



*Dedicated to
Satisfying our Community's
Water Needs*

**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Thursday, September 10, 2015
1965 Placentia Avenue, Costa Mesa, CA 92627
6:00 p.m. Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on September 10, 2015 at 6:00 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. Director Fisler asked for a moment of silence in remembrance of the 14 year anniversary of the 9/11 terrorist attacks in New York, Pennsylvania and Washington D. C.

Directors Present

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

Directors Absent

Ethan Temianka, Vice President

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, Public and Government Affairs Manager
Stacie Sheek, Customer Services Manager
Tim Beaman, Associate Engineer
Mark Pelka, Sr. Civil Engineer
Denise Garcia, Executive Assistant to the General Manager
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

None

PUBLIC COMMENTS

There were no comments on non-agendized topics. President Dewane proceeded with the meeting.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

General Manager Shoenberger reported there were no items to be added, withdrawn or reordered on the agenda.

CONSENT CALENDAR ITEMS:

Approve all matters under the Consent Calendar by one motion unless a Board member, staff, or a member of the public requests a separate action.

1. Approve minutes of regular Board meeting of August 13, 2015.
2. Approve minutes of special Board meeting of August 17, 2015.
3. Approve minutes of special Board meeting of August 18, 2015.
4. Approve attendance considerations (additions, changes, deletions).
5. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar
 - Upcoming Community Outreach Events
6. Approve a contract amendment with Sophos Solutions for a not to exceed amount of \$80,000 to perform an account restructuring within the Cogsale Customer Service Management System.
7. Authorize President Shawn Dewane to be Mesa Water®'s voting delegate for the Association of California Water Agencies Region 10 Board Election for the 2016-2017 Term and to cast the District's vote in favor of the slate of nominees as recommended by the Region 10 Nominating Committee.
8. Approve support for the appointments of both Board and staff to committees of the Association of California Water Agencies.

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

MOTION

Motion by Director Bockmiller, seconded by Director Fisler, to approve the Consent Calendar. Motion passed 4-0-1 with Director Temianka absent.

PRESENTATION AND DISCUSSION ITEMS:

9. STATE WATER RESOURCES CONTROL BOARD DROUGHT REGULATIONS BEYOND FEBRUARY 2016:

General Manager Shoenberger noted that this item was discussed at the Executive Committee. He continued with an update on a recent meeting conducted by the State Water Resources Control Board (SWRCB) with nearly 20 water districts, a representative from ACWA, as well as 3-4 environmental firms.

A brief discussion ensued regarding Prop 218, allocation based rates, and uniform rate structures. Mr. Shoenberger reiterated that Mesa Water® uses the uniform rate structure and does not support a mandated change to allocation based rates.

Consensus was reached to direct the General Manager to work within the scope of his authority and expense approval to seek entities who will work with Mesa Water® to avoid the SWRCB from mandating changes (i.e. tierred or allocation based rates) that do not serve the best interest of Mesa Water® customers.

10. FINANCIAL FORECAST:

General Manager Shoenberger offered that this topic was brought at the request of Director Fisler.

Chief Financial Officer Hamilton provided a financial forecast. He offered that due to a variety of unique factors, assumptions used to formulate the FY 2016 budget have changed subsequent to adoption by the Board. Therefore, a forecast for FY 2016 was created with revised assumptions to provide updated financial information to the Board. This forecast provides an estimate of expected financial results due to a variety of factors: actual conservation exceeding budgeted conservation, anticipated changes to the Basin Production Percentage (BPP) from 70% to 75%, increased receipt of developer fee deposits, a slight decrease in capital expenditures, etc. Two variations of the forecast were created and then compared to the FY 2016 budget.

He noted that the FY 2016 Annual Forecast vs. Budget Net Change in Cash:

- Scenario #1 \$349,735
- Scenario #2 (\$795,153)

Mr. Hamilton responded to questions from the Board.

Mr. Shoenberger noted that financial forecasts would be provided at least quarterly to the Board in order to track trending as variables change.

ACTION ITEMS:

11. RESERVOIRS 1 & 2 PUMPS, CONTROLS, AND CHEMICAL SYSTEM ASSESSMENT PROJECT:

General Manager Shoenberger provided a review of the project. He noted that maintaining reliable reservoir operations is critical to any water system. Reservoirs are used for meeting peak day demands, provide back-up storage during emergencies, and allow a water purveyor operational flexibility when main production facilities are taken offline for maintenance. Reservoir effectiveness is evaluated using standard metrics (i.e., Pump efficiency, power usage, water quality, mechanical equipment condition, required maintenance labor, etc.). These parameters are collectively used to assess the overall performance of a reservoir.

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

MOTION

Motion by Director Bockmiller, seconded by President Dewane, to award a contract to Hazen & Sawyer for professional engineering services for a not to exceed amount of \$418,018. Motion passed 4-0-1 with Director Temianka absent.

12. RESOLUTION NO. 1465 – PUBLIC GOODS CHARGE OR OTHER WATER TAX:

Public & Government Affairs Manager Taylor reviewed Resolution 1465. In the past legislative session, she noted that the District managed to protect the legislative platforms that the Board approved and adopted at its last Board Workshop. ACWA anticipates the

proposal that could be billed as a “drought response” measure would generate funding to assist disadvantaged communities that lack safe drinking water and/or have been severely impacted by the ongoing drought. While ACWA agrees that some disadvantaged communities need assistance to address their water supply challenges, Mesa Water® does not believe a public goods charge imposed on water bills is the appropriate mechanism to fund solutions.

A public goods charge on water is contrary to local control and accountability – local water managers are best suited to identify ways to spend locally generated revenues at their respective agencies. Layering an additional tax on water bills in order to send money to Sacramento, where a portion will be carved out to fund another layer of administration, is not efficient and is not an appropriate solution or sound policy. It will make water less affordable. More appropriate funding sources – such as the state’s general fund – should be pursued to address a problem that is in the public’s interest to solve.

MOTION

Motion by Director Atkinson, seconded by President Dewane, to approve Resolution No. 1465 – Opposing a Public Goods Charge on Water. Motion passed 4-0-1 with the following roll call vote:

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

13. CLOSED SESSION:

President Dewane announced the Board was going into Closed Session at 6:50 p.m.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

Pursuant to Government Codes 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 6:59 p.m.

Attorney Anslow announced the Board met in Closed Session with the General Manager, Assistant General Managers Lauri and Monteleone, and Legal Counsel regarding existing litigation pursuant to Government Codes Sections 54956.9 (d) (1) and 54954.5 (c). The Board received information and there is no other announcement.

REPORTS:

14. REPORT OF THE GENERAL MANAGER

- August Key Indicators Report
- Other (no enclosure)

15. DIRECTORS’ REPORTS AND COMMENTS

INFORMATION ITEMS:

16. DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)
17. OTHER (NO ENCLOSURE)

President Dewane adjourned the meeting at 7:45 p.m. to a Regular Board Meeting scheduled for Thursday, October 8, 2015 6:00 p.m.

Approved:



Shawn Dewane, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer