

Borrego Water District Board of Directors
Regular Meeting
February 22, 2022 @ 9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

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

Join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/481715325>

You can also dial in using your phone.

United States: +1 (571) 317-3112

Access Code: 481-715-325

I. OPENING PROCEDURES -

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

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION -

- A. Consent Calendar
 - 1. Virtual Board Meeting Resolution No. 2022-02-01
 - 2. **November Board Minutes:**
 - November 09, 2021
 - November 23, 2021
 - January Board Minutes:**
 - January 11, 2022
 - January 18, 2022
 - January 25, 2022
- B. Proposition 68 Update/Discussion/Direction – G Poole/M Wylie/J Gray
- C. Draft 2020-21 Borrego Water District Audit – J Clabaugh
- D. Authorization to Bid Water Reservoir Replacement – D Dale
- E. Notice of Award to Rove Construction for Borrego Valley Rd Pipeline Extension for SDG&E – D Dale
- F. Disposal of Wilcox Property to Anza Borrego Foundation – G Poole/J Gerson
- G. Dudek Assistance with Monitoring Well Grant – T Driscoll
- H. Borrego Springs Subbasin Watermaster Board – VERBAL D Duncan/K Dice
 - i. Update on Board Activities
 - ii. Update on Technical Advisory Committee Activities - T Driscoll

AGENDA: February 22, 2022

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 – Board Secretary 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.

III. BOARD COMMITTEE REPORTS

Standing:

- A. Operations and Infrastructure: None
- B. Budget and Audit: **Meeting Held on 2-11.**
- C. ACWA/JPIA insurance: None

Ad Hoc:

- A. Prop 68
- B. Public Outreach
- C. Grants
- D. Cyber Security/Risk Management
- E. Pilot Water Program/Developer's Policy
- F. Finance

IV. MONTHLY FINANCIAL & OPERATIONS REPORTS

- A. Financial Reports: January 2022
- B. Water and Wastewater Operations Report: January 2022
 - i. Wastewater Staff Report – Roy Martinez
- C. Water Production/Use Records: January 2022
 - i. Operations Staff Report - Alan Asche (Verbal)

V. STAFF REPORTS - VERBAL

- A. Administration – Diana Del Bono
- B. Engineering - David Dale
- C. General Manager – Geoff Poole

VI. CLOSED SESSION:

- A. Conference with Legal Counsel - Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Section 54956.9: (One (1) potential case)
- B. Conference with Legal Counsel – Existing Litigation (BWD v. All Persons Who Claim a Right to Extract Groundwater, et al. (San Diego Superior Court case no. 37-2020-00005776)

VII. CLOSING PROCEDURE: The next Board Meeting is scheduled for 9:00 AM March 8, 2022, to be available online. See Board Agenda at BorregoWD.org for details, Agenda information available at least 72 hours before the meeting.

AGENDA: February 22, 2022

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 – Board Secretary 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 MEETING
FEBRUARY 22, 2022
AGENDA ITEM II. A

February 14, 2022

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Consent Calendar

1. Virtual Board Meeting Resolution No. 2022-02-01
2. January Board Minutes

RECOMMENDED ACTION:

Approve Consent Calendar

ITEM EXPLANATION:

The Virtual Board Meeting Resolution and Minutes are proposed to be approved via the Consent Calendar to expedite the Board Meeting.

FISCAL IMPACT:

TBD

NEXT STEPS:

TBD

ATTACHMENTS:

1. RESOLUTION NO. 2022-02-01
2. **November Board Minutes:**
November 09, 2021
November 23, 2021
January Board Minutes:
January 11, 2022
January 18, 2022
January 25, 2022

**RESOLUTION NO.
2022-02-01**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT AUTHORIZING VIRTUAL BOARD AND COMMITTEE MEETINGS PURSUANT TO AB 361

WHEREAS, the Borrego Water District (“District”) is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of the District’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate in the District’s meetings; and

WHEREAS, starting in March 2020, in response to the spread of COVID-19 in the State of California, the Governor issued a number of executive orders aimed at containing the COVID-19 virus; and

WHEREAS, among other things, these orders waived certain requirements of the Brown Act to allow legislative bodies to meet virtually; and

WHEREAS, pursuant to the Governor’s executive orders, the District has been holding virtual meetings during the pandemic in the interest of protecting the health and safety of the public, District staff and Directors; and

WHEREAS, the Governor’s executive order related to the suspension of certain provisions of the Brown Act expires on September 30, 2021; and

WHEREAS, on September 16, 2021 the Governor signed AB 361 (in effect as of October 1, 2021 – Government Code Section 54953(e)), which allows legislative bodies to meet virtually provided there is a state of emergency, and either (1) state or local officials have imposed or recommended measures to promote social distancing; or (2) the legislative body determines by majority vote that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in the District, specifically, a state of emergency has been proclaimed related to COVID-19, state or local officials are recommending measures to promote social distancing, and because of the ongoing threat of COVID-19, meeting in person would present imminent risks to the health and safety of attendees;

NOW, THEREFORE, BE IT RESOLVED THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Remote Teleconference Meetings: Consistent with the provisions of Government Code Section 54953(e), the Board of Directors finds and determines that (1) a state of emergency related to COVID-19 is currently in effect; (2) state or local officials have recommended measures to promote social distancing in connection with COVID-19; and (3) due to the COVID-19 emergency, meeting in person would present imminent risks to the health and safety of attendees. Based on such facts, findings and determinations, the Board authorizes staff to conduct remote teleconference meetings of the Board of Directors, including Committee meetings, under the provisions of Government Code Section 54953(e).

Section 3. Effective Date of Resolution. This Resolution shall take effect upon adoption and shall be effective for 30 days unless earlier extended by a majority vote of the Board of Directors in accordance with Section 4 of this Resolution.

Section 4. Extension by Motion. The Board of Directors may extend the application of this Resolution by motion and majority vote by up to 30 days at a time, provided that it makes all necessary findings consistent with and pursuant to the requirements of Section 54953(e)(3).

PASSED AND ADOPTED by the Board of Directors of the Borrego Water District this 22nd day of February 22, 2022.

Kathy Dice
President Of The Board Of Directors Of The Borrego Water District

ATTEST:

Dave Duncan
Secretary Of The Board Of Directors Of The Borrego Water District

I, Dave Duncan, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said District at a Special Meeting held on the 22nd day of February, 2022 and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

STATE OF CALIFORNIA

)

)

ss.

COUNTY OF SAN DIEGO

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

Borrego Water District Board of Directors
MINUTES
Special Meeting
November 9, 2021 @ 9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A. Call to Order:** President Dice called the meeting to order at 9:05 a.m.
- B. Pledge of Allegiance:** Those present stood for the Pledge of Allegiance.
- C. Roll Call:**
 - Directors:** **Present:** President Dice, Secretary/Treasurer
Duncan, Baker, Johnson
 - Staff:** Geoff Poole, General Manager
Jessica Clabaugh, Finance Officer
David Dale, District Engineer
Diana Del Bono, Administration Manager
Steve Anderson, Best Best & Krieger
Esmeralda Garcia, Administrative Assistant
Wendy Quinn, Recording Secretary
 - Public:** Jim Dax

Geoff Poole announced that on October 31 Lyle Brecht had submitted his resignation from the Board, effective November 1.

D. Approval of Agenda: *MSC: Duncan/Johnson approving the Agenda as written. The roll call vote was unanimous.*

E. Approval of Minutes: None

F. Comments from the Public and Requests for Future Agenda Items: None

G. Comments from Directors: Director Duncan reported on a recent issue in the Borrego Basin regarding subsidence. There is an issue with a slab near the Roadrunner Club that is levitating. It could be subsidence or erosion. There are no other similar incidents in the area. Director Duncan urged people not to panic.

Director Johnson suggested periodic meetings with BWD consultants to address issues and educate the public. Mr. Poole reported that he had asked Steve Anderson to attend the Board meetings, particularly in view of Director Brecht's departure.

Director Baker reported that she was working with Mr. Poole and Shannon Smith (WMB) on a public meeting for realtors regarding the Stipulated Judgment. She will send the BWD Board members a copy of the Agenda.

H. Correspondence Received from the Public: None

II. ITEM FOR BOARD CONSIDERATION AND POSSIBLE ACTION

A. Resolution No. 2021-11-02 Recognizing the Contribution of Lyle Brecht to the Borrego Water District: *MSC: Duncan/Johnson adopting Resolution No. 2021-11-02 Recognizing the Contribution of Lyle Brecht to the Borrego Water District. The roll call vote was unanimous.*

B. Vice President Election: Director Johnson nominated Director Baker as Vice President, and Director Baker accepted. The Board unanimously approved by roll call vote.

C. Process for Replacement of Director Brecht: Mr. Poole invited the Board's attention to a procedure in the Board package for appointing or electing a Director. It was used previously, and Mr. Anderson confirmed that it still applies. Mr. Poole recommended appointing, and the Board concurred. Esmeralda Garcia will notify the County Registrar of Voters of the vacancy. Mr. Poole will develop an application form and advertise the position. Candidates will

be interviewed at the December 14 meeting. Mr. Anderson noted that they must be registered voters and domiciled in Borrego Springs.

D. Updated Signature Cards For Community Valley Bank: Jessica Clabaugh confirmed that authorized signatories are now Tammy Baker, Kathy Dice, Dave Duncan, Diane Johnson, Geoff Poole, Esmeralda Garcia and Jessica Clabaugh. Lyle Brecht will be removed.

E. Resolution re: Virtual Board Meetings: Mr. Poole invited the Board's attention to the proposed monthly Resolution authorizing virtual Board meetings. Mr. Anderson explained that if the Board fails to adopt the Resolution, each participating member must post notice on his/her door and the public may enter during the meeting. *MSC: Johnson/Baker adopting Resolution No. 2021-11-01, A Resolution of the Board of Directors of the Borrego Water District Authorizing Virtual Board and Committee Meetings Pursuant to AB 361. The roll call vote was unanimous.* Director Baker suggested establishing a Consent Calendar and including this monthly Resolution. Mr. Anderson noted that the Board may still meet in person after adopting the Resolution. *Director Baker amended the motion to provide that the Resolution would be on the Consent Calendar in the future. Director Johnson concurred. The roll call vote was unanimous.* Mr. Anderson pointed out that after considering each Agenda item, the President should ask if there are any comments from the public. He also advised that the Resolution needs to be adopted every 30 days.

F. November and December Board Meeting Schedule: Mr. Poole suggested cancelling the December 28 meeting. Since the Board meetings were set by Resolution, they must be cancelled that way. The Board will consider the Resolution at its next meeting.

G. Borrego Spring Basin Watermaster: Director Duncan noted that although the next WMB meeting was scheduled for November 11, it has been changed to November 17 at 4:30 due to the Veterans' Day holiday. The TAC meets today at noon. They will discuss methodology for groundwater metering and reports to DWR. Director Johnson inquired about the movement of contaminants through the soil, and President Dice replied that there is a hydrological model for water movement in the Basin. Mr. Poole will ask Trey Driscoll about it and include it on the next Agenda. He will also send the Board members a link to Jay Jones' report on the subject. Director Johnson had heard about relocation of three production wells due to contaminants, and Mr. Poole agreed to check.

III. STAFF REPORTS

A. Water Sales and Revenues Update: Ms. Clabaugh presented a recap of October's water sales, just under \$369,000, a nine percent increase. Water revenue was eight percent higher than the three-year average. Sewer revenues were normal. Total past due water bills for October was \$98,444, \$215 for sewer.

B. Land Subsidence Update: Mr. Poole reported that two weeks ago John Peterson contacted him about an issue east of Roadrunner Club. A large slab at a well rose ten inches off the ground. There was a lot of concern that it was due to subsidence. Mr. Poole checked with Mr. Driscoll, Alan Asche and Roy Martinez, and confirmed that there is some subsidence in the area but nothing significant. Mr. Asche thought it may be due to wind erosion. The well has been taken out of service. Director Duncan noted that there was no evidence of subsidence in neighboring homes. Investigation will continue.

IV. CLOSED SESSION

A. Conference with Legal Counsel – Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Section 54956.9: (Two (2) potential cases):

B. Conference with Legal Counsel – Existing Litigation (BWD v. All Persons Who Claim a Right to Extract Groundwater, et al. (San Diego Superior Court case no. 37-2020-00005776):

C. Conference with Real Property Negotiators (Gov. Code Section 54956.8)
Property APN: 140-303-0900 & 140-303-1100, 150 acres BWD Negotiator: Geoff Poole
Negotiating Parties: Geoff Poole, General Manager and Owner: Viking Ranch: Price and Terms
of Payment Property Negotiations:

The Board adjourned to Closed Session at 10:50, and thereafter, the open session reconvened. There was no reportable action.

V. CLOSING PROCEDURE

The next Board Meeting is scheduled for November 23, 2021, at 9:00 a.m. at Borrego Water District, 806 Palm Canyon Drive, Borrego Springs, CA 92004 – ELECTRONICALLY. There being no further business, the Board adjourned.

Borrego Water District Board of Directors
MINUTES
Regular Meeting
November 23, 2021 @ 9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A.** Call to Order: President Dice called the meeting to order at 9:00 a.m.
- B.** Pledge of Allegiance: Those present stood for the Pledge of Allegiance.
- C.** Roll Call:
 - Directors: Present: President Dice, Secretary/Treasurer
Duncan, Baker, Johnson
 - Staff: Geoff Poole, General Manager
Jessica Clabaugh, Finance Officer
Diana Del Bono, Administration Manager
Steve Anderson, Best Best & Krieger
Esmeralda Garcia, Administrative Assistant
Wendy Quinn, Recording Secretary
 - Public: Trey Driscoll, Dudek Kent Smith
Leanne Crow, County Jim Bennett, County

D. Approval of Agenda: *MSC: Johnson/Baker approving the Agenda as written. The roll call vote was unanimous.*

- E.** Approval of Minutes:
 - 1. October 12, 2021 Special Board Meeting.
MSC: Johnson/Baker approving the Minutes of the Special Board Meeting of October 12, 2021 as written. The roll call vote was unanimous.
 - 2. October 26, 2021 Regular Board Meeting.
MSC: Johnson/Baker approving the Minutes of the Regular Board Meeting of October 26, 2021 as corrected (Item II.C, change \$500 to \$600). The roll call vote was unanimous.

F. Comments from the Public and Requests for Future Agenda Items: None

G. Comments from Directors: Director Baker reported she had signed the bank signature card, and some had not yet signed. Jessica Clabaugh will check into it.

H. Correspondence Received from the Public: Kent Smith thanked Geoff Poole, Steve Anderson and President Dice for their assistance with release of claims. He received the agreement and will proceed with an offer.

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

A. Dudek Project Overviews for Technical Advisory Committee and BWD activities:
Trey Driscoll reported that Dudek’s work on new Well 5-15 was complete. They had also been working on the waste discharge requirements for the wastewater treatment plant. Three new monitoring wells were installed to monitor groundwater quality. The project has been delayed because BWD doesn’t own the property where the percolation ponds are; it is owned by T2. The CEQA work is underway. The work will likely be eligible for grant funding under Proposition 68. Mr. Driscoll reported he was also doing a capacity analysis and cost estimate for possible improvements to the treatment plant, either replacing it in its current capacity, doubling the size or including tertiary treatment. The report should be complete next month.

Mr. Driscoll has been working with the Watermaster TAC and West Yost on a model update, comparing actual pumping data to that provided by the model. Director Duncan asked whether there had been any discussion of adding monitoring wells, particularly in the north area. Mr. Driscoll said there were a few wells in that area that DWR was monitoring, and he had asked

them for data. Discussion followed regarding recharge and potential recycling, and Mr. Driscoll agreed to get more information on standards for introducing effluent into the groundwater and to provide Mr. Poole with copies of the slides used in today's presentation.

B. Desired Qualities of Candidates and Director Selection Process: Director Baker noted that there were no candidates for Director yet. She hoped to find someone who doesn't focus on just one issue, cares about BWD and the community, and doesn't have a conflict of interest. Director Duncan agreed. He hoped for a critical thinker and someone who wants to be part of the team. Director Johnson agreed with both, and added the value of someone who is willing to learn. President Dice concurred with all. Esmeralda Garcia will post the job opening on Facebook, if allowed, and the BWD website.

C. Comment Letter for Prop 68 Grant and Grant Opportunity Update: Mr. Poole explained that it is unclear which agencies and projects will be eligible for Proposition 68 grants. The public comment period for the guidelines is underway. One application and one comment letter per basin are permitted. BWD, the WM and the County are working on a joint letter, and Mr. Poole suggested forming an ad hoc committee to help. He is also working with Mr. Driscoll on a list of projects. Leanne Crow noted that DWR requires a project review committee, and she suggested using the WMB. Discussion followed regarding what to include in the comment letter. Mr. Poole emphasized that Borrego should not be penalized for using adjudication, and Director Duncan felt that purchase of water rights should be grant-eligible.

D. Creation of Ad Hoc Committees: Mr. Poole presented a list of proposed committees. Mr. Anderson explained that standing committees are permanent and subject to the Brown Act. Mr. Poole suggested appointing the Proposition 68 ad hoc committee today, and he will work with President Dice on the others. Director Johnson and President Dice were appointed to the Proposition 68 Committee. Director Baker brought up the existing Public Relations and Cyber Security Committees, which were not included on the proposed list. Mr. Poole agreed to clarify. Director Baker pointed out that a major issue before the Pipeline Replacement Strategy Committee would be the use of in-house staff versus contractors, so maybe it should go to the Finance Committee. President Dice will consider it.

E. RESOLUTION NO. 2021-11-03 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT AUTHORIZING VIRTUAL BOARD AND COMMITTEE MEETINGS PURSUANT TO AB 361: MSC: Johnson/Baker readopting Resolution No. 2021-11-03, A Resolution of the Board of Directors of the Borrego Water District Authorizing Virtual Board and Committee Meetings Pursuant to AB 361. The roll call vote was unanimous. Director Baker requested the establishment of a Consent Calendar, and that this Resolution be included.

F. Borrego Springs Subbasin Watermaster Board:

i. Update on Board Activities. Director Duncan reported that the WMB received the annual report for the 20-21 water year. Fifteen thousand acre-feet of water were pumped, less than expected. There are two small pumps that are not yet metered, and West Yost is working with the owners. Nearly all pumpers chose to use their carry-overs. Over-pumpers have five years to bring their totals down or they will be fined. The next meeting will be December 9 at 4:30. The WMB will review the status of unmetered pumpers and discuss rules for de minimus pumpers.

Mr. Anderson noted that years ago, when BWD acquired the Water Company, they also acquired negative covenants preventing anyone except BWD from pumping in that area. The County should not be issuing drilling permits there, even for de minimus pumpers. The WMB needs to work with the County on this issue. Ms. Crow assured him that the County was committed to obtaining WM approval for any well.

Director Johnson reported that some community members were concerned that the WMB was not complying with the Brown Act, i.e. failing to publish agendas three days in advance of the meetings. Director Baker explained that the concern was more about the TAC

not allowing public comment on a per-item basis in order to keep the meetings shorter. John Peterson raised the issue, and Director Baker will suggest that he talk to Sam Adams.

ii. Update on Technical Advisory Committee Activities. Director Duncan reported that the TAC was working on rules for de minimus pumpers.

G. Public Relations Ad Hoc Committee Update: Director Baker announced that Mr. Poole, Shannon Smith and Mr. Anderson would be joining the webinar for realtors. She is working to ensure that at least one representative from each real estate office attends. Coldwell Banker has agreed to help with the publicity. Provisions in the Judgment regarding buying and selling homes in Borrego Springs will be discussed.

III. MONTHLY FINANCIAL & OPERATIONS REPORTS

A. Financial Reports: October 2021: Ms. Clabaugh presented the October 21 financials, reporting just over \$8.1 million in cash. October revenues were \$382,000. The rate changes will go into effect in the November billing. Operating expenses included purchase of half a year's worth of chlorine tablets. The last payment to Pacific Western was made. Overall there were just under \$600,000 in operating expenses. In the CIP, Well 5-15 is nearing completion, and the Double O/Frying Pan pipeline is complete. The first reimbursement request for the wastewater treatment plant grant was submitted.

B. Water and Wastewater Operations Report: October 2021: Mr. Poole invited the Board's attention to the report in the Board package.

C. Water Production/Use Records: October 2021: Ms. Clabaugh presented a graph showing water pumped. It was lower than usual, and she will discuss it with Alan Ashe.

IV. STAFF REPORTS

A. Administration: Diana Del Bono reported she was continuing to work on security enhancements and hoped to finish in the next couple of weeks. Springbrook is working on the interface with the new meter readers. They should be up and running by January. Ms. Del Bono plans continued training for the crew in illness and injury prevention and will schedule a staff meeting.

i. Water Bill Arrearages Update. Ms. Garcia reported she had been reviewing accounts on the payment plan, and most will be brought current. Three accounts are in limbo and will be reimbursed from the \$31,000 government credit. The District will also reimburse the Borrego Ministers' Association for the \$5,400 that it provided to assist past due customers.

B. Engineering: No report.

C. General Manager:

i. Water Reservoir Replacement Grant Update. Mr. Poole reported there was an issue with property ownership on the Twin Tanks site, and he was working with the State Park to address it. A lease agreement is contemplated, followed by a land swap. Grant staff says that once the lease agreement is signed, the grant can proceed. Mr. Pole hoped to have it to the Board in December.

V. CLOSED SESSION

A. Conference with Legal Counsel – Significant exposure to litigation pursuant to Government Code paragraph (3) of subdivision (d) of Section 54956.9 (Two (2) potential cases):

B. Conference with Legal Counsel – Existing Litigation (BWD v. All Persons Who Claim a right to Extract Groundwater, et al. (San Diego Superior Court case no. 37-2020-00005776)):

The Board adjourned to closed session at 12:10 a.m., and thereafter, the open session reconvened. There was no reportable action.

VI. CLOSING PROCEDURE

The next Board Meeting is scheduled for 9:00 a.m., December 14, 2021, to be available on line. See Board Agenda at BorregoWD.org for details. Agenda information available at least 72 hours before the meeting. There being no further business, the meeting was adjourned.

Borrego Water District Board of Directors

MINUTES

Special Meeting

January 11, 2022 @ 9:00 a.m.

806 Palm Canyon Drive

Borrego Springs, CA 92004

I. OPENING PROCEDURES

A. Call to Order: Vice President Baker called the meeting to order at 9:00 a.m.

B. Pledge of Allegiance: Those present stood for the Pledge of Allegiance.

C. Roll Call: Directors: Present: Vice President Baker, Secretary/
Treasurer Duncan, Johnson,
Rosenboom

Absent: President Dice

Staff: Geoff Poole, General Manager
Jessica Clabaugh, Finance Officer

David Dale, District Engineer

Diana Del Bono, Administration Manager

Steve Anderson, Best Best & Krieger

Wendy Quinn, Recording Secretary

Public: Syrus Devers, Best Best John Peterson
& Krieger Jane Gray, Dudek

Shannon Smith Meagan Wylie

Trey Driscoll, Dudek Martha Deichler,

Michele Staples BSUSD

Rebecca Falk

D. Approval of Agenda: *MSC: Approving the Agenda as written. The motion passed by unanimous roll call vote of those present.*

E. Approval of Minutes: None

F. Comments from the Public and Requests for Future Agenda Items: None

G. Comments from Directors: None

H. Correspondence Received from the Public: None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

A. Consent Calendar: Resolution No. 2022-01-01 Regarding Virtual Board Meetings: *MSC: Rosenboom/Johnson approving the Consent Calendar. The motion passed by unanimous roll call vote of those present.*

B. Proposition 68 Grant Update: Geoff Poole reported that there were some extreme positions and emotions expressed at yesterday’s WMB meeting. It is important to continue focusing on the process, spending plan and grant application. There are political issues in play and some misunderstandings. Mr. Poole has been working with WM staff on a list of projects and costs. They are concerned that their projects will not score high enough. Eventually there will be an agreement among BWD, DWR and other interested parties, including the WMB.

Steve Anderson pointed out that the grant funds are public dollars, and there are many rules to follow. “Self-dealing” is prohibited, and interested parties should consult legal counsel if they want to participate in the PRC and have a project up for consideration. BWD will have to sign an agreement saying they have followed all the rules and will continue to do so, and Mr. Anderson will have to sign a general counsel’s opinion saying the same thing. There will also be sub-grant agreements between BWD and each interested party. The PRC should recommend who will administer each project; it doesn’t have to be the proponent.

Michele Staples disagreed with Mr. Anderson that the WM does not manage the Physical Solution. She quoted from the Settlement Agreement in support of her position. She recommended an agreement among the parties confirming this and agreement to abide by the Judgment.

Discussion followed regarding the PRC's voting and scoring guidelines. Jane Gray recommended reviewing the eligibility criteria. Project proponents do not evaluate their own projects. DWR needs to be informed how the PRC was appointed. They will meet as a group, and each member will have a list of project scoring criteria. Ms. Gray agreed to draft it.

Mr. Poole pointed out that this is a reimbursement grant. The grantee spends its own money and then submits a reimbursement request to DWR, and it sometimes takes time to get the money. This could be an issue for some interested parties, and BWD might be able to assist. Director Baker emphasized that BWD should get documentation that they will be reimbursed.

C. Groundwater Monitoring Proposal: John Peterson opined that adequate groundwater level monitoring was not being collected, particularly in the North Management Area. There are only three monitoring wells in that area, compared to seventeen in the South. Mr. Peterson noted that there are a number of abandoned wells in the North, and some owners are willing to participate. He planned to work with Trey Driscoll and the WMB TAC and coordinate with the County and State. Mr. Poole invited the Board's attention to Mr. Peterson's proposal in the Board package. Director Duncan pointed out that the WMB would need to include the data in its report. Mr. Peterson had submitted his proposal to the WMB and TAC and got no response. Mr. Poole agreed to follow up with Sam Adams.

D. Creation of Standing and Ad Hoc Committees: This item was deferred until President Dice could be present.

E. New Bank Authorization: Jessica Clabaugh reported that she was considering changing banks. Community Valley Bank does not have adequate resources for the District's needs. She suggested Wells Fargo, keeping a small account at CVB. ***MSC: Duncan/Johnson authorizing a new account with Wells Fargo Bank and maintaining a small account at Community Valley Bank. Signors on the accounts will be President Kathy Dice, Vice President Tammy Baker, Secretary Dave Duncan, Director Diane Johnson, Director Paul Rosenboom and staff members Geoff Poole, Esmeralda Garcia and Jessica Clabaugh. The motion passed by unanimous roll call vote of those present.***

F. Borrego Springs Subbasin Watermaster Board:
1. Update on Board Activities. No report.
2. Update on Technical Advisory Committee Activities. Mr. Driscoll reported that he had been working on new monitoring wells with the TAC and the WM.

III. BOARD COMMITTEE REPORTS

C. Public Outreach Ad Hoc: Director Baker reported that the WMB would consider documents for real estate transactions at its next meeting.

IV. STAFF REPORTS

A. Water Sales and Revenues Update: Ms. Clabaugh reported water revenues for December just over \$327,000, a 17 percent increase from last year. A total of 45,764 units were sold. The sewer figures remain stable. The past due accounts have increased, but once Esmeralda Garcia returns from vacation she will work with the delinquent customers. The State moratorium on water shut-offs has expired, but the District must offer a payment plan and give 30 days' notice.

B. CA Voluntary Drought Declaration: Mr. Anderson explained that the District already engages in conservation, so it complies with the State requirement.

Mr. Poole reported that he received an updated reservoir replacement grant agreement from DWR. He is working with the State Park on the property title for the Twin Tanks, an initial Special Minutes: January 11, 2022

lease agreement and eventual land swap. He hoped to have bid documents on the next Agenda. Director Johnson asked whether work on the Twin Tanks would continue during the summer, and Mr. Poole agreed to find out.

V. CLOSED SESSION

A. Conference with Legal Counsel – Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Section 54956.9: (Two (2) potential cases):

B. Conference with Legal Counsel – Existing Litigation (*BWD v. All Persons Who Claim a Right to Extract Groundwater, et al.* (San Diego Superior Court case no. 37-2020-00005776):

The Board adjourned to Closed Session at 11:30 a.m., and thereafter, the open session reconvened. There was no reportable action.

VI. CLOSING PROCEDURE

The next Board Meeting is scheduled for January 25, 2022, at 9:00 a.m. at Borrego Water District, 806 Palm Canyon Drive, Borrego Springs, CA 92004 – ELECTRONICALLY. There being no further business, the Board adjourned.

Borrego Water District Board of Directors

MINUTES

Special Meeting

January 18, 2022 @ 9:00 a.m.

806 Palm Canyon Drive

Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A. Call to Order: President Dice called the meeting to order at 9:00 a.m.
- B. Pledge of Allegiance: Those present stood for the Pledge of Allegiance.
- C. Roll Call: Directors: Present: President Dice, Vice President Baker,
Secretary/Treasurer Duncan,
Johnson, Rosenboom

 Staff: Geoff Poole, General Manager
Steve Anderson, Best Best & Krieger
Wendy Quinn, Recording Secretary

 Public: Meagan Wylie Jane Gray, Dudek
Trey Driscoll, Dudek
- D. Approval of Agenda: *MSC: Baker/Johnson approving the Agenda as written.*
The roll call vote was unanimous.
- E. Approval of Minutes: None
- F. Comments from the Public and Requests for Future Agenda Items: None
- G. Comments from Directors: None
- H. Correspondence Received from the Public: None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

- A. Proposition 68 Grant Process:
 - 1. Updated Schedule and Next Steps. Geoff Poole reported that the deadline for submittal of project descriptions had been extended to Thursday at 5:00 p.m. DWR has not yet answered all of BWD's questions, including the eligibility of some projects. Meagan Wylie reported that PRC guidance documents and composition had been developed, and a PRC orientation meeting is scheduled for January 21. The call will be recorded and a link distributed to those unable to attend. By Friday afternoon staff will distribute a guidance memo and project descriptions. On January 26 there will be a PRC question and answer session regarding the process and projects, and members will be asked to submit their preliminary scoring to BWD staff by January 31. The scores will be posted on the BWD and WM websites. The two primary PRC meetings will be February 2 and 3, for continued questions and opportunity to adjust scores and ranking. By February 4 the spending plan will be generated and submitted to DWR.
 - 2. Correspondence from Borrego Springs Watermaster. Mr. Poole invited the Board's attention to a letter from the WM in the Board package. They are requesting three representatives on the PRC (adding representatives from agriculture and recreation). The County will also be represented. Directors Johnson and Baker will be the BWD representatives, and Mr. Poole recommended that each interested party submitting a project also be represented. The Board concurred with the WMB's request for three members on the PRC.
The WMB requested an opportunity to review the PRC's scoring before it is finalized. Mr. Poole was concerned that this could impact the timeline. President Dice pointed out that the PRC meetings will be public, so any WMB member can attend. Steve Anderson noted that since there are three WMB members on the PRC, the meetings will have to be advertised as WMB meetings. The Board agreed that this request was unnecessary, and Mr. Poole will inform the WM.
The Board agreed to the WM's third request, keeping communications open.

3. Composition of Project Review Committee. Mr. Poole invited the Board's attention to the proposed PRC members in the Board package, and all concurred. He noted that alternates should be appointed as well. ***MSC: Johnson/Baker approving the PRC membership and appointing Director Rosenboom as first alternate, and President Dice as second. The roll call vote was unanimous.***

4. Project Review Committee Guidance. Jane Gray presented slides outlining the PRC process. They will receive descriptions of the submitted projects, orientation to the PRC process, ask questions, review scoring guidelines and submit preliminary scores. All PRC members will score all projects except their own. BWD staff will average the scores. The PRC will meet on February 2 and 3 for group scoring. Director Baker presented a spreadsheet for scoring, noting that she will add a space for the project cost. Ms. Gray agreed to prepare a form letter for under-represented community members to use in support of a project. ***MSC: Baker/Rosenboom accepting the PRC guidance as presented. The roll call vote was unanimous.***

5. 5% Cost Share on BWD Projects. Mr. Poole explained that when scoring the projects for the Proposition 68 grant, bonus points are awarded for cost sharing. BWD's well field solar and automated meter reading qualify. ***MSC: Johnson/Baker approving the five percent cost share for BWD projects. The roll call vote was unanimous.***

6. Resolution No. 2022-01.02 Authorizing Filing an Application to the California Department of Water Resources to Obtain a Grant Under the 2021 Sustainable Groundwater Management (SGM) Grant Program SGMA Implementation Round 1. ***MSC: Baker/Johnson adopting Resolution No. 2022-01-02 Authorizing Filing an Application to the California Department of Water Resources to Obtain a Grant Under the 2021 Sustainable Groundwater Management (SGM) Grant Program SGMA Implementation Round 1. The roll call vote was unanimous.***

7. Other Issues. Mr. Poole reported that the WM staff had been very cooperative. Ms. Adams had asked for BWD input on WM projects, and he will be meeting with her this afternoon. Mr. Driscoll recommended discussion of budgetary issues, including missing costs for certain tasks and projects previously determined not to be viable (for example creating a new model as opposed to updating the USGS model). Mr. Anderson noted that BWD could request reimbursement for time spent on the grant application, but it must be done within 90 days.

II. CLOSING PROCEDURE

The next Board Meeting is scheduled for January 25, 2022, to be available online. See Board Agenda at BorregoWD.org for details, available at least 72 hours before the meeting. There being no further business, the Board adjourned at 11:15 a.m.

Borrego Water District Board of Directors
MINUTES
Regular Meeting
January 25, 2022 @ 9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A. Call to Order: President Dice called the meeting to order at 9:00 a.m.
- B. Pledge of Allegiance: Those present stood for the Pledge of Allegiance.
- C. Roll Call: Directors: Present: President Dice, Vice President Baker,
Secretary/Treasurer Duncan,
Johnson, Rosenboom

Staff: Geoff Poole, General Manager
Jessica Clabaugh, Finance Officer
David Dale, District Engineer
Diana Del Bono, Administration Manager
Steve Anderson, Best Best & Krieger
Roy Martinez, WTF Operator III
Esmeralda Garcia, Administrative Assistant
Wendy Quinn, Recording Secretary

Public: Trey Driscoll, Dudek Cathy Milkey, T2
Rebecca Falk Meagan Wylie

D. Approval of Agenda: *MSC: Johnson/Rosenboom approving the Agenda as written. The roll call vote was unanimous.*

- E. Approval of Minutes:
 - 1. December 14, 2021 Special Board Meeting.
 - 2. December 20, 2021 Special Board Meeting.

MSC: Johnson/Rosenboom approving the Minutes of the Special Board Meetings of December 14, 2021 and December 20, 2021 as written. The roll call vote was unanimous.

- F. Comments from the Public and Requests for Future Agenda Items: None
- G. Comments from Directors: None
- H. Correspondence Received from the Public: None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

- A. Proposition 68 Update:

- i. DWR Responses to BWD/WM Questions. Geoff Poole reported that Chris Martinez of DWR had determined that private projects, i.e. De Anza turf removal, did qualify for Prop 68 grant funding. Director Duncan understood that grant funds could be used for projects on private property, but could not go directly to private organizations. Mr. Poole will clarify and request a response in writing.

- ii. PRC Update, Next Steps/Schedule. Meagan Wylie showed slides from the PRC meeting and explained the process. The meeting was recorded and is posted on the BWD and WM websites. Another meeting is scheduled for tomorrow. PRC members are Directors Johnson and Baker, Jim Bennett, Mike Seley, Shannon Smith, David Garmon, Mark Stevens, Jim Wilson, Robert Staehle, and Atley Keller. The ABDNHA and De Anza representatives have not yet been determined. *MSC: Baker/Duncan determining that in order to have a project considered for a Proposition 68 grant, the submitting organization must identify a PRC member and alternate, submit the project by the deadline, and attend both scoring meetings.*

Failure to do so will result in the project's removal from consideration. The roll call vote was unanimous.

Ms. Wylie noted that the total grant application is over the \$10 million limit. Some project costs can be reduced, the the PRC will discuss this tomorrow. Steve Anderson pointed out that the project proponent must maintain the project for its life, after the three-year grant funding is over. He recommended sub-grant agreements between BWD and the interested parties. Director Baker noted that the PRC can remove projects that are not eligible, or point out that fact in a cover letter with the grant application to DWR. This is what the Prop 68 Committee recommends. Director Johnson asked Ms. Wylie to discuss with Jane Gray whether the PRC can reduce the cost of a project. Trey Driscoll pointed out that most projects were developed quickly and need more detailed work plans and updated cost estimates.

Ms. Wylie reviewed the calendar. PRC question and answer session will be tomorrow at 3:00 p.m. Scores are due to BWD by January 31 at 5:00 p.m. The next day BWD staff will tabulate the scores. The PRC will meet February 2 and 3, and the spending plan will be generated on February 4.

iii. List of all Submitted Projects and Budgets. Ms. Wylie presented a list of projects, totaling \$20 million.

iv. Financial Impacts. Mr. Poole summarized the cost share policy for the Prop 68 grant. If funded, it will impact the meter reading and solar items for BWD.

v. Liability/Legal Issues. Mr. Poole will work with Mr. Anderson and the interested parties to limit liability for BWD. Discussion followed regarding the possibility of BWD managing projects for the interested parties, and possibly advancing funds if there is a cash flow issue. ***MSC: Duncan/Baker offering funding to Christmas Circle and the School District if needed. The roll call vote was unanimous.***

B. Creation of Ad Hoc Committees: MSC: Baker/Duncan closing all existing committees. The roll call vote was unanimous. A list of proposed new committees was included in the Board package. Standing committees would be Operations and Infrastructure, Budget and Audit, and ACWA/JPIA. Ad hoc committees would be Proposition 68, Public Outreach, Grants, Cyber Security/Risk Management, Finance, and Pilot Water Program/Developer Policy. Rebecca Falk requested that ad hoc committee discussions be reported at the Board meetings. ***MSC: Duncan/Baker forming three standing committees: Operations and Infrastructure, Budget and Audit, and ACWA/JPIA. The roll call vote was unanimous.*** The following committee appointments were made: O&I, Duncan and Rosenboom; Budget, Rosenboom and Dice; ACWA, Dice and Johnson; Cyber Security, Baker and Rosenboom; Prop 68, Baker and Johnson; Finance, Baker and Rosenboom; Pilot Water Program, Baker and Duncan; Public Outreach, Johnson and Dice; Grants, Johnson and Dice. ***MSC: Baker/Johnson accepting the appointments to the standing committees. The roll call vote was unanimous.***

C. Borrego Springs Subbasin Watermaster Board:

i. Update on Board Activities. No report.

ii. Update on Technical Advisory Committee Activities. Mr. Driscoll reported that the TAC was continuing to work toward a new monitoring well, hopefully in the North Management Area. The grant application will be updated to include it. Discussion followed regarding the possible use of an abandoned well on Viking Ranch and/or John Peterson's proposal on monitoring. Mr. Driscoll will continue to work with property owners in the area. President Dice recommended that Director Duncan put Mr. Peterson's proposal on the WMB Agenda.

III. BOARD COMMITTEE REPORTS

None

IV. MONTHLY FINANCIAL & OPERATIONS REPORTS

A. Financial Reports: November 2021 and December 2021: Ms. Clabaugh presented the November and December financials. November water revenue was \$413,000, down about eight percent. Expenses were normal. The District spent nearly \$28,000 on the WM, first half of pumping fees for 2022, Dudek and Best Best & Krieger. The CIP Bending Elbow project is continuing. In December the District had \$8.6 million in the bank. Revenues were higher than November, and expenses were normal. A new computer was purchased for David Dale. A payment was made on Well 5-15, and a reimbursement was received from SDG&E. Upgrades were made to Booster Station 3. Ms. Clabaugh had started a list of items the District can pay for out of the \$3 million bond.

B. Water and Wastewater Operations Report: December 2021:

i. **Wastewater Staff Report.** Roy Martinez presented an update on the wastewater treatment plant rehab. Signs have been posted in the area. Mr. Martinez showed slides of rebar, headworks and concrete.

C. Water Production/Use Records: December 2021:

i. **Operations Staff Report.** Mr. Poole reported that Alan Asche says operations are going fine.

V. STAFF REPORTS

A. Administration: Diana Del Bono reported she had received 11 requests for applications to participate in the Water Pilot Program, 6 had been completed and 4 Will Serve Letters issued. Mr. Poole reported that the customers included one house, one multi-dwelling unit and the helipad at the medical center. Ms. Del Bono reported that the security cameras at the office and wastewater treatment plant had all been installed, and signs announced their presence. Training will be held next week on the new meter readers.

i. **Water Bill Arrearages Update.** Esmeralda Garcia reported that she had received a check for the late payment relief and will credit the accounts this week or next.

B. Engineering: Mr. Dale reported that bids had been received for the SDG&E pipeline. One was consistent with the engineer's estimate, and two were lower. He is working with SDG&E to approve the low bidder. Mr. Martinez is continuing to work on the oxygenation project at the treatment plant. President Dice inquired about recent line breaks, and Mr. Dale replied that most were in areas already identified in the CIP for replacement. Some of the \$3 million bond can be used to cover the cost. Staff is still discussing whether to contract the work out or do it in house.

C. General Manager:

i. **Water Reservoir Replacement Grant Update.** Mr. Poole reported that he received the final grant documents for the three tank replacements and the motor for the Wilcox Well. He is continuing to work with the State Park on the property ownership issue at the Twin Tanks. There will be a lease agreement and an eventual land swap. Mr. Dale is working on the bid documents. President Dice suggested ordering the Wilcox Well motor now.

V. CLOSED SESSION

A. Conference with Legal Counsel – Significant exposure to litigation pursuant to Government Code paragraph (3) of subdivision (d) of Section 54956.9 (One (1) potential case):

B. Conference with Legal Counsel – Existing Litigation (BWD v. All Persons Who Claim a right to Extract Groundwater, et al. (San Diego Superior Court case no. 37-2020-00005776)):

The Board adjourned to closed session at 1:05 p.m., and thereafter, the open session reconvened. There was no reportable action.

VI. CLOSING PROCEDURE

The next Board Meeting is scheduled for 9:00 a.m., February 8, 2022, to be available on line. See Board Agenda at BorregoWD.org for details. Agenda information available at least 72 hours before the meeting. There being no further business, the meeting was adjourned.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 22, 2022
AGENDA ITEM II. B

February 14, 2022

TO: Board of Directors
FROM: Geoffrey Poole, General Manager
SUBJECT: Proposition 68 Update/Discussion/Direction

RECOMMENDED ACTION:
Receive Report and direct staff as deemed appropriate

ITEM EXPLANATION:
The Draft Spending Plan was submitted to DWR on February 16. Staff will update the Board on the current status of the Prop 68 Process and receive direction from the Board on any related topic.

FISCAL IMPACT:
TBD

NEXT STEPS:
TBD

ATTACHMENTS
1. None

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 22, 2022
AGENDA ITEM II. C

February 14, 2022

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Draft 2020-21 Borrego Water District Audit – J Clabaugh

RECOMMENDED ACTION:

Receive report from Staff on 20-21 Audit

ITEM EXPLANATION: See Attachments

FISCAL IMPACT:

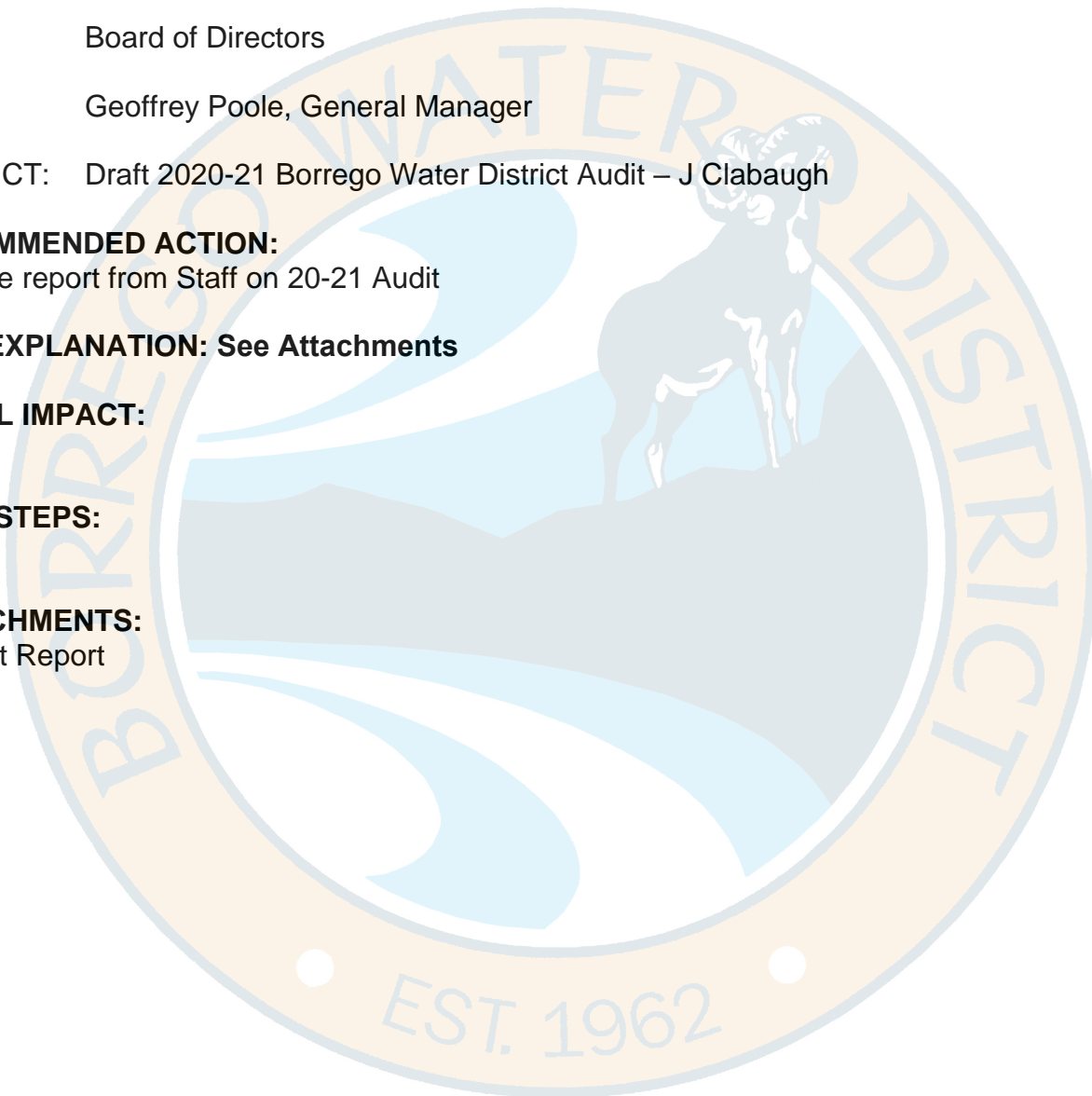
TBD

NEXT STEPS:

TBD

ATTACHMENTS:

1. Audit Report



February ___, 2022

Leaf & Cole, LLP
2810 Camino Del Rio South, Suite 200
San Diego, California 92108

This representation letter is provided in connection with your audits of the financial statements of Borrego Water District (the “District”) which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the disclosures (collectively the financial statements), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain, representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February ___, 2022, the following representations made to you during your audits.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 26, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary governmental, all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirement of U.S. GAAP.
7. Adjustments or disclosure have been made for all events including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit
 - c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including side agreements.

Government - Specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have provided to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
20. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
21. The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
23. We have appropriately disclosed all information for conduit debt obligations in accordance with GASB No. 96.
24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
25. We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
27. As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.

28. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
29. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
31. The financial statements include all fiduciary activities required by GASBS No. 84.
32. The financial statements properly classify all funds and activities in accordance with GASB 34, as amended and GASB 84.
33. All funds that meet the quantitative criteria in GASBS No. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
34. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
35. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
36. Provisions for uncollectible receivables have been properly identified and recorded.
37. Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses, and changes in net position, and allocations have been made on a reasonable basis.
38. Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position.
39. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
40. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
41. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
42. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

43. With respect to the Supplementary Information:

- a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issued the supplementary information and the auditor's report thereon.

Signature and Title

February , 2022
Date

BORREGO WATER DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

DRAFT



Leaf & Cole, LLP
Certified Public Accountants

**BORREGO WATER DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section:	
Letter of Transmittal	i - viii
Financial Section:	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 9
Statements of Net Position	10 - 11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13 - 14
Statements of Fiduciary Net Position	15
Statements of Changes in Fiduciary Net Position	16
Notes to Financial Statements	17 - 38
Required Supplementary Information:	
Schedules of Plan's Proportionate Share of Net Pension Liability	39 - 40
Schedules of Contributions to the Pension Plan	41
Supplementary Information:	
Schedules of Assessed Valuation	42

DRAFT



January 19, 2022

To the Honorable President and Members of the Board of Directors and Customers of the Borrego Water District: State law requires that all general-purpose local governments and special districts publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Annual Financial Report of the Borrego Water District (BWD; District) for fiscal year ended June 30, 2021 is hereby submitted as required by Leaf and Cole, LLP., a firm of licensed certified public accountants, who has audited the District's financial statements.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditors' Report.

Management assumes full responsibility for the completeness and reliability of the information contained in this Transmittal Letter, the MD&A, the accompanying financial statements, and the Supplemental Schedules, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2021 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this year's audit report.

PROFILE OF THE DISTRICT

The District was established in 1962 as a State of California special district (Water Code § 35565) to provide water and sewer services and flood risk management and gnat abatement for areas in the Borrego Springs community. The District acquired neighboring Borrego Springs Water Company in 1997 and in 2009 acquired Borrego Springs Park Community Services District. The present size of the District's service area is approximately 50 square miles. Borrego Springs is an unincorporated destination community of approximately 3,500 full-time and approximately 8,000 winter residents, located in a remote northeast corner of San Diego County, approximately 90 miles drive from San Diego and 87 miles drive from Palm Springs.

Borrego Springs is surrounded on all sides by the Anza-Borrego Desert State Park (the Park). The Park, which encompasses over 248,880 hectares (615,000 acres) in and around the Borrego Valley, was established in 1933 to protect this unique desert environment. The Park is the largest state park in California. It was designated as a National Natural Landmark in 1974 and a Biosphere Reserve in the 1980's by the United Nations.

The military presence of both the Army and Navy during World War II brought the first paved roads and electricity to Borrego Springs. After the war, developers subdivided the area, attempting to create a resort community by capitalizing on the tourism generated by the Park.

The Park contains approximately 85% of State designated wilderness area within California and is approximately the size of Rhode Island. The Park attracts more than 500,000 visitors to the region on an average year. Borrego Springs can welcome more than a million visitors to its community on a super bloom year, as in the springs of 2017 and 2019. An economic study developed for the Anza-Borrego Foundation (ABF) estimates the revenue to the region generated by visitation to the Park during an average year is approximately \$40 million annually (BBC Consulting, 2012).

Infrastructure

The District has 9 production wells with a replacement cost of approximately \$1,500,000 each. These production wells are located primarily in the Central Management Area of the groundwater basin and are connected to approximately 90 miles of distribution lines. The District's water system serves approximately 2,100 residential, commercial, institutional, and irrigation customers. The District currently delivers approximately 1,600 acre-feet (521 million gallons) annually to its customers. The District also provides sewer and wastewater treatment services to approximately 830 customers located primarily in the Town Center, Club Circle/Borrego Spring Resort and Rams Hill developments. The District's flood control authority is presently exercised only at Rams Hill. The estimated present replacement cost value of the District's water, sewer and wastewater treatment facilities infrastructure is approximately \$87,590,000 in 2021 dollars.

Governance

A five-member board of directors work as a team to govern the affairs of the District. The board is elected at large by the registered voters residing within the District's boundaries, with vacant positions that occur between elections appointed by the existing board and during election years by the San Diego County Board of Supervisors if there is no competition for a seat on the board. The directors, who are elected or appointed, are residents and have similar concerns as their constituents.

The board members, who serve four-year staggered terms, are responsible for establishing the direction of the District through adopting policies and ordinances for the smooth running of the District; ensuring that sound fiscal policy exists; that management practices and controls are in place for accountability; adopting the annual budget; approving personnel policies and organizational structure; hiring the District's General Manager; and hiring other advisors to the board, such as the District's legal counsel, financial and other advisors, as may be required. The General Manager is responsible for carrying out the policies and ordinances approved by the District's board, for overseeing the day-to-day operations of the District, and for meeting the customer service and financial objectives set forth in the annual operating and capital improvements projects (CIP) budget approved by the board.

Groundwater Supply, Usage & Availability

The Borrego Springs Subbasin (Subbasin) of the Borrego Valley Groundwater Basin is located at the western-most extent of the Sonoran Desert. The Borrego Springs community overlying the Subbasin relies on local groundwater resources from the Subbasin as the sole source of municipal drinking water, domestic supply, and agricultural irrigation.

The California Department of Water Resources (DWR) has designated the 98-square-mile Subbasin as medium priority and critically over drafted. Chronic lowering of groundwater levels in the Subbasin's three aquifers has historically occurred and is ongoing. The critical overdraft annually exceeds the long-term sustainable yield of the Subbasin. Presently, there are no economically viable alternative sources of imported water supply.

The primary source of water to the Subbasin is surface water (storm water and ephemeral stream flow) that flows into the valley from adjacent mountain watersheds and infiltrates within the valley. The contributory watersheds are approximately 400 square miles (sq. mi) and much larger in area than the approximately 98 sq. mi (62,776 acres) Subbasin. Direct recharge by rainfall within the valley is very low compared to surface water inflows as the annual rainfall averages 5.8 inches per year (in/yr). Stream and flood flows from the adjacent watersheds provide the bulk of the water that enters the Subbasin.

The current hydrologic conceptual model for the aquifer system is that it consists of three unconfined aquifers; the upper, middle and lower aquifers. The upper and middle aquifers are the primary sources of groundwater currently and are typically comprised of unconsolidated sediments. However, with time, the upper aquifer has already become or is expected to become dewatered and the lower aquifer will become a more important source of water as overdraft continues. These three aquifers, Pleistocene (2.5 million years ago) to Holocene (11,700 years ago) era fossil water deposits, are the community's sole source of water. In modern times, the upper and middle aquifers have been the principle sources for groundwater pumping in Borrego Valley.

Since 1945, when large scale pumping began in the Borrego Springs area following World War II, the cumulative volume loss within the Subbasin (which accounts for both annual inflows and outflows) has been approximately 520,000 acre-feet (AF), equivalent to about one-third of the groundwater volume originally present.

At this time there are no plans to import water from outside the Borrego Valley due to the economic cost of a pipeline and the uncertainty of available and affordable imported supply from the Colorado River. Readers may consult the *Southeast California Regional Basin Study Evaluates Water Supply and Demand in Borrego, Coachella and Imperial Valleys* by the U.S. Bureau of Reclamation for more information. Importation of new supply from nearby groundwater basins has also been ruled out due to availability of potential adequate supply and cost. Readers may consult the *Borrego Spring Pipeline Feasibility Study: Final Report* by the U.S. Environmental Protection Agency – Region 9 (2012).

The net replenishment (natural recharge less outflows) of the basin of approximately 5,700 acre-feet per year (AFY) annually is based on historical data (1945-2015). During this period the actual annual natural net recharge was highly variable, fluctuating from less than 1,000 AFY during long dry periods to more than 25,000 AFY in exceptionally wet years.

The current rate of groundwater pumping produces an average annual basin storage change (overdraft) of approximately 15,500 AF of water per year based on estimated current withdrawal rates using evapotranspiration rates by crop type for agricultural and recreational withdrawals and municipal metered usage and the US Geological Survey's (USGS) calculated average annual net replenishment rate. Based on the historical data from 66 years, groundwater levels have declined as much as 126 feet (average of nearly 2 feet per year) in the northern part of the Subbasin and about 87 feet (average of 1.3 feet per year) in the west-central part. In the southeastern part of the Subbasin where less groundwater has been pumped, groundwater levels have remained relatively stable during the same time period. At the current rate of use, the groundwater supply from the Subbasin is not sustainable.

Presently, the Subbasin is usefully divided into three Basin Management Areas (South, Central, North) based on differences in transmissivity (how fast groundwater flows from one area to the next) and water quality. Depending on the Management Area location, wells are often screened primarily in the three different aquifers of the basin and exhibit different water quality characteristics. Readers should review the USGS, *Hydrogeology, Hydrologic Effects of Development, and Simulation of Groundwater Flow in the Borrego Valley, San Diego County* (2015) for more complete information.

Sustaining groundwater use requires considering both water quantity and quality. As water levels continue to drop in the basin, water quality may also decline, which may require expensive additional advanced treatment for municipal uses. Thus, the cost of municipal water supply for municipal uses will likely continue to increase over time.

The District is not a member of the San Diego County Water Authority (SDCWA), the regional member of the Metropolitan Water District of Southern California (MWD) that imports supplemental water to San Diego County.

Sustainable Groundwater Management Act of 2014 (SGMA)

The overarching aim of SGMA is to establish and achieve a *sustainability goal* for the Subbasin through the development and implementation of a Groundwater Sustainability Plan (GSP) by the Groundwater Sustainability Agency (GSA) for the Subbasin or alternatively by a Watermaster implementing a *Physical Solution* under a court Stipulated Judgment. Both are valid options under SGMA. In enacting SGMA, the Legislature also set forth more specific purposes underlying the legislation, which include providing for sustainable management of groundwater, avoiding six designated *undesirable results* to groundwater resources that could occur without proper management, enhancing the ability of local agencies to take action to protect groundwater resources, and preserving the security of water rights to the greatest extent possible consistent with sustainable management of groundwater.

As defined by SGMA: “A basin is subject to critical overdraft when continuation of present water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts.” Thus, the intent of the GSP is to achieve long-term groundwater sustainability by restoring balance to (i.e., reaching *sustainability*) in the Subbasin no later than January 2040, as mandated by SGMA.

The County of San Diego and BWD entered into a Memorandum of Understanding (MOU) for forming a multi-agency Borrego Valley Groundwater Sustainability Agency (GSA) to develop a GSP for the Subbasin. The intent of this GSP was to meet the requirements of SGMA. To this end, the GSP includes the scientific and other background information about the Subbasin required by SGMA and its implementing regulations. The GSP was also intended to provide a roadmap for how sustainability is to be reached in the Subbasin by January 2040. Information regarding the GSP including stakeholder process is available from the County’s website: <https://www.sandiegocounty.gov/content/sdc/pds/SGMA/borrego-valley.html>.

In October 2019, the County informed DWR of its decision to decline further participation as a GSA for the implementation phase of SGMA effective December 31, 2019. On January 30, 2020, pursuant to California Water Code (CWC) Sections 10733.6 and 10737.4, BWD submitted to DWR a proposed Stipulated Judgment including a groundwater management plan (GMP), constituting a *Physical Solution* for DWR’s review and approval to serve as an alternative to a GSP for the Subbasin in compliance with SGMA. The pumpers of the Subbasin representing approximately 92% of annual extractions agreed to a Settlement of water rights also applied to the California Superior Court (Court) for a Stipulated Judgment (Judgement). This Stipulated Judgment was approved by the Court on April 8, 2021 under which the Subbasin pumpers have agreed to implement the *Physical Solution* under management of the newly formed Borrego Springs Watermaster.

Under the Stipulated Judgment, Annual Reports for the Borrego Springs Groundwater Subbasin have been prepared for submittal to the California State Department of Water Resources (DWR) as of April 1, 2020 per Article 7, Section 356.2—Annual Reports, of the California Code of Regulations.¹ These reports has been prepared on behalf of the stipulating parties to the groundwater rights adjudication for the Borrego Springs Groundwater Subbasin (Subbasin) (DWR Basin No. 7.024.01) of the Borrego Valley Groundwater Basin. GSA reports are available on the Watermaster website at www.borregospringswatermaster.com.

¹ Title 23, Division 2, Chapter 1.5, Subchapter 2 of the California Code of Regulations, which is commonly referred to as the Groundwater Sustainability Plan Regulations (GSP Regulations).

California's Ongoing Drought

Because the Borrego Valley relies solely on the Subbasin for its municipal, recreational, and farming irrigation uses, the California drought has produced no physical impairment of water supply for BWD and is not expected to do so in the near future. Although in 2017, the California drought was officially declared over, Borrego water users continue to make investments to use water more efficiently and to engage in water conservation programs. The desert environment provides an ongoing impetus to use water wisely regardless of the Sierra Nevada Snowpack status.

Capital Improvements Program (CIP)

BWD updates its 10-year CIP project costs annually by its in house District Engineer, David Dale, PE. Detail of the projects and costs incurred under its bonds are included in BWD's annual budget.

Cyber Security Risk Management

BWD has a robust Cybersecurity Policy, Off-site Data Storage, Insurance Coverages for Losses, Ad Hoc Board Committee oversight and engages in ongoing and periodic intrusion detection services following the US Department of Homeland Security's Cyber Security and Infrastructure Agency(CISA) procedures. BWD regularly trains its Employees on Policies and Procedures including various real-time hacking schemes.

Flood Risk Management

BWD has a flood risk reduction assessment policy and engages a professional engineering firm to periodically assess that BWD's flood risk reduction facilities at Rams Hill are maintained to meet the specific flood risk objectives for such facilities.

Groundwater Water Levels and Water Quality Changes Risk Management

The groundwater level monitoring network includes 23 dedicated monitoring wells and 27 extraction wells. Of the 50 wells in the network, 46 are monitored for groundwater levels, 30 are monitored for water quality, and 19 are monitored for production. Manual groundwater level measurements are collected in the spring and fall of each year to track seasonal groundwater trends. Groundwater quality monitoring includes sampling, on average, 30 wells on a semi-annual basis to determine and track groundwater quality trends. Wells are monitored for potential contaminants of concern (COCs). The COCs include arsenic, fluoride, nitrate, sulfate and total dissolved solids (TDS).

COVID-19 Risk Management Policies

The national COVID-19 public health emergency presents a range of challenges, including ensuring level of service, assisting low-income customers, and assuring responsible financial management of the District. The BWD Board shares its customers' concerns about the coronavirus. What the District's primary public health responsibility is to continue providing safe water to drink and use, right from the tap. The District's treatment process effectively removes viruses, including COVID-19. BWD is testing the water it provides its municipal customers daily, weekly and monthly to assure it continues to meet federal and state drinking water standards. BWD has suspended all turn-offs for nonpayment during FY 21-22, to ensure everyone continues to have access to water for washing hands and cleaning. BWD has cancelled all meetings or gatherings for non-essential purposes during this emergency, holding public meetings via the internet. BWD has implemented COVID protocols and protections in our lobby to protect the public and office staff, and implemented social distancing for our field staff. Additionally, all our staff have paid sick leave and if they have been exposed to the virus or are symptomatic are told to stay home from work.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy

Located in an arid desert climate, Borrego's present economy has been made possible by the overuse of groundwater supplies that have been depleted far faster than those supplies can be replenished. This is true of the agricultural, recreational and municipal water use sectors that bring on average 500,000 visitors to the Borrego Valley annually. Thus, uncertainty over the costs of long-term water supply, potential future costs for treating groundwater to meet safe drinking water quality standards due to the critical overdraft resulting in degraded water quality, and the economic impacts of meeting SGMA objectives for the Subbasin may be slowing investments for new development in the Valley.

Under the Stipulated Judgement, a court order effective April 8, 2021, the Borrego Springs Watermaster was formed and is required to collect fees from all major pumpers of the basin according to their BPA (Baseline Pumping Allocation). For Water Year 2021 this amount was \$48/Acre Foot and \$20.30/Acre Foot for Water Year 2022. BWD's BPA is 2,581 Acre Feet per Year and restrictions are in place to limit the District's pumping to only 645 Acre Feet by 2040. This means that the District will be required to purchase additional BPA, generally in the form of land with water rights, to meet existing demands of approximately 1,300 Acre Feet per year. The District has revised its revenue requirements to build reserves for BPA acquisition.

Borrego Springs is considered a Severely Disadvantaged Community (SDAC). A SDAC is defined as a community with a median household income (MHI) of less than 60% of the California statewide MHI. The Valley is also considered an Economically Distressed Area (EDA). An EDA is defined as a geographic area with a population of 20,000 or less with an annual MHI that is less than 85% of the California statewide MHI, and with at least one of the following conditions, as determined by the Department of Water Resources (DWR): a) financial hardship; b) unemployment rate at least 2% higher than the statewide average; or c) low population density.

In addition, the Borrego Water District has not been immune to the financial effects of the recent COVID-19 pandemic. In Fiscal Year 2021, customer receivables increased by about \$144,000 over pre-pandemic levels. Staff has been working with individual customers and is pursuing grant funding from the State Water Resources Control Board, responsible to distribute about \$1 Billion for accounts in arrears under the American Rescue Plan Act of 2021.

Previous Fiscal Years Spending by the District

The District has largely addressed the financial situation that was inherited from the 2007-2010 Board and general manager's decisions that between FY 2008 – FY 2011 spent more than \$6.3 million of the District's \$6.5 million cash reserves and potentially obligated the District to spend another \$7.0 million for unfunded projects. These spending and future obligations resulted in the District no longer having the financial stability to obtain new debt to pay for necessary long-term capital improvement projects (CIP). With the cancellation of many of the future obligations incurred by the 2007 board, reduction of annual operating and maintenance (O&M) expenses by more than \$1.2 million, careful cash flow management, and Proposition 218 approved rate increases during the period FY 2012-2021, the District then had sufficient annual cash flow and cash reserves by FY 2018 for necessary borrowing to issue \$5.5 million in bonds to fund needed CIP for FY 2019-2021.

The District's Board believes timely investments in CIP are necessary to produce the lowest economic cost provision of municipal water, sewer and wastewater treatment services over the long term for the District's customers.

Environmental and Climate Changes

Decisions concerning land use, application to the land of substances that may contaminate groundwater, and the use of inadequate sureties for County grading permits in order to restore development-disturbed desert lands are some of the environmental changes that may cause additional costs for the District to provide potable municipal water to its customers. Additionally, with the advent of Anthropogenic Climate Disruption (Climate Change), the current scientifically accepted prognosis is for potentially greater future climate variability. Such variability may result in higher frequency of floods and longer periods of lower precipitation in the Park's watersheds that provide recharge to the Subbasin, and increased risk for wildfires due to longer, drier conditions. Thus, climate changes may introduce additional costs for the District to provide potable municipal water to its customers.

Long-Term Financial Planning

Through a coordinated strategic process, the Board has established a series of policies and plans to effectively meet the District's anticipated future revenue needs. The principles the District has adopted for maintaining revenue sufficiency and good credit include: (a) the active management and projection of monthly cash flow during the year; (b) holding operating and maintenance (O&M) expenditures to the annual budget; (c) annual merit based increases in salaries and benefits for employees; (d) refinancing of existing debt obligations where such refinancing would produce reductions in future long term cash obligations; (e) minimizing its reliance of operating cash flow to fund CIP; (f) the active development of state and federal grant opportunities for funding CIP and SGMA-related costs; (g) implementing annual water and sewer rate increases to increase cash flow and to accumulate cash reserves; (h) the maintenance of sufficient cash reserves to address emergency and environmental and climate change risk factors; and (i) pursuing regular proactive Proposition 218 5-year rate increase approvals.

The primary driver for the long-term financial viability of the District, as well as the economy of the Valley is the critical overdraft's potential impact on water quality (see section on Groundwater Supply, Usage & Availability above) and the need to relocate existing wells and add new wells as well production is impacted by water table declines due to the overdraft. Thus, to minimize its financial risk, the District plans to maintain financial stability and a good credit standing with the debt markets in order to accommodate raising future new debt for its municipal operations.

RELEVANT FINANCIAL POLICIES

Reserve Policy

The District has established a Reserve Funds Policy to anticipate and to prepare for future funding requirements as well as for unforeseen events. The Reserve Funds Policy establishes restricted and unrestricted reserves and describes the flow of funds to and from the various reserves for Debt Service, System Growth, Rate Stabilization, Operating, Contingency, Capital R&R, Emergency and Future Water Supply Purchase. A copy of the District's updated and approved Reserve Funds Policy, along with the projected reserve funds targets, is available on the District's website as a component of the most recent fiscal year budget document.

Risk Management

The District is a member of the California Joint Powers Insurance Authority (JPIA). The JPIA pools the first \$500,000 of general, auto & public officials liability coverage and has purchased excess coverage up to \$60 million. The JPIA provides coverage on repair or replacement against loss of District property caused by earthquake or flood of \$25 million. The District also has a risk management policy that describes the policies, practices, and procedures for some of the District's more salient financial risks identified by staff and the Board.

Pension and Other Post-Employment Benefits

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employees defined benefit pension plan for its personnel. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Additional information about the District's pension arrangements and post-employment benefits can be found in the notes to the financial statements.

Investment Policy

The Investment Policy establishes guidelines for the investment of available funds. The Investment Policy incorporates the Prudent Investor Standards. The primary objectives, in priority order, of the District's investment activities are the following: 1) safety, 2) liquidity, and 3) yield. The District's funds are invested in a variety of investments, in accordance with California government code, as described in the notes to the financial statements. The District minimizes interest rate risk by investing a greater portion of its funds in short term investments and minimizes credit risk by investing a majority of its funds diversified investment pools.

Internal Controls

The District is responsible for establishing and maintaining an internal controls structure designed to ensure that the District's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with GAAP. The internal structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that; 1) the cost of control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

Respectfully submitted,



Geoffrey Poole, General Manager



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Borrego Water District
806 Palm Canyon Drive
Borrego Springs, California 92004

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of Borrego Water District, as of and for the years ended June 30, 2021 and 2020 which collectively comprise the Borrego Water District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Borrego Water District, as of June 30, 2021 and 2020, and the changes in financial position and where applicable cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 39 to 42 as identified in the accompanying table of contents be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borrego Water District's basic financial statements. The introductory section, and schedules of assessed valuation are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and schedule of assessed valuation sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

San Diego, California
February __, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of Borrego Water District (District) provides an overview of the District's financial activities for the years ended June 30, 2021 and 2020. Please read it in conjunction with the District's financial statements which begin on page 10.

Financial Statements

This discussion and analysis provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The Borrego Water District operates as a public utility and maintains its accounting records in accordance with generally accepted accounting principles for a proprietary fund as prescribed by the Government Accounting Standards Board (GASB). The financial statements of the District report information about the District using accounting methods similar to those used by companies in the private sector. These statements offer short and long-term financial information about its activities. The District's financial statements include five components.

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements
- Other Information

The statements of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. Net position may be displayed in three categories:

- Net Investment in Capital Assets
- Restricted Net Position
- Unrestricted

The statements of net position provide the basis for computing rate of return, evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statements of revenues, expense and changes in net position present information which shows how the District's net position changed during the year. The financial statements, except for the cash flow statements are prepared using the accrual basis of accounting, which means that revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts or payments. The statements of revenues, expenses, and changes in net position measure the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.

The statements of cash flows provide information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating
- Noncapital financing
- Capital and related financing
- Investing

This statement differs from the statement of revenues, expenses and changes in net position because the statement accounts only for transactions that result in cash receipts or cash disbursements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Statements (Continued)

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

Other Information

In addition to the financial statements and accompanying notes, the financial statements also present certain required supplementary information, which follows the notes to the financial statements. This other information includes pension funding schedules.

Financial Highlights

During the fiscal year ended June 30, 2021 and 2020, the following events impacted, or have the potential to impact, the finances of the District.

- Capital assets increased \$1,722,862 at June 30, 2021 from June 30, 2020, which included improvements to Production Well #2, Pipeline Phase 2 and the gravity main La Casa Del Zorro.
- During FY 2020, the District received \$232,398 from the California Department of Water Resources (DWR) Proposition One Severely Disadvantaged Community (SDAC) grant for Sustainable Groundwater Management Act (SDAC) Groundwater Sustainability Plan (GSP) development.
- Total operating revenues increased \$128,100 principally in water sales and sewer service charges.
- Total operating expenses increased \$450,771 as a result of administrative costs related to the groundwater basin under the stipulated agreement including consulting, pumping, and an air quality study. (Notes and details can be found on page 6)
- Non-operating expenses exceeded non-operating revenues as property taxes and investment income were exceeded by interest expense.
- Cash and cash equivalents decreased to \$6,336,015 at June 30, 2021 from \$7,882,456 at June 30, 2020. Proceeds from the Installment Sale agreement were drawn down as needed to fund capital projects. Bond proceeds of \$63,620 to fund future capital projects remains on-hand at June 30, 2021 down from \$1,986,766 at June 30, 2020.

More information about the overall analysis of the District's financial position and results of operations is provided in the following sections.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the District

Net Position

The following is a summary of the District's statements of net position at June 30:

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Assets:</u>				
Cash and cash equivalents	\$ 6,336,015	\$ 7,882,456	\$ (1,546,441)	(19.61)%
Capital assets	19,626,639	17,903,777	1,722,862	9.62%
Other assets	974,609	879,603	95,006	10.80%
Total Assets	<u>26,937,263</u>	<u>26,665,836</u>	<u>271,427</u>	1.01%
<u>Deferred Outflows of Resources</u>	<u>321,550</u>	<u>400,047</u>	<u>(78,497)</u>	(19.62)%
<u>Liabilities:</u>				
Current liabilities	1,254,216	1,089,728	164,488	15.09%
Noncurrent liabilities	7,352,849	7,792,745	(439,896)	(5.64)%
Total Liabilities	<u>8,607,065</u>	<u>8,882,473</u>	<u>(275,408)</u>	(3.10)%
<u>Deferred Inflows of Resources</u>	<u>18,973</u>	<u>38,168</u>	<u>(19,195)</u>	(50.29)%
<u>Net Position:</u>				
Net investment in capital assets	12,899,306	12,496,169	403,137	3.22%
Unrestricted	5,733,469	5,649,073	84,396	1.49%
Total Net Position	<u>\$ 18,632,775</u>	<u>\$ 18,145,242</u>	<u>\$ 487,533</u>	2.68%

From the table above, net position increased by \$487,533 from fiscal year 2020 to 2021. Net investment in capital assets increased \$403,137. As construction funds are spent, more of the long-term debt is allocated to net investment in capital assets. In addition depreciation expense was exceeded by the amount spent on capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues, Expenses and Change in Net Position

The following is a summary of the District's change in net position for the years ended June 30:

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Operating Revenues:</u>				
Water sales	\$ 3,640,508	\$ 3,481,437	\$ 159,071	4.56%
Sewer service charges	657,641	637,067	20,574	3.22%
Availability charges	241,965	240,406	1,559	0.64%
Watermaster reimbursements	101,313	178,385	(77,072)	(43.20)%
Other income	27,542	3,574	23,968	670.62%
Total Operating Revenues	<u>4,668,969</u>	<u>4,540,869</u>	<u>128,100</u>	2.82%
<u>Operating Expenses:</u>				
Water operations	1,602,132	1,603,282	(1,150)	(0.07)%
General and administrative	1,092,178	686,552	405,626	59.08%
Depreciation	781,094	648,226	132,868	17.01%
Sewer operations	389,934	480,602	(90,668)	(18.86)%
Pumping	330,936	332,380	(1,444)	(0.43)%
Treatment	26,559	21,020	5,539	26.35%
Total Operating Expenses	<u>4,222,833</u>	<u>3,772,062</u>	<u>450,771</u>	11.95%
Operating Income	<u>446,136</u>	<u>768,807</u>	<u>(322,671)</u>	(41.97)%
<u>Nonoperating Revenues (Expenses):</u>				
Nonoperating revenues	90,752	146,834	(56,082)	(38.19)%
Nonoperating expenses	(284,071)	(308,890)	24,819	8.03%
Nonoperating Revenues (Expenses), Net	<u>(193,319)</u>	<u>(162,056)</u>	<u>(31,263)</u>	(19.29)%
Income Before Contributions	252,817	606,751	(353,934)	(58.33)%
Capital Contributions	<u>234,716</u>	<u>296,211</u>	<u>(61,495)</u>	(20.76)%
Change in Net Position	487,533	902,962	(415,429)	(46.00)%
Net Position at Beginning of Year	<u>18,145,242</u>	<u>17,242,280</u>	<u>902,962</u>	5.23%
Net Position at End of Year	<u>\$ 18,632,775</u>	<u>\$ 18,145,242</u>	<u>\$ 487,533</u>	2.68%

A closer examination of the source of changes in net position reveals that the District's operating revenues increased by \$128,100 in fiscal year 2021. Watermaster reimbursements received were offset by increases in water sales, sewer service charges and other income. Nonoperating expenses, decreased \$24,819 due to a decrease in interest expense. Operating expenses, exclusive of depreciation increased \$317,903 in fiscal year 2021 due to administrative costs under the Stipulated Agreement, including consulting, pumping and an air quality study.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets

Capital assets consist of the following at June 30:

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Land	\$ 1,093,702	\$ 1,013,650	\$ 80,052	7.89%
Flood control facilities	4,287,340	4,287,340	-	-
Sewer facilities	6,517,029	6,459,962	57,067	0.88%
Water facilities	15,309,186	14,105,276	1,203,910	8.53%
General facilities	1,006,881	1,006,881	-	-
Telemetry system	46,459	46,459	-	-
Equipment and furniture	565,640	550,853	14,787	2.68%
Vehicles	687,297	675,446	11,851	1.75%
Construction in progress	2,900,405	1,770,555	1,129,850	63.81%
Fallowed water credits	932,050	942,850	(10,800)	(1.14)%
Water rights - ID #4	185,000	185,000	-	-
Total Assets	<u>33,530,989</u>	<u>31,044,272</u>	<u>2,486,717</u>	8.01%
Less: Accumulated depreciation	<u>(13,904,350)</u>	<u>(13,140,495)</u>	<u>(763,855)</u>	(5.81)%
Net Capital Assets	<u>\$ 19,626,639</u>	<u>\$ 17,903,777</u>	<u>\$ 1,722,862</u>	9.62%

The net additions to capital assets for fiscal year 2021 totaled \$1,722,862. Significant capital asset additions include improvements to Well #2, Pipeline Phase 2 and the gravity main La Casa Del Zorro.

Long-Term Debt

The following is a summary of long-term debt at June 30:

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Installment Purchase Agreement	\$ 4,613,000	\$ 4,930,000	\$ (317,000)	(6.43)%
Promissory Note 2018A	1,725,000	1,915,000	(190,000)	(9.92)%
Promissory Note 2018B	518,337	634,875	(116,538)	(18.35)%
Total Long-Term Debt	<u>\$ 6,856,337</u>	<u>\$ 7,479,875</u>	<u>\$ (623,538)</u>	(8.33)%

The District decreased its debt outstanding by \$623,538 for fiscal year 2021 by making principal payments on all of its long-term debts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Future Year's Budget and Rates

The District's Board of Directors and management considered many factors when setting the fiscal year 2021 - 2022 budget, user fees and charges. The District attempts to balance revenues with operating expenses that have increased due to inflationary factors, such as cost of living, cost of water, and insurance coverage.

These indicators were taken into consideration when adopting the District's budget for the fiscal year 2021 - 2022. The budget has been structured to contain costs, but at the same time, continue the District's philosophy of providing the highest levels of service and continue efforts towards securing a sustainable water supply for the community.

On July 27, 2021, the District's Board of Directors approved Proposition 218 compliant rate increases for FY 2021 - 2022 that include a change in rate structure resulting in a 5% increase in water revenues and no increase for sewer revenues. The changes in water rate structure shifted a greater financial burden to high water users while resulting in lower rates for single family homes using a conservative amount of water. While the District previously charged commodity rates for two tiers, the recent changes have created three tiers where tier one is intended to include enough water for domestic use of a single family (0 to 7 units), tier two reflects single family usage plus average desert irrigation (8 to 22 units) and tier three reflects usage outside of what is considered necessary and conservative to a residential dwelling (more than 22 units). Tier three rates are intended to fund the future purchase of supplemental water supply to meet municipal needs. The new rates were effective October 1, 2021 and were reflected on November 2021 billings.

On November 24, 2020, the District's Board of Directors approved a revised FY 2021 budget that anticipates Capital Improvement Program (CIP) project's spending of approximately \$23,000,000 through FY 2028-29. The Board has engaged the District's financial advisors to develop a financing plan and the District's municipal advisors to conduct a Cost of Service study to determine the feasibility and funding plan for these necessary CIP projects.

Fiscal Year 2021 Actual vs. Fiscal Year 2022 Budget

	2022 Budget	2021 Actual	Variance	
			Dollar	Percentage
<u>Revenues:</u>				
Operating revenue	\$ 4,784,324	\$ 4,668,969	\$ (115,355)	(2.41)%
Nonoperating revenue	78,000	90,752	12,752	16.34%
Capital contributions	-	234,716	234,716	100.00%
Total Revenue	4,862,324	4,994,437	132,113	2.71%
<u>Expenses:</u>				
Operating expenses	3,841,839	4,222,833	(380,994)	(9.91)%
Non-operating expenses	269,850	284,071	(14,221)	(5.26)%
Total Expenses	4,111,689	4,506,904	(395,215)	(9.61)%
Change in Net Position	\$ 750,635	\$ 487,533	\$ (263,102)	(35.05)%

Borrego Water District does not budget for depreciation, but prefers to budget for actual capital assets using the internally generated 10 year Capital Improvement Budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Future Year's Budget and Rates (Continued)

On April 8, 2021 the Superior Court approved the Stipulated Judgment which defines Basin water rights for each pumper producing two acre feet or more in the Basin and imposes a “physical solution” regarding Basin management including use of Basin storage space, overseen by the Superior Court. Under the Sustainable Goundwater Management Act (SGMA), a Stipulated Judgment can serve as an “alternative” to a Groundwater Sustainability Plan (GSP) mandated by SGMA. The judgment allows the District to recover approxiimately \$300,000 in GSP development costs, and includes an obligation to pay along with other pumpers approximately \$30/acre-foot annually for extractions from the Basin, and the District will likely be required to obtain some amount of supplemental water supply to meet municipal needs beginning in approximately five years.

Contacting the District's Financial Manager

This financial report is designed to give ratepayers, customers, investors, and creditors a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and the stewardship of the facilities it maintains. If you have questions about this report or need additional information, contact Geoff Poole, General Manager, or Jessica Clabaugh, Fiscal Officer at the Borrego Water District, 806 Palm Canyon Drive, Borrego Springs, California, 92004 or by telephone at (760) 767-5806.

