

Borrego Water District
MINUTES
Regular Meeting of the
Board of Directors of May 28, 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: Present: President Mendenhall, Vice-President King, Secretary/Treasurer Andersen, Shimeall, Smiley

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

**Public: Jim Engelke Rudy Monica
Judy Meier, *Borrego Sun* Ray Shindler
Bob McKee Lucy Larson
James McConnell**

D. Approval of Agenda: *A motion was made by Director Smiley and seconded by Director King to approve the Agenda as written.* Director Andersen requested that Item II.E (Consideration of the Board to adopt the attached Job Descriptions) be tabled until the Budget and Finance Committee has approved the budget. Rich Williamson suggested putting it on the next Agenda with the budget package, and President Mendenhall requested that a proposed organization chart also be included. *Amended MSC: Smiley/King approving the Agenda as amended.*****

E. Approval of Minutes

1. Regular Meeting of April 23, 2008. Mr. Williamson pointed out that in Item V.A (General Manager's Report), Russ Fogarty was inadvertently referred to as Russ Ferguson. ***MSC: King/Andersen approving the Minutes of the Regular Meeting of April 23, 2008 as corrected.***

3. Regular Meeting of May 14, 2008. President Mendenhall noted a typographical error in Item III (Groundwater Management): The reference should be to the Department of **Land** (not Lane) Use and Planning. Director Shimeall inquired about references to "the Plan" in Item II.B (Water Resource Management Plan – Update). Mr. Rolwing replied that they referred to the Water Resource Management Plan. Since the Groundwater Management Plan and the Integrated Regional Water Management Plan were also discussed in the section, Wendy Quinn agreed to spell out the full references to "the Plan." ***MSC: Shimeall/Andersen approving the Minutes of the Regular Meeting of May 14, 2008 as corrected.***

F. Comments from the Public and Requests for Future Agenda Items: Jim Engelke reported that the County is circulating a draft Farmland Protection Program, which is opposed by the Community Sponsor Group. He recommended that the issue be addressed in the District's discussions with Supervisor Horn, because if adopted, the Program would make it difficult to fallow farmland. The Program is available for review on the Internet or at the District office.

Ray Shindler reported he met with Dan Wright and identified several acres of turf that could be removed at The Springs golf course. There are costs involved, and Mr. Shindler suggested the District consider a reimbursement policy as has been implemented elsewhere. Director King suggested as an alternative, the golf course could sell mitigation credits for the turf removal.

Mr. Shindler suggested that the District poll its customers on issues related to the aquifer overdraft, water importation and agriculture. Discussion followed regarding possible billing inserts, a fall town hall meeting, newsletters, Conservation Committee efforts, and a review of past minutes for other suggestions.

G. Comments from Directors and Requests for Future Agenda Items: Director Shimeall recommended that the first Board meeting of the month, which used to be a Groundwater Committee meeting, focus on groundwater issues rather than general business items. President Mendenhall suggested researching the history of the Groundwater Management Plan to see if modifications are appropriate.

H. Correspondence: Mr. Williamson reported he had received an e-mail from a De Anza resident commending the District on its process in developing the tiered rates and the resulting rate modifications.

Mr. Williamson pointed out that the Governor is proposing a 20 percent reduction in water use statewide by 2020. Many communities on the State Water Project are receiving only 35 percent of their original contract deliveries, so there will be a great deal of competition for water. Our District needs to focus on strategy to acquire a share, and further discussion will be on the next Board (groundwater) Agenda.

President Mendenhall reported that he received a letter from the Christmas Circle Association which he referred to staff. They are removing 1300 square feet of turf for handicapped access and seeking assistance from the District. Jerry Rolwing announced that the issue would be on the next Conservation Committee Agenda.

II. CURRENT BUSINESS MATTERS

A. Consideration of the Board to authorize the General Manager to sign two engagement letters for Diehl, Evans & Company, LLP. One to audit the Financial Statements of BWD and the second to compile the Special District's Financial Transactions Reports as required by the California State Controller's office, through FYE 2010 with the option to extend through FYE 2012: MSC: King/Andersen authorizing the General Manager to sign the two engagement letters for Diehl, Evans & Company, LLP, as proposed.

B. Grant opportunities and status of current applications – James McConnell: James McConnell distributed a written report on his recent trip to Washington D.C. The House Appropriations Committee, Subcommittee on Interior and the Environment, is considering an application for a State and Tribal Assistance Grant (STAG) submitted by Congressman Duncan Hunter on behalf of BWD for an importation pipeline feasibility study. The Department of Agriculture's Rural Water Program could also provide funding for the pipeline, but would probably need to be phased due to funding limitations. The House Transportation and Infrastructure Committee, which has jurisdiction over the Corps of Engineers and is funding the De Anza flood control project, may also assist. Congressman Hunter has applied on BWD's behalf under the WRDA bill. Another option is the Environment and Public Works Committee Survey Resolution, which authorizes the Corps of Engineers to spend up to \$100,000 on a study. Bill Mills will contact the Los Angeles District Office to see whether this is worth pursuing.

Director Smiley asked whether we shouldn't see what water is available to import before designing a pipeline. Mr. McConnell replied that Mr. Mills is preparing an outline and will work with the Corps of Engineers to determine priorities. So far he has not identified any available permanent water rights, but there are interruptible rights available.

Mr. McConnell went on to report on his meeting with Senator Feinstein's staff, who asked how much groundwater is available in our basin. They want to know the life of the aquifer before considering a grant. President Mendenhall inquired about the statement in Mr. McConnell's written report that Senator Feinstein's staff suggested the District "buy out agriculture." Mr. McConnell estimated that would cost \$80 million, more than an importation pipeline. Mr. Shindler pointed out that the pipeline costs could increase, and recommended the District consider the buy-out option. Mr. McConnell noted that federal funding would not be available for an agricultural buy-out. Mr. Shindler suggested litigation, but President Mendenhall and Mr. Williamson were convinced from experience that it would not be effective.

Director Shimeall asked about the status of the De Anza flood control project. Mr. McConnell replied that it is proceeding, but at some point they may determine it is not worth the cost. Director Shimeall suggested we then spend the grant funds on something else. Mr. Rolwing explained that economic benefit will be determined before any expenditure.

Director Smiley inquired when we might have a useable model. Mr. Williamson replied that the static model from the 1980's is being studied to see if it correlates with present reality. Once we have a rough idea of its accuracy, it can be converted to a dynamic model. Static results could be obtained in six to eight months, but for the dynamic data, probably a year and a half.

Bob McKee asked about funding for tamarisk removal, and Mr. McConnell stated he had not investigated it.

C. Consideration of the Board to accept the completion of all surface improvements and underground utilities for Santa Fe 2 – TM 5135-1 at Montesoro: Mr. Williamson reported that the surface improvements and underground utilities for the Santa Fe 2 project at Montesoro have been completed. District staff has inspected the project and found it to be acceptable. The "as-builts" are complete, and staff concurs. He recommended accepting the facilities as constructed. Mr. Rolwing reported that the District would require one-to-one mitigation as each building permit comes in. The County's mitigation has already been satisfied. Director Smiley pointed out that Montesoro was developed prior to the County's mitigation requirement, so that might not have been satisfied. If not, may the District require two to one? Allison Burns required that we could. ***MSC: King/Shimeall accepting the completion of all surface improvements and underground utilities for Santa Fe 2 – TM 5135-1 at Montesoro.***

D. Consideration of the Board to adopt policy to require one Board Member to sign checks in excess of \$1,000: Mr. Williamson explained that a Board member must sign purchase orders over \$5,000, but there is no similar requirement for checks. He recommended adoption of a policy to provide checks, balances and accountability and to make the audit process easier. ***MSC: King/Shimeall adopting a policy to require one Board Member to sign checks in excess of \$1,000.***

E. Consideration of the Board to adopt the attached Job Descriptions: This item was tabled until adoption of the budget is considered. President Mendenhall asked the Board members to review the proposed job descriptions and submit comments. He further requested that when Mr. Williamson prepares the organization chart, names and job titles be included, and inquired whether the item should be considered in closed session. Ms. Burns explained that individual salaries and performance may be addressed in closed session, but budget and salary ranges should be in open session. Director Andersen requested an opportunity to review all personnel and budget proposals before acting on them.

F. Review of BWD's Draft Income, Expense & Capital Budgets for FYE 2008/09 and review of BSPCSD's Income/Expense Statement for month end, April 30, 2008: Mr. Williamson summarized the proposed 2008/09 budget, included in the Agenda Package. Current budget, actuals and proposals were included. Certain items, including bond refinancing, mitigation fees, availability charges, groundwater management costs and some maintenance, engineering, legal and staff expenses, would be transferred from the options and maintenance budget to the capital budget as recommended by

Diehl, Evans & Company. Any capital expenditures would be brought to the Board for approval. Mr. Williamson predicted that the District would end the current fiscal year close to budget.

President Mendenhall declared a recess at 11:30 a.m., and the Board reconvened at 11:40 a.m.

Director Andersen inquired about the substantial change in the “Other Expenses” budget (Agenda Package page 50), and Mr. Williamson agreed to investigate.

Mr. Williamson suggested streamlining the accounting process when water is transferred between Improvement Districts. He further recommended standardizing standby charges and water rates throughout the District, so that the only variation between Improvement Districts would be bonds. Another possible change would be implementation of a sewer capacity fee to cover potential expansion.

Lengthy discussion, questions and answers followed. The budget will be presented to the Board for adoption at its second meeting in June.

G. Board to consider RESOLUTION NO. 2008-5-1 RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT ESTABLISHING CAPITAL FUNDS: Mr. Williamson explained that the proposed resolution would not approve a particular capital budget, and Ms. Burns added that it simply establishes capital funds. *MSC: Shimeall/King adopting Resolution No. 2008-5-1, Resolution of the Board of Directors of the Borrego Water District Establishing Capital Funds. RC: AYES – Shimeall, King, Andersen, Smiley, Mendenhall.*

III. COMMITTEE REPORTS & PROPOSALS

A. Ad Hoc Committees

1. Review of grant opportunities. No report.
2. Personnel. No report.
3. Budget and Finance. Director King announced the Budget and Finance Committee would meet on June 4 at 2:00 p.m.
4. BSPCSD. Director Shimeall reported that the ad hoc committees on reorganization met following the last Community Services District Board meeting. President Mendenhall reported he had received the latest version of the MOU, which has been reviewed by attorneys for both districts.
5. Contract labor review. No report.
6. Negotiating. No report.
7. Town Center Sewer. No report.

B. Standing Committees

Conservation. Director Shimeall announced that the schools will be holding a poster and essay contest regarding water conservation, and the District will award cash prizes. The Minutes of the last Committee meeting were included in the Agenda Package, and Director Shimeall welcomed all to the Committee meetings.

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 – April, 2008.

B. Water Production/Use Records – April, 2008.

C. Financial Reports – April, 2008.

1. Disbursements & Claims Report
2. Financial Statement for Period Ending
3. Treasurer's Report
4. Expenditures on Groundwater Management
5. CSD-BWD Intertie/MOU Costs
6. Expenses for Board Consideration and Approval

President Mendenhall asked why the \$225,000 proceeds from the recent bond refinancing were not included in the Financial Reports. Ms. Burns explained that we are allowed to refinance once outside the “call period” while maintaining a tax-free status. If receipt of funds is delayed until August, the District preserves its right to take advantage of the one-time opportunity. Mr. Williamson agreed to include it in the 2008/09 budget.

President Mendenhall asked whether the water rights which the District acquired from the Water Company (ID #4) were depreciated, and Mr. Williamson agreed to check with the auditors. *MSC: Shimeall/Smiley approving the Consent Calendar.*

V. STAFF REPORTS

A. General Manager's Report. None

B. Engineer's Report. None

C. Operations Report. Mr. Rolwing reported that work on the intertie had resumed and explained its route.

VI. ATTORNEY'S REPORT

In response to a question at the last Board meeting, Ms. Burns concluded that if Montesoro expands its golf course, the District may require mitigation. Mr. Rolwing did not believe the acreage had expanded, but agreed to investigate.

VII. INFORMATIONAL ITEMS

None

VIII. CLOSED SESSION

None

IX. CLOSING PROCEDURE

There being no further business, the meeting adjourned at 1:15 p.m. The next Regular Meeting of the Board of Directors is scheduled for Wednesday, June 11, 2008 in the District’s Board Room.