

Borrego Water District
MINUTES
Meeting of the Board of Directors
Wednesday, April 28, 2010
9:15 AM
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A.** Call to Order: President King 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 King, Vice-President Smiley, Mendenhall, Shimeall
Absent: Secretary/Treasurer Andersen

Staff: Richard Williamson, General Manager
Jerry Rolwing, Operations Manager
Kim Pitman, Administration Manager
Diana Del Bono, Administrative Assistant
Allison Burns, Stradling, Yocca, Carlson & Rauth
Wendy Quinn, Recording Secretary

Public: Judy Meier, *Borrego Sun* Mark Remy
Jim Engelke, Lundberg Lucy Larson
Marshal Brecht Peter Cooper, BWX
Lane Sharman, BWX Dennis Dickinsen
Lyle Brecht

- D.** Approval of Agenda: *MSC: Smiley/Mendenhall approving the Agenda as written.*

E. Comments from the Public and Requests for Future Agenda Items: Lyle Brecht recommended that a working group of the entire Board be convened to review next year's budget. Allison Burns confirmed that this could be done provided it is properly noticed pursuant to the Brown Act.

Jim Engelke announced that he had a chart for consideration by the Board during closed session regarding the Lundberg property.

F. Comments from Directors and Requests for Future Agenda Items: Director Shimeall requested that the Consent Agenda be moved back to its original location near the end of the Agenda, but that the Minutes be considered near the beginning of the meeting.

- G.** Correspondence:

Board to consider placing item on next agenda as requested by Beth Hart

Rich Williamson reported that Beth Hart had recommended reduction of the Operations and Maintenance budget by 20 percent to accommodate revenue losses, and that no capital expenditures be made until a capital improvement plan has been adopted. Mr. Williamson stated that after two Budget Committee meetings, a 20 percent loss of revenue was not anticipated. Lucy Larson expressed concern that revenue from rate payers would have to be used for conservation and capital projects. She expressed support for Lyle Brecht's proposal to hold a budget workshop for the full Board. Director Shimeall concurred, and after discussion, it was agreed to schedule it for May 19.

Board to consider placing item on next agenda as requested by Lane Sharman
Mr. Williamson reported that Lane Sharman had asked to make a presentation at the next Board meeting regarding Rudy Monica's water mitigation credits, and President King requested that it be included.

Card of appreciation from Don McKelvey

Don McKelvey had sent a thank-you note to the Board for funding the blue street markers indicating fire hydrant locations.

II. CONSENT AGENDA: The Consent Agenda includes reports that are distributed with the Agenda packet and are submitted for filing following Board approval. 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 2010.

B. Water Production/Use Records – March 2010.

C. Financial Reports – March 2010.

1. Disbursements & Claims Report.

Director Shimeall requested that this item be removed for discussion. She inquired about Check #15885 to AFLAC for employee paid extra health insurance. Kim Pitman replied that the District was reimbursed by employees via paycheck deduction. Director Shimeall further asked about Check #15913 to AT&T for golf course phone long distance. Ms. Pitman believed it covered all AT&T long distance charges, but agreed to check into it. Director Shimeall questioned Check #15860 to California Water for a donation to campaign. Mr. Williamson thought it was to the Water Education Foundation, a contribution requested of each water district, but will investigate. Marshal Brecht inquired about Check #15861 to Citizens Business Bank, and Ms. Pitman stated it was a bi-annual payment on the ID 4 Certificates of Participation. Director Shimeall asked whether Check #15892 to Desert Tire Center was for a truck used only by Juan. Ms. Pitman explained that he sometimes uses it and was the one who arranged to have the tires replaced. Referring to Check #15866 to Glenn Reiter & Associates, Director Shimeall asked whether he would be addressing the Board. President King noted he attended the Town Hall meeting, and Director Mendenhall added that he had been to several other meetings.

2. Financial Statement for Period Ending 3/31/10.

3. Treasurer's Report.

4. Water Conservation Program Accounting.

5. Year to Date meter installations.

6. Meter Installation History.

D. Approval of Minutes

Regular Meeting of March 24, 2010

Director Shimeall requested that this item be removed for discussion. She asked whether solar energy consultant Chris Gadowski would be attending a Board meeting. Mr. Williamson replied that he had attended the Town Hall meeting, but had been advised not to come to the Board meeting since nothing on solar energy was on the Agenda. Director Shimeall expressed a desire to have him attend.

Director Shimeall inquired whether the Board wished to delegate the authority to hire and fire consultants. After discussion, it was agreed that the authority would remain with the Board.

Mr. Rolwing pointed out that the public attendance list should reflect Joe Gury rather than J. Gray.

Special Meeting of March 24, 2010
Town Hall Meeting of April 7, 2010

Director Shimeall referred to a report by Peter Martin of USGS that pumping from our groundwater exceeds replenishment by four times. She suggested the District purchase agricultural land and fallow it instead of importing. Director Mendenhall mentioned the golf courses, and Director Smiley noted that some farmers are unwilling to sell.

MSC: Mendenhall/Shimeall approving items II.A, B, and C.2 through C.6.

MSC: Mendenhall/Shimeall approving items II.C.1 and II.D (Regular Meeting of March 24, 2010 as corrected).

III. CURRENT BUSINESS MATTERS

A. Public Hearing regarding **ORDINANCE 04-10 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT AMENDING SECTION 3.3 OF THE ADMINISTRATIVE CODE OF THE BORREGO WATER DISTRICT** relative to directors' compensation: President King opened the public hearing at 10:00 a.m. Ms. Burns explained that the action taken at the last meeting relative to Directors' compensation required an ordinance. Lyle Brecht recommended tabling the action until after the budget workshop, citing concern regarding adequate funds. Mr. Williamson pointed out that the proposed ordinance required less money than originally provided. Hearing no further comments, President King closed the public hearing at 10:01 a.m.

B. Consideration and Adoption of **ORDINANCE 04-10 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT AMENDING SECTION 3.3 OF THE ADMINISTRATIVE CODE OF THE BORREGO WATER DISTRICT** relative to directors' compensation: *MSC: Mendenhall/Shimeall adopting Ordinance 04-10 of the Board of Directors of the Borrego Water District Amending Section 3.3 of the Administrative Code of the Borrego Water District relative to Directors' compensation.*

C. Board consideration and action delineating source of local match funds for the I-Bank low-interest loan: Mr. Williamson distributed a proposed resolution requested by the I-Bank, confirming the District's intention and ability to provide local match funds for the potential loan (10 percent or \$600,000). It is anticipated \$250,000 would come from in-kind services and \$350,000 from future force account. I-Bank has agreed to the terms, and Mr. Williamson will attend their Board meeting on May 25. *A motion was made by Director Smiley and seconded by Director Mendenhall to adopt Resolution No. 2010-0403, A RESOLUTION OF THE BORREGO WATER DISTRICT AUTHORIZING THE APPLICATION FOR AND EXECUTION OF A FINANCING AGREEMENT WITH THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FOR FINANCING THE GROUNDWATER MANAGEMENT AND SUPPLY PROJECT, DECLARATION OF OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF THE FINANCING, AND APPROVING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.* Lyle Brecht pointed out that Section 3 should be corrected to reflect the commitment of \$650,000 rather than \$650.000 (comma instead of a period). *Directors Smiley and Mendenhall amended their motion and second accordingly.* Lyle Brecht inquired about a financial analysis addressing how the loan would be repaid. Mr. Williamson explained that maintenance had been deferred over the years, and depreciation offsets operation and maintenance expenditures and could be used for loan costs in the future. President King pointed out that the District would not necessarily use the entire authorized loan, and would only pay interest on what we use. Ms. Larson suggested developing a schedule of projects to be funded and their costs. Lyle Brecht recommended asking our financial consultant to do a rate analysis and compute the loan's impact. Mr. Williamson explained that the District had been involved in due diligence for 16 months, and the I-Bank would not approve the loan without assurance it would be repaid. A rate increase was not considered. Dennis Dickinsen shared Lyle Brecht's concern. Director Smiley suggested asking Glenn Reiter to run

the proposal through the computer model, along with some alternatives. Mr. Williamson noted that any rate adjustments would likely include future developers, who are beneficiaries. He explained that the proposed resolution is required for consideration of loan approval by the I-Bank, and upon approval, it will come back to the BWD Board to address terms and details. Judy Meier asked whether rate adjustments to include future developers would require a vote of the residents, and Mr. Williamson replied it would be subject to the Proposition 218 process. Lyle Brecht expressed support for the District's goal of preventive maintenance, but urged preparation of backup information. ***The motion carried. RC: AYES – Smiley, Mendenhall, Shimeall, King; ABSENT – Andersen.***

IV. COMMITTEE REPORTS & PROPOSALS

A. Ad Hoc Committees:

1. Personnel. No report.
2. Budget/Contract/Grants. President King reported that the Budget/Contract/Grants Committee met last week and reviewed the proposed budget. Another meeting is scheduled for May.
3. Services Committee. No report.
4. Negotiating. No report for open session.
5. Sewer. No report.
6. Capital Projects. Mr. Williamson reported that the Capital Projects Committee met and reviewed the capital budget.
7. Finance. Director Mendenhall recommended that the Finance Committee consider some of the public comments offered today.

B. Standing Committees:

1. Conservation. Director Shimeall invited the Board's attention to the Conservation Committee Agenda, Minutes and budget summary, included in the Agenda. She referred to the notation in the Minutes regarding the proposal to judge commercial conservation awards according to aesthetics. Mr. Rolwing replied that it had been decided to rate them solely on water savings. He further reported that the conservation program may be discontinued, except for the irrigation audits. The program saved 58 acre-feet last year and cost \$4,700 per acre-foot.
2. GWM. Director Smiley reported that the Groundwater Management Committee discussed finances at its last meeting and the relationship between solar energy and agricultural fallowing. Mr. Williamson is seeking County and Sponsor Group support for location of solar energy facilities on fallowed land.

Director Smiley further reported that a developer at Club Circle had proposed to pay for fallowing a portion of the golf course perimeter adjacent to his land, which the District intended to do anyway, in exchange for mitigation credits. Jim Engelke added that the proposal would go to the County this Friday.

V. STAFF REPORTS

A. Manager's/Engineer's Report: Mr. Williamson reported that the Integrated Regional Water Management Subcommittee meeting was held yesterday and was well attended. In addition to regular participants from Canebrake Water District, representatives from the State Park and the agricultural community attended.

The District received a Notice to Proceed on the Borrego Valley Road lift station.

The recent earthquake damaged the middle tank at the former Community Services District package plant, but it was repaired in a timely fashion and the required reports were filed.

B. Operations Report: Mr. Rolwing reported that the crew had finished the Church Lane pipeline and was currently adding new lines and replacing hydrants.

VI. ATTORNEY'S REPORT

Ms. Burns reported that all but one foreclosure cases had been filed, and the remaining one will be filed this week.

VII. CLOSED SESSION

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

Property: 141-030-24
District Negotiator: Richard Williamson
Negotiating Parties: Dennis Avery
Under Negotiation: Consideration for real property and terms of same.

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Reference Government Code section 54956.9(b) one potential case:

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

Property: 140-030-03, 140-030-05
District Negotiator: Richard Williamson
Negotiating Parties: Lance Lundberg
Under Negotiation: Consideration of restrictive water use easement and terms of same

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

Property: 199-080-21
District Negotiator: Richard Williamson
Negotiating Parties: Cameron Bros. Construction Company, L.P.
Under Negotiation: Lease of Club Circle Golf Course

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

Property: Interest in real property known as: 140-070-24
District Negotiator: Richard Williamson
Negotiating Parties: Borrego Sunshine Farms, LLC
Under Negotiation: Consideration for interest in real property and terms of same

The Board adjourned to closed session at 10:50 a.m., and the open session reconvened at 12:00 p.m. Ms. Burns reported that the Board authorized the Manager to further negotiate on items VII.A, C, D and E and counsel to negotiate on item VII.B.

VIII. CLOSING PROCEDURE

Adjournment. There being no further business, the meeting adjourned at 12:00 p.m. The next regular meeting of the Board of Directors is scheduled for May 26, 2010 at the Borrego Water District.