

**Borrego Water District Board of Directors
Special Meeting
June 8, 2021 @ 9:00 a.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:

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I. OPENING PROCEDURES

- A. Call to Order:
- B. Pledge of Allegiance
- C. Roll Call: Directors Baker, Brecht, Duncan, Johnson and President Dice
- D. Approval of Agenda
- E. Approval of Minutes - None
- F. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min)
- G. Comments from Directors
- H. Correspondence Received from the Public
 - 1. David Garmon (3-5)

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

- A. Fiscal Year 2021-22 Draft Budget Presentation/Workshop – J Clabaugh (6-13)
- B. Withdrawal from Borrego Springs Groundwater Sustainability Agency – G Poole (14-15)
- C. Resolution No. 2021-06-01 to Release of Easement/Facilities – 18" La Casa Del Zorro Sewerline – D Dale (16-24)
- D. Contract Amendment with Raftelis Financial Consultants for Cost of Service study and related activities (25-28)

AGENDA: June 8, 2021

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

The Borrego Springs Water District complies with the Americans with Disabilities Act. Persons with special needs should call Geoff Poole at (760) 767 – 5806 at least 48 hours in advance of the start of this meeting, in order to enable the district to make reasonable arrangements to ensure accessibility.

If you challenge any action of the Board of Directors in court, you may be limited to raising only those issues you or someone else raised at the public hearing, or in written correspondence delivered to the Board of Directors (c/o the Board Secretary) at, or prior to, the public hearing.

- E. Borrego Spring Basin Interim Watermaster (29)
 - 1. Update on Activities – Duncan/Dice - VERBAL
 - 2. Technical Advisory Committee Update from Trey Driscoll, Dudek Engineering & BWD Representative

III. BOARD AD-HOC COMMITTEE – NONE

IV. STAFF REPORTS - VERBAL

- A. Water Sales and Revenues Update: J. Clabaugh
- B. Solarization of BWD Wells – G Poole
- C. Prop 218 Notice Update – G Poole
- D. Surplus Property Declaration on June 22nd Agenda – G Poole

V. CLOSED SESSION:

- A. Conference with Legal Counsel - Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Section 54956.9: Six (6) potential cases)
- B. Conference with Legal Counsel – Existing Litigation (BWD v. All Persons Who Claim a Right to Extract Groundwater, et al. (San Diego Superior Court case no. 37-2020-00005776)
- C. Property Negotiations: Property Disposal – Viking Ranch - Conference with Real Property Negotiators (Gov.Code § Section 54956.8) Property APN: 140-303-0900 & 140-303-1100, 150 acres BWD Negotiator: Geoff Poole Negotiating Parties: Geoff Poole, General Manager and US Gypsum: Price and Terms of Payment Property Negotiations.
- D. Cyber Security: Government Code, section 54957(a)

VI. CLOSING PROCEDURE: The next Board Meeting is scheduled for June 22, 2021 at 9 AM @ Borrego Water District, 806 Palm Canyon Drive, Borrego Springs, CA 92004 – **ELECTONICALLY**

AGENDA: June 8, 2021

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To: Jim Desmond, District 5 Supervisor, San Diego County Board of Supervisors
Kathleen Flannery, Acting Director - PDS, San Diego County
Jim Bennett, Hydrologist; Director, Borrego Springs Subbasin Watermaster Board
Dave Duncan, Chair, Borrego Springs Subbasin Watermaster Board of Directors
Kathy, Dice, President, Borrego Water District Board of Directors

From: David Garmon, M.D., Borrego Revitalization Initiative, Environment Subcommittee, Chair

Date: May 24, 2021

As Chair of the Environmental Subcommittee of the Borrego Revitalization Initiative it has come to my attention there are three issues requiring the immediate collective attention of the County, the Borrego Springs Subbasin Watermaster (Watermaster), and the Borrego Water District (BWD). These issues are critical to the mission of the Borrego Revitalization Initiative in that these issues are potential public health nuisances and/or anathema to economic development if not adequately addressed in a timely fashion. These issues are briefly delineated below:

- 1) Air Quality in the Borrego Valley Basin. For the past five years, the Borrego Valley Endowment Fund (BVEF) and BWD, with no financial help from the San Diego County Air Pollution Control District (District), has funded five air quality monitoring stations in the Borrego Valley. These monitoring stations are operated by the University of California, Irvine (UCI), whose experts have conducted basic research on Borrego Valley ambient air quality. This data is extremely important for developing useful Stipulated Judgment (Judgment) irrigated farmland fallowing standards under the Sustainable Groundwater Management Act (SGMA) so as to not produce *undesirable results*. Presently, the fallowing standards in the Judgment are oriented toward dust containment for the short term (around 6-years). However, it appears there has been little thought on the part of the Watermaster or County regarding long term management of fallowed farmland and the enforcement of appropriate standards based on the location in the Valley of the fallowing. Given the potential scale of the fallowing effort under the Judgment and given the results of UCI's research indicating Borrego's ambient air quality has often exceeded the Environmental Protection Agency's (USEPA) public health standards, it is imperative the County and the Watermaster address potential long-term fallowing issues sooner rather than later to avoid or forestall excessive economic dislocations. My understanding is that it is much more expensive to address the health impacts from degraded air quality after the fact than to have a plan to avoid the problem in the first place.

- 2) Improperly Abandoned County-Permitted Irrigation Wells in the Borrego Springs Subbasin. An improperly abandoned well offers a direct route to the Subbasin’s water table for toxins and pollutants. A consultant to BWD estimates there may be as many as 50 improperly abandoned wells in the Subbasin currently. It seems almost a given that the Watermaster cannot fulfill its role under the Judgment to adequately manage the future water quality of the Subbasin without a solution to the problem of identifying and enforcing the proper abandonment of wells in the Subbasin. Given the gaps in knowledge and the lack of timely enforcement actions by the County to address known abandoned wells, some have estimated it may take 20-30-years to complete this effort. This is unacceptable. BWD already has data on the cost to its ratepayers in the event basin-wide water quality degradation precipitated the necessity of advanced water treatment. Current estimates of capital and O&M costs to meet state and federal Minimum Contaminant Levels (MCLs) during the useful economic life of an advanced water treatment facility exceed \$40 million. Such cost would likely be too much for a Severely Disadvantaged Community (SDAC) such as Borrego Springs to address this foreseeable problem after the fact, when “before the fact” planning to address this issue in a timely fashion would be many tens of millions of dollars less expensive to BWD ratepayers.
- 3) San Diego County Water Authority (CWA) Regional Conveyance System (RCS) Route 3A through Borrego Springs. Bringing imported water with a pipeline to Borrego, at no cost to Borrego for the construction of the pipeline, may appear at first blush a boon to economic development. But on a closer analysis, based on CWA’s Phase A studies to date, the economic cost of this delivered Colorado River water may be as much as \$3,000 —\$6,000 per acre-foot (AF) [current delivered cost of Subbasin groundwater today runs approximately \$300—\$1900/AF] and require many millions of dollars in local infrastructure to use this water of vastly different water quality than existing Subbasin groundwater.¹ Also mixing Colorado River water with Borrego Subbasin groundwater may present significant and costly water quality issues that exceed the ability of Borrego Springs to address on its own. This emerging issue should be of great interest to the County, the Watermaster, and BWD given its potential to subvert the objectives of SGMA responsibilities of the Watermaster under the Judgment, its impact on land-use plans of the County PDS, and its impact on affordability to BWD’s customers. Unlike the two previous issues, advanced planning at this time is not necessary until CWA completes its Phase B economic analyses, which will then require independent analysis to verify the

¹ See County of San Diego Borrego Springs Community Sponsor Group May 6, 2021 Agenda Packet, “Comments Regarding SDCWA Discussion of RCS Pipeline Route 3A Through Borrego” (April 6, 2021) located at: <https://drive.google.com/drive/folders/14wrFASS99q5V0OQ9HN96UnbAGR0AN1uB>.

economics should route 3A through the Borrego-Anza-Borrego Desert State Park and the community of Borrego Springs still be an option.

Call To Action - A 60-Day Time to Develop a Plan

I respectfully request our Supervisor, Jim Desmond, immediately convene a committee of appropriate County department representatives who would meet with designated representatives of the Watermaster and BWD. The task of this committee would be to develop a plan of action with deliverables in no more than 60-days to address: (a) Air Quality in the Borrego Valley Basin; and (b) Improperly Abandoned, County-Permitted Irrigation Wells in the Borrego Springs Subbasin.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
JUNE 8, 2021
AGENDA ITEM II.A

June 2, 2021

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Fiscal Year 2021-22 Draft Budget Presentation/Workshop – J Clabaugh

RECOMMENDED ACTION:

Receive Draft Budget Presentation and direct Staff as deemed appropriate. Final Budget approval planned for June 22.

ITEM EXPLANATION:

The Draft 2021-22 Budget is attached and Jessica will provide a detailed review of the Document.

NEXT STEPS:

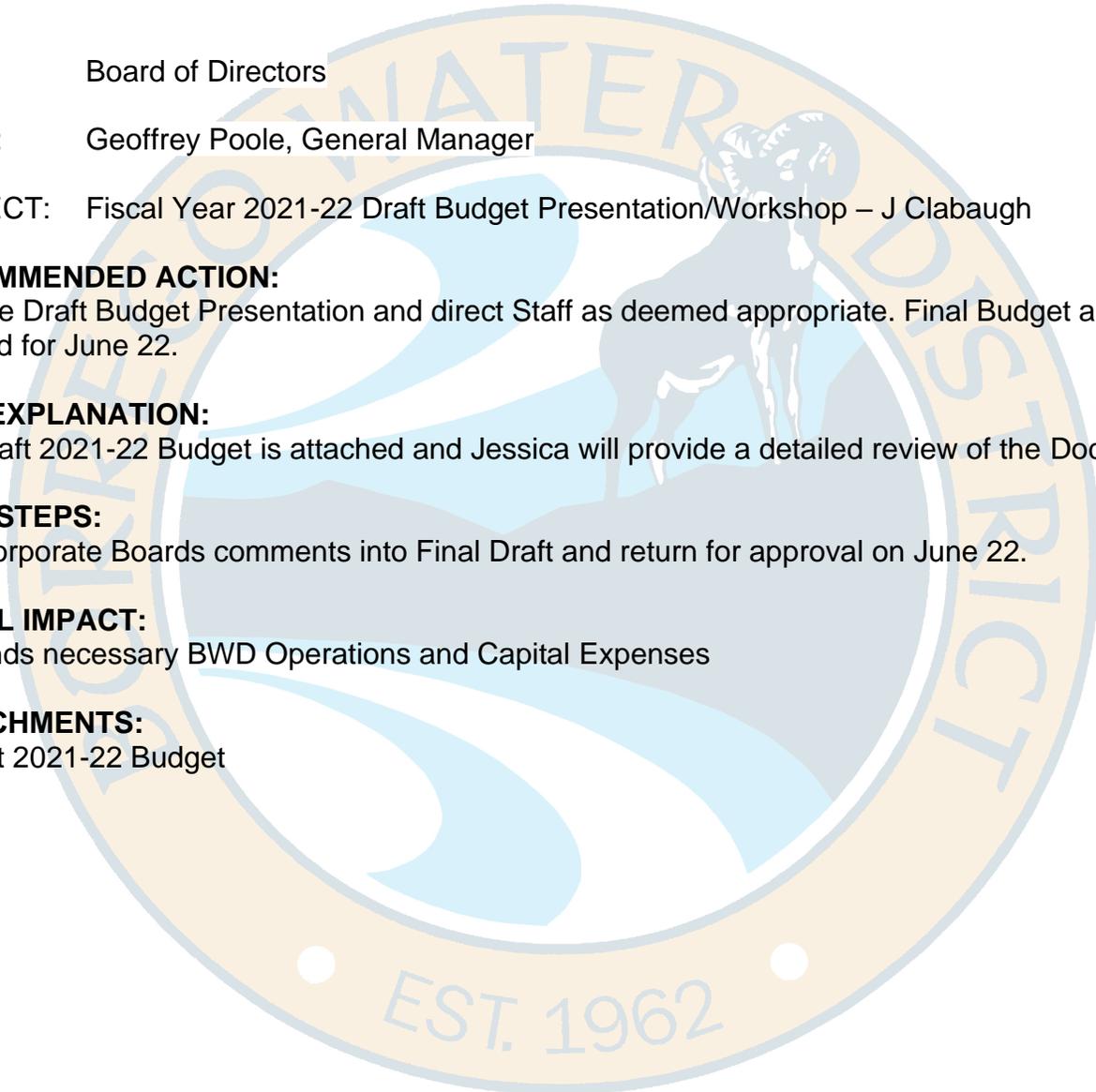
1. Incorporate Boards comments into Final Draft and return for approval on June 22.

FISCAL IMPACT:

1. Funds necessary BWD Operations and Capital Expenses

ATTACHMENTS:

1. Draft 2021-22 Budget



**Borrego Water District
Budget for Fiscal Year 2022
Operating Budget**

	Budgeted FY2021	Projected FY2021	Proposed FY2022 No Rate Increase	Proposed FY2022 With Rate Increase
<u>INCOME</u>				
RATE REVENUE				
Water Rates Revenues				
Commodity Rates				
Residential	1,266,454	1,344,149	1,389,960	1,444,114
Commercial	643,425	655,727	678,474	704,908
Irrigation	293,514	300,266	309,962	322,038
Total Commodity	2,203,393	2,300,142	2,378,396	2,471,060
Non-Commodity Charges				
Base Meter Charges	1,237,460	1,237,163	1,282,109	1,332,062
New Meter/Connection	1,764	5,000	5,000	5,000
Backflow Testing/Install	5,215	5,215	5,215	5,215
Bulk Water Sales	2,495	5,000	2,583	2,583
Total Non-Commodity	1,246,934	1,252,378	1,294,908	1,344,860
Total Water Rate Revenues	3,450,327	3,552,520	3,673,303	3,815,920
Sewer Rates				
TCS Holder Fees (SA2)	199,590	188,686	151,602	151,602
TCS User Fees (SA2)	98,652	103,830	120,595	120,595
RH Sewer User Fees (ID1)	-	-	152,354	152,354
Sewer User Fees (ID5)	292,612	311,490	172,455	172,455
Total Sewer Rates	590,854	604,007	597,006	597,006
Availability Charges Collected thru Tax Roll				
ID1 - Water/Sewer/Flood Standby	75,000	86,644	85,000	85,000
ID3/ID4 - Water Standby	91,000	122,375	110,000	110,000
Pest Control Standby	14,000	16,846	14,000	14,000
Total Availability (Tax Roll)	180,000	225,865	209,000	209,000
TOTAL RATE REVENUE	4,221,181	4,382,392	4,479,310	4,621,927
OTHER INCOME				
Penalties & Fees	34,765	2,000	15,000	15,000
Leased BPA Agreement	-	13,750	31,064	31,064
1% Property Assessments	55,000	64,502	63,000	63,000
Interest Income (LAIF)	76,000	17,500	15,000	15,000
Groundwater Management Income (see GWM Detail)	113,333	116,833	116,333	116,333
TOTAL OTHER INCOME	279,098	214,585	240,397	240,397
<u>GROSS INCOME</u>	<u>4,500,279</u>	<u>4,596,977</u>	<u>4,719,707</u>	<u>4,862,324</u>

**Borrego Water District
Budget for Fiscal Year 2022 (Con't)
Operating Budget (Con't)**

	Budgeted FY2021	Projected FY2021	Proposed FY2022 No Rate Increase	Proposed FY2022 With Rate Increase
<u>EXPENSES</u>				
OPERATING EXPENSES				
Operations & Maintenance Expense				
R&M Water	250,000	125,000	250,000	250,000
R&M WWTF	120,000	60,000	120,000	120,000
Telemetry	10,000	5,300	5,000	5,000
Trash Removal (CC)	5,500	6,000	6,000	6,000
Vehicle Expense	18,000	18,000	18,000	18,000
Fuel & Oil	35,000	30,200	35,000	35,000
Lab/Testing	24,000	29,656	30,000	30,000
Permit Fees	36,500	32,000	36,500	36,500
Pumping Electricity	325,000	318,000	325,000	325,000
Total Operations & Maintenance Expense	824,000	624,156	825,500	825,500
Professional Services				
Accounting (Tax & Debt Filings)	3,000	4,300	4,300	4,300
Air Quality Study	67,500	42,154	21,077	21,077
<i>Contra - Air Quality Study (BVEF Contribution)</i>	(10,888)	(10,888)	(10,888)	(10,888)
Payroll Services	3,000	3,100	3,100	3,100
Audit Fees	17,000	19,585	19,500	19,500
IT & Cyber Security	31,000	37,000	35,000	35,000
Financial Consulting	80,000	100,000	80,000	80,000
Engineering (Dudek)	35,000	17,000	22,500	22,500
Legal Services - General	45,000	60,000	60,000	60,000
Advocacy	30,000	15,000	60,000	60,000
Total Professional Services	300,612	287,251	294,589	294,589
Insurance Expense				
ACWA/JPIA Program Insurance	60,000	63,656	66,000	66,000
ACWA/JPIA Workers Comp	18,000	16,500	18,000	18,000
Total Insurance Expense	78,000	80,156	84,000	84,000
Debt Expense				
Compass Bank Note 2018A/B - Principal	306,538	306,538	303,538	303,538
Compass Bank Note 2018A/B - Interest	85,000	85,000	85,000	85,000
Pacific Western 2018 IPA - Principal	317,000	317,000	172,500	172,500
Pacific Western 2018 IPA - Interest	184,850	184,850	184,850	184,850
Total Debt Expense	893,387	893,387	745,887	745,887
Personnel Expense				
Board Meeting Expense	23,000	21,000	23,000	23,000
Salaries & Wages	930,000	1,005,000	1,050,000	1,050,000
<i>Contra Account - Salaries & Wages</i>	(80,000)	(100,000)	(58,540)	(58,540)
Contract Labor/Consulting	10,000	1,625	10,000	10,000
Payroll Taxes	23,700	26,500	28,000	28,000
Benefits - Medical	212,700	235,214	255,000	255,000
Benefits - CalPERS	210,000	145,245	210,000	210,000
Trainings & Conferences	18,000	6,500	18,000	18,000
Uniforms	7,000	6,300	7,000	7,000
Safety Compliance & Emergency Prep	5,500	2,500	5,000	5,000
Total Personnel Expense	1,359,900	1,349,884	1,547,460	1,547,460

**Borrego Water District
Budget for Fiscal Year 2022 (Con't)
Operating Budget (Con't)**

	Budgeted FY2021	Projected FY2021	Proposed FY2022 No Rate Increase	Proposed FY2022 With Rate Increase
OPERATING EXPENSES (Con't)				
Office Expense				
Office Supplies	24,000	16,500	24,000	24,000
Office Equipment	50,000	25,000	50,000	50,000
Postage & Freight	15,000	12,000	15,000	15,000
Property Tax	3,300	2,610	3,000	3,000
Telephone Expense	20,000	16,500	20,000	20,000
Dues & Subscriptions (ACWA/AWWA)	23,000	23,000	23,000	23,000
Printing & Publication	2,500	2,000	5,000	5,000
Office/Shop utilities	6,000	6,200	6,500	6,500
Total Office Expense	143,800	103,810	146,500	146,500
TOTAL OPERATING EXPENSES	3,599,700	3,338,644	3,643,936	3,643,936
GROUNDWATER MANAGEMENT EXPENSES (see GWM Detail)				
Pumping Fees	123,888	123,888	123,578	123,578
GWM Expense	39,300	61,000	55,000	55,000
Legal Expense	65,000	357,424	250,000	250,000
Watermaster Expense	-	50,000	24,000	24,000
Database Hosting (Dudek)	-	-	15,175	15,175
Misc/Contingency				
TOTAL GROUNDWATER MGMT EXPENSES	228,188	592,312	467,753	467,753
TOTAL EXPENSES	3,827,888	3,930,957	4,111,689	4,111,689
<u>NET INCOME</u>	672,392	666,020	608,018	750,635

**Borrego Water District
Budget for Fiscal Year 2022 (Con't)
Cash Funded Capital Improvement Projects**

	Budgeted FY2021	Projected FY2021	Proposed FY2022 No Rate Increase	Proposed FY2022 With Rate Increase
<u>CAPITAL IMPROVEMENT PROJECTS (CIP)</u>				
CASH FUNDED CIP				
Water Projects				
Bending Elbow	-	80,000	300,000	300,000
Walking H Double O	-	-	200,000	200,000
SCADA Replacement	100,000	120,000	-	-
Facilities Maintenance	15,000	-	65,000	65,000
Contingency - Management, Consulting, Labor	25,000	-	40,000	40,000
Emergency System Repairs	60,000	15,000	60,000	60,000
Total Water Projects	200,000	215,000	665,000	665,000
Sewer Projects				
Manhole Refurbishments	-	-	45,150	45,150
Oxygen Injection System	20,000	20,000	-	-
Contingency - Management, Consulting, Labor	18,000	-	18,540	18,540
Total Sewer Projects	38,000	20,000	63,690	63,690
Short Lived Asset Replacements				
Electrical Upgrades @ Well 11	165,000	165,000	-	-
Valve Exercise Machine	80,000	80,000		
Pickup	40,000	29,088		
Main Server Replacement	-	-	28,000	28,000
Well ID4-11 Rehab	-	-	400,000	400,000
Well ID1-16	-	-	165,000	165,000
RAS Pumps	-	-	60,000	60,000
Trash Pump	-	-	15,000	15,000
Trailer Mounted Vacuum Unit	-	-	100,000	100,000
Track Skid Steer	-	-	125,000	125,000
Total Short Lived Assets	285,000	274,088	893,000	893,000
Cash Funded Bond Funds CIP Shortfall (See Bond Funded CIP)		-	58,475	58,475
CASH FUNDED CIP TOTAL	523,000	509,088	1,680,165	1,680,165
<u>TOTAL INCOME AFTER CASH FUNDED CIP (see Cash Flow)</u>	<u>149,392</u>	<u>156,932</u>	<u>(1,072,148)</u>	<u>(929,531)</u>

**Borrego Water District
Budget for Fiscal Year 2022 (Con't)
Grant and Bond Funded Capital Improvement Projects**

	Budgeted FY2021	Projected FY2021	Proposed FY2022 No Rate Increase	Proposed FY2022 With Rate Increase
GRANT FUNDED CIP				
Water Project - DWR Grant Received - \$232,398				
Production Well ID5-X Pilot Hole Drilling	-	232,398	-	-
Total Water Projects - Pilot Hole Drilling Grant	-	232,398	-	-
Water Projects- DWR Grant Net \$2M				
Twin Tanks	-	2,836	800,000	800,000
Wilcox Diesel Motor	-	-	100,000	100,000
Indian Head Reservoir Replacement	-	-	450,000	450,000
Recoat Rams Hill Tank #2	-	-	554,040	554,040
Total Water Projects - Water Reservoirs Grant	-	2,836	1,904,040	1,904,040
Sewer Projects - DWR Grant - \$788,912				
WWTP Upgrade/Rehabilitation	-	32,338	788,912	788,912
Total Sewer Projects	-	32,338	788,912	788,912
TOTAL GRANT FUNDED CIP	-	267,571	2,692,952	2,692,952
BOND FUNDED CIP				
Production Well ID5-X	1,250,000	867,602	93,041	93,041
BSRd. Gravity Main	410,000	410,000	-	-
TOTAL BOND FUNDED CIP	1,660,000	1,277,602	93,041	93,041
ESTIMATED CASH FUNDED BOND FUNDS SHORTFALL			58,475	58,475

Borrego Water District
Budget for Fiscal Year 2022 (Con't)
Groundwater Management Budget Detail for Fiscal Year 2022

	Budgeted FY2021	Projected FY2021	Proposed FY2022 No Rate Increase	Proposed FY2022 With Rate Increase
GROUNDWATER MANAGEMENT INCOME				
Reimbursements due thru Stipulation	113,333	113,333	113,333	113,333
Meter Reading Services Income	-	3,500	3,000	3,000
TOTAL GROUNDWATER MANAGEMENT INCOME	<u>113,333</u>	<u>116,833</u>	<u>116,333</u>	<u>116,333</u>
GROUNDWATER MANAGEMENT EXPENSES				
Pumping Fees	123,888	123,888	123,578	123,578
GWM Expense	39,300	61,000	55,000	55,000
Legal Expense	65,000	357,424	250,000	250,000
Watermaster Expense	-	50,000	24,000	24,000
Database Hosting (Dudek)	-	-	15,175	15,175
TOTAL GROUNDWATER MGMT EXPENSES	<u>228,188</u>	<u>592,312</u>	<u>467,753</u>	<u>467,753</u>
CASH BASED ADJUSTMENTS				
<i>Receivables - Outstanding Reimbursements</i>	-	<i>(120,000)</i>	-	-
NET GROUNDWATER MANAGEMENT EXPENSES PAID	<u>114,855</u>	<u>595,479</u>	<u>351,420</u>	<u>351,420</u>

**Borrego Water District
Budget for Fiscal Year 2022 (Con't)
Projected Cash Flow**

	Proposed FY2022 No Rate Increase	Proposed FY2022 With Rate Increase
Cash Flows from Operating Activities		
Net Cash Provided by Operating Activities	\$866,437	\$1,009,054
Cash Flows from Groundwater Management Activities		
Net Cash Paid for Groundwater Management Activities	(\$351,420)	(\$351,420)
Cash Flows from Non-Operating Activities		
Net Cash Provided by Other Income	\$93,000	\$93,000
Cash Flows from Capital Improvement Activities		
Net Cash Paid for Capital Improvements	(\$1,680,165)	(\$1,680,165)
Net Change in Cash	(\$1,072,148)	(\$929,531)
Cash and Reserves at Beginning of Period 07-01-21	\$6,256,054	\$6,256,054
Cash and Reserves at End of Period 06-30-22	\$5,183,907	\$5,326,524
Fiscal Year Reserves Target	\$6,684,375	\$6,684,375
Fiscal Year Reserves Surplus/Shortfall	(\$1,500,468)	(\$1,357,851)

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
JUNE 8, 2021
AGENDA ITEM II.B

June 2, 2021

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Withdrawal from Borrego Springs Groundwater Sustainability Agency – G Poole

RECOMMENDED ACTION:
Approve attached Draft Letter

ITEM EXPLANATION:

With the favorable ruling on the Groundwater Adjudication, the Watermaster has assumed the role originally intended for the Borrego Springs Groundwater Sustainability Agency (GSA). Therefore, the need exists for BWD to withdraw itself from the Borrego Springs GSA and Legal Counsel has drafted the attached letter for Board consideration.

NEXT STEPS:

1. Send letter to DWR

FISCAL IMPACT:

N/A

ATTACHMENTS:

1. Draft Letter

BWD LETTERHEAD

June ____, 2021

Via Email (Mark.Nordberg@water.ca.gov)
Mark Nordberg, Senior Engineering Geologist
Sustainable Groundwater Management Act Program
California Department of Water Resources
901 P Street, Room 213A
P.O. Box 942836
Sacramento, CA 94236

Re: Borrego Water District GSA Withdrawal

Dear Mr. Nordberg:

In view of the entry of final judgment in the Borrego Springs Groundwater Adjudication lawsuit (Borrego Water District v. All Persons Who Claim a Right to Extract Groundwater in the Borrego Valley Groundwater Subbasin No. 7.024-01, et al., Orange County Superior Court case no. 37-2020-00005776) and the Court's appointment of a Watermaster to implement the judgment and accompanying groundwater management plan, Borrego Water District hereby withdraws as the groundwater sustainability agency (GSA) for the Subbasin effective as of the date this letter is uploaded to the Department of Water Resources (DWR) GSA portal. As discussed with DWR representatives, upon completion of an updated Alternative Elements Guide, the final judgment and associated documents will very shortly be submitted to the DWR SGMA Alternatives portal.

Further information about the judgment and the Borrego Springs Watermaster can be found at borregospringswatermaster.com Moving forward, the Watermaster will act as the primary point of contact regarding Subbasin compliance with the Sustainable Groundwater Management Act.

Please do not hesitate to contact me with any questions you may have about this matter.

Sincerely,

Geoff Poole

General Manager

cc: Samantha Adams, Borrego Springs Watermaster

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
JUNE 8, 2021
AGENDA ITEM II.C

June 2, 2021

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Resolution No. 2021-06-01 to Release of Easement/Facilities – 18” La Casa Del Zorro Sewerline – D Dale

RECOMMENDED ACTION:

Approve Resolution releasing easement

ITEM EXPLANATION:

A new sewerline is being installed in Borrego Springs Road in front of La Casa Del Zorro. Once complete, the old sewerline and easement are no longer needed by BWD. Sewerline and easement ownership will be transferred to La Casa with the attached Resolution.

NEXT STEPS:

1. Vacate easement

FISCAL IMPACT:

N/A

ATTACHMENTS:

1. Resolution No. 2021-06-01, prepared by Ward Simmons - BBK

RESOLUTION NO. 2021-06-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF BORREGO
WATER DISTRICT RELEASING TWO EASEMENTS PREVIOUSLY
GRANTED BY CWC LA CASA DEL ZORRO**

WHEREAS, the Borrego Water District (“District”) is conducting a project to relocate a sewer line (“Project”); and

WHEREAS, the sewer line is currently located within a parking lot of the La Casa Del Zorro Resort & Spa, generally located at 3845 Yaqui Pass Road, Borrego Springs, CA 92004, which is owned by CWC La Casa Del Zorro, LLC; and

WHEREAS, the purpose of the Project is to relocate the sewer line from a parking lot to a nearby right-of-way in order to alleviate the prevalence of odors that emanate from the sewer line underneath the parking lot; and

WHEREAS, CWC La Casa Del Zorro, LLC has given the District free of charge a sewer easement in consideration for a portion of its property in order for the District to relocate the sewer line and thereafter maintain the sewer line; and

WHEREAS, Government Code Section 27281 requires the District’s Board of Directors to adopt a certificate or resolution of acceptance in order to accept this sewer easement; and

WHEREAS, the District approved by resolution (Resolution No. 2021-02-01) on February 23rd, 2021 the sewer easement for sewer relocation and maintenance purposes; and

WHEREAS, in furtherance of the Project, the District also desires to release two easements previously granted by CWC La Casa Del Zorro, LLC, as described and depicted in Exhibit “A” and “B”, which are attached hereto and incorporated herein by this reference;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT AS FOLLOWS:

SECTION 1. The recitals above are true and correct and are hereby incorporated herein by this reference.

SECTION 2. The District hereby releases the two easements (“Release of Easements”) previously granted by CWC Casa Del Zorro, LLC described and depicted in Exhibit “A” and “B,” a copy of which is attached hereto and incorporated herein by reference.

SECTION 3. The District’s General Manager is hereby authorized and directed to execute the Release of Easements on behalf of the District.

SECTION 4. The District’s Secretary of the Board of Directors is hereby authorized and directed to cause the Release of Easements to be recorded.

RECORDING REQUESTED BY AND FOR THE BENEFIT OF:

Borrego Water District

WHEN RECORDED MAIL TO:

BORREGO WATER DISTRICT
P.O. 1870
Borrego Springs, CA 92004

FREE RECORDING

This instrument is for the benefit of the Borrego Water District, and is entitled to be recorded without fee. (Govt. Code §27383)

Above Space for Recorder's Use

MUTUAL RELEASE TO TERMINATE EASEMENT

This Mutual Release to Terminate Easement by and between Borrego Water District, P.O. 1870, Borrego Springs, CA 92004 ("District"), and CWC Casa del Zorro, LLC, 11236 El Camino Real, Ste. 200, San Diego, CA 92130 ("Property Owner").

WHEREAS, District is the holder of an easement for the purposes of erecting, constructing, reconstructing, replacing, repairing, maintaining and using a pipeline or pipelines together with their necessary fixtures and appurtenances including but not limited to conduits and cables for communications purposes (defined collectively as "Equipment"), granted to District in approximately 1956, and formally recorded on March 18th, 1986, in the records of the San Diego County Recorder's Office, California ("Easement"); and

WHEREAS, the Easement affects certain Real Property, more particularly described as follow:

A 10 foot wide easement over the portion of Section 23 Township 11 South, Range 6 East, San Bernardino Meridian, in the County of San Diego, State of California, according to United States Government Survey, approved December 10, 1856, the centerline of said easement being more particularly described as follows:

Commencing at the center of Section 23; thence northerly along the west line of the Northeast Quarter of Section 23, (also being the west line of the Rams Hills Water Reclamation site conveyed to the Borrego Water District as document NO. 81-371371 recorded November 24, 1981) North 0°27'31" West, 327.75 feet to the true point of beginning; then leaving said west line, North 83°30'40" West, 183.48 feet in the Northwest Quarter of Section 23; thence North 65°21'57" West, 498.10 feet; thence North 65°52'43" West, 498.20 feet; then North 62°20'18" West, 372.06 feet; thence North 44°23'59" West, 483.76 feet; thence North 82°54'08" West, 233.89 feet; thence North 37°58'29" West 404.68 feet; thence North 73°45'07" West, 459.53 feet.

Excepting that portion which lies within the right of way lines of Borrego Springs Road (100.00 feet wide), as shown and delineated on Road Survey No. 1279 and Yaqui Pass Road (100.00 feet wide) as shown and delineated on Road Survey 596, both on file in the office of the County Engineer, Department of Transportation, County of San Diego.

WHEREAS, District and Property Owner desire to terminate such Easement as it pertains to the Real Property and its Equipment; and

WHEREAS, District and Property Owner have agreed to waive and release any claims that each may have against the other with regard to such Easement, the Real Property, or the Equipment.

NOW THEREFORE, in consideration already received of the mutual covenants, promises, and agreements contained here, and other good and valuable consideration, receipt of which is acknowledged, the parties agree as follows:

1. **EXTINGUISHMENT OF RIGHTS AGAINST REAL PROPERTY AND EQUIPMENT:** The Easement, to the extent that it affects the Real Property and Equipment found there, is terminated, released, and extinguished. All facilities and Equipment that were placed within the Easement by District are abandoned in place by the District and District will have no obligation to remove such facilities or Equipment and Property Owner hereby accepts ownership and responsibility for same. Notwithstanding anything here to the contrary, this termination of the Easement does not affect or apply to any real property or equipment other than the Real Property and Equipment described here, nor does it release the rights of District in or under the Easement as against any party other than Property Owner.
2. **RELEASED CLAIMS:** District releases, terminates, waives, and disclaims any right, cause of action, or claim which District has or may have against Property Owner with respect to the Easement or the Real Property. Such release shall extend to the Property Owner's heirs, successors, and assigns. Property Owner releases, terminates, waives, and disclaims any right, cause of action, or claim which Property Owner has or may have against District with respect to the Easement or the Real Property. Such release shall extend to the District's heirs, successors, and assigns (collectively, "Released Claims").
3. **CIVIL CODE § 1542 WAIVER:** The parties acknowledge that they are releasing unknown claims and any other claims, defenses, or causes of action related to or arising out of the Released Claims only, and as to the Released Claims only they expressly waived all rights under California Civil Code section 1542. California Civil Code section 1542 provides:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

The parties acknowledge, except for matters expressly represented or recited herein, the facts and law in relation to this matter and the claims released by the terms of this

Agreement may turn out to be different from the facts or law as now known to each party or its counsel. Each party therefore expressly assumes the risk of the existence of different or presently unknown facts or law as to the Released Claims only and agrees that this Agreement shall be in all respects effective and binding as to such Party, despite the possibility of new or different facts or law.

4. OTHER DOCUMENTS: The parties agree to execute such other and further documents as shall be deemed reasonably necessary to effectuate the terms and conditions of this Mutual Release to Terminate Easement, and that both jointly and equally shall bear the costs and expenses of preparing and recording such documents.

IN WITNESS OF THE ABOVE, the parties have executed this Mutual Release to Terminate Easement at Borrego Springs, California on the day and year above written.

CWC CASA DEL ZORRO, LLC

BORREGO WATER DISTRICT

John Wells

Kathy Dice

**RECORDING REQUESTED BY AND FOR
THE BENEFIT OF:**

Borrego Water District

WHEN RECORDED MAIL TO:

BORREGO WATER DISTRICT
P.O. 1870
Borrego Springs, CA 92004

FREE RECORDING

This instrument is for the benefit of the Borrego
Water District, and is entitled to be recorded
without fee. (Govt. Code §27383)

Above Space for Recorder's Use

MUTUAL RELEASE TO TERMINATE EASEMENT

This Mutual Release to Terminate Easement, dated September 17, 2003, by and between Borrego Water District, P.O. 1870, Borrego Springs, CA 92004 ("District"), and CWC Casa del Zorro, LLC, 11236 El Camino Real, Ste. 200, San Diego, CA 92130 ("Property Owner").

WHEREAS, District is the holder of an easement for the purposes of erecting, constructing, reconstructing, replacing, repairing, maintaining and using a pipeline or pipelines with their necessary fixtures and appurtenances including but not limited to conduits and cables for communications purposes (defined collected as "Equipment"), granted to District by Grant of Easement dated September 17, 2003, and recorded on July 15th, 2004, in the records of the San Diego County Recorder's Office, California ("Easement"); and

WHEREAS, the Easement affects certain Real Property, more particularly described as follows:

A portion of the North half of the Northeast Quarter of Section 23, Township 11 South, Range 6 East, San Bernardino Meridian, in the County of San Diego, State of California according to the United States Government Survey approved December 20, 1856, described as follows:

The westerly 10.00 ft. of said North half of the Northeast Quarter of the Southwest quarter of Section 23, the easterly line of said parcel being parallel to the westerly line thereof. Containing 0.15 acres, more or less.

WHEREAS, District and Property Owner desire to terminate such Easement as it pertains to the Real Property and its Equipment; and

WHEREAS, District and Property Owner have agreed to waive and release any claims that each may have against the other with regard to such Easement, the Real Property, or the Equipment.

NOW THEREFORE, in consideration already received of the mutual covenants, promises, and agreements contained here, and other good and valuable consideration, receipt of which is acknowledged, the parties agree as follows:

1. **EXTINGUISHMENT OF RIGHTS AGAINST REAL PROPERTY AND EQUIPMENT:** The Easement, to the extent that it affects the Real Property and Equipment found there, is terminated, released, and extinguished. All facilities and Equipment that were placed within the Easement by District are abandoned in place by the District and District will have no obligation to remove such facilities or Equipment and Property Owner hereby accepts ownership and responsibility for same. Notwithstanding anything here to the contrary, this termination of the Easement does not affect or apply to any real property or equipment other than the Real Property and Equipment described here, nor does it release the rights of District in or under the Easement as against any party other than Property Owner.
2. **RELEASED CLAIMS:** District releases, terminates, waives, and disclaims any right, cause of action, or claim which District has or may have against Property Owner with respect to the Easement or the Real Property. Such release shall extend to the Property Owner's heirs, successors, and assigns. Property Owner releases, terminates, waives, and disclaims any right, cause of action, or claim which Property Owner has or may have against District with respect to the Easement or the Real Property. Such release shall extend to the District's heirs, successors, and assigns (collectively, "Released Claims").
4. **CIVIL CODE § 1542 WAIVER:** The parties acknowledge that they are releasing unknown claims and any other claims, defenses, or causes of action related to or arising out of the Released Claims only, and as to the Released Claims only they expressly waived all rights under California Civil Code section 1542. California Civil Code section 1542 provides:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

The parties acknowledge, except for matters expressly represented or recited herein, the facts and law in relation to this matter and the claims released by the terms of this Agreement may turn out to be different from the facts or law as now known to each party or its counsel. Each party therefore expressly assumes the risk of the existence of different or presently unknown facts or law as to the Released Claims only and agrees that this Agreement shall be in all respects effective and binding as to such Party, despite the possibility of new or different facts or law.

4. **OTHER DOCUMENTS:** The parties agree to execute such other and further documents as shall be deemed reasonably necessary to effectuate the terms and conditions of this Mutual Release to Terminate Easement, and that both jointly and equally shall bear the costs and expenses of preparing and recording such documents.

SIGNATURE PAGE TO THE MUTUAL RELEASE TO TERMINATE EASEMENT BY AND BETWEEN BORREGO WATER DISTRICT AND CWC CASA DEL ZORRO LLC

IN WITNESS OF THE ABOVE, the parties have executed this Mutual Release to Terminate Easement at Borrego Springs, California on the day and year above written.

CWC CASA DEL ZORRO, LLC

BORREGO WATER DISTRICT

John Wells

Kathy Dice

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
JUNE 8, 2021
AGENDA ITEM II.D

June 2, 2021

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Contract Amendment with Raftelis Financial Consultants for Cost of Service study and related activities

RECOMMENDED ACTION:

1. Approve Contract Amendment with Raftelis Financial Consultants

ITEM EXPLANATION:

As the Cost of Service process is wrapping up, Raftelis has performed a Final Accounting and is requesting an increase of \$12,000 in their contract. Justification for each expense is identified in the attached letter from Kevin Kostiuk. Staff supports this request and feels Raftelis provide excellent services during this process.

NEXT STEPS

Process payment request

FISCAL IMPACT

\$12,000

ATTACHMENTS

Letter from K. Kostiuk



May 12, 2021

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

Subject: Water Rate Study Amendment Request

Dear Mr. Poole:

As you know we have encountered many unknowns during this contract which has taken more time than anticipated to incorporate into the water and sewer rate study. This amendment request seeks additional funding to recover unanticipated and out of scope work effort which has used our budget (as described below) and to cover costs to complete the study. The contract is a not-to-exceed time and materials contract based on our estimated effort.

Cost overruns are grouped into two categories, out of scope tasks and significant extra effort.

Out of Scope Public Meetings: In our 2020 proposal we estimated only one public meeting to complete the study. With our attendance at a future community meeting and a July 2021 Public Hearing Raftelis will have attended five additional public meetings¹ resulting in significant hours of planning with staff, development of meeting materials, meeting preparation, and actual meeting time.

Extra Effort: At the time of our proposal Raftelis was unaware of the involvement of the District's financial consulting firm Fieldman Rolapp and Associates (FRA). Raftelis staff participated in several working sessions between the FRA team, the Raftelis project team, and District staff to align the Raftelis and FRA model inputs and assumptions, and to reconcile model outputs. This included one-on-one time with FRA as well as follow up calls based on changes to District budgeted values and model iterations. Additionally, the water and wastewater models required several updates through the fall and winter of 2020/21 based on new information, updated operating budgets, updated FY 2021 rate implementation, and updated capital planning and financing assumptions.

Our budget overage at project completion is estimated to be approximately \$18,000. This considers the overage to date, the outstanding public meetings, as well as the outstanding task to update the District's

¹ Attendance on 12/8/20, 2/23/21, 3/23/21, 4/27,21, and at the future Community meeting and Public Hearing to adopt rates.

Water Rate Study – Amendment Request
Borrego Water District

connection/capacity fees. Our total requested additional not-to-exceed fee for completion of the studies is \$12,000.

Should you have any questions or require additional information please do not hesitate to contact me. If you have any questions, or require additional information, please contact me at 760 519 8520.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.



Kevin Kostiuk
Manager

Water Rate Study – Amendment Request

Borrogo Water District

If you accept this amendment, please sign in the space below and return one copy for our files. Please contact us at 760 519 8520 should you have any questions.

We accept the terms of this engagement letter:

_____	_____
Signature	Name of authorized agent
_____	_____
Date	Title

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
JUNE 8, 2021
AGENDA ITEM II.E

June 2, 2021

TO: Board of Directors
FROM: Geoffrey Poole, General Manager
SUBJECT: Watermaster Update – Duncan/Dice

RECOMMENDED ACTION:

1. Receive verbal update from Director Duncan and Dice
2. TAC UPDATE FROM TREY DRISCOLL, BWD REPRESENTATIVE

As per the request of the TAC and West Yost we provided fee to directly support West Yost with the update of the sustainable yield using the existing Borrego Valley Hydrologic Model.

In addition, I have been pushing the TAC to commence preparation of the water quality monitoring plan in WY 2022 as this is an important issue to BWD and Basin stakeholders. We are getting some push back from one TAC member so may need to bring up to the Watermaster. I emphasized that based on work BWD is completing in the South Management Area (SMA) for Rams Hill WWTF and lack of major potable production in the SMA it may be advisable to refocus efforts to the North and Central Management Areas where data gaps exist.