

**MINUTES OF THE BOARD OF DIRECTORS
MESA CONSOLIDATED WATER DISTRICT
1965 Placentia Avenue, Costa Mesa, CA
Tuesday, January 11, 2011
7:00 p.m. Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on January 11, 2011 at 7:00 p.m. by President Bockmiller at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

President Bockmiller led the Pledge of Allegiance after which he asked for a moment of silence in memory of those murdered in Arizona.

Directors Present

Fred R. Bockmiller, President
James F. Atkinson, First Vice President
Shawn Dewane, Vice President
Jim Fisler, Vice President
Trudy Ohlig-Hall, Vice President

Directors Absent

None

Staff Present

Paul E. Shoenberger, P.E., General Manager
Coleen L. Monteleone, Administrative Services Manager/
District Secretary
Robert R. McVicker, District Engineer
Jerry Vilander, Water Operations Manager
Stacy Taylor, Communications Manager
Glynis Litvak, Senior Financial Analyst
Mark Pelka, Senior Civil Engineer
Denise Garcia, Executive Assistant
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Mrs. Ernie Feeney, Mesa Customer
Peter Meuter, Mesa Customer
Christine Parker, Mesa Customer

President Bockmiller opened by giving immediate past President Shawn Dewane a plaque honoring him for his two years of service as Board President. Photographs were taken.

PUBLIC COMMENTS

President Bockmiller invited members of the public to address the Board of Directors (Board) on matters that were not on the agenda.

Mrs. Feeney was acknowledged. She asked for additional information on the water bill. She would like to see the current month and same month from the previous year for comparison purposes.

Mission: Dedicated to satisfying our community's water needs

President Bockmiller assigned the task to the Public Information Committee for review.

Mr. Meuter was acknowledged. The Board received comments.

There being no further comments, President Bockmiller proceeded with the meeting.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

There were no items to be added or reordered. General Manager Shoenberger announced the Closed Session was withdrawn.

CONSENT CALENDAR ITEMS:

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

- A. Approve minutes of adjourned regular Board meeting of December 7, 2010.
- B. Approve minutes of adjourned regular Board meeting of December 13, 2010.
- C. Approve minutes of regular Board meeting of December 14, 2010.
- D. Approve the 2011 attendance at Conferences, Seminars, Meetings, and Events.
- E. Board Schedule:
 - 1. Tentative Meeting Topics
 - 2. Conference, Seminars, and Meetings
 - 3. Board Calendar
- F. Receive the November 2010 Investment Transaction Report.
- G. Receive the FY11 First Quarter Financial Report.
- H. Ratify the 2011 Board Committee & Other Agency Liaison Assignments.
- I. Approve continuing Townsend Public Affairs' agreement on a month-to-month basis through March 31, 2011 and approve a post budget allocation in the amount of \$15,000 from the Rate Stabilization Designated Fund.

Director Ohlig-Hall pulled items D, H and I. There were no objections.

President Bockmiller asked for comments from the public. There were none.

MOTION 2011-01

Motion by Director Fisler, seconded by Director Ohlig-Hall, to approve Items A, B, C, E, F, and G of the Consent Calendar. Motion passed 5-0.

Item D – Approve the 2011 attendance at Conferences, Seminars, Meetings, and Events.

Director Ohlig-Hall offered she would like the Board to take another look at the budget in light of the economic conditions. Governor Brown will be asking public agencies to reduce budgets and while Mesa does not take tax dollars, the budget should be reevaluated in light of economic conditions. She noted she would like a report from the General Manager showing how much revenue Mesa is down expressed in a percentage. This percent of reduced revenue should be then applied across the board in budget cuts by department. Additionally, because the number of residents signing up for the Behind the Scenes Tours is significantly lower than previous years, the

tours should be postponed to a time when there is more interest in the program. She noted there are some items in the current budget that should be postponed. She believes the District should work in terms of current revenue and not rely on reserves to cover revenue shortfalls.

The list of Outreach Events and Annual Conferences/Seminars were reviewed in terms of costs and practicality. Director Ohlig-Hall offered she believes it is important for the Board to review these items in terms of budget reductions.

Director Dewane offered that the Board's efforts should be focused in other areas that would render greater savings. Saving money on meetings is a symbolic gesture. However, the interest of the constituents is best served on those items that have economic value. There is a \$25 million project before the District that will need every ounce of management and Board attention to ensure the project is on time and on budget. It is the Board's discretion to discipline itself relative to attendance at meetings.

President Bockmiller asked for comments from the public.

Mrs. Feeney offered comments. She noted that the costs associated with several items on the Annual Conferences/Seminars are more than reported in the cost of the meeting. She also took issue with some costs in Outreach Events (Board President meeting with Directors and GM meeting with Directors) as well as authorizing mileage for Directors for local meetings attended within Orange County.

Mr. Meuter commented that Item J, Harvard University's John F. Kennedy School of Government should be attended by management not a Director.

MOTION 2011-02

Motion by Director Dewane, seconded by Director Fisler, to approve Item D the 2011 attendance at Conferences, Seminars, Meetings, and Events as amended. Motion passed 3-2 with Directors Ohlig-Hall and Atkinson voting no.

Item H – Ratify the 2011 Board Committee & Other Agency Liaison Assignments

Director Ohlig-Hall asked to be added to MWDOC meetings. There were no objections.

President Bockmiller asked for comments from the public. Their being none he proceeded with the vote.

MOTION 2011-03

Motion by Director Atkinson, seconded by Director Dewane, to approve the 2011 Board Committee and Other Agency Liaison Assignments. Motion passed 5-0.

Item I – Approve continuing Townsend Public Affairs' agreement on a month-to-month basis through March 31, 2011 and approve a post budget allocation in the amount of \$15,000 from the Rate Stabilization Designated Fund.

Director Ohlig-Hall asked the General Manager about the District receiving federal government stimulus money and if the District took it could the government come back at a future date and take money from the District to cover a shortfall.

Attorney Anslow noted that when federal funds are allocated there are certain strings attached, non-discrimination, and record keeping requirements, etc. If the agency receiving the funds does not comply with the stipulations that accompany the money, the federal government could discontinue giving the funds or could ask for a return of a portion or all the funds.

Attorney Anslow was asked to provide a legal opinion on whether the federal government could reach into Mesa's budget and take funds.

Director Fisler, Dewane, and Atkinson provided support to continue the Townsend Public Affairs agreement.

President Bockmiller asked for comments from the public. Mrs. Feeney offered comments cautioning the Board about taking taxpayer funds. She noted she would like a guarantee that the funding agency cannot come in at a later date and take money from Mesa.

MOTION 2011-04

Motion by Director Atkinson, seconded by Director Fisler, to approve continuing Townsend Public Affairs' agreement on a month-to-month basis through March 31, 2011 and approve a post budget allocation in the amount of \$15,000 from the Rate Stabilization Designated Fund. Motion passed 5-0.

PRESENTATION AND DISCUSSION ITEMS:

A. ANNUAL BOARD WORKSHOP FACILITATOR:

President Bockmiller reviewed the scope of work for the facilitator, which includes a review of the Board's policies, procedures and practices, and provide the Board with a written report to ensure the Board is functioning effectively and efficiently.

Director Ohlig-Hall spoke on the dynamics and interaction of the Directors and believes the Board needs help in achieving harmony in the deliberation of the District's business.

After a discussion, the issue was referred back to the Executive Committee for review and definition of scope.

B. ANNUAL BOARD WORKSHOP PLANNING:

Director Fisler offered agenda items:

- Expanded use of recycled water
- Replacement of infrastructure

Director Dewane offered recommendations for the agenda for discussion:

- OC-44 outreach
- Five-year business plan

Director Ohlig-Hall offered agenda item:

- Budget update

RECESS

President Bockmiller declared a recess at 8:16 p.m. The meeting reconvened at 8:32 p.m.

C. BOARDROOM AND LOBBY IMPROVEMENTS:

General Manager Shoenberger noted there is \$120,000 in the 2011 budget for Boardroom improvements.

The Board reviewed the proposed list dated January 11, 2011. Each Director offered comments and recommendations.

President Bockmiller asked for comments from the public. Mr. Meuter offered comments.

Motion by Director Dewane, seconded by Director Fisler, to approve the list for Boardroom and lobby improvements as presented and authorize staff to develop costs and prioritize items. A substitute motion was offered.

MOTION 2011-05

Motion by Director Atkinson, seconded by Director Ohlig-Hall, to table the project for Boardroom and lobby improvements until sometime after the completion of the Colored Water Treatment Facility. Motion failed 1-4 with Directors Dewane, Ohlig-Hall, Fisler, and Bockmiller voting no.

President Bockmiller asked for comments from the public. Mesa Customer Christine Parker offered comments relative to the expansion of the Panian Conference Room.

Motion by Director Ohlig-Hall, seconded by Director Fisler, to direct staff to obtain costs for item 4 (Address moisture issues) and item 5 (New audio and video system) and table the balance until the completion of the CWTF. A substitute motion was offered.

MOTION 2011-06

Motion by President Bockmiller, seconded by Director Dewane, to direct staff to obtain costs for all items with an emphasis on addressing moisture and the audiovisual equipment. Motion passed 5-0.

D. DISTRICT BRANDING:

General Manager Shoenberger confirmed the branding workshop is scheduled for Friday, January 21, 2011. The topics to be covered are the District's name, logo, and the CWTF. He noted the budget for this exercise is \$15,000 and \$5,000 has been spent to date.

Director Ohlig-Hall offered she would like to take the issue of District branding to the public for comments. She asked the attorney if it was legal for the District to change its name.

Attorney Anslow reported the since Mesa Consolidated Water District is a special district a name change does not require any legislative action.

ACTION ITEMS:

No items.

REPORTS AND INFORMATION ITEMS:

A. REPORT OF THE GENERAL MANAGER:

1. November Key Indicators Report
2. Items of general interest:
 - ◆ Other
 - GM noted the Board is invited to an event at the Performing Arts Center on Wednesday, January 12, 2011 at 4:30 p.m.
 - A pre-construction meeting for the Colored Water Treatment Expansion Project was held last week with all contractors. A series of weekly meetings will begin next week.
 - Staff is looking at a company to do time lapse photography for the CWTF, which will be posted on the website.
 - District Engineer Bob McVicker reported there is a meeting with the groundwater producers on Wednesday, January 12, 2011 to begin discussions with Orange County Water District on the basin pumping percentage (BPP) and replenishment assessment (RA).
 - Staff has a project to redirect wash rack drainage water to the sewer system. The Sanitary District has agreed to waive connection fees.
 - A new payroll system was implemented. The new system saves about two days of staff labor each pay period.
 - Senior Financial Analyst Glynis Litvak provided a review of the budget to date. The sales are 3% below budget and expenses are currently below budget. The District is performing better than anticipated.
 - The District received 122 applications for the posted Water Conservation Specialist position. An offer has been made to a candidate.
 - OC Metro and the Daily Pilot had short articles on the District's officers, President Bockmiller and First Vice President Atkinson.
 - As of December 30, 2010, the CWTF is closed for water production in anticipation of the expansion project.
 - System Operator Tom Neville obtained his D5 Distribution certification.

B. DIRECTORS' REPORTS AND COMMENTS:

ACTION ITEMS: (continued)

A. CLOSED SESSION:

This Closed Session was not conducted.

1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS –
PURSUANT TO GOVERNMENT CODE SECTION 54956.8:
Property: Capital Project # CM-394 (OC-44 feeder)
District Negotiator: General Manager
Negotiating Parties: Poseidon Resources
Under Negotiation: Possible use of Mesa Consolidated Water District property by outside company for purposes of delivering desalinated potable water to other agencies

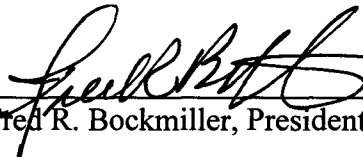
INFORMATION ITEMS:

A. ITEMS OF GENERAL INTEREST:

1. General Manager's Weekly Reports
2. Directors' Meeting Reports
3. Water Quality Regulatory Notification
4. Groundwater Producers' meeting minutes for December 8, 2010
5. Mesa's Board Officers Articles:
 - ◆ OC Metro: Movers & Shakers, December 28, 2010
 - ◆ Daily Pilot, December 30, 2010

President Bockmiller adjourned the meeting at 9:34 p.m. to an adjourned regular Board meeting scheduled for Wednesday, January 19, 2011 at 7:00 p.m. for the purposes of Water Issues Study Group.

Approved:



Fred R. Bockmiller, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer