

Borrego Water District
CORRECTED MINUTES
Regular Meeting of the Board of Directors
Wednesday, February 24, 2016
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, Estep

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

Public: Trey Driscoll, Dudek Jan Naragon
Ray Shindler

D. Approval of Agenda: Director Brecht requested that Item II.C be retitled “Discussion of Dudek economic analysis (instead of ‘market evaluation’) for Water Credits.”
MSC: Brecht/Estep approving the Agenda as amended.

E. Approval of Minutes:

Special meeting of January 19, 2016

MSC: Brecht/Tatusko approving the Minutes of the Special Meeting of January 19, 2016 as written.

Regular meeting of January 27, 2016

MSC: Brecht/Estep approving the Minutes of the Regular Meeting of January 27, 2016 as corrected (Item II.A, change “1.5 acre feet per year average water use” to “0.52”; Item V.2, change “. . . a USGS water quality study contemplates a 20-year timeline” to “SGMA contemplates a 20-year timeline”).

F. Comments from Directors and Requests for Future Agenda Items: Director Brecht offered to make his presentation to the Rotary, “Sister Water,” an ecological view of water, to the District.

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

H. Correspondence: Jerry Rolwing invited the Board’s attention to a letter from Oasis Ranch Management, Inc., included in the Board package. They are considering donating 800 acres of farmland for credits. President Hart recommended asking Morgan Foley about the application of the Natural Heritage Preservation Tax Credit Act of 2000, and Director Tatusko suggested investigating a “lease back.” The matter was referred to the Due Diligence Committee.

II. CURRENT BUSINESS MATTERS

A. Discussion and possible approval of Ordinance on mandatory drought-related conservation targets for governor’s Drought Executive Order for 2016: President Hart noted she had received the draft ordinance yesterday and it is not yet complete. It was referred to the Executive Committee.

B. Discussion and possible approval of Water Credit Policy change and Resolution regarding 4:1 requirement: Director Brecht questioned the planning number for the sustainable yield of the Borrego Valley Groundwater Basin, referenced in the Resolution. Trey Driscoll confirmed that 5,700 is correct, per the USGS study. ***MSC: Brecht/Delahay adopting***

Resolution No. 2016-01-02, Resolution of the Board of Directors of the Borrego Water District, Stating the Policy on Water Credits for New Developments to Comply with the Requirements of the Sustainable Groundwater Management Act.

C. Discussion of Dudek economic analysis for Water Credits: Trey Driscoll explained that the agricultural profit per acre-foot of water pumped in the Borrego Valley Groundwater Basin is estimated at \$345 based on data collected for citrus production in Riverside County. (Note: a basin specific agricultural study has not been completed to date.) The expected present value per water credit is estimated at \$3,280 taking into account incremental reductions in water use every five years over the twenty-year Sustainable Groundwater Management Act timeline.

D. Review of Raftelis rate study: Mr. Rolwing invited the Board's attention to a handout showing Raftelis' revised rate study schedule. They are running two weeks behind, so the public 218 hearing has been rescheduled for April 27. A special Board meeting was scheduled for March 8, and a committee meeting was scheduled for March 1 to review the preliminary rates.

E. Discussion of Public Hearing of Proposition 218: This was covered during the previous item.

F. Review of Town Hall Agenda: Mr. Rolwing invited the Board's attention to a draft Town Hall agenda in the Board package. Director Brecht suggested focusing on how the public can help achieve sustainable groundwater. Director Tatusko noted that people should realize that under SGMA the District can meter all wells and charge fees for pumpers, so the ratepayers won't have to pay the entire cost of compliance. After discussion, it was tentatively agreed to put the presentations in the following order: "Zoe's video," President Hart, Mr. Rolwing, Greg Holloway, Mr. Driscoll, Jim Bennett, Director Brecht, wrap-up by President Hart.

G. Consideration and possible approval of process for handling claims received for Tier 2 refunds: Kim Pitman reported four more claims totaling \$1,389.90. To date, with approval of these claims, the total is 96 claims for \$49,522.14. **MSC: *Brecht/Delahay approving the latest Tier 2 refund claims.***

H. Review of planning calendar: President Hart pointed out that the Raftelis schedule needs to be updated, including the addition of the special meeting date. Director Brecht suggested removing the Town Hall Meeting, since the plans are nearing completion, and adding the Wilcox Reservoir. Discussion followed regarding the CSD fees. Mr. Rolwing noted that the Club Circle Homeowners Association is on the next agenda to discuss this. It was uncertain whether the Community Services District still exists or was dissolved with the CSD/BWD merger. Director Estep asked Mr. Rolwing for a copy of the relevant MOU. He and Mr. Rolwing will discuss the issue prior to the next meeting.

III. STAFF REPORTS

A. Financial Reports – January 2016: Ms. Pitman reported reported a current bank balance of approximately \$3 million. Director Brecht announced that a draft operations and maintenance budget would be presented to the Board in March.

B. General Manager/Operations Report: Mr. Rolwing invited the Board's attention to a handout, Downey Brand's article on DWR's release of draft emergency regulations for groundwater sustainability plans. He went on to report on his meeting last week with a property owner near Clark Lake. The District has been exploring the possibility of importing water from that area for a number of years. Mr. Rolwing announced that the District reduced its water use by 24 percent in January, but the overall total reduction for eight months is still only eight percent due to a couple of months when the usage increased. Director Brecht suggested using a baseline other than 2013, a wet year, and President Hart suggested separating residential use from golf courses.

C. Water and Wastewater Operations Report – January 2016: Mr. Holloway reported that the generator at the lift station had been replaced because it was undersized. The old one can still be used for emergencies. Replacements at the wastewater treatment plant are progressing. The Circle J pipeline is 98 percent complete. Mr. Holloway went on to summarize problems with La Casa Del Zorro’s sewer system. He further noted that the 800 tank is failing. President Hart suggested contacting Mr. Foley regarding the District’s rights under a 2013 contract for relining the tank, and Director Brecht recommended working with the Operations & Management Committee.

D. Water Production/Use Records – January 2016: 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 Committee was beginning work on the narrative portion of the audit. They are trying to improve transparency and the balance sheet. The cash flow has not been as good as in prior years due to deferred maintenance and SGMA costs. It is hoped that credit worthiness will be achieved by 2019-20.

2. Due-Diligence

Director Brecht reported that the Committee had been working on the Oasis Ranch proposal and working with Dudek on the economic analysis of water credits.

3. Strategic Planning Committee

President Hart reported that the Committee was continuing to work with the County toward an MOA for GSA overlap.

4. Executive Committee

President Hart announced that the Committee would meet following today’s Board meeting.

5. Operations & Management Committee

Director Delahay reported the Committee met with the Ad Hoc Citizens Committee and expected a report soon.

6. Parks Committee

President Hart reported that she had tried to contact the County Parks Development Agent, per Director Brecht’s request, and was awaiting a response.

7. CFD Committee

No report.

8. Conservation Committee

President Hart noted that the Operations & Management Committee had assumed many of this Committee’s duties.

VI. INFORMATION ITEMS

Director Delahay reported that an axle had broken on the backhoe. Mr. Holloway noted that repairs should be finished next week.

Mr. Rolwing reported on the installation of the UCI weather station, noting that UCI had obtained additional funding for the project and was able to upgrade the monitoring devices. The District hopes to move one of the stations from UCI to the State Park, but has encountered some problems.

Mr. Holloway reported that the computer system upgrade will hopefully begin in May.

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 10:55 a.m. The next Special Meeting of the Board of Directors is scheduled for March 15, 2016 at the Borrego Water District. The next Regular Meeting of the Board of Directors is scheduled for March 23, 2016 at the Borrego Water District. The Town Hall Meeting is scheduled for March 30, 2016 at the Performing Arts Center.