



THE WATER CONSERVATION GARDEN AUTHORITY
FOUNDED 1992

San Diego County Water Authority
Dan McMillan – Kyle Swanson

Grossmont-Cuyamaca Community College District
Lynn Neault – Sahar Abushaban

Helix Water District
Kathleen Hedberg – Joel Scalzitti

Otay Water District
Mark Robak – Jose Lopez

City of San Diego
Nicole Beaulieu DeSantis– (*Alternate Vacant*)

Sweetwater Authority
Steve Castañeda – Ditas Yamane

Water Conservation Garden
(Interim Ex Officio)
Lauren Magnuson

Board Meeting Minutes

Water Conservation Garden Multipurpose Room
12122 Cuyamaca College Drive West
El Cajon, CA 92019

Tuesday, January 23, 2024
2:35 p.m.

Mission Statement of The Water Conservation Garden:

To educate and inspire through excellent exhibits and programs that promote water conservation and the sustainable use of related natural resources.

The meeting was called to order at 2:35 p.m.

1. OPENING FUNCTIONS

1.1 Call to Order

Board President Mark Robak called the regular meeting of the Water Conservation Garden Authority (the Authority) to order.

1.2 Pledge of Allegiance

The Pledge of Allegiance was recited.

1.3 Roll Call and Introductions

Voting Members Present:
Dan McMillan (SDCWA)
Lynn Neault, Secretary (GCCCD)
Kathleen Hedberg, Vice President (Helix)
Mark Robak, President (Otay)
Ditas Yamane (Sweetwater)
Nicole DeSantis (City of San Diego)

Non-Voting Alternates Present:
Joel Scalzitti (Helix)
Jose Lopez (Otay)

Voting Members Absent: None

Water Conservation Garden/FWCG Representatives Present:
Michael (Mick) Hager, FWCG Board President
Lauren Magnuson, Water Conservation Garden Interim Executive Director
Pam Meisner, Water Conservation Garden Director of Education and Outreach



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Janelle Wallace, Water Conservation Garden Director of Development and Memberships
Patrick Pilz, FWCG Former Board President
Kathleen Brand, FWCG Board Member
Stephen Zolezzi, FWCG President of Volunteers
Rosalie Joseph, FWCG Docent

Authority Members Staff Present:

Michael Williamson, Recording Secretary (GCCCD)
Tenille Otero (Otay)

1.4 Public Comment

Stephen Zolezzi, FWCG President of Volunteers, addressed the Board regarding the value the gift shop could bring to the Water Conservation Garden.

Rosalie Dosik, FWCG Docent, addressed the Board regarding the status of the Water Conservation Garden as a museum, and the value the gift shop could bring to the Garden as a museum gift shop.

2. ACTION ITEMS

2.1 Approval of Minutes of the November 20, 2023, Special Meeting

A member of the public requested that her name be removed from these minutes as being in attendance at the meeting.

Motion: Approve the minutes of the November 20, 2023, Special Meeting of the Water Conservation Garden Authority, redacting the name of one member of the public as being in attendance at the meeting.

Motion by Dan McMillan; second by Kathleen Hedberg

Final Resolution: Motion carries.

Yeas: DeSantis, Hedberg, McMillan, Neault, Robak, Yamane

Nos: None

Absent: None

Abstain: None

3. INFORMATION/DISCUSSION ITEMS

3.1 Report of the Treasurer – Treasurer Sahar Abushaban presented the [Treasurer's Report](#). Discussion regarding the report included the following:

- Fraud protection was added a couple years ago due to a fraud incident that happened.
- Authority revenue was reported as \$320,000.
- Payment from the Authority to the Garden was \$308,000.
- The loan from GCCCD to the Garden should not be on the Authority Treasurer's Report.



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- The costs for the last two prior audits were \$11,450 and \$13,000, which included the preparation of the tax returns. It was clarified that the audits were specific to the Authority, not Garden operations.
- Sahar attempted to find a less expensive audit firm, but was unable. The firms she contacted were either not interested or did not respond to her inquiries.
- Historical data on the cost of audits going back further can be provided later.
- Since the funds collected by the Authority have already been transferred to the Garden, the Garden should pay the outstanding invoice for the 2022-2023 audit of \$13,000.
- The \$308,000 payment from the Authority to the Garden was sent after the final payment from the City of San Diego was received on 10/25/23.
- The Authority audit comes to GCCCD, and then it gets sent to FWCG and the Garden.
- The Authority was informed that the most recent audit would be more costly than in the past, possibly as much as \$20,000.
- Alternate Director Ditas Yamane recommended a formal policy for payment from the Authority to the Garden.
- It was noted that the Authority is required to be audited per the [Amended and Restated Joint Powers Agreement Creating the Water Conservation Authority dated July 18, 2019](#), at page 6, Article 12, paragraph D, and as required by the California Government Code for public agencies.

[Note that Items 3.2 and 3.3 were heard out of order.]

3.3 Report of the President of Friends of the Water Conservation Garden Board –

Michael (Mick) Hager, President of the Friends of the Water Conservation Garden (FWCG) Board, reported as follow:

- President Michael “Mick” Hager, FWCG Board President, provided a summary of his qualifications.
- The Garden’s Interim Executive Director Lauren Magnuson introduced herself and provided a summary of her qualifications, noting that she has been with the Garden for 10 years as a program manager, and has a background in fundraising and non-profit management.
- A [document containing bullet points for discussion](#) was shared with the Board.
- Declining funds from JPA members, as well as the pandemic, have greatly impacted Garden operations.
- Six staff members, half of the Garden staff, have been furloughed.
- Garden management has called for a 20% decrease in staff time and instituted winter hours for the Garden, for a total cost reduction of \$244,788.
- A community crowd-funding campaign will be launched on the heels of the “Survive and Thrive” campaign asking for community support.
- Four large donors are awaiting the outcome of Authority meetings before making further contributions.
- Continued volunteer support is critical to the survival of the Garden.



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- The Employee Retention Credit (ERC) has been submitted to the IRS. The award of ERC checks from the IRS is pending, as there is currently a moratorium due to fraud reported in the ERC program.
- Utilities are being evaluated and cut back where possible.
- The \$198,000 loan from Mission Driven Finance (MDF) is being renegotiated. This loan was made based on the \$250,000 ERC payment the Garden is expecting from the IRS. MDF has been willing to work with the Garden, and will take payments on the loan. MDF is not demanding payment in full.
- The \$200,000 loan from GCCCD is due 5/1/24.
- The Garden owes \$55,000 to the San Diego Housing Commission (SDHC) for grant funds prepayment on an IRWM project that were not spent.
- The Garden is expected to owe \$40,000-54,000 for unspent capital project expenses related to the Neighborhood Reinvestment Program Grant from the County of San Diego.
- The Garden has total liabilities of approximately \$1 million; however, much of that amount is long-term. The short-term liabilities are approximately \$315,000.
- Approximately \$800,000 has been cut from the Garden's budget.

3.2 Report of the Executive Director of Friends of the Water Conservation Garden

Lauren Magnuson, Interim Executive Director of the Friends of the Water Conservation Garden, shared and reviewed her, reported as follows:

- The goal before this meeting was to get clear information to the Authority about what the Garden does.
- The balance of the report was provided under the following agenda item, 3.4 Garden Survival Plan.

3.4 Garden Survival Plan

The Board, FWCG representatives, and members of the public discussed the financial crisis facing the Water Conservation Garden, as well as possible solutions, as follows:

- The Garden needs additional support from the Authority.
- This year is the 25th anniversary of the Garden.
- FWCG and the Garden proposed the following five options to sustain the Garden until a new operating agreement can be reached:
 1. Monthly support from the Authority of up to \$65,000 for the next 5 months, for a total of \$325,000.
 2. The Authority dismisses the Friends Board and operates the Garden.
 3. The Authority contracts with the college district to manage (operate) the Garden.
 4. The Authority advances a consolidation loan to a much lower rate.
 5. The Garden shuts down until June, cancels all education programs, events and entry. After a new agreement is created, the Authority is an active Garden partner in marketing, grant affiliation, education programs, community outreach and funding at an appropriate level.
- Lauren reviewed the report provided in agenda in detail.



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- If the Authority supports the Garden, the ERC funds would not be used to pay off the MDF loan, and the Garden would continue to make \$10,000 monthly payments to MDF.
- The \$200,000 loan from GCCCD needs to be paid, as it was made from public funds. Assurances were received from the Garden that the ERC funds would guarantee repayment of this loan.
- FWCG oversight of the Garden was discussed. Patrick Pilz, former FWCG Board President, shared that FWCG has a Finance Committee, but feels that committee was not receiving reliable information.
- Optima expenses are for accounting, including forensic accounting.
- Jennifer Pillsbury, former Executive Director of the Garden, found old receipts out in a shed.
- Late last summer it became apparent that the Garden was in serious financial trouble.
- Alternate Director Joel Scalzitti noted that he agrees the Garden has been running on minimal budget, but is surprised at how much has been borrowed just to make payroll, without a plan for how the money would be paid back.
- FWCG Board President Hager explained that during COVID the Garden was approved for \$250,000 to keep staff working through the pandemic. The Garden used that approval letter when they went to MDF to borrow \$200,000.
- Director Lynn Neault requested that discussions related to legal and/or personnel matters be taken up in a closed session, including any references to mismanagement of the Garden.
- Alternate Director Jose Lopez noted that financial improprieties should have been uncovered in prior audits. It was noted that the audits were only of the Authority, and that FWCG and the Garden have not been audited in quite some time.
- Kathleen Brand, FWCG Board Member, shared that the Garden is an important community asset that truly promotes and educates the public regarding water conservation, and implored the Authority to find a way to move forward with Garden operations.
- Director Hedberg asked for clarification on the monthly revenues of the Garden. It was explained that the actual expected revenue for the months ahead is as follows:
 - January 2024 – \$34,000
 - February 2024 – \$36,000
 - March 2024 – \$60,000 (hoping for Dr. Seuss Foundation check)
- The \$90,000 amount noted as “Government” has been removed from revenue schedule.
- Adult education and MSP revenue is guaranteed.
- There is a new Ms. SmartyPlants book in the works. An illustrator was hired for the book. The \$10,000 grant funds for production of the book went into the Garden general fund and were not used to pay for the production costs of the book.
- Tenille Otero, Staff Member at Otay Water District, stated that she appreciates all the Garden does, noting that the \$65,000 monthly support requested by the Garden is approximately \$11,000 per Authority member. She would like to see the Garden salvaged, but understands that the Authority members are responsible to their rate-payers.
- A heavier reliance on volunteers could be a cost-saving measure.
- In response to a question from the audience, the issue of endowments was discussed as follows:
 - There are endowments, but they do not produce much income.



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- There have been two donations of \$50,000 to the endowments.
- The amounts required to be contributed from Garden operations in accordance with the JPA operating agreement with FWCG have not been made. An audience member who identified as an attorney for Helix Water District referred to the portion of the JPA agreement which states that the Garden is obligated to contribute 5% of revenue from operations to the endowments.
- Director DeSantis noted that it will be hard to ask the City of San Diego for additional financial support for the Garden when financial obligations of the Garden have not been met.
- There does not appear to be any collateral pledged for any of the loans taken by the Garden.
- The purpose of the SBA is unknown, but it appears the funds were used for operations. Director McMillan noted that an organization borrowing to pay for operations is a sign of financial peril.
- Lisa Prus from the San Diego County Water Authority offered a possible solution for some of the Garden's financial difficulties. She shared that the Solana Center may be looking for a new home, as the County of San Diego is taking back their current location. The Solana Center does rain barrels and composting, as well as education.
- Authority directors noted that any action from their respective agency boards to help the Garden could take one to two months.
- The crowd-funding campaign was discussed. It was noted that the Authority would not be involved in this, and would approve of such an effort, as long as nothing is promised that cannot be delivered.
- Director Neault commended Lauren Magnuson for her honesty and transparency pulling the data together.
- The Board discussed cost-saving options such as only opening the Garden two days per week. It was noted that limiting the time the Garden is open also limits opportunities to increase revenues and the time members can attend.
- Every effort will be made to increase revenues and decrease costs.
- Alternate Director Joel Scalzitti noted that the Garden needs to understand what their actual realistic operating expenses are, even if open just two days per week.
- Directors of the Authority suggested the Garden provide detailed options for the Garden's continued operations that can be presented to their respective agencies' boards.
- The Garden management and staff implored the Authority not to punish the current management and FWCG members for mistakes of previous leadership, and asked for a fresh start.
- It was noted that the basis and mission of the Garden is education, and 85% of revenue is brought in by education.
- In response to an inquiry by Director Neault, FWCG Board President Hager stated that the current business model is not working. The business structure with the Authority involved makes it difficult to get grants. Being on a college campus also creates challenges. In his opinion, the best business model would be to integrate everything into the college, as this would present many opportunities and potential cost savings.

3.5 Water Conservation Garden Insurance Requirements



Director Lynn Neault reported as follows:

- It has been very difficult to get any sort of insurance quotes without reliable financial information about the Garden to share with potential insurers.
- There are very specific insurance requirements in the JPA agreement that are not being met. Children being present and having staff and volunteers working with children creates additional liability.
- She has heard rates anywhere from \$2,000 to \$50,000 per year.
- Knowing the expected revenue of the Garden is approximately \$35,000 per month will be helpful in getting insurance quotes.
- Live Scan will likely be required for staff and volunteers working around children.
- Pam Meisner shared that education staff are Live Sanned. In the past volunteers were not Live Scanned.
- The Garden had two vehicles, which were re-titled to GCCCD so they could be insured on the GCCCD policy. However, it was discovered that only current GCCCD employees can drive cars insured under that policy. The vehicles were being driven by Garden staff up until 2023, but they did not know they were not covered as drivers.
- Based on the financial information obtained at this meeting, Director Neault and Treasurer Abushaban will make additional attempts to obtain insurance estimates for the Garden.
- Under the JPA Agreement, there needs to be an indemnification policy for the Authority and its members. These requirements are not being adhered to.

3.6 Future Meeting Dates

A closed session special meeting was scheduled for Wednesday, January 31, 2024, at 3:00 p.m., to be held at Helix Water District.

4. ADJOURNMENT

4.1 Meeting Adjourned

The meeting adjourned at 5:01 p.m.

ATTEST:



Michael Williamson
Recording Secretary

Mark Robak
Board President