

**Borrego Water District Board of Directors**

**MINUTES**

**Special Meeting**

**August 11, 2020 @ 9:00 a.m.**

**806 Palm Canyon Drive**

**Borrego Springs, CA 92004**

**I. 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  
                                          David Dale, District Engineer  
                                          Esmeralda Garcia, Administrative Assistant  
                                          Wendy Quinn, Recording Secretary
- Public:           Rebecca Falk           Cathy Milkey  
                                          Tammy Baker           Juanita Hayes  
                                          Harry Turner           Ray Lennox, State Park  
                                          Kevin Davis, Black     Kelly Rodgers, SDCWA  
                                                                                          & Veatch     Francoise Rhodes, Chamber  
                                          Dan McFarland, SD     of Commerce  
                                          Ratepayers     Dan Denham, SDCWA
- D.** Approval of Agenda: *MSC: Brecht/Johnson approving the Agenda as written. The roll call vote was unanimous.*
- E.** Approval of Minutes: None
- F.** Comments from the Public and Requests for Future Agenda Items: None
- G.** Comments from Directors: Director Johnson announced that there were experts in the meeting who are familiar with the proposed Regional Conveyance System, and she hoped the Board would be able to talk with them. Geoff Poole explained that he had invited members of the Water Authority and the matter was on the Agenda.
- H.** Correspondence Received from the Public: Continued to Item II.D (SDCWA Pipeline Project).

**II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION**

**A.** Cost of Service Study: Engineering Assessment: Mr. Poole explained that the CIP needed to be reevaluated as part of the COS that is underway, the first step in the rate-setting process starting in July 21 for the next five years. Revenue and expenses need to be calculated, and the CIP is a big part of the expenses. This is one of David Dale's first tasks, and he is working with the Prop 218 and BWD Developers' Policy Committee.

Mr. Dale invited the Board's attention to a memo in the Board package from Mr. Poole and him. They reviewed the approved CIP and identified two projects that should have been included. One is the Club Circle water and sewer pipeline project. The existing lines are old. The sewer line is in decent shape, but made of clay and is likely to break during replacement of the water line, which has experienced several breaks and needs to be replaced soon. Also, the circular street around the Club Circle community will need to be replaced. The total cost is over \$2 million. This project has been added to the CIP.

The other new project is a transmission main from Well 5 to the Country Club Tank. Mr. Dale explained that in the next nine years, there is about \$8 million worth of pipelines that need

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to be replaced, and probably another \$10 million worth after that; 70 miles of pipeline. He suggested that the Board consider hiring in-house personnel to do the work, and recommended a study first to determine if this is appropriate. Benefits would include operational flexibility, but CalPers expenses could be a drawback. The crew could probably be used for 30 years. Mr. Dale estimated it would save 50 to 60 percent compared to a contractor, but the cost of the fringe benefits needs to be considered.

Director Brecht stated that the next step would be the COS study by Raftelis and Fieldman, Rolapp. They will need written descriptions of the projects, divided into categories. Then once a decision is made as to how to finance the CIP, the question of in-house versus contractor for the pipelines can be addressed. He recommended waiting for that study until after the COS study is complete.

**B. Additions to Risk Management & Resilience Planning Policies:** Director Brecht summarized proposed additions to the Risk Management and Resilience Planning Policies, noting that the District needs to do what is necessary to address COVID. The first part addresses working with other utilities, for example what happens when the power goes out. The second part deals with emergency customer assistance. If a customer takes advantage of the District's current "no turn-off, no late fee" policy, he/she might accumulate so much debt when the policy expires that the water could be turned off, and he questioned where the cash flow would come from, i.e. ad valorem taxes. ***MSC: Brecht/Johnson approving the additions to the Risk Management and Resilience Planning Policies, authorizing their implementation and requesting reports to the Risk Management/Pandemic Committee and the Board. The roll call vote was unanimous.***

**C. Request to Apply Credit for Administrative Support for WaterMaster to BWD's Pumping Fee:** ***MSC: Brecht/Duncan authorizing a letter to the WMB requesting to apply credit for administrative support to BWD's pumping fee. The roll call vote was unanimous.***

**D. San Diego County Water Authority Pipeline Project: Public Request for Agenda Item:** Mr. Poole invited the Board's attention to an e-mail from David Garmon in the Board package. The San Diego County Water Authority is studying the possibility of a transmission pipeline from the Salton Sea to San Diego, and they are now ready to vote on whether to proceed with Phase B of the study, including two routes, one through Borrego Springs. Mr. Garmon asked that the matter be placed on the BWD Agenda, and that the Board clarify that they have not yet taken a position and have some concerns.

Dan Denham of SDCWA presented slides outlining the Regional Conveyance System study. The issue was discussed with the BWD Board in October 2019, and Mr. Denham offered a refresher. At the last presentation, BWD expressed concerns regarding protection of the environment and salinity impacts. Mr. Denham assured the Board that basin water storage was not a required part of the study. Any future arrangement is possible, but outside the technical study of a conveyance pipeline. It would be in the discretion of BWD or the WMB.

Mr. Denham explained that most of SDCWA's water comes from the Colorado River. All of San Diego's water is imported, and the current agreement for transportation terminates in 2047. Therefore, alternatives are being investigated. The two-phase study includes input from SDCWA Member Agencies, cost projections, assessment of flaws and identification of potential partners.

Kevin Davis of Black & Veatch showed a map of the original three alternative routes for the pipeline. As the study progressed, the route through Borrego seemed increasingly attractive. It would include a long tunnel. The environment would be protected, and no fatal flaws were identified. All three alternatives are technically feasible, and the Borrego Route (3A) and I-8 route (5A) are economically competitive. The other southern route (5C) was not recommended for further study for economic reasons. Mr. Davis presented a map showing one proposed route through Borrego, along Tubb Canyon Road.

Mr. Denham reported that Phase A of the study was complete and accomplished its goal, finding the pipeline to be technically feasible. The cost estimates were confirmed by a third party as accurate. The project is expected to take 20 to 25 years. The SDCWA Board will be asked later this month to approve moving forward with Phase B, focusing on economic and environmental aspects and stakeholder input. Partnership issues will be a big part. Mr. Poole asked the BWD Board to consider a letter to SDCWA before its next meeting.

Director Johnson asked who would pay for studies related to potential partnerships. Mr. Denham replied that the SDCWA would pay; it is in their budget. However, some agencies might have a compatible project which could be tied in. If BWD wanted to import water, that would be outside the scope of the SDCWA project.

Mr. Garmon spoke on behalf of the Tubb Canyon Desert Conservancy, noting that Tubb Canyon would be impacted by the proposed Borrego route. He asked BWD to send a clarifying letter to SDCWA, confirming that they do not “enthusiastically support” the project, as has been said. There is nothing concrete by which to evaluate the impact on Borrego Springs and the Park, or the effects of storing Colorado River water in the aquifer. Can Borrego access the stored water, and if so, at what price? He hoped the District would indicate it neither supports nor opposes the project but is formulating questions needed to evaluate it.

Cathy Milkey reported that Jack McGrory and Shannon Smith submitted a letter to the BWD Board and included an attached draft letter that could be used in responding to the SDCWA. They voiced their support in moving forward with the study, feeling it was premature to voice opposition before getting all the facts. The project might be important to future generations in Borrego, and future technology is unknown. Phase B of the study would be at no cost to BWD or its ratepayers, and there is no point in discouraging the study. Ms. Milkey read the attached proposed letter to SDCWA into the record. Rebecca Falk hoped BWD would express more reservations, and Mr. Garmon concurred. Discussion followed regarding whether to ask the WMB to take a position.

Ms. Falk asked whether any potential partners other than BWD had been identified in Borrego, and Mr. Denham replied that they had not. She further inquired what made the Borrego route attractive to the SDCWA. Mr. Denham explained that it was access to their Twin Oaks Treatment Plant.

Ray Lennox of the State Park pointed out that the proposed route goes through the State Park and a State Wilderness and Cultural Preserve, and Mr. Denham replied that it was in a public right-of-way. Mr. Davis noted that a lot of environmental work will be done, and the alignment could change.

Don McFarland, representing the SDCWA Member Agencies, reported that the 2015 water management plan was being updated and is addressing future water supply demands. Director Duncan expressed concern regarding water storage and water quality. Mr. Denham reiterated that storing water in the aquifer is entirely up to BWD.

Director Brecht pointed out that the reason for sending a letter to the SDCWA is to end the rumors that they support the route through Borrego, and that the assumption that there would definitely be storage here is untrue. He opined that there was too much concern about the route and not enough about potential conjunctive use and water quality. ***MSC: Brecht/Johnson directing the BWD Board and staff to create a letter dispelling rumors that BWD wholeheartedly supports a pipeline through Borrego Springs, including storage/conjunctive use, and remains neutral; express BWD’s concerns; use some parts of the McGrory/Smith letter and some from Mr. Garmon’s; Director Johnson and President Dice to help; send the letter to the SDCWA. The roll call vote was unanimous.*** Ms. Falk requested copies of the McGrory/Smith letter and the letter that BWD ends up sending. President Dice agreed to provide them.

**E. Request from Borrego Valley Stewardship Council for Letter of Support on Water Management and Planning Grant:** President Dice reported that the Stewardship Council is  
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working to grow its membership, and BWD is a signer on the MOU. They need to create a governance system and provide facilitation for community planning to integrate water and land use planning. To this end, they are applying for a grant and asking key signing organizations for letters of support. *MSC: Johnson/Duncan approving the letter of support. The roll call vote was unanimous.*

### **III. STAFF REPORTS**

**A. Water Sales and Revenues Update:** Ms. Clabaugh presented a graph depicting water revenue comparison from 2017 to the present. Revenues were a little lower than last year but higher than the previous two. Water consumption remains the same, as does sewer revenue. The aging report showed late bills, 30 to 60 days, 60 to 90 days, 90 to 120 days and 120 plus. Since February, there has been an overall increase of \$57,000 in late bills. Ms. Clabaugh will continue to monitor it. Director Duncan inquired about the percent of billing being collected, and Ms. Clabaugh reported 90 percent for July, 99 percent for June (water), and 79 percent for sewer.

### **IV. CLOSED SESSION:**

**A. Conference with Legal Counsel – Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Government Code Section 54956.9: (One (1) potential case):**

**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):**

The Board adjourned to closed session at 11:35 a.m., and thereafter, the open session reconvened. There was no reportable action.

### **V. CLOSING PROCEDURE**

The next Board Meeting is scheduled for August 25, 2020 at Borrego Water District, 806 Palm Canyon Drive, Borrego Springs, CA 92004. There being no further business, the Board adjourned.