

**MINUTES OF THE BOARD OF DIRECTORS
MESA CONSOLIDATED WATER DISTRICT
1965 Placentia Avenue, Costa Mesa, CA
Tuesday, May 12, 2009
7:00 p.m. Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on May 12, 2009 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.

ROLL CALL

Directors Present

Shawn Dewane, President
Fred R. Bockmiller, First Vice President
James F. Atkinson, Vice President
Trudy Ohlig-Hall, Vice President
Paul E. Shoenberger, Vice President (*departed at 8:30 p.m.*)

Directors Absent

None

Staff Present

Lee Pearl, General Manager
Coleen L. Monteleone, Administrative Services Manager/
District Secretary
Victoria L. Beatley, Financial Services Manager/Treasurer
Robert R. McVicker, District Engineer
Jerry Vilander, Water Operations Manager
Barbara Wiseman, Human Resources Manager
Glynis Litvak, Financial Analyst
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Steve Beasley, President and CEO, Orange County Fair and Events Center
Kent Ramseyer, Energy Manager, Newport-Mesa Unified School District
Tim Marsh, Administrative Director, Facilities Support Services, Newport-Mesa Unified School District
Arlene Schafer, President, Board of Directors, Costa Mesa Sanitary District
Justin McCusker, Director of Community and Government Relations, C.J. Sergerstom & Sons, South Coast Plaza
Ernie Feeney, Mesa Customer
Anna Rogers, Santa Ana

RECOGNITION OF CONSCIENTIOUS ORGANIZATIONS IN THE COMMUNITY FOR THEIR OUTSTANDING EFFORTS TO PRESERVE AND PROTECT OUR LOCAL WATER RESOURCE

President Dewane introduced Administrative Services Manager Monteleone who proceeded with the presentation of the awards.

Ms. Monteleone announced that the awards are given to agencies that have gone above and beyond in water conservation. She noted that Mesa is proud to have these agencies in their district that are determined to make a difference for our environment and the future.

The first award went to the Orange County Fair and Events Center, which is a major destination for tourism and the community hosting over 150 events per year. The Orange County Fair and Events Center personnel worked with Mesa to comply with Governor Schwarzenegger's 2008 Drought Proclamation to reduce water use by 20%. To accomplish this goal, Mesa performed a complex survey of all water fixtures. This survey resulted in upgrades producing a proposed savings of approximately \$31,000 per year. Ms. Monteleone introduced the President and CEO of the Orange County Fair and Events Center, Steve Beasley.

Mr. Beasley thanked the Board for its recognition and offered that the 2009 Orange County Fair will include Mesa's Demonstration Garden, which is located near the Centennial Farm. He noted this exhibit provides education to the Fair participants on water conservation. He offered that a goal of the Fair is not only to entertain, but to provide education to the community and is proud to have Mesa participate in this process.

Ms. Monteleone recognized Newport-Mesa Unified School District, which has 26 schools located in the district. She noted that water efficient toilets and urinals have been installed throughout the District. In 2008, the school district received rebates of nearly \$59,000 for the installation of the synthetic turf at Estancia High School. Kent Ramseyer, Energy Manager and Tim Marsh, Administrative Director, Facilities Support Services were present to receive the award.

Mr. Marsh thanked Mesa's Board for its acknowledgement of the school district's efforts. He commented the school district will continue to explore opportunities to save resources for the community, both water and other resources.

Ms. Monteleone recognized the Costa Mesa Sanitary District and noted that the Sanitary District owns and operates a 325-mile sewer system serving over 100,000 residents. She noted that the Sanitary District is currently working with the City of Costa Mesa to obtain the City's first Leadership in Energy and Environmental Design (LEED), which is the LEED Platinum Building. LEED is an internationally recognized company that provides a suite of standards for environmentally sustainable construction. The LEED Certification Program measures how well a building or community performs against all matrixes that matter most, including water efficiency and stewardship of resources with sensitivity to their impacts. Ms. Monteleone recognized President, Board of Directors for the Costa Mesa Sanitary District, Arlene Schaefer.

Ms. Schaefer thanked the District for its acknowledgment of the Sanitary District's efforts. She noted the Sanitary District looks forward to working with Mesa on its various projects.

Ms. Monteleone next recognized South Coast Plaza as one the nation's most luxurious shopping/dining and spa destinations. It offers over 280 boutiques with anchor stores of which many are exclusive to California. She noted that South Coast Plaza recently converted some of its outdated irrigation controllers to SmarTimers and upgraded some of the sprinkler heads to the rotating nozzles. The water savings is expected to be approximately 520,000 gallons annually.

Justin McCusker, Director of Community and Government Relations, was present to accept the award on behalf of South Coast Plaza.

Mr. McCusker thanked the Board for its acknowledgement. He offered that South Coast Plaza is being honored with LEED Certification for the Park Plaza, Center Tower, and Plaza Tower, which are the first three buildings west of the Mississippi to obtain gold level certification.

Ms. Monteleone commented that Public Information Committee (PIC), while Director Ohlig-Hall and President Dewane were on the committee, developed the idea of the award and Mesa's staff implemented the program. These are the first four recipients for this award.

Photographs were taken.

RECESS

President Dewane declared a recess at 7:15 p.m. The Board meeting reconvened at 7:22 p.m.

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 were no comments from the public and President Dewane proceeded with the meeting

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

General Manager Pearl noted that staff recommended moving Item III.B, Closed Session, to the end of the meeting. There were no objections by the Board.

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.

President Dewane noted that Director Ohlig-Hall requested revisions to the minutes of April 28, 2009. A copy is provided at the Director's station and for members of the public.

- A. Approve minutes of adjourned regular Board meeting of April 13, 2009.
- B. Approve minutes of regular Board meeting of April 28, 2009.
- C. Approve attendance considerations (additions, changes, deletions).
- D. Board Schedule:
 - 1. Tentative Meeting Topics
 - 2. Conference, Seminars, and Meetings
 - 3. Board Calendar

MOTION 2009-44

Motion by Director Bockmiller, seconded by Director Atkinson, to approve Items A–D of the Consent Calendar as amended. Motion passed 5-0.

II. PRESENTATION AND DISCUSSION ITEMS:

No Items.

III. ACTION ITEMS:

A. FISCAL YEAR 2010 BUDGET:

Director Atkinson provided an update to the Board on the Special Finance Committee meeting held April 29, 2009 for the purposes of discussing the following items:

- ◆ Leadership Tomorrow – remove \$1,400
- ◆ Bottled Water – reduce program by \$5,000
- ◆ General Legal Counsel fees – increase fees 10%
- ◆ Audio Visual – Boardroom Improvements – reduce budget by \$10,000
- ◆ Urban Water Research Center – \$15,000, no consensus from the committee

He noted that the Finance Committee is presenting a balanced FY 2010 Budget with no rate increase.

Director Ohlig-Hall spoke in opposition to the Urban Water Research Center (UWRC) Program as there is no documentation which explains the goals and objectives of the program for the Colored Water Treatment Facility (CWTF) and how the program will benefit the District. She acknowledged the report included in the Board packet from the program director but the report did not explain any accomplishments at the CWTF.

President Dewane commented that he believes the research process is valuable and the contribution of academic knowledge to the processes that affect water and wastewater are very important. He believes that the individuals going through the academic process will benefit the industry as a whole now and in the future. He also believes this is an academic path for students who may go into the water/waste water industry and supports Mesa's continued membership.

Director Bockmiller commented that the UWRC is a research arm within the University of California, Irvine (UCI). He asked legal counsel for an opinion regarding his participation in the discussion or voting on this subject, as he is an employee of UCI.

Attorney Anslow asked if Director Bockmiller was directly or indirectly involved in any way or would financially benefit from Mesa's membership with UWRC. Director Bockmiller responded no.

Attorney Anslow commented that because Director Bockmiller has no involvement with the UWRC, there is no conflict of interest regarding his participation in the discussion or voting rights on the subject.

Director Shoenberger commented that he believes it would be appropriate for Dr. Cooper to address the Board to provide an update on their research activities and the benefits to Mesa.

Director Atkinson noted that he was in favor of keeping the \$15,000 in the budget. If after Dr. Cooper's presentation, the Board does not believe the program has a benefit to Mesa, the membership would not be renewed.

Director Shoenberger thanked staff for its efforts involved in developing the FY 2010 budget and thanked the Board for its past and current leadership. He noted the proactive approach to technology has allowed the District to reduce staff from 70 to 62 without any layoffs.

Director Shoenberger recommended retaining the \$1,400 for Leadership Tomorrow in the budget and reducing the bottled water expense by \$1,400.

Director Bockmiller suggested that Leadership Tomorrow remain on its own and recommended that the PIC discuss the continuation of the bottled water program as new information has surfaced, of late, which may not support the continuation of the program.

Financial Services Manager Beatley clarified that the FY 2010 Budget presented for adoption is the budget in its entirety and was based upon maintaining the District's current rate schedule with revenue being derived from the District's current rate base, which is \$2.50 per unit. She noted that once the financial policy discussions are concluded and the financial advisor brings recommendations to the Board, at that time, the Board will review how the rate will be impacted and the Board will also know which direction will be taken with the Colored Water Treatment Facility (CWTF) and what rate increase may or may not be required.

Director Bockmiller commented that for the purposes of clarification, by adopting the budget there is no rate increase, no new debt, and no authorization to move forward with the expansion of the CWTF. Ms. Beatley confirmed Director Bockmiller's comment.

President Dewane asked for public comment on the budget. There being none, President Dewane proceeded with the meeting.

MOTION 2009-45

Motion by Director Atkinson, seconded by Director Bockmiller, to approve the Fiscal Year 2010 Budget as recommended in the staff report by removing \$1,400 for Leadership Tomorrow, reducing the bottled water program by \$5,000, increasing General Legal Counsel fees by 10%, reducing the audio visuals program by \$10,000

and include \$15,000 for the Urban Water Research Center (UWRC) with a decision to approve continued membership after a presentation from Dr. Cooper from UWRC. Motion passed 4-0-1 with Director Ohlig Hall voting no.

Director Ohlig-Hall offered comments on Mesa's 50th Anniversary celebration and recommended that a commemorative history book/pamphlet be developed for the anniversary. The issue was referred to the PIC for development.

Item III. B. 1. was moved to the end of the meeting.

B. CLOSED SESSION:

1. PUBLIC EMPLOYEE APPOINTMENT
PURSUANT TO GOVERNMENT CODE SECTION 54957:
Title: General Manager

IV. REPORTS AND INFORMATION ITEMS:

A. REPORT OF THE GENERAL MANAGER:

1. Items of general interest:
 - Other
 - The Water Issues Study Group (WISG) Alumni meeting will be held at the Orange County Water District (OCWD) on Thursday, May 14, 2009, at 5:30 p.m. (includes a tour of the Ground Water Replenishment System). All Directors are invited to attend.
 - Staff is preparing a response to Mesa Verde Community Association's questions regarding the proposed desalination plant to be constructed by Poseidon Resources.
 - Director Ohlig-Hall, General Manager Pearl, and Financial Services Manager Beatley are scheduled to attend the Orange County Water Summit on Friday, May 15, 2009.
 - On Wednesday, May 13, 2009, the Urban Water Research Center at UCI is hosting a "Women in Water" event. Ms. Monteleone and Ms. Beatley will be attending.
 - Article in the Daily Pilot noted that Mesa's tap water exceeds standards of bottled water.

B. STANDING COMMITTEE REPORTS:

1. Director Ohlig-Hall reported on the following meeting:
 - a. Special Finance Committee Meeting, 4/29

C. DIRECTORS' REPORTS AND COMMENTS:

1. Director Atkinson reported on the following meetings:
 - a. Mesa Behind the Scenes Tour, 4/30
 - b. WACO Meeting, 5/1
 - c. OCWD Meeting, 5/6
 - d. Other

2. Director Ohlig-Hall:
 - a. Jt. MWDOC Meeting, 5/6 – Did not attend.
 - b. Other
Director Ohlig-Hall asked that the Board develop a policy on how the District supports other agencies water service or water quality programs, including non-profit organizations. The item was referred to the Executive Committee.
3. Director Shoenberger reported on the following meeting:
 - a. Other – thanked the Public Information Committee for the Conservation Awards.
4. Director Bockmiller – no meeting reports.
 - a. Other
5. President Dewane reported on the following meetings:
 - a. ISDOC Quarterly Meeting, 4/30
 - b. ISDOC Meeting, 5/12
 - c. Grand Funding Meetings, various
 - d. Other – Executive Committee Meeting, 5/7

V. INFORMATION ITEMS:

- A. ITEMS OF GENERAL INTEREST:
 1. Information Technology Timeline.
 2. Thank you letters for bottled water donations for the following organizations:
 - ◆ Christ Lutheran School, letter dated 04/12/09
 - ◆ St. John the Baptist School, letter dated 04/23/09
 - ◆ Costa Mesa High School, letter dated 04/29/09

Director Shoenberger departed the meeting at 8:30 p.m.

III. ACTION ITEMS:

B. CLOSED SESSION:

President Dewane announced that the Board of Directors was going into Closed Session at 8:31 p.m.

1. PUBLIC EMPLOYEE APPOINTMENT
PURSUANT TO GOVERNMENT CODE SECTION 54957:
Title: General Manager

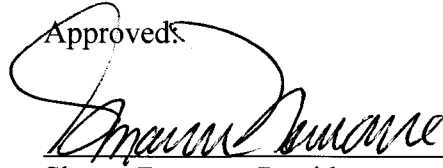
RETURN TO OPEN SESSION.

The Board returned to Open Session at 8:39 p.m.

General Manager Pearl announced that the Board conducted one Closed Session pursuant to Government Code Section 54957. The Board received information and no other announcement was made.

President Dewane adjourned the meeting at 8:40 p.m. to a regular Board meeting to be held on Tuesday, May 26, 2009 at 7:00 p.m.

Approved:



Shawn Dewane, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer