

**Borrego Water District  
CORRECTED MINUTES  
Special Meeting of the Board of Directors  
Tuesday, April 16, 2013  
9:00 AM  
806 Palm Canyon Drive  
Borrego Springs, CA 92004**

**I. OPENING PROCEDURES**

- A. Call to Order:** President Hart 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 Hart, Vice-President Lyle Brecht, Secretary/Treasurer Marshal Brecht, Delahay, Estep
- Staff:**             Jerry Rolwing, General Manager  
                                  Kim Pitman, Administration Manager  
                                  Wendy Quinn, Recording Secretary
- Public:**           Ray Shindler                             Dennis Daoast  
                                  Dick Walker                             Dennis Dickinson  
                                  Mary Delaney                           John Delaney  
                                  Lucy Larson                             Bill Bauer  
                                  Malissa McKeith, AAWARE

**D. Approval of Agenda:** *MSC: L.Brecht/Estep approving the Agenda as written.*

**E. Comments from Directors and Requests for Future Agenda Items:** Director Marshal Brecht had been told that a notice of the Town Hall Meeting was not displayed at the Post Office. Kim Pitman assured him that it was.

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

**II. CURRENT BUSINESS MATTERS**

**A. Presentation regarding adjudication by Ray Shindler:** Mr. Shindler commended the Board on its thorough investigation of issues relative to the declining aquifer, working with USGS, the Bureau of Reclamation and the IRWMP. They looked at alternatives including a managed basin and importation, but have not explored adjudication. Mr. Shindler suggested that they do so, in consultation with experts. He believed this could be done inexpensively through the Department of Water Resources, BOR, universities or other water districts.

Director Lyle Brecht asked whether Mr. Shindler had talked to other districts that have gone through adjudication, and if so, what led them to do so. Mr. Shindler had contacted a district in Chino, but their situation was nothing like Borrego's and was very complicated. Melissa McKeith noted that an Antelope Valley district was adjudicated when a group of farmers filed suit. Andy Sawyer, an attorney for the State Water Resources Control Board, might be of assistance. Ms. McKeith pointed out that should Borrego opt for adjudication, a court could decide that most of the water should be allocated to the farmers, since they were here first. Mr. Shindler indicated that the State Park was actually here first, long before the farmers. Jerry Rolwing agreed that adjudication should be the last resort, if we cannot come to a cooperative solution through efforts such as the Borrego Water Coalition. Dennis Dickinson expressed his

support for adjudication. Director Estep pointed out that it is very expensive. Mr. Shindler felt sources of funding could be found, and Director Estep asked him to put his ideas in writing. In response to an inquiry concerning the cost to buy up all agricultural land in Borrego Valley, Mr. Shindler estimated between \$12 and \$25 million.

The Board agreed to investigate the adjudication process provided expert advice could be provided at no cost. Mr. Shindler agreed to explore alternatives.

**B. Discussion of proposed budget for FY 2014:** Ms. Pitman invited the Board's attention to the draft budget in the Board package. A handout presented scenarios assuming various rate increase levels. It was noted that due to conservation efforts, revenue would be slightly less than the actual increase. Mr. Rolwing reported he had spoken to Lisa Foster and Sanjay Gaur about the possibility of raising rates on the meters in use but not on those on vacant land. They confirmed that Proposition 218 would be required in order to differentiate, but not if the increase or lack thereof is the same for all meters. Director Lyle Brecht asked how much our revenue would decline if the base meter rate was raised 10 percent and the commodity rate 20 percent, as opposed to 20 percent across the board. Director Marshal Brecht estimated \$94,000. Most of the Board members supported a 20 percent increase on everything, but continued to express concern about the meter charges.

Director Lyle Brecht suggested that the budget cover letter include reference to changes in the operations and maintenance and non-operation and maintenance budgets as compared to last year, and the probability that the actual revenue will be less than the rate increase amount based on past history.

Discussion followed regarding the possible refinancing of the COP bonds, and whether the prepayment penalty of two percent on the unpaid principle would be offset by the savings. Director Marshal Brecht pointed out that the District is at least a year away from being credit worthy. Mr. Rolwing noted that USDA would be our best bet for financing, but the refinancing loan would have to be paired 50/50 with another project.

Director Lyle Brecht is compiling a list of items to be addressed in the next Proposition 218 process. Included to date are power pass-through, tier structure, sewer rates, water rates, nonpotable rates and idle meter rates.

Mr. Rolwing reported that Lisa Foster and David Dale had reviewed the proposed engineering contract with Dudek to study the feasibility of providing water to Rams Hill. They had one concern relative to the prohibition on information sharing, since the District already indicated we would share it with Bill Berkley, the potential golf course operator. The contract was returned to Dudek and the District is awaiting a reply.

**C. Discussion of potential agenda items for April 24th board meeting:** Agenda items for April 24 will include preliminary adoption of the budget and rate increases (final in May), study of potential adjudication, and discussion of participation with the Steele/Burnand Center regarding a National Science Foundation grant concerning water sustainability and climate. Due to Directors' conflicts, it was agreed to have one meeting in May, the 14th, 15th or 17th.

### **III. CLOSING PROCEDURE**

**Adjournment:** There being no further business, the meeting was adjourned at 11:15 a.m. The next Regular Meeting of the Board of Directors is scheduled tentatively for May 17, 2013.