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Water Needs*

**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Thursday, March 23, 2017
1965 Placentia Avenue, Costa Mesa, CA 92627
8:00 a.m. Special Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on March 23, 2017 at 8:00 a.m. by President Temianka at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

Director Atkinson led the Pledge of Allegiance.

Directors Present

Ethan Temianka, President
Jim Atkinson, Vice President
Fred R. Bockmiller, Director
Shawn Dewane, Director
James R. Fisler, Director

Directors Absent

None

Staff Present

Paul E. Shoenberger, P.E., General Manager
Coleen L. Monteleone, Assistant General Manager/
District Secretary
Phil Lauri, P.E., Assistant General Manager
Andrew Hamilton, Chief Financial Officer
Tracy Manning, Assistant Operations Manager
Stacy Taylor, External Affairs Manager
Stacie Sheek, Customer Services Manager
Cynthia Ragland, Interim Public Affairs Manager
Denise Garcia, Executive Assistant to the General Manager/
Assistant District Secretary
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Luke Money, Reporter, Daily Pilot

PUBLIC COMMENTS

President Temianka asked for public comments on non-agendized items. There were no comments and President Temianka proceeded with the meeting.

RECESS

President Temianka declared a recess at 8:03 a.m. in order to take a planned group photo of the Board of Directors.

The Board meeting reconvened at 8:46 a.m.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

General Manager Shoenberger offered there were no items to be added, withdrawn, or reordered.

ACTION ITEMS:

1. ORDINANCE NO. 25 – DIRECTORS’ COMPENSATION AND EXPENSE REIMBURSEMENT:

GM Shoenberger noted that this item was agendaized at the request of the Board. The Water Code allows an increase of up to 5% each Calendar Year. If the Board chooses to increase its compensation, a public hearing will be scheduled prior to the Board taking any action on Directors’ fees. The current fees were effective July 1, 2015.

President Temianka asked for public comments. There were no comments.

MOTION

Motion by Director Dewane, second by Director Fisler, to direct staff to schedule a public hearing for the April 13, 2017 Board meeting to address Directors’ compensation. Motion passed 4-1, with President Temianka voting no.

2. DESIGNATED FUNDS POLICY:

GM Shoenberger introduced Chief Financial Officer Hamilton who gave a brief overview of the topic and proceeded with a presentation.

Mr. Hamilton offered that, on March 15, 2014, the Board adopted Resolution No. 1443, which streamlined and improved the calculation methodology to exclusively calculate Designated Funds funding levels in “days” rather than dollars. Each of the funds within overall cash and investment reserves, as defined in Resolution No. 1443, are solely Board-designated funds, which means there is no legal restriction on the future use of each individual fund.

President Temianka asked for public comments. There were no comments.

MOTION

Motion by Vice President Atkinson, second by Director Dewane, to receive and file the Designated Funds Policy. Motion passed 4-0-1, with Director Bockmiller absent for the vote.

MOTION

Motion by Director Bockmiller, second by President Temianka, to re-open for discussion the topic of the Designated Funds Policy. Motion passed 5-0.

Director Bockmiller offered comments regarding the Capital Replacement Fund target balance. To clarify, the target level is \$10 million and the maximum balance is determined based on the Mesa Water Asset Management Plan.

Discussion ensued amongst the Board.

Direction was given to staff to refer the Brown and Caldwell Asset Replacement Study and reserve funding strategy to the Engineering and Operations Committee for review.

3. STRATEGIC PLAN UPDATE:

GM Shoenberger introduced the topic by offering that, each year, the Mesa Water Board provides staff with direction regarding Mesa Water's goals, objectives, and outcomes for the coming year. Based on this direction, priorities are established, resources are allocated, and staff works to accomplish the goals and objectives, as directed. He offered that staff evaluated the Strategic Goals relative to successfully completing the objectives.

The Strategic Goals were reviewed; GM Shoenberger and AGM Lauri responded to questions. The Board suggested minor changes, which will be incorporated.

President Temianka asked for public comments. There were no comments.

MOTION

Motion by Director Dewane, second by Vice President Atkinson, to adopt the 2017 Strategic Plan, as amended. Motion passed 5-0.

RECESS

President Temianka declared a recess at 9:54 a.m.

The meeting reconvened at 10:07 a.m.

4. MEASURE TT UPDATE:

GM Shoenberger introduced the topic by offering that Measure TT was a non-binding advisory measure placed on the November 8, 2016 ballot. The measure passed with a 55% yes vote, showing voter support for reducing the size and cost of local government through the pursuit of consolidating CMSD and Mesa Water.

It was noted that the CMSD Board of Directors was not in favor of consolidation; however, they were in favor of discussing shared services with Mesa Water.

President Temianka asked for public comments. There were no comments.

MOTION

Motion by Director Dewane, second by Director Fisler, to direct staff to draft a letter to the Costa Mesa Sanitary District requesting the two districts jointly write a letter to Local Agency Formation Commission (LAFCO) requesting a focused Municipal Service Review (MSR) be conducted. Motion passed 3-2, with Vice President Atkinson and Director Bockmiller voting no.

5. PROPERTY LEASE FOR NEW WELL SITE AT 4011 W. CHANDLER:

GM Shoenberger introduced the topic by offering that, on December 20, 2016, the Board agreed to the terms of a property purchase for use as a new well site. The property purchase agreement includes a leaseback to the seller for up to 18 months from close of escrow to allow the seller to relocate. This is mutually beneficial and allows for Mesa Water to receive rental income as design and bid documents are developed for construction.

President Temianka asked for public comments. There were no comments.

MOTION

Motion by Director Bockmiller, second by Director Dewane, to authorize the General Manager to execute the property lease for 4011 W. Chandler to lease the property back to the Seller for up to 18 months from close of escrow; first 6 months at no cost and 12 months at \$11,400 per month. Motion passed 5-0.

The agenda was reordered to take Items 8 and 9 before Closed Session. There were no objections.

REPORTS:

Item 8 - REPORT OF THE GENERAL MANAGER

Item 9 - DIRECTORS' REPORTS AND COMMENTS

RECESS

President Temianka declared a recess at 11:12 a.m.

The meeting reconvened at 11:26 a.m.

6. CLOSED SESSION:

President Temianka announced the Board was going into Closed Session at 11:27 a.m.

CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT
CODE 54957.6:

District Negotiator: General Manager

Employee Organization: Represented and Non-Represented Employees

The Board returned to Open Session at 12:07 p.m.

Attorney Anslow reported the Board conducted one Closed Session with the General Manager, AGM Monteleone, and Legal Counsel pursuant to Government Code 54957.6. The Board received information and there was no other announcement.

7. STAFFING PLAN:

GM Shoenberger reviewed the staffing plan for Fiscal Year 2018. The Board concurred and directed the General Manager to incorporate the changes into the FY 2018 Budget.

In addition, AGM Monteleone announced that, after 32 years of service to the District, she will be retiring on July 7, 2017.

REPORTS:

8. REPORT OF THE GENERAL MANAGER:

Item taken earlier in the agenda.

9. DIRECTORS' REPORTS AND COMMENTS:

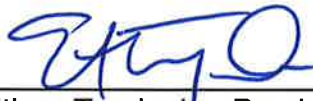
Item taken earlier in the agenda.

INFORMATION ITEMS:

10. OTHER (NO ENCLOSURE):

President Temianka adjourned the meeting at 12:35 p.m. to a Regular Board Meeting scheduled for Thursday, April 13, 2017 at 6:00 p.m.

Approved:



Ethan Temianka, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer