

Board Packet



**BOARD OF DIRECTORS
MESA CONSOLIDATED WATER DISTRICT
1965 Placentia Avenue, Costa Mesa, CA 92627
Tuesday, February 22, 2011
7:00 p.m. Regular Board Meeting**

AGENDA

Before the meeting is called to order please set all electronic devices to vibrate or off. If you need to take a phone call please do so outside the Boardroom. All presenters are asked to speak directly into the microphone for recording purposes. Thank you.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Non-Agendized Matters: Members of the public are invited to address the Board on matters, which are not on the Agenda. Each speaker is limited to three (3) minutes. The Board will set aside thirty (30) minutes for public comments.

Agendized Matters: Members of the public may comment on Agenda items before action is taken, or after the Board has discussed the item. Each speaker is limited to five (5) minutes.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

At the discretion of the Board, all items appearing on this agenda, whether or not expressly listed as an Action Item, may be deliberated and may be subject to action by the Board.

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.

- A. Approve minutes of regular Board meeting of February 8, 2011.
- B. Approve attendance considerations (additions, changes, deletions).
- C. Board Schedule:
 - 1. Tentative Meeting Topics
 - 2. Conference, Seminars, and Meetings
 - 3. Board Calendar
- D. Receive the January 2011 Investment Transaction Report.
- E. Authorize staff to write-off water accounts after 90 days at the same time they are sent to collections.
- F. Approve a professional services contract with Pacific Advanced Civil Engineers for an amount not to exceed \$175,320 to design and provide construction phase services for the Groundwater Well Upgrade and authorize the General Manager to execute the contract.
- G. Approve table sponsorship for Allan Roeder's retirement tribute in the amount of \$1,250.
- H. Approve Mesa's participation in the Operation Clean Slate water conservation/education mural at Adams Elementary School.

PRESENTATION AND DISCUSSION ITEMS:

- A. AGREEMENT BETWEEN MUNICIPAL WATER DISTRICT OF ORANGE COUNTY AND ITS MEMBER AGENCIES:

Recommendation: Discuss the agreement and take action as the Board desires.

- B. ORDINANCE NO. 22 – DIRECTORS’ FEES:

Recommendation: Discuss Director’s fees and if appropriate, direct staff to schedule a public hearing for the April 26, 2011 Board meeting.

ACTION ITEMS:

No items.

REPORTS AND INFORMATION ITEMS:

- A. REPORT OF THE GENERAL MANAGER:

1. January Key Indicators Report
2. OCWD Activities Update
3. MWDOC Activities Update
4. Items of general interest:
 - Other

- B. DIRECTORS’ REPORTS AND COMMENTS:

1. Director Fisler:
 - a. LAFCO Meeting, 2/9
 - b. MWDOC Meeting, 2/16
 - c. WISG Meeting, 2/16
 - d. Other
2. Director Ohlig-Hall:
 - a. CALGreen Seminar, 2/9
 - b. Other
3. Director Dewane:
 - a. Other
4. Director Atkinson:
 - a. City/Districts Liaison Committee Meeting, 2/11
 - b. OCWD Meeting, 2/16
 - c. Finance Committee Meeting, 2/18
 - d. Other
5. President Bockmiller:
 - a. Engineering & Operations Committee Meeting, 2/10
 - b. City/Districts Liaison Committee Meeting, 2/11
 - c. Executive Committee Meeting, 2/15
 - d. Other

ACTION ITEMS: (continued)

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.

INFORMATION ITEMS:

A. ITEMS OF GENERAL INTEREST:

1. General Manager's Weekly Reports
2. Groundwater Producers' meeting minutes for February 9, 2011

In compliance with California law and the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 631-1206. Notification 48 hours prior to the meeting will enable Mesa to make reasonable arrangements to accommodate your requests.

Agenda materials that are public records, which have been distributed to a majority of the Mesa Board of Directors (Board), will be available for public inspection at the District Boardroom, 1965 Placentia Avenue, Costa Mesa, CA and on Mesa's website at www.mesawater.org. If materials are distributed to the Board less than 72 hours prior or during the meeting, the materials will be available at the time of the meeting.

ADJOURN TO AN ADJOURNED REGULAR BOARD MEETING TO BE HELD ON FRIDAY, FEBRUARY 25, 2011 AT 9:00 A.M.

THE NEXT REGULAR BOARD MEETING WILL BE HELD ON TUESDAY, MARCH 8, 2011 AT 7:00 P.M.

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

Unapproved

CALL TO ORDER

The meeting of the Board of Directors was called to order on February 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 Fisler 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
Stacy Taylor, Communications Manager
Denise Garcia, Executive Assistant
Dave Hayton, Water Quality Technician
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Peter Meuter, Mesa Customer

PUBLIC COMMENTS

President Bockmiller invited members of the public to address the Board of Directors (Board) on matters that were not on the agenda.

Mr. Meuter was recognized. He offered comments on the branding exercise the Board authorized and questioned the reason for the proposed changes and the expenses at this time. The Board received comments. President Bockmiller thanked Mr. Meuter for his comments.

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

There were no items to be added or reordered.

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 items H and J. Director Fisler pulled item I. General Manager Shoenberger pulled item G. There were no objections.

- A. Approve minutes of regular Board meeting of January 11, 2011.
- B. Approve minutes of adjourned regular Board meeting of January 19, 2011.
- C. Approve minutes of adjourned regular Board meeting of January 21, 2011.
- D. Approve minutes of regular Board meeting of January 25, 2011.
- E. Approve attendance considerations (additions, changes, deletions).
 - 1. Retirement Tribute to Costa Mesa City Manager Allan Roeder; Thursday, March 3, 2011.
- F. Board Schedule:
 - 1. Tentative Meeting Topics
 - 2. Conference, Seminars, and Meetings
 - 3. Board Calendar
- G. Approve the March/April issue of the District Newsletter.
- H. Approve outreach expenditures in the amount of \$3,000 in FY11 and \$47,000 in FY12 to communicate benefits of the Colored Water Treatment Facility Improvements and an appropriation of \$3,000 for FY11 from Working Capital Cash.
- I. Approve BHI Management Consulting to perform a Board Dynamic assessment and to facilitate a future Board workshop in an amount not to exceed \$13,500.
- J. Approve continuation of the Fire Hydrant Donation Program with the following criteria: 1) No more than one donation annually to any organization, 2) Copy of the request letter to the Public Information Committee as an Information Item and 3) The request information to be included in the Public Information Committee Talking Points.

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

MOTION 2011-14

Motion by Director Dewane, seconded by Director Ohlig-Hall, to approve Items A through F of the Consent Calendar. Motion passed 5-0.

Item G – Approve the March/April issue of the District Newsletter.

General Manager Shoenberger noted an updated March/April issue was distributed to the Directors and identified the item that was changed. He noted that in the first version of the newsletter there was a short article in District Update wherein the Directors officers positions were detailed. On advice of counsel, the update was removed and another article substituted.

Attorney Anslow explained that Proposition 73 prohibits the use of Board member names, individually or all five, or pictures to appear outside of the masthead. An article in the newsletter about the Directors would have been a violation of Prop 73.

Director Ohlig-Hall commented this was an announcement about the Board positions for 2011 and because it isn't a campaign piece, which would be in violation of Prop 73, would like the intent and

implementation of Prop 73 investigated to get more information on the purpose for Prop 73. The information provided was to give Mesa's customers information about the Board's leadership positions.

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

MOTION 2011-15

Motion by President Bockmiller, seconded by Director Fisler, to approve Item G of the Consent Calendar as amended. Motion passed 5-0.

Item H - Approve outreach expenditures in the amount of \$3,000 in FY11 and \$47,000 in FY12 to communicate benefits of the Colored Water Treatment Facility Improvements and an appropriation of \$3,000 for FY11 from Working Capital Cash.

Director Ohlig-Hall noted she would like to see an accounting of the expenses for outreach program as the program progresses. Director Ohlig-Hall offered that we should consider use of cable TV.

Director Atkinson offered he is concerned with the projected costs for the program. For instance he noted it should be the responsibility of the contractors to put up signs at the facility, not the District. He noted that with previous experience in this area, the current plan may not render the best results and the Board may want to re-visit the proposed schedule.

President Bockmiller asked for comments from the public. Mr. Meuter commented on the costs associated with the video component project. Mr. Meuter was directed to contact the General Manager.

Motion by Director Atkinson, seconded by Director Ohlig Hall, to approve communication and outreach expenditures up to \$30,000 to communicate the benefits of the Colored Water Treatment Facility Improvements.

Director Fisler asked about the costs for the signs. He noted it was his understanding that the contractor would put up signs and that the signs in the project costs were for the District's name change.

General Manager Shoenberger confirmed the signage costs would be evaluated.

Director Dewane offered that \$50,000 is nominal in relation to the total cost of the Colored Water Treatment Facility Improvement Project and believes the costs are reasonable. He believes it will be a worthwhile benefit to the public.

Director Fisler offered a substitute motion.

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

Director Ohlig-Hall offered it was her understanding that any costs relating to the District's branding exercise should be accounted for in the budget branding; i.e. new signs.

Motion by Director Fisler, seconded by Director Dewane, to approve the outreach expenditures in the amount of \$3,000 in FY11 and \$47,000 in FY12 to communicate the benefits of the Colored Water Treatment Facility Improvements and an appropriation of \$3,000 for FY11 from Working Capital Cash.

President Bockmiller offered a substitute motion.

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

MOTION 2011-16

Motion by President Bockmiller, seconded by Director Dewane, to approve Item H of the Consent Calendar as amended: outreach expenditures in the amount of \$3,000 in FY11 and \$42,500 in FY12 to communication benefits of the Colored Water Treatment Facility Improvements and an appropriation of \$3,000 for FY11 from Working Capital Cash and any costs related to the branding exercise be funded out of the branding budget. Motion passed 3-2 with Directors Atkinson and Ohlig-Hall voting no.

Item I Approve BHI Management Consulting to perform a Board Dynamic Assessment and to facilitate a future Board workshop in an amount not to exceed \$13,500.

Director Fisler offered, in reviewing the scope of the project, he believes the District has excellent policies and procedures and there is no need to have them reviewed. Secondly, he believes there are some dynamics of this Board that could be addressed, but the way that is proposed would not render the results the Board is looking for. He believes the Board performance and dynamics could be improved with strong leadership and effective management of the Board meetings.

Director Dewane offered that a candid view of the Board is required and doesn't believe it is possible as defined in the scope this proposed project.

Director Atkinson offered that, in the past, facilitator driven Board Workshops have not provided the best results for the Board.

Director Ohlig-Hall offered that in the past there has been more personal interaction by the Board members which she believes helps foster better relationships. She noted she believes it would help with the Board dynamics to discuss the configuration and interaction with a third party.

General Manager Shoenberger clarified that the scope of the proposed project could be modified as directed by the Board.

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

MOTION 2011-17

Motion by Director Atkinson, seconded by Director Ohlig-Hall, to approve Item I of the Consent Calendar for a contract with BHI Management Consulting to perform a Board Dynamic assessment and to facilitate a future Board workshop in an amount not to exceed \$13,500.) Motion passed 3-2 with the following roll call vote.

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

Unapproved

Item J – Approve continuation of the Fire Hydrant Donation Program with the following criteria: 1) No more than one donation annually to any organization, 2) Copy of the request letter to the Public Information Committee as an Information Item and 3) The request information to be included in the Public Information Committee Talking Points.

Director Ohlig-Hall noted she would like to see more specific costs associated with the Fire Hydrant Donation Program including the hours for each of the tasks. She indicated that the last fire hydrant donation was for the golf course, which is a for profit organization. She also commented on the employee service award program and would like it reevaluated.

President Bockmiller assigned the evaluation of the employee service award program to the Human Resources/Executive Committee.

Director Fisler commented that the last fire hydrant donation was not for the golf course. It was for Costa Mesa United which is a 501(c)(3) and while the event was held at the golf course it was not held for the golf course. The hydrant was not delivered to the golf course.

Director Dewane reviewed the costs of the program. He noted this program generates good will for the community.

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

MOTION 2011-18

Motion by Director Fisler, seconded by President Bockmiller, to approve Item J of the Consent Calendar as amended which is the approval of the continuation of the Fire Hydrant Donation Program with the following criteria: 1) No more than one donation annually to any organization; 2) Copy of the request letter to the Public Information Committee as an Information Item and 3) The request information to be included in the Public Information Committee Talking Points. 4) Donations only to nonprofit [501(c)(3)] or similar registration and 5) Must be for the benefit of Mesa citizens. Motion passed by the following roll call vote:

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

RECESS

President Bockmiller declared a recess at 8:05 p.m. The meeting reconvened at 8:13 p.m.

PRESENTATION AND DISCUSSION ITEMS:

A. CITY/DISTRICTS LIAISON MEETING TOPICS:

President Bockmiller offered the next City/Districts Liaison meeting is scheduled for February 11, 2011. The following are proposed agenda topics:

- ◆ Orange County Fair and Events Center sale update

- ◆ Projects on Town Center Status
- ◆ Enforcement efforts for garbage and recycling scavenging.

Director Fisler offered he would like to add the increasing use of recycled water. Director Ohlig-Hall asked for an update on animal control and enforcement issues.

B. DETERGENT CHANGE CUSTOMER LETTER:

General Manager Shoenberger offered the District has received a higher number of customer calls in January regarding dishwasher issues. He noted the District has looked at water hardness and the issues which have caused the spotting problems. He introduced Water Quality Technician Dave Hayton, a 20-year Mesa employee and field tester. Mr. Hayton has a State of California Water Treatment Certificate from Santiago Canyon College, a Grade 2 Water Treatment Operators Certificate, and a D3 Water Distribution Operators Certificate. Mr. Hayton proceeded with the presentation.

Water Source	Hardness Level	Category
CWTF	27 parts per million	Soft
Clear Wells	198 parts per million	Very Hard
MWD Deimer Plant	252 parts per million)	Very Hard

With the CWTF shut down, all the water that is going through the distribution system is very hard. It was noted that a test for hardness has been added to the tests that are done on a regular basis.

Mr. Hayton researched the reasons why the calls have increased on the subject when periodically the same conditions occur regularly in the system throughout the year. Mr. Hayton found that detergent manufacturers have removed phosphates from detergent. It was also discovered that this has been a nationwide issue and not restricted to Mesa’s District. He reviewed a letter that will go out in the March billing statement that explains what has changed in detergents that may cause water spots.

President Bockmiller noted that the brands listed in the letter to the rate payers are not an endorsement from the District, but a list of brands that have improved cleaning performance.

Suggestions for Customers:

- ◆ Vinegar
- ◆ Dishwasher Dial Settings
- ◆ All-in-1 Detergent
- ◆ Rinse Agent
- ◆ Use Heat Cycle rather than letting them drip dry.
- ◆ Water Temperature (120 to 140 degrees F)
- ◆ Run Hot Water Tap prior to starting the dishwasher.

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

MOTION 2011-19

Motion by Director Atkinson, seconded by Director Fisler, to approve the letter, as a March bill insert, from the General Manager to inform Mesa’s customers about a possible noticeable

Unapproved

difference in dishware spotting due to recent regulations on phosphates in detergents and an appropriation in the amount of \$1,500 from Working Capital Cash. Motion passed 5-0.

ACTION ITEMS:

- A. PROCLAMATION HONORING ALLAN ROEDER:
- B. PROCLAMATION HONORING TRACY MANNING:
- C. PROCLAMATION HONORING TOM NEVILLE:

MOTION 2011-20

Motion by Director Atkinson, seconded by President Bockmiller, to approve the following proclamations: A) A proclamation honoring Allan Roeder for his service to the City of Costs Mesa; B) A proclamation honoring Tracy Manning for achieving her treatment 4 Certification. C) A proclamation honoring Tom Neville for achieving his Distribution Grade 5 Certification. Motion passed by the following roll call vote.

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

REPORTS AND INFORMATION ITEMS:

A. REPORT OF THE GENERAL MANAGER:

1. Items of general interest:

- ◆ Other
 - As part of ACWA’s Outreach Program, Tim Quinn visited the District. He met with President Bockmiller and the GM.
 - On 2/9/11, GM met with Mike Marcus, GM of Orange County Water District. A main issue discussed was protected elevations at the barriers.
 - Ron Davis was appointed the Executive Director of CalDesal.
 - GM thanked Mesa’s Board for its support for the CalDesal project and formation of the organization.
 - Justin Finch was hired to be Mesa’s Conservation Specialist and his first day at Mesa is February 22.
 - Activities continue at the CWTF. Demolition has started.

B. DIRECTORS’ REPORTS AND COMMENTS:

Director Ohlig-Hall would like to agendize a discussion on the Board’s compensation.

Director Atkinson reported he cannot attend the February 28, 2011 Finance Committee meeting due to a travel conflict. The meeting was rescheduled to February 18, 2011.

Unapproved

ACTION ITEMS: (continued)

President Bockmiller announced the Board was going into Closed Session at 8:54 p.m.

D. 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 9:19 p.m.

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

INFORMATION ITEMS:

A. ITEMS OF GENERAL INTEREST:

1. General Manager's Weekly Reports
2. Directors' Meeting Reports
 - a. Director Fisler reported that the Regular LAFCO seat went to Charlie Wilson and he was elected as the alternate representative to LAFCO. He suggested that the Engineering & Operations Committee receive an update on Mesa's progress on the 20 x 2020 Plan.
 - b. Director Dewane reported he testified at the State Water and Parks Commission in Sacramento as a representative of Orange County Water District.
3. Thank you card from Henry S. Panian

President Bockmiller adjourned the meeting at 9:38 p.m. to a regular Board meeting scheduled for Tuesday, February 22, 2011 at 7:00 p.m.

Approved:

Fred R. Bockmiller, President

Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer



MEMORANDUM

TO: Board of Directors

FROM: Paul E. Shoenberger, P.E.
General Manager

DATE: February 22, 2011

SUBJECT: Attendance at Conferences, Seminars, Meetings, and Events

RECOMMENDATION

In accordance with Ordinance No. 22, adopted November 8, 2010, authorize attendance at conferences, seminars, meetings, and events.

STRATEGIC PLAN

Goal #4: Increase public awareness about Mesa and about water.

Proposed List:

None.

DISCUSSION

During the discussion of this item, if any, the Board may choose to delete any item from the list and/or may choose to add additional conferences, seminars, meetings, or events for approval, subject to available budget or additional appropriation.

FINANCIAL IMPACT

There is no financial impact as there are no events for attendance consideration.

BOARD SCHEDULE:

1. 2011 TENTATIVE MEETING TOPICS

February 25, 2011 <i>Board Workshop (9:00 AM – 3:00 PM)</i>
Budget Update
Expanded Use of Recycled Water
GM's Review Follow-Up
Infrastructure Replacement
Long Range Financial Plan/Five-Year Business Plan
OC-44 Update
Strategic Plan Update
March 8, 2011
Boardroom Improvements
CalDesal Update
Customer Deposit Criteria
FY10 Year End Audit Results and Opinion
Outside Audit Firm RFP
2 nd Quarter Financial Report
March 22, 2011
Branding Plan Implementation
Improvement Corporation Annual Meeting
Investment Transactions
Key Indicators Report
MWDOC Briefing
OCWD Briefing
Senate Bill 7x-7 (20 percent by 2020)
Water Vending Machine
March 28, 2011 <i>Board Workshop (6:00 – 9 PM)</i>
Budget Workshop

BOARD SCHEDULE:

2. 2011 CONFERENCES, SEMINARS, AND MEETINGS:

February 24, 2011	Board approved 01/11/11
MWDOC Water Policy Forum Costa Mesa, CA	<i>Bockmiller, Atkinson, Fisler, Dewane, Ohlig-Hall, GM</i>
March 1 – 3, 2011	Board approved 01/11/11
ACWA Washington, D.C. Conference Washington, D.C.	<i>Atkinson</i>
March 16, 2011	Board approved 01/11/11
ACWA Legislative Symposium Sacramento, CA	
March 23 – 24, 2011	Board approved 01/11/11
Children Water Education Festival Costa Mesa, CA	
March 28 – 31, 2011	Board approved 01/11/11
AMTA Annual Conference Long Beach, CA	
March 28 – 31, 2011	Board approved 01/11/11
CA/NV AWWA Spring Conference Long Beach, CA	<i>Ohlig-Hall</i>
April 18 – 20, 2011	Board approved 01/11/11
Green California Summit Sacramento, CA	
April 28 – May 1, 2011	Board approved 01/11/11
Spring Garden Show Costa Mesa, CA	
May 3 – 4, 2011	Board approved 01/11/11
CSDA Special Districts Legislative Days Sacramento, CA	
May 9 – 13, 2011	Board approved 01/11/11
ACWA/JPIA Spring Conference Sacramento, CA	
June 6 – 24, 2011	Board approved 01/11/11
Senior Executives in State & Local Government Cambridge, MA	
June 12 – 16, 2011	Board approved 01/11/11
AWWA ACE11 Conference Washington, D.C.	<i>Ohlig-Hall, Atkinson</i>

BOARD SCHEDULE:

2. 2011 CONFERENCES, SEMINARS, AND MEETINGS: (continued)

June 16, 2011	Board approved 01/11/11
Chapman University Economic Forecast Update	
Costa Mesa, CA	
September 20 – 23, 2011	Board approved 01/11/11
CSDA Annual Conference	
Monterey, CA	
October 5 – 8, 2011	Board approved 01/11/11
CA/NV-AWWA Fall Conference	
Las Vegas, CA	
November 28 – December 2, 2011	Board approved 01/11/11
ACWA & JPIA Fall Conference	
Anaheim, CA	
December 2011	Board approved 01/11/11
CRWUA Annual Conference	
Las Vegas, CA	
December 2011	Board approved 01/11/11
Chapman University	
Costa Mesa, CA	

February 2011

Updated: February 18, 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 ISDOC 7:30 AM (Fisler) PIC 3:30 PM (Dewane & Fisler) CITY COUNCIL 6 PM	2 Jt. MWDOC/MET 8:30 AM (Fisler) OCWD 5:30 PM (Atkinson) PAY DAY	3	4 WACO 7:30 AM (Atkinson)	5
6	7	8 MESA BOARD MTG 7 PM	9 OCWD WATER ISSUES COMM; 8 AM LAFCO 9 AM (Fisler) OCWD ANNEX WORKSHOP CALGREEN SEMINAR (Ohlig-Hall)	10 E & O COMM 3:30 PM (Bockmiller & Ohlig-Hall)	11 CITY/DISTRICTS LIAISON COMM MTG; CMSD; 8 AM (Bockmiller & Atkinson) PAY PERIOD ENDS	12
13	14	15 EXEC COMM 3:30 PM (Bockmiller & Atkinson) MWDOC PUB AFFAIRS & LEGIS COMM 8:30 AM CITY COUNCIL 6 PM	16 MWDOC 8:30 AM (Fisler) OCWD 5:30 PM (Atkinson) WISG 7 PM (Fisler) PAY DAY	17	18 FIN COMM 4 PM (Atkinson & Fisler)	19
20	21 PRESIDENTS' DAY DISTRICT HOLIDAY	22 MESA BOARD MTG 7 PM	23 MWDOC/OCWD JT. PLANNING COMM 8:30 AM (Fisler)	24 MWDOC WATER POLICY FORUM; THE WESTIN SOUTH COAST PLAZA 6 PM—8:30 PM (Bockmiller, Atkinson, Dewane, Fisler, Ohlig-Hall, GM)	25 ANNUAL BOARD WORKSHOP 9 AM—3 PM PAY PERIOD ENDS	26
27	28					

March 2011

Updated: February 18, 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 ISDOC 7:30 AM (Fisler)	2 Jt. MWDOC/MET 8:30 AM (Fisler) OCWD 5:30 PM (Atkinson)	3 ALLAN ROEDER RETIREMENT EVENT; 5:30—8:30 PM; WESTIN (Ohlig-Hall)	4 WACO 7:30 AM (Atkinson)	5
		ACWA WASHINGTON, D.C. CONFERENCE; WASHINGTON, D.C.; MARCH 1—3, 2011 (Atkinson)				
		CITY COUNCIL 6 PM	PAY DAY			
6	7	8	9 OCWD WATER ISSUES COMM 8 AM LAFCO 9 AM (Fisler)	10	11	12
		MESA BOARD MTG 7 PM			PAY PERIOD ENDS	
13	14 PIC 11:30 AM (Dewane & Fisler)	15 EXEC COMM 3:30 PM (Bockmiller & Atkinson) CITY COUNCIL 6 PM	16 MWDOC 8:30 AM (Fisler) ACWA LEGISLATIVE SYMPOSIUM; SACRAMENTO, CA OCWD 5:30 PM (Atkinson) WISG 7 PM (Bockmiller) PAY DAY	17 E & O COMM 3:30 PM (Bockmiller & Ohlig-Hall)	18	19
20	21 MWDOC PUB AFFAIRS & LEGIS COMM 8:30 AM FIN COMM 3:30 PM (Atkinson & Fisler)	22 MESA BOARD MTG 7 PM	23 MWDOC/OCWD JT. PLANNING COMM 8:30 AM (Fisler)	24	25	26
			CHILDREN'S WATER EDUCATION FESTIVAL; YORBA LINDA MARCH 23—24, 2011		PAY PERIOD ENDS	
27	28 BUDGET WORKSHOP 6—9 PM	29	30	31 ISDOC QUARTERLY MTG 11:30 AM—1 PM (Fisler)		
		CA-NV AWWA SPRING CONFERENCE; LONG BEACH, CA; MARCH 28—MARCH 31, 2011 (Ohlig-Hall)				
			PAY DAY			

April 2011

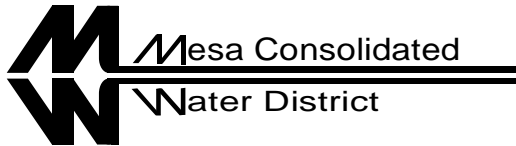
Updated: February 18, 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 WACO 7:30 AM (Atkinson)	2
3	4	5 ISDOC 7:30 AM (Fisler) PIC 3:30 PM (Dewane & Fisler) CITY COUNCIL 6 PM	6 Jt. MWDOC/MET 8:30 AM (Fisler) OCWD 5:30 PM (Atkinson)	7	8 CITY/DISTRICTS LIAISON COMM MTG; CITY (Bockmiller & Atkinson) PAY PERIOD ENDS	9
10	11 TENTATIVE— BUDGET WORKSHOP PIC 11:30 AM (Dewane & Fisler)	12 MESA BOARD MTG 7 PM	13 OCWD WATER ISSUES COMM 8 AM LAFCO 9 AM (Fisler) PAY DAY	14 SOUTHERN CA WATER COMM MTG; 10 AM—2 PM; TBD (Atkinson) E & O COMM 3:30 PM (Bockmiller & Ohlig-Hall)	15	16
17	18 MWDOC PUB AFFAIRS & LEGIS COMM 8:30 AM FIN COMM 3:30 PM (Atkinson & Fisler)	19 EXEC COMM 3:30 PM (Bockmiller & Atkinson)	20 MWDOC 8:30 AM (Fisler) OCWD 5:30 PM (Atkinson) WISG 7 PM (Atkinson)	21 CM CHAMBER PRESENTATION 7 AM (All)	22 PAY PERIOD ENDS	23
		GREEN CALIFORNIA SUMMIT 2011; SACRAMENTO, CA APRIL 18—20, 2011				
24	25	26 MESA BOARD MTG 7 PM	27 MWDOC/OCWD JT. PLANNING COMM 8:30 AM (Fisler) PAY DAY	28	29	30 SPRING GARDEN SHOW, SOUTH COAST PLAZA (CRATE & BARREL WING); THURSDAY—SUNDAY, APRIL 28—MAY 1, 2011

May 2011

Updated: February 18, 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3 ISDOC 7:30 AM (Fisler) CSDA SPECIAL DISTRICTS LEGISLATIVE DAYS; SACRAMENTO, CA; MAY 3—4, 2011 CITY COUNCIL 6 PM	4 Jt. MWDOC/MET 8:30 AM (Fisler) OCWD 5:30 PM (Atkinson)	5	6 WACO 7:30 AM (Atkinson) PAY PERIOD ENDS	7
8	9 PIC 11:30 AM (Dewane & Fisler) ACWA/JPIA SPRING CONFERENCE; SACRAMENTO, CA; MAY 9—10, 2011	10 MESA BOARD MTG 7 PM	11 OCWD WATER ISSUES COMM 8 AM LAFCO 9 AM (Fisler) ACWA SPRING CONFERENCE; SACRAMENTO, CA; MAY 10—13, 2011 PAY DAY	12	13	14
15	16 MWDOC PUB AFFAIRS & LEGIS COMM 8:30 AM FIN COMM 3:30 PM (Atkinson & Fisler)	17 EXEC COMM 3:30 PM (Bockmiller & Atkinson) CITY COUNCIL 6 PM	18 MWDOC 8:30 AM (Fisler) OCWD 5:30 PM (Atkinson) WISG 7 PM (Ohlig-Hall)	19 E & O COMM 3:30 PM (Bockmiller & Ohlig-Hall)	20 PAY PERIOD ENDS	21
22	23	24 MESA BOARD MTG 7 PM	25 MWDOC/OCWD JT. PLANNING COMM 8:30 AM (Fisler) PAY DAY	26	27	28
29	30 MEMORIAL DAY DISTRICT HOLIDAY	31				



MEMORANDUM

TO: Board of Directors

FROM: Victoria L. Beatley
Chief Financial Officer

DATE: February 22, 2011

SUBJECT: Review of Monthly Investment Transactions

RECOMMENDATION

Receive the January 2011 Investment Transaction Report.

STRATEGIC PLAN

Goal #3: Be financially responsible and maintain competitive rates.

DISCUSSION

Government Code Section 53607 requires that the Treasurer make a monthly report of investment transactions to the legislative body. This report is in keeping with the compliance required by that Code.

FINANCIAL IMPACT

There is no financial impact.

Mesa Consolidated Water District
 Monthly Activity - by Action
 Portfolio/Report Group: All Portfolios
 From 1/1/2011 To 1/31/2011

Description	CUSIP/Ticker	YTM @ Cost	Settlement Date	Face Amount/Shares	Principal	Interest/Dividends	Total	Custodian	Portfolio Name
BUY									
FHLMC 1 1/7/2013- 11	3134G1P81	1.00000	1/7/2011	1,000,000.00	1,000,000.00	0.00	1,000,000.00	Union Bank	Mesa Water District Investment Portfolio
Sub Total / Average				1,000,000.00	1,000,000.00	0.00	1,000,000.00		
DEPOSIT									
LAIF LGIP	LAIF	0.00000	1/14/2011	13,354.71	13,354.71	0.00	13,354.71	None	Mesa Water District Investment Portfolio
Sub Total / Average				13,354.71	13,354.71	0.00	13,354.71		
INTEREST									
LAIF LGIP	LAIF	0.00000	1/14/2011	0.00	0.00	13,354.71	13,354.71	None	Mesa Water District Investment Portfolio
Sub Total / Average				0.00	0.00	13,354.71	13,354.71		
WITHDRAW									
LAIF LGIP	LAIF	0.00000	1/7/2011	887,000.00	887,000.00	0.00	887,000.00	None	Mesa Water District Investment Portfolio
LAIF LGIP	LAIF	0.00000	1/19/2011	450,000.00	450,000.00	0.00	450,000.00	None	Mesa Water District Investment Portfolio
LAIF LGIP	LAIF	0.00000	1/28/2011	1,075,000.00	1,075,000.00	0.00	1,075,000.00	None	Mesa Water District Investment Portfolio
Sub Total / Average				2,412,000.00	2,412,000.00	0.00	2,412,000.00		



MEMORANDUM

TO: Board of Directors

FROM: Victoria L. Beatley
Chief Financial Officer

DATE: February 22, 2011

SUBJECT: Write-off of Uncollectible Accounts

RECOMMENDATION

Authorize staff to write-off water accounts after 90 days at the same time they are sent to collections.

The Finance Committee reviewed this item at its January 24, 2011 meeting and recommends Board approval.

STRATEGIC PLAN

Goal #3: Be financially responsible and maintain competitive rates.

DISCUSSION

Mesa's Customer Service staff monitors closed accounts for payments and delinquency. Closed accounts that become delinquent receive three (3) mailed notices and one (1) phone call requesting payment. If the account continues to be delinquent after approximately 90 days the account is sent to a collection agency for them to pursue payment.

Each year the Finance Committee (Committee) receives a report regarding delinquent water accounts that staff recommends be written-off as it is not anticipated Mesa will receive payment. These accounts are closed at least 12 months and up to 24 months before being submitted for write-off. After the Committee has reviewed the information, it is forwarded to the Board of Directors (Board) for approval. Once the Board approves the write-offs, Customer Service staff reduces the balance on the account and correspondingly the water receivable balance is reduced.

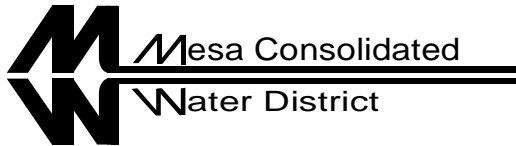
Staff has researched Mesa policies, and has not found that there is a requirement for uncollectible accounts to be approved by the Board. As this time staff is recommending that writing off of uncollectible accounts become an administrative process. If approved, water accounts will be written-off at the same time they are sent to the collection agency. This change will allow Mesa's receivables balance to more accurately reflect the amounts due and are likely to be

repaid. The collection rate after 90 days is very low. In 2010 the collection rate of accounts after 90 days was 5.8%.

To implement the proposed change there would be a larger receivable write-off in the first year of implementation as it would be a catch up period. The write-off will include accounts over 12 months old and all the accounts between 90 days and 12 months. In the future, staff would report to the Committee at intervals requested, possibly quarterly, the value of the accounts that have been written-off.

FINANCIAL IMPACT

The financial impact in the first year of implementation will be approximately \$73,000 based on the current amount of outstanding receivables that are between 3 and 21 months delinquent. Of this \$73,000, approximately \$33,600 represents unpaid water bills and the remaining \$39,400 is the collection agency fee that is paid to the agency when the customer pays. The FY11 Budget included \$30,000 for uncollectibles and the remaining \$3,600 will come from working capital cash. In following years, the amount would be reduced to more historical levels of approximately \$25,000 per year. Additionally, each year Mesa collects approximately \$240,000 in delinquent fees which help offset the amount of uncollectibles.



MEMORANDUM

TO: Board of Directors

FROM: Robert R. McVicker, P.E.
District Engineer

DATE: February 22, 2011

SUBJECT: Groundwater Well Upgrade Design

RECOMMENDATION

Approve a professional services contract with Pacific Advanced Civil Engineers (PACE) for an amount not to exceed \$175,320 to design and provide construction phase services for the Groundwater Well Upgrade and authorize the General Manager to execute the contract.

The Engineering and Operations Committee reviewed this item at its February 10, 2011 meeting and recommends Board approval.

STRATEGIC PLAN

Goal #2: Practice continuous infrastructure renewal and improvement.

DISCUSSION

The operation of Well Nos. 1, 3, 5, 7, 8, and 9 require Mesa staff to visit the site to start up and shut down the wells and their chemical feed systems. The automation of Well Nos. 6 and 11 at the Colored Water Treatment Facility (CWTF) are currently under construction as part of the CWTF Technology Replacement and Expansion Project. Mesa desires to automate the remaining six wells to achieve full local and remote monitoring and control of the facilities in accordance with the "Well Nos. 5, 7, and 8 Modifications Preliminary Design Report (PDR)" Final Report dated March 2010 and prepared by Carollo Engineers, Inc. The design for the replacement of the existing gas engine at Well No. 5 with new electric drives for the well and booster pump and adding variable frequency drives (VFDs) at Well Nos. 5, 7, and 8 as outlined in the PDR is also included in the Groundwater Well Upgrade project. Installing electric drives at Well No. 5 and VFDs at Well Nos. 5, 7, and 8 would provide efficient operation at a lower cost and allow for automation at Well No. 5.

Staff requested proposals from nine firms to provide design and construction phase services for the Groundwater Well Upgrade project. Proposals and costs were received on November 19, 2010 from three firms: Carollo Engineers, PACE, and Tetra Tech. AECOM, Hunsaker & Associates, RBF Consulting, SA Associates, Steven Andrews Engineering, and Willdan Associates did not provide a proposal in the time allotted.

Each proposal was reviewed by the Water Operations Manager, District Engineer, Senior Civil Engineers, and Water Production Supervisor. Each reviewer entered a score of one to five for each proposal for the following weighted criteria (criteria weight): firm qualifications and experience (20%), key staff qualifications and experience (10%), project understanding (30%), scope of work (30%), proposal quality (5%) and fee structure/cost 5%. Carollo Engineers received the highest score however the cost proposed was significantly higher than costs from PACE and Tetra Tech. Proposal scores and costs are as follows:

Proposer	Total Score	Submitted Cost
Carollo Engineers	26.09	\$ 359,961.90
PACE	24.49	\$ 128,960.00
Tetra Tech	22.74	\$153,600.00

Since Carollo Engineers and PACE ranked the highest and demonstrated the best understanding of the project Staff decided to interview both firms. Feedback was provided to the firms to assure that the scope of work was the same for both consultants since Carollo Engineers had proposed extra tasks in their original proposal.

The interviews took place on January 13, 2011. On January 24, 2011 staff analyzed the revised proposals and unanimously selected PACE for the project. The revised proposal costs are as follows:

Proposer	Submitted Cost
Carollo Engineers	\$ 271,631.00
PACE	\$ 175,320.00

FINANCIAL IMPACT

The FY11 budget included \$450,000 for Well 5 Modification and a FY12 Forecast of \$738,000 for Groundwater Well Upgrade. Staff has decided to combine the projects for efficiency. Of the \$450,000 there have been two budget transfers: \$66,800 for Reservoir 1 Engine Rebuild and \$86,300 for Coolidge Mainline Replacement leaving a balance of \$266,410. Unspent funds will be carried over to the FY12 budget. The available balance in the account is \$264,698.15 as of January 31, 2011 and no additional funds are required.



MEMORANDUM

TO: Board of Directors

FROM: Paul E. Shoenberger, P.E.
General Manager

DATE: February 22, 2011

SUBJECT: Retirement Tribute to Costa Mesa City Manager Allan Roeder

RECOMMENDATION

Approve table sponsorship for Allan Roeder's retirement tribute in the amount of \$1,250.

The Executive Committee reviewed this item at its February 15, 2011 meeting and recommends Board approval.

STRATEGIC PLAN

Goal #4: Increase public awareness about Mesa and about water.

DISCUSSION

At the Board meeting of February 8, 2011, the Board approved attendance and a proclamation for the retirement of City Manager Allan Roeder.

Mr. Roeder has served the City of Costa Mesa for more than thirty-five years. He has worked harmoniously with Mesa on numerous projects in support of the community. To support the event staff recommends the Board approve a table sponsorship.

FINANCIAL IMPACT

Funds are available in the District Membership and Subscription account.



ALLAN ROEDER

ROCK STEADY – CONSISTENT IN PERFORMANCE

C.J. SEGERSTROM & SONS

AND THE COSTA MESA CHAMBER OF COMMERCE

INVITE YOU TO

CELEBRATE THE CAREER OF

ALLAN ROEDER

A ROCK FOR COSTA MESA AND FOR ORANGE COUNTY!

MARCH 3, 2011

5:30 P.M. RECEPTION

6:30 P.M. - 8:30 P.M. DINNER

WESTIN HOTEL, COSTA MESA

EVENT SPONSORSHIP - \$2,500 (TABLE OF 10, LOGO & VERBAL RECOGNITION, EVENT GIFT)

TABLE SPONSORSHIP - \$1,250

INDIVIDUAL TICKET - \$90.00

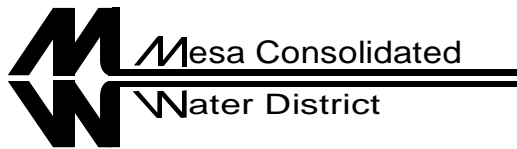
FOR ADDITIONAL INFORMATION CONTACT: ED FAWCETT AT (714) 885-9090 OR

EFWCETT@COSTAMESACHAMBER.COM.

PLEASE MAKE CHECKS PAYABLE TO THE COSTA MESA CHAMBER OF COMMERCE.

MAIL TO 1700 ADAMS AVE, SUITE 101, COSTA MESA, CA 92626

PROCEEDS BENEFIT ALLAN'S CHARITIES OF CHOICE – THE COSTA MESA BARK PARK AND COSTA MESA UNITED
ALONG WITH THE COSTA MESA CHAMBER OF COMMERCE.



MEMORANDUM

TO: Board of Directors

FROM: Paul E. Shoenberger, P.E.
General Manager

DATE: February 22, 2011

SUBJECT: Water Education Mural

RECOMMENDATION

Approve Mesa's participation in the Operation Clean Slate water conservation/education mural at Adams Elementary School.

STRATEGIC PLAN

Goal #4: Increase public awareness about Mesa and about water.

BACKGROUND

Costa Mesa-based Operation Clean Slate (www.OperationCleanSlate.com) is a campus and community beautification program that involves students in making a difference at their schools and in their neighborhoods. This nonprofit organization works with students of all ages and abilities to create colorful murals that enhance the area and, in many cases, have an important message that communicates to students. KCBS-TV (Channel 2) recently featured Operation Clean Slate in a story.

DISCUSSION

Operation Clean Slate will work with Adams Elementary School (in the Mesa Verde area) on a water conservation/education mural. Operation Clean Slate, along with Adams Elementary, approached Mesa to kick-off the mural program with a water education assembly the morning of March 18, 2011. Through its partnership with MWDOC and Discovery Science Center, Mesa can host two assemblies—one at 9:30 a.m. for grades K-3, and another at 10:30 a.m. for grades 4-6.

As part of the District's participation, Mesa's Board is invited to attend one or both assemblies. Also, the mural will include the District's logo; and, Mesa's Conservation Department can suggest ideas for the mural art. Mesa's Communications Department will pitch this story to local media; and, when the mural is complete, Mesa's Board of Directors will be invited back to the school for a ceremony and photo and/or video opportunity (and, potentially, a media opportunity).

FINANCIAL IMPACT

Total cost for this project is estimated to be \$600. The FY11 budget has funds for water education outreach in the Communications Department's Public Information Events and Programs account.



MEMORANDUM

TO: Board of Directors

FROM: Paul E. Shoenberger, P.E.
General Manager

DATE: February 22, 2011

SUBJECT: Agreement between Municipal Water District of Orange County and its Member Agencies

RECOMMENDATION

Discuss the agreement and take action as the Board desires.

STRATEGIC PLAN

Goal #1: Provide a safe and reliable water supply.

Goal #3: Be financially responsible and maintain competitive rates.

DISCUSSION

The Municipal Water District of Orange (MWDOC) provides wholesale imported water to Mesa Consolidated Water District (Mesa), and 27 other Member Agencies throughout Orange County. MWDOC receives imported water from the Colorado River Aqueduct and State Water Project through the Metropolitan Water District of Southern California (MET) and provides the following services:

- MWDOC is a member agency of MET
 - Appoints four member to the MET Board of Directors
 - Represents 28 Member Agencies' interest at MET (collectively we pay about \$140 million dollars to MET each year)
- MWDOC also provides regional services for Orange County
 - Water use efficiency programs
 - Water supply planning activities
 - Public affairs
 - Governmental affairs
 - School education programs
 - Emergency preparedness programs through the Water Emergency Response Organization of Orange County (WEROC)
 - Seeks and secures grants each year ranging from about \$3 million to about \$7 million to help offset local costs or expand services available in Orange County

Attachment 1 provides a more detailed description of MWDOC's services.

MWDOC's operating budget to cover staff time and other expenses runs about \$6 million per year. Often, grant funding brought into Orange County by MWDOC ranges between \$3 million and \$7 million per year. The grant funds are used to help implement various water programs in the County. Including water purchases and debt service, MWDOC's total budget is about \$150 million per year. MWDOC also provides considerable assistance to the Orange County Water District in seeking and securing imported replenishment water and other conjunctive use accounts and in managing this water supply in Orange County. Politically, MWDOC is active in looking out for the best interests of the residents within Orange County and in assisting MET in pursuing solutions to the State Water Project and Colorado River supply problems. MWDOC works with its Member Agencies in a cooperative and collaborative manner in many different forums that are convened on a monthly basis and open to all agencies. These include:

- Public Affairs Workgroup
- Water Use Efficiency Workgroup
- Member Agency Manager's Meetings
- Joint Meetings with the MWDOC Directors and MET Directors
- Joint Planning Committee meeting between MWDOC and OCWD
- Poseidon Huntington Beach Ocean Desalination Workgroup
- South Orange Coastal Ocean Desalination (Dana Point) Workgroup
- Other forums as necessary

Over the past several years, MWDOC's activities, budget and service model were questioned by several of its Member Agencies. These agencies raised concerns over whether MWDOC should be more responsible to the public who elected the directors of MWDOC or to the Member Agencies (another "public"). MWDOC's position has always been that both sets of "public" are important to our business and together MWDOC and its Member Agencies service the good of the general public. Several of the Member Agencies requested the ability to opt out of certain services. Questions were also raised about the equity of MWDOC's rate structure and whether MWDOC's governance structure is appropriate for the types of services it provides. These concerns were discussed over several years in a number of forums and are now being resolved via the attached "settlement agreement" being entered into by MWDOC and its 28 Member Agencies.

The attached agreement addresses the concerns raised and provides for new policies and opportunities to increase the amount of input and choice in MWDOC's services, while maintaining MWDOC's role as a wholesale water provider and regional water planning agency. During the term of this agreement, MWDOC's Member Agencies will agree not to pursue changes to MWDOC's governance structure, finances, or a detachment from MWDOC, either through legislation, or through an application to the Orange County Local Agency Formation Commission (OCLAFCO) while MWDOC will agree to a number of changes as outlined below.

The new framework set forth in this agreement was developed through an extensive negotiating process that included an Ad Hoc Committee of elected officials and representatives from MWDOC and a number of the South County agencies. MWDOC is looking to have all 28 of its Member Agencies consider and approve the document. The agreement will be considered by MWDOC Board for action after two-thirds of the Member Agencies (19) have approved the agreement.

Beginning in fiscal year 2011-12, MWDOC will adopt a new business model in which individual Member Agencies will have a choice as to whether they participate in certain MWDOC programs. The “choice” programs will include:

- South Orange Coastal Ocean Desalination Project
- Poseidon Huntington Beach Ocean Desalination
- MWDOC’s School Program
- MWDOC’s Water Use Efficiency Programs

Each year, MWDOC will develop a budget for these “choice” programs in collaboration with the Member Agencies and only the Member Agencies that elect to participate will be charged directly for these services. Going forward, MWDOC will have the opportunity to develop additional programs or modify programs through this new service model. If one of MWDOC’s Member Agencies wants to provide similar services to another of MWDOC’s Member Agencies, MWDOC has the first right of refusal to provide the service to the requesting agency.

Under the agreement, MWDOC will also realign its rate structure to reflect the regional nature of MWDOC’s services. MWDOC’s current rate structure includes both a fixed retail connection charge and a per acre-foot charge. Approximately 65% of MWDOC’s revenues are captured from the per-retail connection charge, and 35% are captured through the per acre-foot charge. Beginning in fiscal year 2011-12, MWDOC will transition over a five year period to recovering all of its revenue from the fixed retail connection charge.

Signatories to the agreement will be given the opportunity to nominate candidates to be appointed by MWDOC to the MET Board of Directors when vacancies occur among MWDOC’s delegation of four directors appointed to the MET Board. Following the first vacancy from the MWDOC’s MET delegation, signatories from South County will nominate one candidate. Signatories from North County will nominate a candidate following the second vacancy. The MWDOC Board will give serious consideration to each candidate and can only reject nominated candidates for “cause”. After the MET directors are appointed, they serve in an “at will” capacity at the pleasure of the MWDOC Board.

Under the agreement, MWDOC will begin holding additional meetings to increase Member Agency involvement in MWDOC’s activities, and in developing water resource goals and objectives for the region. MWDOC will hold semi-annual meetings specifically for elected representatives from Orange County water entities to attend and participate. MWDOC will conduct additional MET director meetings each year in coordination with the MET Member Agency cities of Anaheim, Fullerton, and Santa Ana that will be open to all entities in the County.

Overall, approval of the settlement agreement is in the best interests of the water community and residents of Orange County. Working together as a unified District will further assure the future water supply reliability in Orange County at a lower cost for all of its citizens. Therefore, staff recommends the Board approve the agreement (attachment 2).

FINANCIAL IMPACT

In accordance with discussions occurring as part of the Settlement Agreement, MWDOC modeled the estimated impact to each MWDOC Member Agency under a “Choice Budget” including moving to 100 percent of MWDOC’s remaining costs being collected through the per meter charge.

The analysis (attachment 3) was performed during the budget discussions in April, 2010. All of the numbers are based on the hypothetical impact that these changes would have on MWDOC's FY11 budget and rates.

MWDOC's adopted rates and charges for FY11 are \$5.75 per certified retail meter, and \$6.75 per acre-foot of water delivered. MWDOC currently captures approximately 65% of its revenue through the per-meter charge, and 35% are captured through the per acre-foot charge. Under the Settlement Agreement, MWDOC will transition over a five year period to a new rate structure that includes only a per meter charge. For the purposes of this analysis, the impact on each agency was calculated with 100% of MWDOC's costs being captured by the per meter charge under the number of certified meters in FY11. The actual impact will be phased over 5 years.

MWDOC budgeted to capture revenues of \$160,102 from Mesa under the FY11 budget. With the Choice and 100% on the per-meter charge, MWDOC would capture revenues of \$208,660 for an increase of \$48,559 or 30%. The increase would be 0.18% increase in Mesa's water budget.

The choice programs in this analysis are based on the FY11 programs budgets and recent participation in these programs by each MWDOC agency. The totals, therefore, do not reflect each agency's selected level of participation in each choice program going forward. The actual choice budgets will be developed in late 2010, and agencies will have until March 2011 to make their final selection on which programs to participate in for FY11.

Under these assumptions, a choice budget of \$978,000 was developed that included the following program areas:

- South Orange Coastal Ocean Desalination Project (\$139,000)
- Poseidon Huntington Beach Ocean Desalination Project (\$46,000)
- School Program (\$133,000)
- Water Use Efficiency Program (\$660,000)

The costs under these programs are allocated in each agency based on their recent participation in MWDOC programs. The costs of the South Orange Coastal Ocean Desalination Project and the Poseidon Project were allocated to all project participants on an equal cost-sharing basis. The School Program and the majority of the Water Use Efficiency Programs were allocated to each agency based on actual participation in the programs in FY09. Each of the Choice Program budgets also included an Overhead Factor of 66%, which was applied to the total salaries and wages allocated within each program.

**Attachment 1
MWDOC Services/Activities**

Core Activities	Choice Activities	Overhead Costs
<p>Board Compensation & Benefit Retiree Costs Legal Costs Board Elections Accounting and General Admin <u>MET Representation</u></p> <ul style="list-style-type: none"> • MET Director Support • MET policy analysis, programs and special projects • MET operations, water rates and accounting <p>Staff time for MWDOC's Water Use Efficiency Programs Manager</p> <p><u>Governmental Affairs</u></p> <ul style="list-style-type: none"> • In-house staff for legislative info • WACO, ISDOC and other support • Federal lobbyist for countywide funding • State lobbyist for countywide legislative, grant funding and policy access • Local lobbyist for Board of Supervisors <p><u>Public Affairs</u></p> <ul style="list-style-type: none"> • Coordination with MET, other regional and local retailers • Basic communications functions-media outreach and inquiries, water information and messaging, MWDOC website • MWDOC newsletter (e-currents) • Countywide surveys as appropriate • Countywide water awareness in coordination with retail agencies <p><u>Research</u> – support for Center for Demographic Research</p> <p><u>Water Supply Planning</u></p> <ul style="list-style-type: none"> • Coordination among agencies • Water use tracking and projections • Water supply analysis • Regulatory compliance issues • Water trends analysis • Countywide studies <p>Water Emergency Response Organization of Orange County (WEROC) – MWDOC contribution</p>	<p><u>Water Use Efficiency</u></p> <ul style="list-style-type: none"> • Residential clothes washers • Sprinkler nozzles • SmarTimers • CII Plumbing Fixtures • Synthetic Turf • Hotel Program • Industrial Program • Landscape Certification Program <p>Includes marketing materials for WUE activities, staff time, overhead and grant funds (MET and other)</p> <p><u>Governmental Relations</u></p> <ul style="list-style-type: none"> • Federal lobbying for SOCODP – Barker • Federal lobbying for SOCODP – Townsend • Any project or program legislative or grant support on choice activities – Townsend <p><u>Public Affairs</u></p> <p><u>Specific Programs</u></p> <ul style="list-style-type: none"> • School program • South Orange Coastal Ocean Desal Project • Support for Poseidon Desal Project • Other Project specific studies • Non-countywide issue studies 	<p>Salary charged to overhead function (vacation, sick leave and holidays)¹</p> <p>Personnel development</p> <p>Legal costs charged to overhead function</p> <p>Employee benefits</p> <p>Personnel/staff development</p> <p>Information technology</p> <p>Conference employee</p> <p>Travel & Accommodations employee</p> <p>Automotive/Mileage/Toll</p> <p>Office maintenance</p> <p>Rents & Leases</p> <p>Office supplies</p> <p>Insurance expenses</p> <p>Utilities – telephone</p> <p>Miscellaneous expenses</p> <p>Professional fees for overhead activities</p> <p>Software support</p> <p>Computers/software</p> <p>¹ Estimate overhead to vary from 65-75% of salaries based upon variable activities.</p>

**AGREEMENT BETWEEN MWDOC AND ITS MEMBER AGENCIES ON
BUDGET, ACTIVITIES, CHARGES, AND OTHER ISSUES**

This Agreement is made by and between the Municipal Water District of Orange County ("MWDOC") and those of its 28 Member Agencies that have signed below (referred to collectively as "Member Agency Parties" and individually as "Member Agency Party"). Signatories to this Agreement are also referred to herein collectively as "Parties" and individually as "Party." This Agreement is effective as of the Effective Date established pursuant to Section 12.1 below.

RECITALS

WHEREAS, MWDOC is a wholesale water provider to 28 Member Agencies in Orange County, California; and

WHEREAS, MWDOC is a member agency of the Metropolitan Water District of Southern California ("MET") and appoints four (4) directors to MET's Board of Directors, and

Whereas, MWDOC was formed in 1951 by Orange County voters to provide imported water from MET into Orange County; and

Whereas, MWDOC has been performing this function and many other functions since its formation in support of Member Agencies within its service area; and

Whereas, MWDOC was formed and operates pursuant to the Municipal Water District Law of 1911 (Water Code Section 71000 et seq.) and is governed by a seven-member publicly elected Board of Directors; and,

Whereas, an essential area of MWDOC's authority includes the setting of rates for water commodities and services, and while rates may be different for different classes or conditions of service, they shall be uniform for like classes and conditions of service (Water Code § 71614); and,

Whereas, an essential area of MWDOC's authority includes representing the Member Agencies at MET to ensure that the approximately \$140 million paid to MET each year by MWDOC is used effectively and efficiently; and,

Whereas, in addition to its role at MET, MWDOC's regional services to its Member Agencies currently include water use efficiency programs, water supply planning activities to improve reliability and emergency preparedness, the Water Emergency Response Organization of Orange County ("WERO"), the school education program, and numerous other programs; and

Whereas, in support of these services to its Member Agencies, MWDOC seeks grant funding for its programs, engages lobbyists on the Federal, State and local levels, and operates a public affairs department that serves its Member Agencies and their customers; and

Whereas, MWDOC's budget and rates have been the subject of discussion between MWDOC and some of its Member Agencies over the past several years, and these Member Agencies have raised concerns over whether the rate structure is equitable and whether a Member Agency should be able to opt out of certain services if it provides those services; and

Whereas, in conjunction with the preparation by the Orange County Local Agency Formation Commission ("OCLAFCO") of its 2007 Municipal Services Review and Sphere of Influence for MWDOC, MWDOC and several of its Member Agencies from southern Orange County participated in a series of "stakeholder" discussions facilitated by OCLAFCO in an attempt to resolve these and other concerns; and

Whereas, following approval by Orange County LAFCO of the 2007 Municipal Services Review and Sphere of Influence for MWDOC, OCLAFCO retained a consultant to conduct a study of "governance options" for MWDOC ("Governance Study"), which Study was funded 50% by MWDOC and 50% by six of its Member Agencies from southern Orange County; and

Whereas, the same six Member Agencies, namely El Toro Water District, Trabuco Canyon Water District, Santa Margarita Water District, Irvine Ranch Water District, Moulton Niguel Water District and South Coast Water District, have issued a "White Paper" regarding the formation of a "South Orange County Water Authority" that discusses issues associated with formation of such an agency if certain changes in MWDOC's operations are not made; and

Whereas, the Governance Study recommended the addition of three Member Agencies into the Study effort -- the City of San Clemente, the City of San Juan Capistrano and Laguna Beach County Water District, thereby bringing the total number of "South County Agencies" to nine; and

Whereas, the other Member Agencies of MWDOC are the City of Brea, City of Buena Park, City of Fountain Valley, City of Garden Grove, City of Huntington Beach, City of La Habra, City of La Palma, City of Newport Beach, City of Orange, City of Seal Beach, City of Tustin, City of Westminster, East Orange County Water District, Emerald Bay Services District, Golden State Water Company ("GSWC"), Mesa Consolidated Water District, Orange County Water District, Serrano Water District, and Yorba Linda Water District.

Whereas, Emerald Bay Services District boundaries are located in the southern Orange County area and has requested to be included as a South County Agency, as hereinafter defined for purposes of this agreement; and

Whereas, the Parties signing below have reached a comprehensive agreement, memorialized herein ("Agreement"), that accommodates the interests of all

Parties, maintains MWDOC as the wholesale regional planning agency and promotes a cooperative and collaborative partnership between MWDOC and its Member Agencies;

NOW, THEREFORE, THE PARTIES ACKNOWLEDGE AND AGREE AS FOLLOWS:

1. DEFINITIONS

- 1.1 "South County Agencies," as referenced in the recitals above, refers collectively to City of San Clemente, City of San Juan Capistrano, El Toro Water District, Irvine Ranch Water District, Laguna Beach County Water District, Moulton Niguel Water District, Santa Margarita Water District, South Coast Water District, Trabuco Canyon Water District and Emerald Bay Services District.
- 1.2 "Member Agencies" refers to any and all entities, public or private, that purchase water from MWDOC. "Member Agency Parties" refers to Member Agencies who have signed this Agreement.
- 1.3 "North County Agencies" as referenced in the Recitals above refer collectively to Member Agencies (other than the South County Agencies), including the City of Brea, City of Buena Park, City of Fountain Valley, City of Garden Grove, City of Huntington Beach, City of La Habra, City of La Palma, City of Newport Beach, City of Orange, City of Seal Beach, City of Tustin, City of Westminster, East Orange County Water District, District, Golden State Water Company, Mesa Consolidated Water District, Orange County Water District, Serrano Water District, and Yorba Linda Water District.

2. MWDOC BUDGET

- 2.1 **Core and Choice Services.** Commencing in Fiscal Year 2011-2012, MWDOC will organize its budget according to "Core" services and "Choice" services. (See Section 4 below regarding designation of specific services as Core and Choice.)
 - 2.1.1 The Core services budget shall include services identified by MWDOC as services that are both essential to its mission and carried out on behalf of the entire MWDOC service area for all 28 Member Agencies. The Core services also include services that MWDOC determines cannot practicably or efficiently be budgeted and charged to individual Member Agencies on an agency-by-agency basis.

- 2.1.2 Choice services shall be budgeted, described, and priced in a manner that is intended to allow individual Member Agencies to decide whether to receive such services from MWDOC. MWDOC's costs for Choice services provided, including related Overhead costs, will be recovered only from the MWDOC Member Agencies electing to receive the service.
- 2.1.3 Once Core and Choice services are established for the purpose of the Fiscal Year 2011-2012 budget, those designations and their associated cost allocations shall thereafter be presumed reasonable and appropriate; and such designations and cost allocations will be used by MWDOC in its budgeting in subsequent years, subject to Paragraph 5.3 below. The designation of any new or different services to be offered by MWDOC as Core or Choice will be made at the time the services are considered for approval by the MWDOC Board and will be subject to input from the Member Agencies during the review process described below.
- 2.2 Review of Budget.** MWDOC will continue its practice of soliciting and considering review and input on its budget from all MWDOC Member Agencies commencing in December and developing a conceptual draft budget for Member Agency review the following January. On or before March 1st of each calendar year, MWDOC shall publish its draft budget and shall solicit comments from Member Agencies. Each Member Agency shall indicate to MWDOC in writing by March 15th of each year if any changes in the Choice Services they will be participating in are being considered or are to be deleted as a Choice Service (some services, such as the South Orange Coastal Ocean Desalination Project, have existing contractual commitments that differ from fiscal year commitments). In the absence of such timely notification of changes by the Member Agencies, the Member Agencies will be deemed to be participating without change in those Choice services in the following budget year to the same extent that the Member Agencies are participating in such Choice Services as of March 15. Member Agencies desiring to submit formal comments on the budget shall deliver such formal comments to MWDOC before April 15th. (See Section 6.1 below, "Elected Officials 'Meeting.") These comments will be considered in preparation of the final Budget and will be presented to the MWDOC Board in May. The Parties acknowledge that the MWDOC Board is solely responsible for final approval and establishment of the MWDOC Budget and all rates and charges.

3. **MWDOC'S RESERVES**

3.1 Purpose. MWDOC's Reserves allow it to meet operating and emergency financial requirements for operation of the District, including cash flow for managing grants and such expenses as future building improvements, Other Post Employment Benefits (OPEB), unforeseen emergencies, potential litigation, and MWDOC elections.

3.2 Reserve Line Items. MWDOC adopted a Reserve Policy on June 16, 2010, as outlined in the chart below. MWDOC will segregate its reserves into these categories and will report on the levels each year during the budget preparation process:

MWDOC Proposed Reserves as of June 30, 2010	
Reserve Category	Proposed Amount
General Reserves (Unrestricted Reserve)	\$1,850,000
Grant/WUE Cash flow (Designated Reserve)	\$1,000,000
Election Expense (Designated Reserve)	\$ 500,000
Building Repair/Replacement (Designated Reserve)	\$ 350,000
Total Designated or Unrestricted	\$3,700,000
OPEB Reserve (Irrevocable Trust -- Restricted)	\$500,000

4. MWDOC CHOICE SERVICES

MWDOC shall institute a budgeting process in accordance with Section 2 above based on a designation of certain MWDOC services as Core services and other MWDOC services as Choice services. For the purposes of this Agreement and the MWDOC 2011-2012 Budget, the designation of Core and Choice services and Overhead costs are identified in Table A, attached. (See 5.3 below.) Input to any proposed changes in the designations shall be solicited from the Member Agencies in the annual budget preparation process in accordance with Section 2.2 above.

4.1 Designation of Choice Services.

The Choice categories identified at this time are described below. During the first half of fiscal year 2010-11, MWDOC Staff and the Member Agencies will work together to develop the concept, structure, budget and participation terms for the following services and any others identified for implementation beginning July 1, 2011. These will be developed in such a way as to be offered to the Member Agencies for participation and will be incorporated into the proposed budget for 2011-12.

4.1.1 Project Participation Committees

4.1.1.1 South Orange Coastal Ocean Desalination Project will continue to be organized in a Project Participation format with five agencies participating on an equal cost-sharing basis. The participating agencies will ultimately determine all institutional, financing and delivery issues for the project.

4.1.1.2 Poseidon Huntington Beach Ocean Desalination Project is currently organized in a Project Participation format with 23 agencies participating on an equal cost-sharing basis. The costs to date for outside consulting have been paid for by Poseidon, so no local costs have been paid by the agencies.

4.1.2 MWDOC - Member Agency Agreements

4.1.2.1 School Program will be organized with each Member Agency participating and paying its share of costs on a per student basis, and this Program also includes as participants the non-Member Agency cities of Anaheim, Fullerton, and Santa Ana.

4.1.2.2 Water Use Efficiency Program will be developed as a pay-as-you-go or a pay-for-participation basis instead of a "choice" basis. Functionally, however, there will be "choice" programs offered to all Member Agencies by agreement or through direct participation by retail consumers or others in the water service area. The Parties anticipate that the terms for the agreements between MWDOC and the Member Agencies will range between 3 and 5 years. The eight programs currently in operation include:

- Residential clothes washers
- Sprinkler nozzles
- SmarTimers
- CII Plumbing Fixtures
- Synthetic Turf
- Hotel Program
- Industrial Program
- Landscape Certification Program

4.2 Right to Submit Proposal. If a Member Agency Party does not participate in a MWDOC Choice Service pursuant to the provisions of this Agreement, including Section 2 above, and desires to participate in a substantially similar Service from another Member Agency Party, as set forth in a written proposal, such Member Agency Party shall deliver to MWDOC, no later than March 15th of each year, a copy of the written proposal to receive such Service. MWDOC shall have thirty (30) days from receipt of such proposal to submit a scope and cost to provide the Service, for the Member Agency Party's consideration.

4.3 Core Programs shall be those listed in Table A. Any funding brought in via MWDOC efforts from its State or Federal advocacy efforts, except for those specifically being funded through a Project Participation Agreement, shall be available to all MWDOC Member Agencies via Core or Choice Programs, e.g., such as the Water Use Efficiency Program.

4.4 Overhead Costs shall be those listed in Table A. The Overhead costs are allocated over all Core and Choice services. Subject to Paragraph 5.3, if activities are ever added to or removed from the

list of Core or Choice services, the commensurate proportion of Overhead costs will also be allocated accordingly. The determination of the Overhead cost percentage applicable to each Core and Choice service for any particular year shall be made during the budget preparation process and fixed for the entire budget year.

5. REVENUE COLLECTION

The Parties agree that MWDOC should transition its current rate structure, which includes both a per retail connection charge and a per acre-foot charge, to a structure that includes only a per retail connection charge. Currently, MWDOC's revenue from water rate charges is approximately 65% on the per retail connection charge and 35% on the per acre-foot charge. As described below, MWDOC shall increase the percentage on the per retail connection charge gradually, reaching 100% in fiscal year 2015-16.

- 5.1 Fixed Charges.** Commencing in fiscal year 2011 -2012, MWDOC will begin transitioning to a 100% fixed charge. In the first year of this process, 80% of MWDOC's water rate charges for its operating budget will be fixed, and 20% will be water charges. Each year for the next four years, MWDOC will increase the amount on fixed charges by 5%.
- 5.2 Method of Fixed Charges.** MWDOC will continue to use the methodology in effect as of the Effective Date to define retail service connections independent of size as the method of passing charges to the Member Agencies on a fixed charge basis.
- 5.3 Designation of Core, Choice, and Overhead Services.** The designations of services and activities set forth in (i) Section 2.1 and Table A for Core and Choice Service, in (ii) Paragraph 4.4 and Table A for Overhead Costs, and in (iii) Paragraph 5.2 for Method of Fixed Charges, shall carry a presumption of reasonableness and, therefore, shall remain unchanged for the term of this Agreement, unless changed by amendment in accordance with the provisions of Section 15.

6. INTERACTION OF ELECTED OFFICIALS

6.1 Elected Officials' Meeting. MWDOC will hold a semi-annual meeting for elected representatives of the Member Agencies and a GSWC officer or the officer's designee in October and April ("Elected Officials' Meeting") in addition to any other meetings, workshops, or assemblies open to those officials. The meetings shall be chaired by the President of the MWDOC Board and it is the intent of the Parties that the primary attendees shall be members of their respective governing bodies. The forum will be used to discuss:

- MWDOC activities, policies, and budget (including reserves)
- MET activities and policies
- Statewide water resource issues
- Strategies to increase Orange County's water supply reliability and to minimize Orange County water costs
- Other topics of significant interest to the Orange County water community

Beginning in March 2011 and each year thereafter, upon completion of the first DRAFT of the MWDOC Budget for the upcoming year, MWDOC will formally request comments on the budget from all 28 Member Agencies, as described in Section 2.2 above. MWDOC will report on the budget comments received from the Member Agencies at the Elected Officials' Meeting described herein.

6.2 Public Meetings. The Elected Officials' Meetings shall be noticed public meetings of MWDOC's Board. Each Member Agency participating in these meetings shall be responsible for compliance with the Brown Act by its own legislative body. (Government Code § 54950 etseq.)

7. SELECTION OF MET DIRECTORS

7.1 Recommended Appointments by MWDOC Member Agency Parties.

Commencing with the first vacant MWDOC MET Director position following the Effective Date, the MWDOC Board will institute and follow the procedure set forth in this Section 7 for appointing MET Directors.

- 7.1.1 The MWDOC Administrative Code provides that the Board President shall nominate and the Board shall approve MET Directors.
 - 7.1.2 Under the conditions and procedures established in this Agreement, the MWDOC Board will delegate limited nominating power to the MWDOC Member Agencies for two of MWDOC's MET Director positions.
 - 7.1.3 When the first MET Director vacancy occurs following the Effective Date, the South County Agencies that are Member Agency Parties ("South County Parties") may nominate a candidate of their choosing ("MET Candidate") through a process to which they all agree, directly to the MWDOC President and Board. In the absence of agreement among the South County Parties, the nomination(s) shall be determined by a "one agency, one vote" process among the South County Parties. Nominations shall be stated in a letter to the MWDOC Board President signed by authorized elected representatives of the South County Parties. Once filled, that seat will be designated, pursuant to this Agreement, as the "South County Seat".
 - 7.1.4 When the second MET Director vacancy occurs following the Effective Date, the North County Agencies that are Member Agency Parties ("North County Parties") may nominate a MET Candidate of their choosing, through a process to which they all agree, directly to the MWDOC President and Board. In the absence of agreement among the North County Parties, the nomination(s) shall be determined by a "one agency, one vote" process among the North County Parties. Nominations shall be stated in a letter to the MWDOC Board President signed by authorized elected representatives of the North County Parties. Once filled, that seat will be designated, pursuant to this Agreement, as the "North County Seat".
- 7.2** The MWDOC Board shall consider each nominated MET Candidate seriously, in good faith and in the spirit of this Agreement and can only reject said MET Candidate for cause. The remaining MET Director seats shall continue to be filled pursuant to MWDOC's Administrative Code. MWDOC shall continue its practice of advising the Member Agencies when a vacancy occurs and soliciting potential candidates and input from all Member Agencies for filling these seats.
- 7.3** All MWDOC MET Directors shall serve for an indefinite term pursuant to the MWDOC Administrative Code; provided, however, a MWDOC MET Director holding the North County Seat or the South County Seat may be removed by MWDOC only after MWDOC has convened an ad hoc committee to review that MWDOC MET Director's performance and the ad hoc committee has solicited and considered the input of the respective nominating area as provided below. If a vacancy occurs in the North County Seat or the South County Seat, the North or South County Parties, as established herein, may make subsequent nominations to fill the vacancy in accordance with Sections 7.1.3 and 7.1.4, as applicable. The MWDOC Board President shall

consider appointment of an ad hoc committee to review the performance of MWDOC's MET Directors upon request of any MWDOC Board Member or Member Agency, or upon the MWDOC President's own determination. Such review, if any, may be conducted no more than once annually. If appointed, the ad hoc committee shall solicit input from the respective nominating areas on the performance of the North County and South County nominated MET Directors. Should the North County Parties or South County Parties deem it appropriate to remove their selected MET Director, they can make their request for removal to the MWDOC Board. The MWDOC Board will not unreasonably withhold action on such request(s).

8. COMPLIANCE WITH MWDOC ADMINISTRATIVE CODE

Any MET Candidate nominated and appointed as provided herein must be familiar with MWDOC's Administrative Code and express a willingness to comply with it. This includes, without limitation, meeting the criteria for a MWDOC MET Director established in Section 1500 of the MWDOC Administrative Code.

9. COMPLIANCE WITH LAW

The nomination and appointment of any MET Candidate, as provided herein, must comply with applicable statutory and case law.

10. MET DIRECTOR ORANGE COUNTY CAUCUS

MWDOC will schedule and conduct at its offices regular meetings of the MET Directors representing MET Member Agencies in Orange County. Meetings will be scheduled at least three (3) times per year to be determined by the Orange County MET Directors at the first meeting each year. The purpose of the meetings is to provide special access by all Member Agencies to the MET Directors representing Orange County.

11. REMEDIES AND ENFORCEMENT

11.1 Remedies in General. Except as set forth below, each Party shall have all remedies otherwise available to enforce the terms of the Agreement and to seek remedies for any breach hereof, including but not limited to the remedies set forth in Sections 11.2.3, 11.5 and 11.6 of this Agreement.

11.2 Breach of the Agreement.

- 11.2.1 Any material breach or material violation of the Agreement shall be deemed a default under this Agreement.
- 11.2.2 In the event of an alleged material breach or material violation of the Agreement, the Parties agree to work together in good faith to resolve any disagreement using the following dispute resolution process:
 - 11.2.2.1 The Party alleging a breach shall notify the other Parties of the basis for the allegation and the requested cure for the breach.
 - 11.2.2.2 The alleged breaching Party receiving notice of breach shall have 15 calendar days to respond. If the response acknowledges that a breach has occurred, the breaching Party shall have 30 days to cure such breach, provided that if such breach cannot be reasonably capable of being cured within said 30-day period, then the breaching Party shall not be in default of this Agreement provided that the breaching Party is diligently continuing to cure such default.
 - 11.2.2.3 If the Party alleging a breach and the alleged breaching Party disagree with respect to whether a breach has occurred, they shall meet and confer in good faith toward a mutually satisfactory solution. The meet and confer shall be open to all Parties.
 - 11.2.2.4 If the dispute cannot be resolved through the meet and confer process within 60 calendar days after the first meeting, the Party alleging a breach and the alleged breaching Party, along with any other Party that wishes to participate, shall engage in third party mediation, with the participating Parties to equally share mediation costs. Said mediation shall end no later than 90 calendar days after the completion of the original meet and confer process. No Party may file a lawsuit concerning the alleged breach until the mediation has ended.
 - 11.2.2.5 In the event a lawsuit is filed after completion of the mediation concerning the alleged breach, the Parties' rights and obligations under this Agreement shall continue until one of three actions occurs: (1) the agreement continues as drafted; (2) the agreement is terminated; or (3) an amendment to the agreement is entered into pursuant to Section 15.
- 11.2.3 Any Party to this Agreement may, in addition to any other remedy, seek an order from a court specifically enforcing the

obligations of the Parties to the Agreement to comply with this Section 11.2.

- 11.3 Material Breach in the Event of Certain Activities.** The Parties to this Agreement have mutual interests in avoiding the time, expense, and uncertainty of either (a) legislative measures that would affect MWDOC's organizational form or (b) filing an application with the OCLAFCO for secession of a Party or detachment of a Party's territory from MWDOC. Consequently, the Parties to this Agreement agree that "material breach," within the meaning of Section II.(a) shall include (but not be limited to) the following activities that any Party hereto may undertake during the term of this Agreement:
- 11.3.1 The submission of an application with OCLAFCO to reorganize or undertake an action that would result in a Party's secession or the detachment of all or a portion of a Party's territory, from MWDOC, or would result in any other material change in governance or structure affecting MWDOC.
 - 11.3.2 The filing of any written letters or testimony with, or providing verbal testimony to, any committee or other body of the State Legislature in support of legislative measures that would (A) materially affect MWDOC's organizational form or change the governance of MWDOC, and (B) would result in secession or detachment of territory from MWDOC by any Member Agency.
- 11.4** An action constituting a material breach under Sections 2.2, 4, 5, 6, 7, 10, or 11.3 shall be subject to the dispute resolution provisions of Section 11.2.2.
- 11.5 Enforcement.** Any Party may enforce compliance by a defaulting Party with the terms of this Agreement by, among other available remedies:
- 11.5.1 Filing a complaint for specific performance;
 - 11.5.2 Filing an action to recover actual damages to which the notifying Party may be entitled for violation by the defaulting Party of the terms of this Agreement;
 - 11.5.3 Filing an action to enjoin the violation, on an ex parte basis if necessary, by temporary or permanent injunction, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies, or for other equitable relief;

- 11.5.4 Petitioning for a writ of ordinary or administrative mandate ordering the defaulting Party to cure; and/or
- 11.5.5 Petitioning for a writ of ordinary or administrative mandate ordering OCLAFCO not to process an application filed in contravention of this Agreement.

11.6 Injunctive and Temporary Relief Appropriate. The Parties acknowledge that breach of this Agreement may not be adequately remedied by monetary damages and could result in irreparable harm to the aggrieved Parties. Therefore, injunctive and temporary relief may be appropriate to ensure compliance with the terms of this Agreement.

12. TERM OF AGREEMENT

- 12.1 Effective Date.** This Agreement shall be effective upon the date of execution by MWDOC, which shall execute the Agreement upon express approval of its Board ("Effective Date"). MWDOC shall inform all Parties by e-mail when that event occurs.
- 12.2 Subsequent Execution.** Any Member Agency that executes this Agreement after the Effective Date shall, upon execution, become a full Party to the Agreement, with all the rights and obligations set forth herein.
- 12.3 Termination Date.** This Agreement shall run for a term of five (5) years from the Effective Date, unless terminated as provided herein. This agreement may be extended by mutual agreement of all of the Parties hereto for subsequent term(s) five (5) years, or other period as mutually agreed to at the time of the extension.

13. OBLIGATIONS OF MEMBER AGENCIES

- 13.1 No OCLAFCO Application.** During the term of this Agreement, none of the Member Agency Parties shall prepare, hire a consultant to prepare, or submit an application to OCLAFCO requesting reorganization or any action that would result in detachment of any territory from MWDOC or any other change affecting the governance, structure, or finances of MWDOC, unless agreed to in writing by MWDOC. In the event that the OCLAFCO undertakes proceedings, whether in response to an application or pursuant to its own discretionary powers, that reduces the territory within the boundaries or affects or changes the governance, structure or finances of MWDOC, these proceedings shall be considered a material breach of this Agreement by the Party or

Parties filing, supporting or in any way furthering the application except to the extent their actions are required by law.

- 13.2 No Legislative Activities.** During the term of this Agreement, none of the Member Agency Parties shall pursue, support, or further any legislative measures that would affect MWDOC's organizational form, board or staff members, finances, exercise of powers, or governance or result in detachment of any territory from MWDOC, unless agreed to in writing by MWDOC.
- 13.3 Participation in Agreement.** During the term of this Agreement, the Member Agency Parties, and each of them, shall contribute staff time and resources as required to participate and contribute in good faith to the activities and changes discussed in this Agreement.

14. OBLIGATIONS OF MWDOC

14.1 No OCLAFCO Application. During the term of this Agreement, MWDOC shall not prepare, hire a consultant to prepare, or submit an application to OCLAFCO as described in Paragraph 13.1 relating to the governance, structure, or finances of MWDOC or any equivalent OCLAFCO application relating to the governance, structure, or finances of any of its Member Agencies, unless agreed to in writing by the affected Member Agency.

- 14.2 No Legislative Activities.** During the term of this Agreement, MWDOC shall not pursue, support, or further any legislative measures that would affect any Member Agency's organizational form, board or staff members, finances, exercise of powers, or governance or result in detachment of any territory from the Member Agency, unless agreed to in writing by the Member Agency.
- 14.3 Participation in Agreement.** During the term of this Agreement, MWDOC shall contribute staff time and resources as required to participate and contribute in good faith to the activities and changes discussed in this Agreement.

15. AMENDMENT OF AGREEMENT

- 15.1** Any amendment, alteration, or variation of any provision of this Agreement ("Amendment") will not be valid unless made in writing and approved as provided in this Section.
- 15.2** The Parties acknowledge that the process of obtaining initial approvals and execution of this Agreement has required a substantial investment of public resources and time and that the same process should not be required for subsequent Amendments to the Agreement that are proposed without objection. For this reason, Amendments to the Agreement may be made as provided in this section.
- 15.2.1 An Amendment to the Agreement proposed by MWDOC shall be distributed by MWDOC to all Parties signing this

Agreement for a 60-day review period.

15.2.2 Any and all comments and objections to the Amendment shall be provided by the Parties to MWDOC and the remaining Member Agency Parties before the conclusion of the 60-day review period.

15.2.3 If no objections are received by the conclusion of the 60-day review period, the Amendment shall be valid and binding on the Parties. Upon this occurrence, MWDOC will provide a copy of the Amendment to all Parties.

15.2.4 If any objections are received within the review period, MWDOC may submit the proposed Amendment to the Parties for signatures, and if the proposed Amendment is executed by MWDOC and all of the Member Agency Parties, the Amendment shall be valid and binding on the Parties. Upon this occurrence, MWDOC will provide a copy of the Amendment to all Parties.

15.3 An Amendment to the Agreement proposed by a Party other than MWDOC shall be submitted in writing to MWDOC. Upon receipt of the proposed Amendment, MWDOC shall then follow the procedures set forth in section 15.2 above.

16. NO ADMISSION BY ANY PARTY

The Parties acknowledge that statements made by the Parties during negotiation of this Agreement, statements made in this Agreement, and all rights and obligations that arise from this Agreement were and are in furtherance of the goal of resolving issues between the Parties without the need for administrative or judicial proceedings, including possible OCLAFCO proceedings and litigation. Neither any statement made during negotiation of this Agreement nor any provision of the Agreement itself shall constitute an admission by a Party or be offered as evidence or included in any record of proceedings in any future administrative or judicial proceeding.

17. GENERAL PROVISIONS

17.1 All Parties are deemed to have participated in the drafting of this Agreement, and any rule of law (including, but not limited to, Civil Code Section 1654) or legal principle that would require interpretation of this Agreement against the drafter hereto shall not apply and is waived by the Parties. This Agreement may be signed in multiple counterparts for convenience of the Parties.

17.2 This Agreement will inure to the benefit of and be binding upon all Parties and their respective successors and assigns.

17.3 This Agreement will be deemed a contract made under the laws of

the State of California and for all purposes will be interpreted in accordance with such laws. The Parties hereby agree and consent to the exclusive jurisdiction of the courts of the State of California.

- 17.4** This Agreement constitutes the entire agreement among the Parties. This Agreement supersedes any and all other understandings or agreements, either oral or in writing, among the Parties with respect to the subject matter hereof and contains all of the covenants and agreements among them with respect to said matters; and each Party acknowledges that no representation, inducement, promise of agreement, oral or otherwise, has been made by any other Party or anyone acting on behalf of any other Party that is not embodied herein.
- 17.5** If any action at law or equity, including any action for writ of mandate or injunctive relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing Party(ies) shall be entitled to its or their reasonable attorney's fees and costs as against the Party(ies) that did not prevail in that action or proceeding.
- 17.6** All activities undertaken pursuant to this Agreement must be in compliance with all applicable state and federal laws and regulations.
- 17.7** In the event one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable by any court of competent jurisdiction, such portion shall be deemed severed from this Agreement and the remaining parts of this Agreement shall remain in full force and effect as though such invalid, illegal, or unenforceable portion had never been a part of this Agreement.
- 17.8** All communications set forth in this Agreement shall be in writing and transmitted to and among the Parties in a manner that is consistent with the custom and practice of MWD OC and its Member Agencies then in effect. Any computations of time shall start from 5:00 PM on the day of receipt.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the respective dates shown below.

Mayor, City of San Clemente

Date

Mayor, City of San Juan Capistrano

Amended 12-14-10

Date

President, El Toro Water District

Date

President, Irvine Ranch Water District

Date

President, Laguna Beach County Water District

Date

President, Municipal Water District of
Orange County

Date

President, Moulton Niguel Water District

Date

President, Santa Margarita Water District

Date

President, South Coast Water District

Date

President, Trabuco Canyon Water District

Date

Mayor, City of Brea

Date

Mayor, City of Buena Park

Date

Mayor, City of Fountain Valley

Date

Mayor, City of Garden Grove

Date

Mayor, City of Huntington Beach

Date

Mayor, City of La Habra

Date

Mayor, City of La Palma

Date

Mayor, City of Newport Beach

Date

Mayor, City of Orange

Date

Mayor, City of Seal Beach

Date

Mayor, City of Tustin

Date

Mayor, City of Westminster

Date

President, East Orange County Water District

Date

President, Emerald Bay Service District

Date

Officer, Golden State Water Company

Date

President, Mesa Consolidated Water District

Date

President, Orange County Water District

Date

President, Serrano Water District

Date

President, Yorba Linda Water District

Date

Table A - MWDOC Breakdown of Services/Activities/Costs

Core Services	Choice Services	Overhead Costs
<p>Board Compensation & Benefit</p> <p>Retiree Costs</p> <p>Legal Costs</p> <p>Board Elections</p> <p>Accounting and General Admin</p> <p><u>MET Representation</u></p> <ul style="list-style-type: none"> • MET Director Support • MET policy analysis, programs and special projects • MET operations, water rates and accounting <p>Staff time for MWDOC’s Water Use Efficiency Programs Manager</p> <p><u>Governmental Affairs</u></p> <ul style="list-style-type: none"> • In-house staff for legislative info • WACO, ISDOC and other support • Federal lobbyist for countywide funding • State lobbyist for countywide legislative, grant funding and policy access • Local lobbyist for Board of Supervisors <p><u>Public Affairs</u></p> <ul style="list-style-type: none"> • Coordination with MET, other regional and local retailers • Basic communications functions-media outreach and inquiries, water information and messaging, MWDOC website • MWDOC newsletter (e-currents) • Countywide surveys as appropriate • Countywide water awareness in coordination with retail agencies <p><u>Research</u> – support for Center for Demographic Research</p> <p><u>Water Supply Planning</u></p> <ul style="list-style-type: none"> • Coordination among agencies • Water use tracking and projections • Water supply analysis • Regulatory compliance issues • Water trends analysis • Countywide studies <p>Water Emergency Response Organization of Orange County (WEROC) – MWDOC contribution</p>	<p><u>Water Use Efficiency</u></p> <ul style="list-style-type: none"> • Residential clothes washers • Sprinkler nozzles • SmarTimers • CII Plumbing Fixtures • Synthetic Turf • Hotel Program • Industrial Program • Landscape Certification Program <p>Includes marketing materials for WUE activities, staff time, overhead and grant funds (MET and other)</p> <p><u>Governmental Relations</u></p> <ul style="list-style-type: none"> • Any project or program legislative or grant support on choice activities – Townsend Public Affairs <p><u>Specific Programs</u></p> <ul style="list-style-type: none"> • School program • South Orange Coastal Ocean Desal Project <ul style="list-style-type: none"> ○ Federal lobbying for SOCODP – Barker ○ Federal lobbying for SOCODP – Townsend • Support for Poseidon Desal Project • Other Project specific studies • Non-countywide issue studies 	<p>Salary charged to overhead function (vacation, sick leave and holidays)</p> <p>Personnel development</p> <p>Legal costs charged to overhead function</p> <p>Employee benefits</p> <p>Personnel/staff development</p> <p>Information technology</p> <p>Conference employee</p> <p>Travel & Accommodations employee</p> <p>Automotive/Mileage/Toll</p> <p>Office maintenance</p> <p>Rents & Leases</p> <p>Office supplies</p> <p>Insurance expenses</p> <p>Utilities – telephone</p> <p>Miscellaneous expenses</p> <p>Professional fees for overhead activities</p> <p>Software support</p> <p>Computers/software</p>

Preliminary Analysis of Impacts by Agency
Under Choice Budget and 100% of MWDOC's Costs on the Meter Charge

	<u>Approved Rates</u>	<u>Hypothetical Rates</u> ^[1]
Per Meter:	\$5.75	\$7.13
Per Acre-Foot:	\$6.75	\$0.00
Choice Budget:	\$0	\$978,484

Agency	FY 2010-11	Choice and 100% on Meter ^[2]		Approximate Agency Water Budget ^[4]
	Revenues	Revenues	Change (\$)	
Brea	\$ 85,965	\$ 96,884	\$ 10,919	\$ 11,556,855
Buena Park	\$ 151,247	\$ 159,531	\$ 8,284	\$ 13,753,348
East Orange County WD, Retail Zone	\$ 9,301	\$ 11,639	\$ 2,338	\$ 1,238,393
El Toro WD	\$ 120,332	\$ 96,226	\$ (24,105)	\$ 11,181,385
Emerald Bay Service District [3]	\$ 5,406	\$ 4,048	\$ (1,358)	\$ 326,865
Fountain Valley	\$ 122,550	\$ 135,676	\$ 13,126	\$ 9,412,854
Garden Grove	\$ 271,311	\$ 279,168	\$ 7,857	\$ 28,664,586
Golden State Water Co.	\$ 317,404	\$ 332,013	\$ 14,609	Not Available
Huntington Beach	\$ 381,433	\$ 417,568	\$ 36,135	\$ 35,708,425
Irvine Ranch WD	\$ 737,229	\$ 837,136	\$ 99,908	\$ 113,614,000
La Habra	\$ 94,314	\$ 101,271	\$ 6,957	\$ 9,638,157
La Palma	\$ 29,870	\$ 34,991	\$ 5,121	\$ 2,419,499
Laguna Beach County WD	\$ 70,985	\$ 93,203	\$ 22,218	\$ 9,863,432
Mesa Consolidated WD	\$ 160,102	\$ 208,660	\$ 48,559	\$ 27,733,163
Moulton Niguel WD	\$ 502,066	\$ 486,546	\$ (15,521)	\$ 50,789,216
Newport Beach	\$ 185,793	\$ 228,501	\$ 42,708	\$ 20,902,825
Orange	\$ 271,800	\$ 259,298	\$ (12,502)	\$ 22,699,632
Orange County WD	\$ 357,075	\$ -	\$ (357,075)	\$ 92,654,738
San Clemente	\$ 162,817	\$ 182,757	\$ 19,940	\$ 25,297,820
San Juan Capistrano	\$ 81,446	\$ 127,538	\$ 46,092	\$ 22,677,568
Santa Margarita WD	\$ 495,722	\$ 461,869	\$ (33,853)	\$ 51,491,245
Seal Beach	\$ 39,105	\$ 43,449	\$ 4,344	\$ 3,815,797
Serrano WD	\$ 12,903	\$ 18,623	\$ 5,720	\$ 3,685,742
South Coast WD	\$ 109,759	\$ 132,724	\$ 22,965	\$ 18,357,271
Trabuco Canyon WD	\$ 51,141	\$ 36,015	\$ (15,126)	\$ 4,875,643
Tustin [3]	\$ 132,434	\$ 165,129	\$ 32,696	\$ 13,895,739
Westminster	\$ 145,196	\$ 164,951	\$ 19,755	\$ 12,890,298
Yorba Linda WD	\$ 205,059	\$ 194,347	\$ (10,711)	\$ 26,260,504
Total	\$ 5,309,762	\$ 5,309,762	\$ -	\$ 645,405,000

[1] Figures as presented to the MWDOC Board in April, 2010. Transition to the Meter Charge will take place over a five year period.

[2] Allocation of costs under Choice Budget based on recent participation in MWDOC programs. Actual levels of participation will be selected by each agency as the final Choice Budget is prepared in late 2010. Agencies have until March 2011 to make their final selection for FY 2011-12.

[3] Certified meter counts for East Orange CWD Retail Zone includes portions of City of Orange. Estimates for Tustin and Emerald Bay Service District are from the 2009 Water Rates Survey.

[4] Source: 2009 Water Rates Survey, total use of funds. Added September 21, 2010 for comparison.



MEMORANDUM

TO: Board of Directors

FROM: Paul E. Shoenberger, P.E.
General Manager

DATE: February 22, 2011

SUBJECT: Ordinance No. 22 – Directors’ Fees

RECOMMENDATION

Discuss Directors’ fees and if appropriate, direct staff to schedule a public hearing for the April 26, 2011 Board meeting.

The Executive Committee reviewed this item at its February 15, 2011 meeting and requested the item be placed on the February 22, 2011 Board meeting agenda for the Board’s consideration.

DISCUSSION

At the October 31, 2008 Board Workshop, the Board directed staff to prepare an ordinance increasing Directors’ fees concurrent with the District’s budget cycle, thus changing from a calendar year to a fiscal year. The Water Code allows an increase of up to 5 percent each calendar year. In addition, a public hearing must be held prior to the Board taking action to increase Directors’ fees. Prior to the date of the public hearing, Mesa is required to place an advertisement once a week for two weeks, each published with at least five days intervening between publication dates in a local newspaper, announcing the public hearing. If the Board approves the ordinance, a minimum of sixty days must elapse prior to the increase becoming effective.

The Board directed staff to initiate automatic Directors’ fees increases up to the amount allowed by statute rounded down to the nearest dollar. The current Director fee of \$207 per meeting was approved October 28, 2008 and effective January 1, 2009. The Board could approve up to 10 % increase with an effective date of July 1, 2011. If the Board approves an increase for July 1, 2011 the next available increase could be no earlier than July 1, 2012. Additionally, enclosed is a Directors’ Fees Survey.

Directors Fee	Percent Increase
\$207	Current
\$217	5 %
\$227	10%

To achieve an effective date of July 1, 2011 for the new Directors' fees, the public hearing and approval of the Ordinance must take place at the April 26, 2011 Board meeting. If determined by the Board, staff will place the advertisements on April 12 and 19 announcing the public hearing.

FINANCIAL IMPACT

The cost of the two ads will be approximately \$250 and sufficient funds are available in the Public Agency expense budget.

If the Board approves an increase, staff will include the additional cost in the FY12 Budget, as well as the mandatory payroll related Social Security (FICA), Medicare, and Workers Compensation costs.

**BOARD OF DIRECTORS' COMPENSATION SURVEY
October 2010**

AGENCY	MEETING PER DIEM	EFFECTIVE DATE	MAXIMUM MEETINGS PER MONTH
El Toro Water District	\$198.00	December 2007	10
Irvine Ranch Water District	\$237.00	January 2010	10
Mesa Consolidated Water District	\$207.00	October 2008	10
Moulton Niguel Water District	\$199.50	October 2007	10
Municipal Water of Orange County	\$221.62	January 2009	10
Orange County Water District	\$221.12	January 2008	10
Santa Margarita Water District	\$210.00	February 2010	10
South Coast Water District	\$190.00	January 2006	10

ORDINANCE NO. 22

ORDINANCE OF THE MESA CONSOLIDATED WATER DISTRICT BOARD OF DIRECTORS REGARDING DIRECTORS COMPENSATION AND EXPENSE REIMBURSEMENT SUPERCEDING ORDINANCE NO. 20

WHEREAS, the Mesa Consolidated Water District (Mesa) is a county water district organized and operating according to California Law; and

WHEREAS, Section 30507 of the Water Code governs the compensation of Directors for each day of service rendered as a Director by request of the Board of Directors, together with any expenses incurred in the performance of his or her duties required or authorized by the Board of Directors of Mesa; and

WHEREAS, the Board has previously adopted Ordinance No. 20 regarding compensation for Directors attendance at Board of Directors meetings and days of service at committee meetings, attendance at conferences, seminars, and other water related agencies' meetings; and

WHEREAS, it is the desire of the Board of Directors of Mesa to compensate Directors for expenses incurred in the performance of his or her duties required or authorized by the Board of Directors.

NOW, THEREFORE, BE IT ORDAINED BY THE MESA CONSOLIDATED WATER DISTRICT BOARD OF DIRECTORS AS FOLLOWS:

Section 1: Board of Directors Meetings and Days of Service: The compensation paid to members of the Board of Directors shall be Two Hundred Seven Dollars (\$207.00) per day for each day's attendance at meetings of the Board, or for each day's service rendered as a member of the Board by request of the Board of Directors. The fee paid to members of the Board of Directors shall be made for no more than one meeting per each day of service, and the maximum number of days for which any Director may receive compensation under this Section, or Section 2 hereof, in any calendar month shall be ten (10).

Section 2: Meetings/Activities that Constitute Days of Service for the Purpose of Section 1: The following meetings and activities constitute a day of service for purposes of Section 1 of this Ordinance:

- (a) **Committee and Other Agency Meetings:** Committee meetings for those Directors assigned shall include the following:
 - (i). Executive Committee
 - (ii). Finance Committee
 - (iii). Engineering & Operations Committee

- (iv). Public Information Committee
- (v). Other Agency Meetings-Liaison Assignments
- (vi). Other committees, including, but not limited to, *ad hoc* committees, as the Board of Directors shall from time to time form.

- (b) Conferences and Seminars: Attendance at authorized conferences or seminars as assigned and designated by the Board of Directors. In addition to the compensation described in this Section 2 (b), Directors expenses shall be reimbursed pursuant to provisions of the Mesa reimbursement policy(ies) as then in effect and Section 3.
- (c) Meetings with Agencies, Organizations, and/or Representatives: Meetings by Directors of or with agencies or organizations, and/or representatives of such, in or related to the public water industry to discuss, review, and/or receive information relating to Mesa, Mesa's business or operations, and/or water industry standards, operations, policy matters, and/or fiscal issues.
- (d) Other Activities Approved by the Board: Activities by members of the Board other than as described in Section 2(a), (b), or (c), above, as authorized by the Board in advance of such activity(ies).

Section 3: Director Reimbursement(s): As set forth in Section 2, Directors expenses shall be reimbursed if they are reasonable and necessary to conduct the District's business pursuant to provisions of the Mesa reimbursement policy(ies) adopted by the Board, as then in effect.

Section 4: Effective Date: This Ordinance No. 22 shall take effect November 8, 2010.


PASSED AND APPROVED at the regular meeting of the Board of Directors held on the 8th day of November, 2010, and adopted by the following roll call vote:

AYES: DIRECTORS: Fisler, Bockmiller, Dewane
 NOES: DIRECTORS: Atkinson, Ohlig-Hall
 ABSENT: DIRECTORS:
 ABSTAIN: DIRECTORS:



Shawn Dewane
 President, Board of Directors

ATTEST:


 Coleen L. Monteleone
 District Secretary

Board Meeting of February 22, 2011

There are no Action Items for this meeting.

REPORTS AND INFORMATION ITEMS:

A. REPORT OF THE GENERAL MANAGER:

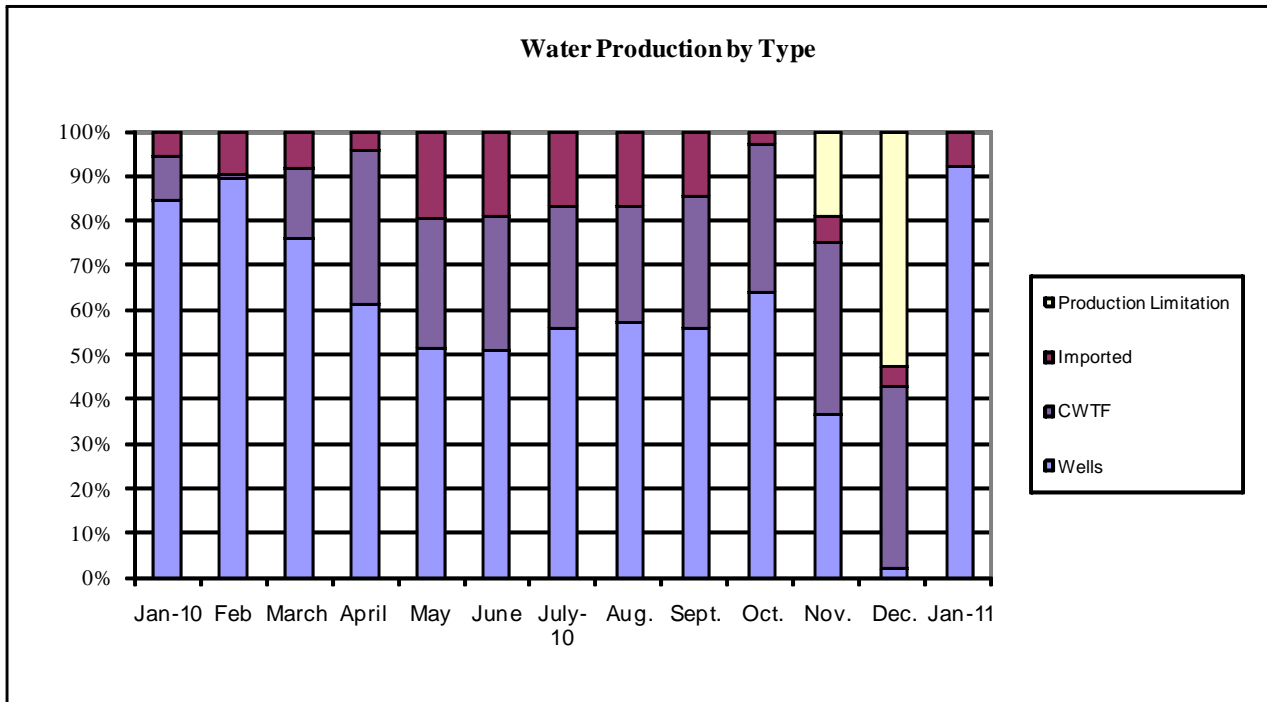
1. January Key Indicators Report
2. OCWD Activities Update
3. MWDOC Activities Update
4. Items of general interest:
 - Other

**Monthly Key Indicators Report
For The Month of January 2011**

Provide a Safe and Reliable Water Supply

FY11 Potable Production

	FY11 Budget	FY11 YTD Actuals	FY11 YTD Budget
Wells	11,540	5,503	6,690
Pumping Transfer	0	870	0
CWTF	3,040	2,941	3,040
Imported	3,920	1,078	1,370
Total Potable	18,500	10,392	11,100



**Monthly Key Indicators Report
For The Month of January 2011**

Provide a Safe and Reliable Water Supply

FY11 System Water Quality

Distribution System:	Average	Normal Range	MCL
Chloramine Residual	2.06	0.2 - 3 mg/L Current RAA = 2.10	4 mg/L (RAA)*
Coliform Positive	0	0	5%
Temperature	67.4	58-78 ^o	None

Reservoir I & II:	Average	Normal Range	MCL
Chloramine Residual	1.69	0.2 - 3 mg/L	None
Monochloramine	1.74	0.2 - 3 mg/L	None
Ammonia	0.38	0.4 - 0.7 mg/L	None
Temperature	67.0	58-78 ^o	None

Wells (Treated):	Average	Normal Range	MCL
Chloramine Residual	2.58	2 - 3 mg/L	None
Monochloramine	2.37	2 - 3 mg/L	None
Ammonia	0.56	0.4 - 0.7 mg/L	None
Temperature	70.3	68-78 ^o	None

CWTF:	Average	Normal Range	MCL
Chloramine Residual	NA	2 - 4 mg/L	None
Monochloramine	NA	2 - 3 mg/L	None
Ammonia	NA	0.4 - 0.8 mg/L	None
Temperature	NA	75-85 F	None
	Monthly Average	Annual Range (AR) or Current RAA*	MCL
Bromide (Source water)	NA	600-670 ug/L (AR 2010)	None
Bromate (Finished water)	NA	6.9 ug/L (RAA)*	10 ug/L (RAA)*

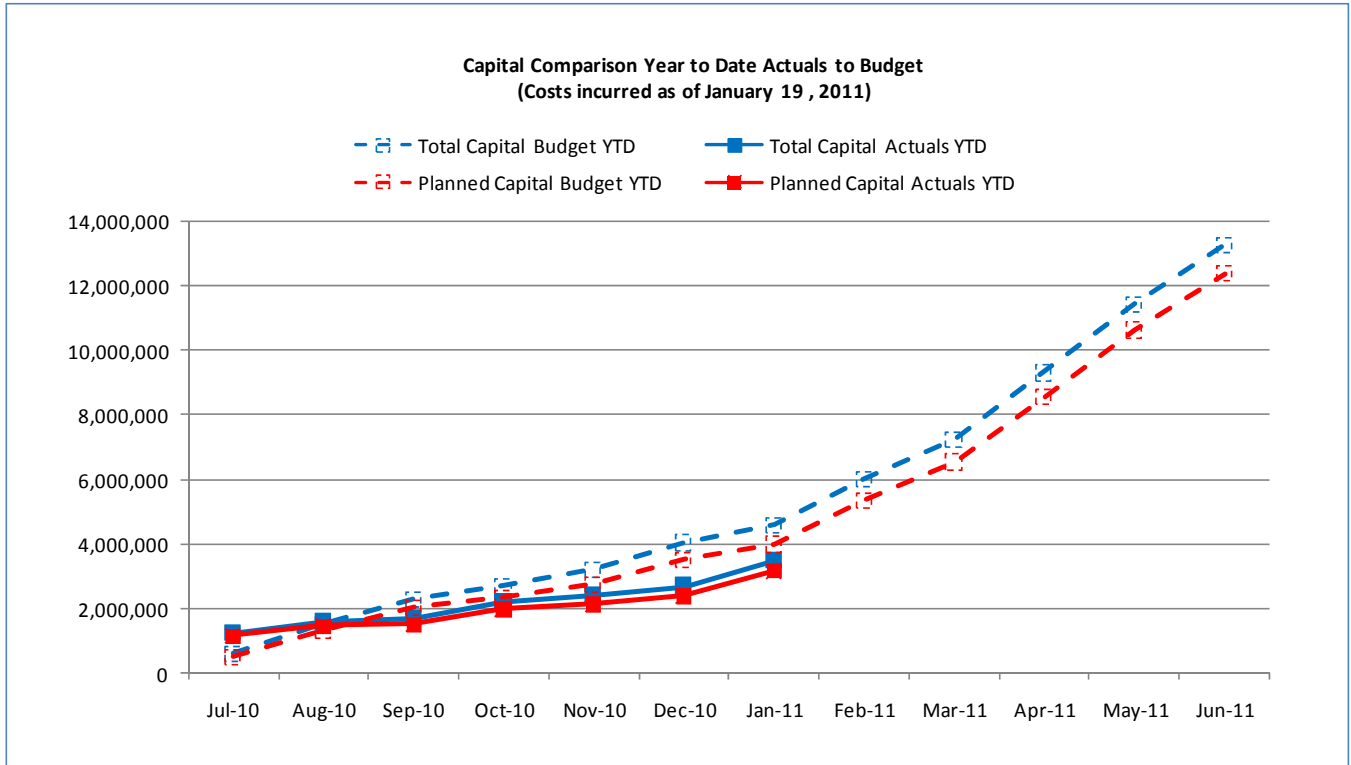
*RAA = Running Annual Average, calculated quarterly

Water Quality Calls/Investigations:

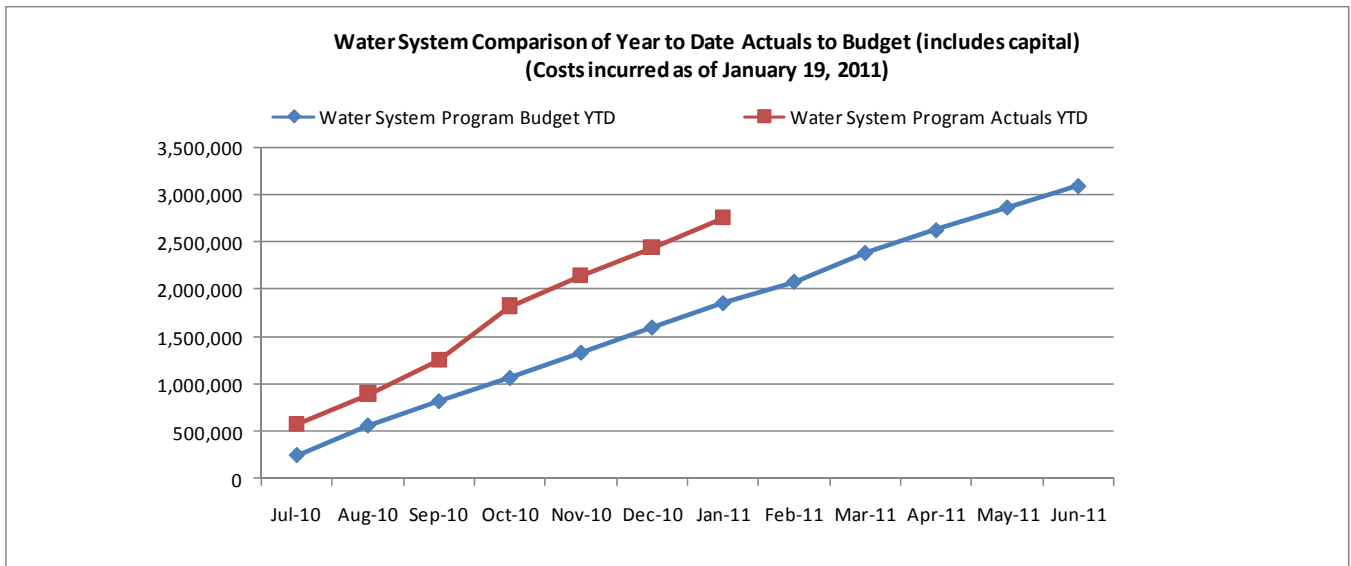
Total Calls	25
Total Investigations (from calls)	8

**Monthly Key Indicators Report
For The Month of January 2011**

Be Financially Responsible and Maintain Competitive Rates



Planned capital expenditures for January were 160% of the budget for the month. Total capital expenditures were 145% of the monthly budget. However, year to date capital expenditures were 76% of the budget due to the timing of planned expenditures.



Water System costs for January were 120% of the budget, and the year to date costs were 148% of anticipated expenditures. This is due to the timing of the planned expenditures.

**Monthly Key Indicators Report
For The Month of January 2011**

Increase Public Awareness about Mesa and about Water

Web Site Information

Web Site Information	December 2010	January 2011
Visits to the web site	12,982	13,987
Unique visitors (First time to the site)	4,296	4,540
Average per day	418	451
Average visit length	49 minutes, 57 seconds	47 minutes, 56 seconds
Median visit length	3 minutes, 4 seconds	2 minutes, 20 seconds
Page visited most	Home	Home
Second most visited page	Program Registration	Program Registration
Third most visited page	Education	Education
Fourth most visited page	Video – Discovering CM – Ep 1.	Video – Discovering CM – Ep. 2
Fifth most visited page	Video – Discovering CM – Ep 2.	Video – Discovering CM – Ep. 1
Most downloaded file	Water Quality Report	01/11/11 Board Packet
Second most downloaded file	Mesa Colored Water	Mesa Colored Water
Most active day of the week	Wednesday	Monday
Least active day of the week	Sunday	Sunday

Total visits since June 1, 2002	<u>691,704</u>
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Water Vends in Gallons

January 2011	Total Since June 25, 2008
1402	44,910

Online Bill Pay Customers

January 2011	Total Since May 1, 2008
151	6,179

Customer Calls

	FY11 YTD	January 2011	YTD Weekly Average
Questions Only	2,150	251	69
High Bill	132	13	4
Other	9,749	1,766	314
Late Fee	259	26	8
Service Requests	938	143	30
Water Pressure	18	2	1
Rate Increase	13	0	0
Fluoridation	0	0	0
TOTAL CUSTOMER CALLS	13,259	2,201	428

**Monthly Key Indicators Report
For The Month of January 2011**

Attract and Retain Skilled Employees

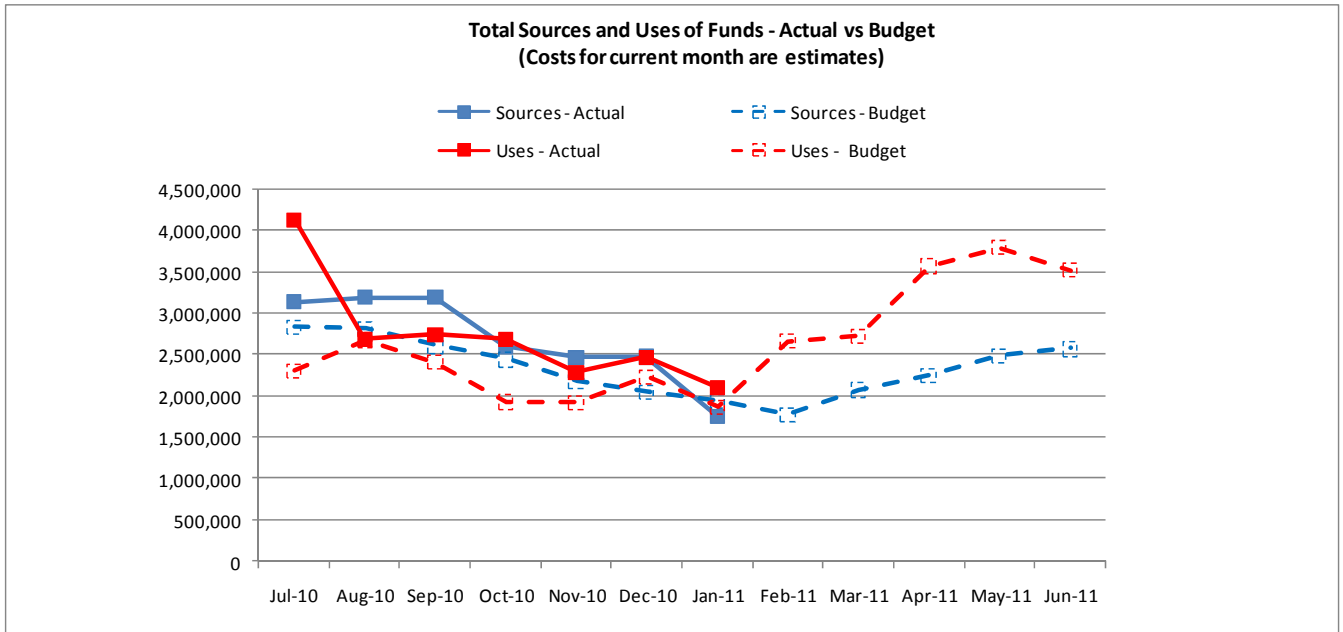
DEPARTMENT:	FY11 *			COMMENTS:
	BUDGET	FILLED	VACANT	
OFFICE OF THE GENERAL MANAGER:	1.00	1.00	0.00	No current vacancies
Subtotal	1.00	1.00	0.00	
ADMINISTRATIVE SERVICES:**				<u>Conservation Specialist</u> - Recruitment in progress
Administrative Services/ Records Mgmt. *	4.50	4.50	0.00	
Information Technology	2.00	2.00	0.00	
Conservation/Customer Service	9.00	8.00	1.00	
Subtotal	15.50	14.50	1.00	
COMMUNICATIONS:**				No current vacancies
Public Information/ Community Outreach & Education/ Marketing & Communication	2.00	2.00	0.00	
Subtotal	2.00	2.00	0.00	
ENGINEERING:				No current vacancies
Engineering/Inspection/Cross Connection *	6.50	6.50	0.00	
Subtotal	6.50	6.50	0.00	
FINANCIAL SERVICES:				No current vacancies
Financial Reporting/ Cash Management/ Purchasing/ Risk Management	5.00	5.00	0.00	
Accounting *	3.50	3.50	0.00	
Subtotal	8.50	8.50	0.00	
HUMAN RESOURCES:				<u>Human Resources Manager</u> - Position currently on hold
Recruitment/ Compensation & Benefits/ Labor Relations/ Workers Comp.*	3.50	2.50	1.00	
Subtotal	3.50	2.50	1.00	
WATER OPERATIONS:				No current vacancies
Management & Operations Support	5.00	5.00	0.00	
Distribution	13.00	13.00	0.00	
Production	6.00	6.00	0.00	
Water Quality	2.00	2.00	0.00	
Subtotal	26.00	26.00	0.00	
TOTAL FULL-TIME EQUIVALENTS:**	63.00	61.00	2.00	

* FY11 position count includes five part-time, temporary Interns who work in the Administrative Services, Communications, Engineering, Financial Services, Human Resources departments.

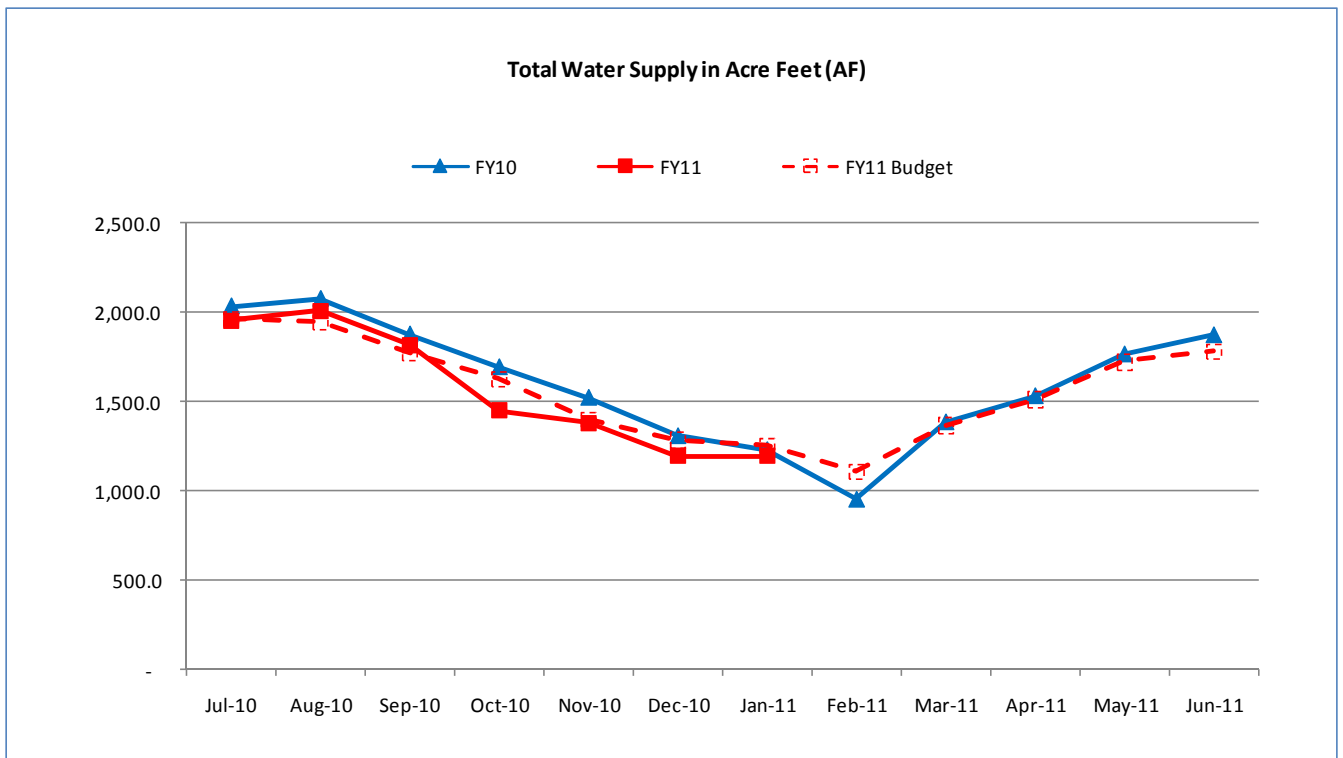
** The Records Management Specialist position is shared equally between the Administrative Services and Communications departments.

**Monthly Key Indicators Report
For The Month of January 2011**

Be Financially Responsible and Maintain Competitive Rates



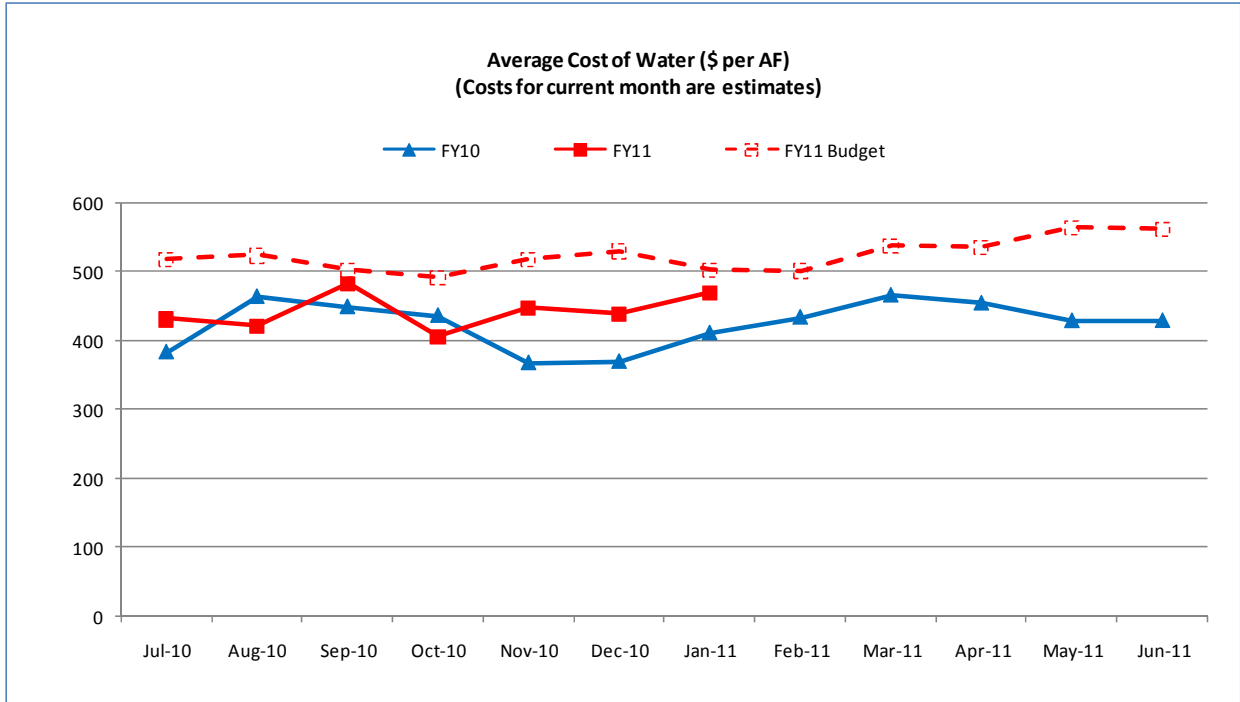
Sources of Funds in January were 91% of the budget for the month. Uses of Funds in January were estimated to be 112.7% of the budget for the month.



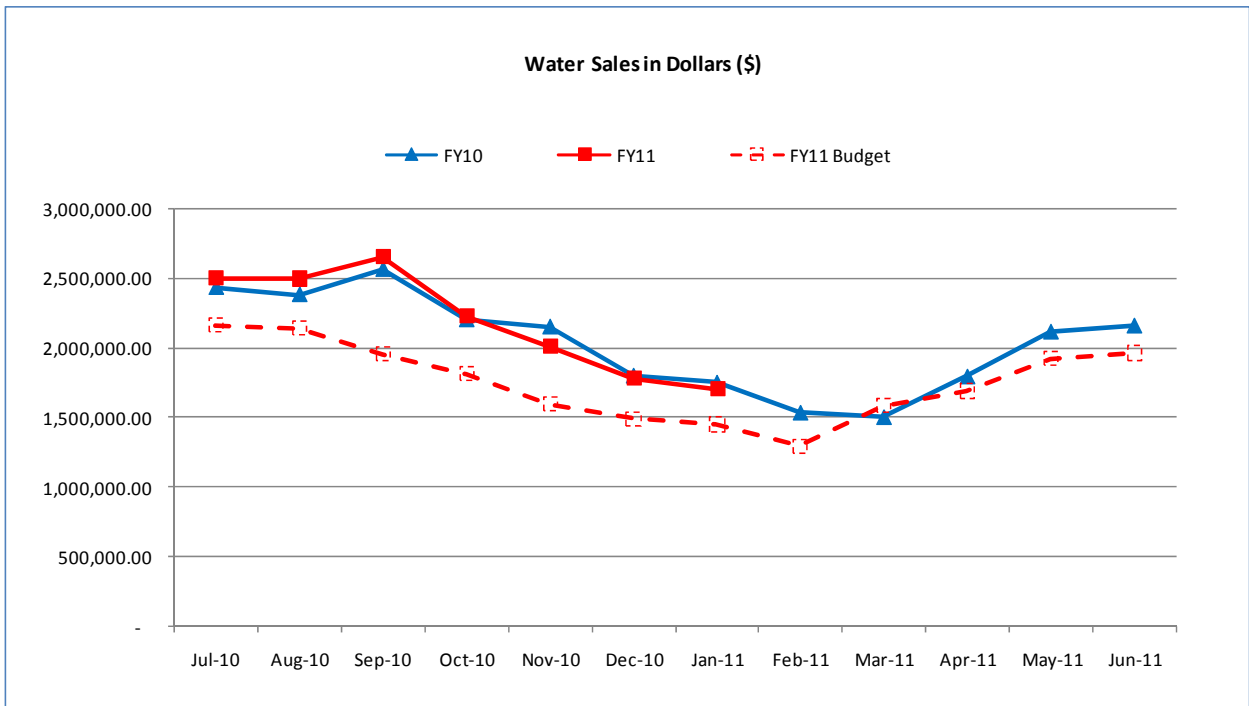
Water supply for January was 1,197 acre-feet, or 95.7% of the budget for the month.

**Monthly Key Indicators Report
For The Month of January 2011**

Be Financially Responsible and Maintain Competitive Rates

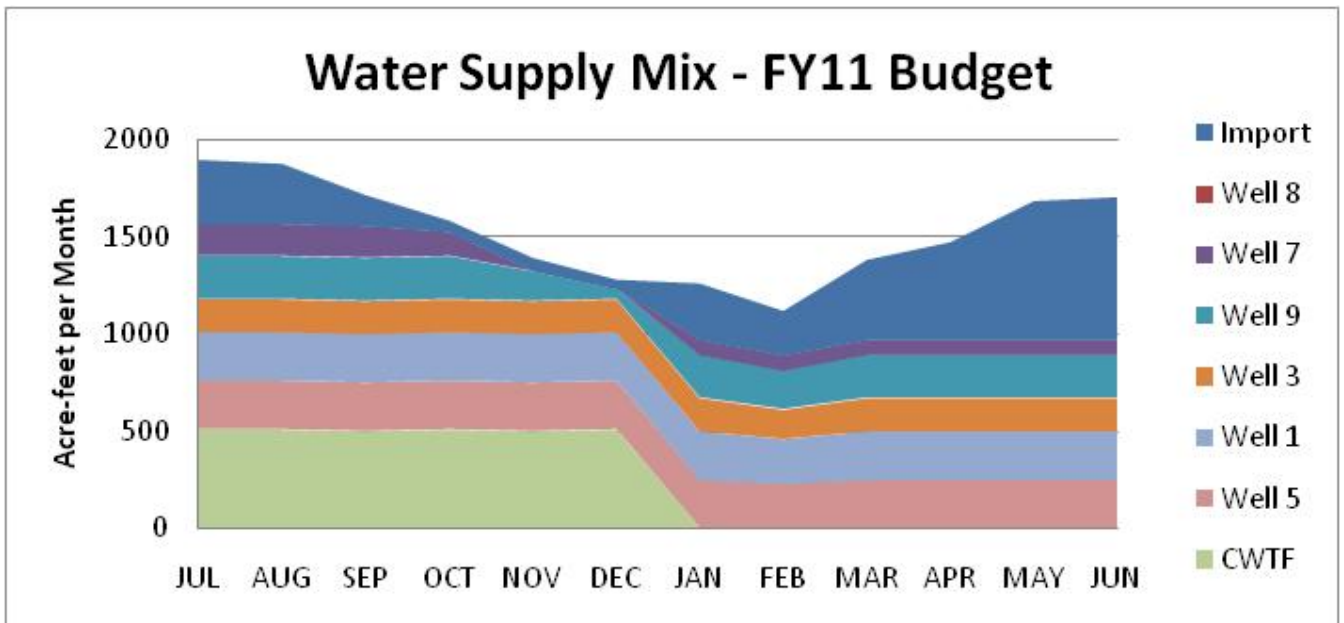
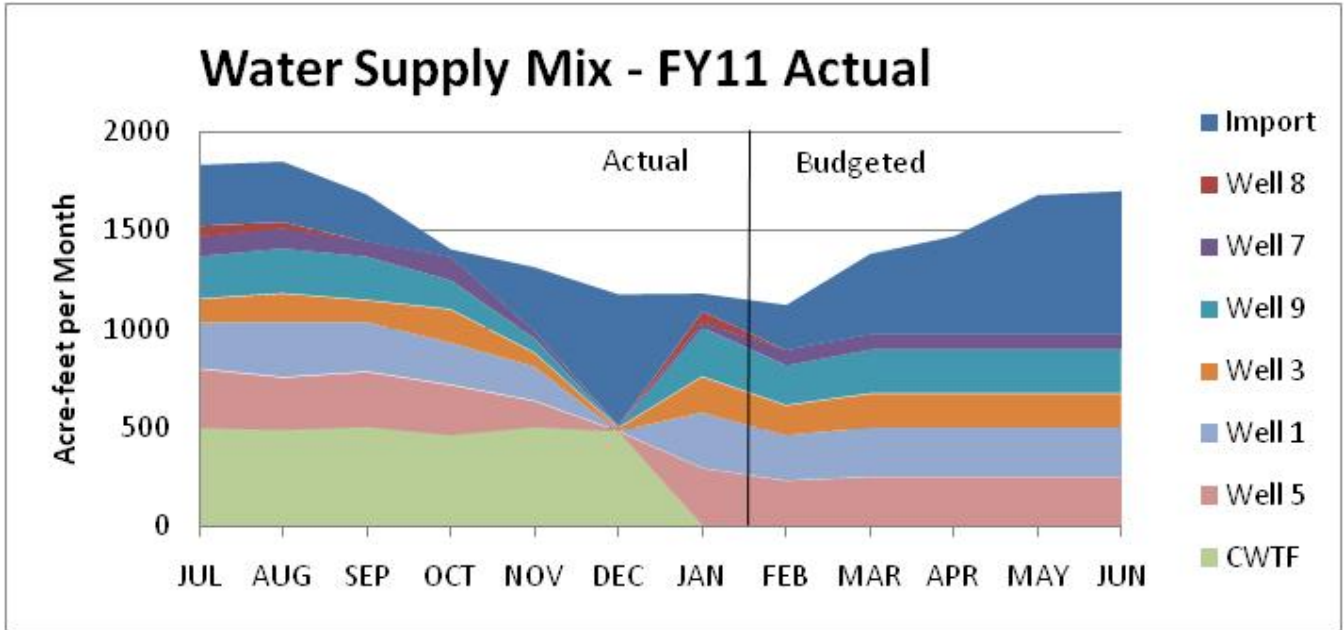


In January, the average cost of water per acre-foot was \$469 or 93.4% of the budgeted cost per acre-foot. Imported water was 7.8% of potable production in January compared to a budget of 32.4%. Well water production was 90.83% compared to the January budget of 61.8%. CWTF production has stopped due to planned facilities improvements.



Water sales of \$1.70 million were 117% of the January budget.

Practice Continuous Infrastructure Renewal and Improvements





MEMORANDUM

TO: Board of Directors

FROM: Robert R. McVicker, P.E.
District Engineer

DATE: February 22, 2011

SUBJECT: Orange County Water District Activities Update

RECOMMENDATION

This report is for information only. No action is recommended at this time.

The Engineering and Operations Committee reviewed this item at its February 10, 2011 meeting.

STRATEGIC PLAN

Goal #1: Provide a safe and reliable water supply.

Goal #3: Be financially responsible and maintain competitive rates.

DISCUSSION

This report on Orange County Water District (OCWD) issues is intended to brief the Committee and Board on activities relevant to Mesa Consolidated Water District (Mesa). The first section, "On-Going Issues," is a status update on current studies, reports, and/or policy work groups that staff is involved with. The second section, "Last Month's Issues," is a report on noteworthy items that were covered at the last month's OCWD Board and Committee meetings. The last section, "Upcoming Issues," is a preview of new and forthcoming issues important to Mesa. This format is intended to keep the Committee and Board informed about current and future items at OCWD in order to provide direction to staff and its OCWD representatives in a timely manner, if required.

ON-GOING ISSUES

Annexation Requests by Irvine Ranch Water District (IRWD), City of Anaheim (Anaheim) and Yorba Linda Water District (YLWD)

Purpose: In late 2009 and early 2010, YLWD, Anaheim and IRWD submitted annexation requests to OCWD. The increase in water demands within OCWD from the annexations is estimated to be 15,100 acre-feet per year. The increased demand would lower the Basin Production Percentage (BPP) by about 1.5%. OCWD's annexation policy is generally based upon the principle that any land overlying or any land draining into the groundwater basin should

be considered for annexation. The annexation territory must also be within the boundaries of the Metropolitan Water District and pay an annual annexation fee.

The OCWD Board approved a Memorandum of Understanding (MOU) with the three agencies in July 2010 that provides the following:

- Overall plan and schedule to consider annexations
- Plan to comply with California Environmental Quality Act (CEQA)
- Applicants fund CEQA work and any resulting mitigation
- Establish location of additional groundwater pumping and any basin impacts
- Indemnification of OCWD
- Any party can opt out of MOU at anytime
- Provides key future annexation agreement terms and conditions

Scheduled Producer Annexation Workshops to be concurrent with CEQA process:

- General – August 11, 2010
- CEQA Process and Annexation Policy – October 13, 2010
- Water Resources – December 8, 2010
- Financial Impacts – February 9, 2011

Update: The Financial Impacts Annexation Workshop was held on February 9, 2011

LAST MONTH'S ISSUES

The following items were discussed at the December 15, 2010 Board meeting:

- Independent Special Districts of Orange County Election for Local Area Formation Commission Vacancies
- Basin Production Percentage and Replenishment Assessment Estimates for FY12

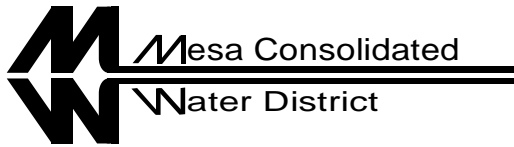
UPCOMING ISSUES

The following key items have been identified as upcoming issues at OCWD's Committee and Board meetings:

- Go/No Go Decision for Initial Groundwater Replenishment System Expansion
- Production Limitation for the City of Huntington Beach due to seawater intrusion at the Bolsa Gap

FINANCIAL IMPACT

There is no financial impact.



MEMORANDUM

TO: Board of Directors

FROM: Robert R. McVicker, P.E.
District Engineer

DATE: February 22, 2011

SUBJECT: Municipal Water District of Orange County Activities Update

RECOMMENDATION

This report is for information only.

The Engineering and Operations Committee reviewed this item at its February 10, 2011 meeting.

STRATEGIC PLAN

Goal #1: Provide a safe and reliable water supply.

Goal #3: Be financially responsible and maintain competitive rates.

DISCUSSION

This report on Municipal Water District of Orange County (MWDOC) issues is intended to brief the Committee and Board on activities relevant to Mesa Consolidated Water District (Mesa). The first section, "On-Going Issues," is a status update on current studies, reports, and/or policy work groups that staff is involved with. The second section, "Last Month's Issues," is a report on noteworthy items that were covered at the last month's MWDOC Board and Committee meetings. The last section, "Upcoming Issues," is a preview of new and forthcoming issues important to Mesa. This format is intended to keep the Committee and Board informed about current and future items at MWDOC in order to provide direction to staff and its MWDOC representatives in a timely manner, if required.

ON-GOING ISSUES

Conceptual Proposal for Resolution of South Orange County Issues Regarding MWDOC

Purpose: Since the Orange County Local Agency Formation Commission (LAFCO) Governance Study was received and filed by LAFCO in September 2009, MWDOC has been negotiating with the south County member agencies to develop an acceptable wholesale service model under MWDOC's existing governance structure. As a result of the discussions, MWDOC prepared a proposal entitled: "*Response to items conceptually agreed upon in negotiations with South County*" dated April 7, 2010.

At the end of April 2010 the MWDOC Board of Directors approved the conceptual proposal consisting of the MWDOC Offer to the South Orange County Agencies, the response from the managers (and subsequent concurrence from the Boards and Councils) and the clarifications requested from MWDOC.

MWDOC staff has been working with the South County Agencies since May and provided the Settlement Agreement to member agencies in September for formal consideration. MWDOC staff recommended that Mesa wait to act upon the Settlement Agreement until after the South County Agencies do. The South County Agencies submitted a letter to MWDOC on November 18, 2010 requesting changes to the Settlement Agreement.

Update: MWDOC sent out a letter dated January 6, 2011 to all agencies describing changes made to the Settlement Agreement and requested that agencies consider the revised Settlement Agreement and act. As of February 1, 2011, Irvine Ranch Water District, Santa Margarita Water District, South Coast Water District, Emerald Bay Community Services District, El Toro Water District and Laguna Beach County Water District Boards have all approved the agreement. Orange County Water District, La Palma, San Juan Capistrano and Trabuco Canyon Water District are all expected to approve the agreement in February.

LAST MONTH'S ISSUES

The following items were discussed at the January Committee and Board meetings:

- Metropolitan Water District of Southern California (MET's) Draft Long-Range Financial Plan
- Candidates for LAFCO

UPCOMING ISSUES

The following key items have been identified as upcoming issues at MWDOC's Committee and Board meetings:

- MET's Proposed Biennial Budget and Rates for FY12 and FY13
- Second Lower Cross Feeder Project
- San Diego County Water Authority Board Lawsuit on MET's Rate Structure

FINANCIAL IMPACT

There is no financial impact.

REPORTS AND INFORMATION ITEMS:

B. DIRECTORS' REPORTS AND COMMENTS:

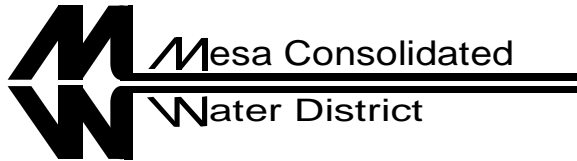
1. Director Fisler:
 - a. LAFCO Meeting, 2/9
 - b. MWDOC Meeting, 2/16
 - c. WISG Meeting, 2/16
 - d. Other

2. Director Ohlig-Hall:
 - a. CALGreen Seminar, 2/9
 - b. Other

3. Director Dewane:
 - a. Other

4. Director Atkinson:
 - b. City/Districts Liaison Committee Meeting, 2/11
 - c. OCWD Meeting, 2/16
 - d. Finance Committee Meeting, 2/18
 - e. Other

5. President Bockmiller:
 - a. Engineering & Operations Committee Meeting, 2/10
 - b. City/Districts Liaison Committee Meeting, 2/11
 - c. Executive Committee Meeting, 2/15
 - d. Other



**AGENDA
FINANCE COMMITTEE MEETING
FRIDAY, FEBRUARY 18, 2011 AT 3:30 P.M.
PANIAN CONFERENCE ROOM**

Committee Attendees: Director James Atkinson, Chair
Director James Fisler
Paul Shoenberger, General Manager
Victoria L. Beatley, Chief Financial Officer
Glynis Litvak, Senior Financial Analyst

Staff: Barry Carlson, Customer Service/Conservation Supervisor

Accounts Paid Listing; Director Ohlig-Hall

PUBLIC COMMENTS

Non-Agendized Matters: Members of the public are invited to address the Committee on matters, which are not on the Agenda. Each speaker is limited to three (3) minutes. The Committee will set aside thirty (30) minutes for public comments.

Agendized Matters: Members of the public may comment on Agenda items before action is taken, or after the Committee has discussed the item. Each speaker is limited to five (5) minutes.

ACTION ITEMS:

1. Review Director Expense Reimbursement Requests
Staff will provide reimbursement requests to be reviewed and signed
2. Sign Exception Checks and Wires
Staff will provide checks and wires to be signed

Even Months – Director Atkinson signs
Odd Months – Director Fisler signs
3. Customer Deposit Criteria
4. Review Preliminary FY11 2nd Quarter Financial Results

DISCUSSION ITEMS

5. Review of Surplus Property Policy

INFORMATION ITEMS:

6. Auditor Request for Proposal
7. FY12 Budget Status

STANDING ITEMS:

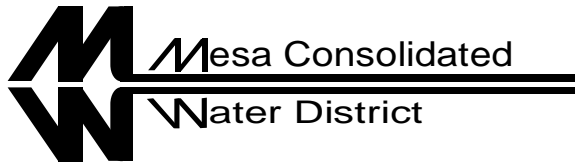
8. Accounts Paid Listing
9. Monthly Financial Reports
10. Approved Post FY11 Budget Allocations
11. Board Policy Assignments
12. Major Staff Projects
13. Tentative Meeting Topics

OTHER:

14. Other (no enclosure)

NEXT FINANCE COMMITTEE MEETING MONDAY, MARCH 21, 2011 AT 3:30 P.M. IN THE PANIAN CONFERENCE ROOM.

In compliance with California law and the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 631-1206. Notification 48 hours prior to the meeting will enable Mesa to make reasonable arrangements to accommodate your requests.



AGENDA
ENGINEERING & OPERATIONS COMMITTEE MEETING
THURSDAY, FEBRUARY 10, 2011 AT 3:30 P.M.
PANIAN CONFERENCE ROOM

Committee Members: Director Fred Bockmiller, Chair
 Director Ohlig-Hall
 Paul E. Shoenberger, General Manager
 Bob McVicker, District Engineer
 Jerry Vilander, Water Operations Manager

Staff: Mark Pelka, Sr. Civil Engineer

PUBLIC COMMENTS

Non-Agendized Matters: Members of the public are invited to address the Committee on matters which are not on the Agenda. Each speaker is limited to three (3) minutes. The Committee will set aside thirty (30) minutes for public comments.

Agendized Matters: Members of the public may comment on Agenda items before action is taken, or after the Committee has discussed the item. Each speaker is limited to five (5) minutes.

ACTION ITEMS:

1. Groundwater Well Upgrade Design

DISCUSSION ITEMS:

None.

INFORMATION ITEMS:

2. CWTF Monthly Report
3. Municipal Water District of Orange County Activities Update
4. Orange County Water District Activities Update
5. Major Staff Projects
6. OCWD Groundwater Producers Meeting Minutes

STANDING ITEMS:

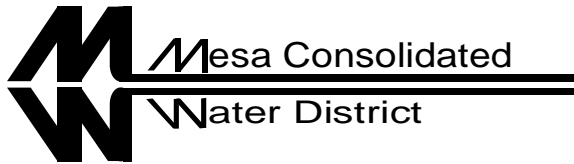
7. Water Quality Investigations Report
8. Committee Policy & Resolution Review or Development
9. Future Topics
10. Ocean Desalination Projects Update (no enclosure)

OTHER:

11. (no enclosure)

NEXT ENGINEERING & OPERATIONS COMMITTEE MEETING THURSDAY, MARCH 10, 2011 AT 3:30 P.M. IN THE PANIAN CONFERENCE ROOM.

In compliance with California law and the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 631-1206. Notification 48 hours prior to the meeting will enable Mesa to make reasonable arrangements to accommodate your requests.



**AGENDA
EXECUTIVE COMMITTEE MEETING
TUESDAY, FEBRUARY 15, 2011 AT 3:30 P.M.
PANIAN CONFERENCE ROOM**

Committee Members: President Fred R. Bockmiller, Chair
 First Vice President James F. Atkinson
 Paul E. Shoenberger, General Manager

Staff: Coleen L. Monteleone, Administrative Services Manager
 Denise Garcia, Executive Assistant

PUBLIC COMMENTS

Non-Agendized Matters: Members of the public are invited to address the Committee on matters that are not on the Agenda. Each speaker is limited to three (3) minutes. The Committee will set aside thirty (30) minutes for public comments.

Agendized Matters: Members of the public may comment on Agenda items before action is taken, or after the Committee has discussed the item. Each speaker is limited to five (5) minutes.

ACTION ITEMS:

1. Director's Fees
2. Employee Service Reinstatement
3. Retirement Tribute to Costa Mesa City Manager Allan Roeder
4. Closed Session:
 - a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (a)
CASE: Corvi v Mesa Consolidated Water District

DISCUSSION ITEMS:

5. Board Meeting Agenda Format
6. Employee Retirement Events
7. Review Future Agendas, Agenda Topics, and Conference Schedule

STANDING ITEMS:

8. Mesa Staff (no enclosure)
9. Review of Board Calendars

- 10. Committee Policy Assignments
- 11. Future Topics

INFORMATION ITEMS:

- 12. Workers' Compensation Claims Update
- 13. Other (no enclosure)

NEXT EXECUTIVE COMMITTEE MEETING MARCH 15, 2011 AT 3:30 PM IN THE PANIAN CONFERENCE ROOM.

In compliance with California law and the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 631-1206. Notification 48 hours prior to the meeting will enable Mesa to make reasonable arrangements to accommodate your requests.

ACTION ITEMS: (continued)

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

INFORMATION ITEMS:

A. ITEMS OF GENERAL INTEREST:

1. General Manager's Weekly Reports
2. Groundwater Producers' meeting minutes of February 9, 2011

GENERAL MANAGER'S WEEKLY REPORT

February 4, 2011 – February 10, 2011

Page 1 of 2

The focus of this report is information that may be useful for Mesa Directors when they interact with members of the public or other elected officials.

Events and Projects

Status

Water Supply – Week of 2-7-11

Wells	237	af	(90.1%)
Imported	<u>26</u>	af	(9.9%)
TOTAL	<u>263</u>	af	

Communications

Upcoming Activities:

◆ Communications Staff Activities

- **Local & Industry Networking** – Feb. 9 meeting with Discovery Science Center; CCR meeting at MWDOC Feb. 10; Costa Mesa Chamber event Feb. 17; OC Forum event Feb. 17.
- **Media Relations** – Preparing to distribute press release re. Director Fisler's LAFCO win.
- **Other** – Display table at Feb. 9 Earth Resource event at Costa Mesa Community Center; preparing customer outreach re. phosphate-free dish detergents; planning 50th Anniversary display for downstairs lobby; District events photos and Board slide shows.

◆ Outreach / Events

- **Community Events** – Costa Mesa Community Run & Expo (Apr. 22-23).
- **Conservation & Education Events** – Children's Water Education Festival (Mar. 23-24); partnering with MWDOC to promote Water Education Poster & Slogan Contest in District's service area; Spring Garden Show (Apr. 28-May 1); OC Fair (Jul./Aug.).
- **CWTF Improvements Outreach** – Finalized sign for posting on-site; distributed bid award press release; adding project information to MesaWater.org; planning outreach.
- **District Newsletter, 2011** – Printing Mar./Apr.; drafting May/Jun.; compiling topics for Jul./Aug.–on.
- **District Tour** – Coordinating Leadership Tomorrow tour of Reservoir 1 (Apr. 21).
- **Speaker's Bureau** – Planning presentation for Director Dewane to RIAOC (Apr. 5); planning District's presentation to Costa Mesa Chamber breakfast (Apr. 21).
- **Water Issues Study Group** – Next meeting takes place Feb. 16 (Water Issues & The Import Supply – MWDOC).

Staff Matters and Other News

Safety:

- ◆ Staff has achieved 21 days with no lost time incidents.

Engineering:

- ◆ Mesa staff tested the backflow prevention device for the new fire line at 3184 Airway Avenue.

GENERAL MANAGER'S WEEKLY REPORT

February 4, 2011 – February 10, 2011

Page 2 of 2

- ◆ General Pump is wire brushing Well No. 6 at the CWTF in preparation for installing the new pump bowls and flow restrictor.
- ◆ Mesa's SCADA consultants and Mesa staff are performing factory acceptance testing of the SCADA panels for the reservoirs and Well No. 5.
- ◆ Bob McVicker, Leanne Talbott and Mark Pelka attended Infowater training on Monday and Tuesday. Infowater is Mesa's new distribution system hydraulics computer model.

Operations:

- ◆ Staff upgraded a 6-inch valve on California St.
- ◆ Jerry Vilander, Tracy Manning, Bob Mitchell and Steve Hershey attended the Southwest Membrane Operators Association Symposium.
- ◆ Staff assisted in Factory Acceptance Testing (F.A.T) of SCADA system upgrade.
- ◆ Jerry Vilander and Tracy Manning attended the Consumer Confidence Report kick-off meeting at OCWD.

Financial Services:

- ◆ Vikki Beatley attended the MWDOC Administration & Finance Committee meeting yesterday. The primary discussion focused on the FY12 Budget as this budget year will be the first time that the choice (South County settlement) options are included. The estimated cost to Mesa for the choice options selected will be approximately \$16,000.
- ◆ Vikki Beatley will be heading to San Diego this morning to present Cash Flow Forecasting information at the San Diego County Treasurer-Tax Collector Investment Seminar. She will be co-presenting with the Assistant Superintendent of Business Services from the San Diego County Office of Education.
- ◆ Staff continues to work on the preliminary FY12 budget.

Administrative Services:

- ◆ Staff reviewing draft of 2010 Urban Water Management Plan

Human Resources:

- ◆ **Conservation Specialist** – Our new Conservation Specialist, Justin Finch, has passed background and is scheduled to start at Mesa on February 22nd.
- ◆ **Anniversaries of Hire Date:**
 - Charles Martin – 4 years on February 5th
 - Wendy Duncan – 13 years on February 10th
- ◆ **Other**
 - Staff attended the 21st Annual Southern California Public Retirement Seminar on February 9th.

GENERAL MANAGER'S WEEKLY REPORT

February 11, 2011 – February 17, 2011

Page 1 of 2

The focus of this report is information that may be useful for Mesa Directors when they interact with members of the public or other elected officials.

Events and Projects

Status

Water Supply – Week of 2-14-11

Wells	218	af	(73.6%)
Imported	<u>78</u>	af	(26.4%)
TOTAL	<u>296</u>	af	

Communications

Upcoming Activities:

- ◆ **Communications Staff Activities**
 - **Media Relations** – Distributed & posted press release re. Director Fisler's LAFCO win; planning press release schedule.
 - **Other** – Managing customer outreach re. phosphate-free dish detergents; planning 50th Anniversary display for downstairs lobby; District events photography for Board slide shows.
- ◆ **Outreach / Events**
 - **Community Events** – Costa Mesa Community Run & Expo (Apr. 22-23).
 - **Conservation & Education Events** – Children's Water Education Festival (Mar. 23-24); partnering with MWDOC on education programs in District's area; Spring Garden Show (Apr. 28-May 1); OC Fair (Jul./Aug.).
 - **CWTF Improvements Outreach** – Planning Directors' photo opportunity at CWTF; managing outreach & posting project information on MesaWater.org.
 - **District Newsletter, 2011** – Printing Mar./Apr.; drafting May/Jun.; compiling topics for Jul./Aug.–on.
 - **District Tour** – Coordinating Leadership Tomorrow tour of Reservoir 1 (Apr. 21).
 - **Speaker's Bureau** – Preparing presentations -- Director Dewane to RIAOC (Apr. 5); District's presentation at Costa Mesa Chamber breakfast (Apr. 21).
 - **Water Issues Study Group** – Mar. 16 re. Water Quality & Conservation (Mesa).

Staff Matters and Other News

Safety:

- ◆ Staff has achieved 28 days with no lost time incidents.

Engineering:

- ◆ Mesa staff is reviewing plans from the Costa Mesa Sanitary District for rehabilitation of 64 sewer lines to determine if there are any conflicts.
- ◆ General Pump is lowering a dummy packer to assure no problems installing the flow restrictor in Well No. 6 at the CWTF in preparation for installing the new pump bowls and flow restrictor.

GENERAL MANAGER'S WEEKLY REPORT

February 11, 2011 – February 17, 2011

Page 2 of 2

- ◆ Mesa's SCADA consultants are programming the SCADA panels for the reservoirs and Well No. 5 and Mesa's SCADA contractor in installing the brackets for installation of antennae at the well sites.
- ◆ Mesa staff is reviewing the City of Costa Mesa plans for a new storm drain at Newport Boulevard and 23rd Street to identify any conflicts between the storm drain and Mesa's facilities.

Operations:

- ◆ Staff repaired a lateral service leak on Placentia Ave.
- ◆ Staff performed hydrant and valve maintenance in various locations.
- ◆ Staff replaced angle meter stops in various locations.
- ◆ Staff updated activity guidelines within the CMMS for the Distribution Section.

Financial Services:

- ◆ Staff continues to work on the preliminary FY12 budget.

Administrative Services:

- ◆ Staff finalizing the Board packets for the February 22 and 25 Board meetings
- ◆ Staff gathering information for the next Water Vending Machine to be presented to the Public Information Committee
- ◆ Staff reviewing draft of 2010 Urban Water Management Plan

Human Resources:

- ◆ **Conservation Specialist** – Our new Conservation Specialist, Justin Finch, has passed background and is scheduled to start at Mesa on February 22.
- ◆ **Anniversaries of Hire Date:**
 - Leanne Talbott – 4 years on February 12
 - Stephen Hershey – 6 years on February 14
- ◆ **Other:**
 - Staff attended a training workshop on Leaves on February 17
 - Staff finalizing schedule for Health Screenings in March including:
 - Bone density
 - Complete Lipid Profile (Cholesterol and Glucose)
 - Height, Weight, Body Mass Index
 - Blood Pressure Screening
 - Thyroid Gland Ultrasound Screening
 - Physician Review of Results on site

Draft Minutes
GROUNDWATER PRODUCERS MEETING
Sponsored by the
ORANGE COUNTY WATER DISTRICT
(714) 378-3200
Wednesday, February 9, 2011, 10 AM

Annexation Workshop #4
Previously provided questions are listed below

February 9, 2011 Annexation Workshop – Financial Impacts

1. Financial impact of the 15,100 AFY proposed annexation on existing rate payers. How is the matter of a nearly \$3 million impact to existing rate payers offset by only \$500,000 in annexation fees being addressed. How does an annexation become "cost neutral" to existing rate payers? Annexation fees equivalent to impact? Two-tiered RA? Growth pays its way?

Information was distributed by OCWD calculating the financial impact of a 2% lower BPP due to annexations to be approximately \$2.6 million annually to the Producers. The annual annexation fee paid by the three annexing agencies is estimated to be approximately \$554,000. It was also estimated the typical monthly water bill would need to increase 0.8% based upon current water supply cost (a \$0.35 per month increase to an average homeowner's bill). There was discussion that perhaps this calculation should be done using future estimated rates or higher cost alternative supplies (such as desalination), but no consensus was reached.

The Producers will review this information for discussion at the March 9th meeting. OCWD will also email the information discussed with supporting backup calculations.

2. What is the impact to the cumulative drop in the BPP due to annexations (cumulative of all potential annexations) not only financially but also from a production standpoint when considering each agency's import capability? What is the cost to construct new capabilities or enhance existing facilities?

It was mentioned that all of the possible potential annexations could cause the BPP to drop about 5.5%. There was speculation if and when this could occur. It was noted that the remaining potential annexations (above and beyond the 15,100 AFY) are currently being evaluated on whether they will occur or not and, hence, is not a part of this annexation request. The Notice of Preparation that is being prepared for the annexation EIR will discuss and ask for additional information regarding the Producers ability to receive additional import water due to a lower BPP.

A comment was made that demands related to infill (or density increases) need to be evaluated, as well.

3. Buena Park (4-23-2007). On behalf of its community and residents, the City of Buena Park respectfully requests that the Board of Directors reject the Irvine Ranch Water District's (IRWD) proposed annexation of new territory. We are concerned with all the statements that allude to changes in the distribution of pumping due to annexation. Some projections indicate a basin pumping percentage reduction of four to five percent with the IRWD and other annexations. Other projections estimate annual fiscal impacts amounting to millions of dollars that annexation fees would not address. Any annexation should be revenue neutral for the producers, including Buena Park. We would support a variety of measures that can accomplish this. *(Financial Impact) <<See responses above>>*
4. Golden State Water Company (01/16/2007): Specifically GSWC is concerned that the proposed annexation will permit new lands to draw upon local groundwater and thereby reduce the reliability of GSWC's existing water supply by forcing GSWC to either import larger quantities of less reliable water or make other costly investments to mitigate the impacts associated with IRWD's increased demands on the basin. GSWC's water ratepayers in Orange County are understandably concerned that they will bear the financial burden, in the form of increased water rates, of an annexation that benefits this growth. In effect, the annexation would shift the cost of securing adequate supplies to meet new water demands from those lands without access to groundwater to those that have historically relied upon and paid to develop the local supply, namely, GSWC's water ratepayers. **<<See responses above>>**

Regular Producers Meeting Agenda

1. OCWD Reserves

A handout of the June 30, 2010 OCWD unrestricted reserve balances was distributed. OCWD is reviewing the reserve balances to see how they can be integrated into a five year financial plan that incorporates construction of the GWRS Expansion project. OCWD will also consider changes to the reserve policy at the March 10, 2011 Administrative Finance Committee meeting. It was also mentioned that OCWD is reviewing what would be necessary to obtain a AAA credit rating from Moody's Investor Services. Further analysis is being conducted to see whether reserves should be utilized to "smooth out" future RA increases.

2. Other

OCWD was asked to get any policy OCSD may have regarding limiting salts in the wastewater system.

OCWD staff will email out information and message points regarding the recent loss of Santa Ana River flows to the Pacific Ocean.

The Producers' meetings are scheduled for the second Wednesday of each month. The next regular monthly meeting is Wednesday, March 9, 2011.