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Satisfying our Community's  
Water Needs*

**MINUTES OF THE BOARD OF DIRECTORS  
MESA WATER DISTRICT  
Thursday, July 21, 2016  
1965 Placentia Avenue, Costa Mesa, CA 92627  
6:00 p.m. Special Board Meeting**

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**CALL TO ORDER**

The meeting of the Board of Directors was called to order on July 21, 2016 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 Bockmiller 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, P.E., General Manager  
Phil Lauri, P. E., Assistant General Manager  
Andrew Hamilton, Chief Financial Officer  
Stacy Taylor, External Affairs Manager  
Stacie Sheek, Customer Services Manager  
Cynthia Ragland, Interim Public Affairs Manager  
Kurt Lind, Business Administrator  
Denise Garcia, Executive Assistant to the General Manager/  
Assistant District Secretary  
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Jim Fitzpatrick, Member of the Public and Former Costa Mesa Planning Commissioner  
Robert Ooten, Director, Costa Mesa Sanitary District  
Jaquelin Reed, Senior Management Consultant, Arcadis U.S., Inc.

**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**ITEMS TO BE WITHDRAWN OR REORDERED ON THE AGENDA**

General Manager Shoenberger offered there were no items to be withdrawn or reordered on the agenda.

**ACTION ITEMS:**

1. SPECIAL DISTRICTS SHARED EFFICIENCIES PROJECT UPDATE:

General Manager Shoenberger introduced the topic. He stated that one of the tenets of Mesa Water and its Strategic Plan is to be financially responsible and transparent.

Recently, the Mesa Water Board directed staff to explore opportunities to reduce the size and cost of local government by reaching out to the Costa Mesa Sanitary District to conduct a joint study on the efficiencies of combining the City's water and sanitary services. After much communication between the two Districts, the Costa Mesa Sanitary District (CMSD) Board voted not to participate in the study. It had been and continues to be Mesa Water's preference to work collaboratively with CMSD on the study.

Both Districts are local and independent special districts with independently elected Board's of Directors. Each District services the same or similar customer base in and around Costa Mesa.

GM Shoenberger presented the Board with the Optimal Governance Structure Study (Study) prepared by Arcadis U.S., Inc. The Study concludes that the primary benefits from consolidation are significant up-front and annual cost savings. Up-front savings could total \$15.6 million, which could provide a \$650 one-time ratepayer rebate. Annual savings are projected at \$2.7 million, which could result in wastewater rate reductions of up to 28%. The Study also identified additional benefits to combining agencies.

President Dewane asked for public comments.

CMSD Director Robert Ooten commented that he believed that Arcadis does not have sewer experts on staff and that he considers himself a regional expert in sewer line cleaning. He believes two of the other firms that sent in proposals had more expertise in sewer cleaning. The CMSD Board and staff will be evaluating the report and may request additional financial information.

President Dewane thanked Mr. Ooten for his comments and added that Mesa Water is not ignoring public comments, but welcoming them. He stated that the District's door remains open and that the Board looks forward to CMSD staff further evaluating this document. He concluded that this is not a final document; this is an evolutionary document and only a starting point. Mesa Water looks forward to feedback from Director Ooten and CMSD.

Member of the Public and Former Costa Mesa Planning Commissioner Jim Fitzpatrick offered comments in support of the Study. He stated there is a history of efforts regarding the opportunity to consolidate services between the Districts, but those previous efforts have failed to bring consolidation to the City of Costa Mesa.

President Dewane thanked Mr. Fitzpatrick for his comments.

Director Ooten spoke again to express his appreciation of the Board's comments and to clarify that he is not personally opposed to proceeding with the Study. A concern of his would be the amount of CMSD reserves stated in the Arcadis study. He requested a week to review the results of the Study. Mr. Ooten concluded that as long as the numbers are true, he is not opposed to having one District.

President Dewane concluded discussion of this topic by stating that the results of this Study are very significant and that it would be appropriate, as elected officials, to seek public input by considering placing an advisory measure on the ballot of the next General Election. He would like to request further discussion of this topic at a special Board Meeting to be held in one week's time on Thursday, July 28, 2016. He continued that, in order for the Board to make the most informed decision on the Study's results, it would be helpful if staff has ready all materials necessary in order to call for an election if so voted on by the Board. In addition, he would request that staff look further into this topic and also to include any feedback from the Costa Mesa Sanitary District. Lastly, President Dewane stated that the Board has an "obligation to discover and tell"; therefore, the Board would like staff to come back with a plan for distributing to the public the results of the Study.

#### MOTION

Motion by President Dewane, second by Director Temianka, to further address this topic at a special Board meeting to be held on July 28, 2016 and to direct staff to have ready the information and materials necessary to call for an election in the event that the Board reaches consensus. Motion passed 5-0.

#### REPORTS:

2. REPORT OF THE GENERAL MANAGER
3. DIRECTORS' REPORTS AND COMMENTS

#### INFORMATION ITEMS:

4. OTHER (NO ENCLOSURE)

President Dewane adjourned the meeting at 7:02 p.m. to a Special Board Meeting scheduled for Thursday, July 28, 2016, at 4:00 p.m.

Approved:  
  
Shawn Dewane, President

  
Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer