

**Borrego Water District**  
**MINUTES**  
**Regular Meeting of the Board of Directors**  
**Wednesday, July 22, 2015**  
**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 9:05 a.m.

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

**C. Roll Call:**     **Directors:**     **Present:** President Hart, Vice-President Brecht,  
Secretary/Treasurer Tatusko, Delahay, Estep  
**Staff:**             Jerry Rolwing, General Manager  
Kim Pitman, Administration Manager  
Diana Del Bono, Administrative Assistant  
Wendy Quinn, Recording Secretary

**Public:**             John Peterson             Dennis Daoust

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

**E. Approval of Minutes:**

Special meeting of June 5, 2015

*MSC: Brecht/Estep approving the Minutes of the Special Meeting of June 5, 2015 as written.*

Special meeting of June 16, 2015

*MSC: Brecht/Delahay approving the Minutes of the Special Meeting of June 16, 2015 as written.*

Regular meeting of June 24, 2015

*MSC: Brecht/Delahay approving the Minutes of the Regular Meeting of June 24, 2015 as corrected (change the dollar amount in Item II.M from \$25,000 to \$2,500).*

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

**G. Comments from the Public and Requests for Future Agenda Items:** Jerry Rolwing referred to Bob McKee's request for an Agenda item to consider requiring Board members to be District ratepayers. Since 1981, the California Water Code has required only that Board members be registered voters within the District. He has informed Mr. McKee.

**H. Correspondence:** Mr. Rolwing reported that he had responded to the recent letters complaining about increases in meter rates.

**II. CURRENT BUSINESS MATTERS**

**A. Discussion and possible approval of Change in Customer Class for Kennedy/Daoust landscaping meter:** Director Estep reported that he met yesterday by conference call with President Hart, Mr. Rolwing and Morgan Foley. There was nothing in writing to indicate that Dennis Daoust's two-inch meter was an irrigation meter. However, since it is used only for landscaping and not for household water, they agreed it could be termed a residential meter used for agricultural purposes. President Hart noted that the meter could be temporarily reclassified now, and permanently reclassified as part of the upcoming 218 process.  
*MSC: Brecht/Tatusko temporarily changing the classification of the Kennedy/Daoust two-inch meter to residential irrigation.*

**B. Discussion and possible approval of budget for Dudek to complete its review and recommendations for changes to the District's and County's water credits policies so as to bring these policies into alignment with the Physical Solution recommended by the Borrego Water Coalition: *MSC: Brecht/Tatusko approving an expenditure not to exceed \$7,000 for Dudek to complete its review and recommendations for changes to the District's and County's water credit policies so as to bring these policies into alignment with the physical solution recommended by the BWC.***

**C. Discussion and possible approval of budget for Raftelis to develop a Groundwater Sustainability Plan (GSP) development cost sharing model that includes proportional cost sharing options based on: (a) water usage; (b) property values; (c) blended rate based on both water usage and property values: Upon approval, Mr. Rolwing agreed to work with Raftelis on the GSP development cost sharing model in preparation for the autumn Groundwater Sustainability Agency application. *MSC: Brecht/Tatusko authorizing Mr. Rolwing to work with Raftelis to develop a GSP development cost sharing model that includes proportional cost sharing options for a cost not to exceed \$10,000.***

**D. Discussion and possible approval of budget for Dudek to develop potential incentives for end use efficiency investments by ratepayers to meet the 25% mandatory reduction in water use based on economic benefits to the District for avoiding some of the costs of the recommended GSP reduction program: Director Brecht pointed out that some districts offer incentives for water conservation such as rebates, and suggested that BWD consider this in the event that fines and penalties for excessive water use are implemented. Mr. Rolwing noted that the District had a rebate and incentive program a few years ago. The irrigation audits were particularly successful. He questioned whether the budget was adequate to cover Dudek's fee and the rebates. John Peterson suggested as an alternative forming a citizens' committee to work with Mr. Rolwing to develop a recommended incentive program, and the Board concurred. Mr. Peterson will advertise for volunteers in the *Borrego Sun*.**

**E. Discuss Raftelis draft analysis of the Executive Order B-29-15 (EO) mandatory 25% reduction regulatory cost to the District: President Hart announced that the Raftelis draft analysis contained errors and was not included in the Board package.**

**F. Review and discuss Raftelis' Proposition 218 rate study proposed scope of work: Director Brecht recommending additions to the Data Request List, under Debt Service Schedules, Projected New Debt Schedule for the Next Ten Years; and the Energy Cost Pass-through (to be discussed with legal counsel). Under Task 5, President Hart reminded the Board that a new meter category needs to be added, Residential Irrigation. Director Delahay pointed out that the new solar facility at the treatment plant will have to be addressed in conjunction with sewer rates. President Hart recommended including the public in the kick-off conference described in Task 1, and adding a second public participation opportunity, perhaps a webinar, later in the 218 process.**

**G. Discussion and possible approval of **ORDINANCE No. 15-01 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT ESTABLISHING ADMINISTRATIVE FINES AND PENALTIES FOR VIOLATIONS OF DISTRICT ORDINANCES; ESTABLISHING ADMINISTRATIVE PROCEDURES GOVERNING THE IMPOSITION, ENFORCEMENT, COLLECTION, AND ADMINISTRATIVE REVIEW OF ADMINISTRATIVE FINES AND PENALTIES AND FOR VIOLATING OTHER WATER USE REGULATIONS AND RESTRICTIONS;** and set a public hearing to consider adoption of the ordinance: *MSC: Brecht/Estep adopting Ordinance No. 15-01 of the Board of Directors of the Borrego Water District Establishing Administrative Fines and Penalties for Violations of District Ordinances; Establishing Administrative Procedures Governing the Imposition, Enforcement, Collection, and Administrative Review of Administrative Fines and Penalties and for Violating Other Water Use Regulations and Restrictions.***

**H. Discussion and possible approval of *ORDINANCE No. 15-02 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT ESTABLISHING CONSERVATION ENFORCEMENT MEASURES FOR CUSTOMERS; ESTABLISHING BASE USAGE CRITERIA; AND PROVIDING FOR FINES AND PENALTIES FOR CUSTOMERS EXCEEDING BASE USAGE ALLOCATIONS*; and set a public hearing to consider adoption of the ordinance: MSC: Brecht/Delahay adopting Ordinance No. 15-02 of the Board of Directors of the Borrego Water District Establishing Conservation Enforcement Measures for Customers; Establishing Base Usage Criteria; and Providing for Fines and Penalties for Customers Exceeding Base Usage Allocations.**

**I. Discussion of proposed updates to Ordinance 90-1:** This item was deferred pending Mr. Foley's review of Director Brecht's proposed redraft.

**J. Discussion of Executive Order B-29-15 regarding emergency twenty-five percent (25%) mandatory water use reductions for District total production from 2013 baseline production amid the current California drought including discussion of potential incentives and/or penalties to achieve water conservation targets by November 30, 2015:** Mr. Rolwing announced that the District's water use reduction, based on total water pumped, was at 16 percent as of the end of June. July figures are being compiled. He reminded everyone to continue focus on the long-term reduction of the aquifer overdraft.

**K. Discussion of application process for Groundwater Sustainability Agency (GSA) status for the Borrego Valley Groundwater Basin (BVGB) along with San Diego County:** Mr. Rolwing invited the Board's attention to David Aladjem's memo in the Board package, outlining the necessary steps to becoming a GSA.

**L. Prop 1 funding update:** Mr. Rolwing reported that he was continuing to work on Proposition 1 funding opportunities with David Dale. There is a possibility that the District's efforts to determine disadvantaged community status could be grant eligible.

**M. Review of planning calendar:** Director Brecht requested additions to line 3, Compass Bank. The budget is due July 31 and the audit is due a specified number of days after completion.

**N. Consideration and approval of cancelling August Workshop and Regular Board meeting:** *MSC: Brecht/Delahay cancelling the August Workshop and Regular Board meeting.*

### **III. STAFF REPORTS**

**A. Financial Reports – June 2015:** Kim Pitman reported on the cash flow for the end of the fiscal year. The total actual income was \$3.9 million, the budgeted amount was \$3.5 million. Expenses were over budget by \$150,000 because the Viking Ranch refinancing costs had not been budgeted. The total non-O&M expenses were under budget, but some bills remain to be paid. Cash at the end of the fiscal year was \$2.8 million, \$2.2 million was budgeted. Ms. Pitman reported she had collected additional property assessments, but \$26,000 remains outstanding.

President Hart requested that pay increases for District employees be included in the upcoming 218 process (both cost-of-living and merit). Ms. Pitman announced that a new crew member had been hired and selection of a new Customer Service Representative was being finalized.

**B. General Manager/Operations Report:** Mr. Rolwing reported that he and Greg Holloway attended an EPA conference on dealing with emergencies and how to prepare for them. The District is already following most of the procedures that were recommended.

The Fortiner fallowing should be completed this week, and the Wright fallowing will be completed soon. The Monica fallowed property is in good shape, with no evidence of blowing sand. The Roadrunner Tree Farm is working with the County toward possible fallowing.

Director Brecht requested an update of the District's progress in water conservation pursuant to the Executive Order as part of the monthly General Manager's Report.

**C. Water and Wastewater Operations Report – June 2015:**

**D. Water Production/Use Records – June 2015:**

The Water and Wastewater Operations Report and the Water Production/Use Records were included in the Board package.

**IV. ATTORNEY'S REPORT**

None

**V. COMMITTEE REPORTS & PROPOSALS**

**Ad Hoc Committees**

**1. Audit Committee**

Director Brecht reported that the audit transmittal letter and financial highlights had been forwarded. The Committee hopes to meet with the auditors before they begin. Ms. Pitman reported they would be here the second week of August, and have sent the District their information requests. She noted that this was the last year of this auditing firm's three-year contract. The Committee will consider proposals for next year.

**2. Due-Diligence**

Director Brecht reported that the Committee was working on the GWS development cost estimate.

**3. Strategic Planning Committee/IRWM**

Director Brecht reported that the Committee participated in a meeting and conference call with the County. They are trying to find out when the GSA request will be submitted to the Board of Supervisors.

**4. Executive Committee**

President Hart reported that the Committee had been working with Mr. Foley on Mr. Daoust's meter reclassification request, and also on Ordinances 15-01 and 15-02.

**5. Operations & Management Committee**

No report.

**6. Parks Committee**

Mr. Rolwing reported that he participated in a National Park Service webinar regarding the historic De Anza Trail. It is now 360 miles long, and they hope for 1,200 by the year 2100. The Fortiner property is in the pathway, and the Viking Ranch is also a possibility. Participation is voluntary. The District might participate as part of the following program, and could be eligible for grant funding.

**7. CFD Committee**

Director Estep announced that the new bond counsel is on board, and Mr. Foley has notified the former counsel.

**8. Conservation Committee**

President Hart reported that Committee had worked on various documents including the letter to heavy water users, which was signed today.

**VI. INFORMATION ITEMS**

**A. Grant for County Neighborhood development:** Director Tatusko reported that the District is eligible to apply for a grant for County Neighborhood development to fund its participation in the UCI/Steele Bernand dust control stations. He will explore the opportunity further.

**B. Water recycling system article:** Director Tatusko invited the Board's attention to a news article about new home water recycling technology from Australia, which was distributed at the last meeting and was included in the Board package today.

## **VII. CLOSED SESSION**

Conference with Legal Counsel – Anticipated Litigation

**A. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code section 54956.9. One potential case:** The closed session was cancelled.

## **VIII. CLOSING PROCEDURE**

There being no further business, the Board adjourned at 11:10 a.m. President Hart reminded staff that public hearings on Ordinances 15-01 and 15-02 need to be set for one of the September meetings, and notice published in the *Union Tribune* and *Borrego Sun* ten days in advance. The next Special Meeting of the Board of Directors is scheduled for September 15, 2015 at the Borrego Water District. The next Regular Meeting of the Board of Directors is scheduled for September 23, 2015 at the Borrego Water District.