

**Borrego Water District  
MINUTES  
Regular Meeting of the Board of Directors  
Wednesday, November 19, 2014  
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 (via teleconference)

**Staff:**             Jerry Rolwing, General Manager  
                          Kim Pitman, Administration Manager  
                          Greg Holloway, Operations Manager  
                          Wendy Quinn, Recording Secretary

**Public:**            Joe Tatusko                     Jeannie Beck, *Borrego Sun*  
                          Dick Walker                   Jim Engelke, White  
                          Ray Shindler                 Harry Ehrlich  
                          Dennis Jenkin, Oasis Ranch Martha Deichler  
                          Peter Vogel, Tandem Solar   Kathy Dice  
                          Duane Young, Cocopah       Barry McCall, Viejas Landscape Nurseries                     Group  
                          John Peterson                 Jim Wermers

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

**E. Approval of Minutes:**

                          Special meeting of October 2, 2014

*MSC: L.Brecht/M.Brecht approving the Minutes of the Special Meeting of October 2, 2014 as written.*

                          Special meeting of October 14, 2014

*MSC: L.Brecht/M.Brecht approving the Minutes of the Special Meeting of October 14, 2014 as written.*

                          Regular meeting of October 22, 2014

*MSC: L.Brecht/M.Brecht approving the Minutes of the Regular Meeting of October 22, 2014 as written.*

                          Special meeting of October 31, 2014

*MSC: L.Brecht/M.Brecht approving the Minutes of the Special Meeting of October 31, 2014 as written.*

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

**G. Comments from the Public and Requests for Future Agenda Items:** Joe Tatusko suggested scheduling a public meeting for the Borrego Water District, the Borrego Water Coalition and their stakeholders sometime in January.

**H. Correspondence:** The correspondence was included in the General Manager's report.

## II. CURRENT BUSINESS MATTERS

**A. Discussion of Borrego Water Coalition Groundwater Sustainability Plan Policy Recommendations:** Kathy Dice explained that after a facilitator from the Department of Water Resources assisted in putting together an Integrated Regional Water Management Plan, which was unsuccessful, the Borrego Water Coalition reached out to the entire area in efforts to develop a Groundwater Sustainability Plan. Stakeholders included agriculture, recreation, business, ratepayers and the State Park. All participants agreed on the recommendations, which were presented to BWD today.

President Hart noted that the recently adopted State Sustainable Groundwater Management Act requires that all groundwater in the State be managed. A study by the US Geological Survey is underway, and BWD is reviewing the impact of the new legislation. It requires that the aquifer overdraft be balanced within 20 years, and if local agencies fail to develop a viable plan, the State may assume jurisdiction. The next step for BWD and the BWC is to explore the BWC recommended policies and the new legislation with the public. A presentation at the March town hall meeting will summarize the conclusions.

Ray Shindler recommended a shorter time frame than required by the State legislation, and Director Lyle Brecht suggested discussing this in January. Mr. Shindler expressed concern about bonding capability, agricultural fallowing and potential purchase of water credits by developers in light of the current market, and compliance of the BWC recommendations with the new legislation. President Hart noted that the DWR regulations had not yet been released.

Barry McCall expressed concern regarding drainage and erosion control in the area of La Casa Del Zorro, and President Hart suggested he discuss it further with Jerry Rolwing.

**B. Discussion and possible action for donation of property from Charlie White:** Mr. Rolwing distributed copies of a revised map showing the proposed property to be donated to the District by Charlie White. Mr. White intends to subdivide his property and is willing to donate some of it in increments for tax purposes. The parcel presented today is adjacent to Well 4 and would provide an area for potential solar panels in the future. Jim Engelke spoke on behalf of Mr. White, explaining that he hopes to establish a channel and retention basin on property subject to future donations to control storm flow. Mr. Rolwing noted that because of its multiple benefits, such a project would be a likely candidate for grant funding. He confirmed that District counsel had been consulted regarding the transaction. *MSC: L.Brecht/M.Brecht accepting the donation of property from Charlie White.*

**C. Discussion of Solar Power Installation at the Wastewater Treatment Plant:** Peter Vogel from Tandem Solar summarized his proposal to provide power to the wastewater treatment plant via a 25-year power purchase agreement. He estimated a 22.5 percent annual savings over current San Diego Gas & Electric costs. There would be no up-front capital investment for the District, and Tandem would take care of operations and maintenance.

Mr. Vogel noted there had been some concern because his was the only proposal submitted in response to the District's RFP. He pointed out that this is a common arrangement for public agencies, and urged the Board not to discard the project after already spending time and money on due diligence. Mr. Vogel asked the Board to assign the Operations & Management Committee to open negotiations with Tandem and continue its due diligence.

President Hart expressed concern regarding potential liability for only considering one proposal. Mr. Vogel explained that legislation allows public agencies to sole source under a certain dollar amount, and this project falls into that category. Director Lyle Brecht suggested

review by an independent expert and legal counsel, and Director Delahay replied that the O&M Committee had already done that. Mr. Rolwing added that the local solar expert that was consulted suggested purchasing the system in increments. Mr. Vogel advised against purchase of the system, as opposed to purchasing power, because as a public agency the District would not be eligible for tax incentives or depreciation.

**Director Estep left the conference call/meeting at 10:00 a.m.**

Mr. Vogel explained that the District could prepay for multiple years of energy use, thereby generating even greater savings.

Mr. Tatusko, as an incoming Director, disclosed that he had purchased a Tandem Solar system for his home.

President Hart asked the O&M Committee to continue its due diligence, including references, and to work with Mr. Rolwing on this. Director Lyle Brecht requested written findings and recommendations.

**D. Discussion and possible approval and adoption of Ordinance No. 14-01 ORDINANCE OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT AMENDING ORDINANCE NO. 93-2 INSTITUTING A CROSS CONNECTION CONTROL PROGRAM TO PROTECT THE PUBLIC WATER SYSTEM AND THE ADOPTION OF RULES AND REGULATIONS: MSC: L.Brecht/Delahay adopting Ordinance No. 14-01, Ordinance of the Board of Directors of the Borrego Water District Amending Ordinance No. 93-2 Instituting a Cross Connection Control Program to Protect the Public Water System and the Adoption of Rules and Regulations.**

**E. Presentation of ACWA/JPIA Commitment to Excellence Program:** Mr. Rolwing commended Greg Holloway and the District crew for its outstanding safety record, which generates rebates from ACWA/JPIA and commendations for the District. The Board members were asked to sign the Commitment to Excellence agreement to demonstrate their support.

**F. Review of planning calendar:** President Hart referred to Item 30, elections, noting that Mr. Tatusko's appointment letter would be sent out on December 5. Mr. Rolwing noted that the title of Item 27 had been changed to "Business Plan."

**G. Discussion and possible approval of a request from Considine Borrego, LLC, T2 Borrego LLC:** President Hart explained that one of the requirements of the agreement between the District and T2 was that T2 purchase and fallow sufficient farmland to generate 800 water credits. A letter of intent to comply from Considine Borrego was included in the Board package, and it is currently under review by legal counsel. ***MSC: L.Brecht/Delahay approving the request from Considine Borrego, LLC and T2 Borrego LLC subject to completion of legal review.***

### **III. STAFF REPORTS**

**A. Financial Reports – October 2014:** Kim Pitman noted that the repairs and maintenance expenses were over budget due to a \$22,000 expenditure to repair a main break, \$9,500 to reconfigure the meters at Borrego Villas, a quarterly expense for chlorine and \$1,800 to repair the air line at the wastewater treatment plant head works. Mr. Holloway explained the problem at the WWTP and discussion followed concerning repairs. Ms. Pitman reported that a tractor had been purchased for the WWTP, and the cost came in under budget.

**B. General Manager/Operations Report:** Mr. Rolwing invited the Board's attention to a letter from Peter Kuchinsky of the JPIA commending the District on its good safety record.

Mr. Rolwing further reported he expected final reports from the USGS and Bureau of Reclamation by the end of the year.

**C. Water and Wastewater Operations Report – October 2014:** The Water and Wastewater Operations Report was included in the Board package.

**D. Water Production/Use Records - October 2014:** Mr. Rolwing noted that production was up due to over seeding.

#### **IV. ATTORNEY'S REPORT**

Mr. Rolwing announced that Morgan Foley would attend the December Board meeting and conduct a workshop on Directors' responsibilities.

#### **V. COMMITTEE REPORTS & PROPOSALS**

##### Ad Hoc Committees

##### 1. Audit Committee

No report.

##### 2. Due-Diligence

Director Lyle Brecht invited the Board's attention to the proposed schedule of business planning tasks in the Board package and summarized its components. President Hart noted that pest control fees should be included.

Director Lyle Brecht summarized findings on the Viking Ranch refinancing. Issues have arisen regarding federally taxable versus non-taxable bonds. The non-taxable bonds are more attractive to investors but more expensive to the District and carry restrictions on land use and water credit sales. The Committee suggests that the land and water credit financing not be separated and consideration of a ten-year amortization. Discussion followed concerning sale of the District's water credits from the deal, which would be prohibited for the term of the loan if tax exempt. President Hart asked whether the fact that the District has already sold some of the credits would taint the agreement, and Director Lyle Brecht agreed to find out. Discussion followed regarding the cost of federally taxable bonds, preserving the District's options to sell land or credits. Director Marshal Brecht estimated a ten-year amortization at four percent would cost the District \$140,000 a year and save \$1 million over the life of the contract as compared to the present arrangement. The Board members present favored the flexibility of taxable bonds with a ten-year amortization. Mr. Rolwing will brief Director Estep, and the Committee will prepare a detailed proposal for the Board's consideration.

##### 3. Strategic Planning Committee/IRWM

President Hart reported that the Committee continues to meet with the BWC. The next meeting is scheduled for December 4.

##### 4. Executive Committee

No report.

##### 5. Operations & Management Committee

Director Delahay reported that the Committee had requested a design engineer's review of the solar proposal. The engineer suggested that the District purchase the system, an initial outlay of \$100,000, a savings of \$7,500 per year and a 12-year payoff. Director Delahay was not comfortable with the 25-year power purchase agreement. Director Marshal Brecht reported that the references for Tandem's partner on the project were very good. Mr. Tatusko recommended the power purchase agreement, noting that this is the most common arrangement for public agencies. A Committee meeting was scheduled following today's Board meeting.

6. Parks Committee

No report.

7. Asset Ad Hoc Committee

No report.

8. Personnel Committee

No report.

9. Negotiating Committee

No report.

10. CFD Committee

President Hart announced that a bond attorney needs to be selected for the CFD, separate from the one for the Viking Ranch. Mr. Foley suggests Best, Best & Krieger.

**VI. INFORMATION ITEMS**

President Hart presented an issue of *Sunrise Magazine*, started by the Art Guild and now published by Teri Zumstein. The cost is \$5 per issue.

Director Delahay reported he had received comments regarding dust emanating from Viking Ranch. Mr. Rolwing and Mr. Holloway agreed to look into it.

**VII. CLOSING PROCEDURE**

There being no further business, the Board adjourned at 11:35 a.m. The next Regular Meeting of the Board of Directors is scheduled for December 17, 2014 at the Borrego Water District.