

**MINUTES OF THE BOARD OF DIRECTORS
MESA CONSOLIDATED WATER DISTRICT
1965 Placentia Avenue, Costa Mesa, CA
Friday, February 19, 2010
8:00 a.m. Adjourned Board Meeting**

CALL TO ORDER

The Meeting of the Board of Directors was called to order on February 19, 2010 at 8:17 a.m. by President Dewane at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

Director Ohlig-Hall led the Pledge of Allegiance.

Directors Present

Shawn Dewane, President
Fred R. Bockmiller, First Vice President
Trudy Ohlig-Hall, Vice President (departed at 1:50 p.m.)
James F. Atkinson, Vice President (departed at 1:50 p.m.)
Jim Fisler, 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
Jerry Vilander, Water Operations Manager
Barbara Wiseman, Human Resources Manager
Denise Garcia, Executive Assistant
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

None

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.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

There were no items to be added, withdrawn, or reordered.

I. MESA CONSOLIDATED WATER DISTRICT GOVERNANCE:

The Board discussed District Governance including Ordinance No. 20 – Director’s Compensation.

MOTION 2010-13

Motion by Director Bockmiller, seconded by Director Ohlig-Hall, to direct staff to proceed with the process to place Director's compensation on a future agenda. Motion passed 5-0. Motion carried 5-0.

The Board reviewed the proposed changes to Resolution No. 1341 – Guidelines for Reimbursement of Expenses to Directors. The Board's consensus was to strike item b in section 1 – General Guidance.

The Board also discussed striking a portion of item e. Other Expenses in the proposed changes to Resolution No. 1341.

Confirm with Legal Counsel that item d – for meals over \$30 a receipt must be accompanied by an itemized account of charges, and include a description of the business purpose. Agendize for the March 9 Board meeting.

Discuss with Legal Counsel the OCWD Communications Policy. When ready the proposed policy will be brought to the Executive Committee.

Director Bockmiller will finalize his review of Resolution No. 1275 – Procedures for Meetings of the Board and Resolution No. 1295 – Protocols of the Board and the proposed changes will be brought to the Executive Committee. Staff has already reviewed these Resolutions and Director Bockmiller was provided with staff's proposed changes.

II. ACTION ITEMS:

A. 2010 BOARD ATTENDANCE CONSIDERATIONS:

The Board discussed the proposed list of 2010 Board Attendance considerations at conferences, seminars, meetings, and events.

MOTION 2010-14

Motion by Director Ohlig-Hall, seconded by Director Bockmiller, to approve the 2010 Attendance Considerations as proposed and approve an \$8,000 appropriation from Working Capital Cash. Motion carried 5-0.

B. ADJUSTMENT TO THE MAXIMUM LEGAL SERVICES RATE FOR BOARD MEETINGS:

The Board discussed the rate increase for Board meetings. The consensus of the Board was to have a meeting with Legal Counsel, possibly in Closed Session, to discuss services.

The Board established a Legal Counsel protocol wherein communication from the Board would generally be through the Board President to the attorney and back to the Board.

MOTION 2010-15

Motion by Director Atkinson, seconded by Director Fisler, to approve the request from Bowie, Arneson, Wiles & Giannone for adjustment of the maximum legal services billing rate for attorney attendance at Board meetings. Motion carried 4-0-0-1 with Director Bockmiller abstaining.

C. WATER SUPPLY WORKSHOP:

General Manager Shoenberger introduced the topic. He noted that one of the objectives of this workshop is to determine what the District will do with Well 4 as the lease is due to expire.

District Engineer Robert McVicker was introduced and proceeded with a presentation on the Water Supply Plan Update.

Mr. McVicker reviewed the following topics:

- ◆ Strategic Plan Goals
- ◆ Water Supply Needs
- ◆ Water Supply Mix
 - Alternatives
 - Unit Costs
 - Water Quality Considerations

Strategic Plan Goals:

- ◆ Provide a safe and reliable water supply
- ◆ Practice continuous infrastructure renewal and improvement.
- ◆ Be financially responsible and maintain competitive rates

A discussion ensued regarding Director Fisler's comment that the City of Costa Mesa has about \$100 million in deferred maintenance and that he wouldn't want the District to be in a similar situation. Director Bockmiller commented that the District does not defer maintenance and has a program to insure all maintenance is done on a regular and timely basis through proper planning which is funded through the collection of monies paid by the ratepayers. The Board discussed budgeting for lower water sales than projected.

It was noted that staff and the Executive Committee is currently reviewing the District's Strategic Plan. President Dewane asked the Directors to review the Strategic Plan and bring a list of priorities for the 2010 budget cycle so that at the Strategic Plan Workshop the Board can update the plan.

Mr. McVicker reviewed projected water supply needs through 2035. He noted that one of the important factors is the reduced water demand due to water conservation measures that have been successfully implemented by the ratepayers. He commented that demand for additional water due to development is projected to be low as Costa Mesa is fairly built out.

The FY10-11 Basin Production Percentage (BPP) was reviewed. It was noted that the projected BPP is 62% but may be changed as it is dependent upon rain and other replenishment options.

Mr. McVicker continued with the presentation reviewing Mesa's water supply needs and capacities.

He reviewed the policy tradeoffs:

- ◆ Water Quality Goals from Strategic Plan
- ◆ Treatment Costs
- ◆ Capital Costs
- ◆ Imported Water Costs
- ◆ Public Perception

The following information was reviewed:

- ◆ Clear well unit costs by Well (1b, 3b, 5, 7, 8, and 9)
- ◆ Water production (acre feet) by clear wells, CWTF, imported water, and recycled water
- ◆ Water supply unit costs per acre foot by clear wells, CWTF, imported water, recycled water, and ocean desalinated (proposed)
- ◆ Water Supply Alternatives
 - Wells 1, 3, and 9 upgrades
 - Capital costs \$300,000
 - Automation costs \$100,000 each
 - Recommendation:
 - Automate wells
 - Well 5 Upgrade
 - Capital costs - \$950,000 total
 - Ultraviolet light (UV) system bypass - \$35,000
 - Electric motors - \$256,000
 - Ozone treatment for color - \$485,000
 - Automation - \$144,000
 - Recommendation:
 - Bypass UV system
 - Convert to electric motors
 - Defer construction of ozone treatment system
 - Automate well
 - Well 7 Upgrade
 - Capital costs - \$969,000 total
 - Ozone addition - \$612,000
 - Automation - \$357,000
 - New Motor
 - Variable frequency drive
 - Recommendation
 - Automate well
 - Test HiPOx system for color removal
 - Well 8 Upgrade
 - Capital costs - \$779,000 total
 - Ozone addition - \$612,000

- Automation - \$167,000
- Recommendation:
 - Automate well
 - Test HiPOx system for color removal
- Well 4 (Segerstrom #2) Upgrade
 - Capital costs - \$1,460,000 total
 - Land purchase - \$575,000
 - Electric motors - \$256,000
 - Ozone treatment for color - \$485,000
 - Automation - \$144,000
 - Ozone Treatment not effective
 - Recommendation:
 - Abandon well and well site improvements
 - Cost - \$250,000
 - Terminate Segerstrom lease

A discussion ensued regarding the color level in the water Mesa extracts from the Colored Water Treatment Facility and the Board acknowledged that its goal of 5 color units is not being met at this time. General Manager Shoenberger commented with improvements in technology the District will be able to achieve the goal, but not at this time.

Director Bockmiller commented that lower color levels are an aesthetic consideration. The water is tested for quality and meets all water quality standards.

It was agreed that a new goal will be considered at the time the Strategic Plan is discussed and updated.

A discussion ensued regarding the feasibility of purchasing the land or extending the lease at Well No. 4 (Segerstrom #2).

MOTION 2010-16

Motion by Director Bockmiller, seconded by Director Atkinson to accept staff recommendations and approve all items in Item II C, excluding Well No. 4 (Segerstrom #2) recommendations including convert Well No. 5 (Reade) from natural gas power to electric power, add ozone treatment to Well No. 5 (Reade) when appropriate, install equipment at Well Nos. 1 (Segerstrom #1), 3 (Pickens), 5 (Reade), 7 (Patrick), 8 (Booth) and 9 (Durante) to automate the starting and stopping of the wells and to not pursue partners in the Colored Water Treatment Facility Technology Replacement and Expansion Project. Motion passed 5-0.

MOTION 2010-17

Motion by Director Atkinson, seconded by President Dewane, to first have the General Manager and Board President contact the C. J. Segerstrom Company to seek a 30-day extension to the Well No. 4 (Segerstrom #2) lease, secondly explore the possibility of cost sharing for the demolition of Well No. 4 (Segerstrom #2) facilities, and if unsuccessful with a lease extension and/or cost sharing effort staff would proceed with the process to abandon Well No. 4 (Segerstrom #2). Motion passed 5-0.

Mr. McVicker continued with the presentation.

The following topics were addressed:

- ◆ FY11 Water Supply Mix
- ◆ FY13 Water Supply Mix
- ◆ Water Quality Considerations – Well No. 6
- ◆ Water Quality Considerations – CWTF
- ◆ Water Quality Considerations – Bromate
- ◆ Water Supply Costs
- ◆ Partners in CWTF Upgrade
- ◆ OCWD Groundwater Management
- ◆ OCWD Groundwater Quality Program

Directors Ohlig-Hall and Atkinson departed the meeting at 1:50 p.m.


The Board thanked Mr. McVicker and staff for the excellent presentation they developed for the Workshop.

A. DIRECTORS' REPORTS AND COMMENTS:


1. Director Atkinson: Previously left the meeting.
2. Director Ohlig-Hall: Previously left the meeting.
3. Director Fisler:
4. Director Bockmiller:
5. President Dewane:

President Dewane adjourned the meeting at 2:11 p.m. to the regular Board meeting to be held on Tuesday, March 9, 2010 at 7:00 p.m.

Approved:



Shawn Dewane, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer