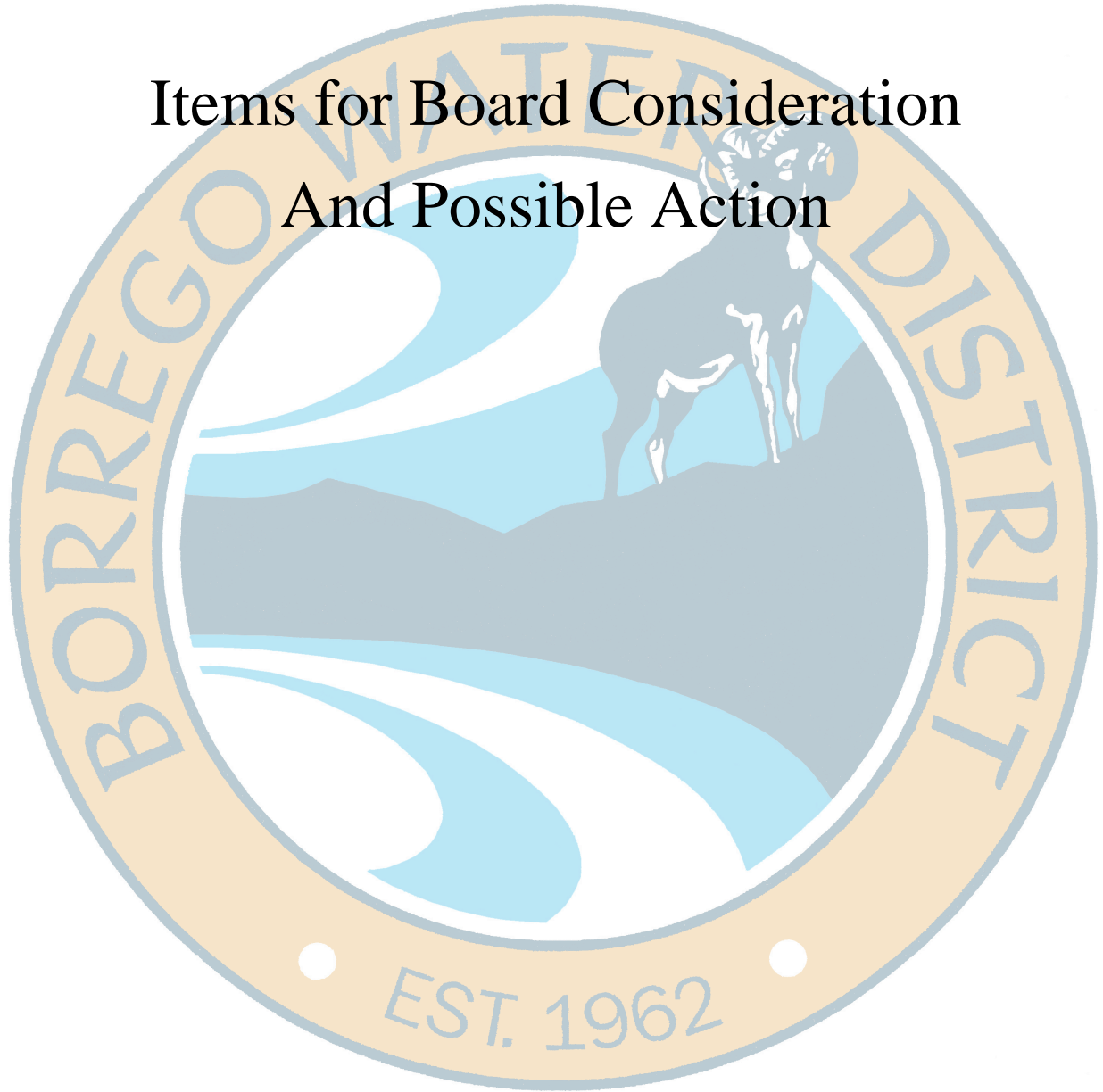
II

1st Closed Session



III

Items for Board Consideration And Possible Action



BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING – JULY 18, 2018

AGENDA BILL III.A.1

July 11, 2018

TO: Board of Directors, Borrego Water District

FROM: Geoff Poole, GM

SUBJECT: Conclusion of \$5.538.000 Borrego Water District Capital Improvement Plan Bond Financing and approval of issuance costs.

ITEM EXPLANATION:

The BWD Bond Financing transaction has been completed and funds have been received. Following is the list of expenses received to date.

<u>VENDOR</u>	<u>FUNCTION</u>	<u>COST</u>
Best, Best and Krieger	Bond Counsel	\$ 55,000
Fieldman/Rolapp and Assoc	BWD Municipal Advisor	\$ 50,231
Brandis/Tallman	Placement Agent	\$ 17,500
Kutak Rock	BBVA Bond Counsel	\$ 10,000
Nixon-Peabody	Pacific Western Bank Bond Counsel	\$ 10,000
CDIAC	Regulatory Agency Processing Fees	\$ 2,200 est.
US Bank	Escrow Fees	\$ 1,700
Grant Thornton	Verification Agent	\$ 1,500
TOTAL		\$148,131

The estimate for issuance costs developed by FRA at the beginning of this process was \$154,000.

Staff recommends approval of the aforementioned expenses and the distribution of the attached Letter of Appreciation for the consultant team that helped guide us through the process.

On the topic of placement of the bond proceeds, here is Kim’s plan:

“We received two wires on 7/10/18 (my birthday)....One in the amount of \$5,586,000 and one for \$68,707.13. I had them wire the funds into our Money Market Account, as there was not enough time to open another account and I wanted to wait until the Banks "officially" changed hands.

I transferred the funds that were currently in the MMA to our Administration checking account, as to not comingle them.

I will need to open a checking account for the Bond funds, once we begin the projects, as a MMA does not allow for more than 3 transfers/checks a month. – Kim Pittman”

FISCAL IMPACT

Adequate funds are now on hand to fund CIP projects without depleting BWD reserves and/or causing rate spikes.

ATTACHMENT

1. Letter of Appreciation

BORREGO WATER DISTRICT
LETTER OF APPRECIATION
2018 BWD Bond Financing Team

July 18, 2018

TO: Warren Diven, Best Best and Krieger LLP
Jeff Land, Brandis Tallman LLC
Paul Pender, Fieldman Rolapp and Assoc

I truly thank you and your team on behalf of everyone at The Borrego Water District for the invaluable advice, support and quick response with our recent \$5.538 million bond issue for capital improvement construction. For the BWD to become credit worthy again, took long hours and dedication of many past and current Board Members and staff which also deserves recognition. The combined efforts have led to a major accomplishment for BWD and its ratepayers, and we could not have done it without all of you.

Sincerely

Beth Hart, President
Borrego Water District

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING – JULY 18, 2018

AGENDA BILL III.A.2

July 11, 2018

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, GM
SUBJECT: Mesquite Trails Ranch Request for Waiver of Sewer Fees – G Poole & Doug Wilson, Mesquite –
G Poole & D Wilson, Mesquite Ranch

RECOMMENDED ACTION:

Discuss request and direct staff as deemed appropriate.

ITEM EXPLANATION:

Staff has received a request from the representatives of the Mesquite Trails Ranch development. The attached letter from Doug Wilson provides the background he feels is important to meeting their request for waiver of sewer stand by fees. Doug Wilson appeared a few months ago as part of their request to extend their Tentative Maps, which was approved by the Board and is scheduled to appear again at the meeting on the 18th.

The Board has previously asked staff to research the Project further and it was determined this is just the standard collection of sewer stand by fees and there is no contract or other document on the obligation of the parties.

FISCAL IMPACT

See attachment

ATTACHMENT

1. Letter from Doug Wilson



DOUG WILSON

12168 OBSERVATION DRIVE
GRAND TERRACE, CA 92313-5531
909.520.8428 CELL
BAMPA.DOUG@YAHOO.COM

PROJECT MANAGEMENT - LAND DEVELOPMENT - COORDINATION & EXPEDITING

July 11, 2018

Mr. Geoff Poole, General Manager
Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 60118

Re: Mesquite Trails Ranch
Tentative Tract Map No. 5373
Sewer Connection Fees

Dear Mr. Poole,

We greatly appreciate the willingness of the Borrego Water District to continue to work with Mesquite Trails LLC in bringing the Mesquite Trails Ranch development to fruition. As you know, it has been a long, expensive road to our recent 6-year Tentative Map extension granted on February 9, 2018 that is effective through September 24, 2023.

Please note that the LLC has pre-paid Sewer Connection Fees to date in an amount of more than \$727,429.00. In addition, the LLC has pre-paid 170 Equivalent Dwelling Units of Sewer Shares in the amount of \$89,750.00, which represents payment in-full for the 480 recreational vehicle spaces to be developed subject to Tentative Tract Map 5373.

It remains our ardent desire to maintain our history of mutual cooperation with the Borrego Water District, but I am sure the Board Members can appreciate the overwhelming financial burden that pre-payment of more than \$800,000.00 in sewer fees to-date has exacted on the Mesquite Trails Ranch project. We respectfully request Borrego Water District Board suspension of the collection of Sewer Connection Fees until after the first 240 recreational vehicle spaces have been completed for occupancy.

Historically speaking, Tentative Tract Map No. 4353RPL4 (SP 04-004 & P04-023) was approved by the County Board of Supervisors on **September 24, 2008** (Minute Order No. 1) by a 5-0-0 vote. The Tentative Map became effective 30-days after the adoption of the Resolution on the effective date of Specific Plan 04-004 on **October 24, 2008**. The approval was set to expire 36-months from the effective date or October 24, 2011.

In the interim, a Major Use Permit Minor Deviation (MUP 3301 04-023-02 (MUP) [P04-023M2] was approved on **September 19, 2011** for the elimination of a large riparian area, realignment of recreational vehicle spaces and recreational facilities, reduction of common area landscaping, and the reduction of one maintenance building. The Director of the Department of Planning and Land Use for the County of San Diego justified approval with the findings that the Minor Deviation did not constitute a substantial change in the Major Use Permit and that said Deviation did not adversely affect adjacent properties or adjacent property owners, in accordance with Section 7609 of the Zoning Ordinance.

2009 Legislative Extension (July 15, 2009)(AB 333)

CGC 66452.22. (a) 24-months provided the map has not expired on July 15, 2009 and will expire before January 1, 2012. CGC 66452.22 effectively extended the Tentative Tract Map No. 5373RPL4 expiration date by 24-months to **October 24, 2013**. The extension provided is in addition to any extensions provided by Section 66452.6, 66452.11, 66452.13, 66452.21, or 66463.5.

2011 Legislative Extension (July 15, 2009)(AB 208)

CGC 66452.23. (a) 24 months provided the map has not expired on July 15, 2011 and will expire before January 1, 2014. CGC 66452.23 effectively extended the Tentative Tract Map No. 5373RPL4 expiration date by 24-months to **October 24, 2015**. The extension provided is in addition to any extension of the expiration date provided for in Section 66452.6, 66452.11, 66452.13, 66452.21, 66452.22, or 66463.5.

2013 Legislative Extension (July 11, 2013)(AB 116)

CGC 66452.24. (a) 24 months provided the map was approved on or after January 1, 2000. CGC 66452.24 effectively extended the Tentative Tract Map No. 5373RPL4 expiration date by 24-months to **October 24, 2017**. The extension provided is in addition to any extension of the expiration date provided for in Section 66452.6, 66452.11, 66452.13, 66452.21, 66452.22, 66452.23, or 66463.5.

Thank you for your consideration of our request for the Borrego Water District Board to suspend collection of Sewer Connection Fees until after the first 240 recreational vehicle spaces have been completed for occupancy.

Sincerely,

Doug Wilson

Doug A. Wilson, Project Manager

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – JULY 18, 2018
AGENDA BILL III.A.3

July 11, 2018

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, GM
SUBJECT: Position of BWD Board on County of San Diego Property Specific Request (PSR) Proposal and Impacts Upon BWD – L Brecht

ITEM EXPLANATION:

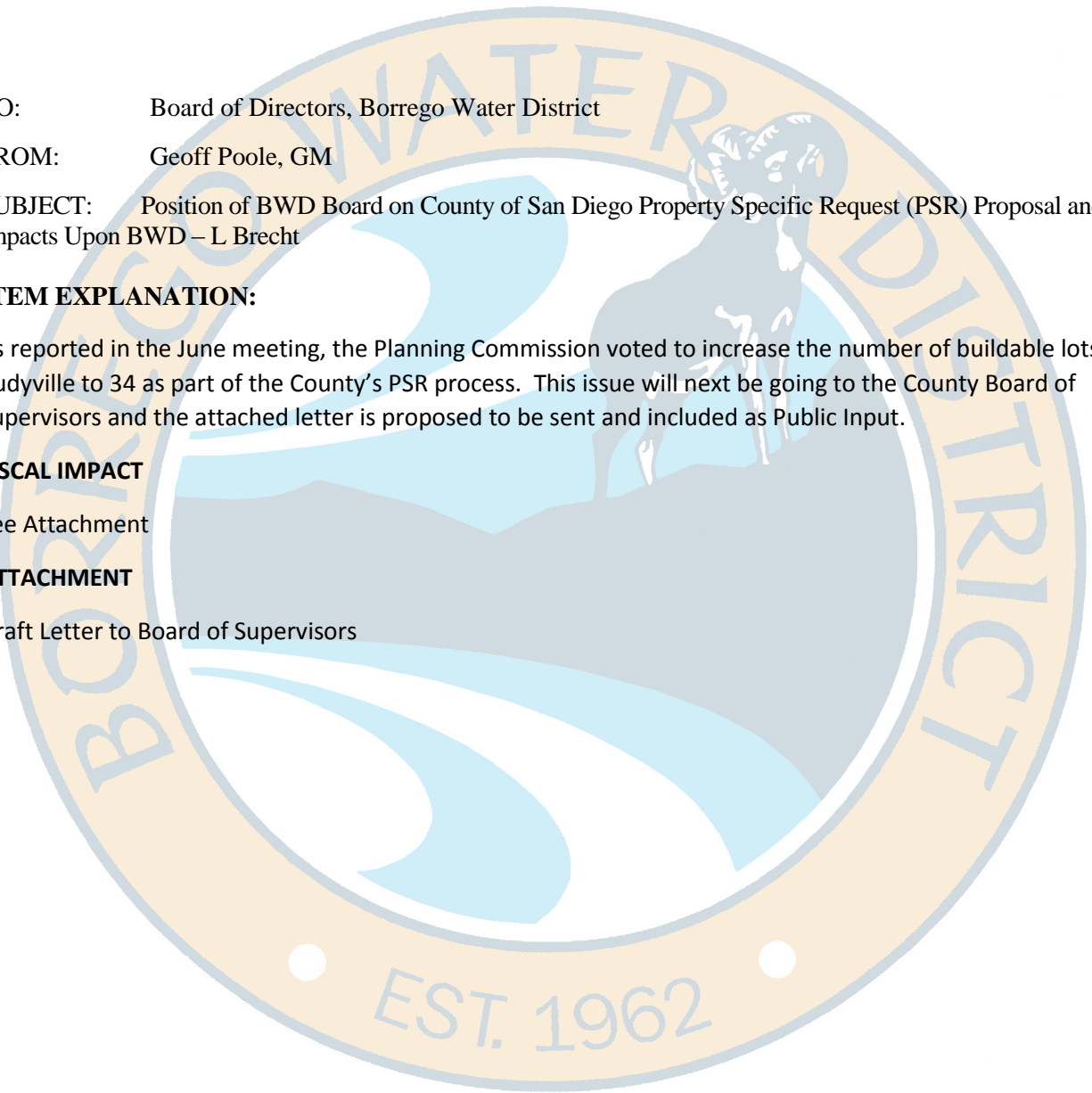
As reported in the June meeting, the Planning Commission voted to increase the number of buildable lots at Rudyville to 34 as part of the County’s PSR process. This issue will next be going to the County Board of Supervisors and the attached letter is proposed to be sent and included as Public Input.

FISCAL IMPACT

See Attachment

ATTACHMENT

Draft Letter to Board of Supervisors



ATTACHMENT FOR AGENDA ITEM III.A.3

Dear Board of Supervisors,

The County Planning Commission on June 22nd denied the County DPS' recommendation of no increase in zoning for DS-24 (Rudyville) from the current General Plan and recommended an increase of 34 additional EDUs.

In the Borrego Water District's service area, there are presently approximately 3,000 existing County approved, legally buildable, but as yet unbuilt, Equivalent Dwelling Units (EDUs). (Dudek, *Theoretical Water Demand at Buildout of Present Unbuilt Lots Under County's Current Zoning in Borrego Springs* [October 4, 2016].) Present County zoning for the District's service area may be unsupportable under SGMA constraints. That is, mitigation of up-zoning may not be possible.

To avoid a punitive financial penalty from the California State Water Resources Control Board (SWRCB) for failure to meet Sustainable Groundwater Management Act (SGMA) requirements, the County, as part of a multiagency Groundwater Sustainability Agency (GSA) and as the local land use authority will be obligated to adhere to expected SGMA mandated reductions in annual pumping of the Borrego Springs Subbasin of the Borrego Valley Groundwater Basin.

Thus, the Board of Directors of the Borrego Water District (the District) respectfully requests that the County Supervisors accept the CEQA-determined recommendation of DPS. If the Board of Supervisors determines to discard its own agency's recommended CEQA findings regarding the upper limit of acceptable and analytically determined overriding considerations to create any approved up-zoning of property in the District's service area, we request that you downzone an equal or greater number of existing approved and legally buildable residential EDUs within the District's service area.

Attached is the District's January 19th letter to Mark Wardlaw and shared with County Planning Commission members prior to its June 22nd Public Hearing. Our letter summarizes some of the District's CEQA and legal concerns with any up-zoning of property in the District's service area at this time, prior to approval of a Groundwater Sustainability Plan, as anticipated by SGMA legislation.

Sincerely,

Beth Hart, President of the Board

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – JULY 18, 2018
AGENDA BILL III.A.4

July 11, 2018

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, GM
SUBJECT: Contracting and Purchasing Policy for BWD

RECOMMENDED ACTION:

Approve Contracting and Purchasing Policy for BWD

ITEM EXPLANATION:

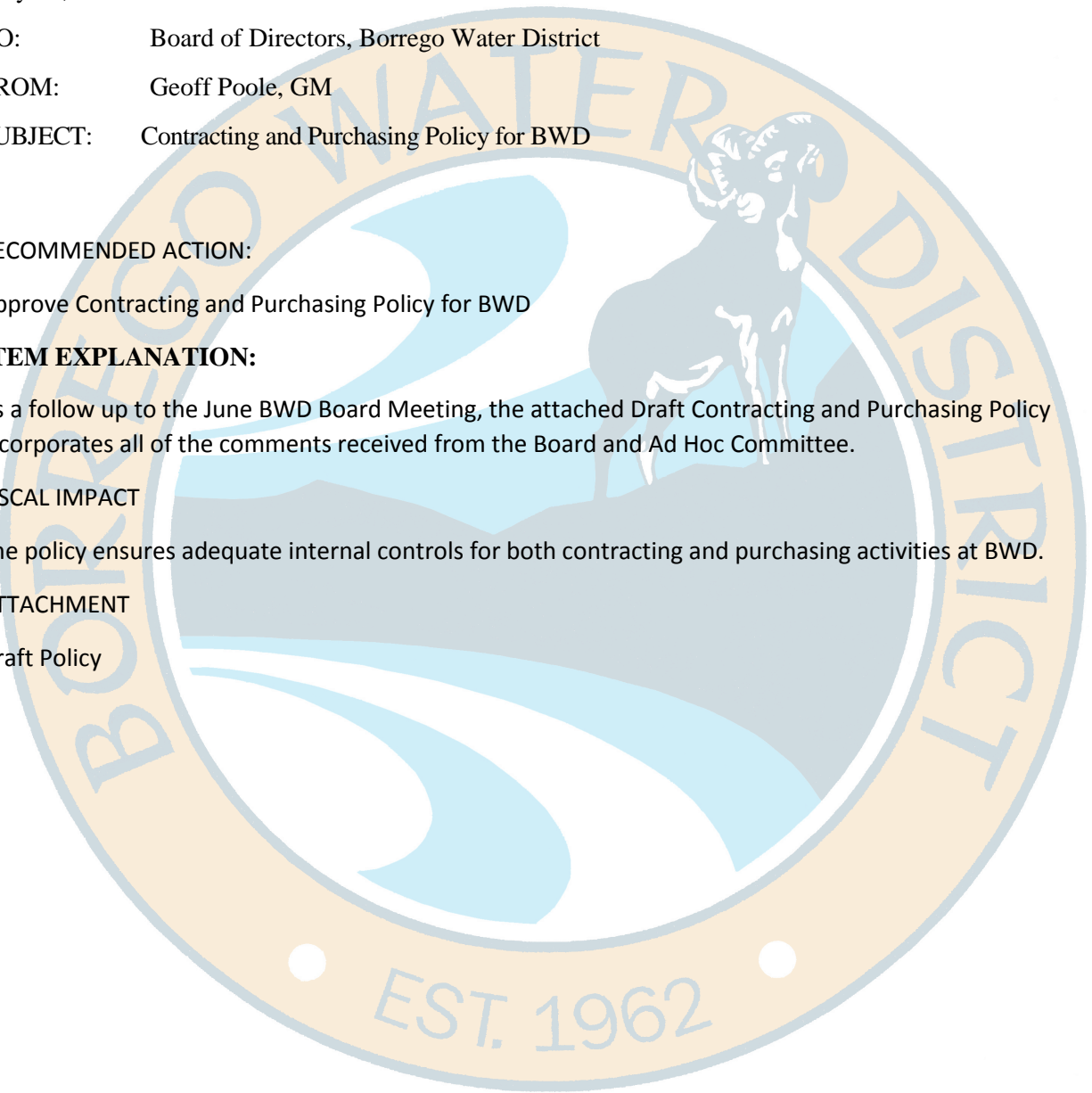
As a follow up to the June BWD Board Meeting, the attached Draft Contracting and Purchasing Policy incorporates all of the comments received from the Board and Ad Hoc Committee.

FISCAL IMPACT

The policy ensures adequate internal controls for both contracting and purchasing activities at BWD.

ATTACHMENT

Draft Policy



BORREGO WATER DISTRICT

POLICY STATEMENT

SUBJECT: PURCHASING AND CONTRACT REVIEW POLICY & PROCEDURES

NO: [INSERT NO.]

ADOPTED: [INSERT DATE]

1.0 PURPOSE

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

The acquisition of services, materials, equipment, and supplies and contracts for public works shall adhere to the methods, authority and dollar limits set forth in this policy (“Purchasing Policy”).

2.0 POLICY

The General Manager is responsible for ensuring that the Purchasing Policy is clearly communicated to and understood by all employees.

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

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

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

3.0 PROCUREMENT INSTRUMENTS

Petty Cash

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

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

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

Credit Cards

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

Check Requests

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

Purchase Orders

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

Professional Services Agreements

A Professional Services Agreement (“PSA”) is used to set forth the terms and conditions for contracted services between the BWD and a consultant. Professional services contracts by law do not require bidding; however, whenever practicable, a PSA should be issued after a competitive solicitation process and in accordance with the informal solicitation procedures set forth herein. Contracts for professional services shall be awarded to the consultant on the basis of demonstrated competence and professional qualifications, at a fair and reasonable price. A PSA must contain the signature of the consultant and the BWD’s authorized representative in accordance with the authorization limits listed herein.

Public Works Contracts

Public works contracts greater than \$25,000 shall, except as otherwise provided in this Purchasing Policy, be awarded in accordance with formal competitive solicitation procedures and shall be approved and awarded by the Board.

Materials, Supplies, and Equipment

Materials, supplies, and equipment estimated to be less than \$50,000 shall, except as otherwise provided in this Purchasing Policy, be awarded pursuant to the informal solicitation procedures and materials, supplies, and equipment of \$50,000 or more shall, except as otherwise provided in this Purchasing Policy, be awarded pursuant to the formal competitive solicitation procedures. Contracts for materials, supplies, and equipment shall be memorialized on an appropriate contract form approved by the General Manager.

General Services

General services shall, except as otherwise provided in this Purchasing Policy, be awarded pursuant to the informal solicitation procedures. Contracts for general services shall be memorialized on an appropriate contract form approved by the General Manager.

Change Orders

A change order is required when work or services performed pursuant to a contract will exceed the approved original contract amount or changes in the scope of work are required. A written request for a change order must be completed and approved, before work or services are performed. Any change order, within the approved budget limits can be authorized in accordance with authorization limits identified herein, provided that change orders aggregated with the original contract do not exceed said authorization limits. Change orders in excess of approved budget limits must be approved by the Board. During the award of a contract by the Board, the Board may give the General Manager the authority to approve change orders, based on either a percentage of the contract amount or a specific dollar amount.

Cooperative Purchases

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

4.0 EXPENDITURE AUTHORIZATION AND APPROVAL REQUIREMENTS

1. Request for Purchase forms (see Appendix A) shall be utilized, whenever possible and appropriate, to identify the vendor, the items or service, the amount, account code and signature authorization prior to assigning a purchase order number, processing a procurement and/or making a check request.
2. Splitting or separating of material, supplies, and equipment, services, leases, or public works projects for the expressed purpose of evading the requirements of this Purchasing Policy is strictly prohibited.
3. Sole source procurements shall be made in the limited situations as authorized by law. Formal competitive solicitation procedures set forth herein should be followed except in exceptional circumstances such as where the BWD has determined that competitive bidding is impossible, not practical, or not in the public interest, such that no competitive economic or otherwise advantage can be gained by soliciting bids.

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

- A. In order that a field test or experiment may be made to determine the product's suitability for future use.

- B. In order to match other products in use on a particular public improvement either completed or in the course of completion.
- C. In order to obtain a necessary item that is only available from one source.
- D. In order to respond to an emergency declared by the BWD, but only if the declaration is approved by a four-fifths vote of the Board.
- E. In order to respond to an emergency declared by the state, a state agency, or political subdivision of the state, but only if the facts setting forth the reasons for the finding of the emergency are contained in the public records of the BWD.

Procurement authorization parameters and limits are as follows:

1. Award and execution of procurements:
 - A. The Board shall, except as other provided in this Purchasing Policy, be informed of and award all procurements greater than \$25,000.
 - B. Board award is required for sole source procurements greater than \$5,000.
 - C. The General Manager is authorized to award and execute procurements less than or equal to \$25,000, and sole source procurements less than or equal to \$5,000.
 - D. The General Manager is authorized to delegate authority to his or her designee to award and execute procurements less than or equal to the limits established for the General Manager.
 - E. In the absence of the General Manager, the Board is authorized to award and execute procurements less than or equal to \$25,000, and sole source procurements less than or equal to \$5,000, respectively.
 - F. In the absence of the General Manager, the Administration Manager is authorized to award and execute budgeted procurements less than or equal to \$25,000.
2. The Administration Manager is authorized to process all completed purchase requisition forms and assign purchase order numbers, subject to verification of the appropriate signature authorizations and dollar limitations. A designated Board Member or the General Manager must sign the Request for Purchase form (Appendix A) at the time of execution as well as change orders consistent with the dollar amount limits identified herein.
3. The General Manager, or his or her designee, is authorized to terminate any procurement or contractual obligation less than or equal to \$25,000, in the best interest of the BWD.
4. Board approval is required to terminate any procurement or contractual obligation over \$25,000.

5.0 PROCUREMENT SOLICITATION AND TERM LIMITS

1. Solicitation of quotations, proposals or offers will be provided for each procurement effort, whenever practicable. Selection shall be performed through a fair and equitable process that ensures the best value to BWD, subject to budgeted funding, procurement limitations and specifications.
2. The BWD is a California Water District under Water Codes Section 34000 et seq. and other applicable provisions of law. Competitive bidding is not necessary unless mandated by statute. Most public agencies and water districts are required to engage in competitive bidding for public works construction where the estimated cost of the project is over a certain dollar threshold.
3. Purchases or contracts for materials, supplies, and equipment and services will be based, whenever practicable and economically beneficial, on some form of competition. There may be exceptions to the competitive process for emergency conditions, supply or source limitations, or other specific circumstances with justifications for such waiver being documented prior to the acquisition.
4. Procurement solicitation parameters and limits (subject to other provisions of this Purchasing Policy) are as follows:

A Formal Competitive Solicitation Procedures

1. Notice inviting formal bids shall be provided. Notices shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project. At a minimum, the notice inviting formal bids shall: (1) describe the project; (2) state how to obtain more detailed information about the project; (3) state the date, time and place for the submission of sealed bids; and (4) include any other information required by state or local law.
2. Notice shall, at a minimum, be advertised in one (1) general circulation newspaper within BWD's geographic boundaries or advertised electronically on the District's website or an appropriate regional purchasing website.
3. BWD shall, whenever practicable, provide a minimum of fourteen (14) calendar days for response.
4. Proposals and quotations may be publicly unsealed in BWD's discretion, and respective dollar amount(s) announced.
5. Award details shall be made publically available following the award of a contract.
6. The BWD shall review qualified bids received for completeness, accuracy, responsiveness to the invitation and bid documents, and the BWD's experience with or knowledge of the qualifications and reliability of each bidder and prepare a recommendation for the Board. Award for contracts, including public works

contracts shall be made to the bidder offering the best value to BWD. . The Board may waive any irregularities in each bid received. The Board may, in its sole and absolute discretion, reject any or all bids presented.

7. If no bids are received, the Board may have the project done in any manner that the Board may direct without further complying with this Purchasing Policy.
8. The formal competitive solicitation procedure may be waived at the discretion of the General Manager or his/her designated representative, when there is a compelling reason to do so. (e.g., public safety, prevent loss of life, imminent danger, or other valid reason). The General Manager shall document the reason and present it to the Board at the next regularly scheduled public Board meeting.

B. Informal Solicitation Procedures

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

Quote Limits Recommended Guidelines	
\$0 – 25,000	If practicable, at least two written quotes or proposals
More than \$25,000	If practicable, at least three written quotes or proposals through a public RFP process.

1. Contracts shall be awarded in the best interest of the BWD, determined in the sole discretion of the Board, General Manager, or designated position authorized to award the contract.
2. Written quotes may be either hard-copy quotes received in the mail, via facsimile or via electronic transmission.
3. For procurements obtained by credit/procurement card, quotes may not be available for common items normally found in retail establishments (i.e., Home Depot, Lowe’s, etc.), unless in bulk or special order. The purchase of common consumer items is acceptable without a quote but a contractor’s discount should be sought if a business account is established.
4. Multi-year procurement terms and extension limits are as follows:
 - A. The term for initial procurements may not exceed five (5) years.
 - B. The aggregate term of all extensions for initial procurements may not exceed two (2) years, as determined by the General Manager, unless authorized by the Board.

- C. Exceptions to the term limits must be approved by the Board and, shall be compelling, in the best interest of the BWD and documented accordingly.
5. Negotiated procurement parameters and limits (subject to other provisions of this Purchasing Policy) are as follows:
- A. Negotiated procurements shall be authorized by the General Manager, for documented circumstances where there exists a sole-source supplier, or unusual time or other constraint; such as: power and energy; emergency communications; insurance; specialized materials, supplies, and equipment or services; and, limited-time discount opportunities.
 - B. Negotiated procurements shall not necessarily require any formal or informal solicitation procedures. However, written documentation as to the benefit of the procurement shall be provided for audit purposes and included in the General Manager's report to the Board at the next regular scheduled Board meeting following the procurement.
 - C. The aggregate term, including all extensions thereof, of any negotiated procurement may not exceed five (5) years unless authorized by the Board.
 - D. Exceptions to the term limits must be approved by the Board and shall be compelling, in the best interest of the BWD, and documented accordingly in the General Manager report to the Board.
6. Cooperative and piggyback procurement parameters and limits (subject to other provisions of this Purchasing Policy) are as follows:
- A. Single-occurrence cooperative and piggyback procurements shall not require formal or informal competitive solicitation procedures. However, written documentation shall be provided as an audit trail on the benefit of the procurement and included in the General Manager's report to the Board at the next regular scheduled Board meeting following the procurement.
 - B. Cooperative and piggyback procurements with an estimated annual aggregate procurement amount greater than \$25,000 shall be subject to approval by the Board.
 - C. The aggregate term, including all extensions, of any cooperative or piggyback procurement may not exceed five (5) years unless authorized by the Board.
 - D. Exceptions to the term limits must be approved by the Board and shall be compelling, in the best interest of the BWD and documented accordingly.
7. Government procurement parameters and limits (subject to other provisions of this Purchasing Policy), are as follows:
- A. Materials, supplies, and equipment, leases, and services may be procured from other government agencies, when doing so would be in the best interest of the BWD, as determined by the General Manager.

- B. Professional services may be procured from other government agencies, when doing so would be in the best interest of the BWD, as determined by the General Manager.
 - C. When the value of the procurement from other government agencies is greater than \$25,000, the procurement must be approved by the Board.
8. Petty cash procurement parameters and limits are as follows:
- A. A fund up to \$500 shall be established to support petty cash disbursements for authorized advances and reimbursements, no greater than \$100 in any one transaction.
9. Credit/procurement card requirements and limits are as follows:
- A. Credit/procurement cards are used for materials, supplies and equipment for single-transactions less than or equal to \$1,500 unless otherwise authorized by the General Manager.
 - B. Credit/procurement cards may **not** be used for the procurement of services.
10. Board approval is required for rejection of offers, where the lowest bid, qualified proposal, or quotation, is greater than \$25,000.
- A. The General Manager is authorized to reject offers, where the lowest bid, qualified proposal, or quotation, is less than or equal to \$25,000.
 - B. The General Manager is authorized to delegate authority to reject any and all bids, proposals, and quotations, less than or equal to the limit established for the General Manager.
11. Emergency procurements of materials, supplies, and equipment, leases, services, and public works services, may be effected, notwithstanding the provisions of this Purchasing Policy.
- A. The General Manager is authorized to approve and execute emergency procurements for any amount.
 - B. The General Manager is authorized to delegate authority to approve and execute emergency procurements up to any amount.
 - C. The General Manager or designee shall report emergency procurements, including details of the circumstances, respective dollar amounts expended, and cause of the emergency at the next regularly scheduled or special Board meeting.

6.0 DISPOSAL OF SURPLUS PROPERTY/EQUIPMENT

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

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

7.0 PROCUREMENT PAYMENT

Upon receipt, invoices shall be date stamped.

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

8.0 EXCEPTION TO THIS POLICY

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

9.0 NOTICE & RECEIPT

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

ACKNOWLEDGMENT

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

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

Employee Name (print or type)

Employee Signature

Date

Witness

Date



BORREGO WATER DISTRICT

APPENDIX A

*Purchase Order No.: _____

REQUEST FOR PURCHASE

This form must accompany all requests

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

Item Requested: _____

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

Work Order # _____ (If Applicable)

Description:

Preferred Vendor: _____

Date Required By: _____ Estimated Cost: _____

Item Budgeted? YES _____ NO _____

Requested By: _____ Date: _____

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

Approved By: _____ Date: _____
OPERATIONS MANAGER

Approved By: _____ Date: _____
GENERAL MANAGER

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

GLOSSARY

PROCUREMENT DEFINITIONS

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

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

APPENDIX B

PUBLIC WORKS PROJECTS GUIDANCE

APPENDIX B

Water Facilities Authority Public Works Projects

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

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

Specifications

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

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

All bid specifications will require bidders to provide proof of workers compensation, proof of automobile and general liability insurance (amount to be specific to each project), registration with the Department of Industrial Relations to perform public work, and submission of a performance and payment bond as required by law.

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

Bidding

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

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

Addenda to any bid package will be mailed or faxed to contractors/vendors on the list of contractors/vendors receiving bid packages. When an addendum involving material changes, additions, or deletions to the notice inviting bids is issued less than 72 hours prior to the bid submission date, the date and time for bid submission shall be extended by at least 72 hours.

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

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

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

Award of Bid

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

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

Completion of Contract

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

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

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

Exceptions

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

Borrego Water District (BWD) Contract Review Process

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

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – JULY 18, 2018
AGENDA BILL III.B.1

July 11, 2018

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, GM
SUBJECT: **Consideration of BWD GSP Reimburseables**

RECOMMENDED ACTION:

Review list of expenses and forward to the GSP Core Team as a request for future reimbursement during GSP implementation.

ITEM EXPLANATION:

As a follow up the June Board Meeting, staff was asked to provide a detailed report on past GSP expenses. The result of the work is attached and the total is yet to be determined. Staff need another day or so to finalize and will distribute as soon as the info is ready.

The BWD Core Team will be proposing to the County of San Diego that these expenses are included in the list of reimburseables to be funded through one or more of the upcoming rates, fees and charge needed for GSP implementation.

FISCAL IMPACT

The proposed reimbursement will pay back

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – JULY 18, 2018
AGENDA BILL III.B.2

July 11, 2018

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, GM
SUBJECT: Le Sar Update on Proposition One SDAC Grant Projects (Outreach and Socioeconomic Modeling)
R. Ralston

RECOMMENDED ACTION:

Receive update from Rachel Ralston (telephone) and discuss and authorize staff to create a Facebook Page for BWD as well as other computer related enhancements.

ITEM EXPLANATION

Rachel Ralston of Le Sar Development Consultants has created a written summary of the projects status as well attached copies of the latest versions of the various public outreach items being developed. Rachel has been working closely with an Ad Hoc Committee of the GSP Advisory Committee (Rebecca Falk and Dianne Johnson), with help from Martha Deichler and her promotoras and BWD staff, yours truly and Esmeralda.

Some of the recommended next steps require the use of BWD resources and Staff the most significant is the creation of a BWD Facebook page, adding more info/features to the BWD website, and possible designated phone line.

Rachel will be available on the phone for teleconference to provide more details and answer any questions.

On the other Prop One Grant items (well siting and meter install assistance), Staff updated the Board at the last meeting on the well siting investigations (USGS tentatively selected to drill test well) and Dudek is working with the local water users looking for assistance with water meter installations.

FISCAL IMPACT

These activities are being funded through a \$500,000 Grant received from the State of CA.

ATTACHMENTS

1. Update and Distribution of Draft Outreach Materials for Future Distribution

GSP Borrego Informational Brochure

What is the Groundwater Sustainability Plan?

Sustainability is key to keeping Borrego Valley's water supply and use in balance over the long term. As required by state law, the Borrego Water District and the County of San Diego are developing the Groundwater Sustainability Plan (GSP) to bring water usage to sustainable levels. The GSP is required to reduce water use in the subbasin by an estimated 75% within the next 20 years.

Why You Should Participate

When approved, the GSP could lead to significant changes in water and land use throughout the valley that could impact employment, housing, businesses, water rates, and other economic factors. Community feedback is critical for achieving sustainability in ways that avoid undesirable results and help the Borrego Valley community thrive.

How to Participate

We Want to Hear from You

Esmeralda Garcia, Borrego Water District
esmeralda@borregowd.org
760.767.5806
Facebook: Borrego Springs 92004

Participate in Local Meetings

Sign up for the following meeting announcements on www.bvgsp.org.

- SGMA GSP Advisory Committee Meetings
- BWD Ratepayer Meetings
- Community Engagement Meetings

Learn More

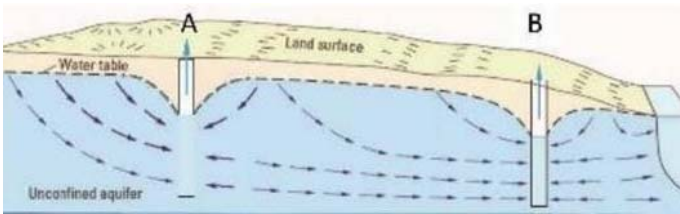
- County of San Diego Sustainable Groundwater Management
www.sandiegocounty.gov/pds/SGMA.html
- Department of Water Resources Groundwater Information Center
www.water.ca.gov/groundwater



Borrego Valley Groundwater Sustainability Plan

Understanding and Participating in the Process to Balance Water Supply/Use and Preserve Water Quality in Borrego Springs





All water in the basin comes from three aquifers. An aquifer is made of layers of rock that hold and transmit water underground. (A and B represent different wells.)

Groundwater Sustainability Plan (GSP) Components

The Groundwater Sustainability Plan is the community's guide for achieving sustainable water use by 2040. It must contain four parts.

1. A description of the plan area, an evaluation of the groundwater subbasin, and a water budget (inflow and outflow)
2. Clearly defined sustainability goals
3. Project and management actions to achieve sustainability and avoid undesirable results
4. A monitoring plan to measure progress

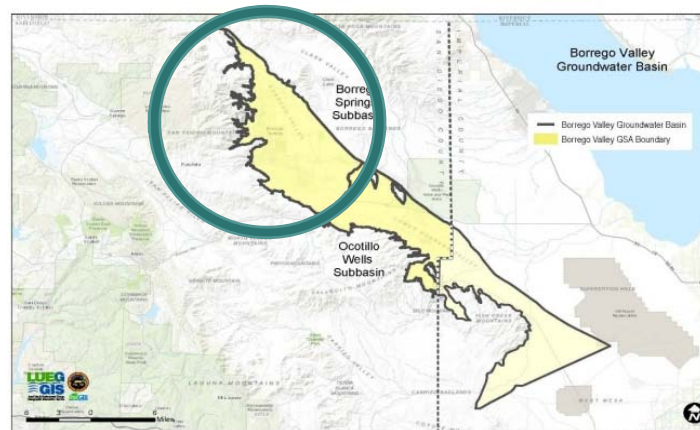
The GSP considers impacts to water quality and long-term availability. Through a state Proposition 1 grant, the Borrego Water District and County of San Diego are evaluating impacts to the economy and environment.

The Borrego Springs Groundwater Subbasin is the area's only available water source. Present water use in the area is not sustainable for the long term.

Borrego Springs Subbasin

The Borrego Springs Subbasin is in critical overdraft, which occurs when:

- The average amount of groundwater that is extracted exceeds the long-term average annual supply of water to the basin and
- Continuing these practices may result in significant impacts to water quality and availability, as well as to the local economy and the environment.



Avoiding Undesirable Results

California's Sustainable Groundwater Management Act (SGMA) requires that groundwater basin sustainability goals do not invite significant or unreasonable impacts. The potential undesirable results that the GSP seeks to avoid are the following.

- ✓ **Inadequate groundwater storage:** Significant groundwater reduction means inadequate long-term water supply.
- ✓ **Chronic lowering of groundwater levels:** Declining groundwater levels because of groundwater overdraft. Wells are at risk of going dry, needing to be drilled deeper, or producing degraded-quality water.
- ✓ **Poor water quality:** Lower groundwater can harm water quality.



Change is coming. Your participation is part of that change.

GSP Community Outreach Flyer

What is the Borrego Valley Groundwater Sustainability Plan?

Sustainability is keeping Borrego Springs' water supply and use in balance over the long term.

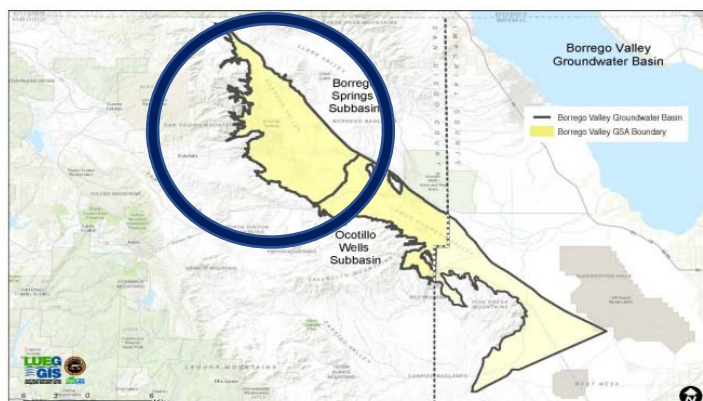
Groundwater is the area's only available water source and the rate at which we are using water here is not sustainable for the long term.

As required by state law, the Borrego Water District and the County of San Diego are required to develop a Groundwater Sustainability Plan (GSP) that will bring the Borrego Springs Subbasin into sustainable water use. The GSP will be the community's guide to achieving sustainability. The plan will require a 75% estimated reduction in overall water use in the valley within the next 20 years.

The following factors are being considered:

- Water quality and long-term availability
- Environmental impacts
- Jobs, water rates, and other economic impacts

The County of San Diego and the Borrego Water District are developing the GSP and welcome feedback from the Borrego community.



Borrego Springs Groundwater Subbasin

The Borrego Springs Subbasin is in critical overdraft, which occurs when:

- The average annual amount of groundwater that is extracted exceeds the long-term average annual supply of water to the basin *and*
- Continuing these practices may result in significant impacts to water quality and availability, as well as to the local economy and the environment.

With your input, the outcome of the GSP can be a Borrego that thrives over the long term.

We Want to Hear from You

Esmeralda Garcia, Borrego Water District
760.767.5806, esmeralda@borregowd.org
Facebook: Borrego Springs 92004

Attend Local Meetings

Sign up for the following meeting announcements on www.bvgsp.org/.

- SGMA GSP Advisory Committee Meetings
- BWD Ratepayer Meetings
- Community Engagement Meetings

Learn More

- County of San Diego Sustainable Groundwater Management
www.sandiegocounty.gov/pds/SGMA.html
- Department of Water Resources Groundwater Information Center
www.water.ca.gov/groundwater



SDAC Community Meeting PowerPoint Presentation

**BORREGO VALLEY
GROUNDWATER SUSTAINABILITY PLANNING**



COMMUNITY MEETING

AGENDA

- Welcome and Introductions
- Meeting Purpose
- Overview: The Need to Regulate Groundwater
- What is the Groundwater Sustainability Plan?
- How Might the Plan Affect Borrego Residents and Businesses?
- Listening Session

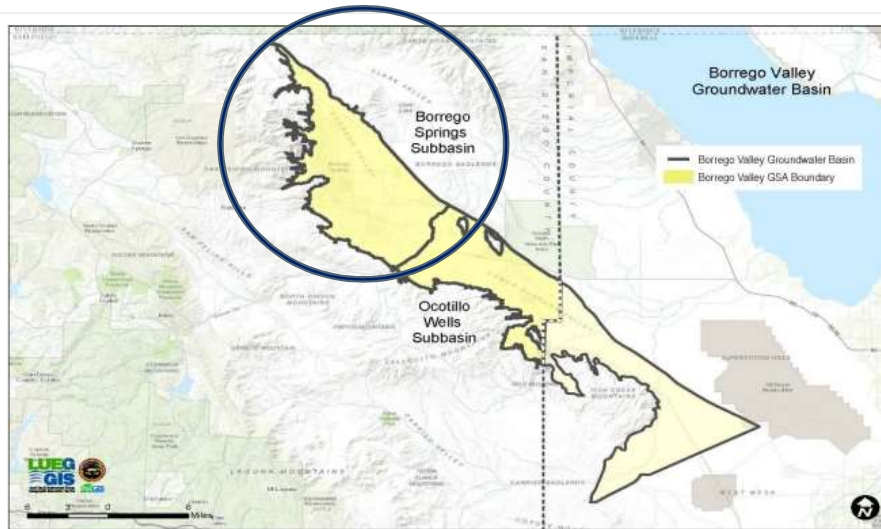
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Introductions

Meeting purpose

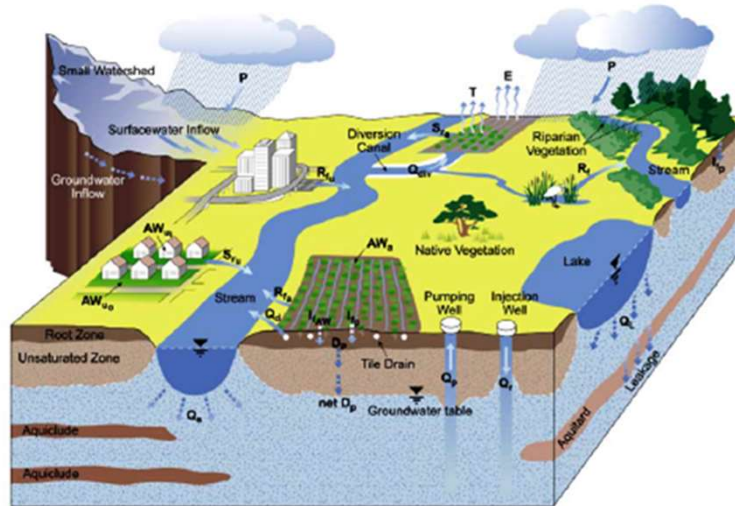
- To provide an overview of the water situation in Borrego Springs and of the plan that is being developed to ensure Borrego's water supply is sustainable in the long-term
- To hear from you about your concerns with present day water quality, access, and affordability, as well as concerns about the groundwater sustainability plan
- To develop relationships and contacts within the community to promote an open dialogue with the community throughout the plan implementation phase

THE NEED TO REGULATE GROUNDWATER



All of our water in Borrego Springs comes from three aquifers – the Borrego Springs Subbasin.

SUSTAINABLE GROUNDWATER MANAGEMENT



4

An aquifer is made of layers of rock that hold and transmit water underground.

This illustration shows how groundwater is related to surface water, and how water is drawn from the aquifer to be used for drinking, irrigation, and other purposes.

Think about how water rises to the surface if you dig a hole in the sand near the ocean. When the ground is permeable like sand is at the beach, water can flow in and mix with the sand. This is similar to how water is held within and between rocks and dirt below the land surface.

Wells like those illustrated here are drilled into the ground to tap into one or more of the basin's three aquifers.

Groundwater is replenished from rainwater as it flows into our valley from creeks like Coyote Creek. Our aquifers store water that has been there a very long time and our water use has caused that stored water to decline. As we match our water use to an amount that can be replenished, it is

important that we monitor how much water we pump out of each aquifer and make sure we are conserving water as much as possible through our everyday activities.

As you can see, because the groundwater in the basin is shared, excessive pumping from one well can affect the amount of water available to other surrounding wells. Also, any pesticides or other chemicals used as part of irrigation can percolate into the groundwater over time, which affects water quality.

What you can't see here is that the deeper into the ground wells are drilled to extract groundwater, the more likely it is that the water will be impaired, which make the water potentially unsuitable to drink. Through a treatment process, this water can be made potable, but this process is often expensive.

These are some of the other reasons why it is important to conserve the water in our basin over the long term.

CRITICAL OVERDRAFT



The Borrego Springs Subbasin is in critical overdraft, which occurs when:

- The average annual amount of groundwater that is extracted exceeds the long-term average annual supply of water to the basin *and*
- Continuing these practices may result in significant impacts to water quality and availability, as well as to the local economy and the environment.

5

The Borrego Springs Subbasin is in critical overdraft, which occurs when:

- The average annual amount of groundwater that is extracted exceeds the long-term average annual supply of water to the basin *and*
- Continuing these practices may result in significant impacts to water quality and availability, as well as to the local economy and the environment.

Adverse impacts include:

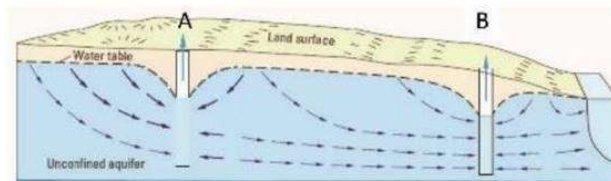
- Inadequate groundwater storage: Significant groundwater reduction means inadequate long-term water supply.
- Chronic lowering of groundwater levels: Declining groundwater levels because of groundwater overdraft. Wells are at risk of going dry, needing to be drilled deeper, or producing degraded-quality water.
- Poor water quality: Water quality becomes an issue at lower groundwater levels.

For the first time in California's history, groundwater will need to be managed. We are not going to run out of water if we manage it well. However, the water is likely to become more expensive to use.

The Borrego Water District and the County of San Diego have been tasked with bringing the community's water usage to sustainable levels. This means reducing overall water use in the basin by approximately 75% within the next 20 years. So how do we do that? [next slide]

SUSTAINABLE GROUNDWATER MANAGEMENT

- The State of California Sustainable Groundwater Management Act (SGMA) provides a path for long-term sustainability, with basin-specific solutions.
- Sustainable groundwater management balances groundwater resources in a manner that benefits present and future generations.



6

The Sustainable Groundwater Management Act (SGMA) is a new state law that will change the way we use and manage groundwater in California. The act directs local authorities to form Groundwater Sustainability Agencies (GSAs) to create a plan to manage and regulate groundwater. This is not optional – this is required by the state.

The County of San Diego and the Borrego Water District are the authorities that form the Groundwater Sustainability Agency for Borrego Springs. The plan they are developing is called the Groundwater Sustainability Plan (GSP). Under the SGMA law, our Borrego GSA will have the ability to limit or suspend groundwater pumping and charge fees for groundwater pumping. Our GSA will also be responsible for ensuring that we do not use more groundwater than nature can restore.

Takeaways:

- The purpose of the Groundwater Sustainability Plan is to reach sustainability for the basin, which means that the water we use and the water that comes into our basin are in balance.
- The new SGMA law and the process of creating the groundwater plan can help Borrego Springs thrive over the long term.

THE GROUNDWATER SUSTAINABILITY PLAN

- The Borrego Groundwater Sustainability Plan is the community's guide for achieving sustainability for the basin.
- This requires an approximately 75% reduction in overall water use across the Borrego Valley by 2040. In addition to this sustainability goal, the plan will contain:
 - A description of the plan area and assessment of the groundwater basin, including a water budget for future use
 - Project and management actions to improve groundwater conditions
 - A monitoring plan to measure progress (water quality and depth)



7

The Borrego Groundwater Sustainability Plan is the community's guide for achieving sustainability for the basin. This, as we have mentioned earlier, requires an approximately 75% reduction in overall water use in the valley within the next 20 years.

Our Borrego GSA (the County of San Diego and the Borrego Water District) are working together to document the groundwater conditions in the area, establish goals to prevent negative impacts, and identify projects and management actions that improve groundwater conditions.

The sustainability goal does not necessarily mean that individual users will have to reduce consumption by approximately 75%. This reduction will take place through a variety of strategies (e.g., agricultural land fallowing, water conservation equipment, etc.).

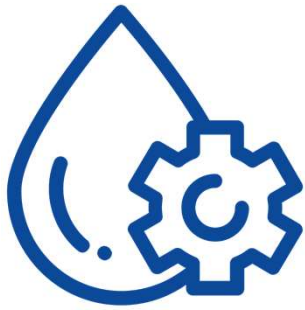
California's Sustainable Groundwater Management Act (SGMA) requires that groundwater basin sustainability goals do not invite significant or unreasonable impacts. The potential undesirable results that the GSP seeks to avoid are the potential adverse impacts we previously discussed at the

beginning of the meeting:

- Inadequate groundwater storage: Significant groundwater reduction means inadequate long-term water supply.
- Chronic lowering of groundwater levels: Declining groundwater levels because of groundwater overdraft. Wells are at risk of going dry, needing to be drilled deeper, or producing degraded-quality water.
- Poor water quality: Water quality becomes an issue at lower groundwater levels.

Takeaway: The Groundwater Sustainability Plan is an opportunity to make clean water available in the Borrego Valley over the long term.

HOW MIGHT THE PLAN AFFECT YOU?



- Groundwater Sustainability Plan development incorporates local input and feedback.
- The GSP considers impacts to water quality and long-term availability.
- Through a state grant (Proposition 1), the County of San Diego and the Borrego Water District are assessing impacts to the environment and economy.

8

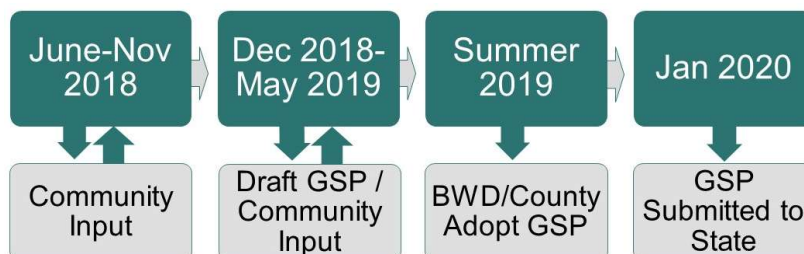
Community feedback is critical for achieving sustainability in ways that avoid undesirable results and help the Borrego Valley community thrive.

Achieving sustainability involves socioeconomic and land use considerations. Issues related to water quality may drive economics and how quickly we make water use reductions.

- Potential long-term risks include:
 - Water use may become more expensive.
 - The economic sector may have to adjust based on Groundwater Sustainability Plan implementation.
 - This includes changes to jobs and job types, business sectors, schools, rental and housing prices, and more.
 - Environmental impacts, such as air quality issues from land following.

The Groundwater Sustainability Plan seeks to address risks by providing resources and a well developed plan to address issues of water quality and availability in the basin. This includes well pumpers like agriculture businesses and golf course paying fees for the groundwater they use for the first time, as well as water monitoring and penalty fees. Your participation is part of the change that is coming to our area with implementation of the Groundwater Sustainability Plan.

GSP DEVELOPMENT & IMPLEMENTATION



The County of San Diego and the Borrego Water District are working together as your Groundwater Sustainability Agency (GSA) to develop the plan.

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We are presently reaching out to the community to provide education about the need for sustainable groundwater management in the Borrego Valley and about the Groundwater Sustainability Plan.

We are also gathering your feedback regarding the information you would like to have and what your concerns are about the plan.

The feedback from you that we gather between now and September will be considered as part of plan development.

In December, the draft of the plan will be released and we will come back to the community to overview the plan components and gather your feedback about the plan's suggested goals and management actions.

Your additional feedback will also be considered for the final draft of the plan, which is planned for completion next summer and for submission to the state in January 2020.

LISTENING SESSION

- What are questions that you would like answered about the Groundwater Sustainability Plan?

LISTENING SESSION

What are your concerns about future impacts to these factors?

- Water rates?
- Water availability?
- Job availability?

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What are the key concerns that we need to address?

LISTENING SESSION

- Who else should we talk to?
- How do you want to be involved?

GET INVOLVED!

Help the Groundwater Sustainability Agency:

- Understand the groundwater challenges affecting Borrego Springs
- Raise questions and provide valuable, local feedback on strategies to improve groundwater conditions in your community



Contact Us

Esmeralda Garcia, Borrego Water District

esmeralda@borregowd.org

760.767.5806

Facebook: Borrego Springs 92004

Attend Local Meetings

SGMA GSP Advisory Committee Meetings

BWD Ratepayer Meetings

Community Engagement Meetings

Sign up for meeting announcements on <http://www.bvgsp.org/>

Learn More

County of San Diego Sustainable Groundwater Management

www.sandiegocounty.gov/pds/SGMA.html

Department of Water Resources Groundwater Information Center

www.water.ca.gov/groundwater

CONTACT INFORMATION

- **Esmeralda Garcia, Borrego Water District**
760-767-5806, esmeralda@borregowd.org
- **Borrego Valley GSP Website**
<http://www.bvgsp.org/sustainability-plan.html>

GSP Door-to-Door Education and Feedback Tool

Borrego Valley Groundwater Sustainability Plan

Door-to-Door Education and Feedback Tool

Introduction: Hello! I would like to drop off this flyer about some upcoming community meetings [also include brochure]. The meetings are focused on conserving our water supply here in Borrego while minimizing the impacts on local employment, businesses, water rates, and other factors.

Q: Have you heard of the Groundwater Sustainability Plan?

[If yes, ask what they know about it and then fill in with the information below as needed.]

A:

- *Our groundwater basin is the area's only available water source and the rate at which we are using water here is not sustainable for the long term.*
- *The Groundwater Sustainability Plan is required to reduce water use in the basin by an estimated 75% within the next 20 years.*
- *How this reduction is achieved will depend on many factors, including the needs of residents and workers.*
- *We would like you to get involved in the meetings about the plan so that we know how best to reduce or avoid negative impacts to Borrego's community.*

Q: Are you satisfied with the quality of your tap water? Do you have any concerns about it? We will keep your responses confidential.

A:

Q: What about water rates or access to water?

A:

Q: Will you come to one of the upcoming meetings?

A:

Q: Who else should we talk to or invite to the meetings?

A:

Q: Do you have any additional questions for me?

A:

Q: Can I ask you a few demographic questions? Again, we will keep your responses confidential.

[If yes, proceed with questions below. If no, say, "That's OK. Thank you so much for your time today" and end the interview.]

Gender: _____

Age: _____

Primary occupation: _____

household members: _____

Would you like us to text or email you with meeting updates? (If yes:)

- Cell phone #: _____
- Email address: _____

GSP Frequently Asked Questions

SDAC Community Engagement Frequently Asked Questions

- **Does the Groundwater Sustainability Plan (GSP) mean that residents will have to cut water use by 75%?** The sustainability goal does not necessarily mean that individual users will have to reduce consumption by 75%. The 75% reduction focuses on overall water use in the basin, and this overall reduction in water use will take place through a variety of strategies (e.g., agricultural land fallowing, water conservation equipment, etc.). All pumpers in Borrego Springs, including the Borrego Water District (BWD), will be reducing water pumping over the next 20 years for basin sustainability. During implementation of the GSP, BWD will be pursuing conservation activities, farmland fallowing, and other projects/management actions to ensure an adequate potable water supply for municipal water users.
- **Why is my water bill going up?** Water rates are dependent on a number of factors, including infrastructure cost and repairs, personnel, electricity, and other factors including prior planning/studies and support for the current GSP process. BWD is continuously pursuing grant opportunities, public bond measures (Proposition 3 on November 2018 ballot), and private bond financing to minimize rate impacts and stabilize future rates. BWD maintains a two-tiered rate structures that rewards those who use less water (7 units/5,236 gallons or less per month).
- **Why not just make the farmers and agricultural industry reduce water usage and exempt municipal users?** This issue relates to complex California water rights law pertaining to land ownership and where the water is used, when pumping began, and other factors. Instead of going to the courts to decide (a process called adjudication), the various sectors are working on the collaborative GSP process. The GSP and subsequent environmental planning documents will address economic impacts such as job loss and potential negative environmental effects like air quality issues from land fallowing.
- **How long until we reach sustainability?** The Groundwater Sustainability Plan is designed for a 20-year timeframe, but it is a flexible and iterative process in which implementation of the plan is monitored and adjusted every five years to better meet the sustainability goal.

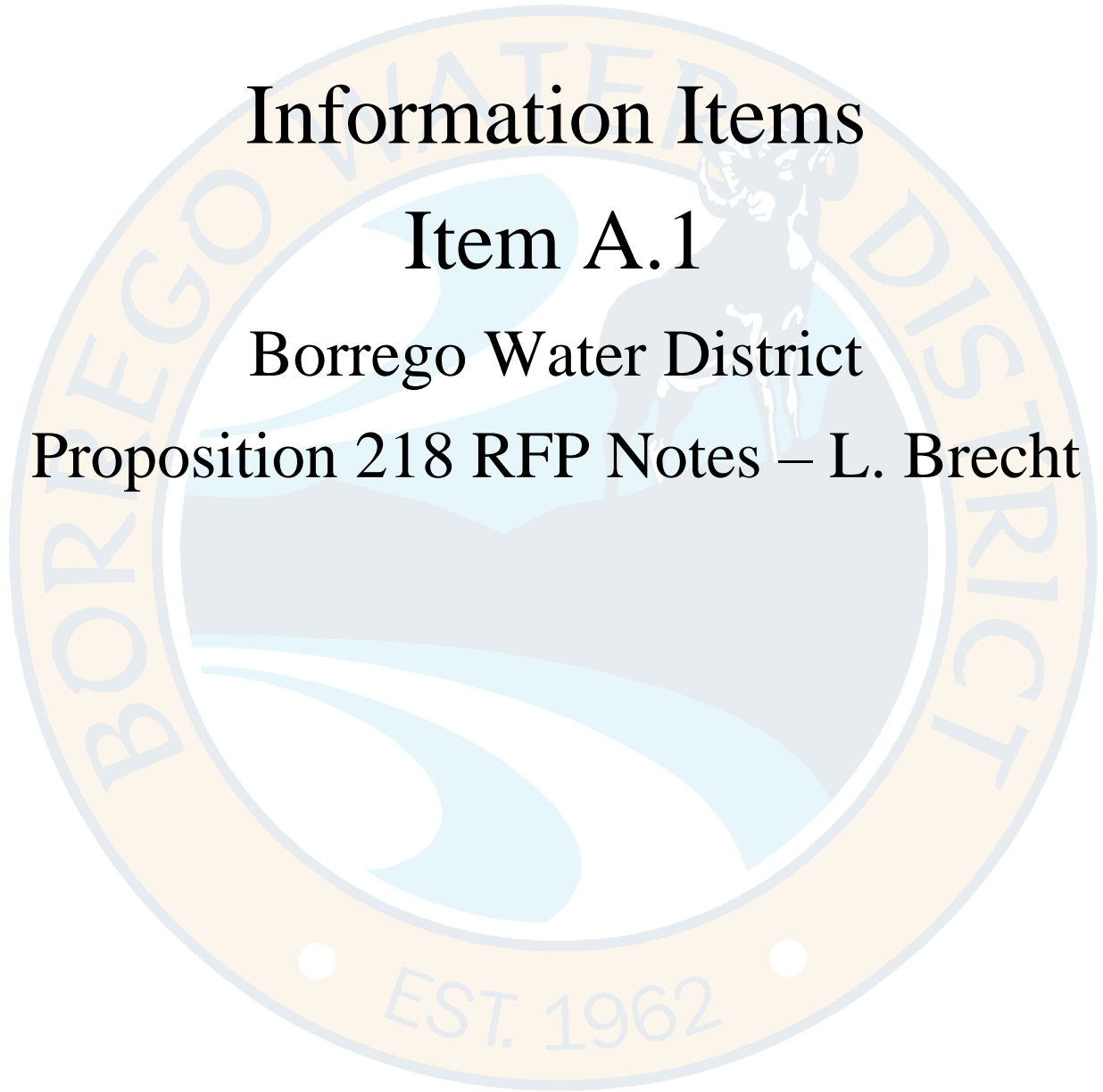
IV

Information Items

Item A.1

Borrego Water District

Proposition 218 RFP Notes – L. Brecht



BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – JULY 18, 2018
INFORMATIONAL ITEMS

July 11, 2018

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, GM
SUBJECT: Informational Items

1. BWD Proposition 218 RFP Notes – L Brecht: Director Brecht requested this item be placed on the Agenda. Information is attached.

Beginning premise. Access to safe water and sanitation and sound management of freshwater ecosystems are essential to human health and to environmental sustainability and economic prosperity.

The Board of Directors of the Borrego Water District (the District) is issuing this Request for Proposals (RFP) for a consultant to develop an appropriate water and sewer rate structure and Proposition 218 justifiable rates for the period FY 2021-2025.

The District is also part of a multi-agency Groundwater Sustainability Agency (GSA) for the Borrego Springs SubBasin (Borrego Basin) of the Borrego Valley Groundwater Basin. The Borrego Basin is in *critical overdraft* and must be brought into sustainable use by no later than January 1, 2040, or sooner, under requirements of the Sustainable Groundwater Management Act (SGMA). This requires a reduction of use by all sectors of the Borrego economy: agricultural irrigators, golf courses, and municipal users of approximately 75% from present annual groundwater use.

Municipal users have already reduced their usage over the past 10-years by approximately 18%, primarily due to increasing rates of approximately 100% between FY2012-FY2016 and a Proposition 218 approved additional 100% from FY2016-FY2020. It is not feasible for municipal

users to reduce usage to meet SGMA requirements. The District will be required to purchase additional supply from current water rights holders in the Borrego Basin in order meet SGMA usage requirements. This requires a fundamental change in the District's business model as it has never had to pay anything for the groundwater it extracted from the Borrego Basin before.

One deficit in the District's previous Proposition 218 justified past rates is that they did not include any measure of financial risk or environmental risk that is now made evident by SGMA. In other words, past rates have assumed financial risk and environmental risk was zero, which is not remotely the economic situation, either in the past or the future.

Financial Risk is primarily driven by the overhang of approximately 3,000 County approved but unbuilt Equivalent Dwelling Units (EDUs). The County approved these EDUs without any consideration of whether there was sufficient water to serve them. Present County zoning for the District's service area may be unsupportable under SGMA constraints. The District's updated Developer's Policy addresses some of this risk, but does not address the cash flow needs of the District between the time it must provide additional water supply and infrastructure for these new EDUs and the time it must make investments in infrastructure or provide a market for new supply. Initial estimates are that rate increases may potentially be needed to generate an additional \$4M of reserves over a 20-year period to handle the cash flow requirements from this overhang of County approved EDUs.

Environmental Risk is primarily driven by the choice of reduction period and velocity of reductions during this period in the Groundwater Sustainability Plan (GSP). Quantifying this Environmental Risk:

- (a) if the mass storage change during this chosen reduction period exceeds a tipping point for water levels decline in the Central Management Area where the majority of District wells are located, this could cost the District as much as \$13.5M to relocate wells;
- (b) (b) if the reduction period is too long and a tipping point for water quality is reached for the Central Management Area, this could potentially cost the District as much as \$40M for advanced treatment (infrastructure and O&M costs over the economically useful life of this capital investment). To imagine that a Probabilistic Risk Assessment (PRA) discounts as zero the environmental risk of these potentialities places at risk the District's ability to reliably meet its debt coverage ratios for approximately \$11M in CIP debt it will have in place by FY2021.

Water Poverty. Also, the present District's rate structure exposes this Severely Disadvantaged Community (SDAC) to water poverty for some of the District's customers. This is where the household expenditure of water (including sewer services) is equal to or more than 3% of disposable household income (the recommended United Nations [UN] standard).

Other Rate considerations

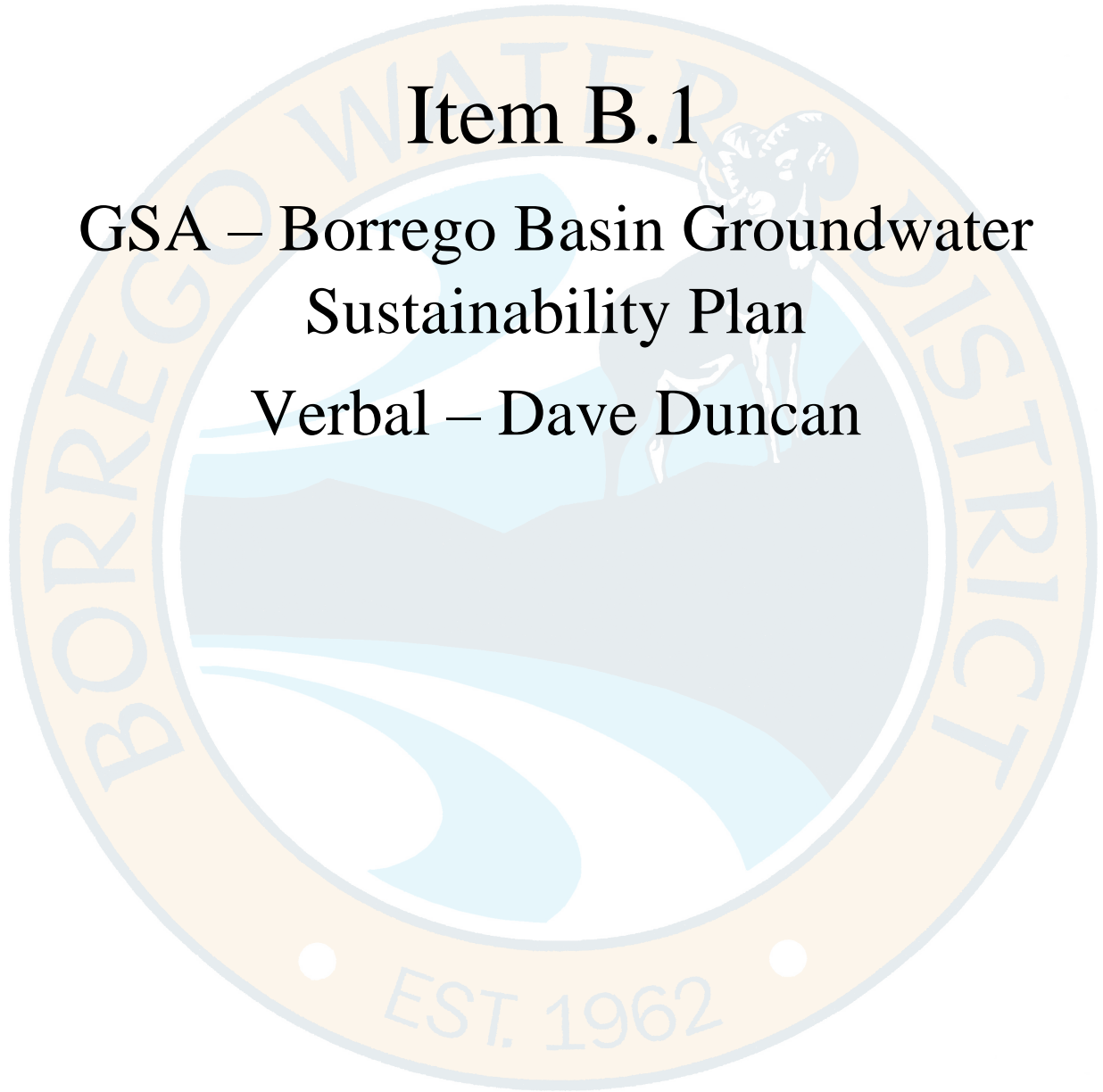
- *Lock-in Effect* – The phenomenon whereby technologies remain dominant as a result of large sunk investment costs, complimentary technologies and widespread usage. The Board does not want to be in the business of paving the cowpaths by ever increasing rate increases. Are there opportunities to alter the cost structure of the District and/or speed-up new, lower cost technology adoption cycles to improve the economic operations of the District?
- *Incentives* – are their programs that when combined with the District's proposed new rate structure and rates, can help its customers get out of or offer some relief from a spiraling rate increase regime? That is, what incentive programs can the District offer its ratepayers to take advantage of? How can the District funds these incentive programs? The Board wishes to consider incentives as part and parcel of any new rate structure and rates offering.
- *Marginal costs* – The extra cost of producing an additional unit of output. This is especially troublesome for calculating Developer's Charges. The District's method of calculating marginal costs does not necessarily correspond to potential cash out costs by the District. Example: the District is required to spend \$1.5M for a new well and distribution lines to serve 100 new EDUs.
- *Water supply augmentation costs* – the groundwater basin is a common pool resource (characterized by being rival {use of the resource reduces the amount available to others} and non-excludable). However, for the District's purposes 1 acre-foot of clean water does is not of equal value as 1 acre-foot of groundwater than contains agricultural chemicals or other materials that would require treatment. This potential externality (the wider impacts imposed on others from private or individual actions that are not necessarily transmitted through market prices) adds to the cost uncertainty of the District's rates.

IV

Item B.1

GSA – Borrego Basin Groundwater
Sustainability Plan

Verbal – Dave Duncan

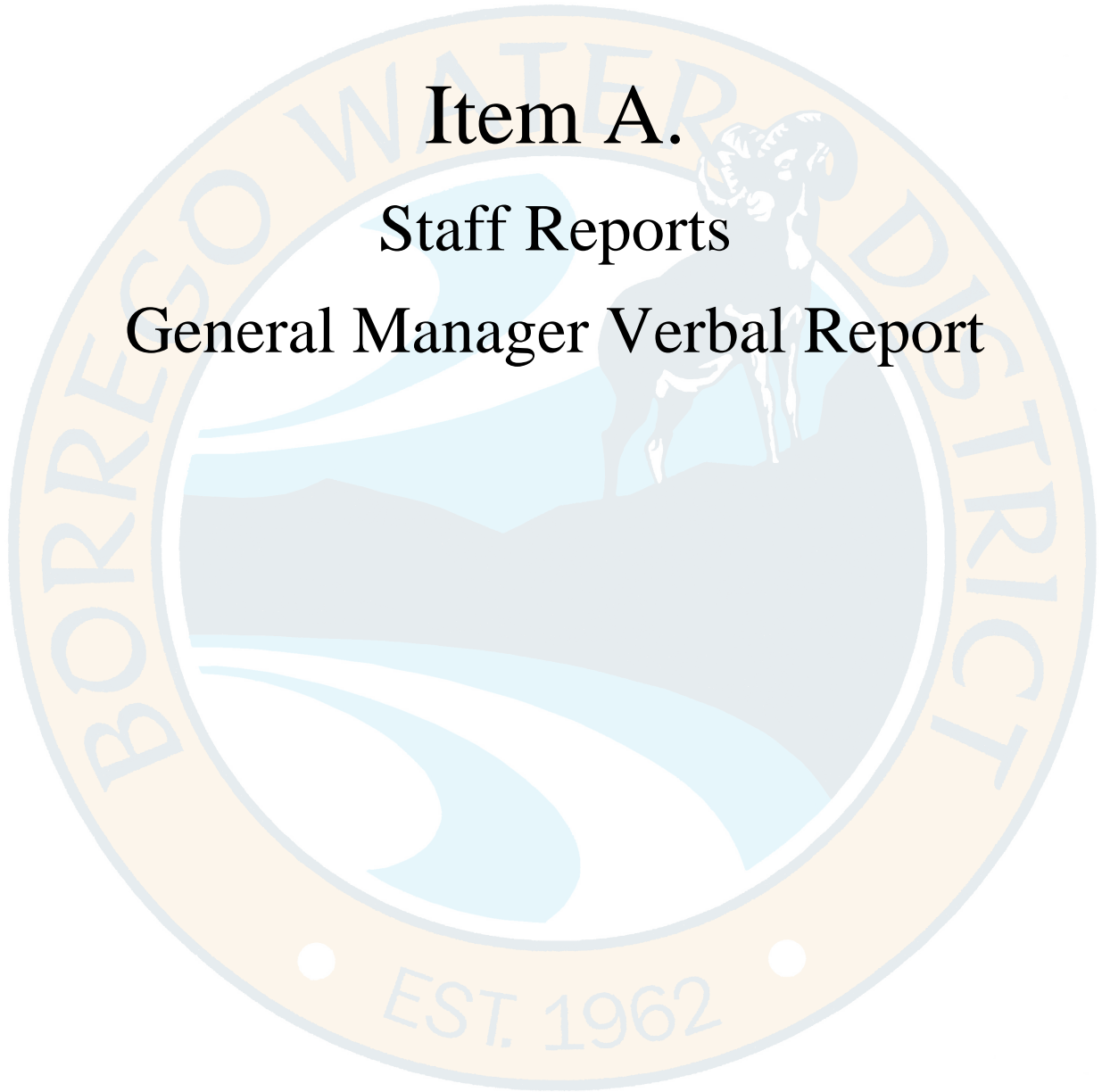


V

Item A.

Staff Reports

General Manager Verbal Report



VI

Closed Session

