

Borrego Water District Board of Directors

MINUTES

Regular Meeting

April 28, 2020 @ 9:00 a.m.

806 Palm Canyon Drive

Borrego Springs, CA 92004

OPENING PROCEDURES

- A. Call to Order: President Dice 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 Dice, Vice President Brecht, Secretary/Treasurer Duncan, Delahay, Johnson

Staff: Geoff Poole, General Manager
 Jessica Clabaugh, Finance Officer
 Steve Anderson, Best Best & Krieger
 Esmeralda Garcia, Administrative Assistant
 Wendy Quinn, Recording Secretary

Public: Harry Ehrlich Jeffrey Parsons

- D. Approval of Agenda: *MSC: Brecht/Duncan approving the Agenda as written. The roll call vote was unanimous.*

- E. Approval of Minutes:
 - 1. March 10, 2020 Special Board Meeting
 - 2. March 24, 2020 Regular Board Meeting

MSC: Brecht/Johnson approving the Minutes of the Special Meeting of March 10, 2020 and the Regular Meeting of March 24, 2020 as written. The roll call vote was unanimous.

- F. Comments from the Public and Requests for Future Agenda Items: None
- G. Comments from Directors: None
- H. Correspondence Received from the Public: None

I. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

A. Draft 2020-21 Borrego Water District Budget Presentation: Geoff Poole invited the Board’s attention to the draft 20-21 budget in the Board package, prepared by the Budget Committee (Director Brecht and Harry Ehrlich) and staff (Mr. Poole and Jessica Clabaugh). The budget does not contemplate a rate increase, although authorized for 20-21. A complete budget package with letters, supporting documents and an operating budget will be presented at the next meeting.

Ms. Clabaugh explained that revenues were kept on target from this fiscal year. Some of the bond funds that were accruing interest have been used, so interest income is lower. Possible incorporation of automated meter reading would be an added expense, but it should pay for itself based on leak forgiveness. There will be some personnel changes and consultant changes, the return of David Dale, the retirement of Kim Pitman, Ms. Clabaugh’s employment, plus other possible retirements.

Director Johnson inquired about budgeting for acquisition of land to fallow. Director Brecht explained that there are no plans to acquire land at present, but reserves could be used if an opportunity arises.

Director Brecht requested the addition of a line item after “total income,” “COVID cash flow allowance,” around \$150,000 to \$200,000. Discussion followed regarding the decrease in commercial revenue due to the COVID business closures, and Mr. Poole agreed to find out the amount.

Director Brecht expressed concern regarding the eight-year cash flow. Eventually rate increases will be necessary to pay for the CIP. The plan is to seek a \$5.5 million bond in three to four years, and sufficient cash flow and reserves will be required.

Mr. Ehrlich requested that when the full budget package is presented to the Board, projected fund balances for the water fund and the sewer fund be provided.

Per Director Brecht's request, Mr. Poole will work with Ms. Clabaugh to include Proposition 1 grant funds due in the budget.

1. Remaining Budget Approval Schedule. Mr. Poole agreed to incorporate the comments made today into the next version of the budget document. It will then be combined with supporting documents and narratives and included in the next Board package.

B. COVID-19 Impacts and Response:

1. Water and Sewer Revenue Comparison. Ms. Clabaugh explained that since mail is left to sit for a while, posting is late. For the moment, all revenues have been received, although there have been some delays in payment. Ratepayers have been receptive to the new on-line payment system.

2. Operations Update: No direct impacts to date/staff fully functional. Mr. Poole reported that staff is continuing to adhere to strict COVID requirements. The front counter is closed and employees are fully protected. Ability to work from home has been enhanced.

C. Interim Borrego Springs Subbasin WaterMaster Board:

1. Recruitment of Executive Director and Technical Consultant. Director Duncan reported that the WMB had met for a second time. They have approved an RFP for Legal Counsel and an RFQ for Executive Director/Technical Consultant. Director Brecht asked whether there were any data gaps in terms of water quality and water level testing. Mr. Poole replied that groundwater monitoring was scheduled to continue through March 2020. He talked to Tim Ross and Trey Driscoll to ensure it would continue thereafter. Director Brecht asked that it be included in the next WMB Agenda. Mr. Poole will work with Director Duncan and President Dice on the Agenda item. Director Brecht noted that Jay Jones asked whether the State Water Resources Control Board believes the entire Borrego Basin is a critical water supply basin. If so, it has to meet certain standards. He will work with Mr. Poole and bring back recommendations to the next BWD Board meeting. Mr. Poole reported that responses to the Legal Counsel RFP are due this Thursday, responses to the ED/TC RFQ are due May 21, and the next WMB meeting is May 26.

2. Use of Mailing Address and Continued BWD Staff/Legal support for up to 90 days. Mr. Poole reported that the WMB had directed him to open their mail and then distribute it to the WMB members. The attorneys concurred.

Director Brecht inquired about the well metering program. Director Duncan replied that the WMB adopted a resolution broadening the types of wells that could be used. Michele Staples will report at the next WMB meeting.

II. STANDING AND AD-HOC BOARD COMMITTEE REPORTS

A. STANDING:

1. Operations and Infrastructure. Mr. Poole stated he would report on the preliminary engineering report regarding the reservoir replacements during his General Manager's Report.

B. AD-HOC:

1. Stipulated Judgment Implementation. No report.

2. Risk Management/Pandemic. No report

3. Grant Funding. Director Brecht asked whether inquiries had been made regarding federal grant opportunities from FEMA, Health and Human Services and others. Mr. Poole replied that he had been monitoring them through ACWA. Rick Alexander is also informed on the federal grants, and Mr. Poole is looking into those that are COVID-related.

Director Brecht requested a report at the next meeting on what grants the District has applied for, how much, and what grant opportunities are being monitored. President Dice reported that a grant application had been filed with the San Diego Foundation for air quality monitoring. It is in a package with other applications for Borrego Springs, and a response is expected in May.

4. Association of California Water Agencies/Joint Powers Authority. No report.

5. Organizational Staffing. No report.

6. Prop 218 and BWD Developers' Policy. No report.

III. STAFF REPORT

A. Financial Reports: April 2020: Ms. Clabaugh reported there were no significant changes in the Financial Reports, and offered to answer questions. She invited the Board's attention to the report in the Board package, noting that there had been no late payment penalty income because of the temporary waiver. The assessments came through on April 4. Staff expenses increased slightly because she and Ms. Pitman are both here. Ms. Clabaugh had been keeping track of COVID-related expenses and participating in FEMA webinars to see if the District can be reimbursed for any of these. Some debt service on the loan was paid. The hydrant project is proceeding.

B. General Manager Report:

1. Department of Water Resources Severely Disadvantaged Communities Grant. Mr. Poole reported that he and Steve Alexander discussed the status of the \$1 million SDAC grant approved by DWR in 2018 with Jim Bennett, Leanne Crow and Justin Crumley from the County and representatives of DWR. The funds were to be split 50/50 with the County for GSP implementation. BWD's share was used for LeSar's socioeconomic study and Jay Jones' groundwater elevation study, with the balance earmarked for site selection and pilot hole drilling for Replacement Well #2.

Since the County withdrew from the GSA, didn't submit the GSP, and BWD submitted the alternative Stipulated Judgment with the GSP (now GMP) as the Physical Solution, the County will not be entitled to its share of the grant, which was to be used for an EIR for the GSP. The Stipulated Judgment is not subject to CEQA, although some implementation projects may. However, the District will still be entitled to its share and will bill the County for reimbursement from the State as it has been doing.

Director Brecht asked whether funds had been budgeted for CEQA review of land purchase, and if so, how would it be paid for. Mr. Poole explained that the process was just beginning and it would be included somewhere.

2. Emergency Plan Update. Mr. Poole reported that he and Esmeralda Garcia had obtained a copy of East Bay MUD's plan and were revising it to meet BWD's needs. A report will be presented at the next meeting.

3. Preliminary Engineering Report – Reservoir Replacements. Mr. Poole updated the Board on what is now the preferred alternative for long-term operational strategy relative to reservoir replacements. A grant application is pending with the State for replacement of the Rams Hill 2 Tank, Twin Tanks and Indian Head Tank. Subsequently, staff investigated the possibility of constructing a new reservoir next to the new 4-9 Well, or elsewhere at a higher elevation, instead of replacing the other tanks on their current sites. Mr. Dale has now completed his preliminary engineering report on the various alternatives, and concluded that the original plan to replace the tanks in their present location is the best option, both for financial and operational reasons. For one thing, if something goes wrong, there are backups; whereas with only one tank, there could be problems. The State has been informed of the District's intent, and Mr. Dale is updating the cost estimates. A full report will be provided at the next meeting.

4. BWD Bond Expenditure Projections. Mr. Poole invited the Board's attention to the bond expenditure expenditure projections in the Board package, as well as cash flow

projections between now and July 2021. Eighty-five percent of the bond funds need to be expended by then. The contract and accompanying documents for the De Anza pipeline have been signed, and Mr. Dale is reviewing them. The only other remaining projects are Replacement Well #2 and the hydrant project.

V. CLOSED SESSION

A. Conference with Legal Counsel – Significant exposure to litigation pursuant to Government Code paragraph (3) of subdivision (d) of Section 54956.9 (Two (2) potential cases):

B. Conference with Legal Counsel – Existing Litigation (BWD v. All Persons Who Claim a right to Extract Groundwater, et al. (San Diego Superior Court case no. 37-2020-00005776)):

C. Replacement Well Number Two Site – Conference with Real Property Negotiators (Gov. Code §54956.8); Property APN: APN 198-021-08, 77.95 acres. BWD negotiator: Geoff Poole. Negotiating Parties: Geoff Poole, General Manager, and Owner: Borrego Nazareth. Under Negotiation: Price and Terms of Payment:

The Board adjourned to closed session at 9:40 a.m., and the open session reconvened thereafter. There was no reportable action.

VI. CLOSING PROCEDURE

The next Board Meeting is scheduled for May 12, 2020 to be available online. See Board Agenda at www.borregoWD.org for details, available at least 72 hours before the meeting. There being no further business, the Board adjourned.