

Borrego Water District
MINUTES
Special Meeting of the Board of Directors
September 20, 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
Allison Burns, Stradling, Yocca, Carlson & Rauth (via teleconference for one item)
Wendy Quinn, Recording Secretary
 - Public:

Doug Wilson, Mesquite Trails Ranch	Judy Meier, <i>Borrego Sun</i>
Dick Walker	Ray Delahay
D.R. Walsh	Jim Engelke, Lundberg
Thomas Ray, Seley Ranches	Dennis Dickinson
	Paul Nordman

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

E. Comments from Directors and Requests for Future Agenda Items: Director Lyle Brecht reported that during the recent widespread electrical outage, he was asked how long our water would last without power. Jerry Rolwing estimated at least three days and maybe a week or more, depending on diesel availability and area of town.

F. Comments from the Public and Requests for Future Agenda Items: Jim Engelke inquired about Christmas Circle's request for assistance with their high water costs, and Mr. Rolwing replied that it would be on next week's Agenda.

II. CURRENT BUSINESS MATTERS

A. Discussion and possible action regarding Resolution 2011-09-01 & NOI for New Delinquencies & NOI for Existing Delinquencies of Montesoro properties: ***A motion was made by Director Lyle Brecht and seconded by Director Estep to adopt Resolution 2011-09-01 and Notice of Intent for New Delinquencies and Notice of Intent for Existing Delinquencies of Montesoro properties.*** Director Marshal Brecht asked why both Notices of Intent state, "Delinquencies occurring subsequent to the recordation of this notice may also be removed from the County Tax Roll." Mr. Rolwing explained it was to give the District the option to pursue its own collections instead of waiting five years for the County to foreclose on its tax lien. Director Estep stated that the NOIs were properly worded. Allison Burns joined the meeting via teleconference and confirmed Mr. Rolwing's explanation. She added that there were two NOIs because one is for current delinquencies and the second is for new delinquencies. Judy Meier requested the total amount of the existing delinquencies, and Mr. Rolwing agreed to obtain the figure and provide it to her. The conference call terminated. ***The motion to adopt Resolution 2011-09-01 and the two NOIs carried.***

B. Discussion and possible action regarding County of San Diego Proposed Groundwater Ordinance Amendment and BWD MOA: Director Lyle Brecht recommended that the County's proposed Groundwater Ordinance Amendment and BWD MOA be referred to the Strategic Planning Committee for public input and due diligence. President Hart asked that

the item be placed on a future Board Agenda as well, so all Directors could provide input. She expressed concern regarding the ongoing issue of the County's requirement that all water use cease in order to provide mitigation credits for fallowing. This would impact partial fallowing for solar farms and golf courses. Enforcement is an issue, and the District would have to activate its latent police powers in order to assume this task. It was agreed to schedule a Strategic Planning Committee meeting for September 27 at 9:00 a.m. and include the matter on the Board Agenda for September 28.

Discussion followed regarding the accuracy of the County's data on water usage as applied to Borrego Springs, potential costs if the District were to enforce the County ordinance, and the importance of seeking input from the agricultural community.

C. Discussion and possible action regarding the collection of availability charges due the District from Montesoro properties and other Montesoro-related questions: Director Marshal Brecht raised several questions relative to the availability charges due the District from Montesoro. Do these charges constitute liens on the property? Does the District have to wait until the County forecloses before pursuing collection? If so, would the District be a junior lien holder after the County's tax lien? Should we foreclose now, as we did with the Community Facilities District? The debt is currently \$357,000, and he suggested it might be worth spending some money to clarify these issues. Mr. Rolwing agreed to contact the County Tax Collector's office, and suggested we may also need to seek legal advice. Director Estep explained that the District would not be a junior lien holder if we waited for the County to foreclose. The proceeds would be divided on a pro rata basis. He suggested consulting Lisa Foster, however. ***MSC: L.Brecht/Estep agreeing to schedule a conference call among Directors Marshal Brecht and Estep, Mr. Rolwing and Ms. Foster regarding the collection of availability charges from Montesoro.***

D. Discussion and possible action regarding committee structure for FY 2012 GWM and ABD-IRWM planning process: Director Lyle Brecht announced that the Integrated Regional Water Management stakeholders would be meeting this afternoon, and the Strategic Planning Committee had asked the Board's concurrence to participate. He further noted that the standing Groundwater Management and Conservation Committees had been suspended, and wondered if they should be combined, or if the GWM Committee and IRWM should be combined. Mr. Rolwing recommended keeping the two standing committees separate, perhaps combining GWM and IRWM and waiting to reactivate the Conservation Committee. He suggested asking Anna Aljabiry from the Department of Water Resources.

Discussion followed regarding potential IRWM stakeholders, including the State Park, Salton City, Anza, and all those previously invited (Indian tribes, Jacumba, Whispering Pines and Canebrake). RMC Consultants will make recommendations, and Dale Schafer will serve as facilitator. The Board concurred that the Strategic Planning Committee would be a good addition.

E. Discussion and possible action regarding FY 2012 "BWD Cash Flow 2011-2012" report: Director Marshal Brecht summarized his new report, a consolidation of the 18-month cash flow projection and the monthly income and expense reports. Also included were monthly actuals, year-to-date and projection figures. The projections were developed by Kim Pitman and Mr. Rolwing. The charts will be updated monthly. Director Marshal Brecht invited the Board's attention to Column L, the year-to-date plus projection figures, showing an estimated status at year end. He felt this was the most important. He explained that the report uses a cash basis, rather than accrual. Non-operations and maintenance expenses were included, as well as goals for reserves.

Director Lyle Brecht asked whether the Board wanted to approve each expenditure as a non-budgeted item comes up, and suggested they think about it and decide in the future. Director Marshal Brecht suggested simply asking, "can we afford it?" when a non-budgeted project is considered.

F. Discussion and possible action regarding recommendations in "FY 2013 Rate Model Memorandum": Director Lyle Brecht explained that a possible FY 2013 Rate Model had been discussed by the Due Diligence Committee. He noted that the Raftelis model had demonstrated the need for an 80 percent rate increase, but the Board had implemented a 30 percent increase this year to avoid an undue burden on the rate payers. He asked what kind of input we would need for the model to indicate whether another 30 percent increase will be needed in 2013, or a lesser increase would be acceptable. A committee could study the issue in more detail and bring a recommendation to the Board. Director Estep was opposed to spending money on experts to develop this proposal, feeling there was sufficient expertise among the Board members and staff to address the issue. Director Lyle Brecht disagreed on the grounds that disinterested advisors would provide more credibility with the public. President Hart requested a list of exactly what needs to be done before proceeding further. The matter was referred to the Strategic Planning Committee.

G. Discussion and possible action regarding "Good Governance Standards for Financial Decision Making" policy: Director Lyle Brecht reported that many members of the public had discussed with him the matter of how to avoid a recurrence of the District's present financial difficulties. He felt transparency was important, as well as a "business case" for financial transactions, consulting outside experts if necessary. He asked the Board members to think about it and be prepared to discuss it at the next meeting.

H. Discussion of USGS Basin MODFLOW modeling results and community technical input: Director Lyle Brecht emphasized the importance of public involvement in the USGS Basin Study and the need to ensure their technical data is understandable to the average person. Mr. Rolwing stated he planned to reconvene the citizens' advisory group soon, probably in October.

I. Review of FYE 2011, Water Usage calculations by customer class: Mr. Rolwing invited the Board's attention to a chart showing water usage last year for each customer class (residential, public agencies, irrigation, multiple units, commercial and golf courses). President Hart requested a comparison of each class's current uses with those calculated in the past.

President Hart suggested scheduling periodic meetings at 5:00 p.m. on weeknights, where one or two Board members would be present at the District office and the public could come in and ask questions or discuss issues. She and Director Lyle Brecht agreed to try it in October and see how much response there is.

III. CLOSING PROCEDURE

Adjournment: There being no further business, the meeting adjourned at 11:10 a.m. The next Regular Meeting of the Board of Directors is scheduled for September 28, 2011 at the Borrego Water District. The next meeting of the ABD-IRWM stakeholders planning group is scheduled for today, September 20 at 1:00 p.m.