



Costa Mesa Sanitary District

...an Independent Special District

May 23, 2016

The Honorable Shawn Dewane
President, Board of Directors
Mesa Water District
1965 Placentia Avenue
Costa Mesa, CA 92627

Dear President Dewane:

Thank you for your invitation to perform a collaborative study on an optimal government structure for serving the residents of our two respective agencies. However, I respectfully request your Board postpone agendaizing this on your June 9th Board of Directors meeting.

The Costa Mesa Sanitary District (CMSD) supports researching the most economical, efficient and effective outcome for our constituents, but in the spirit of transparency, we prefer to discuss this item in an open meeting. Therefore, I have directed my General Manager, Scott Carroll, to place this item on CMSD's June 14th Study Session.

As you know, performing this type of study will require some thought provoking discussion between our two agencies and I believe this process should be performed meticulously and with patience. There is no urgent need to complete the study as soon as possible. With that said, it will be helpful for the Board's study session if you or your staff can provide us with some additional information. For instance:

- **Budget.** How much do you believe the study will cost? This item is not in our budget, so we will have to appropriate funding at a future Board meeting.
- **Scope of work.** In order for the consultant to effectively study an optimal government structure he/she will need to receive the scope of work. If the scope of work has not been prepared then I suggest we create an ad hoc committee consisting of two board members from each agency to develop the scope of work. At the very least the study should look at potential savings from both agencies.

Board of Directors

Michael Scheifer

Arthur Perry

Robert Oton

Arlene Schifer

James Ferryman

Staff

Scott C. Carroll
General Manager

Robin B. Hamers
District Engineer

Alan R. Burns
District Counsel

Marcus D. Davis
Treasurer

Noelani Middenway
District Clerk

Wendy H. Davis
Finance Manager

www.cmsdca.gov



District of Distinction
2009-2014

- Request for Proposals (RFP). It is CMSD's policy that any expense over \$5,000 requires at least three bids. We need to solicit RFPs to at least three consulting firms to ensure our constituents are receiving a fair and competitive price to perform such a study.
- Best Value Method. If the proposals are over \$30,000 then the proposal must be evaluated using CMSD's "Best Value" method (CMSD Operations Code Section 4.04.100(e)). If you have a different method for evaluating proposals please share with us your procedures so we can discuss further. I believe it will demonstrate great leadership and cooperation from our two agencies if the ad hoc committee reviews the proposals and makes a recommendation for awarding a contract.
- Consulting firms. Do you have a list of firms you would like to solicit for this study? According to CMSD policy, we need to contact at least three firms. Again, the ad hoc committee could recommend the firms to solicit proposals from.
- Other issues. There are other issues the ad hoc committee can consider as well. For instance, will it be a three party agreement or will it be a standard two party agreement from Mesa Water or CMSD? What about insurance requirements? Will the consultant be required to indemnify and insure both agencies? How will payment to consultant be arranged? Will the consultant be required to submit two invoices, one for each agency, or will CMSD or Mesa Water reimburse the other for services rendered by the consultant?

As you can see, there are some particulars to discuss and it will be prudent for us to sit down together to converse and agree upon the specifics before hiring a consultant. Any information you can provide us by June 8th will be helpful in the Board's discussion on June 14th. Again, thank you for your invitation to perform a joint study and your leadership to the community.

Sincerely,



Michael Scheafer
CMSD Board President

C: CMSD Board of Directors
Mesa Water Board of Directors
Scott Carroll, CMSD General Manager
Paul Shoenberger, Mesa Water General Manager