



*Dedicated to
Satisfying our Community's
Water Needs*

**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Thursday, May 19, 2016
1965 Placentia Avenue, Costa Mesa, CA 92627
6:00 p.m. Adjourned Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on May 19, 2016 at 6:02 p.m. by President Dewane 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

Shawn Dewane, President
Ethan Temianka, Vice President
Jim Atkinson, Director
Fred R. Bockmiller, Director
James R. Fisler, Director *(left at 8:30 p.m.)*

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
Stacie Sheek, Customer Services Manager
Denise Garcia, Executive Assistant to the General Manager/
Assistant District Secretary
Shelly Cisneros, Senior Human Resources Analyst
Noelle Collins, Public Affairs Coordinator
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Joan C. Finnegan, Director, Municipal Water District of Orange County
Karl Seckel, Assistant General Manager, Municipal Water District of Orange County
Sanjay Gaur, Vice President, Raftelis Financial Consultants, Inc.
Jonathan Foster, CPA, Manager, Davis Farr LLP
Clayton Tuckfield, Principal, Tuckfield & Associates
Cristen Rasmussen, Teacher, Costa Mesa High School
Alicia Molina, Student, Costa Mesa High School
Ashley Mojica, Student, Costa Mesa High School
Brenna Boeru, Student, Costa Mesa High School
Grace Ly, Student, Costa Mesa High School
Sofia Rice, Student, Costa Mesa High School
Toby Taber, Student, Costa Mesa High School
Alison Thalmann, Member of the Public

Greg Ridge, Member of the Public
John Earl, Member of the Public
Tim & Tracy Taber, Members of the Public

CONSERVATION COMMEMORATION FROM THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

President Dewane provided an overview of the State of California's water conservation program and introduced MWDOC Director Joan C. Finnegan. Ms. Finnegan thanked the Board and Mesa Water® users for their efforts. She presented a proclamation to the Board noting that, out of 28 MWDOC agencies, the District was one of 17 who achieved their water reduction goals.

MWDOC Assistant General Manager Karl Seckel was introduced and photographs were taken.

"THE WATER EFFECT" HIGH SCHOOL WATER EDUCATION PROGRAM PRESENTATION

President Dewane introduced Public Affairs Coordinator Noelle Collins who provided an overview of the The Water Effect program. Ms. Collins introduced Costa Mesa High School teacher Cristen Rasmussen and the students who were instrumental in developing the school's program: Alicia Molina, Ashley Mojica, Brenna Boeru, Grace Ly, Sofia Rice and Toby Taber.

Each of the student participated in a brief presentation which highlighted the program's mission to cut water use in half.

The Board thanked the students for their presentation and photographs were taken.

PUBLIC COMMENTS

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

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

General Manager Shoenberger offered there were no items to be reordered on the agenda. He noted there was a conference added to Item 5 - The ICWater Conference, and requested Item 13 to be withdrawn and presented at a later date. There were no objections.

CONSENT CALENDAR ITEMS:

1. Approve minutes of regular Board meeting of April 14, 2016.
2. Approve minutes of adjourned regular Board meeting of April 18, 2016.
3. Approve minutes of special Board meeting of April 19, 2016.
4. Approve minutes of special Board meeting of April 28, 2016.
5. Approve attendance considerations (additions, changes, deletions).
6. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar
 - Upcoming Community Outreach Events
7. Receive the Quarterly Training Report for January 1, 2016 – March 31, 2016.

8. Award contracts for a period of three years with two one-year renewable options with an annual not-to-exceed amount of \$250,000 to MWH Global, Michael Baker International, Inc., Brady and Associates, Inc., and CivilSource, Inc. to provide As-Needed Design and Construction Management Services.
9. Approve the selection of Ralph Andersen & Associates to perform a Classification and Compensation Study for a not-to-exceed amount of \$55,910.

President Dewane asked for comments. There were no comments.

MOTION

Motion by Director Bockmiller, second by Director Fisler, to approve Items 1-9 of the Consent Calendar. Motion passed 5-0.

PRESENTATION AND DISCUSSION ITEMS:

10. WATER COST COMPARISON STUDY:

Chief Financial Officer Hamilton introduced Raftelis Financial Consultants, Inc. Vice President Sanjay Gaur.

Mr. Gaur proceeded with the presentation. The following was highlighted:

- Objective of the Study
- Water Rates Comparison 2013 & 2015
- Using Water Rates to Measure Operational Efficiency
- Sources of Income 2013
- Total Expenditure Per Capita
- Expenditure Comparison Per Capita 2012 & 2013
- Population and Total Expenditure 2012 & 2013

Mr. Gaur responded to questions and the Board thanked him for the presentation.

11. FISCAL YEAR 2015 AUDIT RESULTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORT:

CFO Hamilton introduced Davis Farr LLP Manager Jonathan Foster, CPA who proceeded with the presentation. The following was highlighted:

- Audit Results
- Internal Control Recommendation
- Governmental Accounting Standards Board (GASB) 68 Implementation
- Financial Statement Highlights

Mr. Foster responded to questions and the Board thanked him for the presentation.

President Dewane asked for comments. There were no comments.

ACTION ITEMS:

12. RESOLUTION NO. 1473 – EMPLOYEE RULES & REGULATIONS REVISIONS:

President Dewane asked for comments. There were no comments.

MOTION

Motion by Director Bockmiller, second by Vice President Temianka, to adopt Resolution No. 1473 Adopting Revised Employee Rules and Regulations, Superseding Resolution No. 1447. Motion passed 5-0 by the following roll call vote:

AYES: DIRECTORS Atkinson, Bockmiller, Fisler, Temianka, Dewane

NOES: DIRECTORS None

ABSENT: DIRECTORS None

ABSTAIN: DIRECTORS None

13. RESOLUTION NO. 1474 – BOARD OF DIRECTORS COMMUNICATIONS EQUIPMENT AND SERVICE POLICY:

Item 13 was withdrawn from the agenda to be presented at a later date.

14. FINANCIAL AUDITOR SELECTION:

Director Bockmiller recommended that this item be brought back to the Finance Committee for further discussion. There were no objections.

15. RECYCLED WATER RATE STUDY UPDATE:

General Manager Shoenberger introduced the topic and mentioned that Mesa Water contracted with a third party expert to provide an analysis and recommendation for recycled water rates as they relate to Proposition 218 compliance.

CFO Hamilton introduced Tuckfield & Associates Principal Clayton Tuckfield. Mr. Tuckfield proceeded with the presentation. The following was highlighted:

- Recycled Water Financial Plan
- Rate Design Method
- Proposed Recycled Water Rates
- Impacts
- Recommendations

Discussion ensued regarding the presented recommendations. The Board agreed it would begin exploring alternate strategies for a recycled water replacement due to projected rising costs from the District's recycled water supplier.

Member of the Public John Earl offered comments on the development of recycled water rates.

The Board thanked Mr. Tuckfield for the presentation.

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

MOTION

Motion by Vice President Temianka, second by Director Fisler, to approve the Recycled Water Rate Study dated May 9, 2016. Motion passed 5-0.

President Dewane asked for comments. Director Bockmiller suggested a change in the presented rates - removing from the study the January 1, 2018 \$1.90 rate increase and addressing it at a future date.

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to adopt Resolution No. 1475 Making Findings, Revising Recycled Water Rates, Amending Mesa Water's Recycled Water Rate And Charge Implementation Schedule, Taking Related Actions And Amending Resolution No. 1439 with the revised rates of:

- \$1.72 Effective July 1, 2016
- \$1.82 Effective January 1, 2017

Motion passed 4-1 by the following roll call vote:

AYES: DIRECTORS Atkinson, Bockmiller, Temianka, Dewane
NOES: DIRECTORS Fisler
ABSENT: DIRECTORS None
ABSTAIN: DIRECTORS None

MOTION

Motion by Vice President Temianka, second by Director Atkinson, to approve a refund for recycled water users - an estimated \$289,367, for the period January 1, 2015 to June 30, 2016. Exact amount to be based on final June 30, 2016 meter reads. Motion passed 5-0.

16. PROPOSED FISCAL YEAR 2017 BUDGET:

CFO Hamilton presented the draft FY 2017 Budget. The following was highlighted:

- FY 2017 Budget Summary
 - Budget Assumptions
 - Cash on Hand and Days Cash Ratio
 - Cash Inflows and Outflows
 - Budgeted Water Sales and Production
- Water Supply Needs
- Operating Expenses by Department

- Organizational Chart and Staffing Changes
- Capital, Capital Replacement and Refurbishment
- Community Outreach Events
- District Memberships

CFO Hamilton responded to questions from the Board.

President Dewane asked for comments. Member of the Public Greg Ridge offered comments regarding the Community Outreach Programs.

MOTION

Motion by Vice President Temianka, second by Director Fisler, to adopt the proposed FY 2017 Budget and bring the District Memberships and Community Outreach Events listings to the next Finance Committee meeting for review. Motion passed 5-0.

RECESS

President Dewane declared a recess at 8:00 p.m. The meeting reconvened at 8:05 p.m.

17. CLOSED SESSION:

President Dewane announced the Board was going into Closed Session at 8:05 p.m.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

Pursuant to California Government Code Sections 54956.9 (d) (1) and 54954.5 (c)
Case: The State of California et al. v. Samsung SDI, Co., Ltd, et al. – San Francisco Superior Court Case No. CGC–11-515784

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

Pursuant to California Government Code Sections 54956.9 (d) (1) and 54954.5 (c)
Case: Synetcom Digital, Inc. vs. Mesa Water District, KDC, Inc., etc. et al.

The Board returned to Open Session at 8:10 p.m.

Attorney Anslow announced the Board conducted two Closed Session items with the General Manager, Assistant General Managers and Legal Counsel pursuant to California Government Code Sections 54956.9 (d) (1) and 54954.5 (c). The Board received the information and there is no other announcement.

REPORTS:

18. REPORT OF THE GENERAL MANAGER

- April Key Indicators Report
- Other (no enclosure)

19. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:


20. DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)

21. OTHER (NO ENCLOSURE)

Mesa Water® Board Meeting May 19, 2016

President Dewane adjourned the meeting at 8:33 p.m. to a Regular Board Meeting scheduled for Thursday, June 9, 2016, at 6:00 p.m.

Approved:



Shawn Dewane, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer