

**Borrego Water District  
CORRECTED MINUTES  
Special Meeting of the Board of Directors  
May 17, 2011  
9:00 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 9:00 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, Estep, Shimeall
- Staff:             Jerry Rolwing, General Manager/Operations Manager  
                                  Wendy Quinn, Recording Secretary
- Public:         Bob McKee                     Judy Meier, *Borrego Sun*  
                                  Dennis Dickinson             Ray Delahay  
                                  Dick Walker                    Jim Engelke, Lundberg  
                                  Laura Maxwell                 Rebecca Falk, RRR  
                                  Saul Miller

- D. Approval of Agenda: *MSC: Approving the Agenda as written.*

E. Comments from Directors and Requests for Future Agenda Items: Director Lyle Brecht requested that the next Agenda include a budget document, to be adopted by resolution, consisting of the operations and maintenance budget, a ten-year capital improvement plan, the groundwater management planning and implementation budget, reserve policy and rates. He also asked that policy issues be addressed, including meter replacement, the FY 2013 budget process and the District's insurance. Director Estep suggested inviting a representative of the District's insurance carrier to attend a meeting, and Jerry Rolwing agreed to contact him.

F. Comments from the Public and Requests for Future Agenda Items: President Hart reported that Bob McKee had expressed concern that the proposed rate increase was not displayed on the District's bulletin board at Christmas Circle. Mr. Rolwing agreed to post it.

**II. CURRENT BUSINESS MATTERS**

A. Presentation regarding proposed rates: Mr. Rolwing presented display charts and handouts prepared by Raftelis Financial Consultants, Inc. (RFC) regarding the new proposed rates. They indicated how the current deficit would continually increase without the higher rates, and the fact that there would be no reserves. With the rate increase, we can pay the bills and build reserves to their fiscally prudent target level by 2017. RFC's final report presented a detailed justification for the increase.

Director Lyle Brecht noted that he had heard inquiries as to why we need reserves, and we should be prepared to answer that. Discussion followed regarding the need to be prepared for emergencies, address periodic repairs and replacement and establish credit. President Hart reported that the Frequently Asked Questions presented at the last meeting had been expanded on the website to address additional issues as they come to light. The reserves question will be included. Ray Delahay suggested listing the cost of some of the more common repairs and replacements. The Board also agreed to put RFC's final report on the website. Mr. McKee inquired about changes to tiered rates, and President Hart replied that legal counsel would address them in the future.

B. Review and possible approval of Capital Improvement Projects for FY2012: Mr. Rolwing invited the Board's attention to a proposed capital improvement program which he and

David Dale had developed for the next ten years. Two additions, with which Mr. Dale concurs, are periodic video inspection of the lines to the new lift station and recoating of the tanks. **MSC: L.Brecht/Estep approving the Capital Improvement Projects for FY2012 with the additions discussed.**

C. Review and possible action regarding Resolution 2011-05-01 that delineates the process for counting protest votes. **RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT ADOPTING PROCEDURES FOR INCREASING WATER AND SEWER SERVICE CHARGES UNDER PROPOSITION 218:** **MSC: L.Brecht/Estep adopting Resolution 2011-05-01, Resolution of the Board of Directors of the Borrego Water District Adopting Procedures for Increasing Water and Sewer Service Charges Under Proposition 218.** **RC: AYES – L. Brecht, Estep, M. Brecht, Shimeall, Hart.**

D. Discussion of public outreach regarding rate increase: Director Lyle Brecht distributed a proposed ad for the next *Borrego Sun* alerting the public to information available regarding the proposed rate increase. President Hart noted that hard copies of the expanded FAQs would be available at the District office for those who don't have internet access. Mr. Rolwing added that they were also being translated into Spanish.

E. Q&A regarding rate increase and June 22<sup>nd</sup> hearing: President Hart noted that if the attendance is too large at the June 22<sup>nd</sup> rate increase hearing, it may be held in shifts. Director Lyle Brecht asked everyone to inform the Board if they become aware of questions from the community. Mr. Rolwing added that they could be e-mailed to him. Jim Engelke expressed concern regarding the seasonal residents who are elsewhere, and Director Estep replied that notices were mailed to their billing addresses. President Hart explained that the increase couldn't wait until fall because of the financial situation. In response to an inquiry from the public as to whether the State could mandate a rate increase if sufficient protests were filed to prevent the District from approving it, Director Lyle Brecht suggested asking legal counsel.

### III. CLOSED SESSION

A. Conference with Real Property Negotiators pursuant to Govt. Code section 54956.8:

Property: 199-080-21  
Agency negotiators: Lee Estep, Eleanor Shimeall, and Jerry Rolwing  
Negotiating party: Jack Cameron  
Under negotiation: price and terms

B. Conference with Real Property Negotiators pursuant to Govt. Code section 54956.8:

Property: 140-030-03, 140-030-05  
Agency negotiators: Lee Estep, Beth Hart, and Jerry Rolwing  
Negotiating parties: Lance Lundberg  
Under negotiation: price and terms

C. Conference with Legal Counsel pursuant to Govt. Code section 54956.9(b) and (c) regarding Anticipated Litigation and/or Initiation of Litigation (one case):

The Board adjourned to closed session at 10:00 a.m., and the open session reconvened at 11:10 a.m. As to Items III.B and C, the District will provide written copies of the agreements reviewed and approved to the appropriate parties.

### IV. CLOSING PROCEDURE

Adjournment: There being no further business, the meeting adjourned at 11:10 a.m. The next meeting of the Board of Directors is scheduled for May 25, 2011 at the Borrego Water District.