

H. Correspondence: Mr. Williamson read a letter to Eric Gibson, Director of the County Department of Land Use and Planning, from Borrego Springs Fire Chief John Hardcastle. The letter stated that the Fire Protection District does not have adequate staffing, equipment or stations to serve new developments in its service area. One option would be to form a Community Facilities District to fund a second fire station. President King pointed out that the Fire Protection District's refusal to sign off on new developments will present a problem to the Water District's water credit program. Jim Engelke felt that the Fire Protection District should sign off on the building permit or certificate of occupancy, not the subdivision, since a subdivision of land is a paper transaction with no need of additional fire or medical services. Mr. Williamson suggested the Water District might be of assistance in the Fire Protection District's quest for funding. Mr. Engelke recommended that the Fire Protection District implement an in-lieu fee pursuant to Government Code section 66000. Director Mendenhall suggested referring the matter to the Services Committee for further investigation.

II. CURRENT BUSINESS MATTERS

A. Public Hearing on Integrated Water Resource Management Plan as an Amendment to the District's Groundwater Management Plan: President King opened the public hearing at 9:45 a.m. Bill Mills explained that the 2002 Groundwater Management Plan had been updated and the stakeholders identified. Eventually the District plans to join with the County and the Resource Conservation District to develop a regional plan, facilitating access to State funding. Four comments on the Integrated Water Resource Management Plan were received and are included with the District's responses in the Appendix to the Plan. Mr. Mills summarized the contents of the Plan, including a description of the groundwater basin, current water supply issues, water delivery versus consumptive use, the need for a supplemental water supply and overdraft estimates, water management programs and strategies (mitigation/fallowing, conservation, tiered rates), water importation alternatives and cost estimates, project evaluation and prioritization criteria, and public outreach.

Director Smiley noted that he had commented on the Plan, as had Dennis Dickinson. Mr. Dickinson was concerned about the focus on water importation, but Director Smiley pointed out that the other ways to increase our water supply, conservation and agricultural fallowing, had already been addressed. Director Smiley added that Mr. Dickinson was concerned about a potential conflict of interest because Mr. Mills had done work for AAWARE. However, that was two years ago on an isolated project. Moreover, AAWARE and the Golf Course Association have endorsed the Plan and agreed to participate in regional efforts.

Mike Hussey stated that the Board had voted not to drill on the Nels property, and that vote was never overturned. He expressed concern about a map on the wall in the Board room, which he felt incorrectly identified the District boundaries and had understood was going to be removed. Mr. Williamson explained that a study area could exceed the actual groundwater basin. Mr. Hussey then asked whether the Ocotillo Wells aquifer was included in the Integrated Water Resource Management Plan and if so, he requested supporting data. Director Smiley explained that importation of water from the southeast would be a phased operation. Mr. Hussey feared that a new road would be built to accommodate the importation line, creating a dust problem in his home. Mr. Williamson replied that the line would be installed in the shoulder of the existing road. Mr. Hussey asked whether the District was adjudicating this region. Director Mendenhall and President King replied that it was not. Director Smiley requested the basis for Mr. Hussey's contention that his property is on a separate aquifer, and Mr. Hussey replied that Dr. Tim Ross had so stated. Director Smiley said if that was the case and if drilling on the Nels property would negatively impact Mr. Hussey's property, he would not support it. Moreover, there could be legal issues. Director Mendenhall disagreed, and Director Smiley suggested that legal staff be consulted. Mr. Mills reported that DWR Bulletin 118 shows the Borrego aquifer reaching nearly to the Salton Sea. However, he noted that any District project would require

environmental documents and mitigation of impacts. Mr. Hussey requested a copy of DWR Bulletin 118.

Clark Shimeall expressed concern about the combining of the Clark Lake and Ocotillo Wells aquifers.

Hearing no further comments, President King closed the public hearing at 10:30 a.m.

B. Board to consider adoption of Integrated Water Resource Management Plan as an Amendment to the District's Groundwater Management Plan: *MSC: Mendenhall/Smiley adopting the Integrated Water Resource Management Plan as an Amendment to the District's Groundwater Management Plan. RC: AYES – Mendenhall, Smiley, Andersen, Shimeall, King.*

C. Public hearing on the Mitigated Negative Declaration for the Borrego Springs Water Supply Augmentation Project: President King opened the public hearing at 10:30 a.m. Director Shimeall referred to Agenda Packet page 20, "Notice of Intent to Adopt Negative Declaration," which describes the project as being located in the western portion of Borrego Springs, to the northwest of the community. It is actually in the eastern portion, to the northeast of the community. Allison Burns concluded that the District was in substantial compliance with CEQA, since the project was described elsewhere in several different ways.

Mr. Williamson explained that after testing, it was determined that the water from the Clark Lake area would need to be treated, so the Mitigated Negative Declaration will be amended to include treatment facilities and a pipeline from Rockhouse Road to the gravel pit. The State Park has been contacted regarding right-of-way issues. Written comments were submitted to the Regional Water Quality Control Board, Department of Fish and Game and the State Park. There were concerns regarding certain animal species and paleontology resources.

Paul Nordman asked whether the removal of water from another basin would negatively impact that basin. Mr. Williamson replied that we would only remove water that was sustainable and renewable.

Hearing no further comments, President King closed the public hearing at 10:55 a.m.

D. Consideration and action by Board to direct General Manager to implement additional banking relationships for the District: In order to increase the efficiency of the District's banking operations, Mr. Williamson announced that he had been in contact with Wells Fargo Bank. Wells Fargo would provide a scanner, enabling checks to be shredded after seven days. Kim Pitman explained that checks would be scanned, automatically deposited and tabulated. A scanner with a capacity for 60 checks per minute costs between \$500 and \$600, plus a per-check fee of approximately 25 cents. *MSC: Shimeall/Mendenhall directing the General Manager to implement a relationship between the District and Wells Fargo Bank as presented.*

E. Consideration by the Board to authorize General Manager to write a letter of support on behalf of Board of Directors to support appointment/election of Jo McKenzie as an Alternate member to the Local Agency Formation Commission: President King reported that she was acquainted with Ms. McKenzie, who has worked in Borrego Springs as a land use consultant and serves on the Vista Irrigation District Board. Mr. Rolwing added that he had known her for over 20 years and thought highly of her. Mr. Engelke added his support, but questioned whether there would be a conflict because she serves as a planner on the Hoberg project. President King pointed out that she would recuse herself from any vote on that property. *MSC: Mendenhall/Shimeall authorizing the General Manager to write a letter of support on behalf of the Board of Directors to support appointment/election of Jo McKenzie as an Alternate member to the Local Agency Formation Commission.*

President King declared a recess at 11:05 a.m., and the Board reconvened at 11:20 a.m.

III. COMMITTEE REPORTS & PROPOSALS

A. Ad Hoc Committees:

1. Personnel. Director Smiley reported that the Personnel Committee met last week and discussed a cost of living adjustment but took no action, pending additional information from the Budget/Finance Committee.

2. Budget/Finance/Contract/Grants. President King reported that the last meeting of the Budget/Finance/Contract/Grants had been postponed and would be rescheduled. A new ad hoc Capital Projects Committee, comprised of Directors Smiley and Mendenhall, has been formed.

3. Services Committee. Director Mendenhall announced that a Services Committee meeting would be scheduled soon. President King reported that the Committee met with Abby King and Jim Engelke to discuss park service fees. The County has funds earmarked for Borrego Springs, and there is a deadline on their allocation. They were originally planned for the vacant community park site, but now the money may be transferred to Christmas Circle. Mr. Williamson will discuss this option with Jim Wilson.

4. Negotiating. No report.

5. Sewer. No report.

B. Standing Committees:

1. Conservation. Director Shimeall invited the public and Board members to attend Standing Committee meetings and read the Minutes. The Conservation Committee needs to make a decision soon as to whether it will continue the conservation incentives, and input is welcome. A report on rebates to date was included in the Agenda Packet.

Director Shimeall asked why the March Conservation Committee Minutes were included in today's Agenda, not April. Wendy Quinn explained that now that the Committee Minutes are approved in the Committees, they are a month behind. They are not included in the Board packet until the Committee has approved them. Discussion followed regarding the new Mount Helix Water District tiered rates and the fact that many areas are rationing water.

2. GWM. Director Smiley reported that the Groundwater Management Committee spent most of its last meeting on the Water Credit and Mitigation Policy. Mr. Williamson explained that the County had presented a pro-rated approach to water credits based on how many years the land was farmed out of the last five. The District and its constituents do not support this approach, on the grounds that it would discourage farming. Discussions with the County continue, and another draft should be ready by the May Groundwater Management Committee meeting. Director Smiley urged that the policy include a resolution of the "per-crop" entitlements. The County wants a flat rate for each major crop (citrus, turf and palms), but a fair water use figure needs to be agreed to based on consumptive use/evapotranspiration. Director Smiley noted that some crops, like tamarisk, may be recognized for District mitigation but not County.

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 – March, 2009.**

B. **Water Production/Use Records – March, 2009.**

Mr. Rolwing distributed production/use records, showing less water use than last year. The annual pump check was completed, providing efficiency ratings to assist in budget preparation based on which pumps require clearing. Pump #3 in ID #4, which is out of service, will be removed

from the report next month. We are still waiting for a permit for the ID #5 well from the Department of Public Health.

C. Financial Reports – March, 2009.

1. Disbursements & Claims Report.
2. Financial Statement for Period Ending.
3. Treasurer's Report.
4. Capital Improvement Program.
 - 01-Water Conservation Program
 - 02-Sustainable Water Program

Ms. Pitman reported that new ID #5 has now been incorporated into the BWD financial process as of March 20. All former Community Services District funds have been transferred, and three new employees have joined BWD, Diana Del Bono and two from the CSD. Ms. Pitman summarized the balance sheet and current liabilities. Director Andersen pointed out there were two disbursements numbered 6 on the disbursements report, and Ms. Pitman explained it was a typographical error.

Director Mendenhall referred to Agenda page 42, indicating water rights for ID #4 as an asset for \$185,000. Discussion followed regarding the terms of the purchase of the Borrego Water Company by BWD. Director Mendenhall opined that since the water rights were severed from the land, they had a value of zero. Mr. Williamson suggested asking Ms. Burns to investigate, but after further consideration, it was tentatively agreed that the cost of her services might exceed the value (or non-value) of the water rights. Directors Mendenhall and Smiley asked to review a copy of the Water Company/BWD contract.

Director Shimeall inquired about an expenditure for identity theft protection, having understood Borrego Springs Bank would pay for that following theft of some laptops. Mr. Williamson replied that the payment was made consistent with District policy and Board direction. Ms. Burns cautioned against discussion in open session, and recommended it be agendaized for the next closed session if so desired. Mr. Williamson agreed to do so.

Discussion followed regarding expenditures for OSHA-required boots and other safety items. It was agreed that safety is a priority, and keeping the boots in stock subjects them to deterioration. The majority of the safety expenses during this period were to bring the former CSD facilities up to code.

Director Mendenhall inquired about an \$83,250 expenditure for an installment sale agreement (Agenda page 36). Ms. Pitman replied it was the bi-annual payment on the Certificate of Participation.

Discussion followed regarding Bill Mills' fee. Mr. Williamson noted he is the project manager for the USGS/DWR groundwater management study, which accounted for the greatest portion of the cost. He is well recognized and charges less than the norm for his services, which do not include engineering or design.

MSC: Smiley/Mendenhall approving the Quarterly Reports.

V. STAFF REPORTS

A. Manager's/Engineer's Report: Mr. Williamson reported that Dennis Ciocca is dealing with legal staff regarding the I-Bank loan. The pipeline plans to Clark Lake are 90 percent complete and available for review in Mr. Williamson's office.

The District has been working with the County on the water mitigation ordinance.

The 2009-10 funding request has been completed, but there has been no earmark from Duncan Hunter, so we are working with Senator Feinstein.

The Mesquite Trials improvement plans have slowed due to the fire department issues.

Information on the plans for the Montesoro booster station has been obtained from Kim Post, but we are awaiting Mr. Post's comments on the plans.

Mr. Williamson reported he had been in contact with the Region 9 EPA program manager for the southeast importation line feasibility study. Field work is planned during the next month. This project is being funded by a \$275,000 STAG grant.

Negotiations with the Austins continue.

The sewage lift station on Borrego Valley Road is 70 percent complete. Once the plant is on line, we will moth ball the former CSD plant but keep the permits current so the plant can be used as a backup. A maintenance area for golf course operations has been established in the vicinity of the former CSD treatment plant.

Paving on Palm Canyon Drive and in the Club Circle area will begin soon. Mr. Williamson explained his recent discussions with the County regarding the lowering and raising of manholes. The County has assured him they will handle it, although he offered for the District to pay but not award/manage the contract. The District will confirm the plans and inspect the work, which is scheduled to begin in two weeks.

Mr. Williamson had met with the field services crew regarding project and equipment priorities for the rest of this year and next. The District will be purchasing radios for several of the vehicles, since cell phones don't always work during emergencies such as earthquakes. The radios cost approximately \$1,200 each, for a total of approximately \$10,000.

A meeting on sewer system maintenance planning is scheduled for next week.

Mr. Williamson went on to report on budget status, noting that with the integration of CSD expenses and revenues, percentages have been skewed. Net income is at \$349,000, and it has not been necessary to use reserves. The water conservation program has spent 40 percent of its funds in nine months. The sustainable water program is now at 54 percent but expected to be at budget by fiscal year end. Development engineering will be under budget. Reserves are at \$5.5 million, with total cash at \$6.9 million unrestricted and \$5.9 million restricted.

B. Operations Report: Director Mendenhall inquired about the reference to "rough proportionality" on page 2 of Mr. Rolwing's report. Director Smiley explained that it related to the District's 2:1 mitigation policy. Ms. Burns recommended this be discussed in closed session, but agreed to address it now upon Board direction.

VI. ATTORNEY'S REPORT

No report for open session.

VII. INFORMATIONAL ITEMS

None

VIII. CLOSED SESSION

A. 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.

B. 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)

The Board adjourned to closed session at 12:30 p.m., and the open session reconvened at 1:30 p.m. There was no reportable action.

IX. OTHER ACTION ITEMS

None

X. ADJOURNMENT

There being no further business, the meeting adjourned at 1:30 p.m. The next regular meeting of the Board of Directors is scheduled for May 27, 2009 at the Borrego Water District.