

**MINUTES OF THE BOARD OF DIRECTORS
MESA CONSOLIDATED WATER DISTRICT
1965 Placentia Avenue, Costa Mesa, CA
Tuesday, January 12, 2010
7:00 p.m. Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on January 12, 2010 at 7:00 p.m. by President Dewane at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

Director Fisler led the Pledge of Allegiance.

Directors Present

Shawn Dewane, President
Fred R. Bockmiller, First Vice President
James F. Atkinson, 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
Victoria L. Beatley, Chief Financial Officer/Treasurer
Robert R. McVicker, District Engineer
Barbara Wiseman, Human Resources Manager
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Joan C. Finnegan, Director, Municipal Water District of Orange County (MWDOC)

PUBLIC COMMENTS

President Dewane invited members of the public to address the Board of Directors (Board) on matters that were not on the agenda. There being none, President Dewane proceeded with the meeting.

President Dewane welcomed MWDOC Director Joan C. Finnegan.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

General Manager Shoenberger commented there were two items to be added to the agenda under I. E. The items to be added were a meeting for California Water Myths, Thursday, January 21, 2010 and CSDA Legislative Days, March 11 – 12, 2010; Sacramento, CA. There were no objections.

I. CONSENT CALENDAR ITEMS:

All matters on the Consent Calendar will be approved by one motion unless a Board member, staff, or a member of the public requests a separate action.

Director Atkinson pulled Item E. Director Ohlig-Hall pulled Items J, L, and O. There were no objections.

- A. Approve minutes of regular Board meeting of November 24, 2009.
- B. Approve minutes of regular Board meeting of December 8, 2009.
- C. Approve minutes of special Board meeting of December 14, 2009.
- D. Approve minutes of regular Board meeting of December 22, 2009.
- E. Approve the 2010 attendance at Conferences, Seminars, Meetings, and Events including air travel at the full fare Business Class.
 - 1. Attendance Considerations:
 - California Water Myths; January 21, 2010.
 - CSDA Legislative Days; Sacramento, CA; March 11 – 12, 2010.
- F. Board Schedule:
 - 1. Tentative Meeting Topics
 - 2. Conference, Seminars, and Meetings
 - 3. Board Calendar
- G. Approve the annual membership dues to the California Special Districts Association in the amount of \$4,088.
- H. Authorize the appropriation of \$1,000 from Working Capital Cash for payment to Bond Logistix LLC for the Arbitrage Rebate Payment Refund Request for the 1998 Refunding Certificates of Participation.
- I. Approve an appropriation of \$5,268 from Working Capital Cash for payment of the final invoice to Fieldman | Rolapp & Associates for their work on the Designated Funds Policy Update and Rating Scenario Project.
- J. Receive the FY10 First Quarter Financial Report.
- K. Approve award of contract to KDC, Inc. dba Dynalectric for SCADA System Upgrade in the amount of \$1,074,197 and an appropriation of \$625,000 from working Capital Cash; and authorize the General Manager to execute the contract.
- L. Approve request from Bowie, Arneson, Wiles & Giannone for adjustment of the maximum legal services billing rate for attorney attendance at Board meetings.
- M. Confirm the Board's direction at the December 8, 2009 Board meeting for the General Manager to continue as the Chairman of the Association of California Water Agencies (ACWA) Desalination Subcommittee for a two-year term.
- N. Receive and file the resolution of the State of California Ex. Re. Nora Armenta v. James Jones Company, etc, et al. and City of Banning et. Al. v. James Jones Company, etc. et. al.
- O. Approve Donning Company as the publisher of Mesa's 50th Anniversary historical book and an appropriation of \$30,000 from Working Capital Cash.
- P. Ratify the 2010 Board Committee and Other Agency Liaison Assignments.

MOTION 2010-01

Motion by Director Bockmiller, seconded by Director Atkinson, to approve Items A – D, F – I, K, M, N, and P of the Consent Calendar. Motion passed 5-0.

Item E – 2.1 – Harvard University’s John F. Kennedy School of Government, Senior Executives in State and Local Government Program; Cambridge, MA; July 5 – 23, 2010.

