



Dedicated to
Satisfying our Community's
Water Needs

**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Tuesday, September 5, 2017
1965 Placentia Avenue, Costa Mesa, CA 92627
3:30 p.m. Adjourned Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on September 5, 2017 at 3:30 p.m. by President Atkinson at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

Vice President Bockmiller led the Pledge of Allegiance.

Directors Present

Jim Atkinson, President
Fred R. Bockmiller, P.E., Vice President
Shawn Dewane, Director
James R. Fisler, Director

Directors Absent

None

Staff Present

Paul E. Shoenberger, P.E., General Manager
Phil Lauri, P.E., Assistant General Manager/District Treasurer
Denise Garcia, Administrative Services Manager/
District Secretary
Marwan Khalifa, Chief Financial Officer
Stacie Sheek, Customer Services Manager
Stacy Taylor, External Affairs Manager
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Jeremy M. Davis, Division III Vacancy Candidate
Marice H. DePasquale, Division III Vacancy Candidate
Wallid M. Kazi, Division III Vacancy Candidate
Al Morelli, Division III Vacancy Candidate
Andrew A. Nielson, Division III Vacancy Candidate
Timothy W. Sesler, Division III Vacancy Candidate
Gregory J. Warren, Division III Vacancy Candidate
Wendy Leece, Member of the Public
Flo Martin, Member of the Public
Byron de Arakal, Member of the Public
Luke Money, Reporter, Daily Pilot

PUBLIC COMMENTS

President Atkinson asked for public comments on non-agendized items.

Member of the Public Wendy Leece expressed concerns on meeting time, public parking, and televised public meetings.

There were no additional comments from the public and President Atkinson proceeded with the meeting.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

General Manager Shoenberger stated there were no items to be added, withdrawn, or reordered on the agenda.

PRESENTATION AND DISCUSSION ITEMS:

None.

ACTION ITEMS:

1. **BOARD OF DIRECTORS DIVISION III VACANCY:**

President Atkinson offered that the Board interviewed 15 candidates on August 25, 2017. The Board individually ranked all 15 candidates and their collective top seven were invited to today's meeting.

District Secretary Garcia called the seven candidates, in alphabetical order by last name, and each was given an opportunity to address the Board: Jeremy Davis, Marice DePasquale, Wallid Kazi, Al Morelli, Andrew Nielson, Timothy Sesler, and Gregory Warren.

Discussion ensued amongst the Board. Each director offered his top three candidates.

President Atkinson asked for Public Comments.

Ms. Leece asked for a clarification of residency requirements. President Atkinson responded that all candidates must reside within the boundaries of Division III.

Member of the Public Flo Martin offered comments in support of Ms. DePasquale.

Motion by Director Dewane to appoint Marice DePasquale to fill the Division III Board Vacancy.

A substitute motion was offered.

Motion by Vice President Bockmiller to appoint Al Morelli to fill the Division III Board Vacancy.

Discussion ensued amongst the Board.

SUBSTITUTE MOTION

Motion by Vice President Bockmiller, second by President Atkinson, to appoint Al Morelli to fill the Division III Board Vacancy. Motion failed 2-2, with Directors Dewane and Fisler voting no.

MOTION

Motion by Director Dewane, second by Director Fisler, to appoint Marice DePasquale to fill the Division III Board Vacancy. Motion passed 4-0.

RECESS

President Atkinson declared a recess at 4:08 p.m.

The meeting reconvened at 4:29 p.m.

2. WATER RATES STUDY:

GM Shoenberger provided an overview of the topic and reviewed the 2017 Water Rates Study presented to the Board at its August 24, 2017 meeting, specifically highlighting the following:

- District Achievements
- Open, Transparent Rate Development Process
- Board's Financial Goals
- Main Factors Impacting Financials
 - Rising Cost of Water
 - Replenishment Assessment (RA) increase 51.4% over last 3 years
 - RA to increase 40.4% over next 5 years
 - Reduced Sales
 - Projected 10% less sales than pre-drought
 - Flat Growth
 - 0.5% Growth in Sales per year
- Forecast Assumptions
- Replenishment Assessment
- Status Quo Days Cash
- Meter Charge Options
- Impact on Residential Bill

GM Shoenberger responded to questions from the Board.

Vice President Bockmiller stated that current plumbing standards require sprinkler systems in all new construction and sprinkler systems require a 1" meter replacing the previous standards of 3/4" or 5/8" meters. He expressed concerns for increased meter charges; he recommends a rate model for 5/8", 3/4" fire service rate for those required to install the 1" meter.

Discussion ensued amongst the Board.

President Atkinson asked for Public Comments.

Mrs. Martin offered comments on her increased water fees. She recommended the Board review its meeting expenses.

Ms. Leece offered comments related to Directors' expenses. She additionally inquired about Director Dewane serving simultaneously on two Boards – the Mesa Water Board and the Orange County Water District Board.

Attorney Anslow explained this issue had been addressed and it has been determined that a conflict of interest does not apply. Representatives to the Orange County Water District Board of Directors are either appointed or elected to the Board and must reside within the Orange County Water District service area.

MOTION

Motion by Director Fidler, second by Vice President Bockmiller, to proceed with implementing actions towards a five-year rate increase of up to five percent annually based upon a rate structure of approximately 20% fixed meter and 80% variable costs. Motion passed 4-0.

REPORTS


- 3. REPORT OF THE GENERAL MANAGER
- 4. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

- 5. OTHER (NO ENCLOSURE)

President Atkinson adjourned the meeting at 5:28 p.m. to a Regular Board Meeting scheduled for Thursday, September 14, 2017, at 6:00 p.m.

Approved:



Jim Atkinson, President



Denise Garcia, District Secretary

Recording Secretary: Sharon D. Brimer