

A "Modest Proposal" from a Concerned BWD Ratepayer

Below is a letter from Lucy Larson of Borrego Springs to the Borrego Water District Board. It is a succinct and insightful analysis of salient aspects of the unhappy situation in which the District now finds itself. The issues raised in the letter were discussed at the BWD board meeting on 19 June 2012, but while generally acknowledged the board, they were not, and still have not been, resolved.

The issue of local agriculture's role in causing the overdraft and its responsibility for addressing it is a long-standing one. It is also one that the current board, like those that have gone before, is extremely reluctant to confront. Members of the board promised that it would be addressed in the indefinite future as a part of the Integrated Water Resources Management Plan (IWRMP), but an application for \$800,000+ in state funding to implement an IWRMP was recently denied. While an appeal for reconsideration is pending, funds are by no means assured and the BWD appears to have no backup plan if the appeal is unsuccessful.

The issues of development and golf courses cited in the letter are separable but not altogether separate, and like those involving local agriculture, concern responsibility for the long-standing and continuing overdraft of the Borrego groundwater basin, redressing past transgressions, and preventing further damage to the valley's sole-source aquifer.

The issue of employee compensation, specifically pensions, is in effect a ticking time-bomb and part of a much larger and well-publicized problem affecting California and the nation. Unfortunately, the BWD board seems to see no urgency in correcting this growing problem and although other public agencies, including many water districts, are taking sometimes drastic measures to deal with it, the BWD board has thus far demonstrated a marked disinclination to do so. Left unresolved, however, it will result in the water district's pension costs spiraling ever upward and increased water rates to pay for them.

10/21/2012

May 12, 2012

To: Directors of the Borrego Water District and Jerry Rolwing, Manager
From: Lucy Larson, ratepayer

I have become increasingly concerned about the direction the board seems to be taking; so I have a modest proposal below aimed at achieving equity for the ratepayers. You may take my solution as hyperbole, but be assured that I am serious.

Who benefits from board decisions:

- the **farmers** who have had a free pass for the past 50 years or so by withdrawing water from the aquifer with their own pumps, paying nothing to the district. Now, however, they are included as a prominent¹ voice in determining the recommendations for addressing the overdraft to be established by the \$800,000 grant (should it be received). This grant proposal was developed, sponsored and paid for solely by the employees and ratepayers of the district.
- the **developers** who are asking that the mitigation policy be amended to give them a break in their costs with the promise that the board will take this issue into consideration².

- the **golf courses**, including the 27 hole course at Rams Hill that may purchase 49% of the well currently owned by the water district. They can then pump water onto the golf course and into lakes and ponds thereby reducing any revenue by 49% owing to the district³.
- the **employees** of the water district (though necessary for us all and probably themselves rate-payers) pay just 4% toward the pension costs so that the ratepayers must make up the difference in the required contribution for the district⁴. Other water districts have begun to address this inequity and are beginning to require that employees contribute the maximum of 8% allowed by CALPERS⁵.

Who ultimately pays for these studies, loss of revenue, and high costs:

- **Borrego Water District ratepayers**

A possible solution aimed at achieving equity for the ratepayers:

- Drop the tiered water rates for the ratepayers and require other groups to pay their fair share of the costs.

¹*Anza Borrego Desert Planning Grant Proposal, Attachment 3: Work Plan FINAL*. Page 11 of 42. Comment: The first identified ABD stakeholder is the AAWARE. Nowhere are the ratepayers specifically identified as stakeholders, except for the BWD. The goal of the BWD, however, must be to facilitate the meetings and help arrive at consensus in how to address the overdraft. The board may not necessarily represent the specific concerns of the ratepayers.

²Lauren C. Ruth. "Residents, developers say that water credit costs impede growth." *Borrego Sun* 10 May 2012. Comment: The proposal that an *ad hoc* committee look into the issue was proposed by a developer and a resident/ratepayer who is looking toward a sale of the property or future development.

³ I am fully aware of the fact that the district will retain a controlling interest of 51%. To ensure that all requirements stated in the agreement are fully and constantly complied with, however, will require extra vigilance by the water district staff. Work that may be urgently needed elsewhere. Perhaps the financial reason for such a sale is that the proceeds from the sale exceed the present value of the lost revenues?

⁴The district's share of the total contribution has been 17.898% in 2011 and 17.688% in 2010: footnotes 7 of the Basic Financial Statements for those years.

⁵Karen Pearlman. "Padre Dam employees to pay more into pension." *San Diego Union Tribune* 21 April 2012.

SANTEE—The Padre Dam Municipal Water District Board of Directors approved agreements with the Padre Dam Employees' Association that requires workers to pay a larger portion into the California Public Employees' Retirement System. All district employees will be paying the entire 8 percent of the CalPERS contribution by 2014 and 10 percent of their dependent health care coverage beginning in 2015. Previously, employees did not contribute to health-care coverage. The measures are expected to save the district nearly \$750,000 annually.

Judy Lin (AP). "CALPERS SEES DIP IN INVESTMENT RETURNS." *San Diego Union Tribune* 15 March 2012. Comment: This article is longer than the one above, but the important message for us is that "CalPERS voted to lower its projected annual return from 7.75 percent to 7.5 percent."