

MSC: Shimeall/Mendenhall approving the Minutes of May 26, 2010 as written.
Special Meeting of June 9, 2010

MSC: Shimeall/Mendenhall approving the Minutes of June 9, 2010 as written.
Special Meeting of June 15, 2010

Mr. McKee brought up an omission concerning contact between the District and former Director Andersen, but Joe Adams explained that the Minutes accurately reflected the discussion and need not be changed. *MSC: Shimeall/Mendenhall approving the Minutes of June 15, 2010 as written.*

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 – May 2010.

B. Water Production/Use Records – May 2010.

C. Financial Reports – May 2010.

1. Disbursements & Claims Report.
2. Financial Statement for Period Ending 5/31/10.
3. Treasurer's Report.
4. Water Conservation Program Accounting.

MSC: Shimeall/Mendenhall approving the Consent Agenda.

III. CURRENT BUSINESS MATTERS

A. Consideration and Approval of FYE 2011 O&M and Capital Budget: *A motion was made by Director Shimeall and seconded by Director Mendenhall to approve the FYE 2011 Operations and Maintenance Budget.* Marshal Brecht asked whether sufficient cushion was included to offset the loss of revenue from Montesoro. Mr. Williamson reported that all Montesoro accounts are current. Water use is down, but that was the case last year as well during the summer season. The budget had been reviewed twice in committee and at a special Board meeting, and staff recommended approval. *The motion carried. RC: AYES – Shimeall, Mendenhall, King; ABSENT – Smiley.*

A motion was made by Director Mendenhall and seconded by Director Shimeall to approve the FYE 2011 Capital Budget. Mr. Williamson explained that the Capital Budget is used as a guideline for system improvements based on available funding through grants, loans, bonds and special assessments. Funding applications through STAG and I-Bank are pending. However, with BWD's purchase of a well from Montesoro, Montesoro now purchases over 15 percent of the water sold by BWD, so we are no longer in compliance with I-Bank's underwriting criteria. If this changes, our application can be reconsidered. President King asked which projects would be deferred in the absence of the I-Bank loan. Mr. Williamson explained that the USGS study, already under contract, would continue. It is important that the District's fee study continue, and the well houses, tractor and lift station are priorities. The new production well would be a contingency should problems arise, and the new reservoirs and fire hydrants would be deferred. It would be up to the Board if they wanted to seek alternative funding for the new wells. Mr. Williamson explained that if we do secure I-Bank funding approval, he will propose to phase the project so that interest on the entire amount is not charged up front.

Mr. Williamson pointed out that all capital projects would come back to the Board for approval prior to implementation, with the exception of well repairs, which must be expedited.

Director Mendenhall requested that the fee study include an analysis of the statistics on the Social Security website relative to Borrego residents' annual income, which he questioned.

The motion carried, subject to the condition that the District will only spend money on projects which are funded, and the individual contracts will come back to the Board for approval. RC: AYES – Mendenhall, Shimeall, King; ABSENT – Smiley.

B. Review of Special Assessment for FYE 2011 and Review of Administration Report Fiscal Year 2010-2011 prepared by David Taussig and Associates for CFD No. 2007-1 – Andrea Roess: Ms. Roess explained the annual approval required for tax levies and standby charges. She noted that this year the Community Facilities District has a large delinquency (85 percent), and foreclosure proceedings have been initiated. CFD reserve funds were used to make the payments, and levies will be increased next year to replenish reserves. Unlike prior years, undeveloped properties will be taxed. Assessments for the other Improvement Districts remain the same.

C. Consideration of **RESOLUTION NO. 2010-6-5 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF OPERATIONS AND MAINTENANCE OF THE DISTRICT AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS ON LAND WITHIN THE DISTRICT FOR THE FISCAL YEAR 2010-2011:** Mr. Williamson reported that staff recommends approval of Resolution No. 2010-6-5. *MSC: Shimeall/Mendenhall adopting Resolution No. 2010-6-5, Resolution of the Board of Directors of the Borrego Water District, San Diego County, California, Levying Standby Charges and/or Acreage Assessments to Defray the Cost of Operations and Maintenance of the District and Requesting the Levy and Collection of said Standby Charges and/or Acreage Assessments on Land within the District for the Fiscal Year 2010-2011. RC: AYES – Shimeall, Mendenhall, King; ABSENT – Smiley.*

D. Consideration of **RESOLUTION NO. 2010-6-6 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COSTS OF OPERATIONS AND MAINTENANCE OF THE DISTRICT, AND TO PAY COSTS OF OPERATIONS AND MAINTENANCE FOR IMPROVEMENT DISTRICT NO. 1 AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS ON CERTAIN LAND IN IMPROVEMENT DISTRICT NO. 1 FOR THE FISCAL YEAR 2010-2011:** *MSC: Mendenhall/Shimeall adopting Resolution No. 2010-6-6, Resolution of the Board of Directors of the Borrego Water District, San Diego County, California, Levying Standby Charges and/or Acreage Assessments to Defray the Costs of Operations and Maintenance of the District, and to Pay Costs of Operations and Maintenance for Improvement District No. 1 and Requesting the Levy and Collection of said Standby Charges and/or Acreage Assessments on Certain Land in Improvement District No. 1 for the Fiscal Year 2010-2011. RC: AYES – Mendenhall, Shimeall, King; ABSENT – Smiley.*

E. Consideration of **RESOLUTION NO. 2010-6-7 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF PROVIDING PEST CONTROL SERVICES BY THE DISTRICT AND REQUESTING LEVY AND COLLECTION OF SAID CHARGES AND/OR ACREAGE ASSESSMENTS FOR THE FISCAL YEAR 2010-2011:** *MSC: Mendenhall/Shimeall adopting Resolution No. 2010-6-7, Resolution of the Board of Directors of the Borrego Water District, San Diego County, California, Levying Charges and/or Acreage Assessments to Defray the Cost of Providing Pest Control Services by the District and Requesting Levy and Collection of said Charges and/or Acreage Assessments for the Fiscal Year 2010-2011. RC: AYES – Mendenhall, Shimeall, King; ABSENT – Smiley.*

F. Consideration of **RESOLUTION NO. 2010-6-8 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST**

OF OPERATING AND MAINTAINING THE WATER FACILITIES WITHIN IMPROVEMENT DISTRICT NO. 3 OF THE DISTRICT AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS FOR THE FISCAL YEAR 2010-2011: *MSC: Mendenhall/Shimeall adopting Resolution No. 2010-6-8, Resolution of the Board of Directors of the Borrego Water District, San Diego County, California, Levying Standby Charges and/or Acreage Assessments to Defray the Cost of Operating and Maintaining the Water Facilities within Improvement District No. 3 of the District and Requesting the Levy and Collection of said Standby Charges and/or Acreage Assessments for the Fiscal Year 2010-2011. RC: AYES – Mendenhall, Shimeall, King; ABSENT – Smiley.*

G. Consideration of RESOLUTION NO. 2010-6-9 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2007-1 OF THE BORREGO WATER DISTRICT AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 2007-1 FOR THE FISCAL YEAR 2010-2011: *MSC: Shimeall/Mendenhall adopting Resolution No. 2010-6-9, Resolution of the Board of Directors of the Borrego Water District Acting as the Legislative Body of Community Facilities District No. 2007-1 of the Borrego Water District, Authorizing the Levy of Special Taxes within Community Facilities District No. 2007-1 for the Fiscal Year 2010-2011. RC: AYES – Shimeall, Mendenhall, King; ABSENT – Smiley.*

H. Consideration of Resolution No. 2010-06-11 regarding implementation of Grand Jury Recommendations: *A motion was made by Director Shimeall and seconded by Director Mendenhall to adopt Resolution No. 2010-06-11 regarding implementation of Grand Jury Recommendations. Mr. Williamson explained that the Grand Jury investigation of the District identified issues related to the timing of determinations as to which consultants needed to file a Form 700 (conflict of interest statement). Most did not, with the exception of attorneys and auditors, who have already filed. The motion carried. RC: AYES – Shimeall, Mendenhall, King; ABSENT – Smiley.*

I. Consideration of Resolution No. 2010-06-10 and amendment of Policy No. 2009-9-1 (Public Records Policy/Record Retention Policy and Schedule) and Policy No. 2005-5-1 (Proposed Policy on Destruction Schedule for Board Meeting Records) regarding retention of audio recording of public meetings: *MSC: Mendenhall/Shimeall adopting Resolution No. 2010-06-10 and amendment of Policy No. 2009-9-1 (Public Records Policy/Record Retention Policy and Schedule) and Policy No. 2005-5-1 (Proposed Policy on Destruction Schedule for Board Meeting Records) regarding retention of audio recording of public meetings. Mr. Williamson explained that this was a housekeeping item per the Grand Jury's recommendations concerning the availability of records, changes to the retention time for audio CDs of meetings and modification of District Policies accordingly. The motion carried. RC: AYES – Mendenhall, Shimeall, King; ABSENT – Smiley.*

J. Appointment of Board member to serve the balance of the term of office previously held by Rita Andersen: President King announced that six candidates had expressed interest in the vacancy on the Board. Two votes (a majority of a quorum) are required for appointment. The appointment procedure was discussed, and Mr. Adams confirmed that the presiding officer may select the procedure. The candidates introduced themselves in random order. Tamara Ray had lived here for one year. She is an accountant and works part time for Los Lomas Water District in Ventura County. Lucy Larson expressed concern about District finances and the condition of the aquifer. She too is an accountant. Marshal Brecht noted he had been active in District affairs and had nothing to add. Beth Hart is a retired federal investigator, had been attending District meetings and wanted to be part of the solution to our water issues. Dennis Dickinsen had retired from an academic library and was concerned about a sustainable source of water for the community. Abby King is a 40-year resident, chairs the Community Sponsor Group and served on the Board of the former Community Services District. Mr. Rolwing asked if there were any conflict with her position on the Community Sponsor Group, and Ms. King confirmed

there was not. *MSC: King/Mendenhall appointing Abby King to the Borrego Water District Board of Directors. RC: AYES – King, Mendenhall, Shimeall; ABSENT – Smiley.*

K. Appointment of Secretary/Treasurer: Mr. Williamson suggested this item be deferred until Director-elect Abby King has been seated.

IV. COMMITTEE REPORTS & PROPOSALS

A. Ad Hoc Committees:

1. Personnel. No report.
2. Budget/Contract/Grants. No report.
3. Services Committee. Mr. Williamson reported that the Services Committee had discussed implementation of improvements to Club Circle golf course. Further discussion was continued to closed session.
4. Negotiating. No report.
5. Sewer. No report.
6. Capital Projects. Director Mendenhall had nothing to add to the information presented during the budget report.
7. Finance. No report.

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 thanked the members of the public for their input to the Committee and announced that a sign reflecting Borrego's commitment to water conservation will be displayed soon at the Palm Canyon Resort.
2. GWM. Mr. Williamson reported that the Groundwater Management Committee discussed future activities at its last meeting. He encouraged public attendance and participation. A proposal has been submitted to the Bureau of Reclamation for a basin study in conjunction with the Imperial Irrigation District and Coachella Water District. It will address the potential for water storage in the Borrego basin. The Integrated Regional Water Management Planning group is applying for a planning grant to assist in development of a regional plan. Mr. Williamson encouraged attendance at the IRWMP meetings.

V. STAFF REPORTS

A. Manager's/Engineer's Report: Mr. Williamson reported the crew had been working in the Country Club area. Mr. Rolwing explained that Well 2 had reached its maximum and was no longer feasible to use. The pump failed, so it was taken out of service. Well 5 water is now being pumped to Tilting Tee and Country Club. A new control valve was installed and is now in service.

Mr. Williamson reported that he met with EPA representatives last week to discuss the STAG grant and this year's earmark. He also met with the DPLU regarding our mitigation program. They are willing to accept BWD's "Ag 1" credits, including trees removed previously, as long as BWD certifies that no further intensive irrigation will occur. Fire control issues were also discussed, i.e. the need for a new station in Borrego Springs and the resulting building constraints. By year end the County hopes to have a Community Facilities District in place to staff and equip a new station, but still needs a facility. Mr. Engelke announced that the American Legion may donate some of its land for the new station.

Mr. Williamson noted that the pump for the new lift station would be delivered in September. Thereafter, the project should be completed in 60 to 90 days.

A budget report was attached to Mr. Williamson's written report. We are now at 86 percent of revenue projections for FYE 2010 and should match closely with projections by the end of the fiscal year given the accruals at the end of the year.

B. Operations Report: Mr. Rolwing reported that hydrants had been replaced in various locations. He informed the group that the District now has water shut-off devices available to customers for \$75 with free installation.

VI. ATTORNEY'S REPORT

None

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

The Board adjourned to closed session at 10:40 a.m., and the open session reconvened at 11:30 a.m. There was no reportable action.

VIII. FURTHER BUSINESS MATTERS

A. Consideration of Resolution 2010-06-12 Recognizing the contribution and achievement of Marlene Engebretson: President King read the proposed Resolution and presented a plaque to Ms. Engebretson in appreciation of her service to the District. Ms. Engebretson, who will be retiring this week, thanked the Board and staff for their support during her 12 years with the District. ***MSC: Mendenhall/Shimeall adopting Resolution 2010-06-12, Recognizing the contribution and achievement of Marlene Engebretson. RC: AYES – Mendenhall, Shimeall, King; ABSENT – Smiley.***

IX. CLOSING PROCEDURE

Adjournment. There being no further business, the meeting adjourned at 11:32 a.m. The next regular meeting of the Board of Directors is scheduled for July 28, 2010 at the Borrego Water District.