

**Borrego Water District  
CORRECTED MINUTES  
Regular Meeting of the Board of Directors  
Wednesday, July 24, 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  
Diana Del Bono, Administrative Assistant  
Lisa Foster, McDougal Love Eckis Boehmer & Foley (via  
teleconference, Item VII only)  
David Aladjem, Downey Brand (via teleconference, Item VII only)  
Wendy Quinn, Recording Secretary

**Public:**            Joe Tatusko             Jeanne Beck, *Borrego Sun*  
Dick Walker           Casey Jones, *The Borregan*  
Jim Engelke           Lane Sharman, BWX  
Derek Downey, La     Andrea Roess, Taussig and Associates, Inc.  
Casa del Zorro

**D. Approval of Agenda:** *MSC: L.Brecht/Estep approving the Agenda as written.*

**E. Approval of Minutes:**

Special meeting of June 17, 2013

*MSC: L.Brecht/Estep approving the Minutes of the Special Meeting of June 17, 2013 as written.*

Special meeting of June 19, 2013

*MSC: L.Brecht/Estep approving the Minutes of the Special Meeting of June 19, 2013 as written.*

Regular meeting of June 26, 2013

*MSC: L.Brecht/M.Brecht approving the Minutes of the Regular Meeting of June 26, 2013 as corrected (amend Item II.E to read in part, ". . . the District we will save a net minimum of \$900,000 . . . . It can likely be refinanced . . . an additional cash flow of \$50,000 a year . . . .)*

**F. Comments from Directors and Requests for Future Agenda Items:** None

**G. Comments from the Public and Requests for Future Agenda Items:** Joe Tatusko asked that a discussion of Rams Hill water be included in the next Agenda. President Hart explained that the Board would take his request under advisement. Financial, legal and engineering studies are ongoing and pending completion, the issues are not yet ready for discussion.

**H. Correspondence:** Sheree Pilot, Santiago Estates Park Manager, reported that the park is being charged a Community Services District fee based on full occupancy of its 85 homes. She requested a reduction in the fee based on the actual occupancy of 72 homes. If the occupancy should change, she promised to notify the District. The matter was referred to the

Due Diligence Committee for review and recommendation, discussion at the September workshop and possible action at the Regular September Meeting.

## II. CURRENT BUSINESS MATTERS

A. Review of Special Assessments and Administration Report for Fiscal Year 2013-2014 prepared by David Taussig and Associates, Inc. for CFD No. 2007-1 presented by Andrea Roess: Andrea Roess presented the annual review of fixed charges levied by the District on County property tax bills. There are four fixed charge water facility standby charges and pest control assessments, which remain the same as last year. The fifth item, Community Facilities District 2007-1, continues to experience a high delinquency rate on bond payments. The District is required to continue to levy for missed payments, so the levy amount continues to increase each year.

B. Consideration of RESOLUTION NO. 2013-07-01 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF OPERATIONS AND MAINTENANCE OF THE DISTRICT AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS ON LAND WITHIN THE DISTRICT FOR THE FISCAL YEAR 2013-2014:

C. Consideration of RESOLUTION NO. 2013-07-02 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES OF THE DISTRICT, AND TO PAY COSTS OF OPERATIONS AND MAINTENANCE FOR IMPROVEMENT DISTRICT NO. 1 AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS ON CERTAIN LAND IN IMPROVEMENT DISTRICT NO. 1 FOR THE FISCAL YEAR 2013-2014:

D. Consideration of RESOLUTION NO. 2013-07-03 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF PROVIDING PEST CONTROL SERVICES BY THE DISTRICT AND REQUESTING LEVY AND COLLECTION OF SAID CHARGES AND/OR ACREAGE ASSESSMENTS FOR THE FISCAL YEAR 2013-2014:

E. Consideration of RESOLUTION NO. 2013-07-04 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, LEVYING STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS TO DEFRAY THE COST OF OPERATING AND MAINTAINING THE WATER FACILITIES WITHIN IMPROVEMENT DISTRICT NO. 3 OF THE DISTRICT AND REQUESTING THE LEVY AND COLLECTION OF SAID STANDBY CHARGES AND/OR ACREAGE ASSESSMENTS FOR THE FISCAL YEAR 2013-2014:

F. Consideration of RESOLUTION 2013-07-05 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2007-1 OF THE BORREGO WATER DISTRICT AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 2007-1 FOR THE FISCAL YEAR 2013-2014:

*MSC: L.Brecht/Estep adopting Resolution No. 2013-07-01, Resolution of the Board of Directors of the Borrego Water District, San Diego County, California, Levying Standby Charges and/or Acreage Assessments to Defray the Cost of Operations and Maintenance of the District and Requesting the Levy and Collection of said Standby Charges and/or Acreage*

*Assessments on Land Within the District for the Fiscal Year 2013-2014; Resolution No. 2013-07-02, Resolution of the Board of Directors of the Borrego Water District, San Diego County, California, Levying Standby Charges of the District, and to Pay Costs of Operations and Maintenance for Improvement District No. 1 and Requesting the Levy and Collection of said Standby Charges and/or Acreage Assessments on Certain Land in Improvement District No. 1 for the Fiscal Year 2013-2014; Resolution No. 2013-07-03, Resolution of the Board of Directors of the Borrego Water District, San Diego County, California, Levying Charges and/or Acreage Assessments to Defray the Cost of Providing Pest Control Services by the District and Requesting Levy and Collection of said Charges and/or Acreage Assessments for the Fiscal Year 2013-2014; Resolution No. 2013-07-04, Resolution of the Board of Directors of the Borrego Water District, San Diego County, California, Levying Standby Charges and/or Acreage Assessments to Defray the Cost of Operating and Maintaining the Water Facilities Within Improvement District No. 3 of the District and Requesting the Levy and Collection of said Standby Charges and/or Acreage Assessments for the Fiscal Year 2013-2014; and Resolution 2013-07-05, Resolution of the Board of Directors of the Borrego Water District Acting as the Legislative Body of Community Facilities District No. 2007-1 of the Borrego Water District, Authorizing the Levy of Special Taxes Within Community Facilities District No. 2007-1 for the Fiscal Year 2013-2014.*

**G.** Discussion and possible action of setting water credit prices: Jerry Rolwing referred to his memorandum to the Board outlining the Due Diligence Committee report on water credit pricing. The only credits currently held by the District, "T-2" credits acceptable to the District for new home construction on existing platted lots but not acceptable to the County, have been priced at \$2,750 each. The Committee recommends no change. The District will soon acquire AG-1 credits with the closing of the Viking Ranch property, which will be acceptable for both County and District purposes. The Committee recommends these be priced at \$3,600 each. A spreadsheet attached to the memo outlined the justification for the pricing.

Lane Sharman suggested establishing one source for the sale of water credits. Director Marshal Brecht noted that the District plans to publish a list of all those who have credits for sale. Jim Engelke pointed out that public agencies are prohibited from making a profit from the sale of water credits. Mr. Sharman requested a copy of the State law containing this prohibition.

*MSC: L.Brecht/Delahay establishing the price of water credits sold by the District at \$2,750 for T-2 and AG-2 (District acceptable) credits and \$3,600 for T-1 and AG-1 (County and District acceptable) credits.*

**H.** Discussion and possible action of updating the Groundwater Management Plan with a tentative hearing date of September 25, 2013: Mr. Rolwing explained that the District's Groundwater Management Plan had been published in 2002 and updated in 2006. It needs updating to include goals and financial issues, and the Borrego Water Coalition has offered to help with stakeholder input. The Board agreed to include it on the September 18 Agenda, with a public hearing to be set at the September 25 meeting if necessary. Mr. Rolwing agreed to investigate public hearing requirements and whether the two-year completion requirement runs from the date the update is authorized or from the public hearing date, if held. *MSC: Estep/M.Brecht authorizing Mr. Rolwing to proceed with the Groundwater Management Plan Update.*

**I.** Update on NSF Grant: Director Lyle Brecht reported that the University of California at Irvine is continuing its work on the National Science Foundation grant application and has provided him with a summary.

**J.** Discussion and approval of holding the next Special Meeting on September 18, 2013: President Hart proposed that the September Special Meeting be moved from the 17th to the 18th

to accommodate the Borrego Water Coalition. *MSC: L.Brecht/Delahay scheduling the next Special Meeting for September 18, 2013.*

### **III. STAFF REPORTS**

**A. Financial Reports - June 2013:** Kim Pitman presented the final financial report for the fiscal year, except for accruals and payment of a few June bills. She summarized the status of the various actual line items versus the budget. Total income was approximately \$32,000 over budget, and total expenses before cash basis adjustments were approximately \$30,000 over budget. The net cash flow was under budget by approximately \$16,000.

**B. General Manager/Operations Report:** Mr. Rolwing reported that Claudia Faunt still hopes to have the USGS report available by the end of July. The Bureau of Reclamation study is moving ahead. Director Lyle Brecht suggested amending the development policy to include staff time on these studies, and Mr. Rolwing agreed to look into it.

**C. Water and Wastewater Operations Report - June 2013:** Director Marshal Brecht inquired when reclamation might become feasible, and discussion followed. Low flows and costs indicate it's a long way off.

Mr. Rolwing reported that Well 18 is being tested and should be on line by the weekend. The contractor is beginning work on Rams Hill Tank No. 1 soon. The water quality analysis of all wells is proceeding.

**D. Water Production/Use Records - June 2013:**

**E. Year to Date Meter Installations:**

**F. Meter Installation History:**

The water production/use records, year to date meter installations and meter installation history were included in the Board package.

### **IV. ATTORNEY'S REPORT**

None

### **V. COMMITTEE REPORTS & PROPOSALS**

#### Ad Hoc Committees

1. Audit Committee

Director Marshal Brecht reported that the auditors would be here at the end of August.

2. Due-Diligence

This report was presented earlier relative to water credit pricing.

3. Strategic Planning Committee/IRWM

President Hart reported that the Committee was working with Bill Berkley in an effort to provide water to Rams Hill at less than the current retail rate. The Committee has also been working with the Borrego Water Coalition, and the BWC Minutes are available on line.

4. Executive Committee

No report.

5. Operations & Management Committee

No report.

6. Parks Committee

No report.

7. Asset Ad Hoc Committee

No report.

8. Personnel Committee

President Hart reported that the Committee had discussed employee pay rates and increases following the loss of four employees.

9. Negotiating Committee  
A Committee meeting will be scheduled in the near future.

**VI. INFORMATION ITEMS**

None

**VII. CLOSED SESSION**

A. Conference with Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to paragraph 2 of subdivision (d) of Government Code Section 54956.9. Two cases: The Board adjourned to closed session at 10:40 a.m., and the public meeting reconvened at 12:00 p.m. There was no reportable action.

**VIII. CLOSING PROCEDURE**

There being no further business, the Board adjourned at 12:00 p.m. The next Special Meeting of the Board of Directors is scheduled for September 18, 2013 at the Borrego Water District. The next Regular Meeting of the Board of Directors is scheduled for September 25, 2013 at the Borrego Water District.