



TT

Mesa Water District, Advisory Measure Seeking Public Input Regarding the Potential Consolidation of the Mesa Water District and the Costa Mesa Sanitary District

Shall the Mesa Water District and the Costa Mesa Sanitary District pursue consolidation?

What your vote means

YES	NO
A "Yes" vote indicates that proceeding with consolidation of the two districts is preferred.	A "No" vote indicates the status quo of two separate districts is preferred.

For and against

FOR	AGAINST
<p>Shawn Dewane President, Mesa Water District</p> <p>Ethan Temianka Vice President, Mesa Water District</p> <p>Jim F. Atkinson Director, Mesa Water District</p> <p>Fred R. Bockmiller, Jr., P.E. Director, Mesa Water District</p> <p>James R. Fisler Director, Mesa Water District</p>	<p>Michael Scheafer President, Costa Mesa Sanitary Dist.</p> <p>Robert Ooten Secretary, Costa Mesa Sanitary Dist.</p>



Ballot Measures-TT

Full Text of Measure TT Mesa Water District/Costa Mesa Sanitary District

Advisory Measure Seeking Public Input Regarding the Potential Consolidation of the Mesa Water District and the Costa Mesa Sanitary District

The Board of the Mesa Water District commissioned a study entitled the "Optimal Governance Structure Study," which was prepared by Arcadis U.S. Inc. (the "Arcadis Study"); and

The Arcadis Study concluded that consolidation of the Mesa Water District and the Costa Mesa Sanitary District could result in a one-time savings of up to \$15.6 million (which equates to \$650 per ratepayer), annual savings of as much as \$2.7 million (which includes wastewater rate reductions of up to 28%); and

The Mesa Water District Board desires public input as to whether consolidation should be pursued if it could result in the savings identified in the Arcadis Study; and

On July 28, 2016, the Board of Directors of the Mesa Water District called for an election on an advisory measure, known as the Advisory Measure Seeking Public Input Regarding The Potential Consolidation of The Mesa Water District and The Costa Mesa Sanitary District (the "Measure"), to be held in the Mesa Water and Costa Mesa Sanitary Districts service areas; and

On August 9, 2016 the Orange County Board of Supervisors adopted a resolution authorizing an election to occur on the Measure in both the Mesa Water District service area, as well as that portion of the Costa Mesa Sanitary District lying outside of the jurisdiction of the Mesa Water District per Elections Code Section 9603;

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING:

The Board of Directors for the Mesa Water District submits the following advisory measure to the voters located within the Mesa Water District and the Costa Mesa Sanitary District service areas:

Shall the Mesa Water District and the Costa Mesa Sanitary District pursue consolidation?

Impartial Analysis Mesa Water District/Costa Mesa Sanitary District Measure TT

Measure TT is an advisory measure which seeks to obtain public input as to whether the Mesa Water District and Costa Mesa Sanitary District should pursue consolidation. It has been placed on the ballot by the Mesa Water District, for the express purpose of starting a process to provide water, wastewater, and solid waste services, as set forth in the "Optimal Governance Structure Study" provided by Arcadis U.S., Inc., which was commissioned by the Mesa Water District in June 2016.

The Arcadis study concludes that combining the two districts could result in significant cost savings. Specifically, the study determined consolidation could result in: (a) a one-time cost savings of approximately \$15.6 million; which creates the potential to offer customers a one-time rebate of up to \$650, and (b) additional annual cost savings of \$2.7 million; which could include a reduction in wastewater rates by approximately 28%. The study also notes that consolidation could provide the potential for increased flexibility and transparency, increased environmental benefits, and improved customer service, thereby allowing a consolidated single district to more efficiently provide water, wastewater, and solid waste services.

A "Yes" vote indicates that proceeding with consolidation of the two districts is preferred and a "No" vote indicates the status quo of two separate districts is preferred. Since the Measure is advisory only, if approved by the voters it would not automatically result in the consolidation of the two districts. Rather, the consolidation process would require additional actions by the Mesa Water District and the Costa Mesa Sanitary District, as well as the Local Agency Formation Commission ("LAFCO").

The study is available for public review at Mesa Water District's headquarters located at 1965 Placentia Ave., Costa Mesa, CA or on the internet at www.MesaWater.org/SDSE.



Argument in Favor of Measure TT

Vote Yes on Measure TT. Your vote is the first step towards reducing the size and cost of local government through the consolidation of Mesa Water District and Costa Mesa Sanitary District.

Consolidating the Districts may save ratepayers \$15.6 million upfront, making available an immediate rebate of up to \$650 per customer. Consolidating the Districts may also save ratepayers \$2.7 million annually and reduce wastewater rates by 28%.

The combined agency will be financially strong with a projected \$40 million in reserves after savings are returned to ratepayers. Mesa Water District will not, and legally cannot, use the \$15.6 million to pay off debt. We pledge to give You the People all the benefits of the savings.

Vote Yes on Measure TT. According to a recent study by the nationally recognized consulting firm Arcadis U.S., Inc., which used the most current independently audited financial information and not "budgets" which are only projections, consolidating the districts would:

- Create one smaller, more cost-efficient local water and sanitary agency
- Continue the same safe, high quality water and sanitary services
- Reduce redundant staff thereby saving ratepayers money
- Increase local government transparency

Mesa Water District and Costa Mesa Sanitary District serve primarily the same customers. Most water and sanitary services in Orange County are served by one agency. The rest of Orange County is benefitting from the efficiencies of a combined agency, you should too!

Currently, a 5 member board oversees 17 full-time sewer/trash employees and a separate 5 member board oversees 55 water employees. We believe one board is more than capable of overseeing the combined employees. For us, consolidation is not about saving political positions - it is about reducing the size and cost of government for the ratepayers.

Vote Yes on Measure TT.

Send a strong message of change.

www.MesaWater.org/SDSE

s/ Shawn Dewane
President, Mesa Water District

s/ Ethan Temianka
Vice President, Mesa Water District

s/ Jim F. Atkinson
Director, Mesa Water District

s/ Fred R. Bockmiller, Jr., P.E.
Director, Mesa Water District

s/ James R. Fisler
Director, Mesa Water District

Rebuttal to Argument in Favor of Measure TT

Mesa Water District's Board of Directors want so badly for you to believe that their hostile takeover of Costa Mesa Sanitary District is "responsible government," they are spending more than \$350,000 in ratepayer dollars to convince you.

The consolidation "study" commissioned by Mesa, which cost almost \$30,000, made a number of assumptions based on outdated or missing information, and unfortunately those assumptions are being used by Mesa to advance this hostile takeover of CMSD. In fact, the following disclaimer is included by its author within the report:

"No assurance is given that the results forecasted herein will be achieved. As such, it would be unwise to make major decisions based upon the results of the Study when the preparer cannot provide any assurance as to the results."

CMSD's Board of Directors is committed to exploring any and all efficiencies that simultaneously reduce rates while protecting public health and safety. Unfortunately, Mesa's Board of Directors is spending public money on studies, attorneys and political consultants rather than working collaboratively with other stakeholders on what might truly be in the best interest of the public, pursuing instead an attempted takeover via a public relations campaign.

This is a radical departure from the typical consolidation process, being engineered by one agency with questionable motivations and using inaccurate messages, erroneous information and flawed assumptions. We urge you to **VOTE NO** and send a message that we all support enhancing and streamlining government services via established processes that are transparent, impartial and absent any agenda.

s/ Michael Scheafer
Director

s/ Bob Ooten
Director



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Argument Against Measure TT

Don't be fooled. A yes vote on this advisory measure is an endorsement of a hostile takeover of Costa Mesa Sanitary District, widely acknowledged as an efficient, well-run and debt free public agency, by a bloated special district that has substantial debt, including pension and health care obligations created by inflated salaries and other compensation levels that are amongst the highest of any agency in Orange County. Mesa's Board of Directors has spent significant resources in its effort to engineer this takeover and ignored the Orange County Local Agency Formation Commission (LAFCO), the neutral body that **by law** must review, consider and ultimately vote on such matters. Mesa has spent public money on so-called "expert studies," high-priced attorneys and political consultants over several months without consulting with the Costa Mesa Sanitary District, the City of Costa Mesa, LAFCO or other agencies about this proposal, choosing instead to orchestrate this attempted takeover and timing their efforts so that tight election deadlines would produce maximum benefit. The City of Costa Mesa, Costa Mesa Sanitary District and Mesa Water District have regular liaison meetings every few months to discuss common issues, yet this consolidation proposal was never placed on the agenda for discussion at one of these meetings. This type of governance is not transparent, nor is it beneficial to residents and ratepayers. We urge you to vote no and send a message that we all support enhancing and streamlining government services via established processes that are transparent, impartial and absent any agenda.

s/ Michael Scheafer
President, Costa Mesa Sanitary Dist.

s/ Robert Ooten
Secretary, Costa Mesa Sanitary Dist.

Rebuttal to Argument Against Measure TT

Vote Yes on Measure TT.

Advisory Measure TT is about reducing the size and cost of local government for the benefit of the ratepayers.

We want to convey the simple facts.

Consolidating the two Districts can:

- Immediately save \$15.6 million up front - equivalent to a \$650 rebate per customer
- Annually save \$2.7 million – equivalent to reducing wastewater rates by 28%
- Perpetually improve responsiveness, transparency, safety and customer service

We are pleased to see the opposing argument did not dispute the cost savings consolidation can provide.

What seems to be in dispute is whether the Costa Mesa Sanitary District was consulted about collaborating on the study. In fact, meetings were held, phone calls were made, letters were exchanged, and invitations were sent to conduct the study together. Ultimately, the Costa Mesa Sanitary District Board voted not to participate and Mesa Water followed through with the study.

Please visit www.MesaWater.org/SDSE to view the communication timeline regarding the Special Districts Shared Efficiencies project.

For you to cast your conscientious vote, this is how a consolidated agency would look:

- Efficient Governance: One local 5 member Board overseeing approximately 68 employees
- Financial Strength: One consolidated agency with the financial strength necessary to achieve the highest financial AAA rating available
- Ample Reserves: Reserves of \$40 million - even AFTER realizing the \$15.6 million in savings

Local leadership has a duty to its community to explore viable solutions to deliver services as economically and efficiently as possible.

Vote Yes on Measure TT.

Send a strong message for change.

s/ Shawn Dewane
President, Mesa Water District

s/ Ethan Temianka
Vice President, Mesa Water District

s/ Jim F. Atkinson
Director, Mesa Water District

s/ Fred R. Bockmiller, Jr., P.E.
Director, Mesa Water District

s/ James R. Fisler
Director, Mesa Water District