BORREGO WATER DISTRICT

May 24,2006

To: Board of Directors

From: Groundwater Management Standing Committee

Subject: Approval of Update to Appendix A-07 to the Groundwater Management Plan

At its May 10th Meeting, the Groundwater Management Sub Committee recommended that the updates to Appendix A-07, along with the dissenting opinions be made a part of the Groundwater Plan of 25 September 2002.

The Standing Committee concurs with the Sub Committee's recommendation and requests that the Board approves the Updates and Dissents as presented.

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15 May 2006
Borrego Springs, CA 92004

Mr. Robert Mendenhall. Chair
Groundwater Management Committee
Borrego Water District
P.O. B. 1870
Borrego Springs, CA 92004-1870

Re: Letter of Transmittal for Appendix A-07 to the Borrego Water District Groundwater Management Plan of 25 September 2002

Dear Mr. Mendenhall:

The Borrego Water District Groundwater Management Plan (Part 10, page 76) requires an annual report

> "on the status of implementing the Groundwater Management Plan, suggested changes to the plan, and recommended programs and funding for the next fiscal year. This will take place at the start of the annual budget process of the District so that funding for any programs can be included in the budget. . . The review of programs that use that funding will take place on a monthly basis at each Board meeting and as opportunities for funding arise."

The attachment to this letter is tendered in partial fulfillment of the above requirement. We are submitting it herewith for consideration by the Standing Committee on Groundwater Management at its meeting on 12 April 2006. It is our hope that the committee will recommend it to the BWD Board for consideration and action at its April 2006 board meeting in order that funding for the programs may be included in the FY2007 budget.

We have divided the programs into categories:

- Sources of Funds
- Use of Funds
    - Fallow Land
    - Conjunctive Use
    - Public Awareness/Conservation
    - Technical/Scientific.

Within each category the programs are presented in priority order. Except as indicated, there is no necessary priority order for the categories themselves except that funds must obviously be available to support programs that will use funds. Moreover, we anticipate that the District will prosecute multiple programs simultaneously and will adjust priorities throughout the year as necessary.

Finally, we strongly recommend that the BWD Board begin preparing an update to the Groundwater Management Plan not later than 1 October 2006, in order that an updated Groundwater Management Plan may be completed and presented to the public at the Townhall Meeting in January or February of 2007 as required.

Respectfully submitted,

Dennis W. Dickinson

Rudy Monica

Lane Sharman

Clark Shimeall

Steven Smiley

Richard Walker

Appendix A - 07to the BWD Groundwater Management Plan of 25 September 2002
An Action Plan for 2006 – 2007
15 May 2006

Sources of Funds:

1. Finish the study and analysis of the "Special Assessment District" plan that has been initiated by the District as soon as possible; and pass the Benefit Tax Assessment District proposal.
   - With the assistance of David Taussig & Associates, Inc., promote an advertising campaign supporting a Benefit Tax Assessment District.
   - Dedicate all proceeds from the Benefit Tax to groundwater management initiatives.

2. Pursue appropriate grant opportunities.
   - These include the AB 303 and the Proposition 50 grant programs, but other potential funding sources should be researched.
     - Seek grant funding opportunities for a conjunctive use feasibility study.
   - If in-house staff is unable to give this priority then an outside specialist should be engaged to pursue grant funding.
     - Cancel subscription to the grant database purchased a few years ago and use funds to pay the outside specialist.

3. Determine the amount of cash or cash equivalents the BWD currently holds in reserves of all sorts.
   - Amounts in excess of legally required reserves or specific, foreseeable requirements, if any, should be allocated to groundwater management.

4. Complete work on in-lieu fee schedules for other than residential projects.
   - Begin work immediately on update to in-lieu fee schedule based on land sales in the past year to be implemented on 1 July 2006.
   - Incorporate the 3:1 mitigation Policy into the GW Management Plan.
   - Dedicate all income from in-lieu fees to groundwater management initiatives.

5. Sell the larger of the two properties near Clark Dry Lake and all of the properties near Hwy 79 and Borrego Springs Road and credit income to the Groundwater Management funds only, to be used primarily, but not exclusively, for fallowing agricultural land.
   - First right of refusal should be offered to the ABF.

6. Find and fix causes of the significant "lost water" quantities as soon as possible.
   - While, on its face, this appears to be a project to save water; it is actually a way of enhancing revenue by recovering payment for approximately 250 AFY now being delivered to customers but not paid for because of inaccurate meters.
     - Work to be completed not later than 1 October 2006
     - If necessary, hire an outside contractor to expedite this work.

Use of Funds:

Fallow Land

The District's first priority for the coming year must be to take farm land out of production.

- Immediately develop and implement specific mechanisms for acquiring and fallowing agricultural land from willing sellers.
  - One option for accomplishing this is to develop an in-house capability for handling such transactions.
  - Another recently suggested means for doing this is the Borrego Water Exchange model that would provide for
    - Direct purchase by the BWD and others of water credits
    - Purchase of conservation water credits
    - Purchase of conservation easements.

Conjunctive Use

Retain a neutral and unbiased expert in water banking and conjunctive use in the Southwest and Southern California to investigate and cultivate customer partnering opportunities with water agencies seeking a water banking facility. As part of the consultant's scope he/she is to respond to all Requests for Proposals for water banking in the Southwest where the IID corridor could be used as bi-directional conveyance and report periodically to the Board and the community on progress. (This item did not have unanimous support; see attached dissenting opinions.)

Public Awareness/Conservation

1. Immediately place a display in front of the Water District Office and/or other high traffic area(s) depicting the declining aquifer to draw attention to the overdraft.

2. As a public awareness campaign, the District should immediately begin showing on water bills what customers would pay if the tiered rate system recommended to the Board were implemented. The actual bill would continue to be based on the present rate structure unless and until the Board adopted tiered rates.

Technical/Scientific

1. Update and revise as necessary water use figures to reflect changes since 1999 for:
   - Agricultural/Nursery
   - Golf Course/Resort
   - Residential/Commercial

2. Continue constructing Monitoring Wells at strategic locations throughout the basin and perform aquifer tests using the monitoring wells and nearby production wells to determine how much water remains in storage and how much useful life remains in the aquifer.
   - Design and implement a water quality monitoring program through out the valley to include tests of the lower levels of the aquifer.

3. Begin an aggressive effort to install BWD flow meters on all irrigation wells in the valley as soon as possible to obtain more exact information on how much water is being pumped from the aquifer each year and for what purpose.
    - Immediately ascertain what legal authority the BWD may have for such installations
    - If insufficient, seek such authority through appropriate channels.

4. Tamarisk Tree removal.
    - Commission a literature search for information about species specific tamarisk water use in environments similar to the Anza-Borrego desert.
    - If, as seems likely, the literature search comes up dry, commission a research project to determine species specific tamarisk water use in the Anza-Borrego desert itself to be completed by 1 October 2006.

5. Hire a qualified hydrologist to evaluate the recharge basin at De Anza Country Club as a test project for recharge of the aquifer.

Dissent from Appendix A - 07to the BWD Groundwater Management Plan of 25 September 2002: An Action Plan for 2006 – 2007, as submitted to the BWD Groundwater Management Committee.

In lieu of the statement regarding conjunctive use/water banking in the Use of Funds section of the Updates to the BWD GWMP as submitted by the working group, I ask that the following very specific statement be adopted:

Engage a qualified economist to determine:,

- how the costs of expensive infrastructure necessary for conjunctive use should be equitably shared among all users and beneficiaries of groundwater in the Borrego Valley,
- how water taken as payment in kind should be equitably apportioned among all users,
- how all users will be charged for this water,
- how water will be rationed in the likely event that demand exceeds the total consumable recharge, i.e. the sum of water taken as payment in kind plus average annual natural recharge.

This subject has been assiduously and purposely avoided; but it must be settled before the BWD puts another dollar of ratepayer money into chasing such a highly speculative project. The pumpers undoubtedly have a very different idea about how this should/will work than BWD ratepayers would if they understood it. The answers to these questions will determine the success or failure of any conjunctive use project and, therefore, must be answered up front and before the BWD commits to spending money on a consultant to seek out partners in or conducts feasibility studies for a conjunctive use project in the valley.

Respectfully submitted,

D. W. Dickinson
15 May 2006

My dissenting opinion is simply that the language I suggested on March 29 (below) be inserted into the March 28 draft immediately following Item 1 (Fallow Land) in the Use of Funds section.

Use of Funds

Conjunctive Use: The District should develop a focused program to determine if Conjunctive Use is a technically feasible and economically viable possibility in the Borrego basin.

- GW Management funds should be dedicated to initiate a professionally conducted feasibity study by an independent consulting firm.
- Engage a Consultant/Lobbyist to search out potential cooperating agencies to participate in a Conjunctive Use water banking project in the Borrego Basin.

This text gives the District the latitude necessary to move forward on Conjunctive Use study in Fiscal Year 2006/07 should the opportunity arise.

Steven Smiley