

**Borrego Water District  
CORRECTED MINUTES  
Regular Meeting of the Board of Directors  
Wednesday, October 28, 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 9:00 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

Absent: Estep

Staff:             Jerry Rolwing, General Manager  
                      Kim Pitman, Administration Manager  
                      Diana Del Bono, Administrative Assistant  
                      Wendy Quinn, Recording Secretary

Public:            Julie Taylor                     Ray Shindler  
                      Jeannie Beck, *Borrego Sun*   Harry Ehrlich  
                      Dennis Daoust               Trey Driscoll, Dudek  
                      Jack Simes, Bureau of        Jack Hartman, Bureau of  
  Reclamation                     Reclamation

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

- E. Approval of Minutes:

Special meeting of September 15, 2015

*MSC: Brecht/Delahay approving the Minutes of the Special Meeting of September 15, 2015 as corrected (Item II.A, paragraph 2, delete the last sentence; Item II.D, second sentence, change in part to read, “He asked that the Operations and Management Committee also review ~~extend~~ the Capital Improvement Plan . . .”; Item II.E, second sentence, change 2007 to 2010; fourth sentence, change in part to read, “. . . the Calpers pension plan should be ~~increased from \$300,000 to \$669,000~~; next-to-the-last sentence, change to read, “The reserves should ~~potential cost may be \$172,000, depending on how far back a claimant may be entitled to reimbursement.~~”)*

Regular meeting of September 23, 2015

*MSC: Brecht/Delahay approving the Minutes of the Regular Meeting of September 23, 2015 as corrected (Item I.H, next-to-the-last sentence, change in part to read, “. . . potable and nonpotable water lines are cross connected”; Item II.G, second sentence, change in part to read, “deferrals of repair and replacement ~~rehabilitation~~ may be necessary”; next-to-the-last sentence, change “operations and maintenance” to “repair and replacement”; Item II.H, last paragraph on Board package page 8/Minutes page 3, delete the second sentence; Item III.A, next-to-the-last sentence, change “Viking Ranch” to “Compass Bank”; Item V.I, first paragraph, change \$199,000 to \$699,000; second paragraph, change Rudy Monica to Viking Ranch” ). Director Tatusko voted against the motion, and all other Directors present voted in favor.*

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

G. Comments from the Public and Requests for Future Agenda Items: Ray Shindler spoke about the pros and cons of adjudication based on his conversations with a water attorney and several other districts. Water loss is a possible outcome that some districts experienced and

some didn't, and legal fees associated with adjudication are expensive. Some districts that negotiated stipulated adjudication said if they had it to do over they would go with a GSP.

Dennis Daoust asked why his potential refund of Tier 2 rates covered a three-year period, not four. President Hart explained that the State requires only three years as a statute of limitations on claims. Mr. Daoust stated that his attorney felt the District should pay him interest, and President Hart agreed to check with the District's counsel.

**H. Correspondence:** Jerry Rolwing referred to a letter from Robin Michaelson Fiduciary Services, LLC, on behalf of their clients. They are interested in donating a 0.67-acre parcel of land at Borrego Springs Road and Ynez Path to the District for charitable tax deduction purposes. The District would lose only \$33 per year in taxes and would incur no liability if the property is not altered. It might be a good site for a future booster station. The Board directed Mr. Rolwing to accept the offer.

## **II. CURRENT BUSINESS MATTERS**

**A. Discussion of comment letters submitted to Department of Water Resources on the Draft Critical Overdraft for Borrego Valley Basin:** Mr. Rolwing explained that the DWR has reconsidered its earlier determination that the Borrego Basin is not in critical overdraft and has proposed to designate it as critical. If approved, this would move the District's GSP due date from 2022 to 2020 and improve chances of grant funding. Imperial County is concerned about the proposed designation because they are now included in the Borrego Basin and the Imperial County portion of the basin is not in overdraft. BWD is working with Imperial County to change the basin boundaries and exclude them. AAWARE has expressed opposition to the critical designation of the Borrego Valley Groundwater Basin in its present configuration.

Jack Simes and Jack Hartman from the Bureau of Reclamation joined the meeting. Mr. Simes reported that he hoped the BOR's Southeast Regional California Basin Study would be released in November and available on the BOR website. Among other things, the study addresses possible solutions to the aquifer overdraft.

**B. Discussion of Groundwater Sustainability Plan (GSP) process and incorporation of water credit program:** Mr. Rolwing reported that the District has applied to be a GSA and expects the County of San Diego to do so as well. The two agencies will work together. Imperial County has already applied, and if the proposed boundary adjustment is not approved, BWD and the County of San Diego will work with them also. A facilitator from the State Water Resources Control Board is assisting with development of the GSP, and a series of public meetings is planned. The District needs to incorporate the water credit program into the GSP, and Director Tatusko is working with Mr. Rolwing and Trey Driscoll of Dudek on this. Discussion followed regarding potential grant funds for GSP development, including the Water Rights Fund and Proposition 1. Mr. Shindler will check into the Water Rights Fund, and Mr. Driscoll will check with Dudek's grant specialist.

**C. Discussion of a Groundwater Sustainability Agency (GSA) regulatory fee to complete the development of a Groundwater Sustainability Plan (GSP) as required under the Sustainable Groundwater Management Act (SGMA):** Mr. Rolwing explained that upon the District's approval as a GSA, it can track pumping in the valley and collect fees to fund the GSP development. Director Brecht asked whether GSP development costs expended prior to GSA approval could be reimbursed from these fees, and Mr. Rolwing agreed to check. Director Tatusko recommended that the District begin work on putting regulatory fees into effect, and the Board concurred. Director Brecht requested that the Groundwater Sustainability Plan (GSP) Development Costs Estimate (Board package page 18) be amended to change the last item from "All Pumpers (including District)" to "Remaining GSP Development Costs."

**D. Discussion of Raftelis Blended Share model of cost distribution for the GSP:** Mr. Rolwing presented an interactive slide show depicting various cost distribution scenarios for

GSP development. Various percentage contributions could be plugged into the categories of acreage, assessed value and estimated water use. Further discussion will be included in the next Agenda.

**E. Discussion and possible approval of a budget to retain Dudek to complete its work on the Borrego Valley Groundwater Basin (BVGB) boundary adjustment and economic work on the costs associated with groundwater supply and quality necessary for Raftelis to begin its rate-tier modeling work for a 2016 Proposition 218 process:** Director Brecht invited the Board's attention to a handout, Dudek's proposal for the referenced support. The tasks outlined would prepare for the basin boundary adjustment application in January and also support Raftelis in preparing for the 218 process by justifying tiered rates based on costs associated with the depletion of a capital asset (water) by high users. ***MSC: Tatusko/Delahay approving the contract with Dudek according to their October 27, 2015 proposal for a cost not to exceed \$89,020.***

**F. Discussion of progress meeting the Executive Order B-29-15 requiring a 25% mandatory reduction in water use by the District:** Mr. Rolwing announced a ten percent reduction in water use through the end of September. Director Brecht questioned whether all high water users should be penalized. There are some beautifully landscaped yards in area which benefit the community, and their owners are willing to pay to irrigate them. He suggested perhaps a better approach would be to purchase farmland and fallow it. Harry Ehrlich stated that the citizens committee is looking into this and should have a report by the December meeting. Mr. Rolwing emphasized the importance of water conservation education. President Hart reported that Riverside County has filed a lawsuit seeking exemption from the Executive Order on the grounds that they have sufficient groundwater. Mr. Rolwing agreed to follow up.

**G. Consideration and possible approval of process for handling claims received for Tier 2 refunds:** Director Tatusko explained that the prior "tiered rates" were actually conservation fees but put into a tiered structure. The funds were used for conservation rebates. Director Brecht pointed out that the San Juan Capistrano court case did not actually relate to tiered rates, but to the failure of the City to create a nexus between its rates and the cost of providing water. BWD will probably return to tiered rates because such a nexus exists, but rebates are being offered because the analysis wasn't done earlier. ***MSC: Brecht/Delahay approving the six claims totaling \$8,006.37 as outlined in Ms. Pitman's memo to the Board dated October 28, 2015.***

**H. Discussion and possible approval of Resolution 2015-10-03 REVISING THE SCHEDULE OF REGULAR MEETINGS** to meet on November 18<sup>th</sup> and December 16<sup>th</sup>, 2015: ***MSC: Brecht/Delahay approving Resolution 2015-10-03 Revising the Schedule of Regular Meetings to meet on November 18<sup>th</sup> and December 16<sup>th</sup>, 2015.***

**I. Review of planning calendar:** Director Brecht asked that the audit report be forwarded to Compass Bank and Andrew Ciocca.

### **III. STAFF REPORTS**

**A. Financial Reports – September 2015:** Ms. Pitman reported that water revenues are down slightly. Two medical insurance payments were sent accidentally so there will be none next month. The solar project is under budget.

**B. General Manager/Operations Report:** Mr. Rolwing reported on a GSP Workshop he attended on October 21. The GSP regulations are expected by June 2016, with a draft to be released earlier. BWD is now Number 4 on the San Diego Gas & Electric rebate list for its solar project. The rebate would be \$65,000 over five years.

**C. Water and Wastewater Operations Report – September 2015:** Mr. Rolwing reported a couple of breaks in the line on Country Club Road.

**D. Water Production/Use Records – September 2015:** 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 Tatusko reported that the audit had been accepted.

##### 2. Due-Diligence

Director Brecht reported the Committee was working with Dudek and Raftelis on the water credit policy.

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

Director Brecht reported the Committee was interacting with the County on the GSA issue and working with the Borrego Water Coalition.

##### 4. Executive Committee

President Hart reported that the Committee had worked with Ms. Pitman on the letter to Tier 2 users regarding the availability of refund claims.

##### 5. Operations & Management Committee

Director Tatusko requested a meeting with Mr. Rolwing and Greg Holloway regarding Capital Improvement Program costs.

##### 6. Parks Committee

Director Brecht asked whether the District should provide input concerning the proposed new park in Borrego Springs. Director Tatusko stated that he had attended a meeting on the subject and sent an e-mail recommending restrooms. President Hart added that the Committee plans to obtain additional information.

##### 7. CFD Committee

No report.

##### 8. Conservation Committee

Conservation Committee issues were discussed previously.

#### **VI. INFORMATION ITEMS**

**A. DRAFT discussion document: *Economics of Overdraft* prepared by Director Brecht. This discussion deck is Director Brecht's own analysis based on his research and not representative of the District or the Board's views:** Director Brecht's discussion document was included in the Board package.

#### **VII. CLOSING PROCEDURE**

There being no further business, the Board adjourned at 11:40 a.m. The next Regular Meeting of the Board of Directors is scheduled for November 18, 2015 at the Borrego Water District.