Director Atkinson asked if this was an approval for all directors to attend.

President Dewane responded that this item was discussed at the Executive Committee and it was the recommendation of the committee that attendance would be offered to all directors and to senior staff.

General Manager Shoenberger reported that the tuition is approximately \$12,000 for the course exclusive of travel. He commented that this expense is for the next fiscal year and could be added to the FY11 budget if the Board approved attendance.

Director Ohlig-Hall offered that the Board has a policy regarding attendance considerations noting that all meetings and events must be water relative. Harvard University’s John F. Kennedy School of Government is not considered a water related meeting or event and would have to be addressed separately for Board consideration. In relation to education, the Board is responsible for policy making and oversight and educational training at this level is a staff function. She also noted that with the current economic climate, this expense is not justified.

Director Bockmiller commented there are a variety of conferences and seminars attended by directors and staff. Education is an important development effort on the part of the District. He offered this could be a valuable education for those who attended and supports offering this education as an option to directors and senior staff.

Director Fisler asked about the funds in the current budget. Chief Financial Officer Beatley noted that she will research the information and provide the information to the Board later during the discussion.

Director Atkinson noted he would not support this item for directors as the budget is for conferences and seminars and this is an educational development session and beyond a water related topic. He noted that he believes this is outside the scope of conferences and seminars. Additionally, the Board recently passed a five-year rate plan and does not feel this is the appropriate time to add this item to the budget due to its high cost. He noted that it may be appropriate for the General Manager or selected senior staff, but because of the potential for a director’s short-term involvement on the Board of Directors, he would not support this training for directors.

President Dewane offered his views in terms of executive education and believes there is a lack of available training in governance at the executive level in the water industry. He believes this would be an invaluable educational opportunity for the directors.

In reviewing the FY10 budget, Chief Financial Officer Beatley noted that there is \$22,300 budgeted for the Board conferences and seminars. She explained that the cost of the John F. Kennedy School of Government costs which includes on campus accommodations and meals. The total cost for attendance would be approximately \$14,000 per person with airfare and ancillary expenses.

Director Ohlig-Hall commented that if there is a lack of educational opportunities at the director level, the District should work through existing industry groups to develop/expand educational programs to benefit directors. She noted she does support this type of educational training for the General Manager and key senior staff.

Other items on list of conferences and seminars were brought into question and a recommendation was made to review the list then re-submit to the Board with costs and related back up documentation.

Director Bockmiller commented that the proposed list is based on the Board's attendance for the prior three years with a few additions. He noted he would have liked supporting documentation on the items not previously attended; i.e. item 2.L, Green California Summit, etc.

Director Fisler spoke in support of the Harvard course and would like additional information on the course but does not believe this is the appropriate time to address it as a budgetary item.

MOTION 2010-02

Motion by Director Bockmiller, seconded by President Dewane, to approve Item E. 2010 attendance at Conferences, Seminars, Meetings, and Events. Motion failed 2-3 with Directors Ohlig-Hall, Atkinson, and Fisler voting no.

Item E was referred to the Executive Committee for completion of documentation including costs and related supporting documentation.

Several items were identified as requiring action prior to the next meeting.

MOTION 2010-03

Motion by Director Ohlig-Hall, seconded by Director Fisler, to approve items 1b, 2m, 2o, and 3i in Item E of the Consent Calendar. Motion passed 5-0.

Item J – Receive the FY10 First Quarter Financial Report.

Director Ohlig-Hall commented that while particular directors liked shorter meeting minutes, she believes it is important to have longer minutes that reflect what occurred in the meeting to make it easier to respond to the public when they ask questions. In addition, by making financial information available to the public on a quarterly basis the District is demonstrating transparency in government to the public.

She noted that the City of Costa Mesa City Council and City Planning Committee only produce financial information annually, whereas Mesa produces financial information quarterly. She also supports publishing more financial information in the District's newsletter.

The item of publishing financial information in the District's newsletter was referred to the Public Information Committee for discussion.

MOTION 2010-04

Motion by Director Ohlig-Hall, seconded by Director Fisler, to approve Item J of the Consent Calendar. Motion passed 5-0.

Item O – Approve Donning Company as the publisher of Mesa's 50th Anniversary historical book and an appropriation of \$30,000 from Working Capital Cash.

Director Ohlig-Hall commented that it is premature to approve funds as the District has not received a proposal for the project and the funds should be taken from the Public Relations account. She noted that the District is expecting some contributions for the book. With that in mind, what isn't covered by donations and the Public Relations budget could be taken from Working Capital Cash. She would like a proposed accounting of the funds.

President Dewane noted there is a Public Information budget; however, there are no unallocated funds in the budget. Most, if not all, of the Public Information budget has been allocated to specific projects.

General Manager Shoenberger noted that the \$30,000 is an estimate at this time and confirmed the District is receiving donations to help offset the cost of the 50th Anniversary historical handbook.

MOTION 2010-05

Motion by Director Bockmiller, seconded by Director Atkinson, to take no action on Item O of the Consent Calendar and refer the item to the 50th Anniversary Ad Hoc Committee for further discussion. Motion passed 5-0.

Item L – Approve request from Bowie, Arneson, Wiles & Giannone for adjustment of the maximum legal services billing rate for attorney attendance at Board meetings.

President Dewane noted that this item was pulled and referred to the Executive Committee for discussion and recommendation.

II. PRESENTATION AND DISCUSSION ITEMS:

No Items.

RECESS

President Dewane declared a recess at 8:00 p.m. The Board reconvened at 8:19 p.m.

III. ACTION ITEMS:

A. SUPPORT FOR THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY:

Director Bockmiller added his support to the Municipal Water District of Orange County noting they have done a good job over the years.

President Dewane added that an invitation has been extended to Senator Tom Harmon to meet with Director Ohlig-Hall, General Manager Shoenberger and himself to present copies of the resolution to the legislative delegation and county.

President Dewane recognized MWDOC Director Finnegan. MWDOC Director Finnegan thanked the Board for its continuing support.

MOTION 2010-06

Motion by Director Ohlig-Hall, seconded by Director Fisler, to approve Resolution No. 1385 in support of the Municipal Water District of Orange County and in opposition of efforts to divide Orange County into north and south wholesale water agencies. Motion passed 5-0 with the following roll call vote.

AYES:	DIRECTORS	Ohlig-Hall, Atkinson, Fisler, Bockmiller, Dewane
NOES:	DIRECTORS	None
ABSENT:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None

B. SPECIFY CLASSIFICATIONS IN REPRESENTED AND NON-REPRESENTED EMPLOYEE UNITS:

MOTION 2010-07

Motion by Director Ohlig-Hall, seconded by Director Fisler, to approve Resolution No. 1386 updating the composition of Mesa's Represented and Non-Represented Employee Units, and superseding Resolution No. 1368. Motion passed 5-0 with the following roll call vote.

AYES:	DIRECTORS	Ohlig-Hall, Atkinson, Fisler, Bockmiller, Dewane
NOES:	DIRECTORS	None
ABSENT:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None

C. CLOSED SESSION:

President Dewane announced that the Board of Directors was going into Closed Session at 8:21 p.m.

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.
2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS –
PURSUANT TO GOVERNMENT CODE SECTION 54956.8:
Property: 88 Fair Drive, Costa Mesa
District Negotiator: General Manager and Board President
Negotiating Parties: State of California
Under Negotiation: Terms of State request for proposals and value of property

The Board returned to Open Session at 9:29 p.m.

Attorney Anslow reported two Closed Sessions were conducted regarding the negotiations with real property pursuant to Government Code Sections 54956.8. The first Closed Session was conducted with the General Manager, District Engineer, and Legal Counsel. The Board received information. The second Closed Session was conducted with the General Manager and Chief Financial Officer. The Board received information and gave direction to the General Manager. There were no other announcements.

IV. REPORTS AND INFORMATION ITEMS:

A. REPORT OF THE GENERAL MANAGER:

1. November Key Indicators Report
2. Items of general interest:
 - ◆ Other
 - Following the December 22, 2009 public hearing on the rates, one blog by Geoff West mentioned the rate hearing. There was no other media coverage.
 - Mesa's 26-year employee, Kay Rojek, is retiring.
 - 246 applications were received for the Customer Service Rep position.
 - On Christmas Day, emergency staff responded to a service leak on east 16th Avenue with repairs done between 9:00 a.m. and 3:00 p.m. The crew on-site for repairs was Stan Kennedy, Randy Winters, Frank Schafer, Eddie Nunez, and Detlef Goris.

The Board thanked the crew for their dedication and discussed additional compensation for the team's effort. Ms. Beatley noted the crewmembers received time and a half for the first five hours and double time over five hours.

Attorney Anslow noted it was within the purview of the General Manager to acknowledge work effort as appropriate.

- General Manager Shoenberger is continuing his job shadowing program and working with the field crews.
- The Poseidon Working Group (comprised of agencies in Orange County) met last week. Poseidon presented an agreement for consideration but it does not contain monetary values at this time.
- On January 8, 2010, there was a meeting at University of California, Los Angeles (UCLA). He noted that UCLA is applying for a National Science Foundation Grant of \$20M to be paid out over ten years. This application is for smart water systems, which is basically distributed water systems (satellite systems) rather than centralized systems. The team consists of people from UCLA, USC, the University of Michigan, and representatives from Spain, Israel, and Australia. There are 11 teams going for the foundation grant. A request was made for Mesa to provide in-kind time for the project. There would be no monetary compensation for the General Manager. The Board concurred with the General Manager supporting this effort with in-kind time.
- The General Manager and District Engineer met with Mike Marcus and various OCWD representatives to discuss the expansion of the CWTF.
- Students from Estancia High School created a concept company for seawater desalination. Atlantis Corp is their concept company and their team won the California competition and will be going onto the National competition. The team will be interviewing the General Manager on January 13, 2010. A brief discussion ensued on how the team could be supported for its efforts as they are also engaged in a fundraising effort to cover team expenses. It was noted that the General Manager has the authority to provide support as appropriate.
- The Diemer Plant will be shutdown January 25 – 31, 2010 for upstream repairs.
- The CWTF has been down but will be up during the January 25 – 31 timeframe to provide water service to Mesa's customers as Met water will not be available.
- The Water Issues Study Group will meet Wednesday, January 20, 2010 at 7:00 p.m.

- Articles of Incorporation have been submitted for CalDesal and a web site domain name has been secured.
- A request for information was received from West Valley County Water District located in a rural area near Lancaster, California.

President Dewane suggested that Mesa adopt the West Valley County Water District as a sister agency. This item will be added to a future agenda for discussion.

B. STANDING COMMITTEE REPORTS:

1. Director Fisler attended the following meeting:
 - a. Engineering and Operations Committee Meeting, 12/10
2. Director Ohlig-Hall attended the following meeting:
 - a. 50th Anniversary Ad Hoc Committee Meeting, 12/14
 - b. Finance Committee Meeting, 12/17
The Committee reviewed disbursements to directors and employees as reported on the Accounts Paid Listing” per California Government Code Section 53065.5.
3. Director Bockmiller attended the following meeting:
 - a. Public Information Committee Meeting, 12/15
4. President Dewane attended the following meeting:
 - a. Executive Committee Meeting, 1/7

C. DIRECTORS’ REPORTS AND COMMENTS:

1. Director Atkinson attended the following meetings:
 - a. Colorado River Water Users Association Conference, 12/9 – 12/11
 - b. OCWD Meeting, 1/6
 - c. WACO Meeting, 1/8
 - d. Other
2. Director Ohlig-Hall attended the following meetings:
 - a. MWDOC Meeting, 12/16
 - b. Jt. MWDOC Meeting, 1/6
 - c. Other – Rate Increase Public Hearing
3. Director Fisler attended the following meetings:
 - a. WACO Meeting, 12/11
 - b. WACO Meeting, 1/8
 - c. Other
4. Director Bockmiller attended the following meeting:
 - a. OCWD Meeting, 12/16