



*Dedicated to
Satisfying our Community's
Water Needs*

**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Thursday, August 24, 2017
1965 Placentia Avenue, Costa Mesa, CA 92627
4:00 p.m. Special Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on August 24, 2017 at 4:05 p.m. by President Atkinson at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was held at the beginning of the Legislative & Public Affairs Committee meeting conducted prior to the Special Board meeting.

Directors Present

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

Directors Absent

None

Staff Present

Paul E. Shoenberger, P.E., General Manager
Phil Lauri, P.E., Assistant General Manager/District Treasurer
Denise Garcia, Administrative Services Manager/
District Secretary
Marwan Khalifa, Chief Financial Officer
Stacie Sheek, Customer Services Manager
Stacy Taylor, External Affairs Manager
Wendy Duncan, Records Management Specialist /
Assistant District Secretary
Jeff Hoskinson, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

Kent Loose, Principal, Orange Coast Consultancy, Inc.
Steve Gagnon, Manager, Raftelis Financial Consultants, Inc.
Khanh Phan, Senior Consultant, Raftelis Financial
Consultants, Inc.
Al Morelli, Member of the Public
Luke Money, Reporter, Daily Pilot

PUBLIC COMMENTS

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

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

General Manager Shoenberger stated there were no items to be added, withdrawn, or reordered on the agenda.

ACTION ITEMS:

1. WATER RATES STUDY

General Manager Shoenberger acknowledged the support team who helped with the preparation of the 2017 Water Rates Study: Chief Financial Officer Khalifa, Orange Coast Consultancy, Inc.'s Kent Loose, Raftelis Manager Steve Gagnon, and Raftelis Senior Consultant Khanh Phan.

Mr. Gagnon offered comments and thanked the Mesa Water Board and staff for their support with this study.

GM Shoenberger reviewed the elements of the District's Strategic Plan noting its Mission Statement as "Dedicated to satisfying our community's water needs" and its Vision as "To be a top performing public water agency." Mesa Water's Strategic Plan outlines seven key goals, including the top three goals of 1) providing a safe, abundant, and reliable water supply; 2) practicing perpetual infrastructure renewal and improvement; and, 3) being financially responsible and transparent.

GM Shoenberger proceeded with a presentation that highlighted the following:

- District Achievements
- Open, Transparent Rate Development Process
- Board's Financial Goals
- Main Factors Impacting Financials
 - Rising Cost of Water
 - Replenishment Assessment (RA) increase 51.4% over last 3 years
 - RA to increase 40.4% over next 5 years
 - Reduced Sales
 - Projected 10% less sales than pre-drought
 - Flat Growth
 - 0.5% Growth in Sales per year
- Forecast Assumptions
- Replenishment Assessment
- Status Quo Days Cash
- Scenarios 1 – 15 Developed to Fulfill Board Objectives
 - Scenarios 1 – 7 meet Board Goals by 2022
 - Scenarios 8 – 15 meet Board Goals by 2024
- Staff Recommendation: Scenario 9 (Rates, Days Cash Projection, Cash On Hand Projection)
- Proposed Schedule

Discussion ensued amongst the Board and GM Shoenberger responded to questions.

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

MOTION

Motion by Vice President Bockmiller, second by Director Dewane, to move forward with Scenario 1 - Uniform Adjustment - with up to a 5% rate increase annually, as presented, to meet five-year goals by 2022. Motion passed 4-0.

REPORTS

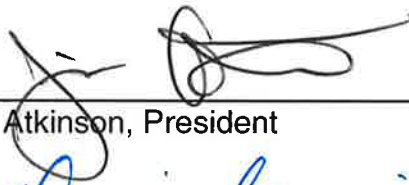
- 2. REPORT OF THE GENERAL MANAGER
- 3. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

- 4. OTHER (NO ENCLOSURE)

President Atkinson adjourned the meeting at 5:16 p.m. to an adjourned Regular Board Meeting scheduled for Friday, August 25, 2017, at 8:00 a.m.

Approved:



Jim Atkinson, President



Denise Garcia, District Secretary

Recording Secretary: Sharon D. Brimer