

**MINUTES OF THE BOARD OF DIRECTORS
MESA CONSOLIDATED WATER DISTRICT
1965 Placentia Avenue, Costa Mesa, CA 92627
Tuesday, May 11, 2010
7:00 p.m. Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on May 11, 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 Bockmiller 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

Directors Absent

Trudy Ohlig-Hall, Vice President

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
Stan Kennedy, Water Maintenance Supervisor
Barry Carlson, Conservation/Customer Service Supervisor
Mark Pelka, Senior Civil Engineer
Kurt Lind, Senior Management Analyst
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Guy Stivers, Stivers & Associates, Landscape Architects
Robert B. Clark, Clark & Green Associates, Landscape Architects
Robin Leffler, Mesa Customer

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ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

There were no items to be added, withdrawn, or reordered.

CONSENT CALENDAR ITEMS:

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

- A. Approve minutes of special Board meeting of April 23, 2010.
- B. Approve minutes of regular Board meeting of April 27, 2010.
- C. Approve attendance considerations (additions, changes, deletions).
- D. Board Schedule:
 - 1. Tentative Meeting Topics
 - 2. Conference, Seminars, and Meetings
 - 3. Board Calendar

MOTION 2010-49

Motion by Director Atkinson, seconded by Director Fisler, to approve all items on the Consent Calendar. Motion passed 4-0-1 with Director Ohlig-Hall absent.

PRESENTATION AND DISCUSSION ITEMS:

A. LANDSCAPE ARCHITECT:

General Manager Shoenberger noted the Board authorized staff to engage an architectural landscaping firm to help with the messaging and beautification of the Colored Water Treatment Facility (CWTF). He turned introductions over to Conservation/Customer Service Supervisor Barry Carlson.

Mr. Carlson introduced Guy Stivers and Bob Clark. Messrs. Clark and Stivers provided overviews of their work experience.

Mr. Clark proceeded with the presentation. The presentation highlighted the following points:

- Story of ancient waters and redwoods
- Stewardship – Leadership to Resource Management
 - Living soils for sustainability
 - Water and energy conservation
 - Resource conserving plant palette featuring southern California native plant communities, riparian woodland, coastal sage and chaparral, and grassland community
 - California friendly/succulent plant palette

Messrs. Clark and Stivers responded to questions from the Board including the success of redwood trees growing in the coastal area, rain gathering processes, watering schedules, and maintenance schedules and routine.

President Dewane thanked Messrs. Clark and Stivers for the presentation.

B. INTRODUCTION AND DELIVERY OF THE PROPOSED FISCAL YEAR 2011 BUDGET:

General Manager Shoenberger introduced Chief Financial Officer Vikki Beatley. He noted that tonight Ms. Beatley would provide a budget overview and staff would be available to answer questions at the next meeting once the Board has had an opportunity to review the proposed document.

Ms. Beatley proceeded with an overview of the proposed budget. She reviewed the basis upon which the budget was drafted noting that at the October 30, 2009 Board Workshop the Board adopted a philosophy and provided direction to staff to obtain a AAA bond rating at the end of a seven-year period. Based upon the policy, the Board adopted a five-year rate plan. The first two years of the rate plan was to maintain an AA credit rating. The General Manager and department managers have been working on the budget since November 2009. In March 2010, the General Manager and staff held budget sessions. In April 2010, various components of the budget were presented to Mesa's committees (Engineering & Operations, Finance, and Executive).

Ms. Beatley reviewed the basis of the FY11 Proposed Budget:

◆ Water Supply

Director Bockmiller asked if the FY11 rate increase would be pro-rated. Ms. Beatley confirmed that the rate increase will be pro-rated and the increase will be predicated on water used on and after July 1, 2010. It was noted that this application of the rate increase follows the same implementation as the FY10 rate increase.

◆ Staffing

◆ Capital

◆ Other Budget Item

- Interest earnings assumption (1.5% rate of return)
- Utility cost assumption (3% increase)
- Increase for treatment costs at the CWTF (5% increase)

◆ FY11 Initiatives

- Create Asset Management Plan
- Update Water System Master Plan
- Create Long Range Financial Plan
- Finalize SCADA
- Finalize GIS
- Upgrades to Well 5
- CWTF Expansion and Technology Replacement
- Branding/Messaging
- 50th Anniversary
- Creation of database for electronic forms
- Labor Negotiations
- Electronic Benefit Reference Guide
- Operational Safety Enhancements
- AQMD Compliance

◆ FY11 Budget Risks

- Decrease in water sales
- Increase in commodity costs
- Lower rate of return on investments
- Lower Basin Pumping Percentage
- Other agency relocations
- Equipment failure
- Infrastructure/facility failure
- New initiatives

Ms. Beatley responded to questions from the Board.

President Dewane recognized Mesa Customer Robin Leffler who asked for an update on the Poseidon Project in Huntington Beach. General Manager Shoenberger noted that staff would provide Ms. Leffler with an update later.

RECESS

President Dewane declared a recess at 8:01 p.m. The Board of Directors meeting reconvened at 8:12 p.m.

ACTION ITEMS:

No Items.

REPORTS AND INFORMATION ITEMS:

A. REPORT OF THE GENERAL MANAGER:

1. Items of general interest:

◆ Other

- Kevin Hanson, Field Customer Representation, was recognized with a letter of appreciation from one of Mesa's customers.
- The District has exceeded 180 days without a loss of time incident and will hold a Safety BBQ on May 12, 2010 the achievement. MWDOC Director Joan Finnegan will attend on behalf of ACWA/JPIA.
- Director Atkinson and Barry Carlson attended the Mesa Del Mar Homeowners Association meeting. Mr. Carlson gave a presentation on water conservation and landscaping.
- Director Ohlig-Hall and GM met with the General Manager Alan Murphy of John Wayne Airport. The goal was to meet and review the airport's conservation practices.
- Job shadowing continued with the GM meeting with Buyer, Lori Muller and Eric Stigler, the Safety and Emergency Planning Coordinator.
- Along with four Directors, the GM attended the ACWA Conference.
- There is a planned Board Workshop scheduled for May 27, 2010 at 3:30 p.m. for an update on the District's Strategic Plan. A second Board Workshop will be scheduled for follow up.
- There will be a CWTF Financing Workshop, which is tentatively scheduled for Friday, June 11, 2010 from 9:00 a.m. to Noon.
- The City of Costa Mesa is developing a graffiti ordinance. Staff will meet with the City on May 12, 2010 to discuss the ordinance. It was noted that the Board prefers to separate itself from the City ordinance as the District has its own policy and procedures for removing graffiti.
- Mesa received the Award of Excellence for its Comprehensive Annual Financial Report from The Government Finance Officers Association. The District has received this award for the past 17 years.
- Water Operations Manager Jerry Vilander will be on a family leave for the next four weeks. He is going to Korea to adopt his son Kyle. Stan Kennedy and Kurt Lind are providing support in Mr. Vilander's absence.
- The District had a surprise visit from the State Bureau of Automotive Repairs. The purpose of the visit was to check the District's documentation on its vehicles (maintenance and smog check records). The District passed with flying colors.

- Mr. McVicker provided a review of the CWTF preliminary site layout. Mr. McVicker responded to questions from the Board. The Board discussed potential increased in height of the decarbonator. It was noted that the Board's direction was to have staff research any additional cost so that nothing is higher than the sound wall.
- Mr. McVicker provided a review of the water districts seeking annexation into the Orange County groundwater basin: Yorba Linda Water District, City of Anaheim and Irvine Ranch Water District. These districts are seeking to pump an additional 15,000 acre feet a year. Orange County Water District is in the process of developing a Memorandum of Understanding.
- The Water Issues Study Group Alumni Meeting is scheduled for May 18, 2010 at 5:30 p.m. at the District office.
- Various staff members will be attending the Costa Mesa Chamber Outstanding Student Awards event as the Directors and GM will be attending the Orange County Water Summit on May 14, 2010.

B. DIRECTORS' REPORTS AND COMMENTS:

1. Director Atkinson reported on the following meeting:
 - a. ACWA Spring Conference, 5/5-5/7
2. Director Ohlig-Hall not present at this meeting to report on the following meeting:
 - a. OCWD Meeting, 5/5
3. Director Bockmiller reported on the following meetings:
 - a. ACWA/JPIA Spring Conference, 5/3-5/4
 - b. ACWA Spring Conference, 5/5-5/7
4. Director Fisler reported on the following meetings:
 - a. MWDOC/OCWD Jt. Planning Committee Meeting, 4/28
 - b. ACWA Spring Conference, 5/5-5/7
5. President Dewane reported on the following meetings:
 - a. ISDOC Quarterly Meeting, 4/29
 - b. ACWA Spring Conference, 5/5-5/7

ACTION ITEMS: (continued)

President Dewane announced the Board of Directors was going into Closed Session at 9:18 p.m.

A. CLOSED SESSION:

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

RETURN TO OPEN SESSION.

The Board returned to Open Session at 9:34 p.m.

Attorney Anslow announced the Board of Directors conducted one Closed Session pursuant to Government Code Section 54986.8 with the General Manager, District Engineer, and Legal Counsel. The Board received information, gave direction, and no other announcement was made.

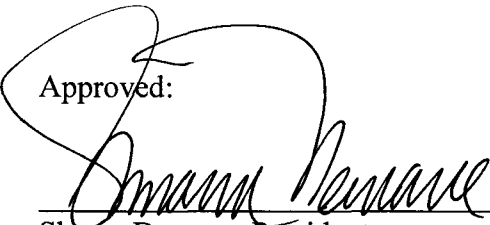
INFORMATION ITEMS:

A. ITEMS OF GENERAL INTEREST:

1. General Manager's Weekly Reports
2. Water Conservation Forum
3. Groundwater Producers' Meeting Minutes for April 14, 2010

President Dewane adjourned the regular Board meeting at 9:35 p.m. to an adjourned regular Board meeting scheduled for Tuesday, May 18, 2010 at 5:30 p.m. for the purpose of the Water Issues Study Group Alumni Meeting.

Approved:



Shawn Dewane, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer