



*Dedicated to
Satisfying our Community's
Water Needs*

**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Wednesday, January 12, 2022
1965 Placentia Avenue, Costa Mesa, CA 92627
4:30 p.m. Regular Board Meeting**

CALL TO ORDER	The meeting of the Board of Directors was called to order at 4:30 p.m. by President DePasquale.
PLEDGE OF ALLEGIANCE	Director Atkinson led the Pledge of Allegiance.
Directors Present	Marice H. DePasquale, President Shawn Dewane, Vice President Jim Atkinson, Director Fred R. Bockmiller, P.E., Director James R. Fidler, Director
Directors Absent	None
Staff Present	Paul E. Shoenberger, P.E., General Manager Phil Lauri, P.E., Assistant General Manager Denise Garcia, Administrative Services Manager/ District Secretary Wendy Duncan, Records Management Specialist/ Assistant District Secretary Marwan Khalifa, CPA, MBA, Chief Financial Officer/ District Treasurer Stacy Taylor, Water Policy Manager Tracy Manning, Water Operations Manager <i>(teleconference)</i> Kurt Lind, Business Administrator <i>(teleconference)</i> Andie Jacobsen, Executive Assistant to the General Manager Celeste Carrillo, Public Affairs Coordinator Kaitlyn Norris, Public Affairs Specialist Jamar Ogan, Customer Service Representative II Rob Anslow, Partner, Atkinson, Andelson, Loya, Ruud & Romo
Others Present	Jonathan Aparicio, IT Support Engineer, T2 Technology Group Brenda Deeley, CEO, Brenda Deeley PR <i>(teleconference)</i> Steve Gagnon, Senior Manager, Raftelis Financial Consultants, Inc. Theresa Jurotich, Manager, Raftelis Financial Consultants, Inc. Bob Osgood, Member of the Public Karl Seckel, Member of the Public Roseanne Eichenbaum, Member of the Public Andrew Barnes, Member of the Public Wendy Leece, Member of the Public Clinton Pace, Member of the Public Sara Cardine, Member of the Public

John Earl, Member of the Public
Matt Eichenbaum, Member of the Public
Adam Ereth, Member of the Public
Dennis Frazier, Member of the Public
Kitty O’Neil, Member of the Public
Christina Parker, Member of the Public
Amy Phee, Member of the Public
Michael Weisshaar, Member of the Public

ACTION TO AUTHORIZE CONDUCTING MESA WATER DISTRICT BOARD OF DIRECTORS MEETINGS UTILIZING REMOTE VIRTUAL PARTICIPATION:

President DePasquale asked for comments from the Board. There were no comments.

President DePasquale asked for comments from the public. There were no comments.

MOTION

Motion by Director Fisler, second by Director Atkinson, to adopt Resolution No. 1558 Authorizing Remote Virtual Meetings for all Legislative Body Meetings of Mesa Water District during the COVID-19 Virus Emergency Pursuant to Provisions of the Brown Act. Motion passed 5 – 0, by the following roll call vote:

AYES:	DIRECTORS	Atkinson, Bockmiller, Fisler, Dewane, DePasquale
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	None

PUBLIC COMMENTS:

President DePasquale asked for public comments on items not on the agenda.

There were no comments and President DePasquale proceeded with the meeting.

ITEMS TO BE ADDED, REMOVED, OR REORDERED ON THE AGENDA

General Manager Shoenberger reported that there were no items to be added, removed, or reordered on the agenda.

CONSENT CALENDAR ITEMS:

Approve all matters under the Consent Calendar by one motion unless a Board member, staff, or a member of the public requests a separate action.

1. Approve minutes of regular Board meeting of December 8, 2021.
2. Approve attendance considerations (additions, changes, deletions).
3. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar

President DePasquale asked for comments from the public. There were no comments.

MOTION

Motion by Director Fisler, second by Director Atkinson, to approve Items 1 – 3 of the Consent Calendar. Motion passed 5 – 0, by the following roll call vote:

AYES:	DIRECTORS	Atkinson, Bockmiller, Fisler, Dewane, DePasquale
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	None

PRESENTATION AND DISCUSSION ITEMS:

None.

ACTION ITEMS:

4. PUBLIC HEARING REGARDING PROPOSED CHANGES TO WATER RATES AND CHARGES:

GM Shoenberger provided an overview of the topic and introduced Chief Financial Officer Khalifa who proceeded with a presentation that highlighted the following:

- Water Rate Study Team
- Financially Strong
- Most Efficient Water District in Orange County.
- 100% Local Water
- Abundance of Local, Reliable Water
- Clean, Safe Water
- Committed to Transparency & District of Distinction
- Capital Improvement Program Renewal
- Well Nos. 12 & 14 and Pipeline Project
- Reservoirs 1 and 2 Upgrade Project
- Wilson Street Pipeline Replacement Project

Mr. Khalifa introduced Raftelis Financial Consultants, Inc. Senior Manager Steve Gagnon who proceeded with a presentation that highlighted the following:

- Rate Study & Schedule
 - Proposition 218
 - Rate Schedule Goals
 - Rate Study Public Process
 - Property Owner & Customer Notification of Proposed Rate Adjustments
 - Common Terms
 - What Water Rates Fund
 - Need for Rate Adjustments
 - Utility Rates vs. Other Goods
 - Presentation Summary
 - Financial Plan Assumptions
 - Inflationary Assumptions
 - Orange County Water District Replenishment Assessment
 - Proposed Financial Plan

- Rate Design
 - Changes Since Last Water Rate Study
 - Committee-Recommended Rate Setting Goals
- Rates
 - Basic Change Derivation for FY 2023
 - Bi-Monthly Basic Charge, \$/Bill
 - Monthly Basic Charge, \$/Bill
 - Annual Capital Charge by Meter Size
 - Consumption Rate, \$/ccf
 - Bi-Monthly Private Fireline Service, \$/Bill
 - Monthly Private Fireline Service, \$/Bill
- Typical Bill & Next Steps
 - Average Single-Family Customer Bill Impact (5/8" meter) and 24 ccf Bi-Monthly
 - Average Single-Family Customer Bill Impact
 - Recommendations

The Board thanked Messrs. Khalifa and Gagnon for the presentation.

President DePasquale announced that the Public Hearing was now opened for the purpose of receiving comments on proposed changes to Water Rates and Charges.

District Secretary Garcia reported that the Notice of Public Hearing was mailed to customers more than 45 days prior to the hearing in compliance with state law and Mesa Water's adopted policy. On December 29, 2021, notices were posted at Mesa Water District's kiosk and website and at Costa Mesa City Hall. Legal advertisements were published in the Daily Pilot on December 29, 2021 and January 5, 2022.

Mesa Water created a dedicated Rate Study page on its website to provide information about the proposed changes to water rates and changes. Additionally, Mesa Water staff responded to customer phone inquiries and social media comments. Mesa Water also provided an interview to the Daily Pilot, for an article that was published on January 8, 2022.

President DePasquale opened the floor for Board discussion.

Comments were offered.

President DePasquale opened the floor for public comments.

The following members of the public offered comments in opposition to the rate increase: Bob Osgood, Karl Seckel, Roseanne Eichenbaum, Andrew Barnes, Wendy Leece, and Clinton Pace.

As there were no other comments to be received, President DePasquale declared that the public comments portion of the Public Hearing closed.

District Secretary Garcia reported that 10 written comments were received in opposition, including 0 walk-in protest letters received during the Public Hearing. Ms. Garcia reported that the number of written protests and comments received did not represent a majority of the property owners within Mesa Water's service area.

President DePasquale opened the floor for additional discussion by the Board.

The Board offered comments.

Messrs. Khalifa and Gagon responded to questions from the Board and they thanked them for the information.

MOTION

Motion by Vice President Dewane, second by Director Atkinson, to adopt Resolution No. 1559 Determining Compliance with Procedural Requirements, Making Findings, Revising Water Rates, Revising Meter Rates, Adopting a Capital Charge, Revising Fireline Stand-By Charges, and Adopting a Rate and Charge Implementation Schedule, Amending the Water Rate and Charge Schedule, and Taking Related Actions Superseding Resolution No. 1505. Motion passed 5 – 0, by the following roll call vote:

AYES:	DIRECTORS	Atkinson, Bockmiller, Fisler, Dewane, DePasquale
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	None

5. PUBLIC HEARING REGARDING PROPOSED COLLECTION OF A CAPITAL CHARGE BY THE OFFICE OF THE ORANGE COUNTY TREASURER - TAX COLLECTOR:

GM Shoenberger provided an overview of the topic and introduced CFO Khalifa who proceeded with a presentation that highlighted the following:

- Capital Charge
- Capital Charge Rationale
- Method & Timing of Collection
- Fees via Property Tax Roll
- Collection Method and Amount
- Recommendations

CFO Khalifa responded to questions from the Board and they thanked him for the presentation.

President DePasquale announced that the Public Hearing was now opened for the purpose of receiving comments regarding the proposed collection of a Capital Charge.

District Secretary Garcia reported that the Notice of Public Hearing was mailed to customers more than 45 days prior to the hearing in compliance with state law and Mesa Water's adopted policy. On December 29, 2021, notices were posted at Mesa Water District's kiosk and website and at Costa Mesa City Hall. Legal advertisements were published in the Daily Pilot on December 29, 2021 and January 5, 2022.

Mesa Water created a dedicated Rate Study page on its website to provide information about the proposed collection of a Capital Charge. Additionally, Mesa Water staff responded to customer phone inquiries and social media comments. Mesa Water also provided an interview to the Daily Pilot, for an article that was published on January 8, 2022.

President DePasquale opened the floor for Board discussion.

Comments were offered.

President DePasquale opened the floor for public comments.

The following members of the public offered comments in opposition to the proposed collection of a Capital Charge: Karl Seckel, Wendy Leece, and Andrew Barnes.

As there were no other comments to be received, President DePasquale declared that the public comments portion of the Public Hearing closed.

District Secretary Garcia reported that 14 written comments were received in opposition, including 1 walk-in protest letter received during the Public Hearing. Ms. Garcia reported that the number of written protests and comments received did not represent a majority of customers within Mesa Water’s service area.

President DePasquale opened the floor for additional discussion by the Board.

The Board offered comments.

MOTION

Motion by Director Bockmiller, second by Vice President Dewane, to:

- a. Adopt Resolution No. 1560 Determining Compliance with Procedural Requirements, Making Findings, Authorizing Collection of the Capital Charge by way of The Office of the Orange County Treasurer-Tax Collector and County Property Tax Roll Process and Taking Related Actions; and,
- b. Direct staff to agendize for further discussion at a future meeting Mesa Water District’s Secretary’s Report Listing the Capital Charge Property Tax Roll for Fiscal Year 2022 – 2023.

Motion passed 5 – 0, by the following roll call vote:

AYES:	DIRECTORS	Atkinson, Bockmiller, Fislser, Dewane, DePasquale
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	None

REPORTS:

- 6. REPORT OF THE GENERAL MANAGER:
 - December Key Indicators Report
 - Other (no enclosure)

7. DIRECTORS’ REPORTS AND COMMENTS

INFORMATION ITEMS:

- 8. DIRECTORS’ REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)

9. OTHER (NO ENCLOSURE)

In honor of former Orange County Deputy District Attorney and Huntington Beach resident Kelly Ernby who recently passed away, President DePasquale adjourned the meeting at 6:49 p.m. to an Adjourned Regular Board Meeting scheduled for Tuesday, January 25, 2022 at 3:30 p.m.

Approved:

DocuSigned by:

Marice DePasquale

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Marice H. DePasquale, President

DocuSigned by:

Denise Garcia

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Denise Garcia, District Secretary

Recording Secretary: Sharon D. Brimer