DRAFT

**BORREGO WATER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>Current Assets:</u> (Notes 1 and 2)		
Cash and cash equivalents	\$ 6,231,095	\$ 5,854,390
Accounts receivable - Water and sewer, net	696,827	608,928
Accounts receivable - Watermaster reimbursements	113,275	111,200
Accrued interest receivable	1,685	7,465
Property tax receivable	2,604	3,569
Inventory	129,396	119,581
Prepaid expenses	30,822	28,860
Total Current Assets	7,205,704	6,733,993
<u>Noncurrent Assets:</u> (Notes 1, 2, 3 and 4)		
Restricted Assets:		
Cash and cash equivalents	104,920	2,028,066
Total Restricted Assets	104,920	2,028,066
Capital Assets:		
Nondepreciable capital assets	5,111,157	3,912,055
Depreciable capital assets, net	14,515,482	13,991,722
Total Capital Assets	19,626,639	17,903,777
TOTAL ASSETS	26,937,263	26,665,836
<u>DEFERRED OUTFLOWS OF RESOURCES:</u> (Notes 1 and 6)		
Deferred outflows related to refunding	65,384	85,502
Deferred outflows related to pensions	114,071	125,210
Deferred outflows related to pension contributions	142,095	189,335
Total Deferred Outflows of Resources	321,550	400,047

The accompanying notes are an integral part of the financial statements.

**BORREGO WATER DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>LIABILITIES</u>		
<u>Current Liabilities:</u> (Notes 1 and 5)		
Accounts payable	\$ 564,989	\$ 286,337
Accrued interest payable	64,742	70,639
Customer deposits	41,300	41,300
Current portion of noncurrent liabilities	583,185	691,452
Total Current Liabilities	<u>1,254,216</u>	<u>1,089,728</u>
<u>Noncurrent Liabilities:</u> (Notes 1, 5 and 6)		
Notes payable, net of current portion	6,359,800	6,856,337
Compensated absences	57,765	45,276
Net pension liability	935,284	891,132
Total Noncurrent Liabilities	<u>7,352,849</u>	<u>7,792,745</u>
Total Liabilities	<u>8,607,065</u>	<u>8,882,473</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u> (Notes 1 and 6)		
Deferred inflows related to pensions	<u>18,973</u>	<u>38,168</u>
<u>Commitments and Contingencies</u> (Notes 6 and 7)		
<u>NET POSITION:</u>		
Net investment in capital assets	12,899,306	12,496,169
Unrestricted	5,733,469	5,649,073
Total Net Position	<u>\$ 18,632,775</u>	<u>\$ 18,145,242</u>

The accompanying notes are an integral part of the financial statements.

BORREGO WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Operating Revenues:</u>		
Water sales	\$ 3,640,508	\$ 3,481,437
Sewer service charges	657,641	637,067
Availability charges	241,965	240,406
Watermaster reimbursements	101,313	178,385
Other income	27,542	3,574
Total Operating Revenues	<u>4,668,969</u>	<u>4,540,869</u>
<u>Operating Expenses:</u>		
Water operations	1,602,132	1,603,282
General and administrative	1,092,178	686,552
Depreciation	781,094	648,226
Sewer operations	389,934	480,602
Pumping	330,936	332,380
Treatment	26,559	21,020
Total Operating Expenses	<u>4,222,833</u>	<u>3,772,062</u>
Operating Income	<u>446,136</u>	<u>768,807</u>
<u>Nonoperating Revenues (Expenses):</u>		
Investment income	18,766	76,542
Property taxes	71,486	70,292
Gain on disposal of capital assets	500	-
Interest expense	(284,071)	(308,890)
Total Nonoperating Revenues (Expenses)	<u>(193,319)</u>	<u>(162,056)</u>
Income Before Contributions	252,817	606,751
Capital Contributions	<u>234,716</u>	<u>296,211</u>
Change in Net Position	487,533	902,962
Net Position at Beginning of Year	<u>18,145,242</u>	<u>17,242,280</u>
NET POSITION AT END OF YEAR	<u><u>\$ 18,632,775</u></u>	<u><u>\$ 18,145,242</u></u>

The accompanying notes are an integral part of the financial statements.

**BORREGO WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>Cash Flow From Operating Activities:</u>		
Cash received from customers	\$ 4,450,140	\$ 4,237,037
Cash received from watermaster reimbursements	101,313	178,385
Cash payments to suppliers for goods and services	(2,260,736)	(1,954,888)
Cash payments to employees for services	(1,045,595)	(1,194,736)
Customer deposits	-	27,600
Other operating cash receipts	27,542	3,574
Net Cash Provided by Operating Activities	<u>1,272,664</u>	<u>1,296,972</u>
<u>Cash Flows From Noncapital Financing Activities:</u>		
Receipts from property taxes	72,451	66,723
Net Cash Provided by Noncapital financing Activities	<u>72,451</u>	<u>66,723</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Acquisition and construction of capital assets	(2,257,930)	(2,750,802)
Proceeds from sale of capital assets	500	-
Principal paid on long-term debt	(623,538)	(597,744)
Interest paid on long-term debt	(269,850)	(293,586)
Capital contributions	234,716	296,211
Net Cash Used in Capital and Related Financing Activities	<u>(2,916,102)</u>	<u>(3,345,921)</u>
<u>Cash Flows From Investing Activities:</u>		
Investment income	24,546	69,077
Net Cash Provided by Investing Activities	<u>24,546</u>	<u>69,077</u>
Net Decrease in Cash and Cash Equivalents	(1,546,441)	(1,913,149)
Cash and Cash Equivalents at Beginning of Year	<u>7,882,456</u>	<u>9,795,605</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 6,336,015</u></u>	<u><u>\$ 7,882,456</u></u>

(Continued)

The accompanying notes are an integral part of the financial statements.

**BORREGO WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>Reconciliation of Operating Income to Net</u>		
<u>Cash Provided by Operating Activities:</u>		
Operating income	\$ 446,136	\$ 768,807
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	781,094	648,226
Change in assets and liabilities:		
Accounts receivable - Water and sewer, net	(87,899)	(10,673)
Accounts receivable - Watermaster reimbursements	(2,075)	(111,200)
Inventory	(9,815)	(7,279)
Prepaid expenses	(1,962)	(22,896)
Deferred outflows related to pension	11,139	23,334
Deferred outflows related to pension contributions	47,240	(26,820)
Accounts payable	32,626	(18,909)
Customer deposits	-	27,600
Compensated absences	31,223	(17,503)
Net pension liability	44,152	40,979
Deferred inflows related to pensions	(19,195)	3,306
Net Cash Provided by Operating Activities	<u>\$ 1,272,664</u>	<u>\$ 1,296,972</u>
<u>Cash and Cash Equivalents:</u>		
<u>Financial Statement Classification</u>		
Cash and cash equivalents	\$ 6,231,095	\$ 5,854,390
Restricted cash and cash equivalents	104,920	2,028,066
Total Cash and Cash Equivalents	<u>\$ 6,336,015</u>	<u>\$ 7,882,456</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Capital assets included in increase in accounts payable	<u>\$ 435,088</u>	<u>\$ 189,062</u>
Amortization of deferred outflows related to refunding	<u>\$ 20,118</u>	<u>\$ 20,118</u>

The accompanying notes are an integral part of the financial statements.

**BORREGO WATER DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ <u>678,426</u>	\$ <u>356,850</u>
Total Assets	<u>678,426</u>	<u>356,850</u>
 NET POSITION		
Held in trust for the benefit of residents of Community Facilities District 2017-01	\$ <u><u>678,426</u></u>	\$ <u><u>356,850</u></u>

The accompanying notes are an integral part of the financial statements.

DRAFT

**BORREGO WATER DISTRICT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Property taxes and assessments	\$ 848,219	\$ 547,121
Interest	19	2,038
Total Additions	<u>848,238</u>	<u>549,159</u>
DEDUCTIONS		
Debt service	507,335	509,555
Outside professional services	14,927	20,107
Trust fees	4,400	4,400
Total Deductions	<u>526,662</u>	<u>534,062</u>
Change in Net Position	<u>321,576</u>	<u>15,097</u>
Net Position at Beginning of Year	<u>356,850</u>	<u>341,753</u>
NET POSITION AT END OF YEAR	<u><u>\$ 678,426</u></u>	<u><u>\$ 356,850</u></u>

The accompanying notes are an integral part of the financial statements.

DRAFT

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 1 - Organization and Significant Accounting Policies:

Organization

Borrego Water District (the “District”) was established in 1962 pursuant to section 35565 of the California Water Code to provide water, sewer, flood control and gnat abatement services to properties in the District. The District is governed by a five member board of directors that are elected at-large by the registered voters residing in the boundaries of the District. The District has nine active wells and approximately 90 miles of distribution lines. In addition, the District provides sewer and wastewater services primarily in the Town Center, Club Circle, and Rams Hill Development.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Cod. Sec. 2100 “Defining the Financial Reporting Entity”. The District is the primary government unit. Component units are those entities, which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit’s board, or because the component unit will provide a financial benefit or impose a financial burden on the District.

The Borrego Water District Public Facilities Corporation (the Corporation) was organized in May 1996 under the nonprofit Public Benefit Corporation Law of the State of California to render assistance to the Borrego Water District and any Special Districts which are governed by the Board of Directors of the Borrego Water District with respect to providing various public facilities or services to or for the benefit of the District. The District has accounted for the Corporation as a blended component unit. Despite being legally separate, the Corporation is so intertwined with the District that the Corporation is in substance part of the District’s operations. Accordingly, the Corporation is included within the financial statements of the District.

Significant Accounting Policies

A summary of the District’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Method of Accounting

The District utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the statements of net position and the statements of revenues, expenses and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting.

Capital assets may be constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These facilities are recorded as capital contributions when they pass inspection by the District and the estimated costs are capitalized.

The District has not elected to apply the option allowed in GASB Cod. Sec. P80.103, “Proprietary Fund Accounting and Financial Reporting” and as a consequence will continue to apply GASB statements and interpretations.

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The District recognizes revenues from water sales, sewer service charges, availability charges, and other income when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, the District considers fees received from water sales, sewer services and availability charges to be operating revenues. Taxes and assessments are recognized as revenues based upon amounts reported to the District by the County of San Diego.

Accounts Receivable - Watermaster Reimbursement

Pursuant to the State of California adopting the Sustainable Groundwater Management Act (SGMA) in 2014, all parties who pump groundwater from the Borrego Springs Groundwater Subbasin, entered into an agreement (Settlement Agreement) that establishes a physical solution to bring sustainability to the Critically Over-drafted Subbasin. In accordance with the Settlement Agreement, the signing parties agreed to share costs associated with preparation of a Groundwater Sustainability Plan (GSP). The majority of the costs associated with the Settlement Agreement are reimbursed thru the signing parties. The District recognized watermaster reimbursement revenue totaling \$101,313 and \$178,385 for the years ended June 30, 2021 and 2020, respectively. Accounts receivable - watermaster reimbursement totaled \$113,275 and \$111,200 at June 30, 2021 and 2020, respectively.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. The allowance for doubtful accounts receivable totaled \$195,638 and \$153,686 at June 30, 2021 and 2020, respectively.

Taxes and Assessments

Property taxes and assessments are billed by the County of San Diego to property owners. The District's property tax calendar for the fiscal year ended June 30, 2021 and 2020 was as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 1 Second Installment - February 1
Delinquent Date:	First Installment - December 10 Second Installment - April 10

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Taxes and Assessments - (Continued)

The County collects the taxes from the property owners and remits the funds to the District periodically during the year. The District has an arrangement with the County whereby the County remits taxes which are delinquent as of each June 30 to the District in exchange for the right to retain the delinquent taxes, penalties, and interest when these amounts are subsequently collected.

Inventory

Inventory consists primarily of materials used in the construction and maintenance of capital assets and is valued average cost.

Capital Assets

Capital assets purchased or acquired with a cost exceeding \$5,000 and an estimated useful life more than one year are reported at historical cost. Donated capital assets, donated works of art, and similar items, and capital assets received in service concession agreements are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Flood control facilities	100 years
Sewer facilities	7 - 50 years
Water facilities	20 - 50 years
General facilities	20 - 50 years
Telemetry system	5 - 6 years
Equipment and furniture	5 - 20 years
Vehicles	5 - 40 years

Depreciation aggregated \$781,094 and \$648,226 for the years ended June 30, 2021 and 2020, respectively.

Amortization

The deferred amount on refunding is being amortized on the straight-line method over the remaining life of the related debt. Amortization of the deferred amount on refunding totaled \$20,118 for each of the years ended June 30, 2021 and 2020, and is included in interest expense.

Compensated Absences

Accumulated and unpaid vacation and sick leave totaling \$144,413 and \$113,190 is accrued when incurred and included in current and noncurrent liabilities at June 30, 2021 and 2020, respectively.

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the District that is applicable to a future period and an acquisition of net assets by the District that is applicable to a future reporting period respectively. Deferred outflows of resources include a deferred amount on refunding. Deferred outflows of resources and deferred inflows of resources are more fully described in Note 6.

Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Authority). The Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2021, the District participated in the self-insurance programs of the Authority as follows:

Property Loss - Provides for full value replacement of real and personal property owned by the District in the event of a loss. Actual cash value on licensed vehicles, mobile equipment and Hypalon reservoir covers. The JPIA pools for the first \$100,000 and has purchased excess coverage.

General and Auto Liability - Insured up to \$60 million per occurrence; the Authority is self-insured up to \$500,000 and excess insurance coverage has been purchased. The general and auto liability program has no deductible.

Public Officials' Liability - Insured up to \$60 million per occurrence; the Authority is self-insured up to \$500,000 and excess insurance coverage has been purchased.

Fidelity Bond - Insured up to \$1,000,000 per occurrence with a \$100,000 deductible.

Workers' Compensation - Insured up to the statutory limits; the Authority is self-insured up to \$2 million and excess insurance coverage has been purchased. Employer's liability is insured up to \$4 million.

Difference in Conditions - Provides coverage on a repair or replacement basis against loss of District property caused by earthquake or flood, up to \$25 million with a \$25,000 deductible.

The District pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The District's insurance expense totaled \$71,809 and \$61,770 for the years ended June 30, 2021 and 2020 . There were no instances in the past three years where a settlement exceeded the District's coverage.

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The District's statements of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in the California Local Agency Investment Fund (LAIF) are considered Level 2 assets and are reported at the fair value of the underlying assets as provided LAIF.

Economic Dependency

The District pumps 100% of its water from the Borrego Springs Sub-Basin of the Borrego Valley groundwater basin. Interruption of this source would impact the District negatively.

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all investment instruments purchased with a maturity of three months or less to be cash.

Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through February __, 2022, the date the financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed, except as disclosed in Note 9.

Reclassification

The District has reclassified certain prior year information to conform with the current year presentation.

Note 2 - Cash and Investments:

Investment Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District rather than the general provision of the California Government Code or the District's investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Quality Requirements</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
California Local Agency Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	A1
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	A Rating
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA Rating
Time Deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 2 - Cash and Investments: (Continued)

Investment Authorized by the California Government Code and the District's Investment Policy (Continued)

The District's investment policy is more restrictive than the California Government Code. The District limits the percentage of its portfolio that can be invested in LAIF, certificates of deposit and savings accounts and U.S. Government bills, notes, bonds and overnight money market funds.

Cash and investments held by the District were comprised of the following at June 30:

	<u>2021</u>	<u>2020</u>
	<u>Maturity in Years</u>	<u>Maturity in Years</u>
	<u>One Year or Less</u>	<u>One Year or Less</u>
Cash on hand	\$ 350	\$ 354
California Local Agency Investment Fund (LAIF)	2,063,292	2,045,961
Deposits with financial institutions	4,272,373	5,836,141
Total Cash and Investments	<u>\$ 6,336,015</u>	<u>\$ 7,882,456</u>
Financial Statement Classification:		
Cash and cash equivalents	\$ 6,231,095	\$ 5,854,390
Cash and cash equivalents - Restricted	104,920	2,028,066
Total Cash and Investments	<u>\$ 6,336,015</u>	<u>\$ 7,882,456</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The district manages its exposure to interest rate risk by purchasing shorter term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided in the previous table that shows the distribution of the District's investments by maturity at June 30, 2021 and 2020 .

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 2 - Cash and Investments: (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year for each investment type.

	<u>Rating as of Year End Standard & Poor's</u>
California Local Agency Investment Fund (LAIF)	Not Rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude to the District's investment in a single issue.

The investment policy of the District contains limits on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code as described below. The District holds no investments in any one issuer (other than U.S. Treasury obligations, mutual funds, and external investment pools) that represent 5% or more of total District investments at June 30, 2021 and 2020.

<u>Investment Type</u>	<u>Maximum Percentage of Portfolio</u>
California Local Agency Investment Fund	98%
FDIC Insured Institutions (C.D.'s and Savings Accounts)	95%
U.S. Government Bills, Notes, Bonds, and Overnight Money Markets Funds	20%
Certificate of Deposit, Account Registry Services	95%

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 2 - Cash and Investments: (Continued)

Custodial Credit Risk (Continued)

At June 30, 2021 and 2020, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in State Investment Pool

The District is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The statements of cash flows have been prepared by considering all investment instruments purchased with a maturity of three months or less to be cash equivalents. Following is a detail at June 30:

	<u>2021</u>	<u>2020</u>
Deposits with financial institutions	\$ 4,272,373	\$ 5,836,141
California Local Agency Investment Fund (LAIF)	2,063,292	2,045,961
Cash on hand	350	354
Total	<u>\$ 6,336,015</u>	<u>\$ 7,882,456</u>

Note 3 - Restricted Assets:

Restricted assets were provided by, and are to be used for the following at June 30:

<u>Funding Source</u>	<u>Use</u>	<u>2021</u>	<u>2020</u>
Bond proceeds and interest earnings	Capital facilities	\$ 63,620	\$ 1,986,766
Deposits	Deposits	41,300	41,300
		<u>\$ 104,920</u>	<u>\$ 2,028,066</u>

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as necessary.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 4 - Capital Assets:

Capital assets consist of the following at June 30:

	2021			
	Balance at	Additions	Deletions	Balance at
	<u>June 30, 2020</u>			<u>June 30, 2021</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,013,650	\$ 80,052	\$ -	\$ 1,093,702
Construction in progress	1,770,555	2,574,357	(1,444,507)	2,900,405
Fallowed water credits	942,850	-	(10,800)	932,050
Water rights - ID No. 4	185,000	-	-	185,000
Total Capital Assets Not Being Depreciated	<u>\$ 3,912,055</u>	<u>\$ 2,654,409</u>	<u>\$ (1,455,307)</u>	<u>\$ 5,111,157</u>
Capital Assets Being Depreciated:				
Flood control facilities	\$ 4,287,340	\$ -	\$ -	\$ 4,287,340
Sewer facilities	6,459,962	57,067	-	6,517,029
Water facilities	14,105,276	1,203,910	-	15,309,186
General facilities	1,006,881	-	-	1,006,881
Telemetry system	46,459	-	-	46,459
Equipment and furniture	550,853	14,787	-	565,640
Vehicles	675,446	61,816	(49,965)	687,297
Total Capital Assets Being Depreciated	<u>27,132,217</u>	<u>1,337,580</u>	<u>(49,965)</u>	<u>28,419,832</u>
Less: Accumulated depreciation	<u>(13,140,495)</u>	<u>(781,094)</u>	<u>17,239</u>	<u>(13,904,350)</u>
Net Capital Assets Being Depreciated	<u>13,991,722</u>	<u>556,486</u>	<u>(32,726)</u>	<u>14,515,482</u>
Net Capital Assets	<u>\$ 17,903,777</u>	<u>\$ 3,210,895</u>	<u>\$ (1,488,033)</u>	<u>\$ 19,626,639</u>
	2020			
	Balance at	Additions	Deletions	Balance at
	<u>June 30, 2019</u>			<u>June 30, 2020</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,013,650	\$ -	\$ -	\$ 1,013,650
Construction in progress	2,038,366	2,311,085	(2,578,896)	1,770,555
Fallowed water credits	953,650	-	(10,800)	942,850
Water rights - ID No. 4	185,000	-	-	185,000
Total Capital Assets Not Being Depreciated	<u>\$ 4,190,666</u>	<u>\$ 2,311,085</u>	<u>\$ (2,589,696)</u>	<u>\$ 3,912,055</u>
Capital Assets Being Depreciated:				
Flood control facilities	\$ 4,287,340	\$ -	\$ -	\$ 4,287,340
Sewer facilities	6,459,962	-	-	6,459,962
Water facilities	11,621,512	2,483,764	-	14,105,276
General facilities	1,006,881	-	-	1,006,881
Telemetry system	46,459	-	-	46,459
Equipment and furniture	550,853	-	-	550,853
Vehicles	715,320	-	(39,874)	675,446
Total Capital Assets Being Depreciated	<u>24,688,327</u>	<u>2,483,764</u>	<u>(39,874)</u>	<u>27,132,217</u>
Less: Accumulated depreciation	<u>(12,532,143)</u>	<u>(648,226)</u>	<u>39,874</u>	<u>(13,140,495)</u>
Net Capital Assets Being Depreciated	<u>12,156,184</u>	<u>1,835,538</u>	<u>-</u>	<u>13,991,722</u>
Net Capital Assets	<u>\$ 16,346,850</u>	<u>\$ 4,146,623</u>	<u>\$ (2,589,696)</u>	<u>\$ 17,903,777</u>

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 5 - Noncurrent Liabilities:

Noncurrent liabilities consist of the following at June 30:

	2021				
	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021	Current Portion
<u>Notes Payable:</u>					
Installment Purchase Agreement	\$ 4,930,000	\$ -	\$ (317,000)	\$ 4,613,000	\$ 182,000
Promissory Note 2018A	1,915,000	-	(190,000)	1,725,000	193,000
Promissory Note 2018B	634,875	-	(116,538)	518,337	121,537
Total Notes Payable	<u>\$ 7,479,875</u>	<u>\$ -</u>	<u>\$ (623,538)</u>	<u>\$ 6,856,337</u>	<u>\$ 496,537</u>
<u>Other Noncurrent Liabilities:</u>					
Accrued Compensated Absences	\$ 113,190	\$ 144,413	\$ (113,190)	\$ 144,413	\$ 86,648
Net Pension Liability	891,132	233,487	(189,335)	935,284	-
Total Other Long-Term Liabilities	<u>\$ 1,004,322</u>	<u>\$ 377,900</u>	<u>\$ (302,525)</u>	<u>\$ 1,079,697</u>	<u>\$ 86,648</u>
2020					
	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Current Portion
<u>Notes Payable:</u>					
Installment Purchase Agreement	\$ 5,235,000	\$ -	\$ (305,000)	\$ 4,930,000	\$ 317,000
Promissory Note 2018A	2,096,000	-	(181,000)	1,915,000	190,000
Promissory Note 2018B	746,619	-	(111,744)	634,875	116,538
Total Notes Payable	<u>\$ 8,077,619</u>	<u>\$ -</u>	<u>\$ (597,744)</u>	<u>\$ 7,479,875</u>	<u>\$ 623,538</u>
<u>Other Noncurrent Liabilities:</u>					
Accrued Compensated Absences	\$ 130,693	\$ 113,190	\$ (130,693)	\$ 113,190	\$ 67,914
Net Pension Liability	850,153	230,134	(189,155)	891,132	-
Total Other Long-Term Liabilities	<u>\$ 980,846</u>	<u>\$ 343,324</u>	<u>\$ (319,848)</u>	<u>\$ 1,004,322</u>	<u>\$ 67,914</u>

Installment Purchase Agreement

In July 2018, the District entered into an Installment Purchase Agreement with the Borrego Water District Public Facilities Corporation (“Corporation”). The Corporation provided \$5,586,000 for the purpose of financing costs of the District’s project as defined in the Agreement. The Installment Purchase Agreement is payable in semi-annual installments of principal plus interest of 3.825% on or before April 1 and October 1 each year commencing October 1, 2018 through and including October 1, 2038. Payments under the Installment Purchase Agreement are secured by a lien on and pledge of net revenues. The District has covenanted to fix, prescribe, revise, and collect rates, fees, and charges for services and facilities sufficient to yield estimated net revenues equal to 125% of the aggregate amount of debt service on all parity obligations payable from net revenues coming due and payable during such fiscal year. The District had a debt service ratio of 1.74:1 and 2.09:1 for the years ended June 30, 2021 and 2020, respectively. The Installment Purchase Agreement had an outstanding principal balance of \$4,613,000 and \$4,930,000 and accrued interest payable of \$44,853 and \$47,935 at June 30, 2021 and 2020, respectively.

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 5 - Noncurrent Liabilities: (Continued)

Promissory Note 2018A

In July 2018, the District entered into a promissory note with Compass Bank in the amount of \$2,294,000 for the purpose of defeasing and prepaying the Borrego Water District Refunding Installment Purchase Agreement. The promissory note is payable in semi-annual payments of principal and interest at 3.35% commencing October 1, 2018 through and including October 1, 2028. Payments under the promissory note are secured by a lien on and pledge of net revenues. The District has covenanted to fix, prescribe, revise, and collect rates, fees, and charges for services and facilities sufficient to yield estimated net revenues equal to 125% of the aggregate amount of debt service on all parity obligations payable from net revenues coming due and payable during such fiscal year. The District had a debt service ratio of 1.74:1 and 2.09:1 for the years ended June 30, 2021 and 2020, respectively. The Promissory Note 2018A had an outstanding principal balance of \$1,725,000 and \$1,915,000 and accrued interest payable of \$14,447 and \$16,038 at June 30, 2021 and 2020, respectively.

Promissory Note 2018B

In July 2018, the District entered into a promissory note with Compass Bank in the amount of \$863,535 for the purpose of defeasing and prepaying the 2015 Compass Bank Note. The promissory note is payable in semi-annual payments of principal and interest at 4.20% commencing October 1, 2018 through and including October 1, 2024. Payments under the promissory note are secured by a lien on and pledge of net revenues. The District has covenanted to fix, prescribe, revise, and collect rates, fees, and charges for services and facilities sufficient to yield estimated net revenues equal to 125% of the aggregate amount of debt service on all parity obligations payable from net revenues coming due and payable during such fiscal year. The District had a debt service ratio of 1.74:1 and 2.09:1 for the years ended June 30, 2021 and 2020, respectively. The Promissory Note 2018B had an outstanding principal balance of \$518,337 and \$634,875 and accrued interest payable of \$5,442 and \$6,666 at June 30, 2021 and 2020, respectively.

Debt service requirements on notes payable are as follows:

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 496,537	\$ 246,739
2023	511,751	227,914
2024	537,189	208,329
2025	553,860	187,957
2026	432,000	169,869
2027-2031	1,883,000	619,676
2032-2036	1,437,000	333,827
2037-2039	1,005,000	58,656
Total	<u>\$ 6,856,337</u>	<u>\$ 2,052,967</u>

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 6 - Defined Benefit Pension Plan:

General Information About the Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the Borrego Water District, (All Plans) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. The Plan consists of the miscellaneous plan and the PEPRA Miscellaneous Plan.

Benefits Provided - The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Miscellaneous plan members with 5 years of service are eligible to retire at age 50 with statutory reduced benefits. PEPRA Miscellaneous members with 5 years of service are eligible to retire at age 52 with statutory reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement Law per contract. The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Prior to January 1, 2013 Miscellaneous	On or After January 1, 2013	
		With Prior Service 2 nd Tier	Without Prior Service PEPRA
Benefit formula	3.0% @ 60	2% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.0%	6.918%	6.750%
Required employer contribution rates	14.729%	8.794%	7.732%

In addition to the contribution rates above, the District was also required to make payments of \$58,494 and \$102,385 toward its unfunded actuarial liability during the years ended June 30, 2021 and 2020, respectively .

The miscellaneous plan is closed to new members that are not already CalPERS eligible participants.

Contribution Description – Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial process. The Plans actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 6 - Defined Benefit Pension Plan: (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The District reported the following net pension liability for its proportionate share of net position liability of the risk pool at June 30:

	<u>Proportionate Share of Net Pension Liability 2021</u>	<u>Proportionate Share of Net Pension Liability 2020</u>
Miscellaneous Risk Pool	\$ <u>935,284</u>	\$ <u>891,132</u>

The District’s net pension liability for each risk pool is measured as the proportionate share of each risk pool’s net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer’s proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer’s proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer’s rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The District’s proportionate share of the net pension liability as of June 30, 2019, the valuation date, was calculated as follows:

- In determining an employer’s proportionate share, the employer rate plans included in the Plan were assigned to the miscellaneous risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans as of the valuation date June 30, 2019.
- Each employer rate plan’s fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The District’s proportionate share percentage at the valuation date was calculated by dividing the District’s net pension liability for each of its employer rate plans by the net pension liability of the risk pool as of the valuation date.

The District’s proportionate share of the net pension liability as of June 30, 2020, the measurement date, was calculated as follows:

- The risk pool’s total pension liability was computed at the measurement date, June 30, 2020, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for the risk pool at the measurement date was determined by CalPERS’ Financial Office. The net pension liability for the risk pool at June 30, 2020, was computed by subtracting the respective risk pool’s fiduciary net position from its total pension liability.

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 6 - Defined Benefit Pension Plan: (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

- The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2020, was calculated by applying the District's proportionate share percentage as of the valuation date (described above) to the total pension liability and fiduciary net position as of June 30, 2020, to obtain the total pension liability and fiduciary net position as of June 30, 2020. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The District's proportionate share percentage of the net pension liability as of June 30, 2019 and June 30, 2020 was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date - June 30, 2019	0.022253%
Proportion at measurement date - June 30, 2020	0.022173%
Change - Increase (Decrease)	(0.000080)%

For the years ended June 30, 2021 and 2020, the District recognized a pension expense of \$225,431 and \$230,134, respectively for the Plan. As of June 30, 2021 and 2020, the District reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 142,095	\$ -	\$ 189,335	\$ -
Differences between actual contributions made and proportionate share of contributions	38,089	-	40,683	-
Differences between expected and actual experience	48,198	-	57,097	-
Changes of assumptions	-	(6,671)	27,430	-
Net difference between projected and actual earnings on pension plan investments	27,784	-	-	15,580
Adjustment due to difference in proportions	-	(12,302)	-	22,588
Total	\$ 256,166	\$ (18,973)	\$ 314,545	\$ 38,168

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 6 - Defined Benefit Pension Plan: (Continued)

Allocation of Net Pension Liability and Pension Expense to Individual Employers

The \$142,095 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources in the previous chart will be recognized in future pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ 22,232
2023	34,449
2024	25,086
2025	13,331
Total	\$ 95,098

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increases	Varies by Age and Length of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Derived using CalPERS' Membership Data for all funds

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2019 based on June 30, 2018 Valuations*, that can be obtained from the CalPERS website.

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 6 - Defined Benefit Pension Plan: (Continued)

Discount Rate (Continued)

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the Public Employee's Benefit Fund (PERF). In making its decision, the CalPERS Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumption applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11+</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Estate	13.0	3.75	4.93
Liquidity	1.0	-	(0.92)
	<u>100.00%</u>		

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 6 - Defined Benefit Pension Plan: (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the risk pool as of the measurement date, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's Net Pension Liability	\$ <u>1,543,596</u>	\$ <u>935,284</u>	\$ <u>432,654</u>

Note 7 - Commitments and Contingencies:

Contracts

The Borrego Water District has entered into various contracts for the purchase of material and construction of capital assets. The amounts contracted are based on the contractor's estimated cost of construction. At June 30, 2021 and 2020, the total unpaid amount on these contracts is approximately \$1,155,696 and \$100,092, respectively.

Litigation

Legal claims and lawsuits arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on Borrego Water District's financial position.

Operating Leases

The District had an operating lease for office equipment with a lease term in excess of one year. This agreement contained a purchase option. The agreement was a non-cancelable lease. Rent expense under this lease totaled \$2,681 and \$4,524 for the years ended June 30, 2021 and 2020, respectively. The District elected not to exercise its purchase option and entered into a new lease for office equipment. The noncancelable lease term exceeds 12 months and includes a purchase option. Rent expense under this lease totaled \$1,286 and \$-0- for the years ended June 30, 2021 and 2020, respectively.

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 7 - Commitments and Contingencies: (Continued)

Operating Leases (Continued)

Future minimum lease payments are as follows:

<u>Years Ended June 30</u>		
2022	\$	4,068
2023		4,068
2024		4,068
2025		4,068
2026		2,373
Total	\$	<u>18,645</u>

Community Facilities District No. 2017-01 2017 Special Tax Bonds

The Borrego Water District is the lead Agency of the Borrego Water District Community Facilities District No. 2007-1 (CFD 2007-1) and the Borrego Water District Community Facilities District CFD No. 2017-1 (CDF 2017-1). In April 2017, CFD 2017-1 was formed and an election held to authorize bonded indebtedness up to \$11,600,000 to refinance the outstanding balances of CFD 2007-1 special tax bonds. In May 2017, CFD 2017-1 issued Borrego Spring Water District Special Tax Refunding Bonds, Series 2017A (Series 2017A Bonds) and Borrego Water District Special Tax Refunding Bonds, Series 2017B (Series 2017B Bonds). The CFD 2007-1 special tax bonds are considered defeased.

These financings were accomplished through the authorization of special tax bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982 adopted by the Board of Directors of the Borrego Water District acting as the legislative body of the Community Facilities Districts. The bonds are only payable from certain proceeds of an annual special tax to be levied and collected from property located within the Community Facilities Districts and from certain bond proceeds pledged in the issuances. If the special taxes are not paid when due, the only source of funds to repay the bonds are cash deposits or letters of credit provided by property owners, amounts held in the bond reserve funds, or proceeds, if any, from foreclosure sales of land within the Community Facilities Districts following a delinquency in a special tax payment. Neither the faith nor credit nor the taxing power of the Borrego Water District, the State of California, or any other political subdivision thereof is pledged to the payment of these bonds. Therefore, the Community Facilities Districts are considered separate reporting entities. The District reports as a fiduciary fund the cash it holds on behalf of Community Facilities District No. 2017-01. The following special tax bonds were outstanding at June 30:

	<u>2021</u>	<u>2020</u>
Series 2017A	\$ 925,000	\$ 985,000
Series 2017B	<u>\$ 10,300,000</u>	<u>\$ 10,300,000</u>

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 7 - Commitments and Contingencies: (Continued)

Coronavirus Pandemic

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The District is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the District's customers, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the District's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Note 8 - New Governmental Accounting Standards:

GASB No. 84

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84 "Fiduciary Activities". The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. The effective date of this pronouncement has been postponed by 12 months by GASB Statement No. 95. The District has not determined the effects of this pronouncement on the financial statements of the District in the year of implementation.

GASB No. 87

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87 "Leases". The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. The effective date of this pronouncement has been postponed by 18 months by GASB Statement No. 95. The District has not determined the effects of this pronouncement on the financial statements of the District in the year of implementation.

GASB No. 89

In June 2018, the Governmental Accounting Standards Board issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The District has elected to implement this pronouncement and has not capitalized any interest cost in the years ended June 30, 2021 and 2020.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 8 - New Governmental Accounting Standards: (Continued)

GASB No. 90

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90 “Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61”. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. The District has not determined the effects of this pronouncement on the financial statements of the District in the year of implementation.

GASB No. 91

In May 2019, the Governmental Accounting Standards Board issued Statement No. 91 “Conduit Debt Obligations”. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. This pronouncement did not have a material effect on the financial statements of the District in the year of implementation.

GASB No. 92

In January 2020, the Governmental Accounting Standards Board issued Statement No. 92 “Omnibus 2020”. The requirements of this statement are effective at various dates up to and including fiscal years and reporting periods beginning after June 15, 2021. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. This pronouncement did not have a material effect on the financial statements of the District in the year of implementation.

GASB No. 93

In March 2020, the Governmental Accounting Standards Board issued Statement No. 93 “Replacement of Interbank Offered Rates”. The requirements of this statement are effective at various dates up to and including reporting periods ending after December 31, 2021. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. This pronouncement is not expected to have a material effect on the financial statements of the District in the year of implementation.

GASB No. 94

In March 2020, the Governmental Accounting Standards Board issued Statement No. 94 “Public - Private and Public - Public Partnerships and Availability Payment Arrangements”. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. As used in this pronouncements these Partnerships are an arrangement in which the government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset such as infrastructure or other capital assets for a period of time in an exchange or an exchange-like transaction. The statement also provides guidance on accounting and financial reporting for availability payment arrangements in which the government compensates the operator for services that may include the designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District has not yet determined the effects of this pronouncement on the financial statements in the year of implementation.

**BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 8 - New Governmental Accounting Standards: (Continued)

GASB No. 95

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing for one year the effective dates of GASB Statements 83, 84, 88 – 93 as well as implementation guides 2018-1, 2019-1 and 2019-2. In addition, the effective dates of GASB Statement 87 and Implementation Guide 2019-3 have been postponed by 18 months.

GASB No. 96

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96 “Subscription-Based Information Technology Arrangements (SBITA’s). This Statement (1) defines SBITA’s (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including the implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter. Earlier application is encouraged. The District has not determined the effects of this pronouncement on the financial statements of the District in the year of implementation.

GASB No. 97

In June 2020, the Governmental Accounting Standards issued Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No. 14 and No. 84 and Supersession of GASB Statement No. 32”. This statement requires that for purposes of determining whether a primary government is financial accountable for a potential component unit, the absence of a governing board should be treated the same as the appointment of a voting majority. The statement requires that a Section 457 plan be classified as either pension or other employee benefit plan depending on whether the plan meets the definition of a pension plan. This statement supersedes the remaining provisions of GASB Statement No. 32.

Note 9 - Subsequent Event:

On October 21, 2021, the District entered into an Installment Purchase Agreement to refinance the outstanding Installment Purchase Agreement and provide an additional \$3,000,000 in capital. Under the 2021 Installment Purchase Agreement interest rates were reduced from 3.83% to 2.19%.

**BORREGO WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

**SCHEDULES OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN YEARS ***

	<u>Measurement Date</u> June 30, 2020	<u>Measurement Date</u> June 30, 2019	<u>Measurement Date</u> June 30, 2018	<u>Measurement Date</u> June 30, 2017	<u>Measurement Date</u> June 30, 2016
Proportion of the Net Pension Liability	0.022713 %	0.022253 %	0.022558 %	0.023133 %	0.009466 %
Proportionate Share of the Net Pension Liability	\$ 935,284	\$ 891,132	\$ 850,153	\$ 911,898	\$ 819,059
Covered - Payroll - Measurement Period	\$ 850,749	\$ 740,131	\$ 698,023	\$ 675,819	\$ 658,514
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	109.94 %	120.40 %	121.79 %	134.93 %	124.38 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.54 %	78.92 %	77.34 %	74.72 %	73.72 %
	<u>Measurement Date</u> June 30, 2015	<u>Measurement Date</u> June 30, 2014	<u>Measurement Date</u> June 30, 2013	<u>Measurement Date</u> June 30, 2012	<u>Measurement Date</u> June 30, 2011
Proportion of the Net Pension Liability	0.01010 %	0.01123 %	N/A %	N/A %	N/A %
Proportionate Share of the Net Pension Liability	\$ 693,352	\$ 699,055	\$ N/A	\$ N/A	\$ N/A
Covered - Payroll - Measurement Period	\$ 671,180	\$ 595,422	\$ N/A	\$ N/A	\$ N/A
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	103.30 %	117.41 %	N/A %	N/A %	N/A %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.21 %	73.72 %	N/A %	N/A %	N/A %

**BORREGO WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

**SCHEDULES OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
LAST TEN YEARS ***

Notes to Schedule:

Change in Benefit Terms - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.

Changes in Assumptions - The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and 2017 and to 7.65% in 2018.

Omitted Years - GASB Statement No 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

DRAFT

**BORREGO WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

**SCHEDULES OF CONTRIBUIONS TO THE PENSION PLAN
LAST TEN YEARS ***

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually Required Contribution (Actuarially determined)	\$ 142,096	\$ 189,335	\$ 162,515	\$ 142,789	\$ 137,737
Contributions in Relation to the Actuarially determined Contribution	<u>(142,095)</u>	<u>(189,355)</u>	<u>(162,515)</u>	<u>(142,789)</u>	<u>(137,737)</u>
Contribution Deficiency (Excess)	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll - Fiscal Year	\$ 858,442	\$ 850,749	\$ 740,131	\$ 698,023	\$ 723,125
Contributions as a Percentage of Covered Payroll	16.55 %	22.26 %	21.96 %	20.46 %	10.05 %
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Contractually Required Contribution (Actuarially determined)	\$ 138,613	\$ 129,138	\$ N/A	\$ N/A	\$ N/A
Contributions in Relation to the Actuarially determined Contribution	<u>(138,613)</u>	<u>(129,138)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Covered Payroll - Fiscal Year	\$ 671,180	\$ 595,422	\$ N/A	\$ N/A	\$ N/A
Contributions as a Percentage of Covered Payroll	20.65 %	21.69 %	N/A %	N/A %	N/A %

**BORREGO WATER DISTRICT
SCHEDULES OF ASSESSED VALUATION
FOR THE YEAR ENDED JUNE 30, 2021**

The assessed valuation of the District at June 30, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Assessed Valuation:		
Secured property	\$ 373,580,756	\$ 364,370,749
Total Assessed Valuation	<u>\$ 373,580,756</u>	<u>\$ 364,370,749</u>

DRAFT

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 22, 2022
AGENDA ITEM II. D

February 14, 2022

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Authorization to Bid Water Reservoir Replacements – D Dale

RECOMMENDED ACTION:

Approve Staff to advertise and begin the public bidding process for the Water Pump Diesel Engine Upgrade and Tank Rehabilitation – State Project No. 3710036-001C.

ITEM EXPLANATION:

The Twin Tanks (2 tanks at 220,000 gallons each), Indian Head Tank (220,000 gallons bolted galvanized steel), and the Rams Hill #2 tank (440,000 gallons bolted galvanized steel) are corroding and in need of replacement. These tanks were constructed in the 1970's.

The project includes the replacement of these ground storage tanks. The two Twin Tanks will be replaced with one tank with the same capacity as the two. The new tank will be shorter and coated to match the desert sand as much as possible to reduce the visual impact to the surrounding desert. It will look similar to the existing 900 tank near Rams Hill. The non-native trees and vegetation were also removed by staff to reduce the visual impact of the tank. The existing native vegetation will remain and will be protected as much as possible. The Indian Head tank and Rams Hill #2 tank will also be shorter, but wider and coated to match the terrain. The project also includes the replacement of the existing Wilcox Well diesel motor, which is out of compliance with air pollution control district rules. The new diesel motor will be Tier 4 compliant for emissions.

The district has secured project grant funding in the amount of \$2,048,362.00 to complete the project.

The project was designed and the contract documents were prepared by BWD Staff and are ready to be advertised for public bidding.

NEXT STEPS

Upon approval, the project will be advertised for public bidding.

FISCAL IMPACT

The CIP budgeted \$2,250,000 for this project - \$800,000 for the Twin Tanks, \$725,000 for the Indianhead Tank, \$625,000 for the Rams Hill #2 tank and \$100,000 for the Wilcox Well diesel engine replacement. Costs have increased rapidly due to inflation. The cost estimate as of October 2021 is now \$2,848,480 including soft costs.

The final financial impact will not be fully known until the bids are opened and the construction cost known.

ATTACHMENTS

1. Engineer's Cost Estimate
2. Grant Agreement
3. Tank Location Map



PROJECT: BORREGO WATER DISTRICT - INDIAN HEAD, TWIN TANKS AND RAMS HILL #2 TANK REPLACEMENT

10/5/2021

ITEM	QUA	UNIT	ITEM	UNIT COST	AMOUNT
1	1	LS	Mobilization, Bonds, General Liability Insurance, Workman's Compensation Insurance, Vehicle Insurance, Taxes, Permits, and Miscellaneous Fees	\$ 27,000.00	\$ 27,000.00
2	2	EA	Demolish Existing 220,000 Gallon Twin Tanks (Bolted gavanized steel) and Foundation. Properly Dispose Tank Materials and Equipment. Salvage Equipment and SCADA system to be Delivered to the District's yard.	\$ 22,000.00	\$ 44,000.00
3	1	EA	Demolish 220,000 Existing Indian Head Tank (Bolted galvanized steel) and Foundation. Properly Dispose Tank Materials and Equipment. Salvage Equipment and SCADA system to be Delivered to the District's yard.	\$ 22,000.00	\$ 22,000.00
4	1	EA	Demolish Existing 400,000 Rams Hill #2 Tank (Welded steel) and Foundation. North tank to remain in service until the new tank is in service. Properly Dispose Tank Materials and Equipment. Salvage Equipment and SCADA	\$ 50,000.00	\$ 50,000.00
5	1	LS	Remove and Dispose Existing Chain Link Fence (3 sites)	\$ 9,000.00	\$ 9,000.00
6	3	EA	Provide Tank Submittal, including Calculations Signed and Stamped by CA Registered Engineer.	\$ 10,000.00	\$ 30,000.00
7	3	EA	Prepare Tank Pad. Over excavate 30 inches of Native Material and Place 22 inches of Native Soil in 6-inch Maximum Lifts Compacted to 90% Max. Density. Install 8-Inch Galvanized Steel Ring around the Perimeter of the Tank. Excess Soil Material from Excavation to be placed/spread out along Access Road and Compacted to 90% Max. Density.	\$ 50,000.00	\$ 150,000.00
8	450	CY	Place 8 Inches of Crushed Rock at Tank Base	\$ 110.00	\$ 49,500.00
9	3	EA	Install 1/2 inch Fiber Expansion Joint material for one tank on Top of Crushed Rock.	\$ 5,000.00	\$ 15,000.00
10	415	LF	8-inch diameter C900 PVC Underground Piping including the Pipe Fittings per Plans and Specifications. Connect to Existing Piping as shown.	\$ 100.00	\$ 41,500.00
11	180	LF	10-inch diameter C900 PVC Underground Piping including the Pipe Fittings per Plans and Specifications. Connect to Existing Piping as shown.	\$ 120.00	\$ 21,600.00
12	1	EA	Install CLA-VAL Altitude Valve Model 210-01, or approved equal, on Twin Tank (not on other tanks)	\$ 7,500.00	\$ 7,500.00
13	3	EA	Install Tank Piping, Valves, Transition Couplings, Fittings, Tideflex Valves, Expansion Joints, Check Valves, Pipe Supports, Ductile Iron Risers, Thrust Blocks, Anti-Vortex Hardware, and other Appurtenances as Necessary for a Functional System and as shown on the plans. Includes all piping and appurtenances with the exception of items (10), (11) and (12) above. Item per tank.	\$132,700.00	\$ 398,100.00

14	3	EA	Installation of New Fusion Powder Coated 700,000 Gal. Bolted Water Storage Tank (Actual Storage of 500,000 Gal.) 16 ft. Height by 86 ft. Diameter. After Installation, Complete Holiday Testing of Interior Coating and Repair Holidays as Necessary to the Satisfaction of the Engineer.	\$ 506,500.00	\$ 1,519,500.00
15	3	EA	Furnish and Install OSHA Exterior Locking Ladder Kit, Railing Around Roof Hatch and concrete pad.	\$ 7,500.00	\$ 22,500.00
16	3	EA	Hydrostatic Testing, VOC Testing, Pressure Testing, Wash Down and Cleaning of Interior, Disinfection, and Provide Bacteriological Testing.	\$ 4,500.00	\$ 13,500.00
17	3	EA	Install 6-ft Height 14-ft Wide Double Swing Gate	\$ 4,500.00	\$ 13,500.00
18	940	LF	Install 6-ft Height Chain Link Fence	\$ 35.00	\$ 32,900.00
19	1	LS	Remove existing 80hp Diesel Engine. Provide Diesel Motor Submittal. Furnish and Install New Cummins QSF3.8, Kohler KDI3404TCR-SCR, CAT C3.4B, John Deere 4045TFC03, or Approved Equal	\$ 75,000.00	\$ 75,000.00

	2020	Now
Construction Cost Estimate Total:	\$ 1,814,720	\$ 2,542,100
10% Contingency:	\$ 181,472	\$ 254,210
Soft Costs:	\$ 52,170	\$ 52,170
Total Project Estimate:	\$ 2,048,362	\$ 2,848,480
Price Increase:		139%



State Water Resources Control Board

December 24, 2021

Borrego Water District
Attn: Geoff Poole, General Manager
806 Palm Canyon Drive
Borrego Springs, CA 92004

Agreement Number: SWRCB0000000000D2002054
Project Number: 3710036-001C

Enclosed is your Agreement for your approval and signature. This Agreement cannot be considered binding by either party until executed by the State Water Resources Control Board (State Water Board).

If you are in agreement with all terms and conditions of the Agreement, please sign and date **two (2) signature** pages; return only the two (2) signature pages – it is not necessary to send the entire Agreement - **no later than thirty (30) calendar days from the date of this letter to:**

Overnight Mail

State Water Resources Control Board
Attention: David Bruglia
Division of Financial Assistance
1001 I Street, 16th Floor
Sacramento, CA 95814

US Mail

State Water Resources Control Board
Attention: David Bruglia
Division of Financial Assistance
P. O. Box 944212
Sacramento, CA 94244-2120

In order for the Funding Agreement to be executed by the State Water Board, the following items must also be returned with the signed signature pages:

1. Opinion of General Counsel.

Be aware that all projects receiving funding must comply with all applicable implementing guidelines and regulations adopted by California Department of Industrial Relations (DIR), regarding state prevailing wage requirements. You must contact DIR for guidance on how to comply. Information can be found at: <http://www.dir.ca.gov/lcp.asp>.

Mr. Bruglia may be contacted at (916) 449-5640 or David.Bruglia@waterboards.ca.gov

Once the Agreement is signed by both parties, we will forward an executed copy to you for your records.

Enclosures

E. JOAQUIN ESQUIVEL, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR



**DRINKING WATER CONSTRUCTION
GRANT**

AGREEMENT NO. SWRCB000000000D2002054
by and between
BORREGO WATER DISTRICT ("Recipient")
and
CALIFORNIA STATE WATER RESOURCES CONTROL BOARD ("State Water Board")



for the purpose of the
WATER PUMP DIESEL ENGINE UPGRADE AND TANK REHABILITATION PROJECT
3710036-001C ("Project")

- Section 116766 of the Health and Safety Code and State Water Board Resolution No. 2019-0042

PROJECT FUNDING AMOUNT: \$2,048,362.00
GRANT COMPONENT: \$2,048,362.00

ESTIMATED REASONABLE PROJECT COST: \$2,048,362.00
ELIGIBLE WORK START DATE: JULY 24, 2019
ELIGIBLE CONSTRUCTION START DATE: MARCH 17, 2021
CONSTRUCTION COMPLETION DATE: MAY 1, 2022
FINAL REIMBURSEMENT REQUEST DATE: NOVEMBER 1, 2022
RECORDS RETENTION END DATE: MAY 1, 2058

1. The State Water Board and the Recipient mutually promise, covenant, and agree to the terms, provisions, and conditions of this Agreement, including the following Exhibits, which are attached hereto or are incorporated by reference:
 - Exhibit A – Scope of Work and Schedule
 - Exhibit B – Specific Funding Provisions
 - Exhibit C – GENERAL TERMS AND CONDITIONS 2019-NOV
 - Exhibit D – Special Conditions

2. The following documents are also incorporated by reference:
 - Reserved;
 - the Drinking Water System Permit No. 05-14-09P010;

3. Party Contacts during the term of this Agreement are:

State Water Board		Borrego Water District	
Section:	Division of Financial Assistance		
Name:	Joseph Quilatan, Project Manager	Name:	Geoff Poole, General Manager
Address:	1001 I Street, 16 th Floor	Address:	806 Palm Canyon Drive
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	Borrego Springs, CA 92004
Phone:	(916) 322-9671	Phone:	(760) 767-5806
Fax:		Fax:	
Email:	joseph.quilatan@waterboards.ca.gov	Email:	geoff@borregowd.org

Each party may change its contact upon written notice to the other party. While Party Contacts are contacts for day-to-day communications regarding Project work, the Recipient must provide official communications and notices to the Division’s Deputy Director.

4. Conditions precedent to this Agreement are set forth as follows:
 - (a) The Recipient must deliver to the Division a resolution authorizing this Agreement and identifying its authorized representative by title.
 - (b) The Recipient must deliver an opinion of general counsel satisfactory to the State Water Board’s counsel dated on or after the date that the Recipient signs this Agreement.

5. The Recipient represents, warrants, and commits to the following as of the Eligible Work Start Date and continuing thereafter for the term of this Agreement, which shall be at least until the Records Retention End Date:
 - (a) The Recipient agrees to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents.
 - (b) The execution and delivery of this Agreement, including all incorporated documents, has been duly authorized by the Recipient. Upon execution by both parties, this Agreement constitutes a valid and binding obligation of the Recipient, enforceable in accordance with its terms, except as such enforcement may be limited by law.
 - (c) None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of Recipient. The Recipient is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. The Recipient is able to pay its debts as they become due. The Recipient maintains sufficient insurance coverage considering the scope of this Agreement, including, for example but not necessarily limited to, general liability, automobile liability, workers compensation and employer liability, professional liability.
 - (d) The Recipient is in compliance with all State Water Board funding agreements to which it is a party.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

BORREGO WATER DISTRICT:

STATE WATER RESOURCES CONTROL BOARD:

By: _____
Name: Geoff Poole
Title: General Manager

By: _____
Name: Joe Karkoski
Title: Deputy Director
Division of Financial Assistance

Date: _____

Date: _____

EXHIBIT A – SCOPE OF WORK AND SCHEDULE

A.1. PROJECT PURPOSE AND DESCRIPTION.

The Project is for the benefit of the Recipient and has a Useful Life of 40 years. The funding under this Agreement shall be used to replace and rehabilitate four of the District's storage tanks that are near the end of their useful lives and replace the diesel engine in the Wilcox Well that meets current emission requirements.

A.2. SCOPE OF WORK.

The Recipient agrees to do the following: demolish and replace the Twin Tanks (two 220,000 gallon tanks) and Indian Head tank (220,000 gallon tank); rehabilitate the Rams Hill #2 Tank (440,000 gallon tank) and conduct the required testing before operation; and remove the existing diesel engine and install a new compliant engine.

Upon Completion of Construction, the Recipient must expeditiously initiate Project operations.

A.3 SIGNAGE

The Recipient must place a professionally prepared sign at least four feet tall by eight feet wide made of $\frac{3}{4}$ inch thick exterior grade plywood or other approved material in a prominent location on the Project site and must maintain the sign in good condition for the duration of Project implementation. The sign may include another agency's required information and must include, prominently displayed, the following disclosure statement and color logos (available from the Division):



"Funding for this project has been provided in full or in part under the Safe and Affordable Drinking Water Fund through an agreement with the State Water Resources Control Board."

A.4 SCHEDULE.

Failure to provide items by the due dates indicated in the table below may constitute a material violation of this Agreement. The Project Manager may adjust the dates in the "Estimated Due Date" column of this table, but Critical Due Date adjustments will require an amendment to this Agreement. The Recipient must complete and submit all work in time to be approved by the Division prior to the Project Completion Date. As applicable for specific submittals, the Recipient must plan adequate time to solicit, receive, and address comments prior to submitting the final submittal. The Recipient must submit the final Reimbursement Request prior to the Final Reimbursement Request Date set forth on the Cover Page.

ITEM	DESCRIPTION OF SUBMITTAL	CRITICAL DUE DATE	ESTIMATED DUE DATE
EXHIBIT A – SCOPE OF WORK			
A.	ADDITIONAL SUBMITTAL(S) TO DIVISION		
1.	Final Plans and Specifications		September 1, 2021
2.	Final Budget Approval Package		December 1, 2021
3.	Completion of Construction	May 1, 2022	
B.	REPORTS		
1.	Progress Reports		Quarterly
2.	Final Inspection and Certification		May 1, 2022
3.	Project Completion Report		TBD
4.	As Needed Reports		TBD
EXHIBIT B – REIMBURSEMENTS, BUDGET DETAIL, AND REPORTING PROVISIONS			
A.	REIMBURSEMENTS		
1.	Reimbursement Requests		Quarterly
2.	Final Reimbursement Request	November 1, 2022	

The Recipient must award the prime construction contract and begin construction timely. The Recipient must deliver any request for extension of the Completion of Construction Date no less than 90 days prior to the Completion of Construction Date.

A.5 PROGRESS REPORTS.

The Recipient must provide a progress report to the Division each quarter, beginning no later than 90 days after execution of this Agreement. The Recipient must provide a progress report with each Reimbursement Request. Failure to provide a complete and accurate progress report may result in the withholding of Project Funds, as set forth in Exhibit B. A progress report must contain the following information:

- 1) A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;
- 2) A description of compliance with environmental requirements;
- 3) A listing of change orders including amount, description of work, and change in contract amount and schedule; and
- 4) Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.

A.6 SPECIAL REPORTS.

- (a) The Recipient must submit a Project Completion Report to the Division with a copy to the appropriate District Office on or before the due date established by the Division and the Recipient at the time of final project inspection. The Project Completion Report must include the following:
- i. Description of the Project,
 - ii. Description of the water quality problem the Project sought to address,

- iii. Discussion of the Project's likelihood of successfully addressing that water quality problem in the future, and
- iv. Summary of compliance with applicable environmental conditions.

(b) If the Recipient fails to submit a timely Project Completion Report, the State Water Board may stop processing pending or future applications for new financial assistance, withhold reimbursements under this Agreement or other agreements, and begin administrative proceedings.

(c) Reserved.

(d) The Recipient must submit information required for compliance with Greenhouse Gas Reduction Fund (GGRF) requirements, as required by the Division.

A.7 FINAL PROJECT INSPECTION AND CERTIFICATION.

Upon completion of the Project, the Recipient must provide for a final inspection and must certify that the Project has been completed in accordance with this Agreement, any final plans and specifications submitted to the State Water Board, and any amendments or modifications thereto. If the Project involves the planning, investigation, evaluation, design, or other work requiring interpretation and proper application of engineering, or other professionals, the final inspection and certification must be conducted by a California Registered Civil Engineer or other appropriate California registered professional. The results of the final inspection and certification must be submitted to the Project Manager.

EXHIBIT B – FUNDING AMOUNTS

B.1 ESTIMATED REASONABLE COST AND PROJECT FUNDS.

The estimated reasonable cost of the total Project is set forth on the Cover Page of this Agreement and is greater than or equal to the funding anticipated to be provided by the State Water Board under this Agreement. Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds not to exceed the amount of the Project Funding Amount set forth on the Cover Page of this Agreement.

B.2 RECIPIENT CONTRIBUTIONS.

(a) Reserved.

(b) The Recipient must pay any and all costs connected with the Project including, without limitation, any and all Project Costs. If the Project Funds are not sufficient to pay the Project Costs in full, the Recipient must nonetheless complete the Project and pay that portion of the Project Costs in excess of available Project Funds, and shall not be entitled to any reimbursement therefor from the State Water Board.

(c) If the Recipient recovers funds from any responsible parties, the Recipient shall immediately notify the Division. The amount of this Agreement may be reduced to reflect the recovered funds.

B.3 VERIFIABLE DATA.

Upon request by the Division, the Recipient must submit verifiable data to support deliverables specified in the Scope of Work. The Recipient's failure to comply with this requirement may be construed as a material breach of this Agreement.

B.4 BUDGET COSTS

Budget costs are contained in the Summary Project Cost Table below:

LINE ITEM	TOTAL ESTIMATED COST	PROJECT FUNDING AMOUNT
Construction	\$1,814,720.00	\$1,814,720.00
Pre-Purchased Material/Equipment	\$0	\$0
Purchase of Land	\$0	\$0
Contingency	\$181,472.00	\$181,472.00
Allowances (Soft Costs)	\$52,170.00	\$52,170.00
TOTAL	\$2,048,362.00	\$2,048,362.00

The Division's Final Budget Approval and related Form 259 and Form 260 will document a more detailed budget of eligible Project Costs and Project funding amounts.

The Recipient is prohibited from requesting disbursement amounts that represent Recipient's mark-ups to costs invoiced or otherwise requested by consultants or contractors.

Reasonable indirect costs may be allowable upon approval by the Division.

B.5 LINE ITEM ADJUSTMENTS.

Upon written request by the Recipient, the Division may adjust the line items of the Summary Project Cost Table at the time of Division's Final Budget Approval. Upon written request by the Recipient, the Division may also adjust the line items of the Summary Project Cost Table as well as the detailed budget at the time of Recipient's submittal of its final claim. Any line item adjustments to the Summary Project Cost Table that are due to a change

in scope of work will require an Agreement amendment. The sum of adjusted line items in both the Summary Project Cost Table and the detailed budget must not exceed the Project Funding Amount. The Division may also propose budget adjustments.

Under no circumstances may the sum of line items in the budget approved through the Final Budget Approval process exceed the Project Funding Amount. Any increase in the Project Funding Amount will require an Agreement amendment.

B.6 REIMBURSEMENT PROCEDURE.

- (a) Except as may be otherwise provided in this Agreement, reimbursements will be made as follows:
1. Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate reimbursement of any eligible incurred costs as specified below through submission to the State Water Board of the Reimbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed.
 2. The Recipient must submit a Reimbursement Request for costs incurred prior to the date this Agreement is executed by the State Water Board no later than ninety (90) days after this Agreement is executed by the State Water Board. Late Reimbursement Requests may not be honored.
 3. Additional Project Funds will be promptly disbursed to the Recipient upon receipt of Reimbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed by the Recipient for incurred costs consistent with this Agreement, along with receipt of progress reports due under Exhibit A.
 4. The Recipient must not request reimbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Recipient, although the actual payment of such cost by the Recipient is not required as a condition of reimbursement. Supporting documentation (e.g., receipts) must be submitted with each Reimbursement Request. The amount requested for Recipient's administration costs must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = total amount claimed). Reimbursement of Project Funds will be made only after receipt of a complete, adequately supported, properly documented, and accurately addressed Reimbursement Request. Upon request by the Division, supporting documents for professional and administrative services must include the employees' names, classifications, labor rates, hours worked, and descriptions of the tasks performed. Reimbursement Requests submitted without supporting documents may be wholly or partially withheld at the discretion of the Division.
 5. The Recipient must spend Project Funds within 30 days of receipt. If the Recipient earns interest earned on Project Funds, it must report that interest immediately to the State Water Board. The State Water Board may deduct earned interest from future reimbursements.
 6. The Recipient shall not request a reimbursement unless that Project Cost is allowable, reasonable, and allocable.
 7. Notwithstanding any other provision of this Agreement, no reimbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.
- (b) Notwithstanding any other provision of this Agreement, the Recipient agrees that the State Water Board may retain an amount equal to ten percent (10%) of the Project Funding Amount until Project Completion. Any retained amounts due to the Recipient will be promptly disbursed to the Recipient, without interest, upon Project Completion.
- (c) Except as follows, construction costs and disbursements are not available until after the Division has approved the final budget form submitted by the Recipient. The Deputy Director of the Division may authorize the disbursement of up to ten percent (10%) of Project Funds for the reimbursement of eligible construction costs and pre-purchased materials prior to Division approval of the final budget form submitted by the Recipient. All other construction costs are not eligible for reimbursement until after the Division has approved the final budget form submitted by the Recipient. Construction costs incurred prior to the Eligible Construction Start Date are not eligible for reimbursement.

B.7 REVERTING FUNDS AND DISENCUMBRANCE.

In the event the Recipient does not submit Reimbursement Requests for all funds encumbered under this Agreement by the Final Reimbursement Request Date, any remaining funds revert to the State. The State Water Board may notify the Recipient that the project file is closed, and any remaining balance will be disencumbered and unavailable for further use under the Agreement.

EXHIBIT C – GENERAL TERMS AND CONDITIONS 2019-NOV

GENERAL TERMS AND CONDITIONS 2019-NOV is incorporated by reference and is posted at https://www.waterboards.ca.gov/water_issues/programs/grants_loans/general_terms.html

EXHIBIT D – SPECIAL CONDITIONS

1. Notwithstanding Exhibit C, the following terms have no meaning for the purposes of this Agreement:
 - Work Completion
 - Work Completion Date

2. Each capitalized term used in this Agreement has the following meaning:
 - "Allowance" means an amount based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the Project.
 - "Authorized Representative" means the duly appointed representative of the Recipient as set forth in the certified original of the Recipient's authorizing resolution that designates the authorized representative by title.
 - "Completion of Construction" means the date, as determined by the Division after consultation with the Recipient, that the work of building and erection of the Project is substantially complete, and is established on the Cover Page of this Agreement.
 - "District Office" means District Office of the Division of Drinking Water of the State Water Board.
 - "Division of Drinking Water" means the Division of Drinking Water of the State Water Board.
 - "Eligible Construction Start Date" means the date set forth on the Cover Page of this Agreement, establishing the date on or after which construction costs may be incurred and eligible for reimbursement hereunder.
 - "Eligible Work Start Date" means the date set forth on the Cover Page of this Agreement, establishing the date on or after which any non-construction costs may be incurred and eligible for reimbursement hereunder.
 - "Enterprise Fund" means the enterprise fund of the Recipient in which Revenues are deposited.
 - "Event of Default" means, in addition to the meanings set forth in Exhibit C, the occurrence of any of the following events:
 - a) A material adverse change in the condition of the Recipient, the Revenues, or the System, which the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement.
 - b) Failure to operate the System or the Project without the Division's approval;
 - "Final Budget Approval" means the Division-approved final budget for the Project, as set forth in Exhibit B.
 - "Indirect Costs" means those costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the Project (i.e., costs that are not directly related to the Project). Examples of Indirect Costs include, but are not limited to: central service costs; general administration of the Recipient; non-project-specific accounting and personnel services performed within the Recipient organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-project-specific facilities; tuition and conference fees; generic overhead or markup; and taxes.
 - "Initiation of Construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.
 - "Net Revenues" means, for any Fiscal Year, all Revenues received by the Recipient less the Operations and Maintenance Costs for such Fiscal Year.
 - "Operations and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Recipient for maintaining and operating the System, determined in accordance with GAAP, including all

reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all reasonable and necessary administrative costs of the Recipient that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses, and charges to operate the System and insurance premiums; but excluding, in all cases depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles.

- "Reimbursement Request" means the Recipient's request for Project Funds from the State Water Board as set forth in Exhibit B.
- "Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with GAAP, including all rates, fees, and charges (including connection fees and charges) as received by the Recipient for the services of the System, and all other income and revenue howsoever derived by the Recipient from the ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the Recipient or held on the Recipient's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.
- "System" means all drinking water collection, transport, treatment, storage, and delivery facilities, including land and easements thereof, owned by the Borrego Water District, or its successor agency, and all other properties, structures, or works hereafter acquired and constructed by the Recipient and determined to be a part of the System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed.
- "Useful Life" means the economically useful life of the Project beginning at Project Completion and is set forth in Exhibit A.

3. Acknowledgements.

The Recipient must include the following acknowledgement in any document, written report, or brochure to be shared with the general public prepared in whole or in part pursuant to this Agreement:

"Funding for this project has been provided in full or in part under the Safe and Affordable Drinking Water Fund through an agreement with the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

4. Rates and Charges.

The Recipient must, to the extent permitted by law, fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs, and must ensure that Net Revenues are in an amount necessary to meet its obligations under this Agreement. The Recipient may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees, and charges will at all times be sufficient to meet the requirements of this section.

5. Reserved.

6. Supplemental Opinion of Counsel.

Prior to any request for reimbursement for construction costs for the Twin Tanks under this Agreement, in addition to entering into a Lease Agreement with the State Parks for the Twin Tanks property as described in paragraph D.7.a.ii, the Recipient shall deliver a supplemental opinion of counsel satisfactory to the Division's counsel that the Recipient has sufficient property rights in the Project property for the purposes contemplated in the Agreement. No construction funds will be disbursed for the Twin Tanks under this Agreement until the Recipient satisfies this condition.

7. Special Conditions

a. Technical:

- i. The Recipient shall not solicit bids, award a contract, or commence construction unless and until final plans and specifications are approved in writing by the District Office and Division of Financial Assistance.
- ii. Reimbursement of any construction funds for the Twin Tanks will require a Lease Agreement from the State Parks in a form that must be approved by the State Water Board.
- iii. The Recipient must report on employment outcomes annually for projects that provide jobs or job training using a format provided by the Project Manager.

8. Funds Related to Contamination.

(a) As a condition precedent to this Agreement and prior to any disbursement, the Recipient shall (i) notify the Division of any demands made by the Recipient against third parties for monetary damages, reimbursement of costs, or other relief, including litigation, related to drinking water contamination, including but not limited to contamination by 1,2,3-trichloropropane (1,2,3-TCP); and (ii) unless waived by the Division, notify and provide to the Division copies of any agreements with third parties (e.g., settlement agreements, consent agreements, etc.) or court or administrative orders arising out of litigation or disputes related to contamination of the drinking water associated with the Project.

(b) After execution of this Agreement, the Recipient shall notify the Division promptly of the new occurrence of any matters requiring notice under paragraph (a), above. Upon request, the Recipient shall promptly provide information and copies of documents as requested by the Division.

(c) The Recipient shall place all funds received after the date of this Agreement under any order or agreement described in paragraphs (a)(ii) and (b), above, into a restricted account to be used either for a capital improvement project that addresses the contamination, or for operation and maintenance of treatment or remediation of the contamination. Alternatively, upon consent of the Division, the funds received after the date of this Agreement under any such order or agreement shall be used as match funding for the Project or held in a restricted reserve account to support the financial capacity of the System.

(d) The amount of this Agreement may be reduced, and/or disbursements withheld, to offset amounts received under any contamination-related order or agreement described in paragraphs (a)(ii) or (b), above, to avoid double recovery. Noncompliance with paragraphs (a), (b), or (c) above shall be an Event of Default.

9. Appointment of Receiver/Custodian. Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the State Water Board under this Agreement, the State Water Board may make application for the appointment of a receiver or custodian of the Revenues, pending such proceeding, with such power as the court making such appointment may confer.

10. Reserved.

11. Reserved.
12. Reserved.
13. Operation and Maintenance. The Recipient shall sufficiently and properly staff, operate, and maintain the facility and structures constructed or improved as part of the project throughout the term of this Agreement, consistent with the purposes of this Agreement. The Recipient assumes all operations and maintenance costs of the facilities and structures; the State Water Board shall not be liable for any cost of such maintenance, management or operation.
14. Insurance. The Recipient will procure and maintain or cause to be maintained insurance on the System and Project with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System or Project) as are usually covered in connection with systems similar to the System or Project. Such insurance may be maintained by a self-insurance plan so long as such plan provides for (i) the establishment by the Recipient of a separate segregated self-insurance fund in an amount determined (initially and on at least an annual basis) by an independent insurance consultant experienced in the field of risk management employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program. In the event of any damage to or destruction of the System or Project caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System or Project. The Recipient must begin such reconstruction, repair or replacement as expeditiously as possible, and must pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same must be completed and the System and Project must be free and clear of all claims and liens. Recipient agrees that for any policy of insurance concerning or covering the construction of the Project, it will cause, and will require its contractors and subcontractors to cause, a certificate of insurance to be issued showing the State Water Board, its officers, agents, employees, and servants as additional insured; and must provide the Division with a copy of all such certificates prior to the commencement of construction of the Project.
15. Notice Events. Upon the occurrence of any of the following events, the Recipient must notify the Division's Deputy Director and Party Contacts by phone and email within the time specified below:
 - a. The Recipient must notify the Division within 24 hours by phone at (916) 327-9978 and by email to DrinkingWaterSRF@waterboards.ca.gov of any discovery of any potential tribal cultural resource and/or archaeological or historical resource. Should a potential tribal cultural resource and/or archaeological or historical resource be discovered during construction or Project implementation, the Recipient must ensure that all work in the area of the find will cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Recipient must implement appropriate actions as directed by the Division.
 - b. The Recipient must notify the Division promptly of the occurrence of any of the following events:
 - i. Bankruptcy, insolvency, receivership or similar event of the Recipient, or actions taken in anticipation of any of the foregoing;
 - ii. Change of ownership of the Project (no change of ownership may occur without written consent of the Division);
 - iii. Loss, theft, damage, or impairment to Project;

- iv. Events of Default, except as otherwise set forth in this section;
- v. A proceeding or action by a public entity to acquire the Project by power of eminent domain.
- vi. Any litigation pending or threatened with respect to the Project or the Recipient's technical, managerial or financial capacity or the Recipient's continued existence;
- vii. Consideration of dissolution, or disincorporation;
- viii. Enforcement actions by or brought on behalf of the State Water Board or Regional Water Board.
- ix. The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this funding, or in any certification, report, or request for reimbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;
- x. Any substantial change in scope of the Project. The Recipient must undertake no substantial change in the scope of the Project until prompt written notice of the proposed change has been provided to the Division and the Division has given written approval for the change;
- xi. Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more;
- xii. Any Project monitoring, demonstration, or other implementation activities required in this Agreement;
- xiii. Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice to the Division;
- xiv. Any event requiring notice to the Division pursuant to any other provision of this Agreement.
- xv. Completion of work on the Project.
- xvi. The Recipient must promptly notify the Division and Party Contacts of cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;
- xvii. The Recipient must promptly notify the Division and Party Contacts of the discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during implementation of the Project, the Recipient agrees to promptly notify the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;
- xviii. The Recipient must promptly notify the Division and Party Contacts of Completion of Construction, and Project Completion;

- xix. The Recipient must promptly notify the Division and Party Contacts of the award of the prime construction contract for the Project; and the Recipient must promptly notify the Division and Party Contacts of Initiation of construction of the Project.
 - xx. The occurrence of a material breach or event of default under any Recipient obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption.
16. Continuous Use of Project; No Lease, Sale, Transfer of Ownership, or Disposal of Project. The Recipient agrees that, except as provided in this Agreement, it will not abandon, substantially discontinue use of, lease, sell, transfer ownership of, or dispose of all or a significant part or portion of the Project during the Useful Life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all disbursed Project Funds or all or any portion of all remaining funds covered by this Agreement together with accrued interest and any penalty assessments that may be due.
17. State Cross-Cutters. Recipient represents that, as applicable, it complies and covenants to maintain compliance with the following for the term of the Agreement:
- a) The California Environmental Quality Act (CEQA), as set forth in Public Resources Code 21000 et seq. and in the CEQA Guidelines at Title 14, Division 6, Chapter 3, Section 15000 et seq.
 - b) Water Conservation requirements, including regulations in Division 3 of Title 23 of the California Code of Regulations.
 - c) Monthly Water Diversion Reporting requirements, including requirements set forth in Water Code section 5103.
 - d) Public Works Contractor Registration with Department of Industrial Relations requirements, including requirements set forth in Sections 1725.5 and 1771.1 of the Labor Code.
 - e) Volumetric Pricing & Water Meters requirements, including the requirements of Water Code sections 526 and 527.
 - f) Urban Water Management Plan requirements, including the Urban Water Management Planning Act (Water Code, § 10610 et seq.).
 - g) Urban Water Demand Management requirements, including the requirements of Section 10608.56 of the Water Code.
 - h) Delta Plan Consistency Findings requirements, including the requirements of Water Code section 85225 and California Code of Regulations, title 23, section 5002.
 - i) Agricultural Water Management Plan Consistency requirements, including the requirements of Water Code section 10852.
 - j) Charter City Project Labor Requirements, including the requirements of Labor Code section 1782 and Public Contract Code section 2503.
 - k) The Recipient agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with directives or orders issued pursuant to Division 7 of the Water Code.
18. Reserved.

19. Reserved.
20. Fraud, Waste, and Abuse. The Recipient shall prevent fraud, waste, and the abuse of Project Funds, and shall cooperate in any investigation of such activities that are suspected in connection with this Agreement. The Recipient understands that discovery of any evidence of misrepresentation or fraud related to reimbursement requests, invoices, proof of payment of invoices, or other supporting information, including but not limited to double or multiple billing for time, services, or any other eligible cost, may result in referral to the Attorney General's Office or the applicable District Attorney's Office for appropriate action. The Recipient further understands that any suspected occurrences of false claims, misrepresentation, fraud, forgery, theft or any other misuse of Project Funds may result in withholding of reimbursements and/or the termination of this Agreement requiring the immediate repayment of all funds disbursed hereunder.
21. Disputes. The Recipient must continue with the responsibilities under this Agreement during any dispute. The Recipient may, in writing, appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute. This provision does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law. This section relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.
22. Additional Representations and Warranties. The Recipient makes the following representations and warranties:
 - a. Reserved.
 - b. The Recipient has not made any untrue statement of a material fact in its application for this financial assistance, or omitted to state in its application, a material fact that makes the statements in its application not misleading.
 - c. The Recipient agrees to fulfill all assurances, declarations, representations, and commitments in its application, accompanying documents, and communications filed in support of its request for funding under this Agreement.
 - d. The execution, delivery, and performance by Recipient of this Agreement, including all incorporated documents, do not violate any provision of any law or regulation in effect as of the date set forth on the first page hereof, or result in any breach or default under any contract, obligation, indenture, or other instrument to which Recipient is a party or by which Recipient is bound as of the date set forth on the Cover Page.
 - e. Except as set forth in this paragraph, there are, as of the date of execution of this Agreement by the Recipient, no pending or, to Recipient's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency which materially affect the financial condition or operations of the Recipient, the Revenues, and/or the Project.

- f. There are no proceedings, actions, or offers by a public entity to acquire by purchase or the power of eminent domain any of the real or personal property related to or necessary for the Project.
- g. The Recipient is duly organized and existing and in good standing under the laws of the State of California. Recipient must at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. Within the preceding ten years, the Recipient has not failed to demonstrate compliance with state or federal audit disallowances.
- h. Any financial statements or other financial documentation of Recipient previously delivered to the State Water Board as of the date(s) set forth in such financial statements or other financial documentation: (a) are materially complete and correct; (b) present fairly the financial condition of the Recipient; and (c) have been prepared in accordance with GAAP. Since the date(s) of such financial statements or other financial documentation, there has been no material adverse change in the financial condition of the Recipient, nor have any assets or properties reflected on such financial statements or other financial documentation been sold, transferred, assigned, mortgaged, pledged or encumbered, except as previously disclosed in writing by Recipient and approved in writing by the State Water Board.
- i. The Recipient is current in its continuing disclosure obligations associated with its material debt, if any.
- j. The Recipient has no conflicting or material obligations, except as set forth in this paragraph.
- k. The Recipient legally possesses all real property rights necessary for the purposes of this Agreement, not subject to third party revocation, which rights extend at least to the Records Retention End Date of this Agreement, except as set forth in this paragraph. As of the date of this Agreement, the Recipient is in negotiations for a lease for the property on which its Twin Tanks are located.
- l. The Recipient and its principals, to the best of the Recipient's knowledge and belief, are not presently debarred, suspended, proposed for debarment, declared ineligible, or otherwise excluded from participation in any work overseen, directed, funded, or administered by the State Water Board program for which this grant funding is authorized; nor have they engaged or permitted the performance of services covered by this Agreement from parties that are debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which this grant funding is authorized.
- m. The Recipient possesses all water rights necessary for this Project.

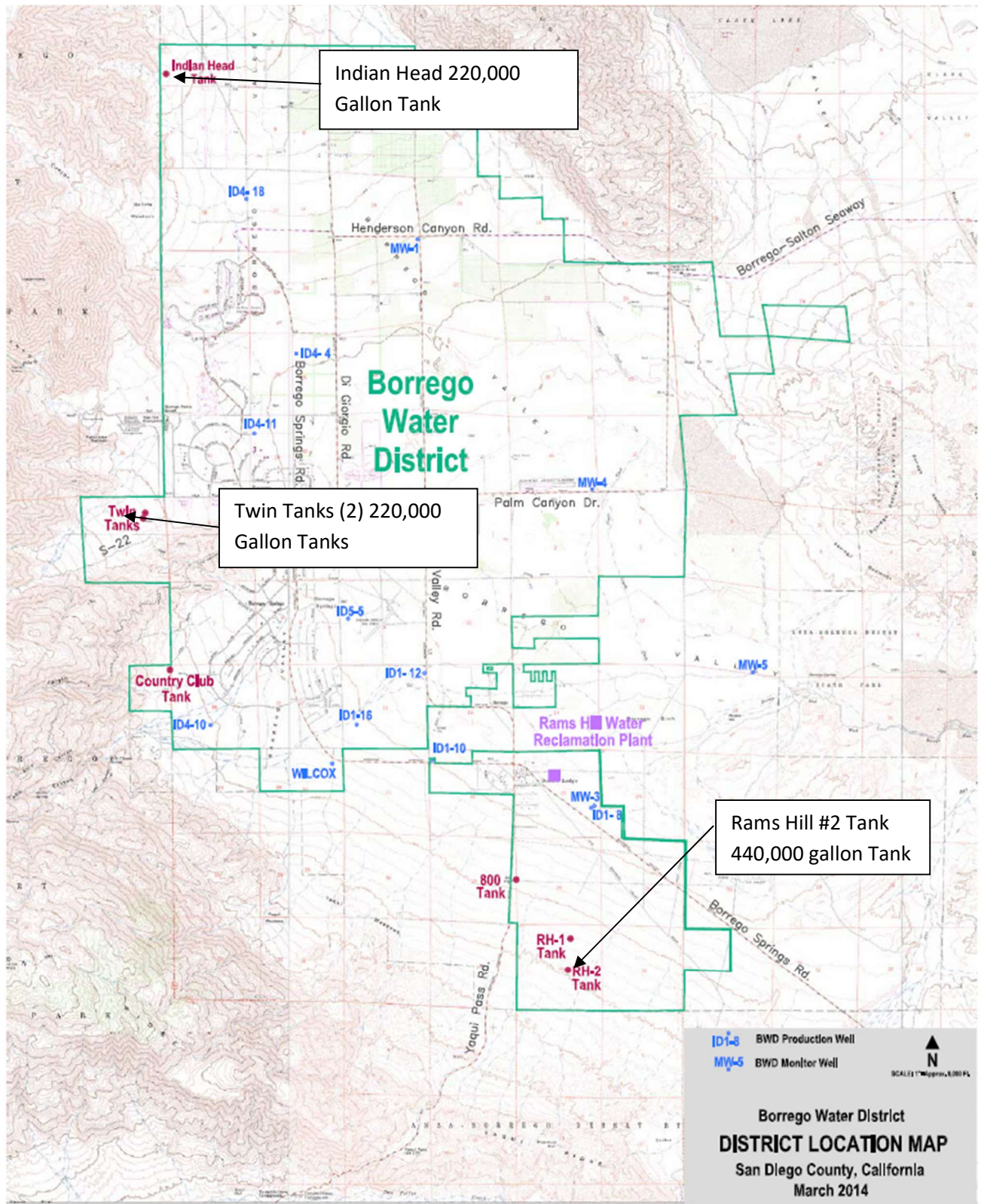


Figure 2 - BWD District Location Map

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 22, 2022
AGENDA ITEM II. E

February 14, 2022

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Notice of Award to Rove Construction for Borrego Valley Rd Pipeline Extension to serve SDG&E – D Dale

RECOMMENDED ACTION:

Receive Staff Report and approve the General Manager to sign a construction contract with ROVE Engineering, Inc.

ITEM EXPLANATION:

SDG&E contacted District staff to request an 8-inch diameter water pipeline to be extended approximately one mile north along Borrego Valley Road, from Palm Canyon Drive to the SDG&E substation. A fire hydrant will be installed at the end of the pipeline, near the substation. The meter size for the substation will be 1-inch. The design work was completed in-house by the District Engineer.

On December 8, 2020 the Board of Directors approved a reimbursement agreement with SDG&E. The agreement includes reimbursement for administration costs related to the project, including office personnel, bidding and other soft costs.

SDG&E deposited with the district funds equal to 50% of the engineer's opinion of probable construction cost. The district purchased the 8-inch diameter pipe with some of the deposited funds. Most of the pipe has been delivered and is being stored at the district shop.

On January 18, 2022 at 2:00 p.m., bids were opened and read aloud. The district received (3) bids as follows:

1. RADCO, Inc. \$379,017.50
2. A&R Construction \$285,000.25
3. ROVE Engineering, Inc. \$207,365.00

After review of the bids and discussions with SDG&E, it is recommended to award the bid to ROVE Engineering, Inc. in the amount of \$207,365.00.

NEXT STEPS

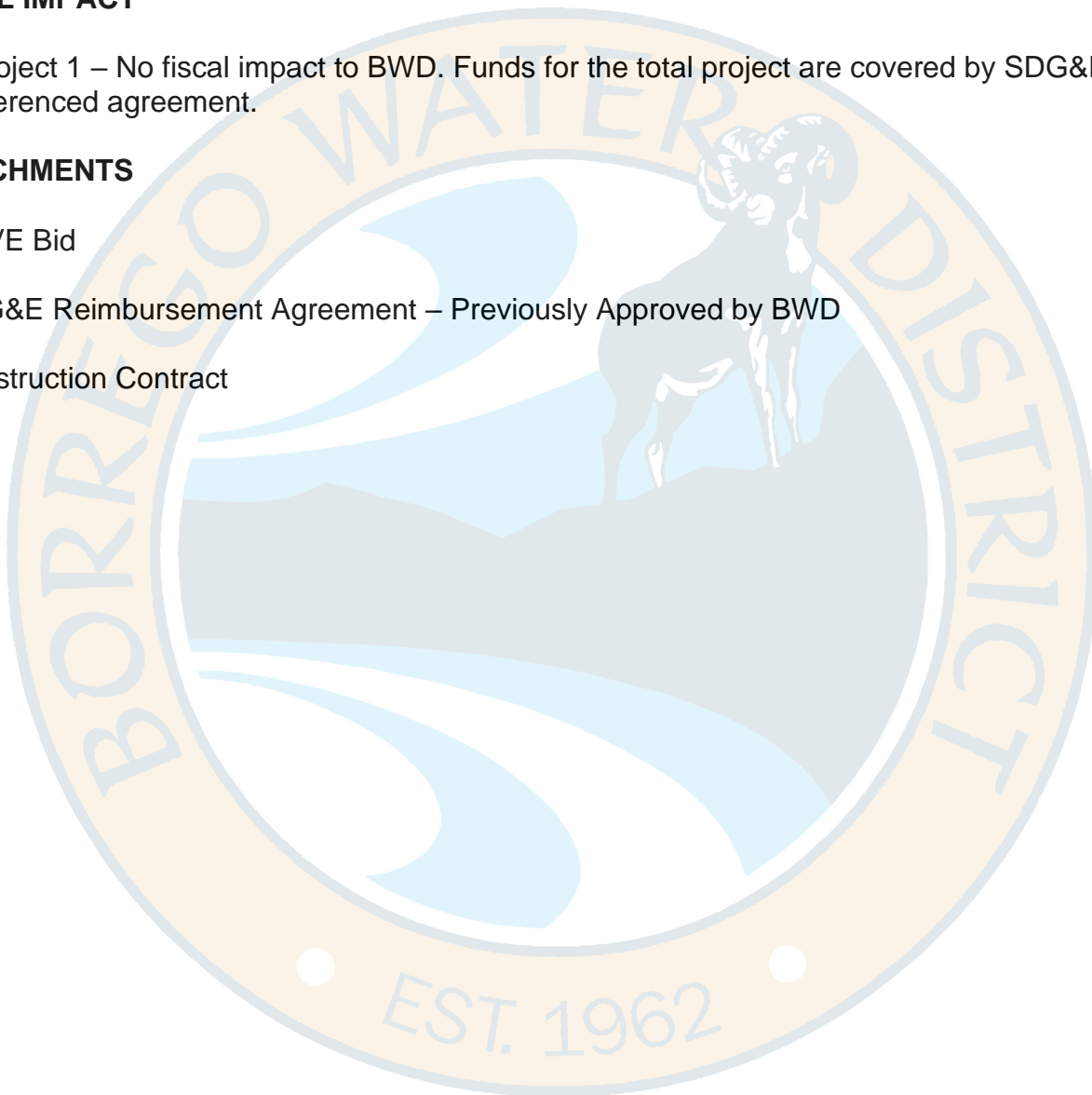
After the bid is awarded, remaining funds in the amount of the construction contract plus a 20% contingency and any additional soft cost expenses will be required from SDG&E prior to commencement of construction. There will be soft costs, such as construction management and geotechnical testing, that will be included in the project costs. District staff have prepared an invoice to SDG&E for the estimated funds. Any funds that are deposited with the district that are not expended will be refunded to SDG&E.

FISCAL IMPACT

CIP Project 1 – No fiscal impact to BWD. Funds for the total project are covered by SDG&E per the referenced agreement.

ATTACHMENTS

1. ROVE Bid
2. SDG&E Reimbursement Agreement – Previously Approved by BWD
3. Construction Contract



00 41 43 – BID FORMS

1.1 Bid.

Bids will be received at the Office of the Borrego Water District, located at 806 Palm Canyon Drive, Borrego Springs, California 92004 until **2:00 p.m. on Tuesday, January 18, 2022.**

NAME OF BIDDER: Rove Engineering, Inc.

To the General Manager
of the Borrego Water District
806 Palm Canyon Drive
Borrego Springs, California 92004

The undersigned hereby declare that we have carefully examined the location of the proposed Work, and have read and examined the Contract Documents, including all plans, specifications, and all addenda, if any for the following Project:

BORREGO VALLEY ROAD NORTH OF PALM CANYON DRIVE PIPELINE Project

We hereby propose to furnish all labor, materials, equipment, tools, transportation, and services, and to discharge all duties and obligations necessary and required to perform and complete the Project, as described and in strict conformity with the Drawings, and these Specifications for TOTAL BID PRICE indicated herein.

The undersigned acknowledges receipt, understanding, and full consideration of the following addenda to the Contract Documents:

Addenda No. None

1. Attached is the required Bid Guarantee in the amount of not less than 10% of the Total Bid Price.
2. Attached is the completed Designation of Subcontractors form.
3. Attached is the fully executed Noncollusion Declaration form.
4. Attached is the completed Iran Contracting Act Certification form.
5. Attached is the completed Public Works Contractor Registration Certification form.
6. Attached is the completed Contractor's Certificate Regarding Workers' Compensation form.
7. Attached is the completed Bidder Information and Experience form.

A. BID SCHEDULE

ITEM	QUA	UNIT	ITEM	UNIT COST	AMOUNT
1	1	LS	Mobilization of equipment and material, Performance Bond, Payment Bond, General Liability Insurance, Workman's Compensation Insurance, Construction water, freight, project signs, Air pollution control district requirements and fees, Restroom Facilities, Vehicle Insurance, Taxes, Permits, Business license, and Similar expenses and other costs not specifically addressed within this bid item list.	\$ 32,180.00 23,180.00 <i>jk</i>	\$ 32,180.00 23,180.00 <i>jk</i>
2	1	LS	Preparation and Implementation of Dust Control Plan Per San Diego County Air Pollution Control District	\$ 1,200.00	\$ 1,200.00
3	1	LS	Preparation of Traffic Control Plan, Implementation of Traffic Control and Construction Area Signs	\$ 3,000.00	\$ 3,000.00
4	1	LS	Potholing of the Existing Underground Utilities and Pipelines as indicated on Improvement Plans.	\$ 10,000.00	\$ 10,000.00
5	1,075	LF	Sawcut/grind out Existing AC Pavement	\$ 5.00	\$ 5,375.00
6	1,350	SF	Remove and Dispose of AC Pavement and Underlying Base Material	\$ 3.00	\$ 4,050.00
7	5,325	LF	Borrego Water District to furnish the 8-inch diameter pipe. The pipe is to be stored at the district yard located at 806 Palm Canyon Drive in Borrego Springs. Contractor to relocate pipe to job site, furnish all fittings and other materials as specified and shown on the drawings. Contractor to furnish all materials (other than pipe), equipment, shoring per OSHA, other materials and labor necessary to install the new 8-inch Dia. AWWA C-900 DR 18 - Pressure Class 150 PVC Water Pipeline, Including Backfill and Compaction.	\$ 8.40	\$ 44,730.00
8	150	CYS	Furnish and install Import sand material for backfilling the water pipe.	\$ 75.00	\$ 11,250.00

9	1	EA	Furnish and Install 1 inch Water Lateral including Connection to 8" Water Main, 1 Inch Copper Pipe to Property Line and 1 inch Bronze Angle Meter Stop with Lockwing. (Do not include Water Meter, Meter box and Shut Off Valve).	\$ 4,100.00	\$ 4,100.00
10	3	EA	Furnish and Install New 8-Dia. Ductile Iron Resilient Wedge Gate Valve with Valve Cover and Riser.	\$ 4,200.00	\$ 12,600.00
11	1	EA	Furnish and Install New 8 inch x 8 inch x 8-Inch Dia. Epoxy-Coated Ductile Iron Tee and thrust block	\$ 3,000.00	\$ 3,000.00
12	4	EA	Furnish and Install 8-inch MJxMJ 45 DI Degree Bend	\$ 2,400.00	\$ 9,600.00
13	1	EA	Furnish and Install 8-inch 90 Degree DI Ell and Thrust Block	\$ 2,700.00	\$ 2,700.00
14	1	EA	Furnish and Install 10" x 8" DI Reducer Fitting	\$ 2,800.00	\$ 2,800.00
15	1	EA	Furnish and Install 8" x 6" DI Reducer Fitting	\$ 2,500.00	\$ 2,500.00
16	1	EA	Furnish and Install 8-inch Blind Flange and Thrust Block	\$ 1,255.00	\$ 1,255.00
17	1	EA	Furnish and Install New Fire Hydrant Assembly Including 6" Lateral, Riser, 6" Gate Valve and Valve Can and all parts per Detail WF-01 on sheet 8	\$ 13,100.00	\$ 13,100.00
18	75	Tons	Furnish and Install 4 Inches of AC Pavement 3/4" Type III Class B3 (Per San Diego County Standards and Specifications)	\$ 375.00	\$ 28,125.00
19	75	CYS	Furnish and Install 9 Inches of Class II Base	\$ 120.00	\$ 9,000.00
20	1	LS	Contractor to Complete Hydrostatic Pressure Testing per Specifications.	\$ 2,500.00	\$ 2,500.00
21	1	LS	Contractor to Complete Disinfection of the New Pipeline per Specifications	\$ 3,300.00	\$ 3,300.00
22	1	LS	San Diego County Encroachment Permit Fee Allowance. Contractor to obtain encroachment permit. If permit fees exceed or ar less than the allowance fee, a change order or deductive change order based on the actual cost of the permit fees only will be processed to cover the difference.	\$ 10,000.00	\$ 10,000.00

			Total Base Bid Items:	\$ 216,365.00 207,365.00 JK

The costs for any Work shown or required in the Contract Documents, but not specifically identified as a line item are to be included in the related line items and no additional compensation shall be due to Contractor for the performance of the Work.

In case of discrepancy between the Unit Price and the Item Cost set forth for a unit basis item, the unit price shall prevail and shall be utilized as the basis for determining the lowest responsive, responsible Bidder. However, if the amount set forth as a unit price is ambiguous, unintelligible or uncertain for any cause, or is omitted, or is the same amount as the entry in the "Item Cost" column, then the amount set forth in the "Item Cost" column for the item shall prevail and shall be divided by the estimated quantity for the item and the price thus obtained shall be the Unit Price.

For purposes of evaluating Bids, the DISTRICT will correct any apparent errors in the extension of unit prices and any apparent errors in the addition of lump sum and extended prices.

The estimated quantities for Unit Price items are for purposes of comparing Bids only and the DISTRICT makes no representation that the actual quantities of work performed will not vary from the estimates. Final payment shall be determined by the Engineer from measured quantities of work performed based upon the Unit Price.



B. TOTAL BID PRICE FOR BID SCHEDULE:

TOTAL BID PRICE BASED ON BID SCHEDULE (BID ITEMS 1 – 22) TOTAL OF UNIT PRICES	
FOR: BORREGO VALLEY ROAD NORTH OF PALM CANYON DRIVE PIPELINE Project	
\$ 216,365.00 \$207,365.00 <i>fe</i>	
Total Bid Price (Numerical)	
\$ Two hundred ^{seven} sixteen thousand, three hundred sixty	
Total Bid Price (Written Word)	
<i>five dollars and zero cents.</i>	
In case of discrepancy between the written price and the numerical price, the written price shall prevail.	

The undersigned agrees that this Bid Form constitutes a firm offer to the DISTRICT which cannot be withdrawn for the number of calendar days indicated in the Notice Inviting Bids from and after the Bid opening, or until a Contract for the Work is fully executed by the DISTRICT and a third party, whichever is earlier.

The DISTRICT can choose to include any, all, or none of the Alternate Bid items in the Work. If the DISTRICT selects any of the Alternate Bid items, the corresponding Alternate Bid prices shall be added to Base Bid Price for the Work. The DISTRICT can award/select Alternate Bid items at any time(s).

The successful bidder hereby agrees to sign the contract and furnish the necessary bonds and certificates of insurance within ten (10) working days after the DISTRICT provides the successful bidder with the Notice of Award.

Upon receipt of the signed contract and other required documents, the contract will be executed by the DISTRICT, after which the DISTRICT will prepare a letter giving Contractor Notice to Proceed. The official starting date shall be the date of the Notice to Proceed, unless otherwise specified. The undersigned agrees to begin the Work within ten (10) working days of the date of the Notice to Proceed, unless otherwise specified.

The undersigned has examined the location of the proposed work and is familiar with the Drawings and Specifications and the local conditions at the place where work is to be done.

If awarded the contract, the undersigned agrees that there shall be paid by the undersigned and by all subcontractors to all laborers, workers and mechanics employed in the execution of such contract no less than the prevailing wage rate within San Diego County for each craft, classification, or type of worker needed to complete the Work contemplated by this contract as established by the Director of the Department of Industrial Relations. A copy of the prevailing rate of per diem wages are on file at the DISTRICT's Administration Office and shall be made available to interested parties upon request.

Enclosed find cash, bidder's bond, or cashier's or certified check No. _____ from the _____ Bank in the amount of N/A, which is not less than ten percent (10%) of this bid, payable to Borrego Water District as bid security and which is given as a guarantee that the undersigned will enter into a contract and provide the necessary bonds and certificates of insurance if awarded the Work.

The bidder furthermore agrees that in case of bidder's default in executing said contract and furnishing required bonds and certificates of insurance, the cash, bidder's bond, or cashier's or certified check accompanying this proposal and the money payable thereon shall become and shall remain the property of the Borrego Water District.

Bidder is an individual _____, or corporation X, or partnership _____, organized under the laws of the State of California.

Bidder confirms license(s) required by California State Contractor's License Law for the performance of the subject project are in full effect and proper order. The following are the Bidder's applicable license number(s), with their expiration date(s) and class of license(s):

1046101 10/31/2022 A



CONTRACTORS
STATE LICENSE BOARD
ACTIVE LICENSE



License Number **1046101**

Entity Type **CORP**

Business Name **ROVE ENGINEERING INC**

Classification **A**

Expiration Date **10/31/2022**

www.cslb.ca.gov



If the Bidder is a joint venture, each member of the joint venture must include the required licensing information.

Sureties that will furnish the Faithful Performance Bond and the Labor and Material Payment Bond, in the form specified herein, in an amount equal to one hundred percent (100%) of the contract price within ten (10) working days from the date the DISTRICT provides the successful bidder the Notice of Award. Sureties must meet all of the State of California bonding requirements, as defined in California Code of Civil Procedure Section 995.120 and must be authorized by the State of California.

The insurance company or companies to provide the insurance required in the contract documents must have a Financial Strength Rating of not less than "A-" and a Financial Size Category of not less than "Class VII" according to the latest Best Key Rating Guide. At the sole discretion of the DISTRICT, the DISTRICT may waive the Financial Strength Rating and the Financial Size Category classifications for Workers' Compensation insurance.

(signatures continued on next page)

I hereby certify under penalty of perjury under the laws of the State of California that all of the information submitted in connection with this Bid and all of the representations made herein are true and correct.

Executed at El Centro, CA, on this 18th day of January, 2022

(Bidders Name – Print or Type)
Yessenia Eugenio
Corporate Secretary

(Name and Title)

(Corporate Seal)


(Signature)

Names of individual members of firm or names and titles of all officers of corporation and their addresses are listed below:

Name Steven Eugenio Title President

Complete Address 399 S. Haskel Drive, El Centro, CA 92243

Phone (760) 790-7705 FAX None

Name Yessenia Eugenio Title Corporate Secretary

Complete Address 399 S. Haskel Drive, El Centro, CA 92243

Phone (760) 791-7568 FAX None

Name N/A Title _____

Complete Address _____

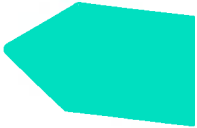
Phone _____ FAX _____

Name N/A Title _____

Complete Address _____

Phone _____ FAX _____

BLANK (NO BID BOND REQUIRED)



1.3 List of Subcontractors

In compliance with the Subletting and Subcontracting Fair Practices Act Chapter 4 (commencing at Section 4100), Part 1, Division 2 of the Public Contract Code of the State of California and any amendments thereof, Bidder shall set forth below: (a) the name and the location of the place of business, (b) the California contractor license number, (c) the DIR public works contractor registration number unless exempt pursuant to Labor Code Sections 1725.5 and 1771.1, and (d) the portion of the work which will be done by each subcontractor who will perform work or labor or render service to the Bidder in or about the construction of the work or improvement to be performed under this Contract in an amount in excess of one-half of one percent (0.5%) of the Bidder's Total Bid Price. Notwithstanding the foregoing, if the work involves the construction of streets and highways, then the Bidder shall list each subcontractor who will perform work or labor or render service to the Bidder in or about the work in an amount in excess of one-half of one percent (0.5%) of the Bidder's Total Bid Price or \$10,000, whichever is greater. No additional time shall be granted to provide the below requested information.

If a Bidder fails to specify a subcontractor or if a contractor specifies more than one subcontractor for the same portion of work, then the Bidder shall be deemed to have agreed that it is fully qualified to perform that portion of work and that it shall perform that portion itself.

Work to be done by Subcontractor	Name of Subcontractor	Location of Business	CSLB Contractor License No.	DIR Registration Number	% of Work
None	→				

Work to be done by Subcontractor	Name of Subcontractor	Location of Business	CSLB Contractor License No.	DIR Registration Number	% of Work

(Attach additional sheets if necessary)

Name of Bidder Rove Engineering, Inc.

Signature 

Name and Title Yessenia Eugenio, Corporate Secretary

Dated 01/18/2022

1.4 Bidder Information and Experience Form

ARTICLE 1. INFORMATION ABOUT BIDDER

(Indicate not applicable ("N/A") where appropriate.)

NOTE: Where Bidder is a joint venture, pages shall be duplicated and information provided for all parties to the joint venture. N/A

1.0 Name of Bidder: _____

2.0 Type, if Entity: _____

3.0 Bidder Address: _____

Facsimile Number

Telephone Number

Email Address

4.0 How many years has Bidder's organization been in business as a Contractor?
2.5

5.0 How many years has Bidder's organization been in business under its present name? 2.5

5.1 Under what other or former names has Bidder's organization operated? None

6.0 If Bidder's organization is a corporation, answer the following:

6.1 Date of Incorporation: 10/25/2018

6.2 State of Incorporation: California

6.3 President's Name: Steven Eugenio

6.4 Vice-President's Name(s): N/A

6.5 Secretary's Name: Yessenia Eugenio

6.6 Treasurer's Name: N/A

- 7.0 If an individual or a partnership, answer the following: N/A
- 7.1 Date of Organization: _____
- 7.2 Name and address of all partners (state whether general or limited partnership):

- 8.0 If other than a corporation or partnership, describe organization and name principals:
N/A

- 9.0 List other states in which Bidder's organization is legally qualified to do business.
California

- 10.0 What type of work does the Bidder normally perform with its own forces?
Site work, underground, grading, paving

- 11.0 Has Bidder ever failed to complete any work awarded to it? If so, note when, where, and why:
No

- 12.0 Within the last five years, has any officer or partner of Bidder's organization ever been an officer or partner of another organization when it failed to complete a contract? If so, attach a separate sheet of explanation:
No

- 13.0 List Trade References:
See Attached



Trade References

Vendor Name	Account No.		Address	Phone	Fax
Empire Southeast	2522008	P O Box 29879 Betsy Oneill	Phoenix AZ 85038 Betsy.ONeill@empire-cat.com	(480) 633-4000	
K-C Welding	2076	1549 Dogwood Rita Novak	El Centro CA 92243 ritan@Kcweldingandrentals.com	(760) 352-3832	(760) 352-7587
Superior Ready Mix	ROVEE005	1508 W. Mission Linda LaCroix	Escondido CA 92029 llacroix@superiorm.com	(760) 745-0556	(760) 740-0371
Elm's Equipment	5868	P O Box 371 Barbara Watts	Brawley CA 92227 barbara@elmsrental.com	(760) 344-3780	(760) 344-0371
Havens & Son	HT1202	603 E. Main Street Lexi	El Centro CA 92243 lexi@havensandsons.com	(760) 352-6735	(760) 352-7465
Community Valley Bank	0201013834	1443 Main Street	El Centro CA 92243 mmazeroll@yourcvb.com	(760) 352-7777	

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

ARTICLE 2. LIST OF CURRENT PROJECTS (BACKLOG)

[**Duplicate Page if needed for listing additional current projects.**]

Project (Including Owner's Name)	Description of Bidder's Work	Completion Date	Cost of Bidder's Work
See Attached Current Job List			



Current Jobs

Agency	Description	Prime Subcontractor	Contract Amount	Agency Contact	Year Completed	Work Type
City of Holtville	Cedar Street Improvements	Contractor	\$298,832	Fumi Hamanaka Galvan (760) 337-3883	2022	Paving & Site Improvements
County of Imperial	Clark Road Improvements	Contractor	\$1,541,850	Cesia Bautista (442) 265-1857	2022	Paving
Galindo Electric	Miramar Substation Foundation and Sitework	Subcontractor	\$197,170	Wes Bertalan (619) 226-9527	2022	Paving
Mordah	Towncenter Courtyard II	Subcontractor	\$1,378,184	Mike Mordah (760) 996-5698	2022	Site Improvements
City of Calexico	Install Speed Bumps	Contractor	\$15,000	(760) 768-2133	2022	Paving
Department of Water Resources	Salton Sea Dust Supression Services	Prime	\$2,500,000	Steven Garcia (916) 651-7013	On Going	Site Improvements
Mike Mordah Construction	City of El Centro Lotus Living Tiny Homes	Subcontractor	\$349,864	Mike Mordah (760) 996-5698	On Going	Underground
Duggins Construction	Worthington La Luna Apartments	Subcontractor	\$8,690	Russell Roben (760) 355-5600	On Going	Road Repair
Duggins Construction	Gateway Heartland	Subcontractor	\$219,849	Russell Roben (760) 355-5600	On Going	Site Improvements
City of Calexico	New River Parkway	Contractor	\$1,663,368	Lillian Falomir (760) 768-2160	On Going	Site Improvements
The Hatch Group	Grocery Store Outlet, Brawley	Subcontractor	\$1,122,160	Israel Hernandez (714) 257-4600	On Going	Site Improvements
Emerson Construction	Palomino Apartments	Subcontractor	\$357,400	Eddie Yopez (760) 573-3532	On Going	Site Improvements
Leviton Homes	La Paloma Foundation	Subcontractor	\$268,025	Victor M. Aguilar (760) 886-5518	On Going	Site Improvements
Bear Valley 2005, LLC	Centro Commons Shopping Center / Office Portion	Subcontractor	\$845,000	Joseph Michael (310) 753-3344	On Going	Paving
The Hatch Group	Dollar General, Brawley	Subcontractor	\$465,473	(714) 257-4600	On Going	Improvements
The Hatch Group	Starbucks, Imperial	Subcontractor	\$295,000	Israel Hernandez (714) 257-4600	On Going	Site Improvements
Ormat Nevada	Wister Substation	Contractor	\$189,075	Jason Alosi (775) 356-9029	On Going	Site Improvements
Department of Water Resources	Bale Placement	Contractor	\$4,696,850	Steven Garcia (916) 651-7013	On Going	Site Improvements

3R1 Builders	Heritage at Dahlia Ranch	Subcontractor	\$411,800	Russell Roben (760) 355-5600	On Going	Site Improvements
Ormat Nevada	Wister Solar	Contractor	\$1,754,835	Eduardo Barajas (760) 604-4559	On Going	Site Improvements
City of El Centro	Dogwood Road	Contractor	\$903,750	Felix De Leon (760) 337-5182	On Going	Paving
Border Valley Trading	Design and Install RCP Drain	Contractor	\$139,890	Travis Dove (760) 344-6700	On Going	Site Improvements

ARTICLE 3. LIST OF COMPLETED PROJECTS – LAST THREE YEARS

[**Duplicate Page if needed for listing additional completed projects.**]

Please include only those projects which are similar enough to demonstrate Bidder’s ability to perform the required Work.

Project (Including Owner’s Name)	Description of Bidder’s Work	Completion Date	Cost of Bidder’s Work
See Attached Job History			



Job History

Agency	Description	Prime Subcontractor	Contract Amount	Agency Contact	Year Completed	Work Type
City of Calipatria	Bond Financed Street Rehabilitation	Prime	\$1,146,811	Juny Marmolejo Holt Group (760) 337-3883	2020	Road Repair
City of Brawley	Legion Street Improvements Project, Phase 2	Prime	\$391,292	Andres Miramontez (760) 344-5800	2020	Road Repair
Borrego Springs Water District	Fairway Lane / De Anza Improvements Water Improvements Proj	Prime	\$387,365	David Dale (760) 767-5806	2020	Underground
City of Calexico	Remove and Replace Manhole	Prime	\$24,495	Arturo Estrada (760) 768-2160	2020	Road Repair
El Centro School District	Repair 18" Concrete Line at Hedrick Elementary	Prime	\$29,500		2020	Underground
Bravo Seven LLC	Place and Finish 3" Asphalt	Prime	\$8,500	(760) 902-7549	2020	Road Repair
Winfield Development	Heberwood Estates, Unit 5A Curb, Gutter & Sidewalks	Prime	\$154,481	Frank Leon (760) 353-9724	2020	Site Improvements
Department of Water Resources	Salton Sea Dust Supression Services	Prime	\$2,500,000	Steven Garcia (916) 651-7013	On Going	Site Improvements
Mike Mordah Construction	City of El Centro Lotus Living Tiny Homes	Subcontractor	\$349,864	Mike Mordah (760) 996-5698	On Going	Underground
Mike Mordah Construction	Valley Premier Storage	Subcontractor	\$956,041	Mike Mordah (760) 996-5698	2020	Underground
Morningside Apartment Homes LLC	Various Projects	Subcontractor	\$127,961	Richard Thomas (760) 427-7572	2019-2020	Underground/ Site Improvements
Ormat Nevada	Various Projects	Prime	\$1,257,037	Jason Alosi (775) 356-9029	2019-2020	Underground / Site Improvements
DH Ortega Construction	Various Projects	Subcontractor	\$172,692	Lauri Ortega (928) 537-4842	2019-2020	Underground / Site Improvements
S & B Engineering	11-430664 Hwy 111 Mud Pot	Subcontractor	\$1,143,458	Josh Bridwell (619) 390-6570	2019-2020	Road Repair
Stout Building Contractors	Dollar General - Various Locations	Subcontractor	\$649,702	Mikel Guille (385) 320-6673	2019-2020	Underground / Site Improvements

City of Imperial	Class I and Class II Bike Path	Contractor	\$584,597	Carlos Beltran Dynamic Consulting Engineers (760) 545-0162	2020	Site Improvements
The Hatch Group	Imperial New Post Office	Subcontractor	\$534,944	Israel Hernandez (714) 257-4600	2020	Site Improvements
A & N Quality Builders	Frank Wright School Court Improvements	Subcontractor	\$25,628	(760) 337-9488	2020	Site Improvements
OWB	Slope Grading	Contractor	\$53,300	Claude Riley (760) 412-3868	2020	Site Improvements
City of Holtville	Ninth Street Improvements	Contractor	\$311,910	Carlos Beltran Dynamic Consulting Engineers (760) 545-0162	2020	Road Repair
County of Imperial	Keystone & Austin Intersection Improvements	Contractor	\$184,494	Mauricio Lam LC Engineering Consultants (760) 353-8110	2020	Road Repair
Duggins Construction	ECRMC Expansion	Subcontractor	\$61,783	Russell Roben (760) 355-5600	2020	Site Improvements
Duggins Construction	Hollies Motel Remodel	Subcontractor	\$264,854	Russell Roben (760) 355-5600	2020	Site Improvements
Mike Mostrong	Pad Improvement	Contractor	\$48,070	Mike Mostrong (760) 352-3832	2020	Site Improvements
City of Calipatria	Date Street Improvements	Contractor	\$497,066	Carlos Beltran Dynamic Consulting Engineers (760) 545-0162	2020	Road Repair
Erich Haas	Pad Construction	Contractor	\$330,973	Erich Haas	2020	Site Improvements
3R1 Builders	Nance Road and Russell Court, Ph 3	Subcontractor	\$203,292	Russell Roben (760) 355-5600	2021	Site Improvements
3R1 Builders	Murphy Road	Subcontractor	\$29,833	Russell Roben (760) 355-5600	2021	Road Repair
Borrego Springs Water District	Bending Elbow, Weather Vane and Rocking Chair Drive Pipeline Project	Contractor	\$458,405	David Dale (760) 767-5806	2021	Underground
Duggins Construction	Crest Expansion	Subcontractor	\$303,366	Russell Roben (760) 355-5600	2021	Site Improvements
George Mitchel	Imperial Valley College DPS Modular Building	Subcontractor	\$57,075	Daniel Diaz (760) 344-5149	2021	Site Improvements
Duggins Construction	Fiest Tortilla Remodel	Subcontractor	\$12,352	Russell Roben (760) 355-5600	2021	Site Improvements
Border Valley Trading	Base and Pave Yard	Contractor	\$252,707	Travis Dove (760) 344-6700	2021	Site Improvements
City of Blythe	Acacia Street Rehabilitation	Contractor	\$192,700	(760) 922-6161	2021	Road Repair

City of Westmorland	Phase 3 Street Rehabilitation	Contractor	\$544,627	Joel Hamby (760) 344-3411	2021	Road Repair
Team C	Imperial Valley College Classroom Relocate	Subcontractor	\$40,000	Alan Seihorst (619) 579-6572	2021	Site Improvements
Duggins Construction	Worthington La Luna Apartments	Subcontractor	\$8,690	Russell Roben (760) 355-5600	On Going	Road Repair
Castillo Construction	Fox Racing Complex	Subcontractor	\$185,398	Natalie Castillo (760) 355-1051	2021	Site Improvements
VR6A	Cambria III Aten & Legakes	Subcontractor	\$94,854	Ana Valenzuela (760) 312-9716	2021	Road Repair
Empire Southwest	Paving Yard	Contractor	\$113,125		2021	Site Improvements
Duggins Construction	Gateway Heartland	Subcontractor	\$219,849	Russell Roben (760) 355-5600	On Going	Site Improvements
City of Calexico	New River Parkway	Contractor	\$1,663,368	Lillian Falomir (760) 768-2160	On Going	Site Improvements
Whiting-Turner	MCAS Dinning Facility, Yuma, AZ	Subcontractor	\$90,000	Mark Johnson (443) 504-4253	2021	Site Improvements
Galindo Electric	NAF El Centro	Subcontractor	\$46,000	Wes Bertalan (619) 226-9527	2021	Paving
Caltrans, District 11	11-3A4494 Emergency Work	Contractor	\$330,000	Carlos Lopez (619) 991-0827	2021	Paving
The Hatch Group	Grocery Store Outlet, Brawley	Subcontractor	\$1,122,160	Israel Hernandez (714) 257-4600	On Going	Site Improvements
Duggins Construction	Aten Warehouse	Subcontractor	\$37,670	Russell Roben (760) 355-5600	2021	Site Improvements
Inland Highway Services	I-10 Paving, Desert Center	Subcontractor	\$142,450	Joe Budka (909) 743-2320	2021	Paving
Caltrans, District 11	11-3A471 Hwy 86 Emergency Rapir	Contractor	\$330,000	Carlos Lopez (619) 991-0827	2021	Paving
Emerson Construction	Palomino Apartments	Subcontractor	\$357,400	Eddie Yepez (760) 573-3532	On Going	Site Improvements
Ramco	Calexico Housing	Subcontractor	\$149,268	Jose Ramos (619) 638-4862	2021	Site Improvements
County of Imperial	Airport Pavement Rehabilitation	Contractor	\$1,449,674	Cesia Bautista (442) 265-1857	2021	Paving
City of Holtville	Cedar Street Improvements	Contractor	\$298,832	Fumi Hamanaka Galvan (760) 337-3883	2022	Paving & Site Improvements
Caltrans, District 11	11-A3307 Hwy 86 Emergency Repair	Contractor	\$330,000	Carlos Lopez (619) 991-0827	2021	Paving
Duggins Construction	JE Export Warehouts	Subcontractor	\$46,775	Russell Roben (760) 355-5600	2021	Site Improvements
Caltrans, District 11	11-3A4774 Hwy 115 Emergency Sinkhole Repair	Contractor	\$330,000	Noel Tapia (619) 977-3977	2021	Paving

County of Imperial	Clark Road Improvements	Contractor	\$1,541,850	Cesia Bautista (442) 265-1857	2022	Paving
Leviton Homes	La Paloma Foundation	Subcontractor	\$268,025	Victor M. Aguilar (760) 886-5518	On Going	Site Improvements
Castillo Construction	Calexico Housing	Subcontractor	\$118,975	Natalie Castillo (760) 355-1051	2021	Site Improvements
Galindo Electric	AC Patch MCAS Base, Yuma	Subcontractor	\$46,750	Wes Bertalan (619) 226-9527	2021	Paving
Galindo Electric	Miramar Substation Foundation and Sitework	Subcontractor	\$197,170	Wes Bertalan (619) 226-9527	2022	Paving
Bear Valley 2005, LLC	Centro Commons Shopping Center / Office Portion	Subcontractor	\$845,000	Joseph Michael (310) 753-3344	On Going	Paving
The Hatch Group	Dollar General, Brawley	Subcontractor	\$465,473	Israel Hernandez (714) 257-4600	On Going	Site Improvements
Mordah	Towncenter Courtyard II	Subcontractor	\$1,378,184	Mike Mordah (760) 996-5698	2022	Site Improvements
The Hatch Group	Starbucks, Imperial	Subcontractor	\$295,000	Israel Hernandez (714) 257-4600	On Going	Site Improvements
Superior Ready Mix	Trifolium, Ash, Oat, Munyon Canals	Subcontractor	\$38,145	B. Sanchez (760) 352-4341	2021	Site Improvements
Ormat Nevada	Wister Substation	Contractor	\$189,075	Jason Alosi (775) 356-9029	On Going	Site Improvements
City of Calexico	Install Speed Bumps	Contractor	\$15,000	(760) 768-2133	2022	Paving
Department of Water Resources	Bale Placement	Contractor	\$4,696,850	Steven Garcia (916) 651-7013	On Going	Site Improvements
3R1 Builders	Heritage at Dahlia Ranch	Subcontractor	\$411,800	Russell Roben (760) 355-5600	On Going	Site Improvements
Ormat Nevada	Wister Solar	Contractor	\$1,754,835	Eduardo Barajas (760) 604-4559	On Going	Site Improvements
City of El Centro	Dogwood Road	Contractor	\$903,750	Felix De Leon (760) 337-5182	On Going	Paving
Caltrans, District 11	11-3A4491 Culvert Repair I5 & 905	Contractor	\$330,000	Karen Islas (619) 496-7561	2021	Site Improvements
Caltrans, District 11	11-3A4904 Culvert Repair	Contractor	\$300,000	Karen Islas (619) 496-7561	2021	Site Improvements
Border Valley Trading	Design and Install RCP Drain	Contractor	\$139,890	Travis Dove (760) 344-6700	On Going	Site Improvements

ARTICLE 4. EXPERIENCE AND TECHNICAL QUALIFICATIONS QUESTIONNAIRE

Personnel:

The Bidder shall identify the key personnel to be assigned to this project in a management, construction supervision or engineering capacity.

1. List each person's job title, name and percent of time to be allocated to this project:

Ted Vogel, Superintendent - 100%

Pablo Mendez, Laborer - 100%

Geo Neves, Foreman - 50%

2. Summarize each person's specialized education:

Ted Vogel - Competent person, shoring and confined space

Geo Neves - Traffic control and asphalt training

3. List each person's years of construction experience relevant to the project:

Ted Vogel - 37 years

Geo Neves - 19 years

Pablo Mendez - 32 years

4. Summarize such experience:

Ted Vogel - Wet utilities, excavation and pipelaying

Pablo Mendez - Pipelaying and excavation

Geo Neves - Grading and paving

Bidder agrees that personnel named in this Bid will remain on this Project until completion of all relevant Work, unless substituted by personnel of equivalent experience and qualifications approved in advance by the DISTRICT.

Additional Bidder's Statements:

If the Bidder feels that there is additional information which has not been included in the questionnaire above, and which would contribute to the qualification review, it may add that information in a statement here or on an attached sheet, appropriately marked:

ARTICLE 5. VERIFICATION AND EXECUTION

These Bid Forms shall be executed only by a duly authorized official of the Bidder:

I declare under penalty of perjury under the laws of the State of California that the foregoing information is true and correct:

Name of Bidder Rove Engineering, Inc.

Signature  _____

Name Yessenia Eugenio

Title Corporate Secretary

Date 01/18/2022

1.5 Non-Collusion Declaration

The undersigned declares:

I am the Corporate Secretary of Rove Engineering, Inc., the party making the foregoing Bid.

The Bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The Bid is genuine and not collusive or sham. The Bidder has not directly or indirectly induced or solicited any other Bidder to put in a false or sham bid. The Bidder has not directly or indirectly colluded, conspired, connived, or agreed with any Bidder or anyone else to put in a sham bid, or to refrain from bidding. The Bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the Bid Price of the Bidder or any other Bidder, or to fix any overhead, profit, or cost element of the Bid Price, or of that of any other Bidder. All statements contained in the Bid are true. The Bidder has not, directly or indirectly, submitted his or her Bid Price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof to effectuate a collusive or sham bid, and has not paid, and will not pay, any person or entity for such purpose.

Any person executing this declaration on behalf of a Bidder that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the Bidder.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 01/18/2022 [date], at El Centro [city], California [state].

Name of Bidder Rove Engineering, Inc

Signature 

Name Yessenia Eugenio

Title Corporate Secretary

1.6 Iran Contracting Act Certification.
(Public Contract Code section 2200 et seq.)

As required by California Public Contract Code Section 2204, the Contractor certifies subject to penalty for perjury that the option checked below relating to the Contractor's status in regard to the Iran Contracting Act of 2010 (Public Contract Code Section 2200 *et seq.*) is true and correct:

The Contractor is not:

- (1) identified on the current list of person and entities engaged in investment activities in Iran prepared by the California Department of General Services in accordance with subdivision (b) of Public Contract Code Section 2203; or
- (2) a financial instruction that extends, for 45 days or more, credit in the amount of \$20,000,000 or more to any other person or entity identified on the current list of persons and entities engaging in investment activities in Iran prepared by the California Department of General Services in accordance with subdivision (b) of Public Contract Code Section 2203, if that person or entity uses or will use the credit to provide goods or services in the energy sector in Iran.

The DISTRICT has exempted the Contractor from the requirements of the Iran Contracting Act of 2010 after making a public finding that, absent the exemption, the DISTRICT will be unable to obtain the goods and/or services to be provided pursuant to the Contract.

The amount of the Contract payable to the Contractor for the Project does not exceed \$1,000,000.

Signature:  _____

Printed Name: Yessenia Eugenio

Title: Corporate Secretary

Firm Name: Rove Engineering, Inc.

Date: 01/18/2022

Note: In accordance with Public Contract Code Section 2205, false certification of this form shall be reported to the California Attorney General and may result in civil penalties equal to the greater of \$250,000 or twice the Contract amount, termination of the Contract and/or ineligibility to bid on contracts for three years.

1.7 Public Works Contractor Registration Certification

Pursuant to Labor Code sections 1725.5 and 1771.1, all contractors and subcontractors that wish to bid on, be listed in a bid proposal, or enter into a contract to perform public work must be registered with the Department of Industrial Relations. See <http://www.dir.ca.gov/Public-Works/PublicWorks.html> for additional information.

No bid will be accepted nor any contract entered into without proof of the contractor's and subcontractors' current registration with the Department of Industrial Relations to perform public work.

Bidder hereby certifies that it is aware of the registration requirements set forth in Labor Code sections 1725.5 and 1771.1 and is currently registered as a contractor with the Department of Industrial Relations.¹

Name of Bidder: Rove Engineering, Inc.

DIR Registration Number: 1000064558

DIR Registration Expiration: 06/30/2023

Small Project Exemption: Yes or No

Unless Bidder is exempt pursuant to the small project exemption, Bidder further acknowledges:

1. Bidder shall maintain a current DIR registration for the duration of the project.
2. Bidder shall include the requirements of Labor Code sections 1725.5 and 1771.1 in its contract with subcontractors and ensure that all subcontractors are registered at the time of bid opening and maintain registration status for the duration of the project.
3. Failure to submit this form or comply with any of the above requirements may result in a finding that the bid is non-responsive.

Name of Bidder Rove Engineering, Inc.

Signature 

Name and Title Yessenia Eugenio, Corporate Secretary

Dated 01/18/2022

¹ If the Project is exempt from the contractor registration requirements pursuant to the small project exemption under Labor Code Sections 1725.5 and 1771.1, please mark "Yes" in response to "Small Project Exemption."



Contractor Information

Legal Entity Name
ROVE ENGINEERING INC
Legal Entity Type
Corporation
Status
Active
Registration Number
100064558
Registration effective date
07/08/20
Registration expiration date
06/30/23
Mailing Address
P.O. BOX 2108 EL CENTRO 92244 CA United States of America
Physical Address
399 S HASKELL DR EL CENTRO 92243 CA United States of America
Email Address
roveengineering@outlook.com
Trade Name/DBA
License Number (s)
CSLB:1046101
CSLB:1046101

Registration History

Effective Date	Expiration Date
03/07/19	06/30/19
08/21/19	06/30/20
07/08/20	06/30/23

Legal Entity Information

Corporation Entity Number: 4191318
Federal Employment Identification Number: 832137622
Agency for Service:
Agent of Service Name: STEVEN ERIC EUGENIO
Agent of Service Mailing Address: 399 S HASKELL DRIVE EL CENTRO 92243 CA United States of America

President Name: Steven Eric Eugenio
Vice President Name:
Treasurer Name:
Secretary Name: Yessenia Galindo Eugenio
CEO Name:

Worker's Compensation

Do you lease employees through Professional Employer Organization (PEO)?: No
Please provide your current worker's compensation insurance information below:
PEO InformationName Phone Email

Insured by Carrier
Policy Holder Name: ROVE ENGINEERING INC.
Insurance Carrier: Arrowhead General Insurance Agency
Policy Number: 7600021317201
Inception date: 02/14/20
Expiration Date: 02/14/21

- About DIR
- Who we are (<https://www.dir.ca.gov/aboutdir.html>)
- DIR Divisions, Boards & Commissions (https://www.dir.ca.gov/divisions_and_programs.html)
- Contact DIR (<https://www.dir.ca.gov/Contactus.html>)
- Work with Us
- Jobs at DIR (<https://www.dir.ca.gov/dirjobs/dirjobs.htm>)

Registrations

Licensing, registrations, certifications & permits (<https://www.dir.ca.gov/permits-licenses-certifications.html>)

Required Notifications (<https://www.dir.ca.gov/dosh/Required-Notifications.html>)

Public Records Requests (https://www.dir.ca.gov/prr_request.html)

[Learn More](#)

Acceso al idioma (<http://www.dir.ca.gov/Bilingual-Services-Act/default.html>)

Frequently Asked Questions (<https://www.dir.ca.gov/faqslst.html>)

Site Map (<https://www.dir.ca.gov/sitemap/sitemap.html>)

[Back to Top](#) [Conditions of Use \(https://www.dir.ca.gov/od_pub/conditions.html\)](https://www.dir.ca.gov/od_pub/conditions.html) [Disclaimer \(https://www.dir.ca.gov/od_pub/disclaimer.html\)](https://www.dir.ca.gov/od_pub/disclaimer.html)

[Privacy Policy \(https://www.dir.ca.gov/od_pub/privacy.html\)](https://www.dir.ca.gov/od_pub/privacy.html) [Accessibility \(https://www.dir.ca.gov/od_pub/accessibility.html\)](https://www.dir.ca.gov/od_pub/accessibility.html) [Site Help \(https://www.dir.ca.gov/od_pub/help.html\)](https://www.dir.ca.gov/od_pub/help.html)

[Contact Us \(https://www.dir.ca.gov/ContactUs.html\)](https://www.dir.ca.gov/ContactUs.html)

 (<https://www.facebook.com/CaliforniaDIR>)

 (https://twitter.com/#!/CA_DIR)

 (<http://www.youtube.com/CaliforniaDIR>)

Copyright © 2020 State of California

1.8 Contractor's Certificate Regarding Workers' Compensation.

I am aware of the provisions of section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this Contract.

Name of Bidder Rove Engineering, Inc.

Signature 

Name Yessenia Eugenio

Title Corporate Secretary

Dated 01/18/2022

BORREGO WATER DISTRICT
REIMBURSEMENT AGREEMENT FOR 8" WATERLINE EXTENSION PROJECT

This Reimbursement Agreement for a 8" Waterline Extension Project ("Agreement") is made as of April 19, 2021 ("Effective Date"), by and between the Borrego Water District, a public agency organized under the laws of the State of California with its principal place of business at 806 Palm Canyon Drive, Borrego Springs, CA 92004 ("District") and San Diego Gas & Electric Company, a California corporation with its principal place of business at 8330 Century Park Ct., San Diego, CA 92123 ("SDGE"). District and SDGE are referred to collectively as the "Parties" or may be referred to individually as a "Party."

RECITALS

A. SDGE intends to develop an energy storage system (the "ESS") at the Borrego Substation located on Borrego Valley Road between Palm Canyon Dr. and Henderson Canyon Rd. in Borrego Springs California (County of San Diego).

B. SDGE has requested that the District provide water service to the ESS by extending approximately one (1) mile of 8" waterline to the ESS (the "Project"). The location of Project is depicted in Exhibit "A" attached hereto and incorporated herein by this reference. The Project shall include capping the waterline with a fire hydrant and the installation of a water meter at the ESS.

C. The District is willing to plan, design, manage, and engage the services of a contractor to construct the Project provided SDGE agrees to reimburse the District for the full cost to inspect, manage, design, conduct a public bid, and construct the Project.

D. District and SDGE desire to enter into this Agreement to provide the terms upon which the District will plan, administer, design, manage, inspect, conduct a public bid, and construct the Project and that SDGE will reimburse District for all cost incurred by the District on the Project.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained and for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Incorporation of Recitals. The Parties acknowledge that the above recitals are true and correct, and incorporate those recitals by reference into this Agreement.

2. Term. This Agreement shall commence upon the Effective Date and shall continue in effect until the Project is complete, as evidenced by District's recording of a notice of completion for the Project and full payment of the Construction Costs (as defined herein), unless otherwise terminated earlier as provided in this Agreement.

3. General Agreement to Cooperate. The Parties agree to mutually cooperate in order to help ensure that the Project is successfully completed with minimum impact to both Parties and the public.

GL ACCOUNTS
DEPOSIT = 24090
CONTRACTOR + CONSULTANT = 17251
DISTRICT COSTS = 17250

CONTRIBUTED CAPITAL = 40220

4. Obligations of District. The District shall undertake the following obligations:

(a) Design Phase. Planning and designing the Project including, without limitation, procuring design services to prepare the design plans and specifications for construction of the Project, consistent with the depiction of the Project attached hereto as Exhibit A, and obtaining all applicable environmental clearances and permits necessary to complete the Project. A Civil Engineer registered in the State of California will oversee the design and will stamp and sign the final plans.

(b) Construction Phase. Taking any and all actions necessary to manage and complete construction of the Project as provided in this Agreement, including, without limitation, preparing contract documents, soliciting and obtaining bids for the construction of the Project, hiring contractors, securing necessary permits and other approvals, construction inspection, construction, and construction management. The planning and design phase in Section 4(a) and the construction phase in this Section 4(b) shall each hereinafter be referred to as a "Phase" of the Project.

5. Reimbursable Costs.

(a) Reimbursable costs shall include all usual and customary construction related costs for completion of the Project. This includes, but is not limited to, costs related to project design, permitting, environmental clearances and permits, engineering, security, construction, change orders, inspection, District staff time, and any costs and fees associated with the Project (the "Construction Costs").

(b) In addition to the Construction Costs, District shall be reimbursed for all costs to manage the Project including, without limitation, administration, accounting and other activities ("District Costs"). District Costs do not include consultant or contractor related progress payments. A 10% general overhead expense shall be applied on the total invoice amount for all District Costs.

6. Reimbursement Procedures. The District's Construction Costs and District Costs shall be reimbursed by SDGE in accordance with the following procedures:

(a) Payment Account. The District shall maintain the Construction Deposit (as defined herein) in a separate tracking account (the "Payment Account") and shall use the proceeds thereof exclusively for payment of the Construction Costs and District Costs. The Payment Account need not be a special or stand-alone bank account; rather, the District may deposit and maintain the funds comprising the Payment Account in one or more accounts already maintained by the District. Notwithstanding, the District shall implement and maintain such systems and/or procedures as are necessary to separately account for and track all funds deposited into and withdrawn from the Payment Account pursuant to this Agreement.

(b) Construction Deposit.

a. Within ten (10) days following the mutual execution and delivery of this Agreement and receipt of an invoice thereto, SDGE shall deposit with the District in the Payment Account an amount equal to \$20,000.00 for the design phase of the Project (the "Initial Deposit").

Received
08/09/21
jc

b. Within thirty (30) days following written notice from the District of an engineer's estimate for construction of the Project and receipt of an invoice thereto, unless SDGE exercises its right to terminate this Agreement pursuant to Section 10(a) below, SDGE shall deposit with the District in the Payment Account an amount equal to 50% of the engineer's estimate.

↑
Code to Deposit

c. Within thirty (30) days following the written notice from the District of the selection of a contractor for construction of the Project and receipt of an invoice thereto, unless SDGE exercises its right to terminate this Agreement pursuant to Section 10(a) below, SDGE shall deposit with the District in the Payment Account an amount so that the Payment Account balance equals the bid price submitted by the contractor plus 10% of the bid price for contingencies and District Costs.

d. If during the Project the balance of the Payment Account shall fall below \$5,000, the District may submit a written notice to SDGE (i) advising as to the balance of the Payment Account and (ii) requesting that SDGE replenish the Payment Account to a level necessary to complete the then-current Phase of the Project, as reasonably determined by District. Within thirty (30) days following SDGE's receipt of a replenishment notice from the District and invoice thereto, unless SDGE exercises its right to terminate this Agreement pursuant to Section 10(a) below, SDGE shall tender to the District such amounts as are necessary to reestablish the balance of the Payment Account to an amount acceptable to the District.

↑
CODE Reimbursements to revenue Balance of Payment account = deposit less exp plus reimburs.
(contributed e.)

e.) Prior to making any deposit in the Payment Account (other than the Initial Deposit), SDGE may reasonably request, and District shall provide, any and all backup documentation of the amounts required or requested by District to be deposited by SDG&E. The District's invoices shall include the Payment Account information and the means for making such payment.

(c) Payment of Construction Costs. On a monthly basis, the District shall have the right to utilize any and all funds comprising the Payment Account to satisfy and pay the Construction Costs and District Costs. District shall keep a full accounting of the Construction Costs and District Costs, including any relevant backup documentation, and SDGE may request a copy in writing. Within thirty (30) days of completion of construction of the Project, District will provide to the SDGE a complete accounting of Construction Costs and District Costs.

(d) Return of Payment Account Proceeds upon Termination or Expiration of Agreement. The District shall refund to SDGE the remaining balance of the Payment Account within thirty (30) days following the termination or expiration of this Agreement.

7. Water Service. In order to receive water service from the District, SDGE will be required to comply with all applicable District policies and procedures related to the establishment or enlargement of water service. These policies include, but are not limited to, SDGE compliance with the most current version of the District's Developer Policy. That policy requires, among other things, SDGE to acquire and present to the District sufficient water credits or Baseline Production Allocation, to meet the demands of the SDGE project. SDGE has the option to purchase water credits from the District or on the open market.

8. Dispute Resolution. Unless otherwise specified herein, the Parties shall submit any unresolved dispute to SDGE's Vice President and District's General Manager for negotiation. The Parties agree to undertake good faith attempts to resolve said dispute, claim, or controversy within ten (10) calendar days after the receipt of written notice from the Party alleging that a dispute, claim or controversy exists. The Parties additionally agree to cooperate with the other Party in scheduling negotiation sessions. However, if said matter is not resolved within thirty (30) calendar days after conducting the first negotiating session, either Party may, but is not required to, request that the matter be submitted to further dispute resolution procedures at the end of the Project, as may be agreed upon by the Parties. If a matter is not resolved by dispute resolution procedures, unless otherwise agreed upon in writing by the Parties, either Party may proceed with any other remedy available in law or in equity.

9. Indemnification.

(a) SDGE shall defend (with counsel of District's choice), indemnify and hold the District, its officials, officers, consultants, employees and agents free and harmless from any and all claims, liabilities, losses, costs, expenses, damages or injuries to property or persons, including wrongful death, in any manner arising out of or incident to any acts, omissions or willful misconduct of SDGE, its members, officials, officers, employees, agents, consultants and contractors arising out of or in connection with this Agreement or the Project, including without limitation, the payment of all attorneys' fees and other related costs and expenses however caused, regardless of whether the allegations are false, fraudulent, or groundless, except to the extent caused by the sole negligence or willful misconduct or active or passive negligence of the District or its officials, officers, employees, or authorized volunteers. SDGE's obligation to indemnify, defend and hold harmless shall survive the expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by District, its elected officials, officers, employees, or agents.

(b) District shall require the contractor selected to construct the Project to indemnify SDGE, its officials, officers, consultants, employees, and agents to the same extent that the District is indemnified in its contract with the contractor.

10. Termination.

(a) District and SDGE shall each have the right to terminate this Agreement at any time, with or without cause, by giving not less than thirty (30) days' written notice of termination to the other Party. The date specified in the notice of termination that is thirty (30) days or more from the date of the notice is referred to herein as the "Termination Date". Following any notice of termination by either SDGE or District, SDGE shall have no obligation to make any further or additional deposits into the Payment Account and shall be released from any obligations to make any deposits into the Payment Account if SDG&E received written notice or request from the District regarding a deposit under clauses (b), (c) or (d) of Section 6(b) above prior to providing or having been provided such notice of termination.

(b) In the event of termination pursuant to Section 10(a) above, the District shall use the remaining funds contained in the Payment Account to satisfy (i) any and all Construction Costs, District Costs, and Termination Fees (as defined below) incurred to

date by the District, and (ii) those costs to properly leave the Project in a safe and sanitary manner to reduce significant exposure or liability and such that it does not pose any threat to the public health or safety. "Termination Fees" as used herein shall mean any and all fees charged by contractors and consultants as a result of termination of the Project performed prior to the Termination Date. Notwithstanding anything contained in this Agreement to the contrary, SDGE's aggregate liability under this Agreement for the payment of Construction Costs, District Costs and Termination Fees shall be limited to amounts in deposit in the Payment Account; provided, however, that the foregoing shall not limit SDGE's liability arising from its other obligations under this Agreement, including without limitation its indemnification obligations under Section 9 above and tort liabilities available under law and its obligations to pay those costs set forth in clause (ii) above of this Section 10(b) to the extent such costs exceed the amount of remaining funds in the Payment Account. The District shall refund any unused amounts in the Payment Account as set forth in Section 6(d) above.

11. Notices. All notices permitted or required under this Agreement shall be deemed made when delivered to the applicable Party's representative as provided in this Agreement. Such notices shall be mailed (or electronically mailed) or otherwise delivered to the addresses set forth below, or at such other addresses as the respective Parties may provide in writing for this purpose:

DISTRICT:

Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 92004
Attn: Geoff Poole, General Manager
E-mail: Geoff@borregowd.org

SDGE:

San Diego Gas & Electric Company
4949 Greencraig Lane, SD1375
San Diego, CA 92123
Attn: Kiley Alderink, Capital Portfolio
Manager, San Diego Region
E-mail: KAlderink@sdge.com

With a copy to:

San Diego Gas & Electric Company
8335 Century Park Ct., CP11B
San Diego, CA 92123
Attn: Kelli Fitzgerald, Project Manager
E-mail: KFitzgerald@sdge.com

Such notice shall be deemed made when personally delivered, upon e-mail confirmation of the sender, when e-mailed, upon transmittal of such e-mail, or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, certified mail, return receipt requested, to the party at its applicable address.

12. Assignment. Neither Party may assign or transfer its respective rights or obligations under this Agreement without the express written consent of the other Party. Any purported assignment or transfer by one Party without the express written consent of the other Party shall be null and void and of no force or effect.

13. Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement, which shall be interpreted to carry out the intent of the parties hereunder.

14. Survival. All rights and obligations hereunder that by their nature are to continue after any expiration or termination of this Agreement, shall survive any such expiration or termination.

15. Governing Law; Attorneys' Fees. In the event any action is commenced to enforce or interpret any term or condition of this Agreement, in addition to costs and any other relief, the prevailing party shall be entitled to its reasonable attorneys' fees, expert fees and other reasonable costs of defense. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Diego County.

16. Authority to Enter into Agreement. The Parties warrant that they have all requisite power and authority to execute and perform this Agreement. Each person executing this Agreement on behalf of their Party warrants that he or she has the legal power, right, and authority to make this Agreement and bind his or her respective Party.

17. Third Party Beneficiaries. There are no third-party beneficiaries to this Agreement.

18. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

19. Integration. This Agreement represents the entire understanding of the Parties as to those matters contained herein, and supersedes and cancels any prior oral or written understanding, promises, or representations with respect to those matters covered hereunder. This integrated Agreement may not be modified or altered except in writing signed by both Parties hereto.

20. Severability and Waiver. The unenforceability, invalidity, illegality, or unconstitutionality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid, illegal, or unconstitutional. Waiver by any Party of any portion of this Agreement shall not constitute a waiver of any other portion thereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**SIGNATURE PAGE FOR REIMBURSEMENT AGREEMENT
 BETWEEN THE BORREGO WATER DISTRICT
 AND SAN DIEGO GAS & ELECTRIC**

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the 19th day of April, 2021.

BORREGO WATER DISTRICT

**SAN DIEGO GAS & ELECTRIC
 COMPANY**

By: *Geoff Poole*
 Name: *Geoff Poole*
 Its: *GENERAL MANAGER*

By: *F. Valero*
 Name: *Fernando Valero*
 Its: *Director - Advanced Clean Tech*



SIGNATURE PAGE FOR REIMBURSEMENT AGREEMENT

BETWEEN THE BORREGO WATER DISTRICT

AND SAN DIEGO GAS & ELECTRIC

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the 19th day of April, 2021.

BORREGO WATER DISTRICT

SAN DIEGO GAS & ELECTRIC COMPANY

By: *Geoff Roole*
Name: Geoff Roole
Its: GENERAL MANAGER

By: *F. Valero*
Name: Fernando Valero
Its: Director - Advanced Clean Technologies

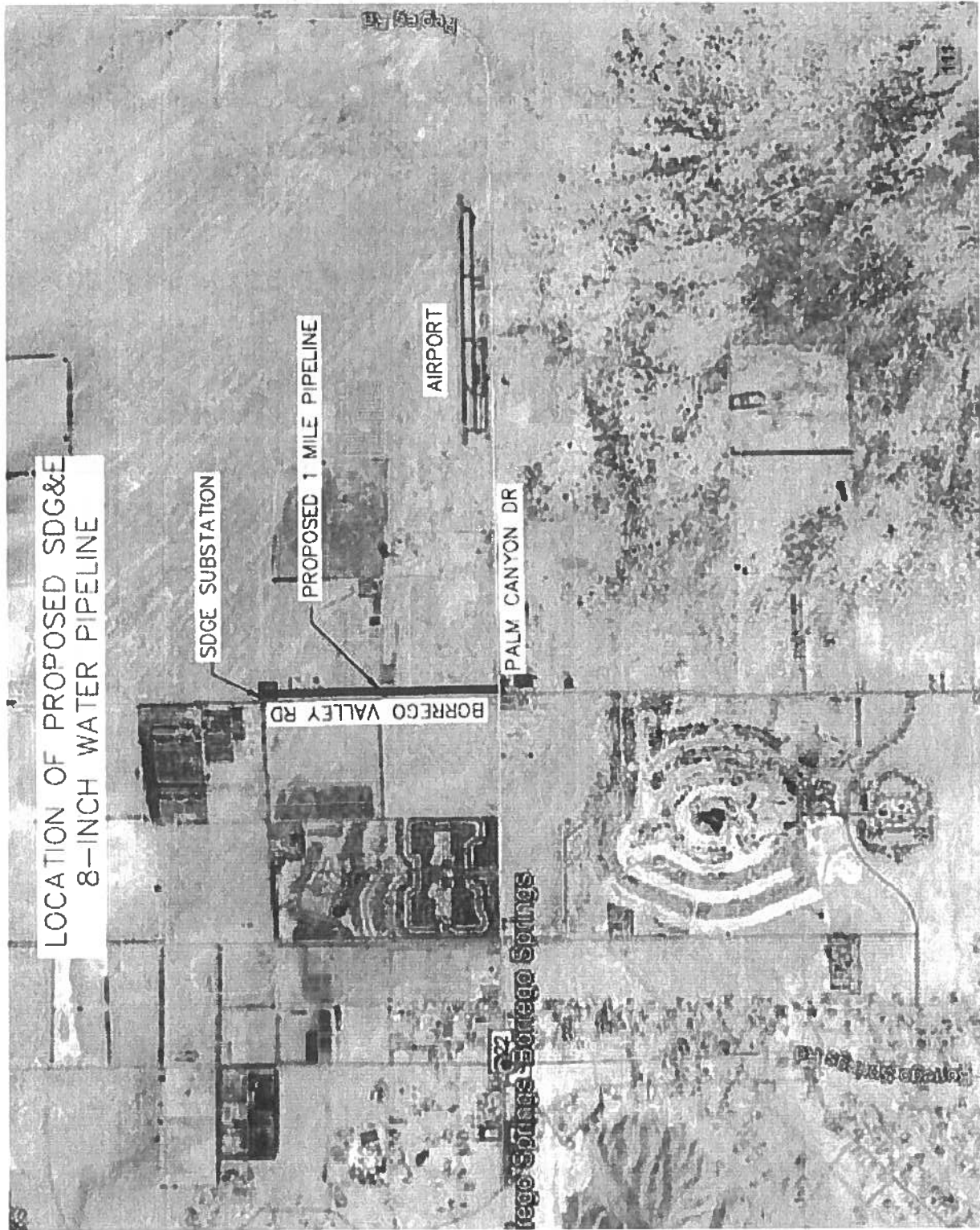
ATTEST:

By: *M/A*

Board Clerk

EXHIBIT A

DEPICTION OF 8" WATER LINE EXTENSION PROJECT



00 52 13 – CONTRACT

This CONTRACT, No. **2022-1-1A** is made and entered into this _____, by and between Borrego Water District, sometimes hereinafter called “DISTRICT,” and _____, sometimes hereinafter called “Contractor.”

WITNESSETH: That the parties hereto have mutually covenanted and agreed, and by these presents do covenant and agree with each other as follows:

a. **SCOPE OF WORK.** The Contractor shall perform all Work within the time stipulated in the Contract, and shall provide all labor, materials, equipment, tools, utility services, and transportation to complete all of the Work required in strict compliance with the Contract Documents as specified in Article 5, below, for the following Project:

BORREGO VALLEY ROAD NORTH OF PALM CANYON DRIVE PIPELINE Project

The Contractor and its surety shall be liable to the DISTRICT for any damages arising as a result of the Contractor’s failure to comply with this obligation.

b. **TIME FOR COMPLETION.** Time is of the essence in the performance of the Work. The Work shall be commenced on the date stated in the DISTRICT’s Notice to Proceed. The Contractor shall complete all Work required by the Contract Documents within **NINETY (90) CALENDAR DAYS** from the commencement date stated in the Notice to Proceed. By its signature hereunder, Contractor agrees the time for completion set forth above is adequate and reasonable to complete the Work.

c. **CONTRACT PRICE.** The DISTRICT shall pay to the Contractor as full compensation for the performance of the Contract, subject to any additions or deductions as provided in the Contract Documents, and including all applicable taxes and costs, the sum of _____ Payment shall be made as set forth in the General Conditions.

d. **LIQUIDATED DAMAGES.** In accordance with Government Code section 53069.85, it is agreed that the Contractor will pay the DISTRICT the sum set forth in Section 00 73 13, Article 1.11 for each and every calendar day of delay beyond the time prescribed in the Contract Documents for finishing the Work, as Liquidated Damages and not as a penalty or forfeiture. In the event this is not paid, the Contractor agrees the DISTRICT may deduct that amount from any money due or that may become due the Contractor under the Contract. This Article does not exclude recovery of other damages specified in the Contract Documents.

e. **COMPONENT PARTS OF THE CONTRACT.** The “Contract Documents” include the following:

- Notice Inviting Bids
- Instructions to Bidders
- Bid Form
- Designation of Subcontractors
- Information Required of Bidders
- Non-Collusion Declaration Form
- Iran Contracting Act Certification
- Public Works Contractor Registration Certification

Performance Bond
Payment (Labor and Materials) Bond
General Conditions
Special Conditions
General Requirements
Technical Specifications
Addenda
Plans and Drawings
Standard Specifications for Public Works Construction “Greenbook”, latest edition, Except Sections 1-9
Applicable Local Agency Standards and Specifications, as last revised
Approved and fully executed change orders
Any other documents contained in or incorporated into the Contract

The Contractor shall complete the Work in strict accordance with all of the Contract Documents.

All of the Contract Documents are intended to be complementary. Work required by one of the Contract Documents and not by others shall be done as if required by all. This Contract shall supersede any prior agreement of the parties.

f. **PROVISIONS REQUIRED BY LAW AND CONTRACTOR COMPLIANCE.** Each and every provision of law required to be included in these Contract Documents shall be deemed to be included in these Contract Documents. The Contractor shall comply with all requirements of applicable federal, state and local laws, rules and regulations, including, but not limited to, the provisions of the California Labor Code and California Public Contract Code which are applicable to this Work.

g. **INDEMNIFICATION.** Contractor shall provide indemnification and defense as set forth in the General Conditions.

h. **PREVAILING WAGES.** Contractor shall be required to pay the prevailing rate of wages in accordance with the Labor Code which such rates shall be made available at the DISTRICT’s Administrative Office or may be obtained online at <http://www.dir.ca.gov> and which must be posted at the job site.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, this Contract has been duly executed by the above-named parties, on the day and year above written.

Name of Contractor

By _____

Name and Title: _____
License No. _____
Date: _____

BORREGO WATER DISTRICT

By: Geoff Poole
General Manager

Date: _____

(CONTRACTOR'S SIGNATURE MUST BE NOTARIZED AND CORPORATE SEAL AFFIXED, IF APPLICABLE)

Approved as to form this _____ day of _____ 2022.

Attorney for Borrego Water District

END OF CONTRACT

Notary Acknowledgment

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

STATE OF CALIFORNIA
 COUNTY OF _____

On _____, 20____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory

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

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

WITNESS my hand and official seal.

Signature of Notary Public _____

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

CAPACITY CLAIMED BY SIGNER

- Individual
- Corporate Officer

Title(s)

- Partner(s)
 - Limited
 - General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other:

Signer is representing:
 Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title or Type of Document

Number of Pages

Date of Document

Signer(s) Other Than Named Above

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 22, 2022
AGENDA ITEM II. F

February 14, 2022

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Disposal of Wilcox Property to Anza Borrego Foundation – G Poole/J Gerson - ABF

RECOMMENDED ACTION:

Approve attached Purchase and Sale Agreement

ITEM EXPLANATION:

Staff has been working with Legal Counsel, the Appraiser and Julie Gerson from ABF on the sale of the 80-acre Wilcox Parcel. The attached Purchase and Sale Agreement facilitates the transaction.

FISCAL IMPACT:

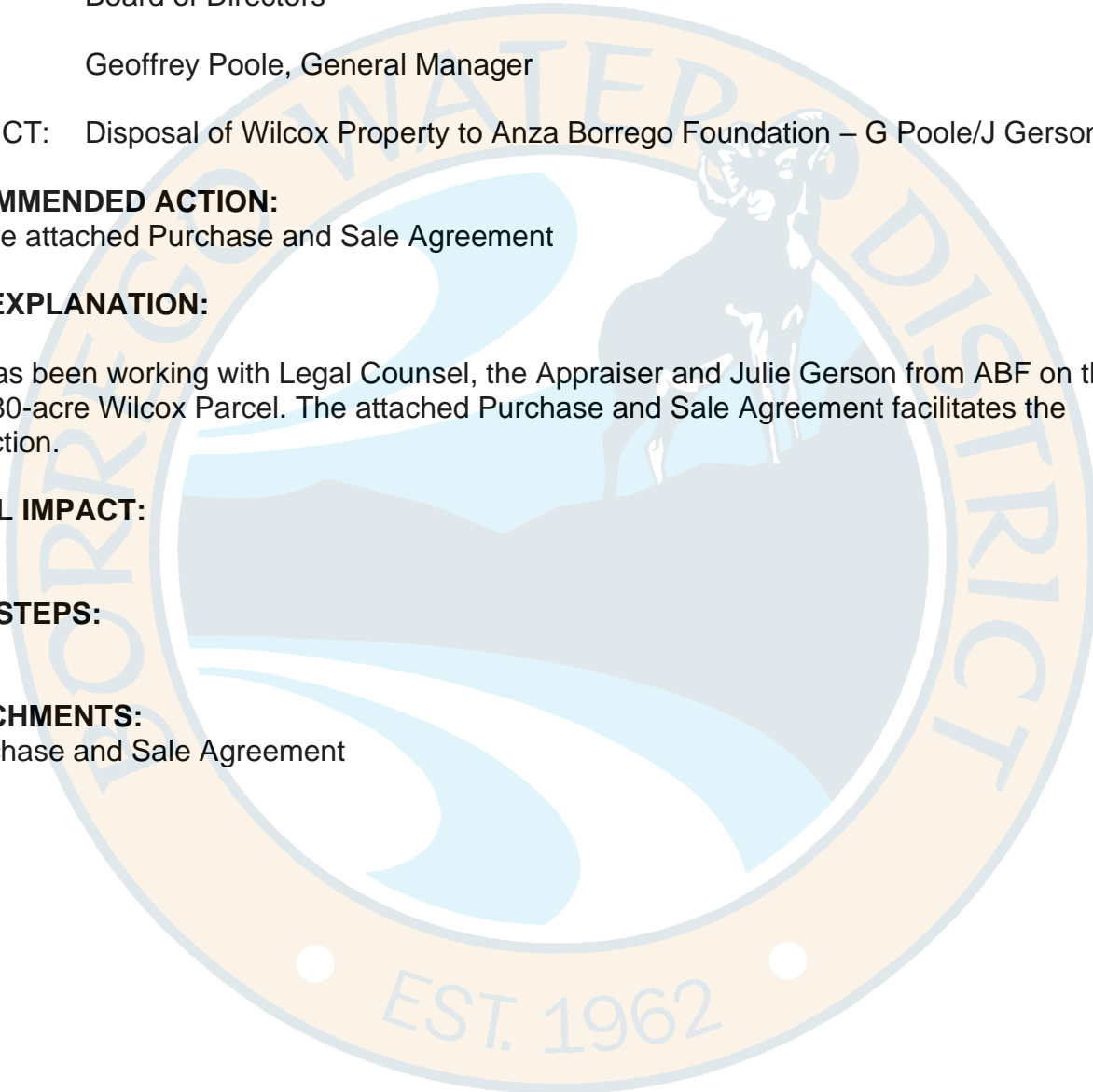
TBD

NEXT STEPS:

TBD

ATTACHMENTS:

1. Purchase and Sale Agreement



**Agreement for Purchase and Sale of Real Property
with Escrow Instructions**

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY WITH ESCROW INSTRUCTIONS ("Agreement") is entered into as of 1/20, 2021 (the "Effective Date") between the ANZA-BORREGO FOUNDATION (referred to herein as "Purchaser"), and BORREGO WATER DISTRICT (referred to herein as "Seller").

Recitals

A. Seller is the owner of approximately 160 acres of real property located in County of San Diego, State of California within the Anza-Borrego Desert State Park, known as Assessor's Parcel Number 200-130-01 and 200-130-02 ("Real Property"), more particularly described in the Legal Description attached as Exhibit A.

B. Purchaser desires to purchase the Property to augment the wildlife and plant habitat conservation region in the same geographic area, and Seller desires to sell the Property, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the above Recitals, which are incorporated into this Agreement, in consideration of the mutual promises set forth herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Seller and Purchaser hereby agree as follows:

1. Definitions. As used in this Agreement the following terms shall have the following definitions:

"Agreement" is defined in the preamble.

"Approved Exceptions" is defined in Section 9(c).

"Assignment" is defined in Section 15.

"Close of Escrow" is defined in Section 10(d).

"Closing Date" is defined in Section 10(d).

"Deed" is defined in Section 10(b)(i).

"Disapproved Exception" is defined in Section 9(d)

"Effective Date" is defined in the preamble.

"Environmental Laws" means all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substance (as defined subsequently in this Agreement), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial

hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property), occupational or environmental conditions on, under, or about the Property, as now in effect, including without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) and the Superfund Amendments and Reauthorization Act of 1986 (SARA) [42 U.S.C.A. §§ 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 (RCRA) and the Solid Waste Disposal Act [42 U.S.C.A. §§ 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act (FWPCA) [33 U.S.C.A. §§ 1251 et seq.]; the Toxic Substances Control Act (TSCA) [15 U.S.C.A. §§ 2601 et seq.]; the Hazardous Materials Transportation Act (HMTA) [49 U.S.C.A. §§ 5101 et seq.]; the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) [7 U.S.C.A. §§ 136 et seq.]; the Clean Air Act (CAA) [42 U.S.C.A. §§ 7401 et seq.]; the Safe Drinking Water Act (SDWA) [42 U.S.C.A. §§ 300f et seq.]; the Surface Mining Control and Reclamation Act of 1977 (SMCRA) [30 U.S.C.A. §§ 1201 et seq.]; the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA or EPCRTKA) [42 U.S.C.A. §§ 11001 et seq.]; the Occupational Safety and Health Act of 1970 (OSHA) [29 U.S.C.A. §§ 651 et seq.]; the California laws regarding the underground storage of hazardous substances [H & S C §§ 25280 et seq.]; the Hazardous Substance Account Act [H & S C §§ 25300 et seq.]; the California laws regarding hazardous waste control [H & S C §§ 25100 et seq.]; the Safe Drinking Water and Toxic Enforcement Act of 1986 [H & S C §§ 25249.5 et seq.]; the Porter-Cologne Water Quality Control Act [Wat C §§ 13000 et seq.], and any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation now in effect that pertains to occupational health or industrial hygiene, and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

“EPA” is defined in Section (b) in the definition for “Hazardous Substances.”

“Escrow” is defined in Section 4.

“Escrow Agent” is defined in Section 4.

“Exception” is defined in Section 9(c).

“Existing Adverse Condition” is defined in Section 8(a).

“Feasibility Period” is defined in Section 5(a).

“FIRPTA Affidavit” is defined in Section 10(b)(ii).

“Hazardous Substances” includes without limitation:

(a) Those substances included within the definitions of “hazardous substance,” “hazardous waste,” “hazardous material,” “toxic substance,” “solid waste,” or “pollutant or contaminant” in CERCLA, RCRA, TSCA, HMTA, or under any other Environmental Law;

(b) Those substances listed in the United States Department of Transportation (DOT) Table [49 CFR 172.101], or by the Environmental Protection Agency (EPA), or any successor agency, as hazardous substances [40 CFR Part 302];

(c) Other substances, materials, and wastes that are or become regulated or classified as hazardous or toxic under federal, state, or local laws or regulations; and

(d) Any material, waste, or substance that is:

(i) a petroleum or refined petroleum product,

(ii) asbestos,

(iii) polychlorinated biphenyl,

(iv) designated as a hazardous substance pursuant to 33 U.S.C.A. § 1321 or listed pursuant to 33 U.S.C.A. § 1317,

(v) a flammable explosive, or

(vi) a radioactive material.

“Laws” shall mean all federal, state and local laws, codes, ordinances and regulations, excluding Environmental Laws.

“Monetary Liens” is defined in Section 9(c).

“Preliminary Report” is defined in Section 9(a).

“Prevailing Party” is defined in Section 16.

“Property” means collectively the Real Property, all improvements presently or hereafter existing on the Real Property, all water rights, all mineral rights, all plans and specifications relating to the present or planned construction of improvements on the Real Property, including all governmental permits or licenses, utility contracts, service contracts, maintenance contracts, operating contracts, or other intangible property (if any) now or in the future owned by Seller in connection with the development, operation, or ownership of the Property or other rights relating to the ownership, use, or operation of the Property, including all materials purchased by Seller for use on the Property or in the construction of improvements on the Property, and all of Seller’s rights in and to any fees paid to any governmental agency or utility.

“Purchase Price” is defined in Section 3.

“Purchaser” is defined in the preamble.

“Seller” is defined in the preamble.

“Title Policy” is defined in Section 10(a).

"Withholding Affidavit" is defined in Section 10(b)(iii).

2. Purchase and Sale. Seller agrees to sell and Purchaser agrees to purchase the Property subject to the terms and conditions in this Agreement.

3. Purchase Price. The purchase price for the Property shall be SEVENTY-SEVEN THOUSAND AND NO/100's DOLLARS (\$77,000.00) ("Purchase Price"). On or before the Closing Date, Purchaser shall deposit with Escrow Agent the full amount of the Purchase Price in cash or in immediately available funds.

4. Escrow. By this Agreement, Purchaser and Seller establish an escrow ("Escrow") with a reputable title company chosen by Purchaser (the "Escrow Agent"), subject to the provisions of the standard conditions for acceptance of escrow and the terms and conditions in this Agreement, with a signed counterpart of this document to be delivered as escrow instructions to Escrow Agent. In the event of any conflict between the terms of this Agreement and the standard conditions for acceptance of escrow, the terms of this Agreement shall control. Purchaser's agent for matters related to the Closing of Escrow shall either be Purchaser's staff or Best Best & Krieger, Purchaser's General Counsel.

5. Feasibility Period.

(a) During the period commencing on the date of this Agreement and terminating on a date which is sixty (60) days from the date of this Agreement ("Feasibility Period"), Purchaser may undertake at Purchaser's expense an inspection of the Property. Said inspection may include: (i) a review of the physical condition of the Property, including but not limited to, inspection and examination of soils, environmental factors, Hazardous Substances, if any, and archeological information relating to the Property; and (ii) a review and investigation of the effect of any zoning, maps, permits, reports, engineering data, regulations, ordinances, and laws affecting the Property. Within ten (10) days following the full execution of this Agreement by both parties, Seller shall deliver to Purchaser copies of all surveys and other documents pertaining to the physical or environmental condition of the Property that are owned by or in the possession of Seller.

(b) If Purchaser's environmental consultant requires additional time to determine the existence and extent of any Hazardous Substances on the Property, Purchaser shall have the right, exercisable by delivering written notice to Seller prior to the expiration of the Feasibility Period, to extend the Feasibility Period for up to an additional sixty (60) days to complete the testing.

(c) If Purchaser disapproves of the results of the inspection and review or the results of any Phase I Environmental Report, Purchaser may elect, prior to the last day of the Feasibility Period (or any extension thereof), to terminate this Agreement by giving Seller written notification prior to the last day of the Feasibility Period (or any extension thereof). If Purchaser fails to properly notify Seller of the intent to terminate this Agreement, Purchaser shall be deemed to be satisfied with the results of the inspection and shall be deemed to have waived the right to terminate this Agreement pursuant to this provision.

6. Conditions to Purchaser's Performance. Purchaser's obligation to perform under this Agreement is subject to the following conditions:

(a) Purchaser's approval of the condition of the Property as provided in Section 5.

(b) Seller's representations and warranties in this Agreement being correct as of the date of this Agreement and as of the Close of Escrow;

(c) No adverse material change shall have occurred with respect to the condition of the Property from the end of the Feasibility Period through the Closing Date;

(d) Seller's performance of all obligations under this Agreement;

(e) Escrow Agent being prepared to issue the Title Policy on the Close of Escrow, subject only to the Approved Exceptions; and

7. Conditions to Seller's Performance. Seller's obligation to perform under this Agreement is subject to Purchaser's performance of all of the obligations which it is required to perform pursuant to this Agreement.

8. Access.

(a) Access to the Property during the Feasibility Period shall be given to Purchaser, its agents, employees, or contractors during normal business hours upon at least one (1) business day's notice to Seller, at Purchaser's own cost and risk, for any purposes, including, but not limited to, inspecting the Property, taking samples of the soil, and conducting an environmental audit (including an investigation of past and current uses of the Property). Purchaser shall indemnify and defend Seller against and hold Seller harmless from all losses, costs, damages, liabilities, and expenses, including, without limitation, reasonable attorney fees arising out of Purchaser's entry onto the Property or any activity thereon by Purchaser or its agents, employees, or contractors prior to the Close of Escrow except to the extent any such losses, costs, damages, liabilities, and expenses arise out of the gross negligence or willful acts of Seller. Any entry onto the Property by Purchaser or its agents, employees, or contractors shall be at reasonable times. The provisions of this Section shall survive the Close of Escrow. Notwithstanding anything herein to the contrary, Purchaser and Seller agree that Purchaser shall not incur any liability hereunder merely by the discovery of an "Existing Adverse Condition" (as defined below) regardless of whether such Existing Adverse Condition, once revealed, negatively impacts the value of the Property or otherwise causes Seller to incur liabilities, costs or expenses. The term "Existing Adverse Condition" shall mean an adverse condition existing on or with respect to the Property that is discovered or revealed by Purchaser in the course of its Property inspection hereunder.

(b) In addition to the provisions of Section 8(a), Purchaser and its agents, employees, or contractors shall have the right, from the date of this Agreement until the Closing Date, to contact any federal, state, or local governmental authority or agency to investigate any matters relating to the Property. Seller agrees to cooperate reasonably with Purchaser and its agents, employees, or contractors in the inspection of the Property and agrees to deliver to Purchaser all information in Seller's possession or control pertaining to the condition of the

Property, including engineering and environmental reports, studies, tests, monitoring results, and related documentation.

9. Title.

(a) Within ten (10) days following the execution of this Agreement by both parties, Purchaser shall cause Escrow Agent to issue to Purchaser (with a copy to Seller) a preliminary report for an ALTA Standard Policy of Title Insurance for the Property, setting forth all liens, encumbrances, easements, restrictions, conditions, pending litigation, judgments, administrative proceedings, and other matters of record affecting Seller's title to the Property ("Preliminary Report"), together with copies of all documents relating to title exceptions referred to in the Preliminary Report.

(b) Seller agrees to deliver to Purchaser, promptly following the full execution and delivery of this Agreement, copies of any survey of the Property in the possession of Seller.

(c) Purchaser shall approve or disapprove, in writing to Seller with a copy to Escrow Agent, each exception shown on the Preliminary Report and each encroachment, overlap, or boundary line dispute, or any other matter that materially and adversely affects title to the Property or that violates any law, rule, or regulation (each an "Exception") within thirty (30) days following the receipt of the Preliminary Report or the execution of this Agreement, whichever is later ("Review Period"). Purchaser's failure to approve or disapprove within the Review Period shall be deemed to be a disapproval of the Exceptions. The Exceptions approved by Purchaser hereunder shall be referred to as the "Approved Exceptions." All monetary liens or monetary encumbrances on the Property except for liens for general and special taxes and assessments not yet due and payable (collectively, "Monetary Liens") are disapproved and Seller shall eliminate the same prior to or upon the Closing Date.

(d) If any Exception is disapproved or deemed disapproved (each a "Disapproved Exception"), Seller shall have the right, but not the obligation, within thirty (30) days following expiration of the Review Period, to cause each Disapproved Exception to be discharged, satisfied, released, or terminated, as the case may be, of record, and in a form that is reasonably satisfactory to Purchaser and Escrow Agent, all at Seller's sole cost and expense. Seller authorizes Escrow Agent to disburse from the cash portion of the Purchase Price and proceeds otherwise disbursable to Seller upon Closing the sum sufficient to discharge any Disapproved Exception that may be discharged only by the payment of money. If Seller is unable or unwilling to obtain a discharge, satisfaction, release, or termination of any Disapproved Exception within the period specified above, then this Agreement shall automatically terminate ten (10) business days after expiration of the thirty day period for curing the Disapproved Exceptions or after Seller advises Purchaser in writing that Seller is unable or unwilling to cause such discharge, satisfaction, release, or termination, whichever occurs first, unless within such ten business day period, Purchaser waives in writing such Disapproved Exception, in which event such Disapproved Exception shall be deemed an Approved Exception under this Agreement. If this Agreement terminates pursuant to the foregoing sentence, then Seller shall pay all charges of the Escrow Agent in connection with this transaction, including the charges of the surveyor and environmental engineering company, the parties shall be relieved of all further obligations and liabilities to each other under this Agreement except as otherwise provided herein, and all funds and documents

deposited with Escrow Agent shall be promptly refunded or returned, as the case may be, by Escrow Agent to the depositing party. Anything above to the contrary notwithstanding, it is understood and agreed that Purchaser's indemnity obligations under Section 8 shall not terminate upon termination of this Agreement pursuant to this or any other provision hereof.

10. Close of Escrow.

(a) Title. Simultaneously, with the Close of Escrow, Escrow Agent shall issue an ALTA Standard Policy of Title Insurance (formerly referred to as a CLTA Title Policy) ("Title Policy") in the amount of the Purchase Price, subject only to Approved Exceptions.

(b) Seller's Deposits into Escrow. Seller shall deposit with Escrow Agent on or prior to the Close of Escrow the following documents:

(i) a grant deed in the form attached hereto as Exhibit "B" executed and acknowledged by Seller, conveying to Purchaser good and marketable fee simple title to the Property, subject only to the Approved Exceptions ("Deed");

(ii) Seller's affidavit of nonforeign status as contemplated by Section 1445 of the Internal Revenue Code of 1986, as amended ("FIRPTA Affidavit");

(iii) California Franchise Tax Board Form 593-C regarding the withholding of California taxes on the sale of California real estate ("Withholding Affidavit");

(iv) Seller's approval of the draft of Escrow Agent's closing statement.

(c) Purchaser's Deposits into Escrow. Purchaser shall deposit with Escrow Agent, on or prior to the Close of Escrow, the balance of the Purchase Price in accordance with Section 3, the Certificate of Acceptance for the Grant Deed, and Purchaser's approval of the draft of Escrow Agent's closing statement.

(d) Closing Date. The conveyance of the Property to Purchaser and the closing of this transaction ("Close of Escrow") shall take place within five (5) business days of the satisfaction of the conditions set forth in Section 6 and Section 7, provided, however, that in no event shall the Close of Escrow occur later than one hundred twenty (120) days following the execution of this Agreement ("Closing Date"), except as otherwise agreed by Purchaser and Seller in writing or unless the Feasibility Period shall have been extended, in which case the Closing Date shall be similarly extended. Either Purchaser or Seller shall have the right to terminate Escrow and this Agreement if the conditions set forth in Section 6 (for Purchaser) or Section 7 (for Seller) have not been satisfied as of the Closing Date.

(e) Closing Statement. No more than two days prior to the Closing Date, Escrow Agent shall deliver to Purchaser and to Seller, for their respective approvals, drafts of Escrow Agent's closing statement showing all receipts and disbursements of the Escrow.

(f) Closing Instructions. On the Closing Date (or any extension thereof), Escrow Agent shall close Escrow as follows:

- County Recorder;
- (i) record the Deed (marked for return to Purchaser) with the San Diego County Recorder;
 - (ii) issue the Title Policy;
 - (iii) prorate taxes, assessments, rents, and other charges as provided in Section 10(g);
 - (iv) disburse to Seller the Purchase Price less prorated amounts and charges to be paid by, retained for, or on behalf of Seller;
 - (v) charge Purchaser for those costs and expenses to be paid by Purchaser pursuant to this Agreement and disburse any net funds remaining after the preceding disbursements to Purchaser;
 - (vi) prepare and deliver to both Purchaser and Seller one signed copy of Escrow Agent's closing statement showing all receipts and disbursements of the Escrow;
 - (vii) deliver to Purchaser an Assignment (if any), the FIRPTA Affidavit, and the Withholding Affidavit and withhold from the Purchase Price a sufficient amount necessary to comply with any federal or State withholding requirements.

If Escrow Agent is unable to simultaneously perform all of the instructions set forth above, Escrow Agent shall notify Purchaser and Seller and retain all funds and documents pending receipt of further instructions jointly issued by Purchaser and Seller. It is mutually further agreed by and between Purchaser and Seller that if all, and each and every one, of the terms and conditions of this Purchase Agreement are not met within their respective specified time periods, then the Purchaser's deposit, if any, shall be immediately returned to Purchaser, this Purchase Agreement and the Escrow shall terminate and neither party shall have any further rights or obligations to the other party, and the Escrow shall be cancelled, unless extended in writing by both Purchaser and Seller.

(g) Cost Allocations. Escrow Agent shall allocate the following costs at the Close of Escrow:

- (i) Purchaser shall pay:
 - (A) the recording charges in connection with recordation of the Deed; provided, however, that this Deed is entitled to be recorded without a fee pursuant to Government Code Section 27383 because the Deed is for the benefit of a public agency;
 - (B) all governmental conveyancing fees and taxes due upon transfer of the Property, provided, however, that no documentary transfer tax will be payable with respect to this transaction, pursuant to Revenue and Taxation Code Section 11922;
 - (C) all charges in connection with issuance of a ALTA Standard Policy of Title Insurance in the amount of the Purchase Price; and

(D) the escrow fee charged by Escrow Agent.

(h) Possession. Possession of the Property shall be delivered to Purchaser at the Close of Escrow.

11. Seller's Representations and Warranties. To Seller's actual knowledge, Seller represents and warrants to Purchaser that as of the date of this Agreement and as of the Close of Escrow:

(a) Hazardous Substances. The Property: (i) is free from Hazardous Substances; (ii) contains no buried or partially buried storage tanks located on the Property; (iii) has not been used for the generation, storage or disposal of any Hazardous Substance and no Hazardous Substance has been spilled, disposed of, or stored on, under, or at the Property; and (iv) has never been used as a dump or landfill;

(b) Compliance with Law. The Property is in material compliance with all applicable Laws and Environmental Laws;

(c) Leases. No recorded or unrecorded leases, licenses, or other agreements allowing any third party rights to use or rights of possession in the Property are or will be in force as of the Closing;

(d) Litigation and Investigations. There is no pending or threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Property, and Seller has received no notice, warning, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Property are or have been in violation of any Laws or Environmental Laws, or informing Seller that the Property is subject to investigation or inquiry regarding the violation of any Laws or Environmental Laws.

(e) Condition of Property. There are no natural or artificial conditions upon the Property or any part of the Property that could result in a material and adverse change in the condition of the Property;

(f) Access to the Property. There is vehicular access to the Property either directly through a public right of way or through a recorded easement; and

(g) No Insolvency Proceedings. Seller has not (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by its creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets; (iv) suffered the attachment or other judicial seizure of substantially all of its assets; or (v) admitted in writing its inability to pay its debts as they come due.

(h) No Other Agreements, Undertakings or Tenancies. Seller will not enter into any agreements or undertake any new obligations prior to Close of Escrow which will in any way burden, encumber or otherwise affect the Property without the prior written consent of Purchaser.

(i) **Disclosure.** Seller has disclosed to Purchaser all information, records, and studies in Seller's possession in connection with the Property, including any reports or studies concerning Hazardous Substances. All information that Seller has delivered to Purchaser, either directly or through Seller's agents, is accurate and Seller has disclosed all material facts concerning the operation, development, or condition of the Property.

Seller shall promptly notify Purchaser of any facts that would cause any of the representations contained in this Agreement to be untrue as of the Close of Escrow. If Purchaser reasonably concludes that a fact materially and adversely affects the Property, Purchaser shall have the option to terminate this Agreement by delivering written notice to Seller and Escrow Agent. If Purchaser terminates this Agreement pursuant to this Section, Escrow Agent shall cancel the Escrow and Seller shall be responsible for all costs of escrow. For the purposes of this Section 11, "Seller's actual knowledge" means Geoff Poole's actual, current knowledge without any representation or warranty regarding investigation or inquiry completed by Geoff Poole.

12. **Seller's Covenants.** Commencing with the full execution of this Agreement by both parties and until the Close of Escrow:

(a) Seller shall not permit any liens, encumbrances, or easements to be placed on the Property, other than the Approved Exceptions, nor shall Seller enter into any agreement regarding the sale, rental, management, repair, improvement, or any other matter affecting the Property that would be binding on Purchaser or the Property after the Close of Escrow without the prior written consent of Purchaser.

(b) Seller shall not permit any act of waste or act that would tend to diminish the value of the Property for any reason, except that caused by ordinary wear and tear.

13. **Authority of Parties.**

(a) Seller warrants that this Agreement and all other documents delivered prior to or at the Close of Escrow have been authorized, executed, and delivered by Seller; (i) are binding obligations of Seller; and (ii) are collectively sufficient to transfer all of Seller's rights to the Property and do not violate the provisions of any agreement to which Seller is a party or which affects the Property. If Seller is a corporation, partnership, limited partnership, limited liability company, trust or other legal entity, then Seller further represents that Seller is duly formed and validly existing and in good standing under the laws of the jurisdiction set forth in the first paragraph of this Agreement. If said jurisdiction is other than California, then Seller warrants that to the extent required by applicable law, Seller is registered to do business and is in good standing in the state of California.

(b) Purchaser warrants that this Agreement and all other documents delivered prior to or on the Close of Escrow have been authorized, executed, and delivered by Purchaser; and are binding obligations of Purchaser.

(c) The parties warrant that the persons executing this Agreement on their behalf are authorized to do so, and on execution of this Agreement, this Agreement shall be valid and enforceable against Purchaser or Seller in accordance with this Agreement.

14. Brokers. Each party shall be solely responsible for the fees or commissions of any broker that has been retained or consulted by such party in connection with this transaction. Each party agrees to defend, indemnify, and hold harmless the other party from any claims, expenses, costs, or liabilities arising in connection with a claim by a broker for any such fees or commissions.

15. Assignment. Purchaser shall have the right to assign all rights and liabilities under this Agreement to any party or governmental agency.

16. Attorney Fees. In any action to enforce the terms of this Agreement, the Prevailing Party shall be entitled to recover from the nonprevailing party all reasonable attorneys' fees and costs. "Prevailing Party" shall include without limitation a party who dismisses an action in exchange for sums allegedly due; the party who receives performance from the other party for an alleged breach of contract or a desired remedy where the performance is substantially equal to the relief sought in an action; or the party determined to be the prevailing party by a court of law.

17. Notices. As used in this Agreement, notice includes but is not limited to, the communication of any notice, request, demand, approval, statement, report, acceptance, consent, waiver and appointment. All notices must be in writing. Notice is given either (i) when delivered in person to the person or company intended named below, or (ii) when sent via reputable overnight courier (such as Federal Express), addressed by name and addressed to the party or persons intended, as follows:

To Anza-Borrego
Foundation: Anza-Borrego Foundation
PO Box 2001
Borrego Springs, CA 92004
Attention: Executive Director

With copy to: Best Best & Krieger LLP
3390 University Avenue, 5th Floor
Riverside, CA 92501
Phone: (951) 826-8279
Attention: Steve Anderson

To Seller: Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 92004
Attention: General Manager

until such time as a party gives notice of the change of address in accordance with the terms of this section.

18. Entire Agreement. This Agreement and the documents referenced herein contain the entire agreement between the parties to this Agreement and shall not be modified in any manner except by an instrument in writing executed by the parties or their respective successors in interest.

19. Severability. If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected.

20. **Waivers.** A waiver or breach of covenant or provision in this Agreement shall not be deemed a waiver of any other covenant or provision in this Agreement, and no waiver shall be valid unless in writing and executed by the waiving party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act.

21. **Construction.** The Section headings and captions of this Agreement are, and the arrangement of this instrument is, for the sole convenience of the parties to this Agreement. The Section headings, captions, and arrangement of this instrument do not in any way affect, limit, amplify, or modify the terms and provisions of this Agreement. The singular form shall include plural, and vice versa. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to Sections are to this Agreement. All exhibits referred to in this Agreement are attached to it and incorporated in it by this reference.

22. **Merger.** All of the terms, provisions, representations, warranties, and covenants of the parties under this Agreement shall survive the Close of Escrow and shall not be merged in the Deed or other documents.

23. **Counterparts.** This Agreement may be executed in one or more counterparts. Each shall be deemed an original and all, taken together, shall constitute one and the same instrument.

24. **No Obligations to Third Parties.** Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties hereto, to any person or entity other than the parties hereto.

25. **Amendment to this Agreement.** The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

26. **Time of the Essence.** Time is of the essence in this Agreement.

27. **Successors.** This Agreement shall inure to the benefit of and shall be binding upon the parties to this Agreement and their respective heirs, successors, and assigns.

28. **Governing Law and Venue.** This Agreement and any dispute arising hereunder shall be governed by California law. Each party hereby consents to the exclusive jurisdiction of the state and federal courts sitting in the County of San Diego, State of California, in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement. SELLER HEREBY ACKNOWLEDGES THAT THE FOREGOING VENUE PROVISIONS HAVE BEEN CHOSEN AS THE APPROPRIATE AND CONVENIENT FORUM FOR ANY SUCH ACTION AND WAIVES ANY RIGHT TO OBJECT TO JURISDICTION ON THE BASIS OF LACK OF PERSONAL JURISDICTION OR FORUM NON CONVENIENS. The Parties hereby consent to service of process via mail or overnight courier to the address specified in Section 17 or by any other method permitted under California law.

29. **Survival.** All representations, warranties, covenants and indemnity obligations of the parties shall survive the Closing of this Agreement.

30. Cooperation. Seller understands that Purchaser may seek from third party governmental agencies funding to reimburse Purchaser in whole or in part for the Purchase Price of the Property. Seller agrees to reasonably cooperate to assist Purchaser during the process to seek such funding and to provide such documentation as reasonably necessary to assist Purchaser in applying for such funding.

IN WITNESS WHEREOF, Purchaser and Seller have executed this Agreement to be effective on and as of the Effective Date set forth in the preamble to this Agreement.


PURCHASER: ANZA-BORREGO FOUNDATION, a California non-profit corporation By:  Brianna Fordem Executive Director	SELLER: BORREGO WATER DISTRICT, a California special district _____ Kathy Lee Dice, President Board of Directors
---	--

EXHIBIT A
LEGAL DESCRIPTION

PARCEL 1:

THE NORTHEAST QUARTER OF SECTION 29, TOWNSHIP 11 SOUTH, RANGE 6 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF.

PARCEL 2:

AN EASEMENT AND RIGHT OF WAY FOR ROAD, SEWER, WATER, GAS, POWER AND

TELEPHONE LINES AND APPURTENANCES THERETO OVER, UNDER, ALONG AND ACROSS THE EAST 30.00 FEET OF SECTION 20, TOWNSHIP 11 SOUTH, RANGE 6 EAST,

SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF.

EXCEPT THEREFROM THAT PORTION LYING NORTHERLY OF THE SOUTHERLY LINE OF ROAD SURVEY NO. 1259, A COPY OF WHICH IS ON FILE IN THE OFFICE OF COUNTY SURVEYOR OF SAN DIEGO COUNTY.

PARCEL 3:

AN EASEMENT FOR WELL SITE PURPOSES OVER THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 11 SOUTH, RANGE 6 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

663196.1 122057.0000

10352

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 20; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID SECTION 20, 1000.00 FEET, THENCE WESTERLY AT RIGHT ANGLES TO SAID EAST LINE. 30.00 FEET TO A POINT ON THE WESTERLY LINE OF THE EAST 30.000 FEET OF SAID SECTION 20, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID LINE WESTERLY 50.00 FEET; THENCE SOUTHERLY PARALLEL WITH SAID EAST LINE OF SECTION 20 A DISTANCE OF 50.00 FEET; THENCE EASTERLY AT RIGHT ANGLES TO SAID PARALLEL LINE 50.00 FEET TO A POINT ON SAID WESTERLY LINE OF THE EAST 30.00 FEET OF SECTION 20; THENCE NORTHERLY ALONG SAID WESTERLY LINE 50.00 FEET TO THE TRUE POINT OF BEGINNING.

**EXHIBIT B
(GRANT DEED)**

RECORDED AT REQUEST OF AND
RETURN TO:

Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 92004
Attn: General Manager

FREE RECORDING

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

(Space above this line reserved for Recorder's use)

GRANT DEED

APN: 200-130-01 and -02

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
BORREGO WATER DISTRICT, herein called "Grantor", hereby GRANTS to ANZA-
BORREGO FOUNDATION, a California non-profit 501(c)(3) corporation ("Grantee"), the real
property in the County of San Diego, State of California, described as:

See Exhibit "A" attached hereto and made a part hereof

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of the ___th day of
_____, 20__.

BORREGO WATER DISTRICT, a
California special district

Kathy Lee Dice, President
Board of Directors

ATTACH NOTARY ACKNOWLEDGEMENT

CERTIFICATE OF ACCEPTANCE

This is to certify that the real property conveyed by BORREGO WATER DISTRICT, on the Grant Deed dated _____, 2021 to the ANZA-BORREGO FOUNDATION (Grantee), is hereby accepted by the undersigned officer on behalf of the Grantee, pursuant to authority conferred by the Board of Directors, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: 1/20, 2022

GRANTEE:

ANZA-BORREGO FOUNDATION, a non-profit
501(c)(3) corporation

By: 
Brianna Fordem, Executive Director

ACKNOWLEDGMENT

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

State of California
County of San Diego)

On January 20, 2022 before me, True Flores, Notary Public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.



Signature _____

A handwritten signature in blue ink, appearing to read 'True Flores', written over a horizontal line.

(Seal)

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 22, 2022
AGENDA ITEM II. G

February 14, 2022

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Dudek Assistance with Monitoring Well Grant – T Driscoll

RECOMMENDED ACTION:

Review Proposal and direct staff as deemed appropriate

ITEM EXPLANATION:

BWD has been working with DWR on a Grant for monitoring well installation. To proceed with the Grant, outside services are needed and the following Proposal has been created by Trey. His latest email on this topic is below:

I spoke with Jack Tung of California Department of Water Resources today and the good news is that DWR staff has accepted BWD's Technical Support Services (TSS) grant application and there is no need to update the application. DWR can make changes to the well location(s) without changing the original grant application.

The TSS grant will fund drilling and construction of up to two (2) monitoring wells in the basin with total depth of approximately 1,200 feet (i.e. two 600-foot boreholes. Jack indicated that total drilling footage was a bit flexible but we will need to provide justification for drilling deeper such as the depth of existing production wells in the basin.

DWR estimates the value of the award to the Borrego Basin at about \$1M to \$1.5M from the TSS grant depending on final drilling depth and monitoring well design.

DWR will incur all drilling, construction and oversight costs directly. DWR staff will oversee all construction management activities and the grant will incur all DWR costs directly.

DWR will not reimburse BWD or Watermaster costs or consultant costs for this project. These costs will be the responsibility of each respective agency. The estimate is \$30,000 to support TSS grant project.

FISCAL IMPACT:

\$36,000 cost

NEXT STEPS:

TBD

ATTACHMENTS:

1. Dudek Proposal

February 15, 2022

Geoff Poole, General Manger
Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 92004

Subject: Proposal for Borrego Springs Technical Support Services (TSS) Grant

Dear Geoff Poole:

Dudek is pleased to present the Borrego Water District (BWD) with this proposal to provide consulting support services for the California Department of Water Resources' (DWR) Technical Support Services (TSS) grant for the Borrego Springs Subbasin (Basin).

1 Project Background

Several years ago, the BWD submitted a TSS grant application to the DWR for two projects: 1) Viking Ranch Well conversion from production well to monitoring well and 2) Drilling and construction of a new monitoring well located at the Steele/Burnand Anza-Borrego Desert Research Center.

The DWR recently contacted the BWD and indicated that DWR TSS is able to fund a monitoring well for the Basin with planning work to begin in January 2022. The DWR will fund approximately 1,200 feet of total monitoring well construction, provide one round of water quality sampling collection and will consider equipping the monitoring wells with pressure transducers with telemetry to enable monitoring of groundwater levels remotely.

The DWR has indicated that the TSS program is not eligible to fund pump removal or remediation of down-well turbine lubricating oil. As such, the DWR requested that the Viking Ranch Well conversion be removed from the TSS grant application. (Note: this project is now included in the Proposition 68 grant application under Watermaster projects).

The DWR has also requested that the Basin's Technical Advisory Committee (TAC) weigh in on the proposed location of the monitoring well and specifically identify data gaps, such as those listed in the Groundwater Management Plan, that the proposed monitoring well would help fill. The potential location of new monitoring wells was deliberated at the TAC meeting held on December 14, 2021. The consensus of the TAC is to drill and construct a new monitoring well at Location #1 (Figure 1). There are three primary property owners in this area of the Basin. Dudek reached out to one of the property owners who has agreed to begin negotiating an easement for the drilling and construction of a new monitoring well.

As part of scoping for the Proposition 68 grant, it was determined that due to the age of the existing monitoring network and lack of long-term access agreements, that inclusion of a second monitoring well to the TSS grant application is justified. Dudek coordinated with the State Park regarding the proper abandonment of the Hanna (Flowers) well (potentially to be funded in part by Proposition 68 grant) and replacement with a new monitoring well along Henderson Canyon Road (to be included as a second well in the TSS grant application). The State Park indicated that abandonment of Hanna (Flowers) and installation of a replacement on State Park land is a “No Go” (Pers. Comm. Terry Gerson 2/11/2022). Watermaster and BWD staff may continue to monitor Hanna (Flowers) well *by foot access only*. The TAC is in the process of soliciting additional input regarding the preferred location for a second monitoring well. Dudek is currently coordinating with the DWR regarding the specifics of the monitoring wells to be funded by the TSS grant.

The following scope of work has been developed to finalize and implement the TSS grant: perform outreach with property owners for securing an easement for new wells, develop cost estimates for drilling and construction in coordination with the DWR, prepare a general workplan for well drilling and construction, and provide limited technical oversight of grant implementation. Trey Driscoll will serve as the primary point of contact for this project with the DWR for the Basin and coordinate with interested parties such as the Watermaster, TAC and Basin stakeholders.

2 Scope of Work

Task 1 TSS Grant Coordination

Dudek will lead the TSS grant work on behalf of the BWD as the Basin’s point of contact. DWR has indicated that BWD’s TSS grant has been accepted and will directly fund new multi-completion monitoring wells and provide additional technical support to the Basin under this grant. DWR estimates the value of the award to the Basin at approximately \$1M to \$1.5M from the TSS grant depending on final drilling depth and monitoring well design. Dudek has already coordinated with the TAC and DWR to finalize the location of the first new monitoring well and performed initial outreach with property owners. DWR requires a minimum 20-year access agreement for monitoring wells. This task provides budget to assist with negotiation of an easement to drill and construct the monitoring wells in coordination with the DWR and BWD legal counsel.

Task 1 Deliverables

- Prepare general work plan and engineer’s estimate for drilling and construction, reporting and monitoring of a multi-completion well.
- Work with the BWD, Watermaster, TAC and Basin stakeholders to identify parcels for drilling and construction of the new monitoring well. Work with the BWD and DWR to obtain a property easement per DWR requirements.

Task 2 TSS Grant Implementation Support

Dudek will provide TSS grant implementation project management for drilling and construction of new monitoring wells. The DWR has indicated that they will directly fund construction management and drilling contractor costs.

DWR will not reimburse BWD or Watermaster costs or consultant costs for this project. These costs will be the responsibility of each respective agency.

Task 2 Deliverables

- TSS grant project management

3 Schedule

The tentative schedule to perform the work described herein is provided in Table 1.

Table 1. Schedule

Task	Duration (weeks)	Elapsed Time (weeks)
Task 1. TSS Grant Application Update and Grant Coordination		
Task 1.1 General Work Plan	8	8
Task 1.2 Engineer's Cost Estimate	2	10
Task 1.3 Property Easement	10	20
Task 2. TSS Grant Implementation Support		
Task 2 TSS Grant Implementation Support	32	52

Note: Some tasks may be prepared concurrently.

4 Fee

Dudek will complete the work on a time and materials basis in accordance with our existing contract up to a cost not to exceed of \$36,720 (Table 2).

TOTAL COST **\$36,720.00**

Table 2. Fee Estimate

Task	Labor	Expenses	Total
Task 1. TSS Grant Coordination			
Task 1.1 General Work Plan	\$14,880.00	\$0.00	\$14,880.00
Task 1.2 Engineer's Cost Estimate	\$2,400.00	\$0.00	\$2,400.00
Task 1.3 Property Easement	\$5,200.00	\$0.00	\$5,200.00
Subtotal Task 1	\$22,480.00	\$0.00	\$22,480.00
Task 2. TSS Grant Implementation Support			
Task 2 TSS Grant Implementation Support	\$14,240.00	\$0.00	\$14,240.00
Subtotal Task 2	\$14,240.00	\$0.00	\$14,240.00
TOTAL	\$36,720.00	\$0.00	\$36,720.00

TO: GEOFF POOLE
SUBJECT: PROPOSAL FOR BORREGO SPRINGS WATERMASTER TECHNICAL SUPPORT SERVICES (TSS) GRANT

Note: TSS Grant Implementation Support is limited to initial grant project management. DWR will provide all construction management and field supervision for the new monitoring wells. This scope and fee provides for limited technical oversight of DWR's work and additional budget may be required depending on level of effort.

Dudek appreciates this opportunity to assist the BWD. If you have any questions or require further discussion, please contact me at tdriscoll@dudek.com or 760.415.1425.

Sincerely,



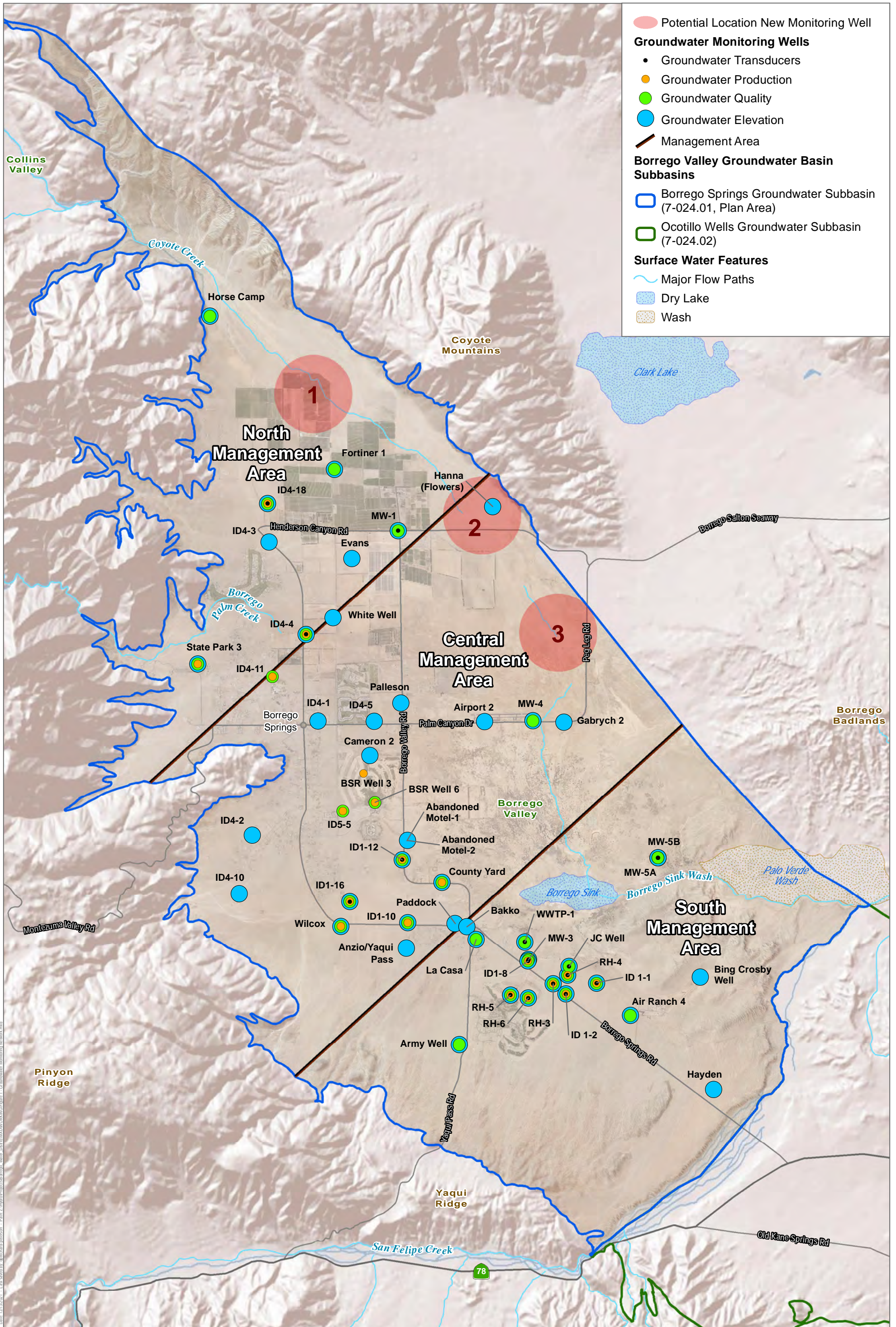
Trey Driscoll, PG No. 8511, CHG No. 936
Principal Hydrogeologist

Att: Figure 1

Please sign below to approve this proposal as an amendment to the existing contract.

Approved by _____
Borrego Water District

Date approved _____



DRAFT

DATUM: NAD 1983 DATA SOURCE: SanGIS



FIGURE 1

Groundwater Monitoring Network

TSS Grant

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 22, 2022
AGENDA ITEM II. H

February 14, 2022

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Dudek Assistance with Watermaster Technical Advisory Committee – T Driscoll

RECOMMENDED ACTION:

Review Proposal and direct staff as deemed appropriate

ITEM EXPLANATION:

Dudek represents BWD on the Watermaster TAC. The attached Proposal has been submitted by Trey to continue the services for 2022.

FISCAL IMPACT:

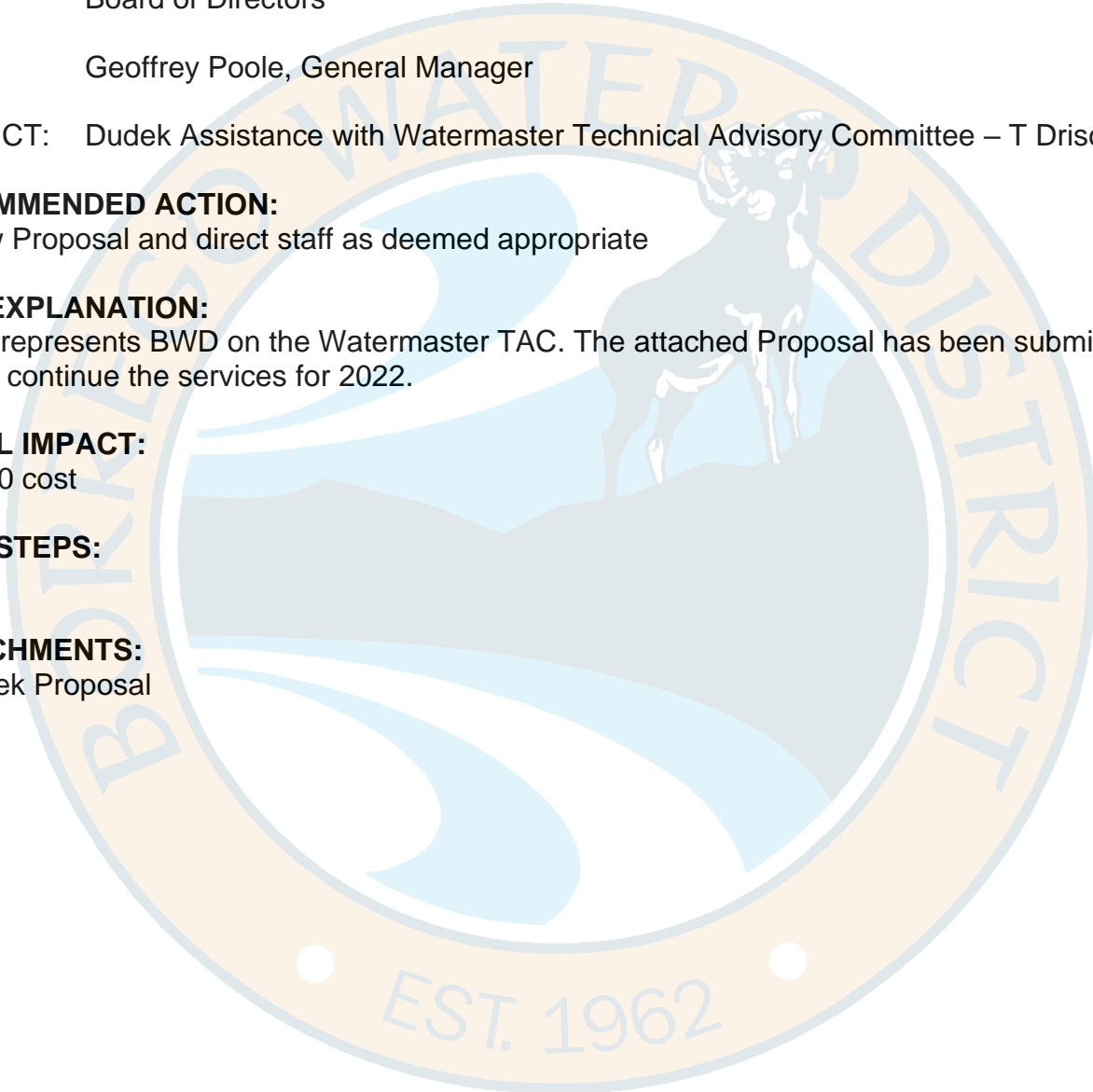
\$60,000 cost

NEXT STEPS:

TBD

ATTACHMENTS:

1. Dudek Proposal



February 10, 2022

Geoff Poole, General Manger
Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 92004

Subject: Proposal for Borrego Springs Watermaster Technical Support Services

Dear Geoff Poole:

Dudek is pleased to present the Borrego Water District (BWD) with this proposal to continue to provide engineering and hydrogeologic technical services for implementation of the Stipulated Agreement/Judgment for the Borrego Springs Subbasin (Basin). This proposal provides scope and fee for additional work completed in 2021 beyond the original contract amount established in January 2020, and for the anticipated work to be completed in calendar year 2022.

1 Scope of Work

Task 1 2021-22 Watermaster (Out of Scope Work)

The January 2020 scope of work was limited to six Technical Advisory Committee (TAC) meetings, preparation for TAC meetings and preparation of supporting technical documents for implementation of the Stipulated Agreement/Judgment for the Basin. Additional out of scope work not included in the original contract includes the following:

- Attend Watermaster Board meetings (attended 16 of the 17 meetings to date remotely)
- Attend Environmental Working Group meetings (attend 3 of the 3 meetings to date remotely)
- DWR's Technical Support Services Grant Administration (attend meetings with DWR and develop requested locations for installation of monitoring well, develop presentation for TAC)
- Prepare Declaration for the Judgement, 5-Year Pumping Exhibit and Response to Comments on Groundwater Management Plan
- Complete Subsidence review based on new InSar data
- Complete Technical Memorandum Information Necessary to Update the USGS Borrego Valley Hydrologic Model dated April 16, 2021

- Complete Technical Memorandum Borrego Springs Subbasin Groundwater Level Monitoring Data dated April 16, 2021
- Complete Borrego Springs Subbasin Annual Report Spring 2019 Groundwater Elevation Erratum dated April 16, 2021
- Overlying Landowners Groundwater Extraction Review for BBK dated March 4, 2021
- Complete initial Water Year 2021 pumping review

The additional cost incurred through January 31, 2022 for these out of scope services is \$17,340.

Task 2 Attend Watermaster Board Meetings

Dudek anticipates attending up to twelve (12) Borrego Springs Watermaster Board meetings in 2022. We assume that each meeting will require 3 hours to attend and that no preparation beyond agenda and Board packet review is required for each meeting.

Task 2 Deliverables

- Attend up to 12 Watermaster Board meetings remotely

Task 3 Technical Advisory Committee and Environmental Working Group Support

Dudek anticipates attending up to six (6) TAC and Environmental Working Group meetings in 2022. We assume that each meeting will require 3 hours to attend and will require up to 4 hours of preparation prior to the meeting. Additionally, we have budgeted time for preparation of figures and text to inform the TAC and EWG discussions and time for up to 4 meetings with BWD specifically to discuss TAC related concerns. Additional meetings or preparation may be necessary and will be requested on an as-needed basis. Budget for as-needed requests is provided as Task 5.

Task 3 Deliverables

- Attend up to 6 TAC and EWG meetings and prepare meeting materials

Task 4 As Needed Technical Support

Dudek will provide as-need work on a time and materials basis. All as-needed work will be approved via written authorization (e-mail) by the BWD General Manager.

2 Fee

Dudek will complete the work on a time and materials basis in accordance with our existing contract up to a cost not to exceed of \$60,520 (Table 1).

TOTAL COST \$60,520.00

Table 1. Fee Estimate

Task	Labor	Expenses	Total
1. 2021-22 Watermaster (Out of Scope Work)	\$17,340.00	\$0.00	\$17,340.00
2. Attend Watermaster Board Meetings	\$8,640.00	\$0.00	\$8,640.00
3. Technical Advisory Committee and Environmental Working Group Support	\$18,960.00	\$0.00	\$18,960.00
4. As-needed Technical Support	\$15,580.00	\$0.00	\$15,580.00
Total	\$60,520.00	\$0.00	\$60,520.00

Note: Cost assume that all meetings will be attended remotely.

Dudek appreciates this opportunity to assist the BWD. If you have any questions or require further discussion, please contact me at tdriscoll@dudek.com or 760.415.1425.

Sincerely,



Trey Driscoll, PG No. 8511, CHG No. 936
Principal Hydrogeologist

Please sign below to approve this proposal as an amendment to the existing scope of work.

Approved by _____
Borrego Water District

Date approved _____

Intentionally Left Blank

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
FEBRUARY 22, 2022
AGENDA ITEM II. H. 1 & 2

February 14, 2022

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Borrego Springs Subbasin Watermaster Board – VERBAL D Duncan/K Dice
ii. Update on Board Activities
iii. Update on Technical Advisory Committee Activities - T Driscoll

RECOMMENDED ACTION:

Receive Verbal Report from Representatives

ITEM EXPLANATION:

VERBAL REPORT

FISCAL IMPACT:

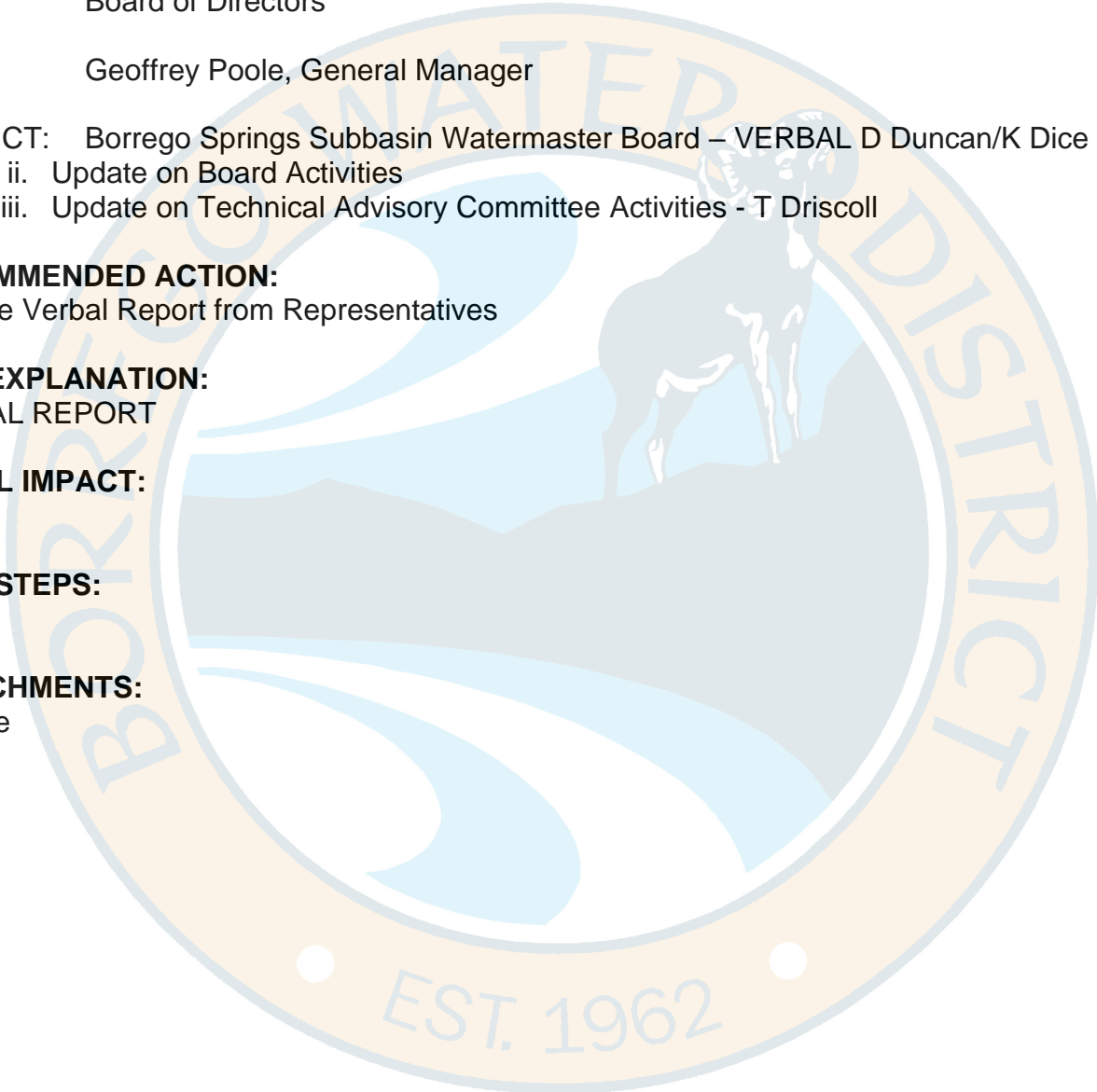
TBD

NEXT STEPS:

TBD

ATTACHMENTS:

1. None



IV.A.

Financial Reports: January 2022





TREASURER'S REPORT January 2022

	Bank Balance	Carrying Value	Fair Value	<u>% of Portfolio</u> Current Actual	Rate of Interest	Maturity	Valuation Source
Cash and Cash Equivalents:							
Demand Accounts at CVB/LAIF							
General Account/Petty Cash	\$ 5,037,690	\$ 5,040,953	\$ 5,040,953	55.63%	0.00%	N/A	CVB
Payroll Account	\$ 87,987	\$ 80,119	\$ 80,119	0.88%	0.00%	N/A	CVB
2021 Bond Funds	\$ 1,872,400	\$ 1,872,400	\$ 1,872,400	20.66%	0.00%	N/A	CVB
LAIF	\$ 2,067,424	\$ 2,067,424	\$ 2,067,424	22.82%	0.22%	N/A	LAIF
Total Cash and Cash Equivalents	<u>\$ 9,065,501</u>	<u>\$ 9,060,895</u>	<u>\$ 9,060,895</u>	<u>100.00%</u>			
Facilities District No. 2017-1A-B							
Special Tax Bond- Rams Hill -US BANK	\$ 508,507	\$ 508,507	\$ 508,507				
Total Cash,Cash Equivalents & Investments	<u>\$ 9,574,009</u>	<u>\$ 9,569,403</u>	<u>\$ 9,569,403</u>				

Cash and investments conform to the District's Investment Policy statement filed with the Board of Directors on June 09, 2020

Cash, investments and future cash flows are sufficient to meet the needs of the District for the next six months.

Sources of valuations are CVB Bank, LAIF and US Trust Bank.

Jessica Clabaugh, Finance Officer



Borrego Water District
 Operating Budget Analysis
 01/01 to 01/31/2022

	<i>Budgeted FY2022</i>	<i>Actual Jan FY2022</i>	<i>Projected Jan FY2022</i>	<i>Year to Date FY2022</i>
INCOME				
RATE REVENUE				
Water Rates Revenues				
Commodity Rates				
Residential	1,444,114	88,899	85,772	917,489
Commercial	704,908	40,620	41,868	374,013
Irrigation	322,038	17,708	19,127	293,054
Total Commodity	2,471,060	147,227	146,774	1,584,556
Non-Commodity Charges				-
Base Meter Charges	1,332,062	109,311	111,005	761,047
New Meter/Connection	5,000	25	400	5,289
New Water Supply (Pilot Program)	-	-	-	7,363
Backflow Testing/Install	5,215	-	-	-
Bulk Water Sales	2,583	1,028	220	3,093
Total Non-Commodity	1,344,860	110,364	111,625	776,791
				-
Total Water Rate Revenues	3,815,920	257,591	258,399	2,361,347
Sewer Rates				
TCS Holder Fees (SA2)	151,602	16,561	12,633	129,998
TCS User Fees (SA2)	120,595	10,364	10,050	67,362
RH Sewer User Fees (ID1)	152,354	13,025	12,696	89,107
Sewer User Fees (ID5)	172,455	14,687	14,371	100,483
Total Sewer Rates	597,006	54,637	49,750	386,951
Availability Charges Collected thru Tax Roll				
ID1 - Water/Sewer/Flood Standby	85,000	44,460	1,946	55,804
ID3/ID4 - Water Standby	110,000	28,670	2,518	75,213
Pest Control Standby	14,000	4,209	320	10,569
Total Availability (Tax Roll)	209,000	77,340	4,784	141,586
TOTAL RATE REVENUE	4,621,927	389,568	312,933	2,889,883
OTHER INCOME				
Penalties & Fees	15,000	7,957	1,250	33,685
Leased BPA Agreement	31,064	-	-	9,340
1% Property Assessments	63,000	12,238	1,442	41,162
Interest Income (LAIF)	15,000	1,190	1,250	2,512
Groundwater Management Income (see GWM Detail)	116,333	1,186	326	2,166
TOTAL OTHER INCOME	240,397	22,571	4,269	88,865
GROSS INCOME	4,862,324	412,139	317,202	2,978,748



**Borrego Water District
Operating Budget Analysis
01/01 to 01/31/2022**

	<i>Budgeted FY2022</i>	<i>Actual Jan FY2022</i>	<i>Projected Jan FY2022</i>	<i>Year to Date FY2022</i>
EXPENSES				
OPERATING EXPENSES				
Operations & Maintenance Expense				
R&M Water	250,000	12,356	20,833	125,878
R&M WWTF	120,000	1,044	10,000	33,001
Telemetry	5,000	-	417	6,456
Trash Removal	6,000	1,305	500	3,987
Vehicle Expense	18,000	791	1,500	21,736
Fuel & Oil	35,000	3,307	2,917	22,539
Lab/Testing	30,000	6,045	2,500	19,697
Permit Fees	36,500	975	3,042	30,013
Pumping Electricity	325,000	34,961	19,303	232,892
Total Operations & Maintenance Expense	825,500	60,785	61,011	502,197
Professional Services				
Accounting (Tax & Debt Filings)	4,300	-	3,200	1,005
Air Quality Study	21,077	-		7,034
<i>Contra - Air Quality Study (BVEF Contribution)</i>	<i>(10,888)</i>	-		<i>(21,766)</i>
Payroll Services	3,100	640	250	2,479
Audit Fees	19,500	4,040		20,480
IT & Cyber Security	35,000	6,634	2,900	19,028
Financial Consulting	80,000	1,154	6,666	13,196
Engineering (Dudek)	22,500	17,196	1,875	34,988
Legal Services - General	60,000	2,572	5,000	39,362
Advocacy	60,000	5,000	5,000	35,000
Total Professional Services	294,589	37,236	24,891	150,805
Insurance Expense				
ACWA/JPIA Program Insurance	66,000	-		71,031
ACWA/JPIA Workers Comp	18,000	4,168	4,500	8,273
Total Insurance Expense	84,000	4,168	4,500	79,304
Debt Expense				
Compass Bank Note 2018A/B - Principal	303,538	-		314,537
Compass Bank Note 2018A/B - Interest	85,000	-		39,779
Pacific Western 2018 IPA - Principal	172,500	-		182,000
Pacific Western 2018 IPA - Interest	184,850	-		89,540
Total Debt Expense	745,887	-	-	625,856
Personnel Expense				
Board Meeting Expense	23,000	2,475	1,920	13,471
Salaries & Wages	1,050,000	87,220	87,500	629,797
<i>Contra Account - Salaries & Wages</i>	<i>(58,540)</i>	<i>(3,644)</i>	<i>(4,878)</i>	<i>(57,811)</i>
Contract Labor/Consulting	10,000	-	833	-
Payroll Taxes	28,000	4,945	2,333	17,584
Benefits - Medical	255,000	22,203	21,250	154,846
Benefits - CalPERS	210,000	8,110	12,273	127,014
Trainings & Conferences	18,000	157	1,500	3,696
Uniforms	7,000	575	583	4,459
Safety Compliance & Emergency Prep	5,000	182	417	2,550
Total Personnel Expense	1,547,460	122,224	123,731	895,606



**Borrego Water District
Operating Budget Analysis
01/01 to 01/31/2022**

	<i>Budgeted</i>	<i>Actual Jan</i>	<i>Projected</i>	<i>Year to Date</i>
	<i>FY2022</i>	<i>FY2022</i>	<i>Jan FY2022</i>	<i>FY2022</i>
OPERATING EXPENSES (Con't)				
Office Expense				
Office Supplies	24,000	1,119	2,000	11,984
Office Equipment	50,000	7,944	4,167	25,382
Postage & Freight	15,000	2,284	1,250	8,339
Property Tax	3,000	-		2,618
Telephone Expense	20,000	1,933	1,667	12,706
Dues & Subscriptions (ACWA/AWWA)	23,000	72	1,917	16,080
Printing & Publication	5,000	159	417	1,226
Office/Shop utilities	6,500	381	542	5,336
Total Office Expense	<u>146,500</u>	<u>13,891</u>	<u>11,958</u>	<u>83,672</u>
TOTAL OPERATING EXPENSES	3,643,936	238,303	221,592	2,337,440
GROUNDWATER MANAGEMENT EXPENSES (see GWM Detail)				
Pumping Fees	123,578	-		24,888
GWM Expense	55,000	-	4,500	861
Legal Expense	250,000	817	20,000	9,182
Watermaster Expense	24,000	1,471	2,000	21,739
Database Hosting (Dudek)	15,175	-	1,265	-
Misc/Contingency	-	-		-
TOTAL GROUNDWATER MGMT EXPENSES	<u>467,753</u>	<u>2,288</u>	<u>27,765</u>	<u>56,670</u>
TOTAL EXPENSES	<u>4,111,689</u>	<u>240,591</u>	<u>249,357</u>	<u>2,394,110</u>
NET INCOME	<u>750,635</u>	<u>171,548</u>	<u>67,845</u>	<u>584,638</u>



**Borrego Water District
Cash CIP Budget Analysis
01/01 to 01/31/2022**

	<i>Budgeted FY2022</i>	<i>Actual Jan FY2022</i>	<i>Year to Date FY2022</i>
<u>CAPITAL IMPROVEMENT PROJECTS (CIP)</u>			
CASH FUNDED CIP			
Water Projects			
COI - 2021 Bond <i>(to be distributed)</i>		-	-
Production Well ID5-15		-	270,283
Bending Elbow Pipeline	300,000	-	253,376
Double OO/Frying Pan Pipeline	200,000	(1,747)	8,791
BVR Pipeline - <i>To be reimbursed from SDGE</i>	-	96,706	111,198
<i>Contra - Reimbursement from SDGE</i>		-	(26,659)
Facilities Maintenance	65,000	2,831	13,700
Well 10 Filling Station - <i>To be reimbursed</i>	-	161	944
<i>Contra - Reimbursement from OWS</i>		-	(1,883)
Contingency - Management, Consulting, Labor	40,000	-	1,944
Emergency System Repairs	60,000	-	3,106
Total Water Projects	<u>665,000</u>	<u>97,951</u>	<u>545,880</u>
Sewer Projects			
BSRd. Gravity Main		-	71,161
Manhole Refurbishments	45,150	-	-
Oxygen Injection System	-	4,236	5,309
WWTP Monitoring Wells		-	1,791
Contingency - Management, Consulting, Labor	18,540	-	-
Total Sewer Projects	<u>63,690</u>	<u>4,236</u>	<u>76,234</u>
Short Lived Asset Replacements			
Main Server Replacement	28,000	-	-
Well ID4-11 Rehab	400,000	-	194,113
Well ID1-16	165,000	-	-
Well ID5-5 Electrical Rebuild		-	12,645
RAS Pumps	60,000	-	-
Trash Pump	15,000	-	-
Trailer Mounted Vacuum Unit	100,000	13,950	13,950
Track Skid Steer	125,000	-	-
Booster Station 3 Upgrades		-	9,538
Total Short Lived Assets	<u>893,000</u>	<u>13,950</u>	<u>230,246</u>
CASH FUNDED CIP TOTAL	1,651,690	116,137	641,563
<u>TOTAL INCOME AFTER CASH FUNDED CIP (see Cash Flow)</u>	<u>(901,055)</u>	<u>55,411</u>	<u>(56,925)</u>

sec cameras

Trailer



**Borrego Water District
Grant/Bond Funded CIP Budget Analysis
01/01 to 01/31/2022**

	<i>Budgeted FY2022</i>	<i>Actual Jan FY2022</i>	<i>Year to Date FY2022</i>
GRANT FUNDED CIP			
Water Projects- DWR Grant Net \$2M			
Twin Tanks	800,000	-	2,892
Wilcox Diesel Motor	100,000	-	-
Indian Head Reservoir Replacement	450,000	-	-
Recoat Rams Hill Tank #2	554,040	-	-
Total Water Projects - Water Reservoirs Grant	<u>1,904,040</u>	<u>-</u>	<u>2,892</u>
Sewer Projects - DWR Grant - \$788,912			
WWTP Upgrade/Rehabilitation	788,912	82,137	119,018
Total Sewer Projects	<u>788,912</u>	<u>82,137</u>	<u>119,018</u>
Prop 68 Grant Expenses			
Prop 68 Grant Expenses		28,266	65,146
Total Prop 68 Grant Expenses		<u>28,266</u>	<u>65,146</u>
TOTAL GRANT FUNDED CIP	2,692,952	110,404	121,909
GRANT FUNDS RECEIVED TO DATE			
DWR Water Grant	\$2M	-	-
DWR Sewer Grant	788,912	73,926	73,926
TOTAL GRANT FUNDS RECEIVED TO DATE	<u>2,788,912</u>	<u>73,926</u>	<u>73,926</u>

Dudek/BBK



Borrego Water District
Groundwater Management Budget Analysis
01/01 to 01/31/2022

	<i>Budgeted FY2022</i>	<i>Actual Jan FY2022</i>	<i>Projected Jan FY2022</i>	<i>Year to Date FY2022</i>
GROUNDWATER MANAGEMENT INCOME				
Reimbursements due thru Stipulation	113,333	1,186	<i>New Court Order</i>	1,186
Meter Reading Services Income	<u>3,000</u>	-	<u> </u>	<u>979</u>
TOTAL GROUNDWATER MANAGEMENT INCOME	<u>116,333</u>	<u>1,186</u>	<u> </u>	<u>2,166</u>
GROUNDWATER MANAGEMENT EXPENSES				
Pumping Fees	123,578	-	-	24,888
GWM Expense	55,000	-	4,583	861
Legal Expense	250,000	817	20,833	9,182
Watermaster Expense	24,000	1,471	2,000	21,739
Database Hosting (Dudek)	<u>15,175</u>	-	<u>1,265</u>	<u>-</u>
TOTAL GROUNDWATER MGMT EXPENSES	<u>467,753</u>	<u>2,288</u>	<u>28,681</u>	<u>56,670</u>
NET GROUNDWATER MANAGEMENT EXPENSES PAID	351,420	(1,101)	(28,681)	(54,504)



Borrego Water District
Cash Flow Analysis
01/01 to 01/31/2022

	Actual January FY2022	
Cash Flows from Operating Activities		
<i>Income Provided by Operating Activities</i>	151,265	
<i>Decrease in Accounts Receivable</i>	65,555	
<i>Increase in Accounts Payable</i>	258,670	
<i>Decrease in Inventory</i>	2,393	
<i>Customer Deposits Redeemed</i>	(1,200)	
Net Cash Provided by Operating Activities	\$	476,682
Cash Flows from Groundwater Management Activities		
Net Cash Paid for Groundwater Management Activities	\$	(1,101)
Cash Flows from Non-Operating Activities		
Other Income Received	21,384	
Grant Received - COVID Arrears Grant	102,587	
Net Cash Provided by Other Income	\$	123,971
Cash Flows from Capital Improvement Activities		
<i>All CIP Activities (Cash + Grant + Bond)</i>	(226,541)	
<i>Grant Monies Received</i>	73,926	
<i>Reserves Reimbursed (2021 Bond Reimbursement Resolution)</i>	1,127,374	
Net Cash Paid for Capital Improvements	\$	974,759
Cash and Reserves at Beginning of Period		\$ 5,614,184
Net Change in Cash	\$	1,574,311
Cash and Reserves at End of Period		\$ 7,188,495
Restricted Reserves at End of Period	\$	789,453
Unrestricted Reserves at End of Period	\$	6,399,042
Water Reserves Portion	\$5,622,594	
Sewer Reserves Portion	\$575,001	
Non-218 Reserves Portion	\$201,447	
Fiscal Year Reserves Target		\$ 7,401,787
Fiscal Year Reserves Surplus/Shortfall		\$ (213,292)
2021 Bond Funds Balance at Beginning of Period		\$ 3,000,000
Net Change in Bond Funds	\$	(1,127,374)
2021 Bond Funds Balance at End of Period		\$ 1,872,626



ASSETS

	BALANCE SHEET January 31, 2022 (unaudited)	BALANCE SHEET December 31, 2021 (unaudited)	MONTHLY CHANGE (unaudited)
CURRENT ASSETS			
Cash and cash equivalents	\$ 9,091,716.88	\$ 8,583,660.74	\$ 508,056.14
Accounts receivable from water sales and sewer charges	\$ 657,234.27	\$ 736,137.60	\$ (78,903.33)
Inventory	\$ 130,919.52	\$ 133,312.09	\$ (2,392.57)
TOTAL CURRENT ASSETS	\$ 10,010,790.19	\$ 9,586,422.52	\$ 424,367.67
RESTRICTED ASSETS			
Debt Service:			
Unamortized bond issue costs	\$ 125,185.22	\$ 125,185.22	\$ -
Viking Ranch Refinance issue costs	\$ (39,683.07)	\$ (39,683.07)	\$ -
Deferred Outflow of Resources-CalPERS	\$ 298,965.00	\$ 298,965.00	\$ -
Total Debt service	\$ 384,467.15	\$ 384,467.15	\$ -
Trust/Bond funds:			
Investments with fiscal agent -CFD 2017-1	\$ 508,507.44	\$ 493,752.93	\$ 14,754.51
Total Trust/Bond funds	\$ 508,507.44	\$ 493,752.93	\$ 14,754.51
TOTAL RESTRICTED ASSETS	\$ 892,974.59	\$ 878,220.08	
UTILITY PLANT IN SERVICE			
Land	\$ 2,396,607.03	\$ 2,396,607.03	\$ -
Flood Control Facilities	\$ 4,287,340.00	\$ 4,287,340.00	\$ -
Capital Improvement Projects	\$ 2,026,822.89	\$ 1,894,622.04	\$ 132,200.85
Bond funded CIP Expenses	\$ 1,976,412.32	\$ 1,978,159.81	\$ (1,747.49)
Sewer Facilities	\$ 6,226,548.11	\$ 6,226,548.11	\$ -
Water facilities	\$ 15,309,185.96	\$ 15,309,185.96	\$ -
General facilities	\$ 1,006,881.07	\$ 1,006,881.07	\$ -
Equipment and furniture	\$ 612,099.10	\$ 612,099.10	\$ -
Vehicles	\$ 701,247.01	\$ 687,296.74	\$ 13,950.27
Accumulated depreciation	\$ (13,935,557.97)	\$ (13,935,557.97)	\$ -
NET UTILITY PLANT IN SERVICE	\$ 20,607,585.52	\$ 20,463,181.89	\$ 144,403.63
OTHER ASSETS			
Water rights -ID4	\$ 185,000.00	\$ 185,000.00	\$ -
TOTAL OTHER ASSETS	\$ 185,000.00	\$ 185,000.00	
TOTAL ASSETS	\$ 31,696,350.30	\$ 31,112,824.49	\$ 583,525.81

Balance sheet continued



	BALANCE SHEET January 31, 2022 (unaudited)	BALANCE SHEET December 31, 2021 (unaudited)	MONTHLY CHANGE (unaudited)
LIABILITIES			
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS			
Accounts Payable	\$ 319,320.10	\$ 1,913.80	\$ 317,406.30
Accrued expenses	\$ 219,903.11	\$ 219,903.11	\$ -
Deposits	\$ 420,190.57	\$ 318,804.00	\$ 101,386.57
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	\$ 959,413.78	\$ 540,620.91	\$ 418,792.87
CURRENT LIABILITIES PAYABLE FOM RESTRICTED ASSETS			
Debt Service:			
Accounts Payable to CFD 2017-1	\$ 508,507.44	\$ 493,752.90	\$ 14,754.54
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	\$ 508,507.44	\$ 493,752.90	\$ 14,754.54
LONG TERM LIABILITIES			
2018A & 2018B Refinance ID4/Viking Ranch	\$ 1,928,800.28	\$ 1,928,800.28	\$ -
2021 Installment Purchase Agreement	\$ 7,508,930.00	\$ 7,508,930.00	\$ -
Net Pension Liability-CalPERS	\$ 891,132.00	\$ 891,132.00	\$ -
Deferred Inflow of Resources-CalPERS	\$ 22,588.00	\$ 22,588.00	\$ -
TOTAL LONG TERM LIABILITIES	\$ 10,351,450.28	\$ 10,351,450.28	\$ -
TOTAL LIABILITIES	\$ 11,819,371.50	\$ 11,385,824.09	\$ 433,547.41
FUND EQUITY			
Contributed equity	\$ 9,611,814.35	\$ 9,611,814.35	\$ -
Retained Earnings:			
Unrestricted Reserves/Retained Earnings	\$ 10,265,164.45	\$ 10,115,186.05	\$ 149,978.40
Total retained earnings	\$ 10,265,164.45	\$ 10,115,186.05	\$ 149,978.40
TOTAL FUND EQUITY	\$ 19,876,978.80	\$ 19,727,000.40	\$ 149,978.40
TOTAL LIABILITIES AND FUND EQUITY	\$ 31,696,350.30	\$ 31,112,824.49	\$ 583,525.81

To: BWD Board of Directors
 From: Jessica Clabaugh
 Subject: Consideration of the Disbursements and Claims Paid
 Month Ending January 31, 2022



Vendor disbursements paid during this period: \$ 423,485.91

Significant items:

ACWA-JPIA	Workers' Comp 2021 Q4	\$ 4,167.77
Babcock	Lab Services	\$ 6,044.85
CalPERS	Employee Retirement Benefits	\$ 12,042.90
Employee Health Benefits	Medical JPIA & AFLAC	\$ 20,491.88
Ramona Disposal	Garbage Collection	\$ 4,072.95
SC Fuels	Fuel For District Vehicles	\$ 3,307.32
SDGE	January Bill Payment	\$ 35,341.76

Capital Projects/Fixed Asset Outlays:

Labor Compliance Consultants	WWTP - Certify Contractor Payroll	\$ 1,600.00
Nagle, William R	CIP - Fencing around Oxygen Injection Station	\$ 4,150.00
McCalls Meters	Meters and Testing	\$ 3,966.96
Metro Builders	WWTP Rehab Project	\$ 80,092.13
Pacific Pipeline Supply, Inc.	SDGE Pipeline	\$ 96,508.76

Total Professional Services for this Period:

BBK	General -January Invoices	\$ 3,388.80
BBK	Watermaster	\$ 1,471.10
BBK	Advocacy	\$ 5,000.00
BBK	Prop 68 - Applicant Eligibility, PRC, Subgrantee	\$ 11,599.98
Dudek	WWTP Capacity & Monitoring Wells, Rams Hill	\$ 33,862.50
Fieldman Rolapp & Associates	Annual CDIAC Filings	\$ 1,153.50
Leaf & Cole, LP	Audit Progress Billing	\$ 4,040.00
MRSP, LLC	Smart Phone Meter Reader Annual License	\$ 6,787.00
Quadient	Postage for Postage Meter	\$ 2,283.73
Travis Parker	Security Camera Project	\$ 2,831.28
Travis Parker	Computer Support	\$ 1,699.90

Payroll for this Period:

Gross Payroll	\$ 86,485.07
Employer Payroll Taxes and ADP Fee	\$ 2,538.85
Total	<u>\$ 89,023.92</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: jessica
Printed: 2/17/2022 2:54 PM



Check No	Vendor No	Vendor Name	Check Date	Check Amount
35011	9524	AIR POLLUTION CONTROL DISTRICT, SA	01/11/2022	460.00
35012	1196	CASH	01/11/2022	300.00
35013	11120	MRSP, LLC	01/11/2022	6,787.00
35014	11118	WILLIAM R. NAGLE	01/11/2022	4,150.00
35015	1445	SAN DIEGO CO VECTOR CONTROL	01/11/2022	254.24
35016	9387	SAN DIEGO COUNTY ASSESSOR/RECOR	01/11/2022	89.00
Total for 1/11/2022:				12,040.24
35020	1037	BORREGO SUN	01/19/2022	70.00
35021	1094	EMPIRE SOUTHWEST, LLC	01/19/2022	557.86
35022	11021	J & T Tire and Auto	01/19/2022	139.93
35023	1222	DEBBIE MORETTI	01/19/2022	140.00
35024	11114	OCEANUS BOTTLED WATER, INC	01/19/2022	28.50
35025	11067	SC FUELS	01/19/2022	2,115.47
35026	1109	ABILITY ANSWERING/PAGING SER	01/19/2022	230.00
35027	1000	MEDICAL ACWA-JPIA	01/19/2022	24,653.32
Total for 1/19/2022:				27,935.08
Report Total (14 checks):				39,975.32

To: BWD Board of Directors
 From: Jessica Clabaugh
 Subject: Consideration of Watermaster related Income and Expenses for FY22
 Month Ending January 31, 2022



Net Payments during this Period \$ 2,287.60

Date	Name	Description	Income	Expense	Year To Date
7/31/2021	BBK	Correspondance Re: Stipulation		\$ 153.50	\$ (153.50)
7/31/2021	Borrego Springs Watermaster	July Meter Reading Services	\$ 326.46		\$ 172.96
8/31/2021	BBK	Stipulation Items		\$ 4,671.20	\$ (4,498.24)
8/31/2021	ACWA	RFP-Interim Legal (from 2020)		\$ 475.00	\$ (4,973.24)
9/30/2021	BBK	Stipulation Items		\$ 3,610.35	\$ (8,583.59)
9/30/2021	Borrego Springs Watermaster	WY21 Meter Read Billing		\$ 2,002.70	\$ (10,586.29)
9/30/2021	Borrego Springs Watermaster	Sept Meter Reading Services	\$ 326.46		\$ (10,259.83)
10/20/2021	Borrego Springs Watermaster	WY22 Meter Read Billing		\$ 2,002.70	\$ (12,262.53)
10/25/2021	Mc Calls Meters	Meters for Wells (reimbursible)		\$ 2,250.00	\$ (14,512.53)
10/31/2021	BBK	Stipulation and WM Accounting		\$ 1,006.11	\$ (15,518.64)
11/30/2021	BBK	Stipulation Items		\$ 1,736.35	\$ (17,254.99)
12/31/2021	Dudek	TAC		\$ 8,461.25	\$ (25,716.24)
12/31/2021	BBK	Stipulation and Grant Items		\$ 1,605.13	\$ (27,321.37)
1/18/2022	Borrego Springs Watermaster	Reassignment of Stipulation Cost	\$ 1,186.00		\$ (26,135.37)
1/31/2022	BBK	Stipulation and TAC		\$ 2,287.60	\$ (28,422.97)

To: BWD Board of Directors
 From: Jessica Clabaugh
 Subject: Final List of CIP Items for Reimbursement from 2021 New Money



Date Paid	Check No	Vendor	GL	Project	Amount	Running Total
6/14/2021	34597	Rove Engineering	17220	Bending Elbow Pline	\$54,870.10	\$54,870.10
7/9/2021	34630	Brax Company	17260	Well 11 Rehab	\$140,936.88	\$195,806.98
7/9/2021	34637	Rove Engineering	17220	Bending Elbow Pline	\$182,653.65	\$378,460.63
7/20/2021	34655	McCall's Meters	17220	Bending Elbow Pline	\$3,241.12	\$381,701.75
7/20/2021	34666	Brax Company	17260	Well 11 Rehab	\$190,390.14	\$572,091.89
7/22/2021	34679	M&L Bunten	17216	Well 5 Cpanel Rebuild(1/2)	\$6,322.50	\$578,414.39
7/22/2021	34680	DeAnza Ready Mix	17260	Well 11 Rehab	\$2,126.06	\$580,540.45
7/22/2021	34681	Empire Southwest, LLC	17130	Well 5-15	\$9,344.29	\$589,884.74
8/3/2021	34702	Rove Engineering	17220	Bending Elbow Pline	\$202,304.59	\$792,189.33
8/11/2021	34724	Pacific Pipeline Supply	17220	Bending Elbow Pline	\$876.54	\$793,065.87
8/19/2021	34731	Empire Southwest, LLC	17130	Well 5-15	\$9,021.04	\$802,086.91
8/19/2021	34734	Southwest Pump & Drilling	17130	Well 5-15	\$124,046.25	\$926,133.16
8/24/2021	34744	DeAnza Ready Mix	17260	Well 11 Rehab	\$407.28	\$926,540.44
8/24/2021	34745	Fredericks Services	17213	LCDZ Sewerline	\$67,727.73	\$994,268.17
9/1/2021	34753	M&L Bunten	17216	Well 5 Cpanel Rebuild(2/2)	\$6,322.50	\$1,000,590.67
9/8/2021	34770	Empire Southwest, LLC	17130	Well 5-15	\$9,021.04	\$1,009,611.71
9/15/2021	34784	Southwest Pump & Drilling	17130	Well 5-15	\$39,963.75	\$1,049,575.46
9/15/2021	34791	Pacific Pipeline Supply	17220	Bending Elbow Pline	\$214.79	\$1,049,790.25
9/29/2021	34798	Dudek	17130	Well 5-15	\$3,511.25	\$1,053,301.50
9/29/2021	34800	Landmark Consultants	17220	Bending Elbow Pline	\$1,198.80	\$1,054,500.30
10/20/2021	34846	Dudek	17130	Well 5-15	\$2,400.00	\$1,056,900.30
10/25/2021	34868	Pacific Pipeline Supply	17120	Pipeline 1	\$2,084.58	\$1,058,984.88
12/7/2021	34941	Rove Engineering	17220	Bending Elbow Pline	\$1,596.11	\$1,060,580.99
12/15/2021	34953	Rove Engineering	17220	Bending Elbow Pline	\$27,906.25	\$1,088,487.24
12/22/2021	34976	Big J Fencing	17130	Well 5-15	\$33,150.00	\$1,121,637.24
12/30/2021	35008	Southwest Pump & Drilling	17130	Well 5-15	\$5,736.65	\$1,127,373.89

IV.B
Water & Wastewater Operations Report
January 2022





BORREGO WATER DISTRICT

JANUARY 2022

WASTEWATER OPERATIONS REPORT

There's no know problems with wastewater system at the moment:

Rams Hill Wastewater Treatment Facility serving ID-1, ID-2 and ID-5 Total Cap. 0.25 MGD (million gallons per day):

Average flow: 70323 (gallons per day)

Peak flow: 95000 gpd SUNDAY, JANUARY 16- 2022



BORREGO WATER DISTRICT

RAMS HILL WASTEWATER TREATMENT FACILITY
4861 Borrego Springs Rd, BORREGO SPRINGS, CA 92004
(760) 767-5806 FAX (760) 767-5994

02/10/2022

CALIFORNIA REGIONAL WATER QUALITY
CONTROL BOARD – REGION 7
73-720 FRED WARING DR. SUITE 100
PALM DESERT, CA. 92260

Attn: Adriana Godinez/WRCE

RE: JANUARY 2022 Borrego Springs WWTP

Dear Adriana,

Please find attached the JANUARY 2022 monthly monitoring reports and Lab results for Borrego springs district WWTP.

We are pleased to inform you that there's no known violations for this month.

If you have any questions please contact ROGELIO MARTINEZ/WT-III. (760)419-2764.

Respectfully,

Rogelio Martinez/ water plant operator III

CC: Geoff Poole/GM

MONTHLY REPORT: R.H.W.T.F

MONTH: JANUARY

YEAR: 2022

BORREGO WATER DISTRICT,
RAMS HILL WASTEWATER TREATMENT FACILITY,
4861 BORREGO SPRINGS ROAD,
BORREGO SPRINGS, CA 92004
760-767-5806; phone
760-767-5994; fax

COMMENTS: THERE ARE NO SPILLS TO REPORT FOR JANUARY 2022; THE FLOW REPORT IS ATTACHED.

Submitted by: ROGELIO MARTINEZ/BWD TO: GEOFF POOLE/BWD;

02/10/2022

JAN 2022	INFLUENT DAILY FLOW GAL.	TOTAL FLOW GAL.
1	91000 GAL	66372000 GAL
2	68000 GAL	66440000 GAL
3	62000 GAL	66502000 GAL
4	65000 GAL	66567000 GAL
5	59000 GAL	66627000 GAL
6	56000 GAL	66683000 GAL
7	61000 GAL	66744000 GAL
8	70000 GAL	66815000 GAL
9	67000 GAL	66882000 GAL
10	54000 GAL	66936000 GAL
11	60000 GAL	66996000 GAL
12	61000 GAL	67057000 GAL
13	69000 GAL	67120000 GAL
14	70000 GAL	67190000 GAL
15	83000 GAL	67273000 GAL
16	95000 GAL	67368000 GAL
17	78000 GAL	67447000 GAL
18	65000 GAL	67512000 GAL
19	66000 GAL	67578000 GAL
20	69000 GAL	67647000 GAL
21	71000 GAL	67718000 GAL
22	76000 GAL	67794000 GAL
23	83000 GAL	67877000 GAL
24	85000 GAL	67962000 GAL
25	64000 GAL	68019000 GAL
26	63000 GAL	68082000 GAL
27	64000 GAL	68146000 GAL
28	77000 GAL	68223000 GAL
29	72000 GAL	68295000 GAL
30	81000 GAL	68376000 GAL
31	75000 GAL	68451000 GAL

P.H. / D.O. LOG ; R.H.W.T.F., BORREGO WATER DISTRICT

YEAR,2022

JANUARY

<u>DATE</u>	<u>LOCATION</u>	<u>P.H.</u>	<u>D.O.</u>	<u>FREE/BRD</u>
1/4/2022	EFFLUENT	8.50	5.33	
1/4/2022	POND	8.26	8.77	3.5ft
1/18/2022	EFFLUENT	8.02	3.9	
1/14/2022	POND	8.07	7.00	3.5ft

Berm Condition: Good and no Odors around the pond

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
 COLORADO RIVER BASIN REGION**

WDID NO.: 7A 37 0125 001
 ORDEF NO.: R7-2019-0015


**MONITORING AND REPORTING
 BORREGO WATER DISTRICT - RAMS HILL WWTF
 MONTH: JANUARY
 YEAR: 2022**

REPORTING FREQUENCIES: MONTHLY

JANUARY

TYPE OF SAMPLE:	INFLUENT			PONDS		
	Flow	BOD	TSS	DO	pH	Freeboard
CONSTITUENTS:	Flow	BOD	TSS	DO	pH	Freeboard
FREQUENCY:	Daily	Monthly	Monthly	Twice Monthly	Twice Monthly	Twice Monthly
DESCRIPTION:	Measurement	Grab	Grab	Grab	Grab	Measurement
UNITS:	gpd	mg/L	mg/L	mg/L	s.u.	ft
REQUIREMENTS						
30-DAY MEAN:						
MAXIMUM:						
MINIMUM:						
DATE OF SAMPLE	JANUARY					
1	91000					
2	68000					
3	62000					
4	65000	150	64	8.77	8.26	3.5
5	59000					
6	56000					
7	61000					
8	70000					
9	67000					
10	54000					
11	60000					
12	61000					
13	69000					
14	70000					
15	83000					
16	95000					
17	78000					
18	65000			7.00	8.07	3.5
19	66000					
20	69000					
21	71000					
22	76000					
23	83000					
24	85000					
25	64000					
26	63000					
27	64000					
28	77000					
29	72000					
30	81000					
31	75000					
30-DAY MEAN	70323	150	64	7.89	8.17	3.5
MAXIMUM	95000	150	64	8.77	8.26	3.5
MINIMUM	54000	150	64	7.00	8.07	3.5

I declare under the penalty of law that I personally examined and am familiar with the information submitted in this document, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature: 
 Date: 10-10-2022

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
COLORADO RIVER BASIN REGION**

WDID NO.: 7A 37 0125 001
ORDER NO.: R7- 2019-0015

**MONITORING AND REPORTING
BORREGO WATER DISTRICT - RAMS HILL WWTF
MONTH: JANUARY
YEAR: 2022**

REPORTING FREQUENCY MONTHLY

JANUARY

TYPE OF SAMPLE:	EFFLUENT					
CONSTITUENTS:	BOD	TSS	SS	T. Nitrogen	TDS	pH
FREQUENCY:	Twice Monthly	Twice Monthly	Twice Monthly	Twice Monthly	Twice Monthly	Twice Monthly
DESCRIPTION:	Grab	Grab	Grab	Grab	Grab	Grab
UNITS:	mg/L	mg/L	ml/L	mg/L	ml/L	mg/L
REQUIREMENTS						
30-DAY MEAN:						
MAXIMUM:						
MINIMUM:						
DATE OF SAMPLE						
1						
2						
3						
4	0.0	4.0	0.0	13.0	490	8.5
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18	11	2.0	0.1	10	510	8.02
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
30-DAY MEAN	5.5	3.0	0.1	11.5	500	8.26
MAXIMUM	11.0	4.0	0.1	13.0	510	8.50
MINIMUM	0.0	2.0	0.0	10.0	490	8.02

I declare under the penalty of law that I personally examined and am familiar with the information submitted in this document, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature: *[Handwritten Signature]*
Date: 01-10-2022