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Satisfying our Community's
Water Needs*

**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Saturday, March 21, 2015
1350 Gisler, Costa Mesa, CA 92626
8:00 a.m. Adjourned Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on March 21, 2015 at 8:50 a.m. by President Dewane at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, CA 92627.

PLEDGE OF ALLEGIANCE

Director Temianka led the Pledge of Allegiance.

Directors Present

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

Directors Absent

None

Staff Present

Paul E. Shoenberger, General Manager
Coleen L. Monteleone, Administrative Services Manager/
District Secretary
Andrew Hamilton, Chief Financial Officer
Phil Lauri, Engineering & Operations Manager
Stacie Sheek, Customer Services Manager
Stacy Taylor, Public & Government Affairs Manager
Kurt Lind, Business Administrator
Denise Garcia, Executive Assistant to the General Manager
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

John Bliss, Vice President, SCI Consulting Group
Harry C. Lorick, LA Consulting, Inc.

PUBLIC COMMENTS

There were no public comments. President Dewane proceeded with the meeting.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

General Manager Shoenberger announced there were no items to be added, withdrawn or reordered on the agenda.

ACTION ITEMS:

1. REGIONAL WATER ISSUES UPDATE:

General Manager Shoenberger provided an overview of the Board's Policy Positions. General Manager Shoenberger offered that the topic presented to the Board addresses the numerous regional water supply issues currently under assessment and development. Mr. Shoenberger introduced Mr. John Bliss with SCI Consulting Group, who proceeded with a presentation on Water Infrastructure Financing.

The following topics were highlighted:

- Overview of SCI Consulting Group
- Infrastructure Measures Successes
- Successful Water Ballot Measure Examples
- Traditional Funding Mechanisms
- Value of going to the Ballot Box
- Potential Next Steps

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

Motion by Director Atkinson, to authorize the expenditure of \$55,000 for a Mesa Water® service survey and to include two additional agencies.

A substitute motion was offered.

Motion by President Dewane, seconded by Director Bockmiller, to authorize the expenditure of \$55,000 for a Mesa Water® Survey and place the item on the next regular Board meeting consent calendar. No vote was taken on this motion.

A substitute motion was offered.

MOTION

Motion by President Dewane, seconded by Director Bockmiller, to authorize the expenditure of \$55,000 for a Mesa Water® Survey and place the item on the next regular Board meeting consent calendar. Motion passed 5-0.

RECESS

President Dewane declared a recess at 10:21 a.m. The Board meeting reconvened at 10:39 a.m.

The Board discussed the contracting service as a strategic goal. Mr. Lorick with LA Consulting, Inc. responded to questions from the Board regarding the study of contracting services and the benefits to the District.

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

MOTION

Motion by President Dewane, seconded by Director Temianka, to engage LA Consulting, Inc. for an amount not to exceed \$20,000 to conduct a preliminary study on contracting services and place the item on the next regular Board meeting consent calendar. Motion passed 5-0.

2. STRATEGIC PLAN UPDATE:

The Board reviewed the 2014 Strategic Plan and received an update and the proposed changes to the 2015 Strategic Plan.

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

MOTION

Motion by President Dewane, seconded by Director Bockmiller, to adopt the 2015 Strategic Plan. Motion passed 5-0.

3. FINANCIAL GOALS:

General Manager Shoenberger introduced Chief Financial Officer Hamilton, who proceeded with a presentation on the Financial Goals for 2015.

The following topics were highlighted:

- Board Goals – Past and Future
- Five Options to Deal with Projection
 - Option 1 – Status Quo, moving forward in time needed for capital projects, keeping open Options #2, 3 and 4 at the end of the five-year rate cycle
 - Option 2 – Reduce Water Rates
 - Option 3 – Reduce Pension Liability (similar to an OPEB Trust)
 - Option 4 – Reduce Outstanding Debt
 - Option 5 – Establish a Trust for future Capital Spending (similar to an OPEB Trust)

A discussion ensued. Mr. Hamilton responded to questions from the Board.

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

MOTION

Motion by Director Bockmiller, seconded by President Dewane, to approve Financial Goals, Option 1 – Status Quo, moving forward in time with needed capital projects. Motion passed 5-0.

4. ORDINANCE NO. 23 – DIRECTORS' FEES:

Administrative Services Manager Monteleone reviewed Directors' fees. Ms. Monteleone noted that the current Director fee is \$207 per meeting, which was approved in October

2008 and effective January 1, 2009. The item has been reviewed in 2010, 2011, 2012, 2013, and 2014 with no change in fees.

A discussion ensued.

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

MOTION

Motion by President Dewane, seconded by Director Fisler, to schedule a public hearing to consider an increase to the directors' fee from \$207 per meeting up to \$250 per meeting. Motion passed 3-1-0-1 with Director Atkinson voting no and Vice President Temianka abstaining.

5. GUIDELINES FOR PROCUREMENT OF GOODS AND SERVICES AND CASH DISBURSEMENTS:

Mr. Hamilton provided a presentation on the guidelines for the procurement of goods and services and cash disbursement.

The following topics were highlighted:

- Review of Resolution No. 1271 – Current Authority
- Increase in inflation
- Proposed Approval Authority Increases

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

MOTION

Motion by President Dewane, seconded by Vice President Temianka, to approve Resolution No. 1458, Providing Guidelines for the Procurement of Goods and Services and Cash Disbursements superseding Resolution No. 1415 and increasing the approval authority amounts to \$125,000 for Capital Construction Projects, \$75,000 or 30% percent whichever is lower for Capital Construction Projects-Change Orders and \$50,000 for Professional Services Providers; in addition, increase the limit for competitive procurement and written agreements to \$10,000. Motion passed 5-0.

6. BOARD GOVERNANCE:

General Manager Shoenberger reviewed the resolutions (Resolution Nos. 1456 and 1457) recommended by the Executive Committee.

A discussion ensued.

The following are proposed modifications to Resolution No. 1456:

I. General Matters – E. Definitions: Added new term – *Immediate Past President*.

- IV. Rules of Order – B. Determination of Acting President: The first item of business in the absence of the President and Vice President, where a meeting includes a quorum of the Board was changed from *the remaining three Board Members to determine to the Immediate Past President shall act as the acting President*.

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

MOTION

Motion by Director Temianka, seconded by Director Fisler, to approve Resolution No. 1456 Adopting Procedures for Meetings of the Board of Directors superseding Resolution No. 1427. Motion passed 3-2 with Directors Atkinson and Bockmiller voting no.

A discussion ensued on the recommended changes to Resolution No. 1457.

The following are proposed modifications to Resolution No. 1457:

- I. General Matters – B. Definitions: Added new term – *Immediate Past President*.
- III. Election of Board Officers – Added new section d. Duties: *The President shall serve as the official Mesa Water® Board representative and he/she shall also have the authority to delegate such responsibility. In the absence of the President, the Vice President will act in the official capacity of the President. The Immediate Past President will assume the role in the absence of the Vice President.*

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

MOTION

Motion by Director Fisler, seconded by Vice President Temianka, to approve Resolution No. 1457 Adopting Protocols of the Board of Directors superseding Resolution No. 1428. Motion passed 3-2 with Directors Atkinson and Bockmiller voting no.

7. MESA WATER SUPPORT SERVICES:

Mr. Lauri offered that a few vendors may have been originally competitively selected, but not within the last five years. As such, staff is recommending that vendors who provide various specialty services be competitively selected.

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

MOTION

Motion by Vice President Temianka, seconded by President Dewane, to direct staff to administer a competitive selection process for services provided in the following areas: Legal Services, Water Industry Advocates, Reproduction Services, Electrical Maintenance/Repair, and Electrical Maintenance. Motion passed 5-0.

8. MESA WATER® RELIABILITY FACILITY SIGNAGE PROJECT:

Mr. Lauri reviewed the Mesa Water® Reliability Facility (MWRF) signage project. He noted that when the project was initiated consideration was given to use electronic signage at the MWRF. After a study, it has been determined that electronic signage would not be appropriate for Mesa Water® and the estimated revenue projections would yield lower revenue than originally indicated.

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

MOTION

Motion by President Dewane, seconded by Director Bockmiller, to discontinue evaluation and development of a Mesa Water Reliability Facility (MWRF) Signage Project. Motion passed 5-0.

9. MESA WATER RELIABILITY FACILITY OUTREACH CENTER:

Mr. Lauri reviewed the results of an evaluation for developing an Outreach Center at the MWRF. The results identified 1) Minimal Improvements, 2) Moderate Improvements, and 3) Major Improvements.

A discussion ensued on the three levels of improvements.

MOTION

Motion by Director Atkinson, seconded Director Bockmiller, to approve Option 1 – Minimal Improvements. The motion was withdrawn.

The Board agreed to continue with proposals, which are due the early part of April and will be presented to the Engineering and Operations Committee at its April meeting.

10. FISCAL YEAR 2016 STAFFING PLAN:

Mr. Shoenberger reviewed the staffing plan for Fiscal Year (FY) 2016. The Board concurred with the General Manager's proposed FY 2016 Staffing Plan and directed the General Manager Shoenberger to incorporate the changes in the FY 2016 Budget.

REPORTS:

- 11. Report of the General Manager
- 12. Directors' Reports and Comments

INFORMATION ITEMS:

- 13. OTHER (NO ENCLOSURE)

President Dewane adjourned the meeting at 2:12 p.m. to a Regular Board Meeting scheduled for Thursday, April 9, 2015 at 6:00 p.m.

Approved:



Shawn Dewane, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer