



Costa Mesa Sanitary District

...an Independent Special District

February 5, 2018

The Honorable Jim Atkinson
President
Mesa Water District
1965 Placentia Ave.
Costa Mesa, CA 92627

Dear President ^{JIM} Atkinson:

I appreciated your letter of January 24, in which you offer that Mesa Water District will "stand down" as it pertains to further contemplation of, or efforts relative to, consolidation with Costa Mesa Sanitary District (CMSD). In return, you ask in your letter that CMSD discontinue its current legal actions against Mesa Water.

On behalf of the CMSD Board of Directors, I have appreciated our recent dialogue very much and look forward to greatly improved relations between our two districts as we move into 2018. However, our Board believes it would be more prudent to have some level of official action by Mesa Water's Board before we should consider taking the action you request.

As you may remember, on April 22, 2010 Mesa Water Board Member Shawn Dewane came before the CMSD Board to seek our support of his candidacy for one of two special district seats on the Orange County Local Agency Formation Commission. As part of his remarks, Director Dewane said the following (I have attached a copy of CMSD Board minutes):

"If elected to the LAFCO Commission, I would like to say one additional thing as there have been rumors circulating and one rumor is that I am doing this to further the ambition of Mesa to take over the Sanitary District, and I would like the record to accurately reflect that is not my motive and that is not my purpose or ambition of Mesa to take over the Sanitary District. I would work with you to further strengthen the independence of this District and not to merge it with Mesa or any other city."

We would hope that Director Dewane's statement is still true and sincere. We want nothing more than to work cooperatively and collaboratively with you on strengthening the independence of both our Districts.

Board of Directors

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Alan R. Burns
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District Clerk

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As stated above, while we appreciate your efforts to address and resolve the concerns of the CMSD Board regarding Mesa's actions and motives, we believe it is entirely appropriate to seek an official action by your Board. I have attached draft language for your consideration that I invite you to share with your Board and General Manager. Upon such official action by the Mesa Water District Board of Directors, the CMSD Board will immediately act upon your request to discontinue our current legal activities, dismiss the lawsuit and waive our opportunity to seek attorney's fees.

I remain available to discuss this and other matters with you as you so desire. On behalf of the CMSD Board, we welcome the opportunity to, as you stated, move toward putting this matter to rest.

Thank you for your consideration and best regards.

Sincerely,



Mike Scheafer

cc: CMSD Board members
Mesa Water District Board members
Scott Carroll, CMSD General Manager
Paul Shoenberger, Mesa Water General Manager

Mesa Water District and Costa Mesa Sanitary District each acknowledges that both Districts do an excellent job of servicing our respective ratepayers and, upon further consideration, individually and mutually concur that consolidation of the two districts is unwarranted. To that end, the Mesa Water Board will not pursue or support consolidation efforts and will not initiate any such efforts prior to the conclusion of the LAFCO MSR process and without the official participation and support of CMSD.

The Districts each pledge to work cooperatively and collaboratively in the future through the Liaison Committee forum and via District-to-District meetings at various levels to share ideas and potential cost saving concepts. Each District pledges to work in the spirit of collegiality to support the other District's mission.

Jim Atkinson, President
Mesa Water District Board of Directors

Mike Scheafer, President
CMSD Board of Directors