

**Borrego Water District
CORRECTED MINUTES
Special Meeting of the Board of Directors
June 14, 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, Shimeall
 - Absent: Secretary/Treasurer Marshal Brecht, Estep
 - Staff: Jerry Rolwing, General Manager/Operations Manager
Kim Pitman, Administration Manager
Wendy Quinn, Recording Secretary
 - Public:

Clare Hagan	Judy Meier, <i>Borrego Sun</i>
Dennis Russell	Ray Delahay
Dick Walker	Jim Engelke, Lundberg
Laura Maxwell	Hilda MacFarland
Mike Stafford	Jack Cameron, Borrego Springs
Jim Moxham, Cameron Bros./BS Resort	Resort
	Sheree Pilot, Santiago Estates
Glen Peterson	Lynn Smith
Chris Cook, Cameron Bros.	Ray Shindler
Abby King	Hazel Spencer

D. Approval of Agenda: ***MSC: 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: Jim Engelke inquired about the status of the County's groundwater mitigation program, and Jerry Rolwing replied that the draft was expected on June 27. Mr. Rolwing agreed to confirm the date and let Mr. Engelke know.

Dennis Russell introduced himself and Lynn Smith, former Directors of the Borrego Springs Park Community Services District. He explained they were present to offer any assistance to the Board in addressing the CSD fees and golf course continuation.

Mr. Rolwing reported that some concern had been expressed regarding the June 22 public hearing on the proposed rate increase, and whether the Board Room would accommodate the attendance. Options include the Performing Arts Center (\$300) and the High School Community Room (\$158). He recommended the High School and agreed to post the necessary notices.

Mr. Rolwing informed the Board that the *Borrego Sun* had submitted a proposed contract with the District for future advertising. Judy Meier explained that the contract is not required of nonprofits, but it is helpful to the paper to know the District's advertising plans. Mr. Rolwing suggested advertising in every other issue, and President Hart added that the District could not commit to future spending levels.

Laura Maxwell inquired about a potential extraction fee or pump tax. Director Lyle Brecht noted that the District's former counsel, Stradling Yocca, is of the opinion that the District can levy a water extraction fee but has no practical means or authority to collect such a

fee from anyone who does not wish to pay. (Ref. Fritz Stradling June 15, 2004; Joseph M. Adams, April 22, 2008; Allison Burns, April 22, 2008.)

II. CURRENT BUSINESS MATTERS

A. Discussion and possible action regarding CSD fees and Golf Course continuation: Sheree Pilot of Santiago Estates spoke in opposition to the CSD fees on behalf of her community. Mr. Rolwing explained that the District is operating the Club Circle golf course at a shortfall. The CSD had the advantage of cheaper labor and provided its own water free of charge, which BWD cannot legally do. Mr. Russell listed the CSD fee rates, which vary depending on type of residence and proximity to the golf course. Mr. Rolwing noted that BWD had considered asking the voters to establish a District-wide park fee, but with the current rate increase it is not a good time. Director Lyle Brecht pointed out that the District cannot subsidize golf course expenses with water and sewer fees. Discussion followed regarding the possibility of terminating the District's 20-year lease of the golf course from the Cameron Brothers. The lease had been a requirement to seek grant funds for a pedestrian walkway around the course. The District has inadequate funds to remove the turf and retrofit the irrigation. Mr. Russell suggested perhaps the Camerons could supply water to the golf course from its agricultural pond. Hilda MacFarland, a Chamber of Commerce volunteer, pointed out that many visitors to Borrego Springs want to play an inexpensive, short golf course such as Club Circle. Mr. Russell suggested using volunteers to monitor the course instead of the current honor box, which does not guarantee payment of green fees.

Jim Moxham, representing the Cameron Brothers and Borrego Springs Resort, suggested that he, Mr. Russell and Abby King meet with District representative(s) and develop a proposal to present to the Board. President Hart asked Mr. Rolwing to represent the District. Mr. Moxham agreed to try to have a proposal ready for the June 22 meeting.

B. Report of costs for major repair and replacement items: Mr. Rolwing summarized his report in the Agenda on the Estimated Costs of System Components. Well expenses were listed for new production wells, rehabilitation of existing wells, new pumps, new motors, control valves, the SCADA well/tank operation system and regulatory permits. In response to Director Lyle Brecht, he confirmed that all were operations and maintenance expenses except the new production wells. Prices for chemicals and replacement parts were also included, based on inventory records.

C. Discussion and possible action regarding creation of an Ad Hoc committee consisting of Beth Hart and Marshal Brecht for the purposes of addressing human resource matters: This item had been addressed at a prior meeting.

D. Q&A regarding rate increase and June 22nd hearing: Mr. Rolwing presented a slide show prepared by Sanjay Gaur, which will be used at the June 22 hearing to outline the proposed restoration of the District's reserve funds. Director Lyle Brecht emphasized the need to assure the public that the District does in fact need reserves, and Ray Delahay cited the repair and replacement costs presented today by Mr. Rolwing. Director Lyle Brecht added that the District needs to restore its borrowing ability. Mr. Rolwing summarized the presentation, which included revenue projections with and without a rate increase and assumed future inflation rates.

Discussion followed regarding suggested modifications to the slide show. Acronyms such as "O&M" and "CIP" should be spelled out when first used. Suggestions were made regarding formatting, colors and borders. The fact that the proposed rate increases are maximums should be clear. The terms "improvement district" and "service area" are interchangeable, but we should be consistent and use one or the other. Comparisons with rates of other Districts were discussed, and Mr. Rolwing agreed to talk to Mr. Gaur about including them. Judy Meier suggested presenting an average dollar amount of monthly rate increase. Mr. Rolwing noted that the average usage last year for a ¾" meter was 26 units, so we could base the estimate on that.

The Board discussed the format of the public hearing and June 22 meeting. Mr. Rolwing recommended a regular Board meeting followed by the hearing at 11:00 a.m. Mr. Gaur will make his presentation, then offer to answer questions. Discussion followed regarding the public participation format. It was agreed that the Board could answer questions as they arose. Public comments will be limited to three minutes, and "request to speak" sheets will be available. At the close of the hearing, the protest tally will be presented.

III. CLOSED SESSION

A. 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

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

President Hart noted that the Board had received no additional background information on Items III.A and B and would dispense with the closed session.

IV. CLOSING PROCEDURE

Adjournment: There being no further business, the meeting adjourned at 11:30 a.m. The next meeting of the Board of Directors is scheduled for June 22, 2011 at the Borrego Water District.