

Borrego Water District
MINUTES
Groundwater Management Standing Committee
Wednesday, January 14, 2009, 9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

Attendance: Directors: Mendenhall, Smiley
Staff: Richard Williamson, General Manager
 Jerry Rolwing, Operations Manager
 Wendy Quinn, Recording Secretary
Public: Jim Engelke Rudy Monica
 Beth Hart Lane Sharman, BWX
 Marshal Brecht Judy Meier, *Borrego Sun*
 Clark Shimeall

CALL TO ORDER
INTRODUCTION OF PARTICIPANTS

CURRENT AGENDA ITEMS

1. Status of USGS/DWR Groundwater Study. Mr. Williamson reported that the District had approved DWR's Task Order #1, gathering records on all wells in Borrego Valley to provide data for USGS's update of the Netto model. There are 60 wells in the database. A preliminary report (within ten percent accuracy) is anticipated by the town hall meeting on March 25. Mr. Williamson expected that USGS would estimate the volume of the aquifer, then he, Bill Mills and Jim Bennett would analyze the data and predict its life expectancy. In response to President Mendenhall's inquiry, Mr. Williamson expected that the shape of the aquifer would also be determined eventually.

Jerry Rolwing distributed minutes from his December 19 meeting with USGS, DWR and the County. The next meeting is tentatively scheduled for February in Borrego Springs.

2. Status of Financial Plan & Rate Analysis Study. Mr. Williamson reported on the special Board meeting held February 8 with Glenn Reiter & Associates, the District's financial consultants. The consultants narrated a PowerPoint presentation outlining the rate review process, Proposition 218 requirements, and the types of expenses appropriate for inclusion in a parcel (standby) charge. A parcel charge for all property in the valley is contemplated for costs benefiting all owners, while the base water bill rate would be reserved for those services benefiting only District customers. The consultants have the District's water use records for the last four years and will tie them into the County's parcel data to determine which parcels are served and suggest an appropriate assessment for each. It is contemplated that assessments on vacant land will be based on zoning. Lane Sharman felt that was unfair, particularly in the case of an owner of a large parcel zoned for subdivision but who has no intent to subdivide. Director Smiley suggested levying the assessment at the time the parcel is subdivided, if ever. Mr. Williamson explained that the Board has discretion in designing the system, but typically if a landowner does not keep current with the zoning-based charge, it will cost more if he/she eventually opts to subdivide. Rudy Monica pointed out that the County does not always allow construction to the density provided by the zoning.

Mr. Williamson expected another report from Mr. Reiter in early February. Director Smiley asked that he be informed of the Committee's concerns. Mr. Rolwing noted that he expected the consultants would offer several alternative scenarios for the Board's consideration. Mr. Williamson hoped for a fee that would be "development neutral" – neither promoting nor discouraging it.

Jim Engelke felt the existing District rate structure was confusing, and Mr. Williamson agreed, citing his goal to streamline it as part of the Rate Analysis Study. Future phases of the study will address tiered rates, development fees and mitigation fees, while the first priority is achieving a balance between the parcel fee (all District property) and base rate (existing customers). Mr. Williamson hoped to have the first phase implemented by July 2009. In response to Beth Hart's inquiry, he explained that the parcel charge would be collected on the property tax bill, but would be earmarked for a particular purpose and therefore secure to remain with the District.

3. Federal Funds.

Availability.

Lobbyist Status. Mr. Rolwing distributed a Grants and Loans Status report prepared by Bill Mills. Mr. Williamson reported that Jim McConnell is now working on a commission basis; we pay him only if he secures a grant.

Mr. Williamson announced that the Bureau of Reclamation is seeking proposals for basin studies and would fund 100 percent. He is applying for funding for the USGS study.

Mr. Rolwing reported that State grant funds are currently frozen, and agreed to provide President Mendenhall a copy of the letter so stating. Efforts are currently focused on Proposition 84, and President Mendenhall, Director Smiley and Mr. Williamson recently met with Assemblyman Joel Anderson to discuss opportunities. The Assemblyman will submit a letter of support for the District's loan application (see next paragraph). He also requested a two-page "white paper" on the long-term issue of sustainable water for Borrego Valley and associated environmental issues. Mr. Williamson will work with Mark Jorgensen from the State Park on this.

Mr. Williamson reported on his recent meeting in Sacramento regarding "I-Bank," a revolving loan fund available from the State. We are requesting \$6 million and would be required to contribute \$500,000, which could include in-kind services and travel expenses. Dennis Ciocca from Sutter Securities is assisting in the application and has had good results with prior efforts. Issuance costs and interest are low, and the term is generally 30 years. Possible projects to be funded include participation in the De Anza irrigation efficiency improvements by purchase of their wells and water credits, a new well on the Austin property, a reservoir at Indian Head or on the Wilcox property, and associated transmission lines. It is important to keep our infrastructure sound, particularly with the recent loss of Well #3; then we can focus on the sustainable water supply issue. Director Smiley asked how the State loan would be repaid, and Mr. Williamson replied it would be addressed in the Rate Analysis Study. He hoped for a preliminary decision within a month, final in three months.

Mr. Sharman urged concentration on fallowing. Director Smiley pointed to potential problems with the District spending money to fallow, feeling it should be handled privately. Further discussion was continued to Agenda Item 6.

Mr. Rolwing invited the Committee's attention to the East County Multiple Species Conservation Program, which is circulating for comment in draft form.

4. Planning assistance from San Diego County. Mr. Williamson reported that he was awaiting a response from Supervisor Horn re DPLU planning assistance to develop a population projection for Borrego Springs.

5. Discussion on Mitigation Policy implementation by both BWD and San Diego County.

6. Status and update on the Agricultural Fallowing program.

7. Discussion on handling small mitigation requirements.

These items were combined. Mr. Williamson reported he had completed a rough first draft of the Mitigation Policy, which he will e-mail to the Board and release to the public next week. He tried to develop a policy which would be acceptable to the County and could be administered by the District. For the sake of simplicity, it is contemplated that a standard four acre feet per acre per year, the standard for citrus, would be used. One credit would equal one acre foot per acre per year. Developers would need one credit per household to satisfy County mitigation requirements and one for the District. Mr. Engelke pointed out that newly constructed homes require less water, closer to .75 acre feet per acre per year. Discussion followed. Mr. Williamson pointed out that a household not only uses water at home and in the yard, but they increase usage in restaurants, schools, etc.

Mr. Williamson noted that with the adoption of the Mitigation Policy, the in-lieu fee would eventually be eliminated. However, all changes are subject to Board approval.

Mr. Sharman asked whether the Mitigation Policy would be District-driven or market-driven. If the District competes with private parties in the purchase and sale of water credits, problems could arise. Mr. Williamson stated his intent that the program be market-driven. However, he cited the need to serve small developers who need to mitigate but cannot purchase and fallow extensive acreage. He contemplated that the District could buy credits and offer them to small developers, but the Board would have to approve the sale price and base it on recent private sales. Otherwise, credits submitted to the District for mitigation would be retired.

Mr. Williamson envisioned that a farmer would come to the District and offer to fallow for credit. The District would survey the property and obtain a legal description. The farmer would pay an administration fee of \$400 per credit, 25 percent due at application and the balance when the credits are resold. The District will ensure that the property remains fallowed, and inform the County. Partial fallowing would require a meter with District access. Mr. Rolwing recommended pre-fallowing metering to provide a comparison. Mr. Sharman felt the administration fee was too high. Director Smiley pointed out that fallowing is expensive.

Ms. Hart inquired about the issues of the County's five-year time limit from fallowing to development, and their prior opposition to credit for partial fallowing. Mr. Williamson replied that the County now appears amenable to the District's positions (no time limit and credit for partial fallowing). In response to Marshal Brecht's inquiry, Mr. Williamson estimated the County could take up to a year to approve the Mitigation Policy. The in-lieu fee will remain pending final adoption of the Policy. Director Smiley pointed out that developers can already satisfy the District's mitigation requirement with water credits, but not yet the County's.

Mr. Williamson inquired about Mr. Monica's sale of credits to the Hawaiian developers, and Mr. Sharman replied that he was working with the Planning Commission to obtain County approval. Mr. Williamson offered the District's assistance.

8. Update on out of basin water purchases/transfers. Mr. Williamson reported that he had discussed with the financial consultants the advisability of securing a water supply prior to constructing an importation pipeline. Mr. Reiter recommended purchasing

water rights now, noting heavy competition and rising costs. It could be sold temporarily until our delivery system is in place. In response to Mr. Brecht, Mr. Williamson estimated we would acquire 7,500 to 10,000 acre feet, financed by bonds or a loan.

9. De Anza Golf Course improvements/water credits. Mr. Williamson reported he was awaiting a response from De Anza Golf Course on the options he had presented. Mr. Brecht reported the plans for the irrigation system were being prepared and will go out to bid. He agreed to report to the De Anza Board on the District's State loan application. Mr. Sharman brought up the need to meter De Anza's wells, noting that the District may provide the meters at no cost. Mr. Williamson agreed to discuss the matter with De Anza's Golf Course Manager. He requested a decision on the options by the end of February, the sooner the better.

10. Discussion of future priorities and target dates. Mr. Williamson stated the draft Mitigation Policy was a priority. A public hearing will tentatively be held at the next Groundwater Management Committee meeting.

There being no further business, the meeting adjourned at 11:45 a.m. The next regular Conservation Committee Meeting was scheduled for Wednesday, February 11, 2009. It was agreed that they would be permanently held on the second Wednesday of each month, starting at 9:15 as requested by Wendy Quinn due to a schedule conflict.