

Borrego Water District
CORRECTED MINUTES
Special Meeting of the Board of Directors
April 6, 2011
8:15 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A. Call to Order: President Hart called the meeting to order at 8:15 a.m.
- B. Pledge of Allegiance: Those present stood for the Pledge of Allegiance.
- C. Roll Call:
 - Directors: Present: President Hart, Vice President Lyle Brecht, Secretary/Treasurer Marshal Brecht, Shimeall
 - Absent: Estep
 - Staff: Jerry Rolwing, Interim General Manager/Operations Manager
Kim Pitman, Administration Manager
Wendy Quinn, Recording Secretary
 - Public: Dennis Dickinson Judy Meier, *Borrego Sun*
Ray Delahay Tommy Nelson, US Solar
David Dale, DCE Brian Brady, BVBA
Rebecca Falk, RRR Ray Shindler
Dick Walker

II. CLOSED SESSION

- A. Discussion regarding personnel with Dr. Brian Brady under Govt. Code section 54957:
- B. Discussion regarding advice from legal counsel regarding the Viking Ranch purchase agreement and the Monica easement agreement subject to Govt. Code section 54956.9(b) and (c) and for the purpose of giving direction to the District's negotiators under Govt. Code section 54956.8 related to the real property known as the Viking Ranch with negotiators Lee Estep, Beth Hart, and Jerry Rolwing for the District in preparation for negotiating with Lance Lundberg from the Viking Ranch:
- C. Discussion for the purpose of giving direction to the District's negotiators under Govt. Code section 54956.8 related to the real property known as the Cocopah Nurseries with negotiators Lee Estep, Beth Hart, and Jerry Rolwing for the District:
- D. Discussion for the purpose of giving direction to the District's negotiators under Govt. Code section 54956.8 related to the lease of real property known as the Club Circle Golf Course with negotiators Lee Estep, Eleanor Shimeall, and Jerry Rolwing for the District in preparation for discussion with Jack Cameron:
- E. Discussion and possible action regarding the selection of District Counsel reporting to the Board under Govt. Code section 54957:
- F. Discussion for the purpose of giving direction to the District's negotiators under Govt. Code section 54956.8 related to the settlement terms on the real property known as Monica with negotiators Beth Hart and Jerry Rolwing for the District:

The Board adjourned to closed session at 8:15 a.m., and the open session reconvened at 9:15 a.m. The closed session will continue following the open session.

I. OPENING PROCEDURES (continued)

- D. Approval of Agenda: *MSC: L.Brecht/Shimeall approving the Agenda as written.*
- E. Comments from Directors and Requests for Future Agenda Items: None
- F. Comments from the Public and Requests for Future Agenda Items: None

III. CURRENT BUSINESS MATTERS

A. Discussion and possible approval of water availability form for US Solar Project: Tommy Nelson from US Solar reported that his company is planning a solar project on 308 acres of fallowed farm land previously owned by Cocopah Nurseries at Borrego Valley Road and Henderson Canyon. US Solar has signed a purchase agreement with San Diego Gas and Electric for 26 megawatts. The facility will be unmanned, fenced and guarded. In response to President Hart's inquiry about the time frame, Mr. Nelson explained that he had submitted the final permit application to the County and was awaiting comments. Following will be CEQA compliance, a Planning Commission hearing and public comment prior to beginning construction. Community Sponsor Group approval has not yet been obtained, but Mr. Nelson had been attending meetings and working with the Group.

Mr. Rolwing pointed out that the District has no pipeline serving the property; the nearest one is at least a mile and a half away. Mr. Nelson stated that there are several wells in the area, and he has been working with Roadrunner Tree Farm's maintenance crew to see if US Solar could use one of their wells. He explained that the County requires a letter from the District stating that the District has been notified of the project and will provide water if needed. US Solar would pay the cost of a pipeline or water truck. They have a 10,000 gallon tank on site. The estimated water use is 100 acre-feet during construction and 2 to 4 acre-feet per year thereafter. Mr. Rolwing noted that if the District signs this letter, US Solar will still have to return to the District two more times for approvals.

Discussion followed regarding mitigation requirements and whether water used during construction would require mitigation. Mr. Nelson noted that the County allows him to spread the construction water over the estimated 25-year life of the project.

President Hart suggested tabling the decision until the next Board meeting. Director Lyle Brecht suggested meeting with the Sponsor Group and Mr. Nelson in the meantime. President Hart asked Mr. Nelson to inform the District when he gets an answer from Roadrunner Tree Farm on the use of their wells. Mr. Rolwing agreed to find out the date of the next Sponsor Group meeting.

Director Shimeall asked about other projects by US Solar. Mr. Nelson replied they had one in Blythe, a couple in Riverside County and others in Imperial and Los Angeles Counties going through the permit process.

B. Discussion and possible action of reimbursement of water credit payment: Mr. Rolwing reported that an individual had purchased two water credits from the District and when he subsequently abandoned his plans to build due to flood control issues, he requested a refund. The total is \$11,000. Discussion followed regarding the danger of setting a precedent, for example when a large developer changes plans and makes a similar request. Another issue is the fact that the credits were permanently retired when the District signed off on the County permit. Director Lyle Brecht recommended establishing a policy, and President Hart asked Mr. Rolwing to draft one for the Board's consideration at the next Board meeting. Considerations include at what stage of the planning and building process should the credits be required, whether any County fees are refundable, and the fact that the water credits add value to the land.

IV. WORKSHOP ITEMS

A. Discussion and possible action regarding the FY 2012 budget: Kim Pitman invited the Board's attention to a handout, the draft budget worksheets for FYE 2012. Director Lyle Brecht noted that the end-of-year revenue projection, reflected on page 2, is \$3,082,918. Director Lyle Brecht pointed out that on the last page, the end-of-year expense projection is \$3,708,806.

President Hart asked whether some of the accounts should be consolidated or eliminated. Ms. Pitman noted that Rich Williamson had created seven repair and maintenance

accounts, whereas there had previously been only one. She felt it would be easier to consolidate some accounts but preferred to comply with the Board's preference. Director Marshal Brecht requested Mr. Rolwing's input as well.

David Dale pointed out that with the current budget, no reserves are being accumulated. President Hart asked whether water and sewer accounts would be separated, and Ms. Pitman replied that she was working on it. Mr. Dale explained that other agencies with which he works generally maintain separate bank accounts for water and sewer, and also a separate account for reserves.

President Hart asked Ms. Pitman and Mr. Rolwing to provide an analysis of the District's expenses, showing which are mandatory, which are somewhat discretionary and which are very discretionary. President Hart recommended a simplified version of the budget that would be understandable by those without accounting backgrounds.

Mr. Rolwing distributed outlines from a class he attended recently on budgeting, and Director Lyle Brecht distributed a draft cash reserves policy, requesting Mr. Dale's comments. Director Marshal Brecht recommended that Raftelis also review it. Ray Delahay suggested taking the total of the previous reserves (\$6.5 million), dividing it by the number of units of water expected to be sold over the next five years, and increasing the unit rate as necessary to replace it (approximately one dollar). Director Lyle Brecht noted that we may not need that large a reserve and should figure out the necessary amount first. President Hart requested that the reserve policy be included on the April 19 agenda for further discussion.

Director Lyle Brecht asked Ms. Pitman to e-mail him the draft budget. Director Marshal Brecht asked that it be agendaized for further discussion and possible adjustment of some of the figures.

Mr. Rolwing suggested the District might sell some of its property, such as the 240 acres at Clark Lake, to generate funds. President Hart requested additional information, including the cost of the property and its current value. Mr. Rolwing agreed to investigate.

II. CLOSED SESSION (continued)

The Board returned to closed session at 11:00 a.m. The open session reconvened at 11:55 a.m., and it was announced that the Board had taken action regarding Item II.B. The Board will engage Brian Brady to review the water credit policy to see if it is a reasonable business use of ratepayers' funds.

V. CLOSING PROCEDURE

A. Adjournment: There being no further business, the meeting adjourned at 11:55 a.m. The next meeting of the Board of Directors is scheduled for April 27, 2011 at the Borrego Water District.