

**Borrego Water District Board of Directors
Finance, Audit & Budget Standing Committee
March 25, 2026 @ 10:30 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004**

This meeting is to be held virtually at the link below and can be joined in person at the address above.
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I. OPENING PROCEDURES

- A. Call to Order
- B. Pledge of Allegiance
- C. Committee Members Roll Call: President Dice, Director 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

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

- A. Minutes of the March 03, 2026 Finance Audit & Budget Committee Meeting – J. Clabaugh
- B. Water Supply Reserve – J. Clabaugh
- C. Future Commodity Sales effect on Budget/Cash Flow Projections – J. Clabaugh
- D. FY27 Operating Budget Review – J. Clabaugh
- E. CIP Review – J. Clabaugh

III. CLOSING PROCEDURE: Next Committee Meeting - TBA

AUDIT & BUDGET COMMITTEE AGENDA: March 25, 2026

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.

**Borrego Water District Board of Directors
Finance, Audit & Budget Standing Committee
March 25, 2026 @ 10:30 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004**

ITEM II. A.

March 20, 2026

To: Finance, Audit & Budget Committee

From: Jessica Clabaugh, Finance Officer

Subject: Minutes of the March 03, 2026 Finance Audit & Budget Committee Meeting

RECOMMENDED ACTION

Discuss, Amend if Needed.

ITEM EXPLANATION

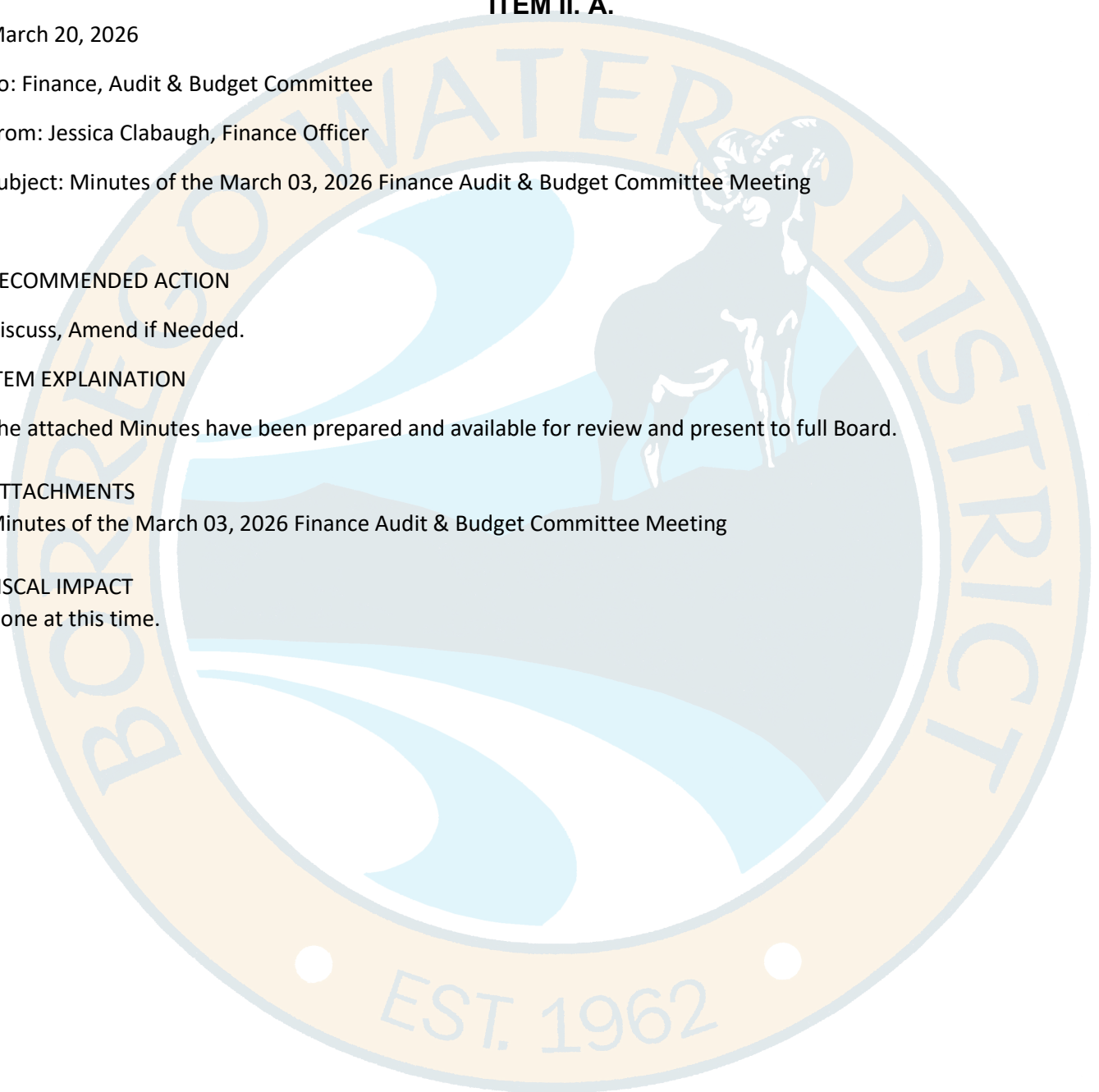
The attached Minutes have been prepared and available for review and present to full Board.

ATTACHMENTS

Minutes of the March 03, 2026 Finance Audit & Budget Committee Meeting

FISCAL IMPACT

None at this time.



Borrego Water District Board of Directors
MINUTES of the Finance, Audit & Budget Standing Committee
March 03, 2025 @ 1:00 p.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A. Call to Order: President Dice called the meeting to order at 1:03pm
- 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: None.
- F. Comments from Directors: None.
- G. Correspondence Received from the Public: None.

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

- A. Audit & Budget Process Overview – J. Clabaugh: Ms. Clabaugh commented that this is a new hybrid of Finance Committee and Audit & Budget Committee. The committee will review Reserves and Cash Flow and come back later this month with a Draft Budget. The committee will meet as often as necessary with the intent to bring the draft to the board by May. Ms. Clabaugh explained that the prop 218 numbers will be the baseline for the new budget and we will build from there.
- B. Review of Reserves & Cash Flow – J. Clabaugh: Ms. Clabaugh presented the current Reserves Status. All contractually required reserves(Debt Service/TCS Expansion/Rate Stabilization Fund), all reserves set by board policy (Water Supply/System Growth Reserves/Operating & Working Capital at 90 days/Contingency Reserve at 5% of income/CIP/Risk Management) are fully funded as of 02/28/26 with \$5.6 M and about \$200k in nonrestricted reserve, which should be at \$1.3M but is currently supplementing filling the required reserves. President Dice suggested looking into using this fund for NFT Mitigation funds. There was some discussion about future increases to the Water Supply budget. Currently contracted payments under the David Bauer agreement are included in the CIP Budget but there are always unknowns. Poole recommended breaking out Water supply purchase from next years' CIP reserve. This would also result in an edit of policy.

Ms. Clabaugh presented the current Cash Flow projections and added a line to represent minimum reserve balance. The committee reviewed the Cash Flow as compared to the rate study and reviewed the CIP and its impacts on the Cash Flow. President Dice mentioned that future sales will likely dip as a result of NFT removal. Staff is working to quantify potential effects on future revenues. GM Poole added that the current years' water sales are lower than expected and FY27 sales should project flat sales quantity. There is \$721,600 included in the Cash Flow as the District's cost share for EPA Grant #2. It was mentioned that a waiver would have a noticeable effect on the reserves balances, however, the Board may decide to reduce approved 218 Rate increases as a result which would offset the waiver effects on reserves balances. The current approved 218 Rate increases are included in the Cash Flow and then drop back to 5% after the current 218 period in FY2030.

Next the committee looked at the effect of expenses on the Cash Flow and discussed inflationary increases which are set to align with the rate study. SDGE sent a letter projecting an 8% increase which is in line with the 9% inflator assumed in the rate study. New expenses proposed for FY27 include Telematics on fleet vehicles at approximately \$12,000/year. Although the org chart is currently down a staff member, it is anticipated that an additional staff member may be hired as a result of the ongoing organizational assessment. Projected staffing levels will remain the same as FY26 for now.

Dir. Moran mentioned that actual Watermaster expenses may increase with pumping decreases, following, GDE mitigation, RCA's and other unknowns. We have historically spent under budget in these categories and things don't tend to happen very quickly with the Watermaster so levels will remain the same for now.

- C. Review of CIP – J. Clabaugh: The Committee reviewed the FY26 CIP plan. Mr. Poole suggested adding a 20% match for EPA #3, of \$150k in FY28, this will likely cover the pipeline projects listed under Cash Funded Projects. Potential CIP items to add include Lugo Building improvements and potential improvements to improve safety (sidewalk/fencing) around the District Office. Dir Moran asked if there would be ongoing costs associated with the new well and tank site cameras. Ms. Clabaugh let her know that everything is self-hosted and there may be occasional repairs but no significant ongoing maintenance fees. Ms. Clabaugh will be meeting with Roy and Manuel this week to discuss their needs for CIP and Short-Lived Assets.

III. CLOSING PROCEDURE: The meeting adjourned at 2:25pm. The next meeting date/time is TBD.

**Borrego Water District Board of Directors
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March 25, 2026 @ 10:30 a.m.
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ITEM II. B.

March 20, 2026

To: Finance, Audit & Budget Committee

From: Jessica Clabaugh, Finance Officer

Subject: Water Supply Reserve

RECOMMENDED ACTION

Finalize recommended edits, if any, to BWD Policy – Cash Reserves.

ITEM EXPLANATION

The following topics were brought up in the last Committee Meeting;

1. List next years' Water Supply purchases in the Water Supply Purchase Reserve and remove from the Capital Reserve.
2. Consider edits to the language of the Water Supply Purchase Reserve to mention the potential risk of carryover restrictions by the Borrego Springs Watermaster.

ATTACHMENTS

BWD Policy – Cash Reserves - REDLINED.

FISCAL IMPACT

None at this time.

BORREGO WATER DISTRICT
POLICY STATEMENT

SUBJECT: CASH RESERVES POLICY

NO: 2011-05-01

ADOPTED: 2011-05-25	AMENDED: 2019-05-28
AMENDED: 2015-05-27	AMENDED: 2020-06-09
AMENDED: 2016-05-25	AMENDED: 2021-06-08
AMENDED: 2017-05-24	AMENDED: 2023-10-24
AMENDED: 2018-06-19	AMENDED: 2026-05-xx

I. BACKGROUND AND INTRODUCTION

Reserves are needed because of financial risk.¹ Water and sewer operations are inherently risky, given the potential costs associated with repairing and replacing infrastructure necessary for maintaining 24x7 operations for supplying potable water and sewer and wastewater treatment services to the homes and businesses of Borrego Springs. In addition, water operations have risk associated with the volatility of revenue due to weather conditions that alter expectations of the amount of water sold. Reserves also assist in reducing rate shocks. Without them a water utility is exposed to rate instability. Rate instability increases the cost of borrowing, which drives up rates. In addition, reserves help the District improve its credit rating, which translates into lower interest rates on debt and thus lower rates for the District's customers. Also, bond or loan covenants often require a debt reserve or recommend a rate stabilization reserve.

Some utilities operate in a state of revenue deficiency, which means they either rely on existing reserves, skimp on funding reserves, or defer economically prudent repair and replacement (R&R) of capital infrastructure to the future where higher costs will be borne by future ratepayers to repair or replace infrastructure that may have failed catastrophically. Catastrophic failure is sometimes many times more expensive than prudent R&R before failure occurs. Becoming revenue sufficient means that a utility can count on receiving adequate revenues to fully fund utility operations, including debt service obligations, and some portion of capital improvements from rate revenues and reserves. Reserve accounts are a vital part of water and sewer and wastewater treatment system's financial health that lead to lower rates for the District's customers.

This Board believes that operating with revenue sufficiency is required, not only to remain creditworthy for future capital borrowing, but also to replace depleted reserves necessary to operate most economically. For these reasons, the District will maintain reserve funds so as to provide working capital for operations; funds required by law, ordinance and bond covenants; and necessary cash for the scheduled and

¹ *Financial Risk* is defined as the sum(probability of an event occurring) x (the potential financial cost if that event occurs).

unscheduled R&R of capital infrastructure; as well as funds set aside for meeting water supply requirements under the Sustainable Groundwater Management Act (SGMA) and the Borrego Springs Subbasin Adjudicated Judgement.

Reserves are also necessary for the District to stabilize rates due to normal revenue and cost uncertainties due to a variety of circumstances beyond the District's control, and to provide a prudent amount of insurance against economic downturns and a wide range of potential emergencies. The efficient and discrete management of these cash reserves, when combined with their appropriate replacement as they are drawn down from time-to-time add additional assurance that the current levels of service reliability and quality that the District's ratepayers have grown to expect will continue into the future.

This reserve policy is based on prudent financial management practices and those amounts required by legal, legislative, and contractual obligations that are critical to the financial health of the District. This policy defines required fund types for segregation purposes and funding levels that are based upon this District's unique operating, capital investment and financial plans. Both Restricted Reserves and Board designated Discretionary Reserves for the water enterprise and the sewer and wastewater enterprise will be funded by rates specific to those enterprises so as to meet California Proposition 218 requirements. That is, reserves specific to the needs of the District's water enterprise will be accumulated from water rates. Reserves specific to the needs of the District's sewer and wastewater enterprise will be funded from sewer and wastewater treatment rates.

II. RESTRICTED RESERVES. Restricted Reserves are established and utilized for narrowly defined purposes and are protected by law or covenant. The District's Restricted Reserves for its water and sewer and wastewater treatment enterprises are the following:

Debt Reserves. Reserves equal to the annual principal and interest (P&I) for the respective debt obligations of the District shall be formally transferred and restricted in accordance with all legal requirements.

System Growth Reserves. These reserves generated from development charges for new water and sewer service as specified by the District's Policy for Water and Sewer Service to New Developments in effect, as amended from time to time, are used to offset capital projects or debt service related to new development in the District so that new development pays for itself rather than requiring a subsidy from existing ratepayers.

III. BOARD DISCRETIONARY RESERVES

Operating or Working Capital Reserves. The purpose of an operating reserve is to have cash on hand for the continued day-to-day operations of the utility. The Operating Reserve may be used for cash flow purposes to fund necessary expenses without the need to wait for billed revenue to come in as well as any unexpected increases in operating expenses. The amount of the Operating Reserve is commonly pegged to a certain percentage of the utility's total operating expenses. The set percentage is usually dictated by the utility's bill frequency; if customers are billed on a monthly basis, then revenue continuously comes in and the need to have a significant amount of funds within the Operating Reserve may not be necessary. Based on industry standards, the Operating Reserve, in the case of monthly billing, should equal around 90 days of expenses (3 months). If the billing frequency is less frequent or there are revenue receipt delays due to other contingencies, the Operating Reserve may be increased to account for the time delay of receiving cash on hand. The Operating or Working Capital Reserve shall be a minimum reserve of no less than 90 days of Operating and Maintenance (O&M) annual expenses, with an ideal Operating Reserve target of 120-days of annual O&M expenses.

Rate Covenant Stabilization Funds. These reserves include the Sewer Enterprise Rate Covenant Stabilization Fund and the Water Enterprise Rate Covenant Stabilization Fund. The purpose of these reserves are used to stabilize water and sewer revenues in order to maintain adequate debt coverage ratios required by the District's lenders. These reserve funds shall be maintained at level of twenty-five (25%) of the current years' debt service payments.

Contingency Reserves. The purpose of this reserve is to accommodate unexpected operational changes, legislative impacts or other economic events that may affect the District's enterprise operations, which could not have been reasonably anticipated at the time the budget was prepared. The target level for this reserve is a minimum of five percent (5%) and a maximum of ten percent (10%) of the District's total enterprise-wide operating expenses. Generally, the level will be increased as the level of economic uncertainty increases.

Capital Repair and Replacement Reserve (Capital Reserve). A Capital Repair and Replacement Reserve is used primarily to meet and ensure the timely construction of necessary capital improvements without any delays due to cash flow concerns. Capital expenses can fluctuate quite a bit from year-to-year and the Capital Reserve may be leveraged to smooth out significant changes in expenses and; thereby, avoiding any undue rate shocks to District customers. It may also serve as collateral and reassurance when awarding a construction contract. The Capital Reserve shall have a target equal to the greater of (i) \$1,000,000 and (ii) the budgeted pay-go needs in the following fiscal year for the water infrastructure repair and replacement (R&R) and sewer and wastewater infrastructure repair and replacement (R&R), with Water Supply purchases listed separately under the Water Supply Reserve.

Water Supply Purchase Reserve (Supply Reserve). The District will need to purchase Baseline Pumping Allocation (BPA) from Subbasin pumpers to meet its supply requirements established under SGMA and the Borrego Springs Subbasin California Superior Court Adjudicated Judgment. The District hopes to use grants and/or bank debt to accomplish these purchases. However, BPA may become available in the market on the sellers' timeframe, not necessarily the District's. It would also potentially be financially imprudent for the District to wait until the last moment to purchase BPA before penalties are assessed by the Watermaster for exceeding the District's annual pumping allocation limit. For these reasons, the Board shall dictate the requirements of any Water Supply Purchase Reserve as it sees fit. In 2023, the Borrego Water District acquired 670 BPA thru the purchased the William Bauer Farm and entered into a multi-year agreement to accrue an additional 1,820 BPA thru the purchase of the David Bauer farm. The Water Supply Reserve shall include next years' contractually required Water Supply payments, plus additional amounts as dictated by the Board. ~~It~~ Currently it is estimated that ~~this purchase~~ the existing Bauer Installment Purchase Agreement will maintain sufficient Water Supply thru the year 2035 when the District will need to rely on carryover amounts to meet existing demands.

Emergency Reserve – Catastrophic events may occur that require substantial investments to replace damaged assets. Some examples of catastrophic events include earthquakes, wind storms, floods, ransomware exploits or hacking that impacts the District's digital networks, health emergencies such as the current COVID-19 emergency, etc. Some of these catastrophic events may allow the utility to recover the cost of damages from FEMA or existing insurance policies. However, FEMA or insurance policy coverage reimbursements may take between 6 months to 2 or more years to recover. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion and to arrange short term financing options. The minimum reserve levels are sometimes combined with emergency funding from banks or bonding agencies. The percent of the minimum cash reserves are dependent on the replacement cost of capital assets in service and the level of risk of catastrophic type events. The Emergency Reserve policy target level will equal 2% of the replacement cost of the District's capital assets, which is approximately \$87,590,000 in 2021 dollars as developed by its District engineer.

IV. OTHER RESERVE FUNDS. The District's Board may establish other cash reserve funds for specific needs that are over and above the reserves noted above as may be necessary from time to time.

Commented [BR1]: End at 2035? Do we need to consider other water purchases?

Commented [JC2R1]: To mitigate potential carryover restrictions

**Borrego Water District Board of Directors
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ITEM II. C.

March 20, 2026

To: Finance, Audit & Budget Committee

From: Jessica Clabaugh, Finance Officer

Subject: Future Commodity Sales effect on Budget/Cash Flow Projections

RECOMMENDED ACTION

Discuss and make suggestions for representative Budget and Cash Flow Revenues.

ITEM EXPLANATION

Water Sales to date in the current Fiscal Year have been approximately 7% lower than budgeted. Review current situation to decide projections for the FY27 Budget.

Additionally, quantify the effects on pending NFT restrictions on future Revenues.

FISCAL IMPACT

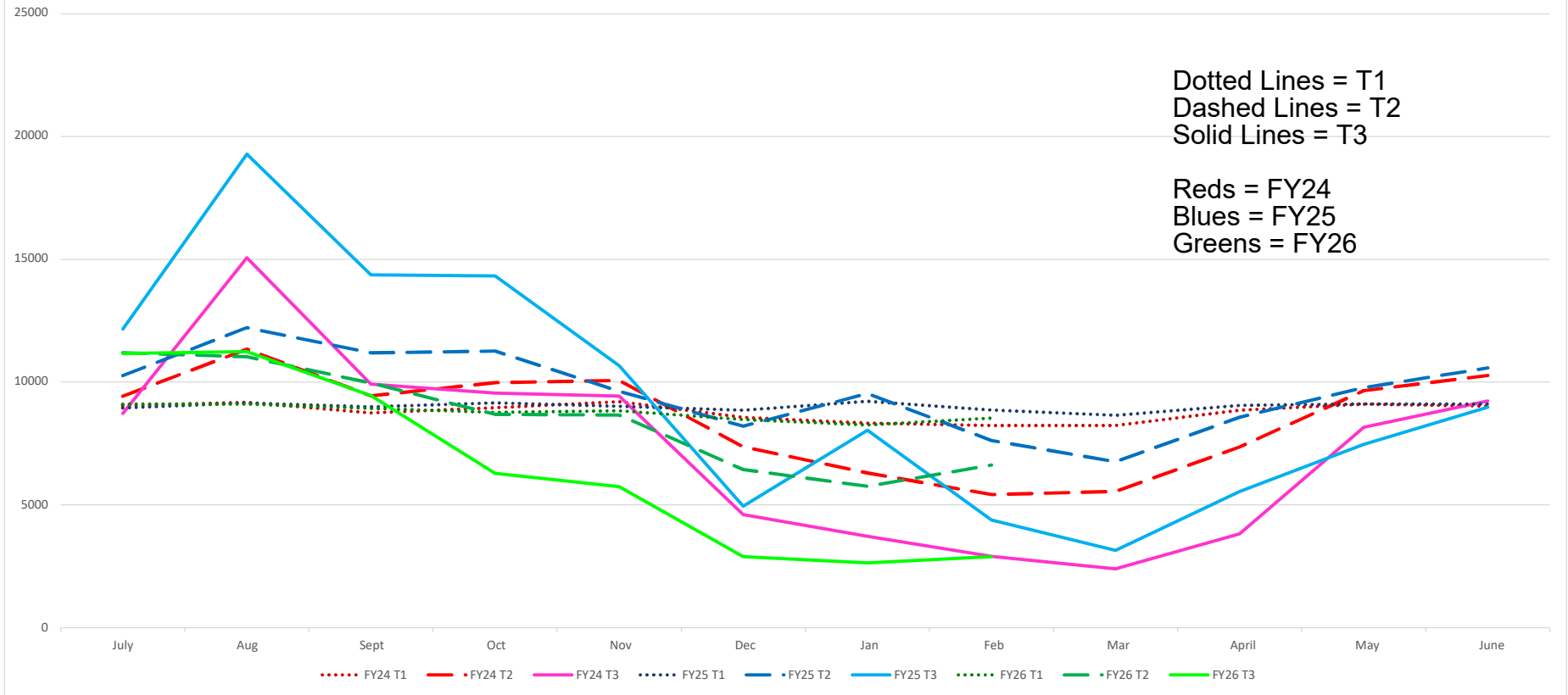
None.

ATTACHMENTS

FY24-26 Tier Quantity Sales Comparison

FY26 Water Commodity Sales Report YTD

Monthly Units Sold by Residential Tier
FY24-26



FY2026 Commodity Revenue to Budget Comparison
07/01/2025 - 06/30/2026

	Budgeted FY2026	YTD ACTUAL	Actual June FY2026	Actual May FY2026	Actual April FY2026	Actual Mar FY2026	Actual Feb FY2026	Actual Jan FY2026	Actual Dec FY2026	Actual Nov FY2026	Actual Oct FY2026	Actual Sept FY2026	Actual Aug FY2026	Actual July FY2026
Commodity Rates														
Residential T1 & T2 Revenues	1,015,987	675,093					73,732	67,785	72,486	86,155	84,563	93,668	100,265	96,439
Residential T3 Revenues	676,567	391,091					22,834	20,837	22,810	45,352	49,565	74,592	87,812	67,289
Commercial	643,522	446,155					50,317	46,036	46,036	54,800	59,187	55,632	65,886	68,261
Irrigation	423,161	259,735					25,310	15,299	19,028	42,551	39,756	40,641	42,712	34,439
Total Commodity	2,759,237	1,772,073	-	-	-	-	172,193	149,957	160,359	228,857	233,070	264,533	296,675	266,428
PROJECTED COMMODITY TD		1,900,749	262,810	232,767.11	198,036.96	164,873.82	172,248	193,365	210,157	241,321	260,506	277,109	288,322	257,721
VARIANCE FROM PROJECTED		-6.77%	-100.00%	-100.00%	-100.00%	-100.00%	-0.03%	-22.45%	-23.70%	-5.16%	-10.53%	-4.54%	2.90%	3.38%

**Borrego Water District Board of Directors
 Finance, Audit & Budget Standing Committee
 March 25, 2026 @ 10:30 a.m.
 806 Palm Canyon Drive
 Borrego Springs, CA 92004**

ITEM II. D.

March 20, 2026

To: Finance, Audit & Budget Committee

From: Jessica Clabaugh, Finance Officer

Subject: FY27 Operating Budget Review

RECOMMENDED ACTION

Discuss and make suggestions for next version. No official action.

ITEM EXPLANATION

Enclosed is the first draft of the FY27 Operating Budget. Below are the escalation factors used.

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

FISCAL IMPACT

See attached.

ATTACHMENTS

FY27 Operating Budget Draft v1.0



**Borrego Water District
Water Enterprise Budget
07/01/2026 to 06/30/2027**

		<i>Budgeted FY2026</i>	<i>Projected FY2026</i>	<i>Budgeted FY2027</i>
INCOME				
RATE REVENUE				
Water Rates Revenues				
Commodity Rates			<i>discuss at meeting</i>	
Residential Tier 1 & 2 Revenues	41100	1,015,987	812,790	1,015,987
Residential Tier 3 Revenues		676,568	541,254	676,568
Commercial	41150	643,522	645,750	643,522
Irrigation	41200	423,161	363,825	423,161
Total Commodity		<u>2,759,237</u>	<u>2,363,619</u>	<u>2,759,237</u>
Non-Commodity Charges				
Base Meter Charges	41400	1,689,581	1,634,420	1,847,020
Meter Install/Repair	41550	36,750	5,066	36,750
New Water Supply Connection Fee	41550	26,124	9,014	26,124
Backflow Testing/Install	41630	11,400	12,624	11,400
Bulk Water Sales	41700	6,825	10,684	6,825
Total Non-Commodity		<u>1,770,680</u>	<u>1,671,808</u>	<u>1,928,119</u>
Total Water Rate Revenues		4,529,916	4,035,427	4,687,356
			-	-
Availability Charges Collected thru Tax Roll				
ID1 - Water Standby	42100 X.333	34,965	34,965	34,965
ID3/ID4 - Water Standby	42200	117,000	117,000	117,000
Total Availability (Tax Roll)		<u>151,965</u>	<u>151,965</u>	<u>151,965</u>
			-	-
			-	-
TOTAL WATER RATE REVENUE		<u>4,681,881</u>	<u>4,187,392</u>	<u>4,839,321</u>



**Borrego Water District
Water Enterprise Budget (Continued)
07/01/2026 to 06/30/2027**

		<i>Budgeted FY2026</i>	<i>Projected FY2026</i>	<i>Budgeted FY2027</i>
EXPENSES				
OPERATING EXPENSES				
Operations & Maintenance Expense				
R&M Water	56000	286,926	126,653	294,100
Telemetry	58400	15,000	5,433	15,375
Trash Removal	58900	7,500	7,035	7,688
Vehicle Expense	58960	30,000	30,000	30,750
Fuel & Oil	54600	45,007	37,634	46,132
Lab/Testing	58600	45,000	35,495	46,125
Permit Fees	54010	29,541	29,541	30,279
Pumping Electricity	57200	566,528	566,528	617,515
Total Operations & Maintenance Expense		1,025,502	838,320	1,087,963
Professional Services				
Accounting (Lockbox/Debt Filings)	51000	9,680	6,529	9,922
Payroll Services	51200	4,400	4,400	4,510
Audit Fees	51600	28,034	28,000	28,735
IT & Cyber Security	52000	39,360	40,000	44,744
Financial Consulting	52600		4,671	3,000
Engineering Consultant	54400	10,000	4,980	10,250
Legal Services - General	55600	68,675	28,327	70,392
<i>Legal Services Reimbursible</i>		-	0	-
Federal & State Legislative Advocacy	55610	64,944	63,360	66,568
Total Professional Services		225,093	180,267	238,121
Insurance Expense				
ACWA/JPIA Program Insurance	55200	132,355	130,000	135,664
ACWA/JPIA Workers Comp	55210	17,068	16,000	17,494
Total Insurance Expense		149,422	146,000	153,158
Personnel Expense				
Board Meeting Expense	51900	13,939	9,918	14,288
Salaries & Wages	57600	1,221,985	1,153,263	1,319,744
<i>Contra Account - Salaries & Wages</i>	57680	(62,031)	(10,000)	(66,993)
Contract Labor/Consulting	52610	10,175	2,500	10,429
Payroll Taxes	58000	25,084	23,735	27,091
Benefits - Medical	54200	200,383	200,000	210,403
Benefits - CalPERS	54210	222,721	208,803	260,067
Trainings & Conferences	52400	18,314	15,180	18,772
Uniforms	58950	7,123	7,101	7,301
Safety Compliance & Emergency Prep	56810	5,087	751	5,214
Total Personnel Expense		1,662,780	1,611,251	1,806,315



Borrego Water District
Water Enterprise Budget (Continued)
07/01/2026 to 06/30/2027

		<i>Budgeted FY2026</i>	<i>Projected FY2026</i>	<i>Budgeted FY2027</i>
Office Expense				
Office Supplies	56620	22,659	22,183	23,225
Office Equipment	56630	49,641	40,853	50,882
Postage & Freight	56900	4,400	3,000	4,510
Property Tax	58200	3,052	1,800	3,128
Telephone/Telematics Expense	58580	28,034	22,106	38,239
Dues & Subscriptions	54000	17,401	19,300	17,836
Statement Printing & Publication	57000	25,087	23,000	25,714
Office/Shop utilities	56640	18,897	17,454	20,597
Total Office Expense		169,170	149,695	184,132
			-	
TOTAL OPERATING EXPENSES		3,445,881	2,925,534	3,469,689
Debt Expense				
BBVA Bank Note 2018B - Principal	27570/80	220,000	220,000	223,000
BBVA Bank Note 2018B - Interest	03/04-55550	26,967	26,967	19,547
2021 Bond Cap One - Principal	27510	393,063	393,063	401,534
2021 Bond Cap One - Interest	01-55550	125,477	125,477	115,764
Total Debt Expense		765,507	765,507	759,846
			-	
GROUNDWATER MANAGEMENT EXPENSES				
Pumping Fees	54830	103,000	69,572	106,090
GWM Expense	54800	81,532	33,972	83,978
Legal Expense	54810	103,000	100,030	106,090
Engineering/TAC Expense (Intera)	54820	139,050	83,999	143,222
Special Tasks for Intera?	54820	-	-	-
TOTAL GROUNDWATER MGMT EXPENSES		426,582	287,572	439,380
TOTAL WATER ENTERPRISE EXPENSES				
		4,637,970	3,978,613	4,668,914
Net Income (Loss)		43,912	208,779	170,406
SHORTFALL COVERAGE FROM NON-RATE REVENUE				
		-	-	-
Net Income Water Enterprise Fund		43,912	208,779	170,406



**Borrego Water District
Wastewater Enterprise Budget
07/01/2026 to 06/30/2027**

		<i>Budgeted FY2026</i>	<i>Projected FY2026</i>	<i>Budgeted FY2027</i>
<u>INCOME</u>				
RATE REVENUE				
Sewer Rates				
TCS Holder Fees (SA2)	06-43100	187,159	187,159	210,790
TCS User Fees (SA2)	06-43250	148,880	148,880	170,230
RH Sewer User Fees (SA1)	09-43250	188,087	188,087	200,497
Sewer Standby/Capacity Fees		-	2,328	-
Sewer User Fees (SA5)	05-43250	212,903	212,903	230,719
Total Sewer Rates		<u>737,028</u>	<u>739,356</u>	<u>812,236</u>
Availability Charges Collected thru Tax Roll				
ID1 - Sewer Standby	42100 X.333	34,965	34,965	34,965
Total Availability (Tax Roll)		<u>34,965</u>	<u>34,965</u>	<u>34,965</u>
<u>TOTAL WASTEWATER RATE REVENUE</u>		<u>771,993</u>	<u>774,321</u>	<u>847,201</u>
<u>EXPENSES</u>				
OPERATING EXPENSES				
Operations & Maintenance Expense				
R&M WWTF	56010	138,744	43,638	142,212
Telemetry	58400	1,000	-	1,025
Trash Removal	58900	2,400	1,702	2,460
Vehicle Expense	58960	3,086	1,908	3,163
Fuel & Oil	54600	8,533	4,783	8,746
Lab/Testing	58600	20,437	18,431	20,948
Electricity		5,723	5,433	6,238
Permit Fees	54010	15,000	15,000	15,375
Total Operations & Maintenance Expense		<u>194,922</u>	<u>90,896</u>	<u>200,167</u>
Professional Services				
Accounting (Lockbox/Debt Filings)	51000	1,320	890	1,353
Payroll Services	51200	600	600	615
Audit Fees	51600	3,823	3,189	3,918
IT & Cyber Security	52000	5,367	5,400	6,101
Financial Consulting	52600		1,000	1,000
Engineering	54400	6,371	40,570	50,000
Legal Services - General	55600	9,365	3,947	9,599
Advocacy	55610	8,325	8,325	8,533
Total Professional Services		<u>35,171</u>	<u>63,920</u>	<u>81,120</u>



Borrego Water District
Wastewater Enterprise Budget (Continued)
07/01/2026 to 06/30/2027

		<i>Budgeted</i>	<i>Projected</i>	<i>Budgeted</i>
		<i>FY2026</i>	<i>FY2026</i>	<i>FY2027</i>
Insurance Expense				
ACWA/JPIA Program Insurance	55200	18,048	18,000	18,499
ACWA/JPIA Workers Comp	55210	3,952	3,800	4,050
Total Insurance Expense		22,000	21,800	22,550
Personnel Expense				
Board Meeting Expense	51900	2,000	1,352	2,050
Salaries & Wages	57600	282,486	270,118	305,085
<i>Contra Account - Salaries & Wages</i>	57680	(8,459)	(1,113)	(8,670)
Contract Labor/Consulting	52610	10,000	-	10,250
Payroll Taxes	58000	5,799	5,750	6,263
Benefits - Medical	54200	47,646	45,627	51,458
Benefits - CalPERS	54210	51,486	51,480	55,605
Trainings & Conferences	52400	2,497	2,450	2,560
Uniforms	58950	971	969	996
Safety Compliance & Emergency Prep	56810	694	300	711
Total Personnel Expense		395,120	376,933	426,306
Office Expense				
Office Supplies	56620	3,100	3,100	3,178
Office Equipment	56630	6,769	6,769	6,938
Postage & Freight	56900	600	600	615
Property Tax	58200	416	400	427
Telephone Expense	58580	3,823	3,015	3,918
Dues & Subscriptions	54000	3,191	3,100	3,271
Statement Printing & Publication	57000	694	694	711
Office/Shop utilities	56640	2,129	2,300	2,320
Total Office Expense		20,722	19,978	21,378
Debt Expense				
2021 Bond Cap One - Principal	27510	63,987	63,987	65,366
2021 Bond Cap One - Interest	01-55550	5,228	5,228	4,824
Total Debt Expense		69,215	69,215	70,190
TOTAL EXPENSES WASTEWATER		741,527	642,743	821,710
<u>Net Income Wastewater Enterprise Fund</u>		102,327	131,579	25,491



**Borrego Water District
Pest Control Enterprise Budget
07/01/2026 to 06/30/2027**

		<i>Budgeted FY2026</i>	<i>Projected FY2026</i>	<i>Budgeted FY2027</i>
<u>INCOME</u>				
Pest Control Standby	42300	17,150	17,150	17,150
<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		15,520
R&M Pest Control	56000			
ACWA/JPIA Program Insurance	55200	550	550	605
Salaries & Wages	57600	1,000	1,000	1,025
Benefits - Medical	54200			
Benefits - CalPERS	54210			
ACWA/JPIA Workers Comp	55210			
Payroll Taxes	58000			
<u>TOTAL PEST CONTROL ENTERPRISE EXPENSES</u>		<u>17,150</u>	<u>1,550</u>	<u>17,150</u>
<u>Net Income Pest Control Enterprise Fund</u>		<u>-</u>	<u>15,600</u>	<u>-</u>



**Borrego Water District
Flood Control Enterprise Budget
07/01/2026 to 06/30/2027**

		<i>Budgeted FY2026</i>	<i>Projected FY2026</i>	<i>Budgeted FY2027</i>
<u>INCOME</u>				
ID1 - Flood Standby	42100 X.333	34,965	34,965	34,965
<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	55200	605	300	666
Legal Services - General	55600	5,125	600	5,253
Salaries & Wages	57600	9,109	2,500	9,838
Benefits - Medical	54200	1,494	500	1,568
Benefits - CalPERS	54210	1,661	500	1,939
ACWA/JPIA Workers Comp	55210	127	38	137
Payroll Taxes	58000	187	58	202
<u>TOTAL FLOOD CONTROL ENTERPRISE EXPENSES</u>		<u>18,307</u>	<u>4,496</u>	<u>19,603</u>
<u>Net Income Flood Enterprise Fund</u>		<u>16,658</u>	<u>30,469</u>	<u>15,362</u>



Borrego Water District
Non-Rate Revenues & Expenses
07/01/2026 to 06/30/2027

		<i>Budgeted FY2026</i>	<i>Projected FY2026</i>	<i>Budgeted FY2027</i>
OTHER INCOME				
Penalties & Fees	41800	50,000	245,000	80,000
BSUSD Well Agreement	40400/40410/40420	35,000	30,000	35,000
1% Property Assessments	42000	70,000	70,000	70,000
Interest Income	48980	60,000	75,000	60,000
Other Income	47900	-	-	-
WM Meter Reading Income	40320	6,500	3,000	6,500
TOTAL OTHER INCOME		221,500	423,000	251,500
EXPENSES				
Air Quality Study	52620	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				
<u>Net Income Non-Rate Revenue</u>		185,159	417,000	215,159



**Borrego Water District
Consolidated Enterprise Budget
07/01/2026 to 06/30/2027**

	<i>Budgeted FY2026</i>	<i>Projected FY2026</i>	<i>Budgeted FY2027</i>
<u>INCOME</u>			
TOTAL WATER RATE REVENUE	4,681,881	4,187,392	4,839,321
TOTAL WASTEWATER RATE REVENUE	843,853	774,321	847,201
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 42300	221,500	423,000	251,500
<u>GROSS INCOME</u>	5,799,350	5,436,828	5,990,137
<u>EXPENSES</u>			
TOTAL WATER ENTERPRISE EXPENSES	4,665,422	3,978,613	4,668,914
TOTAL WASTEWATER ENTERPRISE EXPENSES	741,527	642,743	821,710
TOTAL PEST CONTROL ENTERPRISE EXPENSES	17,205	1,550	17,150
TOTAL FLOOD CONTROL ENTERPRISE EXPENSES	19,603	4,496	19,603
TOTAL NON-RATE REVENUE EXPENSES	36,341	6,000	36,341
<u>TOTAL EXPENSES</u>	5,478,747	4,633,401	5,563,718
<u>CONSOLIDATED NET INCOME</u>	320,603	803,427	426,418

**Borrego Water District Board of Directors
Finance, Audit & Budget Standing Committee
March 25, 2026 @ 10:30 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004**

ITEM II. E.

March 20, 2026

To: Finance, Audit & Budget Committee

From: Jessica Clabaugh, Finance Officer

Subject: CIP Review

RECOMMENDED ACTION

Discuss and make suggestions for next version. No official action.

ITEM EXPLANATION

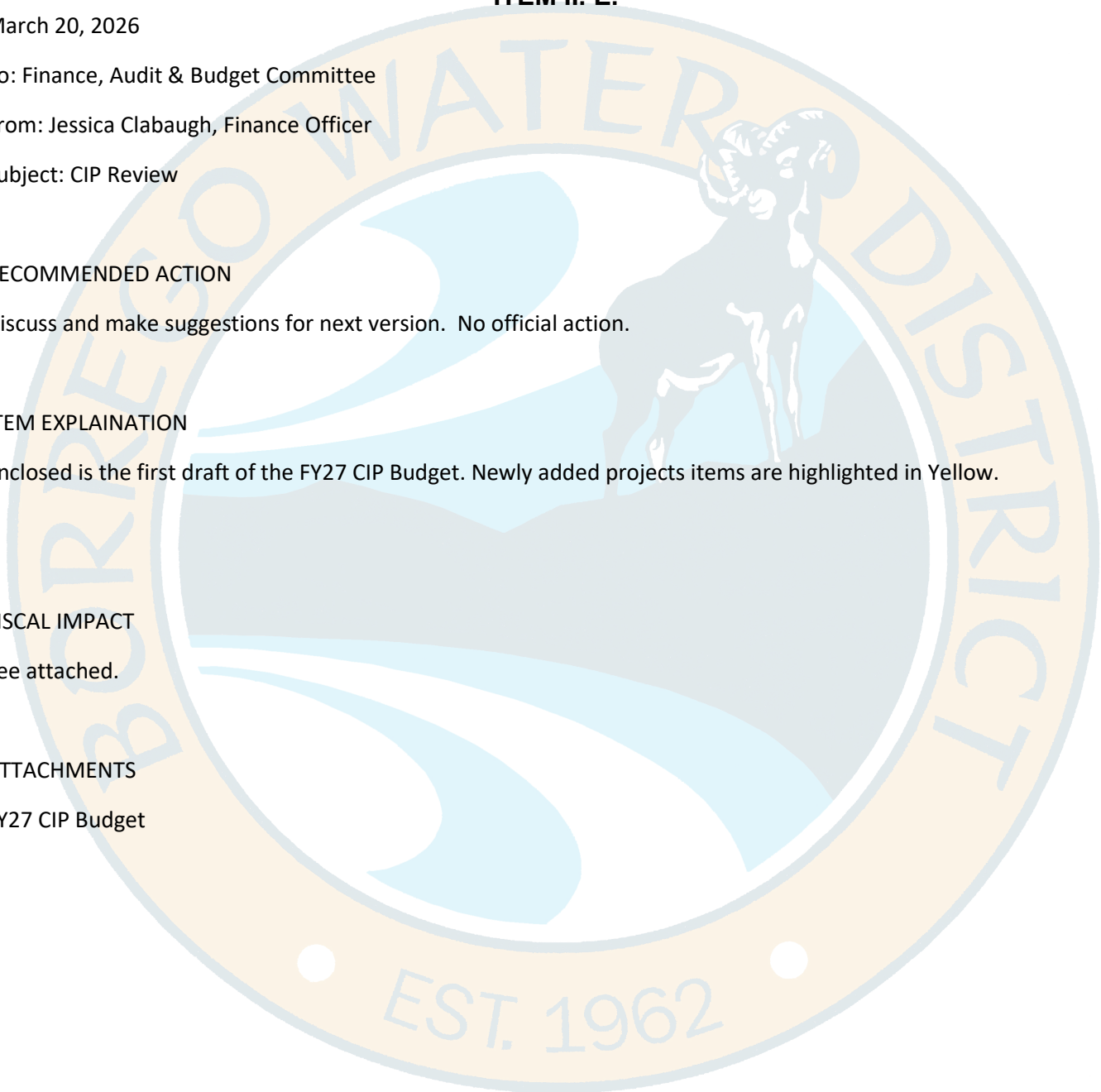
Enclosed is the first draft of the FY27 CIP Budget. Newly added projects items are highlighted in Yellow.

FISCAL IMPACT

See attached.

ATTACHMENTS

FY27 CIP Budget



**BORREGO WATER DISTRICT
CAPITAL IMPROVEMENT PLAN
FISCAL YEARS ENDING 2026-2036**

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	FY2035-36
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 Grant Matching Requirement: EPA #3 (will seek waiver)			\$ 150,000								
6 Building Upgrades: Lugo Building & West Side of Admin Building		\$ 100,000									
7 Emergency System repairs	\$ 69,458	\$ 72,930	\$ 76,577	\$ 80,406	\$ 84,426	\$ 88,647	\$ 93,080	\$ 97,734	\$ 102,620	\$ 102,620	\$ 107,751
SUBTOTAL WATER CASH RESERVE PROJECTS	\$ 1,077,082	\$ 1,337,199	\$ 669,246	\$ 567,362	\$ 571,382	\$ 88,647	\$ 93,080	\$ 97,734	\$ 102,620	\$ 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	\$ 137,550	\$ 211,888	\$ 270,413	\$ 248,933	\$ 301,723	\$ 220,500	\$ 483,831	\$ 259,831	\$ 259,831	\$ 255,256
TOTAL CASH CIP PROJECTS FY2026 THROUGH 2035	\$ 1,478,082	\$ 1,474,749	\$ 1,012,384	\$ 1,487,775	\$ 1,073,127	\$ 390,370	\$ 590,533	\$ 581,565	\$ 514,390	\$ 362,451	\$ 515,095

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	FY2035-36
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									
2025 APPROPRIATIONS BILL 80% of \$750,000 (aka EPA#3)											
16 Pipeline Replacement: Flying H/Walking H/OO			\$ 410,000								
17 Pipeline Replacement: Club Circle			\$ 190,000								
POTENTIAL GRANT FUNDED CIP PROJECTS											
18 WWTP Upgrade: Equalization Basin		\$ 650,000									
19 New Production Well: TBD										\$ 2,500,000	
TOTAL WATER/SEWER GRANT CIP PROJECTS	\$ 3,392,000	\$ 3,537,040	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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	FY2035-36
Water Projects											
2034 PLANNED BOND PROJECTS											
20 Well 5 Transmission Main Project											\$ 1,215,000
21 Water Treatment Facility											\$ 2,000,000
TOTAL WATER/SEWER BOND CIP PROJECTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,215,000

Total Annual CIP Spend: \$ 4,870,082 \$ 5,011,789 \$ 1,612,384 \$ 1,487,775 \$ 1,073,127 \$ 390,370 \$ 590,533 \$ 581,565 \$ 514,390 \$ 2,862,451 \$ 3,730,095

**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	FY2032-33	FY2033-34	FY2034-35	FY2035-36
<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	\$ 243,101	\$ 255,256
Chlorinator ID4-12		\$ 25,000									
<u>TANKS</u>											
Tank Site Security Upgrades	\$ 20,000										
Reservoir cleaning/video inspection (FY27 RH1, 900)		\$ 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	\$ 137,550	\$ 211,888	\$ 270,413	\$ 248,933	\$ 301,723	\$ 220,500	\$ 483,831	\$ 259,831	\$ 328,187	\$ 255,256