

**Borrego Water District
CORRECTED MINUTES
Regular Meeting of the Board of Directors
Wednesday, April 27, 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
Diana Del Bono, Administrative Assistant
Wendy Quinn, Recording Secretary

Public: Trey Driscoll, Dudek John Peterson
Ray Shindler David Dale
Susan Percival, Club Circle East Jim Wermers
Cody Cox, BWD

D. Approval of Agenda: *MSC: Brecht/Tatusko approving the Agenda as amended (move Item II.G to the beginning of Item II (Current Business Matters)).*

E. Approval of Minutes:

Special meeting of March 8, 2016
Special meeting of March 15, 2016
Regular meeting of March 23, 2016
Special meeting of March 30, 2016
Town Hall meeting of March 30, 2016

MSC: Brecht/Tatusko approving the Minutes of the Special Meeting of March 8, 2016; the Special Meeting of March 15, 2016; the Regular Meeting of March 23, 2016; the Special Meeting of March 30, 2016; and the Town Hall meeting of March 30, 2016 as written.

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

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

H. Correspondence: Mr. Rolwing invited the Board's attention to a letter from H. Preston outlining this ratepayer's efforts in water conservation. He will send a response.

II. CURRENT BUSINESS MATTERS

G. Consideration of transfer of (15) EDU's from Borrego Center Properties to James L. Wermers and Anne C. Riedman: *MSC: Brecht/Estep approving the transfer of 15 EDUs from Borrego Center Properties to James L. Wermers and Anne C. Riedman.* Jim Wermers assured the Board that he would address grease trap issues before hooking up to the sewer and reported he was working on the site plan.

A. Discussion and possible approval of amending Ordinance 16-01, Urgency Ordinance establishing water conservation requirements by limiting landscape watering: President Hart invited attention to the revised draft ordinance, which reflected input from the public, Director Brecht and Ken Okey. *MSC: Brecht/Delahay approving amended Ordinance 16-01, Urgency Ordinance Establishing Water Conservation Requirements by Limiting Landscape Watering.*

B. Update on 218 process: Jerry Rolwing reported that the mailing list to property owners and ratepayers had been updated, the Proposition 218 notice would be resent and the public hearing was rescheduled for June 9. A public hearing will also be held on May 25, the original date, since it had been previously noticed. Kim Pitman reviewed the protest procedure, and the Board agreed to consider approval of the budget on June 9.

C. Discussion of Capital Improvement Project, (CIP), process and strategy, O&M Committee: Director Tatusko reported that he and Director Delahay met with Mr. Rolwing, Greg Holloway, David Dale and Rick Alexander on April 19 to review the capital improvement plan. Mr. Alexander is a citizen who offered his support and has experience with the Sweetwater Water District in grant writing. He will submit a proposal for the Board's consideration.

Mr. Holloway explained the ongoing problems with the 800 Tank. He had written to the contractor concerning the failure of the tank material after three years and explaining that if the issue is not resolved, the matter will be referred to the District's insurance company. He went on to summarize other elements of the CIP, including a force main in the La Casa Del Zorro area, sewer main upgrades in the Club Circle area, and work on pipelines in Double O, Borrego Springs Road and Tilting T. Some work will need to be deferred due to anticipated expenses associated with the 800 Tank (approximately \$600,000). Proposed improvements in the treatment plant area include fencing upgrades and other improvements. Grant funding may be available.

President Hart inquired about plans for the Wilcox Reservoir and other projects, and their connection to the proposed rate increases. Director Brecht asked for information on overall structure; what we are doing and how we are making decisions. When projects are suggested for delay, why? He suggested this information be provided in writing. Mr. Rolwing asked David Dale and Mr. Holloway to work with the Due Diligence Committee on this.

Discussion followed regarding the need for the Wilcox Reservoir and the time frame for its planning and construction. Issues include time required for the EIR and anticipated water quality degradation. Mr. Holloway felt there was less urgency than expressed by some Board members, noting that there are three wells currently available to study water quality and six more have been studied and found to be improving. He recommended a depth dependent study to estimate the costs more accurately. Mr. Dale suggested an engineering study of alternative ways to address future water quality challenges. Trey Driscoll said that Dudek was preparing a proposal for such a study. Mr. Holloway brought up alternatives to a new reservoir, such as blocking off lower quality water or blending water. John Peterson noted the importance of identifying the type of contaminants present. He suggested a cheaper alternative than a depth dependent study, and Mr. Rolwing agreed to work with him on it. Director Tatusko requested a written recommendation, assuming water quality will decline over time. Mr. Dale, Mr. Holloway and Mr. Driscoll will assist the Due Diligence Committee and the Operations and Management Committee on this.

Director Tatusko reported that he had submitted some grant applications and was working with Dudek on several others. Mr. Rolwing announced there would be an Operations and Management Committee meeting on Thursday.

D. Discussion of Sustainable Groundwater Management Act (SGMA) & Water Quality issues: President Hart reported that negotiations with the County toward an MOU for joint GSA status were continuing. Public hearings will be held before the MOU is finalized.

E. Discussion of Budget: Kim Pitman reviewed the proposed 2016-17 budget page by page with the Board. Director Brecht recommended changing the term "non-O&M" in the cover letter to "non-CIP." He also suggested including information about the District's financing plan. Director Estep disagreed. Director Brecht will draft a proposed insert for the Board's consideration. In the proposed non-O&M expenses, Director Brecht recommended retitling the "GWM" section as "non-CIP" and agreed to help Ms. Pitman finalize this section, as well as the

“Reserves” section on the same page. Director Brecht suggested more specifics in the memorandum on Board package pages 40 and 41. After discussion, it was agreed to leave it as is and revisit the level of detail next year.

F. Consideration and possible approval of Contributed Funds Agreement between Borrego Water District and The Bureau of Reclamation in support of the Southeast California Regional Basin: Mr. Rolwing explained that the District’s \$12,000 contribution to the Bureau of Reclamation for the Southeast California Regional Basin Study was being transferred to another account and required Board approval. *MSC: Brecht/Tatusko approving the Contributed Funds Agreement between the Borrego Water District and the Bureau of Reclamation in support of the Southeast California Regional Basin.*

H. Review of planning calendar: Mr. Rolwing noted the change in the 218 public hearing date to May 25 and June 9. Budget approval will be moved to June 9. Mr. Rolwing reported that T2 Borrego will not need spare capacity this year, but still owes the District for 500 acre-feet of water.

III. STAFF REPORTS

A. Financial Reports – March 2016: Ms. Pitman reported that permit fees, the contra account and mailing expenses were up slightly. Discussion followed regarding the possibility of including the revised ordinance in the next bills, with a reference to a Spanish translation on the BWD website.

B. General Manager/Operations Report: Mr. Rolwing reported he had submitted a letter to the SWRCB, explaining the Borrego Valley’s unique situation and efforts to conserve, and asking that an exemption from the Governor’s drought mitigation Executive Order be provided.

C. Water and Wastewater Operations Report – March 2016: Mr. Holloway reported that a bad water meter at the Roadrunner Club had been turned off. Plans are underway to replace both meters at RRC and also at the High School.

D. Water Production/Use Records – March 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 had prepared a draft transmittal letter and draft financial highlights for the auditors. Ms. Pitman reported that the auditors would do inventory on June 30, then return in late July or early August.

2. Due-Diligence

No report.

3. Strategic Planning Committee

President Hart reported the Committee had been working with the County on the GSA MOU. Borrego Water Coalition is continuing to meet. Mr. Rolwing noted that Mr. Alexander had offered to help with grant applications and other Strategic Planning and Due Diligence Committee work. He will follow up with Ron Poitras, who also offered his assistance.

4. Executive Committee

Director Estep reported he had referred the Spring Brook data processing system performance failure to Morgan Foley for a repayment request or potential lawsuit. Mr. Rolwing reported that Spring Brook had been purchased by Acela. Ms. Pitman explained that she could

search for another vendor, but there would be a cost involved. President Hart asked her to investigate.

5. Operations & Management Committee

Mr. Rolwing reported that the Committee would meet on Thursday.

6. Parks Committee

No report.

7. CFD Committee

No report.

8. Conservation Committee

President Hart reported that the Committee had been working on the Urgency Ordinance rewrite.

9. Personnel Committee

President Hart reported that the Committee had been working with Harry Ehrlich on the General Manager recruitment. After Mr. Ehrlich submitted his proposal, the Board met in closed session and gave him direction. He is meeting with staff to collection information to begin recruitment.

VI. INFORMATION ITEMS

None

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: President Hart declared a recess at 11:10 a.m., and the Board reconvened at 11:30 a.m. in closed session. The open session reconvened at 12:15 p.m. There was no reportable action.

VIII. CLOSING PROCEDURE

There being no further business, the Board adjourned at 12:15 p.m. The next Special Meeting of the Board of Directors is scheduled for May 17, 2016 at the Borrego Water District. The next Regular Meeting of the Board of Directors is scheduled for May 25, 2016 at the Borrego Water District.