

Borrego Water District Board of Directors
Regular Meeting
April 26, 2017 @ 9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A. Call to Order
- B. Pledge of Allegiance
- C. Roll Call
- D. Approval of Agenda
- E. Approval of Minutes
 - 1. March 14, 2017 Special Board Meeting Minutes (3-6)
 - 2. March 22, 2017 Regular Board Meeting Minutes (7-9)
 - 3. March 29, 2017 Annual Town Hall Meeting Minutes (10-13)
- F. Comments from the Public and Requests for Future Agenda Items (limited to 3 minutes)

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

- A. Approve the Legislative Committee (Directors Brecht & Ehrlich) to retain a Municipal Advisor for the purpose of developing "Interim Debt Management Policies" for BWD under Government Code Section 8855(i)(1) for a report to the California Debt Investment and Advisory Commission (CDIAC) required for the District to issue CFD 2017-01 bonds. – L. Brecht (14)
- B. Discussion of Groundwater Management Expenses for 2017-2018 (15-16)
- C. Award project to the lowest responsive bidder and authorize Staff and O and I Committee to develop Contract documents with Legal Counsel – D Dale (17-29)
- D. Sustainable Groundwater Management Act Reduction Period – L. Brecht (30-33)

III. AD-HOC BOARD COMMITTEES (34-40)

- A. Executive – Hart & Brecht
- B. Finance – Brecht & Tatusko
- C. Operations and Infrastructure – Delahay & Tatusko
- D. Personnel – Hart & Ehrlich
- E. Public Outreach – Delahay & Ehrlich
- F. Legislative – Brecht & Ehrlich
- G. Risk Management – Tatusko & Ehrlich
 - 1. Cyber Security Information – J. Tatusko

IV. STAFF REPORTS

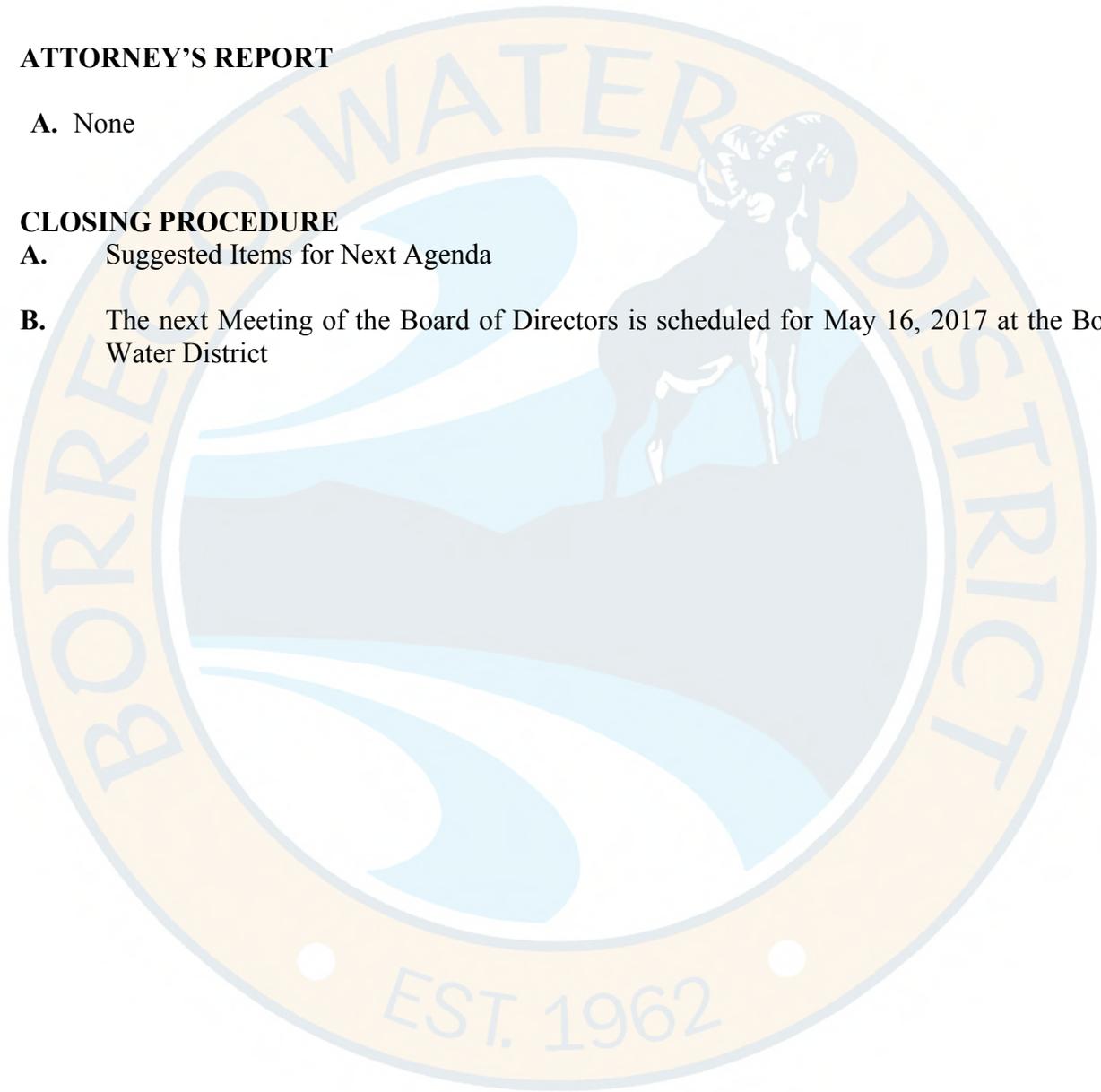
- A.** Financial Reports – March 2017 (41-50)
- B.** Water and Wastewater Operations Report – March 2017 (51)
- C.** Water Production/Use Records – March 2017 (52)
- D.** General Manager (53)
 - 1. BWD Website Update, Verbal
 - 2. CFD 2017 Update, Verbal

V. ATTORNEY’S REPORT

- A.** None

VI. CLOSING PROCEDURE

- A.** Suggested Items for Next Agenda
- B.** The next Meeting of the Board of Directors is scheduled for May 16, 2017 at the Borrego Water District



**Borrego Water District
MINUTES
Special Meeting of the Board of Directors
Tuesday, March 14, 2017
9:00 AM
806 Palm Canyon Drive
Borrego Springs, CA 92004**

I. OPENING PROCEDURES

- A. Call to Order: President Hart called the meeting to order at 9:00 a.m.
- B. Pledge of Allegiance: Those present stood for the Pledge of Allegiance.
- C. Roll Call: Directors: Present: President Hart, Vice-President Brecht,
Secretary/Treasurer Tatusko, Delahay,
Ehrlich

 Staff: Geoff Poole, General Manager
 Greg Holloway, Operations Manager
 David Dale, District Engineer
 Wendy Quinn, Recording Secretary

 Public: Wendy Basara Trey Driscoll, Dudek
 Warren Diven, Best, Best Becky Holeman, T2/Rams Hill
 and Krieger Debbie Riley, T2/Rams Hill
- D. Approval of Agenda: **MSC: Brecht/Ehrlich approving the Agenda as written.**
- E. Comments from the Public and Requests for Future Agenda Items: None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

A. Closed Session (if Necessary) Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: A closed session was not necessary at this time.

Initiation of Proceedings to Consider the Formation of the Borrego Water District Community Facilities District No. 2017-1: Warren Diven, BWD Bond Counsel (Best, Best and Krieger LLP), announced that he would be asking the Board to approve the first steps in restructuring its Community Facilities District 2007-1 bonds and settling the pending foreclosure litigation. He reported he had met several times with the Considine Family Foundation, property owner, and Taussig and Associates, CFD administrator.

1. Settlement Agreement: Mr. Devin explained that the outstanding bonds would be restructured by issuing two series of bonds. The Series 2017A Bonds would be secured by 66 privately owned, residential lots; and 21 residential lots owned by T2 Borrego. The term would be equal to that of the current bonds, and the principal amount of the refunding bonds plus interest would be no more than the outstanding amount plus interest on the bonds being refunded. The property owners' taxes would not be increased. For the Series 2017B Bonds, an overlay CFD is proposed. This is a new CFD covering all property in the existing CFD except that covered by the Series 2017A Bonds.

The Settlement Agreement provides that Considine would waive certain unpaid taxes and will bear the cost of issuing both series of bonds. The District would not pledge any of its funds to debt service for either bond series. They would be secured solely by taxes levied in the new CFD. The new CFD and the bonds issued will be through a private sale, held by the Considine Family Foundation. The benefits to the District are that the special taxes and the bond default will be cleared.

Acting as the Board of Directors of the Borrego Water District and the Board of Directors of Community Facilities District 2007-1, MSC: Brecht/Ehrlich approving the Settlement Agreement between the Considine Parties and the Borrego Water District, for and on behalf of itself and CFD 2007-1. Director Tatusko recused himself because he owns property within 500 feet of the subject property.

2. Resolution of the Board of Directors of the Borrego Water District Adopting a Map Showing the Boundaries of the Territory proposed to be Included in Borrego Water District Community Facilities District No. 2017-1: Mr. Diven reiterated that the new CFD 2017-1 would include all property within CFD 2007-1 except the 87 lots subject to the Series 2017A Bonds. ***MSC: Brecht/Ehrlich adopting Resolution No. 2017-03-02, Resolution of the Board of Directors of the Borrego Water District Adopting a Map Showing the Boundaries of the Territory Proposed to be Included in Borrego Water District Community Facilities District No. 2017-1. Director Tatusko recused himself.***

3. Resolution of the Board of Directors of the Borrego Water District, Declaring its Intention to Establish Borrego Water District Community Facilities District No. 20187-1. Rate and method of apportionment of the special tax for CFD No. 2017-1 attached to Resolution: Mr. Diven explained that this resolution would also set the time and place for a public hearing on April 18. ***MSC: Brecht/Ehrlich adopting Resolution No. 2017-03-03, Resolution of the Board of Directors of the Borrego Water District Declaring its Intention to Establish Borrego Water District Community Facilities District No. 2017-1. Director Tatusko recused himself.***

4. Resolution of the Board of Directors of the Borrego Water District Declaring the Necessity to Incur a Bonded Indebtedness for Community Facilities District No. 2017-1 to be Secured by Special Taxes Levied Therein: Mr. Diven explained that the CFD 2007-1 bonds would be discharged upon formation of CFD 2017-1. He will combine the public hearing on this matter with that set by the previous resolution and work with Geoff Poole to prepare the notice. ***MSC: Brecht/Ehrlich adopting Resolution No. 2017-03-04, Resolution of the Board of Directors of the Borrego Water District Declaring the Necessity to Incur a Bonded Indebtedness for Community Facilities District No. 2017-01 to be Secured by Special Taxes Levied Therein. Director Tatusko recused himself.***

Wendy Basara addressed the Board on behalf of the Mesquite Trails development, which was initiated by her late father. She is working to resurrect the project.

B. Plans and Specifications for 900 Tank Project: David Dale requested Board approval to put the 900 Tank project out to bid. Minor modifications to the plans and specifications were made this week at the request of legal counsel and others. The latest cost estimate is \$575,000. Mr. Poole noted that Morgan Foley had made some changes to the Claims section on Board Package pages 159 through 161, and the specifications should be adopted with those amendments. Director Ehrlich stated that he had made some technical changes which were not included in the Board package, but Mr. Dale assured him they had been made in the original. Director Tatusko asked Mr. Poole to arrange to show the proposed paint color to the Rams Hill Homeowners Association and ensure that they approve. ***MSC: Tatusko/Ehrlich approving the plans and specifications for the 900 Tank as amended and authorizing staff to publish and begin the bidding process.***

C. Clarification of Policy for Water and Sewer Service to New Developments: Mr. Poole reported that due to recent requests for new meters, he had been working with Greg Holloway and Kim Pitman on the District's policy and proposed some updates. The fundamental change relates to water credits on page 174 of the Board Package. The credits are due upon purchase of a new water meter. Some rates and charges were revised. Mr. Holloway suggested the policy be reviewed annually. Trey

Driscoll suggested an annual audit of outstanding water credits to determine how many exist and whether the land is still fallowed. He had heard that some was not. President Hart asked him to provide the information to Mr. Poole. **MSC: *Brecht/Tatusko approving the staff recommendations to clarify the New Development Policy.***

D. Endorsement of Candidates for ACWA/JPIA Board/Executive Committee: Director Ehrlich, as a representative to the ACWA/JPIA Executive Committee, requested Board concurrence in the nomination of three candidates for the Committee. He knew them and felt they were all qualified. **MSC: *Brecht/Delahay adopting a Resolution concurring in the nomination of Fred Adjarian, Paul Dorey and Kathleen Tiegs for the ACWA/JPIA Executive Committee.***

III. INFORMATIONAL ITEMS

A. Summary of March 6th GSP Advisory Committee Meeting: Mr. Poole reported that the first meeting of the GSP Advisory Committee dealt primarily with procedural issues, including the Brown Act and proposed Bylaws.

B. 2017 Town Hall Logistics: Mr. Poole announced that he had secured the Performing Arts Center for the Town Hall Meeting on March 29, 4:00 to 5:30. Director Brecht reported that he had changed the title of his presentation to “Economics, SGMA, District Finances and Water Rates.” Mr. Holloway agreed to display a banner advertising the meeting in front of the District office and, on the day of the meeting, in front of the Center. President Hart asked to give her closing comments before the questions and answers. She offered to work with Mr. Poole on procedures for the questions and answers. Lastly, President Hart recommended changing the title of the meeting to “2017 Borrego Water District Town Hall Meeting.” Director Tatusko stated that he would like to make a presentation and would present it to Directors Delahay and Ehrlich in advance for review.

C. Risks to SGMA: Director Brecht noted that his summary on this item was not in the Board Package. He suggested that the entire Package be reviewed by the Board on the Thursday prior to each meeting. Director Brecht reported that changes are being proposed to the federal Clean Water Act and Safe Drinking Water Act which would dilute their impact and delegate some of their powers to the states. SGMA only exists in California and depends on these federal Acts to be effective. DWR, ACWA and the State Legislature are working to prevent potential problems, and Director Brecht suggested providing letters of support. Director Ehrlich will work with Mr. Poole to contact the appropriate people on the ACWA Task Force.

D. Directors Sexual Harassment Prevention Webinar – April 2 and 6, 2017: President Hart asked Mr. Poole to arrange for the Directors and Managers to participate in one of these webinars at the District office.

E. Update Depth Dependent Water Quality Sampling: Mr. Poole reported that he, Directors Tatusko and Delahay, and Messrs. Holloway, Dale and Driscoll had a conference call with USGS last week regarding depth dependent water quality sampling at Well 12. Each year, well efficiency is tested and Mr. Holloway decides if it needs to be rehabilitated. This test will be performed on Well 12 at the end of March. Technical questions remain regarding the depth dependent sampling, such as where to place the equipment, how long to sample, and where to put the water when the well is emptied. Once we know how Well 12 is performing and decide whether to rehab it, discussions with USGS will continue regarding the technical issues. Mr. Driscoll suggested investigating alternative wells, so as plans are proceeding for Well 12, other locations are being reviewed (perhaps monitoring wells or private wells). President Hart suggested Bill Wright’s well, and Mr. Driscoll agreed to look into it.

F. Plan of Action: Risk Management Analysis: Mr. Poole reported staff had met on the subject and would report at the next meeting.

G. BWD Event/Planning Calendar: Mr. Poole invited the Board's attention to the new format for the planning calendar. President Hart inquired about the status of the Club Circle Golf Course agreement, and Mr. Poole agreed to check into it.

IV. CLOSED SESSION – Anticipated Litigation

A. Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9 (1 case): The Board adjourned to closed session at 10:35 a.m., and the open session reconvened at 11:00 a.m. There was no reportable action.

V. CLOSING PROCEDURE

A. Suggested Items for Next/Future Agenda: The future agenda items were discussed earlier in the meeting.

B. The next Meeting of the Board of Directors is scheduled for March 22, 2017 at the Borrego Water District: There being no further business, the Board adjourned at 11:00 a.m.

explained that some wells will need to be replaced in the next few years, and water quality will help to determine where the replacement wells should be located.

David Dale reported he had asked Mr. Driscoll to submit a proposal for a review of the Wilcox Tank water quality, and he is working on it.

B. Discussion of upcoming CIP projects costing over \$100,000: Mr. Poole reported that Director Brecht had requested input from the Operations and Infrastructure Committee on upcoming CIP projects costing over \$100,000. Mr. Poole suggested Board discussion prior to referring the matter to the Committee. Director Brecht suggested seeking grants or loans for some of the larger projects, being mindful of the cash flow. Director Tatusko pointed out that some smaller projects could be lumped together in one grant/loan application. He agreed to prepare a report for the next Regular Meeting.

Mr. Dale noted that the big issue for the next few years is the Wilcox Tank. If that is not feasible, what are the alternatives? Mr. Driscoll will be addressing this in his proposal.

C. Assignment of GPCD Reduction Plan development to a BWD Board Committee: Mr. Poole reported that he and Director Brecht had been discussing Gallons per Capita per Day, or typical residential water use. Director Brecht explained that he wanted to reduce the impact of rate increased on the customers, and thought there were some problems with the water credit system relative to the GSP. He wanted to consider some sort of reward or penalty for water use levels. President Hart asked Director Ehrlich and Mr. Poole to work on this issue, and Director Tatusko suggested meeting with local homeowners' associations.

D. Risk Management Analysis: Plan of Action: Mr. Poole reported he was continuing to work with the Risk Management Committee and should begin reporting to the Board in May.

III. AD-HOC BOARD COMMITTEES

A. Executive: President Hart reported that the Committee heard a report from Mr. Hall on the possibility of using charitable funds to reduce agriculture.

B. Finance: Director Brecht reported that the Committee was considering replacement of the District's investment banker.

C. Operations and Infrastructure: Director Delahay reported that the Committee participated in a conference call with USGS. Director Tatusko reported that the Committee was waiting for legal review of the new solar contract. Two bids were received for the wastewater treatment plant upgrades, and the Committee will review them later today.

D. Personnel: No report.

E. Public Outreach: Director Tatusko reported that he and Mr. Poole made a presentation to a naturalist club at Rams Hill.

F. Legislative: Director Ehrlich reported on some legislative proposals that could affect the District. One would require all payments to contractors to be listed on the District website within ten days, and another would extend the impact of an architect's errors and omissions immunity for contract amendments. It is unclear whether the latter legislation would affect engineers.

Director Ehrlich pointed out that per a recent appellate court decision, any communication related to District business, even if it is on one's personal e-mail, is subject to the Public Records Act. Mr. Poole suggested that Board members have a BWD e-mail address for District business. Greg Holloway thought they had already been set up. He will look into it and provide the necessary information to the Board.

G. Risk Management: No report.

IV. STAFF REPORTS

A. Financial Reports – February 2017: Kim Pitman reported that water use was down approximately 10,000 units as compared to this time last year. The financial projections are acceptable, but less than expected has been spent on the CIP. Mr. Holloway reported that only one major project remains this year, the pipeline on T Anchor. Ms. Pitman reported she was working on the cash flow and budget and needed to meet with the Operations and Infrastructure Committee. She will bring a draft budget to the workshop on April 18, a total budget package and CIP to the Board on April 26, and request Board approval on May 24.

B. Water and Wastewater Operations Report – November 2016 – February 2017: Mr. Dale reported he had sent the 900 Tank RFP to five contractors.

C. Water Production/Use Records – November 2016 – February 2017: Mr. Holloway explained that in November, and water use was hand-entered into the system. In December the data was read into the new system for the first time, but it malfunctioned, so again was entered manually. This also affected the January readings.

D. General Manager:

a. BWD Website Update: Mr. Poole reported that the website was still under development with the help of Borrego Springs High School students. He will keep the Board advised as additions are made.

b. Risks to SGMA (Information that should have accompanied the 3-14 Agenda): This item was inadvertently omitted.

c. Town Hall Agenda Review: Director Brecht requested that Agenda Item 3 be deleted.

d. Purchase of Tablets for BWD Board Agenda Update: Mr. Poole reported that the tablets had arrived, and between now and the next meeting he would coordinate a training session. Training on the BWD e-mail addresses can also be included. Mr. Holloway asked any Directors who are already able to access their BWD e-mail to send him their passwords.

e. Sexual Harassment Training: Mr. Poole requested that Board and staff members wanting to participate in the mandatory sexual harassment training at the District office let him know their schedule preference. Directors Delahay and Tatusko requested May 2.

f. 2017-18 Budget Development Schedule: This was covered during the Financial Reports.

g. CFD 2017 Schedule of Future Actions/Milestones: Mr. Poole invited the Board's attention to a draft schedule in the Board Package.

V. ATTORNEY'S REPORT

None

VI. CLOSING PROCEDURE

A. Suggested Items for Next Agenda: These were covered during previous discussions.

B. The next Meeting of the Board of Directors is the Town Hall Meeting, scheduled for March 29, 2017 at the Performing Arts Center. The next Special Meeting of the Board of Directors is scheduled for April 18, 2017 at the Borrego Water District.

There being no further business, the Board adjourned at 11:00 a.m.

**Borrego Water District Board of Directors
Special Meeting
Wednesday, March 29, 2017, 4:00 p.m.
Performing Arts Center, 590 Palm Canyon Drive
Borrego Springs, CA 92004**

2017 Borrego Town Hall Minutes

I. OPENING PROCEDURES

A. Call to Order: President Hart called the meeting to order at 4:05 p.m.

B. Pledge of Allegiance: In the absence of a flag, the Pledge of Allegiance was dispensed with.

C. Roll Call: Directors: Present: President Hart, Vice-President
Brecht, Secretary/Treasurer Tatusko,
Delahay, Ehrlich

Staff: Geoff Poole, General Manager
Wendy Quinn, Recording Secretary

<u>Public:</u>	Dick Walker	Trey Driscoll, Dudek
	Dan Jellis	Marshal Brecht
	Jim Wermers	Janet Brecht
	Anne Wermers	Gary Haldeman
	Kay Levie	Judy Haldeman
	John Peterson	Diane Johnson
	Betsy Knaak, ABDNHA	Dave Duncan
	Sandy Thomsen	John Delaney
	Jan Krasowski	Mary Delaney
	Bob Krasowski	Suzanne Laurence
	Susan Percival, Club Circle	Elizabeth Rodriguez
	East, Mall, Center	Dick Troy
	Dave Otis	John Piskor
	Vincent Michel	Caroline Manilo
	Jim Wilson	Bruce Manilo
	Sara Lockett, Ocotillo Wells	Bill Berkley
	SVRA	

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

E. Comments from the Public and Requests for Future Agenda Items: This item was deferred to the end of the meeting.

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

A. Greetings and Introduction: Beth Hart. President Hart welcomed the attendees and introduced the Board members, staff present and Trey Driscoll of Dudek, GSP Consultant.

B. Sustainable Groundwater Management Act: J. Bennett/G. Poole. President Hart explained that Jim Bennett, County representative on the GSP Core Team, was unable to be here. Geoff Poole reviewed the history and requirements of SGMA, created in 2014 by three legislative bills and administered by the Department of Water Resources and the State Water Resources Control Board. SGMA requires development of a Groundwater Management Plan (GSP) to bring the Borrego Basin into sustainability, meaning there would be no undesirable results in six major sustainability indicators (groundwater levels, groundwater storage, degraded

water quality, subsidence, collected surface water and salt water intrusion). The last three are not significant in Borrego Springs.

Mr. Poole went on to explain the phases of the GSP, formation (done), plan development (in work), agency review, and implementation and reporting. The GSP must be complete by 2020, but we have until 2040 to implement it. During the implementation phase, updates and reports are due every five years. Mr. Poole introduced the members of the GSP Advisory Committee and invited the public to the next Committee meeting, April 10 at 10:00 a.m. at the Borrego Springs High School.

Components of the GSP include compiling and assessing existing data, developing programs for monitoring and data management, and examining water quantity and quality. Inflow and outflow should be balanced, and issues such as County land use policies and the water credit system need to be revisited. A court validation process will be included, and a communication plan will be developed.

Mr. Poole concluded by informing the attendees that the slides accompanying his presentation are available on the BWD and County websites, and those wishing to be included in the GSP distribution list should contact him. In addition, the public is welcome at all Advisory Committee meetings, and the Committee members welcome support from their respective constituents.

C. Economics of SGMA, Districts Finances/Rates: Lyle Brecht. Director Brecht pointed out that in the lifetimes of those here today, the basin has always been in overdraft. We are now faced with bringing it into sustainability by 2040. This task is neither unique nor difficult. Many basins throughout the world are addressing the same issue. SGMA will impact the District finances and water rates, but if we don't manage our groundwater, the cost could be in the billions. An important issue here is water quality, because as the aquifer declines and wells must drill deeper, added, expensive treatment will be required. This could affect future economic development. It is significant that the goal in developing the GSP is not only to achieve groundwater sustainability, but to do so with minimal undesirable effects to the community.

Director Brecht explained that the annual net withdrawals from groundwater will eventually need to be reduced by approximately 70 percent. Sustainability is basically an economic and land use problem. Water quality issues can drive the economy, and water quantity issues can drive land use. It is important *how* we reach sustainability. Our choices are to do nothing, use adversarial adjudication, or follow SGMA. Doing nothing is like running toward a cliff and hoping you don't fall off. Adjudication has been investigated, but it only addresses water rights, not water quality issues. SGMA is a more flexible and less expensive approach, but the District needs to work with the County on land use issues. If all pending upzoning requests are approved, it could cost the District \$2 million.

Director Brecht concluded by pointing out that the future is promising. Borrego's watersheds are protected by the State Park, and we have an active and involved community. Graphs illustrated the District's improved financial situation in the last seven years, as well as a comparison of BWD rates with neighboring districts, showing ours to be about in the middle.

D. Upcoming CIP Projects (900 Tank, WWTP etc...) – Joe Tatusko. On behalf of the Operations and Infrastructure Committee, Director Tatusko presented the District's mission statement, to provide safe drinking water and wastewater treatment. He reported that the Committee (he and Director Delahay), in addition to Mr. Poole, is assisted by Greg Holloway, David Dale and Kim Pitman. Year-to-date expenses are within the budget, and the Committee meets regularly to review the Capital Improvement Plan and near-term projects. They also consider grant and loan applications, and recently secured a grant to study the feasibility of

reclaiming wastewater for irrigation. Other applications are pending. The District has implemented a number of cost-saving programs, including installation of solar. Construction of a new “900 Tank” for water storage is underway, and will improve efficiency and replace a non-functional tank.

E. Update on BWD Water Consumption & Operations – G. Poole. Mr. Poole presented a graph showing municipal pumping since 1984. It has been reduced by 7.6 percent. He then reviewed the District’s newly formatted water bill, which includes a 13-month comparison of each customer’s water use. Lastly, he reported that the District’s website is being redesigned with the help of students from Borrego Springs High School’s computer and photography departments. Hopefully it will be completed in April.

F. Closing Comments – Beth Hart. President Hart summarized today’s presentations regarding the decisive action being taken to address the basin overdraft. She noted that the GSP Advisory Committee is being assisted by a professional facilitator funded by a DWR grant. It is hoped that the GSP will be in place in approximately two and a half years. Public involvement is important, not only to save water but to save the community. She urged those present to provide input to the Advisory Committee member representing their area of interest, and follow their progress on the BWD or County website. All BWD and Advisory Committee meetings are open to the public and attendance is encouraged. One of the community’s strengths is the ability of diverse groups to work together.

G. Written/Verbal Q and A – All. Mr. Driscoll read the written questions submitted by the audience. The first was from John Peterson, asking for a description of the water quality portion of the GSP. Mr. Driscoll explained that the County’s RFP for the GSP consultant contemplates a semi-annual sampling of the groundwater basin. A plan is currently being developed for the upper and middle aquifers in three management areas.

An anonymous question was whether, if BWD receives less water than it delivers, where will they get more and who will pay for it? Why did the District agree to the 70 percent cutbacks? Director Brecht explained that all customers must pay their fair share, and the municipality doesn’t have priority over other users in the basin.

Mary Delaney asked whether the District agreed to give farmers 70 percent of the safe yield. She quoted a Water Code provision that domestic use has the highest priority. Director Brecht replied that there is no case law providing that municipal use would be zero. If the District has excess water, it cannot sell it for irrigation purposes if it is needed by customers.

Diane Johnson inquired about the term “path dependent.” Director Brecht pointed out that there are different ways to reach a destination, and it is advantageous to take the most efficient path.

Rebecca Falk asked about the court validation portion of the GSP process. If the GSP is challenged in court, what happens if the plan is delayed past 2020? Director Brecht explained that 2020 is the deadline for the County and BWD to approve the GSP. The court validation relates to an already approved plan, and there is a 60-day limit within which to sue.

Verbal questions were accepted next. Suzanne Laurence spoke about the GSP and how we are going to define our community, particularly the economic aspects. Although there are approximately 3,000 year-around residents in Borrego Springs, 500,000 people visit us each year. When we look at the GSP as driving the community, she hoped we could embrace our function as a destination. Director Brecht noted that this is part of the issue the District is working on with the County. Visitors create revenue, and the GSAs are looking at how to include this in the GSP.

The next question related to the increasing cost of drinking water as the overdraft increases. Will the rates continue to rise as the overdraft continues? Director Brecht replied that

it is non-linear. The attendee then asked how much more the customers would have to pay because of water use by agriculture. Director Brecht explained that the overdraft has not yet been calculated into the rates, but the rates will not decrease, because the overdraft will eventually affect the costs. Land use decisions by the County are an issue, as well as potential declining water quality as the water table declines. His next concern was the lack of attendance at today's meeting by the agricultural community. Director Tatusko reiterated that all BWD and Advisory Committee meetings are public and all are welcome to attend. In response to the speaker's question about legal representation for the District in response to the farmers' counsel, Director Brecht replied that the District has water law attorneys and SGMA addresses legal issues.

Another attendee asked if the goal of SGMA is to stop the overdraft, who is going to pay for it? Director Brecht pointed out that after 2040, there will be no overdraft. Mr. Driscoll added that SGMA requires five-year reporting, so sustainability will be achieved gradually.

Ray Schindler observed that the 5,700 acre-feet per year current water consumption is shared among agriculture, golf and the BWD ratepayers. He noted that he is working with a ratepayers' group and welcomed more participation. He predicted that the District and golf courses would eventually have to purchase water from the farmers, which would be very expensive. Director Brecht asked Mr. Schindler to provide a legal opinion supporting his theory.

The next speaker pointed out that some areas do not allow any more development, and wondered if Borrego Springs has any control of our zoning. Director Brecht explained that pursuant to the GSA MOU between BWD and the County, the County maintains land use authority and the District has basin management authority. However, under SGMA, the County cannot do anything in the basin that limits or impacts the ability to meet groundwater standards. Therefore, the land use planning issue needs to be addressed.

Another participant alleged that much of the planning for SGMA was done in secret. Director Brecht reiterated that all BWD and Advisory Committee meetings are public. However, in the past, there were some Integrated Regional Water Management meetings that were not, as well as the Borrego Water Coalition. Neither the District nor the County has accepted BWC recommendations.

Elizabeth Rodriguez asked why the District no longer has a water conservation plan. Director Brecht pointed out that during the drought in 2015 they did, but the District lacked the police power to enforce it. In reality, individual water conservation measures don't do much to eliminate the overdraft.

The final speaker thanked the Board for spending time to communicate with the ratepayers. Mr. Poole reminded everyone to attend the next Advisory Committee meeting on April 10.

III. CLOSING PROCEDURE

A. Suggested Items for Next Agenda: None

B. The next Meeting of the Board of Directors is scheduled for April 18, 2-17 at the Borrego Water District: There being no further comments, the meeting was adjourned at 6:10 p.m.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – APRIL 26, 2017
AGENDA BILL II.A

TO: Board of Directors, Borrego Water District
FROM: Geoffrey Poole, General Manager
SUBJECT: Approve the Legislative Committee (Directors Brecht & Ehrlich) to retain a Municipal Advisor for the purpose of developing "Interim Debt Management Policies" for BWD under Government Code Section 8855(i)(1) for a report to the California Debt Investment and Advisory Commission (CDIAC) required for the District to issue CFD 2017-1 bonds.

RECOMMENDED ACTION:

Receive report from Director Brecht and direct staff accordingly

ITEM EXPLANATION:

As part of the CF 2017 proceedings, The California Debt Investment Advisory Commission (CDIAC) requires issuers to submit what is known as a Report of Proposed Debt Issuance that contains certain information pertaining to the proposed bond issue. Traditionally these reports are prepared by bond counsel on behalf of the issuer. Such report is submitted 30 days prior to the actual bond closing date, not the date on which the Board adopts the resolution authoring the issuance of the bonds. The bond closing date is always after the Board adopts the resolution authoring the issuance of the bonds.

Interim Debt Management Policies and other documents are needed as part of this process and Staff and the Legislative Committee (Brecht and Ehrlich) recommend hiring a Municipal Advisor to help with this process. This action is considered a cost of administration of the CFD 2017 bond issuance and staff intends to bill T2 for this expense.

FISCAL IMPACT: None

ATTACHMENTS: None

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – APRIL 26, 2017
AGENDA BILL II.B

April 19, 2017

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Discussion of Groundwater Management expenses for 2017-18

RECOMMENDED ACTION: Receive report from Director Brecht and provide input on any final changes

ITEM DESCRIPTION: Staff is requesting deferring the next round of budget discussions until the May 16th meeting. Staff, David Dale and the O and I Committee will also be ready to present the updated CIP on May 16th.

At the last meeting, a discussion occurred about the need to add a line item to next year's budget for Groundwater Management expenses. Since the last meeting, Staff and Director Brecht have discussed this issue and will be including placeholders for expected expenses. Staff and Director Brecht will be prepared to discuss and respond to questions about the current thoughts on where the funds would be expended at the April 26th meeting.

FISCAL IMPACT: TBD

ATTACHMENT: Memo from Director Brecht

FOR DISCUSSION PURPOSES ONLY - To Replace FY 2018 \$264,000 placeholder)

\$65,000 Legal (assumptions: draft GSP business projects list legal advice; 2-land transactions)

\$55,000 *Planning studies

\$_____ WQ Testing

\$_____ WQ Risk Management Assessment

\$_____ **CEQA (who pays for CEQA?)

\$_____ ***GPCD Reduction Plan

*Planning studies are necessary for building a land transfer model for potential developable lots, alternative uses for fallowed land, and restoring fallowed land to parkland. This something that will directly impact the District's finances and has little to do w/ the County's GSP work on changes to the Master Plan. That is, my idea is to come at the supply issue from two fronts: (1) adding new supply for the District's customer base: and (2) reducing future demand on supply requirements the District would need to provide for by 2040 under current zoning (a penny saved is often worth 3 pennies earned).

**My guess is that CEQA will be ~\$800,000+ line item, If this is something pumpers will contribute for, previous deal w/ pumpers is that District would cover costs from a cash flow basis as prime, contribute 40% and pumpers other than the District would reimburse 60% of costs over 5-years - so if that is how we do it, District will take a cash flow hit that we need to understand and plan for before FY 2019 budget.

***the District will need to either buy more supply or pay for end use efficiency measures. Question is if end use efficiency can efficiently and less expensively create water credits?

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – APRIL 26, 2017
AGENDA BILL II.C

TO: Board of Directors, Borrego Water District
FROM: David Dale, District Engineer
SUBJECT: Presentation and Discussion of Bid Results for the 900 Tank Replacement Project

RECOMMENDED ACTION:

Award project to the lowest responsive bidder and authorize Staff and O and I Committee to develop Contract documents with Legal Counsel

ITEM EXPLANATION:

For bidding purposes, the bids were sent out to six (6) tank manufacturers and builders. On 4/13/17, Borrego Water District received one (1) bid for the 900 Tank Replacement Project. Bids were opened at 2:00pm at the District office.

The one bidder is Superior Tank Co. Inc. This company completed the Country Club Tank (1 Million Gallon Capacity) in 1999. The tank was completed in a professional manner according to staff who were present at the time. The total bid is in the amount of \$500,000.00. The Engineer's Estimate for the total project is \$574,950, including all soft costs and contingencies (change orders). The total project costs are still estimated to be \$574,950 including all soft costs, with project contingency funds in the amount 5% of the project cost, or \$25,000.00.

It is important to move forward with this project, because Well #16 is unusable on a continual basis until the tank is constructed. If project is awarded, the next steps are to obtain the performance and the labor and material bonds, insurance and contract, all to be approved by District Counsel prior to signing the contract.

ATTACHMENTS:

Bid from Superior Tank Co, Inc.

Engineer's Estimate 3/13/17

Projected Project Cost Estimate 4/20/17



Contractor's License Detail for License # 472119

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

CSLB complaint disclosure is restricted by law (B&P 7124.6) If this entity is subject to public complaint disclosure, a link for complaint disclosure will appear below. Click on the link or button to obtain complaint and/or legal action information.
Per B&P 7071.17 , only construction related civil judgments reported to the CSLB are disclosed.
Arbitrations are not listed unless the contractor fails to comply with the terms of the arbitration.
Due to workload, there may be relevant information that has not yet been entered onto the Board's license database.

Data current as of 4/12/2017 2:25:08 PM

Business Information

SUPERIOR TANK CO INC
9500 LUCAS RANCH ROAD
RANCHO CUCAMONGA, CA 91730
Business Phone Number:(909) 912-0580

Entity Corporation
Issue Date 04/15/1985
Expire Date **04/30/2017**

License Status

This license is current and active.

All information below should be reviewed.

Classifications

A - GENERAL ENGINEERING CONTRACTOR

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with NORTH AMERICAN SPECIALTY INSURANCE COMPANY.

Bond Number: 2190820

Bond Amount: \$15,000

Effective Date: 01/01/2016

[Contractor's Bond History](#)

Bond of Qualifying Individual

The qualifying individual JESUS ERIC MARQUEZ certified that he/she owns 10 percent or more of the voting stock/membership interest of this company; therefore, the Bond of Qualifying Individual is not required.

Effective Date: 10/28/1992

Workers' Compensation

This license has workers compensation insurance with the STARR INDEMNITY & LIABILITY COMPANY

Policy Number:1000002002

Effective Date: 02/01/2016

Expire Date: 02/01/2018

[Workers' Compensation History](#)

Other

Personnel listed on this license (current or disassociated) are listed on other licenses.

PROPOSAL FORM

TO THE GENERAL MANAGER OF THE DISTRICT:

The undersigned hereby declares that they:

- 1.01 - have carefully examined the site of proposed construction;
- 1.02 - have read completely and understand the contract documents;
- 1.03 - have knowledge of the laws and regulations that will affect the work; and,
- 1.04 - have given notice to the DISTRICT Engineer of any errors, conflicts or discrepancies found in the contract documents.

The undersigned hereby proposes to furnish all labor, materials, equipment, services, supplies, surveying, testing and incidentals thereto required to construct complete and in accordance with the contract documents, of which this form is a part, the following items for the prices indicated:

PROPOSAL FORM - 900 Tank Replacement

Item No.	Approximate Quantity	Unit	Items Unit Price (written in words)	Price/ Unit	Total Item Sum
1.	1	LS	Mobilization/ Demobilization, Temporary Facilities, Insurance, Payment Bond, Taxes, Permits, Fees and Similar Expenses	8,400.	8,400.
2.	1	LS	Demolish existing bolted 220,000 gallon steel tank. Remove and dispose of the tank and grade ring.	15,900.	15,900.
3.	1	LS	Provide tank submittal, signed and stamped by a registered engineer in the State of California. Payment after acceptance.	7,500.	7,500.
4.	1	LS	Prepare Tank Pad – Excavate 30 inches of native material. Remove and dispose of existing piping located inside the new tank pad. Install and re-compact 22 inches of native material. Install 8-inch 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.	57,400.	57,400.

5.	1	LS	Furnish and Install OSHA exterior locking ladder kit and railing around the roof hatch	5000.	5,000.
6.	1	LS	Install fusion powder coated bolted steel tank, nominal dimensions 16' high and 86' diameter. After installation, complete holiday testing of interior coating and repair all holidays to the satisfaction of the engineer.	300,000.	300,000.
7.	1	LS	Install piping, resilient wedge gate valves, transition couplings, DI and steel fittings, Tideflex valve, expansion joints, DI blind flange, 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 as shown.	102,300.	102,300.
8.	1	LS	Hydrostatic and Pressure Testing, VOC Testing, Wash-down and Cleaning of the interior, Disinfection, and Bacteriological Testing. Water to fill tank provided by the District at no charge.	3,500.	3,500.

Total Proposal (consisting of the sum of items 1-9) is:

\$ 500,000. (numerals)

Total Proposal (consisting of the sum of items 1-9) is:

\$ Five Hundred thousand Dollars (written word)

The above proposal, submitted above by a qualified prospective proposer, both in numerical form and written in words, shall constitute the Total Proposal for this proposed project. The prospective proposer is responsible to place the amount proposal for each and every one of the above items in Base Proposal. Following receipt of sealed proposals, the DISTRICT shall numerically add the amounts proposal for all items in the proposal. The amount of the Total Proposal written in words shall be

interpreted as a confirmation of the intent of the prospective proposer in preparing the Total Proposal. The numerical sum of all proposal items in the Proposal as derived by the DISTRICT shall be considered the correct Total Proposal, in case an addition error has been made by the prospective proposer.

1.00 – The undersigned hereby certifies that this proposal is genuine and not made in the interest of or on behalf of any undisclosed person, firm or corporation.

2.00 – The undersigned hereby accepts on the behalf of his/her/its firm all provisions and requirements of the contract documents, including but not limited to those related to time of completion and liquidated damages.

3.00 – The undersigned hereby certifies that they are authorized representative of the firm on whose behalf this proposal/proposal is submitted and that they are acting at the direction and with the required approval of said firm, which is identified as follows:

Name of firm:

Superior Tank Co., Inc.

Address of firm:

9500 Lucas Ranch Rd., Rancho Cucamonga, CA

Telephone

(909)

Fax

(909) 912-0585 91730

Number:

9120580

Number:

912-0585

Contractor's License

Number:

472119

Type:

A

Signed:

George Yung

Date:

4/12/17

B. END OF PROPOSAL/PROPOSALFORM

II. WORKERS' COMPENSATION INSURANCE CERTIFICATE

The Contractor shall execute the following form as required by the California Labor Code, Sections 1860 and 1861:

I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

4/12/17
Date

Superior Tank Co., Inc.
Contractor's Name

George Wang
Contractor's Signature

CEO-Secretary
Title

ATTEST:

By [Signature]
Signature
President
Title

END OF WORKERS' COMPENSATION INSURANCE CERTIFICATE

III. SUBCONTRACTORS LISTING

As required by Section 4100 of the Public Contract Code of the State of California, Contractor shall comply with the "Subletting and Subcontracting Fair Practices Act" of the State of California, and shall list all subcontractors required to be listed thereby.

DESCRIPTION OF WORK <i>Demo, Site Work & Piping</i>	DOLLAR AMOUNT OF WORK
<i>CSC Engineering</i> (a) AM <i>6808 Canaletto Ave</i> E	PLACE OF BUSINESS: <i>Bakersfield, CA</i> ADDRESS/TELEPHONE No. <i>93306</i> <i>661-261-4063 / 909-721-0606</i>
DESCRIPTION OF WORK	DOLLAR AMOUNT OF WORK
(b) AM E	PLACE OF BUSINESS: ADDRESS/TELEPHONE No.
DESCRIPTION OF WORK	DOLLAR AMOUNT OF WORK
(c) AM E	PLACE OF BUSINESS: ADDRESS/TELEPHONE No.
DESCRIPTION OF WORK	DOLLAR AMOUNT OF WORK
(d) AM E	PLACE OF BUSINESS: ADDRESS/TELEPHONE No.
DESCRIPTION OF WORK	DOLLAR AMOUNT OF WORK
(e) AM E	PLACE OF BUSINESS: ADDRESS/TELEPHONE No.

* No subcontractor will be used for this project.

4/12/17
Date

Superior Tank Co. Inc.
Contractor's Name

George Hays
Contractor's Signature

CEO - Secretary
Title

*Indicate if no subcontractor will be used.

END OF SUBCONTRACTORS LISTING

CORPORATE CERTIFICATION
OR
PARTNERSHIP INFORMATION

Name of Corporation or Partnership Superior Tank Co., Inc.

State of Incorporation California

List names and addresses of each partner, or titles, names and business addresses of President, Secretary and Treasurer.

James Marquez - President - Rancho Cucamonga, CA.
George Marquez - Secretary - Rancho Cucamonga, CA
Lewis Marquez - Treasurer - Rancho Cucamonga, CA

Dated 4/12/17 Contractor Superior Tank Co., Inc.

Signature George Yang Title CEO - Secretary

ATTEST:

Signature by James Marquez

Title President

//
//
//

END OF CORPORATE CERTIFICATION

BORREGO WATER DISTRICT
900 Tank Replacement Project

ADDENDUM NO. 01

Date: March 30, 2017
To: Prospective Bidders/Plan Holders
From: David Dale, PE
BWD District Engineer
Telephone: 760-960-8500
Email: daviddalePE@gmail.com

This addendum forms a part of the contract documents and modifies the original bidding documents. Addenda shall be noted as received and acknowledged on Bid Proposal form when submitted as outlined in the Bid Package referenced above.

Failure to properly acknowledge all Addenda on the Bid Form may be cause for rejection of bid.

Total 1 page

1. Remove the requirement in Section 01505 – MOBILIZATION, 1.01.A.2; No temporary construction power is required.
2. Remove the requirement in Section 01505 – MOBILIZATION, 1.01.A.4; No field office trailer is required. Onsite communication is expected to be by cell phone.
3. The 10-inch Rubber Expansion Joints shown on the plans shall be Proco Style 271 “Single Arch” expansion joint or approved equal.
4. Gate valves shown above grade shall be furnished with hand wheels. Gate valves shall be Resilient Wedge style (Mueller 2360 Series or equal).
5. 10-inch check valves shall be Val Matic Swing-Flex, specification VM-500A-S or approved equal.
6. Questions regarding this project shall be submitted no later than Tuesday, April 4th, 2017 at 3:00pm. Submit questions to David Dale PE, at daviddalePE@gmail.com or 760-960-8500.
7. Note on the proposal form an acknowledgement (by hand) of this Addendum.

END OF ADDENDUM 1



six (6) references of tanks previously constructed and designed to AWWA D103 standards

Entity: City of Cottonwood
Address: 827 N. Main St., Cottonwood AZ
Owner: City of Cottonwood Phone: 928-634-0186
Engineer: Roger Biggs Phone: 928-634-0186
72 x 16 Bolted Steel Storage Tank-.5 mg

Entity: Valencia Heights Water
Address: 3009 E. Virginia Ave, Valencia CA
Owner: Valencia Heights Water Company Phone: 626-332-8935
124' x 12' Bolted Steel Storage Tank-1.2 mg

Entity: Borrego Springs Water
Address: 806 Palm Canyon Drive, Borrego Springs CA
Owner: Borrego Water District Phone: 760-767-5806
86' x 24' Bolted Steel Storage Tank-1 mg

Entity: City of Santa Cruz
Address: 212 Locust St Suite A, Santa Cruz CA
Owner: City of Santa Cruz Phone: 831-420-5200
(4 each) 104'x24' Bolted Steel Storage Tanks-1.5 mg

Entity: Tuolumne Utilities District
Address: 18885 Nugget Blvd, Sonora CA
Owner: Tuolumne Utilities District Phone: 626-332-8935
Engineer: Erik Johnson PE Phone: 209-535-5536
65' x 24' Bolted Steel Storage Tank-600K

Entity: City of Conroe TX
Address: Conroe, TX
Owner: City of Conroe
Contractor: Jim Shier Phone: 281-469-1822
65' x 40' Bolted Steel Storage Tank 1 mg



five (5) references of tanks previously constructed in Seismic Use Group #2 or #3 in accordance with AWWA D.013-09

Entity: LA Metro Goldline Foothill Extension
Address: 1300 W. Optical Dr. Ste 500, Azusa CA
Owner: Los Angeles Metro Phone: 928-634-0186
Engineer: Jay Goldstein Phone: 972-977-7216
65x34 Bolted Steel Storage Tank-900k

Entity: Mojave PUD
Address: 3009 E. Virginia Ave, Valencia CA
Owner: Mojave PUD Phone: 661-824-4161
Engineer: Gabriel Rosas Phone: 661-391-8800
74' x 24' Bolted Steel Storage Tank-700K

Entity: Borrego Springs Water
Address: 806 Palm Canyon Drive, Borrego Springs CA
Owner: Borrego Water District Phone: 760-767-5806
86' x 24' Bolted Steel Storage Tank-1mg

Entity: Tule Indian Reservation
Address: 340 N Reservation Rd, Porterville CA
Owner: Tule Indian Reservation Phone: 831-420-5200
Engineer: Neil Peyron Phone: 559-781-4271
59' x 24' Bolted Steel Storage Tank-500k

Entity: Tuolumne Utilities District
Address: 18885 Nugget Blvd, Sonora CA
Owner: Tuolumne Utilities District Phone: 626-332-8935
Engineer: Erik Johnson PE Phone: 209-535-5536
65' x 24' Bolted Steel Storage Tank-600k

900 TANK REPLACEMENT PROJECT

ITEM	QUAN	UNIT	ITEM	UNIT COST
1	1	LS	Mobilization/ Demobilization, Temporary Facilities, Insurance, Payment Bond, Taxes, Permits, Fees and Similar Expenses	\$ 10,000.00
2	1	LS	Demolish existing bolted 220,000 gallon steel tank. Remove and dispose of the tank.	\$ 17,500.00
3	1	LS	Provide tank submittal, stamped and signed by a Registered Engineer in the State of California. Payment after acceptance.	\$ 4,000.00
4	1	LS	Prepare Tank Pad – Excavate 30 inches of native material. Remove and dispose of existing piping located within the new tank pad. Install and re-compact 22 inches of native material. Install 8-inch 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.	\$ 41,000.00
5	1	LS	Furnish and Install OSHA exterior locking ladder kit and railing around the roof hatch	\$ 2,500.00
6	1	LS	Install fusion powder coated bolted steel tank, nominal dimensions 16' high and 86' diameter. After installation, complete holiday testing of interior coating and repair all holidays to the satisfaction of the engineer.	\$ 353,500.00
7	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 as shown.	\$ 39,000.00
8	1	LS	Hydrostatic Testing, VOC Testing, Wash-down and Cleaning of the interior, Disinfection, and Bacteriological Testing. Water for tank filling provided by the District at no charge.	\$ 3,000.00
Project Construction Cost:				\$ 470,500.00
10% Contingency:				\$ 47,050.00
Total Construction Cost:				\$ 517,550.00
Admin and Engineering				
2.01	1	LS	Preliminary Engineering, Engineering Plans and Specifications	\$ 20,100.00
2.02	1	LS	Bidding	\$ 3,000.00
2.02	1	LS	Geotechnical Report	\$ 9,300.00
2.03	1	LS	Construction Management and Compaction Testing	\$ 25,000.00
TOTAL PRELIMINARY PROJECT ESTIMATED COST				\$ 574,950.00

900 TANK REPLACEMENT PROJECT

ITEM	QUAN	UNIT	ITEM	UNIT COST
1	1	LS	Mobilization/ Demobilization, Temporary Facilities, Insurance, Payment Bond, Taxes, Permits, Fees and Similar Expenses	\$ 8,400.00
2	1	LS	Demolish existing bolted 220,000 gallon steel tank. Remove and dispose of the tank.	\$ 15,900.00
3	1	LS	Provide tank submittal, stamped and signed by a Registered Engineer in the State of California. Payment after acceptance.	\$ 7,500.00
4	1	LS	Prepare Tank Pad – Excavate 30 inches of native material. Remove and dispose of existing piping located within the new tank pad. Install and re-compact 22 inches of native material. Install 8-inch 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.	\$ 57,400.00
5	1	LS	Furnish and Install OSHA exterior locking ladder kit and railing around the roof hatch	\$ 5,000.00
6	1	LS	Install fusion powder coated bolted steel tank, nominal dimensions 16' high and 86' diameter. After installation, complete holiday testing of interior coating and repair all holidays to the satisfaction of the engineer.	\$ 300,000.00
7	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 as shown.	\$ 102,300.00
8	1	LS	Hydrostatic Testing, VOC Testing, Wash-down and Cleaning of the interior, Disinfection, and Bacteriological Testing. Water for tank filling provided by the District at no charge.	\$ 3,500.00
Project Construction Cost:				\$ 500,000.00
Contingency:				\$ 25,000.00
Total Construction Cost:				\$ 525,000.00
Admin and Engineering				
2.01	1	LS	Preliminary Engineering, Engineering Plans and Specifications	\$ 19,440.00
2.02	1	LS	Geotechnical Report	\$ 9,300.00
2.03	1	LS	Construction Management and Compaction Testing	\$ 21,210.00
TOTAL PRELIMINARY PROJECT ESTIMATED COST				\$ 574,950.00

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – APRIL 26, 2017
AGENDA BILL II.D

April 19, 2017

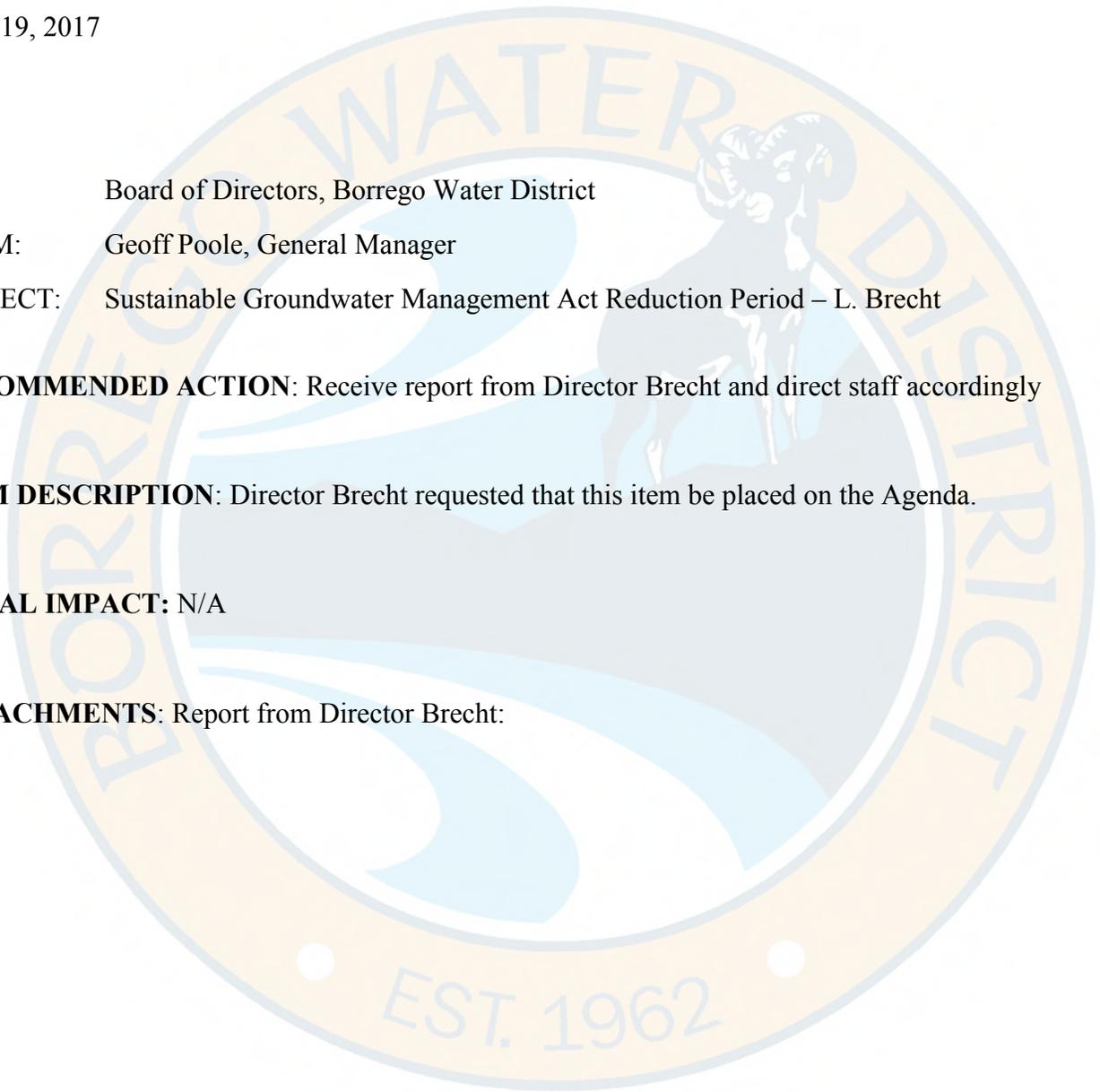
TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Sustainable Groundwater Management Act Reduction Period – L. Brecht

RECOMMENDED ACTION: Receive report from Director Brecht and direct staff accordingly

ITEM DESCRIPTION: Director Brecht requested that this item be placed on the Agenda.

FISCAL IMPACT: N/A

ATTACHMENTS: Report from Director Brecht:



ATTACHMENT: SETTING THE PROPER SGMA REDUCTION PERIOD, L. Brecht

The SGMA legislation requires a reduction period no longer than 20 years for an adopted GSP, or no longer than the year 2040.

The assumption is that no undesirable results, as defined by SGMA, will occur if 2040 is used as a date by which the basin is brought into balance. However, this is not necessarily so. Potential declining water quality is a case in point:

If WQ standards change e.g. in year 12 from now, there would likely not be adequate time to adjust a reduction plan to achieve sustainable use of the basin for no undesirable results by 2040;

1 • therefore, in planning a reduction period to prevent undesirable results under SGMA, a forecast of changes in WQ is necessary;

2 • this forecast requires a target WQ standard. However if a current target WQ standard is used, it will be out of date in 12 years (under the above scenario);

3 • the financial consequences are very large. In our case a PV cost of as much as ~\$40M for advanced treatment;

4 Section 10726.8(c) of the Water Code clarifies that SGMA requirements do not limit the requirements of other State Water Board or Department of Public Health programs. This is important, because if a federal or state drinking water standard is set below the one used at the time a GSP was developed, drinking water providers will be required to comply with the new standard based on the State Water Board's timeline, not the GSP timeline. Section 356.4 of the groundwater sustainability plan (GSP) regulations requires GSAs to perform a 2 periodic assessment of their plan at least every five years and provide the assessment to the Department of Water Resources. Subdivisions (d) and (f) require the GSA to consider significant new information that has been made available since the GSP was adopted; this is in order to support adaptive management. A change in a drinking water standard would be new information that would need to be addressed in the assessment. The Sustainable Groundwater Management Act is intended to be a planning process for local agencies to set objectives and achieve sustainability over a 20-year timeline. Planning for uncertainty and adaptive management will likely be a part of this process. Water Quality standards will need to be considered when defining undesirable results and minimum thresholds, and it will be up to local managers to evaluate current water quality standards and decide how to incorporate potential and future changes in those standards in a sustainability plan. See Dudek, "Water Replacement and Treatment Cost Analysis for the Borrego Valley Groundwater 4 Basin" (November 24, 2015) located at http://borregowd.org/uploads/2016.01.19_BWD_Board_Package.pdf (pp. 22 - 32).

- therefore, both a forecast of target WQ standard, as well as a forecast of probabilistic water quality changes over time are necessary to set a proper reduction period at the outset for the basin rather than using an arbitrary 20-year reduction period in SGMA that has nothing whatsoever to do with the characteristics, potential undesirable results, and/or likely costs associated with our specific basin.

Thus, the issue on the table is defensibility. How does one pick a defensible target for arsenic, for example, that takes future WQ standards uncertainty into account?

In my thinking, assuming arsenic will stay at 10 ppb through 2040 seems like a very risky assumption, given the grave financial costs to the community of getting the time to tipping point wrong.

Likewise, the issue on the table for forecasting future water quality degradation that may require advanced treatment to meet safe drinking water standards is really about what level of financial risk is the community willing to bear? That is because any Bayesian probabilistic forecast of declining water quality must result in a non-zero probability of not meeting safe drinking water standards sometime during the reduction period. In other words, any forecast cannot, no matter what data is collected or available, provide 100% assurance that water quality will not be affected during the reduction period.

Since getting these interacting forecasts wrong could potentially put the community out of business, as folks would be unable to afford municipal water costs of a sudden need for advanced treatment, it behoves us to think deeply and proactively about these issues now, before any reduction period is assumed based on the SGMA legislation timeline.

ARSENIC AS EXAMPLE

- arsenic in drinking water increases the risk of various types of cancer as well as vascular disease, cardiovascular disease, diabetes, and reproductive and developmental abnormalities
- an estimated 250 million – 1 billion people worldwide are exposed to unsafe arsenic concentrations
- the levels of arsenic in India & South America drinking water can contain as much as 1,800 ppb (500 ppb continuous exposure produces a cancer mortality risk for about 1 in 10 people)
- China's arsenic standard for drinking water is 50 ppm (cancer mortality risk is as high as 1 in 100 for people regularly drinking water containing 50 ppb of arsenic)
- California plans to retain 10 ppb — present USEPA standard; WHO present health guideline (US mandatory minimum detection limit for reporting is 2 ppb)
- Denmark and New Jersey have adopted 5 ppb standard
- National Resources Defense Council recommends 3 ppb standard for US drinking water
- recent European Union research suggests that 1 ppb standard is necessary to lower health risk – adopted by Netherlands
- best science today suggests future US standard should be 3 ppb — 5 ppb range

III

AD-HOC BOARD COMMITTEES

- A. Executive – Hart & Brecht
- B. Finance – Brecht & Tatusko
- C. Operations and Infrastructure – Delahay & Tatusko
- D. Personnel – Hart & Ehrlich
- E. Public Outreach – Delahay & Ehrlich
- F. Legislative – Brecht & Ehrlich
- G. Risk Management – Tatusko & Ehrlich
 - 1. Cyber Security Information – J. Tatusko

How Safe is Your Company?

Defending Your Company's Assets in the Digital Wild West



Expert panelists at the San Diego Business Journal's 2017 Cybersecurity Forum

Bob Thompson/Fotoworks

The San Diego Business Journal hosted a Cybersecurity forum to an overflow crowd of business executives at the Paradise Point Resort & Spa on April 6. Today's cybersecurity threats and defenses were explored by a panel of national experts in fields ranging from legal liabilities to

cloud management. ESET Foundation's Brad Lunn kicked off the forum and RADM (Ret) Kenneth Slaght of San Diego Cyber Center for Excellence moderated the panel discussion. Excerpts on the following pages were edited for brevity and clarity.

It's Time to Design, Build IT Products With Security in Mind



Brad Lunn, Corporate Director, ESET Foundation

Guest Speaker Brad Lunn of ESET Foundation set the tone for the day's discussion, highlighting changing priorities that focus on product safety and security in an ever more threatening digital environment.

Product development: What's changing is now we're talking about products. We're talking about products that are highly network enabled. We're talking about products that are going to be used in consumer applications. We're going to be talking about products that are in military applications. And the things that make us good at dealing with data center-centric type of cyber problems are not identical to protecting products. When you think about cybersecurity, we always talk about it from the risk stand-

point, but there is also another angle to it. There is also an opportunity, and that opportunity is that since you know that your customers value security, they value safety; what if your product, your systems — one of the major dimensions of it was security.

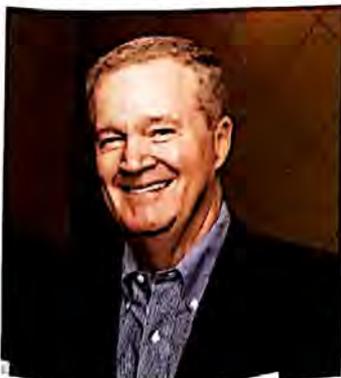
When you think of IT organizations, good IT organizations, they are very good at dealing with technology, bringing technology in, utilizing technology, being users and consumers of technology. That's different than what it takes to actually design, develop, deploy, support a product to be security-enabled from its foundation out into its product ecosystem, driving from requirements all the way through the engineering process.

If you're in the space where you are

If you're in the space where you are building highly network enabled products, you really need to be thinking it through from a standpoint of system engineering, of how are you going to design and build these products with security in mind from the start.

building highly network-enabled products, you really need to be thinking it through from a standpoint of system engineering, of how are you going to design and build these products with security in mind from the start.

Finding Resources and Talent is Crucial for Cybersecurity Sector



RADM (Ret) Kenneth Slaght, Co-Chair & President, San Diego Cyber Center for Excellence

Moderator RADM (Ret) Kenneth Slaght from San Diego Cyber Center for Excellence led the panelists in discussions on cybersecurity trends including resources for training and recruiting cybersecurity experts for today and the future.

Education, Training and Resources: Without hesitation, No. 1 on the list of company priorities was "I need more talent." So we took that onboard as Job 1 when we stood up, and the first thing we did is, as you expect, we turned around to colleges and universities and said, "What are you guys doing? Why aren't you growing? There is a huge demand signal for cyber talent in the region, and you're not doing anything."

Of course, we should have done our homework. They were doing a lot, actually. They were graduating a lot of cyber talent, and the feedback they were getting from their graduates was, "Can't

find any jobs in cyber here in San Diego, so we're going up to the Bay Area and back to Maryland." Shame on us as a region. There is a huge disconnect, and it is all about communications.

We stood up three elements. The first one is a job board. It was a focal point where all the schools, colleges, transitioning veterans, all got access to the job boards. Then our members (including SPAWAR, 3,500 jobs a year in the San Diego region, almost half the workforce) could be posting their jobs. It is a pretty inclusive coverage for what people are looking for in the region.

Then the next, we worked with EDC and became part of their Linked2 program. If you want to get students aware of what is going on in the region, take your companies out to the universities, meet with the students who are interested in cyber, and make them aware of what

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But No. 3; you cannot just sit back and cross your arms and say, "Where is the talent?" Probably the most important element is we need to get serious about apprenticeships, internships, interaction with the universities, getting the students out in your companies to see what's really available.

Security Should Be Viewed Through Risk Mitigation Lens



Eric Basu, CEO, Sentek Global Inc.

Eric Basu expanded on several key issues including the importance of an effective system, testing for weaknesses, evaluating IT vendor partners and our global disadvantage.

Cybersecurity's relevance: The question is — why is cybersecurity relevant? It is back to the dynamics of humans, when one human had one thing and another human wanted to take it, the person would try to take it, so now we have the cybersecurity realm, and we have the exact same dynamic. The things that you have that other people want to take; you didn't even know they had value. Did you think your medical record was worth \$25 to anybody? Did you think that your company's medical records as a whole were worth a million dollars to somebody? No. And so you didn't protect them. That's the reason that cybersecurity has come up so quickly, is because we

all recognize the human dynamic. What we didn't recognize is the different ways in which they could get to us and the different things they want to take from us, so now we're scrambling for that.

A lot of times I see customers treat security as an ancillary function. Security has to be the way we think about everything. That should be a way to look at engineering. That is the way they should look at their software products, particularly building for the government — they need to know they will be targeted. You think security is a distraction from your core business. If you don't do the security right, you may not have a core business, or it may impact your core business so significantly that your costs will increase, or you may not be able to stay in business anymore. You may not be profitable.

Ransomware is the biggest trend last year and this year. Against individuals they will ask for \$250. Against large companies, they'll ask for \$40,000.

One of the things we've been finding lately is that there is a need for increased government regulation. Right now it is a bit of the Wild West out there. With increased government regulations in the cyber space a lot of companies look at us and say, "I have no idea how to approach this."

Testing protocols: One of the problems people find is they expect to ask, "How do I secure my firewall?" It doesn't work that way. It is a very high-level framework. Also, there is so much information being put out there. Right now it is like trying to Google any common term. There is so much information; you don't know what to do.

Backup is a risk mitigation. Security as a whole is risk mitigation. So when you look at it and say, "Do I really need four backups," you should look at it the same way you look at your insurance policy. How much risk am I trying to mitigate? What could the potential damage do? And then, how much do I need? Do I need to spend a million dollars a year on backups to protect \$500,000 worth of loss? Probably not.

Also, you need to have somebody from the outside looking, mainly because you don't know what you don't know in terms of your IT. You have security people. They built in deliberate business vulnerabilities in there because there were specific business reasons for doing that. For example, you ask them what the vulnerabilities are, they say, "we left this port open because we have to connect with the remote office."

Vendor expertise and limitations: The problem is most IT vendors are not security specialists. That's the issue. Most will install their IT systems. They have not historically had an impetus to be security experts more than you have in terms of your daily operations. When you hire an IT administrator, you are not hiring somebody who is a CISSP, who goes to Black Hat every year, knows how to hack a little bit. What you are looking for is somebody that is going to keep your network built and make sure everybody has access to email. The IT vendors, they are doing the same thing. That's the reason why you're finding that your IT vendors actually don't know how to do it, and you should not expect somebody who is just an IT vendor to understand your security.

You think security is a distraction from your core business. If you don't do the security right, you may not have a core business, or it may impact your core business so significantly that your costs will increase, or you may not be able to stay in business anymore. You may not be profitable. Ransomware is the biggest trend last year and this year.

Vulnerability assessment vs. pen test: Vulnerability assessment is much smaller in scale and cost. It can be done internally or externally, but basically you want a scanner to see what your vulnerability is and scan what the weaknesses are. But it doesn't give you any kind of fixes generally. A penetration test is performed with a very talented hacker who goes in there and tries to do a number of things to get into the organization. They may even use phishing emails to get in there and use passwords and do that. It simulates an attack more likely. So it is important whether you do a monthly, quarterly or on an annual basis to have somebody look in.

Our global disparity: As relates to protecting our country's cyber universe, the reality is the Russians and the Chinese are better than us for a reason. We kept all our offsite cybersecurity encapsulated in the United States for a long period of time. You are seeing the rest of the government now showing their own

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Getting the Right People, Building Trust and Backing Up Your Data



Stephen Cobb, Senior Security Researcher, ESET North America

Stephen Cobb of ESET North America reviewed the importance of appropriate staffing, procedures and today's trust factor.

Effective staffing: I would say that building talent in-house is probably the preferred way in a lot of cases for smaller organizations and for organizations which are maybe on the periphery of the San Diego area that may not be able to attract talent as well as more urban areas.

In general, one of the problems I see is HR departments have not really learned yet how to hire for security. In many organizations, and this kind of surprised me, I typically work for very small companies, companies like myself, you don't have to be very large as a company for HR to come in between the people who are actually getting the employee and the people coming in the door. We are seeing

some really good programs now where four-year degrees are coming with some practical experience to it. I think that is an area, if you know somebody who is in college going down this road — get them to do an internship. Work for a nonprofit for a while on helping them with their security. Get something under your belt in terms of what you have done in security.

One of the problems I've been studying for the past 12 months or so is the shortage of quality people to do cybersecurity for you. This is a very real problem, the cybersecurity sales gap. There are at least, I think, 200,000 open positions that cannot be filled, not because they are not funded positions. These are funded positions that it is taking six months or more to find somebody for. And we see survey after survey finding this problem. So if you are committed to security, you'll attract people who could go other places. They are going to come to you. If you take security on, and make that something you're committed to, it is going to help you attract talent when otherwise you might not be able to, because the right security people are not really in it for the very, very top dollar. They are in it for the passion of doing the security right. And if you are paying a decent salary, and you are committed to security, you are going to hire more quickly than if you are doing it because you have to.

Distrusting technology: We're building our future and have predicated the future of our economy on digital technology, networked digital technology, and yet we are experiencing an erosion of trust in that technology which I fear will retard economic growth. ESET did a survey last

October during Cybersecurity Awareness Month around the internet of things, and for the first time there were more than 50 percent of the people who said they put off purchasing a digital product because of concerns about security and privacy.

One of the biggest problems we're seeing at the moment is Remote Desktop Protocol. If you Google "brute force RDP ransomware," you'll see that there is a massive increase in the use of the Remote Desktop Protocol on servers to get in and manually turn off the anti-malware, because once you've RDP'ed in, and with admin privileges, you then install ransomware on the server. And then there are people trolling all the time, scanning to find open RDP connections, a lot of these people are very unhappy, because they say they have a very good anti-malware protocol on there, and it didn't stop this. That is just because they had an open question with a guessable password on their system. And so it's a lot of obvious stuff and a lot of simple stuff that is not being done which could improve everybody's chances of staying safe and having to shore up the trust that people have in the technology on which we are building our future.

Backup: Ransomware, if it has done anything good, it taught us how many people were not doing backup and recovery properly. So it is frustrating that we cannot pull it all necessarily together in one place, but there is a lot of good information out there. What we found when ransomware started to hit was people weren't backing up everything. They were not testing their backup. So they thought they had backup they could

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use, but they couldn't, because there was something wrong with it.

There are plenty of things you can do to make sure that your files are not encrypted by ransomware. If you are running a good anti-malware security suite on your systems, that is going to spot a lot of that coming in. What a lot of people don't realize is there is a massive amount of information sharing amongst technology companies like Google, Facebook, Mozilla, the people that make the browsers, and the people that make the security products, sharing information about which websites are infected with malware, which includes ransomware, which emails are phishing emails. And so a good security suite is going to be checking the links that you are clicking.

It starts to go back to what we call the command and control center, C2. If you have a firewall, it can often block out traffic. The code comes in, it calls back to home base, to the bad guy to say, what do you want me to do now? I'm in this system. And it can block that as well. There are steps that you can take to prevent it happening. But obviously your last plan of good defense is backup recovery.

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The Importance of Diligence, Monitoring and Vulnerability Testing



James Mapes, Director of Cyber Security Practice, TBConsulting

James Mapes of TBConsulting stressed the need for constant oversight and the results of human error.

Incident response plan: The way I was able to give some of our customers a litmus test was to ask, "Can you prevent a security event from becoming a full breach?" And if the answer to that question is, "I don't know," then you have some work ahead of you to do. Organizations that have realized that in the event of a breach, and as part of their incident response, they were going to need some outside resources. Typically IT departments are stretched thin and

information security programs are probably even thinner. And as a result, you need to be ready, either by being able to backfill some of your positions that you have currently so that you can dedicate the personnel that you need to with the knowledge that you need to that incident.

But we've also been looking at making certain customers have table-topped an incident response plan and more importantly potentially included that as part of a pen test and it is a great means by which to have some fun, with some of your teams in doing red team, blue team, letting them go at it against each other. It is definitely important to test that. You'll be surprised at some of the things you thought you had that, in fact, you don't. You don't want to be finding that out when you are in the middle of an incident.

Human error: No amount of technology, no amount of hardening can prepare you for human stupidity. So it is really important that companies start thinking beyond just that first layer of security. It is important they are able to engage in the business. They need to be able to see information security is a business issue first and foremost. You can say, okay, the technology maybe is what is causing the issues here, but it is a business problem that needs to be solved.

And get educated. One of the reasons

I bring that up is you may have a solid group of IT folks that may be very interested in information security, and the cost of a few courses for them to come up to speed is a hell of a lot less than what incident response will be for you in the long run.

Due diligence: There are a lot of people who own businesses, who own technology and don't know how to use it and how it is used in their business. I think it is important to come up to speed for that, because that is essentially the weapon you'll have to defend yourself. That is important, because there is no law enforcement out there right now who will protect you from the attackers that will attack you.

On a proactive basis I recommend you get away from the idea you can get by with an annual vulnerability assessment and an annual pen test. These are things you need to be doing all the time. You should be doing them monthly if not even more so. It can be as easy as on the vulnerability side, running some sort of vulnerability management program in-house. The reason you want to do that is you want to discover what your vulnerabilities are. Obviously, the next thing you want to do from a proactive basis is mitigate them or remediate them, and that is very important, because it is those vulnerabilities that will get you

Businesses today, organizations today, have to essentially be secure a hundred percent of the time, and your adversary only has to get lucky once, and they're in. It is incredibly unfair, and the chances are that you are going to have an incident.

compromised. So if you take the proactive response of reducing them, you reduce the number of changes out there to compromise.

It is extremely important here. Knowing yourself and knowing your weaknesses, that is your pen test and your vulnerability assessments. The next thing to know is who is coming after you — what data you have and what value it has to somebody. It is very important to take a look at what you believe is your threat profile. Once you have that information, you can be pretty well armed to come up with a good program.

Businesses today, organizations today, have to essentially be secure a hundred percent of the time, and your adversary only has to get lucky once, and they're in. It is incredibly unfair, and the chances are that you are going to have an incident.

Don't Become Complacent with Cloud-based Services and Compliance



Chris Orlando, Co-founder & CSMD, ScaleMatrix

Chris Orlando of ScaleMatrix spoke on where our cloud technology is today and the importance of compliance.

Utilizing the cloud: We come at things from the data center and cloud and service center perspective. We see a lot of folks overwhelmed with this particular challenge. So being able to lean on a partner for that is something that provides a layered approach. You have another set of eyes that help you with the day-to-day to make sure not only are the boxes checked, but there is a way to enforce it.

We are trying to help the folks have a

24/7 viewpoint of things. We find there is a little bit of complacency taking place in this cloud-enabled world where we are about abstracting the hardware layer and the operational pieces, managing servers and infrastructures, and just going back to focusing on applications.

From a financial standpoint while we're asked to spend more today, the cost of storing data has gone down dramatically, and the function of the platforms that are supported are improving greatly. We have regional availability centers. You back up something to one center once, and we have service so you've got multiple connections and it is punch button simple.

In our world, the data centers get spread out. They are no longer the individual locations. We are pushing content closer to the edge, closer to the eyeball, and with that we are spreading out connectivity to millions and millions, if not billions of devices and having a clear and concise way of securing communication. It is something we don't have a great handle on yet, but it is becoming more and more what we have to do.

Many of our cloud customers, folks in the Bitcoin business, folks in the analytics business, folks in the data platform business, go to block chain as a service and are using it to help improve operational fortitude around data protection.

That is something we are seeing starting to take effect and being a larger piece of the business profile.

Compliance: You will see a lot of common themes we are talking about today. For us, we preach a lot about going back to the basics for compliance and all the efforts we go through from a security perspective, it is a check box for a lot of folks. If you operationalize that and use it as a training media and start getting people involved in the process and actually work those things, you provide at least that base layer so you are not a complete and total open target for everybody that is out there.

We live, eat, and breathe operational fortitude. That is part of what we do from a compliance perspective. In our world you have to do it. It is part of a prerequisite to be a player in that business; but if you don't make it part of your day-to-day and it is just something that you are checking a box for, it is just a piece of paper and it doesn't provide any layer of protection whatsoever.

But as the customer you have to check with the provider, make sure the things are done very well, put checks and balances in place to make sure they are being addressed. We are very fortunate to host some of San Diego's biggest life science customers, and we help provide cloud services. If you want to talk about highly regulated businesses; running health life

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science applications in the cloud, Title 21, is real stuff. It is life and death, and if you can do it right by having a really mature operating practice and being able to demonstrate on a regular basis that we have the controls in place to provide that level of security and compliance for those levels of applications; if your provider can do that, you have somebody you can trust. If you can't, ask a lot of questions. Don't be afraid to push back a little bit and make sure they have the chops to help you keep those apps secure in the cloud.

You must take the time to sit down and you check the box from a compliance perspective, but building internal practices around those things so they become part of culture, so they become part of everyday life. I think that is a great best practice to engage in a lot of businesses. You make the plans, put them in practice. Exercise them a little bit. Your businesses will be better off for it.

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Protecting Your Company from the Outside and the Inside



Justine Phillips, Special Counsel, Sheppard Mullin

Justine Phillips of Sheppard Mullin spoke about recent trending threats, the importance of insurance protection, proper budgeting for the correct services, and the critical need to prioritize security in internal company cultures.

Current threats: Things that have been keeping me up lately are ransomware attacks, phishing for W-2 and wire transfers. Spoofed email accounts have been a real problem. The less fun part is seeing the fallout and the very real business consequences that happen as a result of some of these preventable attacks. The first two quarters of the year for W-2 attacks is really high. Those are January to around April and May, because they want us to take that data and submit tax returns on behalf of all of the employees.

Another current issue today is the M&A process. Cyber diligence and figuring out whether or not your intellectual property that you are trying to sell

for hundreds of millions of dollars has already been breached and is being made somewhere else for a lot cheaper. So that is a huge issue. If you have any hope to sell a company, just be thinking about that.

Contracts, insurance and indemnification: Take a look at those agreements you have with vendors who may be housing your data or transmitting or accessing your system. Look for two things: Look for an indemnity provision, and see if it indicates who is going to be on the hook when it is a breach of your client or employee data; and number two is ask them to be an additional insured on their insurance policy. They will have great insurance coverage. It costs you nothing, and I have been seeing an up tick in companies who have been allowing that.

You also can be liable for a vendor error. So make sure anytime you are providing sensitive information, it has a social security number that is encrypted along with payroll information that has employee information in combination with date of birth. Anytime you are providing information out or you are allowing access in, make sure those agreements with those vendors are solid. Make sure there is indemnity. It is really clear. Maybe they have an instant response plan. Ask to see theirs. Maybe adopt theirs.

Part of the problem is we don't have a single rule of law that governs all personally identifiable information. That is a state-by-state analysis. And if you are maintaining data on folks in all 50 states, then you have to comply with those regulations and laws in all 50 states. That's very difficult for companies.

Insurance is a great risk mitigation tool. If you go through the application

portion of a cyber policy, you'll remediate a lot of the risks and problems, because they ask you the right questions. They ask you: Do you have an instant response plan? What type of data are you maintaining? How many consumer records do you have? It is a great checklist to walk through with your key stakeholders who know the answers.

Budgeting and prioritizing security: My best advice to give, as a starting point, is to convene that cyber committee within your organization. Go through the checklist, whether it is an insurance policy or some other checklist, and start doing a cost benefit analysis. It might not make sense to do monthly vulnerability scans or pen tests, but it might make sense to at least know what your baseline is if you have never done it. Understanding what data you have, and really starting to have conversations such as do we need insurance? Can we afford insurance? Let's talk about our broker. Have monthly meetings, bring in lunch, know and educate your fellow co-workers around the subject of cyber. I think a lot of things flow from that.

And when you start having those conversations with the right stakeholders in the room, from the top down, you need the information security people, HR people on policies. You need to understand who your team is going to be. You need to have the controller or somebody from finance, because you're going to ultimately need money. But you need to understand at the end of the day what is going to ruin your business if it is breached, and how can you look at security as more than just a cost center.

A lot of businesses have so many

Another current issue today is the M&A process. Cyber diligence and figuring out whether or not your intellectual property that you are trying to sell for hundreds of millions of dollars has already been breached and is being made somewhere else for a lot cheaper.

things to be spending money on. And security is one of those. How important is it? Is it going to ruin my business if I'm breached? I think most people have a fixed mindset in thinking, "I don't understand it."

I see part of the problem being the inability for people who are not computer-minded or literate thinking that anything related to a computer must be the computer guy's job, and they have got security because I have no idea what I'm doing or talking about. I also don't see a lot of vendors accepting accountability and responsibility for their own deficiencies in being proactive and telling folks, "Hey, this is not something that I really do."

Training your employees is your greatest line of defense as well as the culture we were talking about, "Hey, we don't want you to click on the dancing cat. The dancing cat is bad. We know it is funny, but please don't do that." Or developing some policies that say you can't check your personal email from your workstation, or you can't have a BYOD connecting to our system unless you have certain security protocols in place.

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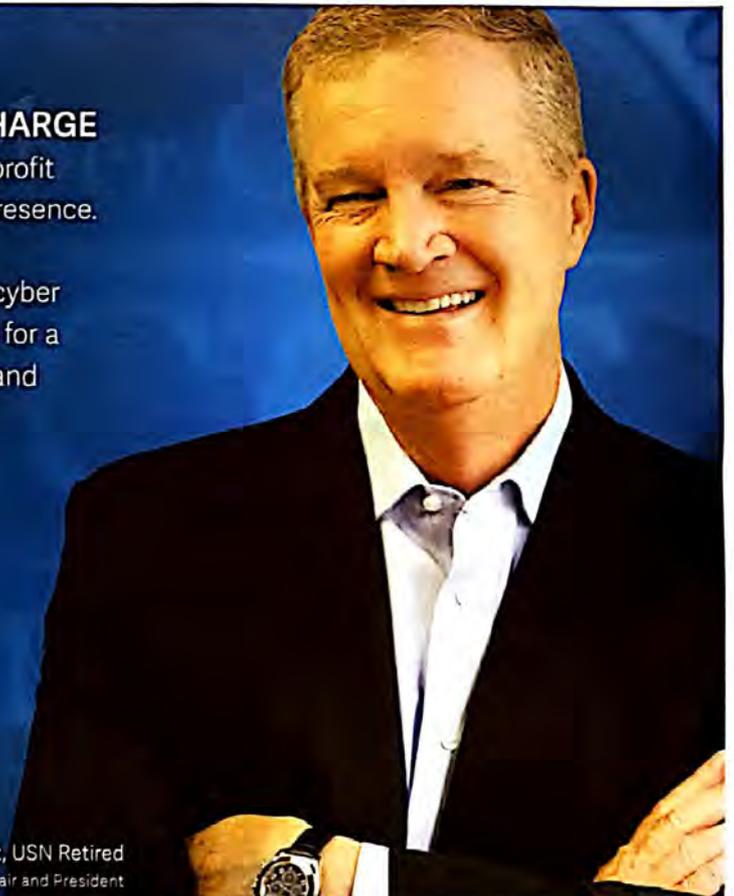
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Security:

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defensive capabilities. But, as individual citizens we have zero ability to do any kind of defensibility without running afoul of our law enforcement.

This is not the case in China. You are not going to be a Chinese citizen and go hack the Chinese government. You are not going to last very long if you do that. But if you have any kind of skills, the Chinese government is going to recruit you.

In Russia you have the combination of the oligarchs, organized crime, and the Russian government. They are all in cahoots. The Russian government doesn't care if the Russian criminal organizations are happening. They love the fact that this is a breeding ground for them to develop.

We are trying to develop our defense systems on the up-and-up over here with the universities and other things and keeping people on the clean side of the law. So in those we are behind them. It doesn't mean we aren't going to pass them up as America does in many, many cases, but they are not bound by the rule of law the way we are. So when it comes to doing criminal acts, they are perfectly happy to let their citizens do criminal acts and then recruit them. They will find the best hackers and bring them to the government.

▶ UPCOMING SPECIAL REPORTS

- Apr. 24 East County
- May 1 Craft Beer
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BWD		06/09/16								
CASH FLOW		ADOPTED	Actual	Projected	Actual	Actual YTD	PROJECTED	Projected	Projected	Projected
2016-2017		BUDGET	MARCH	MARCH	YTD	and Projected	CASH FLOW	April	May	June
REVENUE		2016-2017	2017	2017	2016-2017	2016-2017	2016-2017	2017	2017	2017
5	WATER REVENUE									
7	Residential Water Sales	1,149,431	46,414	53,935	708,206	923,206	215,000	60,000	65,000	90,000
8	Commercial Water Sales	180,956	23,830	32,111	188,253	291,570	103,318	36,772	33,421	33,125
9	Irrigation Water Sales	176,219	10,361	9,876	152,545	203,021	50,476	16,557	15,174	18,746
10	GWM Surcharge	145,959	8,767	9,549	112,055	154,503	42,448	14,139	14,155	14,155
11	Water Sales Power Portion	483,069	24,705	30,893	313,584	441,575	127,991	43,667	41,265	43,058
12	TOTAL WATER COMMODITY REVENUE:	2,095,624	114,076	136,364	1,473,963	2,013,195	539,233	171,135	169,014	199,084
13	Readiness Water Charge	997,818	84,894	85,163	798,657	1,054,146	255,489	85,163	85,163	85,163
15	RH Golf Course surplus capacity lease	0	0	0	0	0	0	0	0	0
16	Meter Installation	0	340	0	340	340	0	0	0	0
18	Reconnect Fees	2,380	0	340	340	680	340	0	340	0
19	Backflow Testing/Installation	6,500	0	0	0	0	0	0	0	0
20	Bulk Water Sales	0	22	0	566	566	0	0	0	0
21	Penalty & Interest Water Collection	10,000	4,390	830	24,742	27,232	2,490	830	830	830
22	TOTAL WATER REVENUE:	3,112,323	203,523	222,697	2,299,608	3,096,159	797,552	257,128	255,347	285,077
23	PROPERTY ASSESSMENTS/AVAILABILITY CHARGES									
25	641500 1% Property Assessments	65,000	0	2,102	39,641	65,100	25,460	15,638	9,622	200
26	641502 Property Assess w/tr/str/ld	108,212	0	693	57,196	104,814	47,618	1,056	46,262	300
28	641501 Water avail Standby	82,467	0	3,015	58,757	79,309	20,552	3,732	14,821	2,000
30	641504 ID 3 Water Standby (La Casa)	33,722	0	889	19,891	33,304	13,413	396	12,527	490
31	641503 Pest standby	17,885	0	416	10,707	17,378	6,671	651	5,498	523
32	TOTAL PROPERTY ASSES/AVAIL CHARGES:	305,286	0	7,114	186,192	299,906	113,714	21,472	88,729	3,513
33										
34	SEWER SERVICE CHARGES									
35	Town Center Sewer Holder fees	393,398	18,199	18,199	159,925	214,521	54,596	18,199	18,199	18,199
36	Town Center Sewer User Fees	103,158	6,834	6,773	68,005	86,325	20,320	6,773	6,773	6,773
37	Sewer user Fees	256,294	21,790	20,000	200,455	260,455	60,000	20,000	20,000	20,000
39	Penalty Interest-Sewer		0	0	2,985	2,985	0	0	0	0
41	TOTAL SEWER SERVICE CHARGES:	752,850	46,823	44,972	429,370	564,286	134,915	44,972	44,972	44,972
42										
43	OTHER INCOME									
47	Miscellaneous Income		0	0	507	507	0	0	0	0
48	Water Credits income/Gain on Asset Sold		0	0	1,000	1,000	0	0	0	0
51	Slag Grant		0	0	0	0	0	0	0	0
52	Interest Income	49	0	0	32	64	32	16	0	16
53	TOTAL OTHER INCOME:	49	0	0	1,539	1,571	32	16	0	16
54										
55	TOTAL INCOME:	4,170,507	250,345	274,783	2,920,586	3,966,799	1,046,213	323,588	389,048	333,577
56										
57	CASH BASIS ADJUSTMENTS									
58	Decrease (Increase) in Accounts Receivable		4,368		4,368	4,368				
60	Deposits									
61	Other Cash Basis Adjustments									
62	TOTAL CASH BASIS ADJUSTMENTS:		4,368		62,131	62,131				
63										
64	TOTAL INCOME RECEIVED:	4,170,507	254,714	274,783	2,983,398	4,029,611	1,046,213	323,588	389,048	333,577

	C	CF	CG	CH	CI	CM	CN	CO	CP	CG
		ADOPTED	Actual	Projected	Actual	Actual YTD	PROJECTED	Projected	Projected	Projected
		BUDGET	MARCH	MARCH	YTD	and Projected	CASH FLOW	April	May	June
		2016-2017	2017	2017	2016-2017	2016-2017	2016-2017	2017	2017	2017
1	BWD									
2	CASH FLOW									
3	2016-2017									
4	EXPENSES									
65										
66										
67	MAINTENANCE EXPENSE									
68	R & M Buildings & Equipment	186,000	14,821	16,500	101,434	147,934	46,500	15,500	15,500	15,500
69	R & M - WWTP	150,000	12,223	12,500	33,866	71,366	37,500	12,500	12,500	12,500
70	Telemetry	10,000	4,776	840	8,408	10,928	2,520	840	840	840
71	Trash Removal	4,000	772	360	3,169	4,239	1,080	360	360	360
72	Vehicle Expense	16,000	698	1,500	12,840	17,340	1,500	1,500	1,500	1,500
73	Fuel & Oil	26,000	2,449	2,100	14,069	20,369	6,300	2,100	2,100	2,100
74	TOTAL MAINTENANCE EXPENSE:	382,000	35,298	32,800	173,767	272,167	98,400	32,800	32,800	32,800
75										
76	PROFESSIONAL SERVICES EXPENSE									
77	Tax Accounting (Tausig)	3,000	0	0	2,596	3,596	1,000	0	0	1,000
78	Administrative Services (ADP/Bank Fees)	3,500	203	250	2,115	2,865	750	250	250	250
79	Audit Fees	14,985	0	0	14,439	14,439	0	0	0	0
80	Computer billing	12,000	100	0	2,259	14,259	12,000	0	0	12,000
81	Consulting/Technical/Contract Labor	1,200	8,350	100	8,650	8,650	300	100	100	100
82	Engineering	36,000	0	3,000	47,920	56,920	9,000	3,000	3,000	3,000
83	Distinct Legal Services	30,000	2,403	2,500	7,167	14,667	7,500	2,500	2,500	2,500
84	Testing/lab work	12,000	4,660	1,000	12,443	12,443	3,000	1,000	1,000	1,000
85	Regulatory Permit Fees	48,000	3,208	5,500	34,070	36,470	2,400	1,000	900	500
86	TOTAL PROFESSIONAL SERVICES EXPENSE:	167,685	18,324	12,350	128,359	164,309	35,950	7,650	7,750	20,350
87										
88	INSURANCE/DEBT EXPENSE									
89	ACWA Insurance	60,000	30,232	35,310	55,478	55,478	0	0	0	0
90	Workers Comp	16,800	3,511	4,200	11,508	15,708	4,200	0	0	4,200
91	COP 2008 Installment	263,113	52,425	52,425	253,113	253,113	0	0	0	0
92	Viking Ranch Debt Payment	143,312			116,882	152,710	36,828			36,828
93	TOTAL INSURANCE/DEBT EXPENSE:	473,225	86,168	91,935	436,980	477,009	40,028	0	36,828	4,200
94										
95	PERSONNEL EXPENSE									
96	Board Meeting Expense (board stipend/board secretary)	18,500	3,584	1,680	12,043	17,083	5,040	1,680	1,680	1,680
97	Salaries & Wages (gross)	791,000	62,919	67,476	611,962	807,912	195,950	62,518	67,476	65,856
98	Taxes on Payroll	21,300	1,443	1,600	14,825	21,325	6,500	1,800	2,200	2,500
99	Medical Insurance Benefits	210,400	16,599	18,000	169,771	205,771	36,000	18,000	18,000	0
100	Calpers Retirement Benefits	171,000	10,934	8,100	131,562	156,852	24,300	8,100	8,100	8,100
101	Salaries & Wages contra account	(18,600)	(1,420)	(1,680)	(9,150)	(14,190)	(5,040)	(1,680)	(1,680)	(1,680)
102	Conference/Conventions/Training/Seminars	7,000	672	400	4,351	5,377	1,028	300	600	128
103	TOTAL PERSONNEL EXPENSE:	1,200,700	94,730	95,576	835,354	1,195,130	263,776	90,518	96,376	76,882
104										
105	OFFICE EXPENSE									
106	Office Supplies	18,000	1,247	1,500	15,350	19,850	4,500	1,500	1,500	1,500
107	Office Equipment/Rental/Maintenance Agreements	40,000	6,393	1,500	31,153	36,653	7,500	1,500	1,500	4,500
108	Postage & Freight	16,000	2,091	75	6,640	12,740	4,100	100	2,000	2,000
109	Taxes on Property	2,400	0	0	2,331	2,331	0	0	0	0
110	Telephone/Answering Service	8,800	623	717	6,083	8,234	2,151	717	717	717
111	Dues & Subscriptions	3,600	262	200	1,203	3,758	2,555	2,360	50	145
112	Printing, Publications & Notices	3,000	167	116	902	1,511	150	150	150	309
113	Uniforms	5,400	491	460	3,449	4,799	1,350	450	450	450
114	OSHA Requirements/Emergency preparedness	4,000	0	300	1,690	2,690	1,000	350	300	350
115	TOTAL OFFICE EXPENSE:	100,000	10,183	4,858	70,801	94,566	23,755	7,127	6,657	9,971
116										
117	UTILITIES EXPENSE									
118	Pumping-Electricity	350,000	23,018	25,633	221,600	301,600	80,000	25,000	27,000	28,000
119	Office/Shop Utilities	25,000	835	2,100	13,666	19,966	6,300	2,050	2,200	2,050
120	Cellular Phone	7,500	710	625	5,633	7,508	1,875	625	625	625
121	TOTAL UTILITIES EXPENSE:	382,500	24,564	28,358	240,900	329,075	88,175	27,675	29,825	30,675
122										
123	TOTAL EXPENSES:	2,705,119	259,955	255,897	1,986,160	2,536,254	550,094	165,270	209,246	174,578
124										
125	CASH BASIS ADJUSTMENTS									
126	Decrease (Increase) in Accounts Payable		1,293		1,293	1,293				
127	Increase (Decrease) in Inventory		252		252	252				
128	Other Cash Basis Adjustments									
129	TOTAL CASH BASIS ADJUSTMENTS:		1,545		1,545	1,545				
130										
131	TOTAL EXPENSES PAID:	2,705,119	271,412	265,897	1,933,051	2,483,145	550,094	166,270	209,246	174,578

C	CF	CG	CH	CI	CM	CN	CO	CP	CQ
	ADOPTED	Actual	Projected	Actual	Actual YTD	PROJECTED	Projected	Projected	Projected
	06/09/16	MARCH	March	YTD	and Projected	CASH FLOW	April	May	June
	2016-2017	2017	2017	2016-2017	2016-2017	2016-2017	2017	2017	2017
1	BWD								
2	CASH FLOW								
3	2016-2017								
4	NON O & M EXPENSES								
134									
135	Water								
136	Twin Tanks, 1970's-inside coating	125,000	125,000	-	-	0			
137	Pickup	35,000		42,607	42,607	0			
140	Pipeline replacements	30,000	2,500	10,895	17,500	6,605	2,500	2,500	1,605
142	Pump and Cleaning Well ID4-4-Wells-ID1-12/ID4-4	160,000	38,942	140,447	200,447	60,000	30,000		30,000
143	Booster Station 1 Rehab	40,000		-	-	0			
147	New 900 Reservoir	500,000		-	500,000	500,000	250,000		250,000
148	Transmission mains for new 900 Reservoir	100,000	50,000	-	100,000	100,000		50,000	50,000
149	Environmental review for water storage infrastructure	50,000	10,000	-	30,000	30,000	10,000	10,000	10,000
150	Engineering analysis for water storage infrastructure	75,000	1,688	31,123	56,123	25,000	10,000	10,000	5,000
151									
152	TOTAL WATER NON O&M	1,105,000		225,072	946,677	721,605			
153	Sewer								
155	WWTP-Back up Generator/Portable engine driven trash pump	26,000		29,773	29,773	0			
165	Transfer Switch	20,000		10,037	10,037	0			
166	Return Pump	8,500		10,797	10,797	0			
167	Fence at ponds WWTP	15,000	4,640	13,840	13,840	0			
168									
169	TOTAL SEWER NON O&M	59,500		64,447	64,447	0			
170	NON-CIP								
172	GWM -legal/misc -prop 1 grant/USGS	60,000	2,172	4,202	22,202	18,000	6,000	6,000	6,000
173	District portion of GSP/Inferium General Manager support	204,000		64,527	101,527	37,000	12,000	12,000	13,000
185	TOTAL GWM NON O&M	264,000		68,729	123,729	55,000			
186	OTHER								
201	Air Photo Imagery	10,000	10,000	-	-	0			
202		10,000		-	-	0			
203	TOTAL NON O&M EXPENSES	1,448,500	47,441	358,248	1,134,853	776,605	320,500	90,500	365,605
204									
205	CASH RECAP								
206	Cash beginning of period	3,257,872	4,014,111	3,257,872	3,443,507	3,949,972	3,949,972	3,786,790	3,876,092
207	Net Cash Flow (O&M)	1,464,388	(16,698)	1,050,348	1,546,466	496,119	157,318	179,802	158,999
208	Total Non O&M Expenses	(1,448,500)	(47,441)	(358,248)	(1,134,853)	(776,605)	(320,500)	(90,500)	(365,605)
209	CASH AT END OF PERIOD	3,273,759	3,949,972	3,949,972	3,855,121	3,669,486	3,786,790	3,876,092	3,669,486
210									
211	RESERVES								
212	Debt Reserves	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
213	Working Capital-Water (4 months)	(600,000)	(900,000)	(900,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
217	Contingency Reserves (10% o&m)	(270,000)	(270,000)	(270,000)	(270,000)	(270,000)	(270,000)	(270,000)	(270,000)
218	Rate Stabilization Reserves	(480,000)	(480,000)	(480,000)	(480,000)	(480,000)	(480,000)	(480,000)	(480,000)
219	Available for Emergency Reserves	928,759	1,899,972	1,899,972	1,510,121	1,324,486	1,441,790	1,531,092	1,324,486
220	Target Emergency Reserves	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
221	Emergency Reserves Deficit	(1,071,241)	(100,028)	(100,028)	(489,879)	(675,514)	(558,210)	(468,908)	(675,514)
222									
223	Explanation								
224									
225	Special Assessments		0	7,114	Received in April				
226	Consulting/Technical/Contract Labor		8,350	100	Reallocate DTA charges				
227	Office Equipment/ Rental/Maintenance Agreements		5,393	1,500	Projected for April				
228	Postage and Freight		2,001	75	Projected for April				



BORREGO WATER DISTRICT

	BALANCE SHEET March 31, 2017 (unaudited)	BALANCE SHEET February 28, 2017 (unaudited)	MONTHLY CHANGE (unaudited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,949,972.09	\$ 4,014,111.30	\$ (64,139.21)
Accounts receivable from water sales and sewer charges	\$ 316,648.45	\$ 321,016.67	\$ (4,368.22)
Inventory	\$ 128,885.51	\$ 129,137.65	\$ (252.14)
Prepaid expenses	\$ 31,969.89	\$ 31,969.89	\$ -
TOTAL CURRENT ASSETS	\$ 4,427,475.94	\$ 4,496,235.51	\$ (68,759.57)
RESTRICTED ASSETS			
Debt Service:			
Deferred amount of COP Refunding	\$ 112,546.17	\$ 112,546.17	\$ -
Deferred Outflow of Resources-calPERS	\$ 244,883.00	\$ 244,883.00	\$ -
Total Debt service	\$ 357,429.17	\$ 357,429.17	\$ -
Trust fund:			
Investments with fiscal agent -CFD 2007-1	\$ 26,618.50	\$ 33,050.15	\$ (6,431.65)
Total Trust fund	\$ 26,618.50	\$ 33,050.15	\$ (6,431.65)
TOTAL RESTRICTED ASSETS	\$ 384,047.67	\$ 390,479.32	
UTILITY PLANT IN SERVICE			
Land	\$ 2,328,663.65	\$ 2,328,663.65	\$ -
Flood Control Facilities	\$ 4,319,603.58	\$ 4,319,603.58	\$ -
Capital Improvement Projects	\$ 325,500.64	\$ 322,483.14	\$ 3,017.50
Sewer Facilities	\$ 5,907,917.14	\$ 5,907,917.14	\$ -
Water facilities	\$ 10,901,938.65	\$ 10,901,938.65	\$ -
General facilities	\$ 1,006,881.07	\$ 1,006,881.07	\$ -
Equipment and furniture	\$ 433,383.77	\$ 433,383.77	\$ -
Vehicles	\$ 582,802.28	\$ 582,802.28	\$ -
Accumulated depreciation	\$ (12,137,990.70)	\$ (12,137,990.70)	\$ -
NET UTILITY PLANT IN SERVICE	\$ 13,668,700.08	\$ 13,665,682.58	\$ 3,017.50
OTHER ASSETS			
Water rights -ID4	\$ 185,000.00	\$ 185,000.00	\$ -
TOTAL OTHER ASSETS	\$ 185,000.00	\$ 185,000.00	
TOTAL ASSETS	\$ 18,665,223.69	\$ 18,737,397.41	\$ (72,173.72)

Balance sheet continued

	BALANCE SHEET March 31, 2017 (unaudited)	BALANCE SHEET February 28, 2017 (unaudited)	MONTHLY CHANGE (unaudited)
LIABILITIES			
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS			
Accounts Payable	\$ 104,431.46	\$ 105,724.80	\$ (1,293.34)
Accrued expenses	\$ 154,788.17	\$ 154,788.17	\$ -
Deposits	\$ 5,000.00	\$ 5,000.00	\$ -
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	\$ 264,219.63	\$ 265,512.97	\$ (1,293.34)
CURRENT LIABILITIES PAYABLE FOM RESTRICTED ASSETS			
Debt Service:			
Accounts Payable to CFD 2007-1	\$ 26,618.50	\$ 33,050.15	\$ (6,431.65)
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	\$ 26,618.50	\$ 33,050.15	\$ (6,431.65)
LONG TERM LIABILITIES			
2008 Certificates of participation	\$ 2,330,000.00	\$ 2,330,000.00	\$ -
BBVA Compass Bank Loan	\$ 967,025.53	\$ 967,025.53	\$ -
Net Pension Liability-calPERS	\$ 693,352.00	\$ 693,352.00	\$ -
Deferred Inflow of Resources-calPERS	\$ 246,389.00	\$ 246,389.00	\$ -
TOTAL LONG TERM LIABILITIES	\$ 4,236,766.53	\$ 4,236,766.53	\$ -
TOTAL LIABILITIES	\$ 4,527,604.66	\$ 4,535,329.65	\$ (7,724.99)
FUND EQUITY			
Contributed equity	\$ 9,611,814.35	\$ 9,611,814.35	\$ -
Retained Earnings:			
Unrestricted Reserves/Retained Earnings	\$ 4,525,804.68	\$ 4,590,253.41	\$ (64,448.73)
Total retained earnings	\$ 4,525,804.68	\$ 4,590,253.41	\$ (64,448.73)
TOTAL FUND EQUITY	\$ 14,137,619.03	\$ 14,202,067.76	\$ (64,448.73)
TOTAL LIABILITIES AND FUND EQUITY	\$ 18,665,223.69	\$ 18,737,397.41	\$ (72,173.72)



BORREGO WATER DISTRICT

TREASURER'S REPORT March, 2017

Bank Balance	Carrying Value	Fair Value	% of Portfolio				Valuation Source
			Current Actual	Rate of Interest	Maturity		

Cash and Cash Equivalents:

Demand Accounts at UB/LAIF

General Account/Petty Cash	\$ 3,867,540	\$ 3,824,637	\$ 3,824,637	95.84%	0.00%	N/A	UB
Payroll Account	\$ 106,337	\$ 104,196	\$ 104,196	3.51%	0.00%	N/A	UB
LAIF	\$ 21,139	\$ 21,139	\$ 21,139	0.65%	0.60%	N/A	LAIF

Total Cash and Cash Equivalents	\$ 3,995,015	\$ 3,949,972	\$ 3,949,972	100.00%			
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Facilities District No. 2007-1

Special Tax Bond- Rams Hill -US BANK	\$ 26,619	\$ 26,619	\$ 26,619				
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Total Cash, Cash Equivalents & Investments	\$ 4,021,634	\$ 3,976,591	\$ 3,976,591				
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Cash and investments conform to the District's Investment Policy statement filed with the Board of Directors on July 19, 2016

Cash, investments and future cash flows are sufficient to meet the needs of the District for the next six months.

Sources of valuations are Umpqua Bank, LAIF and US Trust Bank.



 Kim Pitman, Administration Manager



BORREGO WATER DISTRICT

To: BWD Board of Directors
 From: Kim Pitman
 Subject: Consideration of the Disbursements and Claims Paid
 Month Ending March, 2017

Vendor disbursements paid during this period: **\$ 248,805.20**

Significant items:

San Diego Gas & Electric	\$	22,853.60
CalPERS Payments	\$	9,818.59
Medical Health Benefits	\$	19,553.65
Citizens Bank-Debt payment	\$	52,425.00
ACWA/JPIA-Program insurance	\$	33,742.98

Capital Projects/Fixed Asset Outlays:

Hidden Valley Pump Systems-Sonar Jet Well 18 ID 4	\$	38,941.62
Big J Fencing-WTF	\$	7,366.00

Total Professional Services for this Period:

McDougal, Love, Eckis, Attorneys	Legal-general	\$	858.00
Downey Brand, Attorneys	GWM	\$	1,142.50
Dudek Professional Services (reimbursed)	GSP RHGC Prepare Grants	\$	1,330.00
David Dale-Engineering	Survey 900 Tank	\$	1,687.50
	General Engineering	\$	4,995.00

Payroll for this Period:

Gross Payroll	\$	62,919.00
Employer Payroll Taxes and ADP Fee	\$	1,643.00
Total	\$	64,562.00

Accounts

Checks by Date - Summary by Check Date

Printed: 4/21/2017 10:10 AM



Check No	Vendor No	Vendor Name	Check Date	Check Amount
31204	1109	ABILITY ANSWERING/PAGING SER	03/21/2017	261.82
31205	3035	ACWA/JPIA PROGRAM INSURANCE	03/21/2017	29,261.65
31235	3035	ACWA/JPIA PROGRAM INSURANCE	03/30/2017	20,523.98
31257	3035	ACWA/JPIA PROGRAM INSURANCE	04/13/2017	3,511.00
31206	1266	AFLAC	03/21/2017	919.32
31207	9524	AIR POLLUTION CONTROL DISTRICT	03/21/2017	1,477.00
31268	9338	AMERICAN BACKFLOW SPECIALTIES	04/14/2017	205.41
31239	1001	AMERICAN LINEN INC.	04/13/2017	491.03
31236	61	AT&T MOBILITY	03/30/2017	595.76
31240	9529	AT&T-CALNET 3	04/13/2017	360.72
31208	9255	BABCOCK LABRATORIES	03/21/2017	960.00
31241	9255	BABCOCK LABRATORIES	04/13/2017	1,865.00
31225	9679	BIG J FENCING. INC.	03/27/2017	7,366.00
31209	10851	BOARD OF EOUALIZATION	03/21/2017	1,150.00
31242	88	BORREGO AUTO PARTS. INC.	04/13/2017	154.05
31243	10864	BORREGO COMMUNITY HEALTH FOUNDATION	04/13/2017	53.00
31210	1003	BORREGO SPRINGS BOTTLED WATER	03/21/2017	28.51
31226	1003	BORREGO SPRINGS BOTTLED WATER	03/27/2017	22.09
31211	1037	BORREGO SUN	03/21/2017	55.50
31244	1037	BORREGO SUN	04/13/2017	55.50
31227	9472	BSPAC	03/27/2017	375.00
31228	1196	CASH	03/27/2017	300.00
31212	9418	CITIZENS BUSINESS BANK	03/21/2017	52,425.00
31213	9054	COUNTY OF SAN DIEGO DEPT ENVIRONMENTAL HEALTH	03/21/2017	886.00
31246	10856	DAVID DALE. PE	04/13/2017	6,682.50
31218	1222	DEBBIE MORETTI	03/21/2017	122.00
31214	96	DISH	03/21/2017	85.72
31248	9801	DLT SOLUTIONS. LLC.	04/13/2017	2,492.28
31215	9535	DOWNEY BRAND	03/21/2017	1,142.50
31229	9640	DUDEK	03/27/2017	1,330.00
31216	3024	FED EX	03/21/2017	30.92
31249	9579	GREEN DESERT LANDSCAPE	04/13/2017	4,770.00
31250	3026	HACH COMPANY	04/13/2017	861.62
31251	1012	HIDDEN VALLEY PUMP SYSTEMS INC	04/13/2017	38,941.62
31252	1136	HOME DEPOT CREDIT SERVICES	04/13/2017	970.90
31247	1022	JAMES HORMUTH DE ANZA TRUE VALUE	04/13/2017	43.88
31253	65	JC LABS & MONITORING SERVICE	04/13/2017	1,500.00
31217	1067	KENNY STRICKLAND. INC.	03/21/2017	516.09
31230	1067	KENNY STRICKLAND. INC.	03/27/2017	1,150.17
31254	1067	KENNY STRICKLAND. INC.	04/13/2017	501.40
31255	9549	McDOUGAL LOVE ECKIS	04/13/2017	858.00
31256	1016	NAPA AUTO PARTS INC	04/13/2017	207.82

31219	1208	PACIFIC PIPELINE SUPPLY INC	03/21/2017	2,645.11
31220	3015	PITNEY BOWES INC	03/21/2017	137.49
31221	3011	PUBLIC EMP'S RETIREMENT SYSTEM	03/21/2017	4,781.32
31237	3011	PUBLIC EMP'S RETIREMENT SYSTEM	03/30/2017	5,037.27
31231	1033	OUIILL CORPORATION	03/27/2017	302.76
31258	1033	OUIILL CORPORATION	04/13/2017	522.73
31260	9633	RAMONA DISPOSAL SERVICE	04/13/2017	3,311.88
31232	97	RESERVE ACCOUNT	03/27/2017	2,000.00
31261	1114	ROGELIO MARTINEZ	04/13/2017	83.64
31262	1065	SAN DIEGO GAS & ELECTRIC	04/13/2017	23,853.60
31263	1626	THOMSON REUTERS/WEST	04/13/2017	150.85
31264	9581	TRAVIS PARKER	04/13/2017	100.00
31265	3000	U.S.BANK CORPORATE PAYMENT SYS	04/13/2017	4,855.63
31222	10847	USA COMMUNICATIONS	03/21/2017	72.74
31266	9439	USABLUEBOOK	04/13/2017	1,225.63
31267	1100	VERIZON WIRELESS	04/13/2017	114.25
31245	1027	VICTOR VALENTI CONTRON SCADA SYSTEMS	04/13/2017	4,725.69
31238	76	VORTEX INDUSTRIES. INC	03/30/2017	1,171.91
31259	1623	WENDY QUINN	04/13/2017	512.50
31223	94	WILLOW INDUSTRIES. LLC	03/21/2017	3,656.22
31233	94	WILLOW INDUSTRIES. LLC	03/27/2017	3,656.22
31234	92	XEROX FINANCIAL SERVICES	03/27/2017	377.00

Report Total (64 checks):

248,805.20



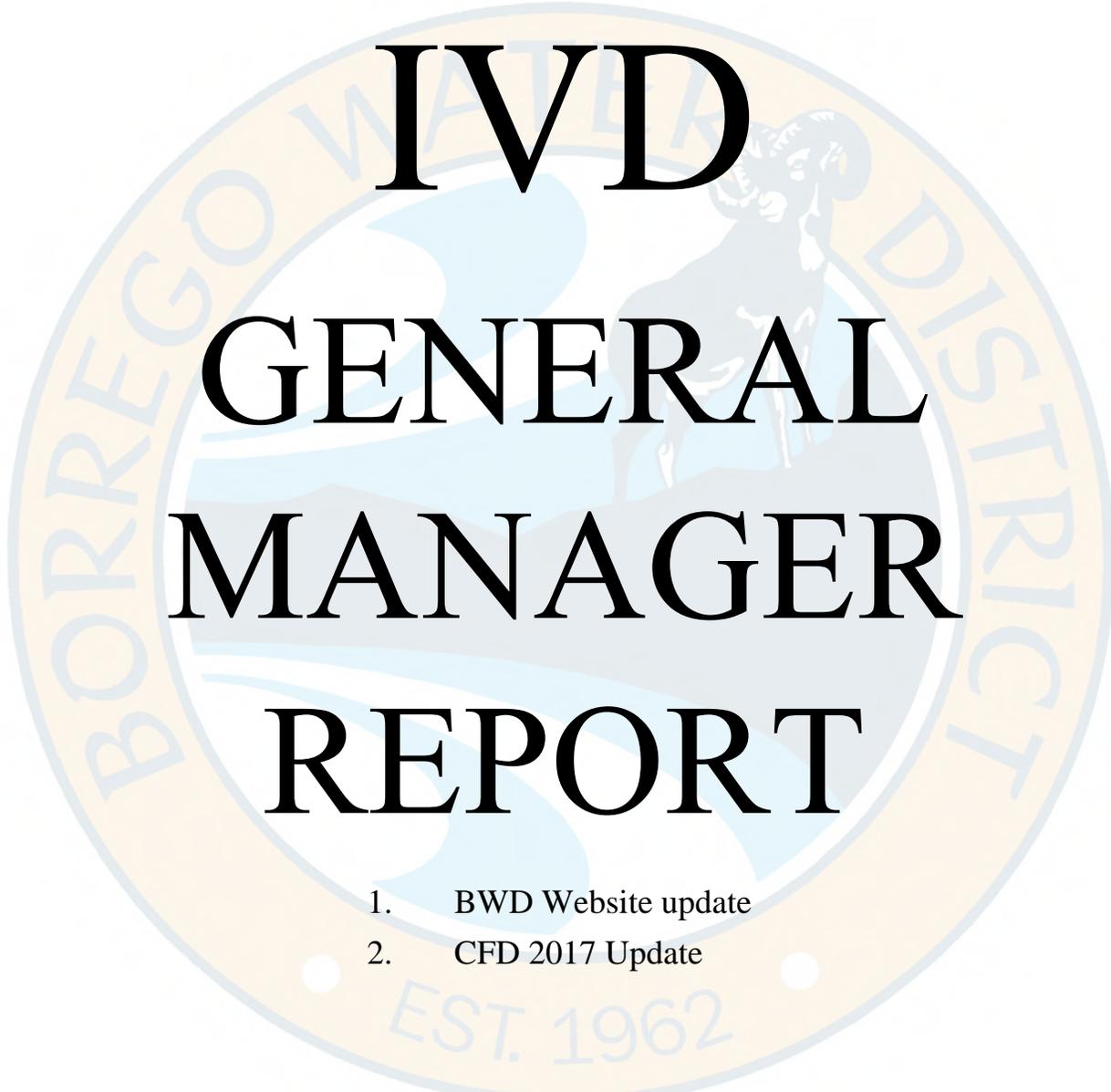
IVB WATER & WASTE WATER OPERATIONS REPORT

WILL BE PRESENTED AT THE MAY
BORREGO WATER DISTRICT BOARD MEETING



IVC WATER PRODUCTION/ USE RECORDS

WILL BE PRESENTED AT THE MAY
BORREGO WATER DISTRICT BOARD MEETING



IVD GENERAL MANAGER REPORT

1. BWD Website update
2. CFD 2017 Update