

President Hart noted that two public hearings were contemplated, and Director Estep expressed opposition on the basis that it was an unnecessary expense. After discussion and hearing no opposition from the public, the Board agreed to have only one public hearing at the regular Board meeting on June 22. President Hart will contact counsel.

President Hart reviewed the FAQs, which explained the reasons for the rate increase, what would happen without it, and what we have done to reduce expenses. The FAQs concluded with ways in which the public can participate, the protest process and how Proposition 218 works.

A. Webinar with Sanjay Gaur from RFC to review the proposed rates for inclusion in the Public Hearing notice for June 22nd: Mr. Gaur joined the meeting via webinar and summarized his background. He summarized the scenario generated by the model. Our cash flow would be a negative \$425,000 at year end without the rate increase. Reserve targets include operations and maintenance, capital improvements and emergency. A financial plan for the next five to six years was presented, suggesting a 30% rate increase in 2012, 16 percent in 2013 and 2014, and 5 percent in 2015 and 2016. By 2017 the reserve target of \$2.5 million could be achieved.

Director Lyle Brecht suggested escalating the increases to build up reserves. Discussion followed regarding options including higher increases in 2013 and 2014 or 30 percent in 2012 and 2013. Borrowing ability and reserves are an important consideration. The Montesorro sale is still an unknown but we are assuming the worst case. President Hart noted that two scenarios, with and without the Montesorro sale, had originally been contemplated. Fred Jee pointed out that even with a sale, the new owner may want to renegotiate the financial arrangement with the District. Bill Wright predicted an interested buyer would wait until foreclosure.

Discussion followed regarding BWD's rates compared to other districts. President Hart explained that the comparison is difficult because other districts lack aquifers and import water. Further discussion ensued regarding water and sewer components, and President Hart explained that they are separate, so water ratepayers will not subsidize the sewer.

B. Discussion and approval of rates for inclusion in the Public Hearing Notice for June 22nd: *MSC: L.Brecht/Estep approving water and sewer rate increases, subject to the Proposition 218 process, according to the schedule attached hereto and incorporated by reference.* Further discussion followed regarding comparisons to other districts' rates, and Mr. Rolwing agreed to send data to Mr. Gaur. The Board agreed that an Executive Committee composed of President Hart and Director Lyle Brecht will complete the drafting of the FAQs. The information will be available in English and Spanish on the District website and at the office.

III. CLOSING PROCEDURE

A. Adjournment: There being no further business, the meeting adjourned at 3:45 p.m. The next meeting of the Board of Directors is scheduled for May 25, 2011 at the Borrego Water District.

Fixed Meter Charges are proposed to change as shown in the following table:

Water Rates for All ID's						
Fixed Charge	Current Rates		Proposed Rates			
Meter Size	\$/Mo.	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
3/4"	\$ 19.58	\$ 25.45	\$ 33.09	\$ 36.40	\$ 40.04	\$ 42.04
1"	\$ 28.62	\$ 37.21	\$ 48.37	\$ 53.20	\$ 58.53	\$ 61.45
1 1/2"	\$ 48.26	\$ 62.74	\$ 81.56	\$ 89.72	\$ 98.69	\$ 103.62
2"	\$ 73.05	\$ 94.97	\$ 123.45	\$135.80	\$ 149.38	\$ 156.85
3"	\$ 132.67	\$172.47	\$ 224.21	\$246.63	\$ 271.30	\$ 284.86
4"	\$ 211.50	\$274.95	\$ 357.44	\$393.18	\$ 432.50	\$ 454.12
6"	\$ 422.00	\$548.60	\$ 713.18	\$784.50	\$ 862.95	\$ 906.10

Commodity Rates are proposed to change as shown in the following table:

		Current Rates			Proposed Rates (All ID's)				
Winter		ID-1	ID-3	ID-4 & 5	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Tier 1	45	\$ 1.02	\$ 1.23	\$ 1.12	\$ 1.46	\$ 1.90	\$ 2.09	\$ 2.30	\$ 2.42
Tier 2	> 45	\$ 1.53	\$ 1.84	\$ 1.68	\$ 2.19	\$ 2.85	\$ 3.14	\$ 3.46	\$ 3.64
Summer									
Tier 1	55	\$ 1.02	\$ 1.23	\$ 1.12	\$ 1.46	\$ 1.90	\$ 2.09	\$ 2.30	\$ 2.42
Tier 2	> 55	\$ 1.53	\$ 1.84	\$ 1.68	\$ 2.19	\$ 2.85	\$ 3.14	\$ 3.46	\$ 3.64

Sewer service charges are proposed to change as shown in the following table:

Sewer Rates						
	Current Rates	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
ID -1	\$ 17.14	\$ 22.29	\$ 28.98	\$ 30.43	\$ 31.96	\$ 33.56
ID -5	\$ 32.00	\$ 41.60	\$ 54.08	\$ 56.79	\$ 59.63	\$ 62.62