

Borrego Water District Board of Directors
Special Meeting
December 8, 2020 @ 9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

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I. OPENING PROCEDURES

- A. Call to Order:
- B. Pledge of Allegiance
- C. Oath of Officers for Directors Tammy Baker and Diane Johnson & 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. Publication and Dissemination of Amended FY 2019-20 Budget and Capital Improvement Plan – J Clabaugh (3-68)
- B. Update on Cost of Service Study for BWD Water and Wastewater Functions – Raftelis Consulting (69)
- C. Agreement with Fredricks Services Inc for Emergency Sewerline Repairs near La Casa Del Zorro – D Dale (70-101)
- D. Agreement with SDGE for Pipeline Extension in Borrego Valley Rd. – D Dale (102-111)
- E. Borrego Spring Basin Interim Watermaster (112)
 - 1. Update on Activities – Duncan/Dice - VERBAL

III. STAFF REPORTS (113-122)

- A. Water Sales and Revenues Update: J. Clabaugh – VERBAL
- B. Discussion of Public Outreach Needs – G Poole
- C. Publication of Materials from 11-24 Board Meeting: Air Quality Monitoring by Dr Charles Zender – G Poole

AGENDA: December 8, 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 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.

IV. CLOSED SESSION:

- A. Conference with Legal Counsel - Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Section 54956.9: (Two (2) potential cases)
- B. Conference with Legal Counsel – Existing Litigation (BWD v. All Persons Who Claim a Right to Extract Groundwater, et al. (San Diego Superior Court case no. 37-2020-00005776)

V. CLOSING PROCEDURE: The next Board Meeting is scheduled for December 22, 2020 at Borrego Water District, 806 Palm Canyon Drive, Borrego Springs, CA 92004



AGENDA: December 8, 2020

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BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
NOVEMBER 24, 2020
AGENDA ITEM II.A.

December 8, 2020

TO: Board of Directors
FROM: Geoffrey Poole, General Manager; Jessica Clabaugh, Finance Officer
SUBJECT: FY 2020-21 Budget Revisions – J Clabaugh

RECOMMENDED ACTION:

Discuss adoption of updated FY 2020-21 budget

ITEM EXPLANATION:

To publish the revised budget package to implement changes approved by the board at the Nov 24th meeting. Following are the changes included;

Revenues:

In response to the COVID crisis, the BWD Board decided not to increase rates (Water @ 6% and Sewer @ 4%) on July 1, 2020 as previously approved in the BWD Prop 218 rate setting process of 2016. Deferring the rate increase has a potential impact on BWD reserve levels.

Due to the extensive capital needs of BWD, staff is recommended and Board approved enacting the rate increase on January 1, 2021. By maintaining the rates as originally planned in the rate setting process in 2016, there will not be a need to “catch up” with larger increase in future years. Coincidentally, BWD is in the rate setting process now to set rates for the next 5 years starting in 2021-22.

Expenses:

Groundwater Management expenses have been increased due to the receipt of the Watermaster BPA Pumping invoice and the amount is \$61,000 higher than expected. The method of calculation is based on BWDs Baseline Pumping Allowance and the budget amount was based on projected actual pumping. As was discussed in the previous Board Meeting, Stipulation Legal expenses were exceeding estimates and after a discussion with legal counsel, the board was informed of the potential for costly court proceedings in the last half of the fiscal year. Stipulation Legal was increased by \$100k.

In addition, changes have been made to reflect actual Groundwater Management reimbursements received prior to the Fiscal Year and changes to the CIP schedule previously approved by the Board in October. Air Quality Study was carried over from the FY2020 budget, where it was previously approved but expenses were not incurred until the current Fiscal Year.

Grant Accounting:

In consideration of the current status of Grant Applications, it is unlikely that the water portion of the Prop 1 grant will be received this fiscal year. Thus, those projects have been pushed back. However, it does appear that the Waste Water Treatment Facility Upgrade grant will be received this Fiscal Year so those items have remained.

NEXT STEPS:

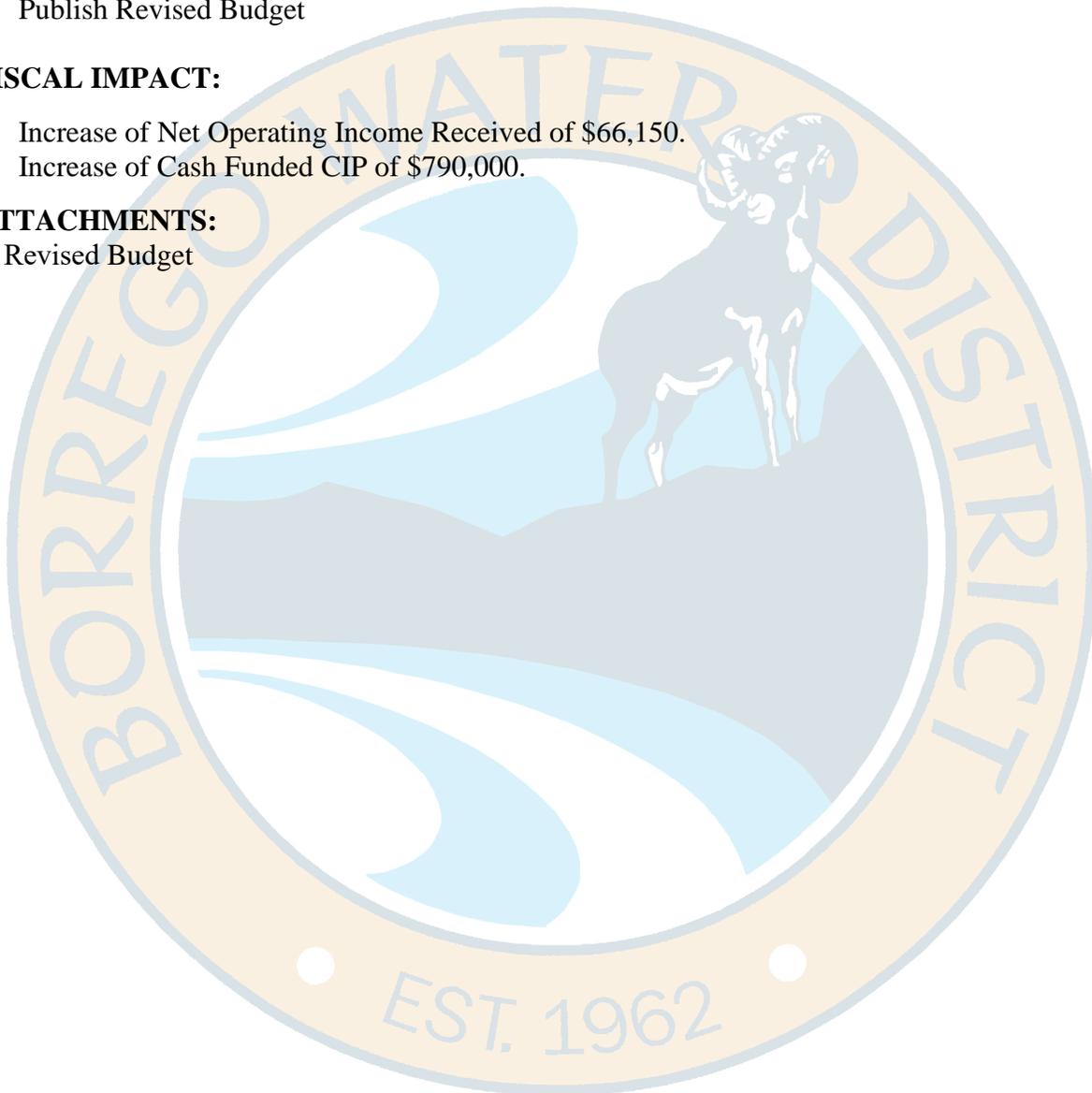
1. Publish Revised Budget

FISCAL IMPACT:

1. Increase of Net Operating Income Received of \$66,150.
2. Increase of Cash Funded CIP of \$790,000.

ATTACHMENTS:

1. Revised Budget



BORREGO WATER DISTRICT

**FISCAL YEAR 2020-2021
ANNUAL BUDGET
ADOPTED JUNE 9, 2020
REVISED NOVEMBER 24, 2020**

SUBMITTED BY:

**GEOFF POOLE
GENERAL MANAGER**

TO:

BOARD OF DIRECTORS

**KATHY DICE
PRESIDENT**

**LYLE BRECHT
VICE-PRESIDENT**

**DAVE DUNCAN
TREASURER**

**RAYMOND DELAHAY
DIRECTOR**

**DIANE JOHNSON
DIRECTOR**

**BORREGO WATER DISTRICT
ANNUAL BUDGET
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ADOPTED JUNE 9, 2020
REVISED NOVEMBER 24, 2020**

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BORREGO WATER DISTRICT

June 9, 2020

TO: Ratepayers and Investors of the Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Strategic Objectives 2020-21

STRATEGIC GOALS AND OBJECTIVES 2020-21

Enhance District Financial Condition:

GOAL: Operate BWD Finances to enhance its Financial Position and Creditworthiness and to allow for possible future BWD debt issuances.

OBJECTIVE: The BWD Board and Staff have taken extraordinary steps over the past decade or so to first, stabilize and then, improve the BWD Financial Condition. The effects of this hard work were realized when BWD successfully issued \$5.6 M in Bonds to fund various water and sewer improvements in 2018. BWD is committed to maintain water and wastewater rates, charges and reserve fund balances that provide the required debt service coverage ratios and other economic factors. BWD staff and Board will monitor Water and Wastewater Operations and Capital Planning to ensure all expenditures are prudent and necessary.

Protect BWD Interests in Newly Formed Watermaster:

GOAL: A major accomplishment in 2019-20 was realized with the signing of The Settlement Agreement and Stipulated Judgment by over 92% of Basin pumpers. BWD and its Representatives will engage in the Watermaster process with the best interest of BWD ratepayers, community and the environment in mind.

OBJECTIVE: Various potential future Watermaster actions could have a significant impact upon BWD ratepayers, community and the environment including water quality degradation and other factors. BWD and its representatives on the Watermaster will focus on ensuring actions taken by the Watermaster do not adversely or unfairly impact BWD, the community or the environment.

Replace & Upgrade Water and Sewer Infrastructure:

GOAL: Commit the necessary resources to fund replacement of aging water and sewer infrastructure before failure.

OBJECTIVE: BWD issued Bonds in 2018 and has expended approximately 70% or proceeds to date. A second new well, pipelines in the De Anza area and more fire hydrant replacements are scheduled for FY 2020-21 to meet three-year bond proceed spending requirements necessary to retain tax exempt status. The Board and Staff will focus on completing these vital projects.



BORREGO WATER DISTRICT

June 9, 2020

TO: Ratepayers and Investors of the Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Submittal Letter – What happened in FYE 2020 and how will FYE 2021 be different?

Transmitted herewith is the Proposed Final Fiscal Year 2020-21 Budget and Capital Improvement Plan for the Borrego Water District. The consolidated budget was prepared in compliance with the laws of the State of California and reflects the Board of Directors' (Board) goals and priorities and the District's strategic plans by which to achieve them.

2019-20 IN REVIEW

COVID 19 created the need for BWD staff to work under less than optimal conditions for the last quarter of 2019-20. To their credit, BWD employees and Board completed all water and wastewater duties and responsibilities. The economic impact to BWD in terms of water sales and payment revenue reductions are unknown at this time and under continuous evaluation. Staff intends to continue to monitor the situation and to report to the Board after Q1 of FY 2020-21 and consider adjusting the BWD Budget accordingly.

2019-20 was a milestone year in which BWD entered into a Settlement Agreement and Stipulated Judgment with 92.4% of Basin Pumpers. The documents outline the steps that will be taken to implement the Basins' Groundwater Management Plan and reduce pumping by an estimated 74.6% on or before 2040. Once the Agreements are approved by The Courts and Department of Water Resources, the Borrego Springs Watermaster will be formally created to manage the Basin and recover costs from those who continue to pump. The BWD budget for 2020-21 includes expenditures for its proportional share of Watermaster expenses (approx. 10%).

During the past year, BWD and its consultants completed construction of a new well, well-head piping upgrades, approximately 30 fire hydrant replacements and waterlines in and around Borrego Springs Road, Barrel Drive, and Flying J Road. The Club Circle wastewater collection system was also inspected and no serious issues were found.

No extensive, unplanned water or sewer service outages were experienced during the year and the water delivered met all State Quality Requirements. No loss time injuries were encountered during the year. Last but not least, long term BWD employees Kim Pitman and Greg Holloway retired in June 2020 and the Board and Staff wish them well.

The amount budgeted in each category represents Management's best assumptions to successfully accomplish the District's objectives. A summary of the FY 2020-21 budget is below:



BORREGO WATER DISTRICT

Budget Components for FY 2020-21 - Revenues

Water sales are projected to remain stable (FY 2019-20 = 1,600 afy), however Staff is continuously monitoring changes to consumption and payments received due to COVID-19. The previously approved Prop 218 rate and fee increases of 6% for is being delayed until January 1, 2021 or deferred until new 218 rates are approved for July 1, 2021, based on conditions after Q1 20-21.

Monthly meter standby fees are also proposed to remain unchanged thru at least Q1 20-21.

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

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

Budget Components for FY 2020-21 – Expenses

- In FY 2020-21, BWD has included projected expenses for Groundwater Management including the to-be-formed Watermaster. BWD expenses are planned to be an estimated \$310,000 have been included in FY 2020-21 Budget for this purpose.
- All existing programs in BWD Operations, Maintenance and Administration Departments are fully funded through 2020-21. The major programs in the Water Operations Department include system operations and maintenance, water quality monitoring, meter testing and replacement, pipeline replacement, reporting and the inevitable emergency pipeline repairs that happen each year. Capital projects planned for the year include the aforementioned replacement well, pipeline and fire hydrant upgrades.
- In the Sewer Operations Department, BWD is planning to construct a series of improvements at the Wastewater Treatment Facility to replace equipment and components that have passed their useful lives. These projects are planned to be funded by State Grants.
- In the Administration Department, all programs are fully funded.

Included in this Budget Package are the proposed Board Resolution to adopt and approve the FY 2020-21 Budget, detailed revenue and expenses, Capital Improvement Plan with project explanations and justifications from the District's Consulting Engineer (David Dale), Non CIP expenses, updated Reserve Policy and projected Cash Flow including proposed future rate increases.

I would personally like to thank the BWD staff and Board for their hard work in preparing and reviewing this Proposed Budget for FY 2020-21.

Sincerely,

Geoff Poole
General Manager

BORREGO WATER DISTRICT ORGANIZATIONAL CHART

June 9, 2020 rev 12/8/20



Borrego Water District		
FY2021 Budget		
<i>Revisions Adopted 11/24/2020</i>		
	6/23/2020	11/24/2020
	ADOPTED	ADOPTED
	BUDGET	CHANGES*
	<u>2020-2021</u>	<u>2020-2021</u>
*Changes shown in darker shade		
<u>WATER REVENUE</u>		
Residential Water Sales	866,507	886,004
Commercial Water Sales	445,791	455,822
Irrigation Water Sales	203,358	207,934
GWM Surcharge	173,911	177,824
Water Sales Power Portion	<u>465,462</u>	<u>475,935</u>
TOTAL WATER COMMODITY REVENUE:	2,155,031	2,203,519
Readiness Water Charge	1,210,230	1,237,460
Meter Install/Connect/Reconnect Fees	1,725	1,764
Backflow Testing/installation	5,100	5,215
Bulk Water Sales	2,440	2,495
Penalty & Interest Water Collection	<u>34,000</u>	<u>34,765</u>
TOTAL WATER REVENUE:	3,408,526	3,485,217
<u>PROPERTY ASSESSMENTS/AVAILABILITY CHARGES</u>		
641500 1% Property Assessments	55,000	55,000
641502 Property Assess wtr/swr/fld	75,000	75,000
641504 Water avail Standby	91,000	91,000
641503 Pest standby	<u>14,000</u>	<u>14,000</u>
TOTAL PROPERTY ASSES/AVAIL CHARGES:	235,000	235,000
<u>SEWER SERVICE CHARGES</u>		
Town Center Sewer Holder fees	196,640	199,590
Town Center Sewer User Fees	97,194	98,652
Sewer user Fees	<u>288,288</u>	<u>292,612</u>
TOTAL SEWER SERVICE CHARGES:	582,122	590,854
<u>OTHER INCOME</u>		
Water Credits income		
JPIA Insurance Rebate		
Interest Income	76,000	76,000
TOTAL OTHER INCOME:	76,000	76,000
TOTAL INCOME:	4,301,648	4,387,071
<u>CASH BASIS ADJUSTMENTS</u>		
Anticipated Increase in Receivables due to COVID-19		<u>(200,000)</u>
TOTAL CASH BASIS ADJUSTMENTS:		(200,000)
TOTAL OPERATING INCOME RECEIVED:		4,187,071

<u>EXPENSES</u>	ADOPTED BUDGET 2020-2021	ADOPTED CHANGES* 2020-2021
MAINTENANCE EXPENSE		
R & M Buildings & Equipment	250,000	250,000
R & M - WTF	120,000	120,000
Telemetry	10,000	10,000
Trash Removal	5,500	5,500
Vehicle Expense	18,000	18,000
Fuel & Oil	<u>35,000</u>	<u>35,000</u>
TOTAL MAINTENANCE EXPENSE:	438,500	438,500
PROFESSIONAL SERVICES EXPENSE		
Tax Accounting (Tausig)	3,000	3,000
Administrative Services (ADP)	3,000	3,000
Audit Fees (Leaf & Cole)	17,000	17,000
Computer billing (Accela/Parker)/Cyber Security	31,000	31,000
Financial/Technical Consulting (Raftelis/Fieldman)	80,000	80,000
Engineering (Dudek)	35,000	35,000
District Legal Services (BBK)	45,000	45,000
Air Quality Study		55,051
Grant Acquisitions (TRAC) 17170+17180	30,000	30,000
Testing/lab work (Babcock Lab/Water Quality Monitoring)	24,000	24,000
Regulatory Permit Fees (SWRB/DEH/Dig alerts/APCD)	<u>36,500</u>	<u>36,500</u>
TOTAL PROFESSIONAL SERVICES EXPENSE:	304,500	359,551
INSURANCE EXPENSE		
ACWA/JPIA Program Insurance	60,000	60,000
ACWA/JPIA Workers Comp	<u>18,000</u>	<u>18,000</u>
TOTAL INSURANCE EXPENSE:	78,000	78,000
DEBT EXPENSE		
Compass Bank Note 2018A/B	388,939	388,939
Pacific Western Bank 2018 IPA	<u>499,406</u>	<u>499,406</u>
TOTAL DEBT EXPENSE:	888,345	888,345
PERSONNEL EXPENSE		
Board Meeting Expense (board stipend/board secretary)	23,000	23,000
Salaries & Wages (gross)	930,000	930,000
Salaries & Wages offset account (board stipends/staff proj)	(80,000)	(80,000)
Consulting services/Contract Labor	10,000	10,000
Taxes on Payroll	23,700	23,700
Medical Insurance Benefits	212,700	212,700
Calpers Retirement Benefits	210,000	210,000
Conference/Conventions/Training/Seminars	<u>18,000</u>	<u>18,000</u>
TOTAL PERSONNEL EXPENSE:	1,347,399	1,347,399

<u>EXPENSES(Con't)</u>	ADOPTED BUDGET 2020-2021	ADOPTED CHANGES* 2020-2021
OFFICE EXPENSE		
Office Supplies	24,000	24,000
Office Equipment/ Rental/Maintenance Agreements	50,000	50,000
Postage & Freight	15,000	15,000
Taxes on Property	3,300	3,300
Telephone/Answering Service/Cell	20,000	20,000
Dues & Subscriptions (ACWA/CSDA)	23,000	23,000
Printing, Publications & Notices	2,500	2,500
Uniforms	7,000	7,000
OSHA Requirements/Emergency preparedness	<u>5,500</u>	<u>5,500</u>
TOTAL OFFICE EXPENSE:	150,300	150,300
UTILITIES EXPENSE		
Pumping-Electricity	325,000	325,000
Office/Shop Utilities	<u>6,000</u>	<u>6,000</u>
TOTAL UTILITIES EXPENSE:	331,000	331,000
GROUNDWATER MANAGEMENT EXPENSE		
Pumping Fees	69,300	123,888
Physical Solution Development	-	-
Physical Solution Reimbursement (42,800 rcvd in FY2020)	(100,000)	(57,200)
Stipulation Legal	85,000	185,000
Stipulation Legal Reimbursements (24,400 rcvd in FY2020)	(65,000)	(40,600)
Interim Judgement Legal Support	45,000	
Interim Judgement Technical Support	45,000	45,000
Misc. & Contingency	20,000	20,000
BPA Transactions that meet CEQA requirements	<u>5,000</u>	<u>5,000</u>
TOTAL GWM EXPENSE:	104,300	281,088
TOTAL EXPENSES:	3,642,343	3,874,182
CASH BASIS ADJUSTMENTS		
Decrease (Increase) in Accounts Payable		
Increase (Decrease) in Inventory		
TOTAL CASH BASIS ADJUSTMENTS:		
TOTAL OPERATING EXPENSES PAID:	3,642,343	3,874,182
NET OPERATING INCOME RECEIVED:	459,304	312,889

<u>CIP PROJECTS</u>	<u>ADOPTED BUDGET 2020-2021</u>	<u>ADOPTED CHANGES* 2020-2021</u>
Prop 86 Grant (Reimbursable)		
CASH FUNDED - WATER		
Bending Elbow Pipeline Project	170,000	380,000
SCADA Replacement	50,000	100,000
Facilities Maintenance - Office Interior	15,000	15,000
Emergency System Repairs	60,000	60,000
Replace Twin Tanks (Moved from GRANT)		630,000
Engineering/Construction Management Consulting	25,000	25,000
TOTAL CASH CIP EXPENSES WATER:	320,000	1,210,000
CASH FUNDED - SEWER		
Oxygen Injection at Borrego Valley Rd Pump	20,000	20,000
Difusers at Sludge Holding Tank (Completed from R&M)	100,000	
Manhole Replacement/Refurbishments	43,000	43,000
Engineering/Construction Management Consulting	18,000	18,000
TOTAL CASH CIP EXPENSES SEWER:	181,000	81,000
CASH FUNDED - Short Lived Asset Replacement Prog	305,000	305,000
TOTAL CASH FUNDED CIP EXPENSES:	806,000	1,596,000
<u>CASH RECAP</u>		
Net Operating Income		312,889
Total Budgeted Cash CIP		(1,596,000)
Bond Funded CIP Shortfall		(772,738)
Period Reserves Adjustment		(2,055,849)
Projected Cash Balance at Year End		3,969,344
FY Reserves Target		7,710,218
Reserves Surplus/(Shortfall)		(3,740,874)

	ADOPTED BUDGET 2020-2021	ADOPTED CHANGES* 2020-2021
<u>DEBT & GRANT ACCOUNTING</u>		
GRANT(PROP 1) FUNDED CIP - WATER		
Replace Twin Tanks (Changed to CASH)	630,000	
Replace Wilcox Diesel Motor (Push to FY22)	75,000	
Replace Indianhead Reservoir (Push to FY22)	435,000	
Rams Hill #2, recoating (Push to FY22)	616,000	
TOTAL GRANT CIP EXPENSES WATER:	1,756,000	0
GRANT(PROP 1) FUNDED CIP - SEWER		
Plant-Grit removal at the headworks	214,000	214,000
Clarifyer Upgrade/Rehabilitation	240,000	240,000
TOTAL GRANT CIP EXPENSES SEWER:	454,000	454,000
TOTAL GRANT CIP EXPENSES:	2,210,000	454,000
BOND FUNDED CIP - WATER		
De Anza Pipeline Replacement Project	430,000	430,000
Production Well 2 Investigation and Construction	1,250,000	1,250,000
Replace 30 fire hydrants 17160 (\$400K spend FY20)	540,000	140,000
Production Well #1 ID4-Well #9-17110	-	-
Replace 5 well discharge manifolds and electric panel upgr	0	0
TOTAL BOND FUNDED WATER CIP:	2,220,000	1,820,000
BOND FUNDED CIP - SEWER		
Miscellaneous Sewer System Improvements	410,000	410,000
TOTAL SEWER BOND FUNDED CIP:	410,000	410,000
TOTAL BOND FUNDED CIP EXPENSES:	2,630,000	2,230,000
BOND PROCEEDS RECAP		
Bond Balance at beginning of period (07/01/2020)		1,857,262
Less Bond Expenditures		(2,230,000)
Bond Balance at end of period (06/30/2020)		(372,738)

BWD				
INCOME/EXPENSE				
CONDENSED BUDGET				
2020-2021				
	TOTAL			TOTAL
	BUDGET	WATER	SEWER	ALL FUNDS
REVENUE				
Water Sales	3,307,393	3,307,393	-	3,307,393
GWM Surcharge	177,824	177,824	-	177,824
1% Property Assessment (641500)	55,000	55,000	-	55,000
Water Availability Standby (641504)	91,000	91,000.00	-	91,000
Water/Sewer/Flood Assessment (641502/3)	89,000	81,500	7,500	89,000
Sewer Revenue	590,854	-	590,854	590,854
Interest Income	76,000	68,400	7,600	76,000
Less Potential Increase in Receivables due to COVID-19	(200,000)	(180,000)	(20,000)	(200,000)
TOTAL BUDGETED INCOME FY 2021:	4,187,071	3,601,117	585,954	4,187,071
GRANT & DEBT PROCEEDS				
Prop 1 GSP Grant	454,000	-	454,000	454,000
TOTAL GRANT & DEBT PROCEEDS:	454,000	-	454,000	454,000
TOTAL BUDGETED INCOME, GRANT & DEBT PROCEEDS:	4,641,071	3,601,117	1,039,954	4,641,071
EXPENSE				
Repairs & Maintenance				438,500
R&M Water	250,000	250,000	-	
R&M WWTP	120,000	-	120,000	
Telemetry	10,000	8,500	1,500	
Trash Removal	5,500	4,216	1,284	
Vehicle Expense	18,000	15,300	2,700	
Fuel/Oil	35,000	29,750	5,250	
Professional Services				359,551
Tax Accounting	3,000	2,550	450	
Administrative Services	3,000	2,550	450	
Audit Fees	17,000	14,450	2,550	
Computer Billing	31,000	26,350	4,650	
Consulting	80,000	68,000	12,000	
Engineering	35,000	21,000	14,000	
Legal	45,000	38,250	6,750	
Air Quality Study	55,051	55,051	-	
Grant Acquisitions	30,000	25,500	4,500	
Testing/Lab	24,000	12,000	12,000	
Permit Fees	36,500	31,025	5,475	
Insurance				78,000
Program Insurance	60,000	51,000	9,000	
Workers Comp	18,000	15,300	2,700	
Personnel Expense				924,700
Board Expense	23,000	19,550	3,450	
Salaries & Wages	850,000	722,500	127,500	
Consulting Services	10,000	8,500	1,500	
Taxes on Payroll	23,700	20,145	3,555	
Training/Seminars	18,000	15,300	2,700	
Employee Benefits				422,700
Medical	212,700	180,795	31,905	
Retirement	210,000	178,500	31,500	
Office expense (15% of all subcategories to Sewer)	150,300	129,148	21,152	150,300
Utilities				331,000
Pumping/Electricity	325,000	322,000	3,000	
Office Utilities	6,000	6,000	-	
Compass Bank Note 2018A/B	388,939	334,204	54,735	388,939
Pacific Western Bank 2018 IPA	499,406	421,552	77,854	499,406
GWM	281,088	281,088	-	281,088
TOTAL BUDGETED EXPENSE FY 2021:	3,874,184	3,310,074	564,110	3,874,184
UNEXPENDED DEBT PROCEEDS:	1,857,262	1,447,262	410,000	1,857,262
TOTAL EXPENSES AND UNEXPENDED DEBT PROCEEDS:	5,731,446	4,757,336	974,110	5,731,446
NET BUDGETED INCOME (EXPENSE):	312,887	291,043	21,844	312,887
TOTAL CIP CASH EXPENSE:	2,368,738	2,287,738	81,000	2,368,738
TOTAL BOND FUNDED CIP EXPENSE:	2,630,000	2,220,000	410,000	2,630,000
TOTAL BUDGETED ANNUAL NET CASH FLOW FY 2021:	(2,055,851)	(1,996,695)	(59,156)	(2,055,851)



BORREGO WATER DISTRICT

June 9, 2020

TO: Ratepayers and Investors of the Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Fiscal Year 2020-21 Budget and Capital Improvement Plan

Transmitted herein is the Proposed Final Fiscal Year 2020-21 Budget and Capital Improvement Plan for the Borrego Water District. The consolidated budget was prepared in compliance with the laws of the State of California and reflects the Board of Directors' (Board) goals and priorities and the District's strategic plans by which to achieve them.

2019-20 was marked with the signing of a first of its kind Stipulated Judgment and Settlement Agreement between over 90%+ of Basin Pumpers creating a Watermaster Board and Staff structure to implement the Agreement. In addition, a new well, fire hydrant and waterline replacements and inspection of the Club Circle development occurred. COVID-19 required BWD staff to quickly adjust its daily routines and they did so remarkably well under the conditions. Staff will continue to monitor the financial impacts of the pandemic in terms of incoming water and sewer revenue impacts and report to the Board and adjust as necessary.

2020-21 will be a year in which another new well and additional fire hydrant and pipeline replacements are planned. In addition, monitoring the impact of COVID-19 will continue.

The amount budgeted in each category represents Management's best assumptions to successfully accomplish the District's objectives. A summary of FY 2020-21 budget is below. The Board will conduct a full budget review in three months and adjust the budget accordingly depending upon the conditions.

Budget Comparison for FY 2020-21 – Revenues

Water sales are projected to be stable and will be monitored and adjusted due to COVID-19 and other factors, if needed, in September 2020. During the two-month period when Stay at Home Orders were in effect, water consumption for BWD Customers was up 15% in March 2020 compared to March 2019 and down 29% in April 2020 compared to April 2019.

In 2016, The BWD Board adopted a water and sewer rate schedule that included a planned (6% water and 5% sewer) rate and charge increase that is being temporarily postponed. Water rates will initially remain unchanged in an effort to assist our Customers through various economic challenges. BWD has adequate reserve funds to offset the income from the previously planned rate increase and will retain the ability to adjust rates, if needed, in September. Monthly water meter fees will also remain unchanged thru at least September 2020.

Property tax revenues are expected to remain constant and within BWD's legal authority to assess. Non-Budgeted Revenue is being aggressively pursued on a number of State grants. Funding is for upgrading BWDs Wastewater Treatment Plant and replacing three Reservoirs reaching the end of their useful life.



BORREGO WATER DISTRICT

Budget Components for FY 2020-21 - Expenses

Expenses for FY 2020-21 are expected to remain constant. New expense categories were added (and some of the old ones eliminated) pertaining to the transition from the previous GSA structure to the Watermaster. The new chart of accounts for this section is much more descriptive of the nature of the expense. The new accounts added are Pumping Fees, Stipulation Legal, Interim Judgement Legal & Technical Support, Miscellaneous & Contingency, and BPA Transactions that meet CEQA requirements with a total net budget of \$104,300 after about \$165,000 in Watermaster reimbursements. Accounts removed are Misc. GWM Costs and Net SGMA GSP & Stipulation Costs previously budgeted at \$130,000.

Minimal personnel changes have occurred or are anticipated, bringing the total authorized positions up from 11.5 positions in FYE 2020 to 12.65 positions in FYE 2021. Diana Del Bono has moved from Part-Time Administrative Assistant to Full-Time Administrative Manager to facilitate Kim Pitman's retirement. In addition, BWD proposes adding a District Engineer on staff at 65% of Full-Time. The new salaries are offset by the salaries of retiring staff, thus Personnel Expenses are expected to remain constant.

All existing programs in BWD Operations, Maintenance and Administration Departments are fully funded through 2020-21. The major programs in Water Operations Enterprise include system operations and maintenance, water quality monitoring, meter testing and replacement, Regulatory Reporting and the inevitable emergency repairs that happen each year. Capital projects planned include drilling another well (replacement of existing), pipeline and fire hydrant replacement projects.

All existing programs in BWD Wastewater Department are fully funded through 2020-21. The major programs in Wastewater Enterprise include the collection system and treatment plant operations, wastewater quality monitoring and Regulatory reporting. Capital projects planned include upgrades to the Wastewater Treatment Plant (Pending State Grant Approval) and oxygen injections system for odor control (2018 BWD Bond Funded).

In the Administrative Department, all programs are fully funded.

Included in this Budget Package are the proposed Board Resolution to adopt and approve the FY 2020-21 Budget, detailed revenue and expenses, Capital Improvement Plan with Project explanations and justifications, Non-CIP expenses, updated Reserve Policy and projected Cash Flow that includes proposed future rate increases. I would personally like to thank the BWD staff and Board for their hard work and dedication displayed throughout the current Fiscal Year.

Sincerely

Geoff Poole
General Manager



BORREGO WATER DISTRICT

5/29/20

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

Mr. Poole:

I have reviewed the proposed Capital Improvement Projects (CIP) for the next eight years and concur that the projects identified in the schedule are the most pressing physical infrastructure needs of the District at this time. The estimated costs (in 2020 dollars) of these improvements are reasonable for planning purposes.

The projects and short-lived assets expenses contained in the FY 2021 CIP have been organized to address the dynamics of the District's operations, minimize economic impacts, maintain the District's financial stability and enable the District to supply dependable water and wastewater services for its customers.

If you have any questions please contact me.

Regards,

David Dale, PE, PLS

CAPITAL IMPROVEMENT PROJECTS(Rev 10-7-21)		FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	TOT 2020-29
<i>CIP Numbers Correspond to Descriptions in Appendix A</i>											
CASH RESERVE FUNDED WATER PROJECTS											
Water Projects											
1	Bending Elbow Pipeline Project		\$ 380,000								\$ 380,000
2	El Tejon Road Pipeline Project		\$ 140,000								\$ 140,000
3	Flying H Road Pipeline Project			\$ 137,500							\$ 137,500
3A	Walking H/Double O Road Pipeline Project		\$ 200,000								\$ 200,000
4	ID-5 Well VFD				\$ 150,000						\$ 150,000
5	Replace and upgrade Booster Pump Station 5				\$ 100,000						\$ 100,000
6	SCADA replacement	\$ 100,000									\$ 100,000
7	Facilities Maint - Office	\$ 15,000	\$ 20,000								\$ 35,000
29b	Water Treatment Facility (phase 2)									\$ 250,000	\$ 250,000
13	Replace Twin Tanks	\$ 630,000									\$ 630,000
8	Program Engineering/Construction Management Consulting	\$ 25,000	\$ 40,000	\$ 41,200	\$ 42,436	\$ 43,709	\$ 45,020	\$ 46,371	\$ 47,762	\$ 49,195	\$ 380,693
9	Emergency System repairs	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 540,000
SUBTOTAL WATER CASH RESERVE PROJECTS		\$ 830,000	\$ 840,000	\$ 238,700	\$352,436	\$103,709	\$ 105,020	\$ 106,371	\$107,762	\$359,195	\$ 3,043,193
Sewer Projects											
10	Manhole Replacements/Refurbishment	\$ 43,000	\$ 45,150	\$ 47,408	\$ 49,778	\$ 52,267	\$ 54,880	\$ 57,624	\$ 60,505	\$ 63,531	\$ 474,142
11	Install Oxygen Injection System	\$ 20,000									\$ 20,000
12	Engineering/Construction Management Consulting	\$ 18,000	\$ 18,540	\$ 19,096	\$ 19,669	\$ 20,259	\$ 20,867	\$ 21,493	\$ 22,138	\$ 22,802	\$ 182,864
SUBTOTAL SEWER CASH RESERVE PROJECTS		\$ 81,000	\$ 63,690	\$ 66,504	\$ 69,447	\$ 72,526	\$ 75,747	\$ 79,117	\$ 82,643	\$ 86,332	\$ 677,006
TOTAL CASH WATER/SEWER CIP PROJECTS 2021 THROUGH 2029		\$ 911,000	\$ 903,690	\$ 305,204	\$421,883	\$176,235	\$ 180,767	\$ 185,488	\$190,405	\$445,527	\$ 3,720,200
Total 3 Year Water/Sewer Cash Reserve Projects:				\$2,119,894							
FACILITIES MAINTENANCE DETAIL											
<i>Stucco Building and Replace Failing Solar Cells</i>			\$ 20,000								
<i>Carpet/Paint Office and Install Energy Efficient Lighting</i>			\$ 15,000								
TOTAL CASH RESERVES CAPITAL IMPROVEMENTS PROGRAM		\$ 911,000	\$ 903,690	\$ 305,204	\$421,883	\$176,235	\$ 180,767	\$ 185,488	\$190,405	\$445,527	\$ 3,720,200
TOTAL CASH RESERVES SHORT LIVED ASSETS		\$ 305,000	\$ 570,000	\$ 25,000	\$ 37,000	\$ 10,000	\$ 235,000	\$ 138,000	\$110,000	\$200,000	\$ 1,630,000
TOTAL CASH RESERVES CIP AND SHORT LIVED ASSETS ANNUAL BUDGET		\$ 1,216,000	\$ 1,473,690	\$ 330,204	\$458,883	\$186,235	\$ 415,767	\$ 323,488	\$300,405	\$645,527	\$ 5,350,200
Total 3 Year Cash Reserve and Short Lived Assets:				\$3,019,894							
GRANT FUNDED CIP PROJECTS											
Water Projects											
14	Replace Wilcox Diesel Motor-(Prop 1 grant)		\$ 75,000								\$ 75,000
15	Replace Indianhead Reservoir-(Prop 1 grant)		\$ 435,000								\$ 435,000
16	Rams Hill #2, 1980 galv. 0.44 MG recoating -(Prop 1 grant)		\$ 616,000								\$ 616,000
Sewer Projects											
17	Plant-Grit removal at the headworks-(Prop 1 grant)	\$ 214,000									\$ 214,000
18	Clarifier Upgrade/Rehabilitation -(Prop 1 Grant)	\$ 240,000									\$ 240,000
TOTAL WATER/SEWER GRANT CIP PROJECTS		\$ 454,000	\$ 1,126,000								\$ 1,580,000
2018 BOND FUNDED CIP PROJECTS											
19	De Anza Pipeline Replacement Project	\$ 430,000									\$ 430,000
20	Replacement Well #2 (\$250,000 DWR Grant Approved for 20-21)	\$ 1,250,000									\$ 1,250,000
21	Fire Hydrant Replacement	\$ 540,000									\$ 540,000
22	18-inch Gravity Sewer Main along Borrego Springs Road	\$ 410,000									\$ 410,000
TOTAL 2018 BOND FUNDED CIP PROJECTS		\$ 2,630,000	\$ -								\$ 2,630,000
POTENTIAL FUTURE BOND FUNDED CIP PROJECTS											
Wells, Booster Stations, Reservoirs & Associated Transmission Mains											
23	Borrego Springs Road Pipeline Replacement				\$ 862,000						\$ 862,000
24	Sun Gold Pipeline Replacement				\$ 1,711,500						\$ 1,711,500
25	Deep Well Pipeline Replacement				\$ 2,225,000						\$ 2,225,000
26	West and East Star Road Pipeline Replacement				\$ 450,000						\$ 450,000
27	Country Club Tank Recoating, 1999 1.0 MG				\$ 250,000						\$ 250,000
28	Water Treatment Facility (phase 1)						\$ 900,000				\$ 900,000
29	Water Treatment Facility (phase 2)							\$ 650,000			\$ 650,000
30	New production well					\$ 2,000,000					\$ 2,000,000
31	Solar *Updated to convert approximately 85% of BWD Wells to Solar					\$ 1,200,000					\$ 1,200,000
32	Well 5 Transmission Main Project					\$ 1,215,000					\$ 1,215,000
33	Club Circle Water and Sewer Pipeline Replacement Project						\$ 2,286,000				\$ 2,286,000
TOTAL FUTURE BOND CIP PROJECTS		\$ -	\$ -	\$ -	\$ -	\$ 5,498,500	\$ 4,415,000	\$ 3,186,000	\$ 650,000	\$ -	\$ 13,749,500
Total 9 Year CIP (Including all proposed projects):											\$ 23,309,700

CIP-SHORT LIVED ASSETS	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
WELLS									
ID1-8, 125 Hp - Well out of service life		\$ 60,000							
ID-1 Well 12 pump and casing/cleaning						\$ 165,000			
ID-1 16		\$ 165,000						\$ 100,000	
ID4-11, 200 Hp	\$ 165,000						\$ 100,000		
ID4-18 - make a monitoring well		\$ 10,000							
Other Well Rehabilitation									\$ 100,000
TANKS									
Reservoir cleaning/video inspection	\$ 35,000			\$ 37,000			\$ 38,000		
BOOSTER/PRESSURE REDUCING STATIONS									
WASTEWATER TREATMENT FACILITY									
Clarifier Maintenance			\$ 25,000			\$ 25,000			\$ 25,000
RAS pumps		\$ 60,000							
Lift Station Pumps		\$ 10,000			\$ 10,000			\$ 10,000	
EQUIPMENT									
Emergency Generator Mobile Trailer	\$ 25,000								
Mini Excavator		\$ 100,000							
Valve Exercise Machine	\$ 80,000								
Track skid steer		\$ 125,000							
Pickup		\$ 40,000				\$ 45,000			\$ 75,000
TOTAL SHORT LIVED ASSETS REPLACEMENT PROGRAM	\$ 305,000	\$ 570,000	\$ 25,000	\$ 37,000	\$ 10,000	\$ 235,000	\$ 138,000	\$ 110,000	\$ 200,000

BORREGO WATER DISTRICT
POLICY STATEMENT

SUBJECT: CASH RESERVES POLICY

NO: 2011-05-01

ADOPTED: 2011-05-25 **AMENDED: 2019-05-28**
AMENDED: 2015-05-27 **AMENDED: 2020-06-09**
AMENDED: 2016-05-25
AMENDED: 2017-05-24
AMENDED: 2018-06-19

I. BACKGROUND AND INTRODUCTION

Reserves are needed because of financial risk.¹ Water and sewer operations are inherently risky, given the potential costs associated with repairing and replacing infrastructure necessary for maintaining 24x7 operations for supplying potable water and sewer and wastewater treatment services to the homes and businesses of Borrego Springs. In addition, water operations have risk associated with the volatility of revenue due to weather conditions that alter expectations of the amount of water sold. Reserves also assist in reducing rate shocks. Without them a water utility is exposed to rate instability. Rate instability increases the cost of borrowing, which drives up rates. In addition, reserves help the District improve its credit rating, which translates into lower interest rates on debt and thus lower rates for the District’s customers. Also, bond or loan covenants often require a debt reserve or recommend a rate stabilization reserve.

Some utilities operate in a state of revenue deficiency, which means they either rely on existing reserves, skimp on funding reserves, or defer economically prudent repair and replacement (R&R) of capital infrastructure to the future where higher costs will be borne by future ratepayers to repair or replace infrastructure that may have failed catastrophically. Catastrophic failure is sometimes many times more expensive than prudent R&R before failure occurs. Becoming revenue sufficient means that a utility can count on receiving adequate revenues to fully fund utility operations, including debt service obligations, and some portion of capital improvements from rate revenues and reserves. Reserve accounts are a vital part of water and sewer and wastewater treatment system’s financial health that lead to lower rates for the District’s customers.

This Board believes that operating with revenue sufficiency is required, not only to remain creditworthy for future capital borrowing, but also to replace depleted reserves necessary to operate most economically. For these reasons, the District will maintain reserve funds so as to provide working capital for operations;

¹ *Financial Risk* is defined as the sum(probability of an event occurring) x (the potential financial cost if that event occurs).

funds required by law, ordinance and bond covenants; and necessary cash for the scheduled and unscheduled R&R of capital infrastructure; as well as funds set aside for meeting water supply requirements under the Sustainable Groundwater Management Act (SGMA) and the Borrego Springs Subbasin Adjudicated Judgement.

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

This reserve policy is based on prudent financial management practices and those amounts required by legal, legislative, and contractual obligations that are critical to the financial health of the District. This policy defines required fund types for segregation purposes and funding levels that are based upon this District's unique operating, capital investment and financial plans. Both Restricted Reserves and Board designated Discretionary Reserves for the water enterprise and the sewer and wastewater enterprise will be funded by rates specific to those enterprises so as to meet California Proposition 218 requirements. That is, reserves specific to the needs of the District's water enterprise will be accumulated from water rates. Reserves specific to the needs of the District's sewer and wastewater enterprise will be funded from sewer and wastewater treatment rates.

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

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

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

III. BOARD DISCRETIONARY RESERVES

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

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

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

Capital Repair and Replacement Reserve (Capital Reserve). A Capital Repair and Replacement Reserve is used primarily to meet and ensure the timely construction of necessary capital improvements without any delays due to cash flow concerns. Capital expenses can fluctuate quite a bit from year-to-year and the Capital Reserve may be leveraged to smooth out significant changes in expenses and; thereby, avoiding any unduly rate shocks to District customers. It may also serve as collateral and reassurance when awarding a construction contract. The Capital Reserve target is a reserve equal to the inflated value of a rolling average of the previous 5 years of the District's Capital Improvements Plan (CIP) for water infrastructure repair and replacement (R&R) and sewer and wastewater R&R.

Water Supply Purchase Reserve (Supply Reserve). The District will need to purchase Baseline Pumping Allocation (BPA) from Subbasin pumpers to meet its supply requirements established

under SGMA and the Borrego Springs Subbasin California Superior Court Adjudicated Judgment. The District hopes to use grants and/or bank debt to accomplish these purchases. However, BPA may become available in the market on the sellers' timeframe, not necessarily the District's. It would also potentially be financially imprudent for the District to wait until the last moment to purchase BPA before penalties are assessed by the Watermaster for exceeding the District's annual pumping allocation limit. For these reasons, the District shall establish a Supply Reserve of approximately \$1,500,000.

Risk Management Reserve (Emergency Reserve) – Catastrophic events may occur that require substantial investments to replace damaged assets. Some examples of catastrophic events include earthquakes, wind storms, floods, ransomware exploits or hacking that impacts the District's digital networks, health emergencies such as the current COVID-19 emergency, etc. Some of these catastrophic events may allow the utility to recover the cost of damages from FEMA or existing insurance policies. However, FEMA or insurance policy coverage reimbursements may take between 6 months to 2 or more years to recover. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion and to arrange short term financing options. The minimum reserve levels are sometimes combined with emergency funding from banks or bonding agencies. The percent of the minimum cash reserves are dependent on the replacement cost of capital assets in service and the level of risk of catastrophic type events. The Emergency Reserve policy will include 2% of the replacement cost of the District's capital assets, which is approximately \$62,500,00 as developed by its District engineer, or \$1,250,000.

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

RESERVES TARGETS FOR FY 2021

DEBT	\$ 900,000
SYSTEM GROWTH	Accumulated developer's charges
WORKING CAPITAL	\$1,250,000
RATE COVENANT STABILIZATION FUNDS	\$1,200,000
CONTINGENCY	\$ 375,034
CAPITAL REPAIRS	\$1,235,184
SUPPLY RESERVE	\$1,500,000
EMERGENCY	<u>\$1,250,000</u>
 FY RESERVES TARGET	 <u>\$ 7,710,218</u>

BORREGO WATER DISTRICT

POLICY STATEMENT

SUBJECT: Risk Management Policy
ADOPTED: February 25, 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

1. Remain in Contact with UCI and its Consultants to confirm Air Quality Monitoring is ongoing and in compliance with contractual obligations.
2. Provide Logistical Assistance, as needed to UCI and its Consultants for equipment repair and similar operational activities.
3. 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. Identify 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 and 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 identify equipment that does not belong, such as a rogue wireless access points 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:** Provide control system access only to those individuals who are authorized to have it.
3. **Understand External Threats**
- a. **Third-Party Testing:** On a quarterly basis, third-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. **Cyber-security Insurance:** Participate in Cyber Insurance programs to assist with recovery in the event of a loss.

RAMS HILL FLOOD CONTROL 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 and construction standards required for the Facility.
3. Inspect by a Registered Engineer at least once every three years or following a significant rain event. BWD staff will inspect the Facility at least once per quarter and during or following a significant rain event.
4. Work with Insurance carrier to provide adequate protection from losses, if one it occurs.

GROUNDWATER ELEVATION AND WATER QUALITY MONITORING

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 the design and construction standards required for the Facility.
3. Inspected by a Registered Engineer at least once every three years or following a significant rain event. BWD staff will inspect the Facility at least once per quarter and during or following a significant rain event.
4. Work with Insurance carrier to provide adequate protection from losses, if one it occurs.

	6/11/2019	11/24/2020
BWD	ADOPTED	REVISED
PROJECTED BUDGET	BUDGET	BUDGET
2020-2021	<u>2019-2020</u>	<u>2020-2021</u>
PROFESSIONAL SERVICES DETAIL		
OPERATIONS & MAINTENANCE		
Tax Accounting (Taussig)	3,000	3,000
Administrative Services (ADP)	3,000	3,000
Audit Fees (Leaf & Cole)	17,000	17,000
Computer billing (Accela/Parker)/Cyber Security	31,000	31,000
Financial/Technical Consulting (Raftelis rate study \$52,000)	80,000	80,000
Engineering (Dudek)	24,000	35,000
District Legal Services (BBK)	60,000	45,000
Air Quality Study		55,051
Grant Acquisitions (TRAC) 17170+17180	48,000	30,000
Testing/lab work (Babcock Lab/Water Quality Monitoring)	24,000	24,000
Regulatory Permit Fees (SWRB/DEH/Dig alerts/APCD)	<u>28,000</u>	<u>36,500</u>
TOTAL OPERATIONS & MAINTENANCE:	\$317,999	\$359,551
GROUNDWATER MANAGEMENT EXPENSE		
BPA Assessment		123,888
Stipulation Legal		185,000
Reimbursements (Stipulation Legal/Physical)		(97,800)
Interim Judgement Technical Support		45,000
Misc. & Contingency		20,000
BPA Transactions that meet CEQA requirements		5,000
TOTAL WATERMASTER:		\$281,088
CAPITAL IMPROVEMENT PROJECTS		
Management Consulting Water	30,000	25,000
Management Consulting Sewer	<u>20,000</u>	<u>18,000</u>
TOTAL CAPITAL IMPROVEMENT PROJECTS:	\$50,000	\$43,000

Borrego Water District - Financial Model												
Projected Operating Results												
Fiscal Year Ended June 30	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Operating Revenue												
Water Revenue - commodity	2,155,031	2,203,519	2,335,730	2,475,874	2,599,668	2,729,651	2,866,134	2,980,779	3,100,010	3,224,010	3,320,731	3,420,353
Water Revenue - base	1,267,495	1,281,699	1,358,601	1,440,117	1,512,123	1,587,729	1,667,115	1,733,800	1,803,152	1,875,278	1,931,536	1,989,483
Sewer service charges	632,122	590,854	614,488	639,068	658,240	677,987	698,327	719,276	740,855	763,080	785,973	809,552
Availability charges	240,054	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Property taxes and other	62,300	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Interest Income	96,000	76,000	76,000	46,440	53,408	64,890	73,318	84,583	96,989	104,744	110,492	116,662
Total Operating Revenues	\$4,453,002	\$4,387,072	\$4,619,819	\$4,836,498	\$5,058,438	\$5,295,257	\$5,539,893	\$5,753,438	\$5,976,006	\$6,202,113	\$6,383,732	\$6,571,049
O&M Expenses												
Water operations	1,420,616	1,408,096	1,450,339	1,493,849	1,538,665	1,584,824	1,632,369	1,681,340	1,731,780	1,783,734	1,837,246	1,892,363
Sewer operations	380,804	314,655	324,095	333,817	343,832	354,147	364,771	375,715	386,986	398,596	410,553	422,870
Pumping / Treatment	307,500	331,000	340,930	351,158	361,693	372,543	383,720	395,231	407,088	419,301	431,880	444,836
Subbasin Pumping Fees	-	123,888	130,082	136,587	143,416	150,587	158,116	166,022	174,323	183,039	192,191	201,800
Subbasin Management Cost(NET)	-	157,200	161,916	63,773	65,687	67,657	69,687	71,778	73,931	76,149	78,433	80,786
General and administrative	623,083	651,000	670,530	690,646	711,365	732,706	754,687	777,328	800,648	824,667	849,407	874,890
Total O&M Expenses	\$2,732,003	\$2,985,839	\$3,077,892	\$3,069,830	\$3,164,657	\$3,262,465	\$3,363,351	\$3,467,414	\$3,574,756	\$3,685,486	\$3,799,711	\$3,917,546
Total CIP Costs (not included in formula; see list)	\$2,299,607	\$4,680,000	\$2,219,690	\$330,204	\$458,883	\$5,684,735	\$4,830,767	\$5,409,488	\$950,405	\$645,527	\$357,684	\$2,000,000
Net Revenues	\$1,720,999	\$1,401,233	\$1,541,927	\$1,766,668	\$1,893,781	\$2,032,792	\$2,176,543	\$2,286,024	\$2,401,249	\$2,516,628	\$2,584,021	\$2,653,503
Debt Service Obligations												
2008 IPA / Compass Loan 2018A	\$248,184	\$250,970	\$247,555	244,039	250,255	246,204	246,968	242,547	241,960	246,054	-	-
2015 note / Compass Loan 2018B	140,755	140,755	140,755	140,755	140,755	140,755	-	-	-	-	-	-
2018 Bonds	499,406	499,510	354,967	\$354,871	\$354,508	\$354,858	\$354,902	\$354,640	\$354,072	\$354,922	\$354,319	\$353,954
Proposed Debt Service	-	-	-	-	-	448,200	448,200	448,200	695,400	695,400	1,254,990	1,515,777
Total Debt Service	\$888,345	\$891,235	\$743,276	\$739,665	\$745,518	\$1,190,017	\$1,050,070	\$1,045,387	\$1,291,432	\$1,296,376	\$1,609,309	\$1,869,730
Debt Service Coverage Ratio	1.94	1.57	2.07	2.39	2.54	1.71	2.07	2.19	1.86	1.94	1.61	1.42
Net Revenue Available for Reserves or CIP	\$832,654	\$509,998	\$798,651	\$1,027,003	\$1,148,262	\$842,776	\$1,126,473	\$1,240,637	\$1,109,818	\$1,220,252	\$974,711	\$783,773
Total CIP Annual Requirements	\$2,299,607	\$4,680,000	\$2,219,690	\$330,204	\$458,883	\$5,684,735	\$4,830,767	\$5,409,488	\$950,405	\$645,527	\$357,684	\$2,000,000
		TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Bond Proceeds												
Fixed-Rate Bond Issue #1	\$0	\$0	\$0	\$0	\$11,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed-Rate Bond Issue #2	-	-	-	-	-	-	-	6,000,000	-	-	-	-
Fixed-Rate Bond Issue #3	-	-	-	-	-	-	-	-	-	-	-	-
SRF Financing	-	-	-	-	-	-	-	-	-	-	-	-
Total Bond Proceeds Available for CIP	\$0	\$0	\$0	\$0	\$11,000,000	\$0	\$0	\$6,000,000	\$0	\$0	\$0	\$0
Remaining Bond Proceeds	\$0	\$0	\$0	\$0	\$10,541,117	\$4,856,382	\$25,615	\$616,127	\$0	\$0	\$0	\$0
Funding Sources												
Bond Proceeds	-	-	-	-	458,883	5,684,735	4,830,767	5,409,488	616,127	-	-	-
Outside Funding Sources (Grants + Proceeds)	-	3,084,000	1,126,000	-	-	-	-	-	-	-	-	-
Pay-as-you-go Funding	2,299,607	1,596,000	1,093,690	330,204	-	-	-	-	334,278	645,527	357,684	2,000,000
Total Funding Sources	\$2,299,607	\$4,680,000	\$2,219,690	\$330,204	\$458,883	\$5,684,735	\$4,830,767	\$5,409,488	\$950,405	\$645,527	\$357,684	\$2,000,000
Check	-	-	-	-	-	-	-	-	-	-	-	-
Beginning Reserve Balances (after CIP)	\$5,140,398	\$6,025,000	\$4,938,998	\$4,643,959	\$5,340,758	\$6,489,020	\$7,331,796	\$8,458,269	\$9,698,906	\$10,474,446	\$11,049,171	\$11,666,198
Ending Reserve Balances (after CIP)	\$6,025,000	\$4,938,998	\$4,643,959	\$5,340,758	\$6,489,020	\$7,331,796	\$8,458,269	\$9,698,906	\$10,474,446	\$11,049,171	\$11,666,198	\$10,449,971
Days Cash Ratio	805	604	551	635	748	820	918	1,021	1,069	1,094	1,121	974
Reserve Policy Target Levels		\$5,968,068	\$6,922,965	\$7,286,259	\$7,268,153	\$7,236,542	\$7,783,325	\$7,894,048	\$8,615,398	\$8,825,752	\$8,942,751	\$7,959,472

Grants Received in FYE 2020

FUNDING ENTITY	PROJECT	Amount
DWR	Prop 1 Grant	\$267,602.50
Borrego Valley Endowment	Air Quality Study	\$ 21,775.50

Current/Active/Pending Grant Applications

PROJECT	FUNDING ENTITY	VALUE	TIMING	STATUS
UCI Air Quality Monitoring System	San Diego Foundation	\$167,995 (4 years)	Awards Fall 2020	Application Submitted w/BVEF; not awarded
WWTP Upgrade	CA Clean Water Grants	\$478,000	Award expected in 2020	Agreements in preparation now
Water Storage Tank Replacement (Twin, Rams Hill 2, Indian Head)	CA Drinking Water Grants	\$1,897,100	Waterboards staff in final review; Environmental, Cultural Resources, and other supporting documents complete	Application Pending
Wilcox Well Diesel Engine Replacement	CA Drinking Water Grants	\$86,500	Concurrent with Water Tank Replacement	Application Pending
Wilcox Well Engine Replacement with Electric Motor	San Diego-APCD	\$170,000 (estimated)	Carl Moyer Grant Program— Application open July/August 2020	Must be coordinated with Drinking Water Staff
Coyote Creek Watershed Acquisition and Restoration	CADFW- Prop 1 Restoration Grant	\$-- ** undetermined at this time	Restoration Grants expected to open September/October 2020	
Solar Power Commission for Selected Wells (GP?)				
Watershed Coordination Program*	CA Department of Conservation	\$ -- Unknown at this time	Unknown at this time— comment period closes 4/30/20	Applications not currently open

* The grants are being offered for watershed coordinators in regions impacted by SGMA. Coordinators will work with local groundwater sustainability agencies, landowners, and local governments to identify and broader statewide goals of biodiversity and climate resiliency.

**The cost is best expressed on a per acre basis. Estimate a per acre restoration cost in the range of \$20,000-\$35,000. This per acre value would include land acquisition, planning, design, construction, interim maintenance, monitoring, and reporting, and non-wasting endowment for long term management. Some costs that are variable and/or not included in this range could include the level of grading, grade structures to stabilize floodplain areas, conservation easements, and long-term management plans and agreements.

RESOLUTION NO. 2020-06-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT APPROVING THE OPERATIONS, MAINTENANCE, CAPITAL IMPROVEMENTS AND GROUNDWATER MANAGEMENT BUDGETS AND BOARD DESIGNATED RESERVES FUND POLICY FOR FISCAL YEAR 2020-2021

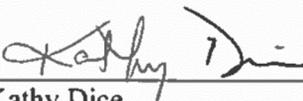
WHEREAS, the Board of Directors has reviewed and considered the Budget as presented for Fiscal Year 2020-2021 hereinafter referred to as the “Budget” which is attached hereto as Exhibit A and incorporated by reference, and

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Borrego Water District, that the Budget and each and every part thereof, is hereby approved and adopted for the Fiscal Year 2020-2021.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Borrego Water District held on June 9, 2020.



Kathy Dice
President of the Board of Directors
Of Borrego Water District

ATTEST:



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

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

I, Dave Duncan, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said District at a regular meeting held on the 9th day of June, 2020 and that it was so adopted by the following vote:

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



Secretary of the Board of Directors of Borrego
Water District

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

I, Dave Duncan, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2020-06-01, of said Board, and that the same has not been amended or repealed.

Dated: June 9, 2020



Secretary of the Board of Directors of Borrego
Water District

**BELOW IS AN EXCERPT FROM THE MINUTES OF THE JUNE 9, 2019
BOARD OF DIRECTORS MEETING ESTABLISHING WATER AND
SEWER RATE INCREASES THRU FY2021.**

**Borrego Water District
MINUTES
Special Meeting of the Board of Directors
Thursday, June 9, 2016
9:00 AM
806 Palm Canyon Drive
Borrego Springs, CA 92004**

II. CURRENT BUSINESS MATTERS

A. Public Hearing to hear testimony regarding the proposed water and sewer rate changes and consider adoption of Resolution 2016-06-02: President Hart opened the public hearing at 9:02 a.m. Warren Plank, representing Desert Sands mobile home park, explained that he had 71 spaces, many of which are occupied by seasonal residents. The park management actively conserves water and encourages residents to do so. Mr. Plank suggested that the sewer use fees be charged according to water use instead of a flat rate, so as not to charge as much when the park is at low occupancy. He further noted that higher water rates could affect tourism, and expressed concern that public hearings were sometimes scheduled in the summer. Jerry Rolwing explained that the Desert Sands sewer rates are governed by the Town Center Sewer Agreement, dating from the transfer of the formerly privately owned sewer system to BWD. The rates cannot be changed without a vote of all sewer users. Director Brecht added that if Mr. Plank wanted the Board to consider a change in the sewer rates, he should put a request for an Agenda item in writing. He also recommended talking to other business owners on the Town Center Sewer to ascertain support for his proposal. In response to Mr. Plank's comment about the summer hearings, Mr. Rolwing noted that the hearing had originally been scheduled earlier, but had to be postponed due to an error in the original mailing notification. President Hart added that the District's financial consultant had been late in its analysis.

Charles Frank, also of Desert Sands, expressed concern about the high fixed cost of the water meters. Mr. Rolwing explained that under the rate changes being considered today, the meter cost would decrease.

The next question concerned the provision on page 2 of the Notice of Public Hearing that commercial projected EDU requirements are determined on a case-by-case basis. Who makes the determination? Mr. Rolwing replied that it would be made by the District's engineer, depending on the number of hookups or rooms.

There being no further comments, President Hart adjourned the hearing at 9:20 a.m. Kim Pitman announced that 12 valid protests to the rate changes had been received. ***MSC: Brecht/Delahay adopting Resolution No. 2016-06-02, Resolution of the Board of Directors of the Borrego Water District Establishing Water and Sewer Service Rates.***

EXHIBIT A - FY 2020 and FY 2021 PROPOSITION 218 APPROVED RATES

Water Rates

Monthly Readiness to Serve Charge

Meter Size	FY 2020 Current	FY 2021 Approved
3/4"	41.57	44.07
1"	53.93	57.17
1 1/2"	84.82	89.91
2"	121.87	129.19
3"	220.72	233.97
4"	331.93	351.85
6"	640.82	679.27

Usage Charge Based on HCF Consumption

Residential Tier 1 Usage	3.78	4.01
Residential Tier 2 Usage	4.16	4.41
Non-Residential Usage	4.00	4.24

Sewer Rates

	FY 2020 Current	FY 2021 Approved
Sewer Area 1	43.62	45.37
Sewer Area 5	50.73	52.76
TCS User	50.73	52.76
TCS Holder	27.85	28.97
BSR Readiness to Serve	27.85	28.97
BSR Usage	2.05	2.13

APPENDIX A: CIP PROJECT SUMMARIES

DATE: 6/09/20

TO: Board of Directors BWD

FROM: David Dale, BWD District Engineer & Geoff Poole, General Manager

Re: Borrego Water District – 2020-28 CIP Project Summary and Narratives

The following table shows the summary of the 2020-2028 projects. The CIP projects are described in detail on the following pages.

Overall Program Engineering/Planning

CIP Comparison Spreadsheet

8/20/2020

Description	Water Lines by Contractor
Water Pipeline Replacement Program	\$ 8,601,000
Water Treatment Facilities	\$ 1,800,000
Emergency Water Line Repairs	\$ 540,000
Fire Hydrant Replacement	\$ 540,000
Booster Pump Station	\$ 100,000
VFD Replacement	\$ 150,000
CIP Engineering/Construction Management	\$ 513,558
Water Storage Tanks	\$ 2,006,000
Production Wells	\$ 3,250,000
Wastewater Treatment Facility	\$ 454,000
Sewer Line Replacement	\$ 1,186,000
Manhole Rehab/Replacement	\$ 474,142
Wastewater Other	\$ 510,000
SCADA	\$ 100,000
Solar Project	\$ 1,200,000
Facilities	\$ 35,000
Short Lived Assets	\$ 1,960,000

TOTAL PROPOSED 9-YEAR CIP

\$ 23,419,700

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CIP ITEM No. 1-3: Pipeline Replacement Projects

A. Project Description / Justification

The District's water distribution system is aging. Some parts of the distribution system were installed in the 1960's and are starting to reach their life expectancy. The pressure in the system is over 100psi in many areas. Each year there are water pipe breaks that the District repairs. The CIP has included these costs as routine repairs each year. The District's water distribution system was piecemealed together over time as the District took over smaller Districts in the area. The smaller pipelines were interconnected in partial measures. The District has identified three pipeline replacement projects that should be implemented for a more dependable system. The water pipe lines have service laterals that would be replaced to the property lines.

B. Project Design / Process Flow:

These projects will be designed by a professional engineer in the State of California. After design is complete, the projects will be put out to bid. The lowest responsible bidder will be awarded the project. These pipelines are in need of replacement within the next three years.

C. Cost Estimate

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

Bending Elbow Pipeline Project	\$170,000
El Tejon Road Pipeline Project	\$140,000
Flying H Road Pipeline Project	\$137,500
Total: \$447,500	

D. Project Estimated Timeline:

Bending Elbow Pipeline Project	FY 2020-21
El Tejon Road Pipeline Project	FY 2021-22
Flying H Road Pipeline Project	FY 2022-23

E. Impacts of Deferral:

Potential devastating water pipeline breaks; disruption in water service for prolonged periods; unreliable water service. The projects should be completed as shown in the above timeline due to the frequency of water pipeline breaks which cause lack of service to the District's customers.

CIP ITEM No.4 – 9 and 11 & 15: ID-5 Variable Frequency Drive Replacement, Booster Pump Station 5 Upgrade, SCADA system Replacement, Facilities Maintenance and Engineering/Construction Management Consulting

A. Project Description / Reasons for Capital Expense

CIP #4: Budget \$150,000 – ID-5 VFD Replacement

The variable frequency drive (VFD) is a controller that monitors the pressure in the system and changes the speed of the pumps to maintain a steady pressure. It is a high-powered computer system that drives the electric motor by varying the frequency and voltage supplied to the motor, thus adjusting the speed of the motor of the pump. VFDs have a specified life span, and the technology of the VFDs increases each year. VFDs usually don't do well in high heat and dust situations. Therefore, the District is planning on replacing the VFD at ID-5 well in FY 23-24.

CIP #5: Budget \$100,000 – Replace and Upgrade Booster Pump Station 5

Booster Pump Station 5 pumps water to the Indian Head Tank. If Well 18 is inoperative, Booster Pump Station is used. It will need to be upgraded for capacity in the future.

CIP #6 - Budget \$100,000 – SCADA System Replacement

The existing SCADA system is outdated is inoperative and needs to be replaced. The heat had damaged the system, radios, etc. Some of the system is running on "hand" (manual). Includes firmware, hardware, antennas, and software.

CIP #7 & 8: Budget \$35,000 - Facilities Maintenance – Office Repairs

The office carpet is beyond its useful life and should be replaced. This is scheduled for FY 20-21. The stucco on the outside of the building requires repairs. This is scheduled for FY 21-22.

CIP #9: Water Treatment Facility (Phase II)

See CIP item #32 for description. This project is expected to be paid partially by Bonds with the remainder paid from Cash Reserves.

CIP #11 and #15: Budget \$556,557 (average \$70.820/year)– Program Engineering/Construction Management Consulting

This item is for Engineering and Construction Management for items identified in the CIP, both for water projects and wastewater projects. The cost for these items depends largely on the details of the projects.

B. Project Design/Flow

The District works with firms that provide the labor and materials. Quotes will be requested at the time of replacement.

CIP ITEM No. 10: Emergency Water Pipeline Repairs

A. Project Description / Reasons for Capital Expense

Budget \$425,000 (average \$47,222 per fiscal year)

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

Emergency Water Repairs are common in older distribution systems.

B. Project Design/Flow

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

C. Cost Estimate

The cost in the CIP is based on historical trends. It is estimated that the emergency water system repair costs will be reduced as water pipeline replacement projects are completed. The first year estimate is \$60,000, then as pipeline projects are completed the costs are diminished each year through FY 2024.

D. Timeline

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

CIP ITEM No. 13: Sewer Main Repairs/Manhole Replacements/Refurbishments

A. Project Description / Reasons for Capital Expense

Budget: \$435,000 (Average \$43,000/year)

The District acquired Improvement District 5 (ID-5) in 2008. Club Circle is part of ID-5, and the infrastructure therein was installed in 1960's. The sewer collection system pipelines are composed of a clay material. The sewer main that runs from Yaqui Pass Road east/southeast through the Casa Del Zorro parallel to Borrego Springs Road should be video inspected and any deficiencies repaired. Manholes in this area have deteriorated in this area and should be rehabilitated or replaced as necessary.

B. Project Design/Flow

The designs for pipeline repairs will start with a topographic survey that will show the elevations of all the existing tops of manholes, inverts of existing sewer pipe, identify the type and size of pipe, other utilities, rights of ways, existing structures, etc. The design plan will show the locations, size and type of the new sewer pipelines and manholes. The existing sewer system will remain in service until the new sewer collection system is installed. As an alternative, the sewer pipelines may be slip lined, depending on the engineer's recommendations. Slip lining is used to repair leaks or restore structural stability to an existing pipeline. Slip lining is completed by installing a smaller, "carrier pipe" into a larger "host pipe", grouting the annular space between the two pipes, and sealing the ends. The most common material used to slip line an existing pipe is high-density polyethylene (HDPE), but fiberglass-reinforced pipe (FRP) and PVC are also common. Slip lining can be used to stop infiltration and restore structural integrity to an existing pipe. There are two methods used to install a slip line: continuous and segmental.

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

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

C. Cost Estimate

A budget of \$435,000 (average of \$43,000/year) was allocated in the CIP for this project. Actual costs will depend on the type of rehabilitation or construction selected. The CIP shows expenses every other year for this item.

D. Project Timeline.

There are several areas within the collection system that need to be repaired. The District completed a video inspection of some of the system, which revealed sags, cracks and other issues within the system. Further investigation of the condition of the system is needed to prevent sewer collection system issues.

The projects are proposed to begin in FY 2020-21 and continue every other year. This is highly dependent on any issues that may present themselves as priority to keep the system functional.

E. Impact of Deferral:

Further investigative work is needed to determine the condition of the Casa Del Zorro pipelines and manholes.. Deferring this item could contribute to reduced service and possible failures in extreme situations.

CIP ITEM No. 14: Install Diffusers at the Sludge Holding Tank

A. Project Description / Reasons for Capital Expense

Budget \$100,000

An air diffuser or membrane diffuser is an aeration device typically in the shape of a disc, tube or plate, which is used to transfer air and with that oxygen into the sewage or industrial wastewater. Oxygen is required by microorganisms/bacteria residents in the water to break down the pollutants. Diffusers use either rubber membranes or ceramic elements typically and produce either fine or coarse bubbles.

The existing sludge holding tank needs diffusers to have adequate mixing and desired performance.

B. Project Design/Flow

The District will contact several vendors for pricing of the diffusers.

C. Cost Estimate

The cost estimate is \$100,000 to install the diffusers in the existing sludge holding tank.

D. Timeline

Due to operational issues, the diffusers should be installed FY 20-21.

CIP ITEM No. 16: Replace Twin Tanks

A. Project Description / Justification

The District contracted a dive inspection on February 2, 2017 to determine the condition of the interior of the tanks. The last inspection occurred October 14, 2014. Inspections occur

approximately every three years. The inspection of the Indian Head Tank identified that the tank may be at the end of its useful life and requires replacement. BWD is working with the State of California to receive Grant funding for this expenditure.



Figure 1 - Location of the Twin Tanks

B. Project Design/Flow

A Preliminary Engineering Report has been completed. It is recommended that the (2) tanks with 220,000 gallons each (440,000 total) be replaced with (1) bolted steel tank with 500,000 gallons nominal storage capacity. It has the least cost and the shorter tank would have less aesthetic impact to the local desert park. A new altitude valve would be installed to prevent water from spilling over the tank overflow, as the tank would be located at a lower elevation (approximately 860 feet). The benefit of having the tanks at the higher elevations is that gravity supply into the distribution system provides constant pressures without the need for a Variable Frequency Drive (VFD) or emergency backup power at the tank locations. Please note that a geotechnical report will be necessary to determine if the concrete ringwall is necessary. The geotechnical report is out of the scope of this report.

C. Cost Estimate

ALTERNATIVE # 1B - REPLACE TANKS WITH (1) LARGER TANK					
Twin Tanks Replacement					
No.	Qua	Unit	Description	Unit Cost	Total Cost
1 Construction Cost					
1.1	1	LS	Mobilization/ Demobilization, Temporary Facilities, Insurance, Payment Bond, Taxes, Permits, Fees and Similar Expenses	\$ 35,000.00	\$ 35,000
1.2	2	LS	Demolish existing bolted 220,000 gallon steel tank. Remove and dispose of the tank.	\$ 23,500.00	\$ 47,000
1.3	1	LS	Provide tank submittal, stamped and signed by a Registered Engineer in the State of California. Payment after acceptance.	\$ 2,500.00	\$ 3,500
1.4	1	LS	Survey Tank Location	\$ 2,500.00	\$ 2,500
1.5	125	CY	Prepare Tank Pad – Install new galvanized steel ring around the perimeter of the tank. Install 1-inch No. 4 Rock eight inches thick. Install ½" Fiber expansion joint material on top of the rock.	\$ 275.00	\$ 34,375
1.6	1	LS	Furnish and Install OSHA exterior locking ladder kit and railing around the roof hatch	\$ 7,500.00	\$ 7,500
1.7	1	LS	Install fusion powder coated bolted steel tank, nominal dimensions 16' high and 73' diameter. After installation, complete holiday testing of interior coating and repair all holidays to the satisfaction of the engineer.	\$ 344,214.00	\$ 344,214
1.8	1	LS	Install piping, valves, transition couplings, fittings, Tideflex valve, expansion joints, check valves, pipe supports, 10" flow meter (relocate existing), ductile iron risers, thrust blocks, anti-vortex hardware, and other appurtenances as necessary for a functional system and as shown on the plans. Connect to existing piping.	\$ 28,500.00	\$ 28,500
1.9	1	EA	Install Altitude Valve	\$ 12,000.00	\$ 12,000
1.10	1	LS	Hydrostatic Testing, VOC Testing, Wash-down and Cleaning of the interior, Disinfection, and Bacteriological Testing. Water provided by the District at no charge.	\$ 3,800.00	\$ 3,800
				Project Construction Cost:	\$ 518,389
				10% Contingency:	\$ 51,839
				Total Construction Cost:	\$ 570,228
2 Admin and Engineering					
2.01	1	LS	Preliminary Engineering, Engineering Plans and Specifications (5%)	\$ 28,511	\$ 28,511
2.02	1	LS	Construction Management	\$ 25,000	\$ 25,000
				TOTAL PRELIMINARY PROJECT ESTIMATED COST	\$ 623,739

D. Timeline

This project should be completed as soon as possible. The District has identified extreme corrosion in the tanks. Catastrophic failure could result if the tanks are not replaced.

CIP ITEM No. 17: Replace Wilcox Diesel Motor

A. Project Description / Justification

Budget \$75,000

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

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

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

B. Project Design / Process Flow

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

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

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

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

C. Cost Estimate:

Replace Wilcox Diesel Motor with APCD Compliant Motor					
No.	Qua	Unit	Description	Unit Cost	Total Cost
1	Construction Cost				
1.00	1	LS	Replace Wilcox Diesel Motor	\$ 65,000.00	\$ 65,000
				Project Construction Cost:	\$ 65,000
				10% Contingency:	\$ 6,500
				Total Construction Cost:	\$ 71,500
2	Admin and Engineering				
2.01	1	LS	Preliminary Engineering, Engineering Plans and Specifications	\$	2,000
2.02	1	LS	Construction Management	\$	2,000
			TOTAL PRELIMINARY PROJECT ESTIMATED COST		\$ 75,500

D. Project Timeline.

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

Planning Initiated: 2020-21
 Bid Project: 2020-21
 Construction: 2020-21

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

CIP ITEM No. 18: Replace Indian Head Reservoir

A. Project Description / Justification

The District contracted a dive inspection on February 2, 2017 to determine the condition of the interior of the tanks. The last inspection occurred October 14, 2014. Inspections occur approximately every three years. The inspection of the Indian Head Tank identified that the tank

Indian Head Tank Replacement					
No.	Qua	Unit	Description	Unit Cost	Total Cost
1	Construction Cost				
1.1	1	LS	Mobilization/ Demobilization, Temporary Facilities, Insurance, Payment Bond, Taxes, Permits, Fees and Similar Expenses	\$ 25,000.00	\$ 25,000
1.2	1	LS	Demolish existing bolted 220,000 gallon steel tank. Remove and dispose of the tank.	\$ 17,500.00	\$ 17,500
1.3	1	LS	Provide tank submittal, stamped and signed by a Registered Engineer in the State of California. Payment after acceptance.	\$ 2,500.00	\$ 3,500
1.4	1	LS	Survey Tank Locations	\$ 2,500.00	\$ 2,500
1.5	150	CY	Prepare Tank Pad – Install Class 2 Base 24 inches thick. Install ½” Fiber expansion joint material on top of the rock.	\$ 225.00	\$ 33,750
1.7	1	LS	Furnish and Install OSHA exterior locking ladder kit and railing around the roof hatch	\$ 7,500.00	\$ 7,500
1.8	1	LS	Install fusion powder coated bolted steel tank, nominal dimensions 16’ high and 50’ diameter. After installation, complete holiday testing of interior coating and repair all holidays to the satisfaction of the engineer.	\$ 135,000.00	\$ 135,000
1.9	1	LS	Install piping, valves, transition couplings, fittings, Tideflex valve, expansion joints, check valves, pipe supports, 10’ flow meter (relocate existing), ductile iron risers, thrust blocks, anti-vortex hardware, and other appurtenances as necessary for a functional system and as shown on the plans. Connect to existing piping.	\$ 19,500.00	\$ 19,500
1.10	1	EA	Install Altitude Valve	\$ 12,000.00	\$ 12,000
1.11	1	LS	Hydrostatic Testing, VOC Testing, Wash-down and Cleaning of the interior, Disinfection, and Bacteriological Testing. Water provided by the District at no charge.	\$ 3,800.00	\$ 3,800
				Project Construction Cost:	\$ 260,050
				10% Contingency:	\$ 26,005
				Total Construction Cost:	\$ 286,055
2	Admin and Engineering				
2.01	1	LS	Preliminary Engineering, Engineering Plans and Specifications (7%)	\$	20,024
2.02	1	LS	Construction Management	\$	15,000
				TOTAL PRELIMINARY PROJECT ESTIMATED COST	\$ 321,079

D. Project Estimated Timeline:

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

Planning Initiated:	2020-21
Bid Project:	2020-21
Construction:	2020-21

E. Impact of Deferral

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

CIP ITEM No. 19: Rams Hill #2 Tank Replacement

A. Project Description / Justification

Budget: \$616,000

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

Rams Hill #2 Tank Areas	
55'	Diameter
24'	Height
FT^2	Area
4147	interior walls
2376	Interior floor
2376	interior roof
38	Center Support
600	Rafters/etc.
9536	Total Interior
FT^2	Area
2376	exterior roof
4147	exterior shell
6523	Total Exterior
SF=square feet	

B. Project Design/Flow

It may be possible to rehabilitate the tank; however substantial steel repairs and replacement would be required. For purposes of comparison in this report, the costs of the steel repairs is only estimated because the tank would need to be drained, sandblasted fully inspected and an estimate from a licensed contractor obtained. The condition of the metal will not be known until sandblasting operations are complete. The costs of replacement of the tank and the rehabilitation of the tank are similar, so it is recommended to replace the tank in lieu of rehabilitation.

C. Cost Estimate:

Rams Hill Replacement					
No.	Qua	Unit	Description	Unit Cost	Total Cost
1 Construction Cost					
1.1	1	LS	Mobilization/ Demobilization, Temporary Facilities, Insurance,	\$ 45,000.00	\$ 45,000
1.2	1	LS	Demolish existing bolted 440,000 gallon steel tank. Remove and dispose of the tank.	\$ 45,000.00	\$ 45,000
1.3	1	LS	Provide tank submittal, stamped and signed by a Registered Engineer in the State of California. Payment after acceptance.	\$ 2,500.00	\$ 2,500
1.4	120	CY	Prepare Tank Pad – Install new galvanized steel ring around the perimeter of the tank. Install 1-inch No. 4 Rock eight inches thick. Install ½” Fiber expansion joint material on top of the rock.	\$ 275.00	\$ 33,000
1.5	1	LS	Survey Tank Location	\$ 2,500.00	\$ 2,500
1.6	1	LS	Furnish and Install OSHA exterior locking ladder kit and railing around the roof hatch	\$ 7,500.00	\$ 7,500
1.7	1	LS	Install fusion powder coated bolted steel tank, nominal dimensions 16’ high and 73’ diameter (500,000 Gallon Nominal Capacity). After installation, complete holiday testing of interior coating and repair all holidays to the satisfaction of the engineer.	\$ 344,214.00	\$ 344,214
1.8	1	LS	Install piping, valves, transition couplings, fittings, Tideflex valve, expansion joints, check valves, pipe supports, 10’ flow meter (relocate existing), ductile iron risers, thrust blocks, anti-vortex hardware, and other appurtenances as necessary for a functional system and as shown on the plans. Connect to existing piping.	\$ 19,500.00	\$ 19,500
1.9	1	EA	Install Altitude Valve	\$ 12,000.00	\$ 12,000
1.10	1	LS	Hydrostatic Testing, VOC Testing, Wash-down and Cleaning of the interior, Disinfection, and Bacteriological Testing. Water provided by the District at no charge.	\$ 5,000.00	\$ 5,000
				Project Construction Cost:	\$ 516,214
				10% Contingency:	\$ 51,621
				Total Construction Cost:	\$ 567,835
2 Admin and Engineering					
2.01	1	LS	Preliminary Engineering, Engineering Plans and Specifications (5%)	\$ 28,392	\$ 28,392
2.02	1	LS	Construction Management	\$ 25,000	\$ 25,000
				TOTAL PRELIMINARY PROJECT ESTIMATED COST	\$ 621,227

D. Project Timeline:

Observed corrosion in the tank has prompted BWD to proceed with re-coating as soon as possible. This project is also part of the ongoing State Grant process, which has delayed construction.

Project scheduled to be completed in FY 2020-21

E. Impact of Deferral

Observed corrosion in RH #2 has prompted BWD to recommend repairs. Deferral of this Project leads to the potential for further degradation of the tank and possible failures.

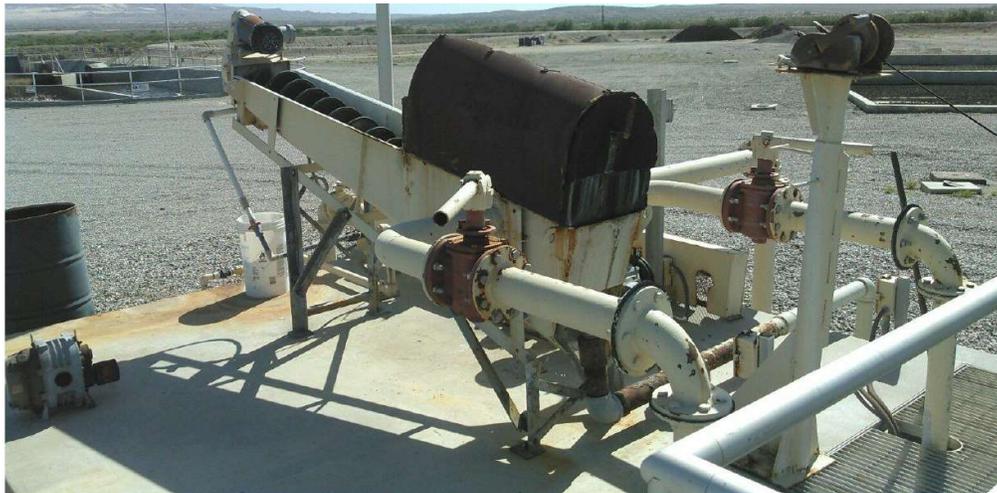
CIP ITEM No. 20: Plant Grit Removal at the Headworks

A. Project Description / Reasons for Capital Expense

Budget \$214,000

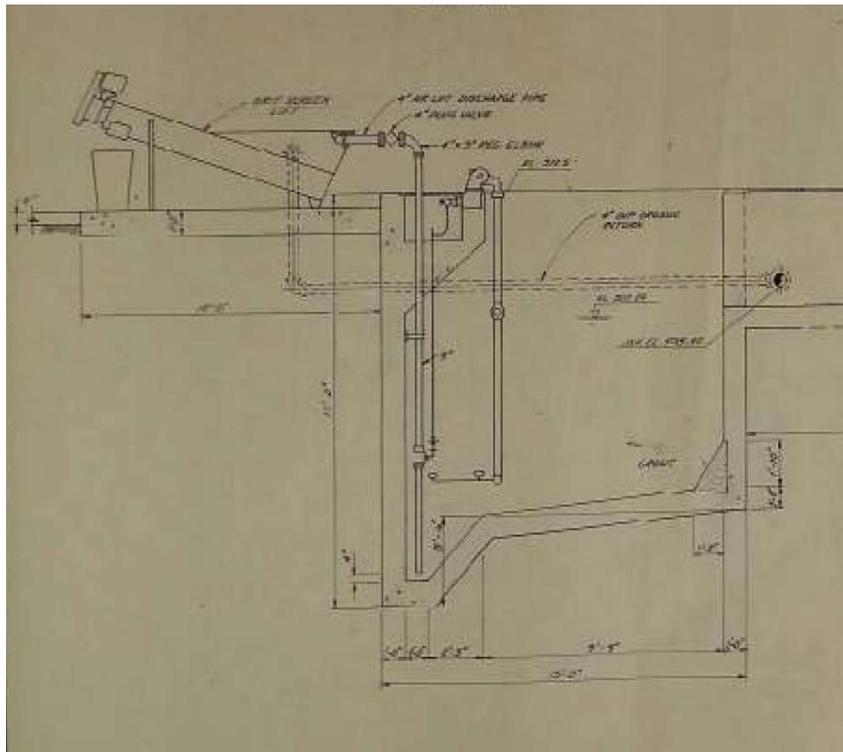
The wastewater treatment facility headworks consist of an influent flowmeter (Parshall Flume), a grit settling basin, positive displacement air blower system, and an “auger-style” grit separator. Recent improvements to the headworks include installation of a new ultrasonic flow meter unit, repair of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

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



B. Project Design/Flow:

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



WWTF Headworks Drawing (profile view)

C. Cost Estimate:

The budget for this project is \$214,000

D. Project Timeline.

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

The project is scheduled to be completed in FY 2020-21

E. Impact of Deferral:

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

CIP ITEM No. 21: Clarifier Upgrade at WWTP

A. Project Description / Reasons for Capital Expense

Budget \$240,000

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

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



B. Cost Estimate: \$118,000

C. Project Timeline. Why is 2019 Proposed?

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

The project is scheduled to be completed in FY 2020-21

D. Impact of Deferral:

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

CIP ITEM No. 22: De Anza Pipeline Replacement Project

A. Project Description / Justification

Budget: \$430,000

The work shall include the procurement of materials and the A. installation of a new 6-inch diameter water main pipeline along De Anza Drive, Yaqui Road and Fairway Lane. The work also includes the tie-ins to the existing 6 inch water lines. The work also includes the installation of new fire hydrants along De Anza Drive and Fairway Lane.

B. Project Design / Process Flow:

The project was designed by Dynamic Consulting Engineers, Inc., and was put out to bid. Rove Engineering, Inc. was the low bidder on the project.

C. Cost Estimate:

The low bid is \$387,365 from Rove Engineering, Inc. Assuming 10% for contingencies (change orders), the budget has been set at \$430,000.

A. Project Estimated Timeline:

Rove Engineering, Inc. is set to start construction in September 2020 and be complete with the project by February 2021.

B. Impacts of Deferral:

Cannot be deferred since there is a contract in place already.

CIP ITEM No. 23: Replacement Well #2

D. Project Description / Justification

Budget: \$1,250,000

BWD has identified that a new well will need to be installed as a part of the 2018 Bond proceeds. Wells ID1-8, and ID1-10 cannot be rehabilitated again and falling groundwater levels are contributing to the problem.

E. Project Design / Process Flow:

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

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

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

F. Cost Estimate:

The well is estimated to cost \$1,250,000 to construct.

C. Project Estimated Timeline:

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

Exploration and land acquisition for Replacement Well #1:	FY 2020-21
Construct Replacement Well #1:	FY 2020-21

D. Impacts of Deferral:

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

CIP ITEM No. 24: Replacement of Fire Hydrants

A. Project Description / Justification

Budget: \$540,000

The District's water distribution system is aging. Some parts of the distribution system were installed in the 1960's and are starting to reach their life expectancy. The pressure in the system is over 100psi in many areas. Some fire hydrants have already been replaced, but there remains approximately 45 hydrants that still need to be replaced. These fire hydrants are substandard and beyond their useful life.

B. Project Design / Process Flow:

BWD Staff will replace the fire hydrants one at a time, including the valves from the laterals if necessary.

C. Cost Estimate:

The fire hydrants cost approximately \$12,000 each to replace. The replacement includes the laterals, valves, and risers. There are approximately 45 hydrants, so the total cost estimate is \$540,000.

E. Project Estimated Timeline: Why is the project proposed for FY 2020:

Due to the age of the hydrants, some are not functional and some are not standard. There is potential liability for the District if a fire hydrant fails or is unable to be used during a fire.

F. Impacts of Deferral:

Due to the age of the hydrants, some are not functional and some are not standard. There is potential liability for the District if a fire hydrant fails or is unable to be used during a fire.

CIP ITEM No. 25: Miscellaneous Sewer System Improvements

As part of BWD's 2018 Bond Issuance, \$500,000 was set aside for sewer system improvement projects. \$90,000 was spent in FYE 2020 on inspecting the Club Circle line to see if any repairs were necessary. Upon inspection, it was found that system repairs were not needed.

At the present time, BWD is considering various projects for which to apply the remaining \$410,000, including repairs in the oxygen injection system. Investigations are ongoing and the item will be revisited at the conclusion of the first quarter of FYE 2021.

CIP ITEM No. 26-29: Pipeline Replacement / Improvement Program

A. Project Description/ Reason for expense.

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

Project
Borrego Springs Road Project
Sun Gold Pipeline Project
Deep Well Pipeline Project
West and East Star Road Project

B. Project Design/ Flow

The regularly scheduled water pipeline replacement program could be completed by in house District staff as they become available, or professionally designed, publically bid and constructed by a contractor.

C. Cost Estimate

Install new 10" C900 PVC on the west side of Borrego Springs Road
from Walking H Drive to Tilting T Drive
2150FT of 10" C900 PVC and 9 service laterals

Estimated total pipe length 2,150 feet and 9 service laterals
Estimated cost including pipe, valves, hydrants and labor \$175.00 a foot =
\$376,250

Install new 10" C900 PVC on the east side of Borrego Springs Road
from Tilting T Drive to Country Club Road
3600FT of 8" C900 PVC and 7 service laterals

Estimated total pipe length 3,600 feet and 7 service laterals
Estimated cost including pipe, valves, hydrants and labor \$175.00 a foot =
\$630,000

SUN GOLD PIPELINE PROJECT

Replace all Distribution A/C pipelines in the Sun Gold area with C900 PVC

1160FT of 6" C900 PVC pipe on Falchion Drive and 8 service lateral lines

500FT of 6" C900 PVC pipe on Bartizon Drive and 3 service laterals

500FT of 6" C900 PVC pipe on Cuisse Lane and 5 service laterals

250FT of 6" C900 PVC pipe on Ballista Drive and 3 service laterals

Estimated total pipe length 2,400 feet and 19 service laterals

Estimated cost including pipe, valves, hydrants and labor \$150.00 a foot =
\$361,500

1600FT of 6" C900 PVC pipe on Hauberk Drive and 12 service lateral lines

350FT of 6" C900 PVC pipe on Hauberk Court and 4 service laterals

1300FT of 6" C900 PVC pipe on Fenoval Drive and 15 service lateral lines

Estimated total pipe length 3,250 feet and 31 service laterals

Estimated cost including pipe, valves, hydrants and labor \$150.00 a foot =
\$487,500

1600FT of 6" C900 PVC pipe on Trebuchet Drive and 14 service laterals

1250FT of 6" C900 PVC pipe on Velite Drive and 10 service laterals

750FT of 6" C900 PVC pipe on Quintain Drive and 2 service laterals

Estimated total pipe length 3,600 feet and 26 service laterals

Estimated cost including pipe, valves, hydrants and labor \$150.00 a foot =
\$540,000

1150FT of 6" C900 PVC pipe on Arbalest Drive and 4 service laterals

400FT of 6" C900 PVC pipe on Mangonel Drive and no service laterals

600FT of 6" C900 PVC pipe on Onager Drive and 6 service laterals

Estimated total pipe length 2,150 feet and 10 service laterals

Estimated cost including pipe, valves, hydrants and labor \$125.00 a foot =
\$268,750

DEEP WELL PIPELINE PROJECT

Replace all Distribution A/C pipelines in the Deep Well Area with C900 PVC

1550FT of 6" C900 PVC pipe on Anzio Drive and 9 service laterals

3700FT of 6" C900 PVC pipe on Sarasoto Drive an 18 service laterals

210FT of 6" C900 PVC pipe on Borica Court an 3 service laterals

Estimated total pipe length 5,460 feet and 30 service laterals

Estimated cost including pipe, valves, hydrants and labor \$125.00 a foot =
\$682,500

2700FT of 6" C900 PVC pipe on Sewanee Drive and 14 service laterals
380FT of 6" C900 PVC pipe on Owega Court no service laterals
1600FT of 6" C900 PVC pipe on Ynez Path and 8 service laterals

Estimated total pipe length 4,680 feet and 22 service laterals
Estimated cost including pipe, valves, hydrants and labor \$125.00 a foot =
\$585,000

2700FT of 6" C900 PVC pipe on Pecos Drive and 13 service laterals
600FT of 6" C900 PVC pipe on Utica Drive and 2 service laterals
300FT of 6" C900 PVC pipe on Neches Court and 5 service laterals
300FT of 6" C900 PVC pipe on Quanah Court and 5 service laterals
700FT of 6" C900 PVC pipe on Escuadro Drive and 2 service laterals

Estimated total pipe length 4,600 feet and 27 service laterals
Estimated cost including pipe, valves, hydrants and labor \$125.00 a foot =
\$575,000

2600FT of 6" C900 PVC pipe on Hopi Path and 7 service laterals
1750FT of 6" C900 PVC pipe on Zuni Trail and 17 service laterals

Estimated total pipe length 4,350 feet and 24 service laterals
Estimated cost including pipe, valves, hydrants and labor \$125.00 a foot =
\$543,750

WEST AND EAST STAR ROAD PROJECT

Replace Distribution A/C pipeline on West and East Star Road
4500FT of 6" C900 PVC and 26 service laterals

Estimated total pipe length 4500 feet and 26 service laterals
Estimated cost including pipe, valves, hydrants and labor \$100.00 a foot =
\$450,000

Total Estimated Cost for all Projects = \$5,947,750

D. Project Timeline

The CIP shows these projects starting in FY 2024-25 and finishing in FY 2028-29. The projects are needed to replace aging infrastructure, improve system redundancy and water flow.

CIP ITEM No. 30: Country Club Tank Rehabilitation

A. Project Description / Justification

Budget \$ 250,000

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

B. Project Design / Process Flow:

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

C. Cost Estimate:

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

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

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

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

E. Impacts of Deferral:

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

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

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

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



CIP ITEM No. 31 AND 32: Water Treatment Facility (Phase 1 and 2)

A. Project Description / Justification

Budget: \$1,785,000

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

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

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

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

The USGS found that concentrations of TDS and nitrate exceed their respective water quality standard thresholds in portions of the upper aquifer of the Borrego Springs Groundwater Subbasin (for reference with depth the BVGB is comprised of three aquifers: upper, middle, and lower). The highest concentrations of both constituents were generally found in the northern portion of the Borrego Springs Groundwater Subbasin, and the concentration of TDS was found to increase as groundwater levels decline. Sulfate, another COC, was also found to increase in concentration as groundwater levels decline. In addition to nitrate, TDS, and sulfate, other potential COCs in the BVGB include arsenic and gross alpha radiation, though the latter appears to be confined to the Ocotillo Wells Groundwater Subbasin. Since the compilation of available groundwater quality data by the USGS in 2015, additional data have been collected by the BWD for its active production wells in 2016 and for seven private wells located in the South Management Area (SMA) of the Borrego Springs Groundwater Subbasin. This recent data indicates that arsenic concentrations exceed the California drinking water MCL of 10 micrograms per liter ($\mu\text{g/L}$)

in portions of the lower aquifer in the SMA. Additionally, review of historical arsenic data for BWD wells located in the SMA indicates an increasing arsenic trend in well ID1-2, and a linear regression analysis indicates a good correlation of fit among arsenic concentration, groundwater production, and declining groundwater levels in well ID1-8. Based on the 2-year lag linear regression of groundwater production and arsenic data from well ID1-8, groundwater production in excess of 300 AFY at well ID1-8 is possible and further analysis is needed before conclusions can be reached. Thus, arsenic concentrations in the lower aquifer of the Borrego Springs Groundwater Subbasin are determined to be a primary COC. Because groundwater quality data for the Borrego Springs Groundwater Subbasin are limited, further data collection and evaluation is required to verify the predicted exceedance of the arsenic drinking water standards in well ID1-8 and potential for other wells in the Borrego Springs Groundwater Subbasin to exceed the arsenic drinking water standard or other COC.

B. Project Design / Process Flow:

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

C. Cost Estimate:

Project costs are highly speculative at this time due to the fact that current water quality does not require treatment. Due to the falling groundwater table, this may change in the future with depth dependent water quality. The budget is \$1,785,000.

D. Project Estimated Timeline: Why is the project proposed for FY 2026 :

Since there is no immediate risk of water contamination in BWD Production wells, it is yet to be determined when and where future treatment will be necessary based on the factors outlined above. For planning purposes, it is assumed that treatment will be needed in FY 2026.

E. Impacts of Deferral:

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

CIP ITEM No. 33: New Production Well

G. Project Description / Justification

Budget: \$2,000,000

A new production well may need to be installed in the next five years. Wells ID1-8, and ID1-10 cannot be rehabilitated again and falling groundwater levels are contributing to the problem.

H. Project Design / Process Flow:

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

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

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

I. Cost Estimate:

The well is estimated to cost \$2,000,000 to construct.

G. Project Estimated Timeline: Why is the project proposed for FY 2025:

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

Exploration and land acquisition for Replacement Well:	FY 2025-26
Construct Replacement Well #1:	FY 2025-26

H. Impacts of Deferral:

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

CIP ITEM No. 34: Solar Project

A. Project Description / Justification

Budget: \$500,000

As electricity costs increase, solar generation through Photovoltaic cells becomes more efficient and cost savings increase. Borrego Springs has some of the best conditions for solar power generation in the country.

B. Project Design / Process Flow:

An engineering analysis will be prepared to determine the feasibility of the project on a cost/benefit basis for the next 25 years. If it is deemed appropriate with the relevant estimated savings, the BWD District Engineer will prepare plans and specifications for the project. The project will then go to public bidding and the lowest responsible bidder will be awarded a contract to construct the project.

C. Cost Estimate:

The well is estimated to cost \$500,000 to construct.

D. Project Estimated Timeline: Why is the project proposed for FY 2025:

This project will be reviewed if the District deems bonding to be appropriate to fund the CIP starting in FY 2025-26.

E. Impacts of Deferral:

For costs savings to be realized, the sooner this project is implemented the better.

APPENDIX B: FUTURE WATER SUPPLY PURCHASE

Description: Explanation and Description of \$1.9M Water Supply Purchase in FY2027

On January 30, 2020, pursuant to California Water Code (CWC) Sections 10733.6 and 10737.4, BWD submitted to the California Department of Water Resources (DWR) a proposed Stipulated Judgment (Judgement) for the Borrego Springs Groundwater Subbasin (Subbasin) including a Groundwater Management Plan (GMP), constituting a *Physical Solution* for DWR's review and approval to serve as an alternative to a Groundwater Sustainability Plan (GSP) for the Subbasin in compliance with the California 2014 Sustainable Groundwater Management Act (SGMA).

The pumpers of the Subbasin representing approximately 92% of annual Subbasin extractions agreed to a Settlement of water rights also applied to the California Superior Court (Court) for a Judgement. Until the Court approves the Judgement, the Subbasin pumpers have agreed to implement the *Physical Solution* under an interim Watermaster Board.

The objective of the Judgement is to assign Baseline Pumping Allocations (BPAs) to Subbasin pumpers that will be reduced on an annual basis to collectively not exceed the sustainable yield of the Subbasin by no later than 2040. The result of this means of achieving SGMA requirements is that BWD will be required to purchase BPAs from other Subbasin pumpers to meet the water demand needs of existing BWD customers. For this reason, BWD has budgeted approximately \$1,900,000 in FY 2027 to purchase additional permanent water supply and included this amount in its CIP capital need projections.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
DECEMBER 8, 2020
AGENDA ITEM II.B

December 3, 2020

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Update on Cost of Service Study for Water and Sewer Functions - Raftelis

RECOMMENDED ACTION:

Receive Report from Kevin Kostiuk and Lauren Demine from Raftelis Consulting

ITEM EXPLANATION:

California Law requires all water/sewer agencies to adopt its rates and charges based on the results of a 5- year model called a Cost of Service Study. BWD completed its last CoS Study in 2016, and is currently duplicating this process for rates and charges to be charged in July 2021. Representatives from BWDs CoS Consultant, Raftelis, will be providing an update to the Board at the meeting.

NEXT STEPS:

1. TBD

FISCAL IMPACT:

TBD

ATTACHMENTS:

1. None

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
DECEMBER 8, 2020
AGENDA ITEM I.I.C

December 3, 2020

TO: Board of Directors

FROM: Geoffrey Poole, General Manager/David Dale, PE District Engineer

SUBJECT: Approval to Enter into a Construction Agreement for Emergency Sewer Pipeline Repairs

RECOMMENDED ACTION:

Receive Staff Report and approve General Manager to sign an agreement with Fredericks Services, Inc. to Install an 18-inch diameter sewer pipeline and manholes.

ITEM EXPLANATION:

The existing 18-inch diameter gravity sewer pipeline near the intersection of Borrego Springs Road and Yaqui Pass Road is producing hydrogen sulfide gas due to the design of the collection system in this area. There have been multiple repairs to the existing gravity main, manholes and laterals. In addition, tree root intrusion creates an immediate threat to the integrity of this vital part of the sewer collection system. These two reasons combined is the justification for the project to be considered an emergency.

District staff solicited proposals from Contractors in the area to install approximately 1,700 linear feet of 18-inch PVC gravity sewer pipeline to bypass the La Casa Del Zorro (LCDZ) development. The existing 18-inch diameter pipeline runs through the LCDZ presenting problems with access to repair the pipe, which runs beneath existing paved parking lots and private road. Fredricks provided the lowest and most responsive response.

District staff caused the topographic survey to be prepared, which indicates the existing right-of-ways, existing utilities and elevations of improvements in the area. It was determined that the best route of the proposed sewer pipeline would be on the south side of Borrego Springs Road due to the location of an existing District 12-inch diameter water pipeline and depth of existing storm drain pipelines on the north side. Some vegetation will need to be removed as a result of the project.

The project includes approximately 1,700 feet of 18-inch gravity sewer pipeline and sewer manholes. The manholes will be coated inside to protect them and increase their lifespan. District staff will also install filters inside the new manholes to further protect hydrogen sulfide gas from escaping into the atmosphere. The manhole rings and covers will be upgraded to stainless steel, because hydrogen sulfide gas corrodes normal steel. The manhole covers will also be sealed.

The project will reduce the hydrogen sulfide gas in the area of the LCDZ by bypassing and separating the District sewer flow from the development sewer. When hydrogen sulfide is in liquid form, it can volatilize and become a gas when agitated by incoming streams from the LCDZ sewer laterals. This project will keep most hydrogen sulfide in liquid form until Manhole #4, which is located southeast of the LCDZ development.

The existing 18-inch diameter sewer collection system located inside the LCDZ property will become the property of the LCDZ under a separate agreement.

NEXT STEPS

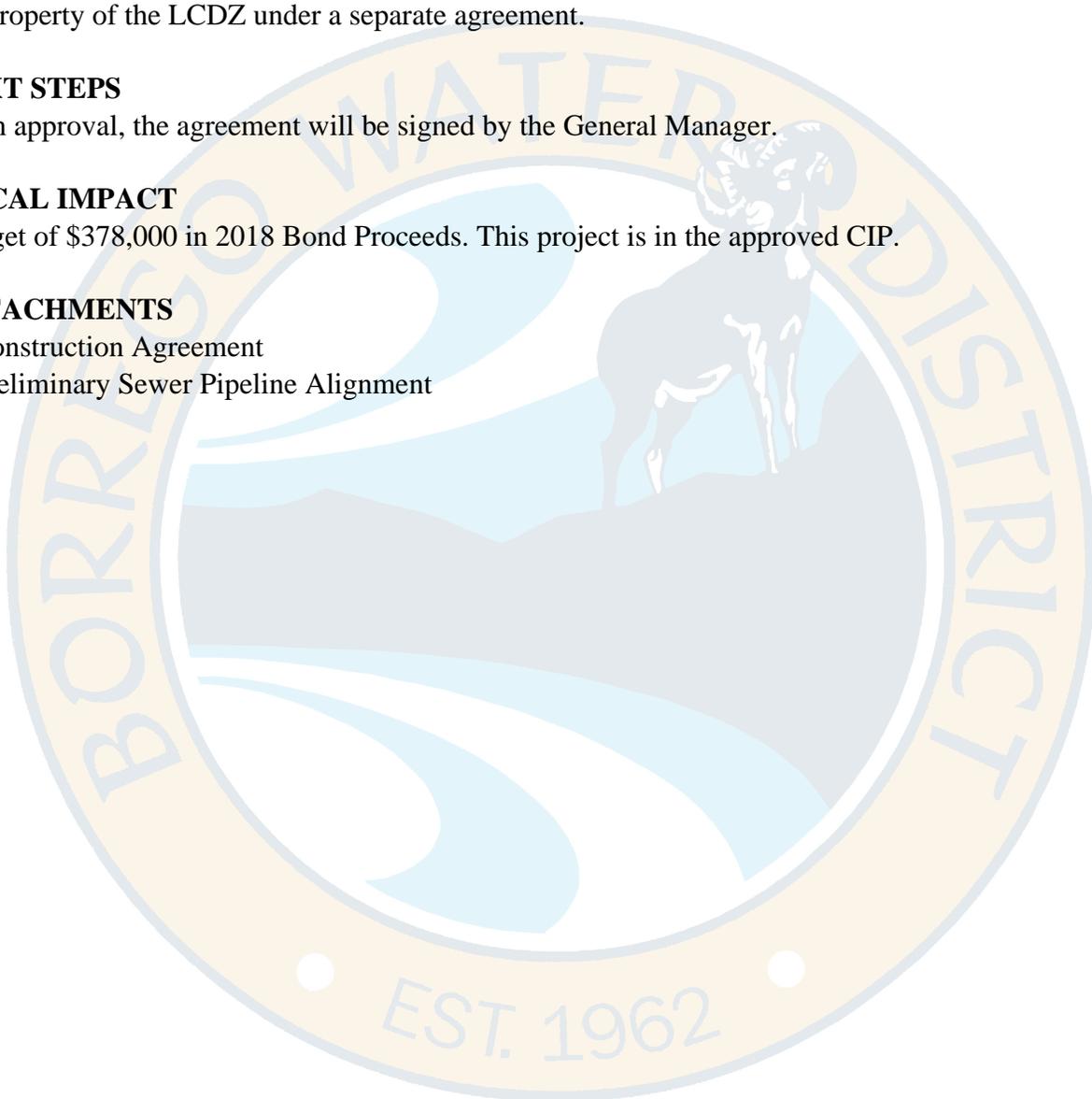
Upon approval, the agreement will be signed by the General Manager.

FISCAL IMPACT

Budget of \$378,000 in 2018 Bond Proceeds. This project is in the approved CIP.

ATTACHMENTS

1. Construction Agreement
2. Preliminary Sewer Pipeline Alignment



**BORREGO WATER DISTRICT
SHORT FORM CONSTRUCTION CONTRACT**

Emergency Sewer Pipeline Repair Project along Borrego Springs Road

1. PARTIES AND DATE.

This Contract is made and entered into this 8th day of December, 2020 by and between the Borrego Water District, a public agency organized under the laws of the State of California with its principal place of business at 806 Palm Canyon Drive, Borrego Springs, CA 92004 (“District”) and Fredericks Services, Inc. a CORPORATION, with its principal place of business at 80 Palm Canyon Road, PO Box 834, Borrego Springs, CA 92004 (“Contractor”). District and Contractor are sometimes individually referred to as “Party” and collectively as “Parties” in this Contract.

2. RECITALS.

2.1 District. District is a public agency organized under the laws of the State of California, with power to contract for services necessary to achieve its purpose.

2.2 Contractor. Contractor desires to perform and assume responsibility for the provision of certain construction services required by the District on the terms and conditions set forth in this Contract. Contractor represents that it is duly licensed and experienced in providing Sewer Main Pipeline, Manhole and related construction services to public clients, that it and its employees or subcontractors have all necessary licenses and permits to perform the services in the State of California, and that it is familiar with the plans of District. The following license classifications are required for this Project: Class A – General Engineering Contractor.

2.3 Project. District desires to engage Contractor to render such services for the (“Project”) as set forth in this Contract.

2.4 Project Documents & Certifications. Contractor has obtained, and delivers concurrently herewith, **APPLICABLE INSURANCE DOCUMENTS AND OTHER CERTIFICATIONS** as required by the Contract.

3. TERMS

3.1 Compensation and Payment.

3.1.1 Amount of Compensation. As consideration for performance of the Work required herein, District agrees to pay Contractor the Total Contract Price of **[INSERT WRITTEN DOLLAR AMOUNT]** Dollars (**[\$[INSERT NUMERICAL DOLLAR AMOUNT].00]**) (“Total Contract Price”) provided that such amount shall be subject to adjustment pursuant to the applicable terms of this Contract or written change orders approved and signed in advance by the District.

3.1.2 Payment of Compensation. If the Work is scheduled for completion in thirty (30) or less calendar days, District will arrange for payment of the Total Contract Price upon completion and approval by District of the Work. If the Work is scheduled for completion in more than thirty (30) calendar days, District will pay Contractor on a monthly basis as provided for herein. On or before the fifth (5th) day of each month, Contractor shall submit to the District an itemized application for payment in the format supplied by the District indicating the amount of Work completed since commencement of the Work or since the last progress payment. These applications shall be supported by evidence which is required by this Contract and such other documentation as the District may require. The

Contractor shall certify that the Work for which payment is requested has been done and that the materials listed are stored where indicated. Contractor may be required to furnish a detailed schedule of values upon request of the District and in such detail and form as the District shall request, showing the quantities, unit prices, overhead, profit, and all other expenses involved in order to provide a basis for determining the amount of progress payments.

3.1.3 Prompt Payment. District shall review and pay all progress payment requests in accordance with the provisions set forth in Section 20104.50 of the California Public Contract Code. However, no progress payments will be made for Work not completed in accordance with this Contract. Contractor shall comply with all applicable laws, rules and regulations relating to the proper payment of its employees, subcontractors, suppliers or others.

3.1.4 Contract Retentions. If this Contract is greater than Five Thousand dollars (\$5,000), from each approved progress estimate, five percent (5%) will be deducted and retained by the District, and the remainder will be paid to Contractor. All Contract retention shall be released and paid to Contractor and subcontractors pursuant to California Public Contract Code Section 7107.

3.1.5 Other Retentions. In addition to Contract retentions, the District may deduct from each progress payment an amount necessary to protect District from loss because of: (1) liquidated damages which have accrued as of the date of the application for payment; (2) any sums expended by the District in performing any of Contractor's obligations under the Contract which Contractor has failed to perform or has performed inadequately; (3) defective Work not remedied; (4) stop notices as allowed by state law; (5) reasonable doubt that the Work can be completed for the unpaid balance of the Total Contract Price or within the scheduled completion date; (6) unsatisfactory prosecution of the Work by Contractor; (7) unauthorized deviations from the Contract; (8) failure of Contractor to maintain or submit on a timely basis proper and sufficient documentation as required by the Contract or by District during the prosecution of the Work; (9) erroneous or false estimates by Contractor of the value of the Work performed; (10) any sums representing expenses, losses, or damages as determined by the District, incurred by the District for which Contractor is liable under the Contract; and (11) any other sums which the District is entitled to recover from Contractor under the terms of the Contract or pursuant to state law, including Section 1727 of the California Labor Code. The failure by the District to deduct any of these sums from a progress payment shall not constitute a waiver of the District's right to such sums.

3.1.6 Substitutions for Contract Retentions. Pursuant to California Public Contract Code section 22300, Contractor may substitute securities for any money withheld by the District to ensure the performance under the Contract. At the request and expense of Contractor, securities equivalent to the amount withheld shall be deposited with the District, with the State or a federally chartered bank as the escrow agent, who shall return such securities to Contractor upon satisfactory completion of the Contract. Deposit of securities with an escrow agent shall be subject to a written agreement between the escrow agent and the District, which provides that no portion of the securities shall be paid to Contractor until the District has certified to the escrow agent, in writing, that the Contract has been satisfactorily completed. The District shall certify that the Contract has been satisfactorily completed within sixty (60) days of work "completion" as defined in Section 7107(c) of the California Public Contract Code. Securities eligible for investment under this section shall be limited to those listed in Section 16430 of the Government Code, bank or savings & loan certificates of deposit, interest-bearing demand deposit accounts, stand-by letters of credit, or any other security mutually agreed to by Contractor.

3.1.7 Payment to Subcontractors. Contractor shall pay all subcontractors for and on account of work performed by such subcontractors in accordance with the terms of their respective subcontracts and as provided for in Section 7108.5 of the California Business and Professions Code.

Such payments to subcontractors shall be based on the measurements and estimates made and progress payments provided to Contractor pursuant to this Contract.

3.1.8 Title to Work. As security for partial, progress, or other payments, title to Work for which such payments are made shall pass to the District at the time of payment. To the extent that title has not previously been vested in the District by reason of payments, full title shall pass to the District at delivery of the Work at the destination and time specified in this Contract. Such transferred title shall in each case be good, free and clear from any and all security interests, liens, or other encumbrances. Contractor promises and agrees that it will not pledge, hypothecate, or otherwise encumber the items in any manner that would result in any lien, security interest, charge, or claim upon or against said items. Such transfer of title shall not imply acceptance by the District, nor relieve Contractor from the responsibility to strictly comply with the Contract, and shall not relieve Contractor of responsibility for any loss of or damage to items.

3.1.9 Labor and Material Releases. Contractor shall furnish District with labor and material releases from all subcontractors performing work on, or furnishing materials for, the Work governed by this Contract prior to final payment by District.

3.2 Incorporation of Documents. This Contract includes and hereby incorporates in full by reference the following documents, including all exhibits, drawings, specifications and documents therein, and attachments and addenda thereto:

- Services/Schedule (Exhibit "A")
- Plans and Specifications (Exhibit "B")
- Contractor's Certificate Regarding Workers' Compensation (Exhibit "D")
- Public Works Contractor Registration Certification (Exhibit "E")
- Change Orders executed by the District
- 2018 Edition of the Standard Specifications for Public Works Construction (The Greenbook), Excluding Sections 1-9
- Notice Inviting Bids, if any
- Instructions to Bidders, if any
- Contractor's Bid

To the extent there is a conflict between any portions of this Contract, the order of precedence shall be as follows: change orders, special conditions, technical specifications, plans/construction drawings, general contract terms, scope of work, standard plans, advertisements for bid/proposals, bids/proposals or other documents submitted by Contractor.

3.3 Contractor's Basic Obligation; Scope of Work.

3.3.1 Scope of Work. Contractor promises and agrees, at its own cost and expense, to furnish to the District all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately complete the Project, including all structures and facilities necessary for the Project or described in the Contract (hereinafter sometimes referred to as the "Work"), for a Total Contract Price as specified pursuant to this Contract. All Work shall be subject to, and performed in accordance with the above referenced documents, as well as the exhibits attached hereto and incorporated herein by reference. The plans and specifications for the Work are further described in Exhibit "B" attached hereto and incorporated herein by this reference. Special Conditions, if any, relating to the Work are described in Exhibit "C" attached hereto and incorporated herein by this reference.

3.3.2 Change in Scope of Work. Any change in the scope of the Work, method of performance, nature of materials or price thereof, or any other matter materially affecting the performance or nature of the Work shall not be paid for or accepted unless such change, addition or deletion is approved in advance and in writing by a valid change order executed by the District.

3.3.3 Change Orders. Changes to the Contract Time (as defined in Section 3.3) or Total Contract Price shall be in the form of a written Change Order, either signed by both parties or issued unilaterally by the District. No adjustment shall be made to the Contract Time unless the delay impacts the critical path to completion and the delay was not caused in whole or in part by the Contractor. The District's liability to Contractor for delays for which the District is responsible shall be limited to only an extension of time unless such delays were unreasonable under the circumstances. Failure to timely request a Change Order shall constitute a waiver of any right to adjust the Contract Time or the Total Contract Price. All requests for Change Orders shall be accompanied by detailed supporting documentation, including but not limited to payroll records, invoices, schedules, and any other documentation requested by the District for the purpose of determining the additional costs or the impact of any delay. If the change involves Work bid at a unit price, then the Total Contract Price shall be increased at the unit price. If there is no unit price, then the Total Contract Price shall be adjusted to account for costs actually incurred plus an allowed mark-up of fifteen percent (15%), which shall constitute the entire amount of profit, mark-ups, field or home office overhead costs, including personnel, equipment or office space, any materials, or any costs of equipment idle time for such work. Regardless of ownership, equipment rates shall not exceed the listed prevailing rates at local equipment rental agencies, or distributors, at the time the work is performed. Nothing herein shall prevent the Parties from agreeing to a lump sum cost.

3.3.4 Changes Ordered By District. District may at any time issue a written directive ordering additions, deletions, or changes to the Work. Contractor shall proceed with the work in accordance with the directive. To the extent the directive results in extra work or requires additional Contract Time, Contractor shall request a Change Order within seven (7) days of receiving the Work Directive. If any costs are not capable of being determined within seven (7) days, then Contractor shall request a Change Order within seven (7) days of when the costs are capable of being determined.

3.3.5 Changes Requested By Contractor. With respect to any matter that may involve or require an adjustment to the Contract Time or the Contract Price, Contractor shall provide written notice of the underlying facts and circumstances that gave rise to the potential change within seven (7) days or prior to the alteration of conditions, whichever is earlier. Failure to give notice shall constitute a waiver of Contractor's right to a change order. If any costs are not capable of being determined within seven (7) days, then Contractor shall request a Change Order within seven (7) days of when the costs are capable of being determined.

3.4 Substitutions/"Or Equal". Pursuant to Public Contract Code Section 3400(b), the District may make a finding that designates certain products, things, or services by specific brand or trade name. Unless specifically designated in this Contract, whenever any material, process, or article is indicated or specified by grade, patent, or proprietary name or by name of manufacturer, such Specifications shall be deemed to be used for the purpose of facilitating the description of the material, process or article desired and shall be deemed to be followed by the words "or equal."

Contractor may, unless otherwise stated, offer for substitution any material, process or article which shall be substantially equal or better in every respect to that so indicated or specified in this Contract. However, the District may have adopted certain uniform standards for certain materials, processes and articles. Contractor shall submit requests, together with substantiating data, for substitution of any "or equal" material, process or article no later than thirty-five (35) days after award of the Contract. To facilitate the construction schedule and

sequencing, some requests may need to be submitted before thirty-five (35) days after award of Contract. Provisions regarding submission of “or equal” requests shall not in any way authorize an extension of time for performance of this Contract. If a proposed “or equal” substitution request is rejected, Contractor shall be responsible for providing the specified material, process or article. The burden of proof as to the equality of any material, process or article shall rest with Contractor.

The District has the complete and sole discretion to determine if a material, process or article is an “or equal” material, process or article that may be substituted. Data required to substantiate requests for substitutions of an “or equal” material, process or article data shall include a signed affidavit from Contractor stating that, and describing how, the substituted “or equal” material, process or article is equivalent to that specified in every way except as listed on the affidavit. Substantiating data shall include any and all illustrations, specifications, and other relevant data including catalog information which describes the requested substituted “or equal” material, process or article, and substantiates that it is an “or equal” to the material, process or article. The substantiating data must also include information regarding the durability and lifecycle cost of the requested substituted “or equal” material, process or article. Failure to submit all the required substantiating data, including the signed affidavit, to the District in a timely fashion will result in the rejection of the proposed substitution.

Contractor shall bear all of the District’s costs associated with the review of substitution requests. Contractor shall be responsible for all costs related to a substituted “or equal” material, process or article. Contractor is directed to the Special Conditions (if any) to review any findings made pursuant to Public Contract Code section 3400.

3.5 Period of Performance and Liquidated Damages.

3.5.1 Contractor shall perform and complete all Work under this Contract within 150 days, beginning the effective date of the Notice to Proceed (“Contract Time”). Contractor shall perform its Work in strict accordance with any completion schedule, construction schedule or project milestones developed by the District. Such schedules or milestones may be included as part of Exhibits “A” or “B” attached hereto, or may be provided separately in writing to Contractor. Contractor agrees that if such Work is not completed within the aforementioned Contract Time and/or pursuant to any such completion schedule, construction schedule or project milestones developed pursuant to provisions of the Contract, it is understood, acknowledged and agreed that the District will suffer damage. Pursuant to Government Code Section 53069.85, Contractor shall pay to the District as fixed and liquidated damages the sum of \$0 per day for each and every calendar day of delay beyond the Contract Time or beyond any completion schedule, construction schedule or Project milestones established pursuant to the Contract.

3.5.2 If Contractor is delayed in the performance or progress of the Work by a Force Majeure Event (as defined herein), then the Contractor shall be entitled to a time extension, as provided herein, when the Work stopped is on the critical path and shall not be charged liquidated damages. Such a non-compensable adjustment shall be Contractor’s sole and exclusive remedy for such delays and the Contractor will not receive an adjustment to the Total Contract Price or any other compensation. Contractor must submit a timely request in accordance with the requirements of the Contract.

3.5.3 A Force Majeure Event shall mean an event that materially affects a party’s performance and is one or more of the following: (1) Acts of God or other natural disasters occurring at the project site; (2) terrorism or other acts of a public enemy; (3) orders of governmental authorities

(including, without limitation, unreasonable and unforeseeable delay in the issuance of permits or approvals by governmental authorities that are required for the work); (4) pandemics, epidemics or quarantine restrictions; and (5) strikes and other organized labor action occurring at the project site and the effects thereof on the work, only to the extent such strikes and other organized labor action are beyond the control of Contractor and its subcontractors, of every tier, and to the extent the effects thereof cannot be avoided by use of replacement workers. For purposes of this section, "orders of governmental authorities," includes ordinances, emergency proclamations and orders, rules to protect the public health, welfare and safety, and other actions of the District in its capacity as a municipal authority.

3.6 Standard of Performance; Performance of Employees. Contractor shall perform all Work under this Contract in a skillful and workmanlike manner, and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Contractor represents and maintains that it is skilled in the professional calling necessary to perform the Work. Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Work assigned to them. Finally, Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Work, including a Business License, and that such licenses and approvals shall be maintained throughout the term of this Contract. As provided for in the indemnification provisions of this Contract, Contractor shall perform, at its own cost and expense and without reimbursement from the District, any work necessary to correct errors or omissions which are caused by Contractor's failure to comply with the standard of care provided for herein. Any employee who is determined by the District to be uncooperative, incompetent, a threat to the safety of persons or the Work, or any employee who fails or refuses to perform the Work in a manner acceptable to the District, shall be promptly removed from the Project by Contractor and shall not be re-employed on the Work.

3.7 Control and Payment of Subordinates; Contractual Relationship. District retains Contractor on an independent contractor basis and Contractor is not an employee of District. Any additional personnel performing the work governed by this Contract on behalf of Contractor shall at all times be under Contractor's exclusive direction and control. Contractor shall pay all wages, salaries, and other amounts due such personnel in connection with their performance under this Contract and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, and workers' compensation insurance.

3.8 District's Basic Obligation. District agrees to engage and does hereby engage Contractor as an independent contractor to furnish all materials and to perform all Work according to the terms and conditions herein contained for the sum set forth above. Except as otherwise provided in the Contract, the District shall pay to Contractor, as full consideration for the satisfactory performance by Contractor of the services and obligations required by this Contract, the below-referenced compensation in accordance with compensation provisions set forth in the Contract.

3.9 Labor.

3.9.1 Prevailing Wages. Contractor is aware of the requirements of California Labor Code Section 1720 et seq., and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. Since the Work is being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Contractor agrees to

fully comply with such Prevailing Wage Laws. District shall provide Contractor with a copy of the prevailing rates of per diem wages in effect at the commencement of this Contract. Contractor shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at Contractor's principal place of business and at the project site. Contractor shall defend, indemnify and hold the District, its officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. Contractor and any subcontractor shall forfeit a penalty of up to \$200 per calendar day or portion thereof for each worker paid less than the prevailing wage rates.

3.9.2 Apprenticeable Crafts. When Contractor employs workmen in an apprenticeable craft or trade, Contractor shall comply with the provisions of Section 1777.5 of the California Labor Code with respect to the employment of properly registered apprentices upon public works. The primary responsibility for compliance with said section for all apprenticeable occupations shall be with Contractor. The Contractor or any subcontractor that is determined by the Labor Commissioner to have knowingly violated Section 1777.5 shall forfeit as a civil penalty an amount not exceeding \$100 for each full calendar day of noncompliance, or such greater amount as provided by law.

3.9.3 Hours of Work. Contractor is advised that eight (8) hours labor constitutes a legal day's work. Pursuant to Section 1813 of the California Labor Code, Contractor shall forfeit a penalty of \$25.00 per worker for each day that each worker is permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, except when payment for overtime is made at not less than one and one-half (1-1/2) times the basic rate for that worker.

3.9.4 Payroll Records. Contractor and each subcontractor shall keep an accurate payroll record, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. The payroll records shall be certified and shall be available for inspection at all reasonable hours at the principal office of Contractor in the manner provided in Labor Code section 1776. In the event of noncompliance with the requirements of this section, Contractor shall have 10 days in which to comply subsequent to receipt of written notice specifying in what respects such Contractor must comply with this section. Should noncompliance still be evident after such 10-day period, Contractor shall, as a penalty to District, forfeit not more than \$100.00 for each calendar day or portion thereof, for each worker, until strict compliance is effectuated. The amount of the forfeiture is to be determined by the Labor Commissioner. A contractor who is found to have violated the provisions of law regarding wages on Public Works with the intent to defraud shall be ineligible to bid on Public Works contracts for a period of one to three years as determined by the Labor Commissioner. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, such penalties shall be withheld from progress payments then due. The responsibility for compliance with this section is on Contractor. In accordance with Labor Code section 1771.4, the Contractor and each subcontractor shall furnish the certified payroll records directly to the Department of Industrial Relations ("DIR") on a weekly basis and in the format prescribed by the DIR, which may include electronic submission. The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4.

3.9.5 Contractor and Subcontractor Registration. Pursuant to Labor Code sections 1725.5 and 1771.1, all contractors and subcontractors that wish to bid on, be listed in a bid proposal, or enter into a contract to perform public work must be registered with the DIR. No bid will be accepted nor any contract entered into without proof of the contractor's and subcontractors' current registration with the DIR to perform public work. Contractor is directed to review, fill out and execute

the Public Works Contractor Registration Certification attached hereto as Exhibit "E" prior to contract execution. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

3.9.6 Labor Compliance; Stop Orders. This Project is subject to compliance monitoring and enforcement by the DIR. It shall be the Contractor's sole responsibility to evaluate and pay the cost of complying with all labor compliance requirements under this Contract and applicable law. Any stop orders issued by the DIR against Contractor or any subcontractor that affect Contractor's performance of Work, including any delay, shall be Contractor's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Contractor caused delay subject to any applicable liquidated damages and shall not be compensable by the District. Contractor shall defend, indemnify and hold the District, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the DIR against Contractor or any subcontractor.

3.10 Performance of Work; Jobsite Obligations.

3.10.1 Water Quality Management and Compliance.

3.10.1.1 Water Quality Management and Compliance. Contractor shall keep itself and all subcontractors, staff, and employees fully informed of and in compliance with all local, state and federal laws, rules and regulations that may impact, or be implicated by the performance of the Work including, without limitation, all applicable provisions of the Federal Water Pollution Control Act (33 U.S.C. §§ 1300); the California Porter-Cologne Water Quality Control Act (Cal Water Code §§ 13000-14950); local ordinances regulating discharges of storm water; and any and all regulations, policies, or permits issued pursuant to any such authority regulating the discharge of pollutants, as that term is used in the Porter-Cologne Water Quality Control Act, to any ground or surface water in the State.

3.10.1.2 Compliance with the Statewide Construction General Permit. Contractor shall comply with all conditions of the most recent iteration of the National Pollutant Discharge Elimination System General Permit for Storm Water Discharges Associated with Construction Activity, issued by the California State Water Resources Control Board ("Permit"). It shall be Contractor's sole responsibility to file a Notice of Intent and procure coverage under the Permit for all construction activity which results in the disturbance of more than one acre of total land area or which is part of a larger common area of development or sale. Prior to initiating work, Contractor shall be solely responsible for preparing and implementing a Storm Water Pollution Prevention Plan (SWPPP) as required by the Permit. Contractor shall be responsible for procuring, implementing and complying with the provisions of the Permit and the SWPPP, including the standard provisions, and monitoring and reporting requirements as required by the Permit. The Permit requires the SWPPP to be a "living document" that changes as necessary to meet the conditions and requirements of the job site as it progresses through different phases of construction and is subject to different weather conditions. It shall be Contractor's sole responsibility to update the SWPPP as necessary to address conditions at the project site.

3.10.1.3 Other Water Quality Rules Regulations and Policies. Contractor shall comply with the lawful requirements of any applicable municipality, drainage District, or local agency regarding discharges of storm water to separate storm drain systems or other watercourses under their jurisdiction, including applicable requirements in municipal storm water management programs.

3.10.1.4 Cost of Compliance. Storm, surface, nuisance, or other waters may be encountered at various times during construction of the Work. Therefore, the Contractor, hereby acknowledges that it has investigated the risk arising from such waters and assumes any and all risks and liabilities arising therefrom.

3.10.1.5 Liability for Non-Compliance. Failure to comply with laws, regulations, standards, ordinances, and permits listed in Sections 3.10.1.1, 3.10.1.2, 3.10.1.3, and 3.10.1.4 of the Contract is a violation of federal and state law. Pursuant to the indemnification provisions of this Contract, Contractor hereby agrees to defend, indemnify and hold harmless the District and its directors, officials, officers, employees, volunteers and agents for any alleged violations. In addition, District may seek damages from Contractor for any delay in completing the Work in accordance with the Contract, if such delay is caused by or related to Contractor's failure to comply with the Permit.

3.10.1.6 Reservation of Right to Defend. District reserves the right to defend any enforcement action brought against the District for Contractor's failure to comply with the Permit or any other relevant water quality law, regulation, or policy. Pursuant to the indemnification provisions of this Contract, Contractor hereby agrees to be bound by, and to reimburse the District for the costs (including the District's attorney's fees) associated with, any settlement reached between the District and the relevant enforcement entity.

3.10.1.7 Training. In addition to the standard of performance requirements set forth in this Contract, Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the work assigned to them without impacting water quality in violation of the laws, regulations and policies described in paragraph 3.10.1. Contractor further warrants that it, its employees and subcontractors will receive adequate training, as determined by District, regarding the requirements of the laws, regulations and policies described in paragraph 3.10.1 as they may relate to the Work provided under this Contract. Upon request, District will provide the Contractor with a list of training programs that meet the requirements of this paragraph.

3.10.2 Safety. Contractor shall execute and maintain its work so as to avoid injury or damage to any person or property. Contractor shall comply with the requirements of the specifications relating to safety measures applicable in particular operations or kinds of work. In carrying out its Work, Contractor shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the Work and the conditions under which the Work is to be performed. Safety precautions as applicable shall include, but shall not be limited to, adequate life protection and lifesaving equipment; adequate illumination for underground and night operations; instructions in accident prevention for all employees, such as machinery guards, safe walkways, scaffolds, ladders, bridges, gang planks, confined space procedures, trenching and shoring, fall protection and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and adequate facilities for the proper inspection and maintenance of all safety measures. Furthermore, Contractor shall prominently display the names and telephone numbers of at least two medical doctors practicing in the vicinity of the Project, as well as the telephone number of the local ambulance service, adjacent to all telephones at the Project site.

3.10.3 Laws and Regulations. Contractor shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Contract or the Work, including all Cal/OSHA requirements, and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with the Work. If Contractor observes that the drawings or specifications are at variance with any law, rule or regulation, it shall promptly notify the District in writing. Any necessary changes shall be made by written change order. If Contractor performs any work knowing it to be contrary to

such laws, rules and regulations and without giving written notice to the District, Contractor shall be solely responsible for all costs arising therefrom. District is a public entity of the State of California subject to certain provisions of the Health & Safety Code, Government Code, Public Contract Code, and Labor Code of the State. It is stipulated and agreed that all provisions of the law applicable to the public contracts of a municipality are a part of this Contract to the same extent as though set forth herein and will be complied with. Contractor shall defend, indemnify and hold District, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Contract, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.10.4 Permits and Licenses. Contractor shall be responsible for securing District permits and licenses necessary to perform the Work described herein. While Contractor will not be charged a fee for any District permits, Contractor shall pay the District's applicable business license fee. Any ineligible contractor or subcontractor pursuant to Labor Code Sections 1777.1 and 1777.7 may not perform work on this Project.

3.10.5 Trenching Work. If the Total Contract Price exceeds \$25,000 and if the Work governed by this Contract entails excavation of any trench or trenches five (5) feet or more in depth, Contractor shall comply with all applicable provisions of the California Labor Code, including Section 6705. To this end, Contractor shall submit for District's review and approval a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches. If such plan varies from the shoring system standards, the plan shall be prepared by a registered civil or structural engineer.

3.10.6 Hazardous Materials and Differing Conditions. As required by California Public Contract Code Section 7104, if this Contract involves digging trenches or other excavations that extend deeper than four (4) feet below the surface, Contractor shall promptly, and prior to disturbance of any conditions, notify District of: (1) any material discovered in excavation that Contractor believes to be a hazardous waste that is required to be removed to a Class I, Class II or Class III disposal site; (2) subsurface or latent physical conditions at the site differing from those indicated by District; and (3) unknown physical conditions of an unusual nature at the site, significantly different from those ordinarily encountered in such contract work. Upon notification, District shall promptly investigate the conditions to determine whether a change order is appropriate. In the event of a dispute, Contractor shall not be excused from any scheduled completion date and shall proceed with all Work to be performed under the Contract, but shall retain all rights provided by the Contract or by law for making protests and resolving the dispute.

3.10.7 Underground Utility Facilities. To the extent required by Section 4215 of the California Government Code, District shall compensate Contractor for the costs of: (1) locating and repairing damage to underground utility facilities not caused by the failure of Contractor to exercise reasonable care; (2) removing or relocating underground utility facilities not indicated in the construction drawings; and (3) equipment necessarily idled during such work. Contractor shall not be assessed liquidated damages for delay caused by failure of District to provide for removal or relocation of such utility facilities.

3.10.8 Air Quality. Contractor must fully comply with all applicable laws, rules and regulations in furnishing or using equipment and/or providing services, including, but not limited to, emissions limits and permitting requirements imposed by the California Air Resources Board (CARB). Although CARB limits and requirements are more broad, Contractor shall specifically be aware of their application to "portable equipment", which definition is considered by CARB to include any item of equipment with a fuel-powered engine. Contractor shall indemnify District against any fines or penalties imposed by CARB, or any other governmental or regulatory agency for violations

of applicable laws, rules and/or regulations by Contractor, its subcontractors, or others for whom Contractor is responsible under its indemnity obligations provided for in this Contract.

3.10.9 State Recycling Mandates. Contractor shall comply with State Recycling Mandates. Any recyclable materials/debris collected by the contractor that can be feasibly diverted via reuse or recycling must be hauled by the appropriate handler for reuse or recycling.

3.10.10 Inspection Of Site. Contractor has visited sites where Work is to be performed and has become acquainted with all conditions affecting the Work. Contractor warrants that it has made such examinations as it deems necessary to determine the condition of the Work sites, its accessibility to materials, workmen and equipment, and to determine the Contractor's ability to protect existing surface and subsurface improvements. No claim for allowances—time or money—will be allowed as to such matters.

3.10.11 Field Measurements. Contractor shall make field measurements, verify field conditions and shall carefully compare such field measurements and conditions and other information known to Contractor with the Contract Documents before commencing activities. Errors, inconsistencies or omissions discovered shall be reported to the District immediately and prior to performing any work or altering the condition.

3.11 Completion of Work. When Contractor determines that it has completed the Work required herein, Contractor shall so notify District in writing and shall furnish all labor and material releases required by this Contract. District shall thereupon inspect the Work. If the Work is not acceptable to the District, the District shall indicate to Contractor in writing the specific portions or items of Work which are unsatisfactory or incomplete. Once Contractor determines that it has completed the incomplete or unsatisfactory Work, Contractor may request a re-inspection by the District. Once the Work is acceptable to District, District shall pay to Contractor the Total Contract Price remaining to be paid, less any amount which District may be authorized or directed by law to retain. Payment of retention proceeds due to Contractor shall be made in accordance with Section 7107 of the California Public Contract Code.

3.12 Claims; Government Code Claim Compliance.

3.12.1 Intent. Effective January 1, 1991, Section 20104 et seq., of the California Public Contract Code prescribes a process utilizing informal conferences, non-binding judicial supervised mediation, and judicial arbitration to resolve disputes on construction claims of \$375,000 or less. Effective January 1, 2017, Section 9204 of the Public Contract Code prescribes a process for negotiation and mediation to resolve disputes on construction claims. The intent of this Section is to implement Sections 20104 et seq. and Section 9204 of the California Public Contract Code. This Section shall be construed to be consistent with said statutes.

3.12.2 Claims. For purposes of this Section, "Claim" means a separate demand by the Contractor, after a change order duly requested in accordance with the terms of this Contract has been denied by the District, for (A) a time extension, (B) payment of money or damages arising from Work done by or on behalf of the Contractor pursuant to the Contract, or (C) an amount the payment of which is disputed by the District. A "Claim" does not include any demand for payment for which the Contractor has failed to provide notice, request a change order, or otherwise failed to follow any procedures contained in the Contract Documents.

3.12.3 Filing Claims. Claims governed by this Section may not be filed unless and until the Contractor completes all procedures for giving notice of delay or change and for the requesting of a time extension or change order, including but not necessarily limited to the change order procedures contained herein, and Contractor's request for a change has been denied in whole or in

part. Claims governed by this Section must be filed no later than fourteen (14) days after a request for change has been denied in whole or in part or after any other event giving rise to the Claim. The Claim shall be submitted in writing to the District and shall include on its first page the following in 16 point capital font: "THIS IS A CLAIM." Furthermore, the claim shall include the documents necessary to substantiate the claim. Nothing in this Section is intended to extend the time limit or supersede notice requirements otherwise provided by contract for the filing of claims, including all requirements pertaining to compensation or payment for extra Work, disputed Work, and/or changed conditions. Failure to follow such contractual requirements shall bar any claims or subsequent lawsuits for compensation or payment thereon.

3.12.4 Supporting Documentation. The Contractor shall submit all claims in the following format:

3.12.4.1 Summary of claim merit and price, reference Contract Document provisions pursuant to which the claim is made

3.12.4.2 List of documents relating to claim:

- (A) Specifications
- (B) Drawings
- (C) Clarifications (Requests for Information)
- (D) Schedules
- (E) Other

3.12.4.3 Chronology of events and correspondence

3.12.4.4 Analysis of claim merit

3.12.4.5 Analysis of claim cost, including calculations and supporting documents

3.12.4.6 Time impact analysis in CPM format

3.12.5 District's Response. Upon receipt of a Claim pursuant to this Section, District shall conduct a reasonable review of the Claim and, within a period not to exceed 45 days of receipt of the Claim, or as extended by mutual agreement, shall provide the Contractor a written statement identifying what portion of the Claim is disputed and what portion is undisputed. Any payment due on an undisputed portion of the Claim will be processed and made within 60 days after the District issues its written statement.

3.12.5.1 If District needs approval from its governing body to provide the Contractor a written statement identifying the disputed portion and the undisputed portion of the Claim, and the governing body does not meet within the 45 days or within the mutually agreed to extension of time following receipt of a Claim sent by registered mail or certified mail, return receipt requested, District shall have up to three (3) days following the next duly publicly noticed meeting of the governing body after the 45-day period, or extension, expires to provide the Contractor a written statement identifying the disputed portion and the undisputed portion.

3.12.5.2 Within 30 days of receipt of a Claim, District may request in writing additional documentation supporting the Claim or relating to defenses or claims District may have against the Contractor. If additional information is thereafter required, it shall be requested and provided pursuant to this subdivision, upon mutual agreement of District and the Contractor. District's written response to the Claim, shall be submitted to the Contractor within 30 Days (if the Claim is less than \$50,000, within 15 Days) after receipt of the additional documentation, or within a period of time no greater than that taken by the Contractor in producing the additional information or requested documentation, whichever is greater.

3.12.6 Meet and Confer. If the Contractor disputes District's written response, or District fails to respond within the time prescribed, the Contractor may so notify District, in writing, within 15 Days of receipt of District's response or the District's failure to respond, and demand an informal conference to meet and confer for settlement of the issues in dispute. Upon receipt of a demand, District shall schedule a meet and confer conference within 30 Days for settlement of the dispute.

3.12.7 Mediation. Within 10 business days following the conclusion of the meet and confer conference, if the Claim or any portion of the Claim remains in dispute, District shall provide the Contractor a written statement identifying the portion of the Claim that remains in dispute and the portion that is undisputed. Any payment due on an undisputed portion of the Claim shall be processed and made within 60 Days after District issues its written statement. Any disputed portion of the Claim, as identified by the Contractor in writing, shall be submitted to nonbinding mediation, with District and the Contractor sharing the associated costs equally. District and Contractor shall mutually agree to a mediator within 10 business days after the disputed portion of the Claim has been identified in writing, unless the Parties agree to select a mediator at a later time.

3.12.7.1 If the Parties cannot agree upon a mediator, each Party shall select a mediator and those mediators shall select a qualified neutral third party to mediate with regard to the disputed portion of the claim. Each Party shall bear the fees and costs charged by its respective mediator in connection with the selection of the neutral mediator.

3.12.7.2 For purposes of this section, mediation includes any nonbinding process, including, but not limited to, neutral evaluation or a dispute review board, in which an independent third party or board assists the Parties in dispute resolution through negotiation or by issuance of an evaluation. Any mediation utilized shall conform to the timeframes in this section.

3.12.7.3 Unless otherwise agreed to by District and the Contractor in writing, the mediation conducted pursuant to this section shall excuse any further obligation under Section 20104.4 to mediate after litigation has been commenced.

3.12.7.4 The mediation shall be held no earlier than the date the Contractor completes the Work or the date that the Contractor last performs Work, whichever is earlier. All unresolved Claims shall be considered jointly in a single mediation, unless a new unrelated Claim arises after mediation is completed.

3.12.8 Procedures After Mediation. If following the mediation, the Claim or any portion remains in dispute, the Contractor must file a claim pursuant to Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of Part 3 of Division 3.6 of Title 1 of the Government Code. For purposes of those provisions, the running of the period of time within which a claim must be filed shall be tolled from the time the Contractor submits his or her written Claim pursuant to subdivision (a) until the time the Claim is denied, including any period of time utilized by the meet and confer conference or mediation.

3.12.9 Civil Actions. The following procedures are established for all civil actions filed to resolve Claims of \$375,000 or less:

3.12.9.1 Within 60 Days, but no earlier than 30 Days, following the filing or responsive pleadings, the court shall submit the matter to non-binding mediation unless waived by mutual stipulation of both Parties or unless mediation was held prior to commencement of the action in accordance with Public Contract Code section 9204 and the terms of these procedures. The mediation process shall provide for the selection within 15 Days by both Parties of a disinterested third person as mediator, shall be commenced within 30 Days of the submittal, and shall be concluded within 15 Days from the commencement of the mediation unless a time requirement is extended upon a good cause showing to the court.

3.12.9.2 If the matter remains in dispute, the case shall be submitted to judicial arbitration pursuant to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, notwithstanding Section 1114.11 of that code. The Civil Discovery Act of 1986 (Article 3 (commencing with Section 2016) of Chapter 3 of Title 3 of Part 4 of the Code of Civil Procedure) shall apply to any proceeding brought under this subdivision consistent with the rules pertaining to judicial arbitration.

3.12.9.3 In addition to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, (A) arbitrators shall, when possible, be experienced in construction law, and (B) any party appealing an arbitration award who does not obtain a more favorable judgment shall, in addition to payment of costs and fees under that chapter, also pay the attorney's fees on appeal of the other party.

3.12.10 Government Code Claim Procedures.

3.12.10.1 This section does not apply to tort claims and nothing in this section is intended nor shall be construed to change the time periods for filing tort claims or actions specified by Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of Part 3 of Division 3.5 of Title 1 of the Government Code.

3.12.10.2 In addition to any and all Contract requirements pertaining to notices of and requests for adjustments to the Contract Time, Contract Price, or compensation or payment for extra work, disputed work, claims and/or changed conditions, Contractor must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against the District.

3.12.10.3 Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to adjustment of the Contract Time, Contract Price, or compensation or payment for extra work, disputed work, claims, and/or changed conditions have been followed by Contractor. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Contractor may not file any action against the District.

3.12.10.4 A Government Code claim must be filed no earlier than the date the work is completed or the date the Contractor last performs work on the Project, whichever occurs first. A Government Code claim shall be inclusive of all unresolved Claims known to the Contractor excepting only new unrelated Claims that arise after the Government Code claim is submitted.

3.12.11 Non-Waiver. District's failure to respond to a Claim from the Contractor within the time periods described in this section or to otherwise meet the time requirements of this

section shall result in the Claim being deemed rejected in its entirety and shall not constitute a waiver of any rights under this section.

3.13 Loss and Damage. Except as may otherwise be limited by law, Contractor shall be responsible for all loss and damage which may arise out of the nature of the Work agreed to herein, or from the action of the elements, or from any unforeseen difficulties which may arise or be encountered in the prosecution of the Work until the same is fully completed and accepted by District. In the event of damage proximately caused by an Act of God, as defined by Section 7105 of the Public Contract Code, the District may terminate this Contract pursuant to the termination provisions in this Contract; provided, however, that the District needs to provide Contractor with only one (1) day advanced written notice.

3.14 Indemnification.

3.14.1 Scope of Indemnity. To the fullest extent permitted by law, Contractor shall defend, indemnify and hold the District, its officials, employees, agents and volunteers free and harmless from any and all claims, demands, causes of action, suits, actions, proceedings, costs, expenses, liability, judgments, awards, decrees, settlements, loss, damage or injury of any kind, in law or equity, regardless of whether the allegations are false, fraudulent, or groundless, to property or persons, including wrongful death, (collectively, "Claims") in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Contractor, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Contractor's services, the Project or this Contract, including without limitation the payment of all expert witness fees, attorneys' fees and other related costs and expenses. Notwithstanding the foregoing, to the extent required by Civil Code section 2782, Contractor's indemnity obligation shall not apply to such loss or damage which is caused by the sole or active negligence or willful misconduct of the District.

3.14.2 Additional Indemnity Obligations. Contractor shall defend, with counsel of District's choosing and at Contractor's own cost, expense and risk, any and all Claims covered by this section that may be brought or instituted against District or its officials, employees, agents and authorized volunteers. In addition, Contractor shall pay and satisfy any judgment, award or decree that may be rendered against District or its officials, employees, agents and authorized volunteers as part of any such claim, suit, action or other proceeding. Contractor shall also reimburse District for the cost of any settlement paid by District or its officials, employees, agents and authorized volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for District's attorney's fees and costs, including expert witness fees. Contractor shall reimburse District and its officials, employees, agents and authorized volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Contractor's obligation to indemnify shall survive expiration or termination of this Contract, and shall not be restricted to insurance proceeds, if any, received by the District, its officials, employees, agents and authorized volunteers.

3.15 Insurance. [*DISTRICT RISK MANAGER TO REVIEW TO DETERMINE WHETHER REQUIREMENTS AND LIMITS ARE ACCEPTABLE***]**

3.15.1 Time for Compliance. Contractor shall not commence Work under this Contract until it has provided evidence satisfactory to the District that it has secured all insurance required under this section. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the District that the subcontractor has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the District to terminate this Contract for cause.

3.15.2 Minimum Requirements. Contractor shall, at its expense, procure and maintain for the duration of the Contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Work hereunder by Contractor, its agents, representatives, employees or subcontractors. Contractor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Contract. Such insurance shall meet at least the following minimum levels of coverage:

3.15.2.1 Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability:* Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01) OR Insurance Services Office Owners and Contractors Protective Liability Coverage Form (CG 00 09 11 88) (coverage for operations of designated contractor); (2) *Automobile Liability:* Insurance Services Office Business Auto Coverage form number CA 00 01, code 1 (any auto); (3) *Workers' Compensation and Employer's Liability:* Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance; and (4) *Builders'/All Risk:* Builders'/All Risk insurance covering for all risks of loss, including explosion, collapse, underground excavation and removal of lateral support (and including earthquakes and floods if requested by the District). Policies shall not contain exclusions contrary to this Contract.

3.15.2.2 Minimum Limits of Insurance. Contractor shall maintain limits no less than: (1) *General Liability:* \$2,000,000 per occurrence and \$4,000,000 general aggregate for bodily injury, personal injury and property damage; (2) *Automobile Liability:* \$1,000,000 per accident for bodily injury and property damage; (3) *Workers' Compensation and Employer's Liability:* Workers' compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 each accident, policy limit bodily injury or disease, and each employee bodily injury or disease; and (4) *Builders'/All Risk:* Completed value of the project. Defense costs shall be available in addition to the limits. Notwithstanding the minimum limits specified herein, any available coverage shall be provided to the parties required to be named as additional insureds pursuant to this Contract.

3.15.2.3 Notices; Cancellation or Reduction of Coverage. At least fifteen (15) days prior to the expiration of any such policy, evidence showing that such insurance coverage has been renewed or extended shall be filed with the District. If such coverage is cancelled or materially reduced, Contractor shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the District evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies. In the event any policy of insurance required under this Contract does not comply with these specifications or is canceled and not replaced, the District has the right but not the duty to obtain the insurance it deems necessary and any premium paid by the District will be promptly reimbursed by Contractor or the District may withhold amounts sufficient to pay premium from Contractor payments. In the alternative, the District may suspend or terminate this Contract.

3.15.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Contractor shall provide endorsements (amendments) on forms supplied or approved by the District to add the following provisions to the insurance policies:

3.15.3.1 General Liability. (1) Such policy shall give the District, its officials, employees, agents and volunteers additional insured status using ISO endorsements CG20 10 10 01 plus CG20 37 10 01, or endorsements providing the exact same coverage, with respect to the Work or operations performed by or on behalf of Contractor, including materials, parts or equipment furnished in connection with such work; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this

Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the District, its officials, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its officials, employees, agents and volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it.

3.15.3.2 Automobile Liability. (1) Such policy shall give the District, its officials, employees, agents and volunteers additional insured status with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by Contractor or for which Contractor is responsible; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the District, its officials, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its officials, employees, agents and volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it in any way.

3.15.3.3 Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the District, its officials, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by Contractor.

3.15.3.4 All Coverages. Each insurance policy required by this Contract shall be endorsed to state that: (1) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District; and (2) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the District, its officials, employees, agents and volunteers.

3.15.4 Builders'/All Risk Policy Requirements. The builders'/all risk insurance shall provide that the District be named as loss payee. In addition, the insurer shall waive all rights of subrogation against the District.

3.15.5 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the District, its officials, employees, agents and volunteers.

3.15.6 Professional Liability Insurance. All architects, engineers, consultants or design professionals retained by Contractor shall also procure and maintain, for a period of five (5) years following completion of the Contract, errors and omissions liability insurance with a limit of not less than \$1,000,000 per occurrence. This insurance shall name the District, its directors, officials, officers, employees, agents and volunteers as additional and insureds with respect to Work performed, and shall otherwise comply with all requirements of this Section. Defense costs shall be paid in addition to the limits.

3.15.7 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the District. Contractor shall guarantee that, at the option of the District, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officials, employees, agents and authorized volunteers; or (2)

the Contractor shall procure a bond or other financial guarantee acceptable to the District guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.15.8 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VII, licensed to do business in California, and satisfactory to the District. Exception may be made for the State Compensation Insurance Fund when not specifically rated.

3.15.9 Verification of Coverage. Contractor shall furnish District with original certificates of insurance and endorsements effecting coverage required by this Contract on forms satisfactory to the District. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms supplied or approved by the District. All certificates and endorsements must be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.15.10 Subcontractors. All subcontractors shall meet the requirements of this Section before commencing Work. Contractor shall furnish separate certificates and endorsements for each subcontractor. Subcontractor policies of General Liability insurance shall name the District, its officials, employees, agents and authorized volunteers as additional insureds using form ISO 20 38 04 13 or endorsements providing the exact same coverage. All coverages for subcontractors shall be subject to all of the requirements stated herein except as otherwise agreed to by the District in writing.

3.15.11 Reporting of Claims. Contractor shall report to the District, in addition to Contractor's insurer, any and all insurance claims submitted by Contractor in connection with the Work under this Contract.

3.16 Bond Requirements.

3.16.1 Payment Bond. If required by law or otherwise specifically requested by District in Exhibit "C" attached hereto and incorporated herein by reference, Contractor shall execute and provide to District concurrently with this Contract a Payment Bond in an amount required by the District and in a form provided or approved by the District. If such bond is required, no payment will be made to Contractor until the bond has been received and approved by the District.

3.16.2 Performance Bond. If specifically requested by District in Exhibit "C" attached hereto and incorporated herein by reference, Contractor shall execute and provide to District concurrently with this Contract a Performance Bond in an amount required by the District and in a form provided or approved by the District. If such bond is required, no payment will be made to Contractor until the bond has been received and approved by the District.

3.16.3 Bond Provisions. Should, in District's sole opinion, any bond become insufficient or any surety be found to be unsatisfactory, Contractor shall renew or replace the effected bond within (ten) 10 days of receiving notice from District. In the event the surety or Contractor intends to reduce or cancel any required bond, at least thirty (30) days prior written notice shall be given to the District, and Contractor shall post acceptable replacement bonds at least ten (10) days prior to expiration of the original bonds. No further payments shall be deemed due or will be made under this Contract until any replacement bonds required by this Section are accepted by the District. To the extent, if any, that the Total Contract Price is increased in accordance with the Contract, Contractor shall, upon request of the District, cause the amount of the bond to be increased accordingly and shall promptly deliver satisfactory evidence of such increase to the District. If Contractor fails to furnish any required bond, the District may terminate the Contract for cause.

3.16.4 Surety Qualifications. Only bonds executed by an admitted surety insurer, as defined in California Code of Civil Procedure Section 995.120, shall be accepted. If a California-admitted surety insurer issuing bonds does not meet these requirements, the insurer will be considered qualified if it is in conformance with Section 995.660 of the California Code of Civil Procedure, and proof of such is provided to the District.

3.17 Warranty. Contractor warrants all Work under the Contract (which for purposes of this Section shall be deemed to include unauthorized work which has not been removed and any non-conforming materials incorporated into the Work) to be of good quality and free from any defective or faulty material and workmanship. Contractor agrees that for a period of one year (or the period of time specified elsewhere in the Contract or in any guarantee or warranty provided by any manufacturer or supplier of equipment or materials incorporated into the Work, whichever is later) after the date of final acceptance, Contractor shall within ten (10) days after being notified in writing by the District of any defect in the Work or non-conformance of the Work to the Contract, commence and prosecute with due diligence all Work necessary to fulfill the terms of the warranty at its sole cost and expense. Contractor shall act sooner as requested by the District in response to an emergency. In addition, Contractor shall, at its sole cost and expense, repair and replace any portions of the Work (or work of other contractors) damaged by its defective Work or which becomes damaged in the course of repairing or replacing defective Work. For any Work so corrected, Contractor's obligation hereunder to correct defective Work shall be reinstated for an additional one year period, commencing with the date of acceptance of such corrected Work. Contractor shall perform such tests as the District may require to verify that any corrective actions, including, without limitation, redesign, repairs, and replacements comply with the requirements of the Contract. All costs associated with such corrective actions and testing, including the removal, replacement, and reinstatement of equipment and materials necessary to gain access, shall be the sole responsibility of Contractor. All warranties and guarantees of subcontractors, suppliers and manufacturers with respect to any portion of the Work, whether express or implied, are deemed to be obtained by Contractor for the benefit of the District, regardless of whether or not such warranties and guarantees have been transferred or assigned to the District by separate agreement and Contractor agrees to enforce such warranties and guarantees, if necessary, on behalf of the District. In the event that Contractor fails to perform its obligations under this Section, or under any other warranty or guaranty under this Contract, to the reasonable satisfaction of the District, the District shall have the right to correct and replace any defective or non-conforming Work and any work damaged by such work or the replacement or correction thereof at Contractor's sole expense. Contractor shall be obligated to fully reimburse the District for any expenses incurred hereunder upon demand.

3.18 Employee/Labor Certifications.

3.18.1 Contractor's Labor Certification. By its signature hereunder, Contractor certifies that he is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Work. A certification form for this purpose, which is attached to this Contract as Exhibit "D" and incorporated herein by reference, shall be executed simultaneously with this Contract.

3.18.2 Equal Opportunity Employment. Contractor represents that it is an equal opportunity employer and that it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.18.3 Verification of Employment Eligibility. By executing this Contract, Contractor verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time, and shall require all subcontractors and sub-subcontractors to comply with the same.

3.19 Termination. This Contract may be terminated by District at any time, either with or without cause, by giving Contractor three (3) days advance written notice. In the event of termination by District for any reason other than the fault of Contractor, District shall pay Contractor for all Work performed up to that time as provided herein. In the event of breach of the Contract by Contractor, District may terminate the Contract immediately without notice, may reduce payment to Contractor in the amount necessary to offset District's resulting damages, and may pursue any other available recourse against Contractor. Contractor may not terminate this Contract except for cause. In the event this Contract is terminated in whole or in part as provided, District may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated. Further, if this Contract is terminated as provided, District may require Contractor to provide all finished or unfinished documents, data, diagrams, drawings, materials or other matter prepared or built by Contractor in connection with its performance of this Contract. Contractor shall be required to provide such document and other information within fifteen (15) days of the request.

3.20 General Provisions.

3.20.1 District's Representative. The District hereby designates the District Engineer, or his or her designee, to act as its representative for the performance of this Contract ("District's Representative"). District's Representative shall have the power to act on behalf of the District for all purposes under this Contract. Contractor shall not accept direction or orders from any person other than the District's Representative or his or her designee.

3.20.2 Contractor's Representative. Before starting the Work, Contractor shall submit in writing the name, qualifications and experience of its proposed representative who shall be subject to the review and approval of the District ("Contractor's Representative"). Following approval by the District, Contractor's Representative shall have full authority to represent and act on behalf of Contractor for all purposes under this Contract. Contractor's Representative shall supervise and direct the Work, using his best skill and attention, and shall be responsible for all construction means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Work under this Contract. Contractor's Representative shall devote full time to the Project and either he or his designee, who shall be acceptable to the District, shall be present at the Work site at all times that any Work is in progress and at any time that any employee or subcontractor of Contractor is present at the Work site. Arrangements for responsible supervision, acceptable to the District, shall be made for emergency Work which may be required. Should Contractor desire to change its Contractor's Representative, Contractor shall provide the information specified above and obtain the District's written approval.

3.20.3 Contract Interpretation. Should any question arise regarding the meaning or import of any of the provisions of this Contract or written or oral instructions from District, the matter shall be referred to District's Representative, whose decision shall be binding upon Contractor.

3.20.4 Anti-Trust Claims. This provision shall be operative if this Contract is applicable to California Public Contract Code Section 7103.5. In entering into this Contract to supply goods, services or materials, Contractor hereby offers and agrees to assign to the District all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act (Chapter 2, commencing with Section 16700, of Part 2 of Division 7 of the Business and Professions Code) arising from purchases of goods, services, or

materials pursuant to the Contract. This assignment shall be made and become effective at the time the District tender final payment to Contractor, without further acknowledgment by the Parties.

3.20.5 Notices. All notices hereunder and communications regarding interpretation of the terms of the Contract or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

CONTRACTOR:

FREDERICKS SERVICES, INC.
PO Box 1320
BORREGO SPRINGS, CA 92004
ATTN: JAKE

CITY:

BORREGO WATER DISTRICT
806 PALM CANYON DRIVE
BORREGO SPRINGS, CA 92004
ATTN: GEOFF POOLE

Any notice so given shall be considered received by the other Party three (3) days after deposit in the U.S. Mail as stated above and addressed to the Party at the above address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.20.6 Time of Essence. Time is of the essence in the performance of this Contract.

3.20.7 Assignment Forbidden. Contractor shall not, either voluntarily or by action of law, assign or transfer this Contract or any obligation, right, title or interest assumed by Contractor herein without the prior written consent of District. If Contractor attempts an assignment or transfer of this Contract or any obligation, right, title or interest herein, District may, at its option, terminate and revoke the Contract and shall thereupon be relieved from any and all obligations to Contractor or its assignee or transferee.

3.20.8 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.20.9 Laws; Venue. This Contract shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Contract, the action shall be brought in a state or federal court situated in the County of San Diego, State of California.

3.20.10 Attorneys' Fees. If either Party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all other costs of such action.

3.20.11 Counterparts. This Contract may be executed in counterparts, each of which shall constitute an original.

3.20.12 Successors. The Parties do for themselves, their heirs, executors, administrators, successors, and assigns agree to the full performance of all of the provisions contained in this Contract.

3.20.13 Solicitation. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Contract. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Contract. For breach or violation of this warranty, District shall have the right to terminate this Contract without liability.

3.20.14 Conflict of Interest. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Contract. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Contract. For breach or violation of this warranty, District shall have the right to rescind this Contract without liability. For the term of this Contract, no director, official, officer or employee of District, during the term of his or her service with District, shall have any direct interest in this Contract, or obtain any present or anticipated material benefit arising therefrom. In addition, Contractor agrees to file, or to cause its employees or subcontractors to file, a Statement of Economic Interest with the District's Filing Officer as required under state law in the performance of the Work.

3.20.15 Certification of License.

3.20.15.1 Contractor certifies that as of the date of execution of this Contract, Contractor has a current contractor's license of the classification indicated below under Contractor's signature.

3.20.15.2 Contractors are required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four (4) years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within ten (10) years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

3.20.16 Authority to Enter Contract. Each Party warrants that the individuals who have signed this Contract have the legal power, right and authority to make this Contract and bind each respective Party.

3.20.17 Entire Contract; Modification. This Contract contains the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Contract may only be modified by a writing signed by both Parties.

3.20.18 Non-Waiver. None of the provisions of this Contract shall be considered waived by either party, unless such waiver is specifically specified in writing.

3.20.19 District's Right to Employ Other Contractors. District reserves right to employ other contractors in connection with this Project or other projects.

[Signatures on Next Page]

**SIGNATURE PAGE FOR CONSTRUCTION CONTRACT
BETWEEN BORREGO WATER DISTRICT
AND Fredericks Services, Inc.**

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

BORREGO WATER DISTRICT

Fredericks Services, Inc.

Approved:

**[If Corporation, TWO SIGNATURES,
President OR Vice President AND
Secretary OR Treasurer REQUIRED]**

By: _____
GEOFF POOLE
General Manager

By: _____

ATTESTED:

Its: _____

Printed Name: _____

By: _____
Board Clerk

By: _____

APPROVED AS TO FORM:

Its: _____

Printed Name: _____

Best Best & Krieger LLP

General Counsel

Class A – General Engineering 987706

Contractor's License Number and Classification

DIR Registration Number

EXHIBIT "A"
SERVICES / SCHEDULE

[INSERT SCOPE OF SERVICES]

SEE PROPOSAL FROM FREDERICKS SERVICES, INC.

EXHIBIT "B"

PLANS AND SPECIFICATIONS

[INSERT ALL PLANS AND SPECS]

EXHIBIT "D"

**CERTIFICATION
LABOR CODE - SECTION 1861**

I, the undersigned Contractor, am aware of the provisions of Section 3700, et seq., of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I, the undersigned Contractor, agree to and will comply with such provisions before commencing the performance of the Work on this Contract.

Fredericks Services, Inc.

By: _____

Signature

Name (Print)

Title (Print)

EXHIBIT "E"

PUBLIC WORKS CONTRACTOR REGISTRATION CERTIFICATION

Pursuant to Labor Code sections 1725.5 and 1771.1, all contractors and subcontractors that wish to bid on, be listed in a bid proposal, or enter into a contract to perform public work must be registered with the Department of Industrial Relations. See <http://www.dir.ca.gov/Public-Works/PublicWorks.html> for additional information.

No bid will be accepted nor any contract entered into without proof of the contractor's and subcontractors' current registration with the Department of Industrial Relations to perform public work.

Contractor hereby certifies that it is aware of the registration requirements set forth in Labor Code sections 1725.5 and 1771.1 and is currently registered as a contractor with the Department of Industrial Relations.¹

Name of Contractor: _____

DIR Registration Number: _____

DIR Registration Expiration: _____

Small Project Exemption: _____ Yes or _____ No

Unless Contractor is exempt pursuant to the small project exemption, Contractor further acknowledges:

1. Contractor shall maintain a current DIR registration for the duration of the project.
2. Contractor shall include the requirements of Labor Code sections 1725.5 and 1771.1 in its contract with subcontractors and ensure that all subcontractors are registered at the time of bid opening and maintain registration status for the duration of the project.
3. Failure to submit this form or comply with any of the above requirements may result in a finding that the bid is non-responsive.

Name of Contractor: _____

Signature: _____

Name and Title: _____

Dated: _____

¹ If the Project is exempt from the contractor registration requirements pursuant to the small project exemption under Labor Code Sections 1725.5 and 1771.1, please mark "Yes" in response to "Small Project Exemption."

EXHIBIT "F"

PAYMENT AND PERFORMANCE BONDS

NOT APPLICABLE

PLUG EXISTING
DOWNSTREAM PIPE UPON
COMPLETION

EXISTING 18" PVC GRAVITY
SEWER MAIN

● EXISTING MANHOLE

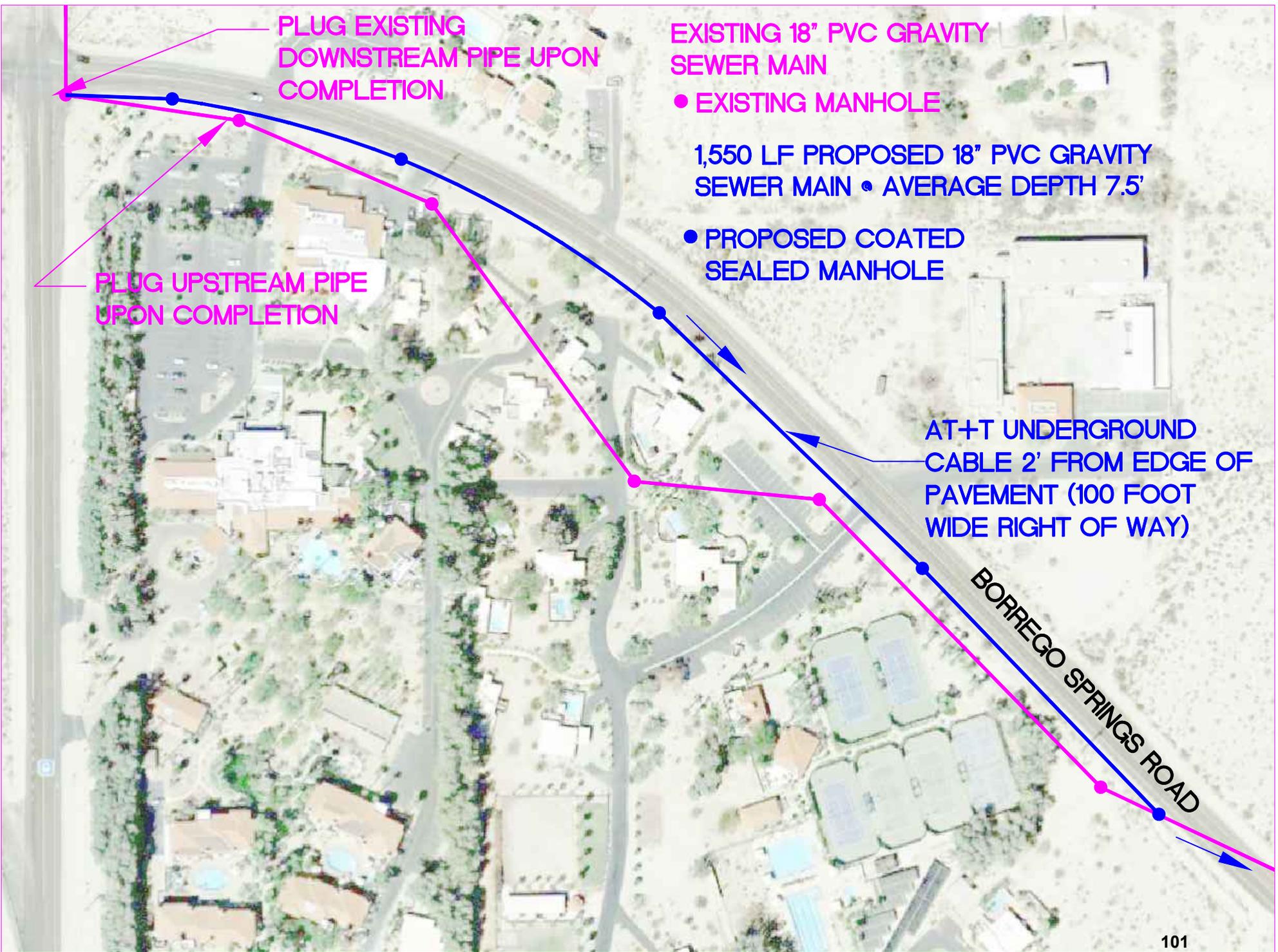
1,550 LF PROPOSED 18" PVC GRAVITY
SEWER MAIN • AVERAGE DEPTH 7.5'

● PROPOSED COATED
SEALED MANHOLE

PLUG UPSTREAM PIPE
UPON COMPLETION

AT+T UNDERGROUND
CABLE 2' FROM EDGE OF
PAVEMENT (100 FOOT
WIDE RIGHT OF WAY)

BORREGO SPRINGS ROAD



BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
DECEMBER 8, 2020
AGENDA ITEM I.L.D

December 3, 2020

TO: Board of Directors

FROM: Geoffrey Poole, General Manager/David Dale, PE District Engineer

SUBJECT: Approval to Enter into a Reimbursement Agreement With SDG&E to Install an 8-Inch Diameter Water Pipeline - G Poole/D Dale

RECOMMENDED ACTION:

Receive Staff Report and approve General Manager to sign an agreement with SDG&E for reimbursement of costs to extend a requested 8-inch diameter pipeline.

ITEM EXPLANATION:

SDG&E contacted District staff to request an 8-inch diameter water pipeline to be extended approximately one mile north along Borrego Valley Road, from Palm Canyon Drive to the SDG&E substation. A fire hydrant will be installed at the end of the pipeline, near the substation. The meter size for the substation has not yet been determined.

SDG&E personnel requested that the District construct the pipeline. The District does not currently have the staff available to construct the pipeline in-house, so the District will need to prepare the plans and specifications, conduct a public bid, administer and oversee the project construction. To this end, a reimbursement agreement was prepared by the District Legal Counsel for the approval of the Board.

The reimbursement agreement requires a \$20,000 deposit to be made by SDG&E for the preparation of the plans and specifications and CEQA work. The design work will be completed in-house by the District Engineer. The agreement also includes reimbursement for administration costs related to the project, including office personnel, bidding and other soft costs. When the plans and specifications are complete, SDG&E will deposit funds equal to 50% of the engineer's opinion of probable construction cost; after the bid is accepted the full amount of the contract plus a 10% contingency will be required. Any funds that are deposited with the District that are not expended will be refunded to SDG&E.

Payment for meter installation and Water Credits/Baseline Pumping Allocation is also required. Those amounts required will be determined once the meter is sized

NEXT STEPS

Upon approval, the agreement will be signed by the General Manager.

FISCAL IMPACT

No fiscal impact to the District.

ATTACHMENTS

1. Reimbursement Agreement
2. Map of Pipeline Route



BORREGO WATER DISTRICT
REIMBURSEMENT AGREEMENT FOR 8" WATERLINE EXTENSION PROJECT

This Reimbursement Agreement for a 8" Waterline Extension Project ("Agreement") is made as of December, 8, 2020 ("Effective Date"), by and between the Borrego Water District, a public agency organized under the laws of the State of California with its principal place of business at 806 Palm Canyon Drive, Borrego Springs, CA 92004 ("District") and San Diego Gas & Electric, a *****INSERT TYPE OF ENTITY - CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP OR OTHER LEGAL ENTITY***** with its principal place of business at *****INSERT ADDRESS***** ("SDGE"). District and SDGE are referred to collectively as the "Parties" or may be referred to individually as a "Party."

RECITALS

A. SDGE owns a solar farm ("Solar Farm") on real property located on Borrego Valley Road between Big Horn Rd. and Henderson Canyon Rd. in Borrego Springs California (County of San Diego).

B. SDGE has requested that the District provide water service to the Solar Farm by extending approximately one (1) mile of 8" waterline to the Solar Farm (the "Project"). The location of Project is depicted in Exhibit "A" attached hereto and incorporated herein by this reference.

C. The District is willing to plan, design, manage, and engage the services of a contractor to construct the Project provided SDGE agrees to reimburse the District for the full cost to inspect, manage, design, conduct a public bid, and construct the Project.

D. District and SDGE desire to enter into this Agreement to provide the terms upon which the District will plan, administer, design, manage, inspect, conduct a public bid, and construct the Project and that SDGE will reimburse District for all cost incurred by the District on the Project.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained and for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Incorporation of Recitals. The Parties acknowledge that the above recitals are true and correct, and incorporate those recitals by reference into this Agreement.

2. Term. This Agreement shall commence upon the Effective Date and shall continue in effect until the Project is complete, as evidenced by District's recording of a notice of completion for the Project and full payment of the Construction Costs (as defined herein), unless otherwise terminated earlier as provided in this Agreement.

3. General Agreement to Cooperate. The Parties agree to mutually cooperate in order to help ensure that the Project is successfully completed with minimum impact to both Parties and the public.

4. Obligations of District. The District shall undertake the following obligations:

(a) Design Phase. Planning and designing the Project including, without limitation, procuring design services to prepare the design plans and specifications for construction of the Project, consistent with the depiction of the Project attached hereto as Exhibit A, and obtaining all applicable environmental clearances and permits necessary to complete the Project. A Civil Engineer registered in the State of California will oversee the design and will stamp and sign the final plans.

(b) Construction Phase. Taking any and all actions necessary to manage and complete construction of the Project as provided in this Agreement, including, without limitation, preparing contract documents, soliciting and obtaining bids for the construction of the Project, hiring contractors, securing necessary permits and other approvals, construction inspection, construction, and construction management.

5. Reimbursable Costs.

(a) Reimbursable costs shall include all usual and customary construction related costs for completion of the Project. This includes, but is not limited to, costs related to project design, permitting, environmental clearances and permits, engineering, security, construction, change orders, inspection, District staff time, and any costs and fees associated with the Project (the "Construction Costs").

(b) In addition to the Construction Costs, District shall be reimbursed for all costs to manage the Project including, without limitation, administration, accounting and other activities ("District Costs"). District Costs do not include consultant or contractor related progress payments. A 10% general overhead expense shall be applied on the total invoice amount for all District Costs.

6. Reimbursement Procedures.

(a) Payment Account. The District shall maintain the Construction Deposit (as defined herein) in a separate tracking account (the "Payment Account") and shall use the proceeds thereof exclusively for payment of the Construction Costs and District Costs. The Payment Account need not be a special or stand-alone bank account; rather, the District may deposit and maintain the funds comprising the Payment Account in one or more accounts already maintained by the District. Notwithstanding, the District shall implement and maintain such systems and/or procedures as are necessary to separately account for and track all funds deposited into and withdrawn from the Payment Account pursuant to this Agreement.

(b) Construction Deposit.

a. Within ten (10) days following the mutual execution and delivery of this Agreement, SDGE shall deposit with the District in the Payment Account an amount equal to \$20,000.00 for the design phase of the Project.

b. Within ten (10) days following the development of an engineer's estimate for construction of the Project, SDGE shall deposit with the District in the Payment Account an amount equal to 50% of the engineer's estimate.

c. Within ten (10) days following the submittal of a bid from a contractor for construction of the Project, SDGE shall deposit with the District in the Payment Account an amount so that the Payment Account balance equals the bid price submitted by the contractor plus 10% of the bid price for contingencies and District Costs.

d. If during the Project the balance of the Payment Account shall fall below \$5,000, the District may submit a written notice to SDGE (i) advising as to the balance of the Payment Account and (ii) requesting that SDGE replenish the Payment Account. Within ten (10) days following SDGE's receipt of a replenishment notice from the District, SDGE shall tender to the District such amounts as are necessary to reestablish the balance of the Payment Account to an amount acceptable to the District.

(c) Payment of Construction Costs. On a monthly basis, the District shall have the right to utilize any and all funds comprising the Payment Account to satisfy and pay the Construction Costs and District Costs. District shall keep a full accounting of the Construction Costs and District Costs, including any relevant backup documentation, and SDGE may request a copy in writing. Within thirty (30) days of completion of construction of the Project, District will provide to the SDGE a complete accounting of Construction Costs and District Costs.

(d) Return of Payment Account Proceeds upon Termination or Expiration of Agreement. The District shall refund to SDGE the remaining balance of the Payment Account within thirty (30) days following the termination or expiration of this Agreement.

7. Water Service. In order to receive water service from the District, SDGE will be required to comply with all applicable District policies and procedures related to the establishment or enlargement of water service. These policies include, but are not limited to, SDGE compliance with the most current version of the District's Developer Policy. That policy requires, among other things, SDGE to acquire and present to the District sufficient water credits or Baseline Production Allocation, to meet the demands of the SDGE project. SDGE has the option to purchase water credits from the District or on the open market.

8. Dispute Resolution. Unless otherwise specified herein, the Parties shall submit any unresolved dispute to SDGE's [INSERT TITLE] and District's General Manager for negotiation. The Parties agree to undertake good faith attempts to resolve said dispute, claim, or controversy within ten (10) calendar days after the receipt of written notice from the Party alleging that a dispute, claim or controversy exists. The Parties additionally agree to cooperate with the other Party in scheduling negotiation sessions. However, if said matter is not resolved within thirty (30) calendar days after conducting the first negotiating session, either Party may, but is not required to, request that the matter be submitted to further dispute resolution procedures at the end of the Project, as may be agreed upon by the Parties. If a matter is not resolved by dispute resolution procedures, unless otherwise agreed upon in writing by the Parties, either Party may proceed with any other remedy available in law or in equity.

9. Indemnification. SDGE shall defend (with counsel of District's choice), indemnify and hold the District, its officials, officers, consultants employees and agents free and harmless from any and all claims, liabilities, losses, costs, expenses, damages or injuries to property or persons, including wrongful death, in any manner arising out of or incident to any acts, omissions or willful misconduct of SDGE, its members, officials, officers, employees, agents, consultants and contractors arising out of or in connection with this Agreement or the Project, including without limitation, the payment of all attorneys' fees and other related costs and expenses however caused, regardless of whether the allegations are false, fraudulent, or groundless, and regardless of any negligence of the District or its officers, employees, or authorized volunteers (including passive negligence), except the sole negligence or willful misconduct or active negligence of the District or its officials, officers, employees, or authorized volunteers. SDGE's obligation to indemnify, defend and hold harmless shall survive the expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by District, its elected officials, officers, employees, or agents.

10. Termination.

(a) District and SDGE shall each have the right to terminate this Agreement at any time, with or without cause, by giving not less than sixty (60) days' written notice of termination to the other Party. The date specified in the notice of termination that is sixty (60) days or more from the date of the notice is referred to herein as the "Termination Date".

11. In the event of termination, the District shall use the remaining funds contained in the Payment Account to satisfy any and all Construction Costs and District Costs, including, without limitation, those costs to properly complete that phase or segment of the Project, and any and all fees charged by contractors and consultants as a result of termination of the Project performed prior to the Termination Date ("Termination Fees"). To the extent that the Payment Account does not contain sufficient funds to satisfy Construction Costs, District Costs, and Termination Fees incurred by the District prior to the Termination Date, SDGE shall be responsible for reimbursing the District for all Construction Costs, District Costs, and Termination Fees. The District shall prepare and tender to SDGE final payment requests not later than thirty (30) days following the Termination Date.

12. Notices. All notices permitted or required under this Agreement shall be deemed made when delivered to the applicable Party's representative as provided in this Agreement. Such notices shall be mailed or otherwise delivered to the addresses set forth below, or at such other addresses as the respective Parties may provide in writing for this purpose:

DISTRICT:
Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 92004
Attn: [INSERT NAME AND TITLE]

SDGE:
San Diego Gas & Electric
[INSERT ADDRESS]
Attention: [INSERT CONTACT]

Such notice shall be deemed made when personally delivered, upon fax confirmation of the sender, or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, certified mail, return receipt requested, to the party at its applicable address.

13. Assignment. Neither Party may assign or transfer its respective rights or obligations under this Agreement without the express written consent of the other Party. Any purported assignment or transfer by one Party without the express written consent of the other Party shall be null and void and of no force or effect.

14. Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement, which shall be interpreted to carry out the intent of the parties hereunder.

15. Survival. All rights and obligations hereunder that by their nature are to continue after any expiration or termination of this Agreement, shall survive any such expiration or termination.

16. Governing Law; Attorneys' Fees. In the event any action is commenced to enforce or interpret any term or condition of this Agreement, in addition to costs and any other relief, the prevailing party shall be entitled to its reasonable attorneys' fees, expert fees and other reasonable costs of defense. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Diego County.

17. Authority to Enter into Agreement. The Parties warrant that they have all requisite power and authority to execute and perform this Agreement. Each person executing this Agreement on behalf of their Party warrants that he or she has the legal power, right, and authority to make this Agreement and bind his or her respective Party.

18. Third Party Beneficiaries. There are no third-party beneficiaries to this Agreement.

19. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

20. Integration. This Agreement represents the entire understanding of the Parties as to those matters contained herein, and supersedes and cancels any prior oral or written understanding, promises, or representations with respect to those matters covered hereunder. This integrated Agreement may not be modified or altered except in writing signed by both Parties hereto.

21. Severability and Waiver. The unenforceability, invalidity, illegality, or unconstitutionality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid, illegal, or unconstitutional. Waiver by any Party of any portion of this Agreement shall not constitute a waiver of any other portion thereof.

SIGNATURE PAGE FOR REIMBURSEMENT AGREEMENT
BETWEEN THE BORREGO WATER DISTRICT
AND SAN DIEGO GAS & ELECTRIC

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the *****INSERT DAY***** day of *****INSERT MONTH*****, 20120.

BORREGO WATER DISTRICT

SAN DIEGO GAS & ELECTRIC

By: _____ By: _____
[INSERT NAME]
[INSERT TITLE] Its: _____

Printed Name: _

ATTEST:

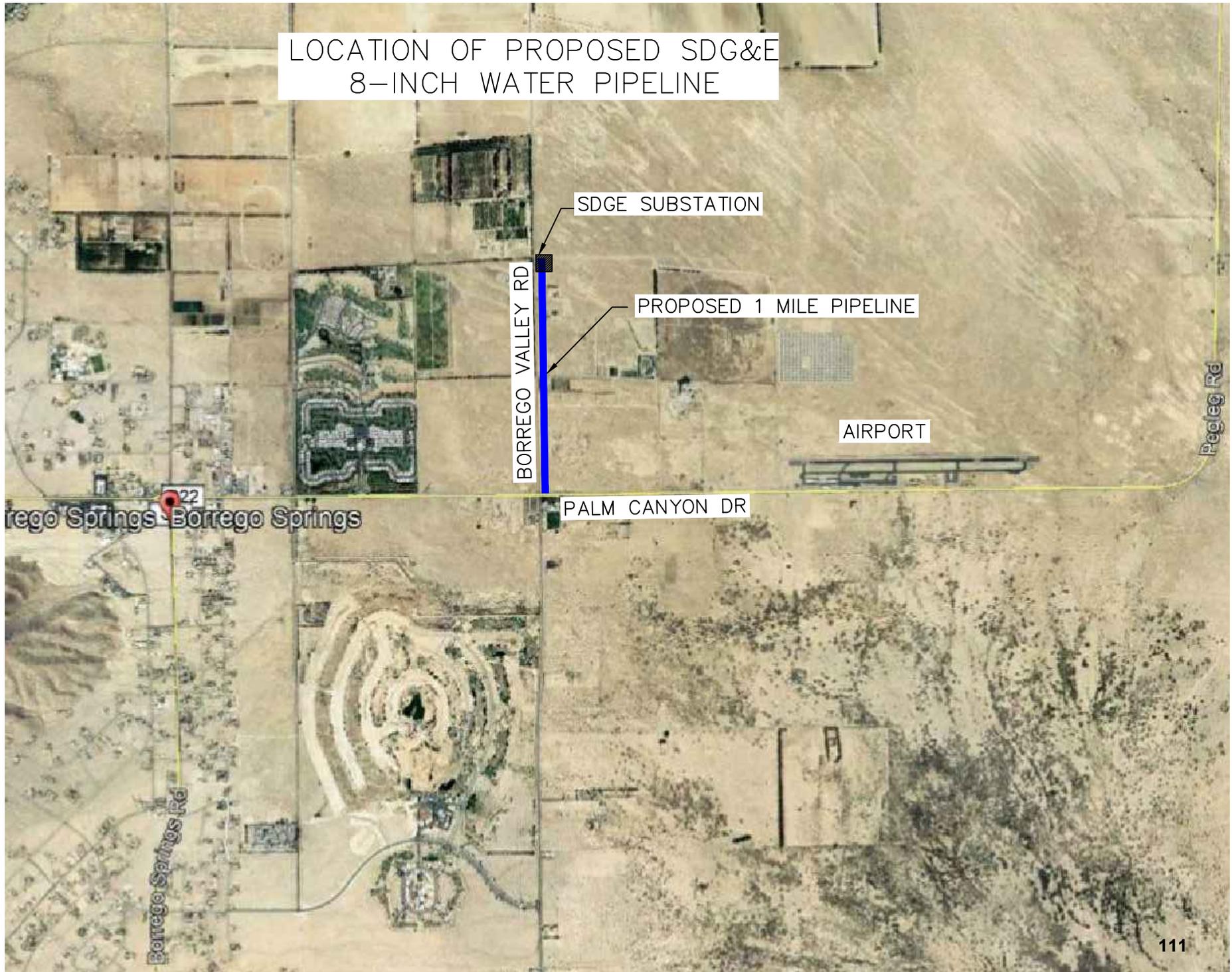
By: _____
Board Clerk

EXHIBIT A

DEPICTION OF 8" WATER LINE EXTENSION PROJECT

[to be inserted]

LOCATION OF PROPOSED SDG&E
8-INCH WATER PIPELINE



SDGE SUBSTATION

PROPOSED 1 MILE PIPELINE

AIRPORT

BORREGO VALLEY RD

PALM CANYON DR

222

Borrego Springs Borrego Springs

Borrego Springs Rd

Pedregal Rd

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
DECEMBER 8, 2020
AGENDA ITEM II.E

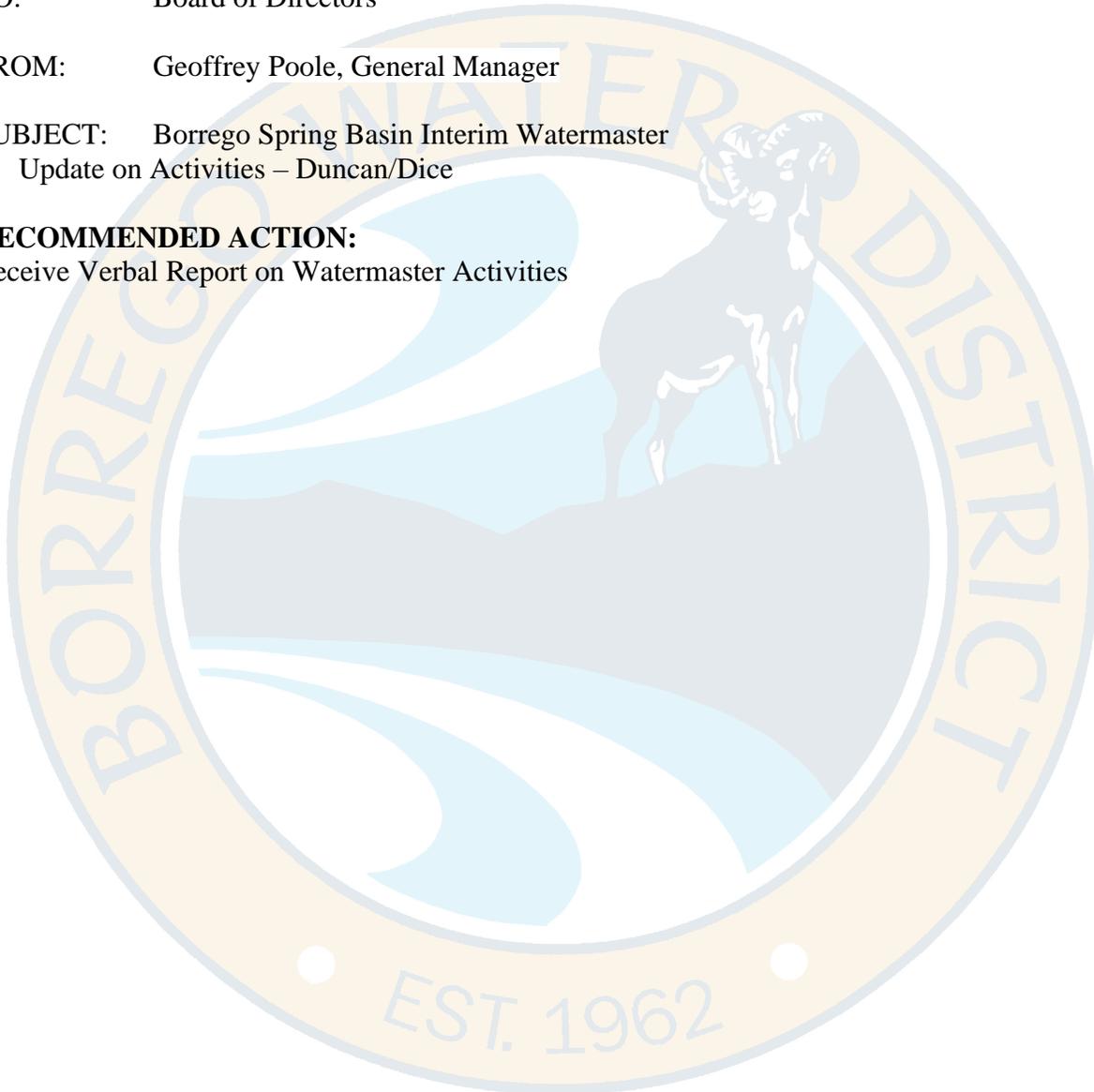
December 3, 2020

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Borrego Spring Basin Interim Watermaster
1. Update on Activities – Duncan/Dice

RECOMMENDED ACTION:
Receive Verbal Report on Watermaster Activities



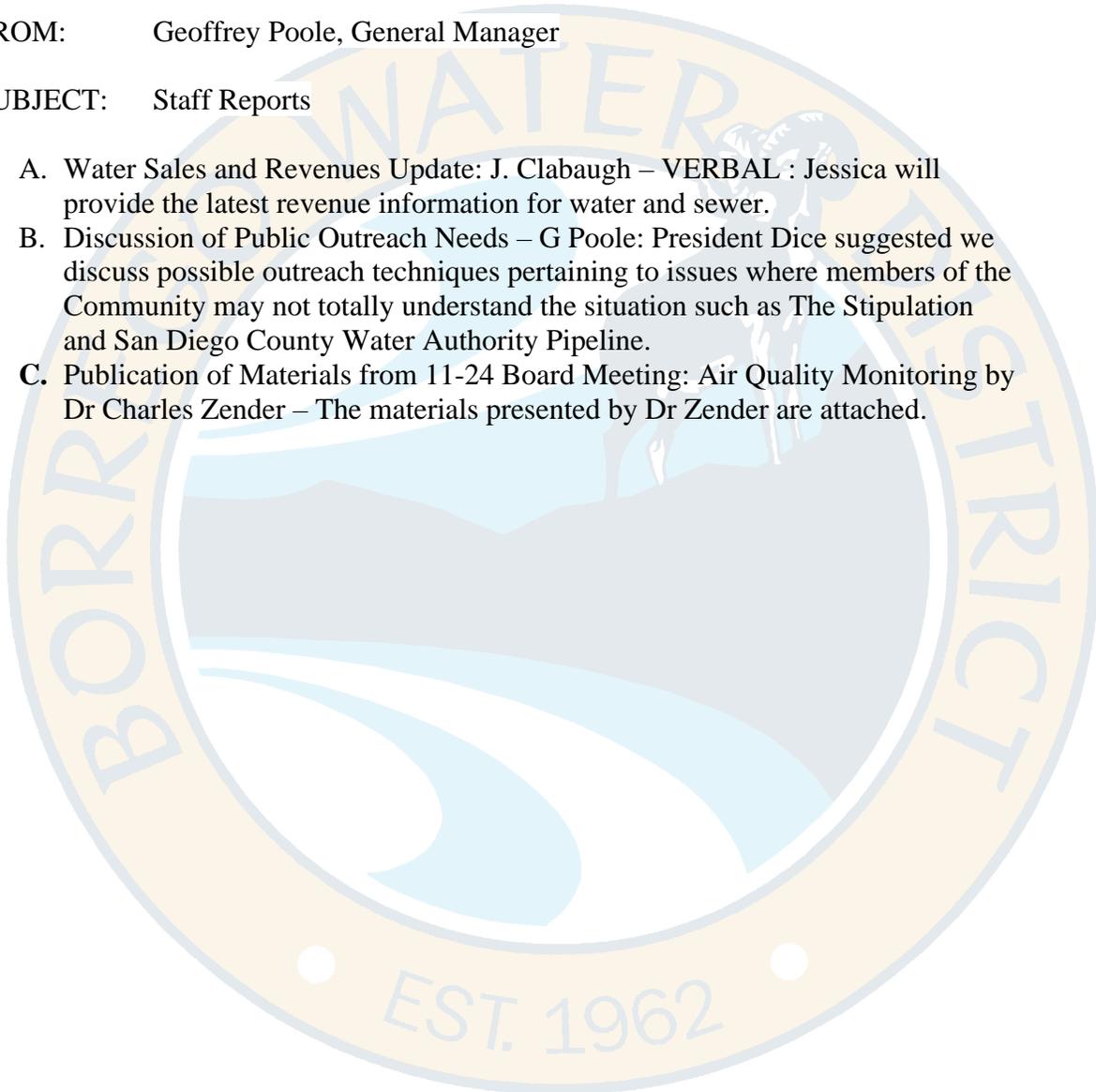
BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
DECEMBER 8, 2020
AGENDA ITEM III

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Staff Reports

- A. Water Sales and Revenues Update: J. Clabaugh – VERBAL : Jessica will provide the latest revenue information for water and sewer.
- B. Discussion of Public Outreach Needs – G Poole: President Dice suggested we discuss possible outreach techniques pertaining to issues where members of the Community may not totally understand the situation such as The Stipulation and San Diego County Water Authority Pipeline.
- C. Publication of Materials from 11-24 Board Meeting: Air Quality Monitoring by Dr Charles Zender – The materials presented by Dr Zender are attached.



Borrego air quality summary

— BWD board meeting —
2020-11-24

Stations



Table 1. NAAQS and CAAQS in comparison to Borrego Springs, CA particulate matter data.

Station (Reporting period)	Particle size	Timescale	NAAQS/ CAAQS	Standards	Target ($\mu\text{g}/\text{m}^3$)	Borrego Station	
Anza-Borrego Desert Research Station (3/31/2016– 11/19/2020)	PM2.5	24-hr	National	98th percentile, averaged over 3 years		35 $\mu\text{g}/\text{m}^3$	9.3 $\mu\text{g}/\text{m}^3$ (3-year)
		Annual	National	Annual mean, averaged over 3 years	Primary	12 $\mu\text{g}/\text{m}^3$	2.3 $\mu\text{g}/\text{m}^3$ (3-year)
					Secondary	15 $\mu\text{g}/\text{m}^3$	
			Californian	Annual mean		12 $\mu\text{g}/\text{m}^3$	2.6 $\mu\text{g}/\text{m}^3$ (2020)
Elementary School (4/18/2016– 11/19/2020)	PM2.5	24-hr	National	98th percentile, averaged over 3 years		35 $\mu\text{g}/\text{m}^3$	8.9 $\mu\text{g}/\text{m}^3$ (3-year)
		Annual	National	Annual mean, averaged over 3 years	Primary	12 $\mu\text{g}/\text{m}^3$	3.1 $\mu\text{g}/\text{m}^3$ (3-year)
					Secondary	15 $\mu\text{g}/\text{m}^3$	
			Californian	Annual mean		12 $\mu\text{g}/\text{m}^3$	3.8 $\mu\text{g}/\text{m}^3$ (2020)

Clark Dry Lake (8/22/2016–11/19/2020)	PM10	24-hr	National	Daily average not to be exceeded 150 µg/m ³ more than one day per year on average over 3 years	1 day	0 days (3-year)
			Californian	Daily mean	50 µg/m ³	13.1 µg/m ³ (2020 max)
			Annual	Californian	Annual mean	20µg/m ³
Viking Ranch (4/25/2016–11/19/2020)	PM10	24-hr	National	Daily average not to be exceeded 150 µg/m ³ more than one day per year on average over 3 years	1 day	0 days (3-year)
			Californian	Daily mean	50 µg/m ³	29.7 µg/m ³ (2020 max)
			Annual	Californian	Annual mean	20µg/m ³
Wilcox Well (4/15/2016–11/19/2020)	PM10	24-hr	National	Daily average not to be exceeded 150 µg/m ³ more than one day per year on average over 3 years	1 day	0 days (3-year)
			Californian	Daily mean	50 µg/m ³	28.6 µg/m ³ (2020 max)
			Annual	Californian	Annual mean	20µg/m ³

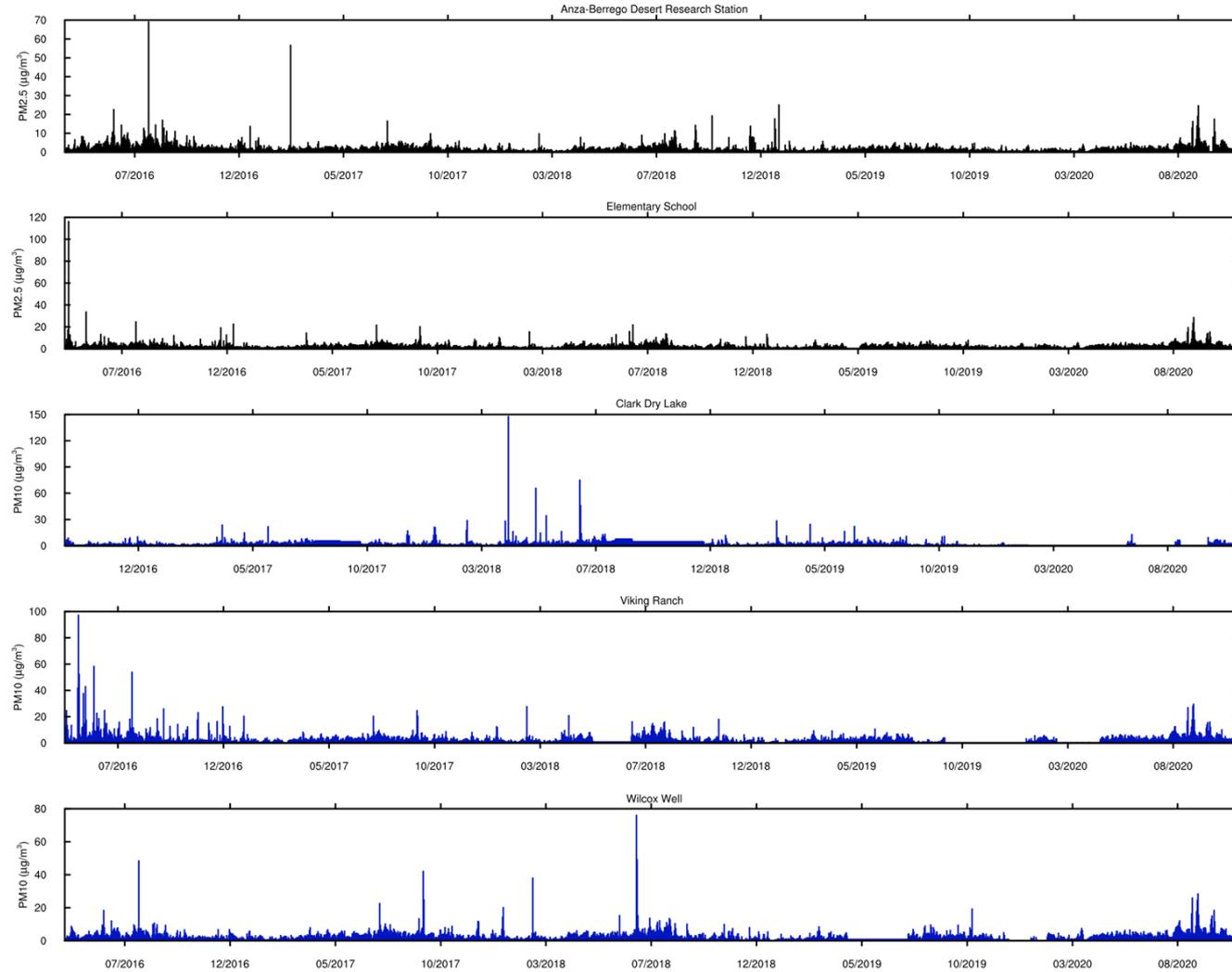
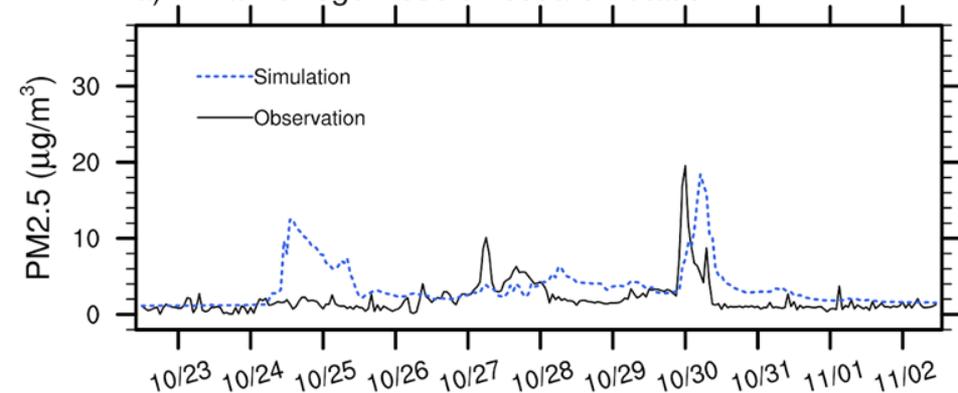


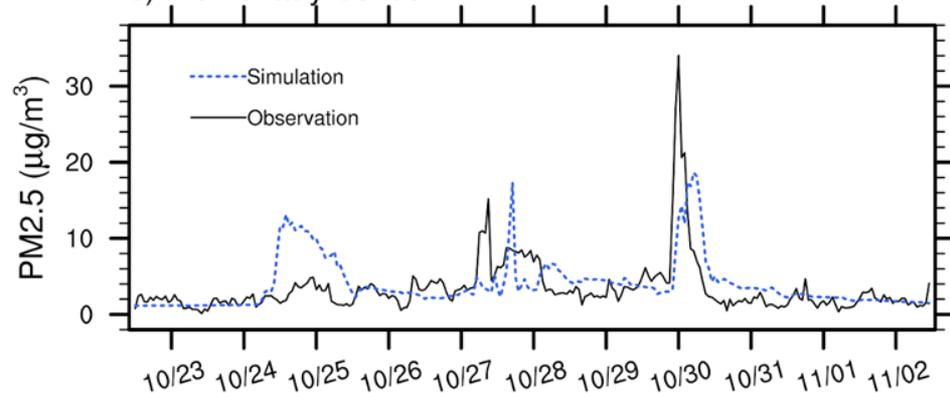
Figure 1: Daily-averaged particulate matter concentration from the five stations in Borrego Springs, CA. Stations measuring PM2.5 are plotted in black. Stations measuring PM10 are plotted in blue.

Observations vs. Simulations

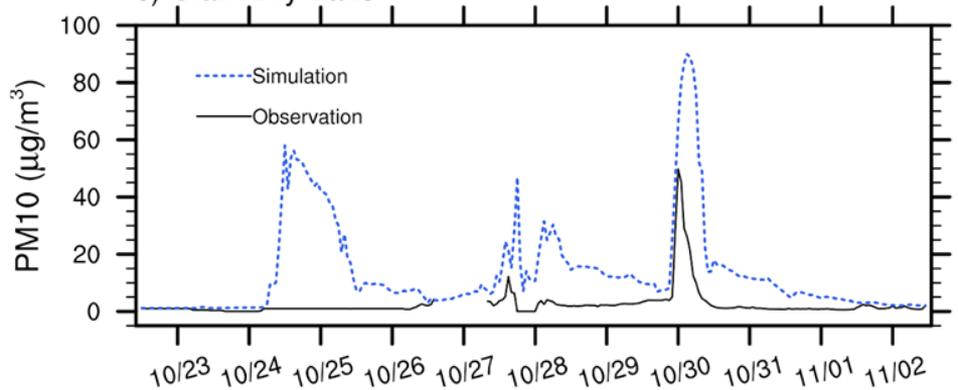
a) Anza-Berrego Desert Research Station



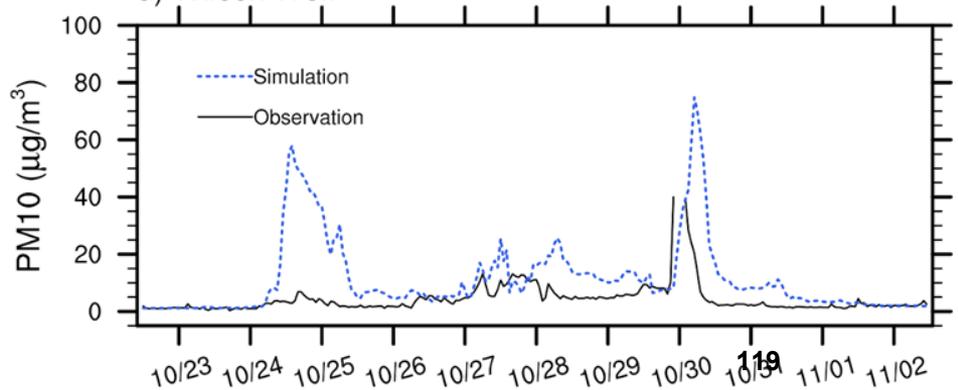
b) Elementary School



c) Clark Dry Lake

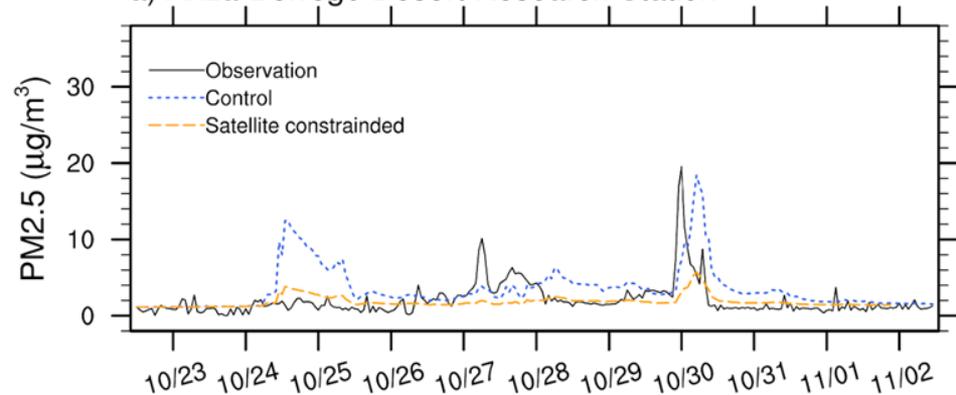


d) Wilcox Well

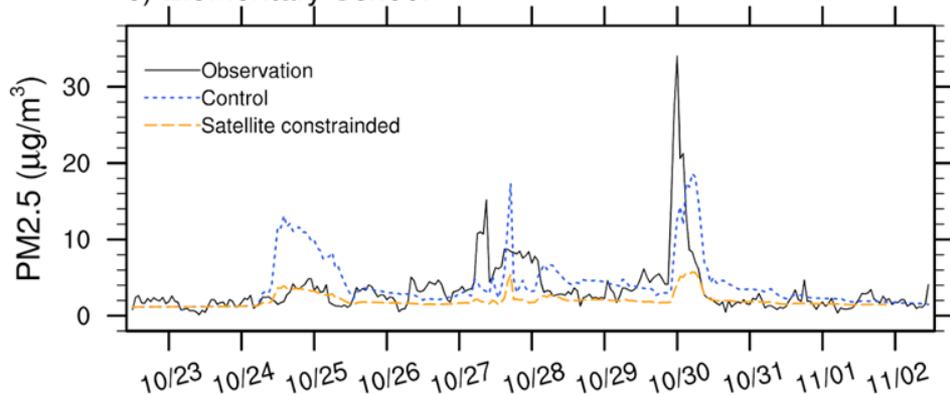


Observations vs. Simulations

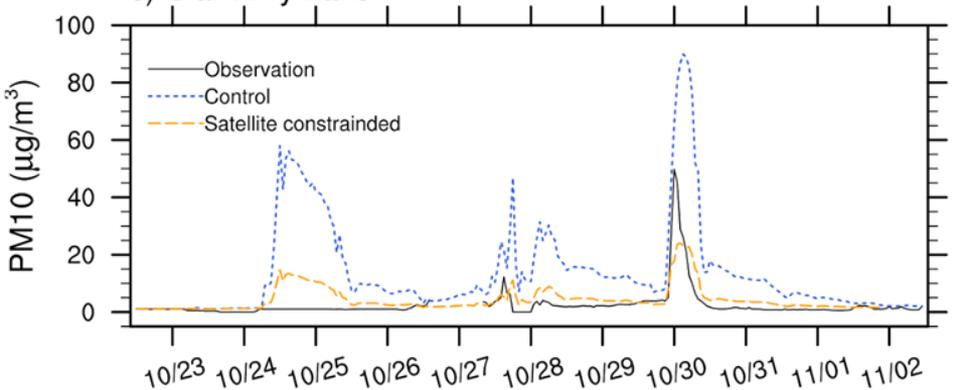
a) Anza-Berrego Desert Research Station



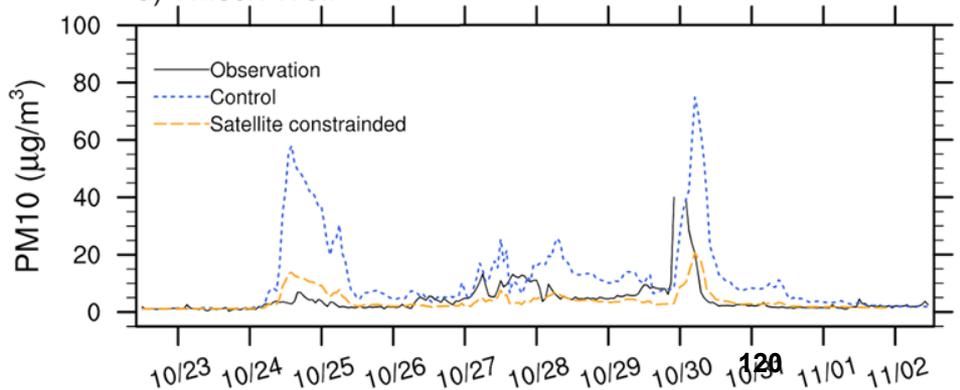
b) Elementary School



c) Clark Dry Lake



d) Wilcox Well



Hypothesized source regions

Where is local dust likely originating?

