

BORREGO WATER DISTRICT

**FISCAL YEAR 2024-2025
ANNUAL BUDGET
ADOPTED June 25, 2024**

SUBMITTED BY:

**GEOFF POOLE
GENERAL MANAGER**

TO:

BOARD OF DIRECTORS

**KATHY DICE
PRESIDENT**

**TAMMY BAKER
VICE-PRESIDENT**

**DIANE JOHNSON
TREASURER**

**DAVE DUNCAN
DIRECTOR**

**GINA MORAN
DIRECTOR**

**BORREGO WATER DISTRICT
ANNUAL BUDGET
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ADOPTED JUNE 25, 2024**

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BORREGO WATER DISTRICT

June 14, 2024

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

STRATEGIC GOALS AND OBJECTIVES 2024-25

Maintain/Enhance District Financial Condition:

GOAL: Operate BWD Finances to enhance the Financial Position/Creditworthiness and allow for possible future BWD debt issuances.

OBJECTIVE: The BWD Board/Staff have taken extraordinary steps over the past decade or so to first stabilize and then improve BWD Financial Condition. The effects of this hard work were realized when BWD successfully issued \$5.6 M in Bonds to fund various water and sewer improvements in 2018 and \$3M in additional debt in 2021. At the same time, the foundation was also being set to improve upon BWD Reserve Funds, which has resulted in the current position of \$7 M+ in reserves. BWD is committed to maintain water and wastewater rates/charges and reserve fund balances that provide the required debt service coverage ratios and other economic factors. BWD staff and Board will monitor water and wastewater Operations and Capital Planning to ensure all expenditures are prudent and necessary.

Recent purchases of water rights that are needed for existing BWD customers in the future, will put a strain on cash reserves during the next 7 to 10 years. Reserves are expected to dip below \$2 M in FY2027 which is approximately ½ of current levels. Non-essential capital expenses are being deferred to help preserve cash and the BWD Board will have an opportunity to adjust rates in three years during the next Prop 218 cycle if needed to address the low cash flow. Even at 50% of current reserve levels, BWD is still in a position to cover all expenses and debt service payments, and maintain contractually required reserves.

Replace/Upgrade Water and Sewer Infrastructure:

GOAL: Commit the necessary resources to fund replacement of aging water and sewer infrastructure before failure.

OBJECTIVE: Out of BWDs 88-mile water system, an estimated 45 miles is in need of replacement as soon as possible. Beginning in 2018, a systematic pipeline replacement process begun and to date, De Anza, Flying J, Country Club, Bending Elbow, Double O Rd. and Frying Pan Rd. have been replaced using BWD Bond proceeds. The Board and Staff has been focusing on obtaining State and Federal funding for these vital projects.

Pursue Grant Funding:

GOAL: Pursue additional Federal and State funding, as available. Maximize the use of Federal and State Grant and other funding sources to offset future rate increases and/or maintain cash reserves.

OBJECTIVE: Utilize Legislative Advocates to strategize and pursue Federal/State and other funding opportunities. Use in house staff to complete the Applications on selected opportunities. BWD has made the Federal Direct Congressional Spend lists again for Legislators Butler, Padilla and Issa and if approved would fund up to \$3.3 M for additional pipeline replacements in and around Palm Canyon Drive and towards the High School.

Protect BWD Interests in Watermaster:

GOAL: A major accomplishment in 2019-20 was realized with the signing of The Settlement Agreement and Stipulated Judgment by over 92% of Basin pumpers. With the Judgment came the creation of the Borrego Spring Basin Watermaster. BWD and its Representatives will engage in the Watermaster process with the best interest of BWD ratepayers, community and environment in mind.

OBJECTIVE: Various potential future Watermaster actions could have a significant impact upon BWD ratepayers, community and environment including water quality degradation and other factors. BWD and its representatives on the Watermaster will continue to focus on ensuring actions taken by the Watermaster do not adversely and unfairly impact BWD and the community or the surrounding environments.



BORREGO WATER DISTRICT

June 14, 2024

TO: Ratepayers and Investors of the Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: 2023-24 In Review

Transmitted herewith is the Proposed Final Fiscal Year 2024-25 Budget and Capital Improvement Plan with Cash Flow analysis for the Borrego Water District. The consolidated budget was prepared in compliance with the laws of the State of California and reflects the Board of Directors' (Board) goals/priorities and the District's strategic plans by which to achieve them.

2023-24 IN REVIEW

Capital Project Construction/Start Up: A number of Capital Projects were completed and or started up in 23-24 including new tanks at formerly Twin Tanks site, Indian Head and Rams Hill #2. In addition, BWDs newest well 5-15 received power and was connected to BWDs system. New Monitoring Wells at the Wastewater Treatment Plant

Farmland Fallowing: BWD continues to coordinate with David Bauer on his efforts to fallow farms prior to transferring the land and water rights to BWD. After only 18 months, almost half of the total acreage has been fallowed.

Finances: In the past decade plus, BWD has taken significant steps to become "credit worthy" which was taken advantage of thru the issuance of \$5.3 M in bonds in 2018. In 2021, BWD and its Consultants determined interest rate decreases since 2018 created a situation where a refinance would be possible to reduce future bond payments by approximately \$500,000 during the life of the loan. Bids were requested and Capital One Bank responded with a rate of 2.36% on refinance of the 2018 bonds as well as new debt of \$3 M which will be used for capital and other asset acquisition.

Rate Setting: BWD staff continues to monitor revenue and expenditures and long-range projections in anticipation of the upcoming Proposition 218 Rate Setting process for water and sewer rates and charges in 2027. As required by Law, a comprehensive financial model will be created to project revenue and expenses in 5-year increments and rates set to provide the revenues needed to fund operations and capital. In the current 218 structure adopted in 2022, annual increases of 5% per year were approved for water and 4% on sewer for years 2 thru 5 (0% in year one).

Cyber Security Upgrades: During 2022-24 BWD continued to make cyber security a top priority and is utilizing the expertise of BWD Board Members, staff and IT experts, and has taken steps

usually reserved for the larger agencies. Specifically, BWD has hardened its network at the WWTP and SCADA systems to ensure security in times of remote work and BWD has enlisted the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) to perform cyber risk and vulnerability assessments on OT systems in FY24.

Water Supply for Small Development Program Continues: A Program to provide water for small development (less than one acre foot per year) and implementation continued in 23-24. Under the terms of the Program, water supply may be purchased from BWD as well as water service line and meter installation. During 2023-24, 2.2-acre feet were applied for with .55-acre feet purchased under the Program.

Grant Funding: Federal Funding

In the last 36 months, BWD has received over \$9 M in State Grants and Direct Federal Congressional Appropriations funding to replace pipelines mentioned previously as well as replacement of 4 water storage tanks: Twin Tanks (2), Indian Head and Rams Hill #2. BWD continues to pursue other opportunities. Federal Funding in the FY 23-24 Budget totaled \$3.3 M for the Sun Gold development in Borrego Springs Road. The following year another \$3.3 M was approved for Deep Well, Lazy S and Club Circle. In FY 24-25,

Watermaster: The Borrego Springs Watermaster has taken steps to ensure all non de minimus (less than 2-acre feet per year) pumpers are metered and annual pumping restrictions imposed to reduce pumping by an estimated 74.6% on or before 2040. The BWD budget for 2024-25 includes expenditures for its proportional share of Watermaster expenses (approx. 10%).

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

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

Election of Board Members: Directors Dice and Duncan ran unopposed in 2022 and ex CA State Park Superintendent Gina Moran was appointed to a four-year term.

Budget Components for FY 2024-25 – Revenues

The amount budgeted in each category represents Management's best assumptions to successfully accomplish the District's objectives. A summary of the FY 2024-25 budget is below:

- Water sales are projected to remain stable (FY 2023-24 = 1,420 afy). Staff is continuously monitoring changes to consumption and payments and potential impacts to BWD and customers.
- BWD will proceed with the Prop 218 approved increases on July 1, 2024 of 5% for water and 4% for sewer.

- Property tax revenues are expected to remain constant and within BWD’s legal authority to assess.

Budget Components for FY 2024-25 – Expenses

- In FY 2024-25, BWD has included projected expenses for Watermaster and general Groundwater Management.
- All existing programs in BWD Operations, Maintenance and Administration Departments are fully funded through 2024-25. The major programs in the Water Operations Department include system operations and maintenance, water quality monitoring, meter testing/replacement, pipeline replacement, reporting and the inevitable emergency pipeline repairs that happen each year.
- In the Sewer Operations Department, BWD will fully operate the “renovated” WWTP and assist in analyses to calculate gallons per day per equivalent dwelling unit and inventory and analysis of current EDUs assigned to each account.
- In the Administration Department, all programs are fully funded.

Included in this Budget Package are the proposed Board Resolution to adopt and approve the FY 2024-25 Budget, detailed revenue and expenses, Capital Improvement Plan with project explanations and justifications, non-CIP expenses and a projected Cash Flow that includes proposed future rate increases.

I would personally like to thank the BWD staff and Board for their hard work in preparing and reviewing this Proposed Budget for FY 2024-25.

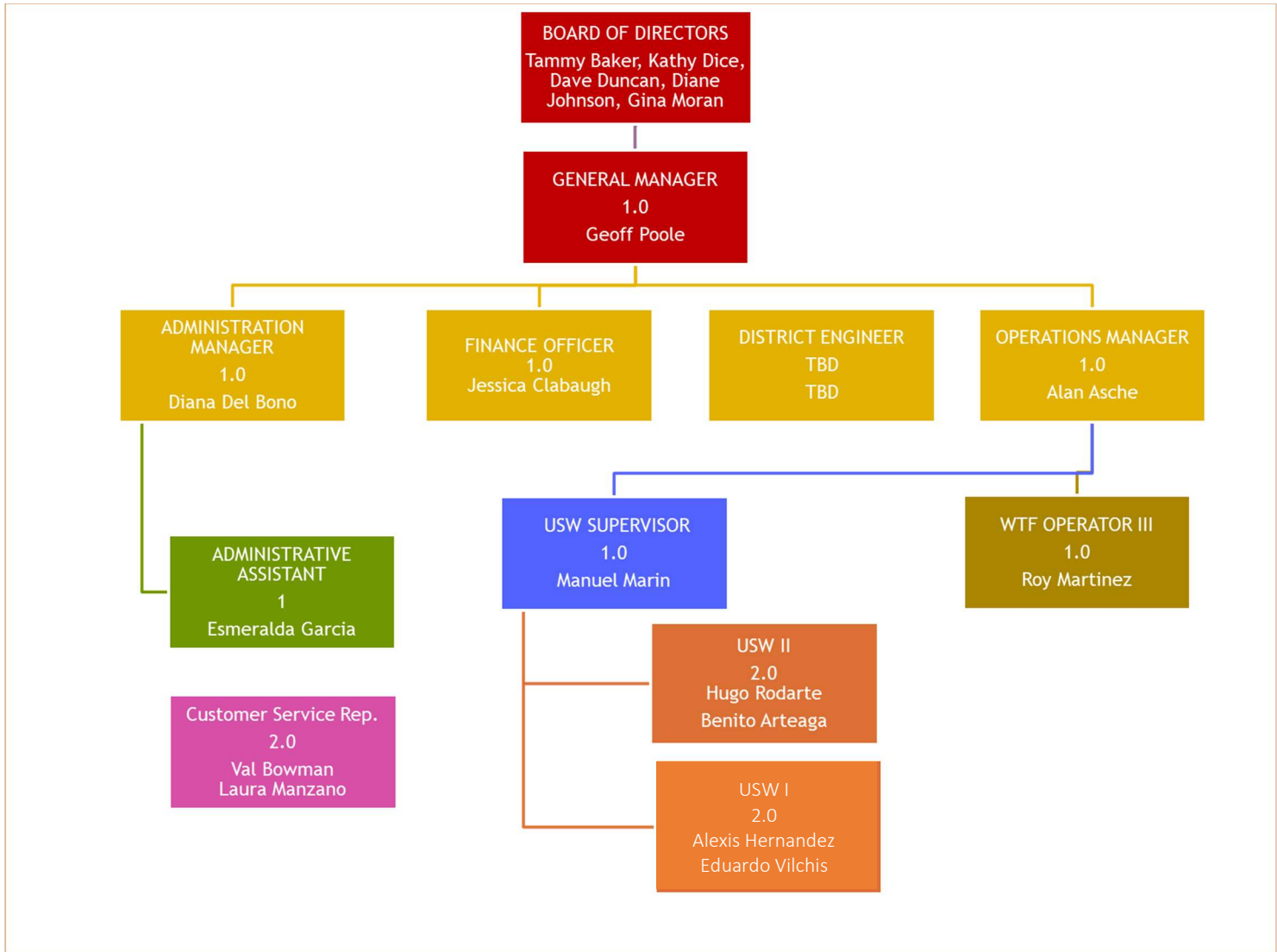
Sincerely,



Geoff Poole
General Manager

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**BORREGO WATER DISTRICT
ORGANIZATIONAL CHART
JULY 01, 2024**





**Borrego Water District
Water Enterprise Budget
07/01/2024 to 06/30/2025**

	<i>Budgeted FY2024</i>	<i>Projected FY2024</i>	<i>Budgeted FY2025</i>
INCOME			
RATE REVENUE			
Water Rates Revenues			
Commodity Rates			
Residential Tier 1 & 2 Revenues	1,292,136	1,141,611	1,154,187
Residential Tier 3 Revenues	300,000	255,000	267,750
Commercial	777,162	626,824	645,750
Irrigation	355,047	345,554	363,825
Total Commodity	<u>2,724,345</u>	<u>2,368,989</u>	<u>2,431,512</u>
Non-Commodity Charges			
Base Meter Charges	1,468,598	1,460,469	1,518,300
Meter Install/Repair	35,000	13,869	36,750
New Water Supply Connection Fee	24,880	-	26,124
Backflow Testing/Install	5,700	5,450	5,985
Bulk Water Sales	6,500	17,584	6,825
Total Non-Commodity	<u>1,540,678</u>	<u>1,497,372</u>	<u>1,593,984</u>
Total Water Rate Revenues	4,265,023	3,866,361	4,025,496
Availability Charges Collected thru Tax Roll			
ID1 - Water Standby	34,965	37,000	34,965
ID3/ID4 - Water Standby	117,000	117,000	117,000
Total Availability (Tax Roll)	<u>151,965</u>	<u>154,000</u>	<u>151,965</u>
Other Income			
Sale of Viking Ranch Property			225,000
Total Other Income	-	-	225,000
<u>TOTAL WATER RATE REVENUE</u>	<u>4,416,988</u>	<u>4,020,361</u>	<u>4,402,461</u>
EXPENSES			
OPERATING EXPENSES			
Operations & Maintenance Expense			
R&M Water	270,201	160,000	279,928
Telemetry	4,791	4,840	4,963
Trash Removal	5,749	2,358	5,956
Vehicle Expense	21,313	21,380	22,080
Fuel & Oil	47,259	42,240	42,445
Lab/Testing	33,144	32,428	34,338
Permit Fees	27,819	24,148	28,820
Pumping Electricity	500,000	502,700	525,000
Total Operations & Maintenance Expense	<u>910,275</u>	<u>790,095</u>	<u>943,530</u>



Borrego Water District
Water Enterprise Budget (Continued)
07/01/2024 to 06/30/2025

	<i>Budgeted</i> FY2024	<i>Projected</i> FY2024	<i>Budgeted</i> FY2025
Professional Services			
Accounting (Tax & Debt Filings)	4,120	1,056	4,268
Payroll Services	2,970	3,261	3,077
Audit Fees	26,400	22,000	27,350
IT & Cyber Security	37,066	50,200	38,400
Financial Consulting	76,652	3,461	79,411
Engineering (Dudek)	44,000	40,920	45,584
Legal Services - General	64,672	57,651	67,000
<i>Legal Services Reimbursible</i>		(18,313)	-
Federal & State Legislative Advocacy	57,489	51,216	59,558
Total Professional Services	<u>313,368</u>	<u>211,453</u>	<u>324,649</u>
Insurance Expense			
ACWA/JPIA Program Insurance	72,720	109,384	120,322
ACWA/JPIA Workers Comp	20,414	14,528	15,803
Total Insurance Expense	<u>93,133</u>	<u>123,912</u>	<u>136,126</u>
Personnel Expense			
Board Meeting Expense	22,037	24,200	22,830
Salaries & Wages	1,164,706	1,040,143	1,131,468
<i>Contra Account - Salaries & Wages</i>	(52,800)	(40,832)	(57,436)
Contract Labor/Consulting	9,581	-	9,926
Payroll Taxes	31,847	21,351	23,226
Benefits - Medical	259,750	184,210	190,841
Benefits - CalPERS	238,851	172,955	188,140
Trainings & Conferences	17,246	15,400	17,867
Uniforms	6,707	5,401	6,949
Safety Compliance & Emergency Prep	4,791	2,917	4,963
Total Personnel Expense	<u>1,702,717</u>	<u>1,425,745</u>	<u>1,538,775</u>



Borrego Water District
Water Enterprise Budget (Continued)
07/01/2024 to 06/30/2025

	<i>Budgeted</i>	<i>Projected</i>	<i>Budgeted</i>
	<i>FY2024</i>	<i>FY2024</i>	<i>FY2025</i>
Office Expense			
Office Supplies	22,995	16,224	23,823
Office Equipment	47,907	33,000	49,632
Postage & Freight	14,372	13,922	14,890
Property Tax	2,874	2,800	2,978
Telephone Expense	26,400	24,816	27,350
Dues & Subscriptions (ACWA/AWWA)	22,037	18,563	22,830
Printing & Publication	4,791	1,637	4,963
Office/Shop utilities	8,800	11,520	9,117
Total Office Expense	150,176	122,481	155,583
TOTAL OPERATING EXPENSES	3,169,670	2,673,686	3,098,663
Debt Expense			
BBVA Bank Note 2018A/B - Principal	341,189	341,189	337,138
BBVA Bank Note 2018A/B - Interest	49,821	49,856	49,821
2021 Bond Cap One - Principal	376,605	384,622	376,605
2021 Bond Cap One - Interest	140,588	132,253	140,571
Total Debt Expense	908,203	907,919	904,135
GROUNDWATER MANAGEMENT EXPENSES			
Pumping Fees	100,000	49,825	100,000
GWM Expense	76,407	28,850	79,158
Legal Expense	100,000	48,253	100,000
Engineering/TAC Expense (Intera)	135,000	99,000	135,000
GW Quality Risk Assessment (Intera)	28,430	28,427	-
TOTAL GROUNDWATER MGMT EXPENSES	439,837	254,355	414,158
<u>TOTAL WATER ENTERPRISE EXPENSES</u>	4,517,710	3,835,960	4,416,956
<u>Net Income (Loss)</u>	(100,722)	184,401	(14,494)
<u>SHORTFALL COVERAGE FROM NON-RATE REVENUE</u>			14,494
<u>Net Income Water Enterprise Fund</u>	(100,722)	184,401	-



**Borrego Water District
Wastewater Enterprise Budget
07/01/2024 to 06/30/2025**

	<i>Budgeted FY2024</i>	<i>Projected FY2024</i>	<i>Budgeted FY2025</i>
<u>INCOME</u>			
RATE REVENUE			
Sewer Rates			
TCS Holder Fees (SA2)	163,973	167,000	170,532
TCS User Fees (SA2)	130,436	139,800	135,653
RH Sewer User Fees (ID1)	164,786	164,600	171,377
Sewer Standby/Capacity Fees	-	-	-
Sewer User Fees (ID5)	186,528	185,900	193,989
Total Sewer Rates	<u>645,723</u>	<u>657,300</u>	<u>671,552</u>
Availability Charges Collected thru Tax Roll			
ID1 - Sewer Standby	34,965	36,000	34,965
Total Availability (Tax Roll)	<u>34,965</u>	<u>36,000</u>	<u>34,965</u>
<u>TOTAL WASTEWATER RATE REVENUE</u>	<u>680,688</u>	<u>693,300</u>	<u>706,517</u>
<u>EXPENSES</u>			
OPERATING EXPENSES			
Operations & Maintenance Expense			
R&M WWTF	130,656	117,000	135,360
Telemetry	653	424	677
Trash Removal	784	204	812
Vehicle Expense	2,906	2,840	3,011
Fuel & Oil	6,444	7,348	6,676
Lab/Testing	4,520	11,245	11,650
Permit Fees	11,922	10,175	12,352
Total Operations & Maintenance Expense	<u>157,886</u>	<u>149,236</u>	<u>170,537</u>
Professional Services			
Accounting (Tax & Debt Filings)	562	144	582
Payroll Services	405	445	420
Audit Fees	3,600	3,000	3,730
IT & Cyber Security	5,054	6,846	5,236
Financial Consulting	10,452	472	10,829
Engineering (Dudek)	6,000	5,580	6,216
Legal Services - General	8,819	7,862	9,136
Advocacy	7,839	6,984	8,122
Total Professional Services	<u>42,732</u>	<u>31,332</u>	<u>44,270</u>



Borrego Water District
Wastewater Enterprise Budget (Continued)
07/01/2024 to 06/30/2025

	<i>Budgeted</i> FY2024	<i>Projected</i> FY2024	<i>Budgeted</i> FY2025
Insurance Expense			
ACWA/JPIA Program Insurance	10,019	14,916	16,408
ACWA/JPIA Workers Comp	2,812	3,364	3,659
Total Insurance Expense	12,831	18,280	20,067
Personnel Expense			
Board Meeting Expense	3,005	3,300	3,113
Salaries & Wages	248,823	240,449	261,561
<i>Contra Account - Salaries & Wages</i>	(7,200)	(5,568)	(7,832)
Contract Labor/Consulting	1,307	-	1,354
Payroll Taxes	4,343	4,936	5,369
Benefits - Medical	35,421	42,584	44,117
Benefits - CalPERS	32,571	39,982	43,492
Trainings & Conferences	2,352	2,100	2,436
Uniforms	915	736	948
Safety Compliance & Emergency Prep	653	398	677
Total Personnel Expense	322,189	328,917	355,235
Office Expense			
Office Supplies	3,136	2,212	3,249
Office Equipment	6,533	4,500	6,768
Postage & Freight	1,960	1,898	2,030
Property Tax	392	-	406
Telephone Expense	3,600	3,384	3,730
Dues & Subscriptions (ACWA/AWWA)	3,005	2,531	3,113
Printing & Publication	653	223	677
Office/Shop utilities	1,200	1,571	1,243
Total Office Expense	20,479	16,320	21,216
Debt Expense			
2021 Bond Cap One - Principal	51,355	52,448	64,545
2021 Bond Cap One - Interest	5,979	5,983	5,979
Total Debt Expense	57,334	58,431	70,524
TOTAL EXPENSES WASTEWATER	613,450	602,515	681,848
<u>Net Income Wastewater Enterprise Fund</u>	<u>67,238</u>	<u>90,785</u>	<u>24,669</u>



**Borrego Water District
Pest Control Enterprise Budget
07/01/2024 to 06/30/2025**

	<i>Budgeted FY2024</i>	<i>Projected FY2024</i>	<i>Budgeted FY2025</i>
INCOME			
Pest Control Standby	17,150	17,150	17,150
TOTAL PEST CONTROL FUND REVENUE	17,150	17,150	17,150
EXPENSES			
R&M Pest Control	1,500	3,556	1,500
ACWA/JPIA Program Insurance	500	373	500
Salaries & Wages	3,000	3,877	4,193
Benefits - Medical		687	711
Benefits - CalPERS		645	701
ACWA/JPIA Workers Comp		54	59
Payroll Taxes	350	80	87
TOTAL PEST CONTROL ENTERPRISE EXPENSES	5,350	9,271	7,751
Net Income Pest Control Enterprise Fund	11,800	7,879	9,399



**Borrego Water District
Flood Control Enterprise Budget
07/01/2024 to 06/30/2025**

	<i>Budgeted FY2024</i>	<i>Projected FY2024</i>	<i>Budgeted FY2025</i>
INCOME			
ID1 - Flood Standby	34,965	36,000	34,965
TOTAL FLOOD CONTROL FUND REVENUE	34,965	36,000	34,965
EXPENSES			
ACWA/JPIA Program Insurance	550	746	550
Legal Services - General	5,000	393	5,000
Salaries & Wages	1,000	7,753	8,434
Benefits - Medical		1,373	1,423
Benefits - CalPERS		1,289	1,402
ACWA/JPIA Workers Comp		108	118
Payroll Taxes	130	159	173
TOTAL FLOOD CONTROL ENTERPRISE EXPENSES	6,680	11,822	17,100
Net Income Flood Enterprise Fund	28,285	24,178	17,865



Borrego Water District
Non-Rate Revenues & Expenses
07/01/2024 to 06/30/2025

	<i>Budgeted FY2024</i>	<i>Projected FY2024</i>	<i>Budgeted FY2025</i>
OTHER INCOME			
Penalties & Fees	50,000	88,800	50,000
BSUSD Well Agreement	35,000	35,000	35,000
1% Property Assessments	70,000	76,000	70,000
Interest Income	35,000	50,340	35,000
Other Income		1,200	
WM Meter Reading Income	3,333	4,383	3,333
TOTAL OTHER INCOME	193,333	255,723	193,333
EXPENSES			
Air Quality Study	36,341	400	36,341
TOTAL NON-RATE REVENUE EXPENSES	36,341	400	36,341
TRANSFER TO WATER FUND TO COVER REVENUE SHORTFALL			(14,494)
<u>Net Income Non-Rate Revenue</u>	<u>156,992</u>	<u>255,323</u>	<u>142,498</u>



Borrego Water District
Consolidated Enterprise Budget
07/01/2024 to 06/30/2025

	<i>Budgeted</i> <i>FY2024</i>	<i>Projected</i> <i>FY2024</i>	<i>Budgeted</i> <i>FY2025</i>
<u>INCOME</u>			
TOTAL WATER RATE REVENUE	4,416,988	4,020,361	4,402,461
TOTAL WASTEWATER RATE REVENUE	680,688	693,300	706,517
TOTAL PEST CONTROL FUND REVENUE	17,150	17,150	17,150
TOTAL FLOOD CONTROL FUND REVENUE	34,965	36,000	34,965
TOTAL OTHER INCOME	193,333	255,723	193,333
<u>GROSS INCOME</u>	<u>5,343,124</u>	<u>5,022,534</u>	<u>5,354,426</u>
<u>EXPENSES</u>			
TOTAL WATER ENTERPRISE EXPENSES	4,517,710	3,835,960	4,402,461
TOTAL WASTEWATER ENTERPRISE EXPENSES	613,450	602,515	681,848
TOTAL PEST CONTROL ENTERPRISE EXPENSES	5,350	9,271	7,751
TOTAL FLOOD CONTROL ENTERPRISE EXPENSES	6,680	11,822	17,100
TOTAL NON-RATE REVENUE EXPENSES	36,341	400	36,341
<u>TOTAL EXPENSES</u>	<u>5,179,531</u>	<u>4,459,968</u>	<u>5,145,501</u>
<u>CONSOLIDATED NET INCOME</u>	<u>163,593</u>	<u>562,566</u>	<u>208,926</u>



**Borrego Water District
BPA Purchase & Capital Improvements Budget
Water - Cash Funded
FY 2025**

	<i>Budget FY2025</i>
<u>BPA PURCHASE EXPENSE</u>	
Land - Installment Agreement Payment	361,956
Following Expense	124,738
TOTAL BPA PURCHASE EXPENSE	<u>486,694</u>
<u>CAPITAL IMPROVEMENT PROJECTS (CIP)</u>	
Water Enterprise CIP	
Water Projects	
Upgrade Indian Head Booster Station	118,000
AMI Cash Funded Portion (Prop 68 Grant)	100,000
ID4-11 - Generator Switch	80,500
Well Site Security Upgrades	30,000
Emergency System Repairs	66,150
Total Water Projects	<u>394,650</u>



**Borrego Water District
Capital Improvements Budget
Sewer - Cash Funded
FY 2025**

	<i>Budget FY2025</i>
<u>CAPITAL IMPROVEMENT PROJECTS (CIP)</u>	
Sewer Enterprise CIP	
Sewer Projects	
Lift Station Pump	11,000
Manhole Refurbishments	52,267
Total Sewer Projects	<u>63,267</u>



**Borrego Water District
Grant Funded CIP Budget Analysis
FY 2025**

	<i>Budget FY2025</i>
GRANT FUNDED CIP	
Prop 68 Grant - Receivable	
AMI	1,200,000
Admin	75,000
Total Prop 68 Grant Projects	<u>1,275,000</u>
2023 Appropriations Bill	
BSR Pipeline	928,000
Sungold Pipeline	2,464,000
2023 Appropriations Bill Total	<u>3,392,000</u>
TOTAL GRANT FUNDED CIP	4,667,000



BORREGO WATER DISTRICT

June 14, 2024

TO: Ratepayers and Investors of the Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Fiscal Year 2024-25 Budget and Capital Improvement Plan

Transmitted herein is the Proposed Final Fiscal Year 2024-25 Budget and Capital Improvement Plan for the Borrego Water District. The consolidated budget was prepared in compliance with the laws of the State of California and reflects the Board of Directors' (Board) goals/priorities and the District's strategic plans by which to achieve them. The amount budgeted in each category represents Management's best assumptions to successfully accomplish the District's objectives.

Budget Comparison for FY 2024-25 Revenues

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

Budget Components for FY 2024-25 Expenses

All expenses for FY 2024-25 have been re-evaluated in an effort to ensure expenses are considering current inflation, supply shortage and other factors.

All existing programs in BWD Operations, Maintenance and Administration Departments are fully funded through 2024-25. The major programs in Water Operations Enterprise include system operations and maintenance, water quality monitoring, meter testing/replacement, Regulatory Reporting and the inevitable emergency repair that happen each year and Capital projects. Labor costs include cost of living adjustments based on the CIP-U for San Diego of 5.3%.

All existing programs in BWD Wastewater Department are fully funded through 2024-25. The major programs in Wastewater Enterprise include collection system and treatment plant operations, wastewater quality monitoring and Regulatory reporting. Capital projects planned include metering of the Rams Hill inflows and in-depth analysis of EDU situation as described previously.

In the Administrative Department, all programs are fully funded.

P.O. Box 1870 • 806 Palm Canyon Drive • Borrego Springs, CA 92004 • (760) 767-5806 • Fax: (760) 767-5994

Included in this Budget Package are the proposed Board Resolution to adopt and approve the FY 2024-25 Budget, detailed revenue and expenses, Capital Improvement Plan with Project explanations and justifications, Non-CIP expenses and projected Cash Flow that includes proposed future rate increases. I would personally like to thank the BWD staff and Board for their hard work and dedication displayed throughout the current Fiscal Year.

Sincerely,

A handwritten signature in blue ink that reads "Geoff Poole". The signature is written in a cursive, slightly slanted style.

Geoff Poole

CAPITAL IMPROVEMENT PROJECTS

FY 2024-25 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

CASH RESERVE FUNDED WATER PROJECTS

WATER PROJECTS

Replace and upgrade Booster Pump Station 5	\$ 118,000														
Country Club Tank Recoating, 1999 1.0 MG					\$ 250,000										
Pipeline Replacements								\$ 438,500	\$ 190,000						
FY23+ Water Supply Acquisition w/Fallowing & Well Abandonment	\$ 486,694	\$ 557,624	\$ 442,669	\$ 442,669	\$ 486,956	\$ 486,956									
EPA Cash Funded Portion		\$ 721,600	\$ 721,600												
AMI Cash Portion	\$ 100,000														
Emergency System repairs	\$ 66,150	\$ 69,458	\$ 72,930	\$ 76,577	\$ 80,406	\$ 84,426	\$ 88,647	\$ 93,080	\$ 97,734	\$ 102,620	\$ 107,751				
SUBTOTAL WATER CASH RESERVE PROJECTS	\$ 770,844	\$ 1,348,682	\$ 1,237,199	\$ 519,246	\$ 817,362	\$ 571,382	\$ 527,147	\$ 283,080	\$ 97,734	\$ 102,620	\$ 107,751				

SEWER PROJECTS

Manhole Replacements/Refurbishment (2/year)	\$ 52,267	\$ 54,880	\$ 57,624	\$ 60,505	\$ 63,531	\$ 66,707	\$ 70,042	\$ 73,545	\$ 77,222	\$ 81,083	\$ 85,137				
SUBTOTAL SEWER CASH RESERVE PROJECTS	\$ 52,267	\$ 54,880	\$ 57,624	\$ 60,505	\$ 63,531	\$ 66,707	\$ 70,042	\$ 73,545	\$ 77,222	\$ 81,083	\$ 85,137				

TOTAL CASH WATER/SEWER CIP PROJECTS 2023 THROUGH 2035 **\$ 823,111** **\$ 1,403,562** **\$ 1,294,823** **\$ 579,751** **\$ 880,892** **\$ 638,089** **\$ 597,190** **\$ 356,624** **\$ 174,955** **\$ 183,703** **\$ 192,888**

FACILITIES MAINTENANCE DETAIL

*Stucco Building and Replace Failing Solar Cells
Carpet/Paint Office and Install Energy Efficient Lighting*

TOTAL CASH RESERVES CAPITAL IMPROVEMENTS PROGRAM	\$ 823,111	\$ 1,403,562	\$ 1,294,823	\$ 579,751	\$ 880,892	\$ 638,089	\$ 597,190	\$ 356,624	\$ 174,955	\$ 183,703	\$ 192,888				
TOTAL CASH RESERVES SHORT LIVED ASSETS	\$ 121,500	\$ 181,913	\$ 292,550	\$ 211,888	\$ 271,500	\$ 256,833	\$ 310,018	\$ 229,210	\$ 477,976	\$ 269,433	\$ 350,424				
TOTAL CASH RESERVES CIP, SHORT LIVED ASSETS BUDGET	\$ 944,611	\$ 1,585,475	\$ 1,587,373	\$ 791,639	\$ 1,152,392	\$ 894,922	\$ 907,207	\$ 585,834	\$ 652,932	\$ 453,137	\$ 543,313				

GRANT FUNDED CIP PROJECTS

FY 2024-25 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

GROUNDWATER MANAGEMENT PROP 68 GRANT

DWR Grant Net \$1,731,000															
AMI Administration	\$ 1,200,000														
	\$ 75,000														

2023 APPROPRIATIONS BILL \$3,392,667 (aka EPA#1)

Borrego Spring Road Pipeline Replacement	\$ 928,000														
Sun Gold Pipeline Replacement	\$ 2,464,000														

2024 APPROPRIATIONS BILL 80% of \$3,608,800 (aka EPA#2)

West and East Star Road Pipeline Replacement	\$ 360,000														
Club Circle Water and Sewer Pipeline Replacement Project	\$ 1,828,800														
Palm Canyon/Ocotillo Circle/Lazy S	\$ 698,240														

2025 APPROPRIATIONS BILL 80% of \$3,608,000 (aka EPA#3)

Deep Well	\$ 1,780,000														
Santiago Valve (ID5-5)															
Verbena/Circle J/Cloudy Moon	\$ 1,106,400														

POTENTIAL GRANT FUNDED CIP PROJECTS

WWTP Oxidation Ditch			\$ 650,000												
WWTP Equalization Basin			\$ 650,000												
New Production Well															\$ 2,500,000
TOTAL WATER/SEWER GRANT CIP PROJECTS	\$ 4,667,000	\$ 2,887,040	\$ 4,186,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500,000

POTENTIAL BOND FUNDED CIP PROJECTS

Projected Water Supply Costs															\$ 2,000,000
Well 5 Transmission Main Project															\$ 1,215,000
Water Treatment Facility															\$ 2,000,000
TOTAL FUTURE BOND CIP PROJECTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,215,000

Total Annual CIP Spend: **\$ 5,611,611** **\$ 4,472,515** **\$ 5,773,773** **\$ 791,639** **\$ 1,152,392** **\$ 894,922** **\$ 907,207** **\$ 585,834** **\$ 652,932** **\$ 453,137** **\$ 8,258,313**

CIP-SHORT LIVED ASSETS

	FY 2023-24	FY 2024-25	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
FACILITY COMPONENTS												
Backup Generator Office and Shop	\$ 100,000											
WELLS												
ID1-8, 125 Hp - Disconnect	\$ 10,000											
ID-1 Well 12 pump and casing/cleaning			\$ 181,913									
ID-1 16 - Inspection					\$ 199,238							
ID4-11, Add Generator Switch 200 Hp		\$ 80,500		\$ 180,000								
ID4-18 - Inspect to make a monitoring well	\$ 10,000											
Well Site Security Upgrades - Cameras/Door Sensors		\$ 30,000										
Other Well Rehabilitation						\$ 198,000	\$ 207,900	\$ 218,295	\$ 229,210	\$ 240,670	\$ 252,704	\$ 265,339
TANKS												
Reservoir cleaning/video inspection	\$ 37,000			\$ 42,550		\$ 48,933				\$ 56,272		
WASTEWATER TREATMENT FACILITY												
Clarifier Rehab - Every 10 years	\$ 50,000									\$ 100,000		
Lift Station Pump		\$ 11,000			\$ 12,650			\$ 14,548				\$ 16,730
EQUIPMENT												
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	\$ 207,000	\$ 121,500	\$ 181,913	\$ 292,550	\$ 211,888	\$ 271,500	\$ 256,833	\$ 310,018	\$ 229,210	\$ 477,976	\$ 269,433	\$ 350,424

Ten Year Net Income and Working Capital Projections

Borrego Water District - Financial Model

Projected Operating Results Fiscal Year Ended June 30	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031	Projected 2032	Projected 2033	Projected 2034	Projected 2035
Operating Revenue											
Water Revenue - commodity	2,431,512	2,553,088	2,680,742	2,814,779	2,955,518	3,103,294	3,258,459	3,421,382	3,592,451	3,772,073	3,960,677
Water Revenue - base	1,593,984	1,673,683	1,757,367	1,845,236	1,937,498	2,034,372	2,136,091	2,242,896	2,355,040	2,472,792	2,596,432
Sewer service charges	671,551	698,413	726,350	755,404	785,620	817,045	849,727	883,716	919,064	955,827	994,060
Availability charges	239,045	239,045	239,045	239,045	239,045	239,045	239,045	239,045	239,045	239,045	239,045
Property taxes and other	383,333	158,333	158,333	158,333	158,333	158,333	158,333	158,333	158,333	158,333	158,333
Interest Income	35,000	35,875	-	-	-	-	-	-	-	-	-
Total Operating Revenues	\$5,354,425	\$5,358,437	\$5,561,837	\$5,812,797	\$6,076,014	\$6,352,089	\$6,641,654	\$6,945,371	\$7,263,933	\$7,598,071	\$7,948,547
O&M Expenses											
Water operations	2,573,663	2,650,873	2,730,399	2,812,311	2,896,680	2,983,581	3,073,088	3,165,281	3,260,239	3,358,046	3,458,788
Sewer operations	611,324	629,664	648,554	668,010	688,051	708,692	729,953	751,851	774,407	797,639	821,568
Pumping / Treatment	525,000	540,750	556,973	573,682	590,892	608,619	626,877	645,684	665,054	685,006	705,556
Subbasin Pumping Fees	100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477	134,392
Subbasin Management Cost	314,158	323,583	333,290	343,289	353,588	364,195	375,121	386,375	397,966	409,905	422,202
General and administrative	16,690	17,691	18,753	19,878	21,071	22,335	23,675	25,096	26,601	28,197	29,889
Total O&M Expenses	\$4,140,835	\$4,265,561	\$4,394,058	\$4,526,443	\$4,662,832	\$4,803,349	\$4,948,120	\$5,097,274	\$5,250,945	\$5,409,271	\$5,572,395
Total CIP Costs (not included in formula; see line 38)	\$5,611,611	\$4,472,515	\$5,773,773	\$791,639	\$1,152,392	\$894,922	\$907,207	\$585,834	\$652,932	\$453,137	\$8,258,313
Net Revenues	\$1,213,590	\$1,092,876	\$1,167,779	\$1,286,354	\$1,413,181	\$1,548,740	\$1,693,534	\$1,848,097	\$2,012,989	\$2,188,799	\$2,376,152
Debt Service Obligations											
2008 IPA / Compass Loan 2018A	246,204	246,968	242,547	241,960	246,054	-	-	-	-	-	-
2015 note / Compass Loan 2018B	140,755	-	-	-	-	-	-	-	-	-	-
2018 Bonds / 2021 Refunding	\$587,706	\$587,755	\$587,488	\$586,916	\$587,030	\$587,762	\$587,152	\$587,165	\$586,802	\$587,026	\$586,848
Future Bond	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$974,664	\$834,723	\$830,035	\$828,875	\$833,084	\$587,762	\$587,152	\$587,165	\$586,802	\$587,026	\$586,848
Debt Service Coverage Ratio	1.25	1.31	1.41	1.55	1.70	2.63	2.88	3.15	3.43	3.73	4.05
Net Revenue Available for Reserves or CIP	\$238,926	\$258,154	\$337,744	\$457,479	\$580,098	\$960,978	\$1,106,382	\$1,260,932	\$1,426,186	\$1,601,774	\$1,789,304
Total CIP Annual Requirements	\$5,611,611	\$4,472,515	\$5,773,773	\$791,639	\$1,152,392	\$894,922	\$907,207	\$585,834	\$652,932	\$453,137	\$8,258,313
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Funding Sources											
New Bond Proceeds											5,215,000
Outside Funding Sources (Grants + Proceeds)	4,667,000	2,887,040	4,186,400								2,500,000
Pay-as-you-go Funding	944,611	1,585,475	1,587,373	791,639	1,152,392	894,922	907,207	585,834	652,932	453,137	543,313
Total Funding Sources	\$5,611,611	\$4,472,515	\$5,773,773	\$791,639	\$1,152,392	\$894,922	\$907,207	\$585,834	\$652,932	\$453,137	\$8,258,313
Beginning Reserve Balances (after CIP)	\$4,200,000	\$3,494,315	\$2,166,994	\$917,365	\$583,204	\$10,910	\$76,966	\$276,141	\$951,239	\$1,724,494	\$2,873,130
Ending Reserve Balances (after CIP)	\$3,494,315	\$2,166,994	\$917,365	\$583,204	\$10,910	\$76,966	\$276,141	\$951,239	\$1,724,494	\$2,873,130	\$4,119,121
Days Cash Ratio	308	185	76	47	1	6	20	68	120	194	270
Debt to Equity	1.36	2.00	4.23	5.87	269.94	35.05	8.84	2.29	1.10	0.56	0.32

GRANT SUMMARY
Awarded and Pending Applications

PROJECT	FUNDING ENTITY	VALUE	TIMING	STATUS
FY25 Appropriations Act – Deep Well, Verbena/Cloudy Moon/Circle J	Federal/EPA	\$3.6M	Request pending to waive 20% cost share for SDAC. Awaiting final implementation guidance. Work expected to begin in FY27.	Award pending.
FY24 Appropriations Act – Club Circle, Deep Well, East/West Star, Santiago Pipelines	Federal/EPA	\$3.6M	Request pending to waive 20% cost share for SDAC. Awaiting final implementation guidance. Work expected to begin in FY26.	Awarded.
FY23 Appropriations Act – Sun Gold Pipeline Replacement & Borrego Springs Road Transmission Main	Federal/EPA	\$3.39M	Work expected to begin in FY25.	Awarded. SDAC Waiver Approved.
Water Storage Tank Replacement (Twin, Rams Hill 2, Indian Head)	CA Drinking Water Grants	\$2,786,006 \$3,249,694	Work in progress. Bids higher than expected. Budget adjustment pending. Reimbursement Grant. First Disbursement Expected FY24	Awaiting final reimbursement less TT expected after land swap.
Wilcox Well Diesel Engine Replacement	CA Drinking Water Grants	\$100,000	Concurrent with Water Tank Replacement	Awaiting final reimbursement.
Prop 68 – WWTP Monitoring Wells	DWR	\$206,500	Reimbursement Grant. Disbursements expected to begin in FY24.	Awarded/In Progress
Prop 68 – Advanced Metering Infrastructure (AMI)	DWR	\$1.3M	Reimbursement Grant. Disbursements expected to begin in FY24.	Awarded/In Progress
Prop 68 – Admin	DWR	\$250,000	Reimbursement Grant. Disbursements expected to begin in FY24.	Awarded/In Progress
COVID-19 Wastewater Arrears Grant	DDW/ Waterboards	\$64,333	Received & Applied to Customer Accounts FY23	Awarded & Complete
COVID-19 Water Arrears Grant	DDW/ Waterboards	\$43,756	Received & Applied to Customer Accounts FY22	Awarded & Complete
WWTP Upgrade	CA Clean Water Grants	\$788,912	Reimbursement Grant received FY22 & FY23	Awarded & Complete

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

APPENDIX A: CIP PROJECT SUMMARIES

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

CASH FUNDED CIP	25
#1: Upgrades to Booster Station #5	26
#2: Country Club Tank Recoating	26
#3: Pipeline Replacement Projects	28
#4: Water Supply Acquisition	28
#5: Emergency Pipeline Repairs	29
#6: Manhole Replacements/Refurbishments	29
GRANT FUNDED CIP	29
#7: Advanced Metering Infrastructure (AMI)	29
#8: DWR Prop 68 Grant Administration	30
#9 a) & b): Borrego Springs Road Pipeline Replacement	30
#10 a) & b): Sungold Pipeline Replacement	30
#11: West & East Star Pipeline Replacement	31
#12: Club Circle Water & Sewerline Replacement	31
#13: Palm Canyon/Ocotillo Circle/Lazy S Pipeline Replacements	31
#14: Deep Well Pipeline Replacement	32
#16: Verbena/Circle J/Cloudy Moon Pipeline Replacements	32
#17: WWTP Oxidation Ditch	32
#18: WWTP Equalization Basin	33
#19: New Production Well	33
BOND FUNDED PROJECTS	34
#20: Future Water Supply Acquisition	34
#21: Well 5 Transmission Main Project	34
#22: Water Treatment Facility	34

CASH FUNDED CIP

#1: Upgrades to Booster Station #5

PROPOSED BUDGET: \$125,000 cash in FY25

DESCRIPTION

Booster Pump Station 5 pumps water to the Indian Head Tank. If Well 18 is inoperative, Booster Pump Station is used. It will need to be upgraded for capacity in the future.

#2: Country Club Tank Recoating

PROPOSED BUDGET: \$250,000 in FY29

DESCRIPTION

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

PROJECT DESIGN/ADMINISTRATION

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

Based on experience, it is estimated that a recoating will be needed in 2029. The actual date of recoating will be determined following the periodic video inspections. Following is the estimated schedule based on this timeline:

Dive Inspection:	February 2029
Receive Dive Inspection Report:	March 2029
Engineering/design completion:	March 2029 – April 2029
Project Bidding:	April 2029 – May 2029
Repair Recoat Tank:	June 2029 – July 2029

COST DETAIL

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

IMPACTS OF DEFFERAL

Following completion of planned inspections, the magnitude of the corrosion will be known and a plan to repair developed. Deferral of the necessary maintenance could lead to increased repair costs or the need for replacement of the Reservoir completely before the end of its useful life.

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

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

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



Country Club Tank Location

#3: Pipeline Replacement Projects

PROPOSED BUDGET: \$438,500 cash in FY31
\$190,000 cash in FY32

DESCRIPTION

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

PROJECT DESIGN/ADMINISTRATION

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

COST DETAIL

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

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

IMPACTS OF DEFFERAL

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

#4: Water Supply Acquisition

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

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

DESCRIPTION

The District has been strategically planning to purchase Water Supply (BPA) in order to be able to serve its customers thru the end of the rampdown period ordered under the basin adjudication. Under the Judgement, purchased lands must be fallowed prior to assigning the BPA to BWD’s customer supply. BWD has entered into a multi-year Purchase and Sale Agreement to acquire land with water rights that total: 1,826 + 670 = 2,496 AF BPA. Included

with this purchase are nine wells that will either need to be abandoned or converted to monitoring wells at a cumulative estimated cost of \$250,000.

PROJECT DESIGN/ADMINISTRATION

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

COST DETAIL

To assist with cash flow, The District was able to get some following costs in FY24 included in the Prop 68 following project. The District is currently seeking additional ways to finance the remainder of the PSA. In addition, since some parcels are along the State Park and Coyote Creek, the District is also searching for land restoration grants.

IMPACTS OF DEFFERAL

The District had originally planned it's BPA purchases to being in FY27. However, it is prudent for the District to commence these transactions ASAP to maintain costs and to take advantage of market availability.

#5: Emergency Pipeline Repairs

PROPOSED BUDGET: \$63,000 cash in FY24

DESCRIPTION

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

#6: Manhole Replacements/Refurbishments

PROPOSED BUDGET: \$52,267 cash in FY25

DESCRIPTION

The District acquired Improvement District 5 (ID-5) in 2008. Club Circle is part of ID-5, and the infrastructure therein was installed in 1960's. Manholes have deteriorated in this area and should be rehabilitated or replaced as necessary.

GRANT FUNDED CIP

#7: Advanced Metering Infrastructure (AMI)

PROPOSED BUDGET: \$1.3M Prop 68 grant in FY23-25

DESCRIPTION

The Borrego Water District serves just over 2,000 residential water customers whose water meters are manually read on a monthly basis. A grant has been awarded to upgrade all meters to "smart" meters that will provide remote, real-time reads. In addition to reducing meter reading labor hours, AMI will be valuable tool to aid in leak detection and water conservation efforts.

PROJECT DESIGN/ADMINISTRATION

The project was awarded to Metron-Farnier in January of 2024 and is in the pilot program stages at the end of FY24. Full implementation is expected to be completed by December of 2024. The grant eligible period runs thru March 30th, 2025.

This is a unique project for the District as it includes creation of an AMI cellular network in addition to endpoint (smart meter) installation.

#8: DWR Prop 68 Grant Administration

PROPOSED BUDGET: \$250,000 Prop 68 grant in FY23-25

DESCRIPTION

DWR has awarded a total of \$6.3M to the Borrego Water District and a number of sub-grantees to complete projects basin wide to aid in meeting the objectives of the Groundwater Management Plan. Due to BWD being the eligible applicant on the grant, the District is responsible to administer all projects and to be the point of contact between DWR and the subgrantees.

PROJECT DESIGN/ADMINISTRATION

Grant administration includes working with subgrantees to ensure they comply with the terms of the grant and to compile and submit to DWR all progress reports, reimbursement requests and deliverables due under the grant. BWD has chosen to do this work in-house utilizing existing finance and administration staff.

#9 a) & b): Borrego Springs Road Pipeline Replacement

PROPOSED BUDGET: a) \$912,406 Grant funded thru 2023 Appropriations Act

b) \$228,102 Cash Funded 20% Cost Share

DESCRIPTION

Aging infrastructure leads to costly emergency repairs and threatens continuity of service to BWD customers. The District has prioritized pipeline replacements according to age and propensity to leaks. This project is to replace the 10” transmission main on Borrego Springs Road. It will also include replacement of all valves, service laterals and hydrants along the line.

PROJECT DESIGN/ADMINISTRATION

Working with BBK’s advocacy team, BWD was able to submit this project request for congressional funding thru Representative Darrell Issa and Senator Alex Padilla. This project was awarded thru the 2023 Appropriations Act to be administered thru the EPA. BWD is currently awaiting next steps from the EPA. By default, Appropriation projects require 20% fund matching from the agency. BWD has submitted a request for a waiver of the 20% self-funding requirement due to the District’s SDAC status.

#10 a) & b): Sungold Pipeline Replacement

PROPOSED BUDGET: a) \$2,488,260 Grant funded thru 2023 Appropriations Act

b) \$ 622,065 Cash Funded 20% Cost Share

DESCRIPTION

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

PROJECT DESIGN/ADMINISTRATION

Working with BBK's advocacy team, BWD was able to submit this project request for congressional funding thru Representative Darrell Issa and Senator Alex Padilla. This project was awarded thru the 2023 Appropriations Act to be administered thru the EPA. BWD is currently awaiting next steps from the EPA. By default, Appropriation projects require 20% fund matching from the agency. BWD has submitted a request for a waiver of the 20% self-funding requirement due to the District's SDAC status.

#11: West & East Star Pipeline Replacement

PROPOSED BUDGET: \$450,000 Grant Funded in FY26

DESCRIPTION

Aging infrastructure leads to costly emergency repairs and threatens continuity of service to BWD customers. The District has prioritized pipeline replacements according to age and propensity to leaks. This project is to replace approximately 4,500 LF of 6" C900 Pipe on West Star Road & East Star Road. It will also include replacement of all valves, hydrants and about 26 service laterals along the lines.

PROJECT DESIGN/ADMINISTRATION

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

#12: Club Circle Water & Sewerline Replacement

PROPOSED BUDGET: \$2,286,000 Grant Funded in FY26

DESCRIPTION

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

PROJECT DESIGN/ADMINISTRATION

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

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

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

DESCRIPTION

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

PROJECT DESIGN/ADMINISTRATION

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

#14: Deep Well Pipeline Replacement

PROPOSED BUDGET: \$2,250,000 Grant Funded in FY26

DESCRIPTION

Aging infrastructure leads to costly emergency repairs and threatens continuity of service to BWD customers. The District has prioritized pipeline replacements according to age and propensity to leaks. This project is to replace approximately 13,6000 LF of 6" C900 Pipe in the Deep Well neighborhood. It will also include replacement of all valves, hydrants and about 74 service laterals along the lines.

PROJECT DESIGN/ADMINISTRATION

Working with BBK's advocacy team, BWD has submitted this project request for congressional funding thru Representative Darrell Issa and Senator Alex Padilla. The intent is to receive funding thru the 2025 Appropriations Act to be administered thru the EPA.

#16: Verbena/Circle J/Cloudy Moon Pipeline Replacements

PROPOSED BUDGET: \$1,383,000 Grant Funded in FY26

DESCRIPTION

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

PROJECT DESIGN/ADMINISTRATION

Working with BBK's advocacy team, BWD has submitted this project request for congressional funding thru Representative Darrell Issa and Senator Alex Padilla. The intent is to receive funding thru the 2025 Appropriations Act to be administered thru the EPA.

#17: WWTP Oxidation Ditch

PROPOSED BUDGET: \$650,000 Grant Funded in FY27

DESCRIPTION

In 2021, Dudek prepared for the District a Technical Memorandum titled Rams Hill WWTF Capacity Analysis and Cost Estimates for Facility Replacement and Expansion Alternatives. The memo indicates "bottlenecks" in the design that are hindering the plant's ability to operate

at the design capacity of 250 MGD. One of these bottlenecks is the Oxidation Ditch which was found to have a current, in use TKN treatment capacity of 55lb per day where design criteria was assumed to be 63lb per day. Under this constraint, the District can only connect an additional 104 EDUs to the plant. Replacement of the Oxidation Ditch will result in the ability to add additional EDU's and aid in bringing the plant to design capacity.

PROJECT DESIGN/ADMINISTRATION

The planning for this project is very preliminary and additional studies will need to be done to finalize a more accurate cost and scope of work. DWR has indicated that there is most likely grant funding available for this type of project. Collaborating with Dudek, BWD intends to determine a final scope of work and cost estimate.

#18: WWTP Equalization Basin

PROPOSED BUDGET: \$650,000 Grant Funded in FY27

DESCRIPTION

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

PROJECT DESIGN/ADMINISTRATION

The planning for this project is very preliminary and additional studies will need to be done to finalize a more accurate cost and scope of work. DWR has indicated that there is most likely grant funding available for this type of project. Collaborating with Dudek, BWD intends to determine a final scope of work and cost estimate.

#19: New Production Well

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

DESCRIPTION

A new production well may need to be installed in the next five years. Wells ID1-8, and ID1-10 cannot be rehabilitated again and falling groundwater levels are contributing to the problem.

PROJECT DESIGN/ADMINISTRATION

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

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

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

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

BOND FUNDED PROJECTS

#20: Future Water Supply Acquisition

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

DESCRIPTION

The District has been strategically planning to purchase Water Supply (BPA) in order to be able to serve its customers thru the end of the rampdown period ordered under the basin adjudication. Upon commencement of Water Supply Acquisitions listed in CIP Items NO. 6 & 27, the District will still be about 1,000 AF of BPA short to supply its customer base with overproduction estimated to being around 2049. The District will need to be on the lookout for additional opportunities to purchase BPA.

#21: Well 5 Transmission Main Project

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

DESCRIPTION

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

#22: Water Treatment Facility

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

DESCRIPTION

Due to increasing levels of nitrates and TDS in a few wells in the valley, BWD anticipates it will need to conduct some level of water treatment in the future. The District is in the early stages of a Water Quality Study by Intera. This study is intended to assess current level and trends of COCs and to implement thresholds to determine when and what types of treatment will be necessary.

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

APPENDIX B: WATER SUPPLY PURCHASE

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

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

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

The objective of the Judgement is to assign Baseline Pumping Allocations (BPAs) to Subbasin pumpers that will be reduced on an annual basis to collectively not exceed the sustainable yield of the Subbasin by no later than 2040. The result of this means of achieving SGMA requirements is that BWD will be required to purchase BPA from other Subbasin pumpers to meet the water demand needs of existing BWD customers. For this reason, BWD spent about \$760,000 in FY23 and began in FY24 a 7-year Installment purchase valued at \$3.75M to acquire a combined total of 2,490 BPA. The District anticipates that it will require another BPA purchase of approximately \$2M in FY35. These amounts are included in CIP projections.

RESOLUTION NO. 2024-06-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT APPROVING THE OPERATIONS, MAINTENANCE, CAPITAL IMPROVEMENTS AND GROUNDWATER MANAGEMENT BUDGETS FOR FISCAL YEAR 2024-2025

WHEREAS, the Board of Directors has reviewed and considered the Budget as presented for Fiscal Year 2024-2025 hereinafter referred to as the “Budget” which is attached hereto and incorporated by reference, and

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Borrego Water District, that the Budget and each and every part thereof, is hereby approved and adopted for the Fiscal Year 2024-2025

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Borrego Water District held on June 25, 2024

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

ATTEST:

Dave Duncan
Secretary/Treasurer of the Board of Directors
Of Borrego Water District

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

