

**MINUTES OF THE BOARD OF DIRECTORS  
MESA CONSOLIDATED WATER DISTRICT  
1965 Placentia Avenue, Costa Mesa, CA  
Tuesday, March 8, 2011  
7:00 p.m. Regular Board Meeting**

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**CALL TO ORDER**

The meeting of the Board of Directors was called to order on March 8, 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**

Director Dewane led the Pledge of Allegiance.

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  
Victoria L. Beatley, Chief Financial Officer/Treasurer  
Robert R. McVicker, District Engineer  
Jerry Vilander, Water Operations Manager  
Stacy Taylor, Communications Manager  
Barry Carlson, Customer Services Manager  
Mark Pelka, Senior Civil Engineer  
Justin Finch, Conservation Specialist  
Saboohi Currim, Accounting Officer  
Denise Garcia, Executive Assistant  
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Ron Davis, Executive Director, CalDesal  
Christopher Brown, Charles Z. Fedak & Company, Certified Public Accountants

***EXECUTIVE DIRECTOR OF CALDESAL, RON DAVIS, TO RECOGNIZE MESA AS CALDESAL'S FOUNDING MEMBER AGENCY***

Mr. Shoenberger announced a reorganization at the District. Administrative Services Manager Coleen Monteleone has been given responsibilities for the Human Resources functions. Barry Carlson was named Customer Services Manager and will be responsible for internal and external Customer Service functions including Conservation, Customer Service, and Information Technology.

Mr. Carlson thanked the Board for his employment and expanded responsibilities. He introduced Justin Finch who was recently hired as the District's Conservation Specialist.

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Mr. Finch thanked the Board and provided an overview of his qualifications and experience.

General Manager Shoenberger introduced the new Executive Director for CalDesal, Ron Davis.

Mr. Davis commended and thanked the Board of Directors for its foresight, leadership, and support in pursuing the development of CalDesal. He acknowledged Paul Shoenberger's contributions in the formation of the organization. The Board was presented with a founding member plaque.

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. There being none, President Bockmiller proceeded with the meeting.

## **ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA**

General Manager Shoenberger announced there was no need for a Closed Session.

## **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.

Director Ohlig-Hall pulled item D.

- A. Approve minutes of regular Board meeting of February 22, 2011.
- B. Approve attendance considerations (additions, changes, deletions).
- C. Board Schedule:
  - 1. Tentative Meeting Topics
  - 2. Conference, Seminars, and Meetings
  - 3. Board Calendar
- D. Approve the change of deposit criteria in section 3.7 in the Rules and Regulations for Water Service.
- E. Receive the FY11 Second Quarter Financial Report.

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

## **MOTION 2011-33**

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

Item D – Approve the change of deposit criteria in section 3.7 in the Rules and Regulations for Water Service.

Director Ohlig-Hall commented on the process for tagging a water meter when the user is delinquent in paying their water bill. She asked to have additional information added to help the water user know how to get reconnected and asked if new water users received a copy of the rules and regulations.

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Director Ohlig-Hall asked for clarification regarding who the designee is identified in the sentence "The amount of the deposit is shown in the Schedule of Rates, Fees, and Charges. However, the amount of the deposit may be set differently at the discretion of Mesa's General Manager or designee."

Director Atkinson noted the issue was discussed at the Finance Committee and it was agreed that the General Manager would have the authority to appoint a designee, typically a supervisor or another manager.

President Bockmiller asked if the General Manager had a formal document that is used to delegate authority. General Manager Shoенberger responded there was no formal process. President Bockmiller suggested developing a formal process with which the General Manager may delegate financial responsibility to another Mesa Supervisor/Manager in his absence or as he sees appropriate. The item was referred to the Finance Committee for consideration.

Director Ohlig-Hall offered she would like a notification sent to the residents/tenants/occupants of buildings that are master metered so they are aware that the owner received a shut off notice in the event the account is delinquent.

Mr. Carlson described the process that is followed including tags being hung in common areas depending on the number of units served by the meter.

Director Dewane asked about shutting off water when there are fire sprinkler systems installed. Mr. Carlson noted that most multi-units (apartments/condominiums) do not have fire sprinkler systems. He noted the District is collecting information that will identify multi-units that have fire sprinkler systems and will not shut off water if a system is present.

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

#### MOTION 2011-34

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

#### **PRESENTATION AND DISCUSSION ITEMS:**

##### **A. FY10 YEAR END AUDIT RESULTS AND OPINION:**

Chief Financial Officer Victoria Beatley introduced Christopher Brown from Charles Z. Fedak & Company, Certified Public Accountants.

President Bockmiller asked how long Charles Z. Fedak has been the District's CPA. Ms. Beatley responded that the company is in its third year of providing auditing services. The District's policy with regard to external auditors is that they may perform a minimum of three years with up to two one year automatic renewals with no more than five consecutive years of service. At the end of five years, the District must put the service out for a request for proposal and the current firm may not bid. They may not bid for the following three years.

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Christopher Brown thanked the Board and proceeded with a short presentation. He reviewed the Management Report. He reported that the District's financial statements were audited for the years ending June 30, 2010 and 2009, in accordance with generally accepted auditing standards in the United States of America. They considered the District's internal control over financial reporting (internal control) as a basis for designing the auditing procedures for the purpose of expressing their opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.

President Bockmiller asked if any auditing firm expressed an opinion on the effectiveness of an organization's internal control.

Mr. Brown responded it is their responsibility to access controls, but they do not express an opinion regarding the effectiveness of those controls. He noted that assessment could be made but it would be a separate engagement. He noted with the audit that was performed, no deficiencies were noted for 2009 or 2010. No difficulties were encountered with management in the course of performing the audit. Staff was very helpful throughout the process.

He continued with a review of the Financial Ratios for June 30, 2008, 2009 and 2010. The following items were reviewed:

Current Ratio	Measures the District's ability to meet short-term commitments by dividing current assets by current liabilities.
Quick Ratio	This variation of the current ratio is an indicator of the District's liquidity by including only those current assets that could be converted readily to cash and receivable due within 30-days.
Debt Ratio	Reflects the long-term solvency risk, in assessing the District's financial capacity to meet long-term debt and similar obligations.
Operating Reserve Ratio	Reflects the short term solvency risk, in assessing the District's financial capacity to meet future operating obligations from its unrestricted reserves.

He noted that between 2008 and 2010 Mesa improved in each category. He acknowledged Mesa's achievement in receiving the 2009 Certificate of Achievement in Financial Reporting from the Government Finance Officers Association. This recognition is received for excellence in financial reporting.

He noted the District received a clean and qualified opinion. He congratulated the District.

Mr. Brown responded to questions from the Board.

Director Ohlig-Hall asked about the funding of the District's pension plan.

Ms. Beatley noted there is an actuarial evaluation performed each year for the District's pension plan. The District is 100% funded on the current portion of the District's liability.

President Bockmiller asked Mr. Brown the following questions:

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Who do you work for?

Response: For Mesa's Board of Directors.

Do you have a means of contacting the Board of Directors without staff being involved in the communication?

Response: Yes.

Did you receive cooperation in all respects from staff and have complete access to the financial records of the Mesa Consolidated Water District and Mesa Consolidated Water District Improvement Corporation?

Response: To the best of my knowledge, everything we requested was provided to us in a timely manner.

Did you receive any resistance or hesitancy on the part of staff?

Response: No, sir.

If you had received any resistance would you have contacted any member of the Board Directors directly?

Response: It would depend upon the level of resistance, but ultimately yes.

#### **ACTION ITEMS:**

No items.

#### **RECESS**

President Bockmiller declared a recess at 7:52 p.m. The meeting reconvened at 7:59 p.m.

#### **REPORTS AND INFORMATION ITEMS:**

##### **A. REPORT OF THE GENERAL MANAGER:**

##### **1. Items of general interest:**

###### ◆ Other

- At the last WACO meeting, Executive Director Ron Davis gave a presentation on CalDesal. GM gave a talk on Mesa's Colored Water Treatment Facility.
- On March 8, 2011, GM and Director Fidler met with representatives from Mesa Verde Homeowners Association to discuss the Huntington Beach Ocean Desalter and the use of Mesa's pipeline.
- Letters are being sent to ratepayers with their billing statements regarding phosphate detergent.
- The groundbreaking photo needs to be rescheduled. Denise Garcia will be contacting the Board to reschedule.

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- The Children's Water Education Festival VIP luncheon is scheduled for March 24, 2011. Mesa is the only water district that has participated every year since the inception 15 years ago.
- March 16, 2011 is the next Water Issues Study Group. Director Bockmiller is schedule to attend.
- There are minor repairs that will be made to the office on the south side of the building.
- The first quarterly report on the CWTF Expansion Project will be made at a future Board meeting.

B. DIRECTORS' REPORTS AND COMMENTS:

1. Director Fisler reported on the following meetings:
  - a. MWDOC/OCWD Jt. Planning Committee Meeting, 2/23
  - b. MWDOC Water Policy Forum, 2/24
  - c. Jt. MWDOC/MET Meeting, 3/2
  - d. Allan Roeder Retirement Event, 3/3
  - e. Other
2. Director Ohlig-Hall reported on the following meetings:
  - a. MWDOC/OCWD Jt. Planning Committee Meeting, 2/23
  - b. MWDOC Water Policy Forum, 2/24
  - c. Jt. MWDOC/MET Meeting, 3/2
  - d. Allan Roeder Retirement Event, 3/3
  - e. UWRC Meeting, 3/7
  - f. Other
3. Director Dewane reported on the following meetings:
  - a. MWDOC Water Policy Forum, 2/24
  - b. OCWD Meeting, 3/2
  - c. Other
4. Director Atkinson reported on the following meetings:
  - a. MWDOC Water Policy Forum, 2/24
  - b. ACWA Conference, 2/28 – 3/3
  - c. WACO Meeting, 3/4
  - d. UWRC Meeting, 3/7
  - e. Other – Townsend Public Affairs contract on the next agenda
5. President Bockmiller reported on the following meetings:
  - a. MWDOC Water Policy Forum, 2/24
  - b. Allan Roeder Retirement Event, 3/3
  - c. Other

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**ACTION ITEMS: (continued)**

A. CLOSED SESSION:

The 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

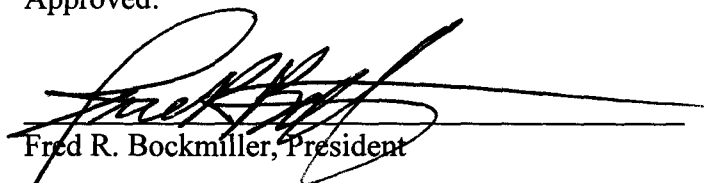
**INFORMATION ITEMS:**

A. ITEMS OF GENERAL INTEREST:

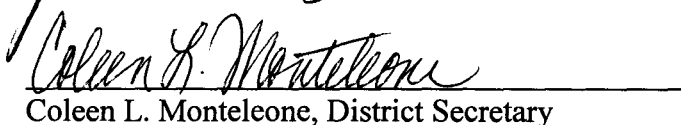
1. General Manager's Weekly Reports

President Bockmiller adjourned the meeting at 8:24 p.m. to a regular Board meeting scheduled for Tuesday, March 22, 2011 at 7:00 p.m.

Approved:



Fred R. Bockmiller, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer