

**Borrego Water District Board of Directors
Special Board Meeting and Public Hearing
Proposition 218: Water and Wastewater System Charges
July 27, 2021 @ 5:30 p.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004**

COVID-19 UPDATE: The Borrego Water District Board of Directors meeting as scheduled in an electronic format. BWD will be providing public access to the Meeting thru electronic means only to minimize the spread of the COVID-19 virus, based upon direction from the California Department of Public Health, the California Governor's Office and the County Public Health Office. Anyone who wants to listen to or participate in the meeting is encouraged to observe the GO TO MEETING at:

Borrego Water District Prop 218 Public Meeting
Tue, Jul 27, 2021 5:30 PM (PDT)

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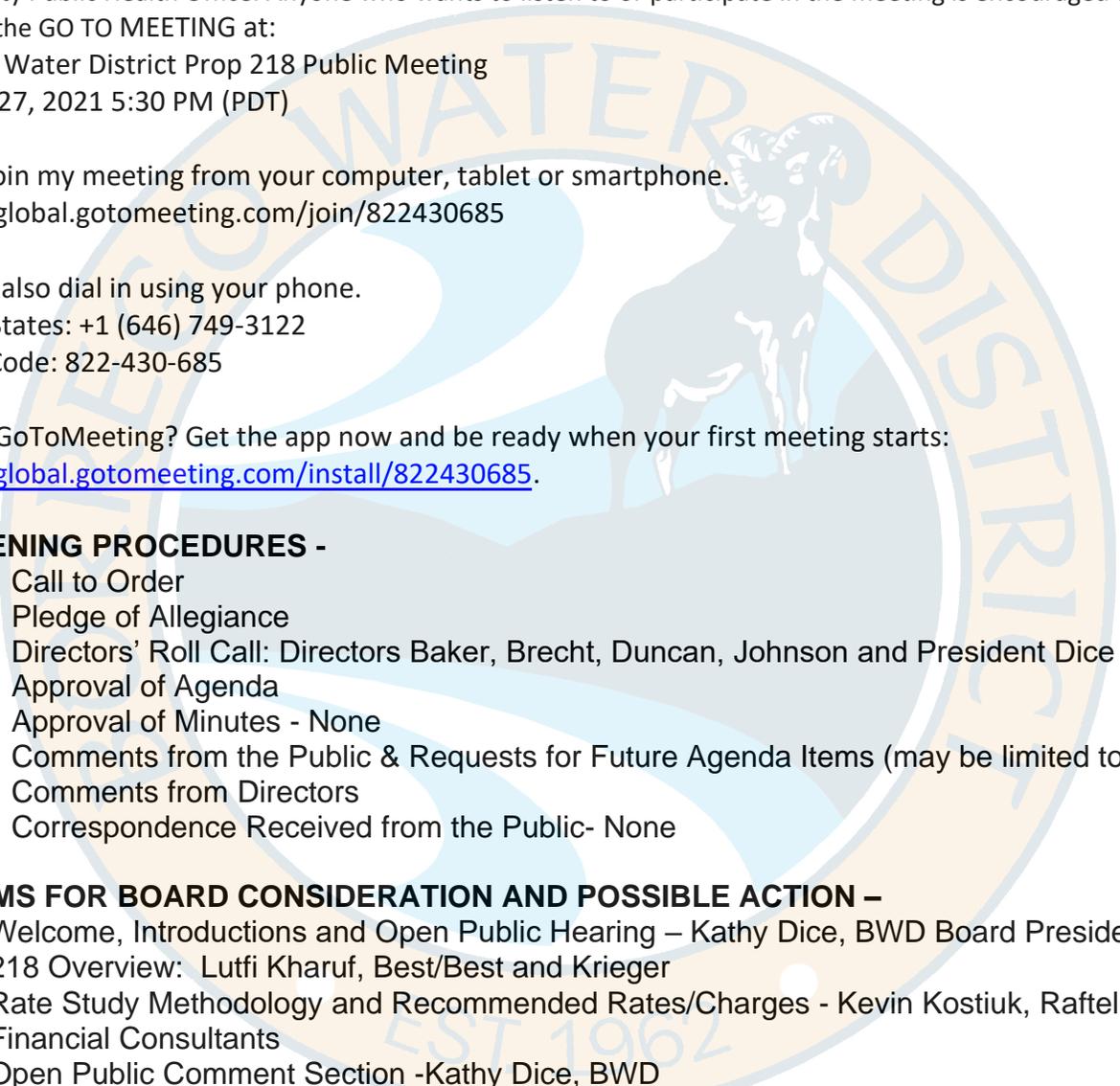
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- I. **OPENING PROCEDURES -**
 - B. Call to Order
 - C. Pledge of Allegiance
 - D. Directors' Roll Call: Directors Baker, Brecht, Duncan, Johnson and President Dice
 - E. Approval of Agenda
 - F. Approval of Minutes - None
 - G. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min)
 - H. Comments from Directors
 - I. Correspondence Received from the Public- None

 - II. **ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION –**
 - A. Welcome, Introductions and Open Public Hearing – Kathy Dice, BWD Board President
 - B. 218 Overview: Lutfi Kharuf, Best/Best and Krieger
 - C. Rate Study Methodology and Recommended Rates/Charges - Kevin Kostiuik, Raftelis Financial Consultants
 - D. Open Public Comment Section -Kathy Dice, BWD
 - i. Receive Public Comment and Responses - Dice/Poole, BWD
 - E. Close Public Hearing – Dice, BWD
 - F. Board Discussion and Possible Action
 - i. Approval of Resolution 2021-07-03 Adopting Water and Wastewater System Charges

 - III. **CLOSING PROCEDURE:** The next Board Meeting is scheduled for 9:00 AM August 24, 2021, to be available online. See Board Agenda at BorregoWD.org for details, Agenda information available at least 72 hours before the meeting.

**RESOLUTION NO. 2021-07-03
OF THE BOARD OF DIRECTORS OF BORREGO WATER
ADOPTING WATER AND WASTEWATER SERVICE
CHARGES**

WHEREAS, the Borrego Water District (the "District") is organized and operates pursuant to the California Water District Law, Division 13 commencing with Section 34000 of the California Water Code; and

WHEREAS, the District is authorized to fix and collect charges for the provision of water service pursuant to Water Code Section 35470, and for wastewater service pursuant to Water Code Section 35501; and

WHEREAS, in order to determine whether the District's current rate structure for water and wastewater charges requires an update, the District retained an independent rate consultant to provide a cost of service analysis and rate study ("Study"), the results of which have been presented to the District Board of Directors; and

WHEREAS, according to the Study, proposed rate increases to the water and sewer service charges are required in order to provide sufficient revenue to the District, while continuing to proportionately allocate the cost of providing water and sewer service among the District's customer classes; and

WHEREAS, the rate structure for the District's water service charges is comprised of two components: (1) a Monthly Fixed Charge, based on the size of the meter serving a parcel of property; and (2) a Water Commodity Charge, which is determined on the basis of the amount of water served to a parcel of property in hundreds of cubic feet ("HCF"), and which includes tiers that pass on the increased cost of delivering water at higher volumes to higher water users; and

WHEREAS, the District's wastewater charges are imposed on customers within the District's service areas that receive sewer collection and treatment service from the District, and is composed of three separate service areas ("SAs") – SA1, SA2, and A 5; and

WHEREAS, all wastewater customers pay a monthly fixed charge per equivalent dwelling unit ("EDU") that varies depending on the SA, based on the unique costs of service therein; and

WHEREAS, the District charges separate wastewater charges on wastewater customers within SA2, depending on whether such customers are SA2 EDU "Holders" and SA2 EDU "Users," with Holders comprising customers that have previously bought into the wastewater system but have not yet connected to the system; and

WHEREAS, the obligation to pay the SA2 EDU Holder charges stems from their agreement with the District to pay certain operating and maintenance costs of the wastewater system; and

WHEREAS, SA2 EDU Users pay the sum of both the Holder and User charges, as described in more detail in Exhibit “A” hereto, and Borrego Springs Resort (“BSR”) in SA5 also pays a portion of its charges as a usage charge per unit of water delivered; and

WHEREAS, the District’s rates for water and wastewater service charges are calculated to recover the costs of the District in providing water and wastewater services and to proportionately allocate those costs among the customers; and

WHEREAS, the revenues derived from the water and wastewater service charges will not exceed the funds required to provide water and wastewater services, respectively, and shall be used exclusively for providing water and wastewater service, respectively; and

WHEREAS, the water and wastewater service charges will not exceed the proportional cost of the services attributable to each parcel upon which they are imposed; and

WHEREAS, the water and wastewater service charges will not be imposed on a parcel unless the water and wastewater services are actually used by, or immediately available to, the owner of the parcel; and

WHEREAS, pursuant to California Constitution Article XIII D, Section 6 (“Article XIII D”), the District provided written notice (the “Notice”) by mail of: (1) the proposed increases to the water and wastewater service charges to the record owner of each parcel upon which the water and wastewater service charges are proposed for imposition and any tenant directly liable for payment of the water and wastewater service charges; (2) the amount of the water and wastewater service charges proposed to be imposed on each parcel; (3) the basis upon which the water and wastewater service charges were calculated; (4) the reason for the water and wastewater service charges; and (5) the date, time, and location of a virtual public hearing (the “Hearing”), held in accordance with the Governor’s Executive Order No. N-29-20, on the proposed water and wastewater service charges; and

WHEREAS, the District provided such Notice not less than forty-five days prior to the Hearing on the proposed rates and charges; and

WHEREAS, the Hearing was held on this day, July 27, 2021, and

WHEREAS, at the Hearing, the Board of Directors heard all oral testimony, and considered all written materials, and written protests concerning the establishment and imposition of the proposed rate increases for the water and wastewater service charges, and at the close of the Hearing, the District did not receive written protests against the establishment and imposition of the proposed rate increases for the water or wastewater service charges from a majority of the affected property owners and tenants directly liable for the payment of the water or wastewater service charges; and

WHEREAS, the Board of Directors has determined to adopt the proposed rates for

the water and wastewater service charges at the maximum rates and on the effective dates set forth in Exhibit "A" hereto; and

WHEREAS, the rates for the water service charges established by this Resolution and set forth in Exhibit "A" are for the purpose of: (A) meeting operational expenses, including employee wage rates and fringe benefits; (B) purchasing or leasing supplies, equipment, or materials; (C) meeting financial reserve needs and requirements; and (D) obtaining funds for capital projects necessary to maintain service within existing service areas, as set forth in this Resolution, and, therefore, the establishment of such charges is not subject to the California Environmental Quality Act.

NOW, THEREFORE, be it resolved by the Board of Directors of the Borrego Water District as follows:

Section 1. The matters set forth in the recitals to this Resolution are true and correct statements and by this reference are incorporated herein and made findings and determinations of the Board of Directors.

Section 2. The Board of Directors hereby adopts the water and wastewater service charges in the amounts and at the rates set forth in Exhibit "A" hereto. The rates and charges in Exhibit "A" shall be effective for all services provided on and after October 1, 2021. The General Manager, or his designee, is hereby authorized and directed to take all actions necessary to effectuate the rates for water and wastewater service, to collect the charges for such service, and other authorizations set forth herein.

Section 3. All resolutions or administrative actions by the Board of Directors, or parts thereof that are inconsistent with any provision of this Resolution are hereby superseded only by this Resolution to the extent of such inconsistency.

Section 4. If any section, subsection, clause, sentence, or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board of Directors hereby declares it would have passed this Resolution and each section, sentence, clause, or phrase thereof, irrespective of the fact that all or more sections, subsections, clauses, sentences, or phrases are held invalid.

Section 5. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Borrego Water District held on the 27th day of July 2021, by the following vote:

Ayes:

Noes:

Absent:

President, Board of Directors of
Borrego Water District

ATTEST:

Secretary of the Board of Directors of
Borrego Water District

Exhibit "A"
Water and Wastewater Service Charges

[ATTACHED]

Water Service Charges

The District provides potable (i.e., treated) water service. The proposed rate structure for the District’s water service charges has four customer classes: (1) single-family residential; (2) multiple units; (3) commercial/public agency; and (4) irrigation. The rate structure for all customers is composed of two components: (1) a Monthly Fixed Charge, and (2) a Commodity Charge, also known as a volumetric charge. All customers are billed monthly. If adopted, the proposed rate structure will take effect on October 1, 2021, and will increase each July 1 thereafter through and including July 1, 2025.

Monthly Fixed Charge. The Monthly Fixed Charge is established on the basis of the size of the water meter (in inches) serving a property. The Monthly Fixed Charge is calculated to recover a portion of the District’s fixed costs in providing potable water service, including billing and collections, customer service, meter reading, meter maintenance, and a portion of costs associated with providing and meeting system capacity (including treatment, distribution, and storage).

Water Commodity Charge. The potable water Commodity Charge is calculated on the basis of the cost of providing potable water. The water Commodity Charge includes supply costs, which are costs related to the pumping and production of water to meet customer demand; delivery, which are costs associated with obtaining and treating water to ready it for transmission and distribution, as well as the operating and capital costs associated with delivering water to all customers at a constant average rate of use; and peaking, which are costs associated with providing water during peak demand. The proposed single-family residential Commodity Charge consists of three inclining tiers, with tier widths established based on the size of the meter serving the property. Tier 1 includes up to 7 units of water and is intended to cover essential indoor water use needs. Tier 2 rates apply to water use over 7 units per month, and up to 22 units per month, and is intended to cover reasonable outdoor use. Tier 3 covers any water use over tier 2 in any month. The rates within each tier are set to reflect the actual cost of service. The remaining customer classes are proposed to pay a uniform rate per unit of water. One unit equals one hundred cubic feet (“HCF”) or 748 gallons.

The tier breakpoints for single-family residential are set forth below.

PROPOSED RATES

The District is proposing to adjust and increase the rates for its water and wastewater service charges for a five-year period. If approved, the rates will be effective for services provided on and after October 1, 2021 and will be increased each July 1 thereafter through and including July 1, 2025, as set forth in the tables below. If approved, the proposed rates are the maximum rates that may be imposed by the District. The proposed maximum rates and effective dates for water and wastewater customers are set forth in the tables below:

Table 1 - Tier Revisions

Customer Class & Tiers	Current Definition (hcf)	Proposed Definition (hcf)
Single Family Residential		
Tier 1	0-7	0-7
Tier 2	>7	>7-22
Tier 3	N/A	>22

WASTEWATER SERVICE CHARGES

The District provides sewer collection and treatment within its service areas to both residential and non-residential customers. The District provides wastewater service to three separate SAs - SA1, SA2, and SA5. All wastewater users pay a monthly fixed charge per Equivalent Dwelling Unit (EDU) that varies depending on the SA. The District assesses separate 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 wastewater system but are not yet connected and contributing flows to the wastewater system. These SA2 EDU Holders have agreed to pay certain operating and maintenance costs of the sewer system. SA2 EDU Users, those connected to and using the sewer system, pay the sum of both the Holder and User charge. Borrego Springs Resort (BSR) in SA5 also pays a portion of its charges as a usage charge per unit of water delivered, in addition to a monthly fixed charge.

Table 2 - Current and Proposed Water Monthly Fixed Charges (\$/Month)

Meter Size	Current	Proposed October 2021	Proposed July 2022	Proposed July 2023	Proposed July 2024	Proposed July 2025
5/8"	\$44.07	\$42.65	\$44.79	\$47.03	\$49.39	\$51.86
3/4"	\$44.07	\$42.65	\$44.79	\$47.03	\$49.39	\$51.86
1"	\$57.17	\$57.35	\$60.22	\$63.24	\$66.41	\$69.74
1.5"	\$89.91	\$94.09	\$98.80	\$103.74	\$108.93	\$114.38
2"	\$129.19	\$138.19	\$145.10	\$152.36	\$159.98	\$167.98
3"	\$233.97	\$277.82	\$291.72	\$306.31	\$321.63	\$337.72
4"	\$351.85	\$483.60	\$507.78	\$533.17	\$559.83	\$587.83
6"	\$679.27	\$976.00	\$1,024.80	\$1,076.04	\$1,129.85	\$1,186.35

Table 3 - Current and Proposed Water Commodity Rates (\$/hcf)

Customer Class & Tiers	Current	Proposed October 2021	Proposed July 2022	Proposed July 2023	Proposed July 2024	Proposed July 2025
Single Family Residential						
Tier 1	\$4.01	\$3.59	\$3.77	\$3.96	\$4.16	\$4.37
Tier 2	\$4.41	\$4.51	\$4.74	\$4.98	\$5.23	\$5.50
Tier 3	N/A	\$5.20	\$5.46	\$5.74	\$6.03	\$6.34
Multiple Units	\$4.24	\$4.49	\$4.72	\$4.96	\$5.21	\$5.48
Commercial / Public Agency	\$4.24	\$4.49	\$4.72	\$4.96	\$5.21	\$5.48
Irrigation	\$4.24	\$4.70	\$4.94	\$5.19	\$5.45	\$5.73

Table 4 - Current and Proposed Wastewater Charges (\$/Month/EDU)

Service Area	Current	Proposed October 2021	Proposed July 2022	Proposed July 2023	Proposed July 2024	Proposed July 2025
SA1	\$45.37	\$47.91	\$49.83	\$51.83	\$53.91	\$56.07
SA2 EDU Holder	\$28.97	\$22.97	\$23.89	\$24.85	\$25.85	\$26.89
SA2 EDU User	\$23.79	\$28.55	\$29.69	\$30.88	\$32.12	\$33.41
SA5	\$52.76	\$51.51	\$53.58	\$55.73	\$57.96	\$60.28
BSR ¹ Fixed Charge	\$28.97	\$51.51	\$53.58	\$55.73	\$57.96	\$60.28
BSR Variable Charge (\$/hcf)	\$2.13	NA	NA	NA	NA	NA