

**MINUTES OF THE BOARD OF DIRECTORS
MESA CONSOLIDATED WATER DISTRICT
1965 Placentia Avenue, Costa Mesa, CA
Tuesday, December 8, 2009
7:00 p.m. Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on December 8, 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.

Directors Present

Shawn Dewane, President
Fred R. Bockmiller, First Vice President
Jim Fisler, Vice President
Trudy Ohlig-Hall, Vice President

Directors Absent

James F. Atkinson, Vice President

Staff Present

Paul E. Shoenberger, P.E., General Manager
Victoria Beatley I. Beatley, Financial Services
Manager/Treasurer
Robert R. McVicker, District Engineer
Jerry Vilander, Water Operations Manager
Barry Carlson, Conservation/Customer Service Coordinator
Denise Garcia, Executive Assistant
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Sheila Forsberg, Johnson & Associates
Keagan Beavers, Newport Harbor High School

PUBLIC COMMENTS

President Dewane invited members of the public to address the Board of Directors (Board) on matters that were not on the agenda. No comments were made on items not on the agenda. President Dewane proceeded with the meeting.

Director Bockmiller reported on the DaVinci Academy Mentor Program at the Newport Harbor High School which is a yearlong program that pairs a youth in the DaVinci Academy with an adult member of the community. He noted that Keagan Beavers is the young man with whom he is paired for the year.

President Dewane welcomed Keagan Beavers to the Board meeting.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

General Manager Shoenberger commented there were no items to be added, withdrawn, or reordered on the agenda.

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.

- A. Approved minutes of regular Board meeting of November 10, 2009.
- B. Approve minutes of adjourned regular Board meeting of November 23, 2009.
- C. Approve attendance considerations (additions, changes, deletions).
 - 1. 2010 ACWA DC Conference; Washington, D.C.; February 22 – 25, 2010.
 - 2. John W. Moorlach's Christmas Open House; Santa Ana, CA; December 16, 2009
- D. Board Schedule:
 - 1. Tentative Meeting Topics
 - 2. Conference, Seminars, and Meetings
 - 3. Board Calendar

Director Ohlig-Hall commented that she believes a Mesa representative (staff and a director) should attend the City's Planning Commission meeting. She asked that staff advise the Board of topics on the City of Costa Mesa's City Council agendas as well as Planning Commission meeting agendas.

Director Fisler commented that he would be attending the City's Planning Commission meeting scheduled for December 14, 2009.

Director Ohlig-Hall commented on the Christmas Open House invitation from John Moorlach. She noted that over the years Mr. Moorlach has been invited to Mesa's Board meetings and he has never attended. With that in mind, since he has chosen ignore Mesa's invitations, she does not believe it appropriate for a Mesa representative to accept the invitation.

MOTION 2009-107

Motion by Director Bockmiller, seconded by Director Fisler, to approve the Consent Calendar as amended. Motion passed 3-1-1 with Director Ohlig-Hall voting no and Director Atkinson absent.

II. PRESENTATION AND DISCUSSION ITEMS:

A. ORANGE COUNTY FAIRGROUNDS:

President Dewane offered that this topic was placed on the agenda for discussion following the announcement that the State of California may be selling the Orange County Fairgrounds to a local government or to a private party. He asked for comments from the directors relative to Mesa's participation in an effort to retain the fairgrounds.

Director Bockmiller noted that he would like the O.C. Fairgrounds to remain a fairgrounds in lieu of changing the property into residential or some type of commercial property.

Director Fisler commented that if the City or the County of Orange was interested in purchasing the Fairgrounds and needed another participant, he would support investigating how Mesa could participate in the purchase, but only if it was to remain a fairground.

Director Ohlig-Hall noted that she supported the City or the County of Orange assuming the responsibility of the Fairgrounds, but because Mesa's funds come from the ratepayers, she cautioned the Board regarding spending ratepayer funds on a non-water system project.

President Dewane commented that he would like to explore the economics and the feasibility of Mesa's participation at some level. The Board asked General Manager Shoenberger to meet with the appropriate individuals to ascertain if there is a role Mesa could play and if that is an available option.

MOTION 2009-108

Motion by Director Bockmiller, seconded by Director Fisler, to direct staff to investigate the economics and feasibility of how Mesa Consolidated Water District could be involved with Orange County Fairgrounds land use and evaluate if there would be an economic benefit to Mesa. Motion passed 4-0-1 with Director Atkinson absent.

B. MONTHLY BILLING INFORMATION:

General Manager Shoenberger commented that staff has evaluated the options regarding the addition of a monthly billing cycle.

Conservation/Customer Service Coordinator Carlson was invited to make a presentation. He reviewed the four options:

1. Continue with the existing bi-monthly billing cycle.
2. Read and bill accounts monthly.
 - Additional costs - \$300,000 a year which includes the hiring of additional staff to read meters on a monthly basis.
3. Bill monthly but continue to read bi-monthly.
 - Net increase in annual costs - \$112,000
4. Read and bill bi-monthly with an option to pay monthly.
 - Net increase in annual costs - \$42,000

Mr. Carlson commented that staff could run a pilot program to test any payment options and recommends a test period of six months.

Director Ohlig-Hall spoke in support of monthly billings as a benefit to the ratepayer and a way to keep on top of delinquent accounts. She noted rates will continue to increase and the monthly billing will help minimize the impact to the ratepayers. As far as additional costs for paper and postage are concerned, the District is encouraging its ratepayers to use on-line bill pay. This payment method eliminates paper and postage.

Financial Services Manager Beatley commented on the delinquency rate. The District is averaging approximately \$25,000 to \$30,000 a year in uncollectible accounts. This includes both residential and commercial accounts. The uncollected amounts also include damage claims to Mesa property. The average residential write-off is about \$100.

It is the opinion of staff that the District would be able to collect an average of 5 to 10% (\$1,500 to \$3,000) of the uncollectible amount if the district went to a monthly billing.

Director Bockmiller spoke in opposition to spending the District's funds to implement the monthly billing. He noted that other than option one, the three options would cost Mesa money to implement and the return on the investment renders a low return on investment for the District. He did acknowledge that as water rates rise, it may be something to consider in the future.

General Manager Shoenberger reported on a discussion with Mrs. Fenney. He noted Mrs. Fenney was going to attend this meeting, but was unable to attend. He noted she obtained the information off the website regarding the analysis of payment methods and was in favor of option 4.

A discussion ensued on ways to reduce labor in reading meters. It was noted that some of the commercial meters are being converted to the Automatic Meter Reading System (AMR) and this technology could be implemented on a residential level.

No action was taken on this item.

III. ACTION ITEMS:

A. MESA CLAIM NO. 01-10, CLAIM OF SANDY WHITESIDE:

MOTION 2009-109

Motion by Director Bockmiller, seconded by Director Ohlig-Hall, to deny the claim of Sandy Whiteside, Mesa Claim No. 01-10 and refer it to ACWA/Joint Powers Insurance Authority for handling. Motion passed 4-0-1 with Director Atkinson absent.

RECESS

President Dewane declared a recess at 7:49 p.m. The Board reconvened at 7:58 p.m.

B. JANUARY/FEBRUARY DISTRICT NEWSLETTER:

Director Ohlig-Hall recommended an explanation for the rate increase and the five-year plan.

Director Bockmiller commented on an article in a local newspaper regarding retirement benefits paid to Mesa retirees. The retirement benefits were earned benefits that both employees earned in their 34 years of service to the public agency. They earned every

penny of those retirement benefits and fully deserve them. They retired from Mesa at the top position in the organization. They fully earned their retirement benefits and are completely justified in receiving them. The fact that it is over \$100,000, and people complain that it is over \$100,000 is a specious canard. It is ridiculous to complain about someone retiring with \$100,000 adjusted for inflation is what \$50,000 was 15 years ago. It is stupid for the newspaper to continue complaining about salaries over \$100,000 because it is not worth what it used to be thanks to the government policy of continuing to have inflation and inflation is a government policy. I give full support of the two individuals who earned their pension.

Director Ohlig-Hall would like the District to include an article on retiree benefits in the newsletter at a future date.

Director Bockmiller commented that Supervisor Moorlach's continues to hammer away on the issue of unfunded liabilities and pension benefits. Mr. Bockmiller offered that Mesa has no such problem because of foresight and planning on the part of Mesa's Board and able staff to ensure that Mesa does not have that kind of problem. Mesa is a well funded organization that thinks ahead. Pension benefits are an earned benefit. They are part of the individual's compensation. Both individuals were highly qualified and could have made more money in the private sector, but chose to serve in the public sector. They traded a lower salary for a lifetime of service with a pension benefit at the end.

MOTION 2009-110

Motion by Director Bockmiller, seconded by Director Fisler to approve the 2010 January/February District Newsletter as amended and authorize the 50th Anniversary Committee to approve the change to the District's newsletter. Motion passed 4-0-1 with Director Atkinson absent.

C. DISTRICT OFFICERS:

MOTION 2009-111

Motion by Director Bockmiller, seconded by Director Ohlig-Hall to confirm the following District Officers: Coleen L. Monteleone as District Secretary; Denise Garcia as Assistant District Secretary; Victoria L. Beatley as Treasurer; Paul E. Shoenberger as Assistant Treasurer. Motion passed 4-0-1 by the following roll call vote:

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

MOTION 2009-112

Motion by Director Bockmiller, seconded by Director Ohlig-Hall to confirm the delegation of the same authority to the Assistant District Secretary and Assistant Treasurer, as the District Secretary and Treasurer respectively, as previously authorized and approved by the Board of Directors and as authorized by the California Water Code. Motion passed 4-0-1 with Director Atkinson absent.

MOTION 2009-113

Motion by Director Bockmiller, seconded by Director Ohlig-Hall to authorize the continuance of stipends for the District Secretary and Treasurer in the amount of \$250 per month. Motion passed 4-0-1 with Director Atkinson absent.

D. ELECTION OF BOARD OFFICERS:

President Dewane turned over the meeting to Assistant District Secretary Garcia to conduct the election of officers to the Board of Directors. Ms. Garcia proceeded to review the procedures for the election process.

Nominations for position of President were opened. Director Dewane was nominated and there were no other nominations.

The nominations were closed.

MOTION 2009-114

Motion by Director Fisler, seconded by Director Bockmiller, to nominate Director Shawn Dewane to the position of President. Motion passed by the following roll call vote:

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

Nominations for position of First Vice President were opened. Director Bockmiller was nominated and there were no other nominations.

The nominations were closed.

MOTION 2009-115

Motion by Director Dewane, seconded by Director Fisler, to nominate Director Fred Bockmiller to the position of First Vice President. Motion passed by the following roll call vote:

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

MOTION 2009-116

Motion by Director Ohlig-Hall, seconded by Director Bockmiller, to approve the nomination of the remaining Directors to Vice President. Motion passed by the following roll call vote:

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

E. CLOSED SESSION:

General Manager Shoenberger announced there was no need to hold a Closed Session on agenda item 1, but a Closed Session was needed for agenda Item 2.

A recommendation was made to re-order the agenda and to take the Closed Session item following Directors' Reports and Comments. There were no objections by the Board.

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 an outside company for purposes of delivering desalinated potable water to other agencies.
2. CONFERENCE WITH LABOR NEGOTIATOR - PURSUANT TO
GOVERNMENT CODE SECTION 54957.6:
District Negotiator: General Manager
Employee Organizations: District employees

F. CLASSIFICATION AND COMPENSATION STUDY:

Item F was moved to be taken following the second Closed Session.

IV. REPORTS AND INFORMATION ITEMS

A. REPORT OF THE GENERAL MANAGER:

1. Items of general interest:

◆ Other

- The Employee Recognition Event will take place on December 9, 2009 at 11:15 a.m. at the City golf course.
- Prior to the ACWA conference, General Manager Shoenberger went to Sacramento as the chair of the ACWA Desalination Sub-committee. Six general managers from along the coast met with representatives from the State Board to discuss their staff's comments regarding moving forward on a statewide desalination policy. The result of the meeting was the State Board would not go forward with a statewide desalination policy.
- Mark Weston, chair of ACWA's Water Management Committee, has asked Mr. Shoenberger to remain the chair of the ACWA Desalination Sub-committee for 2010.

A brief discussion ensued regarding General Manager Shoenberger's opportunity to continue to serve as the chair of ACWA's Desalination Subcommittee. The Board agreed to put this item on the next agenda for action.

It was noted that Director Ohlig-Hall would be absent at the next meeting but expressed her support for General Manager Shoenberger's continued involvement with the ACWA Desalination sub-committee.

- Staff is moving forward with the testing at Well 4.
- The Colored Water Treatment Facility will be shut down until mid-January 2010 for maintenance.
- In response to a Mesa Customer, Attorney Anslow reviewed the City of Huntington Beach's Environment Impact Report (EIR) regarding the proposed desalination plant, and confirmed it did include the permitting of the pipeline through the City of Costa Mesa.

Attorney Anslow reported he reviewed the conditions as stated in the EIR. He noted there is a diagram of the pipeline which is included in the EIR along with a discussion. The EIR will remain as stated as long as the pipeline stays on the documented alignment and uses the proposed construction method. The City of Costa Mesa was served a copy of the EIR and in fact provided comments.

- The announcement of the rate increase was mailed and, to date, the District has received 36 letters in response to the rate card. These documents will be in the next Board packet.

It was noted that any ratepayer may attend any Board meeting and offer comments on any subject. There is not limitation or restriction on when a ratepayer can make comments on any subject.

B. STANDING COMMITTEE REPORTS:

1. President Dewane attended the following meeting:
 - a. Executive Committee Meeting, 12/7

C. DIRECTORS' REPORTS AND COMMENTS:

2. Director Atkinson attended the following meeting:
 - a. ACWA Fall conference, 12/2 – 12/4
 - b. Other
3. Director Ohlig-Hall reported on the following meetings:
 - a. Jt. MWDOC Meeting, 11/25
 - b. ACWA Fall conference, 12/2 – 12/4
 - c. Other
4. Director Fisler reported on the following meeting:
 - a. ACWA Fall Conference, 12/2 – 12/4
 - b. Other
5. Director Bockmiller reported on the following meetings:
 - a. ACWA/JPIA Fall Conference, 11/30 – 12/1
 - b. ACWA Fall Conference, 12/2 – 12/4
 - c. Other
6. President Dewane reported on the following meetings:
 - a. ACWA/JPIA Fall Conference, 11/30 – 12/1
 - b. ACWA Fall Conference, 12/2 – 12/4
 - c. ISDOC Meeting, 12/8
 - d. Other

III. ACTION ITEMS:

E. CLOSED SESSION:

The agenda was re-ordered to take the Closed Session item following Directors' Reports and Comments.

President Dewane announced that the Board of Directors was going into Closed Session at 8:48 p.m.

- 2. CONFERENCE WITH LABOR NEGOTIATOR - PURSUANT TO GOVERNMENT CODE SECTION 54957.6:
 District Negotiator: General Manager
 Employee Organizations: District employees

RETURN TO OPEN SESSION

The Board returned to Open Session at 9:56 p.m.

President Dewane announced that the Board met in one Closed Session with the General Manager pursuant to Government Code Section 54957.6. The Board received information and passed two motions.

F. CLASSIFICATION AND COMPENSATION STUDY:

A motion was made to approve the Classification Study and a second motion made to approve the Compensation Study. Both motions passed 4-0-1 with Director Atkinson absent.

V. INFORMATION ITEMS:

A. ITEMS OF GENERAL INTEREST:

- 1. General Manager’s Report for the week of November 16, 2009
- 2. MWDOC & OCWD Quarterly Briefings
- 3. OCWD Groundwater Producers Meeting Minutes, 11/18/09
- 4. Thank you letters for bottled water donations from the following organizations:
 - ◆ Orange County Model Engineers, Inc., letter dated 11/15/09
 - ◆ The Crossing Church, letter dated 11/30/09
 - ◆ Christ Lutheran Church, letter received 12/03/09

President Dewane adjourned the regular Board meeting at 8:51 p.m. to a regular Board meeting to be held on Tuesday, December 22, 2009 at 7:00 p.m.

Approved



Shawn Dewane, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer