

**Borrego Water District**  
**MINUTES**  
**Groundwater Management Standing Committee**  
**Wednesday, September 9, 2009, 9:15 a.m.**  
**806 Palm Canyon Drive**  
**Borrego Springs, CA 92004**

Attendance:    Directors:    Mendenhall, Smiley  
Staff:            Richard Williamson, General Manager  
                         Wendy Quinn, Recording Secretary  
Public:            Jim Engelke, Lundberg                    Rudy Monica  
                         Marshal Brecht                                Paul Nordman, Pecoff  
                         Rebecca Falk                                  Mike Shetler, Palm Canyon Resort  
                         Scott Elliott, Palm Canyon Resort      Tom Fredericks

**CALL TO ORDER**  
**INTRODUCTION OF PARTICIPANTS**

**APPROVAL OF MINUTES**

Rebecca Falk requested that her concern under Item 5, Future Directions and Goals, be clarified to refer to the chemical content, rather than mineral content, of Colorado River water; specifically perchlorate. The Minutes were approved as amended.

**CURRENT AGENDA ITEMS**

1. Discussion of Pepper Farm and Dragon Fruit Farm allocations. Rich Williamson reported that the County had recently changed its position as to whether the pepper farm qualifies as a farming operation, determining that it does. The County will not accept credits for its fallowing, but it would be eligible for District credits. Director Smiley explained that the peppers were fallowed in 2004, but wheat has been grown on the property since then. He suggested granting two acre-feet per acre in credits.

Discussion followed regarding how much water was used by the dragon fruit, which had been estimated anywhere between 1.5 and 4 acre-feet per acre. It was agreed to compromise and recommend 3.

2. Review of Rudy Monica allocation. Mr. Williamson reported that Rudy Monica had applied for reconsideration of the number of credits granted for fallowing his lemon grove in 2007. The District purchased the credits at 3.8 acre-feet per acre (approximately 150 credits over 40 acres at \$4,800). Mr. Monica requested that the credits be recalculated because the acreage was found to be 47.5, not 50. He felt the water consumption for citrus should be set at 5 acre-feet per acre, rather than 3.8, based on transactions since then. Mr. Williamson noted that this would result in an additional 50 credits for sale on the open market. He further pointed out that Mr. Monica had sold 6.5 acres worth of credits to KSD Hawaii, so would that price have to be adjusted if the recalculation is approved? The Committee agreed to refer the issue to legal counsel.

3. Palm Canyon Resort – Water Credit allocation. Mr. Williamson explained that Don McKelvey had been working with Palm Canyon Resort on Best Management Practices. The possibility of water mitigation credits for removal of extensive turf has been discussed, as well as rebates for replacement of all toilets. The resort contemplates removing its 1.84 acres of turf at 8 acre-feet of water per acre and replacing it with desert scape, which

would use 0.7 acre-feet of water per acre, netting credits at 7 acre-feet per acre. Mr. Williamson cited the resort's location at a main entrance to the community and the fact that the existing turf sends an erroneous message that Borrego Springs has plenty of water. The issues today were (1) whether to approve the water mitigation credits and (2) whether the District is interested in purchasing those credits.

Director Smiley asked why the resort would not sell the credits on the open market, and Mr. Williamson explained that they have an immediate need for cash and the District has an immediate need for credits to accommodate small builders. Mike Shetler of Palm Canyon Resort added that he had tried to find a buyer without success and needed to fund the turf removal and relandscaping. A number of trees have already been removed, and more will be. Jim Engelke pointed out that there is no market for credits at present due to the Fire Department's building moratorium. Tom Fredericks reported that the resort is also removing an existing pond, which will save 100 to 150 units of water annually.

Discussion followed regarding a price for the credits. Mr. Williamson suggested around \$5,000 each, based on prior sales and those currently in escrow. Mr. Fredericks suggested eight credits per acre. He explained that the irrigation system would be upgraded and showed examples of the existing sprinklers and improved ones, followed by photos of desert plants planned for the property.

Marshal Brecht asked what would happen if the District purchased the credits from Palm Canyon and then De Anza or others requested the same arrangement. Mr. Williamson explained that it is not the District's function to purchase any credits that become available, but we need a small supply for single-family home builders.

Director Smiley noted that the Board would be voting on the mitigation policy next week, and meanwhile the resort should file an application for credits, which will be on the agenda following adoption of the policy. Purchase by the District would also be on the agenda for consideration. The Committee recommended approval of the credits, purchase by the District, and referral to the full Board.

4. Viking Ranch – Discuss Status of Water Credit opportunities. Mr. Engelke spoke on behalf of his client, Lance Lundberg, who lives in Connecticut and purchased farmland across from Montesorro for future mitigation purposes. He is willing to enter into negotiations to fallow 125 acres of citrus. Mr. Williamson pointed out that the District does not require immediate fallowing in exchange for credits, but he could lose eligibility for County credits if he fallows without a buyer for the credits. Mr. Engelke explains that Mr. Lundberg wants to retain half the credits for an anticipated project and sell the other half. Mr. Williamson cited this as an example of the County's counterproductive attitude, necessitating continued irrigation by a farmer who wants to fallow. Director Mendenhall suggested referring it to the Negotiating Committee, and Mr. Williamson offered to participate in a meeting with the County to see if it can be resolved.

5. Discussion of Water Mitigation and Entitlement Policy. Mr. Williamson announced that today is the last day for comment on the Negative Declaration regarding the Water Mitigation and Entitlement Policy. He met with State Park representatives, who were concerned about dust, but that will be dealt with as to each property when it is developed. There were no other comments. Acceptance of the Negative Declaration and approval of the Policy will be on the next Board agenda.

6. Status of Financing/Grant Requests. Mr. Williamson reported that he was awaiting a response from the Bureau of Reclamation on the basin study funding. The I-Bank loan application has been submitted, and approval of \$5.4 million is expected by the end of the year.

7. Update on Groundwater Management Study. Mr. Williamson noted that the new federal fiscal year begins October 1, at which time the USGS will resume work on the groundwater management study. A second task order with DWR has been signed, covering geomorphology (part of the model update). They are reviewing well drilling data for consistency. More information will be available at the next meeting.

8. Status of Sustainable Water Supply Projects. Mr. Williamson explained that the basin study will have a big impact on the sustainable water supply projects. The southeast importation option (STAG grant) is under review, as well as the San Felipe drainage area for a possible well field, the Wilcox reservoir and Clark Lake. Mr. Williamson met with Park representatives, who generally are willing to work with the District toward a pipeline at the northern end of the lake subject to appropriate mitigation. Board approval to amend environmental documents accordingly will be requested. Consultants could work on that and the Wilcox reservoir documents concurrently.

9. Discussion: Future directions and goals. Mr. Williamson suggested that once the mitigation and entitlement policy is in place, the Committee can focus on applications for credits, as well as monitoring the groundwater management study and the sustainable water supply projects.

There being no further business, the meeting adjourned at 11:30 a.m. The next regular Groundwater Management Committee Meeting was scheduled for Wednesday, October 14, 2009 at 9:15 a.m.