

**Borrego Water District Board of Directors
Special Meeting
May 20, 2025 @ 9:00 A.M.
806 Palm Canyon Drive
Borrego Springs, CA 92004**

The Borrego Water District Board of Directors meeting as scheduled will be conducted in person and in an electronic format please note BWD is providing remote attendance options solely as a matter of convenience to the public. BWD will not stop or suspend its in-person public meeting should a technological interruption occur with respect to the GoTo meeting or call-in line listed on the agenda. We encourage members of the public to attend BWD meetings in-person at the address printed on page 1 of this agenda. Anyone who wants to listen to or participate in the meeting remotely is encouraged to observe the GO TO MEETING at:

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I. OPENING PROCEDURES -

- A. Call to Order
- B. Pledge of Allegiance
- C. Directors' Roll Call: President Dice, Vice President Baker, Directors Duncan & Moran.
- D. Approval of Agenda
- E. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min)
- F. Comments from Directors
- G. Correspondence Received from the Public - None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION -

- A. Consent Calendar
 - 1. November 12, 2024 Board of Directors Meeting Minutes
 - 2. January 14, 2025 Board of Directors Meeting Minutes
 - 3. February 18, 2025 Board of Directors Meeting Minutes
 - 4. March 18, 2025 Board of Directors Meeting Minutes
 - 5. April 15, 2025 Board of Directors Meeting Minutes
 - 6. ABC Committee Meeting April 18, 2025
 - 7. ABC Committee Meeting April 29, 2025
 - 8. Reconvening BWD Surplus Property back to Charles White – D Del Bono, BWD
- B. 2025-26 Draft BWD Budget – J Clabaugh, BWD
- C. Former Twin Tanks Site Land Swap with CA State Parks – G Poole, BWD
- D. Water Supply Assessment for the Rams Hill Development – T Driscoll, Intera
- E. Water and Sewer Rate Study – J Clabaugh & K Kostiuik Raftelis

AGENDA: May 20, 2025: The Borrego Springs Water District complies with the Americans with Disabilities Act. Persons with special needs should call Geoff Poole, General Manager – at (760) 767 – 5806 at least 48 hours in advance of the start of this meeting, in order to enable the District to make reasonable arrangements to ensure accessibility. If you challenge any action of the Board of Directors in court, you may be limited to raising only those issues you or someone else raised at the public hearing, or in written correspondence delivered to the Board of Directors (c/o the Board Secretary) at, or prior to, the public hearing.

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

- F. Borrego Springs Subbasin Watermaster Board – VERBAL D Duncan/K Dice/T Driscoll
 - 1. Update on Board Activities
 - 2. Discuss Agenda Items from Upcoming Meeting
 - i. 2025-26 WM Project Budgets and Scope Options
 - 3. Update on Technical Advisory Committee Activities
 - i. Sustainability of Central Mgmt Area & South Mgmt Area

III. BOARD COMMITTEE REPORTS, IF NEEDED

STANDING:

- A. Operations and Infrastructure: Duncan/Baker
- B. Audit and Budget: Dice/Moran
- C. ACWA/JPIA Insurance: Dice/Johnson

AD HOC:

- A. Prop 68 Implementation: Baker/Johnson
- B. Public Outreach: Dice/Johnson:
- C. Grants: Dice/Johnson
- D. Cyber Security/Risk Management: Baker
- E. T2 Developers Agreement: Baker/Duncan
- F. Finance/Prop 218: Baker/Moran
- G. Borrego Springs Basin Water Quality: Moran/Johnson
- H. Automated Metering Implementation: Baker/Moran

IV. STAFF REPORTS

- A. Waste Water: March 2025 Monthly Report – R Martinez
- B. Water: March 2025 Monthly Report – A Asche
- C. Finance: March 2025 Monthly Report – J Clabaugh
- D. Legal Counsel, Verbal
 - 1. Transfer of BPA from Anson to BWD
- E. General Manager – G Poole, Verbal
 - 1. Proposition 218 Public Hearing Agenda and Schedule - June 17, 2025 @ 5:30 pm – BS Library
 - 2. Update on Process to Convert DB20 Well in North Mgmt Area to Potable/BWD

V. CLOSED SESSION:

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

VI. CLOSING PROCEDURE:

- A. The next Board Meeting is scheduled for 9:00 AM on June 17, 2025, to be available online and in person at 806 Palm Canyon Drive. See Board Agenda at BorregoWD.org for details, Agenda information available at least 72 hours before the meeting.

AGENDA: May 20, 2025: The Borrego Springs Water District complies with the Americans with Disabilities Act. Persons with special needs should call Geoff Poole, General Manager – at (760) 767 – 5806 at least 48 hours in advance of the start of this meeting, in order to enable the District to make reasonable arrangements to ensure accessibility. If you challenge any action of the Board of Directors in court, you may be limited to raising only those issues you or someone else raised at the public hearing, or in written correspondence delivered to the Board of Directors (c/o the Board Secretary) at, or prior to, the public hearing.

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BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
MAY 20, 2025
AGENDA ITEM II.A

May 15, 2025

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Consent Calendar

1. November 12, 2024 Board of Directors Meeting Minutes
2. January 14, 2025 Board of Directors Meeting Minutes
3. February 18, 2025 Board of Directors Meeting Minutes
4. March 18, 2025 Board of Directors Meeting Minutes
5. April 15, 2025 Board of Directors Meeting Minutes
6. ABC Committee Meeting April 18, 2025
7. ABC Committee Meeting April 29, 2025
8. Reconvening BWD Surplus Property back to Charles White – D Del Bono, BWD

RECOMMENDED ACTION:

*Discuss, Amend Minutes if Needed and Approve

*Authorize Staff to develop Grant Deed and related documents plus President to sign reconvinced property to C White.

ITEM EXPLANATION:

#1 thru #5: The attached Minutes have been prepared and available for Board approval.

#6: Boundary Adjustment and Reconvene Property to Charles White: In 2005, the District purchased a 1 acre parcel from the Qvale family for the development of Well 4. This parcel is located on Borrego Springs Road near Big Horn Road. In 2015, Charlie White donated 22.5 acres of his 170 acres of land to the BWD at no cost. This particular donated parcel horseshoes around the 1 acre parcel previously purchased from the Qvale's. The District fenced a 8 acre portion of the 22 acres and developed what is now Well 9. Mr. White had contacted the county of San Diego to inquire about building on his 170 acres when he was told the lot was not a legal lot. When the 2015 donation transaction occurred, the proper paperwork was not completed. With this discovery, Mr. White contacted the District inquiring about next steps to correct this and his desire to access the lots on his property from BS Road. In these discussions, the District came to the conclusion that the BWD does not need the entire donated land and is willing to consider reconvening a portion of that land..

The portion of land up for consideration is approximately 14 acres (green rectangle) and is located directly east of Well 9 (blue circle) with an entry from Borrego Springs Road (BWD fence in in red). In order for the District to dispose of this parcel, the District went through Surplus Land Act process in March 2025.

Since the original donation was done at no cost and the donated land was put to good use (new well constructed), staff is recommending no cost to reconvene. Today's action allows staff to complete the Grant Deed and related documents plus authorizes the Board President to sign.



NEXT STEPS

1. File/post Minutes and Reports

FISCAL IMPACT

1. N/A

ATTACHMENTS

1. Minutes

**Borrego Water District Board of Directors
November 12, 2024, Special Meeting Minutes
806 Palm Canyon Drive Borrego Springs, CA 92004**

I. OPENING PROCEDURES –

- A. Call to Order: President Dice called the meeting to order at 9:07 AM
- B. Pledge of Allegiance
- C. Directors' Roll Call: Directors Duncan, Moran, Johnson, Baker and President Dice were present.
- D. Approval of Agenda: In a motion by Director Duncan; seconded by Director Moran, the Agenda was approved 5-0 via voice vote.
- E. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min) None
- F. Comments from Directors:
- G. Correspondence Received from the Public - None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION –

- A. Consent Calendar
 - 1. Roof Repairs at WWTP
 - 2. Sale of BWDs Steel-Burnand Adjacent Property to UCI – Final Documents
 - 1. Information Presented:**
 - a. Attachments from Agenda Packet
 - 2. Comments/Questions/Discussion/Deliberations.**
 - a. None
 - 3. Board Direction/Motion/Second/Vote**
 - a. **In a motion by Director Johnson; seconded by Moran, the Consent Calendar was approved.**

B. Serving as a Community Mentor for UC Projects in Borrego Springs Masters' Capstone Program – G Poole/L Brigham - UCI

- 1. Information Presented:**
 - a. Poole reviewed the history of this issue and how BWD involvement is a good idea going forward. N Fiorre and L Bingham from UC was then introduced.
 - i. Attachments from Agenda Packet
- 2. Comments/Questions/Discussion/Deliberations.**
 - a. Director Johnson asked if this Program is integrated into WECAN and Bingham stated to date the answer is NO the focus is now in Orange County but she is working on getting Borrego included.
- 3. Board Direction/Motion/Second/Vote**
 - a. **In a motion by Moran; seconded by Duncan, BWDs participation in the Capstone Project as a Community Member was approved unanimously in a 4-0 roll call vote.**

C. BWD Board of Directors Meeting Schedule – G Poole

1. Information Presented:

- a. Poole reviewed the Board Meeting schedule presented in the Agenda Packet. One meeting per month on the Tuesday before the Third Wednesday each month.

2. Comments/Questions/Discussion/Deliberations.

- a. None

3. Board Direction/Motion/Second/Vote

- a. **In a motion by Moran; seconded by Duncan, BWD Board Meeting dates were approved unanimously in a 4-0 roll call vote.**

D. Update of Signors on PNC Debt Service Account – G Poole/J Clabaugh

1. Information Presented:

- a. Clabaugh reviewed the need for new signature cards

2. Comments/Questions/Discussion/Deliberations.

- a. None

3. Board Direction/Motion/Second/Vote

- a. **In a motion by Johnson; seconded by Moran, Updating the PNC signature cards was approved unanimously in a 4-0 roll call vote.**

F. Borrego Springs Subbasin Watermaster Board – VERBAL D Duncan/K Dice/T Driscoll

- 1. Update on Board Activities – Duncan reviewed the discussion at the last WM Board meeting revolving around the new Sustainable Yield number. Approval of the new S/Y will likely be on the December WM Agenda. In addition, a review of the recent WM Open House occurred.
- 2. Update on Technical Advisory Committee Activities – T Driscoll, Intera wanted to remind everyone the S/Y number is a non unique solution. Information on the reasons why the SY changed were presented. In summary, the BVHM update and calibration of the model were the driving factors. Johnson asked about the usefulness of the AEM helicopter survey data and Driscoll indicated the information is being used in a few Basins but not a wide scale yet. The info is still relatively new.

III. BOARD COMMITTEE REPORTS, IF NEEDED

STANDING:

- A. Operations and Infrastructure: Duncan/Baker
- B. Budget and Audit: Dice/Moran
- C. ACWA/JPIA Insurance: Dice/Johnson

AD HOC:

- D. Prop 68 Implementation: Baker/Johnson
- B. Public Outreach: Dice/Johnson
- C. Grants: Dice/Johnson
- D. Cyber Security/Risk Management: Baker
- E. Developer's Agreement: Baker/Duncan

Duncan shared that a meeting was held recently with T2 and the concept of BWD providing irrigation water to future RH development. In addition, Duncan encourages using the DB 20 well with our without T2 irrigation demands.

- F. Finance/Prop 218: Baker/Moran
- G. Borrego Springs Basin Water Quality: Moran/Johnson
- H. Automated Metering Implementation: Baker/Moran

IV. STAFF REPORTS – VERBAL

- A. Waste Water: March 2025 Monthly Report – R Martinez
- B. Water: March 2025 Monthly Report – A Asche
- C. Finance: March 2025 Monthly Report – J Clabaugh
- D. Administration – D Del Bono
- E. Legal Counsel – S Anderson
- F. General Manager – G Poole

Meeting was adjourned at 10:27 AM to reconvene into Closed Session. Dice reconvened the meeting at 10:55 am with no reportable actions taken and adjourned.

**Borrego Water District Board of Directors
January 14, 2025, Special Meeting Minutes
806 Palm Canyon Drive Borrego Springs, CA 92004**

I. OPENING PROCEDURES –

- A. Call to Order: President Dice called the meeting to order at 9:0 AM
- B. Pledge of Allegiance
- C. Directors' Roll Call:

Director Baker woke up ill on the morning of the meeting and still desired to participate. To allow that to happen, the Board needed to follow a process. Step #1 Roll call attendance taken for all Directors in attendance. Step #2 Vote to add item to an item to the Agenda for Tammy to participate from home due to illness. Step #3 The Board can vote to approve her participation.

Roll Call: Director Duncan, Moran and President Dice were present.

In a motion by Director Moran, seconded by Director Duncan, adding the remote participation of Director Baker was added to the Agenda; the item passed 3-0 by roll call vote.

In a motion by Moran, seconded by Duncan, Baker was allowed to participate under the Just Cause Clause Act in the Brown Act; the item passed 3-0 by roll call vote

D. Approval of Agenda: Unanimous 4-0 via roll call vote

E. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min) None

F. Comments from Directors: None

G. Correspondence Received from the Public - None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION –

A. Selection of Candidate for Open Board Position – Anderson

1. Information Presented:

- a. Legal Counsel Anderson reviewed the history and process including the fact this is a 2 year term appointment
- b. GM Poole reviewed Notice of Opening posting process and reported the Diane Johnson was the only applicant
 - i. D Johnson Resume from Agenda packet

2. Comments/Questions/Discussion/Deliberations.

- a. None.

3. Board Direction/Motion/Second/Vote

- a. **In a motion by Moran motion/Duncan, Diane Johnson was selected to fill the vacant position thru November 2026; approve unanimously via a 4-0 roll call vote.**
- b. President Dice completed the Swearing In process for Director Johnson.

B. Fiscal 2022-23 Audit

1. Information Presented:

- a. CFO Clabaugh introduced Shannon Ayals from Davis/Farr reviewed the information presented in the Draft Audit
 - i. Draft Audit from Agenda Packet

2. Comments/Questions/Discussion/Deliberations.

- a. Director Duncan requested clarification on separation of duties in the front counter payment processing. Auditor and Staff will work to update processes and meet the Auditor's requirements.

- b. Director Baker asked if a re evaluation of land values is required each year on the Balance Sheet. Auditor reported value is based on cost in this context, not fair market value.

c.

3. Board Direction/Motion/Second/Vote

- a. In a motion by Director Moran, seconded by Director Johnson; the 2023-24 Audit was approved unanimously 5-0 via a roll call vote

C. Customer Service Representative Outsourcing

1.Information Presented:

- a. CFO Clabaugh introduced the history, current process and results of the cost comparison.
 - i. Cost comparisons and Draft Contracts from Agenda packet

2. Comments/Questions/Discussion/Deliberations.

- a. President Dice asked about impacts of outsourcing office drop off. Clabaugh reported any drop offs will be forwarded to the vendor.
- b. President Dice asked about budget impacts and how will staff be used in the future. Clabaugh reported that staff will be able to be utilized on more complex activities instead of opening envelopes and mailing payments.
- c. Director Moran confirmed that staff time previously used for payment processing and billing can now be transitioned into monitoring AML data. Poole confirmed
- d. Director Baker agreed that staff time should be spent on "higher value" work and outsourcing is in the right direction. Baker also asked about potential access to BWD bank accounts and there is no way for outsiders to access our account for potential withdrawals.

3. Board Direction/Motion/Second/Vote

In a motion by Moran, seconded by Johnson, the Contract for Outsourcing Services with Bankup.com was approved unanimously 5-0 via a roll call vote. Subject to confirmation that BWD bank accounts are protected and that Bankup can meet BWDs retention policy requirements.

In a motion by Moran, seconded by Johnson, the Contract for Outsourcing Services with Mailing.com, subject to non substantive changes, was approved unanimously 5-0 via a roll call vote.

III.A.i Proposition 68 Project Update FORMERLY CIVICWELL

A. Information Presented:

- 1. Poole requested to change the order of the Agenda and allow Bri to provide her update to the Board on the project formerly managed by Civicwell (now BWD) sooner than planned. The Board verbally agreed.
- 2. Poole introduced Bri Fordham to update the Board on the status of the Project deliverables. Fordham informed the Board all tasks will be complete with the exception of 4 specific tasks that are not critical to the overall project. In addition, a Watermaster Board Presentation is being scheduled to receive input.
- 3. Clabaugh reported that a Contract Amendment is being completed to reflect the removal of the 4 non critical staffs.
- 4. Fordham informed the Board that based on her calculations there will be a small balance left over at the end of the Project.

B. Board Direction/Motion/Second/Vote

Update only, no action needed

D. Borrego Springs Subbasin Watermaster Board – VERBAL D Duncan/K Dice/T Driscoll

1. Approve Agreements

1.Information Presented:

- a. Poole introduced the item and provided an overview of the need for the various agreements with the Watermaster
 - i. Contracts included in Agenda Packe

2. Comments/Questions/Discussion/Deliberations.

- a. President Dice asked about the use of BWD staff to continue to provide meter reading and various groundwater monitoring activities. Poole reported that the current plan is not to transition from BWD to WM staff but these Agreements could be used in the future if that decision was made.

3. Board Direction/Motion/Second/Vote

a. In a motion by Duncan, seconded by Moran, the Right of Entry Permit Agreements were approved unanimously 5-0 via a roll call vote, subject to non substantive changes.

2. Update on Board Activities

Director Duncan reported that he will not be at the WM meeting the following day and there were no significant items on the Agenda.

3. Update on Technical Advisory Committee Activities: None

III. BOARD COMMITTEE REPORTS, IF NEEDED

STANDING:

A. Operations and Infrastructure: Duncan/Baker

B. Budget and Audit: Dice/Moran

C. ACWA/JPIA Insurance: Dice/Johnson

AD HOC:

D. Prop 68 Implementation: Baker/Johnson

B. Public Outreach: Dice/Johnson:

C. Grants: Dice/Johnson

D. Cyber Security/Risk Management: Baker

E. Developer's Agreement: Baker/Duncan

F. Finance/Prop 218: Baker/Moran

Poole informed the Board the Rate Model is done and under internal staff review and will be presented to the Board in February.

G. Borrego Springs Basin Water Quality: Moran/Johnson

H. Automated Metering Implementation: Baker/Moran

IV. STAFF REPORTS – VERBAL

A. Waste Water: December 2024 Monthly Report – R Martinez

i. Discharge Permit Requirements Update: Poole introduced Greg Guillen, N2W Engineering to update the Board and public on the status of Special Provisions 2 (Nitrogen) and 3 (TDS). The various documents required will be submitted to CA Waterboards by summer of 2025.

B. Water: December 2024 Monthly Report – A Asche

C. Finance: December 2024 Monthly Report – J Clabaugh

D. Administration – D Del Bono

E. Legal Counsel – S Anderson

F. General Manager – G Poole

Meeting was adjourned at 12:17 pm. No Closed Session needed

**Borrego Water District Board of Directors
February 18, 2025, Special Meeting Minutes
806 Palm Canyon Drive Borrego Springs, CA 92004**

I. OPENING PROCEDURES –

- A. Call to Order: President Dice called the meeting to order at 9:0 AM
- B. Pledge of Allegiance
- C. Directors' Roll Call: Directors Duncan, Moran, Johnson, Baker, and President Dice were present.
- D. Approval of Agenda: Unanimous 5-0 via voice vote with a notation showing all Directors present therefore no roll call vote needed
- E. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min) None
- F. Comments from Directors: None
- G. Correspondence Received from the Public - None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION –

A. Consent Calendar

- 1. Minutes: September 10, 2024 Borrego Water District Special Board Meeting Minutes
 - i. The minutes were pulled and will be brought back to a future meeting.

B. Election of New Officers

- 1. **Information Presented:**
 - a. GM Poole reviewed the historic schedule of electing officers in the January following the elections
- 2. **Comments/Questions/Discussion/Deliberations.**
 - a. President Dice informed the Board that she would be willing to remain as President
 - b. Director Johnson offered to continue as Treasurer
- 3. **Board Direction/Motion/Second/Vote**
 - a. **In a motion by Director Duncan, seconded by Director Johnson; the slate of BWD Board officers will remain unchanged for the next 2 years.**

C. Proposition 218 BWD Water and Sewer Financial Model

- 1. **Information Presented:**
 - a. Poole reviewed the recent events leading up to completion of the Finance Model and introduced CFO Clabaugh and Kevin Kostiuk and Cameron Okie from Raftelis to review the results and schedule.
 - i. PowerPoint from Agenda packet
- 2. **Comments/Questions/Discussion/Deliberations.**
 - a. Baker suggested the Board take a formal position on reserves in terms of setting a minimum. Kostiuk reviewed the range of options and how BWD compares to other agencies. In short, BWD recommended reserve fund levels are the CADILLAC. The Board agreed that \$1.6 M of unrestricted reserves is an appropriate minimum.
- 3. **Board Direction/Motion/Second/Vote**
 - No Board action needed

D. Borrego Springs Subbasin Watermaster Board – VERBAL D Duncan/K Dice/T Driscoll

- 1. Update on Board Activities – Duncan mentioned items listed on the upcoming agenda with no discussion
- 2. Update on Technical Advisory Committee Activities – T Driscoll, Intera introduced Trevor Jones who outlined the Watermasters Annual Report content.

III. BOARD COMMITTEE REPORTS, IF NEEDED

STANDING:

- A. Operations and Infrastructure: Duncan/Baker
- B. Budget and Audit: Dice/Moran
- C. ACWA/JPIA Insurance: Dice/Johnson

AD HOC:

- D. Prop 68 Implementation: Baker/Johnson
- B. Public Outreach: Dice/Johnson:
- C. Grants: Dice/Johnson
- D. Cyber Security/Risk Management: Baker
- E. Developer's Agreement: Baker/Duncan
- F. Finance/Prop 218: Baker/Moran
- G. Borrego Springs Basin Water Quality: Moran/Johnson
- H. Automated Metering Implementation: Baker/Moran

IV. STAFF REPORTS – VERBAL

- A. Waste Water: December 2024 Monthly Report – R Martinez
 - i. .
- B. Water: December 2024 Monthly Report – A Asche
- C. Finance: December 2024 Monthly Report – J Clabaugh
- D. Administration – D Del Bono
- E. Legal Counsel – S Anderson
- F. General Manager – G Poole

Meeting was adjourned at 12:11 pm. No Closed Session needed

**Borrego Water District Board of Directors
March 18, 2025, Special Meeting Minutes
806 Palm Canyon Drive Borrego Springs, CA 92004**

I. OPENING PROCEDURES –

A. Call to Order: President Dice called the meeting to order at 9:06 AM

B. Pledge of Allegiance

C. Directors' Roll Call: Directors Duncan, Moran, Johnson, Baker, and President Dice were present.

D. Approval of Agenda: The Consent Calendar items were pulled by GM Poole and the remaining items were unanimously approved 5-0 via voice vote

E. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min) None

F. Comments from Directors: None

G. Correspondence Received from the Public - None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION –

A. Consent Calendar

1. Minutes: September 10, 2024 and September 24, 2024 Borrego Water District Special Board Meeting Minutes
 - i. The minutes were pulled and will be brought back to a future meeting.

B. Review of DWR Groundwater Management Plan Assessment

1. Information Presented:

- a. GM Poole reviewed the recent events revolving around DWR release of comments of the Basin GMP and introduced S Anderson, BBK and T Driscoll, Intera for their perspectives.
- b. Anderson felt the event should be celebrated and found it interesting that DWR also sent its comments to the Judge in charge of the BS Basin, Mc Cormick and she may call the parties in for a Conference or wait until the next case management conference, TBD.
- c. Driscoll introduced T Jones, Intera who provided an overview of the DWR Assessment: Major take aways: GMP is approved and deemed consistent w/ SGMA. Some concern about future interactions with Judgment and SGMA and 7 RCAs issued. DWR also recognizes that good progress has been made in terms of GMP implementation.

2. Comments/Questions/Discussion/Deliberations.

- a. Baker asked about which has precedence of GMP vs Judgment. Anderson responded the Parties agreed the Judgment rules and DWR asked for clarification on that issue. Anderson feels the WM will need to place an increased focus on undesirable results.
- b. Johnson commented that any work needed for the DWR response should be included in the WM budget for next year. Anderson asked Driscoll if all of the RCAs could physically be addressed by June 2026. Driscoll stated that he thinks the timeline is attainable. The most work is likely to revolve around the deminimus well impacts issue.
- c. Duncan inquired about how domestic deminimus wells are being handled in other Basins. Anderson stated that when it can be identified as the source of the problem, the GSA in other Basins has funded corrective actions.

3. Board Direction/Motion/Second/Vote

- a. **No Board action needed.**

C. Proposition 218 BWD Water and Sewer Rate Setting Process – Legal Issues

1. Information Presented:

- a. Poole introduced L Kharuf, BBK to review the requirements of Proposition 218 and recent court rulings on rate setting at Otay WD and City of San Diego, both cases under appeal.

- i. Kharuf also explained the requirements and content of the Prop 218 Public Hearing Notices including exhaustion of administrative remedies procedures.

2. Comments/Questions/Discussion/Deliberations.

- a. Director Baker asked when the information will be available to review specifically how the peaking costs and tiers are set. K Kostiuk, Raftelis responded that the focus with staff and the Committee so far has been on the peaking factors and less on the costs associated which will be provided in the Rate Study.
- b. Director Johnson asked is the AMI data will help with the rate setting. Moran responded that since the AMI was recently installed there is an insufficient quantity of data to use now, but 5 years from now the AMI data will be extremely useful
- c. Baker asked why Tiers are not set for all classes. Kostiuk responded the lack of homogeneity in non residential use makes setting Tiers extremely difficult.\
- d. Baker asked what happens if an agency gets sued and loses. Kharuf responded the Agency must re evaluate the rate setting methodology and address the issues. Rebates are also common if overcharging has occurred.

3. Board Direction/Motion/Second/Vote

No Board action needed

D. Proposition 218 BWD Water and Sewer Rate Study

1. Information Presented:

- a. Poole introduced Kostiuk to share the Rate Study with the Board.
 - i. Kostiuk detailed the information used in development of the initial rate recommendations as shown in the PowerPoint included in Packet.

2. Comments/Questions/Discussion/Deliberations.

- a. The Board concurred that the future Rate Structure should include monthly fees for private fire lines

3. Board Direction/Motion/Second/Vote

No Board action needed

. E. Draft White Paper Review

1. Information Presented:

- a. Poole reviewed the history of the White Paper including a presentation to the Watermaster recently and shared his suggested changes with the Board.
 - i. Poole shared his suggested comments as shown in Packet.

b. Comments/Questions/Discussion/Deliberations.

- i. Poole offered three more days for the Board to provide any additional comments before passing them on the Bri

3. Board Direction/Motion/Second/Vote

No Board action needed

D. Borrego Springs Subbasin Watermaster Board – VERBAL D Duncan/K Dice/T Driscoll

- 1. Update on Board Activities – Duncan mentioned items listed on the upcoming agenda with no discussion
- 2. Update on Technical Advisory Committee Activities – T Driscoll, Intera introduced Trevor Jones who outlined the Watermasters Annual Report content.

III. BOARD COMMITTEE REPORTS, IF NEEDED

STANDING:

- A. Operations and Infrastructure: Duncan/Baker
- B. Budget and Audit: Dice/Moran
- C. ACWA/JPIA Insurance: Dice/Johnson

AD HOC:

- D. Prop 68 Implementation: Baker/Johnson

- B. Public Outreach: Dice/Johnson: Poole offered April 22 as a possible date for the 2025 Town Hall
- C. Grants: Dice/Johnson
- D. Cyber Security/Risk Management: Baker
- E. Developer's Agreement: Baker/Duncan
- F. Finance/Prop 218: Baker/Moran
- G. Borrego Springs Basin Water Quality: Moran/Johnson
- H. Automated Metering Implementation: Baker/Moran

IV. STAFF REPORTS – VERBAL

- A. Waste Water: January 2025 Monthly Report – R Martinez
- B. Water: January 2025 Monthly Report – A Asche
- C. Finance: January 2025 Monthly Report – J Clabaugh
- D. Administration – D Del Bono
- E. Legal Counsel – S Anderson
- F. General Manager – G Poole

Meeting was adjourned at 1:27 pm. No Closed Session needed

Borrego Water District Board of Directors
April 15, 2025, Special Meeting Minutes
806 Palm Canyon Drive Borrego Springs, CA 92004

I. OPENING PROCEDURES –

- A. Call to Order: President Dice called the meeting to order at 9:04 AM
- B. Pledge of Allegiance
- C. Directors' Roll Call: Directors Duncan, Moran, Johnson and Vice President Baker were present.
- D. Approval of Agenda: In a motion by Director Moran; seconded by Director Johnson, the Agenda was approved 4-0 via voice vote.
- E. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min) None
- F. Comments from Directors: Moran complimented the Staff on the AMI mailer recently distributed
- G. Correspondence Received from the Public - None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION –

A. Consent Calendar

- 1. September 10, 2024 Special Meeting Minutes
- 2. September 24, 2024 Regular Board Meeting Minutes
- 3. October 8, 2024 Special Meeting Minutes
- 4. October 22, 2024 Regular Meeting Minutes
- 5. November 12, 2024 Regular Meeting Minutes
- 6. December 17, 2024 Regular Meeting Minutes

1. Information Presented:

- a. GM Poole requested pulling item II.5 – November 12 minutes
 - i. Minutes distributed in Agenda Packet

2. Comments/Questions/Discussion/Deliberations.

- a. None

3. Board Direction/Motion/Second/Vote

- a. **In a motion by Director Johnson; seconded by Moran, the remaining items on the Consent Calendar was approved.**

B. Legislative Update – A Schwab and L Crook – BBK DC and S Devers - Sacramento

1. Information Presented:

- a. A Schwab, BBK-DC verbally updated the Board on Federal budget status (no Fed funding for BWD this year), the same project list was submitted for next years budget to Padilla and Schiff. No clear sign on future funding availability but since there was nothing done this year, it could increase the likelihood of something happening next year. As part of ACWA DC, Poole and BBK-DC has an opportunity to meet with legislative staff to thank them for the past funding and the continued need for future funding when available.

2. Comments/Questions/Discussion/Deliberations.

- a. Johnson asked about BBK contacts in both the legislative and executive branches. Schwab explained BBK maintains strong ties with both branches including Trump 1 and Biden as well as the Legislators.
- b. Baker asked about the status of EPA #1, #2 and #3. Schwab responded that EPA #3 was not funded and no changes in EPA #1 and/or #2. Schwab explained that since our funding was appropriated by Congress it is less risky than other Grants.

3. Board Direction/Motion/Second/Vote

- a. No Board action needed.

C. Water & Sewer Rate Presentation – J Clabaugh & Raftelis Consulting

1. Information Presented:

- a. Poole updated the Board on the rate setting process including graphs showing how the peaking factors were calculated. CFO Clabaugh explained the graphs.
- b. Poole introduced K Kostiuk, Raftelis to share the status of the Water & Sewer Rate analysis and schedule; Rate analysis is almost complete and will be shared soon for internal review of BWD staff and Legal. June 17th has been selected for the Public Hearing date at 5:30 pm in the Library.
 - i. PowerPoint from Agenda packet

2. Comments/Questions/Discussion/Deliberations.

- a. Baker appreciated the effort and information explaining the peaking factors.
- b. Poole explained there will likely be a BWD Board Meeting in the morning on the 17th.
- c. Clabaugh confirmed with the Board a Spanish and English versions of the 218 notice is desired. Director Duncan and other confirmed both should be done.
- d. Johnson asked if residents of a master meter development can protest. Kostiuk responded that the 218 process is land owner based, so in most cases residents could not “protest” but could participate in public comment.

3. Board Direction/Motion/Second/Vote

- No Board action needed

B. Legislative Update – A Schwab and L Crook – BBK DC and S Devers - Sacramento

1. Information Presented:

- a. S Devers – Sacramento updated the Board on state related legislative issues. LA fires and a drop in revenues occurred which has impacted CA budget. The Programs that may be useful to BWD may be developed in June or Sept depending upon other factors. The May Revise may provide some indication on future funding opportunities. SGMA and water related issues likely will not have top priority in the budget process, compared to fire fighting and health care issues.

2. Comments/Questions/Discussion/Deliberations.

- a. Johnson asked about the impacts of the stock market on State budget planning. Devers informed the Board that revenues are typically generated 4 times per year so the stock market is not watched as closely as one may imagine. The day to day trends are used in planning efforts and projections.

3. Board Direction/Motion/Second/Vote

- a. No Board action needed.

C. Proposition 218 BWD Water and Sewer Rate Study

1. Information Presented:

- a. Poole introduced Kostiuk to share the Rate Study with the Board.

- i. Kostiuk detailed the information used in development of the initial rate recommendations as shown in the PowerPoint included in Packet.
- 2. **Comments/Questions/Discussion/Deliberations.**
 - a. The Board concurred that the future Rate Structure should include monthly fees for private fire lines
- 3. **Board Direction/Motion/Second/Vote**
No Board action needed

. E. Groundwater Dependent Ecosystems

- 1. **Information Presented:**
 - a. Poole asked to take this item out of order and introduced T Huxman, UC who provided an overview of the GDE Report.
 - i. GDE study as shown in Packet.
- 2. **Comments/Questions/Discussion/Deliberations.**
 - a. Duncan asked; where do we go from here? Huxman stated it will be up to the Community to decide how much of the System it wants to save.
 - b. Johnson asked about the significance of the AEM helicopter survey data. Huxman responded in the mesquite bosque area there is no perched or special structure in the aquifer and it appears to be homogeneous.
 - c. Anderson encouraged the Board to look forward and not bring up issues from the past about potential “mistakes” that were made. Going backwards is typically not a legal strategy. Duncan agreed and feels there is a WM process that should be allowed to unfold. Moran suggested BWD support vetting the GDE Study thru the TAC and EWG.
- 3. **Board Direction/Motion/Second/Vote**
No Board action needed

D. Cross Connection Control Program

- 1. **Information Presented:**
 - a. Poole reviewed the history around cross connection and introduced Anderson who provided an overview of the documents shown in Packet.
- 2. **Comments/Questions/Discussion/Deliberations.**
 - a. Moran inquired about enforcement and the possibility of BWD installing the devices unilaterally and then billing the Customer. Anderson was not comfortable with the unilateral installation approach and the ultimate enforcement is discontinuance of water service.
 - b. Baker asked about the complexity of the hazards assessment. Poole responded inspections of each residence will not be needed.
 - c. Baker asked for clarification on the statement made that backflow will be checked “every day”. Poole responded that adding the words “business day” is appropriate and informed the Board that BWDs AML system does detect for backflow.
 - d. Poole informed the Board staff will be recommending an increase in testing and repair fees as part of the 2025-26 Budget.
- 3. **Board Direction/Motion/Second/Vote**
 - a. In a motion by Duncan; seconded by Moran Ordinance 25-01 was approved 4-0 via a voice vote, including the change to using the term “business day”.

F. Borrego Springs Subbasin Watermaster Board – VERBAL D Duncan/K Dice/T Driscoll

- 1. Update on Board Activities – Duncan mentioned an in person WM meeting is scheduled for April 16. The GDE is on the agenda but nothing else “exciting”. Baker asked about the BVHM model update that is listed on the Agenda and Duncan responded this issue will be discussed at the upcoming WM Meeting.

2. Update on Technical Advisory Committee Activities – T Driscoll, Intera reviewed pumping projection data developed by the WM staff. Some issues may exist in the South Management Area with continued groundwater elevation decline.

III. BOARD COMMITTEE REPORTS, IF NEEDED

STANDING:

- A. Operations and Infrastructure: Duncan/Baker
- B. Budget and Audit: Dice/Moran
- C. ACWA/JPIA Insurance: Dice/Johnson

AD HOC:

- D. Prop 68 Implementation: Baker/Johnson
- B. Public Outreach: Dice/Johnson: Poole offered April 22 as a possible date for the 2025 Town

Hall

- C. Grants: Dice/Johnson
- D. Cyber Security/Risk Management: Baker
- E. Developer's Agreement: Baker/Duncan
- F. Finance/Prop 218: Baker/Moran
- G. Borrego Springs Basin Water Quality: Moran/Johnson
- H. Automated Metering Implementation: Baker/Moran

IV. STAFF REPORTS – VERBAL

- A. Waste Water: March 2025 Monthly Report – R Martinez
- B. Water: March 2025 Monthly Report – A Asche
- C. Finance: March 2025 Monthly Report – J Clabaugh
- D. Administration – D Del Bono
- E. Legal Counsel – S Anderson
- F. General Manager – G Poole

Meeting was adjourned at 12:04 to reconvene into Closed Session. Baker reconvened the meeting at 12:21 with no reportable actions taken and adjourned.

- The group went line by line thru the Water, Wastewater, Pest Control, Flood Control and non-rate revenue fund budgets. Ms. Clabaugh will be holding internal meetings with staff on abnormal items and CIP needs. Ms. Baker added that funds should be included to explore adding recently acquired well DB20 to the BWD system. Office expense was high due to processing fees for the CivicPay bill payment system. This burden will be added to the customers' payment beginning May 1. Board meeting expense is to be revised down to accommodate the new once monthly schedule plus 4 special meetings per year. Ms. Clabaugh explained that Pension Expense includes projected CalPERS Unfunded Accrued

Liability(UAL) payments. Ms. Clabaugh will also research the allocations of electric and fuel costs amongst the funds. Contract Labor will become a part of the Wastewater budget since BWD does not have staff qualified to cover the WWTP in absence of Mr. Martinez. Ms. Clabaugh will adjust the Office Expense budget to reflect the outsourcing of statement generation and mailing as well as the lockbox for check processing. Pest Control Fund expenses were revised to minimize staff time and to enlist a consultant to review Pest Control operations in an attempt to come up with a plan that will yield maximum results. The Air Quality Monitoring expenses have been under budget for the last few years and this burden may no longer be on the Water District. President Dice and Dir. Moran to look into who the current responsible party is.

Capital Improvement projects were reviewed. EPA Grant #2 and the associated local party responsibility amounts were pushed back to FY27, as EPA Grant #1 was just approved this year. Funds were added for work on the Country Club tank, exploration of the DB20 well, sewerline cleaning and a generator for the main administration budget. Funds were previously included for well and tank site security. Ms. Clabaugh will work with operations staff to review necessary repairs to short lived asses and fleet status.

III. CLOSING PROCEDURE: Next Committee Meeting was tentatively set for Tuesday April 29th at 9am. Meeting was adjourned at 12:15pm.

Borrego Water District Board of Directors
MINUTES of the Audit & Budget Standing Committee
April 29, 2025 @ 9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A. Call to Order: President Dice called the meeting to order at 9:39am
- B. Pledge of Allegiance: Those present stood for the Pledge of Allegiance
- C. Roll Call: Committee Members:

Present: President Dice,
Director Moran
Staff: Geoff Poole, General Manager
Jessica Clabaugh, Finance Officer
- D. Approval of Agenda: ***MSC: Moran/Dice approving the Agenda as written. The roll call vote was unanimous.***
- E. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min):
None.
- F. Comments from Directors: None.
- G. Correspondence Received from the Public: None.

II. ITEM FOR AUDIT & BUDGET COMMITTEE CONSIDERATION AND POSSIBLE ACTION

- A. Budget Package Template Review – J. Clabaugh: Ms. Clabaugh shared prior years' Budget Package and asked the committee if they would like to make any edits to the sections included in the package. President Dice suggested including language in Appendix B that explains that BWD has a duty to ensure it has enough water to serve it's customers and that BWD has secured ample water supply for the future. Dir. Moran suggested adding language that any large developments are required to secure their own water rights in order to connect to the District. There was some discussion on ensuring this is updated on the BWD website as well. No other edits were requested and staff will proceed with updating the existing format.
- B. Review of Fiscal Year 2026 Draft Budget – J. Clabaugh: Ms. Clabaugh explained that she has had meetings with staff to figure out the budget unknowns. Most of the fleet vehicles had tires replaced in FY25 which resulted in a high auto maintenance expense. Staff is confident that the FY26 budget will not need to be so high. The budget was increased for water sampling to be more in line with FY25 actuals. There will still be one quarter of sampling for the new well and about 3 other wells are due for Title 22 testing in FY26. President Dice suggested lowering the general engineering budget, as most engineering is captured in the CIP budget. Dues and Subscriptions was lowered to remove the annual contract for Smart Phone Meter Reading. New outsourcing contracts resulted in an increase in Accounting for lockbox services and an increase in Statement Printing & Reproduction. Applicable expenses were removed from the Office Supplies, Equipment Maintenance and Postage accounts as these items are included in the outsourced Statement Printing cost. SDG&E charges for the office and shop were unusually high in FY25. Ms. Clabaugh is to analyze the electric bills with Ms. Del Bono to see what the cause is. Director Moran mentioned that Watermaster Pumping Fees may go up due to Watermaster operations no longer being grant funded. There is ample room in this budget category to accommodate increased pumping fees.

It is still unknown whether BWD will be contributing to the funding of the Air Quality Study in FY26. The Directors will get more information on this before the next meeting.

For the CIP schedule, uncovering of valve boxes was included after the County paved over them all. It seems the County is now doing some work to uncover them, but Ms. Clabaugh will keep in touch with field staff to see if any additional work will need to be done. Mr. Martinez is awaiting a proposal for the sewerline cleaning project as well as to have multiple manholes rebuilt at once so that the multi-year cost is less. Brax provided a quote to convert ID1-8 to a monitoring well for \$10,600 which is included. The committee requested to add a new item to install fencing at well discharge ponds, with the priority to start with ID4-11, ID5-5 and ID1-12 at \$10,000 each. Ms. Clabaugh will work with staff on receiving quotes.

- C. Cash Balances Review – J. Clabaugh: Ms. Clabaugh prepared a draft cash flow based upon current reserves levels, remaining net income expected in the current Fiscal Year, CIP spending and Grant Reimbursements. GM Poole was concerned that the FY26 Budget and CIP shows a negative cash flow for the year. Ms. Clabaugh shared the rate model developed by Raftelis and they show a negative cash flow for FY26 of approximately \$900,000 which is in line with the budget. Cash flow is expected to be negative for the next couple fiscal years, with recovery beginning in FY30 when the Bauer BPA Purchase and Debt Service instrument 2018B will be paid off. Dir. Moran expressed concern over the reimbursement schedule for EPA #1. Staff does not expect this to have much of a burden on cash flow, but will continue to monitor and communicate with the board on the status of reimbursements.

- III. **CLOSING PROCEDURE:** A Draft FY26 Budget will be presented to the full board in the May 20th Special Board Meeting. The committee does not plan to meet before that, but it is always an option. Meeting was adjourned at 11:55am.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
MAY 20, 2025
AGENDA ITEM II.B

May 15, 2025

TO: Board of Directors
FROM: Geoffrey Poole, General Manager
SUBJECT: 2025-26 Draft BWD Budget – J Clabaugh, BWD

RECOMMENDED ACTION:

Receive Budget report and direct staff accordingly

ITEM EXPLANATION:

Staff and the ABC Committee have developed the attached Draft Budget for Board review. Board comments/corrections will be incorporated into the Final Draft to be presented on June 17th.

NEXT STEPS

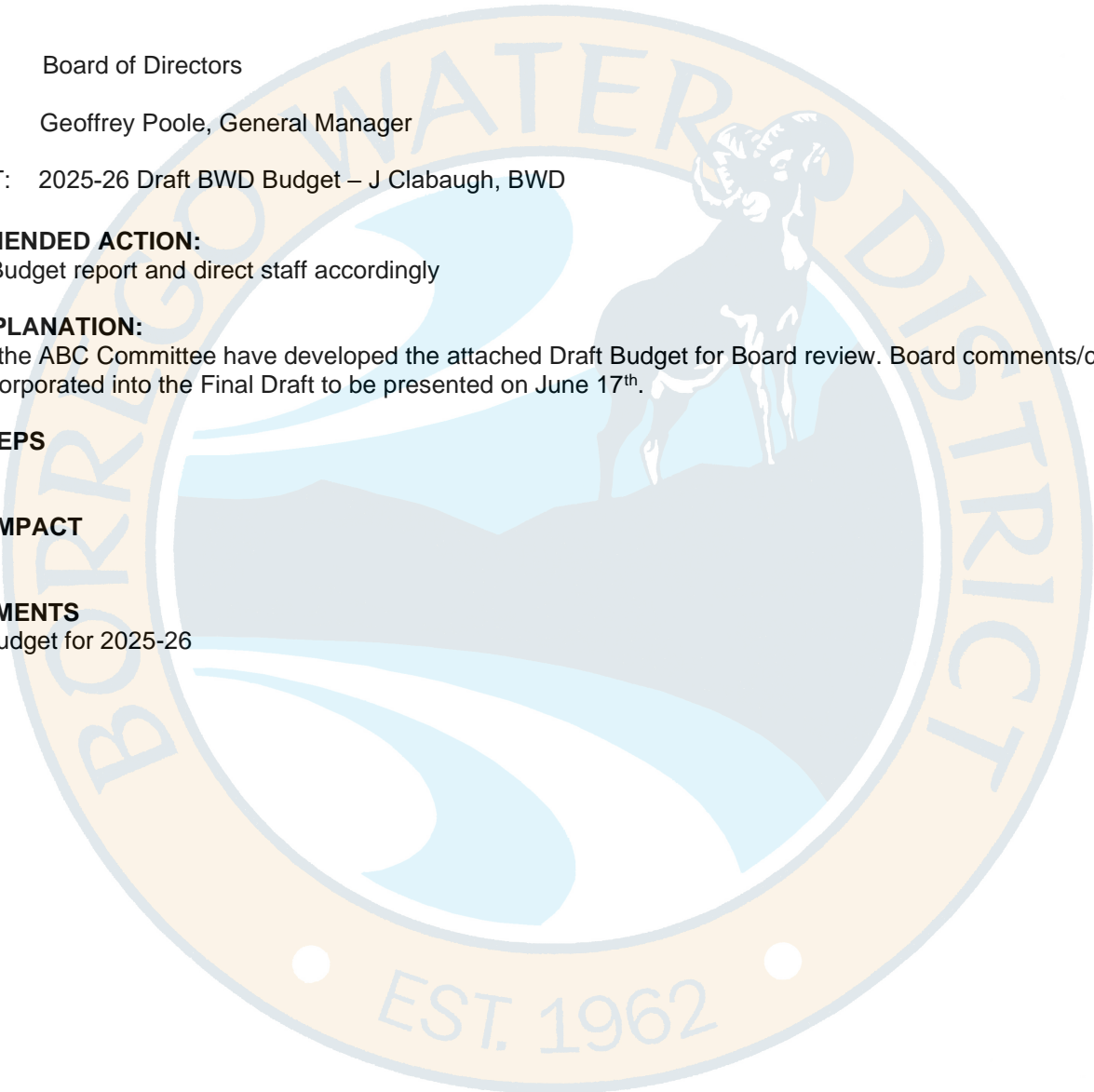
1. TBD

FISCAL IMPACT

1. TBD

ATTACHMENTS

1. Draft Budget for 2025-26



BORREGO WATER DISTRICT

**FISCAL YEAR 2025-2026
ANNUAL BUDGET
ADOPTED June xx, 2025**

SUBMITTED BY:

**GEOFF POOLE
GENERAL MANAGER**

TO:

BOARD OF DIRECTORS

**KATHY DICE
PRESIDENT**

**TAMMY BAKER
VICE-PRESIDENT**

**DIANE JOHNSON
TREASURER**

**DAVE DUNCAN
DIRECTOR**

**GINA MORAN
DIRECTOR**

BORREGO WATER DISTRICT
ANNUAL BUDGET
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FISCAL YEAR 2025-2026
ADOPTED JUNE xx, 2025

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RESOLUTION NO. 2025-06-01 35



BORREGO WATER DISTRICT

May 8, 2025

TO: Ratepayers and Investors of the Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Strategic Objectives 2025-26

STRATEGIC GOALS AND OBJECTIVES 2025-26

GOAL: Minimize Potential Water and Sewer Rate Increases

OBJECTIVE: BWD Staff will continue to monitor revenues and expenses closely, report to the Board and public monthly and provide all information for the Board to make an informed decision on all future rate increases.

Due to a number of factors, the BWD Board has approved a rate structure for 2024-25 that includes a 9.5 % rate increase. The proposed increase is based on a worst case scenario and under certain conditions, the Board may not need to raise rates this high in future years. The factors that will influence future rate increases include receiving a waiver on the 20% local agency match for EPA Round #2 funding (\$650 k), and possible one time payments from the Rams Hill related to their future development plans (TBD). These one time events would have a big positive effect on BWD Reserve Funds levels and possibly lead to a reduction in future increases, due to a lessened need for rates and charges to fund the replenishment of reserves. Applying for and receiving the 20% waiver on EPA Round 2 is at the top of BWD priorities for FY 25-26.

The BWD Board/Staff have taken extraordinary steps over the past decade or so to first stabilize and then improve BWD Financial Condition. The effects of this hard work were realized when BWD successfully issued \$5.6 M in Bonds to fund various water and sewer improvements in 2018 and \$3M in additional debt in 2021. In addition, the rate structure put into place also allowed for significant contribution to Reserve Funds, which resulted in the accumulation of \$7 M+ in reserves by 2023.

The BWD Board has put these reserve funds to excellent use with the acquisition of 420 acres of farmland and its water rights that are dedicated for use by BWDs existing customers to comply with the requirements of the California Sustainable Groundwater Management Act and the Borrego Springs Subbasin Judgment. Making the \$5.5 M in payments for the water rights acquisition and fallowing over the next 6 years will reduce total Reserve Funds to approximately \$500,000. The Board has taken a policy position that BWDs unrestricted reserves will not dip below \$1.2 M and the future rates approved by the Board will need to include revenues to ensure the minimum is not breached, if one time payments are not received. In addition, non-essential capital expenses are being deferred to help preserve cash.

BWD is committed to maintain water and wastewater rates/charges and reserve fund balances that provide the required debt service coverage ratios and adopted Board policies. BWD staff and Board will monitor water and wastewater Operations and Capital Planning to ensure all expenditures are prudent and necessary.

GOAL: Complete EPA Round #1 Waterline Projects

OBJECTIVE: Complete the bidding and construction of waterline replacement in the Sun Gold development as well as relocation of an old line service properties on Borrego Springs Road between Walking H and Rango Wy.

BWD received \$3.4 M in direct congressional funding from Congressman Issa for infrastructure replacement in FY 22-23 (aka EPA Round #1). BWD staff successfully applied for and received the 20% local agency match waiver, thus saving ratepayers \$650,000. Bid documents are nearing completion and the Projects are scheduled for construction in late 2025 and completion in mid 2026.

GOAL: Prepare for 2027 Waste Water Treatment Plant Discharge Permit

OBJECTIVE: The California Waterboards issued a Discharge Permit for BWDs Wastewater Treatment Plant in 2017 requiring the submittal of various analyses pertaining to Total Dissolved Solids and Nitrogen Control. BWD has retained the services of N2W Engineering to assist with the development and submittal of the required documents before the end of FY 2025-26

GOAL: Evaluate/Pursue BWD Potable Use of Existing Well in Northern Management Area

OBJECTIVE: BWD has acquired 420 acres of farmland water rights for SGMA compliance to serve its existing customers. One of the agricultural wells acquired by BWD was drilled to potable standards and could theoretically be connected to BWD system if all components of the State mandated conversion process are followed. The potential impacts of increased pumping in the North Management Area include increased groundwater elevations in the Central and South Management Areas including the mesquite bosque. BWD and its Consultants will work with the Watermaster and CA Division of Drinking Water on the potential impacts to Basin hydrology from NMA pumping as well as the technical aspect of converting an agriculture well to potable.

GOAL: Engage in Watermaster Processes

OBJECTIVE: The Borrego Springs Sub Basin Watermaster is responsible to manage the Basin and work with Orange County Superior Court Judge Mc Cormack on Basin management including implementation of the Groundwater Management Plan. Members of the BWD Board, often acting as individuals, monitor WM activities and comment as needed. BWD will continue to engage in WM activities and comment as needed. The BWD Board meeting schedule has also been altered to allow for BWD Board input on upcoming WM agenda items which allows for direction to be given to BWD representatives on the WM.

The BWD Board and Staff are committed to maintaining these priorities as well as handling any unforeseen events that occur in the upcoming fiscal year.



BORREGO WATER DISTRICT

June 12, 2025

TO: Ratepayers and Investors of the Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: 2024-25 In Review

Transmitted herewith is the Proposed Final Fiscal Year 2025-26 Budget and Capital Improvement Plan with Cash Flow analysis for the Borrego Water District. The consolidated budget was prepared in compliance with the laws of the State of California and reflects the Board of Directors' (Board) goals/priorities and the District's strategic plans by which to achieve them.

2024-25 IN REVIEW

CAPITAL PROJECT START UP AND COMPLETIONS:

*New Well Approved for Service by State regulators: BWDs newest Well, #5-15, was formally approved by CA Division of Drinking Water and put into service. The well was funded by BWD Bonds issued in 2018.

*Automated Metering Infrastructure (AMI) Installation: All BWD potable water meters were replaced with AMI based smart meters. The meters take minute by minute reads, downloads the information in the early morning hours each day and populate the Waterscope software system that allow for customized data analysis and notification setting on each account by the Customer. The meters and installation was almost fully funded (actual TBD) thru a CA Proposition 68 Grant.

OPERATIONS:

No Major Service Disruptions: No extensive, unplanned water or sewer service outages were experienced during the year and the water delivered met all State Quality Requirements.

No Loss Time Injuries: No loss time employee injuries were encountered during the year.

SGMA COMPLIANCE:

*BWD continues to make the required payments as well as coordinate with David Bauer on his efforts to fallow various agricultural parcels prior to transferring the land and water rights to BWD. These water rights are required for SGMA compliance, designated for existing BWD customers and critical for the long term sustainability and viability of Borrego Springs.

FINANCES:

*A waiver of the 20% Local Agency Match on EPA #1 was received, saving BWD ratepayers \$650,000. The funding (sponsored by Congressman Issa) will be used to replace waterlines in the Sun Gold development as well as replace an old line serving properties in the area of Borrego

Springs Rd between Walking H and Rango Way. Construction is expected to begin in late 2025 and conclude by mid-2026.

Grant Funding - Proposition 68: BWD Staff successfully implemented each BWD Project (WWTP Monitoring Wells and AMI) and BWD CFO managed the overall grant including submittals from each sub grantee during a 3+ year period. In the last 36 months, BWD has received over \$9 M in State Grants and Direct Federal Congressional Appropriations funding to replace pipelines mentioned previously as well as replacement of 4 water storage tanks: Twin Tanks (2), Indian Head and Rams Hill #2. BWD continues to pursue other opportunities. Federal Funding in the FY 23-24 Budget totaled \$3.3 M for the Sun Gold development in Borrego Springs Road. The following year another \$3.3 M was approved for Deep Well, Lazy S and Club Circle. In FY 24-25, \$12 M in CA and Fed funds has been received by BWD since 2018.

*Rate Setting: BWD Board Committee, Staff and Consultants completed the Proposition 218 water and sewer rate setting process. The BWD Board will adopt a series of maximum rate increases and staff has placed top priority on keeping future rate increases as low as possible.

*Water Supply for Small Development Program Continues: A Program to provide water for small development (less than one acre foot per year) continued in 24-25. Under the terms of the Program, water supply may be purchased from BWD as well as water service line and meter installation. During 2024-25, 1.65-acre feet were applied for with .055-acre feet purchased under the Program.

CYBER:

*Cyber Security Upgrades: During 2024-25 BWD continued to make cyber security a top priority and is utilizing the expertise of BWD Board Members, staff and IT experts. BWD has taken steps usually reserved for the larger agencies; specifically, BWD continues to hardened its network at the Wastewater Treatment Plant and Remote Water System Operations hardware and software.

WATERMASTER:

*The Borrego Springs Watermaster has taken steps to ensure all non de minimus (less than 2-acre feet per year) pumpers are metered and annual pumping restrictions imposed to reduce pumping by an estimated 66% on or before 2040. The BWD budget for 2024-25 includes expenditures for its proportional share of Watermaster expenses (approx. 10%).

Election/Appointment of Board Members: Director Tammy Baker was re elected and Diane Johnson appointed to a two year term.

Budget Components for FY 2025-26 – Revenues

The amount budgeted in each category represents Management's best assumptions to successfully accomplish the District's objectives. A summary of the FY 2025-26 budget is below:

- Water sales are projected to remain stable (FY 2023-24 = 1,200 afy). Staff is continuously monitoring changes to consumption and payments and potential impacts to BWD and customers.
- BWD will proceed with the Prop 218 approved increases on July 1, 2024 in an amount to be determined by the BWD Board in mid/late June 2025.
- Property tax revenues are expected to remain constant and within BWD's legal authority to assess.

Budget Components for FY 2024-25 – Expenses

- In FY 2025-26, BWD has included projected expenses for Watermaster and general Groundwater Management projects/issues.
- All existing programs in BWD Operations, Maintenance and Administration Departments are fully funded through 2025-26. The major programs in the Water Operations Department include system operations and maintenance, water quality monitoring, meter testing/replacement, pipeline replacement, reporting and the inevitable emergency pipeline repairs that happen each year.
- In the Sewer Operations Department, BWD will fully operate the WWTP in compliance with the CA State Discharge Permit.

Included in this Budget Package are the proposed Board Resolution to adopt and approve the FY 2025-26 Budget, detailed revenue and expenses, Capital Improvement Plan with project explanations and justifications, non-CIP expenses and a projected Cash Flow that includes proposed future rate increases.

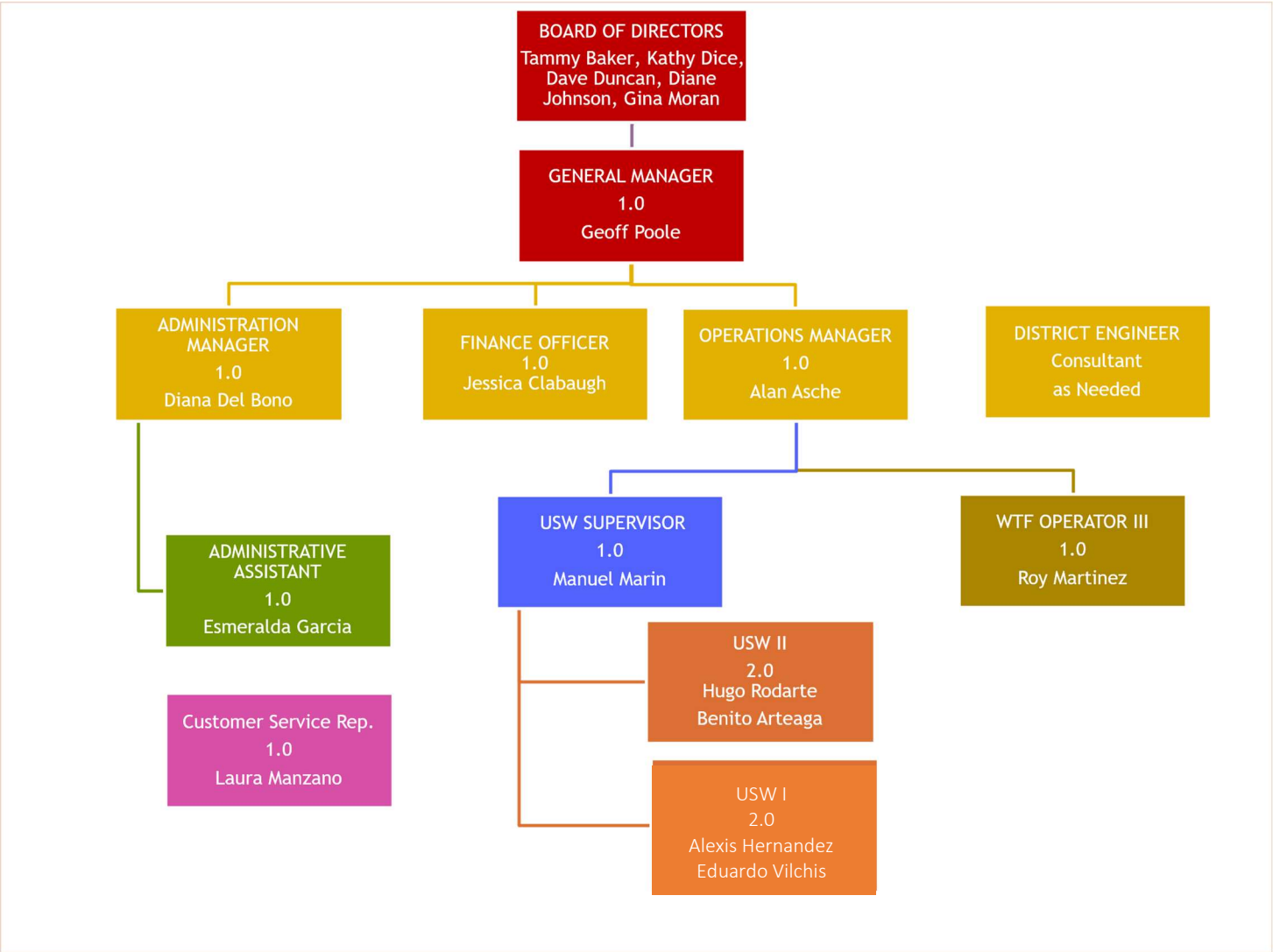
I would personally like to thank the BWD staff and Board for their hard work in preparing and reviewing this Proposed Budget for FY 2025-26.

Sincerely,



Geoff Poole
General Manager

BORREGO WATER DISTRICT
ORGANIZATIONAL CHART
JULY 01, 2025



Establishing 13.0 authorized positions
FY 2026



**Borrego Water District
Water Enterprise Budget
07/01/2025 to 06/30/2026**

	<i>Budgeted FY2025</i>	<i>Projected FY2025</i>	<i>Budgeted FY2026</i>
<u>INCOME</u>			
RATE REVENUE			
Water Rates Revenues			
Commodity Rates			
Residential Tier 1 & 2 Revenues	1,154,187	1,154,187	1,015,987
Residential Tier 3 Revenues	267,750	500,000	676,568
Commercial	645,750	645,750	643,522
Irrigation	363,825	363,825	423,161
Total Commodity	2,431,512	2,663,762	2,759,237
Non-Commodity Charges			
Base Meter Charges	1,518,300	1,505,810	1,649,581
Meter Install/Repair	36,750	26,000	26,000
New Water Supply Connection Fee	26,124	10,000	10,000
Backflow Testing/Install	5,985	7,000	11,400
Bulk Water Sales	6,825	45,000	6,825
Total Non-Commodity	1,593,984	1,593,810	1,703,806
Total Water Rate Revenues	4,025,496	4,257,572	4,463,042
Availability Charges Collected thru Tax Roll		-	
ID1 - Water Standby	34,965	34,965	34,965
ID3/ID4 - Water Standby	117,000	117,000	117,000
Total Availability (Tax Roll)	151,965	151,965	151,965
Other Income		-	
Sale of Viking Ranch and other parcels	225,000	247,089	
Sale of Water Fleet Truck		8,000	
Total Other Income	225,000	255,089	
<u>TOTAL WATER RATE REVENUE</u>	<u>4,402,461</u>	<u>4,664,626</u>	<u>4,615,007</u>



Borrego Water District
Water Enterprise Budget (Continued)
07/01/2025 to 06/30/2026

	<i>Budgeted FY2025</i>	<i>Projected FY2025</i>	<i>Budgeted FY2026</i>
<u>EXPENSES</u>			
OPERATING EXPENSES			
Operations & Maintenance Expense			
R&M Water	279,928	200,000	286,926
Telemetry	4,963	22,000	15,000
Trash Removal	5,956	6,500	7,500
Vehicle Expense	22,080	37,000	30,000
Fuel & Oil	42,445	36,365	45,007
Lab/Testing	34,338	51,721	45,000
Permit Fees	28,820	29,614	29,541
Pumping Electricity	525,000	512,554	566,528
Total Operations & Maintenance Expense	943,530	895,754	1,025,502
Professional Services			
Accounting (Lockbox/Debt Filings)	4,268	2,000	9,680
Payroll Services	3,077	4,413	4,400
Audit Fees	27,350	20,100	28,034
IT & Cyber Security	38,400	50,000	39,360
Financial Consulting	79,411	79,411	
Engineering Consultant	45,584	5,556	10,000
Legal Services - General	67,000	50,000	68,675
<i>Legal Services Reimbursible</i>	-		-
Federal & State Legislative Advocacy	59,558	69,960	64,944
Total Professional Services	324,649	281,439	225,093
Insurance Expense			
ACWA/JPIA Program Insurance	120,322	120,322	132,355
ACWA/JPIA Workers Comp	15,803	15,803	17,068
Total Insurance Expense	136,126	136,125	149,422
Personnel Expense			
Board Meeting Expense	22,830	13,000	13,939
Salaries & Wages	1,131,468	1,131,468	1,221,985
<i>Contra Account - Salaries & Wages</i>	<i>(57,436)</i>	<i>(90,000)</i>	<i>(62,031)</i>
Contract Labor/Consulting	9,926	6,000	10,175
Payroll Taxes	23,226	23,226	25,084
Benefits - Medical	190,841	190,841	200,383
Benefits - CalPERS	188,140	194,080	222,721
Trainings & Conferences	17,867	17,867	18,314
Uniforms	6,949	6,249	7,123
Safety Compliance & Emergency Prep	4,963	2,249	5,087
Total Personnel Expense	1,538,775	1,494,980	1,662,780



Borrego Water District
Water Enterprise Budget (Continued)
07/01/2025 to 06/30/2026

	<i>Budgeted FY2025</i>	<i>Projected FY2025</i>	<i>Budgeted FY2026</i>
Office Expense			
Office Supplies	23,823	30,768	22,659
Office Equipment	49,632	48,679	49,641
Postage & Freight	14,890	15,000	4,400
Property Tax	2,978	2,978	3,052
Telephone Expense	27,350	29,000	28,034
Dues & Subscriptions	22,830	26,000	17,401
Statement Printing & Publication	4,963	4,963	25,087
Office/Shop utilities	9,117	17,336	15,897
Total Office Expense	<u>155,583</u>	<u>174,724</u>	<u>166,170</u>
		-	
TOTAL OPERATING EXPENSES	3,098,663	2,983,023	3,228,968
Debt Expense			
BBVA Bank Note 2018B - Principal	337,138	337,138	220,000
BBVA Bank Note 2018B - Interest	49,821	49,821	26,967
2021 Bond Cap One - Principal	376,605	376,605	425,057
2021 Bond Cap One - Interest	140,571	140,571	121,556
Total Debt Expense	<u>904,135</u>	<u>904,135</u>	<u>793,579</u>
GROUNDWATER MANAGEMENT EXPENSES			
Pumping Fees	100,000	49,327	103,000
GWM Expense	79,158	5,463	81,532
Legal Expense	100,000	65,000	103,000
Engineering/TAC Expense (Intera)	135,000	84,392	139,050
Special Tasks for Intera?	-	-	-
TOTAL GROUNDWATER MGMT EXPENSES	<u>414,158</u>	<u>204,182</u>	<u>426,582</u>
<u>TOTAL WATER ENTERPRISE EXPENSES</u>	<u>4,416,956</u>	<u>4,091,340</u>	<u>4,449,129</u>
<u>Net Income (Loss)</u>	(14,494)	573,286	165,878



**Borrego Water District
Wastewater Enterprise Budget
07/01/2025 to 06/30/2026**

	<i>Budgeted FY2025</i>	<i>Projected FY2025</i>	<i>Budgeted FY2026</i>
<u>INCOME</u>			
RATE REVENUE			
Sewer Rates			
TCS Holder Fees (SA2)	170,532	174,099	192,073
TCS User Fees (SA2)	135,653	145,407	155,060
RH Sewer User Fees (ID1)	171,377	177,000	182,674
Sewer Standby/Capacity Fees	-	11,048	-
Sewer User Fees (ID5)	193,989	193,363	210,192
Total Sewer Rates	671,552	700,918	740,000
Availability Charges Collected thru Tax Roll			
ID1 - Sewer Standby	34,965	34,965	34,965
Total Availability (Tax Roll)	34,965	34,965	34,965
TOTAL WASTEWATER RATE REVENUE	706,517	735,883	774,965
<u>EXPENSES</u>			
OPERATING EXPENSES			
Operations & Maintenance Expense			
R&M WWTF	135,360	117,000	138,744
Telemetry	677	5,535	1,000
Trash Removal	812	1,248	2,400
Vehicle Expense	3,011	5,500	3,086
Fuel & Oil	6,676	10,300	8,533
Lab/Testing	11,650	19,939	20,437
Electricity		4,600	5,723
Permit Fees	12,352	15,000	15,000
Total Operations & Maintenance Expense	170,537	179,122	194,922
Professional Services			
Accounting (Lockbox/Debt Filings)	582	582	1,320
Payroll Services	420	578	600
Audit Fees	3,730	2,500	3,823
IT & Cyber Security	5,236	7,500	7,688
Financial Consulting	10,829	10,829	
Engineering	6,216	6,216	6,371
Legal Services - General	9,136	7,554	9,365
Advocacy	8,122	9,540	8,325
Total Professional Services	44,270	45,299	37,491



Borrego Water District
Wastewater Enterprise Budget (Continued)
07/01/2025 to 06/30/2026

	<i>Budgeted FY2025</i>	<i>Projected FY2025</i>	<i>Budgeted FY2025</i>
Insurance Expense			
ACWA/JPIA Program Insurance	16,408	16,408	18,048
ACWA/JPIA Workers Comp	3,659	3,659	3,952
Total Insurance Expense	<u>20,067</u>	<u>20,067</u>	<u>22,000</u>
Personnel Expense			
Board Meeting Expense	3,113	2,000	2,000
Salaries & Wages	261,561	267,403	282,486
<i>Contra Account - Salaries & Wages</i>	<i>(7,832)</i>	<i>(1,361)</i>	<i>(8,459)</i>
Contract Labor/Consulting	1,354	7,931	10,000
Payroll Taxes	5,369	5,444	5,799
Benefits - Medical	44,117	47,752	47,646
Benefits - CalPERS	43,492	38,950	51,486
Trainings & Conferences	2,436	1,728	2,497
Uniforms	948	854	971
Safety Compliance & Emergency Prep	677	-	694
Total Personnel Expense	<u>355,235</u>	<u>370,701</u>	<u>395,120</u>
Office Expense			
Office Supplies	3,249	3,500	3,100
Office Equipment	6,768	6,768	6,769
Postage & Freight	2,030	2,300	600
Property Tax	406	406	416
Telephone Expense	3,730	3,957	3,823
Dues & Subscriptions	3,113	3,302	3,191
Statement Printing & Publication	677	677	694
Office/Shop utilities	1,243	4,500	2,129
Total Office Expense	<u>21,216</u>	<u>25,410</u>	<u>20,722</u>
Debt Expense			
2021 Bond Cap One - Principal	64,545	64,545	31,994
2021 Bond Cap One - Interest	5,979	5,979	9,149
Total Debt Expense	<u>70,524</u>	<u>70,524</u>	<u>41,143</u>
TOTAL EXPENSES WASTEWATER	681,848	711,122	711,398
<u>Net Income Wastewater Enterprise Fund</u>	<u>24,669</u>	<u>24,760</u>	<u>63,567</u>



Borrego Water District
Pest Control Enterprise Budget
07/01/2025 to 06/30/2026

	<i>Budgeted FY2025</i>	<i>Projected FY2025</i>	<i>Budgeted FY2025</i>
<u>INCOME</u>			
Pest Control Standby	<u>17,150</u>	<u>17,150</u>	<u>17,150</u>
<u>TOTAL PEST CONTROL FUND REVENUE</u>	<u>17,150</u>	<u>17,150</u>	<u>17,150</u>
<u>EXPENSES</u>			
Pest Control Plan Consultant			15,600
R&M Pest Control	1,500	800	
ACWA/JPIA Program Insurance	500	373	550
Salaries & Wages	4,193	3,508	1,000
Benefits - Medical	711	702	
Benefits - CalPERS	701	537	
ACWA/JPIA Workers Comp	59	52	
Payroll Taxes	87	75	
<u>TOTAL PEST CONTROL ENTERPRISE EXPENSES</u>	<u>7,751</u>	<u>6,047</u>	<u>17,150</u>
<u>Net Income Pest Control Enterprise Fund</u>	<u>9,399</u>	<u>11,103</u>	<u>-</u>



Borrego Water District
Flood Control Enterprise Budget
07/01/2025 to 06/30/2026

	<i>Budgeted FY2025</i>	<i>Projected FY2025</i>	<i>Budgeted FY2025</i>
<u>INCOME</u>			
ID1 - Flood Standby	<u>34,965</u>	<u>34,965</u>	<u>34,965</u>
<u>TOTAL FLOOD CONTROL FUND REVENUE</u>	<u>34,965</u>	<u>34,965</u>	<u>34,965</u>
<u>EXPENSES</u>			
ACWA/JPIA Program Insurance	550	300	605
Legal Services - General	5,000	600	5,125
Salaries & Wages	8,434	2,500	9,109
Benefits - Medical	1,423	500	1,494
Benefits - CalPERS	1,402	500	1,661
ACWA/JPIA Workers Comp	118	38	127
Payroll Taxes	<u>173</u>	<u>58</u>	<u>187</u>
<u>TOTAL FLOOD CONTROL ENTERPRISE EXPENSES</u>	<u>17,100</u>	<u>4,496</u>	<u>18,307</u>
<u>Net Income Flood Enterprise Fund</u>	<u>17,865</u>	<u>30,469</u>	<u>16,658</u>



Borrego Water District
Non-Rate Revenues & Expenses
07/01/2025 to 06/30/2026

	<i>Budgeted FY2025</i>	<i>Projected FY2025</i>	<i>Budgeted FY2026</i>
OTHER INCOME			
Penalties & Fees	50,000	120,000	50,000
BSUSD Well Agreement	35,000	15,000	35,000
1% Property Assessments	70,000	70,000	82,164
Interest Income	35,000	75,000	60,000
Other Income	-	4,686	-
WM Meter Reading Income	3,333	6,500	6,500
TOTAL OTHER INCOME	193,333	291,186	233,664
<u>EXPENSES</u>			
Air Quality Study	36,341	6,000	36,341
TOTAL NON-RATE REVENUE EXPENSES	36,341	6,000	36,341
 TRANSFER TO WATER FUND TO COVER REVENUE SHORTFALL	 (14,494)		
 <u>Net Income Non-Rate Revenue</u>	 142,498	 285,186	 197,323



Borrego Water District
Consolidated Enterprise Budget
07/01/2025 to 06/30/2026

	<i>Budgeted FY2025</i>	<i>Projected FY2025</i>	<i>Budgeted FY2026</i>
<u>INCOME</u>			
TOTAL WATER RATE REVENUE	4,402,461	4,664,626	4,615,007
TOTAL WASTEWATER RATE REVENUE	706,517	735,883	774,965
TOTAL PEST CONTROL FUND REVENUE	17,150	17,150	17,150
TOTAL FLOOD CONTROL FUND REVENUE	34,965	34,965	34,965
TOTAL OTHER INCOME	193,333	291,186	233,664
<u>GROSS INCOME</u>	<u>5,354,426</u>	<u>5,743,810</u>	<u>5,675,752</u>
<u>EXPENSES</u>			
TOTAL WATER ENTERPRISE EXPENSES	4,402,461	4,091,340	4,449,129
TOTAL WASTEWATER ENTERPRISE EXPENSES	681,848	711,122	711,398
TOTAL PEST CONTROL ENTERPRISE EXPENSES	7,751	6,047	17,150
TOTAL FLOOD CONTROL ENTERPRISE EXPENSES	17,100	4,496	18,307
TOTAL NON-RATE REVENUE EXPENSES	36,341	6,000	36,341
<u>TOTAL EXPENSES</u>	<u>5,145,501</u>	<u>4,819,005</u>	<u>5,232,325</u>
<u>CONSOLIDATED NET INCOME</u>	<u>208,926</u>	<u>924,804</u>	<u>443,426</u>



BORREGO WATER DISTRICT

June 13, 2025

TO: Ratepayers and Investors of the Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Fiscal Year 2025-26 Budget and Capital Improvement Plan

Transmitted herein is the Proposed Final Fiscal Year 2025-26 Budget and Capital Improvement Plan for the Borrego Water District. The consolidated budget was prepared in compliance with the laws of the State of California and reflects the Board of Directors' (Board) goals/priorities and the District's strategic plans by which to achieve them. The amount budgeted in each category represents Managements best assumptions to successfully accomplish the District's objectives.

Budget Comparison for FY 2025-26 Revenues

Water sales are projected to be similar to the prior fiscal year. In 2021, The BWD Board adopted a water and sewer rate schedule that included 5% water and 4% sewer rates/charges increase for the next four years.

Budget Components for FY 2025-26 Expenses

All expenses for FY 2025-26 have been re-evaluated in an effort to ensure expenses are considering current inflation, supply shortage and other factors.

All existing programs in BWD Operations, Maintenance and Administration Departments are fully funded through 2025-26. The major programs in Water Operations Enterprise include system operations and maintenance, water quality monitoring, meter testing/replacement, Regulatory Reporting and the inevitable emergency repair that happen each year and Capital projects. Existing operating expenses were adjusted by a cost of living/inflationary factor ranging from 3% to 12% depending upon the expense to estimate FY 25-26 costs.

All existing programs in BWD Wastewater Department are fully funded through 2025-26. The major programs in Wastewater Enterprise include collection system and treatment plant operations, wastewater quality monitoring and Regulatory reporting.

Included in this Budget Package are the proposed Board Resolution to adopt and approve the FY 2025-26 Budget, detailed revenue and expenses, Capital Improvement Plan with Project explanations and justifications, Non-CIP expenses and projected Cash Flow that includes proposed future rate increases. I would personally like to thank the BWD staff and Board for their hard work and dedication displayed throughout the current Fiscal Year.

Sincerely,

Geoff Poole

**BORREGO WATER DISTRICT
CAPITAL IMPROVEMENT PLAN
FISCAL YEARS ENDING 2026-2035**

PROJECTS FUNDED BY CASH RESERVES

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY2032-33	FY2033-34	FY2034-35
WATER PROJECTS										
1 Tank Repair/Recoating: Country Club Tank	\$ 350,000									
2 New Production Well Evaluation: DB20	\$ 100,000									
3 Water Supply Purchase: David Bauer (includes following, abandon wells)	\$ 557,624	\$ 442,669	\$ 442,669	\$ 486,956	\$ 486,956					
4 Grant Matching Requirement: EPA #2 (will seek waiver)		\$ 721,600								
5 Pipeline Replacements: Flying H/Walking H/OO						\$ 438,500				
6 Pipeline Replacements: El Tejon							\$ 190,000			
7 Emergency System repairs	\$ 69,458	\$ 72,930	\$ 76,577	\$ 80,406	\$ 84,426	\$ 88,647	\$ 93,080	\$ 97,734	\$ 102,620	\$ 107,751
SUBTOTAL WATER CASH RESERVE PROJECTS	\$ 1,077,082	\$ 1,237,199	\$ 519,246	\$ 567,362	\$ 571,382	\$ 527,147	\$ 283,080	\$ 97,734	\$ 102,620	\$ 107,751
SEWER PROJECTS										
8 Sewer Cleaning/Inspection	\$ 125,000		\$ 131,250		\$ 137,813		\$ 144,703		\$ 151,938	\$ -
9 WWTP Upgrades: Oxidation Ditch				\$ 650,000						
10 Manhole Replacements/Refurbishments	\$ 100,000				\$ 115,000		\$ 132,250			\$ 152,088
SUBTOTAL SEWER CASH RESERVE PROJECTS	\$ 225,000	\$ -	\$ 131,250	\$ 650,000	\$ 252,813	\$ -	\$ 276,953	\$ -	\$ 151,938	\$ 152,088
SUBTOTAL SHORT-LIVED ASSETS (see Short-Lived Asset Plan)	\$ 176,000	\$ 112,550	\$ 211,888	\$ 270,413	\$ 248,933	\$ 301,723	\$ 220,500	\$ 483,831	\$ 259,831	\$ 340,342
TOTAL CASH CIP PROJECTS FY2026 THROUGH 2035	\$ 1,478,082	\$ 1,349,749	\$ 862,384	\$ 1,487,775	\$ 1,073,127	\$ 828,870	\$ 780,533	\$ 581,565	\$ 514,390	\$ 600,181

PROJECTS FUNDED BY GRANTS

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY2032-33	FY2033-34	FY2034-35
Water Projects										
2023 APPROPRIATIONS BILL \$3,392,667 (aka EPA#1)										
11 Transmission Main: Borrego Springs Road	\$ 928,000									
12 Pipeline Replacements: Sun Gold	\$ 2,464,000									
2024 APPROPRIATIONS BILL 80% of \$3,608,800 (aka EPA#2)										
13 Pipeline Replacement: West & East Star		\$ 360,000								
14 Pipeline Replacement: Club Circle		\$ 1,828,800								
15 Pipeline Replacement: Palm Canyon/Ocotillo Circle/Lazy S		\$ 698,240								
POTENTIAL GRANT FUNDED CIP PROJECTS										
16 WWTP Upgrade: Equalization Basin		\$ 650,000								
17 New Production Well: TBD										\$ 2,500,000
TOTAL WATER/SEWER GRANT CIP PROJECTS	\$ 3,392,000	\$ 3,537,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500,000

PROJECTS FUNDED BY BONDS

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY2032-33	FY2033-34	FY2034-35
Water Projects										
2034 PLANNED BOND PROJECTS										
18 Well 5 Transmission Main Project										\$ 1,215,000
19 Water Treatment Facility										\$ 2,000,000
TOTAL WATER/SEWER GRANT CIP PROJECTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,215,000

Total Annual CIP Spend: \$ 4,870,082 \$ 4,886,789 \$ 862,384 \$ 1,487,775 \$ 1,073,127 \$ 828,870 \$ 780,533 \$ 581,565 \$ 514,390 \$ 6,315,181

BORREGO WATER DISTRICT
SHORT-LIVED ASSET PLAN
FISCAL YEARS ENDING 2026-2035

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35
<u>FACILITY COMPONENTS</u>										
Office Propane Generator	\$ 75,000									
<u>WELLS</u>										
ID1-8 Convert to Monitoring	\$ 11,000									
Well Site Security Upgrades - Cameras/Door Sensors	\$ 40,000									
Discharge Pond Fencing	\$ 30,000									
ID-1 16 - Inspection			\$ 199,238							
ID-1 Well 12 pump and casing/cleaning				\$ 181,913						
Other Well Rehabilitation					\$ 200,000	\$ 210,000	\$ 220,500	\$ 231,525	\$ 243,101	\$ 255,256
<u>TANKS</u>										
Tank Site Security Upgrades	\$ 20,000									
Reservoir cleaning/video inspection		\$ 42,550			\$ 48,933			\$ 56,272		
<u>WASTEWATER TREATMENT FACILITY</u>										
Trash Pump				\$ 15,000				\$ 15,000		
Lift Station Pump			\$ 12,650			\$ 14,548			\$ 16,730	
Clarifier Rehab - Every 10 years								\$ 100,000		
<u>EQUIPMENT</u>										
Pickup - Every 1.5 to 2 years 3/4 ton	\$ -	\$ 70,000		\$ 73,500		\$ 77,175		\$ 81,034		\$ 85,085
TOTAL SHORT LIVED ASSETS REPLACEMENT PROGRAM	\$ 176,000	\$ 112,550	\$ 211,888	\$ 270,413	\$ 248,933	\$ 301,723	\$ 220,500	\$ 483,831	\$ 259,831	\$ 340,342

BORREGO WATER DISTRICT TEN YEAR CASH FLOW PROJECTIONS WATER ENTERPRISE

Revenues											
Rate Revenues	\$4,062,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848
Revenue Adjustments	\$0	\$382,171	\$800,647	\$1,258,879	\$1,628,600	\$2,024,202	\$2,447,495	\$2,900,419	\$3,385,048	\$3,903,600	\$4,458,452
Other Revenue	\$272,665	\$227,889	\$272,665	\$272,665	\$272,665	\$272,665	\$272,665	\$272,665	\$272,665	\$272,665	\$272,665
Interest Income	\$74,853	\$81,468	\$63,050	\$50,476	\$50,217	\$55,414	\$66,283	\$83,672	\$108,241	\$138,445	\$143,048
Total - Revenues	\$4,410,366	\$4,714,375	\$5,159,210	\$5,604,868	\$5,974,330	\$6,375,129	\$6,809,291	\$7,279,604	\$7,788,801	\$8,337,558	\$8,897,012
O&M Expenses											
Repairs & Maintenance	\$937,230	\$1,025,502	\$1,055,986	\$1,122,443	\$1,194,166	\$1,271,613	\$1,355,278	\$1,445,705	\$1,543,480	\$1,649,248	\$1,763,705
Professional Services	\$324,649	\$225,093	\$262,778	\$269,348	\$276,082	\$282,984	\$290,058	\$297,310	\$304,742	\$312,361	\$320,170
Insurance	\$136,126	\$149,422	\$143,017	\$146,593	\$150,257	\$154,014	\$157,864	\$161,811	\$165,856	\$170,003	\$174,253
Personnel Expense	\$1,538,775	\$1,662,780	\$1,768,480	\$1,896,361	\$2,033,818	\$2,181,587	\$2,340,459	\$2,511,285	\$2,694,987	\$2,892,556	\$3,105,058
Office Expense	\$155,583	\$166,170	\$164,712	\$169,534	\$174,540	\$179,740	\$185,145	\$190,768	\$196,620	\$202,717	\$209,072
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Groundwater Management	\$414,158	\$426,582	\$435,938	\$447,256	\$458,870	\$470,787	\$483,016	\$495,564	\$508,440	\$521,652	\$535,210
Total - O&M Expenses	\$3,506,521	\$3,655,549	\$3,830,912	\$4,051,534	\$4,287,734	\$4,540,725	\$4,811,820	\$5,102,442	\$5,414,126	\$5,748,535	\$6,107,468
Net Operating Revenue	\$903,845	\$1,058,826	\$1,328,298	\$1,553,334	\$1,686,596	\$1,834,404	\$1,997,470	\$2,177,162	\$2,374,675	\$2,589,023	\$2,789,544
Debt and Capital											
Total Existing Debt	\$933,201	\$793,534	\$789,159	\$788,323	\$791,885	\$545,938	\$546,618	\$546,052	\$546,064	\$545,726	\$545,934
Proposed Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$399,756
PAYGO CIP	\$969,344	\$1,303,082	\$1,349,749	\$881,134	\$830,042	\$828,215	\$813,356	\$512,289	\$465,986	\$355,324	\$3,066,966
Total - Debt & Capital	\$1,902,545	\$2,096,616	\$2,138,908	\$1,669,457	\$1,621,927	\$1,374,153	\$1,359,975	\$1,058,341	\$1,012,050	\$901,050	\$4,012,655
Net Cash Flow	(\$998,699)	(\$1,037,790)	(\$810,611)	(\$116,124)	\$64,669	\$460,251	\$637,496	\$1,118,821	\$1,362,626	\$1,687,973	(\$1,223,111)
Calculated Debt Coverage	97%	133%	168%	197%	213%	336%	365%	399%	435%	474%	295%
Target Debt Coverage	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%
Ending Balances	\$4,633,008	\$3,589,305	\$2,607,094	\$2,503,621	\$2,568,290	\$3,028,541	\$3,666,037	\$4,784,858	\$6,147,483	\$7,835,456	\$6,612,345

BORREGO WATER DISTRICT TEN YEAR CASH FLOW PROJECTIONS SEWER ENTERPRISE

Revenues											
Rate Revenues	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223
Revenue Adjustments	\$65,737	\$131,473	\$197,210	\$262,947	\$328,684	\$394,420	\$460,157	\$525,894	\$591,631	\$657,367	\$657,367
Other Revenue	\$34,965	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879
Interest Income	\$7,706	\$10,920	\$11,348	\$8,319	\$16,285	\$7,769	\$8,014	\$14,528	\$14,877	\$18,719	\$18,719
Total - Revenues	\$782,631	\$858,496	\$924,660	\$987,368	\$1,061,071	\$1,118,292	\$1,184,273	\$1,256,524	\$1,322,609	\$1,392,188	\$1,392,188
O&M Expenses											
Repairs & Maintenance	\$194,922	\$179,171	\$183,650	\$188,241	\$192,947	\$197,771	\$202,715	\$207,783	\$212,978	\$218,302	\$218,302
Professional Services	\$37,941	\$40,260	\$41,266	\$42,298	\$43,355	\$44,439	\$45,550	\$46,689	\$47,856	\$49,052	\$49,052
Insurance	\$22,000	\$21,082	\$21,609	\$22,150	\$22,703	\$23,271	\$23,853	\$24,449	\$25,060	\$25,687	\$25,687
Personnel Expense	\$395,120	\$408,476	\$438,119	\$469,985	\$504,242	\$541,076	\$580,684	\$623,278	\$669,091	\$718,368	\$718,368
Office Expense	\$18,593	\$22,303	\$22,867	\$23,445	\$24,038	\$24,647	\$25,270	\$25,910	\$26,565	\$27,237	\$27,237
Utilities	\$2,129	\$7,485	\$8,159	\$8,893	\$9,693	\$10,566	\$11,517	\$12,553	\$13,683	\$14,914	\$14,914
Total - O&M Expenses	\$670,705	\$678,776	\$715,670	\$755,011	\$796,980	\$841,769	\$889,588	\$940,662	\$995,233	\$1,053,561	\$1,053,561
Net Operating Revenue	\$111,926	\$179,720	\$208,990	\$232,357	\$264,091	\$276,523	\$294,685	\$315,862	\$327,377	\$338,628	\$338,628
Debt and Capital											
Total Existing Debt	\$41,143	\$41,124	\$41,084	\$41,092	\$41,143	\$41,101	\$41,102	\$41,076	\$41,092	\$41,079	\$41,079
Proposed Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PAYGO CIP	\$225,000	\$0	\$131,250	\$650,000	\$115,000	\$0	\$276,593	\$0	\$151,938	\$152,088	\$152,088
Total - Debt & Capital	\$266,143	\$41,124	\$172,334	\$691,092	\$156,143	\$41,101	\$317,695	\$41,076	\$193,030	\$193,167	\$193,167
Net Cash Flow	(\$154,217)	\$138,595	\$36,656	(\$458,735)	\$107,948	\$235,422	(\$23,009)	\$274,786	\$134,347	\$145,460	\$145,460
Calculated Debt Coverage	272%	437%	509%	565%	642%	673%	717%	769%	797%	824%	824%
Target Debt Coverage	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%
Ending Balance	\$312,044	\$450,639	\$487,295	\$28,560	\$136,508	\$371,930	\$348,920	\$623,706	\$758,053	\$903,513	\$903,513

GRANT SUMMARY
Awarded and Pending Applications

PROJECT	FUNDING ENTITY	VALUE	TIMING	STATUS
FY26 Appropriations Act – Deep Well, Verbena/Cloudy Moon/Circle J	Federal/EPA	\$3.6M	Request pending to waive 20% cost share for SDAC. Awaiting final implementation guidance. Work expected to begin in FY28.	Re-attempt FY26.
FY24 Appropriations Act – Club Circle, Deep Well, East/West Star, Santiago Pipelines	Federal/EPA	\$3.6M	Request pending to waive 20% cost share for SDAC. Awaiting final implementation guidance. Work expected to begin in FY26.	Awarded.
FY23 Appropriations Act – Sun Gold Pipeline Replacement & Borrego Springs Road Transmission Main	Federal/EPA	\$3.39M	Work expected to begin in FY25.	Awarded. SDAC Waiver Approved.
Water Storage Tank Replacement (Twin, Rams Hill 2, Indian Head)	CA Drinking Water Grants	\$2,786,006 \$3,249,694	Construction completed in FY24. Awaiting land transfer approval from State Parks.	Awarded. Awaiting final reimbursement.
Wilcox Well Diesel Engine Replacement	CA Drinking Water Grants	\$100,000	Construction completed in FY24.	Awarded. Awaiting final reimbursement.
Prop 68 – WWTP Monitoring Wells	DWR	\$206,500	Construction completed FY24.	Awarded/In Closeout
Prop 68 – Advanced Metering Infrastructure (AMI)	DWR	\$1.3M \$1.4M	Installation and implementation completed in FY25.	Awarded/In Closeout
Prop 68 – Admin	DWR	\$250,000 \$150,000	Began in FY23, Administering closeout and final reimbursements in FY26	Awarded/In Closeout
COVID-19 Wastewater Arrears Grant	DDW/ Waterboards	\$64,333	Received & Applied to Customer Accounts FY23	Awarded & Complete
COVID-19 Water Arrears Grant	DDW/ Waterboards	\$43,756	Received & Applied to Customer Accounts FY22	Awarded & Complete
WWTP Upgrade	CA Clean Water Grants	\$788,912	Reimbursement Grant received FY22 & FY23	Awarded & Complete

Air Quality Study	Borrego Valley Endowment Fund	\$21,766	Received in FY22	Contributed to share cost in FY22
Prop 1 SDAC Grant	DWR	\$232,398	Support for Well ID4-9. Reimbursement Grant Received FY2021	Awarded & Complete

APPENDIX A: CIP PROJECT SUMMARIES

The following table shows the summary of the 2025-2035 projects. The CIP projects are described in detail on the following pages.

CASH FUNDED CIP	25
#1: Country Club Tank Recoating	25
#2: New Production Well Evaluation: DB20	26
#3: Water Supply Acquisition	27
#4: Grant Matching Requirement: EPA #2	27
#5 & 6: Pipeline Replacements: Flying H/Walking H/OO/El Tejon	28
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#10: Manhole Replacements/Refurbishments	29
GRANT FUNDED CIP	30
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#13: West & East Star Pipeline Replacement	30
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BOND FUNDED PROJECTS	32
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CASH FUNDED CIP

#1: Country Club Tank Recoating

PROPOSED BUDGET: \$350,000 in FY26



Country Club Tank Location

DESCRIPTION

The Country Club Tank is located approximately 1-½ mile west of the intersection of Tilting 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 needs to be repaired/recoated in certain locations where corrosion exists.

PROJECT DESIGN/ADMINISTRATION

District Engineer will prepare engineering documents and the project will be sent out for public bidding with Board approval.

While this work was originally planned for 2029, video inspections were completed in FY25 and it was determined that repair work should be completed timely. Following is the estimated schedule based on this timeline:

Dive Inspection:	February 2025
Receive Dive Inspection Report:	March 2025
Engineering/design completion:	July 2025
Project Bidding:	July 2025 – August 2025
Repair Recoat Tank:	Fall 2025

COST DETAIL

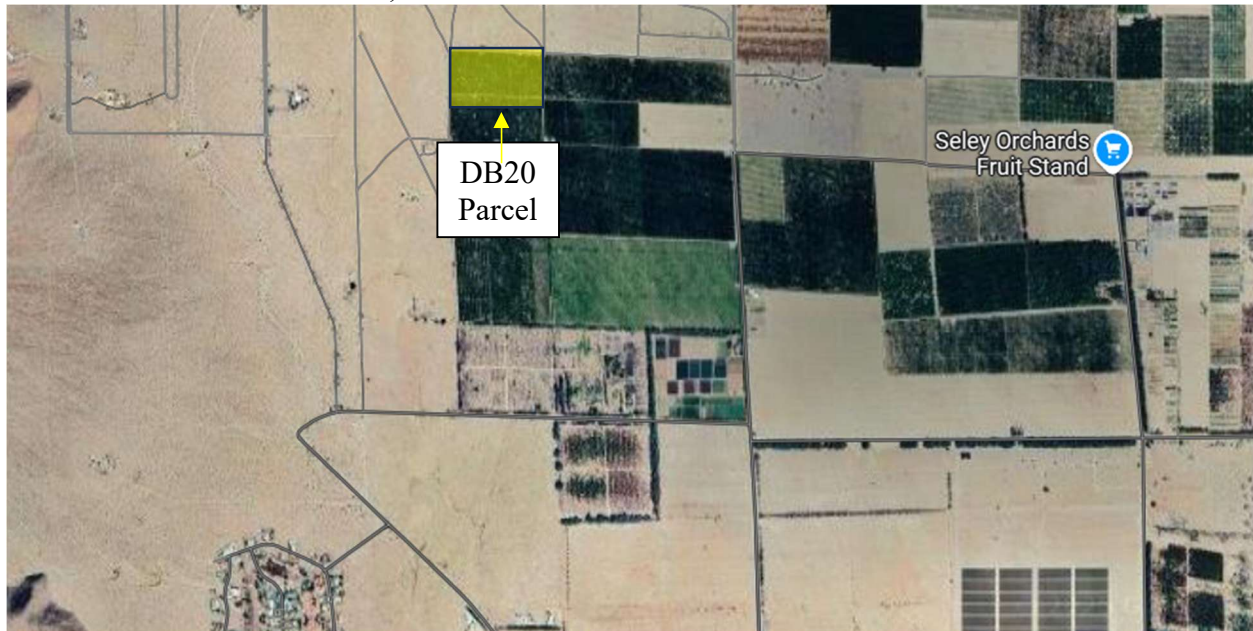
Corrosion, primarily in the bolt channels, is taking place inside the tank. Without a recent dive in. A cost estimate of \$350,000 has been developed to recoat and repair the tank in specific locations, as needed.

IMPACTS OF DEFERRAL

Deferral of the necessary maintenance could lead to increased repair costs or the need for complete replacement of the Reservoir before the end of its useful life.

#2: New Production Well Evaluation: DB20

PROPOSED BUDGET: \$100,000 cash in FY26



DESCRIPTION

Extracting water from the NMA could have beneficial impacts on the CMA and possibly the SMA. Included in the BWD water rights acquisition agreement with David Bauer is an existing well in the Northern Management Area, built to potable water standards, on the parcel referred to as DB20. The District would like to use cash funds to explore the potential of adding this well to production.

PROJECT DESIGN/ADMINISTRATION

This project will be overseen by existing operations staff in cooperation with the input from consultants for engineering/design/estimates (Brax) and hydrology (Interra). The first step is to determine water quality and production volume followed by engineering for pumping and distribution infrastructure and consultation with CA Division of Drinking Water.

COST DETAIL

- Sampling/Testing - \$15,000
- Hydrology - \$42,500
- Engineering Plans - \$42,500

IMPACTS OF DEFFERAL

The District assumes that a new production well will need to be added to the system in the next 10 to 15 years. If this well is determined to not be a potential production well then it will need to be either abandoned or converted to a monitoring well.

#3: Water Supply Acquisition

PROPOSED BUDGET: \$4,356,600 FROM CASH FY23 to FY30

DESCRIPTION

The District has been strategically planning to purchase Water Supply (BPA) in order to be able to serve its existing customers thru the end of the 2040 rampdown period ordered under the basin adjudication and SGMA. Under the Judgement, purchased lands must be fallowed prior to assigning the BPA to BWD's customer supply. BWD has entered into a multi-year Purchase and Sale Agreement to acquire land with water rights that total: $1,826 + 670 = 2,496$ AF BPA. Included with this purchase are nine wells that will either need to be abandoned or converted to monitoring wells at a cumulative estimated cost of \$250,000.

PROJECT DESIGN/ADMINISTRATION

An initial purchase was completed in full in FY23 from William Bauer. In FY24 the District entered into a 7 year agreement with David Bauer. The District expects to have approximately 250 acres fallowed by the end of FY25.

COST DETAIL

Fiscal Year	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
BPA Purchase	\$ 721,188	\$ 344,916	\$ 344,916	\$ 344,916	\$ 344,916	\$ 344,916	\$ 344,916	\$ 344,916
Fallowing	\$ -	\$ 489,169	\$ 124,738	\$ 195,668	\$ 80,713	\$ 80,713	\$ -	\$ -
Well Conversions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 125,000
Total Annual Cost	\$ 721,188	\$ 834,085	\$ 469,654	\$ 540,584	\$ 425,629	\$ 425,629	\$ 469,916	\$ 469,916

IMPACTS OF DEFFERAL

The District had originally planned it's BPA purchases to being in FY27. However, it is prudent for the District to commence these transactions ASAP to take advantage of market availability and provide surety that the water supply for BWDs existing customers has been acquired. Existing BWD customers will not be required to cut by 67% to meet the requirements of SGMA and the Judgment. Any new development will need to acquire its own BPA or acquire pumping allocation from BWD (single fam/commercial up to 1 afy)

#4: Grant Matching Requirement: EPA #2

PROPOSED BUDGET: \$721,600 cash in FY26

DESCRIPTION

Award of the Fiscal Year 2024 Community Development Grant (Congressional Appropriations) requires 20% local agency matching funds. The waiver was granted on EPA #1 but staff is not comfortable assuming the same will happen for EPA #2, so it has been added to the CIP. Receiving the 20% local agency waiver on EPA #2 is a top priority for staff in FY 2025-26.

#5 & 6: Pipeline Replacements: Flying H/Walking H/OO/El Tejon

PROPOSED BUDGET: \$438,500 cash in FY31

\$190,000 cash in FY31

DESCRIPTION

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

PROJECT DESIGN/ADMINISTRATION

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

COST DETAIL

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

- Flying H Road Pipeline – Proposed Construction FY31 – Estimate \$188,500
- Walking H/Double O Pipeline – Proposed Construction FY31 – Estimate \$250,000
- El Tejon Road Pipeline – Proposed Construction FY32 – Estimate \$190,000

IMPACTS OF DEFERRAL

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

#7: Emergency Pipeline Repairs

PROPOSED BUDGET: \$66,458 in FY26

DESCRIPTION

Each year there are a number of breaks and leaks on District pipelines. This budget sets aside sufficient cash each year for operations staff to respond and repair.

#8: Sewer Cleaning/Inspection

PROPOSED BUDGET: \$125,000 cash in FY26

\$131,250 cash in FY28

DESCRIPTION

The District's wastewater collection system experiences extremely low flows that can contribute to odors and accumulation of sludge in the collection system and force main. Periodic cleaning of the gravity main in Palm Canyon and force main is required.

PROJECT DESIGN/ADMINISTRATION

BWD staff will work directly with the Contractor on design and administration.

COST DETAIL

The cost estimate for cleaning is \$125,000 based on past expenses for similar services.

IMPACTS OF DEFFERAL

Accumulation of sludge in the sewer lines can lead to the creation of odors and less than optimal flow patterns.

#9: WWTP Upgrades: Oxidation Ditch

PROPOSED BUDGET: \$650,000 Cash Funded in FY29

DESCRIPTION

In 2021, Dudek prepared for the District a Technical Memorandum titled Rams Hill WWTF Capacity Analysis and Cost Estimates for Facility Replacement and Expansion Alternatives. The memo indicates "bottlenecks" in the design that are hindering the plant's ability to operate at the design capacity of 250 MGD. One of these bottlenecks is the Oxidation Ditch which was found to have a current, in use TKN treatment capacity of 55lb per day where design criteria was assumed to be 63lb per day. TKN removal is currently not required unthe BWDs current Discharge Permit, but it is likely that the requirement will be added to the 2027 Discharge Permit process. Under this constraint, the District can only connect an additional 104 EDUs to the plant. Replacement of the Oxidation Ditch will result in the ability to add additional EDU's and aid in bringing the plant to design capacity.

PROJECT DESIGN/ADMINISTRATION

The planning for this project is very preliminary and additional studies will need to be done to finalize a more accurate cost and scope of work.

#10: Manhole Replacements/Refurbishments

PROPOSED BUDGET: \$100,000 in FY26

DESCRIPTION

The District owns and maintains around 50 manholes to access the sewer system. Periodic replacement is necessary as they can begin to degrade and become a potential traffic hazard in the right of way.

PROJECT DESIGN/ADMINISTRATION

The Districts WWTP Operator regularly oversees a couple of replacements each year. Historically the District completes around 2 manholes each year for approximately \$50-60,000. The WWTP Operator would like to try to get more manholes done in the current year to be able to skip replacements every year. The largest project expense is mobilization and labor. The intent is to gain additional value by having more replacements done at once.

GRANT FUNDED CIP

#11: Transmission Main: Borrego Springs Road

PROPOSED BUDGET: \$928,000 Grant funded thru 2023 Appropriations Act

DESCRIPTION

Aging infrastructure leads to costly emergency repairs and threatens continuity of service to BWD customers. The District has prioritized pipeline replacements according to age and propensity to leaks. This project is to construct a new pipeline in BS Road between Walking H and Rango Way and include all valves, service laterals and hydrants along the line.

Working with BBK's Legislative Advocacy Team, BWD was able to submit this project request for congressional funding thru Representative Darrell Issa. This project was awarded thru the 2023 Appropriations Act to be administered thru the EPA.

PROJECT DESIGN/ADMINISTRATION

BWDs District Engineer has completed the design/ and BWD staff will handle project administration.

#12: Pipeline Replacement: Sun Gold Area

PROPOSED BUDGET: \$2,464,000 Grant funded thru 2023 Appropriations Act

DESCRIPTION

Aging infrastructure leads to costly emergency repairs and threatens continuity of service to BWD customers. The District has prioritized pipeline replacements according to age and propensity to leaks. This project is to replace approximately 11,400 LF of 6" C900 Pipe in the Sungold neighborhood. It will also include replacement of all valves, hydrants and about 86 service laterals along the lines.

PROJECT DESIGN/ADMINISTRATION

BWDs District Engineer has completed the design/bid documents and BWD staff will handle project administration

#13: West & East Star Pipeline Replacement

PROPOSED BUDGET: \$450,000 Total

\$360,000 Grant Funded in FY27

\$ 90,000 Cash Matching Funds in FY27

DESCRIPTION

Aging infrastructure leads to costly emergency repairs and threatens continuity of service to BWD customers. The District has prioritized pipeline replacements according to age and propensity to leaks. This project is to replace approximately 4,500 LF of 6" C900 Pipe on

West Star Road & East Star Road. It will also include replacement of all valves, hydrants and about 26 service laterals along the lines.

Working with BBK's advocacy team, BWD has submitted this project request for congressional funding thru Representative Darrell Issa and Senator Alex Padilla. The intent is to receive funding thru the 2024 Appropriations Act to be administered thru the EPA.

PROJECT DESIGN/ADMINISTRATION

BWDs District Engineer will prepare the design/bid documents and BWD staff will handle project administration

#14: Club Circle Waterline Replacement

PROPOSED BUDGET: \$2,286,000 Total

\$1,828,800 Grant Funded in FY27

\$ 457,200 Cash Matching Funds in FY27

DESCRIPTION

Aging infrastructure leads to costly emergency repairs and threatens continuity of service to BWD customers. The District has prioritized pipeline replacements according to age and propensity to leaks. This project is to replace all water and sewer lines in the Club Circle neighborhood. It will also include replacement of all valves, hydrants and about 26 service laterals along the lines.

Working with BBK's advocacy team, BWD has submitted this project request for congressional funding thru Representative Darrell Issa and Senator Alex Padilla. The intent is to receive funding thru the 2024 Appropriations Act to be administered thru the EPA.

PROJECT DESIGN/ADMINISTRATION

BWDs District Engineer will prepare the design/bid documents and BWD staff will handle project administration

#15: Palm Canyon/Ocotillo Circle/Lazy S Pipeline Replacements

PROPOSED BUDGET: \$872,800 Grant Funded in FY26

DESCRIPTION

Aging infrastructure leads to costly emergency repairs and threatens continuity of service to BWD customers. The District has prioritized pipeline replacements according to age and propensity to leaks. This project is to replace the oldest water lines along Palm Canyon, Lazy S and Ocotillo Circle. It will also include replacement of all valves and hydrants.

Working with BBK's advocacy team, BWD has submitted this project request for congressional funding thru Representative Darrell Issa and Senator Alex Padilla. The intent is to receive funding thru the 2024 Appropriations Act to be administered thru the EPA.

PROJECT DESIGN/ADMINISTRATION

BWDs District Engineer will prepare the design/bid documents and BWD staff will handle project administration

#16: WWTP Equalization Basin

PROPOSED BUDGET: \$650,000 Grant Funded in FY27 or FY28 (currently on FY27 list)

DESCRIPTION

In 2021, Dudek prepared for the District a Technical Memorandum titled Rams Hill WWTF Capacity Analysis and Cost Estimates for Facility Replacement and Expansion Alternatives. The memo indicates “bottlenecks” in the design that are hindering the plant’s ability to operate at the design capacity of 250 MGD. One of these bottlenecks is the Equalization Basin which was found to have a current, in use capacity of 58,150 GPD where design criteria was assumed to be 121,500 GPD. Expansion of the Equalization Basin will result in the ability to add additional EDU’s and aid in bringing the plant to design capacity.

PROJECT DESIGN/ADMINISTRATION

The planning for this project is very preliminary and additional studies will need to be done to finalize a more accurate cost and scope of work.

#17: New Production Well

PROPOSED BUDGET: \$2,500,000 Grant Funded in FY35

DESCRIPTION

A new production well may need to be installed in the next five years. Wells ID1-8, and ID1-10 cannot be rehabilitated again and new wells will be needed to replace them.

PROJECT DESIGN/ADMINISTRATION

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.

Due to the fact that certain BWD wells have reached the end of their useful life, it is imperative to investigate and construct the replacement well before any existing well fails. BWD is confident that it will be able to obtain future grant funding for this project.

BOND FUNDED PROJECTS

#18: Well 5 Transmission Main Project

PROPOSED BUDGET: \$1,215,000 Bond Funded in FY35

DESCRIPTION

Well ID5-5 is expected to require a new, dedicated transmission main in the future. Planning for this project does not need to commence for about 8-10 years, but the District has put it on the CIP as a placeholder for a future project.

#19: Water Treatment Facility

PROPOSED BUDGET: \$2,000,000 Bond Funded in FY35

DESCRIPTION

Due to increasing levels of nitrates and TDS in a few wells in the valley, BWD anticipates it may need to conduct some level of water treatment in the future. Due to the likeliness that some level of water treatment will be required, BWD has included this project as a future Bond Funded CIP item in FY35. Project costs are highly speculative and since there is no immediate risk of water contamination in BWD Production wells, it is yet to be determined when and where future treatment will be necessary based on the factors outlined above.

APPENDIX B: WATER SUPPLY PURCHASE

Description: Explanation and Description of current and future Water Supply Purchase

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

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

The objective of the Judgement is to assign Baseline Pumping Allocations (BPAs) to Subbasin pumpers that will be reduced on an annual basis to collectively not exceed the sustainable yield of the Subbasin by no later than 2040. The result of this means of achieving SGMA requirements is that BWD will be required to purchase BPA from other Subbasin pumpers to meet the water demand needs of existing BWD customers. For this reason, BWD spent about \$760,000 in FY23 and began in FY24 a 7-year Installment purchase valued at \$3.75M to acquire a combined total of 2,490 BPA.

There is no imminent threat of the Borrego Water District being unable to deliver sufficient water to its rate payers after Rampdown. Existing customer consumption is approximately 1,525 Acre Feet per year. Upon completion of the 7-year Installment purchase, BWD will be allowed to pump approximately 1,756 Acre Feet per year after Rampdown. Any large development that will add more than 2 Acre Feet to existing annual demands, is required to secure and transfer to the District sufficient post-Rampdown water rights before the District will consider implementing water service.

RESOLUTION NO. 2026-06-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO
WATER DISTRICT APPROVING THE OPERATIONS, MAINTENANCE,
CAPITAL IMPROVEMENTS AND GROUNDWATER MANAGEMENT
BUDGETS FOR FISCAL YEAR 2025-2026**

WHEREAS, the Board of Directors has reviewed and considered the Budget as presented for Fiscal Year 2025-2026 hereinafter referred to as the “Budget” which is attached hereto and incorporated by reference, and

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Borrego Water District, that the Budget and each and every part thereof, is hereby approved and adopted for the Fiscal Year 2025-2026

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Borrego Water District held on June xx2025

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

ATTEST:

Diane Johnson
Secretary/Treasurer of the Board of Directors
Of Borrego Water District

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

I, Diane Johnson, 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 25th of June, 2025, 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, Diane Johnson, 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. 2024-06-01, 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
MAY 20, 2025
AGENDA ITEM II.C

May 15, 2025

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Former Twin Tanks Site Land Swap with CA State Parks – G Poole, BWD

RECOMMENDED ACTION:

Approve documents and authorize President to sign subject to minor revisions, if needed.

ITEM EXPLANATION:

Staff has been working with State Parks for 2 years on the land swap for the former Twin Tanks site. The site where the twin tanks were located is approximately 150 feet away from the parcel of land owned by BWD for this purpose. The same site was used for the new tank, so a permanent land swap was needed. Its staffs belief that the change was made in the field to get a slightly higher floor elevation on the tank. Completion of the transaction is needed prior to June 30, 2025 to receive CA DWR Grant reimbursement for the tank (\$900 k). The attached documents are needed to facilitate the Land Swap with State Parks.

BWD will be coordinating escrow services for the completion of this transaction, as requested by State Parks.

NEXT STEPS

1. Execute documents
2. Complete Escrow process and close transaction
3. Submit for reimbursement from DWR Grants staff.

FISCAL IMPACT

1. +\$900 K for BWD Reserves

ATTACHMENTS

1. Agreements

PROPERTY EXCHANGE AGREEMENT

This EXCHANGE AGREEMENT ("Agreement"), dated _____, 2025 for reference purposes only, is made by and between the State of California acting by and through its Director of the Department of General Services ("DGS"), the California Department of Parks and Recreation ("Parks") (collectively "STATE") and Borrego Water District ("BWD"), a California Water District. The STATE and BWD are hereafter collectively referred to as the PARTIES. The PARTIES agree as follows:

RECITALS

- A. STATE owns certain real property under the jurisdiction of DPR, known as Anza Borrego Desert State Park ("Anza Borrego SP"), a portion of which is subject to a lease to BWD and improved with a water storage tank. Should a land exchange of related property occur by and between DPR and BWD, the lease will become null and void. The lease is attached, Exhibit "A", and made a part of this document. A portion of the leased area will be conveyed to BWD, (the "State Property"), located in San Diego County, California, and is more particularly described in and depicted on Exhibit "B" attached and made a part hereof.
- B. BWD owns two parcels (the "Exchange Property") which are suitable to be added to the Anza Borrego SP and BWD will convey the parcels to the STATE. The parcels are described in Exhibits "C" and "D", attached, and made a part hereof.
- C. DPR has requested the Director of DGS ("Director") to exchange the State Property for the Exchange Property (collectively "Properties") in accordance with Government Code 14664(b)(1)(A), which authorizes the Director to sell or exchange state owned property, not to exceed five acres, to a local governmental agency for the purpose of local public works projects, following a 30-day notice to the Joint Legislative Budget Committee and legislative members who represent the local district.
- D. Subject to the requirements of California Government Code Section 14664 (b)(1), and the provisions set forth in this Agreement, the PARTIES desire to exchange the Properties.

AGREEMENT

In accordance with the foregoing Recitals and for other good and valuable consideration, the PARTIES agree as follows:

- 1. Transaction Summary. STATE agrees to convey to BWD fee title to the State Property as described in and depicted on Exhibit "B" by Quitclaim, substantially in the form of Exhibit "E", subject to the terms and conditions hereof.
 - a. BWD agrees to concurrently grant the Exchange Property to the STATE as described in Exhibit "C" and Exhibit "D" attached hereto, to be conveyed by Grant Deed to State substantially in the form of Exhibit "F", subject to the terms and conditions hereof.
 - b. The Parties are exempt from the Subdivision Map Act for acquisitions and

conveyances of real property therefore all properties exchanged in this transaction are exempt from the Subdivision Map Act.

2. Payment. The exchange of State Property for the Exchange Property is determined to be equitable; DGS has concluded the value of the State Property does not exceed the value of the Exchange Property.
3. Equal Value. The Parties agree that the exchange of Properties is equitable. DGS has concluded the value of the State Property does not exceed the value of Exchange Properties and no monetary consideration will be exchanged in order to exchange the properties. BWD shall compensate DGS for staff charges and costs associated with the exchange of Properties.
4. Liens. The Properties shall be delivered free and clear of any liens, including but not limited to those arising from judgments, assessments, taxes, or debts secured by deeds of trust or mortgages.
5. Property Taxes. The STATE is exempt from property taxes.
6. Escrow and Recording Fees. BWD shall pay all escrow fees, recording fees, if any, title insurance charges, prepayment penalties of the unpaid balance, reconveyance fees, trustees' or forwarding fees for any reconveyance of deed of trust or release, or any other associated fees.
7. Title and Escrow. Title to the Properties shall pass immediately upon close of escrow. The issuance of any escrow instructions shall be the sole responsibility of the STATE and shall govern the escrow. Property exchange instructions shall be in the form of Exhibit "G" attached hereto and incorporated herein. An escrow has opened with Fidelity National Title Company (Escrow Holder), 7565 Mission Valley Road, Suite 100, San Diego, CA 92108, California; telephone number: (619) 725-2100. The respective preliminary title reports are dated and numbered as follows:
 - a. State Exchange Property to BWD, APN 197-040-56-00 (a portion). The conveyance shall be free and clear of all liens, leases, reservations, encumbrances, assessments, easements, of record or otherwise, and of taxes, except:
Items 10 and 14 of Fidelity National Title Company Order Number 9922306629 Dated Sep 29, 2023.
 - b. BWD Exchange Property to State, APN 197-040-23-00. The conveyance shall be free and clear of all liens, leases, reservations, encumbrances, assessments, easements, of record or otherwise, and of taxes, except:
Items 5 and 6 of Fidelity National Title Company Order Number 9922306627 Dated Oct 4, 2023.

- c. BWD Exchange Property to State, APN 201-260-04-00. The conveyance shall be free and clear of all liens, leases, reservations, encumbrances, assessments, easements, of record or otherwise, and of taxes, except: Item 4 of Fidelity National Title Company Order Number 9922306630 Dated Oct 2, 2023.
- 8. Close of Escrow. Escrow shall be concurrent for the exchange of the Properties and shall be scheduled to close no later than June 30, 2025 ("Close of Escrow"), subject to reasonable extension upon mutual agreement by the PARTIES. In any event escrow shall not close until 31 days after the provision of the 30-day notice by DGS to JLBC as required by Gov Code 14664 (b)(1).
- 9. Taxes Assessments/Other Liens.
 - a. STATE as to the State Property shall be responsible for all non-delinquent real estate taxes and non-delinquent assessments on State Property and said taxes and assessments shall be prorated as of 12:01 a.m. on the day of the Close of Escrow based on the actual current tax bill. All delinquent taxes and all delinquent assessments, interest and penalties, including but not limited to amounts due and payable from judgements, liens, or debts secured by deeds of trust or mortgages, if any, on the State Property shall be paid by STATE into Escrow prior to the Close of Escrow. All supplemental taxes billed after the Close of Escrow for periods prior to the Close of Escrow shall be paid promptly by STATE to BWD. Escrow Holder may expend any or all monies payable by STATE under this Agreement to discharge any obligations which are liens upon the State Property, including but not limited to those arising from judgments, assessments, taxes, liens, or debts secured by deeds of trust or mortgages. BWD shall not be responsible for any tax refund.
 - b. BWD as to the Exchange Property shall be responsible for all non-delinquent real estate taxes and non-delinquent assessments on Exchange Property and said taxes and assessments shall be prorated as of 12:01 a.m. on the day of the Close of Escrow based on the actual current tax bill. All delinquent taxes and all delinquent assessments, interest and penalties, including but not limited to amounts due and payable from judgements, liens, or debts secured by deeds of trust or mortgages, if any, on the Exchange Property shall be paid by BWD into Escrow prior to the Close of Escrow. All supplemental taxes billed after the Close of Escrow for periods prior to the Close of Escrow shall be paid promptly by BWD to STATE. Escrow Holder may expend any or all monies payable by BWD under this Agreement to discharge any obligations which are liens upon the Exchange Property, including but not limited to those arising from judgments, assessments, taxes, liens, or debts secured by deeds of trust or mortgages. STATE shall not be responsible for any tax refund.

10. Conditions Precedent. The Parties' obligation to perform under this Agreement and the Close of the Escrow shall be subject to and contingent upon satisfaction of each of the following conditions precedent prior to the close of escrow:
- a. The timely deposit of all documents required to be deposited by each Party under this Agreement with Escrow Holder; and
 - b. Performance by the Parties of all obligations, covenants and agreements to be performed under this Agreement within the time provided in this Agreement for such performance.
11. BWD Representations and Warranties. In addition to any express agreements of BWD contained herein, the following constitute representations and warranties of BWD to STATE:

a. Representations Regarding BWD's Authority.

BWD's has full right, power and legal authority to enter into this Agreement and convey the Exchange Property to STATE under this Agreement and to carry out BWD's obligations under this Agreement. Upon the Close of Escrow, STATE will have good, marketable and insurable title to the Exchange Property.

The individuals executing this Agreement and the instruments referenced herein on behalf of BWD have the legal power, right and actual authority to bind BWD to the terms hereof and thereof.

This Agreement is, and all other instruments, documents and agreements required to be executed and delivered by BWD in connection with this Agreement are and shall be, duly authorized, executed and delivered by BWD and shall be valid, legally binding obligations of and enforceable against BWD in accordance with their terms, subject only to enforcement that may be limited by applicable bankruptcy, insolvency or similar laws, and do not, and as of the Close of Escrow will not, violate any provisions of any agreement, law, rule, regulation or judicial order to which BWD or the Exchange Property is subject.

b. Warranties and Representations of Real Estate and Legal Matters.

To the best of BWD's knowledge:

- (1) There is no suit, action, arbitration, legal, administrative, or other proceeding or inquiry pending against the Exchange Property or pending against BWD which could affect BWD's title to the Exchange Property, affect the value of the Exchange Property, or subject an owner of the Exchange Property to liability.

There are no attachments, execution proceedings, or assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings pending against BWD.

BWD has not entered into any other contracts for the sale of the Exchange Property, nor does there exist any rights of first refusal, reversions, or options to purchase the Exchange Property or any portion of the Exchange Property. BWD is not party to nor subject or bound by any agreement, contract, or lease of any kind relating to the Exchange Property which would impose an obligation on STATE or otherwise affect marketability of title to the Exchange Property.

As of the Close of Escrow, there shall be no unrecorded leases, licenses or other agreements which would grant any person or entity the right to use or occupy any portion of the Exchange Property, including any improvements thereon, and no improvements on the Exchange Property that encroach upon any other Property.

(2) There are no and have been no:

actual or pending public improvements which will result in the creation of any liens upon the Exchange Property, including public assessments or mechanics liens and BWD agrees to indemnify, defend and hold STATE free and harmless from and against any claims, liabilities, losses, costs, damages, expenses and attorneys' fees arising from any liens, encumbrances or assessments that have been, or may be, imposed upon the Exchange Property as a consequence of actual or impending public improvements as of the Close of Escrow, including any obligations to pay a fee or assessment for infrastructure to the extent such liability survives or continues after the Close of Escrow, and STATE agrees to cooperate with BWD, at BWD's costs and to the extent permitted by law, with respect to BWD's efforts to remove any such liens, fees, assessments, or encumbrances.

uncured notices from any governmental agency notifying BWD of any violations of law, ordinance, rule, or regulation, including Environmental Laws, occurring on the Exchange Property.

(3) GRANTOR has no actual present knowledge of any environmental conditions on the Property which may exist which may cause a significant health or safety risk to persons, or the environment due to the presence of Hazardous Materials on the Property. For the purposes of this Paragraph, Hazardous Materials shall include without limitation, substances defined as "hazardous substances", "hazardous materials", "hazardous wastes", "toxic substances", "extremely hazardous waste" or "restricted hazardous waste or stated to be known to cause cancer or

reproductive toxicity, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 19601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Section 1317, et seq.; Sections 25115, 25117, 25122.7, 25140, 25249.5, 25249.8, 25281, 25316 or 25501 of the California Health & Safety Code; and any substances regulated pursuant to any Environmental Law(s). The term "Environmental Law(s)" means each and every applicable federal, state and local law, statute, ordinance, regulation, rule, judicial or administrative order or decree, permit, license, approval, authorization or similar requirement of each and every federal, state and local governmental agency or other governmental authority pertaining to the protection of human health and safety of the environment.

c. Warranties, Representations and Covenants Regarding Operation of the Exchange Property through Close of Escrow.

- | | | |
|-----|--|---|
| (1) | WD hereby agrees that BWD will not hereafter enter into new leases or any other obligations or agreements affecting the Exchange Property without the prior written consent of STATE, which consent the STATE may withhold or grant in its absolute discretion. | B |
| (2) | WD will not subject the Exchange Property to any additional liens, encumbrances, covenants, conditions, easements, rights of way or similar matters after the date of this Agreement that will not be eliminated prior to the Close of Escrow. | B |
| (3) | WD shall promptly notify STATE of any event or circumstance that makes any representation or warranty of BWD under this Agreement untrue or misleading or of any covenant of BWD under this Agreement incapable or less likely of being performed. It is understood that the BWD's obligation to provide notice to STATE shall in no way relieve BWD of any liability for a breach by BWD of any of its representations, warranties or covenants under this Agreement. | B |

d. General Representation. No representation, warranty or statement of BWD in this Agreement or in any document, certificate or schedule furnished or to be furnished to STATE pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

BWD's representations and warranties made in this Agreement shall be continuing and shall be true and correct as of the date of the Close of Escrow with the same force and effect as if remade by BWD in a separate certificate at that time. The truth and accuracy of BWD's representations and warranties made herein shall constitute a condition for the benefit of STATE to the Close of Escrow (as elsewhere provided herein) and shall not merge into the Close of Escrow or the recordation of the Grant Deed in the Official Records and shall survive the Close of Escrow.

12. State's Representations and Warranties. In addition to any express agreements of STATE contained herein, the following constitute representations and warranties of STATE to BWD:

a. Representations Regarding State's Authority.

- (1) STATE has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby.
- (2) The individuals executing this Agreement and the instruments referenced herein on behalf of STATE have the legal power, right, and actual authority to bind STATE to the terms and conditions hereof and thereof.
- (3) This Agreement is, and all other instruments, documents and agreements required to be executed and delivered by STATE in connection with this Agreement are and shall be, duly authorized, executed and delivered by STATE and shall be valid, legally binding obligations of and enforceable against STATE in accordance with their terms.

b. General Representation. No representation, warranty or statement of STATE in this Agreement or in any document, certificate or schedule furnished or to be furnished to BWD pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

STATE's representations and warranties made in this Agreement shall be continuing and shall be true and correct as of the date of the Close of Escrow with the same force and effect as if remade by STATE in a separate certificate at that time. The truth and accuracy of STATE's representations and warranties made herein shall constitute a condition for the benefit of BWD to the Close of Escrow (as elsewhere provided herein) and shall not merge into the Close of Escrow or the recordation of the Grant Deed for conveyance of the State Property to BWD in the Official Records and shall survive the Close of Escrow.

13. Additional Terms:

- a. Loss, Destruction and Condemnation. The PARTIES agree that the following provisions shall govern the risk of loss, destruction and condemnation:

(1)

f, before the Properties are exchanged, all or a material part of either of the Properties is destroyed without fault of owner, or is taken by eminent domain by any governmental entity, the owner of the undamaged property shall be entitled to terminate all its obligations under this Agreement by written notice to the other party, or may negotiate an equitable amendment to the Agreement to offset the loss of property.

I

(2)

he PARTIES will cooperate with each other in producing any title evidence requested and will permit examination and inspection of such available deeds, abstracts, affidavits of title, judgments in condemnation proceedings, or other documents relating to the title of the Properties involved, as it may have available.

T

14. Access to Property. The PARTIES shall each be provided with access to the other party's property described herein, and be entitled to undertake an inspection of the property; a review of the physical condition of the property, including but not limited to, inspection and examination of soils, environmental factors, hazardous substances, biological resources, archaeological information, and water resources, if any, relating to the Property; and a review and investigation of the effect of zoning, maps, permits, reports, engineering data, regulations, ordinances, and laws affecting the Property, if any.
15. Notices. Any notice, tender, delivery, or other communication pursuant to this Agreement shall be in writing and shall be deemed to be properly given if delivered, mailed or sent by wire or other telegraphic communication in the manner provided in this Agreement, to the following persons:

If to BWD:

Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 92004

If to STATE:

State of California
Department of Parks and Recreation
2241 Harvard Street, 2nd floor
Sacramento, CA 95815

With a copy to:

State of California
Department of General Services
Real Property Services/ Transaction Review
707 Third Street, 5th floor, IMS Z-01
West Sacramento, CA 95605

16. Assignment. BWD shall have the right to assign its interest under this Agreement at any time prior to the Close of Escrow; provided, however, that any valid assignment shall not relieve BWD from the performance of its duties and obligations, or of its representations and warranties, hereunder. Written notice of any intended assignment by either Party shall be given to the other Party thirty (30) days prior to the effective date of assignment.
17. Calculation of Time. Under this Agreement, when the day upon which performance would otherwise be required or permitted is a Saturday, Sunday or holiday, then the time for performance shall be extended to the next day which is not a Saturday, Sunday or holiday. The term "holiday" shall mean all and only those State holidays specified in Sections 6700 and 7701 of the California Government Code.
18. Time of Essence. Time is of the essence of this Agreement and each and every provision hereof.
19. Waiver. The waiver by any party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of that or any provision of this Agreement.
20. Entire Agreement. This Agreement shall constitute the entire understanding and agreement of the PARTIES hereto regarding the exchange of the Properties and all other prior agreements, understandings, representations or negotiations are hereby superseded, terminated and canceled in their entirety, and are of no further force or effect.
21. Amendments. This Agreement may not be modified or amended except in writing by the PARTIES.
22. Applicable Law. The PARTIES hereto acknowledge that this Agreement has been negotiated and entered into in the State of California. The PARTIES hereto expressly agree that this Agreement shall in all respects be governed by the laws of the State of California.
23. Severability. Nothing contained herein shall be construed as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present statute, law, ordinance or regulation as to which the PARTIES have no legal right to contract, the latter shall prevail, but the affected provisions of this Agreement shall be limited only to the extent necessary to bring them within the requirements of such law.
24. Legislative Approval. Any obligation of the STATE created by or arising from this Agreement shall not impose a debt upon the STATE but shall be payable solely out of funds duly authorized and appropriated by the California State Legislature.

25. Separate Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original. Such counterparts shall, together, constitute and be one and the same instrument.
26. Captions, Number and Gender. The captions appearing at the commencement of the paragraphs, subparagraphs and sections hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the article, paragraph or subparagraph at the head of which it appears the article, paragraph or subparagraph and not the caption shall control and govern the construction of this Agreement. In this Agreement, the masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others whenever the context so requires.
27. Survival. All terms and conditions in this Agreement, which represent continuing obligations and duties of the PARTIES, that have not been satisfied prior to Close of Escrow shall survive Close of Escrow and transfers of title shall continue to be binding on the respective obligated party in accordance with their terms. All representations and warranties and statements made by the respective parties contained herein or made in writing pursuant to this Agreement are intended to be, and shall remain, true and correct as of the Close of Escrow, shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the Close of Escrow, or, to the extent the context requires, beyond any termination of this Agreement.
28. Further Action. Each party hereto, before the Close of Escrow, shall duly execute and deliver such papers, documents and instruments and perform all acts reasonably necessary or proper to carry out and effectuate the terms of this Agreement.
29. Electronic Signatures. Electronic signatures are acceptable and will be treated as original signatures; however, in no instance shall electronic signatures be accepted on any document to be recorded. Such documents must bear original signatures.
30. Exhibits. The following Exhibits are attached to this Agreement and incorporated by reference herein.

Exhibit A: Lease Agreement

Exhibit B: Description and Illustration of Land to BWD

Exhibit C: Description and Illustration of Land to State

Exhibit D: Description and Illustration of Land to State

Exhibit E: Example Grant Deed BWD to State

Exhibit F: Example Quitclaim State to BWD

Exhibit G: State's Form of unilateral Escrow Instructions

IN WITNESS WHEREOF, the PARTIES have executed this Agreement.

BORREGO WATER DISTRICT
A California Water District

By:

Date:

KATHY DICE
President

STATE:

STATE OF CALIFORNIA
Director, Department of General Services

By:

Date:

MICHAEL P. BUTLER, Chief
Real Property Services Section

CONSENT:

STATE OF CALIFORNIA
Department of Parks and Recreation

By:

Date:

BRIAN DEWEY, Asst. Deputy Director
Facilities and Development

EXHIBIT A

STATE OF CALIFORNIA

DEPARTMENT OF PARKS AND RECREATION
ACQUISITION AND REAL PROPERTY SERVICES DIVISION

Twin Water Tank Replacement
Anza-Borrego Desert SP, 633
San Diego County

California Department of Parks and Recreation

STATE GROUND LEASE

State Lease No.: 940-2022-052

Lessee: Borrego Water District, A California
Water District

This lease (the Lease), dated Sept. 13, 2022, is made by and between the State of California, acting by and through California Department of Parks and Recreation, hereinafter referred to as STATE, and Borrego Water District, a California Water District, hereinafter referred to as LESSEE. (STATE and LESSEE may hereinafter be referred to as a Party, or collectively the Parties.

RECITALS

WHEREAS, Pursuant to Section 5003.17 of the Public Resources Code, STATE may lease real property acquired for state park system purposes for a period not to exceed 10 years; and

WHEREAS, STATE has under its jurisdiction certain real property in the County of San Diego, State of California, commonly referred to as the Anza-Borrego Desert SP (633), hereinafter referred to the Lease Area; and

WHEREAS, LESSEE desires to lease from State a portion of the property at Anza-Borrego Desert SP (633) for the purpose of operating an existing water delivery system including all maintenance, repair and replacement of twin water tanks; and

WHEREAS, the STATE's director finds that LESSEE's proposed use would be compatible with the use of the real property as a unit or part of a unit of the state park system and with the sound management and conservation of resources within the unit;

NOW THEREFORE, in consideration of the above recitals, which are herein incorporated, and the mutual promises contained herein, the parties agree to the following terms and conditions:

PROPERTY DESCRIPTION

1. STATE does hereby lease to LESSEE and LESSEE does hereby hire from STATE, hereinafter referred to as the "Lease Area", located in Anza Borrego SP, in the County of San Diego, State of California, described as follows in the attached Exhibit "A" and as shown on "Exhibit B", which is by this reference incorporated herein and made a part hereof:

USE

2. The Lease Area shall be used by LESSEE during the term hereof, or any holdover or extension, solely for the purpose of operating in, on and upon the Lease Area water delivery system including tanks and an underground water pipeline:

TERM

3. (a) The term of this Lease shall be five (5) years, commencing on October 1, 2022 and terminating on September 30, 2027, with such rights of termination as may be herein expressly set forth.

The first rent payment shall be due concurrently with the commencement of this Lease and thereafter shall be due and payable annually in advance during the remaining term of this Lease. LESSEE's payments shall display STATE Lease Number 940-2022-052. Rent shall include a 5% yearly increase and shall be payable as follows:

BASE RENT SCHEDULE

<u>Year</u>	<u>Period</u>	<u>Due Date</u>	<u>Payable to STATE</u>
1	10/1/2022 to 9/30/2023	10/1/2022	\$ 600.00 per year
2	10/1/2023 to 9/30/2024	10/1/2023	\$ 662.00 per year
3	10/1/2024 to 9/30/2025	10/1/2024	\$ 695.00 per year
4	10/1/2025 to 9/30/2026	10/1/2025	\$ 730.00 per year
5	10/1/2026 to 9/30/2027	10/1/2026	\$ 767.00 per year

Rent payments to STATE shall be made payable to:

California Department of Parks and Recreation

Rent payments shall be sent to:

California Department of Parks and Recreation
Colorado Desert District
200 Palm Canyon Drive
Borrego Springs, CA 92004

Rent shall be due and payable to STATE whether or not an actual invoice is sent by STATE or received by LESSEE.

HOLDING OVER

4. (a) Any holding over by LESSEE with the express or implied consent of STATE after expiration of this Lease shall constitute a month-to-month tenancy with the rent payable monthly in advance and subject to automatic five percent (5%) annual increases, beginning with the first month. The tenancy shall otherwise be subject to all other terms and conditions contained in this Lease.
- (b) LESSEE acknowledges and accepts that STATE offers no assurance that the Lease Area or any other comparable space or facilities will be made available to LESSEE beyond the term stated above or upon termination of this Lease for any reason.

ACCESS

5. (a) LESSEE shall access the Lease Area solely by the easement the LESSEE has acquired for access.

**DISPOSITION
OF IMPROVE-
MENTS**

6. (a) Should the LESSEE not obtain all rights to the property by means of a deed issued by the STATE prior to the expiration of this lease, all improvements and appurtenances constructed or placed on the Lease Area by or for LESSEE during the term of this Lease, and all equipment and other personal property of LESSEE, shall remain the property of LESSEE. LESSEE shall, at its sole cost and expense, remove all of its improvements, appurtenances and personal property prior to expiration date of this Lease or within sixty (60) days after a termination of this Lease that occurs prior to the expiration date, and shall restore the entire Lease Area as near as possible to the condition it was in immediately prior to the execution of this Lease; provided, however, upon said expiration or termination of LESSEE's tenancy, LESSEE may, with the prior written consent of STATE, abandon in place all or a portion of said improvements and appurtenances, whereupon title to such improvements and appurtenances shall vest in STATE. LESSEE's obligation to remove its property and restore the Lease Area to its original condition shall survive the termination of this Lease.
- (b) For any improvements and appurtenances that will be abandoned in place and become the property of the STATE, LESSEE shall provide STATE with a complete set of "as-built" plans in a format reasonably acceptable to STATE. LESSEE shall also provide STATE with a verified report showing that such property is in full compliance with all state and federal accessibility laws, including, but not limited to, the Americans with Disabilities Act of 1990, if applicable.
- (c) Should LESSEE fail to remove its property and restore the Lease Area as required herein, STATE may do so at the risk of LESSEE, and all cost and expense of such removal and restoration shall be paid by LESSEE to STATE within ten (10) days of receipt of a written demand from STATE.

NOTICES

7. (a) All notices or other communications required or permitted hereunder shall be in writing with STATE Lease Number 940-2022-052 prominently displayed and shall be personally delivered (including by means of professional messenger service) or sent by overnight courier, or sent by registered or certified mail, postage prepaid, return receipt requested, to the addresses set forth below.
- (b) All such notices or other communications shall be deemed received (1) if personally delivered or sent by overnight courier, on the date of delivery to the address of the person to receive such notice, or (2) if mailed as provided above, on the date of receipt or rejection, if the date is Monday through Friday between 6:00 a.m. and 5:00 p.m. Pacific Time, so long as such day is not a state or federal holiday, in which case it shall be deemed received on the next business day.

TO STATE:

California Department of Parks and Recreation
Colorado Desert District
200 Palm Canyon Drive
Borrego Springs, CA 92004
760-767-4037

With a copy to:

California Department of Parks and Recreation
Acquisition and Real Property Services Division, Lease 940-2022-052
2241 Harvard Street, Suite 200
Sacramento, CA 95815

TO LESSEE:

Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 92004

760-767-5806

Notice of change of address or telephone shall be given by written notice in the manner described in this Section.

LESSEE shall send notices to all STATE offices listed above and the failure to provide notice to all STATE offices shall be deemed to constitute a lack of notice.

LIENS

8. (a) During the term of this Lease or any extension or holding over by LESSEE, LESSEE shall keep the Lease Area free from any liens or encumbrances arising out of any work performed, materials furnished, or obligations incurred by LESSEE, its agents, contractors or subcontractors. LESSEE shall indemnify, hold harmless and defend STATE from and against any such liens and encumbrances that may arise as a result of LESSEE's failure to do so. STATE shall not be responsible or liable for any work or materials furnished to LESSEE, its contractors or subcontractors on credit, and no mechanic's or other liens for any such work or materials shall attach to or affect STATE's interest in the Lease Area. LESSEE shall within thirty (30) days after being furnished notice of the filing of any such lien take any necessary action, including, but not limited to, paying the amount owed, bonding or otherwise, to discharge or satisfy any such lien. A failure of LESSEE to remove or satisfy such lien within thirty (30) days after receiving notice of the lien from State or the lien holder, whichever comes first, shall constitute a default of this Lease by LESSEE, notwithstanding any other provision of this Lease.
- (b) STATE shall have the right at all times to post and keep posted on the Lease Area any notices permitted or required by law to be posted, or that STATE deems proper for its protection or the protection of the Lease Area and STATE from liens. Nevertheless, if any lien is recorded against STATE's property as a result of LESSEE's acts or omissions and LESSEE fails within thirty (30) days after written notice from STATE or the lien holder, whichever comes first, to pay, settle, or otherwise effectuate release of such lien, or deposit into escrow with a reputable bank or trust company in California a sum sufficient to satisfy such lien in full, or in the event of litigation related to such lien, then upon the failure of LESSEE to satisfy such lien, STATE may pay or otherwise dispose of said lien, or defend, settle, or compromise any lawsuit brought to foreclose the same, in its sole discretion, and all amounts so paid by STATE and any other loss sustained by STATE on that account, including its attorney's fees and other costs, shall be repaid to STATE by

LESSEE within ten (10) days upon written demand by STATE and shall be in addition to any other payment obligations of LESSEE under the terms of this Lease.

**STATE'S RIGHT
TO ENTER**

9. (a) During continuance in force of this Lease, STATE and its authorized agents shall have the right at all reasonable times to go upon the Lease Area for survey, inspection or any other lawful STATE purposes.
- (b) STATE shall provide LESSEE with written notice of intent to enter the Lease Area at least twenty-four (24) hours prior to the entry, except in the event of an emergency. In the event of an emergency, as reasonably determined by the STATE, STATE shall notify LESSEE as soon as practicable.
- (c) LESSEE shall provide to STATE any and all new keys, codes and/or lock combinations that will be required for access to the Lease Area prior to LESSEE making any changes to the existing security measures. LESSEE shall deliver a copy of any such key, code and/or lock combinations to STATE's Colorado Desert District Superintendent.

SIGNAGE

10. LESSEE shall not affix, display, inscribe, paint or otherwise post any signs, billboards, placards or other displays on the Lease Area without the prior written approval of STATE. Approval shall be granted only when such signs, billboards, placards or other displays are related to the purpose of this Lease and consistent with protecting the visual resources of Anza Borrego State Desert State Park, state park principles, the characteristics of the park, and the general plan of the park unit, or they are required by law to be posted. STATE may consider such factors as, but not limited to, their size, color, and location.

**PROTECTION
OF LEASE
AREA;
RESTRIC-
TIONS**

11. (a) LESSEE shall not remove soil from, or dump refuse on, the Lease Area or any portion of the Anza Borrego Desert State Park State Park except with the prior written approval of STATE.
- (b) LESSEE shall not commit, suffer to be committed, maintain or permit any waste or nuisance on the Lease Area or other STATE property and shall not use or permit the use of the Lease Area for any illegal purposes or activities.
- (c) LESSEE shall maintain the Lease Area, including all improvements, in a weed-free condition and in good repair, and shall operate the Lease Area and the improvements on it in a clean, safe and sanitary condition, free of trash and garbage or obstructions, and in a businesslike, lawful manner.
- (d) LESSEE shall at all times exercise due diligence in the protection of the Lease Area and Anza Borrego Desert State Park against damage or destruction by fire or any other causes.
- (e) No article or material that is contraband shall be brought onto the Lease Area. Contraband includes, but is not limited to, illegal narcotics, firearms, edged weapons, and explosives.
- (f) LESSEE shall maintain the Lease Area, including all improvements, in a weed-free condition and in good repair, and shall operate the Lease Area and the

improvements on it in a clean, safe and sanitary condition, free of trash and garbage or obstructions, and in a businesslike, lawful manner.

(g) LESSEE expressly covenants and agrees to repair at LESSEE's own expense any damage done to any water pipe, or pavement on the Lease Area.

(h) LESSEE shall not remove any fixtures, machinery, equipment or other property owned by STATE from the Lease Area without STATE's prior written consent.

(i) Except as otherwise provided herein, LESSEE shall refrain from interfering with the public's use and STATE's operation of Anza Borrego Desert State Park and shall comply with all state park regulations.

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| MINERAL RIGHTS | 12. | LESSEE shall not interfere in any way with the interests of any person or persons who may presently, or in the future, hold oil, gas, or other mineral interests upon or under said Lease Area, nor shall LESSEE in any way interfere with the rights of ingress and egress of said interest holders. |
| EASEMENTS | 13. | This Lease is subject to all existing easements and rights of way. STATE further reserves the right to grant additional public utility easements as may be necessary and LESSEE hereby consents to the granting of any such easements. The public utility will be required to reimburse LESSEE for any damage or loss suffered by LESSEE as a result of the public utility's construction work within the Lease Area. |
| FENCING | 14. | STATE does not warrant the existence of fences in and around the Lease Area. Any existing fences, corrals, and cross fences may not be the property of STATE and STATE does not warrant their availability for LESSEE's use. LESSEE may, with prior written approval of STATE, and at LESSEE's sole cost and expense, provide other fencing not inconsistent with STATE's use of adjoining lands. Such other fences installed by LESSEE shall remain the property of LESSEE, shall be maintained by LESSEE at LESSEE's sole cost and expense, and shall be removed by LESSEE, and the land restored to the condition it was in prior to installation of the fence, upon expiration or termination of this Lease; provided, however, with written approval of STATE, such fences may be left in place at the expiration or termination of this Lease and shall thereupon become the property of STATE. |
| PERMITS AND APPROVALS | 15. | LESSEE shall be responsible for obtaining all of the certificates, permits, licenses, and other approvals that may be required by any third party in connection with LESSEE's use of, or activities in, the Lease Area. |
| FEES | 16. | LESSEE shall pay STATE an administration/technical review fee to reimburse STATE for STATE's administrative costs related to any action initiated by LESSEE requiring lease administration or technical review by STATE staff or consultants, such as, but not limited to, assignment of this Lease, any amendment of this Lease, review of plans for construction of improvements, and any matters requiring consultation with or approval by the California Department of General Services (DGS). To initiate such services, LESSEE shall submit a written request to STATE. The administration fee shall be charged by STATE based on the anticipated staff time, materials and any other costs. LESSEE shall remit the administration/technical review fee to the STATE prior to the review. At STATE's |

discretion, fees charged by DGS may be billed directly to LESSEE and paid by LESSEE to DGS.

- DEFAULT** **17.** The occurrence of any of the following shall constitute a material breach and default of this Lease by LESSEE.
- (a) Any failure by LESSEE to pay rent or any other monetary sums required to be paid hereunder when due, where such failure continues for fifteen (15) days after written notice thereof has been given by STATE to LESSEE.
- (b) Failure of LESSEE to occupy and operate the Lease Area for the purposes stated herein for a period of three (3) consecutive months or more where such failure is not cured within thirty (30) days after notice of such abandonment is given by STATE to LESSEE.
- (c) A failure by LESSEE to comply with any other provision, obligation or requirement of this Lease applicable to LESSEE, where such failure continues for thirty (30) days after written notice thereof by STATE to LESSEE; provided, however, that if the nature of such default is such that it cannot be reasonably cured within said thirty (30) day period, LESSEE shall not be deemed to be in default if LESSEE shall within such period commence such cure and thereafter diligently prosecute the same to completion.
- (d) LESSEE becomes insolvent or makes any general assignment or general arrangement for the benefit of creditors; the filing by or against LESSEE of a petition to have LESSEE adjudged bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against LESSEE the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of LESSEE's assets, where possession is not restored to LESSEE within forty-five (45) days; or the attachment, execution or other judicial seizure of substantially all of LESSEE's assets, where such seizure is not discharged within thirty (30) days.

REMEDIES **18.** **STATE's Remedies**

- (a) In the event of any material default or breach by LESSEE, STATE may at any time thereafter, without limiting STATE in the exercise of any right of remedy at law or in equity which STATE may have by reason of such default or breach:
- i. Maintain this Lease in full force and effect and recover the rent and other monetary charges as they become due, without terminating LESSEE's right to possession, irrespective of whether LESSEE shall have abandoned the Lease Area. STATE has the remedy described in California Civil Code Section 1951.4 (STATE may continue the lease in effect after LESSEE's breach and abandonment and recover rent as it becomes due, if LESSEE has the right to sublet or assign, subject only to reasonable limitations). In the event STATE elects not to terminate the Lease, STATE shall have the right to attempt to re-let the Lease Area at such rent and upon such conditions and for such a term, and to do all acts necessary to maintain or preserve the Lease Area as STATE deems reasonable and necessary without being deemed to have elected to terminate the Lease, including removal of all persons and property from the Lease Area; such property may be removed and stored in a public

warehouse or elsewhere at the cost of and for the account of LESSEE. In the event any such re-letting occurs, this Lease shall terminate automatically upon the new LESSEE taking possession of the Lease Area. Notwithstanding that STATE fails to elect to terminate the Lease initially under this sub-section, STATE at any time during the term of this Lease may elect to terminate this Lease by virtue of such previous default of LESSEE.

- ii. Terminate LESSEE's right to possession by any lawful means, in which case this Lease shall immediately terminate and LESSEE shall immediately surrender possession of the Lease Area to STATE. In such event, STATE shall be entitled to recover from LESSEE all damages incurred by STATE by reason of LESSEE's default including, but not limited to, the following:

(A) The amount of the rent LESSEE would have paid for the balance of the term had the Lease not been terminated, plus interest accrued up to the time of the award, minus any rental amount paid to STATE from re-letting the Lease Area to another lessee during the balance of the term; and

(B) Any amount necessary to compensate STATE for all the detriment proximately caused by LESSEE's failure to perform its obligations under this Lease or which in the ordinary course of events would be likely to result therefrom; and

(C) At STATE's election, such other amounts in addition to or in lieu of the foregoing as may be permitted by applicable state law.

(b) Upon any re-entry to Lease Area, STATE shall have the right to make any reasonable repairs, alterations or modifications to the Lease Area which STATE in its sole discretion deems reasonable and necessary.

(c) In the event STATE terminates this Lease pursuant to this Section, STATE shall not be required to pay LESSEE any sum or sums whatsoever.

INTEREST DUE 19. STATE may charge interest on any amount due to STATE but not paid when due, at a rate equal to the annual maximum rate allowable by law from the due date.

ASSIGNMENT, SUBLETTING 20. LESSEE shall not transfer or assign this Lease, and shall not sublet, license, permit or suffer any use by third parties of the Lease Area or any part thereof, or lease space in any building or structure constructed on the Lease Area, or provide communications or other equipment for the use of others, without first obtaining the prior written consent of STATE, which shall not be unreasonably withheld. "Assign" shall include any transfer of any interest in the Lease by LESSEE or any partner, principal, or controlling stockholder of LESSEE, as the case may be, to any other person, corporation, partnership or other entity.

RIGHTS RESERVED BY STATE 21. (a) STATE reserves the right to use the Lease Area, including, but not limited to, the right to construct, place, maintain, use, operate, repair, replace, alter and move pipelines, conduits, culverts, ducts, fences, poles, electrical energy, power and communication lines, roads, bridges, subways, sidewalks, and the continuous right of ingress to and egress from any portion or portions of said real property; provided, however, such use shall be done in a manner that does not unreasonably interfere with the exercise of the rights granted to LESSEE.

(b) Any grant to LESSEE herein is subject to all valid and existing contracts, leases, licenses, easements, encumbrances and claims of title which may affect said Lease Area.

(c) Right to Reclaim: State reserves the right to reclaim and reoccupy the Lease Area when necessitated due to National or State Emergency. State will not be responsible for any adverse effects, losses, damages or liability suffered by LESSEE as a result of STATE's reclaiming and re-occupying the Lease Area in such circumstances.

**FIRE AND
CASUALTY**

22.

STATE shall not be responsible for insuring improvements which are owned, constructed or installed by LESSEE under the provisions of this Lease against fire or casualty, and LESSEE shall make no claim of any nature against STATE by reason of any damage to the business or property, including personal property and equipment, of LESSEE in the event of damage or destruction by fire or other cause.

**HAZARDOUS
MATERIALS**

23.

(a) LESSEE shall not keep, store, possess, sell, purchase, generate, release, transport or dispose of any merchandise or materials that are in any way explosive or hazardous; provided, however, LESSEE may use or keep on the Lease Area such materials, supplies, equipment and machinery as are necessary and customary in the implementation of the purposes for which this Lease is executed, and for proper maintenance and protection of the Lease Area. Gasoline, oils and other materials considered under law or otherwise to be hazardous shall be stored, handled and dispensed in compliance with all applicable laws.

(b) LESSEE shall be solely responsible for obtaining all applicable authorizations necessary to enjoy this Lease and shall comply with all applicable laws, including, but not limited to, all local, state and federal environmental laws, and all laws and government orders applicable to the use, storage, possession, sale, purchase, generation, release, transportation and disposal of any hazardous substance, as that term is defined in such applicable law. The release of non-pesticide petrochemicals on the Lease Area or state park lands is prohibited. All refueling operations shall have a spill plan signed by a registered engineer and shall use a liner in the secondary container design. LESSEE shall immediately notify State in writing in the event of any spill or other incident involving hazardous substance contamination or a violation of law and shall undertake the appropriate remedial actions.

(c) In the event STATE, its officers, employees, and/or agents should incur any loss, damages, claims, demands, liability, fines, penalties, costs, or expenses, including attorney's fees and costs, as a result of the LESSEE's illegal or alleged illegal use, storage, release, generation, sale, purchase, possession, transportation, or disposal of any hazardous substance, including any petroleum derivative, the LESSEE shall indemnify, defend, save and hold harmless the STATE, its officers, employees and/or agents against such loss, damages, claims, demands, liability, fines, penalties, costs and expenses.

(d) Where the LESSEE is found to be in breach of this Section due to the issuance of a government order directing the LESSEE to cease and desist any action, or to take any action, in connection with a hazardous substance, or to remediate a contaminated condition caused by the LESSEE, its agent, contractor, or any other person acting on behalf of LESSEE or under LESSEE's authority or

direction, LESSEE shall be responsible for all costs and expenses of complying with such order, including any and all expenses imposed on or incurred by STATE in connection with or in response to such government order.

- PEST CONTROL** **24.** All pest control activities, chemical or non-chemical, shall be approved by the STATE in writing prior to any such action being performed by the LESSEE, its employees, agents, or contractors. The LESSEE, or a licensed pest control contractor acting on behalf of the LESSEE, shall submit a pest control recommendation on a form approved by the STATE to the STATE's (Insert district name) District Superintendent for approval. The STATE shall approve or deny the request within fourteen (14) days (this can be modified if needed). LESSEE, or the pest control contractor acting on behalf of the LESSEE, shall submit a report of completed work for each pest management action to the District Superintendent no later than seven (7) days after performance of the work. LESSEE and all of LESSEE's employees, agents, and contractors shall take all actions necessary to prevent the inadvertent transport of pest species into or out of the Lease Area or the surrounding areas.
- LESSEE shall have a written training program for LESSEE's employees who handle pesticides. This program shall comply with California Code of Regulations Title 3, Section 6724. LESSEE and/or any pest control contractor hired by the LESSEE shall comply with all applicable laws and regulations.
- CONDITION OF LEASE AREA** **25.** (a) LESSEE is aware of the current condition of the Lease Area and accepts the Lease Area in its "as is" condition, with all faults and defects, known or unknown, if any. LESSEE has inspected the Lease Area and by use of the Lease Area accepts and acknowledges the Lease Area as being in good order, condition and repair.
- (b) STATE shall not be obligated to make any repairs or improvements on the Lease Area. LESSEE shall keep the Lease Area in good order and safe condition at its own expense.
- VACATING THE LEASE AREA** **26.** LESSEE shall, upon expiration or termination of this Lease, peaceably leave, surrender, and yield up to STATE the Lease Area and shall restore the Lease Area as provided in Section 6 of this Lease.
- RECOVERY OF LEGAL FEES** **27.** If action is brought by STATE for the recovery of any rent due under the provisions hereof or for any breach hereof, or to restrain the breach of any agreement contained herein, or for the recovery of possession of said Lease Area, or to protect any rights given to STATE against LESSEE, and if STATE will prevail in such action, the LESSEE shall pay to STATE such amount in attorney's fees in said action as the court shall determine to be reasonable, which shall be fixed by the court as part of the costs of said action.
- TAXES AND ASSESS-ENTS** **28.** LESSEE agrees to pay all lawful taxes, or charges that at any time may be levied upon its interest in this Lease or the Lease Area. LESSEE understands that this Lease may create a possessory interest subject to property taxation and LESSEE may be subject to the payment of taxes levied on such interest. STATE may require LESSEE to reimburse STATE for any assessment or portion of an assessment levied on the STATE property that benefits the Lease Area, and LESSEE shall pay such reimbursement within thirty (30) days of receiving an invoice from STATE.

**NON-
DISCRIMINA-
TION****29.**

(a) In the performance of this Lease, the LESSEE shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability (including HIV and AIDS), mental disability, medical condition, age (over 40), marital status, sex, sexual orientation, or use of family care leave. LESSEE shall ensure that the evaluation and treatment of its employees and applicants for employment are free from such discrimination and harassment.

(b) Such prohibition shall apply to, but not be limited to, actions related to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

(c) LESSEE shall comply with the provisions of the Fair Employment and Housing Act (including Government Code Section 12990) and the applicable regulations promulgated to implement such law. The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Lease by reference and made a part thereof as if set forth in full. LESSEE shall give written notice of its obligations under this Clause to any labor organizations with which LESSEE has a collective bargaining or other agreement. LESSEE shall include the non-discrimination and compliance provisions of this clause in all contracts or subcontracts to perform work under this Lease.

(d) Remedies for violations:

(1) STATE may determine a violation of the Fair Employment Practices provision to have occurred upon the receipt of a final judgment having that effect from a court in an action to which LESSEE was a party, or upon receipt of a written notice from the Fair Employment Practices Commission that it has investigated and determined that the LESSEE has violated the Fair Employment Practices Act and has issued an order pursuant to the appropriate provisions of the Government Code.

(2) STATE shall have the right to terminate this Lease, and any loss or damage sustained by STATE by reason of the termination shall be borne and paid for by the LESSEE.

INSURANCE**30.**

LESSEE shall provide to STATE a certificate of insurance with STATE Lease Number 940-2022-052 indicated on the face of said certificate, issued to STATE with evidence of insurance as follows:

COMMERCIAL GENERAL LIABILITY

LESSEE shall maintain general liability with limits of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy shall include coverage for liabilities arising out of the Lease Area, operations, independent contractors, products, completed operations, personal & advertising injury, and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to LESSEE's limit of liability.

The policy must include the State of California, Department of Parks and Recreation, their officers, employees and agents as additional insureds, at no cost to STATE, with respect to activities performed under the Lease. The additional insured endorsement must be provided with the certificate of insurance.

AUTOMOBILE LIABILITY

LESSEE shall maintain motor vehicle liability with limits of not less than \$1,000,000 per accident for bodily injury and property damage. The policy must include the State of California, Department of Parks and Recreation, their officers, employees and agents as additional insured, at no cost to STATE, with respect to liability arising out of all vehicles owned, hired and non-owned. The additional insured endorsement must be provided with the certificate of insurance.

WORKERS' COMPENSATION

LESSEE shall maintain statutory workers' compensation and employer's liability coverage for all its employees who will be engaged in the performance of the Lease, including special coverage extensions where applicable. Employer's liability limits of \$1,000,000 shall be required, and the policy shall include a waiver of subrogation in favor of the State of California. The waiver of subrogation endorsement must be provided with the certificate of insurance.

GENERAL REQUIREMENTS

LESSEE shall ensure that the following general requirements are met:

- (a) STATE understands and acknowledges that LESSEE is a member of the Association of California Water Agencies Joint Powers Authority (JPIA), pursuant to a joint power agreement, which provides coverage for damages due to, among other things, bodily injury, property damage and personal injury. The STATE agrees to accept LESSEE'S coverage status as satisfactory compliance with STATE'S insurance carrier rating requirements. A copy of BWD Insurance related documents have been attached as Exhibit C.
- (b) LESSEE shall provide STATE with certificates of insurance for all insurance policies and a copy of all endorsements. Any required endorsement must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance. This endorsement shall be supplied in a form acceptable to the California Department of General Services Office of Risk and Insurance Management.
- (c) Coverage shall be in force at all times for the complete term of this Lease and any option period or holdover. If an insurance policy expires during the term of the Lease, an option period or a holdover, a new certificate showing evidence of coverage, plus copies of any required endorsements, must be received by the STATE at least ten (10) days prior to the expiration date of the expiring policy. This new insurance must still meet the terms of this Lease.
- (d) Lessee shall notify the State within five (5) days of Lessee's receipt of any notice of cancellation or non-renewal of any insurance required by this Lease. Evidence of replacement insurance must show no interruption of the required insurance coverage.
- (e) LESSEE is responsible for any deductible or self-insured retention contained

within the insurance program.

(f) Notwithstanding any other provision of this Lease, in the event LESSEE fails to keep in effect at all times the specified insurance coverage required herein, the STATE may, in addition to any other remedies it may have, immediately terminate this Lease upon the occurrence of such event.

(g) Any insurance required to be carried shall be primary, and not excess, to any other insurance carried by the STATE.

(h) If LESSEE is self-insured in whole or in part as to any of the above described types and levels of insurance coverage, LESSEE shall provide STATE with written acknowledgment of this fact at the time of the execution of this Lease. The STATE may require financial information to justify LESSEE's self-insured status. If, at any time after the execution of this Lease, LESSEE abandons its self-insured status, LESSEE shall immediately notify STATE of this fact and shall comply with all of the terms and conditions of this Section pertaining to required policies of insurance.

It is agreed that STATE shall not be liable for the payment of any premiums or other charges or assessments on the required insurance coverage.

**HOLD
HARMLESS
INDEMNIFI-
CATION**

31. LESSEE waives all claims and demands against STATE, its officers, agents, and/or employees for any and all loss, injury, death or damage caused by, arising out of, or in any way connected with this Lease, the Lease Area or any access route to the Lease Area, LESSEE's use of the Lease Area or any access route, or LESSEE's implementation or exercise of the rights granted by this Lease, even if STATE is negligent. LESSEE shall protect, save, hold harmless, indemnify, and defend STATE, its officers, agents, and/or employees, from and against any and all loss, damage, claims, demands, liability, costs, recoveries, settlements, penalties, fines and expenses, including, without limitation, all legal fees, attorney fees, accounting fees, expert witness fees, consultant fees, interest and expenses related to the response to, settlement, and/or defense of any claims, legal actions, or liability, which may be suffered or incurred by STATE, its officers, agents and/or employees, caused by, arising out of, or in any way connected with this Lease, the Lease Area or any access route to the Lease Area, LESSEE's use of the Lease Area or any access route, LESSEE's implementation or exercise of the rights hereby granted, LESSEE's violation of any Environmental Law, as defined in Section 18(g) below, and/or LESSEE's violation of any other law, except those arising out of the sole active negligence or willful misconduct of STATE. Further, LESSEE shall cause such indemnification and waiver of claims in favor of the State to be inserted in each contract LESSEE executes in connection with LESSEE's exercise of the rights granted herein. The waiver and obligations contained in this Section shall survive termination of this Lease.

LOSSES

32. STATE shall not be responsible for losses or damage to personal property, equipment or materials of LESSEE from any causes whatsoever.

**DEBT
LIABILITY
DISCLAIMER**

33. STATE, including but not limited to, the STATE's General Fund or any special self-insurance programs, is not liable for any debts, liabilities, settlements, liens, contract obligations or any other obligations of the LESSEE or its heirs, successors or assigns. The STATE and its agencies, departments and divisions shall not be liable for, and shall be held harmless by LESSEE for, any claims or damages associated with any contract, tort, act or omission, error in judgment, act of

negligence, intentional tort, or mistakes by the LESSEE, its employees, agents, servants, invitees, guests or anyone acting in concert with or on behalf of the LESSEE. The STATE shall have no obligation to defend or undertake the defense on behalf of the LESSEE or its heirs, successors or assigns.

**WAIVER OF
RELOCATION
PAYMENTS
AND CLAIMS**

34. (a) In the event that STATE terminates this Lease pursuant to its terms, LESSEE acknowledges and agrees that LESSEE shall have no claim against the STATE for Relocation Payments, Relocation Advisory Assistance, or costs pursuant to the Government Code sections 7260 et seq., or any regulations implementing or interpreting such sections and hereby expressly waives any right to make such claims. LESSEE further agrees that it has no claim in either law or equity against the STATE for damages or other relief should the Lease be terminated, and LESSEE waives any such claims it may have.

(b) In the event LESSEE subleases the Lease Area under the terms of this Lease, LESSEE shall incorporate this waiver of relocation payments or assistance into the sublease. Failure to do so may obligate LESSEE for damages and costs resulting from claims for relocation payments by the sublessee.

**SMOKING
RESTRIC-
TIONS**

35. Smoking shall not be allowed inside any building, or within 20 feet of any entrance or operable window of any building, or as may be prohibited by any applicable law.

RECORDING

36. LESSEE shall not record this Lease or a short form memorandum thereof or any other document memorializing or noticing the Lease. Any such recordation will, at the option of STATE, constitute a non-curable default by LESSEE hereunder.

**AUTHORITY
TO CONTRACT**

37. (a) Each individual executing this Lease on behalf of LESSEE shall provide evidence, acceptable to STATE, showing that he/she is duly authorized to execute and deliver this Lease on behalf of said LESSEE and shall, when applicable, provide a certified copy of a duly adopted resolution of the Board of Directors or other governing body of LESSEE authorizing or ratifying the execution of this Lease in accordance with its terms.

(b) If LESSEE is a public, private or non-profit corporation, prior to the execution of this Lease, LESSEE shall provide STATE with a copy of LESSEE's current bylaws and corporate filing status as filed with the California Secretary of State.

**PARTNERSHIP
DISCLAIMER**

38. LESSEE its agents and employees shall act in an independent capacity and not as agents or employees of STATE. Nothing herein contained will be construed as constituting the parties herein as partners.

CEQA

39. Any physical changes made by LESSEE or its agents to the Lease Area or any existing improvements shall comply with all applicable environmental laws, including the California Environmental Quality Act (CEQA).

BANKRUPTCY

40. In no event shall this Lease or the leasehold estate become an asset of LESSEE in bankruptcy, receivership or other judicial proceedings.

**AMENDMENTS
AND
MODIFICA-
TIONS**

41. No amendment, modification, or supplement to this Lease shall be binding unless it is by written mutual consent of LESSEE and STATE.

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|-----------------------------|------------|---|
| MUTUAL
CONSENT | 42. | This Lease may be terminated by written mutual consent of the LESSEE and STATE. |
| FORCE
MAJEURE | 43. | If either Party will be delayed or prevented from the performance of any act required hereunder due to causes or an event not reasonably foreseeable, not caused by that Party, and beyond the reasonable control of that Party, and which occur despite all reasonable attempts of that Party to avoid, mitigate or remedy such cause or event, including acts of God such as flood, fire, earthquake, storm or other natural disaster, and civil war, rebellion, insurrection, terrorist activities, governmental restrictions, regulations or controls (except those reasonably foreseeable in connection with the uses contemplated by this Lease), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided however, that this Section shall not be applied to permit any delay or time extension due to shortage of funds, or excuse any nonpayment or delay in payment of rent, taxes, insurance or any other monetary amount required to be paid by LESSEE under this Lease, except as may be expressly provided in this Lease. The Party delayed in or prevented from meeting its obligations as provided in this Section shall immediately notify the other Party in writing and take all steps necessary to mitigate the effects of the cause or event preventing performance. If performance is delayed or prevented for a period of thirty (30) days or more, either Party may thereafter terminate this Lease by giving the other Party thirty (30) days written notice. |
| WAIVER | 44. | If STATE waives the performance of any term, covenant or condition contained in this Lease, such waiver shall not be deemed to be a waiver of that or any subsequent term, covenant or condition. Failure by STATE to enforce any of the terms, covenants or conditions of this Lease for any length of time shall not be deemed to waive STATE's right to insist thereafter upon strict performance by LESSEE. Waiver by STATE of any term, covenant, or condition contained in this Lease shall only be made by a written document properly signed by an authorized STATE representative. |
| ENTIRE
AGREEMENT | 45. | This Lease and its exhibits constitute the entire agreement between STATE and LESSEE. No prior, contemporaneous or subsequent oral promises or representations shall be binding. This Lease supersedes and voids any prior license, lease or agreement between STATE and LESSEE with regard to the Lease Area. |
| CLAUSE
HEADINGS | 46. | All Section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease. |
| SEVERABILITY | 47. | If any term, covenant, condition, or provision of this Lease or any application thereof is found invalid, void, or unenforceable to any extent by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law. |
| BINDING | 48. | The terms of this Lease and covenants and agreements herein contained shall apply to and shall bind and inure to the benefit of the parties, their heirs, representatives, assigns. |

- | | | |
|----------------------------|------------|---|
| ESSENCE OF
TIME | 49. | Time is of the essence for each and all of the provisions, covenants and conditions of this Lease. |
| DAMAGES | 50. | Notwithstanding anything to the contrary in this Lease, STATE shall not be liable to the LESSEE for, and LESSEE hereby waives the right to recover, incidental or consequential damages, (including, but not limited to, lost profits, loss of use or loss of business opportunity), punitive, exemplary and similar damages. |
| COUNTER-
PARTS | 51. | This Lease may be executed in separate counterparts, each of which when so executed shall be deemed to be an original. Such counterparts shall, together, constitute and be one and the same instrument. |
| | 52. | It is agreed and understood between the parties that this lease is granted for the time period indicated in the lease, unless a land exchange takes place prior to the term of the lease at which time this lease will become null and void. |
| | 53. | It is further agreed and understood between the parties that both parties wish to enter into a land exchange where the Water District will receive the leased area in fee from the State and the Water District will deed to the State an exchange property acceptable to the State, within the State Park boundary, and which is equal in value. |
| | 54. | The Water District will be responsible for all costs incurred for the land exchange including recording, appraisal, surveying and any other costs, as well as any state personnel hours including those incurred by State Park Personnel and by other state agencies outside of the Department of Parks and Recreation. |

IN WITNESS WHEREOF, this Lease has been executed by the Parties hereto as of the date of signature of the last Party signing below.

STATE OF CALIFORNIA

DIRECTOR OF DEPARTMENT OF
PARKS AND RECREATION

By: _____


BRIAN DEWEY, Assistant Deputy Director
Facilities and Development

Date

Sept 14, 2022

LESSEE

BORREGO WATER DISTRICT
A California Water District

By: _____


Kathy Dice
President

Date

8/3/2022

APPROVAL RECOMMENDED:

By: _____


Sandy Triphan
Senior Land Agent

I hereby certify that all conditions for exemption have been complied with and this document is exempt from the Department of General Services approval.

By: _____


BRIAN DEWEY, Assistant Deputy Director
Facilities and Development

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
 County of Sacramento)
 On 9/13/2022 before me, Susan Saeteurn, notary public,
 Date Here Insert Name and Title of the Officer
 personally appeared Brian Dewey
 Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Susan Saeteurn
 Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____
 Document Date: _____ Number of Pages: _____
 Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
 Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
 Signer Is Representing: _____

CALIFORNIA ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Diego }

On August 3, 2022 before me, Esmeralda Lopez-Garcia
Date Here Insert Name and Title of the Officer

personally appeared Kathy Dice
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal and/or Stamp Above

Signature [Signature]
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: State Ground Lease, w/ Exhibit A-D

Document Date: August 3, 2022 Kathy Dice Number of Pages: 21

Signer(s) Other Than Named Above: - N/A -

Capacity(ies) Claimed by Signer(s)

Signer's Name: Kathy Dice

- ☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator

☒ Other: Board President

Signer is Representing: Barro Colorado District

Signer's Name: _____

- ☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer is Representing: _____

EXHIBIT "A"

LEGAL DESCRIPTION:

A PORTION OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 5 EAST, SAN BERNARDINO MERIDIAN, ACCORDING TO RECORD OF SURVEY MAP NO. 6290 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY ON OCTOBER 31, 1963 IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING (POC) AT A FOUND LEAD & TAG "LS 2685" IN ROCK SHOWN ON SAID RECORD OF SURVEY MAP NO. 6290, AT THE NORTHWEST CORNER OF THE AFOREMENTIONED SECTION 1 FROM WHICH A 3-INCH BRASS CAP STAMPED "RE 6125" ON CONCRETE POST BEARS NORTH 70°26'26" EAST, 836.14 FEET, (RECORD PER RECORD OF SURVEY NO. 6290 = NORTH 70°26'28" EAST, 836.26 FEET);

THENCE ALONG THE NORTH LINE OF SAID SECTION 1 PER SAID RECORD OF SURVEY NO. 6290 NORTH 87°23'26" EAST, 4733.70 FEET;

THENCE LEAVING SAID NORTH LINE SOUTH 2°36'34" EAST, 1256.95 FEET TO THE TRUE POINT OF BEGINNING (TPOB);

THENCE SOUTH 00°09'19" WEST, 185.00 FEET;

THENCE NORTH 89°50'41" WEST, 125.00 FEET;

THENCE NORTH 00°09'19" EAST, 185.00 FEET;

THENCE SOUTH 89°50'41" EAST, 125.00 FEET TO THE TRUE POINT OF BEGINNING (TPOB).

CONTAINS 0.531 ACRES (23,125.00 SQ.FT) OF LAND, MORE OR LESS.

THIS LEGAL DESCRIPTION ENTITLED "EXHIBIT A" AND THE PLAT ATTACHED HERETO DESIGNATED EXHIBIT "B" WERE PREPARED BY ME OR UNDER MY DIRECT SUPERVISION.



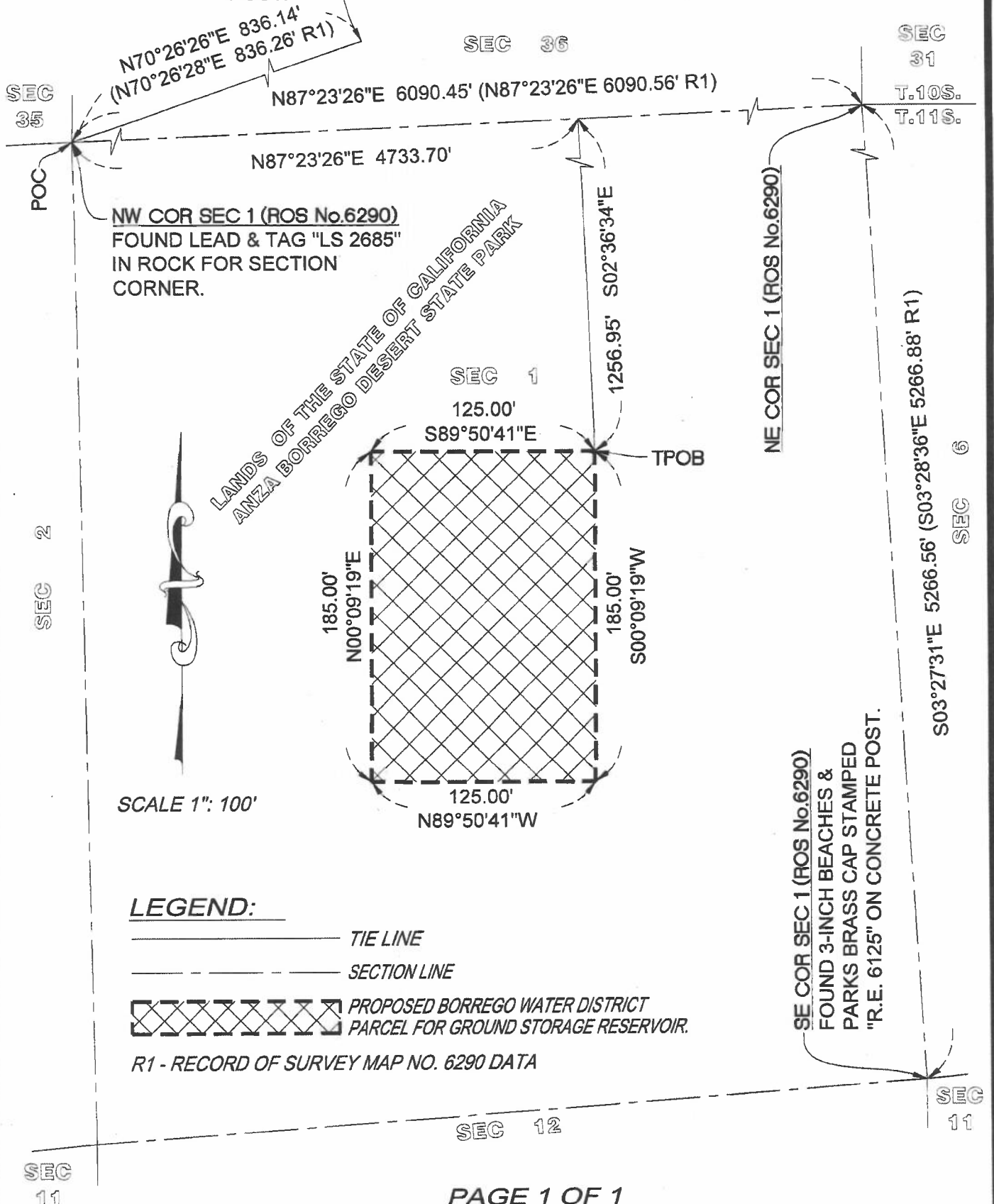
DAVID BELTRAN, PLS 8482,
LICENSE EXP. 12/31/2022

DATE: 04-22-2022



EXHIBIT "B"

FOUND 3-INCH BEACHES &
PARKS BRASS CAP STAMPED
"R.E. 6125" ON CONCRETE
POST.



Association of California Water Agencies Joint Powers Insurance Authority

P.O. Box 619082, Roseville, CA 95661-9082

CERTIFICATE OF COVERAGE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE COVERAGE DOCUMENT. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE COVERAGE DOCUMENTS LISTED HEREIN.

MEMBER

Borrego Water District
P.O. Box 1870
Borrego Springs, CA 92004

EXHIBIT C**COVERAGE INFORMATION**

This is to certify that coverage documents listed herein have been issued to the Member Agency herein for the Coverage period indicated. Notwithstanding any requirement, term or condition of any contract or other document with respect to which the certificate may be issued or may pertain, the coverage afforded by the coverage documents listed herein is subject to all the terms, conditions and exclusions of such coverage documents.

Type of Coverage	Form #	Effective Date	Expiration Date	Limits
General Liability Commercial General Liability Contractual Liability Products/Completed Operations Occurrence	MOLC-100122	10/01/2022	10/01/2023	Per Occurrence \$1,000,000 Aggregate \$2,000,000
Auto Liability Owned Autos Hired Autos Non-Owned Autos	MOLC-100122	10/01/2022	10/01/2023	Per Occurrence \$1,000,000
Property Buildings, Fixed Equipment Personal Property Auto Physical Damage Mobile Equipment Crime				
Workers' Compensation Part 1 - Workers' Compensation Part 2 - Employer's Liability	MOWC&EL-070122	07/01/2022	07/01/2023	Part 1 Statutory Limits Part 2 Each Accident \$2,000,000 Disease - each employee \$2,000,000 Disease - coverage limit \$2,000,000
Other				

DESCRIPTION

Regarding: State Ground Lease No.: 940-2022-052 located at Anza-Borrego Desert SP (633).

Additional Covered Party(ies), as required by written contract or permit: State of California, Department of Parks and Recreation, their officers, employees and agents, per attached Addendum.

Request ID: 0000016839

CERTIFICATE HOLDER

California Department of Parks and Recreation
Colorado Desert District (940-2022-052)
200 Palm Canyon Drive
Borrego Springs, CA 92004

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED COVERAGES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE TERMS OF THE MEMORANDUMS OF COVERAGE.

AUTHORIZED REPRESENTATIVE DATE

Walt A. [Signature]

9/5/2022

ADDENDUM
to the
Memorandum of Liability Coverage

for the
Association of California Water Agencies
Joint Powers Insurance Authority

FORM NUMBER: MOLC-100122
MEMBER: Borrego Water District
COVERAGE PERIOD: 10/01/2022 - 10/01/2023
ADDENDUM DATE: 10/01/2022
REQUEST ID: 0000016839

Change in the following Sections

Section IV. WHO IS COVERED is amended to include the following entity(ies) as an Additional Covered Party(ies):

State of California, Department of Parks and Recreation, their officers, employees and agents, as required by written contract or permit. Additional Covered Party(ies) is(are) covered only if the liability is caused in whole or in part by the acts or omissions of the **Member Agency** and excludes coverage for the sole negligence of the Additional Covered Party(ies), and subject to a \$1,000,000 per occurrence and \$2,000,000 annual aggregate limit of liability.

The following is added to Section VII. CONDITIONS (C) SEVERABILITY OF INTEREST:

Except for the limits of coverage provided by this Memorandum of Liability which shall not increase, the coverage applies to each Additional Covered Party as if that Additional Covered Party was the only Additional Covered Party and that the Memorandum of Liability applies separately and not collectively to each Additional Covered Party against whom a claim is made or suit is brought; as required by written contract or agreement.

Section VII. CONDITIONS (G). OTHER COVERAGES is amended to read:

The coverage afforded in this Memorandum of Liability is primary to and will not seek contribution from any other insurance available to an Additional Covered Party(ies) under the Memorandum of Liability provided that:

- (1) The Additional Covered Party(ies) is(are) a Named Insured under such other insurance, and
- (2) is required in a written contract or agreement.

The following is added to SECTION VII. CONDITIONS (I). WITHDRAWAL/CANCELLATION:

If the **Authority** elects to cancel this coverage before the stated expiration date, the **Authority** will provide the Additional Covered Party(ies) at least (10) days prior written notice, as required by a written contract or agreement.

Regarding: State Ground Lease No.: 940-2022-052 located at Anza-Borrego Desert SP (633).

Signed By: Walt A. Seale Date: 9/5/2022
(Authorized Representative)

ADDENDUM
to the
**Memorandum of Workers' Compensation &
Employer's Liability Coverage**
for the
**Association of California Water Agencies
Joint Powers Insurance Authority**

FORM NUMBER: MOWC&EL-070122
MEMBER: Borrego Water District
COVERAGE PERIOD: 07/01/2022 - 07/01/2023
ADDENDUM DATE: 07/01/2022
REQUEST ID: 0000016839

The following are added to Part Six-CONDITIONS:

E. Waiver of Our Right to Recover From Others

Name of Person or Organization

State of California, Department of Parks and Recreation, their officers, employees and agents

We have the right to recover our payments from anyone liable for any injury covered by this Memorandum of Coverage. We will not enforce our right against the person or organization named above. This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.

F. Cancellation

This coverage shall not be canceled or materially change without first giving 10 days prior written notice to State of California, Department of Parks and Recreation, their officers, employees and agents.

Regarding: State Ground Lease No.: 940-2022-052 located at Anza-Borrego Desert SP (633).

Signed By: Walt A. Sells Date: 9/5/2022
(Authorized Representative)

EXHIBIT B

EXHIBIT

LEGAL DESCRIPTION:

A PORTION OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 5 EAST, SAN BERNARDINO MERIDIAN, ACCORDING TO RECORD OF SURVEY MAP NO. 6290 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY ON OCTOBER 31, 1963 IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING (POC) AT A FOUND LEAD & TAG "LS 2685" IN ROCK SHOWN ON SAID RECORD OF SURVEY MAP NO. 6290, AT THE NORTHWEST CORNER OF THE AFOREMENTIONED SECTION 1 FROM WHICH A 3-INCH BRASS CAP STAMPED "RE 6125" ON CONCRETE POST BEARS NORTH 70°26'26" EAST, 836.14 FEET, (RECORD PER RECORD OF SURVEY NO. 6290 = NORTH 70°26'28" EAST, 836.26 FEET);

THENCE ALONG THE NORTH LINE OF SAID SECTION 1 PER SAID RECORD OF SURVEY NO. 6290 NORTH 87°23'26" EAST, 4625.26 FEET;

THENCE LEAVING SAID NORTH LINE SOUTH 2°36'34" EAST, 1301.89 FEET TO THE TRUE POINT OF BEGINNING (TPOB);

THENCE SOUTH 00°09'19" WEST, 145.00 FEET;

THENCE NORTH 89°50'41" WEST, 125.00 FEET;

THENCE NORTH 00°09'19" EAST, 145.00 FEET;

THENCE SOUTH 89°50'41" EAST, 125.00 FEET TO THE TRUE POINT OF BEGINNING (TPOB).

CONTAINS 0.416 ACRES (18,125.00 SQ.FT) OF LAND, MORE OR LESS.

THIS LEGAL DESCRIPTION ENTITLED "EXHIBIT A" AND THE PLAT ATTACHED HERETO DESIGNATED EXHIBIT "B" WERE PREPARED BY ME OR UNDER MY DIRECT SUPERVISION.



DAVID BELTRAN, PLS 8482,
LICENSE EXP. 12/31/2022

DATE: 10-11-2023



EXHIBIT B

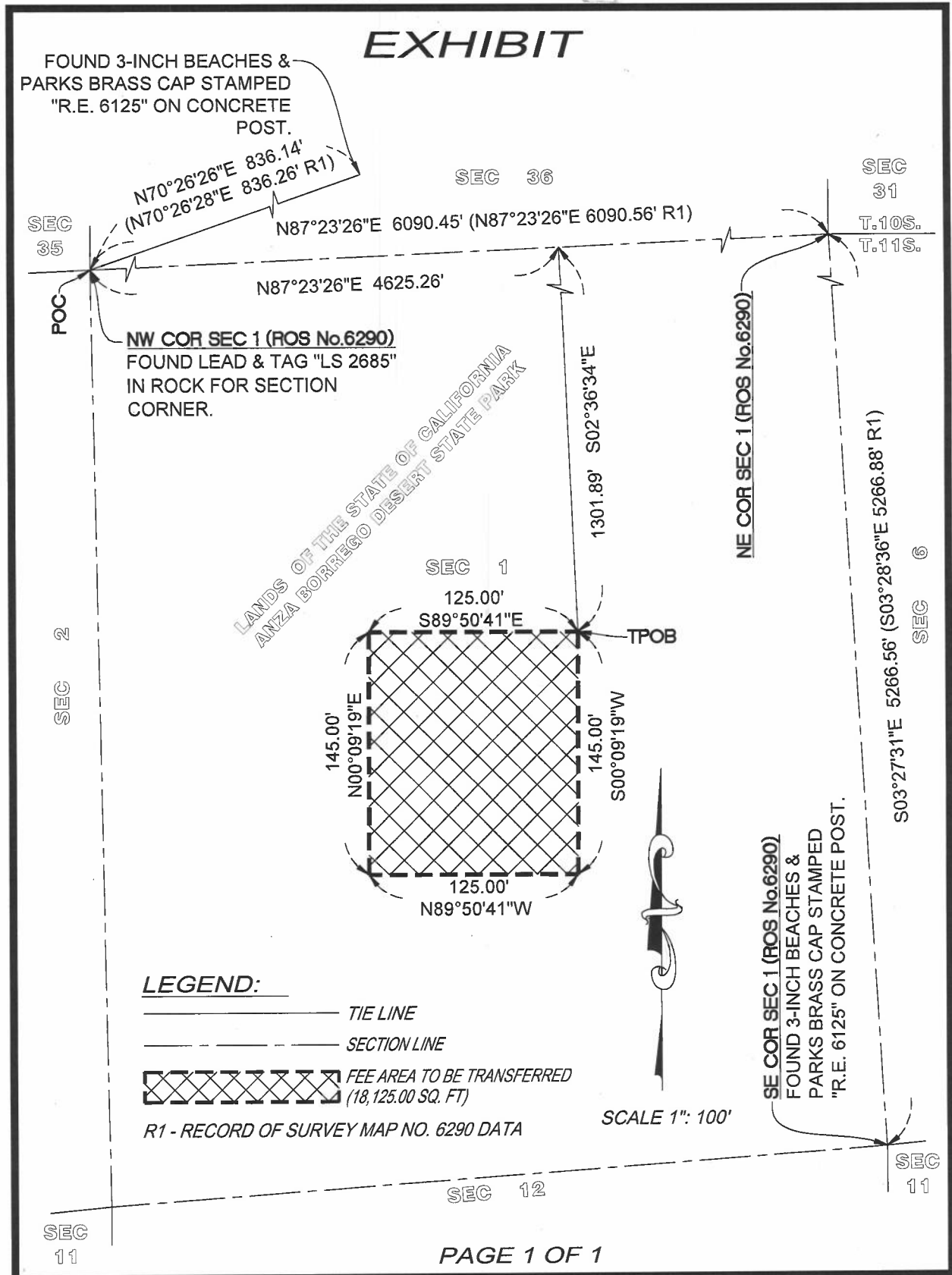


EXHIBIT C

Legal Description

For **APN/Parcel ID(s):** 197-040-23-00

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF , COUNTY OF SAN DIEGO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

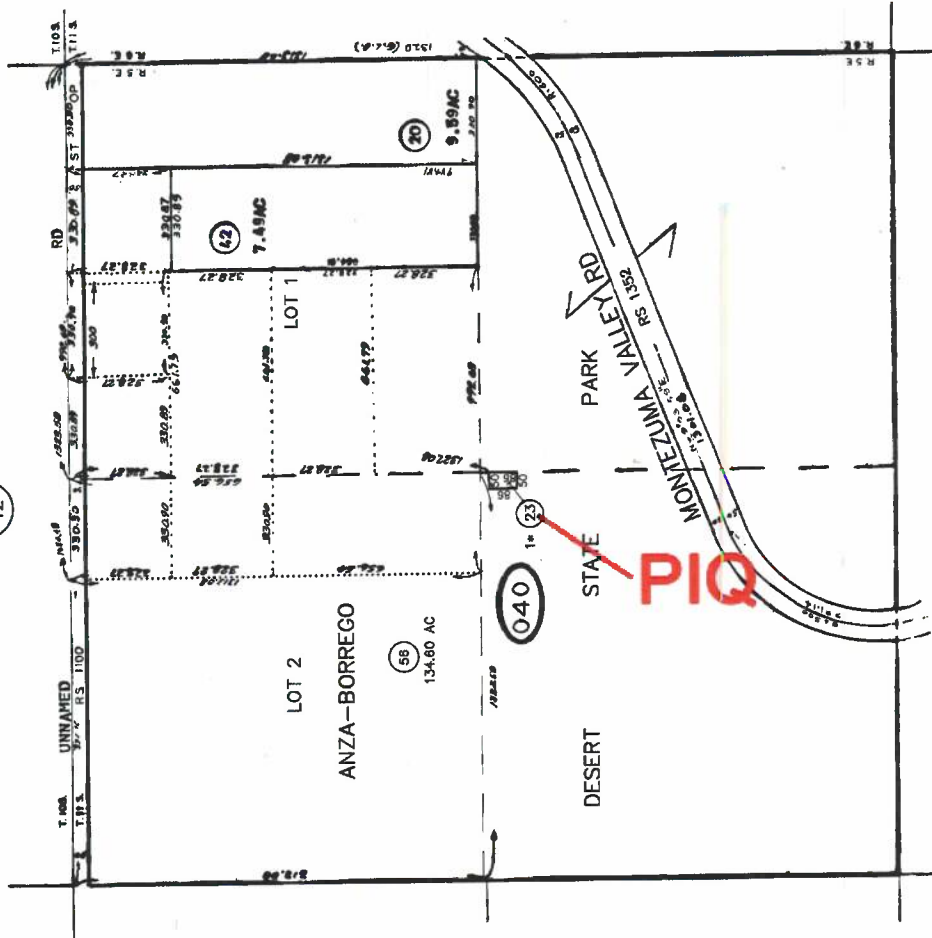
ALL THAT PORTION OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 5 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEASTERLY CORNER OF SAID SECTION; THENCE WESTERLY ALONG THE NORTHERLY LINE THEREOF, 1323.58 FEET; THENCE SOUTHERLY PARALLEL WITH THE EASTERLY LINE OF SAID SECTION A DISTANCE OF 1327.08 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTHERLY PARALLEL WITH SAID EASTERLY LINE, 86 FEET; THENCE WESTERLY PARALLEL WITH SAID NORTHERLY LINE, 50 FEET; THENCE NORTHERLY PARALLEL WITH SAID EASTERLY LINE, 86 FEET; THENCE EASTERLY PARALLEL WITH SAID NORTHERLY LINE, 50 FEET TO THE TRUE POINT OF BEGINNING.

197-04



139
12



198
1

3

3

5/28/98 SM

CHANGES		
BLK	OLD	NEW YR CUT
040	46	48.49 6.5 5204
	49	50 7.5 1349
	*	51 8.0 2313
	44	52 15.0 1254
	50	53 5.4 91 1232
	51	54 5.5 91 1900
	31	55 56 99 1284

* 040-21,26.35 & 48 THRU 49
1* DISTRICT TANK NO. 1

EXHIBIT C

SEC 1 - T11S-R5E - NE 1/4
ROS 6290

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.



SAN DIEGO COUNTY ASSESSOR'S OFFICE MAP NO. 187 PG. 04

This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

EXHIBIT-D

Legal Description

For **APN/Parcel ID(s):** **201-260-04-00**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF BORREGO SPRINGS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

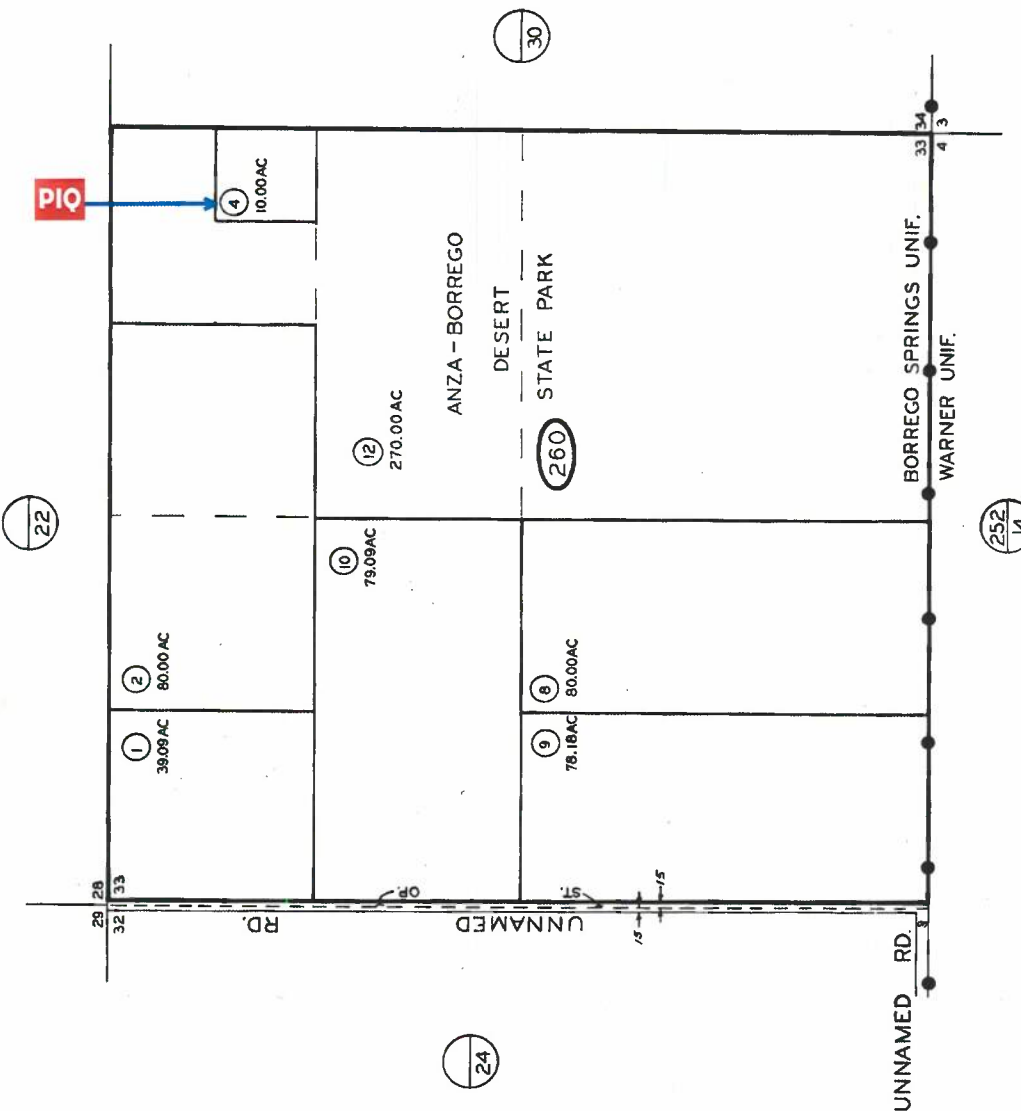
THE SOUTHEAST ONE QUARTER OF THE NORTHEAST ONE QUARTER OF THE NORTHEAST ONE QUARTER OF SECTION 33, TOWNSHIP 11 SOUTH, RANGE 7 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF.

This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

201-260



SAN DIEGO COUNTY
ASSESSOR'S MAP
BOOK 201, PAGE 26



THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

201-26
1"=800'

1-23-95/16

CHANGES	BLK	OLD	NEW	YR	CUT
	11	78	10/14	AA	
	11	78	30/77	1439	
	260	12	92	1357	

EXHIBIT-D

SEC 33-TIIS-R7E

WHEN RECORDED MAIL TO

EXHIBIT E

STATE OF CALIFORNIA
Department of Parks and Recreation
Office of Acquisition and Real Property Services
One Capitol Mall, Suite 500
Sacramento, CA 95814-

OFFICIAL STATE BUSINESS – EXEMPT FROM RECORDING FEES PURSUANT TO GOV'T. CODE §27383 AND DOUMENTARY TRANSFER TAX PURSUANT TO
REVENUE AND TAXATION CODE SECTION 11922

Grant Deed

Agency: Department of Parks and Recreation
Project: Water Tank Replacement
Parcel: 016799 DGS: 137180

APN: 201-260-04-000, County of San Diego

BORREG WATER DISTRICT, A CALIFORNIA WATER DISTRICT

hereby GRANTS to THE STATE OF CALIFORNIA, on behalf of the DEPARTMENT OF PARKS AND RECREATION of the State of California, the following described real property situated in the State of California, County of San Diego, described as follows

See attached Exhibit

Dated: _____

By _____
KATHY DICE, President

By _____

EXHIBIT "A"
LEGAL DESCRIPTION

ALL THAT PORTION OF LAND GRANTED TO BORREGO WATER DISTRICT, RECORDED OCTOBER 22, 1993, IN DOCUMENT NUMBER 1993-0708586 OFFICIAL RECORDS OF SAN DIEGO COUNTY, SITUATED IN THE UNINCORPORATED AREA OF THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

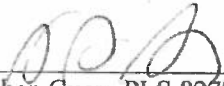
THE SOUTHEAST ONE QUARTER OF THE NORTHEAST ONE QUARTER OF THE NORTHEAST ONE QUARTER OF SECTION 33, TOWNSHIP 11 SOUTH, RANGE 7 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF.

SAID PARCEL CONTAINING 10.0 ACRES MORE OR LESS.

AS SHOWN ON EXHIBIT B, ATTACHED HERETO AND MADE A PART HERE OF.

END OF DESCRIPTION

THIS LEGAL DESCRIPTION WAS PREPARED BY THE REAL PROPERTY SERVICES DIVISION OF THE CALIFORNIA DEPARTMENT OF PARKS AND RECREATION UNDER MY SUPERVISION, IN CONFORMANCE WITH CALIFORNIA BUSINESS AND PROFESSIONS CODE §8726.



Stephen Guay, PLS 8277

10/25/24
Date: _____



EXHIBIT B

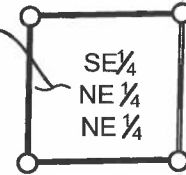
PLAT TO ACCOMPANY

SEC. 33, T.11 S., R.7 E. S.B.M.

29 28
32 33

28 27
33 34

BORREGO WATER DISTRICT
1993-0708586 O.R.
+/- 10.0 ACRES
AREA BASED ON A STANDARD
SECTION OF LAND.



ANZA BORREGO
DESERT STATE PARK



32 33
5 4

33 34
4 3

LEGEND



○ DIMENSION POINT NOTHING FOUND/SET

DATE
10/17/2024

DRAWN
D.W.

CHECKED
S.G.

|
OF
|

BORREGO WATER DISTRICT
1993-0708586 O.R.
ANZA BORREGO DESERT STATE PARK



ACQUISITION &
REAL PROPERTY SERVICES
2241 Harvard Street Suite 200
Sacramento, CA
95815

**Agency
Project
Parcel**

Department of Parks and Recreation
Water Tank Replacement #016799
137180

Assessor's Parcel No. 201-260-04-00

County of San Diego

a portion

CERTIFICATE OF ACCEPTANCE

This is to certify that, pursuant to Section 27281 of the California Government Code, the interest in real property conveyed by the Grant Deed dated

_____ from BORREGO WATER DISTRICT, A California Water District to THE STATE OF CALIFORNIA, is hereby accepted by the undersigned officer on behalf of the State of California and the Grantee consents to the recordation thereof by its duly authorized officer.

Accepted
DIRECTOR, DEPARTMENT OF GENERAL SERVICES

By _____
MICHAEL BUTLER, Chief
Real Property Services Section

Dated: _____

Approved

STATE OF CALIFORNIA
Department of Parks and Recreation

By _____
BRIAN DEWEY, Ass't Deputy Director
Facilities and Development

Dated: _____

EXHIBIT F

BORREGO WATER DISTRICT
806 Palm Canyon Drive
Borrego Springs, CA 92004

OFFICIAL STATE BUSINESS- EXEMPT FROM RECORDING FEES PURSUANT TO GOV'T. CODE §27383
AND DOUMENTARY TRANSFER TAX PURSUANT TO REVENUE AND TAXATION CODE SECTION 11922

Quitclaim

Agency: Department of Parks and Recreation
Project: BWD Twin Tanks Replacement DPR
Parcel: 000125 Fi\$CAL: 12323

APN: a portion of 197-040-56-00, County of San Diego

For valuable consideration, receipt of which is hereby acknowledged, pursuant to the provisions of Government Code Section 14664(b)(1)(A), THE STATE OF CALIFORNIA, through the Department of General Services, hereby QUITCLAIMS to BORREGO WATER DISTRICT, A CALIFORNIA WATER DISTRICT, on behalf of the DEPARTMENT OF PARKS AND RECREATION of the State of California, the following described real property situated in the State of California, County of San Diego, described as follows:

See attached legal descriptions

Approved

DEPARTMENT OF GENERAL SERVICES,
ANA LASSO, Director

By _____
MICHAEL P. BUTLER, Chief
Real Property Services Section

Dated: _ _ _ _ _

Consent

STATE OF CALIFORNIA
DEPARTMENT OF PARKS AND RECREATION

By _____
BRIAN DEWEY, Deputy Director
Facilities and Development

Dated: _ _ _ _ _

EXHIBIT A

LEGAL DESCRIPTION:

A PORTION OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 5 EAST, SAN BERNARDINO MERIDIAN, ACCORDING TO RECORD OF SURVEY MAP NO. 6290 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY ON OCTOBER 31, 1963 IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING (POC) AT A FOUND LEAD & TAG "LS 2685" IN ROCK SHOWN ON SAID RECORD OF SURVEY MAP NO. 6290, AT THE NORTHWEST CORNER OF THE AFOREMENTIONED SECTION 1 FROM WHICH A 3-INCH BRASS CAP STAMPED "RE 6125" ON CONCRETE POST BEARS NORTH 70°26'26" EAST, 836.14 FEET, (RECORD PER RECORD OF SURVEY NO. 6290 = NORTH 70°26'28" EAST, 836.26 FEET);

THENCE ALONG THE NORTH LINE OF SAID SECTION 1 PER SAID RECORD OF SURVEY NO. 6290 NORTH 87°23'26" EAST, 4625.26 FEET;

THENCE LEAVING SAID NORTH LINE SOUTH 2°36'34" EAST, 1301.89 FEET TO THE TRUE POINT OF BEGINNING (TPOB);

THENCE SOUTH 00°09'19" WEST, 145.00 FEET;

THENCE NORTH 89°50'41" WEST, 125.00 FEET;

THENCE NORTH 00°09'19" EAST, 145.00 FEET;

THENCE SOUTH 89°50'41" EAST, 125.00 FEET TO THE TRUE POINT OF BEGINNING (TPOB).

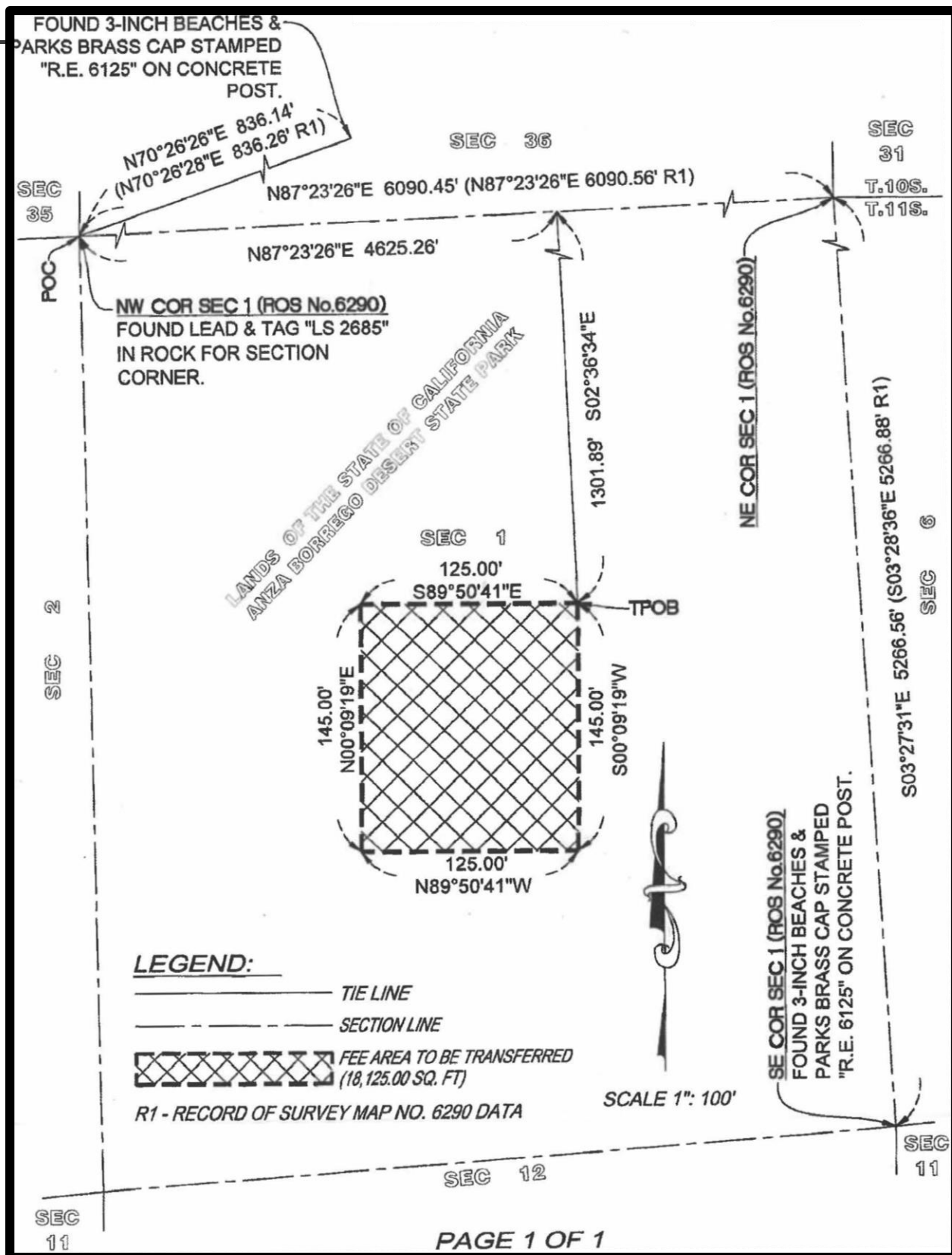
CONTAINS 0.416 ACRES (18,125.00 SQ.FT) OF LAND, MORE OR LESS.

THIS LEGAL DESCRIPTION ENTITLED "EXHIBIT A" AND THE PLAT ATTACHED HERETO DESIGNATED EXHIBIT "811" WERE PREPARED BY ME OR UNDER MY DIRECT SUPERVISION.

D. B. H.



EXHIBIT B



CERTIFICATE OF ACCEPTANCE

[a portion of 197-040-56-00]

This is to certify that the real property conveyed by THE STATE OF CALIFORNIA ("Granter"), on the Grant Deed dated _____, 2025 to the **BORREGO WATER DISTRICT** (Grantee), is hereby accepted by the undersigned officer on behalf of the Grantee, pursuant to authority conferred by the Board of Directors, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: — — — — —, 2025

GRANTEE:

BORREGO WATER DISTRICT, a
California water district

By:

Kathy Dice, President of the Board

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
MAY 20, 2025
AGENDA ITEM II.D

May 7, 2025

TO: Board of Directors
FROM: Geoffrey Poole, General Manager
SUBJECT: Water Supply Assessment for the Rams Hill Development – T Driscoll, Intera

RECOMMENDED ACTION:
Review and Approve WSA

ITEM EXPLANATION:
State law requires completion of a Water Supply Assessment on large developments. The County of SD has requested completion of a WSA for future Rams Hill development and a copy is attached. The document was completed by Trey Driscoll and his partners at Intera. Trey will be available to answer any questions.

NEXT STEPS
1. Forward WSA to County of SD

FISCAL IMPACT
1. Cost of WSA to be Covered by Rams Hill

ATTACHMENTS
1. DRAFT Water Supply Assessment . Will be added to Packet and posted at least 24 hours prior to the meeting.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
MAY 20, 2025
AGENDA ITEM II.E

May 7, 2025

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Water and Sewer Rate Study – J Clabaugh & K Kostiuik Raftelis

RECOMMENDED ACTION:

Receive overview of Rate Study format and content. Discussions and deliberations are reserved for upcoming Public Hearing

ITEM EXPLANATION:

The detailed Rate Study has been completed in anticipation of the upcoming June 17 Public Hearing. Kevin from Raftelis has been invited to provide an overview of the document.

NEXT STEPS

1. Provide to public as requested

FISCAL IMPACT

1. TBD

ATTACHMENTS

1. DRAFT Rate Study

Borrego Water District

Water and Sewer

Rate Studies

REPORT / APRIL 2025



April 30, 2025

Geoff Poole
General Manager
Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 92004-1807

Subject: Water and Sewer Rate Studies

Dear Mr. Poole:

Raftelis is pleased to provide this Water and Sewer Rate Studies Report (Report) for the Borrego Water District (District). The Studies develop long-term financial plans, cost of service analyses, and rate design with technically sound industry standard methodologies to align with the requirements of California Constitution Article XIII D, commonly referred to as Proposition 218.

The major objectives of the studies include:

1. Development of a long range financial plan for each utility fund that meets the utilities' revenue requirements, including operations and maintenance (O&M) costs and the capital improvement plan (CIP) while adequately funding reserves in accordance with District policy and achieving debt coverage requirements.
2. Conducting cost of service analyses that demonstrates a nexus between the cost to serve customers and the responsibility of each class, per Proposition 218 and industry standards
3. Review of the current rate structures and evaluation of alternative rate structures, customer classes, and fixed and variable cost recovery for the water and wastewater operations to achieve District objectives.
4. Design of water and sewer rates including five year rate schedules and identifying customer bill impacts
5. Documentation of the studies in a detailed Report to clearly illustrate rate derivation from start to finish and to serve as part of the District's administrative record

It has been a pleasure working with you, and we thank you, District staff, and the Board of Directors for the support provided during these studies.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Kostiuk'.

Kevin Kostiuk
Senior Manager

A handwritten signature in black ink, appearing to read 'Cameron Okie'.

Cameron Okie
Manager

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Appendix C: Functionalized Water and Wastewater Expenses

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1. Executive Summary

1.1. Background of the Study

The Borrego Water District (District) is located approximately 50 miles northeast of the City of San Diego and serves the census designated place of Borrego Springs, as well as other adjacent unincorporated areas of San Diego County. The District provides potable water service to a seasonal and year-round population of approximately 3,500 through approximately 2,000 water service connections. On an annual basis, the District delivers approximately 1,100 acre-feet of potable water, which is obtained from groundwater pumped from the Borrego Springs Subbasin of the Borrego Valley Groundwater Basin.

The District's water utility, like other agencies in San Diego County, is faced with challenges related to the economic challenges around inflation and materials costs, increasing capital improvement costs related to infrastructure and facilities at the end of their useful lives, and declining per capita water usage relative to historical levels. More specific to the District, future water production from the groundwater basin will be limited based on the Basin Pumping Allocation (BPA) determined through a Sustainable Groundwater Management Act (SGMA) compliant Stipulated Agreement approved by a California Superior Court on April 8, 2021. This situation is not unique to the District, as many agencies throughout the state are faced with issues involving water availability, conservation, the need for capital reinvestment to continue providing reliable water services, adhering to new regulations and mandates, and meeting service demands with limited water supplies and groundwater overdraft.

The current water rate structure of the District consists of two components: a monthly fixed service charge that varies based on meter size and a water usage, or "commodity", rate. Single-family residential (SFR) customers are charged volumetric water rates based on a three-tier structure. All other customers pay uniform commodity rates based on the class of customer.

The District maintains a separate sewer utility, providing wastewater collection and treatment within its service areas to both residential and non-residential customers. The District provides sewer service to three separate Service Areas (SAs). These areas are: SA1, SA2, and SA5. All sewer users pay a monthly fixed charge per Equivalent Dwelling Unit (EDU) that varies depending on the Service Area. The District assesses separate charges on wastewater dischargers in SA2. SA2 customers consist of SA2 EDU "Holders" and SA2 EDU "Users". SA2 EDU Holders are customers who have bought into the wastewater system but have not yet connected and do not contribute flows to the wastewater system. These SA2 EDU Holders have agreed to pay certain operating and maintenance costs of the wastewater system. SA2 EDU Users, those connected to and using the wastewater system, pay the sum of both the Holder and User charge.

This Executive Summary compiles the proposed financial plans, proposed water and sewer charges, and contains a description of the rate study process, legal requirements, and rate-setting methodology. In this Study, the District wishes to establish fair and equitable rates that:

- » Provide revenue stability and financial sufficiency
- » Meet the District's fiscal needs in terms of operational expenses, capital investment to maintain the water and sewer systems, and maintain prudent cash reserves
- » Objectively and proportionately allocate the costs of providing service in accordance with Proposition

- » Maintain affordable water and sewer charges for all customers
- » Are easy for customers to understand
- » Are easy for the District to administer

1.2. Objectives of the Study

The major components of the Study include:

1. Development of a long-range financial plan for each utility fund that meets the utilities' revenue requirements, including operations and maintenance (O&M) costs and the capital improvement plan (CIP) while adequately funding reserves in accordance with industry best practices, and achieving debt coverage requirements.
2. Conducting cost of service analyses that demonstrates the nexus between the cost to serve customers and the responsibility of each class, per Proposition 218 and industry standards.
3. Review of the current rate structures and evaluation of alternative rate structures, customer classes, and fixed and variable cost recovery for the water and sewer utilities
4. Implementation of five-year rate schedules that align with Proposition 218 while ensuring financial sufficiency to fund operating and capital costs over the Rate Study period (Study period)

The water COS analysis was prepared using the principles established by the American Water Works Association's (AWWA) "Principles of Water Rates, Fees, and Charges, 7th edition" (M1 Manual). The M1 Manual's general principles of rate structure design and the objectives of the Study are described below.

According to the M1 Manual, the first step in the ratemaking process is to determine the adequate and appropriate level of funding for a given utility. This is referred to as determining the "revenue requirement." This analysis considers the short-term and long-term service objectives of the utility over a given planning horizon, including capital facilities, system operations and maintenance, and financial reserve policies to determine the adequacy of a utility's existing rates to fully recover its costs. Several factors affect these projections, including the number of customers served, water-use trends, one-time sales, weather, water availability, conservation, use restrictions, inflation, interest rates, capital finance needs, and other changes in operating and economic conditions. Next, utilizing an agency's approved budget, financial reports, operating data, engineering data, and capital improvement plans, a system costs are categorized (i.e., functionalized) including O&M and capitalized asset costs, among major operating functions (e.g., treatment, storage, pumping, etc.) to determine the relative share of each.

After the assets and the costs of operating those assets are properly categorized by function, these "functionalized costs" are apportioned first to cost causation components, and then to the various customer classes (e.g., single-family residential, multi-family residential, commercial, and irrigation) by determining the characteristics of those classes and the contribution of each to incurred costs such as groundwater production costs, base delivery costs, extra capacity costs, meter costs, and customer costs.

Rate design is the final step of the M1 Manual's rate-making process and uses the results of the cost of service analysis to determine cost-justified rates for each customer class and tier. Rates utilize "rate components" that build up to rates for commodity charges and fixed charges, for the various customer classes and meter sizes serving customers. In the case of inclining tier water rates, the rate components themselves allocate the cost of service within each class of customer, effectively treating each tier as a sub-class and determining the cost to serve each tier.

For the sewer COS analysis, Raftelis follows the guidelines for allocating costs detailed in the Water Environment Federation (WEF) “Manual of Practice No. 27, Financing and Charges for Wastewater Systems, 4th edition” (MOP 27).

A wastewater COS analysis follows a very similar approach to the water COS whereby the revenue requirements (costs) are distributed to each customer class in proportion to their cost responsibility on the system. After determining the revenue requirements, the next step is to functionalize the O&M costs based on the District’s O&M classification. Functionalized costs are then allocated to the cost causation components. Unit costs are then calculated, and cost responsibility is distributed among all customer classes; rates are then designed to proportionately recover the costs in compliance with Proposition 218 requirements, which are described in more detail in Section 1.3.1 below.

1.3. Legal Requirements and Rate Setting Methodology

1.3.1. CALIFORNIA CONSTITUTION – ARTICLE XIII D, SECTION 6 (PROPOSITION 218)

Proposition 218 was enacted by voters in 1996 to ensure, in part, that fees and charges imposed for ongoing delivery of a service to a property (property-related fees and charges) are proportional to, and do not exceed, the cost of providing service. Water and wastewater service fees and charges are property-related fees and charges subject to the provisions of California Constitution Article XIII D, Section 6 (Proposition 218). The principal requirements, as they relate to public water and wastewater service fees and charges are as follows:

1. Revenues derived from the fee or charge shall not exceed the costs required to provide the property-related service.
2. Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
3. The amount of the fee or charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No fee or charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.
5. A written notice of the proposed fee or charge shall be mailed to the record owner of each parcel not less than 45 days prior to a public hearing, when the agency considers all written protests against the charge.

As stated in AWWA’s M1 Manual, “water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.” Raftelis follows industry standard rate setting methodologies set forth by the AWWA M1 Manual to align the Study with the requirements of Proposition 218 requirements and develop rates that are cost-justified and do not exceed the proportionate cost of providing service.

The District utilizes tiered water rates (also known as “inclining tier” or “inclining block”) water rates for the Single Family Residential (SFR) class. The inclining tier rates (as well as rates for uniform rate classes) are based on the proportionate costs incurred to provide water to customer to each class and each tier. Inclining tier rate structures allow a water utility to objectively apportion costs incurred to serve different levels of water use including average use and peak use.

1.3.2. COST-BASED RATE-SETTING METHODOLOGY

Four major steps are used to develop water and sewer rates that align with Proposition 218 and industry standards while harmonizing with goals and objectives of the District:

1.3.2.1. Calculate the Revenue Requirement

The rate-making process starts by determining the base year (Test Year) revenue requirement, which for this Study is Fiscal Year (FY) 2025 which runs from July 1, 2024 through June 30, 2025. The revenue requirement should sufficiently fund the utility's O&M expenses, debt service, capital expenses, and reserve funding.

1.3.2.2. Cost of Service Analysis

The annual cost of providing water and wastewater service is distributed among customer classes commensurate with their service requirements. A COS analysis involves the following:

1. Functionalize costs. Examples of functions are groundwater pumping, treatment, transmission and distribution, meter servicing, and billing and customer service for water; and collection, treatment, lift, and billing and customer service for wastewater.
2. Allocate functionalized costs to cost components. Cost components include variable supply, base delivery, maximum day and maximum hour¹, meter servicing, and customer service and billing costs for water; and fixed, Biochemical Oxygen Demand (BOD), Total Suspended Solids (TSS), lift, and customer service for wastewater.
3. Distribute the cost components. Using unit costs, each component is distributed to customer classes in proportion to their demands and burdens on the water or sewer system. This is described in the M1 Manual published by AWWA and the MOP 27 published by WEF.

A COS analysis for water considers both the average quantity of water consumed (base costs) and the peak rate at which it is consumed (peaking or capacity costs as identified by maximum day and maximum hour demands²). Peaking costs are incurred during peak times of consumption. There are additional costs associated with designing, constructing, and operating and maintaining facilities to meet peak demands. These peak demand costs are allocated based on the relative water usage patterns of each class and tier. In other words, not all customer classes and not all customers share the same responsibility for peaking related costs.

1.3.2.3. Rate Design and Calculations

Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates support and optimize a blend of utility objectives. Rates act as a public information tool in communicating these objectives to customers.

¹ Collectively maximum day and maximum hour costs are known as peaking costs or extra-capacity costs.

² System capacity is the system's ability to supply water to all delivery points at the time when demanded. Coincidental peaking factors are calculated for each customer class at the time of greatest system demand. The time of greatest demand is known as peak demand. Both the operating costs and capital asset related costs incurred to accommodate the peak flows are generally allocated to each customer class based upon the class's relative demands during the peak month, day, and hour event.

1.3.2.4. Rate Adoption

Rate adoption is the last step of the rate-making process. Raftelis documents the rate study results in this Report which reflects the basis upon which the rates were calculated, the rationale and justifications behind the proposed charges, any changes to rate structures, and the anticipated financial impacts to ratepayers.

1.4. Water – Results and Recommendations

Table 1-1 shows the proposed revenue adjustments which are used in part to calculate the proposed rates. All revenue adjustments would take effect at the beginning of each fiscal year, beginning July 1, 2025. The assumptions used in calculating the revenue adjustments are described in more detail in Section 4.

Table 1-1: Proposed Water Revenue Adjustments

	Revenue Adjustments				
Effective Year	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Effective Month	July	July	July	July	July
Percentage Adjustment	9.5%	9.5%	9.5%	7.0%	7.0%

1.4.1. FACTORS AFFECTING REVENUE REQUIREMENTS

The following items affect the District's revenue requirement (i.e., costs) and thus its water rates. The District's expenses include O&M expenses and capital expenses, including debt service.

- » **Infrastructure Reinvestment:** The District has approximately \$8.8 million in replacement capital expenditures over the next five years and \$19.2 million over the 10-year financial planning horizon of this study (through FY 2035). The capital replacement projects are anticipated to be funded through a combination of cash reserves from rates, grant funding, and future debt. The District will pursue state and federal grants for the capital improvement program (CIP), where available. The District may elect to accelerate or postpone the CIP timeline based on available funds, favorable terms, or other conditions. A more detailed discussion of the projected capital improvement projects to be funded through the five-year financial plan is provided in Section 4.1.3.
- » **Baseline water demand:** The District experiences variation in water sales year-to-year. Since the prior rate study the District has experienced a roughly 17 percent reduction in normal condition expected water sales. A combination of passive conservation, consecutive wet years (yielding lower water sales than planned), and loss of a significant Public Agency customer contribute to a lower sales estimate in future years. Raftelis and District staff re-evaluated normal condition water demand based on historical use and recent years. The result is an expected supply requirement of approximately 1,200 acre-feet per year (AFY) versus the prior study's estimate of 1,440 AFY.
- » **Inflationary pressure:** The District's operating environment is not immune to the effects of inflation. The price of materials, energy, chemicals, construction costs, personnel, professional services, and other costs have increased at an historic pace over the last several years. The financial plan assumes continued pressure on both operating and capital costs, albeit at historic rates of change.

- » **Reserve Funding:** The District has reserve policies to meet cash flow needs, ensure adequate funding of repairs and replacements in the event of asset failure or other unforeseen circumstances or events, and to protect ratepayers from rate spikes. The District's reserves are further discussed in Section 3 and total reserve balances for the selected Financial Plan are identified in Section 4.3. The total cash reserve target for the District's water utility in FY 2025 is \$5.8 million. The reserve target for future years is dynamic and depends on how the components of the reserve policy change year-to-year.

1.4.2. PROPOSED MONTHLY SERVICE CHARGES

Table 1-2 shows the current and proposed rates for the monthly service charge³, by meter size, over the Study period. The proposed rates are inclusive of all metered connections. The rates for the current and proposed monthly service charges are based on the size of the meter serving a property. Proposed FY 2026 rates (effective July 1, 2025) reflect the updated cost of service rates and the revenue adjustment percentage shown in Table 1-1. The proposed rates beginning in FY 2027 are adjusted by the revenue adjustment percentage found in Table 1-1. All rates are rounded up to the nearest whole penny.

Table 1-2: Current and Proposed Water Monthly Service Charges (\$/Month)

Meter Size	Current	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
3/4"	\$49.39	\$52.76	\$57.78	\$63.27	\$67.70	\$72.44
1"	\$66.41	\$72.07	\$78.92	\$86.42	\$92.47	\$98.95
1.5"	\$108.93	\$120.33	\$131.77	\$144.29	\$154.40	\$165.21
2"	\$159.98	\$178.26	\$195.20	\$213.75	\$228.72	\$244.74
3"	\$321.63	\$361.67	\$396.03	\$433.66	\$464.02	\$496.51
4"	\$559.83	\$631.98	\$692.02	\$757.77	\$810.82	\$867.58
6"	\$1,129.85	\$1,278.79	\$1,400.28	\$1,533.31	\$1,640.65	\$1,755.50

1.4.3. PROPOSED COMMODITY RATES⁴

Table 1-3 shows the proposed rates for commodity charges, also referred to as water use rates, by customer class. Proposed FY 2026 rates (effective July 1, 2025) reflect the updated cost of service rates and the revenue adjustment. The proposed rates beginning in FY 2027 are adjusted by the revenue adjustment percentage found in Table 1-1. The rates for the current and proposed commodity charge are based on the amount of water delivered in one hundred cubic feet (HCF). One HCF is approximately 748 gallons. All rates are rounded up to the nearest whole penny.

³ The District's rate schedule refers to this component as the *Monthly Ready to Serve Meter Charge*. We refer to it as the Monthly Service Charge here to be concise.

⁴ The District's rate schedule refers to this component as the *Water Rates*. We refer to them as either *Commodity Rates* or *Water Use Rates* to denote that they are variable and dependent on the volume of metered water use.

Table 1-3: Current and Proposed Water Commodity Rates (\$/HCF)

Customer Class	Current	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
Single Family Residential						
Tier 1	\$4.16	\$4.41	\$4.83	\$5.29	\$5.67	\$6.07
Tier 2	\$5.23	\$5.45	\$5.97	\$6.54	\$7.00	\$7.49
Tier 3	\$6.03	\$7.89	\$8.64	\$9.47	\$10.14	\$10.85
Multi Unit	\$5.21	\$5.23	\$5.73	\$6.28	\$6.72	\$7.20
Irrigation	\$5.45	\$6.45	\$7.07	\$7.75	\$8.30	\$8.89
Commercial/Public Agency	\$5.21	\$5.06	\$5.55	\$6.08	\$6.51	\$6.97

1.5. Sewer – Results and Recommendations

Table 1-4 shows the proposed revenue adjustments and used in part to calculate the proposed rates. All revenue adjustments would take effect at the start of each fiscal year, beginning July 1, 2025. The assumptions used in calculating the revenue adjustments are described in more detail in Section 5.4.

Table 1-4: Proposed Sewer Revenue Adjustments

	Revenue Adjustments				
Effective Year	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Effective Month	July	July	July	July	July
Percentage Adjustment	9.75%	9.75%	9.75%	9.75%	9.75%

1.5.1. FACTORS AFFECTING REVENUE REQUIREMENTS

The following items affect the District's revenue requirement (i.e., costs) and thus its wastewater rates. The District's expenses include O&M expenses and capital expenses, including debt service.

- » **Infrastructure Reinvestment:** The District has approximately \$1.6 million in replacement capital expenditures over the next five years and \$2.2 million over the 10-year financial planning horizon of this study (through FY 2035). The capital replacement projects will be funded through a combination of cash reserves from rates, grant funds, and future debt. The District will pursue state and federal grants for the CIP, where available. The District may elect to accelerate or postpone the CIP timeline based on system requirements, available funds, favorable terms, and other conditions. A more detailed discussion of the projected capital improvement projects to be funded through the five-year financial plan is provided in Section 7.1.3.
- » **Inflationary pressure:** The District's operating environment is not immune to the effects of inflation. The price of materials, energy, chemicals, construction costs, personnel, professional services, and other costs have increased at an historic pace over the last several years. The financial plan assumes continued pressure on both operating and capital costs, albeit at historic rates of change.
- » **Reserve Funding:** The District has reserve policies to meet cash flow needs, ensure adequate funding of repairs and replacements in the event of asset failure or other unforeseen circumstances or events, and to protect ratepayers from rate spikes. The District's reserves are further discussed in

Section 3 and total reserve balances for the selected Financial Plan are identified in Section 7.3. The total cash reserve target for the District's sewer utility in FY 2025 is \$883,495. The reserve target for future years is dynamic and depends on how the components of the reserve policy change year-to-year.

1.5.2. PROPOSED SEWER CHARGES

Table 1-5 shows the current and proposed sewer rates for the Study period. The proposed rates are adjusted by the revenue adjustment percentage found in Table 1-4. Proposed FY 2026 rates (effective July 1, 2025) reflect the updated cost of service rates and revenue adjustment. The proposed rates beginning in FY 2027 are adjusted by the revenue adjustment percentage found in Table 1-4. All rates are rounded up to the nearest whole penny.

Table 1-5: Current and Proposed Wastewater Charges (\$/Month/EDU)

Customer Class	Current	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
SA1	\$53.91	\$59.93	\$65.78	\$72.20	\$79.24	\$86.97
SA2 EDU Holder	\$25.85	\$28.68	\$31.48	\$34.55	\$37.92	\$41.62
SA2 EDU User	\$32.12	\$34.56	\$37.93	\$41.63	\$45.69	\$50.14
SA5	\$57.96	\$63.24	\$69.41	\$76.18	\$83.61	\$91.77

2. General Assumptions

2.1. Inflation

Raftelis developed a ten-year financial plan and cash flow model to inform the next five years of revenue needs. FY 2025 is the base year and relies on the District's adopted operating and capital budgets. FY 2026 begins on July 1, 2025 and ends on June 30, 2026. This section of the Report show key variables, inflationary escalation assumptions, and estimates used to forecast revenues and expenses.

Various types of assumptions and inputs are incorporated into the Study based on discussions with and/or direction from District staff. These include the projected number of service connections, water demand over time, and inflationary factors, among others. Cost escalations are based on the District's analysis of historical trends and data, as well as projections from external sources like San Diego Gas & Electric (SDGE). The inflationary factors show projected increases in various cost categories across the Study period. The factors are applied to all years beginning in FY 2026. FY 2025 relies on the District's adopted budgets. Raftelis worked with District staff to escalate individual budget line items according to appropriate escalation factors. Inflationary factors are presented in Table 2-1 and Table 2-2 for Water and Sewer respectively.

A general inflation rate of 2.5 percent is based on the long-term change in the Consumer Price Index (CPI). Salaries and benefits tend to outpace general inflation, and District staff have estimated annual increases of 8 and 5 percent for salaries and benefits, respectively. Power costs reflect the price trends of electricity from SDGE for water production, system pumping, wastewater lift station pumping, and other District uses of energy. Groundwater Management reflects the anticipated increase in the cost of watermaster expenses. Capital cost escalation is shown as N/A as the District's CIP provided to Raftelis reflects anticipated future cost increases and is therefore in future dollars.

Table 2-1: Water Inflationary Escalation Estimates

Escalation Factors	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
General	2.5%	2.5%	2.5%	2.5%	2.5%
Salary	8.0%	8.0%	8.0%	8.0%	8.0%
Benefits	5.0%	5.0%	5.0%	5.0%	5.0%
Power	9.0%	9.0%	9.0%	9.0%	9.0%
Groundwater Management	3.0%	3.0%	3.0%	3.0%	3.0%
Capital	N/A	N/A	N/A	N/A	N/A

Table 2-2: Sewer Inflationary Escalation Estimates

Escalation Factors	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
General	2.5%	2.5%	2.5%	2.5%	2.5%
Salary	8.0%	8.0%	8.0%	8.0%	8.0%
Benefits	5.0%	5.0%	5.0%	5.0%	5.0%
Power	9.0%	9.0%	9.0%	9.0%	9.0%
Capital	N/A	N/A	N/A	N/A	N/A

2.2. Projected Water Demand and Growth Rates

To estimate future water demand, two primary factors are used – account growth from new connections and water demand relative to the most recent complete year of water use, which is FY 2024 (July 1, 2023 to June 30, 2024). As shown in Table 2-3, the financial plan projects no growth in new water service connections for the Study period. The demand factor for water represents the change in water consumption per account. The assumption for the Study period is that there will be no change in the consumption per account (per capita demand). Baseline water demand is based on FY 2024 which is estimated to represent normal condition expectations in future years. This update to baseline water demand captures both passive reductions in water use experienced over the past five year as well as the reduction of a significant Public Agency user, which now serves its own water needs.

To estimate non-operating revenues, the Study assumes that all recurring non-rate water revenues (miscellaneous revenues) will not increase in future years and reserve interest earnings will increase at 2 percent per year through FY 2030. These revenue growth assumptions are presented below in Table 2-3.

Table 2-3: Account, Demand, and Miscellaneous Revenue Growth Estimates - Water

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Account Growth					
Single Family Residential	0%	0%	0%	0%	0%
Multiple Units	0%	0%	0%	0%	0%
Commercial/Public Agency	0%	0%	0%	0%	0%
Irrigation	0%	0%	0%	0%	0%
Demand Factor	100%	100%	100%	100%	100%
Revenue Escalation Factors					
Non-Inflated	0%	0%	0%	0%	0%
Non-Rate Revenues	0%	0%	0%	0%	0%
Interest Income	2%	2%	2%	2%	2%

2.3. Projected Sewer Demand and Growth Rates

Future sewer revenues rely on the change in the number of connections/EDUs served, relative to the prior year. The District anticipates the number of sewer accounts to remain flat over the Study period. To predict non-operating revenues, the Study assumes that all recurring non-rate sewer revenues (miscellaneous revenues) will not increase in future years and reserve interest earnings will increase at 2 percent per year through FY 2030, the same estimate as for water. These revenue growth assumptions are presented below in Table 2-4.

Table 2-4: Account, Demand, and Miscellaneous Revenue Growth Estimates - Sewer

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Account Growth					
SA1	0%	0%	0%	0%	0%
SA2	0%	0%	0%	0%	0%
SA 5	0%	0%	0%	0%	0%
Revenue Escalation Factors					
Non-Inflated	0%	0%	0%	0%	0%
Non-Rate Revenues	0%	0%	0%	0%	0%
Interest Income	2%	2%	2%	2%	2%

3. Financial Reserve Policies

Reserve policies provide guidelines for sound financial management with an overall long-range perspective to maintain financial solvency and mitigate financial risks associated with revenue instability, volatile capital costs, and emergencies. These risks include fiscal emergencies, water shortages, asset failure, and natural disasters, among others. The District has adopted reserve policies for the utilities to meet cash flow needs (operating), avoid rate spikes during periods of depressed demand (rate stabilization), protect against revenue shortfalls (contingency), purchase future water (water supply), replace damaged assets (emergency), ensure adequate funding of capital repairs and replacements (capital), and fund certain liabilities as part of bond covenants (debt).

3.1. Financial Reserves Policy - Water

The overall water reserve policy consists of seven component policies.

Operating: The defined operating reserve policy is a minimum of 90 with a target of 120 days of operating expenses to meet cash flow needs for the day-to-day operations of the utility. The water operating reserve target for FY 2025 is approximately \$1.2 million.

Rate Stabilization: The District has a rate covenant stabilization reserve with a defined policy target of 25 percent of annual debt service to stabilize water revenues in times of reduced water demand to maintain adequate debt coverage ratios and avoid abrupt increases in rates. The water rate stabilization reserve target for FY 2025 is approximately \$233,000.

Contingency: The District has a contingency reserve with a defined policy minimum of 5 percent and a target of 10 percent of operating expenses in cash to accommodate unexpected operation changes and costs. The water contingency reserve maximum target (i.e., 10% of operating expenses) for FY 2025 is approximately \$351,000.

Capital: The District has a capital repair and replacement reserve that allows the utility to award contracts and provides flexibility in the timing of projects. The capital reserve has a policy equal to the greater of \$1,000,000 and the budgeted PAY-GO capital needs for water and wastewater in the following fiscal year. With the District's input, Raftelis set a water utility target equal to the greater of \$800,000 and the following year's water PAY-GO capital needs (i.e., 80% of the total capital reserve target for the water utility). The water capital reserve target for FY 2025 is approximately \$1.3 million for the water utility.

Debt: The District has a debt reserve for repaying previously issued bonds with a defined policy equal to the annual principal and interest for debt obligations. The debt reserve target for FY 2025 is approximately \$933,000.

Emergency: The District has an emergency reserve with a policy target equal to 2% of the replacement cost of the District's capital assets to replace damaged assets in the case of a catastrophic event. Approximately 69 percent of the District's asset value belongs to the water utility (measured in replacement cost of assets) which translates into a water emergency reserve target in FY 2025 of approximately \$822,000.

Water Supply: The District has a water supply purchase reserve with a target of \$1.0 million to purchase future Baseline Pumping Allocation (BPA) to supply long-term customer demand. The supply requirements established under the Borrego Springs Subbasin California Superior Court Adjudicated Judgement will reduce the District's BPA over time. Additional supply for water production will be required by purchasing land to acquire additional BPA.

Table 3-1 shows the total target for all water reserves is approximately \$5.8 million in FY 2025. The reserve balance for future years is dynamic and depends on how the components of the reserve policy change year-to-year. The District's beginning FY 2025 water reserve balance was approximately \$4.3 million. As existing funds are spent on the replacement CIP, additions in annual reserve funding will allow the District to achieve the adopted reserve targets over the Study period.

Table 3-1: Financial Reserves Policy - Water

Reserve	Policy	FY 2025 Target Level
Operating Reserve	Minimum 90 days, Target of 120 days of O&M Expenses	\$1,152,829
Rate Stabilization Reserve	25% of Current Year's Debt Service	\$233,300
Contingency Reserve	Minimum of 5%, Maximum of 10% of O&M Expenses	\$350,652
Debt Reserve	One Year of Debt Service	\$933,201
Capital Replacement Reserve	Greater of \$800k and next year PAYGO CIP	\$1,308,995
Emergency Reserve	2% of District Water Assets Replacement Cost	\$821,746
Water Supply Reserve	\$1,000,000	\$1,000,000
Total Reserves		\$5,800,722

Minimum Reserve Policy - Water: The District has an informal minimum water reserve policy to assist with future planning. This minimum reserve consists of the summation of the target water operating reserve (i.e., 120 days of O&M), target water contingency reserve (i.e., 10% of O&M), and water debt reserve.

3.2. Financial Reserves Policy - Sewer

The overall wastewater reserve policy consists of six component policies.

Operating: The defined operating reserve policy is a minimum of 90 with a target of 120 days of operating expenses to meet cash flow needs for the day-to-day operations of the utility. The wastewater operating reserve target for FY 2025 is approximately \$203,000.

Rate Stabilization: The District has a rate covenant stabilization reserve with a defined policy of 25 percent of annual debt service to stabilize wastewater revenues in times of reduced wastewater revenue to maintain adequate debt coverage ratios and avoid abrupt increases in rates. The wastewater rate stabilization reserve target for FY 2025 is approximately \$10,000.

Contingency: The District has a contingency reserve with a defined policy minimum of 5 percent and a target of 10 percent of operating expenses in cash to accommodate unexpected operation changes and costs. The wastewater contingency reserve maximum target for FY 2025 is approximately \$62,000.

Capital: The District has a capital repair and replacement reserve that allows the utility to award contracts and provides flexibility in the timing of projects. The capital reserve has a policy equal to the greater of \$1,000,000 and the budgeted PAY-GO capital needs for water and wastewater in the following fiscal year. With the District's input, Raftelis set a wastewater utility target equal to the greater of \$200,000 and the following year's wastewater PAY-GO capital needs (i.e., 20% of the total capital reserve target for the wastewater utility). The wastewater capital reserve target for FY 2025 is \$200,000 for the wastewater utility.

Debt: The District has a debt reserve for repaying previously issued bonds with a defined policy equal to the annual principal and interest for debt obligations. The debt reserve target for FY 2025 is approximately \$41,000.

Emergency: The District has an emergency reserve with a policy target equal to 2% of the replacement cost of the District's capital assets to replace damaged assets in the case of a catastrophic event. Approximately 31 percent of the District's asset value belongs to the wastewater utility (measured in replacement cost of assets) which translates into a wastewater emergency reserve target in FY 2025 of approximately \$367,000.

Table 3-1 shows the total target for all wastewater reserves is \$883,495 in FY 2025. The reserve balance for future years is dynamic and depends on how the components of the reserve policy change year-to-year. The District's beginning FY 2025 wastewater reserve balance was approximately \$475,000. As existing funds are spent on the replacement CIP, additions in annual reserve funding will allow the District to achieve the adopted reserve targets over the Study period.

Table 3-2: Financial Reserves Policy - Sewer

Reserve	Policy	FY 2025 Target Level
Operating Reserve	Minimum 90 days, Target of 120 days of O&M Expenses	\$203,055
Rate Stabilization Reserve	25% of Current Year's Debt Service	\$10,285
Contingency Reserve	Minimum of 5%, Maximum of 10% of O&M Expenses	\$61,762
Debt Reserve	One Year of Debt Service	\$41,139
Capital Replacement Reserve	Greater of \$200k or next year PAYGO CIP	\$200,000
Emergency Reserve	2% of District Water Assets Replacement Cost	\$367,253
Total Reserves		\$883,495

Minimum Reserve Policy - Sewer: The District has an informal minimum sewer reserve policy to assist with future planning. The minimum reserve consists of the target sewer operating reserve (i.e., 120 days of sewer O&M) plus the sewer debt reserve.

4. Water Financial Plan

This section describes the District's customer account and water use data and the corresponding financial plan. To develop the financial plan, Raftelis projects annual revenues and expenses; models reserve balances; incorporates capital expenditures, debt service, and inflationary pressures; and calculates debt service coverage ratios to estimate any additional rate revenue required in each year of the Study. This section includes a discussion of O&M expenses, the CIP, reserve funding, projected revenue under existing rates, and the revenue adjustments required to ensure the fiscal sustainability and solvency of the utility. This section shows results over a five-year horizon to correspond with the five-year rate setting period. Appendix A of the Report provides ten-year cash flow projections and financial plan results.

4.1. Water Revenue Requirements

A review of a utility's revenue requirements is a key first step in the rate study process. The review involves an analysis of annual rate revenues from existing rates, O&M expenses, capital expenditures, and reserve requirements.

4.1.1. REVENUES FROM CURRENT WATER RATES

The District's rate structure has two main components: a fixed charge component (monthly service charge) and a variable volumetric charge component (commodity charge). The monthly fixed service charge is determined based on the size of the water meter serving a property and increases with meter size. As described in more detail in Section 6.2 larger meters generally consume more water on average, have the capacity to consume more water instantaneously, and are more costly to install, maintain, repair, and replace, so the costs to provide service to these customers are higher. A typical Single-Family Residential (SFR) home is served by a 3/4" meter with a monthly fixed service charge of \$49.39. Most of the District water connections are 3/4". The rates for the current fixed service charges are shown in Table 4-1.

Table 4-1: Current Water Monthly Service Charges (\$/Month)

Meter Size	Current Charge
3/4"	\$49.39
1"	\$66.41
1 1/2"	\$108.93
2"	\$159.98
3"	\$321.63
4"	\$559.83
6"	\$1,129.85
Construction	\$147.17

The volumetric component of a customer's water bill is calculated based on the number of units of water delivered to a property, measured in HCF, multiplied by the rates that vary by customer class and tier. The current tier widths and rates are shown in Table 4-2. The rates in Table 4-2, multiplied by the amount of use in each respective tier, determine the volumetric component of a customer's bill. Tiers are discussed in detail in Section 6.3.

Table 4-2: Current Water Commodity Rates (\$/HCF)

Class	Current Tier Definition	Current Rate (\$/HCF)
Single-Family Residential (SFR)		
Tier 1	0-7	\$4.16
Tier 2	8-22	\$5.23
Tier 3	>22	\$6.03
Multiple Units	Uniform	\$5.21
Commercial / Public Agency	Uniform	\$5.21
Irrigation	Uniform	\$5.45
Construction	Uniform	\$11.37
Bulk Water	Uniform	\$15.21

Table 4-3 shows the projected number of water connections by meter size, by fiscal year. The number of connections remains the same in each year based on the connection growth assumptions identified in Section 2.2 and Table 2-3.

Table 4-3: Projected Water Meters by Meter Size

Meter Size	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
5/8" ⁵	3	3	3	3	3	3
3/4"	1,466	1,466	1,466	1,466	1,466	1,466
1"	473	473	473	473	473	473
1 1/2"	72	72	72	72	72	72
2"	28	28	28	28	28	28
3"	4	4	4	4	4	4
4"	7	7	7	7	7	7
6"	7	7	7	7	7	7
Construction	4	4	4	4	4	4
Total	2,064	2,064	2,064	2,064	2,064	2,064

Water demand projections through FY 2030 are shown in Table 4-4. The water demand and revenue growth assumptions are identified in Table 2-3. The projected water usage is shown in Table 4-4 for current tiers widths to calculate projected revenues most accurately under “status quo” conditions. The “status quo” financial plan does not include revenue adjustments and assesses whether the District’s current rates, at the projected level of usage, is sufficient to support operations, capital projects, debt servicing, and reserve funding.

⁵ These 5/8” entries are due to legacy meter coding. Going forward the District will not have 5/8” metered connections and proposed rates will reflect 3/4” as the smallest meter size.

Table 4-4: Projected Water Demand by Class and Tiers

Class	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Single-Family Residential						
Tier 1	105,164	105,164	105,164	105,164	105,164	105,164
Tier 2	101,888	101,888	101,888	101,888	101,888	101,888
Tier 2	85,862	85,862	85,862	85,862	85,862	85,862
Multiple Units	65,514	65,514	65,514	65,514	65,514	65,514
Commercial / Public Agency	59,675	59,675	59,675	59,675	59,675	59,675
Irrigation	65,623	65,623	65,623	65,623	65,623	65,623
Construction	471	471	471	471	471	471
Bulk Water	141	141	141	141	141	141
Total Water Sales (HCF)	484,338	484,338	484,338	484,338	484,338	484,338
Total Water Sales (AF)	1,112	1,112	1,112	1,112	1,112	1,112

Table 4-5 shows the rate revenue generated in each fiscal year at projected demand and the current rates. Note that revenues for FY 2025 and beyond use existing rates from Table 4-1 and Table 4-2. The overall adequacy of water revenues is measured by comparing the projected annual revenue required from rates with projected revenues from the existing rates.

Table 4-5: Projected Water Rate Revenue at Current Rates

Revenue Source	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Fixed Service Charges	\$1,557,368	\$1,557,368	\$1,557,368	\$1,557,368	\$1,557,368	\$1,557,368
Commodity Charges	\$2,505,480	\$2,465,480	\$2,465,480	\$2,465,480	\$2,465,480	\$2,465,480
Total Rate Revenues	\$4,062,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848

The utility also derives revenues from other non-rate sources. These revenues consist of fees, taxes, interest income, and other operating revenues and are summarized in Table 4-6.

Table 4-6: Projected Non-Rate Revenues - Water

Revenue Source	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Interest	\$74,853	\$78,343	\$47,133	\$15,488	\$0	\$0
Fees	\$111,945	\$111,945	\$111,945	\$111,945	\$111,945	\$111,945
Taxes	\$118,896	\$118,896	\$118,896	\$118,896	\$118,896	\$118,896
Other	\$41,825	\$41,825	\$41,825	\$41,825	\$41,825	\$41,825
Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0
Total Non-Operating Revenues	\$347,518	\$351,008	\$319,798	\$288,153	\$272,665	\$272,665

4.1.2. OPERATING AND MAINTENANCE (O&M) EXPENSES

Total projected water O&M expenses are shown in Table 4-7 and are summarized by department. Other expenses are projected from the District's adopted FY 2025 budget. Expenses beyond FY 2025 use District estimated costs, where known, or rely on FY 2025 budgeted values inflated by the assumptions from Table 2-1. In addition to O&M expenses, the District must fund its Water Supply Reserve to purchase future Baseline Pumping Allocation (BPA) to meet supply requirements established under the Borrego Springs Subbasin California Superior Court Adjudicated Judgement – the costs of these multi-year purchase agreements are included in the CIP.

Table 4-7: Projected Water O&M Expenses

O&M Expense Summary	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Repairs & Maintenance	\$937,230	\$994,376	\$1,055,986	\$1,122,443	\$1,194,166	\$1,271,613
Professional Services	\$324,649	\$256,369	\$262,778	\$269,348	\$276,082	\$282,984
Insurance	\$136,126	\$139,529	\$143,017	\$146,593	\$150,257	\$154,014
Personnel Expense	\$1,538,775	\$1,649,496	\$1,768,480	\$1,896,361	\$2,033,818	\$2,181,587
Office Expense	\$155,583	\$160,065	\$164,712	\$169,534	\$174,540	\$179,740
Groundwater Management	\$414,158	\$424,907	\$435,938	\$447,256	\$458,870	\$470,787
Total O&M	\$3,506,521	\$3,624,743	\$3,830,912	\$4,051,534	\$4,287,734	\$4,540,725

4.1.3. PROJECTED CAPITAL IMPROVEMENT PLAN (CIP)

The District has approximately \$8.8 million in replacement capital expenditures over the next five fiscal years (FY 2026 – FY2030). A summary of these capital expenditures, by anticipated funding source, is shown in Table 4-8. A detailed version of the capital improvement plan is provided in Appendix B. Project costs, inclusive of anticipated construction cost inflation, were provided by District Staff.

Table 4-8: Projected Capital Improvement Plan - Water

Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Future Bond Projects	\$0	\$0	\$0	\$0	\$0	\$0
Grant Funded Projects	\$4,667,000	\$1,828,800	\$1,058,240	\$600,000	\$0	\$0
Cash Reserve Funded Projects	\$969,344	\$1,308,995	\$1,521,349	\$868,484	\$830,042	\$828,215
Total Capital Projects	\$5,636,344	\$3,137,795	\$2,579,589	\$1,468,484	\$830,042	\$828,215

4.1.4. DEBT SERVICE

The District has three existing debt instruments:

- » Compass Bank Note 2018A
- » Compass Bank Note 2018B (final repayment is in FY 2025)
- » 2021 COPF Loan

Debt service schedules for each obligation were provided by the District. Table 4-9 shows the annual debt service payment obligation of each debt instrument for each year of the Study period. While the Compass Bank Notes wholly benefits the water utility, a small portion of the COPF Loan (7 percent) benefits the wastewater utility. The amount shown in the table is the 93 percent benefiting the water utility.

Table 4-9: Existing Debt Service - Water

Existing Debt	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Compass Bank Note 2018A	\$246,203	\$246,967	\$242,547	\$241,959	\$246,053	\$0
Compass Bank Note 2018B	\$140,755	\$0	\$0	\$0	\$0	\$0
2021 COPF Loan	\$546,242	\$546,566	\$546,612	\$546,364	\$545,832	\$545,938
Total Existing Debt Service	\$933,201	\$793,534	\$789,159	\$788,323	\$791,885	\$545,938

4.2. Existing Water Financial Plan – No Revenue Adjustments

Table 4-10 displays the operating cash flow detail from current rates for the District's water utility over the Study period. The cash flow incorporates revenues and expenses to show the overall position of the utility. All projections shown in the table are based upon the District's current rate structure and do not include revenue adjustments or any new debt. Table 4-10 incorporates data shown in the preceding tables of this section.

Under the "status-quo" no revenue adjustment-scenario, revenues generated from rates and other miscellaneous revenues are inadequate to maintain reserves at even minimum levels or fund planned capital improvement projects over the Study period. With current rates and existing expenses, the water utility's net cash flow is projected to be negative in all years of the Study period, and reserves will turn negative in FY 2029 and fall \$8.4 million short of reserve targets in FY 2030. Additionally, debt coverage is projected to fail minimum requirements for all years in the Study period.

Table 4-10: Water Financial Plan at Current Rates

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues						
Revenue from Existing Rates	\$4,062,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848
Total Revenue Adjustments	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenue	\$272,665	\$272,665	\$272,665	\$272,665	\$272,665	\$272,665
Interest	\$74,853	\$78,343	\$47,133	\$15,488	\$0	\$0
Total Revenues	\$4,410,366	\$4,373,855	\$4,342,646	\$4,311,001	\$4,295,513	\$4,295,513
Total O&M Expenses	\$3,506,521	\$3,624,743	\$3,830,912	\$4,051,534	\$4,287,734	\$4,540,725
Net Operating Revenue	\$903,845	\$749,113	\$511,734	\$259,466	\$7,779	(\$245,212)
Debt and Capital						
Existing Debt Service	\$933,201	\$793,534	\$789,159	\$788,323	\$791,885	\$545,938
Rate Funded CIP	\$969,344	\$1,308,995	\$1,521,349	\$868,484	\$830,042	\$828,215
Total Debt and Capital	\$1,902,545	\$2,102,528	\$2,310,509	\$1,656,807	\$1,621,927	\$1,374,153
Net Cash Flow	(\$998,699)	(\$1,353,415)	(\$1,798,775)	(\$1,397,341)	(\$1,614,148)	(\$1,619,364)
Beginning Balance⁶	\$5,631,707	\$4,633,008	\$3,279,592	\$1,480,817	\$83,476	(\$1,530,671)
Net Cashflow	(\$998,699)	(\$1,353,415)	(\$1,798,775)	(\$1,397,341)	(\$1,614,148)	(\$1,619,364)
Grant Funding	\$4,667,000	\$1,828,800	\$1,058,240	\$600,000	\$0	\$0
Grant Funded CIP	(\$4,667,000)	(\$1,828,800)	(\$1,058,240)	(\$600,000)	\$0	\$0
Ending Balance	\$4,633,008	\$3,279,592	\$1,480,817	\$83,476	(\$1,530,671)	(\$3,150,036)
Board Policy Target	\$5,800,722	\$5,889,183	\$5,319,248	\$5,374,356	\$5,478,256	\$5,264,438
Minimum Target	N/A	\$2,347,704	\$2,431,728	\$2,525,488	\$2,630,324	\$2,492,852
Calculated Debt Coverage Ratio	97%	94%	65%	33%	1%	-45%
Required Debt Coverage Ratio	125%	125%	125%	125%	125%	125%

⁶ FY 2025 beginning balance is adjusted to include cash at July 1, 2024 plus the sale of Viking Ranch Property, twin tank reimbursement from DWR, and Prop 68 Grant reimbursement

4.3. Proposed Water Financial Plan

The proposed financial plan calls for adoption of 9.5% percent revenue adjustments for three years from FY 2026 through FY 2028 and 7.0% revenue adjustments for two years from FY 2029 through FY 2030. The revenue adjustments for all years of the Study are proposed to be implemented at the start of the fiscal year in July. Table 4-11 shows the proposed revenue adjustment plan. The rates presented in Section 6 are based on the proposed financial plan below.

The proposed revenue adjustments help to ensure adequate revenue to fund operating expenses, achieve reserve policy targets, fund the long-term capital program, and comply with existing debt covenants. Revenue adjustments represent the average increase in rates for the utility. Actual percentage increases (or decreases) in rates are dependent upon the cost of service analysis and are unique to each customer class and meter size.

Table 4-11: Proposed Revenue Adjustments - Water

	Revenue Adjustments				
Effective Year	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Effective Month	July	July	July	July	July
Percentage Adjustment	9.5%	9.5%	9.5%	7%	7%

Primary factors requiring the proposed adjustments include:

- » **Infrastructure Reinvestment:** The District has approximately \$8.8 million in replacement capital expenditures over the next five fiscal years (FY 2026 – FY2030) and \$19.2 million over the 10 year financial planning horizon of this study (FY 2026 – FY2035). The capital replacement projects are anticipated to be funded through a combination of cash reserves from rates, grant funding, and new debt issuance. The District will pursue state and federal grants for the capital improvement program (CIP), where available. The District may elect to accelerate or postpone the CIP timeline based on available funds, favorable terms, or other conditions.
- » **Baseline water demand:** The District experiences variation in water sales year-to-year. Since the prior rate study the District has experienced a roughly 20 percent reduction in normal condition expected water sales. A combination of passive conservation, consecutive wet years (yielding lower water sales than planned), and loss of a significant Public Agency customer all yield a lower sales estimate looking forward. Raftelis and District staff re-evaluated normal condition water demand based on historical use and recent years. The result is an expected supply requirement of approximately 1,200 acre-feet per year (AFY) versus the prior study's estimate of 1,440 AFY.
- » **Inflationary pressure:** The District's operating environment is not immune to the effects of inflation. The price of materials, energy, chemicals, construction costs, personnel, professional services, and other costs have increased at an historic pace over the last several years. The financial plan assumes continued pressure on both operating and capital costs, albeit at historic rates of change.
- » **Reserve Funding:** The District has reserve policies to meet cash flow needs, ensure adequate funding of repairs and replacements in the event of asset failure or other unforeseen circumstances or events, and to protect ratepayers from rate spikes. The District's reserves are further discussed in Section 3 and total reserve balances for the selected Financial Plan are identified in Section 4.3. The total cash

reserve target for the District's water utility in FY 2025 is \$5.8 million. The reserve target for future years is dynamic and depends on how the components of the reserve policy change year-to-year.

Table 4-12 shows the five-year cash flow detail for the water utility, including additional revenues from the proposed financial plan. The proposed financial plan estimates rate revenues and expenses on a cash flow basis. The proposed financial plan yields positive net cash flow in FY 2029, maintains reserves at minimum levels, and achieves debt coverage minimums. While the plan is only shown for the five rate years, there is new debt proposed in year 10 of the financial plan, in FY 2035. The financial plan builds sufficient cash and debt capacity to execute the projects at that time. The terms of the debt are a 20 year term, 4.5% interest rate, and 2% issuance cost.

Table 4-12: Proposed Financial Plan - Water

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues						
Revenue from Existing Rates	\$4,062,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848	\$4,022,848
Total Revenue Adjustments	\$0	\$382,171	\$800,647	\$1,258,879	\$1,628,600	\$2,024,202
Other Revenue	\$272,665	\$272,665	\$272,665	\$272,665	\$272,665	\$272,665
Interest	\$74,853	\$82,164	\$62,859	\$52,124	\$51,772	\$57,000
Total Revenues	\$4,410,366	\$4,759,848	\$5,159,019	\$5,606,516	\$5,975,885	\$6,376,714
Total O&M Expenses	\$3,506,521	\$3,624,743	\$3,830,912	\$4,051,534	\$4,287,734	\$4,540,725
Net Operating Revenue	\$903,845	\$1,135,105	\$1,328,107	\$1,554,982	\$1,688,151	\$1,835,990
Debt and Capital						
Existing Debt Service	\$933,201	\$793,534	\$789,159	\$788,323	\$791,885	\$545,938
Rate Funded CIP	\$969,344	\$1,308,995	\$1,521,349	\$868,484	\$830,042	\$828,215
Total Debt and Capital	\$1,902,545	\$2,102,528	\$2,310,509	\$1,656,807	\$1,621,927	\$1,374,153
Net Cash Flow	(\$998,699)	(\$967,423)	(\$982,401)	(\$101,825)	\$66,224	\$461,837
Beginning Balance⁷	\$5,631,707	\$4,633,008	\$3,665,584	\$2,683,183	\$2,581,358	\$2,647,582
Net Cashflow	(\$998,699)	(\$967,423)	(\$982,401)	(\$101,825)	\$66,224	\$461,837
Grant Funding	\$4,667,000	\$1,828,800	\$1,058,240	\$600,000	\$0	\$0
Grant Funded CIP	(\$4,667,000)	(\$1,828,800)	(\$1,058,240)	(\$600,000)	\$0	\$0
Ending Balance	\$4,633,008	\$3,665,584	\$2,683,183	\$2,581,358	\$2,647,582	\$3,109,419
<i>Board Policy Target</i>	\$5,800,722	\$5,889,183	\$5,319,248	\$5,374,356	\$5,478,256	\$5,264,438
<i>Minimum Target</i>	N/A	\$2,347,704	\$2,431,728	\$2,525,488	\$2,630,324	\$2,492,852
Calculated Debt Coverage Ratio	97%	143%	168%	197%	213%	336%
Required Debt Coverage Ratio	125%	125%	125%	125%	125%	125%

Figure 4-1 through Figure 4-3 display the proposed five-year financial plan in a graphical format.

Figure 4-1 illustrates the Operating Financial Plan. It compares existing and proposed revenues with projected expenses. The expenses, represented by stacked bars, represent O&M expenses, annual debt service costs,

⁷ FY 2025 beginning balance is adjusted to include cash at July 1, 2024 plus the sale of Viking Ranch Property, twin tank reimbursement from DWR, and Prop 68 Grant reimbursement

PAYGO (i.e., cash-funded) CIP, and use/funding of reserves (net cashflow). Total revenues at existing and proposed rates are shown by the horizontal dashed and solid black lines, respectively. Figure 4-1 shows that current revenue from existing rates will not meet future total expenses, including reserve funding for future capital projects and risk mitigation.

Figure 4-1: Projected Operating Financial Plan - Water

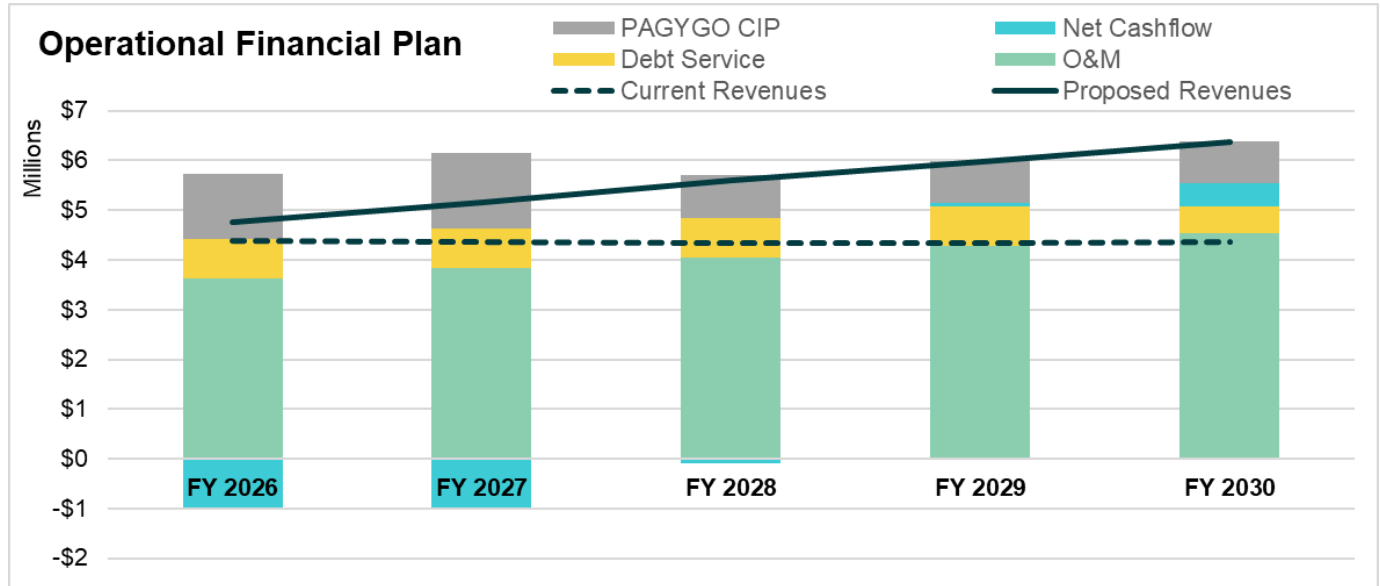


Figure 4-2 shows the District's projected ending cash reserve balance by fiscal year. The grey bars indicate the total ending balance, while the solid orange and solid blue lines indicate the total minimum target reserve balances and the Board Policy target reserves balances, respectively. With the proposed financial plan, the District achieves minimum reserve target balances throughout the Study period and begins building back towards the Board Policy in FY 2030.

Figure 4-2: Projected Ending Cash Balance - Water

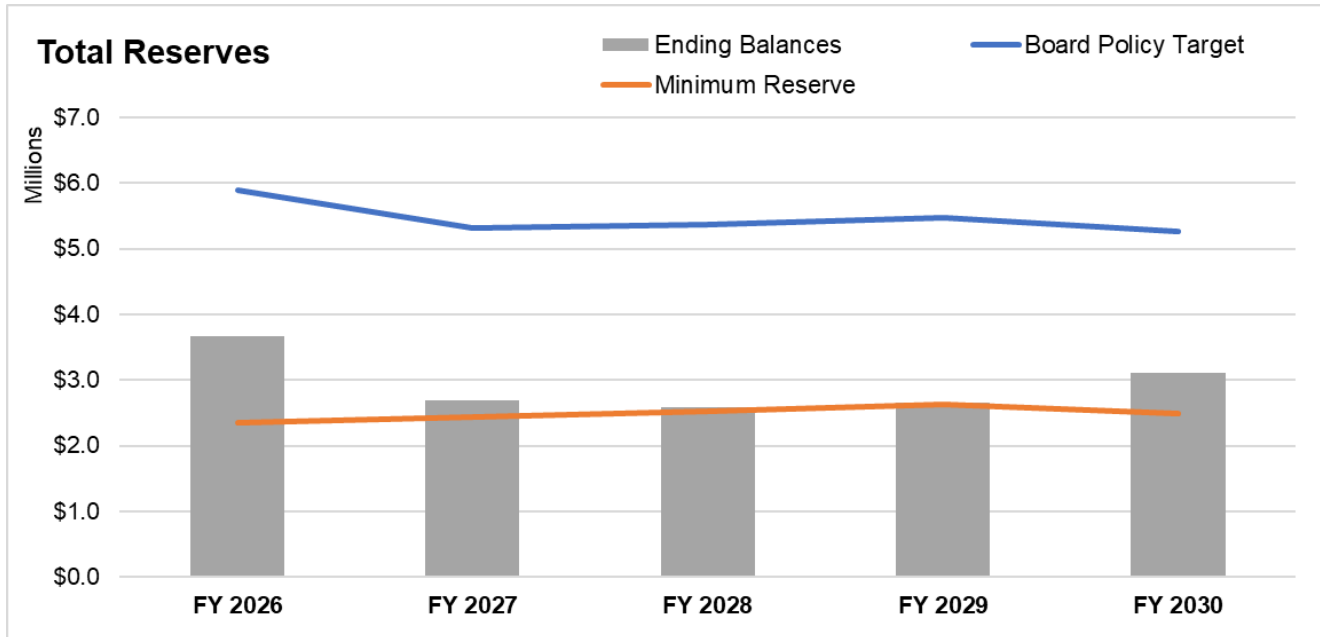
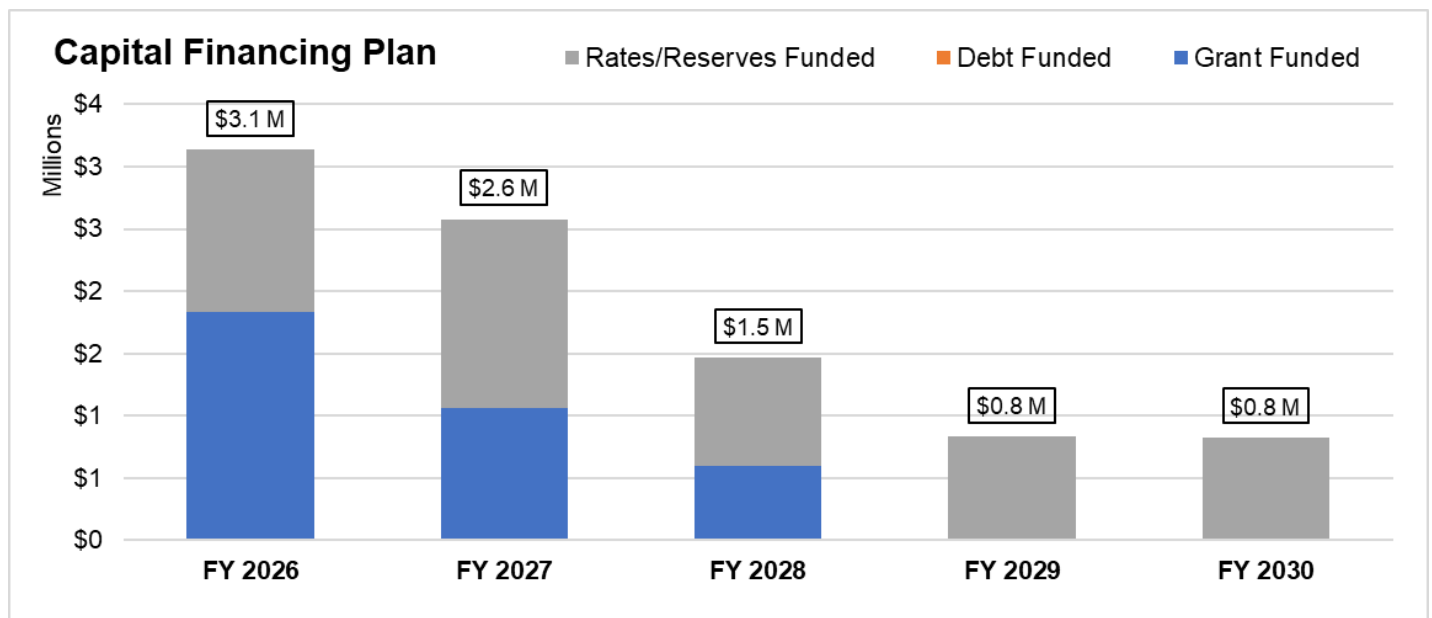


Figure 4-3 shows the total CIP of the water utility over the Study period, by funding source. The blue portion of the bars represent grant funded capital projects, the grey portions of the bars represent rate funded capital on a pay-as-you-go (PAYGO) basis. No water CIP is anticipated to be debt funded within the five-year rate period.

Figure 4-3: Projected CIP and Funding Sources - Water



5. Water Cost of Service Analysis

5.1. Methodology

The principles and methodology of a COS analysis were described in Section 1.3.2 and are detailed in this subsection. The annual cost of providing water service is distributed among customer classes commensurate with their service requirements. A COS analysis involves the following:

1. Functionalize costs. Examples of functions are pumping, treatment, transmission and distribution, groundwater management, meter service, and customer service.
2. Allocate functionalized costs to cost components. Cost components include base delivery, maximum day (Max Day), maximum hour⁸ (Max Hour), groundwater management, meter service, and customer servicing and billing costs.
3. Develop unit costs for each cost component using appropriate units of service for each component.
4. Distribute the cost components. Distribute using unit costs to customer classes in proportion to their demands and burdens on the water system. This is described in the M1 Manual published by AWWA.

A COS analysis considers both the average quantity of water consumed (base costs) and the peak rate at which it is consumed (peaking or capacity costs as identified by Max Day and Max Hour demands). Peaking costs are costs that are incurred during peak times of consumption. There are additional costs associated with designing, constructing, operating, and maintaining facilities to meet peak demands. These peak demand costs should be allocated to those customers whose water usage patterns generate additional costs for the utility. In other words, not all customer classes and not all customers share the same responsibility for peaking related costs.

The functionalization of costs allows us to better allocate to the **cost causation components** (i.e., cost components). Organizing the costs in terms of end function allows direct correlation between the cost component and the rate, coupling the cost incurred by the utility to the demand and burden that the customer places on the utility's system and water resources. The costs incurred are generally responsive to the specific service requirements or cost drivers imposed on the system and its water resources by its customers. The O&M **functions** (i.e., cost categories) for the cost of service analysis include:

1. **Pumping**, or electrical costs associated with producing groundwater from the Borrego Valley basin and moving water through treatment and distribution facilities.
2. **Treatment**, or costs associated with treating groundwater to drinking water standards.
3. **Transmission and Distribution**, or costs associated with operating, maintaining, and eventual replacement of transmission and distribution pipelines.
4. **Groundwater Management**, or costs associated with water master expenses charges.
5. **Meters**, or costs associated with meter servicing and maintenance.
6. **Billing and Customer Service**, or costs associated with customer service, billing, and collections.
7. **General**, or indirect costs associated with administration and management of the water system.

In addition to the O&M functions listed above, there are three additional capital functions derived from the District's asset and infrastructure database. The three are:

⁸ Collectively maximum day and maximum hour costs are known as peaking costs or extra-capacity costs.

1. **Wells**, or assets associated with producing groundwater from District infrastructure in the Borrego Valley basin.
2. **Fire Protection**, or assets associated with the water system's ability to provide firefighting capacity and protect improvements connected to the District's water system.
3. **Storage**, or the assets associated with tanks and reservoirs for providing water during peak day and peak hour demands (including fire flows).

The functionalized costs are then allocated to the cost components⁹. The cost components include:

1. **Base** also known as delivery costs, vary with the total quantity of water used within the water system under average daily conditions. These costs may include a portion of treatment, transmission and distribution facilities, storage costs, groundwater pumping costs, and capital costs associated with serving customers at a constant, or average, rate of use. Base costs recovered through the commodity rates are, therefore, spread over all units of water uniformly.
2. **Peaking** costs are divided into Max Day and Max Hour demand. The Max Day demand is the maximum amount of water used in a single day in a year. The Max Hour demand is the maximum usage in an hour on the maximum usage day. Different infrastructure, such as distribution lines and storage facilities, and the capital and O&M costs associated with those facilities, are designed to meet the peak demands placed on the system by customers, plus fire protection. Therefore, extra capacity costs include the O&M and capital costs associated with meeting customer demand more than the average rate of use, or base use, requirements.
3. **Groundwater Management** costs include costs associated with water master expenses and related expenditures of managing and producing groundwater
4. **Meter** costs include maintenance and capital costs related to servicing and replacing meters and associated assets.
5. **Customer** costs are those directly associated with serving customers, irrespective of the amount of water used, and generally include meter reading, bill generation, accounting, customer service, and collection expenses.
6. **Fire** costs related to providing fire flow capacity for private fire connections on customer improvements
7. **General** and administrative costs are incurred in operating and maintaining the water system not otherwise recovered in the other functionalized cost components. These indirect costs are distributed to the other cost components in proportion to the cost responsibility of the other components.

This method of functionalizing costs is consistent with the AWWA M1 Manual and is widely used in the water industry to perform cost of service analyses.

5.2. Revenue Requirement - Water

Table 5-1 shows the FY 2025 revenue requirement. The revenue requirement represents all O&M and capital and is equal to the cost of service to be recovered through rates. The O&M revenue requirement includes costs directly related to the supply, treatment, and distribution of water, as well as routine maintenance of system facilities. The Capital revenue requirement includes costs directly related to funding the capital program and debt service obligations associated with capital re-investment.

⁹ This Study uses the Base-Extra Capacity methodology set forth in the M1 Manual for functionalizing and allocating costs.

The rate revenue offsets are non-rate revenues, that are accounted for to determine the net amount required to be recovered from rates. The adjustment for cash balance is equal to the net cash change for FY 2025 in Table 4-12, which represents the amount by which the reserves are increasing during the test year. As discussed previously in Section 4.3, FY 2025 (current fiscal year) represents the test year for determining cost of service allocations. To arrive at the Operating, Capital, and total revenue requirements, we subtract revenue offsets (non-rate revenues) and adjustments from the sub-total revenue requirement for each category (represented here as columns); the resulting calculation is the total revenue required from rates. This total is the amount that monthly meter service charges and commodity charges are designed to collect.

Table 5-1: Revenue Requirement - Water

Revenue Requirements	Operating	Capital	Total
Operating Expenditures	\$3,506,521		\$3,506,521
Debt Service		\$933,201	\$933,201
PAYGO CIP		\$969,344	\$969,344
Subtotal Revenue Requirements	\$3,506,521	\$1,902,545	\$5,409,065
Revenue Offsets			
Other Revenue	\$272,665		\$272,665
Interest Income		\$74,853	\$74,853
Total Revenue Offsets	\$272,665	\$74,853	\$347,518
Adjustments			
Adjustments to Annual Cash Balance		\$998,699	\$998,699
Total Adjustments	\$0	\$998,699	\$998,699
COS to be Recovered from Water Rates	\$3,233,856	\$828,992	\$4,062,848

5.3. O&M Expense Functionalization - Water

The next step in the cost of service analysis is to determine the operating cost allocations by function and cost component. The O&M expenses shown in Table 4-7 were allocated to the respective functions by District Staff based on the percentages shown in Table 5-2. Functions include pumping, treatment, transmission and distribution, billing and customer service, meter service, groundwater management, and administrative and general. Table 5-3 shows a summary of the functionalization of District O&M expenses for the test year FY 2025. A detailed version of the functionalized water expenses as provided by the District is provided in an appendix to this report. Functionalizing O&M expenses follows the principles of rate setting set forth in the M1 Manual and allows for the allocation of individual costs to system cost causation components, based on the function that each respective cost serves. Note that the total functionalized O&M expenses are equal to the O&M expenses shown in Table 5-1 and Table 4-12.

Table 5-2: O&M Costs to System Functions Allocation

O&M Expense	Pumping	Treatment	Transmission & Distribution	Billing & Customer Service	Meter Service	Groundwater Management	Admin. & General
Repairs & Maintenance							
R&M Buildings and Equipment	10%	10%	40%		25%	15%	
Telemetry Services	75%		25%				
Trash Removal							100%
Vehicle Expense	15%	15%	20%	30%	10%	10%	
Fuel & Oil	15%	15%	20%	30%	10%	10%	
Lab/Testing		75%				25%	
Permit Fees							100%
Pumping Electricity	100%						
Professional Services							
Accounting							100%
Payroll Services							100%
Audit Fees							100%
IT & Cyber Security							100%
Financial Consulting							100%
Engineering		10%	80%			10%	
Legal Services							100%
Federal & State Legislative Advocacy							100%
Administrative Services							100%
Computer Billing				100%			
Consulting-Technical/Financial							100%
Air Quality Study							100%
Grant Acquisitions							100%
Testing/Lab		75%				25%	
Permit Fees							100%
Insurance							100%
Personnel Expense							
Board Meeting Expense							
Salaries & Wages	5%	10%	25%	30%	25%	5%	100%
Salaries & Wages Contra Acct	5%	10%	25%	30%	25%	5%	
Contract labor/Consulting							
Taxes on Payroll	5%	10%	25%	30%	25%	5%	100%
Employee Medical Benefits	5%	10%	25%	30%	25%	5%	

O&M Expense	Pumping	Treatment	Transmission & Distribution	Billing & Customer Service	Meter Service	Groundwater Management	Admin. & General
Employee Retirement Benefits	5%	10%	25%	30%	25%	5%	
Conference/Training							
Uniforms							100%
Safety Compliance & Emergency Prep							100%
Workers Compensation	5%	10%	25%	30%	25%	5%	100%
Accrued Sick/Vacation Expense	5%	10%	25%	30%	25%	5%	
Office Expense							100%
Groundwater Management						100%	

Table 5-3: Functionalization of O&M Expenses

Cost Function	O&M Expenses by Function (\$)
Pumping	\$633,906
Treatment	\$215,607
Transmission & Distribution	\$531,644
Billing & Customer Service	\$462,229
Meter Service	\$445,494
Groundwater Management	\$549,554
General	\$668,086
Total	\$3,506,521

5.4. Allocation of Functionalized Expenses to Water Cost Components

After functionalizing expenses, the next step is to allocate the functionalized expenses to system cost components. To do so, we start with identifying system-wide peaking factors. Water systems are designed to serve connections during Max Day and Max Hour demands. Different facilities, such as distribution and storage facilities, are designed to meet the peaking demands of customers. Therefore, peaking costs, also known as extra capacity costs, are associated with meeting peak customer demand. Peaking costs are based on Max Day and Max Hour demands. The system-wide factor for Max Day demand and Max Hour demand were calculated based on the system peak using actual well production log data. Max Day and Max Hour factors are shown in Table 5-4 relative to the base factor. Base, or average daily demand, is represented by the factor 1.00.

Table 5-4: Water System Peaks – Maximum Day and Maximum Hour

Cost Components	Ratio (relative to Base)
Base	1.00
Maximum Day	1.86
Maximum Hour	2.78

Calculated water system peaking factors from Table 5-4 are shown in column B of Table 5-5. The system-wide peaking factors are used to derive the cost causation component allocation bases (i.e., percentages) shown in columns C, D, and E of Table 5-5. The numbers and calculations outlined in the following sections are rounded and may not equal to the exact amounts shown.

Line 1 “Base” represents the average day demand throughout the year and is, therefore, a factor of 1.00.

» $\text{Base} = 1.00 / 1.00 = 100\%$

Line 2 “Max Day” is the ratio of maximum day demand relative to base demand, or 1.86 The percentage allocated to Max Day is the incremental responsibility above base demand.

» $\text{Base} = 1.00 / 1.86 = 54\%$

» $\text{Max Day} = (1.86 - 1.00) / 1.86 = 46\%$

Similarly, Line 3, “Max Hour” is the ratio of maximum hour demand, on the maximum day, relative to base demand. The Max Hour factor is 2.78.

» $\text{Base} = 1.00 / 2.78 = 36\%$

- » $\text{Max Day} = (1.86 - 1.00) / 2.78 = 31\%$
- » $\text{Max Hour} = (2.78 - 1.86) / 2.78 = 33\%$

These factors indicate how much additional capacity is required to meet demand above average daily use. As demand, and therefore capacity, increases, so must the sizing of facilities and pipelines, which incur greater costs to construct, maintain, repair, and ultimately replace. To understand the interpretation of the percentages shown in columns C through E, “Base” is established as the average daily demand during the year. These allocation bases are used to allocate certain functionalized costs to the cost causation components including pumping, storage, transmission and distribution, and treatment functions.

Table 5-5: Water System Peaking Allocation

	Allocation Factor	System Wide Factors	Base	Max Day	Max Hour
	A	B	C	D	E
1	Base	1.00	100%	0%	0%
2	Max Day	1.86	54%	46%	0%
3	Max Hour	2.78	36%	31%	33%
4	Average Max Day/Max Hour		45%	38%	17%

Table 5-6 shows the derivation of the peaking factors by customer class and tier, determined by dividing the total maximum monthly usage (Column C) by the average monthly usage (Column D) for each customer class and tier. FY 2022 through 2024 District water consumption data was used for this analysis. These peaking factors are used to apportion the peaking costs to each customer class and tier based on the relative responsibility of each. The maximum month peaking factor is used in conjunction with the water system-wide peaking factors to identify Max Day and Max Hour peaking factors utilized in the allocation to customers classes. For Single Family Residential customers District water demand *within* the tiers (sub-class) is used to identify peaking factors. See the Rate Derivation section of this report for a detailed discussion of the use of peaking factors in developing rates.

Table 5-6: Customer Class and Tier Peak Calculations

Customer Class	Selected Tier Widths (HCF)	Max Month	Average Month	Peaking Factor
A	B	C	D	E
<i>Single Family Residential</i>	<i>N/A</i>	<i>37,011</i>	<i>26,281</i>	<i>1.41</i>
Tier 1	7	9,474	8,959	1.06
Tier 2	22	11,775	9,012	1.31
Tier 3	>22	15,762	8,311	1.90
Multiple Units	Uniform	7,411	5,901	1.26
Commercial/Public Agency	Uniform	6,470	5,326	1.21
Irrigation	Uniform	8,528	5,496	1.55

Table 5-7 and Table 5-8 show the allocation basis for O&M expenses in percentages and dollars, respectively. The top row of Table 5-7 shows the cost causation components and the left-most column shows the cost functions, equal to that shown in Table 5-3. The numbers shown in this section of the report are rounded to the nearest dollar and tenth of a percent; therefore, if hand calculated the calculations shown in the tables of this section may not equal to the precise numbers shown within the tables.

Pumping and treatment costs are proportionally allocated between Base and Max Day based on the maximum day allocation shown in Table 5-5. These costs are allocated based on maximum day because they are constructed and/or operated to meet maximum day demands.

Transmission and distribution costs are proportionally allocated between Base, Max Day, and Max Hour based on the Average Max Day/Max Hour costs from Table 5-5. These costs are allocated based on the average maximum day and maximum hour because transmission infrastructure is constructed to meet maximum day demand and distribution pipelines are constructed to meet maximum hour demand plus fire flow.

All other allocations are a one to one (i.e. 100% basis) between the function and the cost component.

Table 5-7: Allocation of Functionalized O&M Expenses to Cost Causation Components (%)

Function	FY 2025	Groundwater Management	Base	Max Day	Max Hour	Meters	Customer	General
Pumping	\$633,906		54%	46%				
Treatment	\$215,607		54%	46%				
Transmission & Distribution	\$531,644		45%	38%	17%			
Billing & Customer Service	\$462,229						100%	
Meter Service	\$445,494					100%		
Ground Water Management	\$549,554	100%						
General	\$668,086							100%
Total (\$)	\$3,506,521	\$549,554	\$696,710	\$595,796	\$88,652	\$445,494	\$462,229	\$668,086
Total (%)		15.7%	19.9%	17.0%	2.5%	12.7%	13.2%	19.1%

Table 5-8: Allocation of Functionalized O&M Expenses to Cost Causation Components (\$)

Function	FY 2025	Groundwater Management	Base	Max Day	Max Hour	Meters	Customer	General
Pumping	\$633,906	\$0	\$341,699	\$292,207	\$0	\$0	\$0	\$0
Treatment	\$215,607	\$0	\$116,220	\$99,387	\$0	\$0	\$0	\$0
Transmission & Distribution	\$531,644	\$0	\$238,790	\$204,203	\$88,652	\$0	\$0	\$0
Billing & Customer Service	\$462,229	\$0	\$0	\$0	\$0	\$0	\$462,229	\$0
Meter Service	\$445,494	\$0	\$0	\$0	\$0	\$445,494	\$0	\$0
Ground Water Management	\$549,554	\$549,554	\$0	\$0	\$0	\$0	\$0	\$0
General	\$668,086	\$0	\$0	\$0	\$0	\$0	\$0	\$668,086
Total (\$)	\$3,506,521	\$549,554	\$696,710	\$595,796	\$88,652	\$445,494	\$462,229	\$668,086
Total (%)		15.7%	19.9%	17.0%	2.5%	12.7%	13.2%	19.1%

5.5. Asset Functionalization - Water

Table 5-9 presents the functionalization of the District's water system asset base. Each asset from the master capitalized asset database is assigned to one of the cost functions. The column furthest right in Table 5-9 shows the total asset valuation by category. Assets are shown valued at replacement cost, less depreciation (RCLD) to illustrate book value (i.e. original cost less depreciation) in today's dollars.

Table 5-9: Functionalization of System Assets - Water

Asset Category	Cost Function	Assets by Function (\$)
Wells	Max Day	\$4,190,513
Pumping	Max Day	\$243,830
Treatment	Max Day	\$8,042
Transmission & Distribution	Average Max Day/Max Hour	\$8,285,845
Fire Protection	Fire	\$530,943
Customer Service & Billing	Customer	\$9,122
General & Admin	General	\$5,291,231
Storage	Max Day	\$974,604
Total		\$19,534,130

5.6. Allocation of Functionalized Assets to Water Cost Components

Like the O&M cost allocation, the District's functionalized capitalized assets are allocated to the same cost components, which is representative of future project costs. Capital costs are allocated by the asset base of the water system in recognition that assets need to be refurbished and replaced over time. Correspondingly, capital expenses over time generally correlate to the asset base and mix of infrastructure. This means that the allocations to the cost causation components are stable over time, until revisited in a future cost of service analysis. Table 5-10 and Table 5-11 shows the functionalized assets allocated to the cost components in both dollar and percentage terms. The numbers shown in this section of the report are rounded to the nearest dollar and tenth of a percent; therefore, the calculations shown in the tables of this section may not equal to the precise numbers shown if hand calculated.

Table 5-10: Allocation of Functionalized Asset Valuation to Cost Causation Components (%)

Description	Value (\$)	Groundwater Management	Base	Max Day	Max Hour	Fire	Meters	Customer	General
Wells	\$4,190,513		54%	46%					
Pumping	\$243,830		54%	46%					
Treatment	\$8,042		54%	46%					
Transmission & Distribution	\$8,285,845		45%	38%	17%				
Fire Protection	\$530,943					100%			
Customer Service & Billing	\$9,122							100%	
General & Admin	\$5,291,231								100%
Storage	\$974,604		54%	46%					
Total (\$)	\$19,534,130	\$0	\$6,641,578	\$5,679,591	\$1,381,665	\$530,943	\$0	\$9,122	\$5,291,231
Total (%)		0.0%	34.0%	29.1%	7.1%	2.7%	0.0%	0.0%	27.1%

Table 5-11: Allocation of Functionalized Asset Valuation to Cost Causation Components (\$)

Description	Value (\$)	Groundwater Management	Base	Max Day	Max Hour	Fire	Meters	Customer	General
Wells	\$4,190,513	\$0	\$2,258,845	\$1,931,667	\$0	\$0	\$0	\$0	\$0
Pumping	\$243,830	\$0	\$131,434	\$112,396	\$0	\$0	\$0	\$0	\$0
Treatment	\$8,042	\$0	\$4,335	\$3,707	\$0	\$0	\$0	\$0	\$0
Transmission & Distribution	\$8,285,845	\$0	\$3,721,615	\$3,182,565	\$1,381,665	\$0	\$0	\$0	\$0
Fire Protection	\$530,943	\$0	\$0	\$0	\$0	\$530,943	\$0	\$0	\$0
Customer Service & Billing	\$9,122	\$0	\$0	\$0	\$0	\$0	\$0	\$9,122	\$0
General & Admin	\$5,291,231	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,291,231
Storage	\$974,604	\$0	\$525,348	\$449,255	\$0	\$0	\$0	\$0	\$0
Total (\$)	\$19,534,130	\$0	\$6,641,578	\$5,679,591	\$1,381,665	\$530,943	\$0	\$9,122	\$5,291,231
Total (%)		0.0%	34.0%	29.1%	7.1%	2.7%	0.0%	0.0%	27.1%

5.7. Public and Private Fire Protection Estimates

Peak capacity, as represented by Max Day and Max Hour, also includes capacity required to meet demands for firefighting. Max Day and Max Hour costs encompass capacity required to meet peak customer demands, public fire service, and private fire service. Table 5-12 derives the allocation of Max Day and Max Hour costs to these three components, as outlined in the M1 Manual. The Max Hour fire capacity for this study assumes a hypothetical fire of two hours duration with 1,500 gallons per minute (gpm) of capacity required.

The total Max Day capacity demanded for fire (Column C, Line 4) is calculated as follows, with letters representing columns and numbers representing rows:

$$C2 \text{ kgal/min} * 60 \text{ min/hour} * C1 \text{ hours} * 1000 \text{ gal/kgal} * 1 \text{ HCF/748 gal}$$

The Max Hour capacity demanded for fire represents the additional capacity needed above Max Day capacity demanded for fire. Thus, the calculation multiplies the Max Hour capacity by 24 hours to convert it into Max Day increments to subtract the Max Day capacity demanded for fire (Column C, Line 4). The total Max Hour capacity demanded for fire (Column D, Line 4) is calculated as follows:

$$[D2 \text{ kgal/min} * 60 \text{ min/hour} * 24 \text{ hours/day} * 1000 \text{ gal/kgal} * 1 \text{ HCF/748 gal}] - C4 \text{ HCF/day}$$

Public fire hydrants account for most of the total fire capacity (Table 5-12, Line 5) based on the proportionate share of the equivalent fire lines (Table 5-16, Line 3). The total capacity demanded for fire in Table 5-12 (Line 4) is multiplied by the public fire allocation (Line 5) to determine the additional capacity required for public fire service (Line 8). The remaining capacity demanded for fire is allocated to private fire service (Line 9). The customer demand capacity is equal to the extra capacity for Max Day and Max Hour demand for all other customers (Table 5-14, Line 10). The proportion of system capacity for each of these components (Table 5-12, Lines 13-17) is later used to allocate Max Day and Max Hour costs across the different components.

Table 5-12: Fire Capacity Estimate

A	B	C	D
Line	Fire Capacity Estimate	Max Day	Max Hour
1	Hours for Fire	2	0
2	Gallons per minute (gpm)	1,500	1,500
3			
4	Capacity Demanded for Fire (HCF)	241	2,647
5	Allocation to Public Fire	98.8%	98.8%
6			
7	System Capacity		
8	Public Fire Capacity	238	2,615
9	Private Fire Capacity ¹⁰	3	33
10	Customer Demand Capacity ¹¹	493	910
11	Total	734	3,557
12			
13	Proportion of System Capacity		
14	Public Fire Capacity	32.4%	73.5%
15	Private Fire Capacity	0.4%	0.9%
16	Customer Demand Capacity	67.2%	25.6%
17	Total	100.0%	100.0%

5.8. Allocation of Revenue Requirement - Water

Table 5-13 shows the revenue requirement by cost component. The operating expenses shown on Line 1 are from the allocations in Table 5-7. The capital expense allocation shown on Line 2 is calculated by multiplying the capital revenue requirement from Table 5-1 and the percentage allocations at the bottom of Table 5-10.

Public Fire Costs are distributed from Max Day and Max Hour to the Meters Cost Component based on percentages in Line 14 of Table 5-12; in addition, the Fire Cost Component costs (i.e., public fire costs) are distributed to the Meters Cost Component. Private Fire Costs from the Max Day and Max Hour are distributed to the Fire Cost Component based on the percentages in Line 15 of Table 5-12. General costs are distributed to all cost causation components on a pro rata basis as shown in Line 6. The numbers shown in this section of the report are rounded to the nearest dollar and tenth of a percent; therefore, the calculations shown in the tables of this section may not equal to the precise numbers shown.

¹⁰ See Table 5-16

¹¹ See Table 5-14

Table 5-13: Revenue Requirement by Cost Component (Cost of Service)

	Cost of Service	Groundwater Management	Base	Max Day	Max Hour	Fire	Meters	Customer	General	Total
1	Operating Expenses	\$506,821	\$642,534	\$549,467	\$81,758	\$0	\$410,853	\$426,287	\$616,136	\$3,233,856
2	Capital Expenses	\$0	\$281,856	\$241,031	\$58,635	\$22,532	\$0	\$387	\$224,550	\$828,992
3	Sub-total Cost of Service	\$506,821	\$924,390	\$790,498	\$140,393	\$22,532	\$410,853	\$426,674	\$840,686	\$4,062,848
4	Allocation of Public Fire Costs	\$0	\$0	(\$255,996)	(\$103,193)	(\$22,532)	\$381,721	\$0	\$0	\$0
5	Allocation of Private Fire Costs	\$0	\$0	(\$3,186)	(\$1,284)	\$4,471		\$0	\$0	\$0
6	Allocation of General Costs	\$132,233	\$241,180	\$138,624	\$9,371	\$1,166	\$206,788	\$111,322	(\$840,686)	\$0
7	Total Cost of Service	\$639,054	\$1,165,570	\$1,338,724	\$235,058	\$5,637	\$999,363	\$537,996	\$0	\$4,062,848

5.9. Unit Costs Derivation - Water

The end goal of a cost of service analysis is to proportionately distribute the cost components to each user class and tier. To do so, unit costs for each component must be calculated. This starts by assessing the total water demanded (or equivalent service units) for each cost component. Table 5-14 shows the calculation of additional capacity required to meet Max Day and Max Hour demands of each customer class and tier. Annual usage (Column A) is derived from water usage projections for FY 2025. Daily usage (Column B) is calculated as annual use divided by 365 days. The capacity or peaking factor (Column C) are the customer specific peaking factors derived in Table 5-6. The total Max Day units of capacity are calculated by multiplying the average daily use (Column B) by the Max Day peaking factor (Column C) for each class and tier. The extra capacity required to meet Max Day demand (Column E) is calculated by subtracting the average daily use (Column B) from the total capacity for Max Day (Column D).

For Max Hour demands, the customer-specific peaking factors (Column C) reflect the ratio between the system-wide Max Day and Max Hour peaking factors to determine the Max Hour peaking factors (Column F) for all classes and tiers. This is calculated using the following equation:

Max Day peaking factor (Column C) x [System-wide Max Hour peaking factor (Table 5-5) / System-wide Max Day peaking factor (Table 5-5)]

The total units of capacity for Max Hour demands (Column G) are calculated by multiplying the average daily use (Column B) by the Max Hour peaking factors (Column F). The extra capacity required for Max Hour demands (Column H) is equal to the Max Hour total capacity (Column G) less the Max Day total capacity (Column D) (the incremental units of capacity additional to Max Day). Demand requirements are detailed by proposed rate class. Values are rounded to the nearest HCF and may not equal the exact values shown in the table.

Table 5-14: FY 2025 Projected Water Demand by Class

				Max Day			Max Hour		
1	Customer Class	FY 2025 Annual Usage (HCF)	Daily Usage (HCF)	Capacity Factor	Total Capacity (HCF/day)	Extra Capacity (HCF/day)	Capacity Factor	Total Capacity (HCF/day)	Extra Capacity (HCF/day)
2		A	B	C	D	E	F	G	H
3	Single Family Residential								
4	Tier 1	105,164	288	1.06	305	17	1.59	457	152
5	Tier 2	101,888	279	1.31	365	86	1.96	547	183
6	Tier 3	85,862	235	1.90	446	211	2.85	669	223
7	Multiple Units	65,514	179	1.26	225	46	1.88	338	113
8	Commercial/Public Agency	59,675	163	1.21	199	35	1.82	298	99
9	Irrigation	65,623	180	1.55	279	99	2.33	419	140
10	Total	483,726	1,325		1,819	493		2,729	910

Table 5-15 shows the total equivalent meters (discussed in detail in Section 6.2.1 and annual number of bills issued (discussed in Section 6.2.2). These totals are used as the denominator in developing unit costs for the rate components of the monthly fixed service charges.

Table 5-15: Derivation of Equivalent Meters

Meter Size	FY 2025 Meter Count	Hydraulic Capacity Factor	Equivalent Meters	Annual Bills
5/8"	3	1.00	3	36
3/4"	1,466	1.00	1,466	17,593
1"	473	1.67	788	5,674
1.5"	76	3.33	254	916
2"	28	5.33	151	339
3"	4	11.67	47	48
4"	7	21.00	137	78
6"	7	43.33	303	84
Total	2,064		3,149	24,768

Table 5-16 shows the calculation of equivalent fire demand associated with public hydrants and private fire lines. Each connection size has a fire flow demand factor like the hydraulic capacity factor of a water meter. The diameter of the connection (in inches) is divided by 6", to equate the demand factor in terms of 6" connection sizes (the standard hydrant conduit diameter), and then raised to the 2.63 power to determine the fire flow demand factor.¹² The fire flow demand factor is multiplied by the number of connections by size to

¹² Hazen-Williams equation and AWWA Manual M1

calculate equivalent fire demand. Total equivalent fire demand is shown for public hydrants and private fire lines in Lines 3 and 8 respectively.

Table 5-16: Derivation of Equivalent Fire Flow

Line	Connection Size	Demand Factor	Unit Counts	Equivalent Fire Demand	Percent of Total
1	Public Hydrants				
2	6-inch	1.00	432	432	98.8%
3	Total		432	432	98.8%
4					
5	Private Fire Lines				
6	4-inch	0.34	4	1.38	0.3%
7	6-inch	1.00	4	4.00	0.9%
8	Total		8	5.38	1.2%

Utilizing the final cost of service from Table 5-13 as the numerator and Table 5-14 and Table 5-15 as the denominators allows us to derive unit costs of service in Table 5-17. The total cost is divided by the respective units of service to calculate the unit cost of each cost component. For example, the unit cost for the Base component is determined by dividing the total Base costs (\$1,165,570) by total annual water use (483,726 HCF) to derive a Base unit cost of \$2.41.

Meter costs are divided by total meter equivalencies from Table 5-15 multiplied by 12 monthly bills to determine a cost per equivalent meter per month; and annual customer costs are divided by the estimated number of annual monthly bills, also from Table 5-15. The unit costs are used to distribute the cost components to the meter classes, commodity classes, and Residential commodity tiers.

Table 5-17: Unit Cost Calculation, by Cost Component - Water

Cost of Service	Groundwater Management	Base	Max Day	Max Hour	Fire	Meters	Customer	Total
Total Cost of Service	\$639,054	\$1,165,570	\$669,940	\$45,287	\$5,637	\$999,363	\$537,996	\$4,062,848
Units of Service	483,726	483,726	493	910	5	3,149	2,064	N/A
Unit of Measure	HCF	HCF	HCF/day	HCF/day	Equiv. Connections	Equivalent Meters	Monthly Bills	N/A
Unit Cost	\$1.32	\$2.41	\$1,358.06	\$49.77	\$87.37	\$26.45	\$21.72	N/A

5.10. Distribution of Cost Components to Customer Classes - Water

The final step in a cost of service analysis is to distribute the cost components to the customer classes using the unit costs derived in Table 5-17. This yields the cost to serve each customer class and sub-class. Table 5-18 shows the derivation of the cost to serve each customer class. The Groundwater Management, Base, and peak (Max Day and Max Hour) cost components are collected through the commodity (volumetric) charges (\$/HCF). Meters and Customer cost components are collected through the District's monthly fixed service charge (\$/meter/month). Fire will be collected through fixed private fireline charges.

To derive the cost to serve each class, the unit costs from Table 5-17 are multiplied by the respective units of service for each class (Table 5-14 and Table 5-15). For example, the base costs for the Multiple Units class are calculated by multiplying the Base unit cost of \$2.41 (rounded up to the nearest penny) by the annual Multiple Units use (65,514 HCF) to arrive at a total of \$157,861. Similar calculations for each of the remaining user classes and cost components yield the total cost to serve each user class shown in the furthest right column of Table 5-18. Note that the total cost of service is equal to the test year revenue requirement in Table 5-1 as intended. With the cost to serve each user class, and sub-class, calculated we can proceed to derive rates to collect the cost to serve each commodity class, tier, and meter size.

Table 5-18: Cost of Service by Class and Tier

Customer Class	Groundwater Management	Base	Max Day	Max Hour	Fire	Meters	Customer	Total
Service Charges (All Customers)						\$999,363	\$537,996	\$1,537,359
Single Family Residential								
Tier 1	\$138,933	\$253,399	\$22,477	\$7,587				\$422,396
Tier 2	\$134,605	\$245,506	\$116,253	\$9,083				\$505,446
Tier 3	\$113,433	\$206,890	\$286,438	\$11,110				\$617,870
Multiple Units	\$86,551	\$157,861	\$62,387	\$5,614				\$312,413
Commercial / Public Agency	\$78,837	\$143,791	\$47,703	\$4,946				\$275,278
Irrigation	\$86,695	\$158,123	\$134,682	\$6,947				\$386,448
Private Fire					\$5,637			\$5,637
Total	\$639,054	\$1,165,570	\$669,940	\$45,287	\$5,637	\$999,363	\$537,996	\$4,062,848

6. Water Rate Design

6.1. Existing Rate Structure and Rates

The District's rate structure has two components: a fixed charge component (monthly service charge) and a variable volumetric charge component (commodity charge). The monthly fixed service charge is determined based on the size of the water meter serving a property and increases with meter size. The rates for the current fixed service charge are shown in Table 6-1.

Table 6-1: Current Monthly Service Charges (\$/Month)

Meter Size	Current Charge
3/4"	\$49.39
1"	\$66.41
1 1/2"	\$108.93
2"	\$159.98
3"	\$321.63
4"	\$559.83
6"	\$1,129.85

The volumetric component of a customer's water bill is calculated based on the number of units of water delivered to a property, measured in HCF, multiplied by the rates that vary by customer class and tier. The current tier widths and rates are shown in Table 6-2.

Table 6-2: Current Commodity Rates (\$/HCF)

Class	Current Tier Definition	Current Rate (\$/HCF)
Single-Family Residential (SFR)		
Tier 1	0-7	\$4.16
Tier 2	7-22	\$5.23
Tier 3	>22	\$6.03
Multiple Units	Uniform	\$5.21
Commercial / Public Agency	Uniform	\$5.21
Irrigation	Uniform	\$5.45

The District will maintain the same rate structure as established in the prior rate study. This includes the four user classes (SFR, Multiple Units, Commercial/Public Agency, and Irrigation) and the three Single Family Residential tiers. The user classes are based on the unique water demand patterns of each, as reflected in the District's actual customer billing data. Similarly, the SFR tiers are designed based on the District's own data regarding its customers' seasonal demand patterns and the use that falls within the respective tiers.

Tier 1 usage is intended to provide sufficient water for efficient indoor water use for essential needs and to be provided at the most affordable rate that reflects actual cost of service.¹³ Tier 2 usage is intended to provide for outdoor usage as represented by the peak summer use characteristics, on average, of the District's SFR customers. Tier 3 usage captures all water use greater than Tier 2. Note that all water usage projections by customer class and tier utilized in this section reflect these tier breakpoints. The original tier definitions were established using FY 2019 and 2020 consumption data for the 2021 Rate Study. Analysis of the most recent FY 2024 consumption data shows similar demand patterns within the SFR class.

6.2. Proposed Monthly Service Charges

There are two components that comprise the meter based fixed charges: meter servicing costs and customer service costs. The fixed charge recognizes that even when a customer does not use water in a billing period, the District incurs fixed costs to operate and maintain the system for each connection.

6.2.1. Meter Services Component

The meter services component collects servicing-related costs. Larger meters are more expensive to install, maintain, repair, and replace and have the potential to demand greater capacity on the system, both in average demand and peak demand; in other words, on average they exert greater peaking characteristics compared to smaller meters. The potential capacity demanded (peaking) is proportional to the potential flow through each meter size as established by the safe operating flow rate in gallons per minute (gpm) described in the AWWA Manual M22 – *Sizing Water Service Lines and Meters*. The capacity in gpm is based on the types of meters utilized by the District and the corresponding capacity ratings from the AWWA.

To create parity across the various meter sizes, each meter size is assigned a factor relative to a 3/4" meter¹⁴, which both have a value of 1.00. This establishes the "base" meter size. A given meter size's capacity ratio relative to the base 3/4" meter determines the *meter equivalency*. Summation of all meter equivalencies for a given size yields total meter equivalents. Table 6-3 shows total meter count for each class as well as the corresponding meter ratio and total meter equivalents. The total number of equivalent meters is calculated by multiplying the number of meters of a specific size by their respective capacity ratio.

¹³ The 7 hcf Tier 1 allotment was based on an assumed 55 gallons per capita per day (GPCD) for essential water use needs and an average of 3 people per household, rounded up to the nearest whole hcf. As of January 1, 2025 the current standard for efficient use is 47 GPCD.

¹⁴ Based on discussion with District staff, 5/8" and 3/4" meters are considered equivalents. Any existing 5/8" meters are legacy meters which will be replaced with 3/4" meters in the future.

Table 6-3: Meter Equivalencies Calculation

Meter Size	Total Meters	Meter Type	Capacity (gpm)	Capacity Ratio	Equivalent Meters (Capacity)
3/4"	1,469 ¹⁵	Multi-Jet	30	1.00	1,469
1"	473	Multi-Jet	50	1.67	788
1.5"	76	Multi-Jet	100	3.33	254
2"	28	Multi-Jet	160	5.33	151
3"	4	Turbine Class 1	350	11.67	47
4"	7	Turbine Class 1	630	21.00	137
6"	7	Turbine Class 1	1300	43.33	303
Total	2,064				3,149

Table 6-4 shows the calculation steps in allocating the meter service costs from the cost of service (Table 5-17) to the meters. The Meter capacity component for larger meters is determined using the AWWA capacity ratios shown in the "Capacity Ratio" column. Allocating these costs by meter size equitably recovers the fixed cost of operating the utility across water users.

Table 6-4: Meter Service Charge Component (\$/Month)

Meter Size	Capacity Ratio	Meter Charge
3/4"	1.00	\$26.45
1"	1.67	\$44.08
1.5"	3.33	\$88.16
2"	5.33	\$141.06
3"	11.67	\$308.57
4"	21.00	\$555.42
6"	43.33	\$1,146.11

6.2.2. Customer Service Component

The customer service component recovers costs associated with meter reading, customer billing and collection, as well as answering customer service calls. These costs are uniform for all meter sizes and classes as it costs the same to bill a small meter as it does a large meter and the same for a SFR customer as it does an Irrigation customer.

Table 6-5 shows the customer service component calculation. To calculate the customer component, Raftelis divides the total billing and customer service costs from Table 5-17 by the total estimated annual bills (unique accounts multiplied by 12 billing periods) generated by the District to determine the monthly customer service charge component.

¹⁵ For rate design and the proposed rates, we consolidate the remaining 3 5/8" meters with the 1,466 3/4".

Table 6-5: Customer Service Component (\$/Month)

Customer	FY 2025
Customer Service Costs	\$537,996
Annual Bills	24,768
Customer Component (per month)	\$21.72

Table 6-6 shows the calculation of the Test Year FY 2025 rates for the fixed monthly service charges. The meter services component is the cost per equivalent meter calculated in Table 6-4. The customer component is uniform for all meter sizes. The meter services component and customer component are added together for each meter size yielding the proposed charge. All rates are rounded up to the nearest whole penny. Table 6-6 also includes the current charges to each class and meter size and a comparison of the proposed charges and current charges in both dollar and percentage terms.

Table 6-6: Cost of Service Monthly Service Charges – Test Year FY 2025

Meter Size	Capacity Ratio	Meter Service Component	Customer Component	COS Charge	Current Charge	Difference (\$)	Difference (%)
3/4"	1.00	\$26.45	\$21.72	\$48.18	\$49.39	-\$1.21	-2.4%
1"	1.67	\$44.08	\$21.72	\$65.81	\$66.41	-\$0.60	-0.9%
1.5"	3.33	\$88.16	\$21.72	\$109.89	\$108.93	\$0.96	0.9%
2"	5.33	\$141.06	\$21.72	\$162.79	\$159.98	\$2.81	1.8%
3"	11.67	\$308.57	\$21.72	\$330.29	\$321.63	\$8.66	2.7%
4"	21.00	\$555.42	\$21.72	\$577.15	\$559.83	\$17.32	3.1%
6"	43.33	\$1,146.11	\$21.72	\$1,167.84	\$1,129.85	\$37.99	3.4%

Table 6-7 shows proposed fixed monthly service charges for the next five years based on the financial plan developed in Section 4.3. The rates for the fixed monthly service charges are increased uniformly by a percentage increase – that is, relative to the cost of service rates in Table 6-6 – by the selected financial plan of 9.5 percent in FY 2026 to FY 2028 and 7 percent in FY 2029 and FY 2030. All rates are rounded up to the nearest whole penny.

Table 6-7: Proposed Monthly Service Charges (FY 2026–2030)

Meter Size	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
3/4"	\$52.76	\$57.78	\$63.27	\$67.70	\$72.44
1"	\$72.07	\$78.92	\$86.42	\$92.47	\$98.95
1.5"	\$120.33	\$131.77	\$144.29	\$154.40	\$165.21
2"	\$178.26	\$195.20	\$213.75	\$228.72	\$244.74
3"	\$361.67	\$396.03	\$433.66	\$464.02	\$496.51
4"	\$631.98	\$692.02	\$757.77	\$810.82	\$867.58
6"	\$1,278.79	\$1,400.28	\$1,533.31	\$1,640.65	\$1,755.50

6.3. Private Fire Service Charges

Table 6-8 shows the fire flow demand factor for private fire connections. Each connection size has a fire flow demand factor like the hydraulic capacity factor of a water meter. The diameter of the connection (in inches) is divided by 6", to normalize to a 6" connection sizes (the base size of a public hydrant conduit), and then raised

to the 2.63 power to determine the fire flow demand factor.¹⁶ The count of private fire lines by connection size is also in the table (from Table 5-16).

Table 6-8: Fire Demand Ratios

Fire Line Diameter	Fireline Count	Fire Demand Ratio
2"	0	0.06
4"	4	0.34
6"	4	1.00
8"	0	2.13

Table 6-9 shows the calculation of the Test Year FY 2025 cost of service monthly private fire service charges. The private fire unit cost (from Table 5-17) is multiplied by the fire demand ratio by each line size to arrive at the proposed charge by fire line diameter size.

Table 6-9: Cost of Service Private Fire Service Charges – Test Year FY 2025

Fire Line Diameter	Fireline Count	Fire Demand Ratio	Private Fire Unit Cost	COS Charge	Current Charge
2"	0	0.06	\$87.37	\$4.86	N/A
4"	4	0.34	\$87.37	\$30.08	N/A
6"	4	1.00	\$87.37	\$87.37	N/A
8"	0	2.13	\$87.37	\$186.18	N/A

Table 6-10 shows proposed monthly private fire service charges for the next five years based on the financial plan developed in Section 4.3. The rates for the monthly private fire service charges are increased uniformly by a percentage increase – that is, relative to the cost of service rates in Table 6-9 – by the selected financial plan of 9.5 percent in FY 2026 to FY 2028 and 7 percent in FY 2029 and FY 2030. All rates are rounded up to the nearest whole penny.

Table 6-10: Proposed Monthly Private Fire Service Charges (FY 2026–2030)

Fire Line Diameter	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
2"	\$5.33	\$5.84	\$6.40	\$6.85	\$7.33
4"	\$32.94	\$36.07	\$39.50	\$42.27	\$45.23
6"	\$95.67	\$104.76	\$114.72	\$122.76	\$131.36
8"	\$203.87	\$223.24	\$244.45	\$261.57	\$279.88

6.4. Proposed Commodity Rates

6.4.1. UNIT COST COMPONENT DEFINITIONS

The rates for the commodity charges for each customer class and tier are derived by summation of the unit rates (\$/HCF) for:

¹⁶Hazen-Williams equation and AWWA Manual M1

1. Groundwater Supply Costs (Variable Supply / Groundwater Management Cost Component)
2. Delivery Costs (Base Cost Component)
3. Peaking Costs (Max Day & Max Hour Cost Component not recovered on the meter)

6.4.1.1. Groundwater Supply Rate Component

The groundwater supply rate component recovers the costs to manage groundwater supply including direct management costs, legal expenses, watermaster expenses, and ancillary costs attributable to those activities.

Dividing total costs from Table 5-18 by estimated annual usage yields the cost to supply groundwater. The calculated supply unit cost is presented in Table 6-11.

Table 6-11: Groundwater Supply Unit Cost Component (\$/HCF)

	Unit Cost
Variable Supply Costs	\$639,054
Units of Service	483,726
Unit Cost	\$1.32

6.4.1.2. Base (Delivery) Rate Component

The delivery rate component recovers the costs to supply and deliver water under average daily demand conditions. This includes a portion of costs associated with producing water, treating water, and readying it for transmission and distribution, inclusive of both operating and capital costs. Dividing estimated annual usage by total delivery costs from Table 5-18 yields the cost to deliver water during average conditions. The calculated delivery unit cost is presented in Table 6-12. The delivery rate is uniform for all classes and tiers since costs are based on average use.

Table 6-12: Base Unit Cost Calculation (\$/HCF)

	Unit Cost
Base Costs	\$1,165,570
Units of Service	483,726
Unit Cost	\$2.41

6.4.1.3. Extra Capacity (Peak) Rate Component

Peaking costs represent the cost of providing Max Day and Max Hour capacity to each customer class based on the demand characteristics of each (shown in Table 5-6 and Table 5-14). Table 6-13 combines the Max Day and Max Hour costs in Table 5-18 into Peaking Costs. These costs are divided by total annual use by class and tier (from Table 5-14) to arrive at the Peaking unit cost for each.

Table 6-13: Peaking Unit Cost Calculation (\$/HCF)

Customer Class	Annual Use (HCF)	Peaking Costs	Peaking Unit Cost (\$/HCF)
Single Family Residential			
Tier 1	105,164	\$30,064	\$0.29
Tier 2	101,888	\$125,336	\$1.23
Tier 3	85,862	\$297,548	\$3.47
Multiple Units	65,514	\$68,001	\$1.04
Commercial/Public Agency	59,675	\$52,649	\$0.88
Irrigation	65,623	\$141,629	\$2.16

6.4.1.4. Final Commodity Rate Derivation

To determine the rates for the commodity charge, the three rate components described above are added together. The resulting summation constitutes the final cost of service rates. The cost of service rates are shown in bold in Table 6-14. Rates are rounded up to the nearest whole penny.

Table 6-14: Cost of Service Commodity Rates – Test Year FY 2025

Class	Tier Definition (HCF)	Supply	Base Delivery	Peaking	COS Rate (\$/HCF)	Current Rate (\$/HCF)	Difference (\$/HCF)	Difference (%)
Single Family Residential								
Tier 1	7	\$1.32	\$2.41	\$0.29	\$4.02	\$4.16	-\$0.14	-3%
Tier 2	22	\$1.32	\$2.41	\$1.23	\$4.97	\$5.23	-\$0.26	-5%
Tier 3	>22	\$1.32	\$2.41	\$3.47	\$7.20	\$6.03	\$1.17	19%
Multiple Units	Uniform	\$1.32	\$2.41	\$1.04	\$4.77	\$5.21	-\$0.44	-8%
Commercial/ Public Agency	Uniform	\$1.32	\$2.41	\$0.88	\$4.62	\$5.21	-\$0.59	-11%
Irrigation	Uniform	\$1.32	\$2.41	\$2.16	\$5.89	\$5.45	\$0.44	8%

Table 6-15 shows proposed commodity rates for the Study period. The commodity rates are increased in each future year by the annual revenue adjustment of 9.5 percent in FY 2026 to FY 2028 and 7 percent in FY 2029 and FY 2030. All rates in each year are rounded up to the nearest whole penny.

Table 6-15: Proposed Commodity Rates \$/HCF (FY 2026–2030)

Class	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
Single Family Residential					
Tier 1	\$4.41	\$4.83	\$5.29	\$5.67	\$6.07
Tier 2	\$5.45	\$5.97	\$6.54	\$7.00	\$7.49
Tier 3	\$7.89	\$8.64	\$9.47	\$10.14	\$10.85
Multiple Units	\$5.23	\$5.73	\$6.28	\$6.72	\$7.20
Commercial/Public Agency	\$5.06	\$5.55	\$6.08	\$6.51	\$6.97
Irrigation	\$6.45	\$7.07	\$7.75	\$8.30	\$8.89

6.5. Estimated Bill Impacts

The rate model calculates water customer impacts for all classes and meter sizes. Customer impacts from the proposed FY 2026 rates are presented below for each class.

Figure 6-1 shows bills for SFR customers with a 3/4" meter at different levels of use. A 3/4" meter is the most common SFR meter size. Bills are calculated at current rates and tiers and compared to proposed rates and tiers. The figure shows the percentage and dollar change between current and proposed rates and tiers. The levels of use shown represent bills from a lower level of water use to a higher level of water use at 12 HCF, 16 HCF, and 20 HCF respectively. These levels approximate usage patterns of the District’s customers for average winter, annual average, and average summer consumption for the SFR class.

Figure 6-1: Bill Impacts – SFR

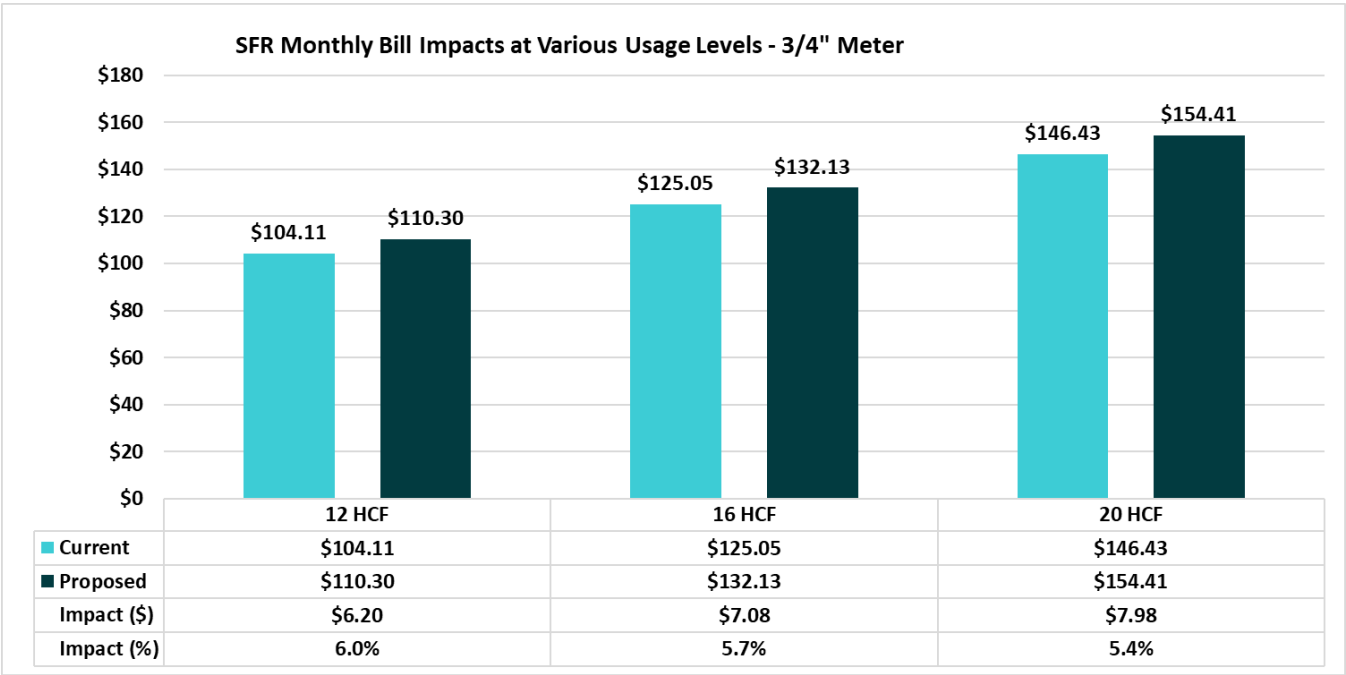


Figure 6-2 shows bills for Multiple Unit customers with a 1 1/2" meter at different levels of use. A 1 1/2" meter is the most common meter size for this customer class. Bills are calculated at current rates and compared to proposed rates. The levels of use of 131 HCF, 157 HCF, and 181 HCF represent consumption from average winter, annual average, and average summer consumption for the Multiple Unit class, respectively. The figure shows the percentage and dollar change between current and proposed rates.

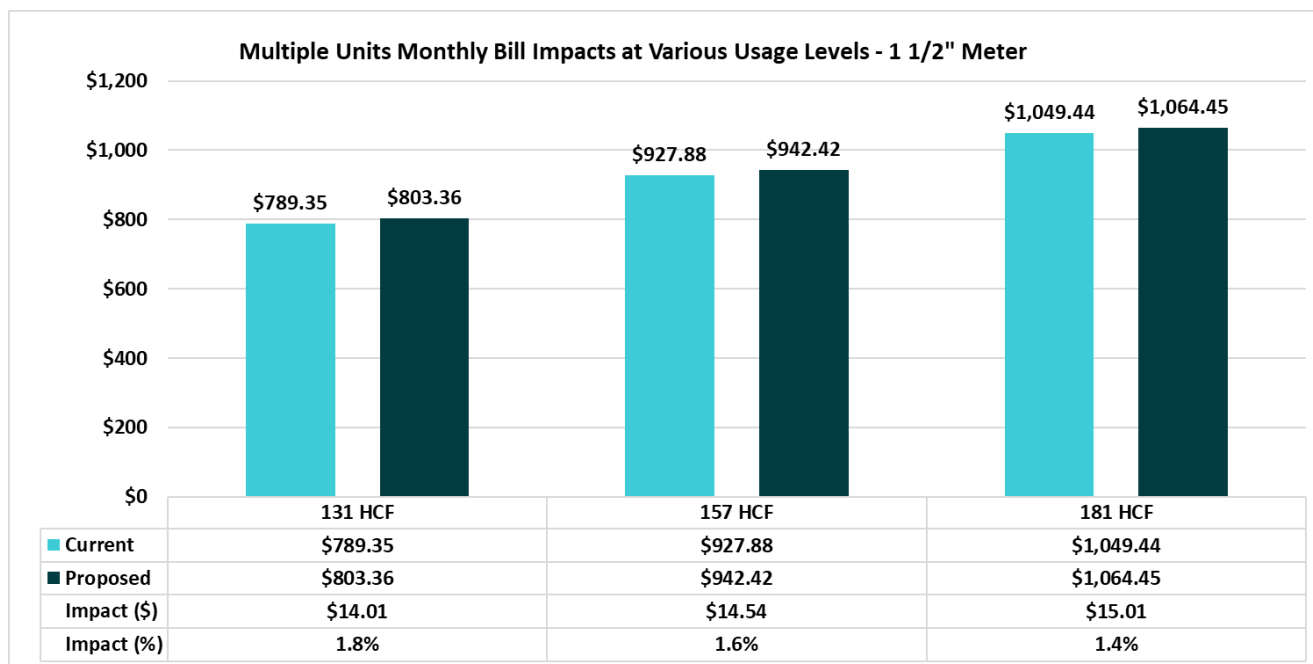
Figure 6-2: Bill Impacts – Multiple Units

Figure 6-3 shows bills for Commercial or Public Agency customer with a 3/4" meter at different levels of use. A 3/4" meter is the most common size for the Commercial/Public Agency customer class. Bills are calculated at current rates and compared to proposed rates. The levels of use of 43 HCF, 50 HCF, and 53 HCF represent consumption from average winter, annual average, and average summer consumption for the Commercial/Public Agency class, respectively. The figure shows the percentage and dollar change between current and proposed rates.

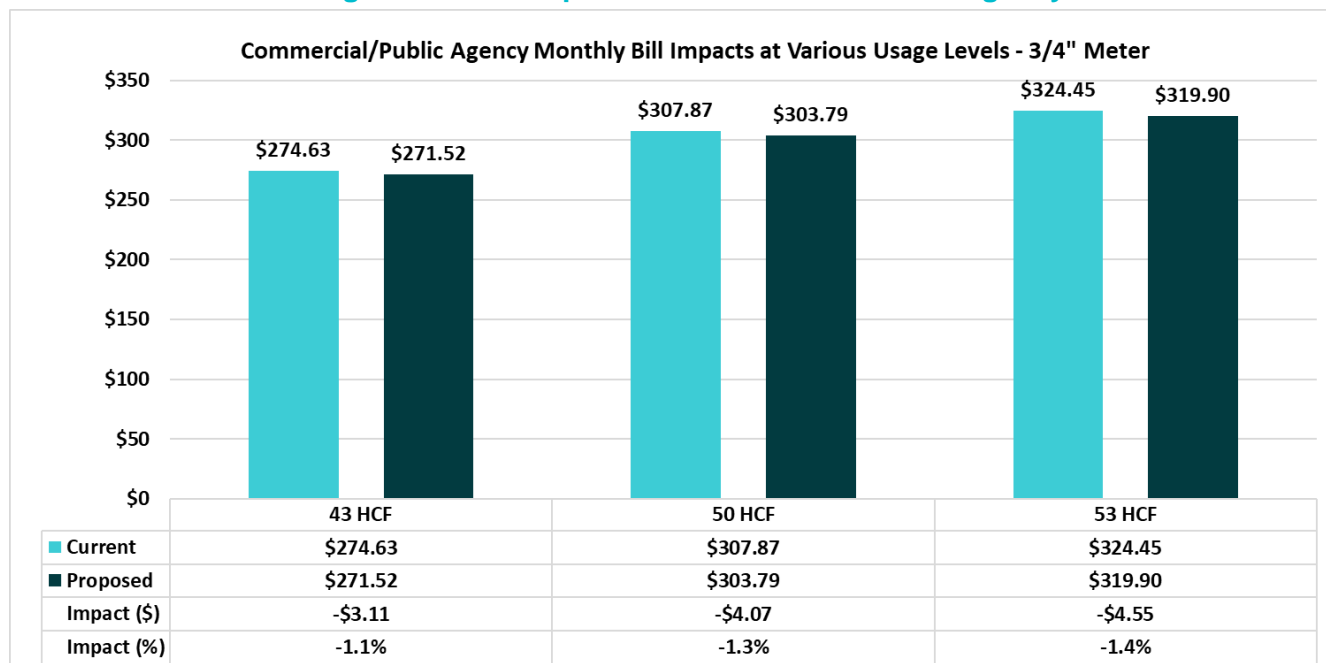
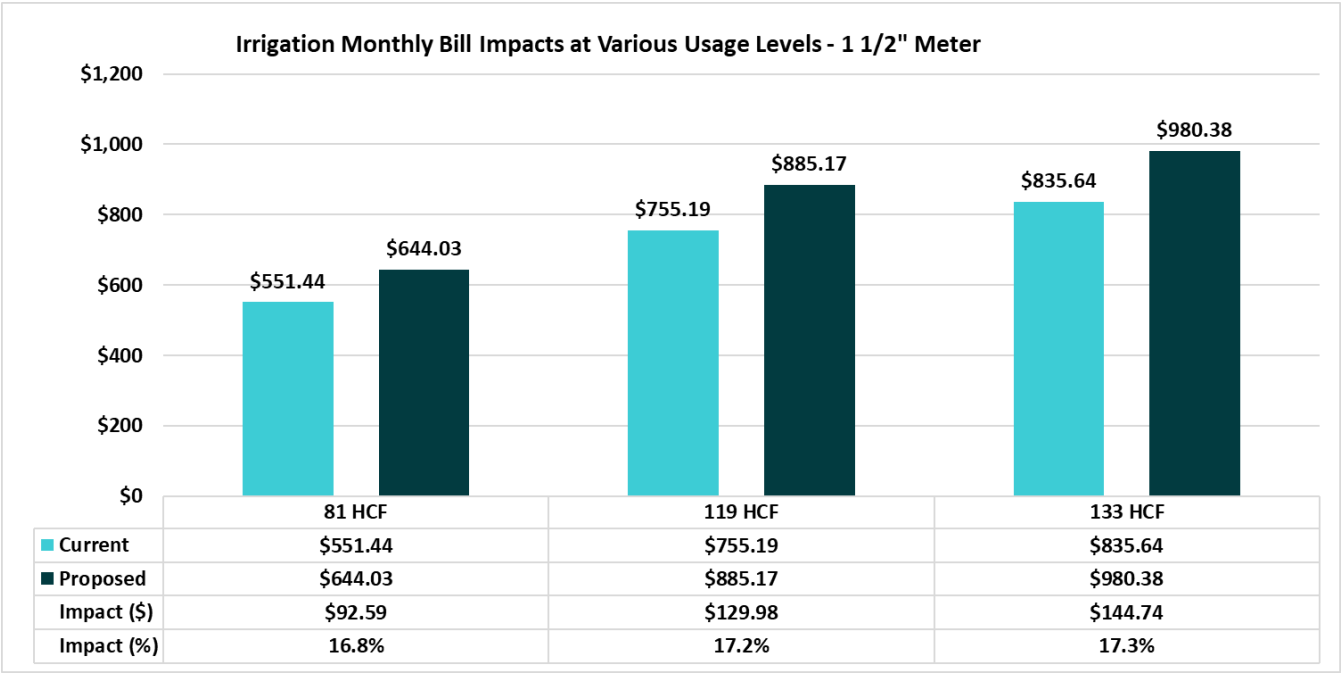
Figure 6-3: Bill Impacts – Commercial / Public Agency

Figure 6-4 shows bills for Irrigation customers with a 1 ½” meter at different levels of use. A 1 ½” meter is the most common meter size for this customer class. Bills are calculated at current rates and compared to proposed rates. The levels of use of 81 HCF, 119 HCF, and 133 HCF represent consumption from average winter, annual average, and average summer consumption for the Irrigation class, respectively. The figure shows the percentage and dollar change between current and proposed rates.

Figure 6-4: Bill Impacts – Irrigation



7. Sewer Financial Plan

This section describes the District's customer account data and the corresponding financial plan. To develop the financial plan, Raftelis projects annual revenues and expenses; models reserve balances; incorporates capital expenditures, debt service, and inflationary pressures; and calculates debt service coverage ratios to estimate any additional rate revenue required in each year of the Study. This section includes a discussion of O&M expenses, the CIP, reserve funding, projected revenue under existing rates, and the revenue adjustments required to ensure the fiscal sustainability and solvency of the utility.

7.1. Sewer Revenue Requirements

A review of a utility's revenue requirements is a key first step in the rate study process. The review involves an analysis of annual rate revenues from existing rates, O&M expenses, capital expenditures, and reserve requirements.

7.1.1. REVENUES FROM CURRENT SEWER RATES

The District provides wastewater collection and treatment within its service area for both residential and non-residential customers. The District provides wastewater service to three separate Service Areas (SAs). These areas are: SA1 (also known as Ram's Hill), SA2 (also known as Town Center), and SA5 (also known as Club Circle/Borrego Springs Resort). All wastewater users pay a monthly fixed charge per Equivalent Dwelling Unit (EDU) that varies depending on the service area. One EDU is equivalent to the discharge of a typical Single Family Residential home.

The District differentiates charges on wastewater customers in SA2. SA2 customers consist of SA2 EDU Holders and SA2 EDU Users. SA2 EDU Holders are customers that have bought into the system but do not generate wastewater flow to the wastewater system. SA2 EDU Holders are required to pay a Holder charge by contract. SA2 EDU Users, those connected to and using the wastewater system, pay the sum of both the Holder and User charge. The existing rate structure for wastewater customers are shown below in Table 7-1.

Table 7-1: Current Sewer Charges (\$/Month/EDU)

Customer Class	Current Charge
SA1	\$53.91
SA2 EDU Holder	\$25.85
SA2 EDU User	\$32.12
SA5	\$57.96

Table 7-2 shows the projected number of wastewater EDUs by fiscal year. The number of EDUs each year changes based on the account change assumptions identified in Section 2.3 and Table 2-4. Based on District staff estimates, the number of wastewater connections is anticipated to remain constant over the Study period.

Table 7-2: Projected Sewer EDUs

Customer Class	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SA1	254	254	254	254	254	254
SA2 EDU Holder	558	558	558	558	558	558
SA2 EDU User	374	374	374	374	374	374
SA5	277	277	277	277	277	277
Total EDUs¹	1,089	1,089	1,089	1,089	1,089	1,089

1. Total EDUs = SA1 + SA2 Holder + SA5. This is for purposes of total EDUs contributing to the collection capacity and fixed costs of the utility. Total EDUs contributing to wastewater flow generation is equal to SA1 + SA2 User + SA5.

The projected EDUs in Table 7-2 are used to calculate projected revenues under “status quo” conditions. The “status quo” financial plan does not include revenue adjustments and assesses whether the District’s current rates, at the projected level of wastewater connections and flow, will be sufficient to support operations, capital, and reserve funding requirements.

Table 7-3 shows the rate revenue generated in each Study year with projected accounts and the current rates. Note that rate revenues for FY 2026 and beyond are based on existing rates from Table 7-1. The overall adequacy of wastewater revenues is measured by comparing the projected annual revenue required from all wastewater rates with projected revenues from the existing rates.

Table 7-3: Projected Sewer Rate Revenue at Current Rates

Revenue Source	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SA1	\$164,318	\$164,318	\$164,318	\$164,318	\$164,318	\$164,318
SA2 EDU Holder	\$173,092	\$173,092	\$173,092	\$173,092	\$173,092	\$173,092
SA2 EDU User	\$144,155	\$144,155	\$144,155	\$144,155	\$144,155	\$144,155
SA5	\$192,659	\$192,659	\$192,659	\$192,659	\$192,659	\$192,659
Total Rate Revenues	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223

The utility derives some revenues from non-rate sources. These revenues consist of other and interest income and are summarized in Table 7-4.

Table 7-4: Projected Non-Rate Revenues - Sewer

Revenue Source	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Other Income	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879
Interest Income	\$9,318	\$9,084	\$8,327	\$6,657	\$4,129	\$0

7.1.2. OPERATING AND MAINTENANCE (O&M) EXPENSES

Total projected O&M expenses are shown in Table 7-5 and are summarized by department. Expenses are projected from the District’s adopted FY 2025 budget. Expenses in FY 2026 and beyond use District estimated costs, where known, or rely on FY 2025 budgeted values inflated by the escalation assumptions from Table 2-2.

Table 7-5: Projected Sewer O&M Expenses

O&M Expense Summary	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Repairs & Maintenance	\$170,537	\$174,801	\$179,171	\$183,650	\$188,241	\$192,947
Professional Services	\$44,270	\$39,278	\$40,260	\$41,266	\$42,298	\$43,355
Insurance	\$20,067	\$20,568	\$21,082	\$21,609	\$22,150	\$22,703
Personnel Expense	\$355,235	\$380,897	\$408,476	\$438,119	\$469,985	\$504,242
Office Expense	\$21,216	\$21,752	\$22,303	\$22,867	\$23,445	\$24,038
Utilities	\$6,300	\$6,867	\$7,485	\$8,159	\$8,893	\$9,693
Total O&M	\$617,624	\$644,162	\$678,776	\$715,670	\$755,011	\$796,980

7.1.3. PROJECTED CAPITAL IMPROVEMENT PLAN (CIP)

The District has proposed approximately \$1.6 million in capital replacement expenditures over the next five years (FY 2026 to 2030). A summary of these capital expenditures is shown in Table 7-6 by anticipated funding source. Inflated project costs in all years of the Study period were provided by District Staff.

Table 7-6: Projected Capital Improvement Plan - Sewer

Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Future Bond Projects	\$0	\$0	\$0	\$0	\$0	\$0
Grant Funded Projects	\$0	\$0	\$650,000	\$0	\$0	\$0
Cash Reserve Funded Projects	\$75,267	\$54,880	\$66,024	\$73,155	\$72,351	\$716,707
Total Capital Projects	\$75,267	\$54,880	\$716,024	\$73,155	\$72,351	\$716,707

7.1.4. DEBT SERVICE

The wastewater utility is partially responsible for one of the District's existing debt obligations, the 2021 COPF Loan. The debt service schedule for the water utility obligation is shown in Table 4-9. Table 7-7 shows the annual debt service payment obligation of the wastewater utility for each year of the Study period. The District is not planning on issuing new debt for the wastewater utility.

Table 7-7: Existing Debt Service - Sewer

Existing Debt	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
2021 COPF Loan	\$41,139	\$41,143	\$41,124	\$41,084	\$41,092	\$41,143

7.2. Existing Sewer Financial Plan – No Revenue Adjustments

Table 7-8 displays the operating cash flow detail for the District's wastewater utility from current rates over the Study period. The cash flow incorporates revenues and expenses to show the overall position of the utility. All projections shown in the table are based upon the District's current rate structure and do not include rate adjustments or new debt issuances. Table 7-8 incorporates data shown in the preceding tables of this section. Under the "status-quo" no revenue adjustment-scenario, revenues generated from rates and other miscellaneous revenues are inadequate to maintain adequate reserves, achieve reserve targets, and fund planned capital improvement projects over the Study period. With current rates and existing expenses, the

wastewater utility's reserves will fall below target in each year of the Study period and will become negative in FY 2030, falling approximately \$1.7 million short of the Board reserve policy target in that year.

Table 7-8: Sewer Financial Plan at Current Rates

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues						
Revenue from Existing Rates	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223
Total Revenue Adjustments	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenue	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879
Interest	\$9,318	\$9,084	\$8,327	\$6,657	\$4,129	\$0
Total Revenues	\$725,420	\$725,187	\$724,429	\$722,760	\$720,231	\$716,102
Total O&M Expenses	\$617,624	\$644,162	\$678,776	\$715,670	\$755,011	\$796,980
Net Operating Revenue	\$107,796	\$81,024	\$45,653	\$7,089	(\$34,780)	(\$80,877)
Debt and Capital						
Existing Debt Service	\$41,139	\$41,143	\$41,124	\$41,084	\$41,092	\$41,143
Rate Funded CIP	\$75,267	\$54,880	\$66,024	\$73,155	\$72,351	\$716,707
Total Debt and Capital	\$116,406	\$96,023	\$107,148	\$114,239	\$113,443	\$757,850
Net Cash Flow	(\$8,610)	(\$14,999)	(\$61,495)	(\$107,150)	(\$148,223)	(\$838,728)
Beginning Balance¹⁷	\$474,871	\$466,261	\$451,262	\$389,767	\$282,617	\$134,394
Net Cashflow	(\$8,610)	(\$14,999)	(\$61,495)	(\$107,150)	(\$148,223)	(\$838,728)
Grant Funding	\$0	\$0	\$650,000	\$0	\$0	\$0
Grant Funded CIP	\$0	\$0	(\$650,000)	\$0	\$0	\$0
Ending Balance	\$466,261	\$451,262	\$389,767	\$282,617	\$134,394	(\$704,334)
<i>Board Policy Target</i>	\$883,495	\$894,878	\$909,695	\$925,464	\$1,459,050	\$960,401
<i>Minimum Target</i>	N/A	\$252,922	\$264,283	\$276,373	\$289,315	\$303,164
Calculated Debt Coverage Ratio	262%	197%	111%	17%	-85%	-197%
Required Debt Coverage Ratio	125%	125%	125%	125%	125%	125%

7.3. Proposed Sewer Financial Plan

The proposed financial plan calls for adoption of 9.75 percent revenue adjustments in each year of the Study period. The revenue adjustments are proposed to be implemented in July of each year through FY 2030. Table 7-9 shows the proposed revenue adjustment plan. The rates presented in Section 9 are based on the proposed financial plan below.

The proposed revenue adjustments help to ensure adequate revenue to fund operating expenses, achieve reserve policy targets, fund the long-term capital program, and comply with existing debt covenants. Revenue adjustments represent the average increase in rates for the utility. Actual percentage increases (or decreases) in rates are dependent upon the cost of service analysis and are unique to each customer class.

¹⁷ FY 2025 beginning balance is adjusted to include cash at July 1, 2024 plus the sale of Viking Ranch Property, twin tank reimbursement from DWR, and Prop 68 Grant reimbursement

Table 7-9: Proposed Revenue Adjustments - Sewer

	Revenue Adjustments				
Effective Year	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Effective Month	July	July	July	July	July
Percentage Adjustment	9.75%	9.75%	9.75%	9.75%	9.75%

Primary factors requiring the proposed adjustments include:

- » **Infrastructure Reinvestment:** The District has approximately \$1.6 million in replacement capital expenditures over the next five fiscal years (FY 2026 – FY 2030) and \$2.2 million over the 10-year financial planning horizon of this study (FY 2026 – FY 2035). The capital replacement projects will be funded through a combination of cash reserves from rates, grant funded, and new debt issuance (new debt planned for in the next rate cycle). The District will pursue state and federal grants for the CIP, where available. The District may elect to accelerate or postpone the CIP timeline based on system requirements, available funds, favorable terms, and other conditions. A more detailed discussion of the projected capital improvement projects to be funded through the five-year financial plan is provided in Section 7.1.3.
- » **Inflationary pressure:** The District’s operating environment is not immune to the effects of inflation. The price of materials, energy, chemicals, construction costs, personnel, professional services, and other costs have increased at an historic pace over the last several years. The financial plan assumes continued pressure on both operating and capital costs, albeit at historic rates of change.
- » **Reserve Funding:** The District has reserve policies to meet cash flow needs, ensure adequate funding of repairs and replacements in the event of asset failure or other unforeseen circumstances or events, and to protect ratepayers from rate spikes. The District’s reserves are discussed in detail in Section 3 and total reserve balances for the selected Financial Plan are identified in Section 7.3. The total cash reserve target for the District’s wastewater utility in FY 2025 is \$883,495. The reserve target for future years is dynamic and depends on how the components of the reserve policy change year-to-year.

Table 7-10 shows the five-year cash flow detail for the wastewater utility, including additional revenues from the proposed financial plan. The proposed financial plan estimates rate revenues and expenses on a cash flow basis. The proposed financial plan yields positive net cash flow in most years, maintains reserves at minimum levels, and achieves debt coverage requirements.

The cost of service analysis in Section 8 utilizes the FY 2025 rate revenue requirement to determine unit costs of service and the rate components. The FY 2025 Test Year revenue requirement is discussed in detail in Section 8.

Table 7-10: Proposed Financial Plan - Sewer

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues						
Revenue from Existing Rates	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223	\$674,223
Total Revenue Adjustments	\$0	\$65,737	\$131,473	\$197,210	\$262,947	\$328,684
Other Revenue	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879	\$41,879
Interest	\$9,318	\$9,742	\$10,970	\$12,640	\$14,832	\$11,135
Total Revenues	\$725,420	\$791,581	\$858,545	\$925,952	\$993,882	\$1,055,921
Total O&M Expenses	\$617,624	\$644,162	\$678,776	\$715,670	\$755,011	\$796,980
Net Operating Revenue	\$107,796	\$147,418	\$179,769	\$210,282	\$238,870	\$258,941
Debt and Capital						
Existing Debt Service	\$41,139	\$41,143	\$41,124	\$41,084	\$41,092	\$41,143
Rate Funded CIP	\$75,267	\$54,880	\$66,024	\$73,155	\$72,351	\$716,707
Total Debt and Capital	\$116,406	\$96,023	\$107,148	\$114,239	\$113,443	\$757,850
Net Cash Flow	(\$8,610)	\$51,395	\$72,621	\$96,043	\$125,428	(\$498,910)
Beginning Balance¹⁸	\$474,871	\$466,261	\$517,656	\$590,277	\$686,320	\$811,747
Net Cashflow	(\$8,610)	\$51,395	\$72,621	\$96,043	\$125,428	(\$498,910)
Grant Funding	\$0	\$0	\$650,000	\$0	\$0	\$0
Grant Funded CIP	\$0	\$0	(\$650,000)	\$0	\$0	\$0
Ending Balance	\$466,261	\$517,656	\$590,277	\$686,320	\$811,747	\$312,838
<i>Board Policy Target</i>	\$883,495	\$894,878	\$909,695	\$925,464	\$1,459,050	\$960,401
<i>Minimum Target</i>	N/A	\$252,922	\$264,283	\$276,373	\$289,315	\$303,164
Calculated Debt Coverage Ratio	262%	358%	437%	512%	581%	629%
Required Debt Coverage Ratio	125%	125%	125%	125%	125%	125%

Figure 7-1 through Figure 7-3 display the proposed financial plan in a graphical format.

Figure 7-1 illustrates the Operating Financial Plan. It compares existing and proposed revenues with projected expenses. The expenses, represented by stacked bars, represent O&M expenses, annual debt service costs, and reserve funding (net cashflow). Total revenues at existing and proposed rates are shown by the dashed and solid black lines, respectively. Figure 7-1 shows that current revenue from existing rates will not meet future total expenses, including reserve funding for future capital projects and risk mitigation.

¹⁸ FY 2025 beginning balance is adjusted to include cash at July 1, 2024 plus the sale of Viking Ranch Property, twin tank reimbursement from DWR, and Prop 68 Grant reimbursement

Figure 7-1: Proposed Operating Financial Plan - Sewer

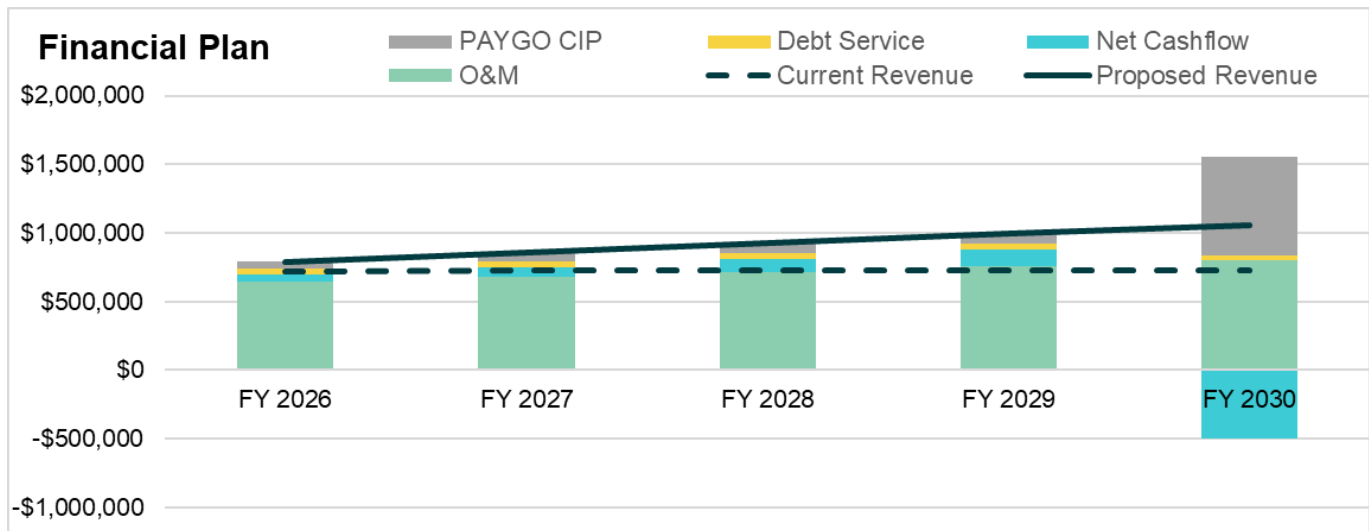


Figure 7-2 shows the District's ending reserve balance by fiscal year. The grey bars indicate the total ending balance, while the solid orange and blue lines indicate the total minimum target reserve balances and target reserves balances, respectively. With the proposed financial plan, the District achieves minimum target balances throughout the Study period.

Figure 7-2: Proposed Ending Cash Balance - Sewer

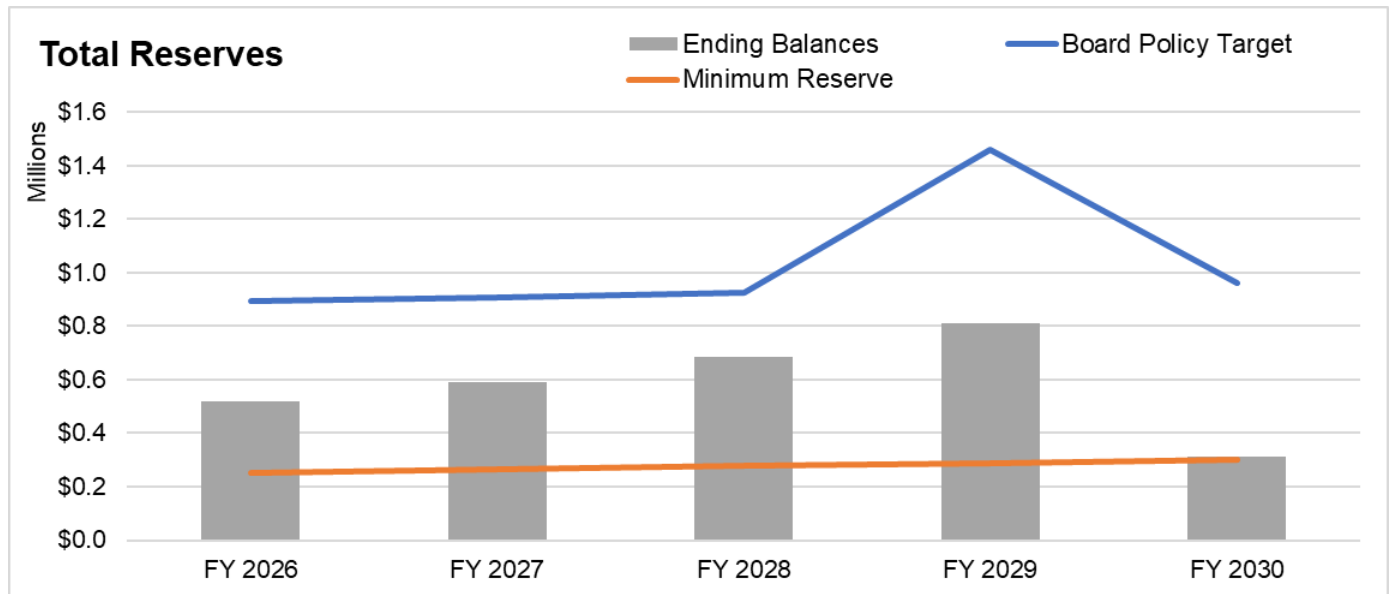
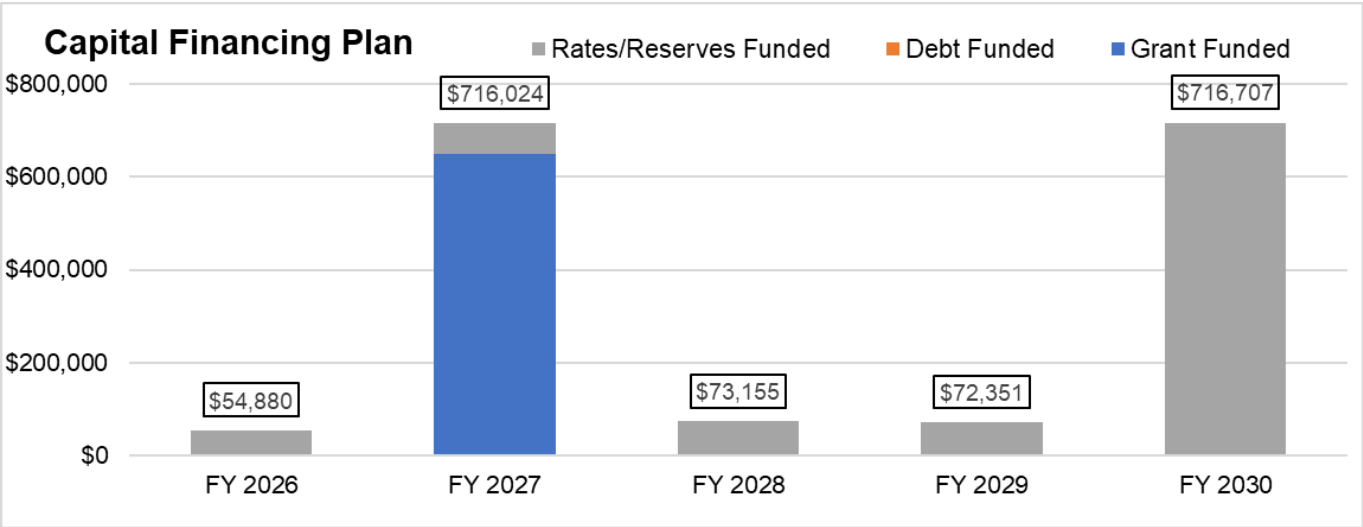


Figure 7-3 shows the total CIP of the wastewater utility over the Study period, by funding source. The light blue portion of the bars represent grant funded capital, and the grey portion of the bars represent rate-funded capital or pay-as-you-go (PAYGO) basis. No wastewater CIP is anticipated to be debt funded.

Figure 7-3: Proposed CIP and Funding Sources - Sewer



8. Sewer Cost of Service Analysis

8.1. Methodology

This section of the report details the cost of service analysis and rate calculation process to determine the proposed wastewater rates. The goal of this process is to determine the cost of providing wastewater service to each of the District's wastewater customer classes and to ensure equity and fairness among the various classes.

The cost of service analysis used to develop the wastewater rates follows the guidelines for allocating costs outlined in the WEF Manual No. 27. The cost of service analysis and rate design process consists of the following major steps:

1. Determine the revenue requirement, equal to the revenue to be recovered from rates.
2. Conduct a treatment plant mass balance analysis to estimate the flows and strength characteristics of wastewater generated.
3. Functionalize O&M expenses and capital assets into functional categories such as collection, treatment, lift, and customer service.
4. Allocate each functional category into cost components such as wastewater flow and strength, which includes biochemical oxygen demand (BOD) and total suspended solids (TSS).
5. Develop customer class characteristics and units of service by cost component.
6. Calculate the cost component unit rates by dividing the total cost in each cost component by the total units of service for that component. For example, wastewater flow is measured in HCF and BOD and TSS are measured in pounds (lbs) per year.
7. Calculate the cost for each customer class by multiplying the unit cost by the units of service for each customer class.

8.2. Revenue Requirements - Sewer

Table 8-1 shows the FY 2025 "Test Year" revenue requirement. The revenue requirement represents all O&M and capital and is equal to the cost of service to be recovered through rates. The O&M revenue requirement includes costs directly related to the collection and treatment of wastewater, as well as routine maintenance of system facilities. The Capital revenue requirement includes costs directly related to funding the capital program and debt service obligations associated with capital re-investment.

The rate revenue offsets are interest and non-rate revenues that are accounted for to determine the net amount required to be recovered from rates. The adjustment for cash balance (i.e., annual reserve funding adjustment) is equal to the net cash change for FY 2025 in Table 7-10, which represents the amount by which the reserves change in the test year. To arrive at the Operating, Capital, and total revenue requirements, revenue offsets (non-rate revenues) and adjustments are subtracted from the sub-total revenue requirement for each category (represented here as columns). The resulting calculation is the total revenue required from rates. This total is the annual amount that wastewater charges are designed to collect.

Table 8-1: Revenue Requirement - Sewer

Revenue Requirements	Operating	Capital	Total
Operating Expenditures	\$617,624		\$617,624
Debt Service		\$41,139	\$41,139
PAYGO CIP		\$75,267	\$75,267
Subtotal Revenue Requirements	\$617,624	\$116,406	\$734,031
Revenue Offsets			
Other Revenue		\$41,879	\$41,879
Interest		\$9,318	\$9,318
Total Revenue Offsets	\$0	\$51,198	\$51,198
Adjustments			
Adjustments to Annual Cash Balance		\$8,610	\$8,610
Total Adjustments	\$0	\$8,610	\$8,610
COS to be Recovered from Wastewater Rates	\$617,624	\$56,598	\$674,223

8.3. Plant Mass Balance

The second step of the cost of service analysis is to conduct a plant mass balance analysis. The plant mass balance analysis is used to estimate and validate the wastewater loadings (flow and strength) generated by each customer class. While wastewater discharged into the District's sewers is not metered when it enters the wastewater system, the total amount of flow and strength entering the treatment plant is a known quantity. The quantity entering the wastewater system is called total plant influent. District staff provided the total plant influent and wastewater strength assumptions for FY 2024 as shown in Table 8-2. Customer strengths are estimated according to industry accepted standards. Flow is measured in gallons per year and converted to HCF per year. BOD and TSS are measured in milligrams per liter (mg/L) and converted to pounds per year (lbs/year).

Table 8-2: Total Wastewater Treatment Plant Influent

	Flow (gallons)	BOD (mg/L)	TSS (mg/L)	Flow (HCF)	BOD (lbs/year)	TSS (lbs/year)
Total Plant Influent	25,539,000	374	301	34,141	79,738	64,168

As discussed in Section 7.1.1, the District's wastewater customers are divided into different service areas (SA1, SA2, and SA5) and are charged per Equivalent Dwelling Unit (EDU). One EDU is equivalent to the discharge of a typical SFR home and, therefore, each EDU connected to the wastewater system is assumed to contribute the same volume of wastewater flow with similar strength. Wastewater flows per EDU can be estimated as shown in Table 8-3 by dividing the total plant influent (Table 8-2) by the total number of EDUs connected to the wastewater system, and then dividing by 365 days per year. The result is the average gallons per day (gpd) of wastewater generated per EDU. No changes or updates to the EDU definition are proposed in this study.

Table 8-3: Wastewater Flows per EDU

FY 2024 Calculation	
Total Plant Influent (gallons)	25,539,000
÷ EDUs Connected to Wastewater System	905
÷ Days per Year	365
Estimated Wastewater Flow (gpd) per EDU	77.3

Using the estimated wastewater flow per EDU in Table 8-3 and the strength assumptions provided by the District in Table 8-2, the total annual units of flow and strength for each service area can be determined for the FY 2025 Test Year using the projected number of EDUs connected to the system (as shown in Table 7-2). The total flow is calculated by multiplying the number of EDUs by the flow per EDU (in gpd) times 365 days. Total flow is measured in gallons per year and converted to HCF per year. BOD and TSS are measured in milligrams per liter and converted to pounds per year. Note that because they are not yet connected to the wastewater system, SA2 EDU Holders do not contribute to wastewater system flows or strength loading.

Table 8-4: Test Year (FY 2025) Plant Balance Estimate

Service Area	EDUs	Flow/EDU (gpd)	Flow (gallons/year)	BOD (mg/L)	TSS (mg/L)	Flow (HCF/Year)	BOD (lbs/year)	TSS (lbs/year)
SA1	254	77.3	7,167,852	374	301	9,582	22,379	18,009
SA2 EDU Holder	558							
SA2 EDU User	374	77.3	10,554,239	374	301	14,109	32,952	26,518
SA5	277	77.3	7,816,909	374	301	10,450	24,406	19,640
Total	1,463		25,539,000			34,141	79,738	64,168

8.4. O&M Expense Functionalization - Sewer

District staff provided the allocation of budgeted O&M expenses shown in Table 7-5 by function based on the percentages shown in Table 8-5. Functions include collection, treatment, lift, billing & customer service, and admin. & general. Table 8-6 shows a summary of the functionalization of District O&M expenses for the Test Year, FY 2025. A detailed version of the functionalized wastewater expenses is provided in an appendix to this report. Functionalizing O&M expenses follows the principles of rate setting set forth in the WEF MOP No. 27 and allows for allocation of O&M to cost causation components. Note that the total functionalized O&M expenses are equal to the O&M expenses shown in Table 8-1 and Table 7-5.

Table 8-5: Functionalization of O&M Expenses

O&M Expense	Collection	Treatment	Lift	Billing & Customer Service	Admin. & General
Repairs & Maintenance					
R&M WWTP	25%	75%			
Telemetry Services	50%	50%			
Trash Removal					100%
Vehicle Expense	50%			50%	
Fuel & Oil	40%			40%	20%
Lab/Testing		100%			
Permit Fees					100%
Professional Services					
Accounting					100%
Payroll Services					100%
Audit Fees					100%
IT & Cyber Security					100%
Financial Consulting					100%
Engineering	15%	85%			
Legal Services					100%
Advocacy					100%
Grant Acquisitions					100%
Testing/Lab		100%			
Permit Fees					100%
Insurance					
Program Insurance					100%
Workers Comp					100%
Personnel Expense					
Board Meeting Expense					100%
Salaries & Wages	25%	50%		25%	
Contra Account - Salaries & Wages	25%	50%		25%	
Contract labor/Consulting					100%
Taxes on Payroll	25%	50%		25%	
Employee Medical Benefits	25%	50%		25%	
Employee Retirement Benefits	25%	50%		25%	
Conference/Training					100%
Uniforms					100%
Safety Compliance & Emergency Prep					100%
Workers Compensation	25%	50%		25%	
Office Expense					
Office Supplies					100%
Office Equip/Maint/Agreement					100%
Postage & Freight					100%
Property Tax					100%
Telephone/Answering/Cell					100%
Dues & Subscriptions					100%
Printing, Publication & Notices					100%
Office/Shop utilities					100%
Fees					100%
Uniforms					100%
Safety/OSHA Requirements					100%
Utilities					
Pumping/Electricity	32%		68.2%		

Table 8-6: Functionalization of O&M Expenses

Cost Function	O&M Expenses by Function (\$)
Collection	\$127,969
Treatment	\$292,145
Lift	\$4,295
Billing & Customer Service	\$90,853
Admin. & General	\$102,363
Total	\$617,624

8.5. Allocation of Functionalized Expenses to Sewer Cost Components

After functionalizing expenses, the next step is to allocate the functionalized expenses to cost causation components. The functionalization of costs allows us to better allocate the functionalized costs to the **cost causation components**. The cost causation components include:

1. **BOD** costs are the costs associated with treating the organic compounds in wastewater. Higher strength wastewater is more costly to treat.
2. **TSS** costs are costs associated with treating the suspended solids in wastewater. Higher levels of suspended solids are also more costly to treat.
3. **Lift** costs are costs associated with wastewater lift stations, as District customers in specific service areas require elevation pumping to move wastewater through the collection system to the treatment facilities.
4. **Customer** costs are associated with customer service and billing.
5. **Fixed** costs are those costs that do not change with respect to the amount of wastewater flow generated (in HCF) or the strength of the wastewater. An example of fixed costs would be costs associated with the operations and maintenance of the wastewater collection system and general administrative costs.

Table 8-7 and Table 8-8 show the allocation basis for O&M expenses in percentages and dollars, respectively. The top row of Table 8-7 shows the cost causation components and the left-most column shows the cost functions, equal to that shown in Table 8-6. The numbers shown in this section of the report are rounded to the nearest dollar and tenth of a percent; therefore, the calculations shown in the tables of this section may not equal to the precise numbers shown due to rounding within the tables.

Collection system costs are allocated between the Lift and Fixed cost components based on the percentage of the wastewater system assets that are associated with lift stations. Treatment costs are allocated proportionally between the strength components, BOD and TSS.

Table 8-7: Allocation of Functionalized O&M Expenses to Cost Causation Components (%)

Function	FY 2025	BOD	TSS	Lift	Customer	Fixed
Collection	\$127,969			12.2%		87.8%
Treatment	\$292,145	50.0%	50.0%			
Lift	\$4,295			100.0%		
Billing & Customer Service	\$90,853				100.0%	
Admin & General	\$102,363					100.0%
Total (\$)	\$617,624	\$146,073	\$146,073	\$19,888	\$90,853	\$214,738
Total (%)		24%	24%	3%	15%	35%

Table 8-8: Allocation of Functionalized O&M Expenses to Cost Causation Components (\$)

Function	FY 2025	BOD	TSS	Lift	Customer	Fixed
Collection	\$127,969	\$0	\$0	\$15,594	\$0	\$112,375
Treatment	\$292,145	\$146,073	\$146,073	\$0	\$0	\$0
Lift	\$4,295	\$0	\$0	\$4,295	\$0	\$0
Billing & Customer Service	\$90,853	\$0	\$0	\$0	\$90,853	\$0
Admin & General	\$102,363	\$0	\$0	\$0	\$0	\$102,363
Total (\$)	\$617,624	\$146,073	\$146,073	\$19,888	\$90,853	\$214,738
Total (%)		24%	24%	3%	15%	35%

8.6. Asset Functionalization - Sewer

Table 8-9 presents the functionalization of the District's wastewater system asset base. Each asset category from the master capitalized asset database is allocated to one (or more) of the cost functions. The column furthest right in Table 8-9 shows the total asset valuation by category. Assets are shown valued at replacement cost less depreciation (RCLD).

Table 8-9: Functionalization of System Assets - Sewer

Asset Category	Cost Function	Assets by Function (\$)
Collection	Lift & Fixed	\$2,798,783
Treatment	BOD & TSS	\$1,554,417
Billing & Customer Service	Customer	\$1,610
Admin & General	Fixed	\$843,402
Total		\$5,198,212

8.7. Allocation of Functionalized Assets to Sewer Cost Components

Like the O&M cost allocation, the District's functionalized capitalized assets are allocated to the same cost components, which are representative of future project costs. Capital costs are allocated by the asset base of the wastewater system in recognition that assets need to be refurbished and replaced over time. Correspondingly, capital expenses over time should correlate to the asset base and mix of infrastructure. This ensures that the allocations to the cost causation components, and ultimately the rates, remain relatively stable over time. Table 8-10 and Table 8-11 show the functionalized assets allocated to the cost components in both dollar and percentage terms. The numbers shown in this section of the report are rounded to the nearest dollar and tenth of a percent; therefore, the calculations shown in the tables of this section may not equal to the precise numbers shown.

Table 8-10: Allocation of Functionalized Asset Valuation to Cost Causation Components (%)

Function	RCLD	BOD	TSS	Lift	Customer	Fixed
Collection	\$2,798,783			12.2%		87.8%
Treatment	\$1,554,417	50.0%	50.0%			
Billing & Customer Service	\$1,610				100.0%	
General	\$843,402					100.0%
Total (\$)	\$5,198,212	\$777,209	\$777,209	\$341,050	\$1,610	\$3,301,136
Total (%)		15%	15%	7%	0%	64%

Table 8-11: Allocation of Functionalized Asset Valuation to Cost Causation Components (\$)

Function	RCLD	BOD	TSS	Lift	Customer	Fixed
Collection	\$2,798,783	\$0	\$0	\$341,050	\$0	\$2,457,734
Treatment	\$1,554,417	\$777,209	\$777,209	\$0	\$0	\$0
Billing & Customer Service	\$1,610	\$0	\$0	\$0	\$1,610	\$0
General	\$843,402	\$0	\$0	\$0	\$0	\$843,402
Total (\$)	\$5,198,212	\$777,209	\$777,209	\$341,050	\$1,610	\$3,301,136
Total (%)		15%	15%	7%	0%	64%

8.8. Unit Cost Derivation - Sewer

Table 8-12 shows the wastewater service units by cost component, which are in part from the plant mass balance analysis (Table 8-4). SA2 EDU Holders (Line 2) are not yet contributing wastewater to the system, therefore, no units of service are shown for this customer class for BOD, TSS, and Lift. SA2 EDU Users (Line 3) and SA5 customers (Lines 4) contribute wastewater flows to the system that must be pumped up to a higher elevation (lifted) to the wastewater treatment plant; therefore, only these customer classes have units of service for the Lift cost component. Annual EDUs are calculated in the column on the far right by multiplying the number of EDUs for each service area by twelve months.

Table 8-12: Sewer Units of Service

	Service Area	BOD (lbs/year)	TSS (lbs/year)	Lift (HCF)	EDUs	Annual EDUs
1	SA1	22,379	18,009		254	3,048
2	SA2 EDU Holder Only				558	6,696
3	SA2 EDU User	32,952	26,518	14,109	374	4,488
4	SA5	24,406	19,640	10,450	277	3,324
6	Total	79,738	64,168	24,559	1,089	13,068

1. Total EDUs = SA1 + SA2 Holder + SA5. This is for purposes of total EDUs contributing to the collection capacity and fixed costs of the utility. Total EDUs contributing to wastewater flow generation is equal to SA1 + SA2 User + SA5 (1,089 EDUs).

Table 8-13 shows the revenue requirement by cost component. The operating expenses shown on Line 1 are from the allocations in Table 8-7. The capital expense allocation shown on Line 2 is calculated by multiplying the capital revenue requirement from Table 8-1 and the percentage allocations at the bottom of Table 8-10. The total cost of service for each cost component (Line 3) is divided by the units of service (Line 5) derived from Table 8-12, resulting in the unit cost per cost component (Line 7).

Table 8-13: Unit Cost Calculation by Cost Component - Sewer

	Cost of Service	BOD	TSS	Lift	Customer	Fixed	Total
1	Operating Expenses	\$146,073	\$146,073	\$19,888	\$90,853	\$214,738	\$617,624
2	Capital Expenses	\$8,462	\$8,462	\$3,713	\$18	\$35,943	\$56,598
3	Total Cost of Service	\$154,535	\$154,535	\$23,602	\$90,870	\$250,681	\$674,223
4							
5	Units of Service	79,738	64,168	24,559	13,068	13,068	
6	Unit of Measure	BOD (lbs/year)	TSS (lbs/year)	Lift Flow (HCF)	Annual EDUs	Annual EDUs	
7	Unit Cost	\$1.94	\$2.41	\$0.96	\$6.95	\$19.18	

8.9. Distribution of Cost Components to Customer Classes - Sewer

The final step in a cost of service analysis is to distribute the cost components to the customer classes using the unit costs derived in Table 8-13. This is the end goal of a cost of service analysis and yields the cost to serve each customer class. Table 8-14 shows the derivation of the cost to serve each customer class.

To derive the cost to serve each class, the unit costs from Table 8-13 are multiplied by the respective units of service for each class (Table 8-12). For example, the BOD costs for SA1 are calculated by multiplying the BOD unit cost of \$1.94 (rounded to the nearest penny) by the annual BOD (22,379 lbs/year) to arrive at a total of \$43,372. The calculation is completed for each of the remaining user classes and cost components to yield the total cost to serve each user class shown in the furthest right column of Table 8-14. Note that SA2 EDU Holders are allocated fixed wastewater collection system and customer billing costs, while SA2 EDU Users are allocated the costs to convey, treat, and dispose of wastewater at the treatment plan. The total cost of service is equal to the revenue requirement in Table 8-1, as intended. With the cost to serve each user class calculated we can proceed to derive rates to collect the cost to serve each customer class.

Table 8-14: Cost of Service by Service Area and User Class

Service Area	BOD	TSS	Lift	Customer	Fixed	Total
SA1	\$43,372	\$43,372	\$0	\$21,195	\$58,469	\$166,408
SA2 EDU Holder	\$0	\$0	\$0	\$46,562	\$128,448	\$175,010
SA2 EDU User	\$63,863	\$63,863	\$13,559			\$141,285
SA5	\$47,300	\$47,300	\$10,043	\$23,114	\$63,764	\$191,519
Total	\$154,535	\$154,535	\$23,602	\$90,870	\$250,681	\$674,223

9. Sewer Rate Design

9.1. Existing Rate Structure and Rates

The District provides wastewater service to three separate Service Areas (SAs). These areas are: SA1, SA2, and SA5. All wastewater users pay a monthly fixed charge per EDU that varies depending on the service area.

The District assesses two separate charges on wastewater customers in SA2. SA2 customers consist of SA2 EDU Holders and SA2 EDU Users. SA2 EDU Holders are customers that are not yet contributing wastewater to the system. SA2 EDU Users, those connected to and using the wastewater system, pay the sum of both the Holder and User charge. The existing rate structure for wastewater customers is shown in Table 9-1.

Table 9-1: Current Sewer Charges (\$/Month/EDU)

Customer Class	Current Charge
SA1	\$53.91
SA2 EDU Holder	\$25.85
SA2 EDU User	\$32.12
SA5	\$57.96

9.2. Rate Calculation & Proposed Rates

Table 9-2 shows the rate calculation for the District's proposed wastewater rates for the FY 2025 test year. The rate for each component is calculated by dividing the cost to serve each customer class (derived in Table 8-14) by the number of EDUs for each service area (from Table 8-4) divided by 12 billing periods. For example:

$$\text{Monthly SA1 BOD charge} = \text{SA1 BOD cost of service} / \text{SA1 EDUs} / 12 \text{ billing periods}$$

To determine the total proposed charge, the five rate components are added together. The resulting summation constitutes the final cost of service rates. The cost of service rates are rounded up to the nearest whole penny.

Table 9-2: Cost of Service Sewer Rates – Test Year FY 2025

Customer Class	BOD	TSS	Lift	Customer	Fixed	COS Charge (\$ / EDU / Month)
SA1	\$14.23	\$14.23	\$0.00	\$6.95	\$19.18	\$54.60
SA2 EDU Holder	\$0.00	\$0.00	\$0.00	\$6.95	\$19.18	\$26.14
SA2 EDU User	\$14.23	\$14.23	\$3.02	\$0.00	\$0.00	\$31.49
SA5	\$14.23	\$14.23	\$3.02	\$6.95	\$19.18	\$57.62

Table 9-3 shows proposed rates for the next five years based on the financial plan developed in Section 7.3. The rates for the monthly service charges are increased uniformly by the selected financial plan of 9.75 percent per year. All rates are rounded up to the nearest penny.

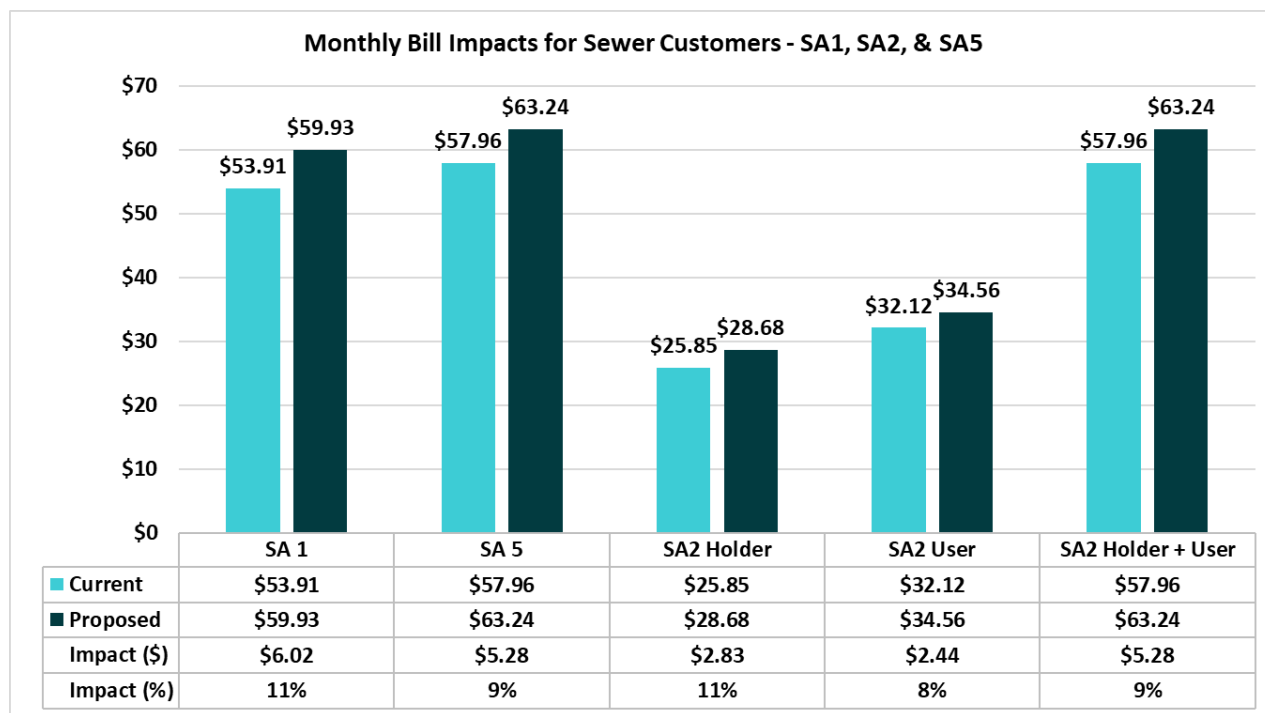
Table 9-3: Proposed Monthly Sewer Charges \$/EDU (FY 2026-2030)

Customer Class	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
SA1	\$59.93	\$65.78	\$72.20	\$79.24	\$86.97
SA2 EDU Holder	\$28.68	\$31.48	\$34.55	\$37.92	\$41.62
SA2 EDU User	\$34.56	\$37.93	\$41.63	\$45.69	\$50.14
SA5	\$63.24	\$69.41	\$76.18	\$83.61	\$91.77

9.3. Estimated Bill Impacts

The rate model calculates wastewater customer impacts for each service area. Customer impacts from the proposed new rates are presented below.

Figure 9-1 shows FY 2026 bills for customers in each service area. Bills are calculated at current rates and compared to proposed rates, inclusive of both the changes from the cost of service analysis and the first year revenue increase. The figure shows the percentage and dollar change between current and proposed rates.

Figure 9-1: Bill Impacts – SA1, SA2, & SA5

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
MAY 20, 2025
AGENDA ITEM II.F

May 15, 2025

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Borrego Springs Subbasin Watermaster Board – VERBAL D Duncan/K Dice/T Driscoll

1. Update on Board Activities
2. Discuss Agenda Items from Upcoming Meeting
3. Update on Technical Advisory Committee Activities

RECOMMENDED ACTION:

Discuss upcoming Watermaster related activities

ITEM EXPLANATION:

BWD Representatives from the Watermaster and TAC will provide a verbal review of recent and upcoming events.

NEXT STEPS

1. TBD

FISCAL IMPACT

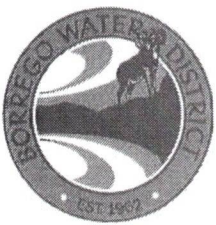
1. TBD

ATTACHMENTS

1. None

IV. A
Waste Water: March 2025 Monthly Report





BORREGO WATER DISTRICT

APRIL 2025

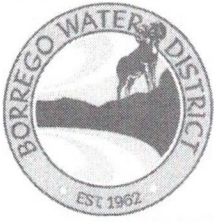
WASTEWATER OPERATIONS REPORT

There's no know problems with wastewater system at the moment:

Rams Hill Wastewater Treatment Facility serving ID-1, ID-2 and ID-5 Total Cap. 0.25 MGD (million gallons per day):

Average flow: 106000 (gallons per day)

Peak flow: 124000 gpd Sunday, April 26- 2025



BORREGO WATER DISTRICT

RAMS HILL WASTEWATER TREATMENT FACILITY

4861 Borrego Springs Rd, BORREGO SPRINGS, CA 92004
(760) 767-5806 FAX (760) 767-5994

05/01/2025

CALIFORNIA REGIONAL WATER QUALITY
CONTROL BOARD – REGION 7
73-720 FRED WARING DR. SUITE 100
PALM DESERT, CA. 92260

Attn: Adrian Lopez/WRCE

RE: APRIL 2025 Borrego Springs WWTP

Dear Adrian,

Please find attached the APRIL 2025 monthly monitoring reports and Lab results for Borrego springs district WWTP.

We are pleased to inform you that there's no known violations for this month.

If you have any questions please contact ROGELIO MARTINEZ/WT-III. (760)419-2764.

Respectfully,

Rogelio Martinez/ water plant operator III

CC: Geoff Poole/GM

MONTHLY REPORT: R.H.W.T.F

MONTH: APRIL

YEAR: 2025

BORREGO WATER DISTRICT,
RAMS HILL WASTEWATER TREATMENT FACILITY,
4861 BORREGO SPRINGS ROAD,
BORREGO SPRINGS, CA 92004
760-767-5806; phone
760-767-5994; fax

COMMENTS: THERE ARE NO SPILLS TO REPORT FOR APRIL 2025; THE FLOW REPORT IS ATTACHED.

Submitted by: ROGELIO MARTINEZ/BWD TO: GEOFF POOLE/BWD;

05/01/2025

APR 2025	INFLUENT DAILY FLOW GAL.	TOTAL FLOW GAL.
1	117000 GAL	21187000 GAL
2	112000 GAL	21300000 GAL
3	114000 GAL	21414000 GAL
4	118000 GAL	21532000 GAL
5	120000 GAL	21652000 GAL
6	119000 GAL	21771000 GAL
7	105000 GAL	21876000 GAL
8	104000 GAL	21981000 GAL
9	96000 GAL	22077000 GAL
10	104000 GAL	22182000 GAL
11	100000 GAL	22282000 GAL
12	120000 GAL	22402000 GAL
13	114000 GAL	22516000 GAL
14	103000 GAL	22619000 GAL
15	99000 GAL	22718000 GAL
16	105000 GAL	22823000 GAL
17	104000 GAL	22927000 GAL
18	107000 GAL	23034000 GAL
19	116000 GAL	23151000 GAL
20	112000 GAL	23263000 GAL
21	94000 GAL	23357000 GAL
22	101000 GAL	23458000 GAL
23	93000 GAL	23551000 GAL
24	99000 GAL	23650000 GAL
25	111000 GAL	23761000 GAL
26	124000 GAL	23885000 GAL
27	119000 GAL	24005000 GAL
28	89000 GAL	24095000 GAL
29	94000 GAL	24189000 GAL
30	84000 GAL	24273000 GAL

P.H. / D.O. LOG ; R.H.W.T.F., BORREGO WATER DISTRICT

YEAR,2025

APRIL

<u>DATE</u>	<u>LOCATION</u>	<u>P.H.</u>	<u>D.O</u>	<u>Alkalinity</u>	<u>Freeboard</u>
4/1/2025	EFFLUENT	7.52	4.74mg/l	180ppm	
4/1/2025	POND	7.58	7.94mg/l	180ppm	3.5ft
4/15/2025	EFFLUENT	7.12	4.47mg/l	180ppm	
4/15/2025	POND	7.35	7.61mg/l	180ppm	3.5ft

Berm Condition: Good and no Odors around the pond

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
COLORADO RIVER BAIS REGION**

WDID NO.: 7A 37 0125 001
ORDER NO.: R7-2007-0053

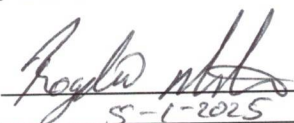
**MONITORING AND REPORTING
BORREGO WATER DISTRICT - RAMS HILL WWTF**
MONTH: APRIL
YEAR: 2025

REPORTING FREQUENCIES: **MONTHLY (Oct-March)**

APRIL

TYPE OF SAMPLE:	INFLUENT			PONDS		
CONSTITUENTS:	Flow	BOD	TSS	PH	DO	Freeboard
FREQUENCY:	Daily	Monthly	Monthly	Twice Monthly	Twice Monthly	Twice Monthly
DESCRIPTION:	Measurement	Grab	Grab	Grab	Grab	Measurement
UNITS:	gpd	mg/L	mg/L	s.u	mg/l	ft
REQUIREMENTS						
30-DAY MEAN:						
MAXIMUM:						
MINIMUM:						
DATE OF SAMPLE	APRIL					
1	117000	130	570	7.58	7.94	3.5
2	112000					
3	114000					
4	118000					
5	120000					
6	119000					
7	105000					
8	104000					
9	96000					
10	104000					
11	100000					
12	120000					
13	114000					
14	103000					
15	99000			7.35	7.61	3.5
16	105000					
17	104000					
18	107000					
19	116000					
20	112000					
21	94000					
22	101000					
23	93000					
24	99000					
25	111000					
26	124000					
27	119000					
28	89000					
29	94000					
30	84000					
31						
30-DAY MEAN	106567	130	570	7.47	7.78	3.5
MAXIMUM	124000	130	570	7.58	7.94	3.5
MINIMUM	84000	130	570	7.35	7.61	3.5

I declare under the penalty of law that I personally examined and am familiar with the information submitted in this document, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature: 
Date: 5-1-2025

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
COLORADO RIVER BAIS REGION**

WDID NO.: 7A 37 0125 001
ORDER NO.: R7-2007-0053

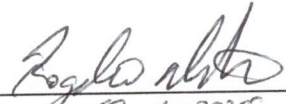
**MONITORING AND REPORTING
BORREGO WATER DISTRICT - RAMS HILL WWTF**
MONTH: APRIL
YEAR: 2025

REPORTING FREQUENCY: **MONTHLY (Oct - March)**

APRIL

TYPE OF SAMPLE:	EFFLUENT					
CONSTITUENTS:	BOD	TSS	SS	T. Nitrogen	TDS	pH
FREQUENCY:	Twice Monthly	Twice Monthly	Twice Monthly	Twice Monthly	Twice Monthly	Twice Monthly
DESCRIPTION:	Grab	Grab	Grab	Grab	Grab	Grab
UNITS:	mg/L	mg/L	ml/L		ml/L	
REQUIREMENTS						
30-DAY MEAN:						
MAXIMUM:	30mg/l	30mg/l	0.3ml/l		700mg/l	9.0
MINIMUM:						
DATE OF SAMPLE						
1	26	12	0.1	28	540	7.52
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15	12.0	8.0	0.0	15.0	520	7.12
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
30-DAY MEAN	19.0	10.0	0.1	21.5	530	7.32
MAXIMUM	15.5	12.0	0.0	28.0	540	7.52
MINIMUM	15.5	8.0	0.0	15.0	520	7.12

I declare under the penalty of law that I personally examined and am familiar with the information submitted in this document, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature: 
Date: 5-1-2025

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
COLORADO RIVER BASIN REGION**

WDID NO.: 7A 37 0125 001
ORDEF NO: R 7-2019-0015

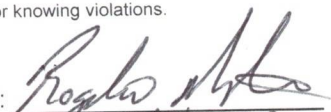
**MONITORING AND REPORTING
BORREGO WATER DISTRICT - RAMS HILL WWTF**

Month APRIL
YEAR 2025

REPORTING FREQUENCY: Monthly

TYPE OF SAMPLE:	Domestic Water Supply Well #11			Domestic Water Supply Well #12		
CONSTITUENTS:	TDS	PH		TDS	pH	
FREQUENCY:	Monthly	Monthly		Monthly	Monthly	
DESCRIPTION:	Grab	Grab		Grab	Grab	
UNITS:	mg/l	mg/L				
REQUIREMENTS						
30-DAY MEAN:						
MAXIMUM:						
MINIMUM:						
DATE OF SAMPLE						
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15	330	7.9		300	8.4	
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
30-DAY MEAN	330	7.9		300	8.4	
MAXIMUM	330	7.9		300	8.4	
MINIMUM	330	7.9		300	8.4	

I declare under the penalty of law that I personally examined and am familiar with the information submitted in this document, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature: 
Date: 5/1/2025

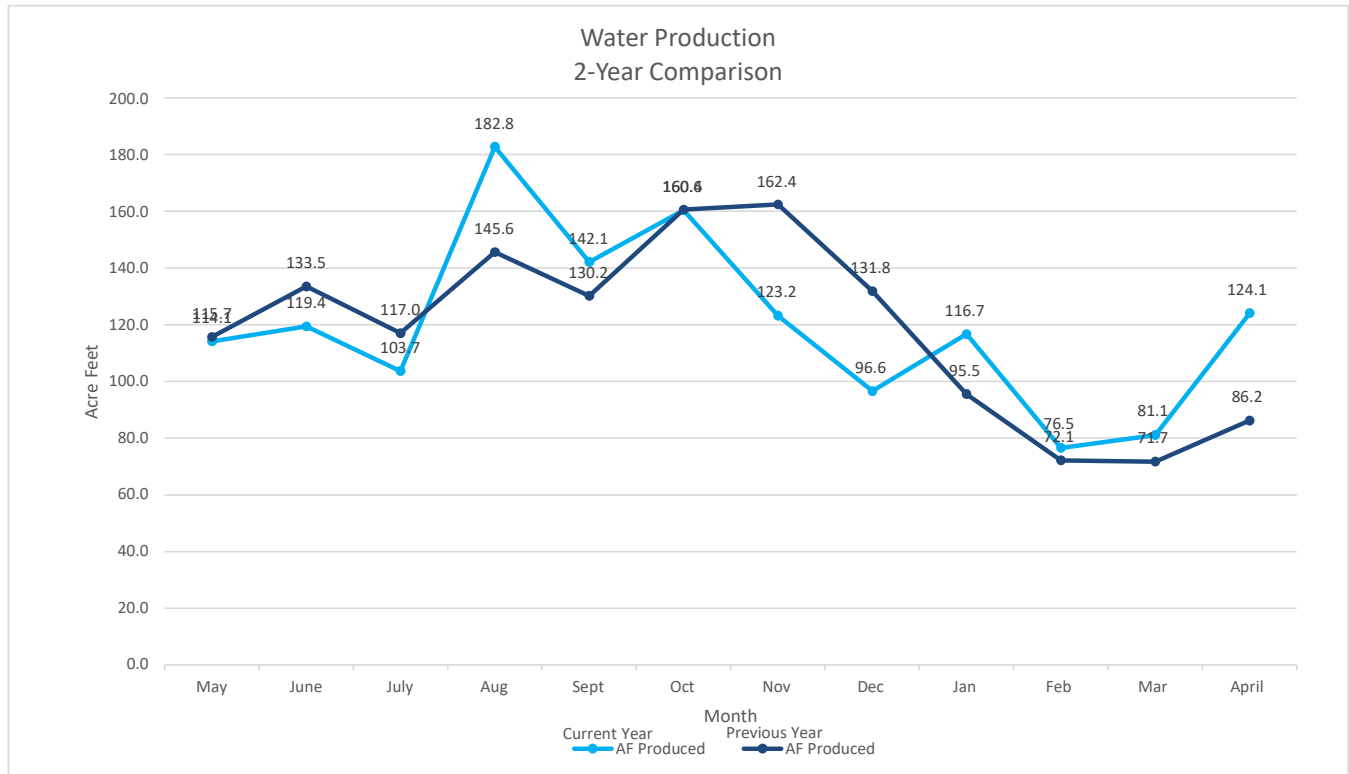
IV. B. Water
March 2025 Monthly Report





BORREGO WATER DISTRICT

WATER PRODUCTION SUMMARY **April 2025**



Past 12 months Production vs. Sales

	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	Past 12 Mo. TOT
AF Used	101.2	104.6	113.4	142.0	121.6	133.3	108.0	83.6	100.2	81.6	75.1	93.5	1258.0
AF Produced	114.1	119.4	103.7	182.8	142.1	160.4	123.2	96.6	116.7	76.5	81.1	124.1	1440.7
% Non Rev.	11.3%	12.4%	-9.4%	22.3%	14.4%	16.9%	12.3%	13.5%	14.2%	-6.6%	7.4%	24.7%	14.5%

Previous 12 Months Production vs. Sales

	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	Prior 12 Mo. TOT
AF Used	128.4	128.4	128.4	128.4	119.1	180.8	154.2	121.9	89.3	67.9	65.4	78.9	1391.0
AF Produced	115.7	133.5	117.0	145.6	130.2	160.6	162.4	131.8	95.5	72.1	71.7	86.2	1422.3
% Non Rev.	-11.0%	3.8%	-9.7%	11.8%	8.5%	-12.6%	5.0%	7.5%	6.5%	5.9%	8.8%	8.5%	2.2%

Non Revenue Water Summary

Apr-25	24.7%
Avg. Past 12 Mos.	11.1%
Avg. Past 24 Mos.	6.9%

IV. C
Finance: March 2025 Monthly Report





TREASURER'S REPORT MARCH 2025

	Bank	Carrying	Fair	<u>% of Portfolio</u>	Rate of	Maturity	Valuation
	Balance	Value	Value	Current Actual	Interest		Source
Cash and Cash Equivalents:							
Demand Accounts at CVB/LAIF							
General Account/Petty Cash	\$ 2,383,255	\$ 2,146,745	\$ 2,146,745	61.63%	0.68%	N/A	CVB/WF
Payroll Account	\$ 53,585	\$ 12,746	\$ 12,746	0.37%	0.68%	N/A	WF
Grant Fund Account	\$ 99,848	\$ 99,848	\$ 99,848	2.87%	0.00%	N/A	WF
LAIF	\$ 1,223,776	\$ 1,223,776	\$ 1,223,776	35.13%	4.31%	N/A	LAIF
Total Cash and Cash Equivalents	\$ 3,760,464	\$ 3,483,115	\$ 3,483,115	100.00%			

Cash and investments conform to the District's Investment Policy statement filed with the Board of Directors on June 09, 2020

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

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

Jessica Clabaugh, Finance Officer



Borrego Water District
Water Enterprise Operating Budget Analysis
03/01/2025 to 03/31/2025

	<i>Budgeted FY2025</i>	<i>Actual Mar FY2025</i>	<i>Projected Mar FY2025</i>	<i>% of Months Budget</i>	<i>Year to Date FY2025</i>
INCOME					
RATE REVENUE					
Water Rates Revenues					
Commodity Rates					
Residential T1 & T2 Revenues	1,154,187	71,320	58,613	122%	787,695
Residential T3 Revenues	267,750	17,498	13,597	129%	514,558
Commercial	645,750	55,705	32,793	170%	511,712
Irrigation	363,825	19,298	18,476	104%	294,700
Total Commodity	2,431,512	163,822	123,489	133%	2,108,665
Non-Commodity Charges					-
Base Meter Charges	1,518,300	125,455	126,525	99%	1,129,357
Meter Install/Repair	36,750	-	3,063	0%	17,715
New Water Supply Connection Fee	26,124	-	2,177	0%	5,532
Backflow Testing/Install	5,985	-	499	0%	6,668
Bulk Water Sales	6,825	600	569	106%	38,784
Total Non-Commodity	1,593,984	126,055	132,832	95%	1,198,056
					-
Total Water Rate Revenues	4,025,496	289,877	256,321	113%	3,306,721
Availability Charges Collected thru Tax Roll					
ID1 - Water	34,965	139	8,415	2%	18,962
ID3/ID4 - Water Standby	117,000	2,885	28,160	10%	79,714
Total Availability (Tax Roll)	151,965	3,024	36,575	8%	98,676
Other Income					
Sale of Viking Ranch Property	225,000				247,089
Sale of Retired Fleet Truck					8,000
Total Other Income	-	-	-		255,089
TOTAL WATER REVENUE	4,177,461	292,901	292,896	100.00%	3,660,486



Borrego Water District
Water Enterprise Operating Budget Analysis
03/01/2025 to 03/31/2025

	Budgeted FY2025	Actual Mar FY2025	Projected Mar FY2025	% of Months Budget	Year to Date FY2025
EXPENSES					
OPERATING EXPENSES					
Operations & Maintenance Expense					
R&M Water	279,928	9,883	23,327	42.37%	109,634
Telemetry	4,963	-	414	0.00%	18,284
Trash Removal	5,956	617	496	124.38%	5,044
Vehicle Expense	22,080	5,322	1,840	289.23%	31,145
Fuel & Oil	42,445	3,306	3,537	93.46%	27,549
Lab/Testing	34,338	4,600	2,862	160.75%	39,080
Permit Fees	28,820	2,870	2,402	119.50%	29,614
Pumping Electricity	525,000	41,584	43,750	95.05%	383,286
Total Operations & Maintenance Expense	943,530	68,182	78,628	86.71%	643,637
Professional Services					
Accounting (Tax & Debt Filings)	4,268	-	-	-	-
Payroll Services	3,077	263	256	102.53%	3,205
Audit Fees	27,350	-	2,279	0.00%	20,058
IT & Cyber Security	38,400	7,583	3,200	236.97%	43,908
Financial Consulting	79,411	14,654	6,618	221.44%	55,400
Engineering (Dudek)	45,584	-	3,799	0.00%	3,704
Legal Services - General	67,000	16,836	5,583	301.54%	44,043
Advocacy	59,558	5,280	4,963	106.38%	51,920
Total Professional Services	324,648	44,616	26,698	167.11%	222,238
Insurance Expense					
ACWA/JPIA Program Insurance	120,322	-	-	-	98,890
ACWA/JPIA Workers Comp	15,803	4,121	-	-	12,812
Total Insurance Expense	136,125	4,121	-	-	111,702
Personnel Expense					
Board Meeting Expense	22,830	726	1,903	38.16%	7,621
Salaries & Wages	1,131,468	89,705	94,289	95.14%	853,847
Contra Account - Salaries & Wages	(57,436)	(4,391)	(4,786)	91.73%	(69,348)
Contract Labor/Consulting	9,926	-	827	0.00%	-
Payroll Taxes	23,226	1,326	1,936	68.53%	16,925
Benefits - Medical	190,841	19,066	15,903	119.88%	167,023
Benefits - CalPERS	188,140	15,973	15,678	101.88%	145,359
Trainings & Conferences	17,867	1,814	1,489	121.86%	17,799
Uniforms	6,949	445	579	76.79%	4,611
Safety Compliance & Emergency Prep	4,963	189	414	45.58%	1,688
Total Personnel Expense	1,538,774	124,852	128,231	97.37%	1,145,524



Borrego Water District
Water Enterprise Operating Budget Analysis
03/01/2025 to 03/31/2025

	<i>Budgeted FY2025</i>	<i>Actual Mar FY2025</i>	<i>Projected Mar FY2025</i>	<i>% of Months Budget</i>	<i>Year to Date FY2025</i>
OPERATING EXPENSES (Con't)					
Office Expense					
Office Supplies	23,823	3,766	1,985	189.72%	24,278
Office Equipment	49,632	1,245	4,136	30.11%	33,698
Postage & Freight	14,890	-	1,241	0.00%	11,155
Property Tax	2,978	-			1,399
Telephone Expense	27,350	1,628	2,006	81.15%	20,975
Dues & Subscriptions (ACWA/AWWA)	22,830	592	1,903	31.12%	24,273
Printing & Publication	4,963	141	414	34.04%	2,380
Office/Shop utilities	9,117	507	760	66.77%	12,065
Total Office Expense	<u>155,583</u>	<u>7,880</u>	<u>12,444</u>	63.32%	<u>130,223</u>
TOTAL OPERATING EXPENSES	3,098,660	249,652	246,001	101.48%	2,253,324
Debt Expense					
BBVA Bank Note 2018A/B - Principal	337,138	-			349,860
BBVA Bank Note 2018A/B - Interest	49,821	-			20,248
2021 Bond Cap One - Principal	376,605	-			382,555
2021 Bond Cap One - Interest	140,571	-			66,772
Total Debt Expense	<u>904,135</u>	<u>-</u>	<u>-</u>		<u>853,569</u>
GROUNDWATER MANAGEMENT EXPENSES (see GWM Detail)					
Pumping Fees	100,000	-			32,885
GWM Expense	79,158	757	6,597	11.47%	2,998
Legal Expense	100,000	8,776	8,333	105.31%	49,861
Engineering/TAC Expense (Intera)	135,000	5,650	11,250	50.23%	61,912
TOTAL GROUNDWATER MGMT EXPENSES	<u>414,158</u>	<u>15,183</u>	<u>26,180</u>	58.00%	<u>147,656</u>
TOTAL EXPENSES	<u>4,416,953</u>	<u>264,835</u>	<u>272,181</u>	97.30%	<u>3,254,549</u>
<u>NET INCOME</u>	<u>(239,492)</u>	<u>28,066</u>	<u>20,715</u>	135.48%	<u>405,937</u>



Borrego Water District
Sewer Enterprise Operating Budget Analysis
03/01/2025 TO 03/31/2025

	<i>Budgeted FY2025</i>	<i>Actual Mar FY2025</i>	<i>Projected Mar FY2025</i>	<i>% of Months Budget</i>	<i>Year to Date FY2025</i>
<u>INCOME</u>					
RATE REVENUE					
Sewer Rates					
TCS Holder Fees (SA2)	170,532	14,508	14,211	102%	130,574
TCS User Fees (SA2)	135,653	12,117	11,304	107%	109,055
RH Sewer User Fees (ID1)	171,377	14,293	14,281	100%	133,058
Sewer Standby/Capacity Fees	-	122			11,171
Sewer User Fees (ID5)	193,989	16,113	16,166	100%	145,022
Total Sewer Rates	671,551	57,154	55,963	102%	528,880
Availability Charges Collected thru Tax Roll					
ID1 - Sewer Standby	34,965	139	800	17%	18,962
Total Availability (Tax Roll)	34,965	139	800	17%	18,962
TOTAL SEWER REVENUE	706,516	57,293	56,763	101%	547,842



Borrego Water District
Sewer Enterprise Operating Budget Analysis
03/01/2025 TO 03/31/2025

	Budgeted FY2025	Actual Mar FY2025	Projected Mar FY2025	% of Months Budget	Year to Date FY2025
EXPENSES					
OPERATING EXPENSES					
Operations & Maintenance Expense					
R&M WWTF	135,360	2,997	11,280	27%	61,959
Telemetry	677	905	100	905%	3,315
Trash Removal	812	104	150	69%	1,536
Vehicle Expense	3,011	48	251	19%	4,222
Fuel & Oil	6,676	346	556	62%	6,583
Lab/Testing	11,650	2,192	1,059	207%	15,485
Permit Fees	12,352	-	1,029	0%	14,770
Total Operations & Maintenance Expense	170,538	6,593	14,426	46%	107,871
Professional Services					
Accounting (Tax & Debt Filings)	582	-	582.00	0%	-
Payroll Services	420	36	52.50	68%	421
Audit Fees	3,730	-	310.83	0%	2,442
IT & Cyber Security	5,236	1,034	436.33	237%	5,982
Financial Consulting	10,829	1,850	902.42	205%	7,406
Engineering (Dudek)	6,216	-	518.00	0%	2,905
Legal Services - General	9,136	351	761.33	46%	5,388
Advocacy	8,122	720	676.83	106%	7,080
Total Professional Services	44,271	3,991	4,240	94%	31,624
Insurance Expense					
ACWA/JPIA Program Insurance	16,408	-			13,744
ACWA/JPIA Workers Comp	3,659	1,021	4,500	23%	2,763
Total Insurance Expense	20,067	1,021	4,500	23%	16,506
Personnel Expense					
Board Meeting Expense	3,113	99	259	38%	1,039
Salaries & Wages	261,561	20,001	21,797	92%	198,269
Contra Account - Salaries & Wages	(7,832)	(11,286)	(653)	1729%	(12,193)
Contract Labor/Consulting	1,354	-	113	0%	7,931
Payroll Taxes	5,369	296	447	66%	3,688
Benefits - Medical	44,117	4,251	3,676	116%	38,672
Benefits - CalPERS	43,492	3,561	3,624	98%	34,814
Trainings & Conferences	2,436	282	203	139%	1,434
Uniforms	948	61	79	77%	630
Safety Compliance & Emergency Prep	677	-	56	0%	-
Total Personnel Expense	355,235	17,265	29,603	58%	274,283



Borrego Water District
Sewer Enterprise Operating Budget Analysis
03/01/2025 TO 03/31/2025

	<i>Budgeted FY2025</i>	<i>Actual Mar FY2025</i>	<i>Projected Mar FY2025</i>	<i>% of Months Budget</i>	<i>Year to Date FY2025</i>
OPERATING EXPENSES (Con't)					
Office Expense					
Office Supplies	3,249	412	271	152%	3,159
Office Equipment	6,768	304	564	54%	5,411
Postage & Freight	2,030	-	169	0%	1,794
Property Tax	406	-			-
Telephone Expense	3,730	222	311	71%	2,860
Dues & Subscriptions (ACWA/AWWA)	3,113	81	259	31%	3,302
Printing & Publication	677	19	56	34%	325
Office/Shop utilities	<u>1,243</u>	<u>837</u>	<u>104</u>	<u>808%</u>	<u>5,182</u>
Total Office Expense	<u>21,216</u>	<u>1,874</u>	<u>1,734</u>	<u>108%</u>	<u>22,032</u>
 TOTAL OPERATING EXPENSES	 611,327	 30,744	 54,503	 56%	 452,315
Debt Expense					
2021 Bond Cap One - Principal	64,545	-			64,545
2021 Bond Cap One - Interest	<u>5,979</u>	<u>-</u>	<u>-</u>		<u>5,979</u>
Total Debt Expense	<u>70,524</u>	<u>-</u>	<u>-</u>		<u>36,390</u>
 TOTAL EXPENSES	 <u>681,851</u>	 <u>30,744</u>	 <u>54,503</u>	 56%	 <u>488,705</u>
 <u>NET INCOME</u>	 <u><u>24,665</u></u>	 <u><u>26,549</u></u>	 <u><u>2,260</u></u>	 1175%	 <u><u>59,138</u></u>



Borrego Water District
Pest Control Operating Budget Analysis
03/01/2025 to 03/31/2025

	<i>Budgeted FY2025</i>	<i>Actual Mar FY2025</i>	<i>Projected Mar FY2025</i>	<i>Year to Date FY2025</i>	<i>% of Annual Budget TD</i>
<u>INCOME</u>					
Charges Collected thru Tax Roll					
Pest Control Standby	<u>17,150</u>	<u>314</u>	<u>393</u>	<u>12,262</u>	71%
<u>TOTAL PEST CONTROL FUND REVENUE</u>	<u>17,150</u>	<u>314</u>	<u>393</u>	<u>12,262</u>	71%
<u>EXPENSES</u>					
R&M Pest Control	1,500	-		338	23%
ACWA/JPIA Program Insurance	500	-		241	48%
Salaries & Wages	4,193	-		3,508	84%
Benefits - Medical	711	-		685	96%
Benefits - CalPERS	701	-		616	88%
ACWA/JPIA Workers Comp	59	-		68	115%
Payroll Taxes	<u>87</u>	<u>-</u>	<u>-</u>	<u>75</u>	86%
<u>TOTAL PEST CONTROL FUND REVENUE</u>	<u>7,751</u>	<u>-</u>	<u>-</u>	<u>4,809</u>	62%
<u>Net Income Pest Control Enterprise Fund</u>	<u>9,399</u>	314	393		



Borrego Water District
Flood Enterprise Operating Budget Analysis
03/01/2025 to 03/31/2025

	<i>Budgeted FY2025</i>	<i>Actual Mar FY2025</i>	<i>Projected Mar FY2025</i>	<i>Year to Date FY2025</i>	<i>% of Annual Budget TD</i>
<u>INCOME</u>					
ID1 - Flood Standby	34,965	349	8,995	19,171	55%
<u>TOTAL FLOOD CONTROL FUND REVENUE</u>	<u>34,965</u>	<u>349</u>	<u>8,995</u>	<u>19,171</u>	<u>55%</u>
<u>EXPENSES</u>					
ACWA/JPIA Program Insurance	550	-		482	88%
Legal Services - General	5,000	-	625	-	0%
Salaries & Wages	8,434	-	1,054	-	0%
Benefits - Medical	1,423	-	178	-	0%
Benefits - CalPERS	1,402	-	175	-	0%
ACWA/JPIA Workers Comp	118	-	15	32	27%
Payroll Taxes	173	-	22	-	0%
<u>TOTAL FLOOD CONTROL FUND EXPENSES</u>	<u>17,100</u>	<u>-</u>	<u>2,047</u>	<u>514</u>	<u>3%</u>
<u>Net Income Flood Enterprise Fund</u>	<u>17,865</u>	<u>349</u>	<u>6,948</u>		



Borrego Water District
Non-Rate Revenue Budget Analysis
03/01/2025 to 03/31/2025

	<i>Budgeted FY2025</i>	<i>Actual Mar FY2025</i>	<i>Projected Mar FY2025</i>	<i>Year to Date FY2025</i>
<u>INCOME</u>				
OTHER INCOME				
Penalties & Fees	50,000	14,832	5,000	87,351
BSUSD Well Agreement	35,000	-	-	1,500
1% Property Assessments	70,000	2,201	11,345	50,841
Interest Income	35,000	393	2,917	63,870
Sale of Parcels to State Parks		-		15,212
WM Meter Reading Income	3,333	1,190	550	6,640
TOTAL OTHER INCOME	<u>193,333</u>	<u>18,617</u>	<u>19,811</u>	<u>225,414</u>
<u>EXPENSES</u>				
Air Quality Study	36,341	4,007	3,028	4,031
TOTAL NON-RATE REVENUE EXPENSES	<u>36,341</u>	<u>4,007</u>	<u>3,028</u>	
<u>Net Income Non-Rate Revenue</u>	<u>156,992</u>	14,610	16,783	



Borrego Water District
Consolidated Enterprise Budget Analysis
03/01/2025 to 03/31/2025

	<i>Budgeted FY2025</i>	<i>Actual Mar FY2025</i>	<i>Projected Mar FY2025</i>	<i>YTD FY2025</i>
<u>INCOME</u>				
TOTAL WATER RATE REVENUE	4,402,461	292,901	292,896	3,660,486
TOTAL WASTEWATER RATE REVENUE	706,517	57,293	56,763	547,842
TOTAL PEST CONTROL FUND REVENUE	17,150	314	393	12,262
TOTAL FLOOD CONTROL FUND REVENUE	34,965	349	8,995	19,171
TOTAL OTHER INCOME	193,333	18,617	19,811	225,414
GROSS INCOME	5,354,426	369,474	378,859	4,465,175
<u>EXPENSES</u>				
TOTAL WATER ENTERPRISE EXPENSES	4,402,461	264,835	272,181	3,254,549
TOTAL WASTEWATER ENTERPRISE EXPENSES	681,848	30,744	54,503	488,705
TOTAL PEST CONTROL ENTERPRISE EXPENSES	7,751	-	-	4,809
TOTAL FLOOD CONTROL ENTERPRISE EXPENSES	17,100	-	2,047	514
TOTAL NON-RATE REVENUE EXPENSES	36,341	4,007	3,028	4,031
TOTAL EXPENSES	5,145,501	299,586	331,760	3,752,607
CONSOLIDATED NET INCOME	208,925	69,888	47,099	712,568



Borrego Water District
BPA Purchase & Capital Improvements Budget
03/01/2025 to 03/31/2025

	<i>Budgeted FY2025</i>	<i>Actual Mar FY2025</i>	<i>Year to Date FY2025</i>
<u>BPA Purchase Expense</u>			
Land - Installment Agreement Payment	361,956	677	182,226
Fallowing Expense	124,738	-	65,893
BPA Purchase Expense	486,694	677	247,226
<u>CAPITAL IMPROVEMENT PROJECTS (CIP)</u>			
Water Enterprise CIP			
Water Projects			
Upgrade Indian Head Booster Station	118,000	-	119,481
AMI Cash Funded Portion (Prop 68 Grant)	100,000	-	-
ID4-11 Generator Switch	80,500	-	86,089
Well Site Security Upgrades	30,000	-	-
Lugo Building Upgrades (From Water R&M)	-	-	8,030
Emergency System Repairs	66,150	-	-
Total Water Projects	394,650	-	209,719
Sewer Projects			
Manhole Refurbishments	52,267	-	-
Lift Station Pump	11,000	-	-
Total Sewer Projects	63,267	-	-
CASH FUNDED BPA PURCHASE & CIP TOTAL	944,611	677	456,946



Borrego Water District
Grant Funded CIP Budget Analysis
03/01/2025 to 03/31/2025

	<i>Budgeted FY2025</i>	<i>Actual Mar FY2025</i>	<i>Year to Date FY2025</i>
GRANT FUNDED CIP			
Prop 68 Grant			
AMI (\$1,428,000)	1,200,000	119,859	1,359,683
Component 5 (\$152,000)	125,000	30,388	122,214
Grant Administration	75,000	-	3,045
Total Prop 68 Grant Projects	<u>1,400,000</u>	<u>150,247</u>	<u>752,425</u>
 2023 Appropriations Bill			
BSR Pipeline	928,000	-	48,900
Sungold Pipeline	<u>2,464,000</u>	<u>-</u>	<u>48,900</u>
2023 Appropriations Bill Total	<u>3,392,000</u>	<u>-</u>	<u>97,800</u>
 TOTAL GRANT FUNDED CIP	4,792,000	150,247	850,225



**Borrego Water District
Cash Flow Analysis
03/01/2025 to 03/31/2025**

	<u>Actual Mar FY25</u>	
Cash and Reserves at Beginning of Period		3,620,632
Cash Flows from Operating Activities		
<i>Income Provided by Operating Activities</i>	55,278	
<i>Decrease in Accounts Receivable</i>	17,775	
<i>Decrease in Accounts Payable</i>	(78,541)	
<i>Decrease in Inventory</i>	2,682	
<i>Customer Deposits Returned</i>	-	
Net Cash Provided by Operating Activities	\$	(2,806)
Cash Flows from Non-Operating Activities		
Other Income Received	14,610	
Debt Service Disbursement		
Net Cash Provided by Other Income	\$	14,610
Cash Flows from Capital Improvement Activities		
<i>All CIP/BPA Purchase Activities (Cash + Grant)</i>	(150,924)	
<i>Grant Monies Received</i>	-	
Net Cash Paid for Capital Improvements	\$	(150,924)
Net Change in Cash	\$	(139,121)
Cash and Reserves at End of Period		\$ 3,481,511
Restricted Reserves at End of Period	\$ 1,306,291	
Unrestricted Reserves at End of Period	\$ 2,175,221	
Water Reserves Portion	\$3,032,748	
Sewer Reserves Portion	\$448,749	
Non-218 Reserves Portion	\$880,105	
Fiscal Year Reserves Target	\$	6,853,714
Fiscal Year Reserves Surplus/Shortfall to Date	\$	(3,372,203)



ASSETS

BALANCE SHEET March 31, 2025 (unaudited)		BALANCE SHEET January 31, 2025 (unaudited)		MONTHLY CHANGE (unaudited)	
\$	4,105,131.46	\$	4,104,664.76	\$	466.70
\$	673,975.19	\$	691,740.84	\$	(17,765.65)
\$	71,735.48	\$	967,970.22	\$	(896,234.74)
\$	(195.00)	\$	26,473.09		
\$	254,604.00	\$	233,248.72	\$	21,355.28
\$	5,338,350.45	\$	6,255,610.01	\$	(917,259.56)
\$	125,185.22	\$	125,185.22	\$	-
\$	(120,155.55)	\$	(120,155.55)	\$	-
\$	591,442.00	\$	591,442.00	\$	-
\$	596,471.67	\$	596,471.67	\$	-
\$	803,607.67	\$	803,607.67	\$	-
\$	803,607.67	\$	803,607.67	\$	-
\$	1,400,079.34	\$	1,400,079.34		
\$	4,167,643.77	\$	4,176,018.05	\$	(8,374.28)
\$	4,287,340.00	\$	4,287,340.00	\$	-
\$	4,680,311.08	\$	4,426,933.68	\$	253,377.40
\$	7,310,085.54	\$	7,310,085.54	\$	-
\$	21,701,440.68	\$	21,701,440.68	\$	-
\$	1,056,594.59	\$	1,043,961.09	\$	12,633.50
\$	1,151,790.37	\$	1,151,790.37	\$	-
\$	840,125.22	\$	840,125.22	\$	-
\$	(16,854,759.03)	\$	(16,854,759.03)	\$	-
\$	28,340,572.22	\$	28,082,935.60	\$	257,636.62
\$	433,011.85	\$	432,334.60	\$	677.25
\$	433,011.85	\$	432,334.60		
\$	35,512,013.86	\$	36,170,959.55	\$	(658,945.69)



Balance sheet continued

	BALANCE SHEET March 31, 2025 (unaudited)		BALANCE SHEET January 31, 2025 (unaudited)		MONTHLY CHANGE (unaudited)
LIABILITIES					
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS					
Accounts Payable	\$	249,675.99	\$	297,131.61	\$ (47,455.62)
Accrued expenses	\$	284,196.60	\$	284,196.60	\$ -
Deposits	\$	108,988.01	\$	107,425.00	\$ 1,563.01
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	\$	642,860.60	\$	688,753.21	\$ (45,892.61)
CURRENT LIABILITIES PAYABLE FOM RESTRICTED ASSETS					
Debt Service:					
Accounts Payable to CFD 2017-1	\$	803,607.67	\$	803,607.67	\$ -
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	\$	803,607.67	\$	803,607.67	\$ -
LONG TERM LIABILITIES					
2018A & 2018B Refinance ID4/Viking Ranch	\$	915,000.00	\$	915,000.00	\$ -
2021 Installment Purchase Agreement	\$	6,196,800.00	\$	6,196,800.00	\$ -
Net Pension Liability-CalPERS	\$	1,273,881.00	\$	1,273,881.00	\$ -
Deferred Inflow of Resources-CalPERS	\$	70,052.00	\$	70,052.00	\$ -
TOTAL LONG TERM LIABILITIES	\$	8,455,733.00	\$	8,455,733.00	\$ -
TOTAL LIABILITIES	\$	9,902,201.27	\$	9,948,093.88	\$ (45,892.61)
FUND EQUITY					
Contributed equity	\$	9,611,814.35	\$	9,611,814.35	\$ -
Retained Earnings:	\$	15,997,998.24	\$	16,611,051.32	\$ (613,053.08)
TOTAL FUND EQUITY	\$	25,609,812.59	\$	26,222,865.67	\$ (613,053.08)
TOTAL LIABILITIES AND FUND EQUITY	\$	35,512,013.86	\$	36,170,959.55	\$ (658,945.69)

To: BWD Board of Directors
 From: Jessica Clabaugh
 Subject: Consideration of the Disbursements and Claims Paid
 Month Ending March 31, 2025



Vendor disbursements paid during this period:	\$ 563,671.90
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Significant items:

Babcock	Lab Services	\$ 4,446.78
PNC Bank	Debt Service Payment	\$ 15,541.12
Capital One Public Financing	Debt Service Payment	\$ 67,854.96
Bowman, Val	Refund of CalPERS Overpayment	\$ 1,563.01
CalPERS	Employee Retirement Benefits	\$ 19,533.80
Employee Health Benefits	Medical JPIA & AFLAC	\$ 23,316.44
Holly Smit Kicklighter	Consultant work on P68 Component 5	\$ 38,625.00
Michael Baker International	Consultant work on P68 Component 5	\$ 18,583.50
Ramona Disposal	Garbage Collection	\$ 5,218.30
San Diego County	Permits for Wells (Wilcox, ID4-11)	\$ 1,920.00
SC Fuels	Fuel For District Vehicles	\$ 2,884.60
SDGE	Payment on Feb Use	\$ 43,164.84
UC Regents	Air Quality Monitoring	\$ 3,697.07

Capital Projects/Fixed Asset Outlays:

Borrego Auto Parts	Misc Parts for Fleet Vehicles	\$ 1,936.84
Brax Company	Service Call for ID4-12	\$ 1,120.00
Enrique Jaime	WWTP Roof Repair	\$ 12,633.50
Lopez, Eddie	Fleet Mechanic	\$ 2,080.00
Metron Farnier, LLC	AMI Installation	\$ 103,430.63
Parkhouse Tire	Tires for F550, WWTP Truck	\$ 3,882.95
Pacific Pipeline Supply, Inc.	Parts for Inventory	\$ 28,471.47

Total Professional Services for this Period:

Fieldman, Rolapp & Associates	Financial Planning Discussions	\$ 1,086.70
Interra Inc.	GWM Technical Support Jan & Feb	\$ 16,360.00
Interra Inc.	WSA	\$ 10,372.50
Raftelis	Financial Consulting - FY25 Rate Study	\$ 13,420.00
Travis Parker	IT Support	\$ 2,515.62

Payroll for this Period:

Gross Payroll	\$ 109,705.39
Employer Payroll Taxes and ADP Fee	\$ 1,920.92
Total	\$ 111,626.31



MARCH 2025

41792	1109	ABILITY ANSWERING/PAGING SER	03/28/2025	259.50
41851	3035	ACWA / JPIA Finance Dept.	04/28/2025	5,142.65
41793	1266	AFLAC	03/28/2025	1,420.38
41775	9524	AIR POLLUTION CONTROL DISTRICT, SAN DIEGO COUNTY	03/18/2025	950.00
41808	9338	AMERICAN BACKFLOW SPECIALTIES	04/03/2025	1,604.62
41824	9338	AMERICAN BACKFLOW SPECIALTIES	04/15/2025	333.08
41809	1001	AMERICAN LINEN INC.	04/03/2025	505.29
41825	61	AT&T MOBILITY	04/15/2025	796.47
41826	9529	AT&T-CALNET 3	04/15/2025	671.57
41794	9450	AWWA CALIF-NEVADA SECTION	03/28/2025	145.00
41810	9255	BABCOCK LABORATORIES	04/03/2025	6,732.07
41827	1481	BAY CITY EQUIPMENT INDUSTRIES, INC. BAY CITY ELECTRIC WOR	04/15/2025	1,160.03
41849	10884	BEST BEST & KRIEGER ATTORNEYS AT LAW	04/15/2025	21,084.20
41811	10900	BORREGO AUTO PARTS & SUPPLY CO	04/03/2025	378.91
41828	11140	BORREGO SPRINGS HARDWARE	04/15/2025	190.44
41795	1037	BORREGO SUN	03/28/2025	80.00
41812	1037	BORREGO SUN	04/03/2025	80.00
41813	11066	BRAX COMPANY, INC.	04/03/2025	15,351.26
41829	11066	BRAX COMPANY, INC.	04/15/2025	211.99
41777	1196	CASH	03/18/2025	400.00
41830	11169	CivicWell	04/15/2025	30,388.00
41797	9054	COUNTY OF SAN DIEGO DEPT ENVIRONMENTAL HEALTH	03/28/2025	1,920.00
41781	1222	DEBBIE MORETTI	03/18/2025	140.00
41814	11065	DIAMOND MMP, INC	04/03/2025	563.59
41778	1455	DIANA DEL BONO	03/18/2025	188.51
41850	96	DISH	04/15/2025	88.80
41776	UB*00096	DUANE BRIGHT	03/18/2025	29.99
41779	11116	E & M, Inc.	03/18/2025	905.00
41815	1094	EMPIRE SOUTHWEST, LLC	04/03/2025	446.90
41799	11200	ERNESTO LOZANO	03/28/2025	250.00
41798	11088	FIELDMAN, ROLAPP & ASSOCIATES, INC	03/28/2025	1,086.70
41780	10876	GEOFFREY POOLE	03/18/2025	361.36
41831	1048	GRAINGER	04/15/2025	767.41
41832	1136	HOME DEPOT CREDIT SERVICES	04/15/2025	1,329.34
41852	11137	INTERA INCORPORATED	04/28/2025	11,343.50
41854	11137	INTERA INCORPORATED	04/29/2025	5,650.43
41816	11090	LUPE'S GARDENING MAINTENANCE INC.	04/03/2025	585.00
41736	1000	MEDICAL ACWA-JPIA	02/21/2025	24,732.30
41800	11181	METRON FARNIER, LLC	03/28/2025	103,430.63
41833	11181	METRON FARNIER, LLC	04/15/2025	2,968.51
41874	11175	NEW YORK LIFE INSURANCE COMPANY	05/02/2025	290.92
41834	11114	OCEANUS BOTTLED WATER, INC	04/15/2025	68.00
41801	1208	PACIFIC PIPELINE SUPPLY INC	03/28/2025	3,366.47
41835	1208	PACIFIC PIPELINE SUPPLY INC	04/15/2025	384.45

41782	11132	PARKHOUSE TIRE, INC	03/18/2025	2,295.49
41836	11132	PARKHOUSE TIRE, INC	04/15/2025	2,295.49
41802	11126	PNC BANK, N.A.	03/28/2025	15,541.12
41817	11028	POOL & ELECTRICAL PRODUCTS	04/03/2025	420.90
41837	11028	POOL & ELECTRICAL PRODUCTS	04/15/2025	213.15
41805	11199	PROFESSIONAL HOA CONSULTANTS SUN AND SHADOWS	03/28/2025	498.09
41838	9546	RAFTELIS FINANCIAL CONSULTANTS, INC.	04/15/2025	15,417.50
41818	9633	RAMONA DISPOSAL SERVICE	04/03/2025	5,218.30
41820	11201	ROSS SHEINGOLD	04/03/2025	82.50
41783	1065	SAN DIEGO GAS & ELECTRIC	03/18/2025	280.78
41875	1065	SAN DIEGO GAS & ELECTRIC	05/02/2025	42,646.78
41784	11067	SC FUELS	03/18/2025	1,451.90
41803	11067	SC FUELS	03/28/2025	1,432.70
41821	11086	SPRINGBROOK HOLDING COMPANY LLC	04/03/2025	774.00
41785	9046	STATE WATER RESOURCE CONTROL BOARD OPERATOR CERT	03/18/2025	65.00
41804	9046	STATE WATER RESOURCE CONTROL BOARD OPERATOR CERT	03/28/2025	80.00
41806	9666	THE REGENTS, UCI IRVINE	03/28/2025	3,697.07
41839	9666	THE REGENTS, UCI IRVINE	04/15/2025	309.92
41822	9581	TRAVIS PARKER	04/03/2025	4,251.95
41840	3000	U.S.BANK CORPORATE PAYMENT SYS	04/15/2025	7,547.69
41823	1023	UNDERGROUND SERVICE ALERT	04/03/2025	19.25
41796	11133	VAL BOWMAN	03/28/2025	1,563.01
41841	1100	VERIZON WIRELESS	04/15/2025	122.67
41842	92	XEROX FINANCIAL SERVICES	04/15/2025	365.28
41843	11050	ZITO MEDIA	04/15/2025	289.50
		Report Total (69 checks):		355,663.31

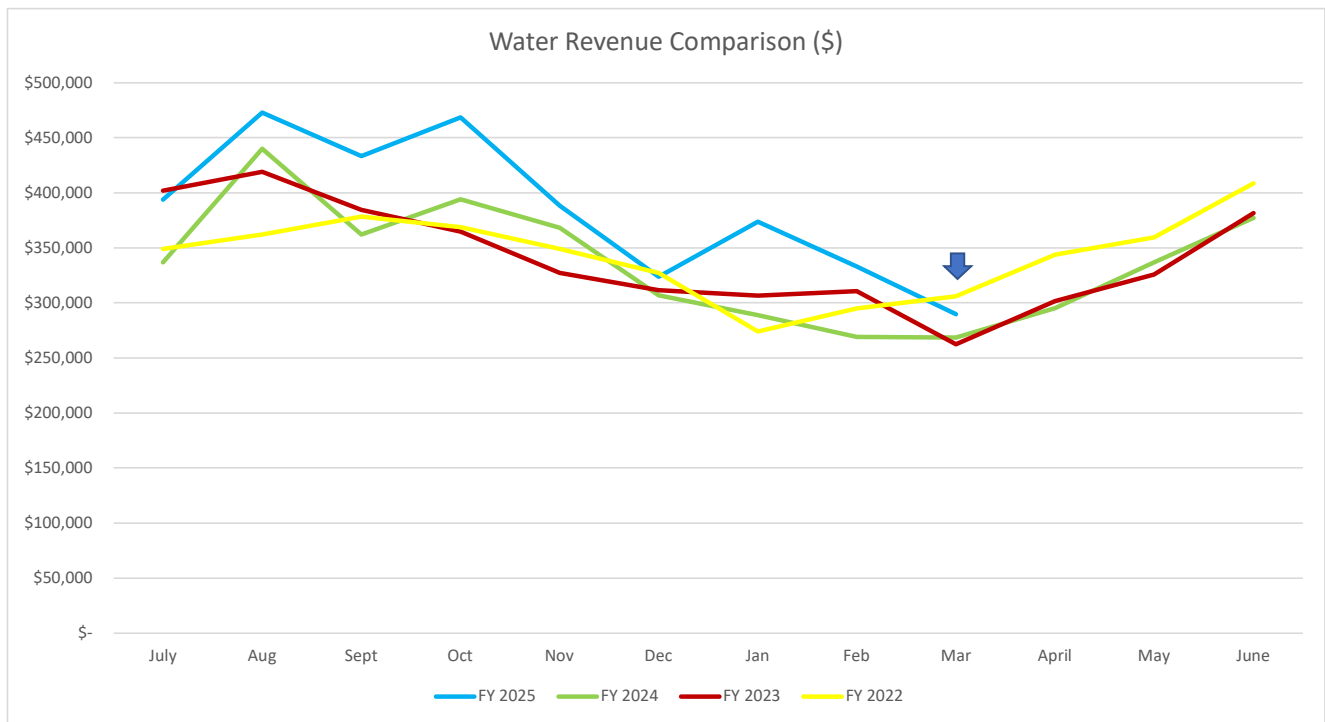
To: BWD Board of Directors
 From: Jessica Clabaugh
 Subject: Consideration of Watermaster related Income and Expenses for FY25



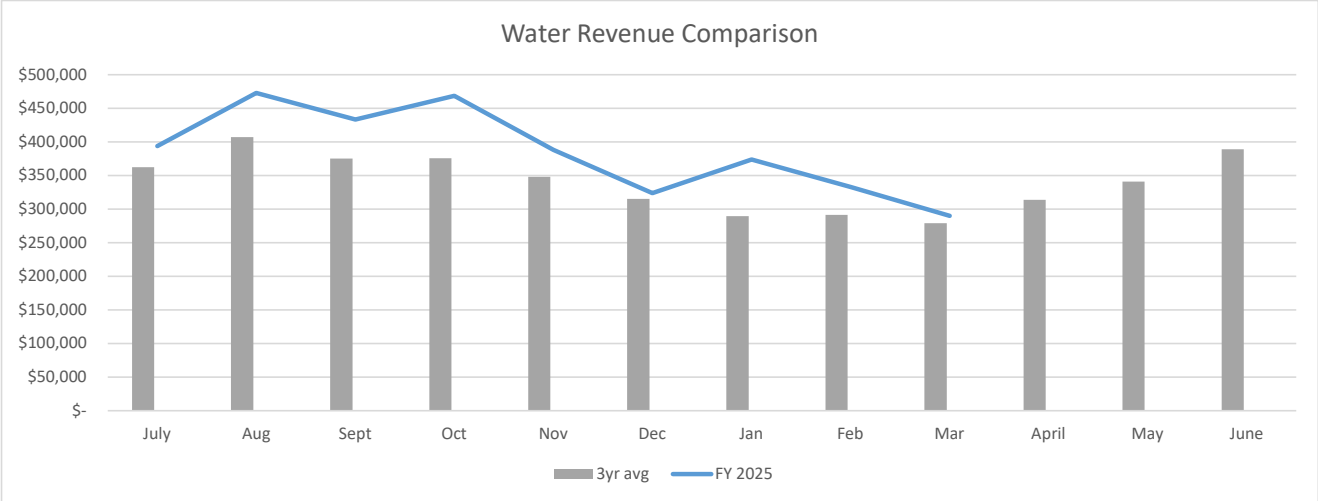
Month	Description	Pumping Fees	Legal Fees	Engineering	Sampling	
July 2024	BBK - Legal Fees		\$ 449.80			
	Intera			\$ 1,920.00		
August 2024	BBK - Legal Fees		\$ 1,324.52			
	Intera			\$ 9,240.00		
September 2024	BBK - Legal Fees		\$ 1,606.50			
	Intera			\$ 6,837.50		
October 2024	BBK - Legal Fees		\$ 15,880.00			
	Intera			\$ 5,734.53		
	Babcock - Sampling Fees				\$ 1,842.64	
November 2024	BBK - Legal Fees		\$ 3,057.00			
	Intera					
December 2024	BBK - Legal Fees		\$ 3,057.00			
	Borrego Springs Watermaster	\$ 32,884.85				
	Intera			\$ 13,382.50		
January 2025	BBK - Legal Fees		\$ 3,390.80			
	Intera			\$ 4,165.00		
February 2025	BBK - Legal Fees		\$ 2,815.80			
	Intera			\$ 16,360.00		
March 2025						
	BBK - Legal Fees		\$ 8,776.10			
	Intera			\$ 5,650.43		
						Year To Date
Year To Date		\$ 32,884.85	\$ 40,357.52	\$ 63,289.96	\$ 1,842.64	\$ 138,374.97

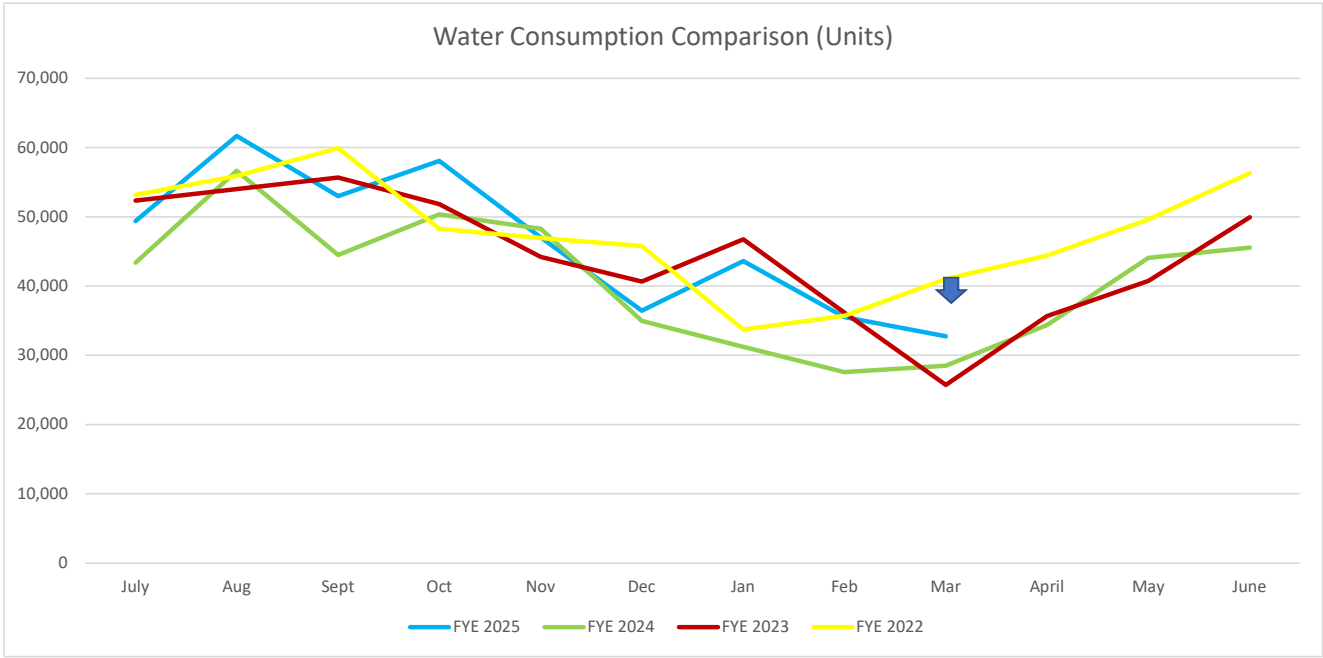
YTD @ 03/31/25

Budgeted FY2025		YTD ACTUAL	Actual Mar FY2025	Actual Feb FY2025	Actual Jan FY2025	Actual Dec FY2025	Actual Nov FY2025	Actual Oct FY2025	Actual Sept FY2025	Actual Aug FY2025	Actual July FY2025
Commodity Rates											
Residential T1 & T2 Revenues	1,154,187	787,695	71,320	76,722	88,224	87,879	87,879	97,029	90,093	101,957	86,592
Residential T3 Revenues	267,750	514,557	17,498	24,552	47,604	16,452	63,316	82,480	86,639	106,955	69,061
Commercial	645,750	511,712	55,705	61,541	55,137	46,344	53,877	61,300	58,050	66,756	53,003
Irrigation	363,825	294,700	19,298	18,628	28,961	24,274	43,785	42,979	38,744	41,830	36,200
Total Commodity	2,431,512	2,108,664	163,821	181,442	219,928	174,949	248,857	283,787	273,526	317,498	244,857
PROJECTED COMMODITY based on 3 year average		1,820,281	145,291	151,790	170,399	185,196	212,658	229,564	244,195	254,077	227,111
VARIANCE FROM PROJECTED		15.84%	12.75%	19.53%	29.07%	-5.53%	17.02%	23.62%	12.01%	24.96%	7.81%

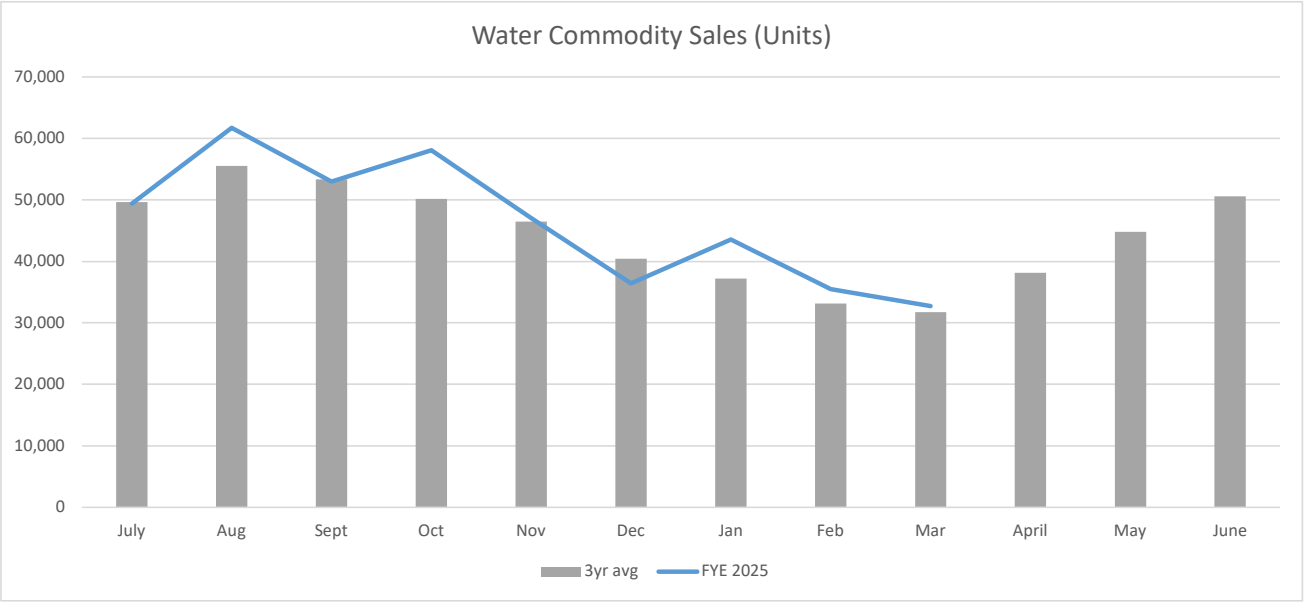


Water Revenue Comparison % Change by Year										
	FY 2025	% Change	FY 2024	% Change	FY 2023	% Change	FY 2022	% Change	FY 2021	% Change
July	\$ 393,823	16.89%	\$ 336,916	-16.16%	\$ 401,848	15.14%	\$ 348,997	6.59%	\$ 327,431	-6.22%
Aug	\$ 472,985	7.48%	\$ 440,084	4.97%	\$ 419,234	15.84%	\$ 361,910	2.06%	\$ 354,612	3.85%
Sept	\$ 433,403	19.64%	\$ 362,241	-5.80%	\$ 384,544	1.66%	\$ 378,273	-0.87%	\$ 381,604	4.62%
Oct	\$ 468,581	18.94%	\$ 393,963	8.08%	\$ 364,527	-1.16%	\$ 368,822	8.72%	\$ 339,255	-6.03%
Nov	\$ 388,229	5.41%	\$ 368,317	12.61%	\$ 327,064	-6.24%	\$ 348,831	11.07%	\$ 314,050	-2.65%
Dec	\$ 323,893	5.58%	\$ 306,784	-1.54%	\$ 311,572	-4.77%	\$ 327,189	17.01%	\$ 279,625	21.86%
Jan	\$ 373,808	29.37%	\$ 288,952	-5.74%	\$ 306,541	11.86%	\$ 274,051	10.19%	\$ 248,702	-1.58%
Feb	\$ 332,909	23.73%	\$ 269,070	-13.41%	\$ 310,724	5.33%	\$ 295,010	14.68%	\$ 257,254	5.97%
Mar	\$ 289,877	7.99%	\$ 268,421	2.28%	\$ 262,442	-14.22%	\$ 305,930	21.84%	\$ 251,086	3.87%
April			\$ 295,353	-2.07%	\$ 301,594	-12.27%	\$ 343,785	21.75%	\$ 282,380	14.79%
May			\$ 336,835	3.38%	\$ 325,823	-9.31%	\$ 359,288	13.33%	\$ 317,032	8.49%
June			\$ 377,161	-1.15%	\$ 381,558	-6.65%	\$ 408,755	12.33%	\$ 363,894	3.10%
T	\$ 3,477,508		\$ 4,044,097		\$ 4,097,471		\$ 4,120,841		\$ 3,716,925	





Water Unit Consumption Comparison % Change by Year										
	FYE 2025	% Change	FYE 2024	% Change	FYE 2023	% Change	FYE 2022	% Change	FYE 2021	% Change
July	49,379	13.95%	43,333	-17.19%	52,327	-1.61%	53,184	-3.28%	54,989	-9.00%
Aug	61,691	8.89%	56,653	4.94%	53,985	-3.39%	55,879	-9.18%	61,530	9.56%
Sept	52,975	19.12%	44,473	-20.11%	55,671	-7.06%	59,897	-12.09%	68,138	10.58%
Oct	58,049	15.33%	50,334	-2.90%	51,836	7.36%	48,282	-16.03%	57,499	-9.07%
Nov	47,042	-2.52%	48,258	9.19%	44,196	-5.80%	46,918	-8.32%	51,175	-1.89%
Dec	36,435	4.25%	34,948	-14.05%	40,662	-11.15%	45,764	5.48%	43,385	40.75%
Jan	43,595	39.79%	31,186	-33.32%	46,768	38.69%	33,722	-6.70%	36,144	2.47%
Feb	35,532	28.84%	27,578	-23.82%	36,202	1.41%	35,700	-1.04%	36,076	5.96%
Mar	32,725	14.83%	28,498	10.78%	25,726	-37.25%	40,997	21.00%	33,881	11.53%
April			34,353	-3.68%	35,664	-19.60%	44,357	6.47%	41,662	35.12%
May			44,093	8.19%	40,754	-17.81%	49,585	5.00%	47,223	1.51%
June			45,567		49,902	-11.39%	56,314	3.04%	54,654	-0.88%
T	417,423		443,707		577,134		570,599		586,356	



2023

	Water			Sewer	
	Revenue	Units Sold	Receipts	Revenue	Receipts
Jan-23	\$ 306,541	46,768	\$ 358,007	\$ 52,783	\$ 55,622
Feb-23	\$ 310,724	36,202	\$ 271,637	\$ 52,494	\$ 48,506
Mar-23	\$ 262,442	25,726	\$ 265,433	\$ 52,613	\$ 44,373
Apr-23	\$ 301,594	35,664	\$ 268,825	\$ 52,526	\$ 59,729
May-23	\$ 325,823	40,754	\$ 280,870	\$ 52,718	\$ 49,242
Jun-23	\$ 381,558	49,902	\$ 351,393	\$ 58,815	\$ 66,375
Jul-23	\$ 336,916	43,333	\$ 362,706	\$ 54,822	\$ 52,785
Aug-23	\$ 440,084	56,653	\$ 348,130	\$ 54,880	\$ 58,183
Sep-23	\$ 362,241	44,473	\$ 437,193	\$ 54,771	\$ 55,641
Oct-23	\$ 393,963	50,334	\$ 342,799	\$ 55,779	\$ 47,842
Nov-23	\$ 368,317	48,258	\$ 399,675	\$ 54,854	\$ 58,970
Dec-23	\$ 306,784	34,948	\$ 363,936	\$ 54,867	\$ 47,894

2024

	Water				Sewer	
	Revenue	Units Sold	AF Sold	Receipts	Revenue	Receipts
Jan-24	\$ 288,952	31,186	71.6	\$ 300,985	\$ 54,829	\$ 60,478
Feb-24	\$ 269,070	27,578	63.3	\$ 280,212	\$ 54,826	\$ 52,876
Mar-24	\$ 268,421	28,498	65.4	\$ 256,562	\$ 54,827	\$ 54,129
Apr-24	\$ 295,353	34,353	78.9	\$ 291,401	\$ 54,827	\$ 57,962
May-24	\$ 336,835	44,093	101.2	\$ 342,380	\$ 54,829	\$ 61,019
Jun-24	\$ 377,161	45,567	104.6	\$ 352,699	\$ 60,848	\$ 51,398
Jul-24	\$ 393,823	49,379	113.4	\$ 364,315	\$ 57,028	\$ 62,470
Aug-24	\$ 472,985	61,691	141.6	\$ 378,460	\$ 57,038	\$ 55,563
Sep-24	\$ 433,403	52,975	121.6	\$ 332,130	\$ 57,135	\$ 58,669
Oct-24	\$ 468,581	58,049	133.3	\$ 442,852	\$ 57,084	\$ 55,976
Nov-24	\$ 388,229	47,042	108.0	\$ 424,916	\$ 57,142	\$ 63,879
Dec-24	\$ 323,893	36,435	83.6	\$ 410,988	\$ 57,233	\$ 51,478

2024

	Water				Sewer	
	Revenue	Units Sold	AF Sold	Receipts	Revenue	Receipts
Jan-25	\$ 373,808	43,595	100.1	\$ 359,663	\$ 57,079	\$ 62,597
Feb-25	\$ 332,909	35,532	81.6	\$ 342,350	\$ 57,171	\$ 46,531
Mar-25	\$ 312,183	32,725	75.1	\$ 328,483	\$ 57,090	\$ 60,229
Apr-25						
May-25						
Jun-25						
Jul-25						
Aug-25						
Sep-25						
Oct-25						
Nov-25						
Dec-25						