

(CVWD) type excessive water use penalties and water efficiency incentive program: Jerry Rolwing referred to Raftelis' analysis of Executive Order B-29-15, included in the Board package. The District has instituted an outreach program to explain the Order to major pumpers, HOAs and irrigation customers. Mr. Rolwing reported that as of June the District had achieved a 16 percent reduction, increasing to 26 percent in July and August, for an overall reduction of 23 percent. Ordinances are in place to implement excessive water use penalties in the event the voluntary reduction is insufficient, and Mr. Peterson's ad hoc committee is investigating the issue further. Director Brecht pointed out that while regulatory fees may be required initially, in the long run the District should consider a rate structure which will encourage long-term water use efficiency. Mr. Peterson noted that the ad hoc committee may suggest a different approach from that proposed by the new ordinances.

Michael Sadler suggested publishing information on water conservation progress in the *Borrego Sun*, and agreed to work with Jeannie Beck and Mr. Rolwing to prepare it. President Hart suggested including today's Informational Items (toilet rebates and Neighborhood Reinvestment Program Grant), and Mr. Peterson pointed out that the public needs to know that it costs the District money when ratepayers conserve water. Director Estep noted that the article could be considered a public service announcement, free of charge.

D. Discussion of cash flow projections and future financing needs analysis: Director Brecht recommended expanding the budget projection from four to eight years, and including the GSP costs. He asked that the Operations and Management Committee also extend the Capital Improvement Plan, and the Due Diligence Committee work on projections for the GSP implementation costs.

E. Discussion of FY 2015 accounting issues that may carry over to FY 2016 financial results: Director Brecht reported that the auditors had suggested that the District devalue the water credits currently on the BWD books. Going back to the 2007 purchase by the District of the Viking Ranch, the credits were valued at a rate substantially higher than what they are selling for today. Director Estep suggested discussing the matter further with the auditors. Director Brecht further reported that the District's contingent liability for the Calpers pension plan should be increased from \$300,000 to \$669,000, based on Calpers' latest valuation report. Mr. Ehrlich suggested doing an actuarial assessment and including it as part of the audit. Lastly, based on the recent court decision invalidating San Juan Capistrano's tiered water rates, the auditors recommend that the District establish a reserve fund for potential challenges to its previous tiered rate structure. The potential cost may be \$172,000, depending on how far back a claimant may be entitled to reimbursement. President Hart requested that the issue be placed on the next Agenda, with Morgan Foley participating in the discussion.

F. Discussion of potential agenda items for September 23rd board meeting: Items for the next Agenda will include a Resolution authorizing investment in the Local Agency Investment Fund, a public hearing on Ordinances 15-01 and 15-02, discussion with Mr. Foley regarding the District's potential claims liability arising from its prior tiered rate system, discussion and possible approval of an existing claim under the District's current claims policy, further discussion of Ordinance 15-02 and procedures for establishing regulatory rates, a Resolution authorizing the District to apply for GSA status, devaluation of water credits (with auditor's participation), Proposition 1 funding update, and a Resolution approving an application for a Neighborhood Reinvestment Program Grant.

III. INFORMATIONAL ITEMS

A. Toilet Rebates: Director Tatusko announced that rebates for low flow toilet purchase and turf removal are available from the State.

B. Neighborhood Reinvestment Program Grant: Director Tatusko invited the Board's attention to information on a Neighborhood Reinvestment Program Grant, which could offset the cost of the District's participation in the UCI air quality management program. Diana Del Bono will send the proposed Resolution authorizing the grant application to Mr. Foley for approval.

IV. CLOSING PROCEDURE

There being no further business, the Board adjourned at 11:10 a.m. The next Regular Meeting of the Board of Directors is scheduled for September 23, 2015 at the Borrego Water District.