

Borrego Water District
MINUTES
Regular Meeting of the Board of Directors
Wednesday, November 19, 2008
9:15 AM
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A.** Call to Order: President Mendenhall called the meeting to order at 9:15 a.m.
- B.** Pledge of Allegiance: Those present stood for the Pledge of Allegiance.
- C.** Roll Call: **Directors:** Present: President Mendenhall, Vice-President King,
Secretary/Treasurer Andersen, Shimeall, Smiley
Staff: Richard Williamson, General Manager
Joe Adams, Stradling, Yocca, Carlson & Rauth
Jerry Rolwing, Operations Manager
Kim Pitman, Administration Manager
Wendy Quinn, Recording Secretary
Public: Marshal Brecht Rudy Monica
Judy Meier, *Borrego Sun*

D. Approval of Agenda: Director Smiley noted that the members of the GWM Standing Committee (Agenda Item II.B) should be listed as Mendenhall and Smiley.

Rich Williamson requested that Item II.G, Review Personnel Policy Manual, be deferred. The manual is not yet ready for public review. He requested that the Board members review it for discussion at a future meeting. **MSC: King/Andersen approving the Agenda as amended.**

- E.** Approval of Minutes:
1. Regular Meeting of October 22, 2008. **MSC: King/Shimeall approving the Minutes of October 22, 2008 as written.**
 2. Special Meeting of November 4, 2008. **MSC: King/Smiley approving the Minutes of November 4, 2008 as written.**

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

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

H. Correspondence: Mr. Williamson reported that the California Water Awareness Campaign had requested an annual contribution of \$861. BWD participated last year, as do most California water agencies. Hearing no objection, it will be included in the monthly bills for payment.

Mr. Williamson announced that the Board of Supervisors is meeting this morning to consider a resolution authorizing the LAFCO public hearing on December 1 regarding the BWD/CSD merger. Both Districts have been in contact with Supervisor Horn's office expressing support for the resolution. Following LAFCO approval, it takes about 30 days to record the necessary documents memorializing the reorganization.

II. CURRENT BUSINESS MATTERS

A. Review Circular letter from CalPERS explaining the Background and Purpose for Resolution No. 2008-11-1: Kim Pitman explained that the IRS requires the District to document its authorization to submit tax deferred contributions to CalPERS.

B. Consideration of *RESOLUTION NO. 2008-11-1 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT TO DEFER MEMBER PAID CONTRIBUTIONS FOR EMPLOYER PICK-UP*: MSC: King/Shimeall adopting Resolution No. 2008-11-1, Resolution of the Board of Directors of the Borrego Water District to Defer Member Paid Contributions for Employer Pick-up. RC: AYES – King, Shimeall, Andersen, Smiley, Mendenhall.

C. Consideration of revised *RESOLUTION NO. 2008-11-2 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, DESIGNATING THE GENERAL MANAGER TO ENTER INTO AN AGREEMENT WITH DEPARTMENT OF WATER RESOURCES ON THE BORREGO VALLEY GROUNDWATER BASIN INVESTIGATION PROJECT*: Mr. Williamson noted that the Board had already authorized him to enter into the agreement with DWR for the groundwater basin investigation, but a resolution is required. MSC: King/Shimeall adopting Resolution No. 2008-11-2, Resolution of the Board of Directors of the Borrego Water District, San Diego County, California, Designating the General Manager to Enter Into an Agreement with Department of Water Resources on the Borrego Valley Groundwater Basin Investigation Project. RC: AYES – King, Shimeall, Andersen, Smiley, Mendenhall.

D. Contributed Infrastructure Unit Costs: This item was inadvertently omitted from the Agenda and will be included in the General Manager's report.

E. Discussion and consideration of becoming a signatory to the San Diego Water Agencies Standards: Mr. Williamson explained that in the past, the District has relied on County standards for development and design of water, sewer and recycling facilities. He proposed instead to become a signatory to the San Diego Water Agencies Standards, which are more pertinent to the District's projects. The Standards can be modified to suit particular situations, and there is no cost to the District. He asked the Board to review the Standards on the website, and a proposed resolution will be considered at the next meeting.

F. Board to consider authorizing the General Manager to enter into an agreement with a Financial Consulting Firm: Mr. Williamson reported that two firms had responded to the District's Request for Proposals/Qualifications to serve as financial consultant. The first phases of the project (approximately \$20,000, included in the budget) would focus on rate review, particularly the availability fee. Selection criteria included experience with water rates and the public input process, as well as familiarity with case law, statutes and constitutional requirements. Both responding firms are highly qualified, and the Contracts Committee has reviewed the proposals. Based on its in-house capability, Glenn Reiter and Associates from San Diego was recommended. The other firm, Taussig and Associates, proposed use of sub consultants. Discussion followed, and Mr. Williamson anticipated having a new availability fee in place by April 2009. *MSC: King/Andersen authorizing the General Manager to enter into an agreement with Glenn Reiter and Associates for an amount not to exceed \$19,950 to review rates and determine a new availability fee.*

G. Review Personnel Policy Manual to consider at December 17, 2008 Board Meeting: This item was deferred.

H. Authorization to release the Integrated Water Resources Management Plan for public review: Mr. Williamson announced that after several presentations to the Board, the Integrated Water Resources Management Plan is now ready for public review. He suggested putting it on the District's website and having copies available for review at the District office and the library. Director Shimeall asked whether the Groundwater Management Committee's recommendations had been included, and Mr. Williamson replied that they would be incorporated along with input from the public. President Mendenhall suggested a condensed version of the plan to accompany future grant applications. Jerry Rolwing explained that for grant applications, it would be combined with partner agencies into a regional plan. Jim Engelke suggested an executive summary to facilitate public review. *MSC:*

Shimeall/King authorizing the General Manager to release the Integrated Water Resources Management Plan for public review.

III. COMMITTEE REPORTS & PROPOSALS

A. Ad Hoc Committees:

1. Personnel. Mr. Williamson will call a Personnel Committee meeting in December to review the Personnel Policy Manual. Any Board members wishing to comment should contact him or the Committee.

2. Budget and Finance. No report.

3. BSPCSD. President Mendenhall had attended the Community Services District meeting last Saturday. Judy Meier asked whether opposition to the reorganization was expected at the LAFCO hearing. President Mendenhall noted that public hearings can be unpredictable, but following the CSD public hearings the Board voted unanimously to join BWD. Mr. Williamson agreed to call Ms. Meier after the hearing and inform her of the outcome.

4. Contract labor review. Director King reported that the Committee had reviewed the proposals from financial consultants.

5. Negotiating. Mr. Williamson reported he had been meeting with representatives of the Dragon Fruit Farm, who along with several other groups including Yaqui Pass and Viking Ranch, are interested in perfecting their water credit situation. The District is trying to delay action until we have an MOU with the County, but would like to accommodate small projects such as Mr. Engelke's in the meantime. On November 4 a meeting was held including Mr. Williamson; Eric Gibson from DPLU; Jim Bennett, the County Hydrologist; and Mark Mead from County Counsel. The County was receptive to the idea of the District managing the mitigation program and using the water credit system for its half of the mitigation, but was adamant that the County's 1:1 consist of tree removal due to CEQA concerns. President Mendenhall suggested retaining an environmental attorney to negotiate with County Counsel on CEQA issues. Mr. Engelke replied that he had tried that, unsuccessfully. He also asked whether the County would consider turf removal as mitigation. Mr. Williamson replied that he had mentioned that some golf courses were reducing turf, and the County was receptive. President Mendenhall referred further discussion to the Conservation Committee. Mr. Engelke asked whether turf removal from other than golf courses, for example football fields, could be considered. Director Smiley questioned whether there would be legal concerns with a school district selling water credits, and Mr. Rolwing brought up the issue of an easement over public land. Director Smiley pointed out that if the County accepts golf course turf removal as mitigation, they could not require complete cessation of water use as they have in the past; so why are they still requiring it from citrus removal? Discussion followed regarding the need to monitor water use after fallowing and how to verify water use prior to fallowing so as to provide a comparison. Mr. Williamson suggested meeting with farmers to determine what types of records they have. Mr. Rolwing suggested requiring a year of metering prior to fallowing. Mr. Williamson stated that the County wants to use standard consumptive use rates.

6. Town Center Sewer. Mr. Williamson recommended that the Town Center Sewer Committee be retitled as the Sewer Committee and address broader subjects including EDUs, master plan and recycling. He referred to the recently adopted policy requiring developers to install sewer infrastructure. He suggested another committee may also be formed to address services such as trash pickup and golf course maintenance following the merger with CSD.

7. Grants. Mr. Rolwing reported that in the next few months, following adoption of the Integrated Water Management Plan and identification of regional partners, the Grants Committee will become more active. He further reported that following the Board's action to put Jim McConnell's contract on hold, Mr. McConnell offered to work on a "commission" basis (no cost to the District unless a grant is secured, and if it is, he will bill no more than 30 hours at \$425 per hour). He is pursuing a

potential \$300,000 award through STAG. Director Andersen requested a copy of Mr. McConnell's correspondence. Mr. Rolwing further reported that the District's grant application for water security is expected to be funded. Director Smiley noted that the Bureau of Reclamation is offering grants for water banks and water delivery systems, and the deadline is January 14. Mr. Rolwing agreed to investigate.

President Mendenhall declared a recess at 11:00 a.m., and the Board reconvened at 11:10 a.m.

B. Standing Committees:

1. Conservation. President Mendenhall invited the Board's attention to the Conservation Committee Minutes, which were included in the Agenda packet. Director Smiley reported that the Committee had not included tree removal in its rebate program, and a resident attended the last meeting to request such an option. There was a concern as to whether a tree removal rebate could be added without revisiting the Proposition 218 process, and Joe Adams agreed there were potential problems. Mr. Rolwing reported that the Committee had also discussed Best Management Practices and questioned whether the details of those recommendations needed to go through the 218 process. Mr. Adams agreed to investigate. Mr. Williamson had spoken with Allison Burns, who opined that since there is no money involved, the BMPs were not subject to 218. Director Smiley asked whether the BMPs would be mandatory, and discussion followed regarding enforcement options. Director Smiley suggested meeting with the Chamber of Commerce once proposed BMPs have been developed. Director Smiley further reported he had been contacted by some ratepayers asking what their bills would be under tiered rates. Mr. Williamson replied that that information was included on their bills, but only if they would fall in Tier 2. President Mendenhall suggested providing it to the projected Tier 1 customers as well.

2. GWM. President Mendenhall invited the Board's attention to the Groundwater Management Committee Minutes, which were included in the Agenda packet.

IV. CONSENT AGENDA: The Consent Agenda includes reports that are distributed with the Agenda packet and are submitted for filing following Board approval. At the first Board meeting of each quarter, **Jan/April/July/October**, these items will be discussed in full. Any member of the Board, staff or public may request items from the Consent Agenda be removed for discussion. Items so removed shall be acted upon separately immediately following approval of items remaining on the Consent Agenda.

A. Water and Wastewater Operations Report – October, 2008.

B. Water Production/Use Records – October, 2008.

C. Financial Reports – October, 2008.

1. Disbursements & Claims Report
2. Financial Statement for Period Ending
3. Income/Expense Budget to Actual Comparisons
4. Capital Improvement Program Accounting
 - 01-Water Conservation Program
 - 02-Sustainable Water Program
 - 10-Office/Engineering/Administration
5. CSD-BWD Intertie/MOU costs

Mr. Williamson referred to Agenda pages 46 through 48, an income/expense budget comparison. He explained the accrual method of accounting and predicted the District would end the fiscal year

under budget.

President Mendenhall inquired about the District's money market accounts. Ms. Pitman explained that three of the accounts earn interest, but they must be liquid to cover expenses.

Discussion followed regarding the inventory/building maintenance account, and whether it should be separated into two. Marlene Engebretson explained that the account is divided by Improvement District. Mr. Williamson added that the repair budget is divided into labor and materials, and the material cost goes through the inventory/building maintenance account but ends up in the repair budget.

V. STAFF REPORTS

A. Manager's Report: Mr. Williamson distributed a written report, noting that the preliminary audit report had been distributed to the Board for review. The auditors will make a presentation at the January meeting.

The Borrego Days exhibit was well received, and pictures of the display depicting a unit of water were on the bulletin board in the Board Room.

The Community Plan has been updated and is available for review.

Mr. Williamson reported he had signed the contracts with USGS and DWR for the groundwater study.

An outline of Contributed Infrastructure Unit Costs was attached to Mr. Williamson's report. The District uses standard costs for public works projects to assign values to facilities transferred to the District by developers.

Mr. Williamson announced he would be attending an ACWA meeting from December 2 through 5.

B. Engineer's Report: The Engineer's report was included in the General Manager's report.

C. Operations Report: Mr. Rolwing reported that the District's facilities were operating well. Well #3 should be on line next week, and we are awaiting authorization to turn on Well #5.

President Mendenhall inquired about the CIMIS station. Mr. Rolwing replied that Sergio Fierro from DWR had asked him to cease calling, but after replacing several components and continuing failure, a replacement system had been budgeted.

Mr. Rolwing reported he and Director Andersen had taken the exam to become Conservation Practitioners.

VI. ATTORNEY'S REPORT

Mr. Adams had nothing to report in open session.

VII. INFORMATIONAL ITEMS

President Mendenhall invited the Board's attention to the BWD holiday calendar in the Agenda packet. Mr. Williamson noted that the office would be closed for Thanksgiving and the next day.

VIII. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION - Reference Government Code section 54956.9(a) Burzell v. Borrego Water District (SDSC Case No. 87-2008-0057104-CU-OE-NC):

B. DISCUSSION OF MANAGER'S PROPOSAL RELATIVE TO EMPLOYEE INCENTIVE/RECOGNITION FOR EXCELLENT SAFETY PERFORMANCE – Reference Government Code section 54957:

C. CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Reference Government Code section 54956.8:

Property: 140-280-42
District Negotiator: Richard Williamson
Negotiating Parties: Douglas and Wendy Austin
Under Negotiation: Consideration for real property and terms of same

The Board adjourned to closed session at 12:15 p.m., and the open session reconvened at 12:30 p.m. There was no reportable action.

IX. OTHER ACTION ITEMS

None

X. ADJOURNMENT

There being no further business, the meeting adjourned at 12:30 p.m. The next regular meeting of the Board of Directors is scheduled for December 17, 2008 at the Borrego Water District.