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Satisfying our Community's  
Water Needs

**MINUTES OF THE BOARD OF DIRECTORS  
MESA WATER DISTRICT  
Tuesday, November 8, 2016  
1965 Placentia Avenue, Costa Mesa, CA 92627  
8:00 a.m. Adjourned Regular Board Meeting**

**CALL TO ORDER**

The meeting of the Board of Directors was called to order on November 8, 2016 at 8:03 a.m. by President Dewane at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

**PLEDGE OF ALLEGIANCE**

Director Temianka led the Pledge of Allegiance.

**Directors Present**

Shawn Dewane, President  
Ethan Temianka, Vice President  
Jim Atkinson, Director *(arrived at 8:06 a.m.)*  
Fred R. Bockmiller, 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, Assistant General Manager  
Andrew Hamilton, Chief Financial Officer  
Stacy Taylor, External Affairs Manager  
Stacie Sheek, Customer Services Manager  
Kurt Lind, Business Administrator  
Cynthia Ragland, Interim Public Affairs Manager  
Karyn Igar, Senior Civil Engineer  
Denise Garcia, Executive Assistant to the General Manager/  
Assistant District Secretary  
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

**Others Present**

Mark Hill, P.E., Senior Project Manager, Michael Baker International  
Stephanie Smith, Operations Manager, Inside the Outdoors, Orange County Department of Education  
Tony Solarzano, Associate, Sales & Strategic Development, Discovery Science Foundation  
Jonathan Volzke, Public Affairs Manager, Municipal Water District of Orange County (MWDOC)  
Debbie Cook, Member of the Public  
John Earl, Member of the Public  
Jim Mosher, Member of the Public

## **PUBLIC COMMENTS**

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

Member of the Public Jim Mosher was acknowledged. He inquired as to the way this meeting was noticed - an Adjourned Regular meeting vs. a Special Board meeting - and the process that was followed to ensure transparency in accordance with the Brown Act. He noted there appears to be confusion regarding the sequencing of the Board meeting notices and the topics qualified for discussion, i.e. the General Manager's annual performance evaluation.

Attorney Anslow offered that this meeting was noticed as an Adjourned Regular Board meeting as opposed to a Special Board meeting. On the topic of the General Manager's annual performance evaluation, this subject may be addressed at either a Regular Board meeting or at an Adjourned Regular Board meeting, but cannot be addressed at a Special Board meeting.

District Secretary Monteleone responded President Dewane's question regarding the sequencing and noticing of the meeting. This meeting was noticed in accordance with the Brown Act, which requires the posting of an agenda at least 72 hours prior to the meeting.

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

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

## **ACTION ITEMS:**

### **1. PIPELINE INTEGRITY PROGRAM UPDATE:**

General Manager Shoenberger offered the purpose for this presentation is to update the Board on the District's pipeline testing program which was initiated to insure the integrity and "useful life" of the District's distribution system.

Assistant General Manager Lauri introduced Michael Baker International's Senior Project Manager Mark Hill and Mesa Water's Senior Civil Engineer Karyn Igar who have been instrumental in initiating and leading the Pipeline Integrity program.

Mr. Hill proceeded with the presentation which highlighted the following:

- 100-year Renewal Forecast by Pipe Material
- Resolution No. 1442 – Replacement of Assets
- Explanation of & Calculated Remaining "Useful Life"
- System Overview
- Focus on ACP (Asbestos Cement Pipe)
- Non-Destructive & Destructive Testing
- Selected Pipelines for Field Sampling
- Phenolphthalein & Hydrostatic Burst & Crush Strength Testing
- Wall Thickness Comparison
- Updated Renewal Forecast
- Cost Curve Comparison
- Continuous Program & Summary of Benefits

Mr. Hill and Ms. Igar responded to questions from the Board and they were thanked for their presentation.

Member of the Public Jim Mosher commented on the pipeline integrity program, specifically the limiting factor for breaks per mile.

President Dewane recommended the following:

- a) Submit this presentation to California Special Districts Association (CSDA) and Association of California Water Agencies (ACWA) for a panel discussion at their next conferences
- b) Review, at a future meeting of the Engineering & Operations Committee, Resolution No. 1442 with the goal of improving the Board policy based on the data that was collected and the proposed changes

## 2. REGIONAL WATER ISSUES:

GM Shoenberger offered there are numerous regional water issues currently under assessment and development: the drought, ocean desalination, the Green Acres Project, emergency service to South Orange County, and Prop. 218.

- Drought Update:

Mesa Water met its 2016 goal. One-half of the water agencies in California met their goals. Mesa Water's goal for 2017 is to match the 2016 baseline. The State Water Resources Control Board (SWRCB) is evaluating long-term regulations.

GM Shoenberger reviewed a November 2, 2016 Municipal Water District of Orange County (MWDOC) discussion item memo – Subject: Update on Implementing Governor's Executive Order B-37-16 Making Water Conservation A California Way of Life.

ACWA is also setting guidelines and supporting issues regarding the long-term drought in the areas of:

- Local Control
- Four Baseline Options
- Regulations need to incentivize new water supplies

- Ocean Desalination Update:

GM Shoenberger offered an update on the Huntington Beach desalination project noting that the project continues to work through the regulatory process with delays being encountered in the permitting process.

The Carlsbad Desalination Plant has been delivering water to the businesses and residents of San Diego County since December 2015. This plant provides 10% of San Diego County's water needs.

Catalina Island has two desalination plants. The first desalination plant became operational in the 1990s. The second plant went online in December 2015. The new desalination unit, which is connected to the original desalination plant, has the capacity to produce up to an additional 125,000 gallons of water a day.

GM Shoenberger went on to list desalination plants under development in California: Two water agencies are moving forward with Environmental Impact Reports (EIR): The Doheny Ocean Desalination Project, Dana Point, South Coast Water District and West Basin Municipal Water District, with a proposed plant in either Redondo Beach or El Segundo. The City of Santa Barbara is constructing a desalination plant, which is expected to be operational for testing in November 2016 with production expected in January 2017.

CalDesal has a new Executive Director, Paul Kelley. At its upcoming Membership Meeting on November 30, 2016, a new Executive Committee will be formed and President Dewane was asked to continue as Chairperson.

Member of the Public John Earl offered comments regarding the Poseidon project in Huntington Beach, CalDesal as a lobbying group for the desalination industry, and a possible conflict of interest in that President Dewane is seated on both the Orange County Water District and Mesa Water Boards.

Debbie Cook offered comments on the costs of desalination and the absence of a forum to debate both sides of the issue.

President Dewane offered that CalDesal has been working with government officials to prescribe ocean desalination as a statewide policy issue.

Attorney Anslow stated that Orange County Water District has a statutory provision that allows elected representatives of member agencies to serve on the Orange County Water District Board. Additionally, several cities have elected officials who also sit on the Orange County Water District Board.

Relative to the CalDesal nonprofit advocacy group, membership in this organization is legally permitted and in alignment with other advocacy groups, i.e. ACWA and CSDA.

Attorney Anslow offered that, according to the county water district law, Mesa Water has two other statutory authority responsibilities: 1) to provide to the public information about the District's operations and other water supply issues, and 2) to provide to the State legislature advocacy for legislative positions.

- Green Acres Project (GAP) Update:

GM Shoenberger reported that at its September 14, 2016 meeting, the Orange County Water District Board made two recommendations: 1) Authorize the General Manager and General Counsel to negotiate and execute new GAP Sales and Distribution Agreements with five water retail agencies: City of Fountain Valley, Mesa Water District, City of Newport Beach, City of Santa Ana, and City of Huntington Beach; and , 2) Deny future requests to connect to GAP until it is

demonstrated that additional Orange County Sanitation District (OCSD) source flows are available above and beyond what is necessary for the Ground Water Replenishment System (GWRS) Final Expansion.

Assistant General Manager Lauri has been designated the lead on the renegotiation of the agreement and staff will bring a recommendation to the Board at the appropriate time. Three points to be presented to OCWD are: 1) Prioritizing drinking water over irrigation water, 2) That GAP water users are provided the lowest cost for GAP water, and 3) GAP users should pay the full cost of the water, which means it should be fully burdened and in accordance with Propositions 218 and 26. A recommendation will be brought back to the Board at the appropriate time.

GM Shoenberger responded to questions from the Board.

## MOTION

Motion by Director Atkinson, second by President Dewane, to support the two GAP recommendations as written in the OCWD Board Agenda Item Submittal dated September 14, 2016 and to direct staff to set up meetings with four water agencies (City of Fountain Valley, City of Newport Beach, City of Santa Ana, and City of Huntington Beach) to highlight areas of mutual interest prior to the beginning of their negotiations with the Orange County Water District. Motion passed 5-0.

- Emergency Service to South Orange County Update:

GM Shoenberger offered an overview of this topic. He reviewed the document entitled, "Phase 1 of the Emergency Service Program Connecting IRWD's System to the South Orange County Import System To Improve Emergency Water Service." In the case of a facilities emergency, Irvine Ranch Water District would provide water to South Orange County staying within its Basin Pumping Percentage (BPP) limitations and would take South Orange County's allocation of Metropolitan Water District of Southern California (MWD) water to replace the water provided to alleviate the emergency. At issue is the value of storage and costs relative to emergency preparedness.

Discussion ensued.

President Dewane asked for public comments.

Member of the Public Jim Mosher offered comments relative to the listing of the agenda item.

Attorney Anslow provided clarification of the Brown Act.

## MOTION

Motion by Director Bockmiller, second by President Dewane, that Mesa Water fully support and advocate for keeping the Emergency Service Agreement for South Orange County in effect without modification until the expiration of the agreement or unless the parties to the Agreement wish to renegotiate. Motion passed 5-0.

- Proposition 218 Update:

GM Shoenberger provided a review of the topic. Discussion ensued.

## RECESS

President Dewane declared a recess at 9:54 a.m. The meeting reconvened at 10:11 a.m.

### 3. LEGISLATIVE PLATFORM UPDATE:

GM Shoenberger introduced External Affairs Manager Taylor who proceeded with a presentation that highlighted the following as issues Mesa Water supports:

- Desalination as a viable water source
- Drought – support initiatives to encourage water conservation
- The Delta Ecosystem Health
- Direct Potable Reuse

Ms. Taylor reviewed the District's proposed 2017 Legislative Platforms regarding State legislature issues and updated policy positions. Discussion ensued. Suggestions were made and staff was asked to revise/reword and bring the amended platforms to the Board for review, specifically:

#### 2017 Legislative Platforms:

- Water Rate Assistance Program (WRAP) – Support was given to funding a WRAP with voluntary contributions. Suggested language: Mesa Water opposes lifeline rates using water sales. Mesa Water supports voluntary contributions and facilitating voluntary contributions to support people who need help paying their water bills.
- Conservation – Support was expressed for voluntary conservation and opposition for mandated conservation. Suggested language: Mesa Water supports informing customers of their water use and requesting voluntary conservation efforts when necessary. Mesa Water opposes mandatory conservation efforts and water rationing.

#### Policy Positions:

- Ground Water Replenishment System (GWRS) – from an advocacy position support for a full credit for the GWRS as applied to the Drought Regulations. Suggested language: Mesa Water supports crediting water treated for direct/indirect potable water reuse at 100% value. Mesa Water opposes Title 21 water for irrigation purposes being credited for conservation mandates. In addition,

the Mesa Water Reliability Facility (MWRf) water should receive full credit as a new water source.

- Item 6 (g) – “Respects the one person one vote principle if the new Board of Directors is a wholly elected board”. Suggested language: Mesa Water supports the one person one vote principle and a Board consisting of elected directors of the merged agencies. This position would eliminate appointed directors.

President Dewane offered that the position of a one person one vote principle might be impractical at this time.

Director Bockmiller expressed opposition for the appointment of directors, but supports seating elected officials.

No action was taken on this item.

#### 4. EDUCATIONAL OUTREACH PROGRAM:

GM Shoenberger introduced Interim Public Affairs Manager Ragland. Ms. Ragland reported that Mesa Water has partnered with the Municipal Water District of Orange County (MWDOC), Orange County Department of Education’s Inside the Outdoors, and the Discovery Science Foundation (DSF) to create target programs for local elementary and high school students. Ms. Ragland introduced MWDOC’s Public Affairs Manager Jonathan Volzke, OC Department of Education’s Inside the Outdoors’ Operations Manager Stephanie Smith, and Discovery Science Foundation’s Associate of Sales & Strategic Development Tony Solorzano. In their group presentation, they highlighted the following topics:

- Quick Facts about DSF Education
- Discovery Cube’s Ocean Quest
- MWDOC Education Program – 5<sup>th</sup> Grade Version
- Inside the Outdoors Education Program – High School Version

The Board received the information and thanked the presenters for the presentation.

No action was taken on this item.

#### 5. ASSOCIATION OF CALIFORNIA WATER AGENCIES LEGAL AFFAIRS COMMITTEE:

General Manager Shoenberger introduced the topic. Discussion ensued regarding Mesa Water providing representation on the ACWA Legal Affairs Committee.

#### MOTION

Motion by President Dewane, second by Director Bockmiller, to direct staff to develop a recommendation for District representation on the ACWA Legal Affairs Committee. Motion passed 5-0.

6. STAFFING PLAN:

General Manager Shoenberger offered that the Board approved a new position of External Affairs Manager, which was filled by Stacy Taylor. This created a vacancy for Public Affairs Manager which has been temporarily filled by Evolve PR. Efforts are being made to recruit a full time employee to fill the position.

MOTION

Motion by Director Bockmiller, second by President Dewane, to receive the information.  
Motion passed 5-0.

RECESS

President Dewane declared a recess at 11:30 a.m. The meeting reconvened at 12:09 p.m.

7. CLOSED SESSION:

The Board went into Closed Session at 12:11 p.m.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

Pursuant to Government Code Section 54956.9 (a)

Case: Irvine Ranch Water District v. OCWD, et al. - Superior Court Case No. 30-2016-00858584-CU-WM-CJC

Participants in Closed Session: Board of Directors, GM Shoenberger, and Assistant General Managers Monteleone and Lauri.

CONFERENCE WITH REAL PROPERTY NEGOTIATOR:

Pursuant to Government Code Section 54956.8:

Properties (3): (1) 3435 W MacArthur Boulevard, Santa Ana (APN: 414-141-02); (2) Property between 3501 Sunflower and 3401 Sunflower, Santa Ana (APN: 414-261-03); (3) 4011 Chandler Ave, Santa Ana; (APN: 415-014-03)

District Negotiator: General Manager

Negotiating Parties: (1) National Casein Sales; (2) CJ Segerstrom and Sons; (3) IDAS Properties LLC

Under Negotiation: Price and/or terms of purchase or acquisition of rights

Participants in Closed Session: Board of Directors, GM Shoenberger, Assistant General Managers Monteleone and Lauri, Legal Counsel, and Voit Real Estate Services' Partner and Senior Vice President Mike Vernick and Executive Vice President Mike Hefner.

CONFERENCE WITH REAL PROPERTY NEGOTIATOR:

Pursuant to Government Code Section 54956.8:

Property: 1310 South Coast Drive, Costa Mesa (APN: 140-041-49)

District Negotiator: General Manager

Negotiating Parties: AAA Automobile Club of Southern California

Under Negotiation: Price and/or terms concerning property rights



Participants in Closed Session: Board of Directors, GM Shoenberger, Assistant General Managers Monteleone and Lauri, Legal Counsel, and Voit Real Estate Services' Partner and Senior Vice President Mike Vernick and Executive Vice President Mike Hefner.

CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE 54957.6:

District Negotiator: General Manager

Employee Organization: Represented Employees

Participants in Closed Session: Board of Directors, GM Shoenberger, Assistant General Manager Monteleone, and Legal Counsel.

CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE 54957.6 -

District Negotiator: General Manager

Employee Organization: Non-Represented Employees

Participants in Closed Session: Board of Directors, GM Shoenberger, Assistant General Manager Monteleone, and Legal Counsel.

PURSUANT TO GOVERNMENT CODE SECTION 54957(b):

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: General Manager

Participants in Closed Session: Board of Directors and GM Shoenberger.

The Board returned to Open Session at 2:13 p.m.

Attorney Anslow reported the Board met in six separate Closed Sessions:

- Closed Session #1 – The Board received information. There were no further announcements.
- Closed Session #2 - The Board received information. Direction was given to the District's Property Negotiator. There were no further announcements.
- Closed Session #3 - The Board received information. Direction was given to the District's Property Negotiator. There were no further announcements.
- Closed Session #4 - The Board received information. There were no further announcements.
- Closed Session #5 - The Board received information. Action will be taken under Item 9.
- Closed Session #6 - The Board received information. Action will be taken under Item 8.

8. ANNUAL PERFORMANCE EVALUATION FOR GENERAL MANAGER:

The Board conducted the General Manager's Annual Performance Evaluation.

MOTION

Motion by Director Bockmiller, second by Vice President Temianka, to report that the General Manager's salary and benefits, including the auto allowance, remain unchanged; and to approve a one-time incentive payment of \$10,000 to be paid prior to the end of the calendar year. Motion passed 5-0.

9. TERMS AND CONDITIONS OF COMPENSATION AND BENEFITS FOR NON-REPRESENTED MANAGEMENT EMPLOYEES:

The discussion of this item was conducted in Closed Session.

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to approve ending the current Retirement Health Savings Plan and convert to a 401(a) tax-qualified plan; further grandfather in the current managers and not allow participation to newly hired managers; to acknowledge that the new plan will not include the clause that upon separation, 50% of available vacation dollars has to be contributed to the plan. Motion passed 5-0.

REPORTS:

10. REPORT OF THE GENERAL MANAGER:

11. DIRECTORS' REPORTS AND COMMENTS:

INFORMATION ITEMS:

12. OTHER (NO ENCLOSURE)

President Dewane adjourned the meeting at 2:25 p.m. to a Regular Board Meeting scheduled for Thursday, November 10, 2016, at 6:00 p.m.

Approved:



Shawn Dewane, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer