

**Borrego Water District Board of Directors**  
**Regular Meeting**  
**July 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  
*\*Director Joe Tatusko will be calling in from remote location*
- D. Approval of Agenda
- E. Approval of Minutes
  - 1. June 20, 2017 Special Board Meeting Minutes (4-8)
  - 2. June 28, 2017 Regular Board Meeting Minutes (9-12)
- F. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min)
- G. Comments from Directors

**II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION**

- A. Board support for Prop 1 Grant Application ideas for SGMA/GSP Compliance – G Poole (13-18)
  - 1. Socioeconomic project for Prop 1 Category I (SDAC) GSP proposal funding – G. Poole
  - 2. Meter installations on Wells Within Borrego Basin – G Poole
  - 3. Rams Hill Proposal – G Poole
  - 4. County of San Diego Projects Ideas – G Poole
- B. Draft Letter to the County of SD Regarding Potential Upzoning – L Brecht (19-21)
- C. Capital Improvement Plan Project Descriptions for FY 2018 Budget addendum – D Dale (22-52)
- D. Semi-annual Water Quality Sampling of BWD Production Wells -T Driscoll (53-54)
- E. Amendment of District's One-time Forgiveness Policy for Excessive Water Use if No Fault of Ratepayer – L Brecht (55)
- F. Amendment of District's policy of collecting a fee from residents of Santiago Estates for maintenance of the Club Circle golf course – L Brecht (56)
- G. Raftelis Water Rate Affordability Assessment – L Brecht (57-61)
- H. Approval of Resolution No. 2017-07-07 to Suspend August Special Board Meeting and August Regular Board Meeting – G Poole (62-64)

I. Consideration and Resolution Approvals - K Pittman (65-85)

***RESOLUTION 2017-07-01 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT RESTATING AND ADOPTING A STATEMENT OF INVESTMENT POLICY***

***RESOLUTION 2017-07-02 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF OPERATIONS AND MAINTENANCE OF THE DISTRICT AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS ON LAND WITHIN THE DISTRICT FOR THE FISCAL YEAR 2017-2018***

***RESOLUTION 2014-07-03 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COSTS OF OPERATIONS AND MAINTENANCE OF THE DISTRICT, AND TO PAY COSTS OF OPERATIONS AND MAINTENANCE FOR IMPROVEMENT DISTRICT NO. 1 AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS ON CERTAIN LAND IN IMPROVEMENT DISTRICT NO. 1 FOR THE FISCAL YEAR 2017-2018***

***RESOLUTION 2017-07-04 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF PROVIDING PEST CONTROL SERVICES BY THE DISTRICT AND REQUESTING LEVY AND COLLECTION OF SAID CHARGES AND/OR ACREAGE ASSESSMENTS FOR THE FISCAL YEAR 2017-2018***

***RESOLUTION 2017-07-05 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF OPERATING AND MAINTAINING THE WATER FACILITIES WITHIN IMPROVEMENT DISTRICT NO. 3 OF THE DISTRICT AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS FOR THE FISCAL YEAR 2017-2018***

***RESOLUTION 2017-07-06 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2007-1 OF THE BORREGO WATER DISTRICT AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 2007-1 FOR THE FISCAL YEAR 2017-2018***

J. Retainer Agreement with Best, Best and Krieger for Legal Services – G Poole (86-95)

**III. AD-HOC COMMITTEES (96)**

- A. Executive– Hart & Brecht
- B. Finance – Brecht & Tatusko
- C. Operations and Infrastructure –Delahay & Tatusko
- D. Personnel –Hart & Ehrlich
- E. Public Outreach –Delahay & Ehrlich
- F. Bond –Brecht & Ehrlich
- G. Risk Management –Tatusko & Ehrlich
- H. Legal Counsel – Brecht and Ehrlich

**IV. STAFF REPORTS**

- A. Financial Reports – May 2017 (97-106)
- B. Water and Wastewater Operations Report – May 2017 (107-108)
- C. Water Production/Use Records – May 2017 (109-110)
- D. General Manager (111)
  - 1. 2018 Statewide Water Bond (Meral) Update - Verbal
  - 2. BWD Website Update – Verbal
  - 3. Engineering Evaluation of Rams Hill Flood Control System – Verbal

**V. INFORMATIONAL ITEMS (112-121)**

- A. Working Risk Management Brief - L Brecht
- B. Letter of Appreciation for Morgan Foley – Verbal: G Poole/B Hart

**VI. CLOSED SESSION – Personnel**

- A. Public Employee Performance Evaluation (Government Code § 54957) - Title: General Manager
- B. Pending Litigation: pursuant to paragraph 4 of subchapter 54956. (1 Case)

**VII. CLOSING PROCEDURE**

- A. Suggested Items for Next/Future Agenda
- B. The next Meeting of the Board of Directors is scheduled for September 19, 2017 at the Borrego Water District

\*TELECONFERENCE LOCATED AT:

Harbor Island Parking Lot (across from the San Diego Airport)

VEHICLE: WHITE LEXUS



Mr. Shindler stated that he had served as a lobbyist for commercial fishermen in Washington State, and had worked to build coalitions and relationships, which is important in SGMA. As a member of the Ratepayer Committee, he worked with the Sponsor Group and Stewardship Council. He felt building coalitions and working with ratepayers were important for an AC member. He believed Mr. Duncan's experience with the Groundfish Advisory Panel would be an asset. Mr. Shindler stated he had been working for years to speed up governmental processes. He had not read the BWD audit report, but read and approved of the AC Bylaws. Director Brecht pointed out that Mr. Shindler had criticized the BWD Board for not representing the interests of the ratepayers. Mr. Shindler explained that he had criticized the past Board and worked for the election of Director Brecht, President Hart and former Director Marshal Brecht. He commended the current Board for improving the District's financial situation and expressed his support. Director Brecht explained that the ratepayer representative on the AC reports to the BWD Board. Mr. Shindler cited his knowledge of SGMA, which would be an asset to the District.

Director Ehrlich reiterated his support for Mr. Duncan, and Director Tatusko reiterated his support for Mr. Shindler. Both candidates committed to working with each other, whoever was selected. President Hart asked Mr. Shindler if the Ratepayer Committee members would cease their negative blogs regarding the District if he were selected. Mr. Shindler pointed out that it was a diverse group, but if he were the ratepayer representative he would work to lessen the criticism. Rebecca Falk and Dick Walker spoke in support of Mr. Shindler. ***MSC: Brecht/Delahay selecting Dave Duncan as the BWD ratepayer representative to the GSP Citizens Advisory Committee and directing notification to the County.***

Director Tatusko reported that he and Director Ehrlich recommended that notes be taken of the ratepayer meetings and made available to the public. Discussion followed regarding applicability of the Brown Act, and it was the consensus that compliance was not mandatory but Brown Act guidelines could be followed voluntarily. Mr. Poole will investigate, discuss the matter with legal counsel and make a recommendation to the Board.

**B. Consideration of District's public position regarding County's property Specific Request's (DS8 and DS24) upzoning that could add another 500+ new EDUs to the District's service area:** Director Brecht asked the Board members whether they wanted to take a stand in opposition to upzoning. They supported the idea of opposing it but agreed to seek legal advice first. Mr. Poole recommended developing a strategy for taking a position with the County, and President Hart suggested addressing the District's development policy as well.

**C. Obtaining land use attorney services:** Mr. Poole reported he had identified four law firms for consideration. President Hart asked him to work with Director Ehrlich to seek a firm that can offer land use advice as well as General Counsel services.

**D. SGMA-related land use demand management proposal from Vonn Marie May:** Director Brecht suggested that if the open space land in Galleta Meadows was prohibited from future development, it would save the District money as compared to fallowing agricultural land. Ms. May has proposed to investigate the possibility of putting the land into a trust, for a fee not to exceed \$3,000. Director Brecht asked Mr. Poole to gather all available information on Galleta Meadows, then contact Ms. May and request a written proposal for the Board's consideration. Mr. Poole will also talk to representatives of Galleta Meadows to let them know the District is looking into this.

**E. Discussion of SGMA-related land use economic considerations proposal from Le Sar Development Consultants:** Director Brecht summarized Le Sar Development's proposal to write grant applications for the District in an effort to obtain Proposition 1 funding for GSP development, including creation of analytics and helping with land use decisions in Borrego Valley. The grants are up to \$1 million, and as a critically overdrafted and severely disadvantaged community, BWD is eligible. Le

Sar's fee for their services is not to exceed \$65,000. Discussion followed, and the Board agreed that the services could be worthwhile but wanted additional information, including references, details of what would be provided (how many applications, which forms) and possible phased approach to save money. Mr. Poole and Director Tatusko will investigate.

**F. SGMA-related water rates affordability study for Borrego:** Director Brecht explained that under SGMA, and as a disadvantaged community, water rates cannot continue to increase indefinitely. He had discussed the issue with Raftelis, who estimated they could do a study for around \$10,000 but would need some analytic data. Director Brecht will ask them for a formal proposal for the Board's consideration.

**G. SGMA-related research regarding fallowing standards:** Director Brecht reported he had discussed this possible research with UCI, who in turn consulted the Desert Research Center in Reno. They are interested in putting together a proposal. Director Brecht felt the BWD water credit policy should include fallowing standards, such as plans to restore the fallowed land and air pollution control. UCI will present a proposal in July.

**H. District's public position regarding new water use under SGMA-constraints by 35-acre new farming operation in basin:** Mr. Poole referred to the sale last year of a parcel used to grow palm trees. The new owner has planted an herb farm on part of the land. Based on current regulations, since the property was previously used for agriculture, this is permissible. Director Brecht explained that under SGMA, pumpers may not use more water than used on January 1, 2015. The County has ruled that a new land use permit is not required, but Director Brecht suggested the District seek legal advice on how to address this. Did the new owner fallow any palm trees? The water to them is now turned off, but when was it turned off? President Hart recommended asking Jim Bennett to provide aerial photos of the property in 2015 to find out when the water was turned off, then consult legal counsel. Depending on legal advice, the District could then send letters to all local realtors notifying them that they must consult the District before selling property that will generate additional water use.

**I. Discussion of requesting a proposal from Len Herring and the Center for Sustainable Energy:** Mr. Poole requested Board input on whether a proposal should be requested from Mr. Herring to provide clean energy program design, water/wastewater management and technical advisory services to be included in the next Proposition 1 grant applications. Mr. Poole and Director Brecht will continue to work with Mr. Herring to obtain additional information, particularly in regards to "air to water systems," a potential alternate source of water.

**J. FY2018 Budget narrative needs for Financial Advisors' debt analysis:** Director Brecht explained that the new budget creates a need for new debt and enhanced water rates after 2021. He recommended a narrative be included in the budget explaining the level of the Capital Improvement Plan and the potential necessity to draw from reserves. The matter was referred to the Operations and Infrastructure Committee and David Dale.

**K. SGMA-related risk management issues that impact the District's finances and potential CIP spend debt needs:** This item was covered previously.

**L. Discussion of Process to Evaluate General Counsel Services:** Mr. Poole explained that lack of adequate response time from General Counsel and anticipated increased volume and complexity of legal issues have led to consideration of alternate counsel. Mr. Poole had identified four possible law firms, and Director Ehrlich may have a couple more. Hopefully a firm with land use experience can be located. Directors Brecht and Ehrlich volunteered to serve on the selection committee. Morgan Foley is aware of the District's action and wishes his firm to be considered as a candidate.

**M. Consideration of taking a position on SB 252 – Pertaining to the County approval process for new wells in critically overdrafted basins:** Director Ehrlich reported that ACWA and the Farm Bureau

oppose this bill, which would create an interim approval process for severely overdrafted basins until SGMA is implemented. The County would establish a procedure to review requests for new wells, including public review and review of impacts on other wells. The opposition feels this would create unnecessary bureaucracy. Director Ehrlich felt the District should support it, since the Borrego Valley Basin is the only critically overdrafted one in San Diego County. Mr. Poole reported that Mr. Bennett is opposed to the bill on the grounds that we can come up with a better process through the GSP, but if the District wants to support it, he would not have a problem. Director Brecht suggested supporting the concept, but not the actual bill. Other Board members agreed. Mr. Poole and Director Ehrlich will draft a letter. Director Ehrlich suggested contacting local legislators and/or copying them on the letter to gain their support.

N. Approval of Resolution 2017-06-01 for new LAIF signature cards: **MSC: Brecht/Tatusko adopting Resolution No. 2017-06-01, Resolution of the Board of Directors of the Borrego Water District Authorizing Investment of Monies in the Local Agency Investment Fund.**

### III. INFORMATIONAL ITEMS

A. County of San Diego Matching Funds Program for Libraries: Director Tatusko referred to his previous proposal to support the new library in its conservation programs by funding a student trip to the site and opportunity for information to be presented and questions and suggestions taken. The District can support this project through a donation to the Friends of the Library, or to the County, which may match our donation. Director Tatusko is working with the Library Directors as to how best to maximize the District's contribution.

B. SGWP Draft Presentation: This item related to the Sustainable Groundwater Planning Grant Program, i.e. Proposition 1, which was discussed previously.

C. JPIA Insurance Premium Rebate Update: Mr. Poole reported that he and Greg Holloway had discussed the disposition of the recent JPIA insurance premium rebate and recommended distributing it to the employees who were with the District four years ago, when the safety record creating the rebate was attained, as has been done previously.

D. Website Update: Mr. Poole reported that his student assistant has completed the school year, returned from travel and is making good progress on the website update. He assured the Board he would have results to report within a month.

E. Statewide 2018 Water Bond Update: Mr. Poole reported that bond writer Dr. Jerry Merrill had requested a "short poll" of approximately 600 registered voters and obtained favorable results. **MSC: Brecht/Ehrlich granting permission for Dr. Merrill to publicize the results of the poll.**

F. Santiago Estates Update: Mr. Poole reported he was continuing to work with Santiago Estates in an effort to relieve the community of its \$700 monthly Community Services District assessment stemming from their need to connect to the CSD sewer system a number of years ago. The CSD fee supports the Club Circle Golf Course, which is not in close proximity to Santiago Estates. Bob Moore, who is responsible for golf course maintenance, had already reduced his fee once to accommodate them and is unwilling to do so again; nor is the Borrego Springs Resort amenable to reducing their fees. Discussion followed regarding trash pickup, also covered by the CSD fee, and whether monies could be diverted from one service to another. Mr. Poole will investigate. Director Brecht expressed concern regarding the lack of connection between the CSD fee at Santiago Estates and any benefit the residents are realizing from the golf course. Mr. Poole agreed to research the agreement memorializing the merger of CSD and BWD, as well as applicable CSD Minutes.

G. BWD Event/Planning Calendar: The Event/Planning Calendar was included in the Board package, and there were no changes.

Mr. Holloway announced that he had sampled the water in all Borrego schools and found no lead. A report will be filed with the State.

**IV. CLOSED SESSION – Personnel**

**A. Public Employee Performance Evaluation (Government Code § 54957) – Title: General Manager:** The Board adjourned to closed session at 11:50 a.m., and the open session reconvened at 12:30 p.m. There was no reportable action.

**V. CLOSING PROCEDURE**

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

**B. The next Meeting of the Board of Directors is scheduled for June 28, 2017 at 9:00 a.m. at the Borrego Water District:** There being no further business, the Board adjourned at 12:30 p.m.



## II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

A. Presentation and discussion of Dudek Draft Working Technical Memorandum “Borrego Springs Sub Basin Groundwater Quality Risk Assessment”: Trey Driscoll presented slides depicting the results of his groundwater quality risk assessment. The study included testing of the District wells in the three Management Areas of the Borrego Springs Sub Basin, North, Central and South. Graphs showed the placement of the wells, pumps and screens relative to the upper, middle and lower aquifers, as well as the concentration of contaminants and their change over time. For each well, the contaminants measured (arsenic, nitrates, total dissolved solids and sulfates) were designated as increasing, decreasing, no trend or insufficient data. Conclusions and recommendations included designation of three water quality zones, annual sampling including non-District wells, and evaluation of depth-dependent sampling and/or drilling of test/monitoring wells. Mr. Driscoll announced that a grant application is planned for Proposition 1 funding which would include well monitoring. Monitoring is voluntary at this point, but SGMA allows imposition of a requirement.

John Peterson expressed support for well monitoring and encouraged an increase in the coming years. He emphasized the importance of the wells’ location, and the value of “cheap data.” President Hart explained that “cheap data” means restricting the components tested to those that are significant to Borrego Valley. We need to know where we can get new water. Discussion followed, with Mr. Driscoll predicting he would monitor each spring and fall and coordinate with the District’s testing program.

Director Brecht asked what water quality information was needed to ensure that the District will not have to spend a lot of money on treatment in the future. The 20-year time frame for sustainability under SGMA is arbitrary and may not be appropriate for BWD’s needs. He requested a written outline from Mr. Driscoll of the sampling program he recommends. Mr. Peterson recommended including fluoride and gross alpha in the contaminants tested. *MSC: Ehrlich/Brecht requesting staff to come up with a definition of the program to expand water quality testing and present a program for how we can get to an appropriate reduction period for the basin (what data do we need to fill in and how soon can we have it).*

B. Discussion of Prop 1 grant applications: Mr. Poole reported on the status of the non-GSP-related Proposition 1 grants. The first, for a wastewater treatment plant tertiary treatment study, has been approved for \$75,000. Two more applications are pending, one for a wastewater treatment plant rehabilitation project for \$280,000. All non-engineering information has been submitted. The debt management policy has been adopted, and the financial sustainability form will be completed soon. The last requirement is the development of plans and specifications. This is required for the third project, the drinking water project for \$1.12 million, as well. Mr. Poole has asked David Dale to prepare them for both projects at a cost not to exceed \$20,000. Decisions on the grant applications are expected in the late third quarter or early fourth quarter of this year. *MSC: Brecht/Ehrlich approving the expenditure not to exceed \$20,000 for David Dale to prepare plans and specifications for the two pending grant applications.*

C. Authorize staff to enter into contract with David Dale for completion of the Plans and Specifications on Prop One Grant Applications: This was covered during the previous item.

D. Interim funding of Groundwater Sustainability Plan Facilitation by Center for Collaborative Policy (CCP): Mr. Poole explained that the grant funding for Megan Wylie, Facilitator for the GSP Advisory Committee, will expire July 1 until the next round of grants becomes available. She is a tremendous asset to the AC, and Mr. Poole recommended that BWD fund her services for three months at a cost of not to exceed \$3,000 per month. *MSC:*

***Brecht/Ehrlich approving the expenditure.*** Discussion followed regarding the original \$56,000 grant for Ms. Wylie’s services. Mr. Poole will find out how it was spent and whether any is left over.

**E. SGMA-related land use economic consideration proposal from LeSar Development Consultants:** Mr. Poole distributed a response from LeSar to the District’s request for more information on their proposal to assist in the development of a Proposition 1 grant application for a land use based model and related activities. Director Brecht opined that socio-economic issues need to be addressed under SGMA, and time is of the essence before the Proposition 1 procedures are finalized. He emphasized the value of gaining County support, and Mr. Poole noted he would discuss it with Jim Bennett tomorrow. Mr. Driscoll pointed out that the grant application needs to show how Borrego Springs, as a disadvantaged community, would benefit from the project for which funds are being requested. Director Ehrlich recommended asking LeSar for a process, deliverables, progress payments and opportunities for either party to cancel along the way. Suzanne Lawrence suggested asking LeSar for an audit of GSP-related issues by the end of July, particularly the nexus between the funds requested and our disadvantaged community status. Director Ehrlich recommended this be included in LeSar’s scope of work, which they promised within seven days. Mr. Poole will contact them. Mr. Duncan suggested asking the County to be a co-applicant. Mr. Driscoll explained that there are two parts to the Proposition 1 grant funding, one for severely disadvantaged communities and one for critically overdrafted basins. Mr. Poole will work with Directors Ehrlich and Brecht on this proposal and report to the Board in July. ***MSC: Ehrlich/Brecht conditionally authorizing entering into a contract with LeSar Development Consultants, working with Mr. Poole and Directors Ehrlich and Brecht.***

### **III. AD-HOC BOARD COMMITTEES**

**A. Executive:** President Hart reported that the Committee is continuing to work with the County on the GSP.

**B. Finance:** Director Brecht reported that the Committee was preparing for the audit. Mr. Poole is working with Mr. Holloway and Mr. Dale on the project description sheets to be included in the budget.

**C. Operations and Infrastructure:** Director Delahay reported that the Committee had been working on the budget.

**D. Personnel:** Deferred to closed session.

**E. Public Outreach:** Mr. Poole reported that the Committee assisted in the selection of Mr. Duncan for the Advisory Committee.

**F. Bond:** Director Ehrlich reported that the Committee met with the financial advisors. Mr. Poole noted that they requested information on the existing bond, and Ms. Pitman will provide it. A copy of the new budget will be provided in September

**G. Risk Management:** Director Brecht reported that the Committee was working on a risk management memo. Part of it will be in the next Board package, and part will be considered in closed session.

**H. Legal Counsel:** Director Ehrlich announced that the Committee would have a report on July 18.

#### **IV. STAFF REPORTS**

**A. Financial Reports – May 2017:** Ms. Pitman explained that although the computer billing was projected to be paid in June, it was paid in May. Engineering costs were approximately \$12,000, but the District will be reimbursed by Rams Hill. There was a break in the Country Club line.

**B. Water and Wastewater Operations Report – May 2017:** Mr. Holloway reported that the majority of the work on the second clarifier at the wastewater treatment plant has been completed. The breaker on Well 4 burned up, and the cause is undetermined but may be the result of a faulty wire. Director Ehrlich thanked the crew for work repairing lines in streets and their attention to safety.

**C. Water Production/Use Records – May 2017:** President Hart noted the increase in water use, and Mr. Poole attributed it in part to the main break.

**D. General Manager:** Mr. Poole distributed a written report and summarized its contents. He met with Mr. Duncan and they made plans for convening a BWD ratepayers constituent group to provide feedback to the Advisory Committee. A call with David Aladjem is scheduled later today to discuss plans for preservation of Galleta Meadows as undeveloped land. Raftelis has been requested to submit a proposal for a water rates affordability study and hopefully will have it ready by July 18. Aerial photos for 2014 through January 2015 have been requested from the County to assist in determining water use during that period. Len Hering and the Center for Sustainable Energy are working on a proposal. Mr. Poole is working with Mr. Dale and Mr. Holloway on a CIP project analysis and will present it to the Board in July. He is also working with Directors Brecht and Ehrlich on attorney selection. Two will be interviewed today, and two will be scheduled for next week. A letter of support for SB 252 was sent to Legislators. Director Brecht asked him to include it in the next Board package. Mr. Poole has done some research on the history of the Santiago Estates CSD fee and will continue to investigate. He will ask Mr. Aladjem about the relation between CSD trash fees and golf course maintenance fees and the need for a nexus between cost and benefit.

#### **V. INFORMATIONAL ITEMS**

**A. Setting the Proper Reduction Period for SGMA Compliance:** This item was discussed previously.

**B. Economics of Sustainable Water Supply:** Director Brecht's report was included in the Board package for information.

#### **VI. CLOSED SESSION – Personnel**

**A. Public Employee Performance Evaluation (Government Code §54957); Title: General Manager:** The Board adjourned to closed session at 11:50 a.m., and the open session reconvened at 12:30 p.m. There was no reportable action.

#### **VII. CLOSING PROCEDURE**

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

**B. The next Meeting of the Board of Directors is scheduled for July 18, 2017 at the Borrego Water District.** There being no further business, the Board adjourned at 12:30 p.m.

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING - JULY 26, 2017

ITEM 2A

July 20, 2017

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Prop 1 Grant Application ideas for SGMA/GSP Compliance – G Poole

1. Socioeconomic project for Prop 1 Category I (SDAC) GSP proposal funding – G. Poole
2. Meter installations on Wells Within Borrego Basin – G Poole
3. Rams Hill Proposal – G Poole
4. County of San Diego Projects Ideas – G Poole

**RECOMMENDED ACTION**

Receive update on list of Prop 1 Project ideas and direct staff accordingly.

**ITEM EXPLANATION**

As part of the upcoming next phase of funding for Groundwater Sustainability Plan compliance, the GSP Core Team (Hart, Brecht, Poole) would like to get the Boards input on the list of potential Projects.

The proposal for the Socioeconomic Analysis was previously distributed. A Special Board Meeting was held with Jennifer Le Sar on Thursday July 20<sup>th</sup> at 2 pm. Directors Delahay, Tatusko and Ehrlich attended the meeting and received a verbal explanation of the Proposal from Jennifer Le Sar. The Board Members had a few questions answered by Jennifer. Staff intends to create meeting minutes from the tape and distribute to the Board when complete. Information on Metering is attached and Trey will be in attendance at the meeting to discuss. In addition, Rams Hill is requesting inclusion into the Prop One Grant Process with the attached project. Last but not least, as of this date, the County is considering requesting reimbursement for GSP Contract Costs, Environmental Review and General Plan Amendment.

**FISCAL IMPACT**

To be determined

**ATTACHMENTS**

1. Letter from Director Tatusko on Le Sar Proposal
2. Mandatory Metering Installation Info
3. Rams Hill Proposal
4. Draft Letter to the County re: Reimbursement for SGMA/GSP Costs

## LeSar BWD Board Agenda Item of 7/26/17

As I expressed at the emergency Borrego Water District (BWD) Board meeting of 7/20/17 with Jennifer LeSar I can offer conditional support of the LeSar proposal Prop 1 application, pg. 5 of 14 SOW assumptions section, reference Prop 1 Category 1 project(s) PSP dated May 2017 pg. 8, Category 1 for the following conditions:

- 1) Jennifer offered the LeSar Company has spent \$14,000 to \$15,000 to date with related Borrego Springs and Prop 1 proposal activity. LeSar does not budget for proposals such as many if not all our consultants provide BWD.
- 2) Phase 1 is only activity to “complete” the preliminary Prop 1 PSP of May 2017 and final released, date TBD application using existing online census and American Community Survey (ACS) available information. Examples of eligible projects are found on PSP pg. 8, Category 1, i.e. installation of meters on production wells.
- 3) Phase 2 activity is any and all work above and beyond the Phase 1 “application” activity. For example this may include future single or multiple investigation activity and reporting of socio-economic impact(s) of SGMA and reduction of the aquifer overdraft.
- 4) Phase 2 project(s) if brought forward from the SGMA AC meetings must be brought the BWD in Statement of Work (SOW) format for Board approval prior to “verbal or implied” authorization to proceed. This is necessary to prevent spending BWD money all BWD Board Members may not be aware.
- 5) Travel time by LeSar is limited during the Phase 1 project application process.

Submitted by Joe Tatusko  
BWD Board Member  
7/21/17

The Borrego Water Coalition's policy recommendations to the District are located at: [Coalition Policy Recommendations](#)

The Coalition's policy on metering is at Recommendation #8: The Coalition recommends that Owners be mandated to install meters on their Production wells and submit verified withdrawals data twice a year to the Basin Engineer. The Coalition agrees that a penalty be imposed for Owners failing to meter their Production wells no more than two-years from the date of the approved GSP



June 14, 2017

Mr. Lyle Brecht  
Borrego Water District  
Borrego Springs, CA. 92004

Re: Proposition 1 Sustainable Groundwater Grant Program Proposal Solicitation Package for Groundwater Sustainability Plans and Projects

Dear Lyle:

I wanted to thank you and Geoff for taking the time this morning to discuss a range of issues that concern Rams Hill and its future plans. It appears that many of our questions cannot be answered at this time, but as SGMA and the County develop their plans more clarity will be forthcoming.

As you know we have been involved with UCSD scientist who have developed state of the art hydroponic and aquaponics techniques that include solar powered computer controlled LED lights that can grow \$4 million of produce in vertical farming pods on as little as 1 acre foot a year. Their seventh iteration and most recent pod in the evolution of these techniques is located at Rams Hill. We believe that these new agriculture techniques will greatly reduce the over draft, create hundreds of higher paying year round jobs, and in the process use only 2% of the water to produce ten times more agriculture products than are currently being grown.

As part of this process we would like to know if the District would consider the following:

Would the District include a hydroponics project as part of its DWR's current Proposition 1 Sustainable Groundwater Grant Program Proposal Solicitation Package for Groundwater Sustainability Plans and Projects?

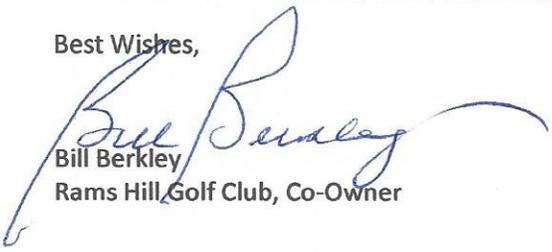
Could the cost for RH preparing such a project proposal be deducted from the take or pay obligation to the District?

Would the District be willing to consider including a golf course turf reduction, and bio-retention basin and state of the art water management research projects as part of its DWR's current Proposition 1 Sustainable Groundwater Grant Program Proposal Solicitation Package for Groundwater Sustainability Plans and Projects?

Could the cost for RH preparing such a project proposal be deducted from our take or pay obligation to the District?

Thanks to the BWD's encouragement and help Rams Hill has grown over the past three seasons and was recently rated the number one golf course in the country by GolfNow.com, which is owned by the Golf Channel. In addition, it was rated the best resort course in Southern California by Golfweek Magazine. We wouldn't have received these accolades without the BWD's forward looking policies.

Best Wishes,



Bill Berkley  
Rams Hill Golf Club, Co-Owner

To: San Diego County

The Board of the Borrego Water District (District) understands that San Diego County (County) wishes to be reimbursed for the \$1.2M it will have advanced for development of the Groundwater Sustainability Plan (GSP) for the Borrego Springs Subbasin (Borrego Basin) of the Borrego Valley Groundwater Basin.

Under the terms of the Memorandum of Understanding (MOU) between the District and the County creating a multi-agency Groundwater Sustainability Agency (GSA) for the Borrego Basin dated October 24, 2016, the District understands that it is fully willing to work with the County to effectuate such a request. In fact, it is also the District's duty and desire to be reimbursed for the funds it has already expended in development of the GSP and expects to expend in the very near future to implement any GSP to meet SGMA-compliant objectives for managing the Borrego Basin to sustainable use with *no undesirable results*.

To date, the District has already spent \$1.0M of its ratepayer-generated funds to create the studies foundational to any SGMA-compliant GSP. In FY 2017 - FY 2018, the District will have spent approximately \$600,000 for SGMA-GSP-related studies.

Additionally, the District's obligations on GSP-related implementation costs are presently estimated as:

- Remaining SGMA-related = \$25.0M
  - GSP implementation costs = \$3.0M (\$1M CEQA + \$2M ongoing admin costs);<sup>1</sup>
  - Water supply costs = \$20M (\$8M current customers<sup>2</sup>+ \$12M for 3,000 EDUs County approved subdivisions + \$2M if present PSRs up-zoning and subdivision approval occurs for an additional 500 EDUs in the District's service area<sup>3</sup>);

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<sup>1</sup> Ballpark estimate based on Dudek proposal to County (December 6, 2016). This amount is on top of \$1.2M already obligated from the County to cover GSP development costs.

<sup>2</sup> Purchase of 1,000 AF of permanent supply at an average of \$8,000/AF via fallowing of irrigated farmland to service existing municipal customers. The 1,000 AF amount needed to service existing customers is based on the assumption of proportional reductions across all sectors (agricultural, recreational, municipal) based on current usage. The ability to borrow from financing entities to purchase this water assumes a fixed benchmark for starting reductions and severe penalties for additional water use in the basin post January 1, 2015.

<sup>3</sup> See Dudek, "Theoretical Water Demand at Buildout of Present Unbuilt Lots Under County's Current Zoning in Borrego Springs" (October 4, 2016) at [Water Demand at Buildout](#) pp. 2-80. These estimates assume 0.50 AFY/EDU average usage/EDU + overhead/EDU (for population services) at \$8,000/AF permanent supply for land purchase, fallowing, and land restoration to transfer a portion of sustainable yield from the agricultural to the municipal sector for its use under SGMA-supply constraints.

- +  $\underline{x}$  %<sup>4</sup> of \$40.0M (PV advanced treatment capital & O&M costs during economically useful life of treatment facility).<sup>5</sup>

To better effectuate such a level of reimbursement to the County and District, it has been suggested that a basin-wide CFD be formed, as proposed by Rutan and Tucker' bond counsel (attorneys whose selection was supported by the farmers on the Borrego Water Coalition). Under Rutan and Tucker's bond counsel's proposed structure, each sector's present participants (agriculture, recreation, municipal) would be obligated to pay their fair proportional share of the total CFD debt obligation used to discharge SGMA-related costs acceding to present water usage.

The District very much is willing to work with the County legal staff to put such an appropriate structure in place at the earliest date to accomplish any required reimbursement.

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<sup>4</sup> This percentage will always be a non-zero probabilistic estimate based on trends in historical water quality data projected forward into the future. There is no way of knowing for certain what water quality will be in the future without waiting for the future to occur. But, by waiting for the future, treatment costs are locked in without any ability to make proactive management decisions to prevent an expensive future.

<sup>5</sup> See Dudek, "Water Replacement and Treatment Cost Analysis for Borrego GW Basin" (December 11, 2015) at [Treatment Costs](#) pp. 22-32.

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING - JULY 26, 2017

ITEM 2B

July 20, 2017

TO: Board of Directors  
FROM: Geoff Poole, General Manager  
SUBJECT: Draft Letter to the County of SD Regarding Potential Upzoning – L Brecht

**RECOMMENDED ACTION**

Receive draft letter and direct staff accordingly.

**ITEM EXPLANATION**

Director Brecht has created the attached draft Letter to the County regarding the potential upzoning in Borrego Springs.

**FISCAL IMPACT**

To be determined

**ATTACHMENTS**

1. Draft Letter to County of SD regarding potential upzoning

DRAFT – FOR DISCUSSION PURPOSES ONLY

[District letterhead: written statement and read public statement at PSR public hearing with County Supervisors]

RE: PSR DS24 Borrego Country Club Estates and DS8 in the Borrego Water District's Service Area

The Borrego Water District (District) unfortunately would likely be unable to agree at this time to provide water to the subdivisions anticipated in the referenced upcoming requests should the County approve such Property Specific Requests (PSRs) to add zoning that anticipates subdivisions for another approximately 542 Equivalent Dwelling Units (EDU's) to the District's service area.

The California Department of Water Resources (DWR) has designated the Borrego Springs Sub-basin (Borrego Basin; basin) of the Borrego Valley Groundwater Basin as a basin in *critical overdraft*. Since January 1, 2015 the Borrego Basin is required to be managed under the regulations for a basin in *critical overdraft*, as established by the Sustainable Groundwater Management Act (SGMA). SGMA specifies how the District, under its groundwater management authorities established by Section 34000 et seq. of the California Water Code must manage the basin in a sustainable manner and to accomplish this sustainable use of the basin by no later than 2040.

On October 24, 2016, San Diego County (County) agreed to become a part of a multi-agency Groundwater Sustainability Agency (GSA) with the County using its land use authorities to assist the District in its groundwater management authorities for meeting the requirements of SGMA.

Further, the District has recently commissioned two studies: Dudek, "Theoretical Water Demand at Buildout of Present Unbuilt Lots Under County's Current Zoning in Borrego Springs" (October 4, 2016) at [Water Demand at Buildout](#) pp. 2-80 and Raftelis Financial Consultants (RFC), "County Zoning and SGMA Impact Assessment" (January 13, 2017) located at [Water Rates by 2040 Under SGMA](#) pp. 82-99. The Dudek study indicates that there may not be adequate water available in the Borrego Basin for additional EDUs, given the County's already approved subdivisions comprising approximately 3,000 unbuilt buildable lots. The Raftelis study indicates that even if there were adequate water available for additional EDUs than those already

approved by the County, the resulting water rates may be unaffordable for the District's customers and Borrego as a *Severely Disadvantaged Community* (SDAC).

Additional analysis by the District suggests that should the County, irrespective of the present land use uncertainties under SGMA for the Borrego Basin, choose to approve the PSR up-zoning requests, this could create an approximately \$2,000,000 liability for the District to purchase the water supply for these potential subdivisions. Furthermore, present analysis suggests that the collection of developer's charges for water supply costs upfront for the entire subdivision, before any build-out of even one lot in the subdivisions, may not fully discharge the liability created from such new subdivisions.

That is because the District and its current customer base face financial liabilities created from the County's land use decisions and water supply availability for already approved County subdivisions in the District's service area. Therefore the District's Board, in exercising its fiduciary duty to its existing ratepayers and to protect the District's finances, is likely unwilling to agree to provide water to the subdivisions anticipated in the referenced PSRs until these financial costs and uncertainties are fully evaluated and addressed to the satisfaction of the District.

In summary, the District, acting for itself and as a party to a multiagency GSA with the County for the Borrego Basin requests that the County either (a) defers any decision on these PSRs until a Groundwater Sustainability Plan (GSP) for the Borrego Basin is completed and approved; and/or (b) makes any approval of these PSRs contingent upon: (i) downzoning other properties to prevent oversubscription of the Borrego Basin that essentially prevents the Borrego Basin from ever becoming SGMA-compliant; and (ii) requiring a prepayment from the PSR requestor of the entire millions of dollars required for the District to purchase supply that enables the development of these PSRs, prior to approval of the PSRs.

Sincerely,

[president of the Board]

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING - JULY 26, 2017

ITEM 2C

July 20, 2017

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Capital Improvement Plan Project Descriptions for FY 2018 Budget addendum –  
D. Dale

**RECOMMENDED ACTION**

Receive draft letter and direct staff accordingly.

**ITEM EXPLANATION**

District Engineer Dale has completed the attached Project Description Sheets and Greg has completed the pipeline replacement summary info.

**FISCAL IMPACT**

To be determined

**ATTACHMENTS**

1. Project Descriptions Sheets – D Dale
2. Pipeline Project Summary – G Holloway

## M E M O R A N D U M

**DATE:** 7/10/17

**TO:** Geoff Poole, General Manager BWD

**FROM:** David Dale, PE, PLS

**Re:** Borrego Water District – 2017-2025 CIP Project Summary and Narratives

The following table shows the summary of the 2017-2025 projects. The CIP projects are described in detail on the following pages.

### CIP # CAPITAL IMPROVEMENT PROJECTS FISCAL YEARS 2017-2025 SUMMARY

CIP #	<b>WELLS, BOOSTER STATIONS, RESERVOIRS &amp; ASSOCIATED TRANSMISSION MAINS</b>
5	Water Treatment Facility (phase 1)
6	Water Treatment Facility (phase 2)
7	New well assessments (Exploration Phase) and acquire land
8	Drill new wells
9	Country Club Tank Recoating, 1999 1.0 MG
10	New 900 Reservoir
11	Transmission line to convey well 16 water directly to ID1 900 Reservoir (Pipeline 1)
12	Transmission line to convey Well 5 water directly to C.C. Reservoir (Pipeline 2)
13	Transmission line to convey Well 12 water directly to Tilting T-Di Giorgio (Pipeline 3)
14	Transmission pipeline Slash M Rd. west to Country Club Tank
15	Replace Twin Tanks
16	Replace Wilcox Diesel Motor
17	Replace Indianhead Reservoir
18	Rams Hill #2, 1980 galv. 0.44 MG recoating

	<b>WASTEWATER TREATMENT FACILITIES</b>
21	Force main replacement at La Casa del Zorro; Cleanouts on existing force main
22	Sewer main replacement Club Circle
23	Conversion to Tertiary Treatment - Study
24	Lift station-Aeration and odor removal system
25	Plant-Grit removal at the headworks-Prop 1 grant

	<b>PIPELINE REPLACEMENT /IMPROVEMENT PROGRAM</b>
28	Emergency water pipeline repairs
29	10" Bypass at ID1 Booster Station 2
30	Borrego Springs Road, Walking H Drive to Country Club Road Phase 1 (Pipeline 5)
31	Borrego Springs Road, Walking H Drive to Country Club Road Phase 2 (Pipeline 5)
32	T Anchor Drive, Frying Pan Road to Double O Road (Pipeline 6)
33	Weather Vane Drive, Frying Pan Road to Double O Road (Pipeline 7)
34	Frying Pan Road, north and south from T Anchor Drive (Pipeline 8)
35	Double O Road, north and south from T Anchor Drive (Pipeline 9)
36	Borrego Springs Road, Weather Vane Drive to Barrel Drive (Pipeline 10)
37	Pipeline for Santiago and ID5 (Pipeline 11)
38	De Anza Dr. 1600 block west from Yaqui Road (Pipeline 12)
39	Club Circle Pipeline Evaluation

CIP PROJECTS 2017-2025 NARRATIVES

Contents

Water Treatment Facility (Phase 1 and 2) ..... 3

Exploration, Land Acquisition and Drill New Wells..... 5

Country Club Tank Rehabilitation ..... 7

900 Tank (Formerly the 800 Tank)..... 9

Transmission Pipelines..... 11

Twin Tanks ..... 12

Replace Wilcox Diesel Motor ..... 15

Replace Indian Head Reservoir ..... 17

Rams Hill #2 Recoating..... 19

Forcemain Replacement at La Casa Del Zorro; Cleanouts on existing forcemain ..... 21

Sewer Main Replacement Club Circle ..... 22

Lift Station – Aeration and Odor Removal System ..... 24

Plant Grit Removal at the Headworks..... 25

Emergency Water Pipeline Repairs..... 27

Pipeline Replacement / Improvement Program ..... 28



*David Dale*

Water Treatment Facility (Phase 1 and 2)

A. Project Description / Reasons for Capital Expense

Budget: \$1,535,000

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

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

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

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

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

Groundwater Subbasin. This recent data indicates that arsenic concentrations exceed the California drinking water MCL of 10 micrograms per liter ( $\mu\text{g/L}$ ) in portions of the lower aquifer in the SMA. Additionally, review of historical arsenic data for BWD wells located in the SMA indicates an increasing arsenic trend in well ID1-2, and a linear regression analysis indicates a good correlation of fit among arsenic concentration, groundwater production, and declining groundwater levels in well ID1-8. Based on the 2-year lag linear regression of groundwater production and arsenic data from well ID1-8, groundwater production in excess of 300 AFY at well ID1-8 is predicted to exceed the arsenic drinking water standard of 10  $\mu\text{g/L}$ . Thus, arsenic concentrations in the lower aquifer of the Borrego Springs Groundwater Subbasin are determined to be a primary COC. Because groundwater quality data for the Borrego Springs Groundwater Subbasin are limited, further data collection and evaluation is required to verify the predicted exceedance of the arsenic drinking water standards in well ID1-8 and potential for other wells in the Borrego Springs Groundwater Subbasin to exceed the arsenic drinking water standard or other COC.

It is yet to be determined if treatment will be necessary, but for planning purposes the BWD has put placeholders in the Capital Improvement Program (CIP) in the next eight years.

B. Project Design / Process Flow:

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

C. Cost Estimate:

Project costs are highly speculative at this time due to the fact that current water quality does not require treatment. Due to the falling groundwater table, this may change in the future with depth dependent water quality. The budget is \$1,535,000.

D. Project Estimated Timeline:

The CIP shows these projects starting in FY 2022-23; however actual timing of this project is dependent on several factors discussed above.

Exploration, Land Acquisition and Drill New Wells

A. Project Description / Reasons for Capital Expense

Budget: \$2,800,000

BWD has identified three wells that will need to be replaced within the next eight years. Wells ID1-8, ID4-4 and ID1-10 cannot be rehabilitated again will need to be replaced due to age and falling groundwater levels. Two high yield wells may replace these three wells.

B. Project Design / Process Flow:

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

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

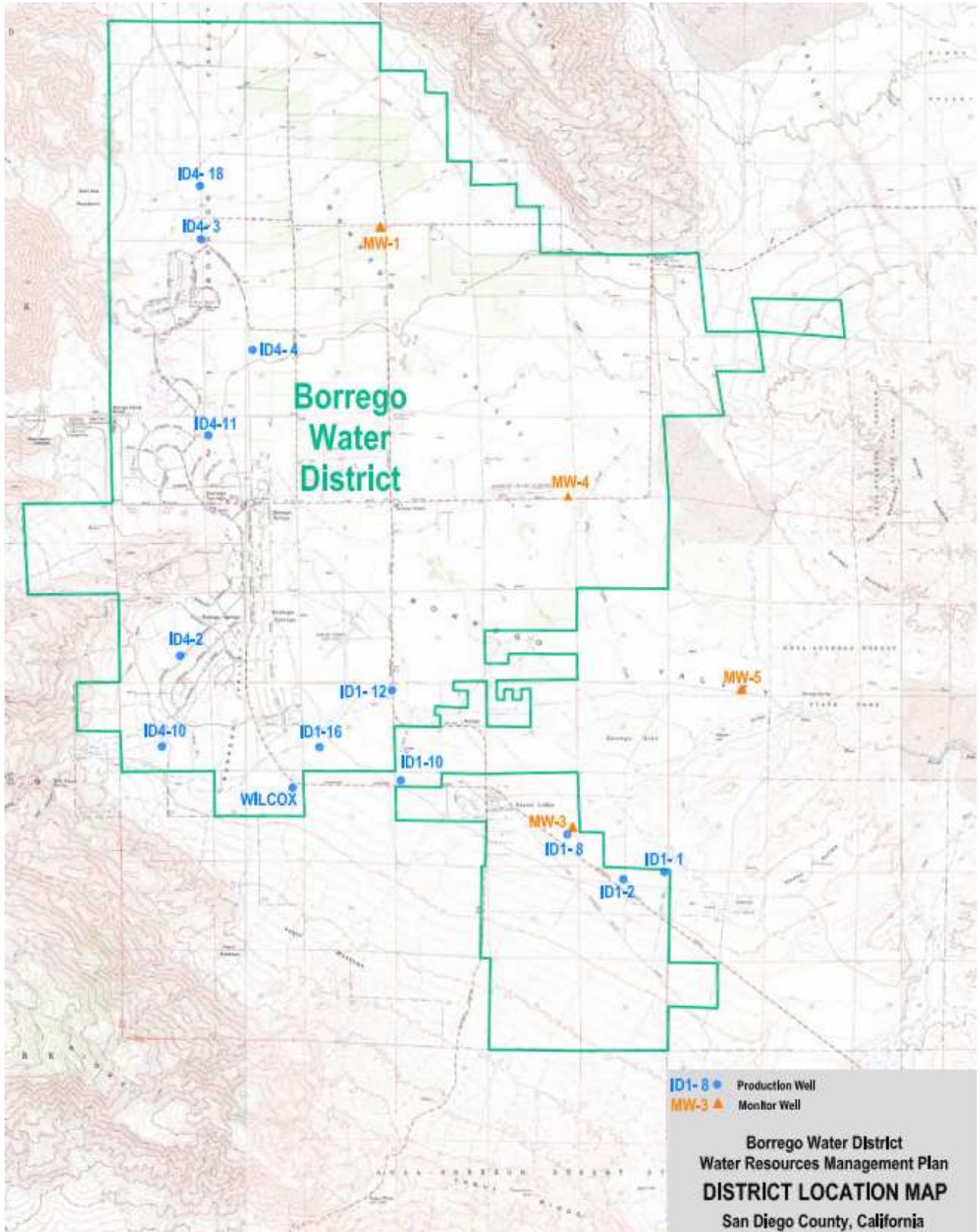
Once a site has been selected, an exploration phase will commence. If the water quality and depth is acceptable, the land will be acquired for the wellsite and the well will be constructed to municipal standards.

C. Cost Estimate:

The cost estimate for the exploration and land acquisition phase is \$550,000. The wells are estimated to cost \$1,000,000 each to construct.

D. Project Estimated Timeline:

Exploration and land acquisition:	FY 2018-2020
Construct well#1:	FY 2021-2022
Construct well#2:	FY 2023-2024



Country Club Tank Rehabilitation

A. Project Description / Reasons for Capital Expense

Budget \$ 250,000

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

B. Project Design / Process Flow:

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

C. Cost Estimate:

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

D. Project Estimated Timeline:

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

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

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

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



Country Club Tank Location

900 Tank (Formerly the 800 Tank)

A. Project Description / Reasons for capital expense:

Budget \$ 525,000

The existing 800 tank is leaking due to a failed liner. The liner has failed and been replaced and repaired multiple times without long term success. Based on this experience, another attempt at lining is not recommended. The tank is important to be able to serve the Rams Hill area and golf course.

Replacing the R-2 tank with a potable water storage tank (900 tank) will allow a direct feed of water from Well 16 and still serve the Rams Hill area, as well as ID-1. The tank would store Well 16 water only without major changes to the distribution system. In the future, this tank could be used for treatment or blending if necessary. The 900 tank is located approximately 2,000 feet south of the 800 tank.

The California State Water Resources Control Board, Division of Drinking Water oversees the District's water supply. The 800 tank was not designed to current drinking water storage standards, but has been "grandfathered" in. Replacement of the 800 tank with a current design would be good to safeguard the water supply quality.

B. Project Design / Process Flow:

Upon review of the 800 tank record drawings, the tank was designed to be partially underground. The bowl beneath ground level has approximately 400,000 gallons storage capacity. Most of this area would need to be backfilled with a suitable material and compacted at a high expense. Also, the area surrounding the 800 tank appears to be environmentally sensitive, which is probably why the tank was designed and built mostly underground. There is a soil berm surrounding the tank to make it blend in with the surrounding desert. Installing a bolted steel tank in this location may require a lengthy CEQA process. Additionally, there does not appear to be any property ownership or easement to allow the District to operate a tank in this location.

The existing R-2 tank will be replaced with a new potable water bolted steel tank (now called "900 tank" due to its elevation) without as many modifications to the distribution system. Most of the piping is already in place to allow for a direct feed from Well 16 to the 900 tank location. Some modifications would be necessary to the distribution system. There are existing rights to allow the District to install and operate a tank in this location.

C. Cost Estimate

The project has been bid (Contract cost is \$500,000) and the contract is currently being prepared.

D. Project Estimated Timeline:

Construction of tank:	July 2017 – November 2017
Construction/modifications to distribution system:	July 2017
Tank filling and startup:	November 2017



Figure 1 - Location of 800 and 900 tanks

Transmission Pipelines

A. Project Description / Reasons for Capital Expense

The District’s water distribution system was piecemealed together over time as the District took over smaller Districts in the area. The smaller pipelines were interconnected in partial measures. There is a need to deliver water in a more efficient manner. The District has identified four main transmission pipelines that should be installed for a more functional system. The transmission lines would have no service laterals connected, and would serve only to deliver water to the tanks or to another part of the distributions system. These projects are not considered pipeline replacement projects; they will enhance the distribution system operation.

B. Project Design / Process Flow:

Pipelines 1, 2 and 4 are projects that can possibly be installed by District staff over time; thus, saving District funds. Pipeline 3 (Well 12 to Tilting T and Di Giorgio) is a more complex project and may require professional design and implementation.

C. Cost Estimate

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

Transmission line to convey well 16 water directly to ID1 900 Reservoir (Pipeline 1)	\$112,000
Transmission line to convey Well 5 water directly to C.C. Reservoir (Pipeline 2)	\$625,000
Transmission line to convey Well 12 water directly to Tilting T-Di Giorgio (Pipeline 3)	\$668,000
Transmission line Slash M Rd. west to Country Club Tank (Pipeline 4)	\$175,700

Total: \$1,600,700

D. Project Estimated Timeline:

Transmission line to convey well 16 water directly to ID1 900 Reservoir (Pipeline 1)	FY 2018-19
Transmission line to convey Well 5 water directly to C.C. Reservoir (Pipeline 2)	FY 2017-23
Transmission line to convey Well 12 water directly to Tilting T-Di Giorgio (Pipeline 3)	FY 2022-23
Transmission line Slash M Rd. west to Country Club Tank (Pipeline 4)	FY 2019-20

Twin Tanks

A. Project Description / Reasons for Capital Expense

The Twin Tanks are located approximately ½ mile southwest of the intersection of Palm Canyon Drive and Montezuma Valley Road (S22). The two tanks have a capacity of 220,000 gallons each and are composed of galvanized steel. The California Department of Health Services requires the District to physically inspect the inside of the domestic water reservoirs every three years. This service is performed by a consultant that utilizes divers and provides a written report as well as a video. The past inspection report recommended that the tanks be recoated and minor metal repairs made. The tank inspections were received in February 2017. The tanks are highly corroded. The tanks are scheduled for repair/replacement in the 2017-2018 CIP.

B. Project Design / Process Flow:

When the tanks were inspected in 2017, the divers installed a plug in the pipe that interconnects the tank because there is no valve there to allow for one tank to be taken out of service. Staff installed a permanent valve. After the inspection report was delivered, it was determined that the tanks may need replacement. The process to determine if the tanks can be repaired, is to drain one of the tanks and sweep blast (Sandblast) certain areas for inspection. The inspection may determine that the tanks require replacement, or that they can be repaired. After determination, engineering documents will be prepared and the project will be sent out for public bidding. For budgeting purposes, it was assumed to be a tank replacement project.

There are two tanks. Twin Tank #1 is the south tank, and Twin Tank #2 is the north tank.

The tanks will be replaced with a single 440,000 gallon bolted steel tank. No change in capacity is proposed. The tank will be installed at the same location as the existing tanks. The bolted steel tank will be approximately 55 feet in diameter and 24 feet high. The coating will be fusion or powder coated steel.

The estimated life of the tank is approximately 30 years if it is properly maintained. After completion of the tank, the tank will be filled with water. The water will be tested for Volatile Organic Compounds (VOC) and bacteria prior to putting the tank into service.

C. Cost Estimates:

<b>Twin Tanks Replacement</b>					
No.	Qua	Unit	Description	Unit Cost	Total Cost
<b>1 Construction Cost</b>					
1.1	2	LS	Mobilization/ Demobilization, Temporary Facilities, Insurance, Payment Bond, Taxes, Permits, Fees and Similar Expenses	\$ 25,000.00	\$ 50,000
1.2	2	LS	Demolish existing bolted 220,000 gallon steel tank. Remove and dispose of the tank.	\$ 13,500.00	\$ 27,000
1.3	2	LS	Provide tank submittal, stamped and signed by a Registered Engineer in the State of California. Payment after acceptance.	\$ 2,500.00	\$ 5,000
1.4	2	LS	Prepare Tank Pad – Install new galvanized steel ring around the perimeter of the tank. Install 1-inch No. 4 Rock eight inches thick. Install ½” Fiber expansion joint material on top of the rock.	\$ 14,000.00	\$ 28,000
1.5	2	LS	Furnish and Install OSHA exterior locking ladder kit and railing around the roof hatch	\$ 7,500.00	\$ 15,000
1.6	2	LS	Install fusion powder coated bolted steel tank, nominal dimensions 24’ high and 38’ diameter. After installation, complete holiday testing of interior coating and repair all holidays to the satisfaction of the engineer.	\$ 165,000.00	\$ 330,000
1.7	2	LS	Install piping, valves, transition couplings, fittings, Tideflex valve, expansion joints, check valves, pipe supports, ductile iron risers, thrust blocks, anti-vortex hardware, and other appurtenances. Connect to existing piping.	\$ 4,200.00	\$ 8,400
1.8	1	LS	Hydrostatic Testing, VOC Testing, Wash-down and Cleaning of the interior, Disinfection, and Bacteriological Testing. Water provided by the District at no charge.	\$ 3,800.00	\$ 3,800
				Project Construction Cost:	\$ 467,200
				10% Contingency:	\$ 46,720
				<b>Total Construction Cost:</b>	<b>\$ 513,920</b>
<b>2 Admin and Engineering</b>					
2.01	1	LS	Preliminary Engineering, Engineering Plans and Specifications	\$	40,000
2.02	1	LS	Construction Management	\$	25,000
<b>TOTAL PRELIMINARY PROJECT ESTIMATED COST</b>					<b>\$ 578,920</b>

D. Project Estimated Timeline:

Dive Inspection:	February 2017
Receive Dive Inspection Report:	March 2017
Engineering/design completion:	July 2017 – August 2017
Project Bidding:	October 2017 – November 2017
Repair Recoat Tank:	January 2018 – May 2018



Figure 2 - Twin Tanks Location

Replace Wilcox Diesel Motor

A. Project Description / Reasons for Capital Expense

Budget \$59,000

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

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

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

B. Project Design / Process Flow

On May 11, 2004, EPA signed the final rule introducing Tier 4 emission standards, which are phased-in over the period of 2008-2015. The Tier 4 standards require that emissions of PM and NOx be further reduced by about 90%. Such emission reductions can be achieved through the use of control technologies, including advanced exhaust gas after treatment. The new diesel engine will comply with EPA Tier 4 Final and EU Stage IV emissions standards. It will employ Diesel Oxidation Catalyst (DOC) technology or Diesel Particulate Filters (DPF) to meet the Tier 4 Final/Stage IIIB requirement for near-zero Particulate Matter (PM) emissions. The Tier 4 regulation and later amendments for Engine power between 75hp and 175hp have numeric not-to exceed values for various pollutants and also include a number of provisions:

- *Smoke Opacity*—Existing Tier 2-3 smoke opacity standards and procedures continue to apply in some engines. Exempted from smoke emission standards are engines certified to PM emission standards at or below 0.07 g/kWh (because an engine of such low PM level has inherently low smoke emission).

- *Crankcase Ventilation*—The Tier 4 regulation does not require closed crankcase ventilation in nonroad engines. However, in engines with open crankcases, crankcase emissions must be measured and added to exhaust emissions in assessing compliance.
- *DEF Refill Interval*—For SCR-equipped nonroad diesel engines, a minimum DEF (urea solution) refill interval is defined as at least as long (in engine-hours) as the vehicle’s fuel capacity.
- *Emergency Operation*—To facilitate the use of certain nonroad engines in temporary emergency situations, the engines can be equipped with an AECD to override performance inducements related to the emission control system—for example, to allow engine operation without urea in the SCR system during an emergency. This flexibility is intended primarily for engines used in construction equipment and portable equipment used for temporary power generation and flood control.
- *ABT Program*—Similarly to earlier standards, the Tier 4 regulation includes such provisions as averaging, banking and trading of emission credits and FEL limits for emission averaging.

C. Cost Estimate:

<b>Replace Wilcox Diesel Engine with APCD Compliant Engine</b>						
No.	Qua	Unit	Description	Unit Cost	Total Cost	
<b>1 Construction Cost</b>						
1.1	1	LS	Replace Wilcox Diesel Engine	\$ 50,000.00	\$ 50,000	
				Project Construction Cost:	\$	50,000
				10% Contingency:	\$	5,000
				<b>Total Construction Cost:</b>	<b>\$</b>	<b>55,000</b>
<b>2 Admin and Engineering</b>						
2.1	1	LS	Preliminary Engineering, Engineering Plans and Specifications		\$	2,000
2.2	1	LS	Construction Management		\$	2,000
<b>TOTAL PRELIMINARY PROJECT ESTIMATED COST</b>					<b>\$</b>	<b>59,000</b>

D. Project Timeline:

Prepare Plans: July 2017  
 Bid Project: November 2017  
 Construction: January 2018

## Replace Indian Head Reservoir

### A. Project Description / Reasons for Capital Expense

The District contracted a dive inspection on February 2, 2017 to determine the condition of the interior of the tanks. The last inspection occurred October 14, 2014. Inspections occur approximately every three years. The inspection of the Indian Head Tank identified that the tank may be at the end of its useful life and requires replacement.

### B. Project Design/Flow

The tank will be replaced with a single 220,000-gallon bolted steel tank. No change in capacity is proposed. The tank will be installed at the same location as the existing tank. The bolted steel tank will be approximately 38 feet in diameter and 24 feet high. The coating will be fusion or powder coated steel.

The estimated life of the tank is approximately 30 years if it is properly maintained. After completion of the tank, it will be filled with water. The water will be tested for Volatile Organic Compounds (VOC) and bacteria prior to putting the tank into service. No change in capacity is proposed.



Figure 4 - Location of Indianhead tank

C. Cost Estimate:

<b>Indian Head Tank Replacement</b>					
No.	Qua	Unit	Description	Unit Cost	Total Cost
<b>1 Construction Cost</b>					
1.1	1	LS	Mobilization/ Demobilization, Temporary Facilities, Insurance, Payment Bond, Taxes, Permits, Fees and Similar Expenses	\$ 25,000.00	\$ 25,000
1.2	1	LS	Demolish existing bolted 220,000 gallon steel tank. Remove and dispose of the tank.	\$ 13,500.00	\$ 13,500
1.3	1	LS	Provide tank submittal, stamped and signed by a Registered Engineer in the State of California. Payment after acceptance.	\$ 2,500.00	\$ 2,500
1.4	1	LS	Prepare Tank Pad – Install new galvanized steel ring around the perimeter of the tank. Install 1-inch No. 4 Rock eight inches thick. Install ½” Fiber expansion joint material on top of the rock.	\$ 14,000.00	\$ 14,000
1.5	1	LS	Furnish and Install OSHA exterior locking ladder kit and railing around the roof hatch	\$ 7,500.00	\$ 7,500
1.6	1	LS	Install fusion powder coated bolted steel tank, nominal dimensions 24’ high and 38’ diameter. After installation, complete holiday testing of interior coating and repair all holidays to the satisfaction of the engineer.	\$165,000.00	\$ 165,000
1.7	1	LS	Install piping, valves, transition couplings, fittings, Tideflex valve, expansion joints, check valves, pipe supports, ductile iron risers, thrust blocks, anti-vortex hardware, and other appurtenances. Connect to existing piping.	\$ 4,200.00	\$ 4,200
1.8	1	LS	Hydrostatic Testing, VOC Testing, Wash-down and Cleaning of the interior, Disinfection, and Bacteriological Testing. Water provided by the District at no charge.	\$ 3,800.00	\$ 3,800
				Project Construction Cost:	\$ 235,500
				10% Contingency:	\$ 23,550
				<b>Total Construction Cost:</b>	<b>\$ 259,050</b>
<b>2 Admin and Engineering</b>					
2.01	1	LS	Preliminary Engineering, Engineering Plans and Specifications	\$ 20,000	\$ 20,000
2.02	1	LS	Construction Management	\$ 15,000	\$ 15,000
<b>TOTAL PRELIMINARY PROJECT ESTIMATED COST</b>					<b>\$ 294,050</b>

D. Project Timeline:

Completion FY 2017-2018

Rams Hill #2 Recoating

A. Project Description / Reasons for Capital Expense

Budget: \$190,528

The District contracted a dive inspection on October 19, 2016 to determine the condition of the interior of the tanks. The last inspection occurred in 2012. Inspections occur approximately every three years. The inspection of the Twin Tanks has identified areas inside the tank that require repair.

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

B. Project Design/Flow

The interior of the galvanized steel tank will be sandblasted - including the columns, rafters, appurtenances to SSPC-SP 10. The exterior shell requires recoating; the roof will be sandblasted to SSPC-SP10 along with any areas that have corroded. The remaining exterior will be pressure washed prior to coating. The contractor is to remove and legally dispose of the spent blast material. OSHA and Cal-OSHA require a safety railing on the roof structure that will be installed on the tank. Some metal repairs inside the tank will be required. The inspection report identified corrosion on the shell, floor, centerpole, roof structure and interior of the drain and level sensor lines. One rafter is missing, and there appear to be some bolts loose. The loose bolts will be replaced along with the missing rafter. Seventy percent of the bolt runs are estimated to be covered with corrosion. Some attachment hardware will need to be replaced on the shell and floor panels. The full extent of the metal repairs will not be known until after the sandblasting is complete. According to the tank

inspection report, if the corrosion is left unaddressed, metal loss could lead to water leakage. The exterior of the tank is in fair condition, only a few small areas will be repainted. The estimated life of the coating is approximately 30 years if it is properly maintained. After completion of the recoating, the tanks will be filled with water. The water will be tested for Volatile Organic Compounds (VOC) and bacteria prior to putting them back into service. No change in capacity is proposed.

C. Cost Estimate:

<b>Rams Hill #2 Rehabilitation</b>					
No.	Qua	Unit	Description	Unit Cost	Total Cost
<b>1 Construction Cost</b>					
1.1	1	LS	Mobilization/ Demobilization, Temporary Facilities, Construction Sign, Insurance, Payment Bond, Taxes, Permits, Fees and Similar Expenses	\$ 16,000.00	\$ 16,000.00
1.2	1	LS	Test for lead, chromium and arsenic in interior of tank.	\$ 700.00	\$ 700.00
1.3	11,912	SF	Sandblast Complete Interior Including Columns, Rafters, Appurtenances, Exterior Roof Coatings and Small Localized Areas on the Exterior Shell (to be located in the field), to SSPC-SP 10. Remove and Legally Dispose of Spent Blast Material.	\$ 3.50	\$ 41,692.00
1.4	1	LS	Metal Repair Estimate	\$ 11,500.00	\$ 11,500.00
1.5	9,536	SF	Recoat Interior Surfaces.	\$ 4.50	\$ 42,912.00
1.6	6,523	SF	Coat Exterior Surfaces	\$ 3.50	\$ 22,830.50
1.7	1	LS	Coating Inspection and Testing	\$ 5,500.00	\$ 5,500.00
1.8	2	EA	Replace Manway Gaskets	\$ 500.00	\$ 1,000.00
1.9	1	LS	Hydrostatic Testing, VOC Testing, Disinfection of Tank, Bacteriological Testing	\$ 3,800.00	\$ 3,800.00
				Project Construction Cost:	\$ 145,935
				10% Contingency:	\$ 14,593
				<b>Total Construction Cost:</b>	<b>\$ 160,528</b>
<b>2 Admin and Engineering</b>					
2.1	1	LS	Preliminary Engineering, Engineering Plans and Specifications	\$	15,000
2.2	1	LS	Construction Management	\$	15,000
<b>TOTAL PRELIMINARY PROJECT ESTIMATED COST</b>				<b>\$</b>	<b>190,528</b>

D. Project Timeline:

Project scheduled to be completed in FY 2017-18

Forcemain Replacement at La Casa Del Zorro; Cleanouts on existing forcemain

A. Project Description / Reasons for Capital Expense

Budget: \$150,000

The Wastewater Treatment Facility services approximately 20 percent of the community of Borrego Springs. Specifically it serves the Rams Hill residential community and the Town Center area, which includes hotels, a motel, and small business along Palm Canyon Drive. The remaining 80 percent of Borrego Springs is serviced by individual septic tank-subsurface disposal systems.

The sewer is collected and flows by gravity to a pump station located along Borrego Valley Road, approximately 0.6 miles north of Tilting T Drive. The pump station was installed within the past 10 years. The raw sewage is pumped via a sewer forcemain approximately 2.8 miles to a point 150 feet north of Borrego Springs Road at Yaqui Pass Road. The sewer then flows by gravity inside the La Casa Del Zorro Resort property (located at 3845 Yaqui Pass Road in Borrego Springs, CA) via an 18" PVC gravity main owned by the District and then along Borrego Springs Road to the wastewater treatment plant located at 4861 Borrego Springs Road.

There has been a history of high hydrogen sulfide gas levels and odors detected at manholes located downstream of where the sewer force main discharges into the 18-inch gravity pipeline, at or near the La Casa Del Zorro Resort, especially during the high residency season (November through March) and during holidays.

The intention of this project is to install cleanouts on the existing forcemain to allow the District to clean the forcemain.

B. Project Design/Flow

The District will install cleanouts every approximate 500 feet in the existing forcemain. There will be approximately 30 cleanouts to be installed.

C. Cost Estimate:

It is estimated that each cleanout will cost approximately \$5,000, therefore the project cost estimate is \$150,000.00.

D. Project Timeline:

The project is scheduled to be completed FY 2018-19

Sewer Main Replacement Club Circle

A. Project Description / Reasons for Capital Expense

Budget: \$400,000

The District acquired Improvement District 5 (ID-5) in 2008. Club Circle is part of ID-5, and the infrastructure therein was installed in 1960's. The sewer collection system pipelines are composed of a clay material and are at the end of their expected lifetime. The collection system should be replaced within the next eight years and has been scheduled in the CIP.

B. Project Design/Flow

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

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

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

C. Cost Estimate

A budget of \$400,000 was allocated in the CIP for this project. Actual costs will depend on the type of rehabilitation or construction selected.

D. Project Timeline

The CIP shows a segmented project, starting FY 2019-20, FY 2021-22 and FY 2024-25.

Lift Station – Aeration and Odor Removal System

A. Project Description / Reasons for Capital Expense

Budget \$500,000

The Wastewater Treatment Facility services approximately 20 percent of the community of Borrego Springs. Specifically it serves the Rams Hill residential community and the Town Center area, which includes hotels, a motel, and small business along Palm Canyon Drive. The remaining 80 percent of Borrego Springs is serviced by individual septic tank-subsurface disposal systems.

The sewer is collected and flows by gravity to a pump station located along Borrego Valley Road, approximately 0.6 miles north of Tilting T Drive. The pump station was installed within the past 10 years. The raw sewage is pumped via a sewer forcemain approximately 2.8 miles to a point 150 feet north of Borrego Springs Road at Yaqui Pass Road. The sewer then flows by gravity inside the La Casa Del Zorro Resort property (located at 3845 Yaqui Pass Road in Borrego Springs, CA) via an 18" PVC gravity main owned by the District and then along Borrego Springs Road to the wastewater treatment plant located at 4861 Borrego Springs Road.

There has been a history of high hydrogen sulfide gas levels and odors detected at manholes located downstream of where the sewer force main discharges into the 18-inch gravity pipeline, at or near the La Casa Del Zorro Resort, especially during the high residency season (November through March) and during holidays.

The La Casa Del Zorro Resort has recently installed P-traps upstream of multiple lateral service connections to the Borrego Water District sanitary sewer system. There have been no odor complaints since the P-traps have been installed.

B. Project Design/Flow

To be proactive in case the problem resurfaces, the District has started an engineering investigation to determine the best course of action.

The District has not yet received recommendations for this issue. When the engineering investigation report is complete, the District will review the recommendations therein. The

C. Cost Estimate:

A placeholder was put in the CIP for \$500,000 to install the equipment necessary for this project. The engineered estimate will be available after the referenced study is complete.

D. Project Timeline – The CIP shows the project completion in FY 2019-20

Plant Grit Removal at the Headworks

A. Project Description / Reasons for Capital Expense

Budget \$100,000

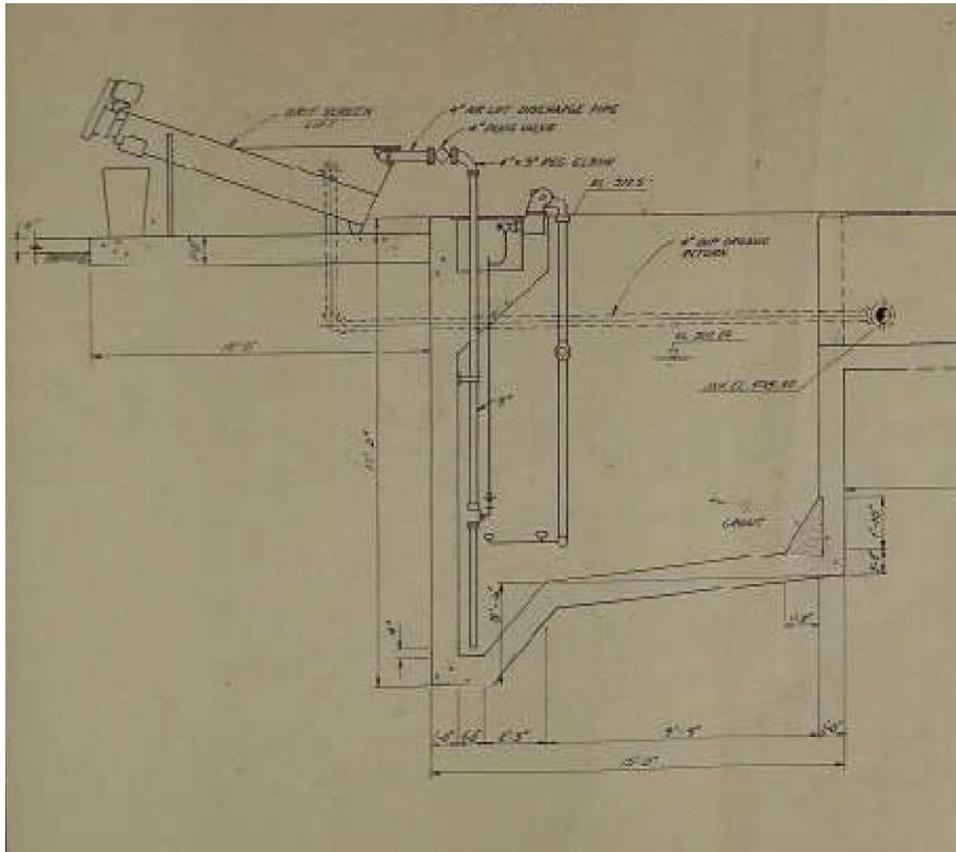
The wastewater treatment facility headworks consist of an influent flowmeter (Parshall Flume), a grit settling basin, positive displacement air blower system, and an “auger-style” grit separator. Recent improvements to the headworks include installation of a new ultrasonic flow meter unit, repair of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

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



B. Project Design/Flow:

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



WWTF Headworks Drawing (profile view)

C. Cost Estimate:

<b>ALTERNATIVE 1 - REPLACE GRIT REMOVAL AUGER</b>						
No.	Qua	Unit	Description	Unit Cost	Total Cost	
<b>1 Construction Cost</b>						
1.00	1	LS	Replace Grit Remover	\$ 80,182.00	\$	80,182
				Project Construction Cost:	\$	80,182
				10% Contingency:	\$	8,018
				<b>Total Construction Cost:</b>	<b>\$</b>	<b>88,200</b>
<b>2 Admin and Engineering</b>						
2.01	1	LS	Preliminary Engineering, Engineering Plans and Specifications		\$	4,000
2.02	1	LS	Construction Management		\$	3,000
<b>TOTAL PRELIMINARY PROJECT ESTIMATED COST</b>					<b>\$</b>	<b>95,200</b>

D. Project Timeline:

The project is scheduled to be completed FY 2017-18

Emergency Water Pipeline Repairs

A. Project Description / Reasons for Capital Expense

Budget \$225,000 (average \$28,125 per fiscal year)

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

B. Project Design/Flow

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

C. Cost Estimate

The cost in the CIP is based on historical trends.

D. Timeline

The schedule for this item is based on whenever the pipelines break.

Pipeline Replacement / Improvement Program

A. Project Description/ Reason for expense.

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

10" Bypass at ID1 Booster Station 2
Borrego Springs Road, Walking H Drive to Country Club Road Phase 1 (Pipeline 5)
Borrego Springs Road, Walking H Drive to Country Club Road Phase 2 (Pipeline 5)
T Anchor Drive, Frying Pan Road to Double O Road (Pipeline 6)
Weather Vane Drive, Frying Pan Road to Double O Road (Pipeline 7)
Frying Pan Road, north and south from T Anchor Drive (Pipeline 8)
Double O Road, north and south from T Anchor Drive (Pipeline 9)
Borrego Springs Road, Weather Vane Drive to Barrel Drive (Pipeline 10)
Pipeline for Santiago and ID5 (Pipeline 11)
De Anza Dr. 1600 block west from Yaqui Road (Pipeline 12)

B. Project Design/ Flow

The regularly scheduled water pipeline replacement program is to be completed by in house District staff as they become available.

C. Cost Estimate

Pipeline 5	8" Water Main from the intersection of Borrego Springs Road and Walking H Drive to the intersection of
CIP Line 30	Borrego Springs Road and Country Club Road.
CIP Line 31	Total length 5850 feet at \$70.00 per foot
	Estimated cost \$409,500.00
Pipeline 6	6" Water Main going west to east on T Anchor Drive from Frying Pan Road to Double O Road.

CIP Line 32	Total length 525 feet at \$65.00 per foot Estimated cost \$34,125.00
Pipeline 7	6" Water Main going west to east on Weather Vane Drive from Frying Pan Road to Double O Road.
CIP Line 33	Total length 525 feet at \$65.00 per foot Estimated cost \$34,125.00
Pipeline 8	6" Water Main going north and south on Frying Pan Road from T Anchor Drive.
CIP Line 34	Total length 3110 feet at \$80.00 per foot Estimated cost \$248,000.00
Pipeline 9	6" Water Main going north and south on Double O Road from T Anchor Drive.
CIP Line 35	Total length 3920 feet at \$80.00 per foot Estimated cost \$313,600.00
Pipeline 10	8" Water Main from intersection of Borrego Springs Road and Weather Vane Drive to the intersection of
CIP Line 36	Borrego Springs Road and Barrel Drive. Total length 1500 feet at \$70.00 per foot Estimated cost \$105,000.00
Pipeline 11	6" Water Main going east from Double O Road to Di Giorgio
CIP Line 37	Total length 1700 feet at \$65.00 per foot Estimated cost \$214,000
Pipeline 12	6" Water Main 1600 Block of De Anza Drive
CIP Line 40	Total length 1260 feet at \$200.00 per foot Estimated cost \$252,000

#### D. Project Timeline

The CIP shows these projects starting in FY 2017-18 and finishing in FY 2021-22. The completion of these projects is dependent on staff availability, and if there are any unanticipated emergency water pipeline breaks that will change the priority of the replacement schedule.

## New Pipeline Installations

Pipeline 1 CIP Line 11	10" Transmission Line on the east side of Yaqui Pass Road going south to existing 10" water main Total length 1400 feet feet at \$80.00 per foot Estimated cost \$112,000.00
Pipeline 2 CIP Line 12	10" Transmission Line from the intersection of Borrego Springs Road and the intersection of Tilting T Drive to the intersection of Tilting T Drive and Country Club Road. Total length 3200 feet feet at \$75.00 per foot Estimated cost \$240,000.00
Pipeline 2 CIP Line 12	8" Transmission Line and 6" Watermain starting at the intersection of Tilting T Drive and Country Club Road continuing southwest on Country Club Road for 2750 feet to an existing 8" Transmission Line and 6" Water Main. Total length 2750 feet at \$70.00 per foot Total length 2750 feet at \$70.00 per foot Estimated cost \$385,000.00
Pipeline 3 CIP Line 13	10" Transmission line from well 12 to Tilting T Road to Digiorgio Road Total length 8600 feet at \$80.00 per foot Estimated cost \$688000
Pipeline 4 CIP Line 14	8" Transmission Line from existing Transmission Line at the intersection of Country Club Road and Slash M Road continuing west to the exting Country Club Tank. Total length 2510 feet at \$70.00 per foot Estimated cost \$175,700.00
Pipeline 5 CIP Line 32 CIP Line 33	8" Water Main from the intersection of Borrego Springs Road and Walking H Drive to the intersection of Borrego Springs Road and Country Club Road. Total length 5850 feet at \$70.00 per foot Estimated cost \$409,500.00
Pipeline 6 CIP Line 34	6" Water Main going west to east on T Anchor Drive from Frying Pan Road to Double O Road. Total length 525 feet at \$65.00 per foot Estimated cost \$34,125.00
Pipeline 7 CIP Line 35	6" Water Main going west to east on Weather Vane Drive from Frying Pan Road to Double O Road. Total length 525 feet at \$65.00 per foot Estimated cost \$34,125.00
Pipeline 8 CIP Line 36	6" Water Main going north and south on Frying Pan Road from T Anchor Drive. Total length 3110 feet at \$80.00 per foot Estimated cost \$248,000.00

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING - JULY 26, 2017

ITEM 2D

July 20, 2017

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Semi-annual Water Quality Sampling of BWD Production Wells -T Driscoll

**RECOMMENDED ACTION**

Receive Report on Semi Annual Water Quality Sampling and direct staff accordingly.

**ITEM EXPLANATION**

For the groundwater quality sample to be collected from all District wells in Fall 2017, it is recommended to perform at a minimum arsenic, fluoride, nitrate (as N), sulfate, total dissolved solids and potentially gross alpha to screen for radionuclides based on review of the historical District data. The laboratory methods and laboratory detection limits used by Babcock Laboratories for the District's triennial sampling (every 3 years) is sufficient (see Table 1).

**Table 1. Proposed District Well Monitoring Constituents**

Analyte	RDL	Units	Method	List Price
Arsenic	2.0	µg/L	EPA 200.8	\$ 15.00
Fluoride	0.1	mg/L	SM 4500F C	\$ 15.00
Nitrate as N	0.2	mg/L	EPA 300.0	\$ 15.00
Sulfate	0.5	mg/L	EPA 300.0	\$ 15.00
Total Dissolved Solids	20	mg/L	SM 2540C	\$ 20.00

Gross alpha	1	pCi/L	EPA 900.0	\$ 50.00
				<b>\$ 130.00</b>

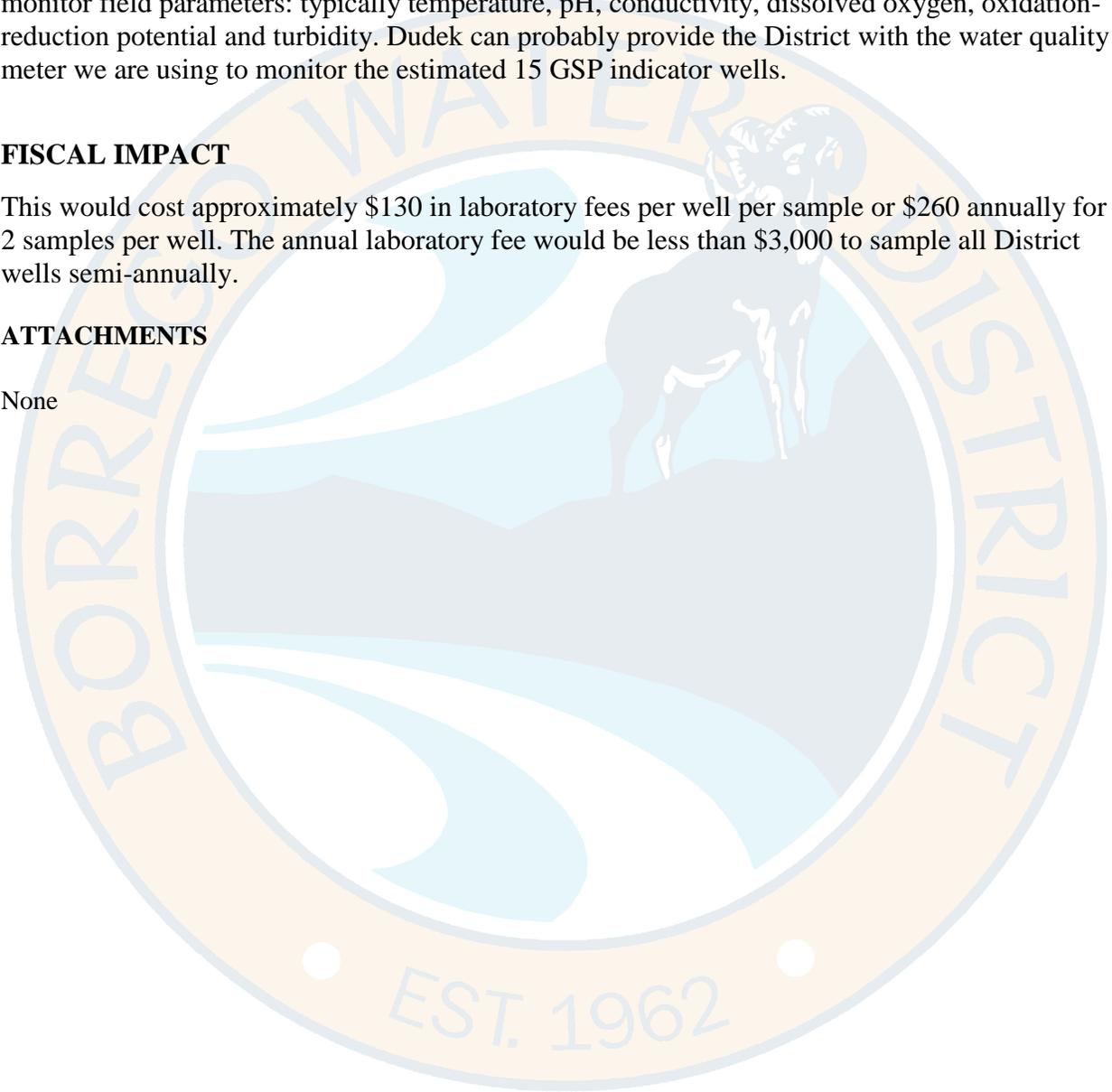
Dudek is in the process of developing the monitoring program for the Groundwater Sustainability Plan and this information is provisional. Dudek may recommend the District sample for more constituents at a later time. Additionally, Dudek is requesting the district monitor field parameters: typically temperature, pH, conductivity, dissolved oxygen, oxidation-reduction potential and turbidity. Dudek can probably provide the District with the water quality meter we are using to monitor the estimated 15 GSP indicator wells.

**FISCAL IMPACT**

This would cost approximately \$130 in laboratory fees per well per sample or \$260 annually for 2 samples per well. The annual laboratory fee would be less than \$3,000 to sample all District wells semi-annually.

**ATTACHMENTS**

None



BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING - JULY 26, 2017

ITEM 2E

July 20, 2017

TO: Board of Directors  
FROM: Geoff Poole, General Manager  
SUBJECT: Amendment of District's One-time Forgiveness Policy for Excessive Water Use if No Fault of Ratepayer – L Brecht

**RECOMMENDED ACTION**

Receive Report and direct staff accordingly.

**ITEM EXPLANATION**

As a follow up to the July 18<sup>th</sup> Board Meeting, Staff is requesting the Board discuss the existing policy and if any changes are warranted.

**FISCAL IMPACT**

TBD

**ATTACHMENTS**

None

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING - JULY 26, 2017

ITEM 2F

July 20, 2017

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Amendment of District's policy of collecting a fee from residents of Santiago Estates for maintenance of the Club Circle golf course – L Brecht

**RECOMMENDED ACTION**

Receive Report and direct staff accordingly.

**ITEM EXPLANATION**

As a follow up to the July 18<sup>th</sup> Board Meeting, Staff is requesting the Board discuss the existing policy pertaining to Santiago Estates assessments and if any changes are warranted.

**FISCAL IMPACT**

TBD

**ATTACHMENTS**

None

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING - JULY 26, 2017

ITEM 2G

July 20, 2017

TO: Board of Directors  
FROM: Geoff Poole, General Manager  
SUBJECT: Raftelis Water Rate Affordability Assessment – L Brecht

**RECOMMENDED ACTION**

Discuss issues associated with the Raftelis Water Rate Affordability Study

**ITEM EXPLANATION**

Staff at Raftelis is on vacation until the end of July so the Analysis will be completed upon their return. Related information is attached.

**FISCAL IMPACT**

N/A

**ATTACHMENTS**

1. BWD Affordability Study Scope of Services
2. Scope of Services Addendum No. 1
3. Future Rate Projections Including SGMA



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90071

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[www.raftelis.com](http://www.raftelis.com)

June 28, 2017

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

**Subject: Proposal for Water Rates Affordability Study**

Dear Mr. Poole:

It is our understanding that Borrego Water District (BWD) is interested in conducting a high level Affordability Study based on information developed by The United States Conference of Mayors. The Conference of Mayors has developed unique tools to assess water affordability. RFC will utilize these tools to determine affordability of water to BWD customers given long term requirements of the Sustainability Groundwater Management Act (SGMA) of 2014 and its effects on the Borrego Groundwater Basin. Raftelis Financial Consultants, Inc. (RFC) is able to conduct the Affordability Study for \$5,000. This fee includes two web-based meetings as well as production of a technical memo to summarize our findings.

RFC is pleased to submit this proposal for services. If you agree with the proposed fee above, please sign in the space on the following page and return one copy for our files. Please do not hesitate to call me at (213) 262-9304 or Kevin Kostiuik at (760) 519-8520 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sanjay Gaur', written in a cursive style.

Sanjay Gaur  
Vice President

We accept the terms of this engagement letter:

_____	_____
Signature	Name of authorized agent
_____	_____
Date	Title

## AFFORDABILITY STUDY ADDENDUM

Raftelis' will identify the District's service area's key indicators used in the affordability assessment (likely EPA gauges/guidelines on water and sewer affordability). Using publicly available data on household types, occupancies, income levels, etc. and the District's current and projected rates, Raftelis will determine the following metrics:

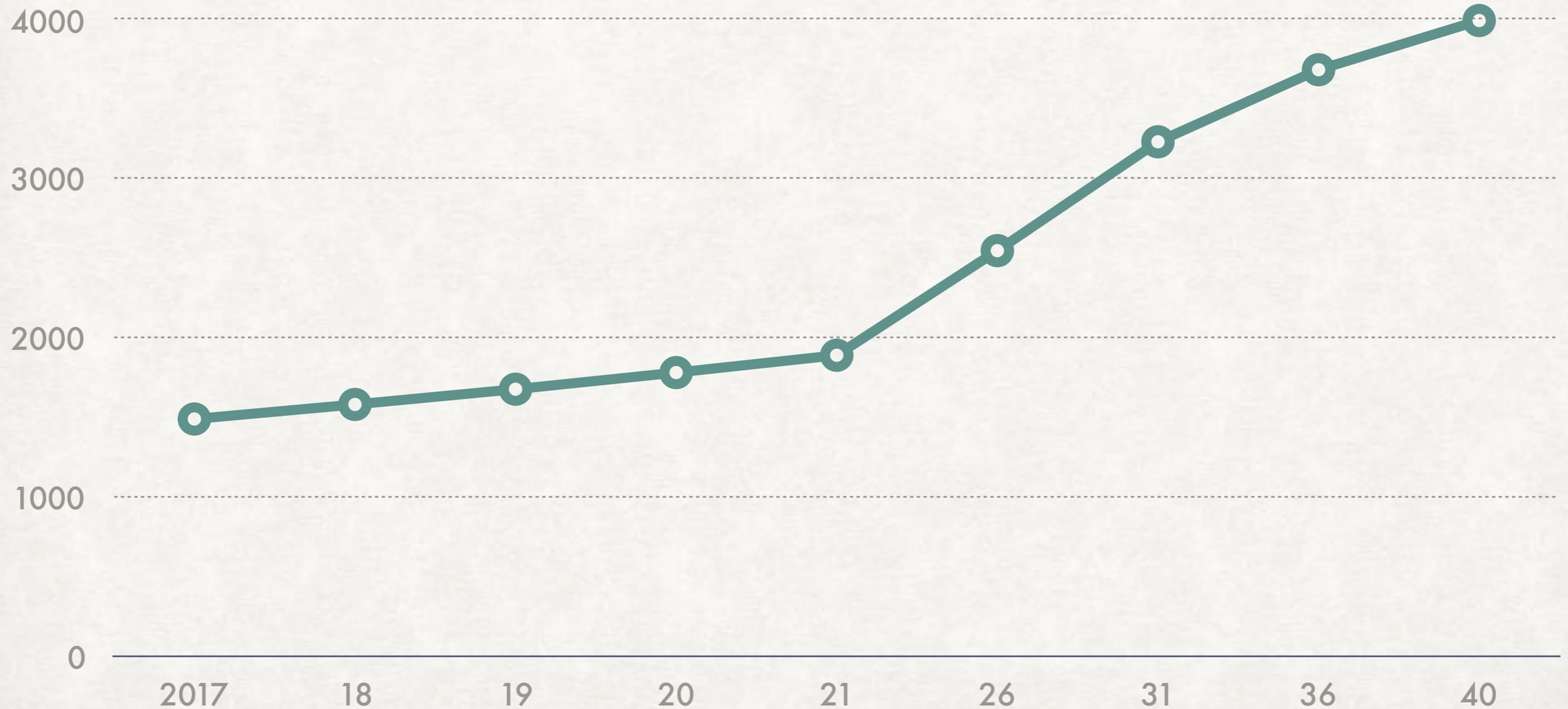
1. Essential and/or average use water bill as a percentage of household income focusing on those at or below the poverty line through the median
2. Water bill as a percentage of income by household type (single family, multi-family, mobile home, etc)
3. Affordability over a 20 year horizon using financial and rate projections of the District (previous RFC work) and historical changes to household incomes

This analysis will allow the District to better understand which customers are currently faced with economic hardship and who may be affected in the future. We will draft a memo documenting our work and findings.

We're able to get working on this by the end of the month.

# PROJECTED DISTRICT RATES THROUGH 2040

IN DOLLARS PER ONE ACRE-FOOT PER YEAR (AFY)



BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING - JULY 26, 2017

ITEM 2I

July 20, 2017

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Approval of Resolution No. 2017-07-07 to Suspend August Special Board Meeting and August Regular September Board Meeting – G Poole

**RECOMMENDED ACTION**

Adopt Resolution Suspending August Meetings

**ITEM EXPLANATION**

The attached Resolution suspends the BWD Board Meetings for August.

**FISCAL IMPACT**

N/A

**ATTACHMENTS**

Resolution 2017-07-07

**RESOLUTION NO. 2017-07-07**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
BORREGO WATER DISTRICT REVISING THE SCHEDULE  
OF REGULAR MEETINGS**

**WHEREAS**, on June 14, 1983, this Board of Directors adopted Ordinance No. 83-1 establishing the Administrative Code of the Borrego Water District (“Administrative Code”) pursuant to the specific and implied grants of authority in Division 13, commencing with Section 34000, of the Water Code of the State of California to serve in part as the Bylaws of the Borrego Water District as required by Section 35300 et seq. of the Water Code; and

**WHEREAS**, Section 4.1.1 of the Administrative Code as adopted by Ordinance No. 83-1 established a schedule of the regular meetings of the Board of Directors; and

**WHEREAS**, on February 28, 2007 the Board of Directors adopted Ordinance No. 07-1 amending Section 4.1.1 of the Administrative Code governing the date and time of regular meetings of the Board of Directors to read: “4.1.1 Regular Meetings. Regular meetings of the Board shall be held pursuant to such schedule as the Board may adopt by Resolution from time to time. In the event the regular meeting date falls on a holiday designated in Section 6700 of the Government Code, a regular meeting of the Board of the cancellation of a regular meeting or meetings may be made by a majority vote of the members of the Board at least fifteen (15) days prior to the change or cancellation. A determination to change or cancel a regular meeting must be made at a regular or special meeting of the Board;” and

**WHEREAS**, the Board of Directors adopted Resolution 2007-2-1 on February 28, 2007 setting its regular board meetings at 9:00 a.m. on the second and fourth Wednesday of each month.

**WHEREAS**, the Board of Directors Adopted Resolution 2008-9-03 on September 24, 2008 setting its regular board meetings at 9:15 a.m. on the fourth Wednesday of every month.

**WHEREAS**, the Board of Directors adopted Resolution 2011-02-01 on February 15, 2011 setting its regular meetings at 9:00 a.m. on the fourth Wednesday of the month.

**WHEREAS**, pursuant to Ordinance 07-1, the Board of Directors desires to revise the schedule for its regular meetings.

**NOW, THEREFORE**, the Board of Directors of the Borrego Water District does hereby resolve, determine and order as follows:

Section 1. The Board of Directors of the Borrego Water District shall hold its regular meetings at 9:00 a.m. on the fourth Wednesday of each month.

Section 2. Notwithstanding Section 1, above, the Special Meeting and the Regular meeting of the Board of Directors of the Borrego Water District for the month of August 2017 shall be suspended.

**ADOPTED, SIGNED AND APPROVED** this 26<sup>th</sup> day of July, 2017.

\_\_\_\_\_  
President of the Board of Directors of Borrego Water District

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors  
Of Borrego Water District

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

I, Joseph Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said District at a regular meeting held on the 26<sup>th</sup> day of July, 2017, and that it was so adopted by the following vote:

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

\_\_\_\_\_  
Secretary of the Board of Directors of Borrego Water District

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

I, Joseph Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2017-07-07, of said Board, and that the same has not been amended or repealed.

Dated:

\_\_\_\_\_  
Secretary of the Board of Directors of Borrego Water District

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING - JULY 26, 2017

ITEM 21

July 20, 2017

TO: Board of Directors  
FROM: Geoff Poole, General Manager  
SUBJECT: Levys

**RECOMMENDED ACTION**

Adopt attached resolutions

**ITEM EXPLANATION**

The attached Resolutions enact the ongoing special Assessments for various sections within the BWD Service Area for services provided.

**FISCAL IMPACT**

See Attachment

**ATTACHMENTS:**

RESOLUTION 2017-07-01 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT RESTATING AND ADOPTING A STATEMENT OF INVESTMENT POLICY

RESOLUTION 2017-07-02 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF OPERATIONS AND MAINTENANCE OF THE DISTRICT AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS ON LAND WITHIN THE DISTRICT FOR THE FISCAL YEAR 2017-2018

RESOLUTION 2014-07-03 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COSTS OF OPERATIONS AND MAINTENANCE OF THE DISTRICT, AND TO PAY COSTS OF OPERATIONS AND MAINTENANCE FOR IMPROVEMENT DISTRICT NO. 1 AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS ON CERTAIN LAND IN IMPROVEMENT DISTRICT NO. 1 FOR THE FISCAL YEAR 2017-2018

RESOLUTION 2017-07-04 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF PROVIDING PEST CONTROL SERVICES BY THE DISTRICT AND REQUESTING LEVY AND COLLECTION OF SAID CHARGES AND/OR ACREAGE ASSESSMENTS FOR THE FISCAL YEAR 2017-2018

RESOLUTION 2017-07-05 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF OPERATING AND MAINTAINING THE WATER FACILITIES WITHIN IMPROVEMENT DISTRICT NO. 3 OF THE DISTRICT AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS FOR THE FISCAL YEAR 2017-2018

RESOLUTION 2017-07-06 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2007-1 OF THE BORREGO WATER DISTRICT AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 2007-1 FOR THE FISCAL YEAR 2017-2018

**BORREGO WATER DISTRICT  
POLICY STATEMENT**

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**SUBJECT: STATEMENT OF INVESTMENT POLICY**

**NO: 1994-03-01**

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<b>ADOPTED: March 16, 1994</b>	<b>AMENDED: February 25, 2009</b>
<b>AMENDED: December 20, 1995</b>	<b>AMENDED: July 22, 2009</b>
<b>AMENDED: January 22, 1997</b>	<b>AMENDED: July 28, 2010</b>
<b>AMENDED: September 23, 1998</b>	<b>AMENDED: July 27, 2011</b>
<b>AMENDED: January 27, 1999</b>	<b>AMENDED: June 27, 2012</b>
<b>AMENDED: March 29, 2000</b>	<b>AMENDED: June 26, 2013</b>
<b>AMENDED: January 29, 2003</b>	<b>AMENDED: June 25, 2014</b>
<b>AMENDED: February 26, 2004</b>	<b>AMENDED: June 24, 2015</b>
<b>AMENDED: February 23, 2005</b>	<b>AMENDED: July 19, 2016</b>
<b>AMENDED: February 22, 2006</b>	<b>AMENDED: July 26, 2017</b>
<b>AMENDED: February 28, 2007</b>	
<b>AMENDED: February 27, 2008</b>	

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***RESOLUTION NO. 2017-07-01***

***RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
BORREGO WATER DISTRICT RESTATING AND  
ADOPTING A STATEMENT OF INVESTMENT POLICY***

WHEREAS, the Board of Directors (“Board”) of the Borrego Water District (the “District”) desires to rescind Resolution No. 2012-6-3 dated June 27, 2012 and adopt an Annual Statement of Investment Policy;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Borrego Water District that the following is the investment policy of the Borrego Water District:

**INVESTMENT POLICY:**

**1. Annual Statement of Investment Policy:**

In accordance with the California Government Code, the District Treasurer will render an annual statement of investment policy to the Board of Directors. The Board will review and affirm or amend the policy at that time.

**2. Investment Objectives:**

- a. Safety:** It is the primary duty and responsibility of the Treasurer to protect, preserve and maintain the cash and investments placed in his trust on behalf of the citizens of the community.

- b. **Liquidity:** an adequate percentage of the portfolio should be maintained in liquid short-term securities, which can be converted to cash if necessary to meet disbursement requirements.
- c. **Yield:** Yield should become a consideration only after the basic requirements of safety and liquidity have been met.

3. **Investment Policy:**

- a. **Collateralization:** The District requires banks or savings and loans to collateralize investments in excess of FDIC amounts, currently insured up to \$250,000, with government securities valued at 110% of the amount of deposit with said bank or savings and loan. Said collateral is to be held in an independent safekeeping account in the District's name.

b. **Authorized Investments and Portfolio Limits:**

- 1) Local Agency Investment Fund: District money may be invested in the Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code. Such deposits shall not exceed 98% of the District's total available investment capital. Total investment capital is defined to be all bank accounts plus the District's Direct Investments with the Local Agency Investment Fund.
  - 2) FDIC Insured Institutions' Certificates of Deposit and Savings Accounts: District investments shall not exceed 95% of the District's total investment capital or more than 75% in a single FDIC-insured financial institution unless provision 4), below is used.
  - 3) U.S. Government Bills, Notes, Bonds and Overnight Money Market Funds which invest entirely in U.S. Government Bills, Notes and Bonds: The limit in the amount of the investment portfolio in these instruments is 20%, maturity will be limited to a maximum of five years.
  - 4) Certificates of Deposit, Account Registry Services (CDARS): The Board may divert 95% of its' investments to a financial institution which provides CDARS. All of the CDARS investments shall be FDIC insured.
- c. **Treasurer's Reports:** The Treasurer shall provide a quarterly report showing the type of investment, issuer, maturity, par and dollar amount, market value of portfolio and source of the valuation. The Quarterly Report may list Money Market Funds and funds in the State of California Local Agency Investment Fund (LAIF) as cash. The Quarterly Report shall state the compliance of the portfolio with the Statement of Investment Policy and the Borrego Water District's ability to meet its expenditure requirement for the next six months.

**ADOPTED, SIGNED AND APPROVED** by the Board of Directors of the Borrego Water District this 26th day of July, 2017.

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Beth Hart, President Board of Directors of Borrego Water District

ATTEST:

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Joe Tatusko, Secretary Board of Directors of Borrego Water District

STATE OF CALIFORNIA     )

)

COUNTY OF SAN DIEGO     )

I, Joe Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing Resolution No. 2017-07-01 was duly adopted by the Board of Directors of said District at the Regular Meeting of the Board of Directors held on July 26, 2017 and that it was so adopted by the following vote:

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

---

Joe Tatusko, Secretary  
Board of Directors Borrego Water District

(SEAL)

STATE OF CALIFORNIA     )

) ss.

COUNTY OF SAN DIEGO     )

I, Joe Tatuskp, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2017-07-01 of said Board, and that the same has not been amended or repealed.

Dated: July 26, 2017

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Joe Tatusko, Secretary  
Board of Directors Borrego Water District

(SEAL)

**RESOLUTION NO. 2017-07-02**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF OPERATIONS AND MAINTENANCE OF THE DISTRICT AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS ON LAND WITHIN THE DISTRICT FOR THE FISCAL YEAR 2017-2018**

**WHEREAS**, *Section 35470* of the Water Code of the State of California provides that a California Water District may in lieu, in whole, or in part, of raising funds for District purposes by ad valorem assessments, levy standby charges and/or acreage assessments on land to defray the cost of operations and maintenance and for any lawful district purpose; and

**WHEREAS**, the Board of Directors has determined that it is deemed advisable and necessary to fix and levy standby charges and/or acreage assessments for the purpose of defraying certain operations and maintenance costs for the Fiscal Year 2017-2018;

**NOW, THEREFORE**, the Board of Directors of Borrego Water District **DOES HEREBY RESOLVE, DETERMINE AND ORDER** as follows:

**SECTION 1.** There is hereby fixed standby charges and/or acreage assessments in the amounts on land within the District as shown on Exhibit A attached hereto and made a part hereof to defray the cost of operations and maintenance for the Fiscal Year 2017-2018. This Board of Directors hereby determines that said standby charges and/or acreage assessments in an amount not exceeding the assessments set forth in Exhibit A was existing prior to July 1, 1997 and that said assessments are exempt from the provisions of Article XIID of the Constitution of the State of California. After adoption of this Resolution, the General Manager, or designee, may make any necessary modifications to these charges to correct any errors, omissions or inconsistencies in the listing or in the amount to be charged based on changes from the final 2017 County of San Diego Assessor's Roll.

**SECTION 2.** Pursuant to *Section 35479* of the Water Code, the Board of Supervisors of the County of San Diego is hereby requested at the time and manner of levying other County taxes to make levies in the amounts on land within the District, as shown on Exhibit A, and cause to be collected the amounts specified therein.

**SECTION 3.** The Secretary of the District is hereby directed to submit to the Board of Supervisors and the Auditor/Controller of the County of San Diego a certified copy of this Resolution along with other documents as may be required.

**ADOPTED, SIGNED AND APPROVED** this 26<sup>th</sup> day of July, 2017.

\_\_\_\_\_  
President of the Board of Directors of  
Borrego Water District

**ATTEST:**

\_\_\_\_\_  
Secretary of the Board of Directors of  
Borrego Water District

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

I, Joe Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said District at a regular meeting held on the 26<sup>th</sup> day of July, 2017, and that it was so adopted by the following vote:

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

\_\_\_\_\_  
Joe Tatusko, Secretary of the Board of Directors of  
Borrego Water District

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

I, Joe Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2017-07-02, of said Board, and that the same has not been amended or repealed.

Dated: July 26, 2017

\_\_\_\_\_  
Joe Tatusko, Secretary of the Board of Directors of  
Borrego Water District

**RESOLUTION NO. 2017-07-03**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COSTS OF OPERATIONS AND MAINTENANCE OF THE DISTRICT, AND TO PAY COSTS OF OPERATIONS AND MAINTENANCE FOR IMPROVEMENT DISTRICT NO. 1 AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS ON CERTAIN LAND IN IMPROVEMENT DISTRICT NO. 1 FOR THE FISCAL YEAR 2017-2018**

**WHEREAS**, Improvement District No. 1 of the Borrego Water District was formed for the purpose of providing water, sewer and flood control service to the lands and inhabitants of the Improvement District and for said purpose water, sewer and flood control systems have been constructed for the benefit of said Improvement District; and

**WHEREAS**, by reason of the construction of said water, sewer and flood control systems, water, sewer and flood control service is now and will be available to lands therein and said water, sewer and flood control systems are a benefit to the lands lying within said Improvement District; and

**WHEREAS**, *Section 35470* of the Water Code of the State of California provides that a California Water District may in lieu, in whole, or in part, of raising funds for District purposes by ad valorem assessments, levy standby charges and/or acreage assessments on land, to defray the cost of operations and maintenance and for any lawful district purpose; and

**WHEREAS**, matters have been presented to and considered by the Board of Directors relating to the financial requirements of said Improvement District; and

**WHEREAS**, the Board of Directors has determined that it is deemed advisable and necessary to fix and levy standby charges and/or acreage assessments within Improvement District No. 1 for the purpose of paying certain operations and maintenance costs and the payment of a portion of the debt service on bonds of Improvement District No. 1 for the Fiscal Year 2017-2018;

**NOW, THEREFORE**, the Board of Directors of the Borrego Water District hereby **RESOLVE, DETERMINE AND ORDER** as follows:

**SECTION 1.** There is hereby fixed standby charges and/or acreage assessments in the amounts on land within Improvement District No. 1 as shown on Exhibit A attached hereto and made a part hereof for the payment of the cost of operation and maintenance for said Improvement District No. 1 for the Fiscal Year 2017-2018. This Board of Directors hereby determines that said standby charges and/or acreage assessments in an amount not exceeding the assessments set forth in Exhibit A was existing prior to July 1, 1997 and that said assessments are exempt from the provisions of Article XIID of the Constitution of the State of California. After adoption of this Resolution, the

General Manager, or designee, may make any necessary modifications to these charges to correct any errors, omissions or inconsistencies in the listing or in the amount to be charged based on changes from the final 2016 County of San Diego Assessor's Roll.

SECTION 2. Pursuant to *Section 35479* of the Water Code, the Board of Supervisors is requested at the time and manner of levying other County taxes to make levies in the amounts on said lots within Improvement District No. 1 as shown on Exhibit A and cause to be collected the amounts specified therein.

SECTION 3. The Secretary of the District is hereby directed to submit to the County Board of Supervisors and the County Auditor/Controller a certified copy of this Resolution along with other documents as may be required.

**ADOPTED, SIGNED AND APPROVED** this 26th day of July, 2017.

---

President of the Board of Directors of  
Borrego Water District

**ATTEST:**

---

Secretary of the Board of Directors of  
Borrego Water District

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

I, Joe Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said District at a regular meeting held on the 26th day of July, 2017, and that it was so adopted by the following vote:

AYES:           DIRECTORS:

NOES:           DIRECTORS:

ABSENT:         DIRECTORS:

ABSTAIN:        DIRECTORS:

---

Secretary of the Board of Directors of Borrego Water District

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

I, Joe Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2017-07-03, of said Board, and that the same has not been amended or repealed.

Dated: July 26, 2017

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Secretary of the Board of Directors of Borrego Water District

**RESOLUTION 2017-07-04**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF PROVIDING PEST CONTROL SERVICES BY THE DISTRICT AND REQUESTING LEVY AND COLLECTION OF SAID CHARGES AND/OR ACREAGE ASSESSMENTS FOR THE FISCAL YEAR 2017-2018**

**WHEREAS**, *Section 35565.5* of the Water Code of the State of California provides that a California Water District may, in the manner as provided in *Section 35470* of the Water Code, in lieu, in whole or in part, of raising funds for District purposes by ad valorem assessments, levy charges and/or acreage assessments on land within the District to defray the cost of mosquito abatement and vector control services; and

**WHEREAS**, the Board of Directors has determined that it is deemed advisable and necessary to fix and levy charges and/or acreage assessments for the purpose of defraying the cost of providing mosquito abatement and vector control services for the Fiscal Year 2017-2018.

**NOW, THEREFORE**, the Board of Directors of Borrego Water District **DOES HEREBY RESOLVE, DETERMINE AND ORDER** as follows:

**SECTION 1.** There is hereby fixed charges and/or acreage assessments in the amounts on land within the District as shown on Exhibit A attached hereto and made a part hereof to provide pest control services for the Fiscal Year 2017-2018. This Board of Directors hereby determines that said standby charges and/or acreage assessments in an amount not exceeding the assessments set forth in Exhibit A was existing prior to July 1, 1997 and that said assessments are exempt from the provisions of Article XIID of the Constitution of the State of California. After adoption of this Resolution, the General Manager, or designee, may make any necessary modifications to these charges to correct any errors, omissions or inconsistencies in the listing or in the amount to be charged based on changes from the final 2016 County of San Diego Assessor's Roll.

**SECTION 2.** Pursuant to *Section 35479* of the Water Code, the Board of Supervisors of the County of San Diego is hereby requested at the time and manner of levying other County taxes to make levies in the amounts on land within the District, as shown on Exhibit A, and cause to be collected the amounts specified therein.

**SECTION 3.** The Secretary of the District is hereby directed to submit to the Board of Supervisors and the Auditor/Controller of the County of San Diego a certified copy of this Resolution.

**ADOPTED, SIGNED AND APPROVED** this 26<sup>th</sup> day of July, 2017.

\_\_\_\_\_  
President of the Board of Directors of  
Borrego Water District

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors of  
Borrego Water District

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

I, Joe Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said District at a regular meeting held on the 26<sup>th</sup> day of July, 2016, and that it was so adopted by the following vote:

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

\_\_\_\_\_  
Secretary of the Board of Directors of Borrego Water  
District

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

I, Joe Tatusko, Assistant Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2017-07-04, of said Board, and that the same has not been amended or repealed.

Dated:

\_\_\_\_\_  
Secretary of the Board of Directors of Borrego Water  
District

**RESOLUTION NO. 2017-07-05**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF OPERATING AND MAINTAINING THE WATER FACILITIES WITHIN IMPROVEMENT DISTRICT NO. 3 OF THE DISTRICT AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS FOR THE FISCAL YEAR 2017-2018**

**WHEREAS**, Improvement District No. 3 of the Borrego Water District was formed for the purpose of providing water service to the lands and inhabitants of the Improvement District; and

**WHEREAS**, by reason of the acquisition of the water system, water service is now and will be available to lands therein and said water system is a benefit to the lands lying within said Improvement District; and

**WHEREAS**, *Section 35470* of the Water Code of the State of California, provides that a California Water District may in lieu, in whole, or in part, of raising funds for District purposes by ad valorem assessments, levy standby charges and/or acreage assessments to defray the cost of operations and maintenance and for any lawful district purpose; and

**WHEREAS**, matters have been presented to and considered by the Board of Directors relating to the financial requirements of said Improvement District; and

**WHEREAS**, the Board of Directors has determined that it is deemed advisable and necessary to fix and levy standby charges and/or acreage assessments within Improvement District No. 3 of the District to defray the cost of operations and maintenance of the water facilities within Improvement District No. 3 for the Fiscal Year 2017-2018.

**NOW, THEREFORE**, the Board of Directors of Borrego Water District **DOES HEREBY RESOLVE, DETERMINE AND ORDER** as follows:

**SECTION 1.** There is hereby fixed standby charges and/or acreage assessments in the amounts on land within Improvement District No. 3 as more fully described in Exhibit A attached hereto and made a part hereof to defray the cost of operations and maintenance for Improvement District No. 3 for the Fiscal Year 2017-2018. This Board of Directors hereby determines that said standby charges and/or acreage assessments in an amount not exceeding the assessments set forth in Exhibit A was existing prior to July 1, 1997 and that said assessments are exempt from the provisions of Article XIID of the Constitution of the State of California. After adoption of this Resolution, the General Manager, or designee, may make any necessary modifications to these charges to correct any errors, omissions or inconsistencies in the listing or in the amount to be charged based on changes from the final 2016 County of San Diego Assessor's Roll.



I, Joe Tatusko, Assistant Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2017-07-05 of said Board, and that the same has not been amended or repealed.

Dated: July 26, 2017

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Secretary of the Board of Directors of Borrego Water District

**RESOLUTION NO. 2017-07-05**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF OPERATING AND MAINTAINING THE WATER FACILITIES WITHIN IMPROVEMENT DISTRICT NO. 3 OF THE DISTRICT AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS FOR THE FISCAL YEAR 2017-2018**

**WHEREAS**, Improvement District No. 3 of the Borrego Water District was formed for the purpose of providing water service to the lands and inhabitants of the Improvement District; and

**WHEREAS**, by reason of the acquisition of the water system, water service is now and will be available to lands therein and said water system is a benefit to the lands lying within said Improvement District; and

**WHEREAS**, *Section 35470* of the Water Code of the State of California, provides that a California Water District may in lieu, in whole, or in part, of raising funds for District purposes by ad valorem assessments, levy standby charges and/or acreage assessments to defray the cost of operations and maintenance and for any lawful district purpose; and

**WHEREAS**, matters have been presented to and considered by the Board of Directors relating to the financial requirements of said Improvement District; and

**WHEREAS**, the Board of Directors has determined that it is deemed advisable and necessary to fix and levy standby charges and/or acreage assessments within Improvement District No. 3 of the District to defray the cost of operations and maintenance of the water facilities within Improvement District No. 3 for the Fiscal Year 2017-2018.

**NOW, THEREFORE**, the Board of Directors of Borrego Water District **DOES HEREBY RESOLVE, DETERMINE AND ORDER** as follows:

**SECTION 1.** There is hereby fixed standby charges and/or acreage assessments in the amounts on land within Improvement District No. 3 as more fully described in Exhibit A attached hereto and made a part hereof to defray the cost of operations and maintenance for Improvement District No. 3 for the Fiscal Year 2017-2018. This Board of Directors hereby determines that said standby charges and/or acreage assessments in an amount not exceeding the assessments set forth in Exhibit A was existing prior to July 1, 1997 and that said assessments are exempt from the provisions of Article XIID of the Constitution of the State of California. After adoption of this Resolution, the General Manager, or designee, may make any necessary modifications to these charges to correct any errors, omissions or inconsistencies in the listing or in the amount to be charged based on changes from the final 2016 County of San Diego Assessor's Roll.



I, Joe Tatusko, Assistant Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2017-07-05 of said Board, and that the same has not been amended or repealed.

Dated: July 26, 2017

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Secretary of the Board of Directors of Borrego Water District

**RESOLUTION NO. 2017-07-06**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2007-1 OF THE BORREGO WATER DISTRICT AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 2007-1 FOR THE FISCAL YEAR 2017-2018**

**WHEREAS**, the Borrego Water District (the “District”) previously established Community Facilities District No. 2017-1 of the Borrego Water District (“CFD No. 2017-1”) pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended; and

**WHEREAS**, the Board of Directors of the District acting as the legislative body of CFD No. 2007-1 is authorized pursuant to Resolutions Nos. 2007-3-1 and 2007-3-2 adopted March 14, 2007 (the “Resolutions of Formation”) and Ordinance No. O2007-2 adopted by the Board of Directors of the District on May 9, 2007 (the “Ordinance”), to levy a special tax sufficient to pay principal, interest, other periodic costs and administrative expenses with respect to bonds of CFD 2017-1 and any bonds and/or certificates of participation proposed to be issued to finance the Facilities (the “Bonds”) and to pay certain costs of the Facilities (as defined in the Resolutions of Formation); and

**WHEREAS**, it is now necessary and appropriate that this Board levy and collect the special taxes for the Fiscal Year 2017-2018 for the purpose specified in the Ordinance, by the adoption of a resolution as specified by the Act and the Ordinance; and

**WHEREAS**, the special taxes being levied hereunder are at the same rate or at a lower rate than provided by the Ordinance;

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2017-1, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**SECTION 1.** The above recitals are true and correct. After adoption of this Resolution, the General Manager, or designee, may make any necessary modifications to these charges to correct any errors, omissions or inconsistencies in the listing or in the amount to be charged based on changes from the final 2016 County of San Diego Assessor’s Roll.

**SECTION 2.** The special tax (“Special Tax”) is imposed without regard to property valuation and is levied in compliance with the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Government Code Section 53311 (the “Act”) and the Ordinance.

**SECTION 3.** In accordance with the Act and the Ordinance, there is hereby levied upon the parcels within the District which are not otherwise exempt from taxation under the Act or the

Ordinance the special taxes for the Fiscal Year 2016-2017 at the tax rates set forth in the report prepared by David Taussig and Associates for CFD No. 2017-1 entitled “Administration Report Fiscal Year 2017-2018” (the “Report”) submitted herewith, which rates do not exceed the maximum rates set forth in the Ordinance. After adoption of this Resolution, the General Manager of the District, or his designee, may make any necessary modifications to these special taxes to correct any errors, omissions or inconsistencies in the listing or categorization of parcels to be taxed or in the amount to be charged to any category of parcels; provided, however, that any such modifications shall not result in an increase in the tax applicable to any category of parcels and can only be made prior to the submission of the tax rolls to the San Diego County Auditor or prior to delivery of direct billings, as applicable.

SECTION 4. All of the collections of the special tax shall be used only as provided for in the Act and the Resolutions of Formation. The special tax shall be levied only so long as needed to accomplish the purposes described in the Resolutions of Formation.

SECTION 5. The special tax shall be collected in the same manner as ordinary ad valorem taxes are collected, provided, however, that CFD No. 2017-1 may directly bill the special tax, may collect special taxes at a different time or in different manner if necessary to meet its financial obligations, and the special tax shall be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes as such procedure may be modified by law or this Board from time to time.

SECTION 6. As a cumulative remedy, if any amount levied as a special tax for payment of bond interest or principal, together with any penalties and other charges accruing under this Resolution, are not paid when due, the Board of Directors may, not later than four years after the due date of the last installment of principal on the Bonds, order that the same be collected by an action brought in the superior court to foreclose the lien of such special tax.

SECTION 7. The General Manager is hereby authorized and directed to transmit a certified copy of this Resolution and the Report to the San Diego County Auditor, together with other supporting documentation as may be required to place said special taxes on the secured property tax roll for the Fiscal Year 2016-2017, and/or arrange for the direct billing of the special taxes, and to perform all other acts which are required by the Act, the Ordinance, or by law in order to accomplish the purpose of this Resolution.

**ADOPTED, SIGNED AND APPROVED** this 26<sup>th</sup> day of July, 2017.

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President of the Board of Directors of  
Borrego Water District

ATTEST:

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Secretary of the Board of Directors of  
Borrego Water District

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

I, Joe Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said District at a regular meeting held on the 26<sup>th</sup> day of July, 2017, and that it was so adopted by the following vote:

AYES:           DIRECTORS:

NOES:           DIRECTORS:

ABSENT:         DIRECTORS:

ABSTAIN:        DIRECTORS:

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Secretary of the Board of Directors of Borrego Water District

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

I, Joe Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2017-07-06 of said Board, and that the same has not been amended or repealed.

Dated: July 26, 2017

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Secretary of the Board of Directors of Borrego Water District

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING - JULY 26, 2017

ITEM 2J

July 20, 2017

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Retainer Agreement with Best, Best and Krieger for Legal Services – G Poole

**RECOMMENDED ACTION**

Adopt attached documents

**ITEM EXPLANATION**

As a follow up to the last Board Meeting, the attached Agreement has been drafted by Best, Best and Krieger for the Board to review, discuss and potentially approve.

**FISCAL IMPACT**

See Attachment

**ATTACHMENTS**

1. Proposed BBK Agreement

**AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES  
BETWEEN BORREGO WATER DISTRICT AND BEST BEST & KRIEGER LLP**

**1. PARTIES AND DATE.**

This Agreement is made and entered into as of the \_\_\_th day of July, 2017, by and between Borrego Water District, a California public agency (“Client”) and Best Best & Krieger LLP, a limited liability partnership engaged in the practice of law (“BB&K”).

**2. RECITALS.**

2.1 Client wishes to engage the services of BB&K as its General Counsel to perform necessary legal services for the Client on the terms set forth below.

**3. TERMS.**

3.1 Term. The term of this Agreement shall commence on July \_\_\_\_, 2017 and shall continue in full force and effect until terminated in accordance with Section 3.12.

3.2 Scope of Services. BB&K shall serve as General Counsel and shall perform legal services (“Services”) as may be required from time to time by the Client as set forth by this Agreement, unless otherwise agreed to by the Client and BB&K. As part of the Services to be performed hereunder, BB&K shall be responsible for the following:

3.2.1 Preparation for and attendance at regular and special board meetings as requested by the Client;

3.2.2 Provision of legal counsel at such other meetings as directed by the Client;

3.2.3 Preparation or review of all Client ordinances and resolutions, together with such staff reports, orders, agreements, forms, notices, declarations, certificates, deeds, leases and other documents as requested by the Client;

3.2.4 Rendering to the officers and employees of the Client legal advice and opinions on legal matters affecting the Client, including new legislation and court decisions, as directed by the Client;

3.2.5 Researching and interpreting laws, court decisions and other legal authorities in order to prepare legal opinions and to advise the Client on legal matters pertaining to Client operations, as directed by the Client;

3.2.6 Performing legal work pertaining to property acquisition, property disposal, public improvements, public rights-of-way and easements, as directed by the Client;

3.2.7 Responding to inquiries and reviewing for legal sufficiency ordinances, resolutions, contracts, and administrative matters, as directed by the Client;

3.2.8 Representing and assisting on litigation matters, as directed by the Client. Such services shall include, but shall not be limited to, the preparation for and making of appearances, including preparing pleadings and petitions, making oral presentations, and preparing answers, briefs or other documents on behalf of the Client, and any officer or employee of the Client, in all federal and state courts of this State, and before any governmental board or commission, including reviewing, defending or assisting any insurer of the Client or its agents or attorneys with respect to any lawsuit filed against the Client or any officer or employee thereof, for money or damages.

3.3 Designated General Counsel. Steven Anderson shall be designated as general counsel and shall be responsible for the performance of all Services under this Agreement, including the supervision of Services performed by other members of BB&K. Jeff Ballinger shall be designated as assistant general counsel and special counsel for land use issues.

3.4 Time of Performance. The Services of BB&K shall be performed expeditiously in the time frames and as directed by the Client.

3.5 Assistance. The Client agrees to provide all information and documents necessary for the attorneys at BB&K to perform their obligations under this Agreement.

3.6 Independent Contractor. BB&K shall perform all legal services required under this Agreement as an independent contractor of the Client and shall remain, at all times as to the Client, a wholly independent contractor with only such obligations as are required under this Agreement. Neither the Client, nor any of its employees, shall have any control over the manner, mode or means by which BB&K, its agents or employees, render the legal services required under this Agreement, except as otherwise set forth. The Client shall have no voice in the selection, discharge, supervision or control of BB&K's employees, representatives or agents, or in fixing their number, compensation, or hours of service.

3.7 Services and Compensation. Except as otherwise provided in this Section, BB&K shall render and bill for legal services in the following categories and at the following rates, in accordance with the BB&K Billing Policies attached hereto as Exhibit "A" and incorporated herein by reference. Moreover, in the event of any inconsistencies between the balance of this Agreement and Exhibit A, the terms of the balance of this Agreement shall control.

3.7.1 Basic Legal Services - Description. Basic legal services ("Basic Legal Services") shall include all services provided to Client which are not otherwise specifically identified below as Special Legal Services.

3.7.2 Basic Legal Services – Rates. The Client shall pay for Basic Legal Services at the following hourly rates:

Partners / Of Counsel	\$260
Associates	\$230
Paralegals	\$150

The above-listed rates will be subject to annual cost of living increase on July 1 each year as reflected in the U.S. Department of Labor in All Urban Consumers Index as set forth for the San Diego area.

3.7.3 Special Legal Services - Description. Special Legal Services shall include the following types of services:

- A. Litigation and formal administrative or other adjudicatory hearing matters
- B. Labor relations and employment matters
- C. Non-routine real estate matters (e.g. CC&R's, deed or title work)
- D. Land acquisition and disposal matters (including pre-condemnation)
- E. Taxes, fees, and charges matters (e.g. Prop. 218 & Mitigation Fee Act)
- F. Public construction disputes
- G. Non-routine contract negotiation matters (including non-BB&K model agreements and franchise agreements)
- H. Non-routine land use and development matters (including general plan updates, Williamson Act issues, annexations and development agreements)
- I. Environmental matters (e.g. CEQA, NEPA, and endangered species)
- J. Water law matters
- K. Tax, CALPERS and ERISA related matters
- L. Toxic substances matters (e.g. CERCLA, RCRA)
- M. Complex public utility matters (e.g. electric, natural gas, telecommunications, water, rail or transit that involve state or federal regulatory issues)
- N. Renewable energy and energy efficiency project contracts, and power purchase agreements
- O. Successor agency and housing matters
- P. Intergovernmental relations and advocacy efforts (e.g. legislative and regulatory representation) at the federal and state level.
- O. Other matters mutually agreed upon

3.7.4 Special Legal Services – Rates. The Client shall pay for Special Legal Services at the following hourly rates:

Partners / Of Counsel	\$295
Associates	\$255
Paralegals	\$160

3.7.5 Mutual Adjustments. Either BB&K or the Client may initiate consideration of a rate increase at any time; provided, however, that such an additional rate increase shall not occur without the express written consent of the Client. In the event there has not been a special

counsel rate increase for more than three years, BB&K will propose a rate adjustment in line with the cost of living percentage change over the period. Any rate increase as a result of this proposal will not occur without the express written consent of the Client. Without limiting any provisions of Section 3.7, BB&K and Client understand and agree that the terms of this Section 3.7.5 shall control over any inconsistencies in Exhibit A.

3.7.6 Cost Reimbursement, Exceptions and Billing Practices. The Client shall reimburse BB&K for reasonable and necessary expenses incurred by it in the performance of the Services under this Agreement. Authorized reimbursable expenses shall include, but are not limited to, printing and copying expenses, long distance telephone and facsimile tolls, non-standard computerized research (e.g. Lexis or Westlaw) charges incurred by BB&K, research services performed by BB&K's library staff, travel, non-excluded travel costs at IRS mileage rates, extraordinary mail or delivery costs (e.g. courier, overnight and express delivery), court fees and similar costs relating to the Services that are generally chargeable to a client. Non-standard computerized research (e.g. Lexis or Westlaw) charges shall not include any allocation for or proportional share of charges incurred by BB&K for standard research resources that are not imposed on a per search or per matter basis by the resource provider. Moreover, no separate charge shall be made by BB&K for secretarial or word processing services.

3.8 Billing. BB&K shall submit monthly to the Client a detailed statement of account for Services. The Client shall review BB&K's monthly statements and pay BB&K for Services rendered and costs incurred, as provided for in this Agreement, on a monthly basis. Notwithstanding anything to the contrary in Exhibit A, Client shall not be required to provide an advance deposit or retainer for Services except in case of litigation.

3.9 Annual Reviews. The Client and BB&K agree that a review of performance and the compensation amounts referenced in this Agreement should occur at least annually.

3.10 Insurance. BB&K carries errors and omissions insurance with Lloyd's of London. After a standard deductible, this insurance provides coverage per occurrence and in aggregate of \$10 million, which is beyond what is required by the State of California. A separate schedule containing BB&K's insurance policies will be available for inspection upon Client's request.

3.11 Attorney-Client Privilege. Confidential communication between the Client and BB&K shall be covered by the attorney-client privilege. As used in this article, "confidential communication" means information transmitted between the Client and BB&K in the course of the relationship covered by this Agreement and in confidence by a means which, so far as the Client is aware, discloses the information to no third persons other than those who are present to further the interests of the Client in the consultation or those to whom disclosure is reasonably necessary for the transmission of the information or the accomplishment of the purpose for which BB&K is consulted, and includes any legal opinion formed and advice given by BB&K in the course of this relationship.

3.12 Termination of Agreement and Legal Services. This Agreement and the Services rendered under it may be terminated at any time upon thirty (30) days' prior written notice from either party, with or without cause. In the event of such termination, BB&K shall be paid for all

Services authorized by the Client and performed up through and including the effective date of termination.

3.13 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

3.14 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Diego County.

3.15 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both parties.

3.16 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel, or otherwise.

3.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

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

3.19 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

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

BB&K: Best Best & Krieger LLP  
PO Box 1028  
Riverside, CA 92502  
Attention: Steve Anderson, Partner

Such notices shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

IN WITNESS WHEREOF, the Client and BB&K have executed this Agreement for General Counsel Legal Services as of the date first written above.

**BORREGO WATER DISTRICT**

By: \_\_\_\_\_  
Beth Hart  
President

**BEST BEST & KRIEGER LLP**

By: \_\_\_\_\_  
Jeff Ferre  
Partner

## EXHIBIT A

### BEST BEST & KRIEGER LLP'S BILLING POLICIES

Our century of experience has shown that the attorney-client relationship works best when there is mutual understanding about fees, expenses, billing and payment terms. Therefore, this statement is intended to explain our billing policies and procedures. Clients are encouraged to discuss with us any questions they have about these policies and procedures. Clients may direct specific questions about a bill to the attorney with whom the client works or to our Accounts Receivable Department. Any specific billing arrangements different from those set forth below will be confirmed in a separate written agreement between the client and the firm.

#### Fees for Professional Services

Unless a flat fee is set forth in our engagement letter with a client, our fees for the legal work we will undertake will be based in substantial part on time spent by personnel in our office on that client's behalf. In special circumstances which will be discussed with the client and agreed upon in writing, fees will be based upon the novelty or difficulty of the matter, or the time or other special limitations imposed by the client.

Hourly rates are set to reflect the skill and experience of the attorney or other legal personnel rendering services on the client's behalf. Time is accrued on an incremental basis for such matters as telephone calls (minimum .1 hour) and letters (minimum .3 hour), and on an actual basis for all other work. These hourly rates are reviewed annually to accommodate rising firm costs and to reflect changes in attorney status as lawyers attain new levels of legal experience. Any increases resulting from such reviews will be instituted automatically and will apply to each affected client, after advance notice.

Non-Attorney Personnel: BBK may employ the services of non-attorney personnel under the supervision of a BBK attorney in order to perform services called for in the legal services agreement. The most common non-attorney personnel utilized are paralegals. Other types of non-attorney personnel include, but are not limited to, case clerks, IT analysts, and specialty consultants. The client agrees that BBK may use such non-attorney personnel to perform its services when it is reasonably necessary in the judgment of the responsible BBK attorney. Hourly fees for non-attorney personnel working at or for BBK will be charged at the rate then in effect for such personnel. A copy of BBK's current rates and titles for non-attorney personnel will be provided upon request. Except for paralegals, BBK will not incur more than \$500 in fees for a non-attorney's work on a client matter without first confirming by email or written correspondence with the client the intended use of the non-attorney and the hourly rate for that person. Outside consultants or experts shall not be retained by BBK for the benefit of Borrego Water District except with the approval of Borrego Water District.

#### Fees For Other Services, Costs and Expenses

We attempt to serve all our clients with the most effective support systems available. Therefore, in addition to fees for professional legal services, we also charge separately for some other services and expenses to the extent of their use by individual clients. These charges include but are not limited to, mileage at the current IRS approved rate per mile, extraordinary telephone and document delivery charges, copying charges,

computerized research, court filing fees and other court-related expenditures including court reporter and transcription fees. No separate charge is made for secretarial or word processing services; those costs are included within the above hourly rates.

ESI: BBK provides Electronically Stored Information (“ESI”) services for matters requiring ESI support – typically litigation or threatened litigation matters. BBK shall receive payment for ESI support, if needed, at BBK’s then current rates. A copy of BBK’s current rates for such services will be provided upon request. BBK shall not incur costs for ESI support on a particular matter without first confirming by email or written correspondence with the client that the client agrees such services are necessary for the matter at hand.

We may need to advance costs and incur expenses on your behalf on an ongoing basis. These items are separate and apart from attorneys' fees and, as they are out-of-pocket charges, we need to have sufficient funds on hand from you to pay them when due. We will advise the client from time to time when we expect items of significant cost to be incurred, and it is required that the client send us advances to cover those costs before they are due.

#### Monthly Invoices and Payment

Best Best & Krieger LLP provides our clients with monthly invoices for legal services performed and expenses incurred. Invoices are due and payable upon receipt.

Each monthly invoice reflects both professional and other fees for services rendered through the end of the prior month, as well as expenses incurred on the client's behalf that have been processed by the end of the prior month. Processing of some expenses is delayed until the next month and billed thereafter.

Our fees are not contingent upon any aspect of the matter and are due upon receipt. All billings are due and payable within ten days of presentation unless the full amount is covered by the balance of an advance held in our trust account. If a bill is not paid within 45 days, a late charge of one percent per month on the unpaid invoice shall be added to the balance owed, commencing with the next statement and continuing until paid.

It is our policy to treat every question about a bill promptly and fairly. It is also our policy that if a client does not pay an invoice within 60 days of mailing, we assume the client is, for whatever reason, refusing to pay. We reserve the right to terminate our engagement and withdraw as attorney of record whenever our invoices are not paid. If an invoice is 60 days late, however, we may advise the client by letter that the client must pay the invoice within 14 days or the firm will take appropriate steps to withdraw as attorney of record. If the delay is caused by a problem in the invoice, we must rely upon the client to raise that with us during the 14-day period. This same policy applies to fee arrangements which require the client to replenish fee deposits or make deposits for anticipated costs.

From time to time clients have questions about the format of the bill or description of work performed. If you have any such questions, please ask them when you receive the bill so we may address them on a current basis.

### Changes in Fee Arrangements and Budgets

It may be necessary under certain circumstances for the firm to increase the size of required advances for fees after the commencement of our engagement and depending upon the scope of the work. For example, prior to a protracted trial or hearing, the firm may require a further advance payment to the firm's trust account sufficient to cover expected fees. Any such changes in fee arrangements will be discussed with the client and mutually agreed in writing.

Because of the uncertainties involved, any estimates of anticipated fees that we provide at the request of a client for budgeting purposes, or otherwise, can only be an approximation of potential fees.

BEST BEST & KRIEGER LLP

# 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

# IVA FINANACIALS REPORT



	C	CI	CK	CL	CM
1	<b>BWD</b>	06/09/16			
2	<b>CASH FLOW</b>	ADOPTED	Actual	Projected	Actual
3	<b>2016-2017</b>	BUDGET	June	June	YTD
4		<u>2016-2017</u>	<u>2017</u>	<u>2017</u>	<u>2016-2017</u>
5					
6	<b>REVENUE</b>				
7	<b>WATER REVENUE</b>				
8	Residential Water Sales	1,149,431	77,049	90,000	921,313
9	Commercial Water Sales	160,956	35,170	33,125	294,878
10	Irrigation Water Sales	176,219	19,416	18,746	214,681
11	GWM Surcharge	145,959	14,261	14,155	153,385
12	Water Sales Power Portion	463,059	40,259	43,058	430,184
13	<b>TOTAL WATER COMMODITY REVENUE:</b>	<b>2,095,624</b>	<b>186,155</b>	<b>199,084</b>	<b>2,014,440</b>
14					
15	Readiness Water Charge	997,818	103,206	85,163	1,072,606
18	Meter Install/Reconnect Fees	2,380	353	0	1,033
19	Backflow Testing/Installation	6,500	5,200	6,500	5,200
20	Bulk Water Sales	0	0	0	673
21	Penalty & Interest Water Collection	10,000	5,383	830	35,585
22	<b>TOTAL WATER REVENUE:</b>	<b>3,112,323</b>	<b>300,297</b>	<b>291,577</b>	<b>3,129,537</b>
23					
24	<b>PROPERTY ASSESSMENTS/AVAILABILITY CHARGES</b>				
25	641500 1% Property Assessments	65,000	782	200	65,951
26	641502 Property Assess wtr/swr/fld	106,212	366	300	106,012
28	641501 Water avail Standby	82,467	9,035	2,000	89,563
30	641504 ID 3 Water Standby (La Casa)	33,722	502	490	34,090
31	641503 Pest standby	17,885	1,036	523	18,150
32	<b>TOTAL PROPERTY ASSES/AVAIL CHARGES:</b>	<b>305,286</b>	<b>11,720</b>	<b>3,513</b>	<b>313,765</b>
33					
34	<b>SEWER SERVICE CHARGES</b>				
35	Town Center Sewer Holder fees	393,398	18,199	18,199	214,521
36	Town Center Sewer User Fees	103,158	6,834	6,773	86,508
37	Sewer user Fees	256,294	21,931	20,000	266,623
39	Penalty Interest-Sewer		0	0	2,985
41	<b>TOTAL SEWER SERVICE CHARGES:</b>	<b>752,850</b>	<b>46,964</b>	<b>44,972</b>	<b>570,637</b>
42					
43	<b>OTHER INCOME</b>				
48	Water Credits income/Gain on Asset Sold		0	0	1,000
52	Interest Income	49	1,739	16	5,873
53	<b>TOTAL OTHER INCOME:</b>	<b>49</b>	<b>1,739</b>	<b>16</b>	<b>12,257</b>
54					
55	<b>TOTAL INCOME:</b>	<b>4,170,507</b>	<b>360,719</b>	<b>340,077</b>	<b>4,026,196</b>
56					
57	<b>CASH BASIS ADJUSTMENTS</b>				
58	Decrease (Increase) in Accounts Receivable		(31,361)		(31,361)
60	Deposits				-
61	Other Cash Basis Adjustments				-
62	<b>TOTAL CASH BASIS ADJUSTMENTS:</b>		<b>(31,361)</b>		<b>(44,788)</b>
63					
64	<b>TOTAL INCOME RECEIVED:</b>	<b>4,170,507</b>	<b>329,358</b>	<b>340,077</b>	<b>3,981,408</b>

	C	CI	CK	CL	CM
1	<b>BWD</b>	06/09/16			
2	<b>CASH FLOW</b>	ADOPTED	Actual	Projected	Actual
3	<b>2016-2017</b>	BUDGET	June	June	YTD
4		<u>2016-2017</u>	<u>2017</u>	<u>2017</u>	<u>2016-2017</u>
65	<b>EXPENSES</b>				
66					
67	<b>MAINTENANCE EXPENSE</b>				
68	R & M Buildings & Equipment	185,000	19,400	15,500	160,034
69	R & M - WWTP	150,000	40,926	12,500	89,462
70	Telemetry	10,000	0	840	11,019
71	Trash Removal	4,000	298	360	4,055
72	Vehicle Expense	18,000	925	1,500	14,166
73	Fuel & Oil	25,000	0	2,100	16,538
74	<b>TOTAL MAINTENANCE EXPENSE:</b>	<b>392,000</b>	<b>61,549</b>	<b>32,800</b>	<b>295,273</b>
75					
76	<b>PROFESSIONAL SERVICES EXPENSE</b>				
77	Tax Accounting (Taussig)	3,000	0	1,000	2,596
78	Administrative Services (ADP/Bank Fees)	3,500	203	250	5,896
79	Audit Fees (Squarmliner)	14,995	0	0	14,439
80	Computer billing (Accela/Parker)	12,000	0	0	12,710
81	Financial/Technical Consulting (Raftelis) (Municipal Advisor)	1,200	950	100	9,300
82	Engineering (Dale/Dudek)	35,000	(3,194)	3,000	69,036
83	District Legal Services (Downey Brand/McDougal)	30,000	1,560	2,500	9,585
84	Testing/lab work (Babcock Lab)	12,000	965	1,000	11,563
85	Regulatory Permit Fees (SWRB/DEH/Dig alerts/APCD)	46,000	11,640	500	49,741
86	<b>TOTAL PROFESSIONAL SERVICES EXPENSE:</b>	<b>157,695</b>	<b>12,124</b>	<b>8,350</b>	<b>184,866</b>
87					
88	<b>INSURANCE EXPENSE</b>				
89	ACWA/JPIA Program Insurance	60,000	0	0	55,478
90	ACWA/JPIA Workers Comp	16,800	4,421	4,200	15,929
91	<b>TOTAL INSURANCE EXPENSE:</b>	<b>76,800</b>	<b>4,421</b>	<b>4,200</b>	<b>71,407</b>
92					
93	<b>DEBT EXPENSE</b>				
94	Citizens Bank-COP 2008 Debt Payment	253,113	0	0	253,113
95	BBVA-Viking Ranch Debt Payment	143,312	0	0	152,721
96	<b>TOTAL DEBT EXPENSE:</b>	<b>396,425</b>	<b>0</b>	<b>0</b>	<b>405,834</b>
97					
98	<b>PERSONNEL EXPENSE</b>				
99	Board Meeting Expense (board stipend/board secretary)	18,500	948	1,680	17,814
100	Salaries & Wages (gross)	791,000	74,171	65,856	817,063
101	Salaries & Wages offset account (board stipends/staff project salaries)	(18,500)	(6,691)	(1,680)	(22,244)
102	Consulting services/Contract Labor				
103	Taxes on Payroll	21,300	1,467	1,300	18,822
104	Medical Insurance Benefits	210,400	(1,323)	0	203,330
105	Calpers Retirement Benefits	171,000	6,122	7,000	150,262
106	Conference/Conventions/Training/Seminars	7,000	1,425	126	6,195
107	<b>TOTAL PERSONNEL EXPENSE:</b>	<b>1,200,700</b>	<b>76,118</b>	<b>74,282</b>	<b>1,191,241</b>
108					
109	<b>OFFICE EXPENSE</b>				
110	Office Supplies	18,000	620	1,500	17,859
111	Office Equipment/ Rental/Maintenance Agreements	40,000	2,074	1,000	41,727
112	Postage & Freight	15,000	2,000	2,000	10,757
113	Taxes on Property	2,400	0	0	2,331
114	Telephone/Answering Service/Cell	8,600	738	1,342	15,311
115	Dues & Subscriptions (ACWA/CSDA)	3,600	86	145	1,682
116	Printing, Publications & Notices	3,000	167	309	1,235
117	Uniforms	5,400	0	450	4,367
118	OSHA Requirements/Emergency preparedness	4,000	0	350	3,047
119	<b>TOTAL OFFICE EXPENSE:</b>	<b>100,000</b>	<b>5,683</b>	<b>7,096</b>	<b>98,317</b>
120					
121	<b>UTILITIES EXPENSE</b>				
122	Pumping-Electricity	350,000	26,666	28,000	298,985
123	Office/Shop Utilities	25,000	1,544	2,050	17,047
125	<b>TOTAL UTILITIES EXPENSE:</b>	<b>382,500</b>	<b>28,209</b>	<b>30,050</b>	<b>316,032</b>
126					
133	<b>TOTAL EXPENSES:</b>	<b>2,706,119</b>	<b>188,104</b>	<b>156,778</b>	<b>2,562,970</b>
134					
135	<b>CASH BASIS ADJUSTMENTS</b>				
136	Decrease (Increase) in Accounts Payable		224		21,136
137	Increase (Decrease) in Inventory		(6,947)		(967)
138	Other Cash Basis Adjustments				-
139	<b>TOTAL CASH BASIS ADJUSTMENTS:</b>		<b>(6,722)</b>		
140					
141	<b>TOTAL EXPENSES PAID:</b>	<b>2,706,119</b>	<b>181,382</b>	<b>156,778</b>	<b>2,530,030</b>
142					
143	<b>NET CASH FLOW (O&amp;M)</b>	<b>1,464,388</b>	<b>147,976</b>	<b>183,299</b>	<b>1,451,378</b>

	C	CI	CK	CL	CM
1	<b>BWD</b>	06/09/16			
2	<b>CASH FLOW</b>	<b>ADOPTED</b>	<b>Actual</b>	<b>Projected</b>	<b>Actual</b>
3	<b>2016-2017</b>	<b>BUDGET</b>	<b>June</b>	<b>June</b>	<b>YTD</b>
4		<b>2016-2017</b>	<b>2017</b>	<b>2017</b>	<b>2016-2017</b>
144	<b>CIP PROJECTS</b>				
145	<b>Water</b>				
146	Pickup	35,000			42,607
148	Pump and Cleaning Well ID4-4-Wells-ID1-12/ID4-4	150,000		30,000	140,447
149	Booster Station 1 Rehab	40,000			-
150	New 900 Reservoir	500,000	540		3,780
151	Transmission mains for new 900 Reservoir	100,000		50,000	-
152	Environmental review for water storage infrastructure	50,000		10,000	-
153	Engineering analysis for water storage infrastructure	75,000		5,000	30,128
154	Replace Twin Tanks-(prop 1 grant)	125,000			-
162	Weathervane Dr , Frying Pan Road to Double O Road (Pipeline7)	30,000		1,605	10,895
172					-
173	<b>TOTAL WATER CIP:</b>	<b>1,105,000</b>	<b>540</b>	<b>96,605</b>	<b>227,857</b>
174	<b>Sewer</b>				
175	WWTP-Skid Steer				-
176	WWTP-Back up Generator/Portable engine driven trash pump	26,000			29,773
177	Transfer Switch	20,000			10,037
178	Return Pump	8,500			15,437
179	Fence at ponds WWTP	15,000		0	9,200
196	<b>TOTAL SEWER CIP:</b>	<b>69,500</b>	<b>0</b>	<b>0</b>	<b>64,447</b>
197	<b>NON-CIP</b>				
198	USGS Basin study				-
199	GWM -legal/Misc.-prop 1 grant/USGS	60,000	13,056	6,000	38,289
201	District portion of GSP	204,000		13,000	64,527
212	<b>TOTAL GWM NON O&amp;M</b>	<b>264,000</b>	<b>13,056</b>	<b>19,000</b>	<b>102,816</b>
213	<b>OTHER</b>				
226	Air Photo Imagery (HP design jet-format printer)	10,000	9,698		9,698
227	Solar-Shop		27,111		110,443
228	Springbrook software purchase-final payment				21,450
229	Country Club pipeline project		1,124		25,743
230		10,000	37,932		167,334
231	<b>TOTAL CIP EXPENSES:</b>	<b>1,448,500</b>	<b>51,528</b>	<b>115,605</b>	<b>562,454</b>
232					
233	<b>CASH RECAP</b>				
234	Cash beginning of period	3,257,872	4,050,349	4,050,349	3,257,872
235	Net Cash Flow (O&M)	1,464,388	147,976	183,299	1,451,378
236	Total Non O&M Expenses	(1,448,500)	(51,528)	(115,605)	(562,454)
237	<b>CASH AT END OF PERIOD</b>	<b>3,273,759</b>	<b>4,146,797</b>	<b>4,118,043</b>	<b>4,146,797</b>
238					
239	<b>RESERVES</b>				
241	Working Capital-Water (4 months)	(600,000)	(600,000)	(600,000)	(600,000)
245	<b>R &amp; R Reserves</b>				
246	Contingency Reserves (8% O&M)	(270,000)	(270,000)	(270,000)	(270,000)
247	Rate Stabilization Reserves	(480,000)	(480,000)	(480,000)	(480,000)
248	Available for Emergency Reserves	928,759	2,796,797	2,768,043	2,796,797
249	Target Emergency Reserves	2,000,000	2,000,000	2,000,000	2,000,000
250	<b>Emergency Reserves Deficit</b>	<b>(1,071,241)</b>	<b>796,797</b>	<b>768,043</b>	<b>796,797</b>
251					
252	<b>CASH FLOW EXPLANATION FYE 2017</b>				
253					
254	<b>Total Income budget</b>	<b>4,170,507</b>			
255	<b>Total Actual Income FY 2017</b>	<b>4,026,196</b>			
256	<b>Income came under budget:</b>	<b>144,311</b>			
257					
258	<b>Incorrect TCS EDU/Holder budget projection</b>	<b>195,527</b>			
259					
260	<b>Total Expense Budget</b>	<b>2,706,119</b>			
261	<b>Total Actual Expense FY 2017</b>	<b>2,562,970</b>			
262	<b>Expenses came in Under Budget:</b>	<b>143,149</b>			
263					
264	<b>Repairs/Maintenance below budget:</b>	<b>(96,727)</b>			
265	<b>Engineering Expense above budget :</b>	<b>34,036</b>			
266	<b>Insurance Expense below budget:</b>	<b>(5,393)</b>			
267	<b>Personnel Expense below budget:</b>	<b>(9,459)</b>			
268	<b>Utility Expense below budget:</b>	<b>(66,468)</b>			
269		<b>(144,011)</b>			
270					
271	<b>CIP Budget</b>	<b>1,448,500</b>			
272	<b>CIP Actual Expenses</b>	<b>562,454</b>			
273	<b>CIP Expense under budget:</b>	<b>886,046</b>			
274					
275	<b>Water CIP Budget under budget:</b>	<b>(877,143)</b>			



<b>ASSETS</b>	<b>BALANCE SHEET</b> June 30, 2017 (unaudited)	<b>BALANCE SHEET</b> May 31, 2017 (unaudited)	<b>MONTHLY</b> <b>CHANGE</b> (unaudited)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 4,146,796.92	\$ 4,050,348.91	\$ 96,448.01
Accounts receivable from water sales and sewer charges	\$ 423,567.47	\$ 392,206.00	\$ 31,361.47
Inventory	\$ 126,953.08	\$ 133,899.89	\$ (6,946.81)
Prepaid expenses	\$ 30,655.73	\$ 31,969.89	\$ (1,314.16)
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 4,727,973.20</b>	<b>\$ 4,608,424.69</b>	<b>\$ 119,548.51</b>
<b>RESTRICTED ASSETS</b>			
<b>Debt Service:</b>			
Deferred amount of COP Refunding	\$ 112,546.17	\$ 112,546.17	\$ -
Deferred Outflow of Resources-calPERS	\$ 244,883.00	\$ 244,883.00	\$ -
<b>Total Debt service</b>	<b>\$ 357,429.17</b>	<b>\$ 357,429.17</b>	<b>\$ -</b>
<b>Trust fund:</b>			
Investments with fiscal agent -CFD 2007-1	\$ 26,213.86	\$ 26,212.17	\$ 1.69
<b>Total Trust fund</b>	<b>\$ 26,213.86</b>	<b>\$ 26,212.17</b>	<b>\$ 1.69</b>
<b>TOTAL RESTRICTED ASSETS</b>	<b>\$ 383,643.03</b>	<b>\$ 383,641.34</b>	
<b>UTILITY PLANT IN SERVICE</b>			
Land	\$ 2,328,663.65	\$ 2,328,663.65	\$ -
Flood Control Facilities	\$ 4,287,340.00	\$ 4,319,603.58	\$ (32,263.58)
Capital Improvement Projects	\$ 290,284.84	\$ 435,697.48	\$ (145,412.64)
Sewer Facilities	\$ 5,992,778.56	\$ 5,907,917.14	\$ 84,861.42
Water facilities	\$ 11,008,923.72	\$ 10,901,938.65	\$ 106,985.07
General facilities	\$ 954,283.23	\$ 1,006,881.07	\$ (52,597.84)
Equipment and furniture	\$ 574,974.27	\$ 454,833.77	\$ 120,140.50
Vehicles	\$ 582,802.28	\$ 582,802.28	\$ -
Accumulated depreciation	\$ (12,863,680.87)	\$ (12,137,990.70)	\$ 725,690.17
<b>NET UTILITY PLANT IN SERVICE</b>	<b>\$ 13,156,369.68</b>	<b>\$ 13,800,346.92</b>	<b>\$ (643,977.24)</b>
<b>OTHER ASSETS</b>			
Water rights -ID4	\$ 185,000.00	\$ 185,000.00	\$ -
<b>TOTAL OTHER ASSETS</b>	<b>\$ 185,000.00</b>	<b>\$ 185,000.00</b>	
<b>TOTAL ASSETS</b>	<b>\$ 18,452,985.91</b>	<b>\$ 18,977,412.95</b>	<b>\$ (524,427.04)</b>



Balance sheet continued

	<b>BALANCE SHEET</b> <b>June 30, 2017</b> <b>(unaudited)</b>	<b>BALANCE SHEET</b> <b>May 31, 2017</b> <b>(unaudited)</b>	<b>MONTHLY</b> <b>CHANGE</b> <b>(unaudited)</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS</b>			
Accounts Payable	\$ 83,295.84	\$ 83,520.25	\$ (224.41)
Accrued expenses	\$ 123,110.45	\$ 154,788.17	\$ (31,677.72)
Deposits	\$ 5,000.00	\$ 5,000.00	\$ -
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS</b>	<b>\$ 211,406.29</b>	<b>\$ 243,308.42</b>	<b>\$ (31,902.13)</b>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>			
Debt Service:			
Accounts Payable to CFD 2007-1	\$ 26,213.86	\$ 26,212.17	\$ 1.69
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	<b>\$ 26,213.86</b>	<b>\$ 26,212.17</b>	<b>\$ 1.69</b>
<b>LONG TERM LIABILITIES</b>			
2008 Certificates of participation	\$ 2,330,000.00	\$ 2,330,000.00	\$ -
BBVA Compass Bank Loan	\$ 943,120.61	\$ 943,120.61	\$ -
Net Pension Liability-calPERS	\$ 693,352.00	\$ 693,352.00	\$ -
Deferred Inflow of Resources-calPERS	\$ 246,389.00	\$ 246,389.00	\$ -
<b>TOTAL LONG TERM LIABILITIES</b>	<b>\$ 4,212,861.61</b>	<b>\$ 4,212,861.61</b>	<b>\$ -</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 4,450,481.76</b>	<b>\$ 4,482,382.20</b>	<b>\$ (31,900.44)</b>
<b>FUND EQUITY</b>			
Contributed equity	\$ 9,611,814.35	\$ 9,611,814.35	\$ -
Retained Earnings:			
Unrestricted Reserves/Retained Earnings	\$ 4,390,689.80	\$ 4,883,216.40	\$ (492,526.60)
Total retained earnings	\$ 4,390,689.80	\$ 4,883,216.40	\$ (492,526.60)
<b>TOTAL FUND EQUITY</b>	<b>\$ 14,002,504.15</b>	<b>\$ 14,495,030.75</b>	<b>\$ (492,526.60)</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 18,452,985.91</b>	<b>\$ 18,977,412.95</b>	<b>\$ (524,427.04)</b>



## TREASURER'S REPORT June, 2017

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

### Cash and Cash Equivalents:

#### Demand Accounts at UB/LAIF

General Account/Petty Cash	\$ 1,924,152	\$ 2,207,100	\$ 2,207,100	48.81%	0.00%	N/A	UB
Payroll Account	\$ 91,676	\$ 91,525	\$ 91,525	2.02%	0.00%	N/A	UB
MMA-Sweep	\$ 2,201,739	\$ 2,201,739	\$ 2,201,739	48.69%	0.73%	N/A	UB
LAIF	\$ 21,179	\$ 21,179	\$ 21,179	0.47%	0.78%	N/A	LAIF

<b>Total Cash and Cash Equivalents</b>	<b>\$ 4,238,746</b>	<b>\$ 4,521,543</b>	<b>\$ 4,521,543</b>	<b>100.00%</b>			
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### Facilities District No. 2007-1

Special Tax Bond- Rams Hill -US BANK	\$ 26,214	\$ 26,214	\$ 26,214				
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<b>Total Cash, Cash Equivalents &amp; Investments</b>	<b>\$ 4,264,960</b>	<b>\$ 4,547,757</b>	<b>\$ 4,547,757</b>				
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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



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

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**Vendor disbursements paid during this period:** **\$ 173,151.78**

Significant items:

San Diego Gas & Electric	\$	28,209.28
CalPERS Payments	\$	6,121.58
Medical Health Benefits (pay in July)	\$	-
Workers Compensation Insurance	\$	4,421.34

**Capital Projects/Fixed Asset Outlays:**

Integrity Solar-Solar for shop	\$	27,110.75
CDW Government-HP Design Jet format printer	\$	9,697.50

**Total Professional Services for this Period:**

McDougal, Love, Eckis, Attorneys	Legal-general		
Downey Brand, Attorneys	GWM	\$	3,219.45
David Dale-Engineering	Survey 900 Tank	\$	540.00
	General Engineering	\$	1,012.50

**Payroll for this Period:**

Gross Payroll	\$	74,170.59
Employer Payroll Taxes and ADP Fee	\$	1,666.51
<b>Total</b>	<b>\$</b>	<b>75,837.10</b>

# Accounts Payable

## Checks by Date - Summary by Vendor Number



User: ezmeralda  
 Printed: 7/21/2017 6:30 AM

Vendor	Vendor	Check
3035	ACWA/JPIA PROGRAM INSURANCE	4,421.34
1266	AFLAC	867.32
61	AT&T MOBILITY	623.29
83	AUTOMATED WATER TREATMENT	11,208.19
9450	AWWA CALIF-NEVADA SECTION	950.00
9255	BABCOCK LABRATORIES	885.00
88	BORREGO AUTO PARTS, INC.	899.51
1003	BORREGO SPRINGS BOTTLED WATER	125.04
1037	BORREGO SUN	166.50
1196	CASH	300.00
10869	CDW GOVERNMENT	9,697.50
48	COUNTY OF SAN DIEGO DEPT OF PUBLIC WORKS	1,817.60
10856	DAVID DALE, PE	1,552.50
96	DISH	85.72
9535	DOWNEY BRAND	3,219.45
9640	DUDEK	12,157.94
1094	EMPIRE SOUTHWEST	884.59
UB*00013	FIELD ASSET SERVICES LLC	89.66
9248	GRANGETTO'S FARM & GARDEN SUPP	195.89
9579	GREEN DESERT LANDSCAPE	4,770.00
10865	INTEGRITY SOLAR	27,110.75
65	JC LABS & MONITORING SERVICE	1,500.00
1066	MANUEL RODRIGUEZ DE ANZA READY MI	958.40
UB*00012	MATTHEW WILSON	117.31
1216	McCALLS METERS,INC	1,252.57
9549	McDOUGAL LOVE ECKIS	858.00
1016	NAPA AUTO PARTS INC	25.08
10870	OMEGA II, INC.	35,500.00
1208	PACIFIC PIPELINE SUPPLY INC	165.25
9633	RAMONA DISPOSAL SERVICE	3,311.88
97	RESERVE ACCOUNT	2,000.00
1065	SAN DIEGO GAS & ELECTRIC	28,209.28
1059	STAPLES CREDIT PLAN	494.57
9638	STATE OF CALIFORNIA FRANCHISE TAX BOARD	67.19
9046	STATE WATER RESOURCE CONTROL DRINKING WATER OPERATOR CERTIFICATION PROGRAM	250.00
9166	SWRCB ACCOUNTING OFFICE ATTN:DRINKING WATER PROGRAM	9,755.50
10868	TOTAL COMPENSATION SYSTEMS INC.	950.00
9385	TYCO INTEGRATED SECURITY LLC	203.30
10847	USA COMMUNICATIONS	89.95
9439	USABLUBOOK	225.46
1100	VERIZON WIRELESS	114.25
76	VORTEX INDUSTRIES, INC	896.00
1623	WENDY QUINN	450.00
94	WILLOW INDUSTRIES, LLC	3,730.00
Report Total (49 checks):		173,151.78



**GROUNDWATER MANAGEMENT  
ACCOUNTING  
FY 2017  
Acct #10154800**

Month	McDougal/ Downey Brand	Dudek	Town Hall/ Advertising	One Eleven Water Services	Desert Club	Staff Allocation	Water Advisory Committee-Lunches Recording/Minutes	Monthly Total	FYE 2017 Total
Jul-16								-	-
Aug-16	190.00	39,583.64						39,773.64	39,773.64
Sep-16								-	-
Oct-16		7,650.00						7,650.00	47,423.64
Nov-16			111.00	4,005.00				4,116.00	51,539.64
Dec-16	1,925.00	10,695.76		285.00				12,905.76	64,445.40
Jan-17			55.50		500.00			555.50	65,000.90
Feb-17	1,945.00							1,945.00	66,945.90
Mar-17	323.50		20.00				498.12	841.62	67,787.52
Apr-17	901.89	13,140.22					635.62	14,677.73	82,465.25
May-17				2,185.00		3,968.19	200.00	6,353.19	88,818.44
Jun-17	2,517.45	4,345.44				6,030.81	162.50	13,056.20	101,874.64
<b>Total</b>	<b>7,802.84</b>	<b>75,415.06</b>	<b>186.50</b>	<b>6,475.00</b>	<b>500.00</b>	<b>9,999.00</b>	<b>1,496.24</b>	<b>101,874.64</b>	<b>101,874.64</b>



**IVB  
WATER & WASTE  
WATER  
OPERATIONS  
REPORT**



# **BORREGO WATER DISTRICT**

**June 2017**

## **WATER OPERATIONS REPORT**

<b>WELL</b>	<b>TYPE</b>	<b>FLOW RATE</b>	<b>STATUS</b>	<b>COMMENT</b>
ID1-8	Production	350	In Use	
ID1-10	Production	300	In Use	
ID1-12	Production	900	In Use	
ID1-16	Production	750	In Use	
Wilcox	Production	80	In Use	Diesel backup well for ID-4
ID4-4	Production	400	In Use	
ID4-11	Production	900	In Use	Diesel engine drive exercised monthly
ID4-18	Production	150	In Use	
ID5-5	Production	850	In Use	

**System Problems:** All production wells are in service. All reservoirs are in operating condition.

## **WASTEWATER OPERATIONS REPORT**

**Rams Hill Water Reclamation Plant serving ID-1, ID-2 and ID-5 Total Cap. 0.25 MGD (million gallons per day):**

**Average flow:** 45,139 (gallons per day)

**Peak flow:** 73,100 gpd Saturday June 10, 2017

The logo for the Oregon Water Resources Institute is a circular seal. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The text "OREGON WATER RESOURCES INSTITUTE" is written around the perimeter of the seal, and "EST. 1962" is at the bottom. The seal is light blue and yellow.

# **IVC WATER PRODUCTION/ USE RECORDS**



# BORREGO WATER DISTRICT

## WATER PRODUCTION SUMMARY

JUNE 2017								
DATE	WATER USE	WATER PROD	WATER %UNACC	ID4 USE	ID4 PROD	ID4 %UNACC	TOTAL USE	TOTAL PROD
Jun-15	39.49	41.46	4.75	99.06	129.76	23.66	138.55	171.22
Jul-15	37.46	39.98	6.30	94.21	104.29	9.67	131.67	144.27
Aug-15	33.06	36.70	9.92	96.54	116.67	17.25	129.60	153.37
Sep-15	35.46	38.80	8.61	108.92	108.89	-0.03	144.38	147.69
Oct-15	39.19	42.11	6.93	117.32	113.56	-3.31	156.51	155.67
Nov-15	31.25	33.51	6.74	94.66	132.98	28.82	125.91	166.49
Dec-15	22.37	24.64	9.23	83.23	99.01	15.94	105.60	123.65
Jan-16	18.80	20.96	10.29	58.73	72.07	18.51	77.53	93.03
Feb-16	19.61	20.00	1.94	74.06	91.40	18.97	93.67	111.40
Mar-16	18.98	20.38	6.86	73.79	86.65	14.84	92.77	107.03
Apr-16	23.53	25.03	5.98	78.79	94.30	16.45	102.32	119.33
May-16	22.54	22.99	1.96	78.02	92.54	15.69	100.56	115.53
Jun-16	30.90	33.34	7.31	96.77	114.10	15.19	127.67	147.44
Jul-16	35.02	35.74	2.01	97.17	115.18	15.63	132.19	150.91
Aug-16	41.77	43.61	4.21	115.77	141.88	18.40	157.54	185.48
Sep-16	43.67	46.58	6.25	119.76	118.50	-1.06	163.43	165.09
Oct-16	34.51	37.64	8.31	102.51	122.73	16.48	137.02	160.37
Nov-16	31.55	31.58	0.10	102.59	112.11	8.50	134.14	143.70
Dec-16	27.15	27.95	2.87	73.25	82.85	11.59	100.40	110.81
Jan-17	17.49	16.18	-8.10	51.59	59.32	13.02	69.08	75.50
Feb-17	11.72	14.64	19.93	63.23	73.40	13.85	74.95	88.04
Mar-17	17.15	18.48	7.17	63.65	68.34	6.86	80.81	86.82
Apr-17	25.02	26.02	3.83	90.17	99.02	8.94	115.18	125.03
May-17	28.18	29.45	4.30	98.06	113.48	13.58	126.25	142.93
Jun-17	29.25	33.42	12.48	96.28	106.02	9.19	125.52	139.44
<b>12 Mo. TOTAL</b>	<b>342.48</b>	<b>361.28</b>	<b>5.28</b>	<b>1074.04</b>	<b>1212.83</b>	<b>11.25</b>	<b>1416.52</b>	<b>1574.11</b>

Totals reflect Water (ID1 & ID3) and ID4 (ID4 & ID5) . Interties to SA3 are no longer needs to be separated. ID4 and SA5 are combined because all water production is pumped from ID4. All figures are in Acre Feet of water pumped.

### WATER LOSS SUMMARY (%)

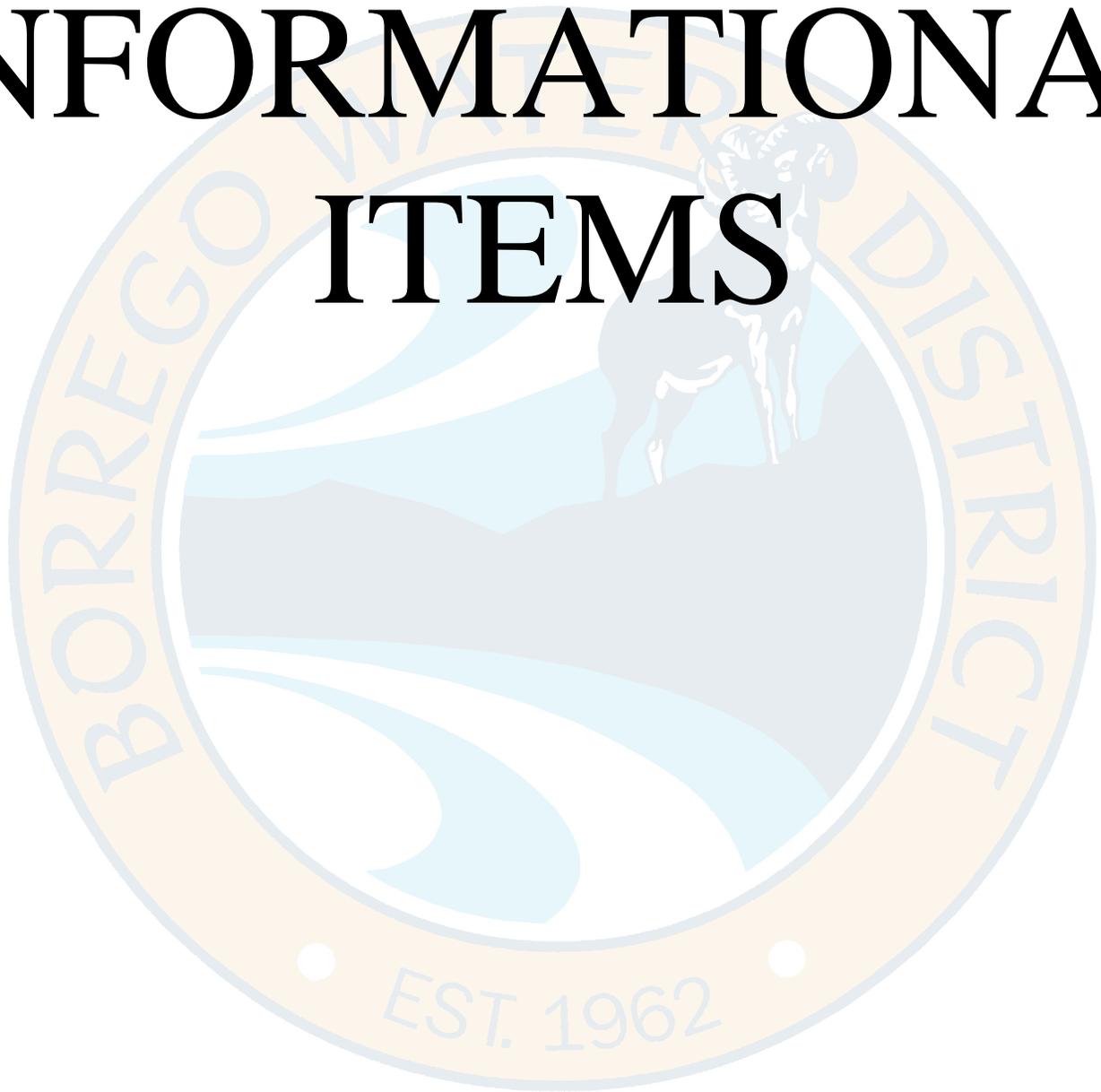
PROGRAM DID NOT CALCULATE WATER LOSS FOR JANUARY IN TIME FOR THIS REPORT

DATE	WATER	ID-4	ID-5	DISTRICT-WIDE AVERAGE
Jun-17	12.48	9.19	N/A	10.84
<b>12 Mo. Average</b>	<b>5.28</b>	<b>11.25</b>	<b>N/A</b>	<b>8.26</b>



**IVD  
GENERAL  
MANAGER  
REPORT**

# ITEM V INFORMATIONAL ITEMS



**WORKING RISK MANAGEMENT BRIEF**

A. Potential District Capital Needs (FY2018-2025+)

- CIP = \$10.6M<sup>1</sup>
- SGMA-related = \$25.0M
  - GSP implementation costs = \$3.0M (\$1M CEQA + \$2M ongoing admin costs);<sup>2</sup>
  - Water supply costs = \$20M (\$8M current customers<sup>3</sup>+ \$12M for 3,000 EDUs County approved subdivisions + \$2M if present PSRs up-zoning and subdivision approval occurs for an additional 500 EDUs in the District’s service area<sup>4</sup>);
  - +  $x$  %<sup>5</sup> of \$40.0M (PV advanced treatment capital & O&M costs during economically useful life of treatment facility).<sup>6</sup>

B. Known Constraints

1. Borrego Springs is an unincorporated village in San Diego County entirely surrounded by the Anza-Borrego Desert State Park (Park; State Park), a Park the size of Rhode Island, solely dependent on GW for its water supply.
2. The present demographics of the community are ~70% low income Hispanics and ~30% retired or middle aged working Caucasians. Of the retired, the majority are on fixed incomes, many on only Social Security with only a small percentage extremely wealthy.

<sup>1</sup> See FY 2018 Budget document (May 24, 2017) at [FY 2018 Budget](#) pp. 91-117.

<sup>2</sup> Ballpark estimate based on Dudek proposal to County (December 6, 2016). This amount is on top of \$1.2M already obligated from the County to cover GSP development costs.

<sup>3</sup> Purchase of 1,000 AF of permanent supply at an average of \$8,000/AF via fallowing of irrigated farmland to service existing municipal customers. The 1,000 AF amount needed to service existing customers is based on the assumption of proportional reductions across all sectors (agricultural, recreational, municipal) based on current usage. The ability to borrow from financing entities to purchase this water assumes a fixed benchmark for starting reductions and severe penalties for additional water use in the basin post January 1, 2015.

<sup>4</sup> See Dudek, “Theoretical Water Demand at Buildout of Present Unbuilt Lots Under County’s Current Zoning in Borrego Springs” (October 4, 2016) at [Water Demand at Buildout](#) pp. 2-80. These estimates assume 0.50 AFY/EDU average usage/EDU + overhead/EDU (for population services) at \$8,000/AF permanent supply for land purchase, fallowing, and land restoration to transfer a portion of sustainable yield from the agricultural to the municipal sector for its use under SGMA-supply constraints.

<sup>5</sup> This percentage will always be a non-zero probabilistic estimate based on trends in historical water quality data projected forward into the future. There is no way of knowing for certain what water quality will be in the future without waiting for the future to occur. But, by waiting for the future, treatment costs are locked in without any ability to make proactive management decisions to prevent an expensive future.

<sup>6</sup> See Dudek, “Water Replacement and Treatment Cost Analysis for Borrego GW Basin” (December 11, 2015) at [Treatment Costs](#) pp. 22-32.



**WORKING RISK MANAGEMENT BRIEF**

3. The primary economic driver for the community is visitor spending associated with visits to the State Park. In an average year, the State Park attracts ~500,000 visitors who generate ~\$40M annually to the region. In a Super Bloom year like the spring of 2017, Borrego may receive up to a million visitors, with ~250,000 in just one six week period.
4. The Borrego Springs Subbasin (Borrego Basin) of the Borrego Valley Groundwater Basin has been designated by the California Department of Water Resources (DWR) as a medium priority CASGEM basin in *critical overdraft*;
5. Borrego Spring community has been designated as a *Severely Disadvantaged Community* (SDAC);
6. Agriculture represents ~70% of annual withdrawals; recreation 20%, municipal use 10%.
7. A US Bureau of Reclamation (Reclamation) study has determined there is no foreseeable means to import water to the basin;
8. A US Environmental Protection Agency (USEPA) study has determined that there are no nearby basins or aquifers suitable to import water from into the Borrego Basin;
9. A US Geological Survey (USGS) study indicates an approximate 70% reduction from current levels of pumping will be required to meet SGMA requirements for sustainable use of the basin with *no undesirable results*;
10. Discussions with the US Army Corps of Engineers indicates that building retention basins to capture episodic rainfall and flood waters in the Valley are neither economically viable nor environmentally permissible due to the watersheds for the Valley entirely within the boundaries of the Park.
11. The District has been party to 3+ years of negotiations with most all the major pumpers in the Valley under the auspices of DWR, where each sector (agricultural, recreational, and municipal) have agreed to proportionally reduce their annual withdrawals from the basin by 70% to reach sustainable yield by no later than 2040;
12. The apparent economics of a 70% reduction in annual pumping potentially puts every sector in the Valley out of business: the agricultural sector, the recreational sector, and municipal rates are driven beyond affordability for the District's current customer base;
13. To date, located in an arid desert climate, Borrego's economy has been made possible by the overuse of groundwater supplies that have been depleted far faster than those supplies can be replenished. This is true of the agricultural, recreational and municipal water use sectors. Thus, uncertainty over the costs of long-term water supply, potential future costs for treating groundwater to meet safe drinking water quality standards, and

Bond Committee Draft 1.12



**WORKING RISK MANAGEMENT BRIEF**

the economic impacts of meeting SGMA objectives for the Borrego Basin is slowing investments for new development in the Borrego Valley (Valley);

14. Given the certainty of anthropogenic climate disruption (ACD: climate change), there is a high probability that future weather in the Valley will have more days of excessive heat in the summer months and more days of below freezing in the winter months.<sup>7</sup> Thus, it is likely that open system agriculture in the Valley may no longer be profitable, especially as under SGMA GW will no longer be “free” (although, economically speaking, it never was “free”).
15. The District’s primary driver of future water rates may not necessarily be the cost of transfer of water from the agricultural sector, but the contingent liability of County approved subdivisions in the District’s service area. For example, the County’s land use decisions to date, have not considered a fixed water supply as a factor in either zoning or subdivision approvals;
16. The Board understands that to successfully implement SGMA is just as much, or maybe even more, revolves around socio-economic issues, given the SDAC status of Borrego, than primarily hydrological, regulatory, or legal issues;
17. The Board understands that a written GSP accomplishes little other than litigation unless there is widespread community acceptance of this Plan and a willingness to act in concert with one's neighbors to move Borrego to a future worth living in;
18. The Board further understands that SGMA presents an existential puzzle for the survival of the District, the community's recreational facilities, the agricultural sector and the community as a whole;
19. It is becoming clearer to the Board that SGMA as written, provides no practicable means to divide a fixed pie, nor the authorities to accomplish such an action, as it has purposefully left out control over the County’s land use authority. But even more important, it provides no guidance or authorities to pick winners and losers in a Prisoner’s Dilemma where compromise is a sure fire way to result in a lose-lose economic result;
20. The District’s current Developer’s and Water Credits Policies are not SGMA-complaint. Additionally, the District’s present rate structure and water rates are neither SGMA-complaint nor likely adequate to achieve revenue sufficiency under SGMA.

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<sup>7</sup> For example, during excessive heat days more water is used to cool the plants so that they do not die. More water is also used to keep the plants from dying during cold spells. As more water is used, soil salinization occurs in a desert clime. With soil salinization, more water is required to flush the roots of the plants so that they can absorb nutrients.

Bond Committee Draft 1.12



**WORKING RISK MANAGEMENT BRIEF**

1 21. The SGMA time to achieve basin sustainability of 2040 is an arbitrary date. The  
2 arbitrariness of this date potentially adds significant economic risk for the District if a  
3 water quality tipping point is reached at any time during this 20-year period.

4 22. DWR’s discretionary ability to extend the SGMA date another 10-years beyond 2040  
5 date potentially introduces unacceptable and potentially devastating economic risk for  
6 the District’s operations due to the additional water quality tipping point uncertainty.

7 C. Assumptions

- 8 1. SGMA alters the District’s present business model. In the past, GW was at zero cost.  
9 Under SGMA, GW use will be at some cost;
- 10 2. Under SGMA-supply constraints the County’s past, present, pending and future land use  
11 decisions that create *any* new additional water demand potentially downstream real  
12 economic costs to the District. For example, the District may be obligated to purchase  
13 permanent water supply just to provide municipal supply to its current customers. Thus,  
14 any new use may require the District to purchase additional supply.
- 15 3. Given the physical limits to water supply from the Borrego Basin, all potential  
16 subdivisions already approved by the County may not be able to be served by municipal  
17 services, must less additional subdivisions that the County may wish to approve.  
18 Additionally, from the public agency liability perspective, some of these County approved  
19 land uses that require additional supply for new municipal water use, costs for  
20 purchasing new supply may never be recovered through developer’s charges or water  
21 rates for new municipal customers;<sup>8</sup>
- 22 4. An adequate and timely resolution of SGMA-related contingent land use liabilities may  
23 be necessary. Otherwise, land use uncertainty may prevent the District from acquiring  
24 adequate debt to meet its capital needs at an affordable cost to its customers, not to  
25 mention severe uncertainty for developers’ potential business plans;<sup>9</sup>
- 26 5. Any funding source (USDA, I-Bank, private placement or public bond market) will likely  
27 need to be assured that the County’s land use decisions will not add future financial  
28

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<sup>8</sup> This is due to cash flow considerations as supply cannot necessarily be acquired in units that match EDU usage.

<sup>9</sup> See Raftelis Financial Consultants (RFC), “County Zoning and SGMA Impact Assessment” (January 13, 2017) located at [Water Rates by 2040 Under SGMA](#) pp. 82-99.



**WORKING RISK MANAGEMENT BRIEF**

liabilities for the District. Financing entities will likely be concerned for the County’s land use decisions’ impacts on the District’s cash flow;<sup>10</sup>

- 6. Affordable water rates may be the number one economic consideration for maintaining the economic viability of the Borrego community and its embedded \$340 million in assessed property values.<sup>11</sup>

D. Warning<sup>12</sup>

*Past, present, pending and future County land use decisions, if not adequately addressed in a timely fashion, may hinder or prevent the District from obtaining the new debt it requires to safely provide municipal water supply service for its customers.<sup>13</sup>*

E. Important Issues

- 1. *Proportional reductions assumption.* Under present assumption, each sector must each reduce their usage by 70% to meet SGMA objectives. Is this a defensible?<sup>14</sup>
- 2. Does the GSP for the Borrego Springs Subbasin of the Borrego Valley Groundwater basin need to worry about senior water rights holders refusing to limit their extractions?<sup>15</sup> For example, other than the Anza-Borrego Desert Sate Park (Park), does anyone in the Valley actually retain senior water rights over other pumpers in the Valley?

<sup>10</sup> Any undue risk that is not adequately managed from the perspective of the funding source is likely to cost the District dearly.

<sup>11</sup> An estimated breakdown of assessed property values is that municipal users represent approximately 90%; recreation 6%; agriculture 4%.

<sup>12</sup> “Warning is an intangible, an abstraction, a theory, a deduction, a perception, a belief. It is the product of reasoning or of logic, a hypothesis whose validity can be neither confirmed nor refuted until it is too late (p, 4)....The warning analyst usually does not have the luxury of time, of further collection and analysis, of deferring his judgment ‘until all the evidence is in’” (p. 41). See Cynthia Grabo, Anticipating Surprise: Analysis for Strategic Warning (2002).

<sup>13</sup> As a capital intensive business, the District relies on periodic debt takedowns to enable it to meet public health standards for municipal supply. That is, it is not an option for the District to forego new debt to meet public safety needs. However, SGMA creates a unique situation whereby by down streaming land use costs to the District, the County may be hinder the District’s ability to acquire new debt from whatever source, at whatever coupon rate, at whatever term, that result in water rates that are affordable to its customer base.

<sup>14</sup> This assumption is being received by the public as fundamentally unfair to municipal users. It is likely that without a thorough discussion and ability to defend this assumption that this will continue to be a contentious issue.

<sup>15</sup> Under existing law, senior priority water rights holders are generally not required to reduce extractions or incur significant expense for the benefit of lower-priority water rights holders.



**WORKING RISK MANAGEMENT BRIEF**

- 3. *Senior Water Rights.* The courts have developed a system for allocating groundwater supplies among users when water is scarce.<sup>16</sup> If one party feels that the new groundwater sustainability plans do not appropriately respect the priority system recognized by the courts, that party could bring suit. Given the water rights of pumpers in the basin, is this likely to occur?<sup>17</sup>
- 4. *Water Budget Calculation.* Should the water budget include only present municipal usage or also include the County’s presently approved subdivisions of buildable parcels but as yet unbuilt 3,000 EDUs?<sup>18</sup> Should it include ‘environmental water’ for the Park?
- 5. *Reduction Period.* By far this may be the most risky economic issue for the District. SGMA assumes 2040 as an arbitrary date by which sustainable use of the basin must be reached. By then, however, the District could potentially be on the hook for costs to bring GW up to municipal standards if a water quality tipping point is reached before 2040.<sup>19</sup> How might the District provide adequate data to reduce the risk of assuming the arbitrary sustainable use date in 2040, given the large but of known economic risk of reaching a tipping point for advanced treatment costs within this time frame?
- 6. *Share of Advanced Treatment Costs.* If agricultural pumping causes the District to invest in advanced treatment for its municipal customers, would the farmers, who pump 70% of annual withdrawals in a critically overdraft basin (i.e 70% of their withdrawals are not covered by their water rights), would these farmers be responsible to pay 70% of the cost for advanced treatment? PV estimates of the cost of reaching a water quality trigger point is approximately \$40M (capital + O&M costs).

<sup>16</sup> If anyone has senior water rights in the Borrego Basin, it is probably the State Park who was in the Valley first and used the water to maintain its desert ecosystems by NOT pumping. For example, agriculture pumping in the Valley destroyed one of the last remaining Mesquite Bosques of its extent on Earth by lowering water table below their root systems resulting in disease and death of this sensitive ecosystem. Unfortunately, the Park stood by and watched the demise of this ecosystem.

<sup>17</sup> If this action in turn triggers a court adjudication of all the rights to groundwater in the basin would this delay SGMA mandates to bring the basin into sustainable use by no later than 2040?.

<sup>18</sup> The argument for including these 3,000 EDUs is that these property owners are presently paying property taxes based on the assured build-ability of the lot. Under present SGMA-supply constraints, it is unclear whether there is adequate supply from the sustainable yield to provide service to these future water users.

<sup>19</sup> See brief on water quality issues that describes some of the various Bayesian Inference water quality issues associated with using the arbitrary SGMA reduction period of 2040: Brecht, “Setting the Proper Reduction Period” (April 18, 2017) brief and accompanying PPT. It would likely only increase the economic risk to the District to wait to do this probabilistic analysis of reaching a water quality tipping point. Potentially the least risky approach would be to determine a defensible estimate of potential water quality degradation before a reduction period and amount of 5-year reductions targets were agreed upon by the GSAs.



**WORKING RISK MANAGEMENT BRIEF**

- 1 7. *Up-zoning*. The County has two Property Specific Requests (PSRs) to add zoning for  
2 another 500+ EDU's to the District's Service Area.<sup>20</sup> County counsel opines that there is  
3 nothing in SGMA that requires to the County to consider its zoning decisions potential  
4 effect on the basin.<sup>21</sup> How should the District respond?
- 5 8. *Grandfathering*. The assumption is that under SGMA, any additional GW use in the basin  
6 after January 1, 2015 has no underlying water rights to this new use. However, to date,  
7 there has been no enforcement against new water use; no penalties for starting new  
8 use.<sup>22</sup> Now might the District respond to new and potentially illegal water use in the  
9 basin?
- 10 9. *Cost for New Water Supply*. An assumption is that all the supply necessary to service the  
11 existing County's land use (approved subdivisions) must be in place by no later than  
12 2040 under SGMA.<sup>23</sup> Is this a reasonable assumption?
- 13 10. *Landscape Ordinance*. Under SGMA, could the District impose landscape restrictions on  
14 new development; on existing development; as a condition for municipal water service  
15 and have the ability to enforce this policy? [landscape irrigation comprises ~70% of  
16 municipal use].
- 17 11. *Land Use/Zoning Design Criteria*. Can the GSP include recommended design criteria for  
18 a County Borrego-specific land use/zoning ordinance to assure that County land use

19 <sup>20</sup> See Dudek, "Theoretical Water Demand at Buildout of Present Unbuilt Lots Under County's Current  
20 Zoning in Borrego Springs" (October 4, 2016) at [Water Demad at Buildout](#) pp. 2-80.

21 <sup>21</sup> Additionally, County land use officials believe that the only consequence to the District would be that  
22 "everyone would just have to reduce their usage by more than 70%." However, under SGMA, such  
23 decision, as zoning creates an expectation for a County-approved discretionary subdivision, would result  
24 in an immediate ~\$2M liability for the District to purchase new water supply for this development.  
25 Essentially, adding another 500 EDUs to the basin with SGMA-imposed physical supply limitations is  
26 being construed by the Borrego public as a transfer of property values from existing property owners in  
27 the District's service area to the potential developers of property in these two PSRs.

28 <sup>22</sup> For example, within the last few months a new farm started operations based on a previous grading  
permit issued by the County years ago.

<sup>23</sup> That is because for economic and business reasons, it is likely that all available AF from the  
sustainable yield will be fixed in place. There will likely be no ability to purchase additional supply for  
municipal usage after 2040. Since SGMA requires permanent sustainable use for the basin by no later  
than 2040 rather than temporary sustainable use, for the District to be in compliance it must have  
available supply for potential buildout by no later than 2040, irrespective of how fast buildout of the  
County's approved subdivisions occurs.



**WORKING RISK MANAGEMENT BRIEF**

1 decisions do not obstruct the ability of the District to meet SGMA-supply constraints for  
2 sustainable use of the basin?<sup>24</sup>

3 12. *How Best to Hold Fallowed Farmland?* The Anza-Borrego Foundation’s board is willing to  
4 only hold land that can be transferred to the State Park. What should the District do with  
5 the disturbed farmland it purchases to fallow for new supply?

6 13. *Water Credits.* In our most recent review of the current policy, we believe it may not be  
7 CEQA compliant under SGMA as it does reflect Basin reductions but only project-specific  
8 reductions that may or may not result in Basin reductions. Project specific accounting is  
9 often highly misleading. Does the water credits policy need to be CEQA-compliant to be  
10 useful under SGMA?

11 14. *Developer’s Policy.* The current District Developer’s Policy may not adequately protect  
12 the District under SGMA-mandated water supply constraints. What changes to the  
13 Developer’s Policy might be necessary to protect the District from liabilities incurred from  
14 new subdivisions? From current subdivisions buildout where sufficient water supply is  
15 assumed, but not assured?

16 15. *Use of Drought Rates.* Under SGMA, as a critically overdraft basin (a form of ‘drought’),  
17 can the District make a defensible case that meets Proposition 218 criteria for a three tier  
18 rate structure whereby rates would increase differentially based on tiered usage?<sup>25</sup>

19 16. *Affordability.* Under present land use assumptions it is unlikely the District: (a) may be  
20 able to purchase adequate physical supply to meet future demand from existing County  
21 approved subdivisions; and (b) even if adequate physical supply was available, it is  
22 unlikely the District may be able to borrow adequate funds that would result in affordable  
23 water rates to its severely disadvantaged community (SDAC) community customer  
24 base;<sup>26</sup>

25 17. As a SDAC, how might this impact the District’s present and future policies?

26 \_\_\_\_\_  
27 <sup>24</sup> Present County zoning/subdivision approval process, Master Planning process, well permitting and  
28 enforcement are all processes that presume that physical water supply is not a hard stop limiting factor.  
For example, all these present County processes in the past have moved forward independently of their  
effect on the physical water supply under SGMA, the District’s ability to deliver safe drinking water to  
municipal customers, or the objections of the public on environmental public health grounds.

<sup>25</sup> For example: Tier 1 (minimal usage) water rates increase 3% from current rates, Tier 2 (modal usage)  
11%; Tier 3 (highest usage) 67%. [This is exactly what Santa Barbara did to meet ‘drought’ conditions.

<sup>26</sup> Borrego Springs Census Designated Place (CDP) is listed in the Disadvantaged Community (DAC)  
mapping tool as a ‘Severely Disadvantaged Community’. District water rates affordability issues may  
ultimately affect County land use decisions, reduction period and reduction targets, regulatory fees, pump  
taxes, and penalties for not meeting reduction targets each reduction period.



**WORKING RISK MANAGEMENT BRIEF**

1 18. *Allocation of Pubic Initiative Bond Funds.* What might be the appropriate method to  
2 award bond funds the District receives. For example, could the District reimburse  
3 developers for water credits they purchase post-January 1, 2015? Could the District pay  
4 farms to fallow their land ahead of reduction targets as such reductions would reduce the  
risk of needing advanced treatment to meet municipal water standards?<sup>27</sup>

5 19. *Accumulated Contingent Liabilities from the Overdraft.* Who pays for accumulated  
6 economic costs since 1982? Maybe the greatest fiction is that up until now the overdraft  
7 has been “free.” However, more than 500,000 AF has been withdrawn from the basin  
8 and not been replaced since 1982. This has been at a non-zero cost that must be carried  
9 forward, It does suddenly go away once the basin is in sustainable use. Yet to date, this  
10 real economic cost has not been recognized and SGMA (nor adjudication) offers no  
11 means to deal with this contingent liability.<sup>28</sup>

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26 <sup>27</sup> Even with the infusion of funds from a public initiative bond offering, should this come to pass in a Hail  
Mary play, this infusion of cash into the system may not solve the problem as the District is currently  
thinking about how to allocate such funds. Why? Because it only pushes the remaining economic risks to  
the District from the County’s land use decisions further off in time, It does not eliminate them

27 <sup>28</sup> For example, some citrus farmers believe ~\$15,000 an acre is a ‘fair’ price to exit the valley. However,  
28 the market is clearing at \$6,000-\$8,000/acre for a ‘staying-in-business price.’ But, if the PV of the  
economic costs of the basin overdraft are figured in, an acre of citrus’ economic value of an acre of citrus  
on a going-out-of-business price may be worth less than \$4,000/acre.

