

**Borrego Water District**  
**MINUTES**  
**Regular Meeting of the**  
**Board of Directors**  
**Wednesday, February 27, 2008**  
**9:15 AM**  
**806 Palm Canyon Drive**  
**Borrego Springs, CA 92004**

**I. OPENING PROCEDURES**

- A.** Call to Order: President Mendenhall called the meeting to order at 9:15 a.m.  
**B.** Pledge of Allegiance: Those present stood for the Pledge of Allegiance.  
**C.** Roll Call: Directors: President Mendenhall, Vice-President King, Secretary/Treasurer Andersen, Shimeall, Smiley

Staff: Richard Williamson, General Manager  
Jerry Rolwing, Operations Manager  
Kim Pitman, HR/Finance Specialist  
Allison Burns, Stradling, Yocca, Carlson & Rauth  
Kim Post, Consulting Engineer  
Wendy Quinn, Recording Secretary

Public: Bob McKee Judy Meier, *Borrego Sun*  
Rudy Monica Maggie Lacey Schneider  
Heather Anderson Lane Sharman, Borrego Water Foundation  
Becky Sanders William Sanders  
Ronald Del Guercio Greg Stumpf  
Betty McKee Mary Mitts  
Beth Hart Don Goodwin  
Rebecca Falk Ralph Russell  
Mary Lynn

**D.** Approval of Agenda: Kim Pitman pointed out that Items II.D and II.E should be reversed, and the Agenda attachment labeled "II.E" should actually be V.B. **MSC: Shimeall/Smiley approving the Agenda as amended.**

**E.** Approval of Minutes:  
1. Regular Meeting of January 23, 2008. Kim Post requested that a sentence in the middle of Agenda package page 4 (Item I.D) be amended to read, "Kim Post replied he had reviewed a detailed map *and inspected the site with Jerry Rolwing . . .*" Director King noted that Agenda package page 5, Item II.B, should reflect that she voted NO on the motion and President Mendenhall votes YES. **MSC: Shimeall/King approving the Minutes of January 23, 2008 as corrected.**

2. Regular Adjourned Meeting of February 13, 2008. **MSC: Shimeall/Andersen approving the Minutes of February 13, 2008 as written.** Referring to Agenda package page 10, Item III.D, Director King asked that a time change for the Adjourned Meeting to 9:15 be included in the next Agenda.

**F.** Comments from the Public and Requests for Future Agenda Items: Ronald Del Guercio expressed opposition to the tiered rate proposal, opining that the future of the aquifer is dependent on reducing agriculture and the tiered rates would not mitigate the overdraft. He felt the proposal would subject the District to legal liability, reclaimed water was not viable due to our small population, and the

new rates would have adverse commercial and social effects. President Mendenhall asked that Mr. Del Guercio put his comments in writing, addressed to the District.

Bob McKee referred to the District's recent mailer on tiered rates, noting that page 3, paragraph 2 should refer to voluntary water *conservation*, rather than conversation. He pointed out that removal of tamarisk trees could save as much water as installation of low flow toilets and washers or turf removal.

Becky Sanders believed that the tiered rates would "bring Borrego to its knees," leaving only farmers in the valley.

Margaret Lacey Schneider explained that she owned four homes in Borrego but lived out of State. She would be in Tier 3 under the new rates, and felt homeowners with pools, lawns and flowers were being punished. She felt the new rates would keep people out of Borrego Springs, and that the District had a responsibility to its rate payers.

William Sanders reported he had attended the last Conservation Committee meeting, where it was suggested that the new rates be adjusted for larger homes and families. In response to Director Smiley's reply that such a policy would not change habits, Mr. Sanders questioned what Director Smiley had done to save water. Director Smiley replied that he and other farmers had done many things to conserve, and had reduced water use from eight acre feet per acre per year to under six. Efforts include conversion from flood irrigation to drip, scheduling irrigation based on evapotranspiration, and use of mulch. Mr. Sanders remained of the opinion that agriculture was causing the overdraft and the tiered rates were inequitable.

Lane Sharman announced that he had changed the name of his business from Borrego Water Exchange to Borrego Water Foundation, which was more appropriate for a nonprofit organization with an educational mission. He noted his role in the recent fallowing of 40 acres of citrus, and announced that his firm is seeking an executive director. Borrego Water Exchange is also involved in storage and recovery of groundwater, as well as alternative energy. He asked Rich Williamson to continue to work with him in these endeavors.

Another resident spoke against tiered rates on the grounds that they would not make much difference, and although conservation is a laudable goal, this is not the way to do it.

Don Goodwin, a resident and registered voter, stated he would be affected by tiered rates and he felt those most significantly affected were the ones would had been generous in giving to the community in supporting the Performing Arts Center, Medical Center, parks and other causes. He urged the District to work with agriculture to reduce their water usage.

Beth Hart reported she had attended a number of Conservation Committee meetings and was concerned for residents with existing landscaping which required irrigation and would put them into higher tiers. Many of these are retired and would experience a financial hardship.

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

**H.** Correspondence: Mr. Williamson stated he would discuss correspondence during his report. Ms. Hart asked whether he would read letters in opposition to the tiered rates, and Mr. Williamson replied that he would present a summary, but time prohibits reading each one during the meeting.

## **II. CURRENT BUSINESS MATTERS**

**A.** Consideration of *RESOLUTION NO. 2008-2-1 RESTATING AND ADOPTING A STATEMENT OF INVESTMENT POLICY*: President Mendenhall explained that the proposed Resolution is an annual requirement. *MSC: Shimeall/Andersen adopting Resolution No. 2008-2-1 restating and adopting a statement of investment policy. RC: AYES – Shimeall, Andersen, King, Smiley, Mendenhall.*

**B.** Consideration of *RESOLUTION NO. 2008-2-2 UPDATING AUTHORIZED SIGNATURES FOR BANKING WITH BORREGO SPRINGS BANK*: *A motion was made by Director King and seconded by Director Andersen to adopt Resolution No. 2008-2-2 updating*

*authorized signatures for banking with Borrego Springs Bank.* Authorized signatories would be President Mendenhall, Vice President King, Secretary-Treasurer Andersen, Director Smiley, Director Shimeall, General Manager Williamson, Office Manager Marlene Engebretson, Customer Service Representative Jeanne Fredericks, and HR/Finance Specialist Pitman. Director Andersen questioned why Director Shimeall was not included as authorized to sign under paragraph (1), "Exercise all of the powers listed in this resolution." *A motion was made by Director King and seconded by Director Andersen to amend the motion to add Director Shimeall to paragraph (1). The motion to amend carried unanimously. The original motion carried by roll call vote, AYES – King, Andersen, Shimeall, Smiley, Mendenhall.*

C. Board to authorize the General Manager to engage the services of Diehl, Evans and Company, LLP, District Auditors, to review accounting procedures: *MSC: Andersen/King authorizing the General Manager to engage the services of Diehl, Evans and Company, LLP, District Auditors, to review accounting procedures.*

D. Discussion by Dennis Ciocca, Sutter Securities Incorporated, regarding Improvement District No. 4, Bond Refunding Opportunity: Dennis Ciocca explained that in 1997, the District acquired the Borrego Water Company and sold \$1.9 million in certificates of participation. Thereafter, \$1.7 million in COPs was sold to improve the system. Now that the bonds are ten years old and interest rates have declined, the District may refinance the debt as it did with the Montesorro bonds last year. It would benefit the residents of ID 4, and all costs would be paid out of the bond issue. At today's market value, the refinancing would save approximately \$20,000 per year for the next 20 years, or the savings could be accrued during the first few years for capital improvements. If approved, Mr. Ciocca asked the Board to instruct counsel to draft a resolution engaging Stradling, Yocca, Carlson & Rauth as bond counsel and Sutter Securities as underwriter. Director Shimeall inquired about the cost of the refinancing. Mr. Ciocca estimated it at \$190,000, but explained that this is built into the savings quote. The \$20,000 for 20 years is a net savings after costs. Mr. Williamson asked when the District would need to decide whether to spread the savings over 20 years or take it up front, and Mr. Ciocca replied it would be decided at the time of sale, approximately three months from now. In response to Director Shimeall's inquiry about the bond rating, Mr. Ciocca stated it would be BBB+ unless insurance is acquired, in which case it would go to AA or AAA. The Board instructed the General Manager to proceed with arrangements for the bond refunding as outlined.

E. Consideration of the Board to approve ***THE WORK PLAN TO IDENTIFY AND/OR CONTROL DISCHARGES OF WATER SOFTENER BRINES IN THE COLLECTION SYSTEM OF THE BORREGO WATER DISTRICT*** dated January 31, 2008: Mr. Post reported he was still awaiting a response from the Regional Water Quality Control Board on the revised work plan regarding control of discharge from water softener brines. This is not a major problem in Borrego, and the work plan still focuses on education but was revised pursuant to the Regional Board's direction after the first submission. A suggestion from the audience was to include educational flyers in the water bills, and Mr. Post supported the proposal, along with information to be provided at the annual groundwater meeting.

Ms. Hart inquired about the depth of the aquifer, why she had been told she could not use a gray water tank, and whether her septic tank could leak into the aquifer. It was the consensus that it would not, and the group did not know why a contractor had advised against a gray water tank.

*MSC: King/Andersen approving the work plan to identify and/or control discharges of water softener brines in the collection system of the Borrego Water District dated January 31, 2008.*

F. Written Status Report by Washington Lobbyist James McConnell: Mr. Williamson reported that representatives of the Corps of Engineers would visit Borrego Springs on March 7 to discuss the Water Resources Development Act grant application for flood protection at De Anza. One alternative for the project would be to include a recharge basin. James McConnell and Bill Mills will attend the meeting, which begins at 10:00 a.m. at the District office and will continue at the project site.

Director Smiley asked who would maintain the recharge basin if constructed, and Mr. Williamson replied that was a point of negotiation between the District and the County.

Mr. Williamson referred to the other items in Mr. McConnell's report, the USDA Water and Waste Program and the Farm Bill, for which appropriations have not yet been made. The District has applications pending under both programs for an importation feasibility study.

Director Smiley inquired about the status of Mr. McConnell's contract, and Director King believed it was nearing the renewal date. Mr. Williamson reported that the Contracts Committee is currently reviewing all contracts. Director Smiley suggested inviting him to a meeting while he is here to meet with the Corps of Engineers.

**President Mendenhall declared a recess at 10:55 a.m., and the Board reconvened at 11:05 a.m.**

After discussion, President Mendenhall called a Special Board meeting for March 7, 2008 at 9:00 a.m. at the District office to discuss pending grant applications with Mr. McConnell prior to meeting with the Corps of Engineers.

Mr. Rolwing reported that Supervisor Horn and Assemblyman Anderson had written letters in support of the District's State and Tribal Assistance Grant.

**G. Consideration of approval by the Board for the Assignment of 13 EDUs from The Copley Press, Inc. to Desert Sands RV Park: *MSC: Andersen/King approving assignment of 13 EDUs from The Copley Press, Inc. to Desert Sands RV Park. RC: AYES – Andersen, King, Shimeall, Smiley, Mendenhall.***

**H. Consideration of approval by the Board for the Assignment of 79 EDUs from The Copley Newspapers/La Casa to LCDZ Investors, LLC: *MSC: Shimeall/King approving the assignment of 79 EDUs from The Copley Newspapers/La Casa to LCDZ Investors, LLC. RC: AYES – Shimeall, King, Andersen, Smiley, Mendenhall.***

### **III. COMMITTEE REPORTS & PROPOSALS**

#### **A. Ad Hoc Committees:**

1. Review of grant opportunities. Mr. Rolwing reported that at the recent AWWA conference he attended, he spoke with representatives of the Department of Health Services regarding the District's grant applications for well security and a townwide sewer feasibility study. He hoped for a response in March. A response is also pending regarding the District's Proposition 303 grant application for a monitoring well, and Mr. Rolwing was optimistic.

2. Personnel. Director Shimeall reported that a Personnel Committee meeting was scheduled for March 5. Director Smiley noted the Committee would be reviewing the personnel manual and job descriptions. Mr. Williamson reported he had been meeting with staff and had some ideas for the Committee. He noted that salary ranges were higher in many other Districts, and cited the need to remain competitive.

3. Budget and Finance. Director King reported that the last Budget and Finance Committee had been cancelled due to her illness.

4. BSPCSD. Director Shimeall reported that she and President Mendenhall had attended the last Borrego Springs Park Community Services District meeting. Ms. Pitman reported that the CSD was proposing a rate increase to cover shortfalls in the golf course maintenance budget.

5. Contract Labor Review. Director King reported that the last Contract Labor Review Committee meeting had been cancelled due to her illness.

6. Negotiating. No report.

7. Town Center Sewer. No report.

#### **B. Standing Committees:**

Conservation. Director Shimeall invited the Board's attention to the Minutes of the last Conservation Committee meetings, included in the Agenda packet. An issue was raised

regarding the cost of irrigating trees planted by former property owners under the tiered rates. She suggested modifying the landscaping to conserve water.

Director Shimeall requested that the February 6 Committee Minutes be amended to reflect that the HOA representative who spoke was Kerin Shugart, and the representative of the Borrego Art Institute was Katalina Prince.

Mary Lynn expressed concern regarding high water bills she had incurred due to a water leak when she was out of town. Mr. Rolwing confirmed that if an unusually high meter reading is noted, staff calls the resident. Discussion followed regarding the tiered rate proposal, and Director Smiley reminded the public of the right to protest. Ms. Hart expressed concern regarding the effects of the proposal on Christmas Circle. Mr. Williamson explained that the tiered rates were only one part of a multi-faceted plan to conserve water. Ms. Hart asked whether water rates must be tied to costs under Proposition 218, and Mr. Williamson replied that the cost basis was driven by the annual budget. Any profits from the tiered rates would be returned to the customers through the conservation investment subsidies. Director Smiley assured her that Allison Burns had confirmed the District's compliance with Proposition 218. There was another comment from the audience that the tiered rates would impact long-time residents and would not save much water.

President Mendenhall cited the projected savings in ID 4 if everyone was able to achieve Tier 1 usage, compared to the current water loss. He concurred the tiered rates would not save much and stated his intention to vote against the proposal.

Further discussion followed regarding water conservation and irrigation efficiency. Director Smiley recommended offering irrigation efficiency audits even if the tiered rates are not adopted. He announced the next Committee meeting on March 5 at 9:00 a.m. and the annual groundwater management meeting on March 19 at 4:00 p.m. at the Performing Arts Center. Protests to the tiered rates must be received by April 9.

**IV. CONSENT AGENDA:** The Consent Agenda includes reports that are distributed with the Agenda packet and are submitted for filing following Board approval. At the first Board meeting of each quarter, **Jan./April/July/October**, these items will be discussed in full. Any member of the Board, staff or public may request items from the Consent Agenda be removed for discussion. Items so removed shall be acted upon separately immediately following approval of items remaining on the Consent Agenda.

**A. Water and Wastewater Operations Report (January, 2008):**

**B. Water Production/Use Records (January, 2008):** President Mendenhall inquired about the significant water loss, and Mr. Rolwing attributed it to the fact that the meters were not read in a timely manner.

**C. Financial Reports:**

**January, 2008**

1. Disbursements & Claims Report.
2. Financial Statement for Period Ending.
3. Treasurer's Report.
4. Expenditures on groundwater management
5. BWD-BSPCSD Intertie Accounting
6. Expenses for Board Consideration and Approval

Ms. Pitman asked whether the Board wanted to continue receiving the new spread sheets at Agenda package pages 59-61 on the groundwater management and intertie accounts. After discussion, it was agreed that they would be prepared on a quarterly basis. **MSC: Andersen/King approving the Consent Calendar.**

## **V. STAFF REPORTS**

**A. Manager's Report:** Mr. Williamson reported he had instituted weekly senior staff meetings to review schedules, timelines, operations and maintenance updates, capital improvements, administration and budget issues. The District's website, Borregowd.org, has been updated to be more user friendly. Work on the 2008-09 budget has begun, and staff is working with Ms. Burns on the submission procedure. Mr. Williamson further reported he would be meeting with the General Manager of Imperial Irrigation District to discuss possible future importation projects. Another pending matter is participation in the State procurement contract to obtain favorable pricing. Proposals have been solicited to update the District's groundwater model. Mr. Williamson referred to a November 14, 2007 letter to Mr. Rolwing from KSD Hawaii Development requesting mitigation credits for a planned development involving the ten-acre remainder of Rudy Monica's fallowed property. Director King and Ms. Burns pointed out that the request had been put on hold pending finalization of the new fallowing policy, and Mr. Williamson agreed to respond to the developer.

**B. Engineer's Report:** Mr. Post reported that pavement was being installed near Tank 1, and that he and Mr. Williamson had been discussing computer modeling of the ID 4 water system.

**C. Operations Report:** Mr. Rolwing reported that work on the CSD intertie had begun. The sewer is operating normally. Mr. McKee asked who was paying for the intertie, and Mr. Rolwing replied that the MOU between BWD and CSD provides for a 50/50 cost sharing, including BWD work on the CSD grant application.

## **VI. ATTORNEY'S REPORT**

Ms. Burns reported she had reminded County staff that development projects and fallowing plans were on hold awaiting conclusion of the fallowing policy. She was still awaiting a response from the County and will continue to follow up. She agreed to review the request from KSD Hawaii and determine if it can be acted on in the meantime. Jim Engelke noted he had five clients waiting to fallow once the policy is in place. Director Smiley pointed out that if a developer is ready to build, he can fallow under the current policy. The revised policy deals with future credits for those that want to fallow now but are not ready to develop the property.

## **VII. INFORMATIONAL ITEMS**

President Mendenhall reminded the group of the annual groundwater management meeting on March 19.

Ms. Hart asked whether the Board members had read the protests against tiered rates, and Mr. Williamson replied they were available upon request.

Director Shimeall reported that Pepsi Cola and Coca Cola were selling bottled water which is actually tap water.

An audience member questioned Sutter Securities' fee for the bond refinancing, and Ms. Burns explained that the cost quoted also includes legal fees. There was a suggestion that the public comments be moved to later in the Agenda to allow for comments on other items.

## **VIII. CLOSED SESSION**

None

## **VIII. CLOSING PROCEDURE**

**Adjournment:** There being no further business, the meeting adjourned at 12:55 p.m. to March 12, 2008. The next Regular Meeting of the Board of Directors is scheduled for March 26, 2008.