

**Borrego Water District
MINUTES
Special Meeting of the Board of Directors
Tuesday, March 19, 2013
9:00 AM
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, Delahay, Estep
- Staff:** Jerry Rolwing, General Manager
 Kim Pitman, Administration Manager
 Wendy Quinn, Recording Secretary
- Public:** Jim Engelke

D. Approval of Agenda: *MSC: L.Brecht/M.Brecht 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 requested that discussion of forming an irrigation district be placed on one of the April Agendas. This could pave the way for BWD to receive Bureau of Reclamation assistance to acquire irrigation water from Imperial Irrigation District and save our aquifer for drinking.

II. CURRENT BUSINESS MATTERS

A. Discussion of DRAFT Water Credit Policy revisions: Jerry Rolwing explained that he had incorporated the comments from the last meeting into a new draft Water Credit Policy. He had not heard back from Jim Bennett at the County regarding an appropriate definition of "easement." Discussion followed. President Hart suggested adding to paragraph 2.N, ". . . with the exceptions listed in 4.A." After further discussion, the Board agreed to delete the last sentence of paragraph 2.O regarding EDUs, since this relates to the New Development Policy rather than the Water Credit Policy. Director Lyle Brecht requested that the Water Credit Policy be included on the next Agenda for possible approval.

B. Discussion of proposed budget for FY 2014: Kim Pitman explained that in developing the proposed budget, she used the exact figures for July 2012 through February 2013. For March through June 2013, she used the projections plus 15 percent. This assumes no rate increase. Discussion followed regarding where to reflect the Viking Ranch purchase, currently under Reserves, line 174. Director Marshal Brecht suggested including it after line 166, designated "less reserve for Viking Ranch payoff" or "cash allocated for reserves." Discussion followed regarding the potential sale of water credits, and the fact that this revenue could go toward the Viking Ranch payment absent unforeseen contingencies. Director Marshal Brecht reported he had investigated the possibility of refinancing the ID 4 bonds, but found we cannot do so for several more years.

A set of scenarios was distributed indicating the budget impacts of alternative rate increases over the next three years. Director Lyle Brecht inquired about flexibility for unanticipated expenses. Mr. Rolwing explained that there are some pipelines which will eventually need work, but for now the money has been allocated to engineering expense. Director Lyle Brecht asked that this be included in the cover letter accompanying the proposed budget.

Discussion followed regarding rate increases and the possibility of leaving the meter charges for inactive meters at the current level. President Hart suggested finding out how many inactive meters there are, what the impact would be if rates other than these were increased 20 percent, and whether such an action would require a Proposition 218 process. She suggested consulting Lisa Foster and Sanjay Gaur. The Board agreed to hold off until at least 2014 on sewer rate increases and then consult Raftelis Financial Consultants. Director Delahay suggested maintaining a list of all possible actions requiring a 218 process so that if it is activated, they can all be included. President Hart requested that the budget be included on the next workshop Agenda for further discussion and review of legal input. Director Lyle Brecht noted that the budget should be adopted in May, and the draft budget package should be reviewed at the April workshop.

C. Update on Rams Hill: Director Lyle Brecht reported he had met yesterday with Bill Berkley and several Rams Hill residents. They reviewed the draft RFP for consulting services, made some changes and will meet again tomorrow. Mr. Engelke reported he had lunch with Mr. Berkley yesterday and discussed several ideas to economize on Rams Hill operations. Mr. Berkley is concentrating on use of the Pivot Well and investigating the use of solar energy.

D. Discussion of potential agenda items for March 27th board meeting: Agenda items for March 27 will include a public hearing on the New Development Policy and the Water Credit Policy, resolutions approving the Policies, agreement with Taussig & Associates for tax consulting, and a closed session for two anticipated cases.

III. STAFF REPORTS

Financial Reports - February 2013: The Board agreed to include the written Financial Reports in the next Board package, although they would be discussed today. Ms. Pitman reported that the water revenues were down last month. Discussion followed concerning where to show the bad debt collection, currently under Significant Items, line 180. Director Marshal Brecht suggested listing it as an offset to revenue. Ms. Pitman noted that the engineering costs for recoating a tank would be capitalized. Mr. Rolwing reported that the total cost of repairs to Well 11 was approximately \$80,000.

IV. CLOSING PROCEDURE

Adjournment: There being no further business, the meeting was adjourned at 11:10 a.m. The next Regular Meeting of the Board of Directors is scheduled for March 27, 2013 at the Borrego Water District. The Town Hall Meeting is scheduled for March 27, 2013 at 4:00 p.m. at the Performing Arts Center.