



*Dedicated to
Satisfying our Community's
Water Needs*

**AGENDA
MESA WATER DISTRICT
BOARD OF DIRECTORS
Thursday, March 12, 2020
1965 Placentia Avenue, Costa Mesa, CA 92627
6:00 p.m. Regular Board Meeting**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

**ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE
AUTHORITY RECOGNITION**

PUBLIC COMMENTS

Items Not on the Agenda: Members of the public are invited to address the Board regarding items which are not on the agenda. Each speaker is limited to three minutes. The Board will set aside 30 minutes for public comments.

Items on the Agenda: Members of the public may comment on agenda items before action is taken, or after the Board has discussed the item. Each speaker is limited to three minutes. The Board will set aside 60 minutes for public comments.

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

At the discretion of the Board, all items appearing on this agenda, whether or not expressly listed as an Action Item, may be deliberated and may be subject to action by the Board.

CONSENT CALENDAR ITEMS:

Approve all matters under the Consent Calendar by one motion unless a Board member, staff, or a member of the public requests a separate action.

1. Approve minutes of regular Board meeting of February 13, 2020.
2. Approve minutes of special Board meeting of February 18, 2020.
3. Approve minutes of special Board meeting of February 24, 2020.
4. Approve minutes of special Board meeting of February 24, 2020.
5. Approve attendance considerations (additions, changes, deletions).
6. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar
 - Upcoming Community Outreach Events
7. Approve the proposed Capital Improvement Program Renewal.

ACTION ITEMS:

8. RESOLUTION NO. 1529 REVISING THE DESIGNATED FUNDS POLICY:

**Recommendation: Adopt Resolution No. 1529 Revising the Designated Funds Policy
Superseding Resolution No. 1443.**



9. ORDINANCE NO. 29 – DIRECTORS’ COMPENSATION AND EXPENSE REIMBURSEMENT:

Recommendation: Discuss Directors’ fees and, if determined, direct staff to schedule a public hearing for the April 9, 2020 Board meeting.

10. MESA CONSOLIDATED WATER DISTRICT IMPROVEMENT CORPORATION ANNUAL MEETING:

Recommendation: Recess from regular Board meeting and hold the Mesa Consolidated Water District Improvement Corporation Annual Meeting.

PRESENTATION AND DISCUSSION ITEMS:

11. ORANGE COUNTY WATER DISTRICT BRIEFING:

Recommendation: Receive the presentation.

REPORTS:

12. REPORT OF THE GENERAL MANAGER:

- February Key Indicators Report
- Other (no enclosure)

13. DIRECTORS’ REPORTS AND COMMENTS

INFORMATION ITEMS:

14. ISSUANCE OF CERTIFICATES OF PARTICIPATION SCHEDULE

15. DIRECTORS’ REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)

16. OTHER (NO ENCLOSURE)

CLOSED SESSIONS:

17. CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE 54957.6:

District Negotiator: General Manager

Employee Organization: District Employees



18. CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT EXPOSURE TO LITIGATION/ADJUDICATORY PROCEEDINGS:

Pursuant to California Government Code Sections 54956.9 (d)(2) and 54954.5 (c) – based on existing facts and circumstances, the Board is meeting with Legal Counsel to review matters relating to legal proceedings presented to the California Fair Political Practices Commission involving Mesa Water District.

Case: 16/19813

In compliance with California law and the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 631-1206. Notification 48 hours prior to the meeting will enable Mesa Water District (Mesa Water) to make reasonable arrangements to accommodate your requests.

Members of the public desiring to make verbal comments utilizing a translator to present their comments into English shall be provided reasonable time accommodations that are consistent with California law.

Agenda materials that are public records, which have been distributed to a majority of the Mesa Water Board of Directors (Board), will be available for public inspection at the District Boardroom, 1965 Placentia Avenue, Costa Mesa, CA and on Mesa Water's website at www.MesaWater.org. If materials are distributed to the Board less than 72 hours prior or during the meeting, the materials will be available at the time of the meeting.

**ADJOURN TO A REGULAR BOARD MEETING SCHEDULED FOR THURSDAY APRIL 9, 2020
AT 6:00 P.M.**



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**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Thursday, February 13, 2020
1965 Placentia Avenue, Costa Mesa, CA 92627
6:00 p.m. Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order February 13, 2020 at 6:04 p.m. by President Dewane.

PLEDGE OF ALLEGIANCE

Director Fisler led the Pledge of Allegiance.

Directors Present

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

Directors Absent

None

Staff Present

Paul E. Shoenberger, P.E., General Manager
Phil Lauri, P. E., Assistant General Manager
Denise Garcia, Administrative Services Manager/
District Secretary
Wendy Duncan, Records Management Specialist/
Assistant District Secretary
Marwan Khalifa, CPA, MBA, Chief Financial Officer/
District Treasurer
Stacie Sheek, Customer Services Manager
Stacy Taylor, External Affairs Manager
Tracy Manning, Water Operations Manager
Rob Anslow, Partner, Atkinson, Andelson, Loya, Ruud & Romo

Others Present

Robert J. Hunter, General Manager, Municipal Water District of Orange County (MWDOC)
Kevin M. Phillips, District Manager, Paradise Irrigation District (via Skype)

PUBLIC COMMENTS

President Dewane asked for public comments on items not on the agenda.

There were no public comments and President Dewane proceeded with the meeting.

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

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

CONSENT CALENDAR ITEMS:

Approve all matters under the Consent Calendar by one motion unless a Board member, staff, or a member of the public requests a separate action.

1. Approve minutes of regular Board meeting of, January 9, 2020.
2. Approve minutes of special Board meeting of January 21, 2020.
3. Approve minutes of special Board meeting of January 27, 2020.
4. Approve minutes of special Board meeting of January 27, 2020.
5. Approve attendance considerations (additions, changes, deletions).
6. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar
 - Upcoming Community Outreach Events
7. Receive the Quarterly Training Report for October 1, 2019 to December 31, 2019.

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

MOTION

Motion by Director Atkinson, second by Vice President DePasquale, to approve Items 1 – 7 of the Consent Calendar. Motion passed 5-0.

ACTION ITEMS:

None.

PRESENTATION AND DISCUSSION ITEMS:

8. MUNICIPAL WATER DISTRICT OF ORANGE COUNTY BRIEFING:

GM Shoenberger introduced MWDOC General Manager Robert Hunter who proceeded with a presentation that highlighted the following:

- Northern California Accumulated Precipitation
- State Water Project (SWP) Table A Allocation
- MWD 2020 Estimated Water Storage
- MET Key Budget Assumptions
- Proposed MET Rates and Charges
- MWDOC FY 2020-21 Budget

Mr. Hunter responded to questions from the Board and they thanked him for the presentation.

9. PARADISE IRRIGATION DISTRICT:

GM Shoenberger reviewed the topic and introduced Paradise Irrigation District's District Manager Kevin Phillips who participated via Skype. Mr. Phillips provided an update on the progress being made during the reconstruction of the District's infrastructure and the restoration of water service to their community.

Mr. Phillips responded to questions from the Board and they thanked him for the update.

Director Fisler read Paradise Irrigation District's Resolution No. 2019-08 into the record:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PARADISE IRRIGATION DISTRICT IN APPRECIATION FOR THE MUTUAL AID SUPPORT PROVIDED BY WATER AGENCIES AND VOLUNTEER ORGANIZATIONS THAT HAVE ASSISTED THE DISTRICT IN ITS RECOVERY EFFORTS FOLLOWING THE CAMP FIRE THAT OCCURRED IN BUTTE COUNTY ON NOVEMBER 8, 2018.

The Paradise Irrigation District does hereby resolve as follows:

WHEREAS, Paradise Irrigation District (PID), which provides drinking water to the homes and businesses within the Town of Paradise, was severely impacted by the unprecedented magnitude of devastation following the Camp Fire in Butte County on November 8, 2018; and

WHEREAS, since the disaster, PID's 10,500 customers have been under a water advisory due to the fire-induced volatile organic compound contamination of water mains and service laterals; and

WHEREAS, PID's recovery effort is focused on testing system components to determine contamination and if effected by contamination, replacing damaged infrastructure; and

WHEREAS, in collaboration with other agencies via the California Water Agency Response Network (CalWARN) Mutual Aid Program and through partnerships with volunteer organizations, multiple water agencies and organizations have graciously responded by providing the mutual aid of personnel, equipment, time and materials; and

WHEREAS, the assistance provided to Paradise Irrigation District and its customers has been invaluable in the response and recovery process; and

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Paradise Irrigation District expresses its sincere gratitude and appreciation to Mesa Water District in recognition of the support provided in helping the District make significant progress on the recovery and rebuilding efforts of its water distribution system.

10. BOARD WORKSHOP PLANNING:

GM Shoenberger reviewed the proposed agenda topics for the March 27, 2020 Board of Directors' workshop. He asked if there were additional topics to be added and the Board replied that there were none at this time.

REPORTS:

11. REPORT OF THE GENERAL MANAGER:

- January Key Indicators Report
- Other (no enclosure)

12. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

- 13. DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)
- 14. OTHER (NO ENCLOSURE)

RECESS

President Dewane declared a recess at 7:35 p.m.

The meeting reconvened at 7:38 p.m.

CLOSED SESSION:

President Dewane announced that the Board was going into Closed Session at 7:38 p.m.

- 15. CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT EXPOSURE TO LITIGATION/ADJUDICATORY PROCEEDINGS:
Pursuant to California Government Code Section 54956.9 (d)(2) and 54954.5 (c) – based on existing facts and circumstances, the Board is meeting with Legal Counsel to review matters relating to legal proceedings presented to the California Fair Political Practices Commission involving Mesa Water District.
Case: 16/19813

The Board returned to Open Session at 7:51 p.m.

District Secretary Garcia announced that the Board conducted one Closed Session with the General Manager, District Secretary, and Legal Counsel pursuant to California Government Code Sections 54956.9 (d)(2) and 54954.5 (c) The Board received information and there was no further announcement.

President Dewane adjourned the meeting at 7:52 p.m. to a Regular Board Meeting scheduled for Thursday, March 12, 2020 at 6:00 p.m.

Approved:

Shawn Dewane, President

Denise Garcia, District Secretary

Sharon D. Brimer, Recording Secretary



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**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Tuesday, February 18, 2020
1965 Placentia Avenue, Costa Mesa, CA 92627
3:30 p.m. Special Board Meeting**

ENGINEERING AND OPERATIONS COMMITTEE MEETING

CALL TO ORDER	The meeting of the Board of Directors was called to order at 3:30 p.m. by Chairman Bockmiller.
PLEDGE OF ALLEGIANCE	Water Operations Manager Manning led the Pledge of Allegiance.
Directors Present	Shawn Dewane, President Marice H. DePasquale, Vice President Jim Atkinson, Director Fred R. Bockmiller, P.E., Director, Chair James R. Fidler, Director
Directors Absent	None
Staff Present	Paul E. Shoenberger, P.E., General Manager Phil Lauri, P.E., Assistant General Manager Denise Garcia, Administrative Services Manager/ District Secretary Marwan Khalifa, CPA, MBA, Chief Financial Officer Syndie Ly, Human Resources Manager Tracy Manning, Water Operations Manager Celeste Carrillo, Public Affairs Coordinator
Others Present	Aryo Rad, P.E., Practice Builder and Associate, Kimley-Horn

PUBLIC COMMENTS

There were no comments on non-agendized topics.

CONSENT CALENDAR ITEMS:

1. Developer Project Status Report
2. Mesa Water and Other Agency Projects Status Report
3. Water Quality Call Report
4. Committee Policy & Resolution Review
5. Water Operations Status Report

MOTION

Motion by Vice President DePasquale, second by President Dewane, to approve Items 1 – 5 of the Consent Calendar. Motion passed 5-0.

ACTION ITEMS:

6. Capital Improvement Program Renewal

General Manager Shoenberger introduced Assistant General Manager Lauri who proceeded with a presentation that highlighted the following:

- Background
- Historical CIP Expenditures
- CIPR Priorities (FY20 – FY23)
- Program Summary
- Budget
- Cash Flow
- Schedule

MOTION

Motion by President Dewane, second by Director Bockmiller, to add to the next Regular Board meeting Consent Calendar approval of the proposed Capital Improvement Program Renewal. Motion passed 5-0.

PRESENTATION AND DISCUSSION ITEMS:

None.

REPORTS:

7. Report of the General Manager
8. Directors' Reports and Comments

INFORMATION ITEMS:

9. Mesa Water Reliability Facility Parking Project

RECESS

Director Bockmiller declared a recess at 4:22 p.m.

The Board meeting reconvened at 4:24 p.m.

CLOSED SESSION:

Director Bockmiller announced that the Board was going into Closed Session at 4:25 p.m.

10. CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO CALIFORNIA GOVERNMENT CODE 54957.6:
District Negotiator: General Manager
Employee Organization: District Employees

The Board returned to Open Session at 4:40 p.m.

District Secretary Garcia announced that the Board conducted one Closed Session with the General Manager, District Secretary, Assistant General Manager, and Human Resources Manager pursuant to California Government Code 54957.6. The Board received information and there was no further announcement.

The Board meeting was adjourned at 4:42 p.m.

Approved:

Shawn Dewane, President

Denise Garcia, District Secretary



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**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Monday, February 24, 2020
1965 Placentia Avenue, Costa Mesa, CA 92627
3:30 p.m. Special Board Meeting**

FINANCE COMMITTEE MEETING

CALL TO ORDER

The meeting of the Board of Directors was called to order at 3:30 p.m. by Chairman Fisler.

PLEDGE OF ALLEGIANCE

Director Bockmiller led the Pledge of Allegiance.

Directors Present

Marice H. DePasquale, Vice President
Jim Atkinson, Director
Fred R. Bockmiller, P.E., Director
James R. Fisler, Director, Chair

Directors Absent

Shawn Dewane, President

Staff Present

Paul E. Shoenberger, P.E., General Manager
Denise Garcia, Administrative Services Manager/
District Secretary
Marwan Khalifa, CPA, MBA, Chief Financial Officer
Rob Anslow, Partner, Atkinson, Andelson, Loya, Ruud & Romo

Others Present

None

PUBLIC COMMENTS

There was no public present.

CONSENT CALENDAR ITEMS:

Director Atkinson pulled Item 2 for discussion. There were no objections.

1. Accounts Paid Listing
2. Monthly Financial Reports
3. Major Staff Projects
4. Committee Policy & Resolution Review
5. Fiscal Year 2020 Second Quarter Financial Update

MOTION

Motion by Director Bockmiller, second by Vice President DePasquale, to approve Items 1, 3, 4 and 5 of the Consent Calendar. Motion passed 4-0-1, with President Dewane absent.

Staff responded to questions from the Board regarding the Monthly Financial Reports.

Motion by Director Atkinson, second by Director Fisler, to approve Item 2 of the Consent Calendar.

Discussion ensued amongst the Board.

Motion by Director Bockmiller, to take no action. Motion failed due to the lack of a second.

MOTION

Motion by Director Atkinson, second by Director Fisler, to approve Item 2 of the Consent Calendar. Motion passed 3-1-1, with Director Bockmiller voting no and President Dewane absent.

ACTION ITEMS:

6. Designated Funds Policy

MOTION

Motion by Director Bockmiller, second by Vice President DePasquale, to add to the next regular Board meeting agenda adoption of Resolution No. XXXX Revising the Designated Funds Policy Superseding Resolution No. 1443, with modifications. Motion passed 4-0-1, with President Dewane absent.

PRESENTATION AND DISCUSSION ITEMS:

None.

REPORTS:

7. Report of the General Manager
8. Directors' Reports and Comments

INFORMATION ITEMS:

None.

The Board meeting was adjourned at 3:50 p.m.

Approved:

Shawn Dewane, President

Denise Garcia, District Secretary

Unapproved



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**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Monday, February 24, 2020
1965 Placentia Avenue, Costa Mesa, CA 92627
3:30 p.m. Special Board Meeting**

LEGISLATIVE & PUBLIC AFFAIRS COMMITTEE MEETING

CALL TO ORDER

The meeting of the Board of Directors was called to order at 4:00 p.m. by Chairwoman DePasquale.

Directors Present

Marice H. DePasquale, Vice President, Chair
Jim Atkinson, Director
Fred R. Bockmiller, P.E., Director
James R. Fisler, Director

Directors Absent

Shawn Dewane, President

Staff Present

Paul E. Shoenberger, P.E., General Manager
Denise Garcia, Administrative Services Manager/
District Secretary
Stacy Taylor, External Affairs Manager
Celeste Carrillo, Public Affairs Coordinator

Others Present

None

PUBLIC COMMENTS

There was no public present.

CONSENT CALENDAR ITEMS:

Director Fisler pulled Items 1 and 2 for discussion. There were no objections.

1. State Advocacy Update
2. Outreach Update

Item 1 – State Advocacy Update

External Affairs Manager Taylor provided an update on State Advocacy.

Ms. Taylor responded to questions from the Board and they thanked her for the update.

Item 2 – Outreach Update

External Affairs Manager provided an update on Outreach.

Ms. Taylor responded to questions from the Board and they thanked her for the update.

MOTION

Motion by Director Fidler, second by Director Atkinson, to approve Items 1 and 2 of the Consent Calendar. Motion passed 4-0-1, with President Dewane absent.

ACTION ITEMS:

3. Proclamation Honoring Marc Marcantonio

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to approve a proclamation honoring Marc Marcantonio for his dedicated service and commitment to Yorba Linda Water District, the Association of California Water Agencies, and other statewide water industry and government organizations. Motion passed 4-0-1, with President Dewane absent.

PRESENTATION AND DISCUSSION ITEMS:

4. Orange County Update

REPORTS:

5. Report of the General Manager
6. Directors' Reports and Comments

INFORMATION ITEMS:

None.

The Board meeting was adjourned at 4:32 p.m.

Approved:

Shawn Dewane, President

Denise Garcia, District Secretary



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MEMORANDUM

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: March 12, 2020
SUBJECT: Attendance at Conferences, Seminars, Meetings, and Events

RECOMMENDATION

In accordance with Ordinance No. 29, adopted February 14, 2019, authorize attendance at conferences, seminars, meetings, and events.

STRATEGIC PLAN

- Goal #1: Provide a safe, abundant, and reliable water supply.
- Goal #2: Practice perpetual infrastructure renewal and improvement.
- Goal #3: Be financially responsible and transparent.
- Goal #4: Increase public awareness about Mesa Water® and about water.
- Goal #5: Attract and retain skilled employees.
- Goal #6: Provide outstanding customer service.
- Goal #7: Actively participate in regional water issues.

PRIOR BOARD ACTION

At its July 11, 2019 meeting, the Board of Directors (Board) approved Fiscal Year 2020 attendance at Conferences, Seminars, Meetings, and Events.

DISCUSSION

During the discussion of this item, if any, the Board may choose to delete any item from the list and/or may choose to add additional conferences, seminars, meetings, or events for approval, subject to available budget or additional appropriation.

FINANCIAL IMPACT

None.

ATTACHMENTS

None.

2020 CONFERENCES, SEMINARS, AND MEETINGS:

March 15 - 17, 2020	
WaterReuse California Annual Conference	
San Francisco, CA	
March 16 - 20, 2020	
Jt. CA-NV AWWA/AMTA Conference	
Phoenix, AZ	
April 2, 2020	
MWDOC Elected Officials Forum	<i>Fisler</i>
Costa Mesa, CA	
April 6 - 9, 2020	
AWWA CA-NV Spring Conference	
Anaheim, CA	
April 15 - 16, 2020	
WaterNow Alliance 5th Annual Summit	
Philadelphia, PA	
May 4 - 8, 2020	
ACWA/JPIA Spring Conference	<i>Atkinson, Bockmiller, DePasquale</i>
Monterey, CA	
May 18 - 19, 2020	
Public-Private Partnerships Water Summit	
San Diego, CA	
May 19 - 20, 2020	
CSDA Legislative Days	
Sacramento, CA	
May 29, 2020	
OC Water Summit	
Anaheim, CA	
June 1 - June 19, 2020	
Harvard Senior Executives in State and Local Government	
Cambridge, MA	
June 14 - June 17, 2020	
AWWA ACE20 Conference	
Orlando, FL	
June 22 - 24, 2020	
SWMOA Annual Symposium	
Pico Rivera, CA	
June 29 - 30, 2020	
California Water Data Science Symposium	
Sacramento, CA	
July 6 - 24, 2020	
Harvard Senior Executives in State and Local Government	
Cambridge, MA	

March 2020

March 2020							April 2020						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7	5	6	7	1	2	3	4
8	9	10	11	12	13	14	12	13	14	8	9	10	11
15	16	17	18	19	20	21	19	20	21	15	16	17	18
22	23	24	25	26	27	28	26	27	28	22	23	24	25
29	30	31								28	29	30	

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Mar 1	2 8:30am MWDOC Planning & Operations Committee Meeting (Conference Room 101) 11:00am ACC-OC EEW Committee (Mesa Water District Boardroom)	3 7:30am ISDOC Executive Committee Meeting (Conference Room 101) 11:30am OCBC Event (4110 MacArthur Boulevard, Newport Beach) 12:00pm Executive Committee Meeting (Panlan Conference Room) 5:30pm Costa Mesa City Council Meeting (Council Chambers)	4 Payday 8:30am Jt. MWDOC/MWD Workshop (MWDOC/OCWD Boardroom) 5:30pm OCWD Board Meeting (OCWD Boardroom)	5 6:00pm CM Chamber of Commerce Fundraiser (3130 Airway Drive, Costa Mesa)	6 7:00am 34th Annual Government Leaders' Event (18000 Von Karman Avenue, Irvine) 7:30am WACO Meeting (MWDOC/OCWD Boardroom)	7
8	9 10:00am Region 10 Board Meeting (JA) (TBD) 11:30am Costa Mesa Chamber Event - MD 5:00pm IRWD Board Meeting (15600 Sand Canyon Avenue in Irvine)	10 7:30am OCBC Infrastructure Committee Meeting (2 Park Plaza, Suite 125 Irvine, 92614; OCBC Conference Room)	11 8:00am LAFCO Meeting (Hall of Administration 10 Civic Center Plaza Santa Ana, CA 92701) 8:30am MWDOC Admin and Finance Committee (Conference Room 101) 6:00pm Neighborhood Chat - JA (Sonora Elementary)	12 9:00am ACWA Legislative Symposium (1220 9th Street, Sacramento) 6:00pm Mesa Water Board Meeting (Boardroom)	13 Pay Period Ends	14 9:00am Mesa Water District Smart Timer Workshop (9:00 am & 1:00 pm) (JE) (Boardroom)
15 Water Reuse California Annual Conference (San Francisco, CA)	16 8:30am MWDOC Public Affairs & Legislation (Conference Room 101)	17 7:30am WACO Planning Committee 3:30pm Engineering and Operations Committee Meeting (Boardroom) 5:30pm Costa Mesa City Council Meeting	18 Payday CA-NV AWWA/AMTA Conference (Phoenix, AZ) 8:30am MWDOC Board Meeting (MWDOC/OCWD Boardroom) 5:30pm OCWD Board Meeting (OCWD Boardroom)	19 8:30am MWDOC Executive Committee 11:30am CM Chamber Event (TBD)	20	21
22	23 3:30pm LPAC/Finance Committee Meeting (Boardroom) 5:00pm IRWD Board Meeting (15600 Sand Canyon Avenue in Irvine)	24	25	26	27 Pay Period Ends 8:00am Spring Board Workshop (Boardroom)	28
29	30	31	Apr 1	2	3	4

April 2020

April 2020							May 2020						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
5	6	7	8	9	10	11	3	4	5	6	7	8	9
12	13	14	15	16	17	18	10	11	12	13	14	15	16
19	20	21	22	23	24	25	17	18	19	20	21	22	23
26	27	28	29	30			24	25	26	27	28	29	30
							31						

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Mar 29	30	31	Apr 1 Payday 8:30am Jt. MWDOC/MWD Workshop (MWDOC/OCWD Boardroom) 5:30pm OCWD Board Meeting (OCWD Boardroom)	2 6:00pm MWDOC Elected Officials Forum. (MWRF)	3 7:30am WACO Meeting (MWDOC/OCWD Boardroom)	4
5	6 8:30am MWDOC Planning & Operations Committee Meeting (Conference Room 101) 5:00pm IRWD Board Meeting (15600 Sand Canyon Avenue in Irvine)	7 AWWA CA NV Spring Conference (Anaheim, CA) 7:30am ISDOC Executive Committee Meeting (Conference Room 101) 12:00pm Executive Committee Meeting (Panian Conference Room) 5:30pm Costa Mesa City Council Meeting (Council Chambers)	8 8:00am LAFCO Meeting (Hall of Administration 10 Civic Center Plaza Santa Ana, CA 92701) 8:30am MWDOC Admin and Finance Committee (Conference Room 101) 6:00pm Water Issues Study Group (Boardroom)	9 6:00pm Mesa Water Board Meeting (Boardroom)	10 Pay Period Ends	11
12	13 5:00pm GWRs Steering Committee Meeting (OCWD Boardroom, 18700 Ward Street, Fountain Valley)	14 7:30am OCBC Infrastructure Committee Meeting (2 Park Plaza, Suite 125 Irvine, 92614; OCBC Conference Room)	15 WaterNow 5th Annual Summit (Philadelphia, PA) Payday 8:30am MWDOC Board Meeting (MWDOC/OCWD Boardroom) 5:30pm OCWD Board Meeting (OCWD Boardroom)	16 8:30am MWDOC Executive Committee (Conference Room 102) 11:30am CM Chamber Event	17	18
19	20 8:30am MWDOC Public Affairs & Legislation (Conference Room 101) 5:00pm IRWD Board Meeting (15600 Sand Canyon Avenue in Irvine)	21 7:30am WACO Planning Committee 3:30pm Engineering and Operations Committee Meeting (Boardroom) 5:30pm Costa Mesa City Council Meeting	22 Dewane Out of Town 8:30am Jt. MWDOC/OCWD Meeting (MWDOC/OCWD Boardroom) 11:30am CM Chamber State of the City with the Mayor (TBD)	23	24 Pay Period Ends	25
26	27 3:30pm LPAC/Finance Committee Meeting (Boardroom)	28	29 Payday 8:30am R/S from 5/6 Jt. MWDOC/MWD Workshop (MWDOC/MWD Boardroom) 6:00pm Water Issues Study Group (MWRF)	30	May 1	2

May 2020

May 2020							June 2020						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
3	4	5	6	7	8	9	1	2	3	4	5	6	7
10	11	12	13	14	15	16	8	9	10	11	12	13	14
17	18	19	20	21	22	23	15	16	17	18	19	20	21
24	25	26	27	28	29	30	22	23	24	25	26	27	28
31							29	30	31				

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Apr 26	27	28	29	30	May 1 7:30am WACO Meeting (MWDDC/OCWD Boardroom)	2
3	4 8:30am MWDOC Planning & Operations Committee Meeting (Conference Room 101) 5:00pm IRWD Board Meeting (15600 Sand Canyon Avenue in Irvine)	5 7:30am ISDOC Executive Committee Meeting (Conference Room 101) 3:00pm ACWA Communications Committee Meeting (MD) 5:30pm Costa Mesa City Council Meeting (Council Chambers)	6 ACWA/PIA Spring Conference (Monterey, CA) 8:30am R/S to 4/29 Jt. MWDOC/MWD Workshop (MWDOC/OCWD Boardroom) 5:30pm OCWD Board Meeting (OCWD Boardroom)	7	8 Pay Period Ends	9
10	11	12 7:30am OCBC Infrastructure Committee Meeting (2 Park Plaza, Suite 125 Irvine, 92614; OCBC Conference Room) 12:00pm Executive Committee Meeting (Panian Conference Room)	13 Payday 8:00am LAFCO Meeting (Hall of Administration 10 Civic Center Plaza) 8:30am MWDOC Admin and Finance Committee (Conference Room 101) 6:00pm Water Issues Study Group (Boardroom)	14 6:00pm Mesa Water Board Meeting (Boardroom)	15	16
17	18 Public-Private Partnerships Water Summit (San Diego, CA) 8:30am MWDOC Public Affairs & Legislation (Conference Room 101) 5:00pm IRWD Board Meeting (15600 Sand Canyon Avenue in Irvine)	19 CSDA Legislative Days (Sacramento, CA) 7:30am WACO Planning Committee 3:30pm Engineering and Operations Committee Meeting (Boardroom) 5:30pm Costa Mesa City Council Meeting	20 8:30am MWDOC Board Meeting 5:30pm OCWD Board Meeting (OCWD Boardroom)	21 8:30am MWDOC Executive Committee (Conference Room 102) 11:30am CM Chamber Event 3:30pm LPAC/Finance Committee Meeting (Boardroom)	22 Pay Period Ends	23
24	25 District Holiday	26	27 Payday 6:00pm Water Issues Study Group (Boardroom)	28	29 7:30am OC Water Summit (Anaheim, CA)	30
31	Jun 1	2	3	4	5	6



MesaWater
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UPCOMING COMMUNITY OUTREACH EVENTS

<u>5th Grade Assembly</u>	Monday, March 23, 2020 1:45 p.m. to 2:45 p.m.	<u>Pomona Elementary</u> 2051 Pomona Avenue Costa Mesa, CA 92627
<u>Orange County Water District's Children's Water Education Festival</u>	Wednesday, March 25, 2020 Thursday, March 26, 2020 9:30 a.m. to 3:30 p.m.	<u>University of California, Irvine</u> Irvine, CA 92697
<u>Water Issues Study Group, Session #1</u> California Water History and Mesa Water Overview	Wednesday, April 8, 2020 6:00 p.m. to 8:00 p.m.	<u>Mesa Water District</u> 1965 Placentia Avenue Costa Mesa, CA 92627
<u>Water Issues Study Group, Session #2</u> Amber Water and Groundwater Cleanup; Water Use Efficiency	Wednesday, April 29, 2020 6:00 p.m. to 8:00 p.m.	<u>Mesa Water Reliability Facility</u> 1350 Gisler Avenue Costa Mesa, CA 92626
<u>Water Issues Study Group, Session #3</u> Groundwater and Recycled Water, Imported Water and Water Quality	Wednesday, May 13, 2020 6:00 p.m. to 8:00 p.m.	<u>Mesa Water District</u> 1965 Placentia Avenue Costa Mesa, CA 92627
<u>Water Issues Study Group, Session #4</u> The Future of Water Expert Panel and Graduation	Wednesday, May 27, 2020 6:00 p.m. to 8:00 p.m.	<u>Mesa Water District</u> 1965 Placentia Avenue Costa Mesa, CA 92627



Dedicated to
Satisfying our Community's
Water Needs

MEMORANDUM

TO: Board of Directors
FROM: Phil Lauri, P.E., Assistant General Manager
DATE: March 12, 2020
SUBJECT: Capital Improvement Program Renewal

RECOMMENDATION

Approve the proposed Capital Improvement Program Renewal.

The Engineering and Operations Committee reviewed this item at its February 18, 2020 meeting and recommends Board approval.

STRATEGIC PLAN

- Goal #2: Practice perpetual infrastructure renewal and improvement.
- Goal #4: Increase public awareness about Mesa Water® and about water.
- Goal #6: Provide outstanding customer service.

PRIOR BOARD ACTION/DISCUSSION

At its November 14, 2019 workshop, the Board of Directors (Board) provided direction to staff to develop funding options to complete the next phase of projects from the 2014 Capital Improvement Program Master Plan Update.

BACKGROUND

Mesa Water District (Mesa Water®) takes great pride in the concept of perpetual infrastructure renewal. Since 2012, Mesa Water has expended a total of \$68.6M with an average of \$8.6M per year on capital related projects as illustrated in Figure 1.

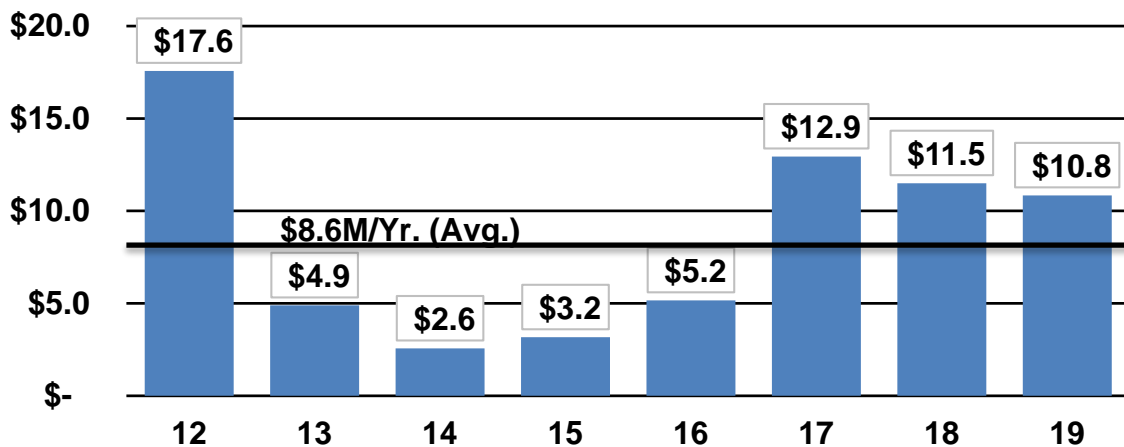


Figure 1. FY2012 – FY2019 CIP Expenditures

Mesa Water has an extensive preventative maintenance and capital replacement program that includes routine exercising of its mainline and fire line valves, production and reservoir equipment maintenance, and routine capital replacement of its water meters. The effectiveness of Mesa



Water's commitment to its routine preventative maintenance and capital replacement program is demonstrated through Mesa Water's low water loss of only 2.2%.

In 2014, Mesa Water updated its Water Master Plan Update (Master Plan). The Capital Improvement Plan (CIP) identified \$272M of proposed CIP projects (near-term/\$48M and long-term/\$224M). These projects were prioritized and categorized based on condition assessment, remaining useful life, and future water supply needs to meet future population growth and continued 100% local reliability. Project prioritization was defined and assigned in the following three categories:

- Priority 1: 0-5 years
- Priority 2: 6-10 years
- Priority 3: >10 years

Priority 1 projects included the Well Automation Project, Reservoirs 1 and 2 Silencer and Roof Replacements, OC-44 Pipeline Rehabilitation, Imported Water Turnout Meter Replacements, and implementation of a Pipeline Integrity Testing Program to identify remaining useful life of Mesa Water's pipeline infrastructure. Another key Priority 1 project identified the need for Mesa Water to provide 115% of its peak demands from the principal ground water aquifer. Some of the Priority 2 and 3 projects include the replacement of aging distribution system pipelines identified through the Pipeline Integrity Testing Program, refurbishment of pipeline cathodic protection, reservoir natural gas engine replacements, and abandonment of end-of-life imported water metering vaults.

With many of the Priority 1 projects completed or in progress, Mesa Water is focusing on the Priority 2 and 3 projects. Due to good economic conditions and a low interest rate environment, Mesa Water is considering using Certificates of Participation to construct a considerable amount of the remaining Master Plan Priority 1 projects and pending Priority 2 and 3 projects.

DISCUSSION

Capital Improvement Program Renewal (CIPR)

Mesa Water's CIPR initiative is divided into seven main program disciplines that complement the Master Plan and project prioritization is based on input from several key stakeholders, including the District's Board of Directors, Water Operations Department, Information Technology consultants, Management Team, and the Master Plan condition assessment. The following is a summary of the CIPR effort:

1. **Wells:** The Well Program has one main project (two new wells and pipeline) and has a total budget of **\$15.23** million. The Well Program is a key initiative for Mesa Water to maintain its ability to serve its customer water demands with 100% local groundwater supplies and achieve the Board's goal of being able to achieve 115% of its demands in any season. Two new wells will be constructed on two commercial properties purchased in the City of Santa Ana along with approximately 4,000 feet of pipeline to connect to Mesa Water's distribution system.
2. **Reservoirs:** The Reservoir Program has three main projects and has a total program budget of **\$10.56M**. The three projects include design and construction of: a) Real-Time



Chemical Management Systems, b) Pump/Motor/Engine Replacements, and c) Full Mesa Water Reliability Facility (MWRF) Back-up Power. As part of this program, Mesa Water will evaluate and identify the long-term power and water supply reliability challenges and determine what types of systems provide the most beneficial long-term regional back-up solutions.

3. **Distribution:** The Distribution Program has four main projects and a total budget of **\$21.7M**. The four main projects include: a) Rehabilitation/abandonment of 9 large vaults hosting divisional valves or intertie connections with neighboring agencies, b) Mainline valve replacements, c) Replacement of approximately 4 miles of 6" to 12" steel pipelines approaching the end-of-life, and d) Service Line Replacements.
4. **Routine Capital:** Mesa Water maintains and funds a routine operations capital replacement program each year as part of its regular annual budgeting process. Routine operations capital replacement work includes mainline and fire hydrant valve replacements, small and large meter replacements, service line replacements, air-vacuum valves replacements, and other miscellaneous responsive capital repair work (e.g., mainline repairs, service line repairs, etc.). This program is funded at approximately \$1.0M each year, which includes labor, parts, equipment, and District overhead. As part of the CIPR, the Routine Capital Program will continue to be funded at **\$1.0M** each year.
5. **Fleet:** Mesa Water has a proactive fleet replacement program that uses the American Public Works Association (APWA) model to determine when fleet equipment should be replaced. The Fleet Replacement Program is budgeted for **\$445K** and will include replacement of five crew trucks (F-350s), one skid steer, and one backhoe.
6. **District Facilities:** This program has seven main projects and has a total budget of **\$6.21M**. The seven main projects include a) Design and construction of the MWRF Outreach Center, b) MWRF Parking Improvements, c) Development and implementation of the MWRF Education Program, d) Design and implementation of a District-wide security system, e) Construction of garage storage system, f) Design and construction of a well parts storage building, and g) Design and construction of a soils dewatering pit.
7. **Information Technology (IT):** The IT Program has 23 main projects and a total budget of **\$3.78M**. The 23 projects focus on enhancing Mesa Water's cyber-security across its networks, upgrading the IT infrastructure, and replacement of its end-of-life servers and storage systems.

A more detailed CIPR and associated project descriptions can be found in the attached CIPR Proposal (Attachment A).

Budget

CIPR funds will include expenditures in the following program areas of Table 1:



Table 1. CIP Program Expenditures

Program	Budget	%
Wells	\$ 15,234,200	21.8%
Reservoirs	\$ 10,559,238	15.1%
Distribution	\$ 21,697,470	31.0%
Routine Capital	\$ 3,500,000	5.0%
Fleet	\$ 445,000	0.6%
District Facilities	\$ 6,212,888	8.9%
Information Technology	\$ 3,777,830	5.4%
Staff Resources	\$ 2,912,572	4.2%
Subtotal	\$ 64,339,197	91.9%
10% Contingency	\$ 5,656,574	8.1%
Total	\$ 69,995,771	100.0%

Cost estimates for each program were developed from a combination of planning level cost estimates to actual engineering cost estimates from projects currently in design. Due to the level of uncertainty in planning level cost estimates, a 10% contingency has been included for those projects.

The CIPR is budgeted to expend funds starting in mid Fiscal Year (FY) 2020 through FY 2023. Table 2 provides a CIPR cost by fiscal year and discipline area.

Table 2. CIP Program Expenditures by Fiscal Year & Discipline

Fiscal Year	Budget	Avg. \$/ Month (Mil \$)	Design (Mil \$)	Construct. (Mil \$)	CMI* (Mil \$)	Resources (Mil \$)	Other** (Mil \$)
2020	\$4.86	\$0.81	\$0.50	\$4.38	\$0	\$0.24	\$0.34
2021	\$20.87	\$1.74	\$2.22	\$13.73	\$1.09	\$0.93	\$2.31
2022	\$24.77	\$2.06	\$1.40	\$18.66	\$1.59	\$0.93	\$2.19
2023	\$19.49	\$1.62	\$0.25	\$15.18	\$1.10	\$0.82	\$2.14
Total	\$69.99		\$4.37	\$51.95	\$3.78	\$2.91	\$6.98

* Construction Management and Inspection Services

** Other includes Fleet Program, Pipeline Integrity Testing activities, and 10% CIPR Contingency

Schedule

Projects have been sequenced considering criticality level, operational system constraints, and available staffing resources to deliver each program. Projects currently in design (e.g., New Wells and Pipeline, MWRP Parking, etc.) will be initiated in early FY 2021 along with the design of the more critical projects. A detailed schedule can be viewed in Appendix A of the CIPR Proposal (Attachment A).



Staff Resources

The CIPR will be managed by Mesa Water's Engineering Department with support from other Mesa Water departments (e.g., Operations, Administrative Services, Finance, etc.). The Mesa Water Engineering Department is overseen by the Assistant General Manager/District Engineer and has two Senior Engineers and a Department Assistant. Mesa Water uses a Program Manager Model (PMM) to manage and deliver its regular CIP each year. This approach uses external consulting professional services to provide design, construction management, and inspection services. Implementation of a PMM is highly effective at delivering multiple concurrent projects without maintaining a large in-house design, construction management, and inspection staff that needs specific multi-discipline experience (e.g., structural, geotechnical, pipeline, pump station, environmental, drafting, construction management, inspection, etc.). The cost for staff resources is **\$2.91M**.

Mesa Water will continue its PMM approach to deliver the CIPR. Mesa Water will be soliciting competitive professional design and construction management/inspection services from its industry partners to assist in delivering the CIPR in an approximately 42-month time-frame starting from January 2020. The proposed professional services recommendations will be brought to the Board for their consideration of approval.

Specific CIPR resource recommendations will be presented in closed session with the Board due to the nature of labor negotiations.

Staff recommends that the Board approve the proposed CIPR Program of \$70M. Funding options will be brought to the Board for consideration at a future Board meeting.

FINANCIAL IMPACT

Funding options for the proposed \$70M CIPR will be considered by the Board at a future Board Meeting.

ATTACHMENTS

Attachment A: Capital Improvement Program Renewal



MesaWater
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**CAPITAL IMPROVEMENT
PROGRAM RENEWAL**

FEBRUARY 10, 2020

**Mesa Water District
Capital Improvement Program Renewal
FY2020 – FY2023**

Executive Summary

Mesa Water is a retail water agency that provides approximately 16,065 acre-feet per year (AFY) of domestic water and approximately 1,100 AFY of recycled water to approximately 110,000 residents throughout the Cities of Costa Mesa and Newport Beach and unincorporated portions of Orange County. Mesa Water uses 100% groundwater supplies to meet its customer's demands with 317 miles of pipeline, seven domestic groundwater wells, three reservoirs, five imported back-up water supply connections (w/Metropolitan Water District) and an advanced membrane treatment facility.

Mesa Water's 2014 Water Master Plan Update (Master Plan) provided recommendations for replacement and rehabilitation of its capital assets estimated at \$272 million (M) with \$48M in near term projects (2015-2020) and \$224M in long-term projects (2021-2040) each with three priority levels. Many of the Priority 1 near-term projects have been accomplished (e.g., Well Automation Project, OC-44 Pipeline Rehabilitation, etc.) or are in process with the Priority 2 and 3 projects pending. The Master Plan Priority 2 and 3 projects include pipeline replacements, valve and service line replacements, reservoir rehabilitation, and District facilities improvements. Mesa Water has expended an average of \$8.6M per year on CIP replacements since 2012 with a total expenditure of \$68.6M.

Mesa Water's Board of Directors has determined that due to good economic conditions and a low interest rate environment Mesa Water's Board will consider using Certificates of Participation to fund a majority of the Master Plan Priority 2 and 3 pending projects and other critical projects arising after the Master Plan was completed totaling approximately \$70M. The following is a brief summary of the programs and projects that the CIP Renewal (CIPR) will include:

1. Wells

- Chandler & Croddy Wells & Pipeline

2. Reservoirs

- Chemical Management System
- Water and Power System Reliability Assessment
- Reservoirs 1 & 2 Pump, Engine/Motor, and Control System Replacement
- MWRP Back-up Power

3. Distribution

- Pipeline Replacements (~6 miles)
- Vault Rehabilitation & Abandonments
- Valve Replacements

- Service Line Replacements

4. Routine Capital

- Mainline & Fire Hydrant Valves Replacements
- Small & Large Meters Replacements
- Responsive Mainline and Service Line Capital Repairs

5. Fleet

- Three Crew Truck Replacements
- Two Duty Truck Replacements
- Skid Steer Replacement
- Dump Truck Replacement

6. District Facilities

- MWRF Outreach Center
- MWRF Parking Improvements
- MWRF Education Program
- District Wide Security System
- Well Parts & Garage Storage
- Dewatering Pit

7. Information Technology

- Cyber-Security Enhancements
- IT Infrastructure Update
- Network Monitoring & Reporting

The aforementioned proposed projects are at varying levels ranging from planning to ready for construction. The CIPR is estimated at \$64.34M with a 10% contingency of \$5.66M for a total \$70.00M in expenditures with a design and construction time horizon of three years and 6 months. Work is scoped to start in January 2020 and all proposed CIPR work completed by June 2023. Attachment 1 provides a detailed project schedule with phasing for each program and project phasing.

The proposed CIPR will be managed by Mesa Water's Engineering's Department with support from professional consulting design and construction management and inspection services for each of the program. Mesa Water will also be enhancing its Engineering and Operations staff with an additional engineer and field crew members to assist in delivering the proposed CIPR in a three year and six-month time period. The aforementioned resources are included as part of the \$70M budget.

Introduction

Mesa Water is a retail water agency that provides domestic water and recycled water service to approximately 110,000 residents throughout the City of Costa Mesa, portions of City of Newport Beach and unincorporated Orange County. Some of Mesa Water's largest customers include John Wayne Airport, South Coast Plaza, and Newport-Mesa Unified School District.

Mesa Water services approximately 16,065 AFY of domestic water supplies and approximately 1,100 AFY of recycled water. Mesa Water's infrastructure consists of 317 miles of pipeline that vary in size from 4" to 42" in diameter, seven potable ground water wells, three reservoirs with a storage capacity of approximately 31 million gallons, and an advanced nano-membrane treatment facility that treats amber-tinted ground water for domestic water supply service. Mesa Water also has five main imported water turnouts that receive domestic water from the Metropolitan Water District of Southern California.

Mesa Water has a groundwater supply capacity of 28,973 AFY and an imported water backup supply capacity of 69,500 AFY for a total supply capacity of 98,473 AFY. Since 2013, Mesa Water traditionally uses no imported water supply as its groundwater capacity is sufficient to provide 100% of its demands. Mesa Water's vision and mandate to provide 100% local ground water supply results in significant cost savings to Mesa Water's customers and provides a high degree of water supply reliability.

Background

Mesa Water takes great pride in the concept of perpetual infrastructure renewal. Since 2012, Mesa Water has expended a total of \$68.6 million with an average of \$8.6 million per year on capital related projects as illustrated in Figure 1.

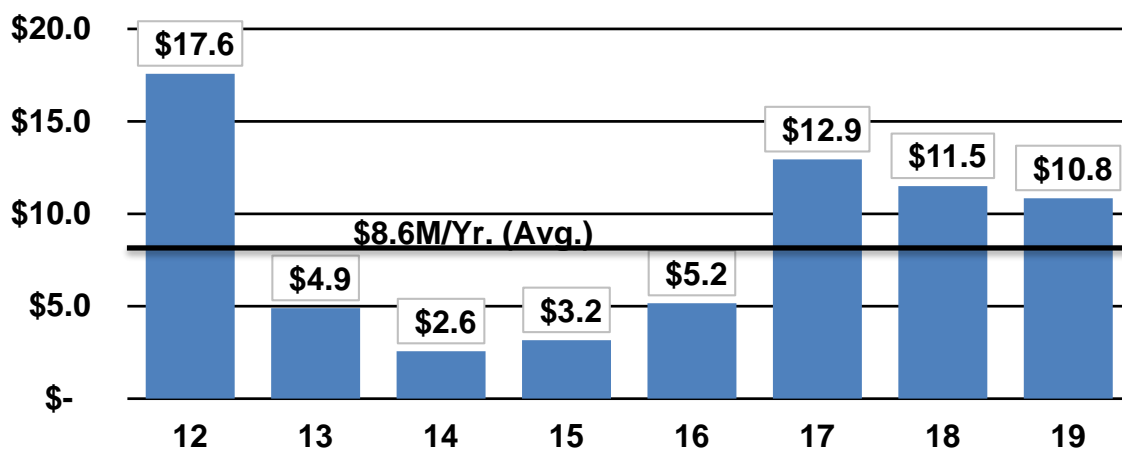


Figure 1 – FY2012 –FY2019 CIP Expenditures

Mesa Water also has an extensive routine preventative maintenance and capital replacement program that includes routine exercising of its mainline and fire line valves, production and reservoir equipment maintenance, and routine capital replacement of its water meters. The effectiveness of Mesa Water's commitment to its routine preventative maintenance and capital replacement programs is demonstrated through Mesa Water's low water loss of only 2.2%.

In 2014 Mesa Water updated its Master Plan. The CIP plan identified \$272 M of proposed near-term (\$48M) and long-term (\$224M) CIP projects. These projects were prioritized and categorized based on condition assessment, remaining useful life, and future water supply needs to meet future population growth and continued 100% local reliability. Project prioritization was defined and assigned in the following three categories:

- Priority 1: 0-5 years
- Priority 2: 6-10 years
- Priority 3: >10 years

Priority 1 Projects: Priority 1 projects included the Well Automation Project, Reservoirs 1 and 2 Silencer and Roof Replacements, OC-44 Pipeline Rehabilitation, Imported Water Turnout Meter Replacements, and implementation of a Pipeline Integrity Testing Program to identify remaining useful life of Mesa Water's pipeline infrastructure. Another key Priority 1 project identified the need for Mesa Water to provide 115% of its peak demands from the principal ground water aquifer. Since the Master Plan, Mesa water has also identified other key priority projects that include implementation of real-time chemical management facilities at Reservoirs 1 and 2 and replacement of several key mainline valves.

Priority 2 & 3 Projects: Some of the Priority 2 and 3 projects included the replacement of aging distribution system pipelines identified through the Pipeline Integrity Testing Program, refurbishment of pipeline cathodic protection, reservoir natural gas engine replacements, and abandonment of end-of-life imported water metering vaults.

With many of the Priority 1 projects completed or in progress, Mesa Water is focusing on the Priority 2 and 3 projects. Due to good economic conditions and a low interest rate environment, Mesa Water is considering using Certificates of Participation to construct a considerable amount of the remaining Master Plan Priority 1 projects and pending Priority 2 and 3 projects. In the following sections these projects are described along with Prioritization, Sequencing, Schedule, and Project Management and Resource requirements.

Program Prioritization

Mesa Water's CIPR initiative is divided into seven main program disciplines and project prioritization is based on input from several key stakeholders, including Mesa Water Operations Department, Information Technology Department, Mesa Water's

Management Team, Board of Directors, and the Master Plan condition assessment. The following is the proposed program discipline prioritization:

1. Wells
2. Vault Rehabilitation & Abandonments
3. Mainline Valve Replacements
4. Information Technology (IT)
5. Fleet
6. Pipeline Replacements
7. District Facilities

Program Projects

Proposed CIP projects are grouped into one of the aforementioned seven programs. The intent is to combine as many of the projects under one main design consulting team and construction management team for each program to allow for economies of scale, quick delivery of projects, allow for project coordination efforts, and recognition of program management efficiencies. The following describes each program and project along with the proposed costs, schedule, and design approach and status:

A. Wells: The Well Program has one main project (two wells and pipeline) and has a total budget of \$15.23 million. The Well Program is a key initiative for Mesa Water to maintain its ability to serve its customer water demands with 100% local groundwater supplies. Start-up of the MWRP in January 2013 was a historical event in Mesa Water's history allowing it to achieve the 100% local groundwater reliability milestone. In adoption of the Master Plan the Mesa Water Board determined that two additional clear water wells were needed to provide 115% of its maximum day demands. This is a critical objective to maintaining 100% local groundwater reliability during high demand seasons (e.g., Summer) and during times when other groundwater facilities have to be taken offline for maintenance or repair.

1. Croddy & Chandler Wells and Pipeline Project: This project will construct two new ground water wells that will achieve the Master Plan goal of providing 115% of Mesa Water's demands. In fiscal years 2017 and 2018 Mesa Water purchased two commercial properties in Santa Ana located approximately 0.4 miles and 0.6 miles north of Mesa Water's service area. Each well is expected to provide 3,000 to 4,000 gallons per minute (4,840 AFY to 6,453 AFY) of domestic water supply and be conveyed via a 24" and 30" pipeline to connect to Mesa Water's distribution system.

- **Design:** Well and pipeline design was initiated in FY2018 and is scheduled to be complete by the end of May 2020. The project will be broken into four main construction packages which includes; 1) Demolition (W-CP1), 2) Well Drilling (W-CP2), 3) Well Equipping (W-CP3), and 4) Pipeline Construction (W-CP4).

- **Costs:** The Engineer’s Estimate for this project is \$13.97 million. Total project cost, including remaining design services, and construction management and inspection services is \$15.23 million.
- **Construction Management/Inspection Services (CMI):** CMI services were competitively selected and will be provided by Butier Engineering for a contract value of \$1,069,200. In order to expedite the construction of the MWRP Parking Improvements Project (DF-CP2), it is the intent to have Butier Engineering perform the construction management and inspection services of this project as an addendum to their contract. \$110,000 will come the MWRP Outreach Center Project construction management line item budget.
- **Schedule:** This project is scheduled to begin at the beginning of July 2020 with each construction package sequenced to recognize the economies of scale with construction starting at the Croddy property (southern-most property). Well drilling and development of both wells will be sequenced to occur immediately following site demolition of the existing commercial structures. Well Equipping and Pipeline construction will begin immediately following pump testing of each well.

Projects	Costs	FY 2020					FY 2021					FY 2022					FY 2023													
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	J	A	S	O	N	D	J	F	M	A
Wells	\$ 15,234,200																													
Site Demo	\$ 488,750																													
Well Drilling	\$ 2,908,750																													
Well Equipping	\$ 7,748,750																													
Pipeline	\$ 3,018,750																													
CM/Inspection	\$ 1,069,200																													

RFP	Design	Bid/Adv/Award	Construction	Construction Management/Insp.
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B. Reservoir: The Reservoir Program has three main projects and has a total program budget of **\$10.56M**. The three projects include 1) Chemical Management System, 2) Power & Water Supply Reliability Study and Pump/Motor/Engine Replacement, and 3) MWRP Back-up Power Project.

Mesa Water’s Reservoirs 1&2 provide approximately 30 million gallons of storage or approximately 1.5 to 2 days of storage depending on the time of year. While Mesa Water maintains natural gas engines at each of its reservoirs for energy diversity and back-up supply, Reservoirs 1 and 2 provide minimal long-term storage should a significant regional emergency occur. As part of the Reservoir CIPR, Mesa Water will evaluate and identify the long-term power and water supply reliability challenges and determine what types of systems provides the most beneficial long-term regional back-up solutions.

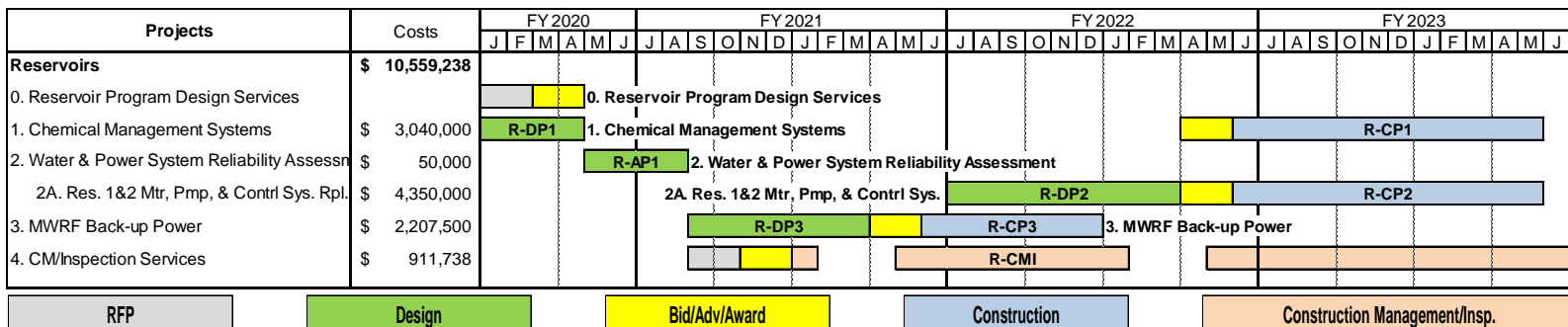
To better manage distribution system chlorine residual levels real-time chemical management is necessary at Reservoirs 1 and 2. In 2018 Mesa Water completed assessment of Reservoirs 1 and 2 pumps, engines, and engine control system and

determined that these systems have reached the end-of-life and require replacement. The CIPR will provide replacement of these main reservoir systems and equipment.

The Reservoir Program is envisioned to have one main design Consultant for design projects R-DP2 and R-DP3 (R-DP1 is currently in design) and a comprehensive Construction Management and Inspection team for projects R-CP1, R-CP2, and R-CP3. All consulting teams will be competitively selected with design consultant selection starting in January 2020 and construction management selection starting in September 2020. Each project is described below along with project phasing.

1. Chemical Management System (DP1/CP1): This project will provide real-time chemical management systems at Reservoirs 1 and 2. Real-time chemical management is critical to ensure stable chlorine disinfection residuals are maintained in the reservoirs and distribution system.

- **Design (R-DP1):** Design was initiated in FY2018 and is scheduled to be complete by the end of June 2020. The project will be bid as one construction package (R-CP1) to include both reservoirs. It is planned that R-CP1 will be bid along with R-CP2 to the same Contractor for purposes of allowing project coordination and scheduled downtime.
- **Costs:** The Engineer’s Estimate for this project is \$2.98 million. Total project cost, including remaining design services is \$3.04 million.
- **Construction Management/Inspection Services (CMI):** CMI services will be competitively selected for the entire Reservoir Program and is budgeted for \$912K. Construction Management/Inspection services are budgeted at 10% of the estimated planning construction budget.
- **Schedule:** Project construction is scheduled to begin June 2023 to coincide with Reservoir Project R-CP2 to minimize downtime of Mesa Water’s reservoirs. Reservoirs 1 and 2 will each be taken off-line for 6 months individually to allow for construction and to ensure system reliability. The Reservoir Program schedule is as follows:



2. Power & Water System Reliability Study (R-AP1): Mesa Water's access to the Orange County Groundwater Basin is one of its greatest assets providing long-term low cost water supplies to its customers and 100% local reliability. This activity will evaluate Mesa Water's power and water systems challenges, state of reliability, and provide a recommendation on the level of reliability/redundancy that Mesa Water desires to maintain during regional emergencies. This effort will be performed prior to the start of R-DP2/R-CP2 and R-DP3/CP3 starting in May 2020. This task is budgeted for \$50,000.

2A. Reservoirs 1 & 2 Motor/Engine, Pump, & Control System Replacement (R-DP2/CP2): Reservoirs 1 and 2 engines, pumps, and control system have reached the end-of-life and require replacement. This project will evaluate which energy systems, pumps, and control system is most beneficial based on the recommendations from R-AP1.

- **Design (R-DP2):** Design will be initiated in July 2022. The project will be bid as one construction package R-CP2 to include both reservoirs. It is planned that R-CP1 will be bid along with R-CP2 to the same Contractor for purposes of project construction coordination and scheduled downtime.
- **Costs:** The planning level estimate for this project is \$4.40M. Project costs may change based upon the recommendations from the Power and Water System Reliability Study.
- **Construction Management/Inspection Services (CMI):** CMI services will be competitively selected for the entire Reservoir Program and is budgeted for \$912K. Construction Management/Inspection services are budgeted at 10% of the estimated planning construction budget.
- **Schedule:** Project construction is scheduled to begin in June 2023 to coincide with Reservoir Program R-CP1 to minimize downtime of Mesa Water reservoirs. Reservoirs 1 and 2 will each be taken off-line for 6 months individually to allow construction and to ensure system reliability. Please refer to the Reservoir Program schedule in item no. 1 above.

3. Mesa Water Reliability Facility (MWRF) Back-up Power: This project is scoped to provide full back-up power to the MWRF processes as a potential solution to provide regional emergency water and power supply reliability to run during a prolonged power outage. Currently, the MWRF back-up power generator only provides power to the MWRF Administration Facility to maintain SCADA functionality to shut down the MWRF during a power outage and building power.

- **Design (R-DP3):** Design will be initiated in September 2020 and will be facilitated by the Reservoir Program design consultant. The project will be bid as one construction package independent of R-CP1 and R-CP2. This project

is prioritized over R-CP1 and R-CP2 to have the work designed and constructed prior to the MWRP Outreach Center (DF-CP1) construction but after the MWRP Parking Project (DF-CP3) completion so there is adequate contractor parking.

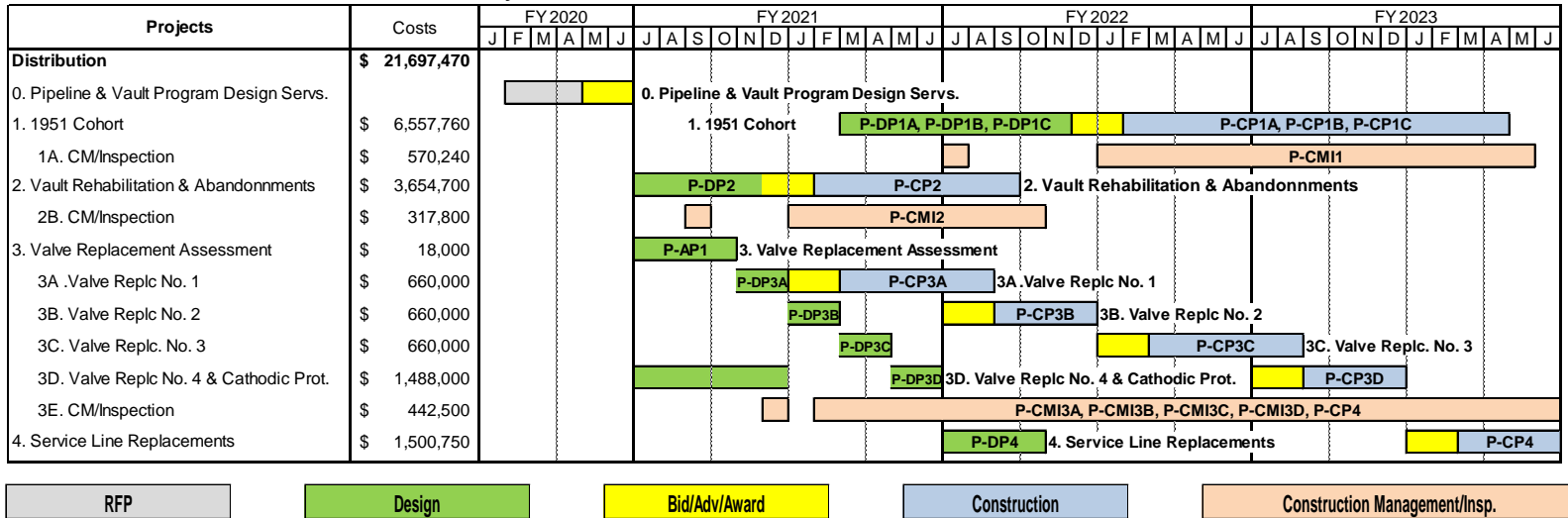
- **Costs:** The planning level estimate for this project is \$2.21 million.
- **Construction Management/Inspection Services (CMI):** CMI services will be competitively selected for the entire Reservoir Program and is budgeted for \$912K. Construction Management/Inspection services are budgeted at 10% of the estimated planning construction budget.
- **Schedule:** Project construction is scheduled to begin at the beginning of June 2021 and completed by December 2021 and to be completed prior to DF-CP1. Please refer to the Reservoir Program schedule in item no. 1 above.

C. Distribution: The Distribution Program has four main projects and a total budget of **\$21.70M** (excluding items 4-8 in the master schedule). The four main projects include 1) Rehabilitation/abandonment of 9 large vaults hosting divisional valves or intertie connections with neighboring agencies, 2) Mainline valve replacements, 3) Replacement of approximately 4 miles of 6" to 12" steel pipelines approaching the end-of-life, and 4) Service Line Replacements. This program is envisioned to have one main design Consultant for all design projects and a comprehensive Construction Management and Inspection team for all projects. All consulting teams will be competitively selected with design consultant selection starting in February 2020 and construction management selection starting shortly thereafter. Each project is described below along with project phasing.

1. Pipelines (P-DP1A-DP1C/P-CP1A-CP1C): This project will provide replacement of approximately 4 miles of 6" to 12" steel pipelines originally installed as part of the 1951 Cohort as Costa Mesa was developed. These pipelines span along Wilson Street, College Avenue, Avocado Street, Anaheim Avenue, Wallace Avenue, Maple Avenue, Bernard Street, and Placentia Avenue. The exact replacement length of the 1951 steel pipe cohort will be confirmed in March 2020 as part of the Pipeline Integrity Program non-destructive testing. However, due to the number of breaks per mile per year it is expected that at least 4 miles of the 5.7 miles of this pipeline cohort will require replacement.

- **Design (P-DP1A-1C):** The Pipeline Replacement Project design will start in March 2021 and be complete in November 2021. Three design packages will be developed with each construction bid package competitively bid.
- **Costs:** The planning estimate for this project is \$7.13M including design services, construction, and construction management/inspection services.

- **Construction Management/Inspection Services (CMI):** Total CMI services will be competitively selected for the Distribution Program and is budgeted for \$1.3M. Construction Management/Inspection services are budgeted at 10% or \$570K of the estimated planning construction budget for this component of work.
- **Schedule:** Project construction (P-CP1A-CP1C) is scheduled to begin in February 2022 and last for 15 months ending in April 2023. Each pipeline bid package will be sequentially bid and constructed to minimize traffic impacts to the community. Please refer to the Distribution schedule below.



- 2. Vault Rehabilitation & Abandonment (P-DP2/P-CP2):** This project will provide rehabilitation of Bonita Creek Park Divisional valve vault and 5 intertie vaults. This project will also include abandonment of 3 older meter turn-out vaults along the OC-44 that have not been used for several years but were never abandoned.
- **Design (P-DP2):** Design is scheduled to start in July 2020 and be complete in November 2020. The project will be bid as one construction package (P-CP2).
 - **Costs:** The planning estimate for this project is \$3.97 million including design services, construction, and construction management/inspection services.
 - **Construction Management/Inspection Services (CMI):** CMI services will be competitively selected for the Distribution Program and is budgeted for \$1.3M. Construction Management/Inspection services are budgeted at 10% or \$318K of the estimated planning construction budget for this component of work.
 - **Schedule:** Project construction (P-CP2) is scheduled to begin in February 2021 and last for 8 months. Please refer to Distribution schedule in item no. 1 above for more information.

- 3. Valves (P-AP1/P-DP3A-D/P-CP3A-D):** This project will provide replacement of mainline and fire hydrant valves across the distribution system. Mesa Water annually replaces 40 to 50 mainline and fire hydrant valves. As part of this project Mesa Water will evaluate and develop a standard for mainline valve spacing that focuses on where valves shall be placed based on residential and commercial population densities that could face water outages during a mainline repair or shut-down for maintenance. This project will also rehabilitate Mesa Water's existing cathodic protection stations located along its larger diameter steel and cast iron pipelines.
- **Design (P-DP3A-3D):** The Valve Replacement Assessment (VRA) that will evaluate and define mainline valve spacing will start in July 2020. Recommendations from the VRA will be integrated into the mainline valve design project. It is expected that more than 160+ valves could need replacement, abandonment, or installation of a new valve as a result of the VRA recommendations. Design is scheduled to start in November 2020 and grouped into 4 bid packages with design activities being complete in June 2021. The project will be competitively bid as four individual construction packages (P-CP3A-CP3D). Two construction packages will target commercial valve replacements/installations/abandonments and two construction packages will target residential valve replacements, installations, and abandonments. Bid packages will be released and constructed sequentially to give consideration to community construction impacts, project management controls, and weather impacts.
 - **Costs:** The planning estimate for this project is \$3.80M including design services, construction, and construction management/inspection services.
 - **Construction Management/Inspection Services (CMI):** Total CMI services will be competitively selected for the Distribution Program and is budgeted for \$1.3M. Construction Management/Inspection services are budgeted at 10% or \$312K of the estimated planning construction budget for this component of work.
 - **Schedule:** Project construction (P-CP3A-CP3D) is scheduled to begin at the beginning of March 2021 and last for 22 months ending in December 2022. Please refer to the Distribution schedule in item no. 1 above for more information.
- 4. Service Lines (P-DP4/P-CP4):** This project will replace approximately 66-2" and 195-1" plastic service lines with copper service lines originally installed in 1974 along Shasta Lane, Rainier Way, Whitney Way, Lassen Lane, Rhine Lane, Thames Way, Skyview Lane, Lakeview Lane, and Brookview Way. An increasing number of responsive repairs are made to these service lines each year and require replacement.

- **Design (P-DP4):** The Service Line Replacement Project design will start in July 2022 and be complete in October 2022. One design package will be developed for bid.
 - **Costs:** The planning estimate for this project is \$1.50M including design services, construction, and construction management/inspection services.
 - **Construction Management/Inspection Services (CMI):** Total CMI services will be competitively selected for the Distribution Program and is budgeted for \$1.63M. Construction Management/Inspection services are budgeted at 10% or \$130K of the estimated planning construction budget for this component of work.
 - **Schedule:** Project construction (P-CP4) is scheduled to begin in March 2023 and last for 4 months ending in June 2023. One bid package will be bid. Please refer to the Distribution schedule in item no. 1 herein.
- 5. Pipeline Integrity Testing:** Mesa Water will continue to perform routine non-destructive and destructive testing of its infrastructure each year. Non-destructive testing includes acoustical wall thickness measurements of approximately 3 miles per year of its pipeline infrastructure and numerous destructive pipeline tests when Mesa Water performs capital valve replacements or mainline repairs. This information is used to estimate remaining useful life of Mesa Water's 317 miles of pipeline infrastructure and perform timely replacement. The Pipeline Integrity Testing Program is budgeted for \$250,000 per year or \$875,000 for FY2020 through FY2023.
- 6. On-Call Design & Construction Management:** Mesa Water will continue to budget for the use of its On-Call Design and Construction Management professional services. These contracts are instrumental in quickly delivering small projects that arise outside of the traditional planning, design and construction process. The On-Call Design and Construction Management Program is budgeted for \$250K per year or \$875K for FY2020 through FY2023.
- 7. Other Agency Projects:** Mesa Water works closely with other agencies (e.g., City of Costa Mesa, Caltrans, County of Orange, etc.) to coordinate relocation work of its pipeline and ancillary infrastructure as needed to accommodate road maintenance, street widening projects, and other infrastructure improvements (e.g., Storm drain improvements, etc.). In FY2020 Mesa Water is partnering with I-405 Partners to relocate the 12" Fairview Road water main where it crosses the I-405. This relocation is budgeted in Mesa Water's 2020 CIP for a cost of \$1.02M. Other Agency projects will continue to be budgeted at \$75K per year or a total of **\$1.31M** for FY2020 through FY2023 including the 12" Fairview Road water main replacement.

8. OC-44 Pipeline Rehabilitation: Mesa Water is in process of rehabilitating 1,800 feet of 42" steel pipeline across the Newport Backbay. There have been three pipeline failures over the past 18 years in this section of pipe totaling approximately \$1M for each repair since 2002. The OC-44 Pipeline is jointly owned with the City of Huntington Beach. Work will be complete by mid-March 2020. The total construction cost is **\$3.13M** with Mesa Water's portion of work budgeted at **\$2.11M** including design, construction management and inspection.

D. Routine Capital: Mesa Water maintains and funds a routine operations capital replacement program each year as part of its regular annual budgeting process. Routine operations capital replacement work includes mainline and fire hydrant valve replacements, small and large meter replacements, service line replacements, air-vacuum valves replacements, and other miscellaneous responsive capital repair work (e.g., Mainline repairs, service line repairs, etc.). This program is funded at approximately \$1.0M each year, which includes labor, parts, equipment, and District overhead. As part of the CIPR the Routine Capital Program will continue to be funded at **\$1.0M** each year.

E. Fleet: Mesa Water has a proactive fleet replacement program that uses the American Public Works Association (APWA) model to determine when fleet equipment should be replaced. Replacement criteria are based on numerous factors, such as, age, mileage, run-time hours, annual maintenance costs, depreciation, and other regulatory factors (e.g., SQAQMD compliance requirements, etc.). Because Mesa Water's geographical area is only 18 square miles its vehicles and equipment typically reach end-of-life status due to maintenance costs in lieu of high miles.

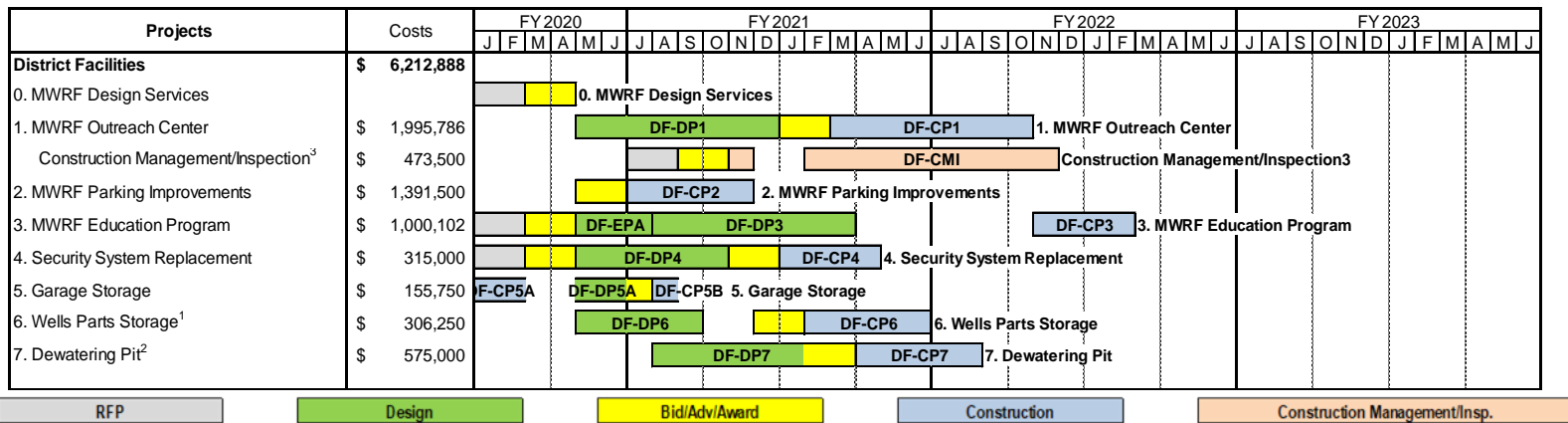
The CIPR proposes to replace older equipment that is reaching the end-of-life for one or several of the aforementioned criterions. These replacements will include five crew trucks (F-350s), one skid steer, and one backhoe. Two of the five crew trucks will be equipped with lift arms to allow replacement of large meters, vaults, production equipment repair/maintenance that was traditionally performed with the boom truck. The boom truck is no longer a viable fleet asset due to recent extensive California crane operator certification and SCAQMD requirements. Thus, Mesa Water will be unable to train and maintain compliance with either of these program's regulatory requirements using the boom truck due to the number of hours required for training each field worker while staying under the SCAQMD operations limit for diesel engines. The Fleet Replacement Program is budgeted for **\$445K**. Replacement of the backhoe and skid steer is planned for June 2020 and the crew trucks are planned for early 2021.

F. District Facilities: This program has seven main projects and has a total budget of **\$6.21M**. The seven main projects include 1) Design and construction of the Mesa Water Reliability Facility (MWRF) Outreach Center, 2) MWRF Parking Improvements, 3) Development and implementation of the MWRF Education Program, 4) Design and implementation of District wide security system, 5)

Construction of garage storage system, 6) Design and construction of a well parts storage building, and 7) Design and construction of a soils dewatering pit. Each project is described below along with project phasing.

1. MWRF Outreach Center (DF-DP1/DF-CP1): This project will reconfigure the existing Administration Building at the MWRF to accommodate the development of an educational outreach center that focuses on regional and state-wide water issues along with maintaining the functional treatment plant control system, wet laboratory, administration offices, conference room, and restroom facilities.

- **Design (DF-DP1):** Design is scheduled to start in May 2020 and be complete in December 2020. The project will be bid as one construction package (DF-CP1).
- **Costs:** The planning estimate for this project is \$2.47M including design services, construction, and construction management/inspection services.
- **Construction Management/Inspection Services (CMI):** CMI services will be competitively selected for the MWRF Outreach Center Project and is budgeted for \$474K and will facilitate construction management of the MWRF Outreach Center Project. However, it is recommended that due to the timing of the MWRF Parking Project construction that construction management be assigned to the Wells Program construction management team (e.g., Competitively selected and already under contract) as a change order for that portion of the project to deliver the project on schedule.
- **Schedule:** Project construction (DF-CP1) is scheduled to begin in March 2021 and be complete in October 2021. The District Facilities Program detailed schedule is as follows:



2. MWRF Parking Improvements (DF-DP2/DF-CP2): This project will construct 58 parking spaces along Gisler Avenue to accommodate event parking at the MWRF. The MWRF Parking Improvements Project was designed and permitted by the City of Costa Mesa in 2016. Construction of this project will occur in July

2020 to accommodate construction parking for the future projects discussed herein.

- **Costs:** The Engineer's Estimate for construction is \$1.39M.
 - **Construction Management/Inspection Services (CMI):** It is recommended that due to the timing of the MWRF Parking Project construction that construction management and inspection services be assigned to Butier Engineering as a change order to project W-CP1 to deliver this portion of the project on schedule. \$110K for CMI services is budgeted as part of the \$474K for the MWRF Outreach Center Project.
 - **Schedule:** Project construction (DF-CP2) is scheduled to begin in July 2020 and be complete in November 2020. A detailed schedule of the District Facilities Program is included in item no. 1 above.
3. **MWRF Education Program (DF-EPA/DF-DP3/CP3):** This project will provide the education program development that will be implemented in the newly constructed MWRF Outreach Center. The MWRF Education Program will have a focus on regional and statewide water issues that can be used for school programs, public education, and legislative outreach.
- **Education Program Assessment (DF-EPA):** The MWRF Education Program Assessment will be the tool for the District to define the educational goals, target audiences, level and types of exhibits implementation, and budget. The EPA is scheduled to start in May 2020 and be completed in July 2020.
 - **Design (DF-DP3):** Recommendations from the EPA will be designed into educational exhibits that will be placed within the completed MWRF Outreach Center. Design will start in August 2020 and be complete in March 2021.
 - **Costs:** The planning estimate for this project is \$1.00M including the EPA, design services, and exhibit construction and implementation.
 - **Schedule:** Exhibit implementation (DF-CP3) will start in November 2021 and be complete in February 2022.
4. **Security System Replacement (DF-DP4/CP4):** This project will provide a comprehensive and integrated security system across all of Mesa Water's facilities. Mesa Water's current security system is beyond end-of-life and each site is independently alarmed with multiple contracts to handle each facility.
- **Design (DF-DP4):** Mesa Water will competitively solicit professional design services from experts in the building security industry to provide a comprehensive assessment of Mesa Water's security requirements and

provide a design that supports those requirements. Design is scheduled to start in May 2020 and be complete by October 2020.

- **Costs:** The planning estimate for this project is \$315K including design services and security system implementation.
- **Construction Management/Inspection Services (CMI):** CMI services will be overseen by the competitively selected team for the MWRF Outreach Center construction.
- **Schedule:** Security system implementation (DF-CP4) will start in January 2021 and be complete by April 2021.

5. **Garage Storage (DF-DP5/CP5):** This project will provide a parts and equipment storage system in the Mesa Water garage space. Mesa Water no longer uses its garage space as a fleet service garage. Thus, this space can be more beneficially used for parts and equipment that need to be stored and protected from weather.

- **Construction (DF-CP5A):** An interior garage demolition project (DF-CP5A) is currently in the bid process that will remove the existing hydraulic lifts, concrete filling of the below grade hydraulic chambers, overhead compressed air pipe works, and other miscellaneous equipment. This project is scoped to start in January 2020 and be completed by the end of February 2020. The cost for this project is \$87,000.
- **Design (DF-DP5B):** This project will use the MWRF Outreach Center design consultant to provide a storage system design that supports the needs of Mesa Water's Operations Department. Design is scheduled to start in May 2020 and be complete in June 2020.
- **Costs:** The planning estimate for this project is \$50K including design services.
- **Construction Management/Inspection Services (CMI):** CMI services will be overseen by Mesa Water staff.
- **Schedule:** Garage storage implementation (DF-CP5B) will be performed in August 2020.

6. **Well Parts Storage (DF-DP6/CP6):** This project will provide a spare parts and equipment storage facility for Mesa Water's well equipment. It is the goal of Mesa Water to ensure online reliability of its well facilities by having the requisite spare parts on hand to make timely repairs. It is essential that this facility be located near Mesa Water's well field (e.g., Likely located at one of Mesa Water's well site) to allow for easy access and timely staff response.

- **Design (DF-DP6):** This project will use the MWRF Outreach Center design consultant to provide a well parts facility design that supports the needs of Mesa Water's Operations Department. Design is scheduled to start in May 2020 and be completed in September 2020.
 - **Costs:** The planning estimate for this project is \$306K including design services.
 - **Construction Management/Inspection Services (CMI):** CMI services will be overseen by the MWRF Outreach Center competitively selected construction management/inspection team.
 - **Schedule:** The Well Parts Storage construction (DF-CP6) will be bid with the MWRF Outreach Center Project (DF-CP1) and start in March 2021 and be completed in June 2021. The start of this project is set to coincide with the MWRF Outreach Center construction to take advantage of the shared construction management services.
- 7. Dewatering Pit (DF-DP7/CP7):** This project will provide a dewatering pit at the Mesa Water Operations yard that will separate excavation slurry material that results from using the vacuum trailer on valve installation work. The current process of dewatering vacuum trailer spoils is to let the spoils evaporate on a drying surface. A dewatering pit will eliminate several challenges of long evaporation times in cooler weather, limited real-estate for spoils spreading, and substantial cleanup activities that comes with the mess of this material. This project will also increase the efficiency of the operations field work and handling of excavated material.
- **Design (DF-DP7):** This project will use the design consultant from the Reservoir 1 Pump Replacement Project (R-DP2) to provide a dewatering pit design that supports the needs of Mesa Water's Operations Department and meets regulatory permitting requirements. Design is scheduled to start in August 2020 and be completed by January 2021.
 - **Costs:** The planning estimate for this project is \$575K including design services, construction, and construction management/inspection services.
 - **Construction Management/Inspection Services (CMI):** CMI services will be overseen by the Reservoir Program competitively selected construction management team.
 - **Schedule:** The Dewatering Pit construction (DF-CP7) will start in April 2021 and be completed in August 2021.

G. Information Technology: The IT Program has 23 main projects and a total budget of **\$3.78M**. Unlike traditional water works types of capital improvement projects that have a traditional design, bid, and construction approach and span several months or years, IT projects have much more rapid deployment of design and implementation project cycles that last only a few weeks to a few months. Thus, the CIPR IT Program has been structured to provide implementation of the most critical projects in FY21 with FY22 and FY23 projects building on top of the FY21 backbone implementation. There are four main work components to the IT Program project implementation; these include design/engineering, hardware/software, project implementation, and project management oversight. The following is a summary description of the IT Program projects by fiscal year:

Fiscal Year 2021

- 1. Office 365 Migration:** This project will provide the latest generation of Microsoft Windows Office system. The effort includes the migration of email and individual file shares to Microsoft Office365 cloud platform and will result in reduced on premise Mesa Water servers, storage, security and backup support requirements. This infrastructure improvement aligns with the Mesa Water IT operations model of reducing the need for internal IT expertise and support services personnel. The project will also restructure Mesa Water's Microsoft license agreement and ongoing support providing a simplified subscription model.
Project Budget: \$222,840
- 2. SolarWinds (Phase 2):** This project will improve visibility and proactive management of Mesa Water's IT environment. The efforts provide patch and database management and improve visibility as to how all current hardware and software works within the environment. This will reduce the risk of not having the correct security patches on any single device or application. Additional visibility will be provided to the performance and capacity of each application database housing critical data to improve the IT operations and maintenance of Mesa Water's IT activities.
Project Budget: \$100,520
- 3. OKTA:** This project will improve the security of Mesa Water's remote access services. OKTA will align Mesa Water's IT remote access services to industry best practices commonly used by most banks, financial services and other major institutions. Mesa Water's staff will receive a text (code) or email (secure link) that provides a second form of identity (multi-factor authentication) to confirm their identity when accessing the network externally. In addition, OKTA will also enable the capability to use a single password (single sign-on) eliminating the necessity of signing into both Windows and each department's applications where possible.
Project Budget: \$84,070

4. **SCADA Metrics:** The SCADA Metrics project will expand the existing Mesa Water IT monitoring platform SolarWinds and extend Mesa Water's IT reporting metrics, monitoring and reporting methodology to the mission critical SCADA system. The effort will include additional infrastructure licenses and defining the metrics for daily, weekly and monthly reporting.
Project Budget: \$139,400
5. **Converged Infrastructure:** This project will refresh the end of life servers and storage using the latest converged technology which combines servers, storage, and the virtual environment into a single management platform reducing future maintenance and support. This converged technology will provide a more scalable platform that can expand and grow with minimal effort. Additionally, using the latest flash and compute technology will provide higher performance and increase the speed to backup and manage the platform.
Project Budget: \$439,520
6. **Application Security:** This project will transition the Mesa Water application environment to industry best IT security practices. This will involve rebuilding each application on the new converged infrastructure utilizing industry best practices such as being on compliant Windows Server versions, separating each application functional layer into separate security zones, etc.
Project Budget: \$222,440
7. **NIST Compliance/Recommendation:** This project will remediate gaps in Mesa Water processes and documentation based on the NIST audit recommendations. This will involve aligning how documents are maintained and managed. Mesa Water will also add additional security metrics to meet the NIST Cybersecurity standards.
Project Budget: \$63,800
8. **EOC Storage/Server Upgrade:** This project will upgrade the EOC server hardware, storage infrastructure, and system configurations to provide standalone core services (email, document directory, internet, etc....) functionality in the event of total operational failure to the main datacenter. The effort will align Mesa Water's EOC technology with the primary data center and standardize all hardware and technology.
Project Budget: \$237,920

FY21 contains 8 projects with a project budget of \$1,510,510.

Fiscal Year 2022

9. **MWRF Dedicated Circuit:** This project will align the MWRF facility to Mesa Water enterprise IT standards. This involves the installation of a dedicated switched circuit between the MWRF building and the data center, replacing the current broadband coax internet connection used today. This connection will

leverage the security benefits provided by the data center that currently do not exist at the MWRF facility.

Project Budget: \$33,200

10. **MWRF Data Center Remodel:** This project will align the MWRF facility to Mesa Water enterprise IT standards. This involves the installation of cabinets, PDU's, cabling, patch panels to industry standards.

Project Budget: \$83,400

11. **MWRF DR Remote Site:** This project will be the build out of a disaster recovery (DR) site to support all Mesa Water's critical applications at a data center not located on the same property as the primary data center. This site will provide services in the event Mesa Water lost all services to the administration and operation buildings.

Project Budget: \$277,560

12. **Network Infrastructure Refresh:** This project will be the build out of a disaster recovery (DR) site to support all Mesa Water's critical applications at a data center not located on the same property as the primary data center. This site will provide services in the event Mesa Water lost all services to the administration and operation buildings.

Project Budget: \$247,040

13. **IT Security Vulnerability Tools:** This project will improve the visibility of the Mesa Water IT security environment. This involves the installation of a security penetration tester to scan the Mesa Water network for vulnerabilities on a weekly basis and provide an automated report identifying risk across the Mesa Water IT infrastructure. This test will comply with industry standards and not only look for security vulnerabilities, but also validate that all operating systems and applications are meeting security standards.

Project Budget: \$116,560

14. **IT Disaster Recovery Architecture:** This project will provide the architecture and build out of the recovery process for each application if the Mesa Water District experience a loss of their on-premise Data Center facility. The project will include the necessary redesign of how each application is installed, managed and monitored. This project contributes to reducing and eliminating and disruption of services in the event of any device or application failure. This project will also provide the disaster recovery framework for all new Mesa Water District IT systems.

Project Budget: \$173,240

15. **IT Security-OKTA Life Cycle Management:** This project will provide additional security and automation during the onboarding process of new employees and the management during termination. The security tools will create or delete all necessary accounts validating all terminated employees are unable to access

any systems within minutes of their termination. Additional enhancements will provide password management for IT administrators by automating and assigning randomly generated passwords for limited durations. Lastly, the new management abilities will allow the sharing and federation access between applications requiring a single point to manage and change login credentials across most of Mesa Water applications.

Project Budget: \$136,800

16. **IT Electrical Closet/IDF Cleanup:** This project will decommission legacy telephone infrastructure and remove cabling from the previous analog phone system. The project will simplify the cabling system enabling more accurate and efficient cable tracing and replacement for operational support.

Project Budget: \$74,000

FY22 contains 8 projects with a project budget of \$1,143,600.

Fiscal Year 2023

17. **IT Application Run Books & Monitoring:** This was identified as a gap in the 2020 Nth Generation IT report. This project will provide the necessary IT workflows to support activating, restarting and moving each application. The project will reduce the amount of time to recover from an application failure and provide the necessary sequence of event to recover in the fastest possible time. The effort will provide a better understanding of the RPO (Recover Point Objective) and RTO (Recovery Time Objective) helping the Mesa Water understand the impact and risk of any application failure. Monitoring and maintaining the runbooks will be structured and included into the IT change control process.

Project Budget: \$167,920

18. **Managed Print Services:** This project involves replacing the current large copiers, small personal printers and engineering plotter with the latest hardware and management applications. This effort transition Mesa Water print services to align with the IT enterprise standards and management processes. Project benefits include consolidation of all printer/copiers/plotters into a single management console and managed services to a single vendor, automated ink replacement and service tickets, integration with document management systems and policies simplifying maintenance and support for operational staff. Additionally, users will have the ability to print from cell phones and automatically connect to the closest printer increasing employee mobility and efficiency.

Project Budget: \$100,400

19. **Fire & Security Alarm Systems Communication Infrastructure:** This project will convert critical fire and security alarm system PRI communications lines to Mesa Water District IT enterprise network communications standards. This will

increase reliability, lower monthly costs, and enable the ability of monitoring through integration with the IT infrastructure environment.

Project Budget: \$62,000

20. **Fax Services:** This project will convert the Mesa Water fax services to align with the IT enterprise standards and management processes. This will increase reliability, lower monthly recurring costs, enable cloud-based monitoring/management, enhance security and simplify the faxing processes. Users will have the ability to send and receive faxes from their workstations in addition to the printer/fax devices.

Project Budget: \$80,000

21. **Document Management System:** This project will establish the framework to centralize all documents within Mesa Water and providing the framework and workflows needed for each type of document to be added, managed and or used. The effort will include the build out of the needed workflows required based on the type of document automating the routing of documents for approval, escalation, signature, history and more. This project will include migration of the highest priority documents identified by Mesa Water District management to the document management platform. The objective of this project will be to provide the framework and methodology to move to a paperless system over time.

Project Budget: \$420,520

22. **Physical Security Systems Transition:** This project will align the main Placentia site and MWRF facility physical security systems to Mesa Water District IT enterprise standards and AWAI standards. This involves replacing the current security camera application and hardware, badge entry application and legacy hardware, and gate access systems. Enabling integration of all physical security systems into a single management console. Additionally, this project will consolidate the managed services to a single vendor simplifying maintenance and support for operational staff.

Project Budget: \$127,520

23. **Department IT Metrics:** This project will improve visibility and proactive management of the various department IT systems within Mesa Water. The efforts include the expansion of Mesa Water's management system to include all department IT systems providing monitoring and reporting of mission critical services. This effort will standardize IT systems monitoring and reporting across all of Mesa Water including IT, operations and the various departments.

Project Budget: \$165,360

FY23 contains 7 projects with a project budget of \$1,123,720.

- H. **Staff Resources:** This program budgets the time Mesa Water's Engineering and Operations staff will expend on CIP related work for the duration of this program. It is also assumed that additional Engineering and Operations staff will be required to

deliver the CIPR in 42 months. Please refer to the Program Management/Resources Section herein for more detail on additionally required Engineering and Operations staff positions. Total staffing resource costs is **\$2.91M**. It is assumed that these positions will expend approximately 78% of their time on capital related work and will be evenly distributed throughout the 42 months of the CIPR and include Mesa Water’s overhead rate. Routine Operations capital work staff time is accounted for in the Routine Operations Capital Budget. Department Managers’ time who function as Program Manager’s (see Resources Section below) are captured in the District’s overhead rate.

Budget

The CIPR is budgeted to expend funds starting in mid FY2020 through FY2023. CIPR funds will include expenditures in the following program areas of Table 1:

Table 1 –CIP Program Expenditures

Program	Budget	%
Wells	\$ 15,234,200	21.8%
Reservoirs	\$ 10,559,238	15.1%
Distribution	\$ 21,697,470	31.0%
Routine Operations	\$ 3,500,000	5.0%
Fleet	\$ 445,000	0.6%
District Facilities	\$ 6,212,888	8.9%
Information Technology	\$ 3,777,830	5.4%
Staff Resources	\$ 2,912,572	4.2%
Subtotal	\$ 64,339,197	91.9%
10% Contingency	\$ 5,656,574	8.1%
Total	\$ 69,995,771	100.0%

The Distribution Program has the largest proposed CIP expenditure at 31% which will focus on replacement of end-of-life pipelines, valves, and service lines. Mesa Water’s past eight years CIP expenditures has largely focused on construction of the MWRf, the Well Automation Project, the OC-44 Pipeline and Turnout Rehabilitation Projects, Routine Operations, and District Administration Facility Improvements. The proposed CIPR continues to enhance the Wells, Reservoirs, and Distribution Programs by providing Mesa Water with local supply capacity to meet 115% of its maximum day demands with the construction of two new wells and pipeline and rehabilitation of its two storage reservoirs. These aforementioned three programs account for 68% of the proposed CIP expenditures. Mesa Water will continue to upgrade its Information Technology Program to maintain relevant in the cyber-security environment along with implementation of the MWRf Outreach Facility rounding out Mesa Water’s District Facilities Program.

The Staff Resources budget line item is to provide an additional Engineering Department resource for project management responsibilities that will be shared among the Engineering, Operations, and Information Technology Programs (See Project Management and Resources Section Below) and provide CIPR tracking and reporting Program Management to the Assistant General Manager.

The proposed CIPR budget is comprised of projects that are comprised of detailed cost estimates in the final stages of design (e.g., Chandler/Croddy Wells & Pipeline, Reservoir Chemical Management System, etc.) and planning level cost estimates (e.g., Valves, Pipelines, District Facilities, etc.). Thus, due to the planning level cost estimates (e.g., -15% to +40% accuracy) a 10% contingency has been included in the overall CIPR budget (excluding the Wells Program & MWRf Outreach Facility – contingencies were already included in these cost items).

Table 2 provides a CIPR cost by fiscal year and discipline area.

Table 2 – CIP Program Expenditures by Fiscal Year & Discipline

Fiscal Year	Budget	Avg. \$/ Month (Mil \$)	Design (Mil \$)	Construct. (Mil \$)	CMI* (Mil \$)	Resources (Mil \$)	Other** (Mil \$)
2020	\$4.86	\$0.81	\$0.50	\$4.38	\$0	\$0.24	\$0.34
2021	\$20.87	\$1.74	\$2.22	\$13.73	\$1.09	\$0.93	\$2.31
2022	\$24.77	\$2.06	\$1.40	\$18.66	\$1.59	\$0.93	\$2.19
2023	\$19.49	\$1.62	\$0.25	\$15.18	\$1.10	\$0.82	\$2.14
Total	\$69.99		\$4.37	\$51.95	\$3.78	\$2.91	\$6.98

* Construction Management and Inspection Services

** Other includes Fleet Program, Pipeline Integrity Testing activities, and 10% CIPR Contingency

The goal of the CIPR is to balance the expenditure of funds across each year using both internal and external resources. Resource requirements are discussed in the Resources Section herein. The largest design effort occurs in FY2021 followed by FY2022. Construction funding is roughly the same in FY2021 and FY2023 at approximately \$20M per year and peak in FY22. Figure 2 provides an approximation of expenditures by month for the duration of the CIPR effort.

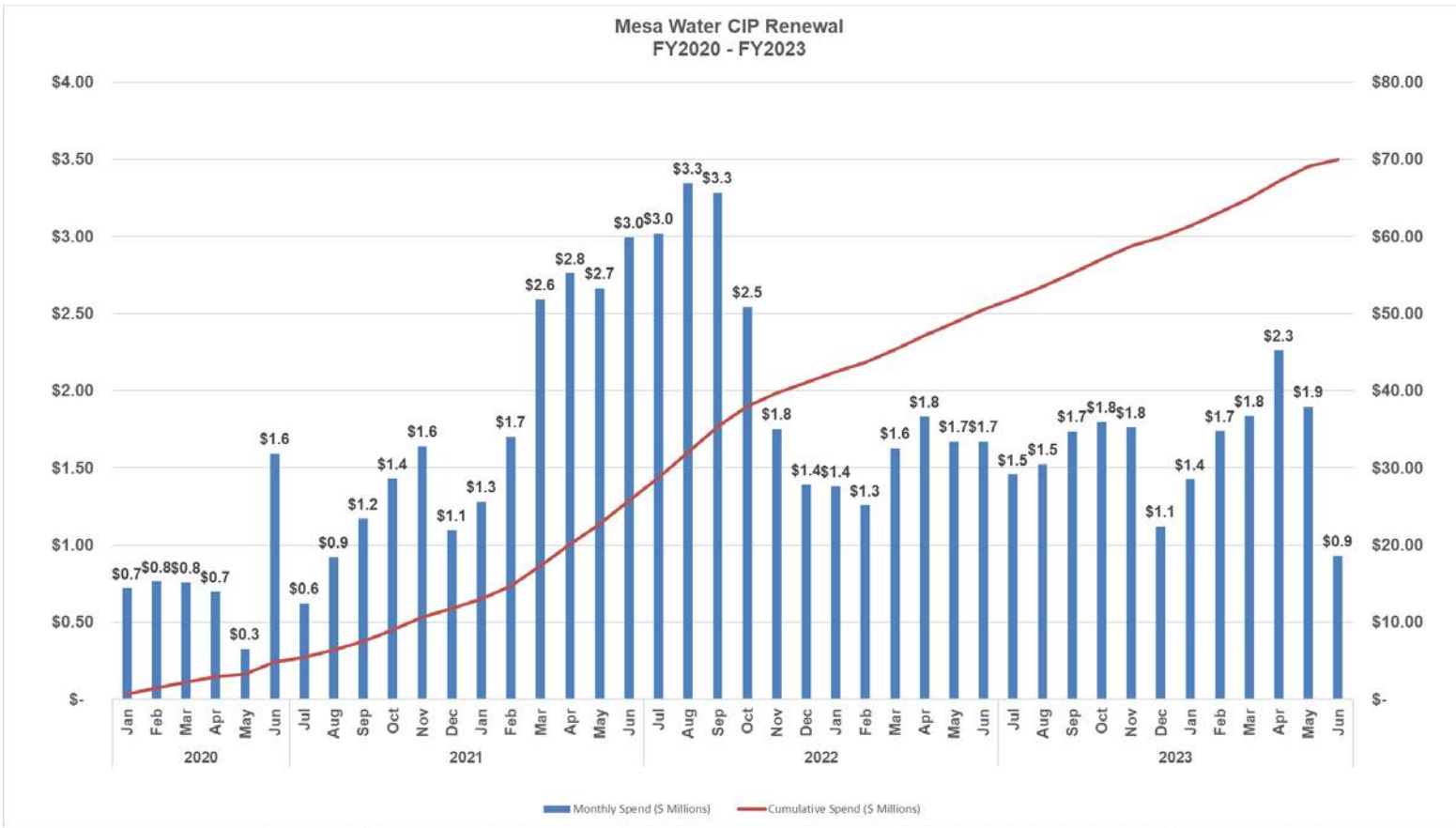


Figure 2 – CIP Expenditures by Month

The goal of a well-managed CIP is to have fairly uniform expenditures over the life of the program. Table 2 demonstrates that the average expenditure per month is \$1.74M, \$2.06M, and 1.62M for FY2021, FY2022, and FY2023, respectively. While the average expenditure per month is within a reasonable range, there are peaking expenditures that occur (e.g., Mar. 2021 to Oct. 2021, etc.) while design efforts are being completed and projects are put into the advertisement and construction phases. The proposed program has been optimized to evenly smooth monthly CIP expenditures considering project sequencing, construction restrictions and operational constraints.

Program Management/Resources

The CIPR will be managed by Mesa Water’s Engineering Department with support from other Mesa Water departments (e.g., Operations, Information Technology, Finance, etc.). The Mesa Water Engineering Department is overseen by the Assistant General Manager/District Engineer and has two Senior Engineers and a Department Assistant. Mesa Water uses a Program Manager Model (PMM) to manage and deliver its regular CIP each year. This approach uses external consulting professional services to provide design, construction management, and inspection services. Implementation of a PMM is highly effective at delivering multiple concurrent projects without maintaining a large in-house design, construction management, and inspection staff that needs specific

multi-discipline experience (e.g., Structural, geotechnical, pipeline, pump station, environmental, drafting, construction management, inspection, etc.).

The CIPR has been designed to have a lead Project Manager for each of the aforementioned Programs with oversight from a Program Manager. The following is a proposed CIPR assignment allocation:

Table 3 – Project Manager & Program Manager Assignments

Program	Program Manager	Project Manager			
		FY2020	FY2021	FY2022	FY2022
Wells	AGM	SE A	SE A	SE A	SE A
Reservoirs	AGM	SE B	SE B	SE B	SE B
Distribution	AGM	SE A	PE	SE A/B	SE A/B
Routine Ops.	OM	OM/ENR	OM/ENR	OM/ENR	OM/ENR
Fleet	OM	OM	OM	OM	OM
District Facilities	AGM	SE A/B	SE A/B	SE A/B	SE A/B
Info. Technology	AM	AM/ENR	AM/ENR	AM/ENR	AM/ENR
Staff Resources	AGM	AGM	ENR	ENR	ENR

Notes:

AGM/DE = Assistant General Manager/District Engineer

AM = Administration Manager

OM = Operations Manager

ENR = Engineer

SE = Senior Engineer

Engineering & Operations Resources: It is proposed that an additional Engineering resource be procured to provide project management support. The additional engineer would report to the Assistant General Manager and provide project management responsibility to the Distribution Program and partial support to the Information Technology and Operations Programs at varying levels through each fiscal year. The additional engineer would also be responsible for tracking overall CIPR performance throughout the program and recommending adjustments to project scopes, sequencing, scheduling, and coordination issues. Table 4 demonstrates the following resource allocations along with specific program responsibilities.

Program	FY2020			FY2021			FY2022			FY2023		
	SE A	SE B	ENR	SE A	SE B	ENR	SE A	SE B	ENR	SE A	SE B	ENR
Wells	0.0	0.4	0.0	0.0	0.4	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Reservoirs	0.2	0.1	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0
Distribution	0.1	0.2	0.0	0.0	0.1	0.4	0.2	0.3	0.0	0.1	0.3	0.0
Routine Operations	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.2
District Facilities	0.5	0.2	0.0	0.6	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Info. Technology	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.5	0.0	0.0	0.5
Program Mang.	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.2
On-Going/Ops. Proj.	0.0	0.2	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.5	0.4	0.0
Expense Proj./Leave	0.2	0.2	0.0	0.2	0.3	0.0	0.2	0.3	0.0	0.2	0.3	0.0
Total	1.0	1.3	0.0	1.0	1.1	1.0	0.9	0.9	0.9	1.0	1.0	0.9

Table 4 – CIPR Resource Allocation

Table 4 resource allocations were derived from existing Mesa Water Project Management work reporting statistics gathered from fiscal years 2019 and 2020. The following assumptions are made for CIP related project management resource allocations:

- Project Management design oversight is allocated at 16 hours/month with 24 hours/month for a design submittal review
- Bid & Award oversight is allocated 40 hours/month with a 2-month approval cycle
- Construction Management oversight is allocated 16 hours/month (20 hours/month for projects involving electrical and instrumentation construction)
- Construction Management Consultant oversight is allocated 2 hours/month
- MWRF Outreach Center Project: 40 hours/month (Design) and 80 hours/month (construction)
- Project resourcing is based on a 40 hours/week work-load

Mesa Water’s Engineering staff also oversee CIP support programs that account for part of their average monthly project management responsibilities as follows:

- Board/Committee Meetings: 5 hours/month
- Water Loss Audit: 13 hours/month
- Geographical Information System: 5 hours/month
- Plan Check: 10 hours/month
- Leave/Training: 24 hours/month

The aforementioned resource allocations indicate that the addition of an engineer is required to assist in effectively delivering the proposed CIPR in the 42-month time frame with each position fully loaded. Other assumptions about the additional engineer position include the following:

- Additional engineer will start at beginning of FY2021

- Additional engineer will be Project Manager of the Distribution Program in FY2021
- In FY2021 additional engineer will provide project management support with 0.12 FTE to Operations Program and 0.12 FTE to Information Technology Program and 0.25 FTE overall support to CIPR reporting and tracking
- In FY2022 Distribution Program project management support provided by Senior Engineers A & B.
- In FY2022/2023 additional engineer will provide project management support with 0.25 FTE to Operations Program and 0.5 FTE to Information Technology Program and 0.25 FTE overall support to CIPR reporting and tracking

Please note that the goal is to procure an additional engineer prior to FY2021 to assist in reallocating the additional 0.3 FTE of work assigned to Senior Engineer B.

Operations Resources: Other required resources include the addition of a distribution field crew. This field crew will assist with facilitating distribution shut-downs for pipeline, valve, and service line replacement work. Approximately 132 staff days of a 2-person crew are required to perform shut-downs and oversight of contractor field work for the installation of 50 valves similar to that proposed under the Distribution Program Valve Replacement Project. This metric was comprised from a 2018 Mesa Water contractor installed valve replacement project using Mesa Water's Computerized Maintenance Management System.

The Distribution Program construction work is planned to start in February 2021 and last until June 2023. While Mesa Water's existing field crews could assist with this work other Routine Capital and Maintenance work would have to be deferred. Thus, it is recommended to enhance Mesa Water's field crews with additional field crew members.

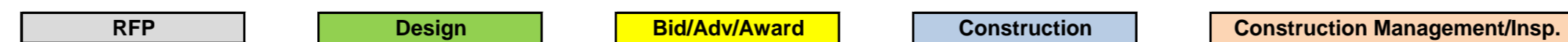
Resource Options: The level of the proposed additional engineer and number of additional Operations field crew members will be discussed in a separate memo to the Board of Directors as this will need to be considered in closed session due to labor negotiations.

Appendix A
Attachment 1 – CIPR Schedule

Mesa Water® Capital Improvement Program Renewal

Projects	Costs	Package	FY 2020						FY 2021						FY 2022						FY 2023											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Wells	\$ 15,234,200																															
Site Demo	\$ 488,750	CP1	W-DP1						W-CP1						Site Demo																	
Well Drilling	\$ 2,908,750	CP2	W-DP1						W-CP2						Well Drilling																	
Well Equipping	\$ 7,748,750	CP3	W-DP1												W-CP3						Well Equipping											
Pipeline	\$ 3,018,750	CP4	W-DP1												W-CP4						Pipeline											
Construction Management/Inspection	\$ 1,069,200	CMI							CMI																							
Reservoirs	\$ 10,559,238																															
0. Reservoir Program Design Services			0. Reservoir Program Design Services																													
1. Chemical Management Systems	\$ 3,040,000	DP1/CP1	R-DP1						1. Chemical Management Systems						R-CP1																	
2. Water & Power System Reliability Assessment	\$ 50,000	AP1	R-AP1						2. Water & Power System Reliability Assessment																							
2A. Res. 1&2 Motor/Engine, Pump, & Control System Replac	\$ 4,350,000	DP2/CP2							2A. Res. 1&2 Motor/Engine, Pump, & Control System Repl						R-DP2						R-CP2											
3. MWRP Back-up Power	\$ 2,207,500	DP3/CP3	3. MWRP Back-up Power						R-DP3						R-CP3																	
4. Construction Management/Inspection Services	\$ 911,738	CMI							R-CMI																							
Distribution	\$ 21,697,470																															
0. Pipeline & Vault Program Design Services			0. Pipeline & Vault Program Design Services																													
1. 1951 Cohort/Harbor & Wilson Pipeline	\$ 6,557,760	DP1A-1C/CP1A-1C	1. 1951 Cohort/Harbor & Wilson Pipeline						P-DP1A, P-DP1B, P-DP1C						P-CP1A, P-CP1B, P-CP1C																	
1A. Construction Management/Inspection	\$ 570,240	CP1A, 1B, 1C							P-CM1A, P-CM1B, P-CM1C																							
2. Vault Rehabilitation & Abandonments	\$ 3,654,700	DP2/CP2	2. Vault Rehabilitation & Abandonments						P-DP2						P-CP2																	
2B. Construction Management/Inspection	\$ 317,800	CMI2							P-CMI2																							
3. Valve Replacement Assessment	\$ 18,000	AP1	3. Valve Replacement Assessment						P-AP1																							
3A. Valve Replacement No. 1	\$ 660,000	DP3A/CP3A	3A. Valve Replacement No. 1						P-DP3A						P-CP3A																	
3B. Valve Replacement No. 2	\$ 660,000	DP3B/CP3B	3B. Valve Replacement No. 2						P-DP3B						P-CP3B																	
3C. Valve Replacement No. 3	\$ 660,000	DP3C/CP3D	3C. Valve Replacement No. 3						P-DP3C						P-CP3C																	
3D. Valve Replacement No. 4 & Cathodic Protection	\$ 1,488,000	DP3D/CP3D	3D. Valve Replacement No. 4 & Cathodic Protection						P-DP3D						P-CP3D																	
3E. Construction Management/Inspection	\$ 442,500	CMI3A-3D/CMI4							P-CMI3A, P-CMI3B, P-CMI3C, P-CMI3D, P-CMI4																							
4. Service Line Replacements	\$ 1,500,750	DP4/CP4	4. Service Line Replacements						P-DP4						P-CP4																	
5. Pipeline Integrity Testing	\$ 875,000	OGP	5. Pipeline Integrity Testing																													
6. On-Call Design/CM	\$ 875,000	OGP	6. On-Call Design/CM																													
7. Other Agency Projects	\$ 1,308,000	OGP	7. Other Agency Projects																													
8. OC-44 Pipeline Rehabilitation	\$ 2,109,720	OGP	8. OC-44 Pipeline Rehabilitation																													
Routine Operations	\$ 3,500,000		Routine Operations																													
Fleet	\$ 445,000		Fleet																													
District Facilities	\$ 6,212,888																															
0. MWRP Design Services			0. MWRP Design Services																													
1. MWRP Outreach Center	\$ 1,995,786	DP1/CP1	1. MWRP Outreach Center						DF-DP1						DF-CP1																	
1a. Construction Management/Inspection	\$ 473,500	CMI							DF-CMI																							
2. MWRP Parking Improvements	\$ 1,391,500	CP2	2. MWRP Parking Improvements						DF-CP2																							
3. MWRP Education Program	\$ 1,000,102	EPA/DP3/CP3	3. MWRP Education Program						DF-EPA						DF-DP3						DF-CP3											
4. Security System Replacement	\$ 315,000	DP4/CP4	4. Security System Replacement						DF-DP4						DF-CP4																	
5. Garage Storage	\$ 155,750	DP5A/CP5A, CP5B	5. Garage Storage						DF-CP5A						DF-DP5B						DF-CP5B											
6. Wells Parts Storage ¹	\$ 306,250	DP6/CP6	6. Wells Parts Storage ¹						DF-DP6						DF-CP6																	
7. Dewatering Pit ²	\$ 575,000	DP7/CP7	7. Dewatering Pit ²						DF-DP7						DF-CP7																	
Information Technology	\$ 3,777,830																															
Program Management																																

Notes:
 1. Bid w/MWRP Outreach Center Construction and use same CMI
 2. Design performed under Res. 1 Pump Replacement Project and use same CMI
 3. Assumes Well Program CM team will perform CMI on MWRP Parking Lot w/C.O. to contract. CMI for building will be competitively selected via RFP.





*Dedicated to
Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer
DATE: March 12, 2020
SUBJECT: Designated Funds Policy

RECOMMENDATION

Adopt Resolution No. 1529 Revising the Designated Funds Policy Superseding Resolution No. 1443.

The Finance Committee reviewed this item at its February 24, 2020 meeting and recommends Board approval.

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.

PRIOR BOARD ACTION/DISCUSSION

At its February 9, 2010 meeting, the Board of Directors (Board) adopted Resolution No. 1387, Revising Financial Policies and Guidelines in Establishing Rates Superseding Resolution No. 1359 including Exhibit A of the Designated Funds Policy. This Resolution established minimum and maximum funding levels for each of Mesa Water District's (Mesa Water®) funds as listed and described below:

1. Capital Replacement Fund – used for the replacement of capitalized assets when they reach the end of their useful lives.
2. Administrative & General Fund – used to fund (or partially fund) certain major general, administration and overhead projects such as offices, fixtures, furnishings, vehicles and equipment, on a pay-as-you-go basis.
3. Catastrophe Fund – used to begin repair of the water system after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged or insurance claims are being processed.
4. Rate Stabilization Fund – established to provide flexibility to the Board when setting rates to allow for absorbing temporary rate fluctuations or for one-time expenditures.
5. Operating Fund – used for unanticipated operating expenses, to maintain working capital for current operations and to meet routine cash flow needs.
6. Customer & Developer Deposits – monies held on behalf of Mesa Water's customers as required for their utility account or as cash bonds for development projects.

The funding Minimums and Maximums methodologies established for each fund by Resolution No. 1387 varied from calculated dollar amounts, days cash ratios, percentage of budgeted General and Administrative amounts, or a percentage of Fixed Assets.

Overall Designated Fund levels were established at a minimum of 280 days with no overall maximum level to retain flexibility as the Capital Replacement Fund's funding requirements may vary.



At its March 15, 2014 meeting, the Board adopted Resolution No. 1443, Designated Funds Policy amending the Designated Funds portion of Resolution No. 1387 Financial Policies and Guidelines for Establishing Rates. This Resolution streamlined and improved calculation methodology to exclusively calculate Designated Funds funding levels in “days” to be internally consistent, to easily calculate Designated Funds both individually and overall, and to promote clarity and transparency.

Below is a summary of Mesa Water’s Designated Funds calculations approved by the Board in Resolution No. 1443:

Fund Name	Target	Maximum
Administrative and General Fund	20 days	25 days
Catastrophe Fund	150 days	180 days
Rate Stabilization Fund	60 days	75 days
Operating Fund	120 days	150 days

Regarding the Capital Replacement Fund, the resolution did not establish an overall maximum level to retain flexibility as funding requirements may vary. Overall Designated Fund levels were established with a Target Amount of 600 days.

At its March 23, 2017 workshop, the Board received an update on the historical balances of the Designated Funds. The Board received and filed the report without any changes to Resolution No. 1443.

DISCUSSION

The Designated Funds policy shall be reviewed by the Finance Committee at least once every five years. The policy was last reviewed on March 23, 2017, with no changes being made.

After review of the current Designated Funds Policy no material changes were recommended by staff in updating the Resolution.

The following are proposed minor changes to the existing Designated Funds Policy for consistency and clarification:

Section 2 – Definitions was expanded to define terms such as Board, Designated Funds, Designated Funds Policy, Mesa Water, Rules and Regulations and State.

Section 3 – Types of Designated Funds was adjusted to clearly define the different Designated Funds.

Minor revisions and clarifications to terms have been made more consistent. Additional minor grammatical changes were made throughout the Resolution.



LEGAL REVIEW

Mesa Water’s Legal Counsel – Atkinson, Andelson, Loya, Ruud & Romo – has reviewed the draft resolution and the following is a brief summary of the recommended changes:

- Clarification to fund designations to closer match best practices in financing documents when referencing funds, accounts, and sub-accounts.
- References to some items (like funding levels) did not use consistent terms/references, so we propose the terms “designated funding level” and “maximum funding level” as more consistent terms of use.

FINANCIAL IMPACT

None.

ATTACHMENTS

Attachment A: Resolution No. 1529

Attachment B: Resolution No. 1443, Redline

RESOLUTION NO. 1529

RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS REVISING THE DESIGNATED FUNDS POLICY SUPERSEDING RESOLUTION NO. 1443

WHEREAS, the Mesa Water District (Mesa Water® or District) is a county water district organized and operating pursuant to the provisions of the laws of the State of California (State or California); and

WHEREAS, the Board of Directors (Board) of the Mesa Water District previously adopted Resolution No. 1443 adopting Mesa Water's Designated Funds Policy; and

WHEREAS, the Board desires to adopt a revised and updated policy statement, policies and procedures regarding Mesa Water's designated funds as part of policies and procedures affecting the District's funds and finances.

NOW THEREFORE, THE BOARD OF DIRECTORS OF THE MESA WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. This Resolution shall supersede Resolution No. 1443 - Adopting a Designated Funds Policy and revises the specific policy statement, policies and procedures regarding designated funds as set forth in Appendix A and Attachment A, attached hereto and incorporated herein by this reference (collectively, the Designated Funds Policy).

Section 2. This Resolution, and the Designated Funds Policy adopted hereby, shall be reviewed by the Finance Committee at least once every five years to, among other considerations, determine if the policies, guidelines and procedures are still relevant and appropriate.

Section 3. The revised Designated Funds Policy, as set forth in Attachment A, shall be effective upon approval of this Resolution.

ADOPTED, SIGNED, AND APPROVED this 12th day of March 2020 by the following roll call vote:

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:
ABSTAIN: DIRECTORS:

Shawn Dewane
President, Board of Directors

Denise Garcia
District Secretary

DRAFT

APPENDIX A

RESOLUTION NO. 1529

RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS REVISING THE DESIGNATED FUNDS POLICY SUPERSEDING RESOLUTION NO. 1443

1. MESA WATER SHALL CONTINUE THE GOAL OF MAINTAINING FINANCIAL STABILITY OVER TIME

Mesa Water District (Mesa Water® or District) has adopted a goal of maintaining financial stability over time. Financial stability is not only a prudent management goal; it can also minimize financial costs in the long-term (e.g., securing low interest costs on borrowings and avoiding unnecessary borrowing). Above all, financial stability will provide the community with the confidence of knowing a strong, consistent team is managing the utility.

Financial policies and measures will be developed to measure, manage, achieve and maintain financial stability.

1.1 DESIGNATED FUNDS

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. Mesa Water will at all times strive to have sufficient funding available to meet its operating, capital, and debt service obligations. Designated Funds (as defined in Attachment A) will be accumulated and maintained to allow Mesa Water to fund expenditures in a manner consistent with the District's Water System Master Plan, and avoid significant rate fluctuations due to changes in cash flow requirements.

The Board of Directors (Board) may designate specific fund accounts and maintain target fund balances consistent with statutory obligations that the Board has determined to be in the best interests of Mesa Water. The Designated Funds Policy directives are intended to ensure Mesa Water has, and will have, sufficient financial resources and Designated Funds to meet current and future needs. The Board will review the level of Designated Funds on a periodic basis as set out in the Designated Funds Policy.

1.2 DESIGNATED FUNDS TARGET

1.2.1 Mesa Water will maintain sufficient reserves, and of such a nature, that it strives to target designated fund balances totaling 600 days of budgeted operating expenses as defined by the Designated Funds Policy.

1.3 CASH FLOW

1.3.1 At the end of a fiscal year, Mesa Water should strive to have total revenues, less operation and maintenance expenses, debt service and capital projects funded from rates, greater than or equal to zero.

1.4 TARGET DEBT SERVICE COVERAGE:

1.4.1 Mesa Water will strive to maintain an actual debt service coverage ratio of 1.30 on all outstanding debt service. (Industry norm for revenue bond coverage ratio covenants is 1.25. Mesa Water's certificates of participation covenant coverage ratios of 1.15).

1.4.2 The debt service coverage ratio will be calculated at fiscal year-end and reviewed by Mesa Water's independent external auditor. The calculation and the auditor's opinion will be included in Mesa Water's Comprehensive Annual Financial Report.

1.4.3 Mesa Water's annual budget will be prepared so as to have an annual debt service coverage ratio greater than or equal to 1.50 on all outstanding debt that includes a contractual coverage ratio covenant.

1.4.4 The Board will review Mesa Water's projected debt service coverage ratio prior to the adoption of each annual budget.

ATTACHMENT A

RESOLUTION NO. 1529

**RESOLUTION OF THE
MESA WATER DISTRICT BOARD OF DIRECTORS
REVISING THE DESIGNATED FUNDS POLICY
SUPERSEDING RESOLUTION NO. 1443**

**Mesa Water District's
Designated Funds Policy**

March 2020

DRAFT



MesaWater
DISTRICT

DESIGNATED FUNDS POLICY

March 2020

1. Policy Statement

The principal purpose of this Policy is to provide a written statement of the Board of Directors (Board) as to Mesa Water District's (Mesa Water® or District) Designated Funds including, but not limited to, their designation, purpose(s), designated funding levels, usage and procedures related thereto.

A key element of prudent financial planning for public agencies is to ensure that sufficient funding is available for current and on-going operating, capital and debt service needs. Additionally, fiscal responsibility requires anticipating the possibility of, and preparing for, unforeseen events which result in fiscal consequences.

Mesa Water will at all times retain the goal of having sufficient funding available to meet its on-going operating, capital and debt service financial obligations. Designated Funds will be accumulated, held, maintained and monitored pursuant to this Policy to allow Mesa Water to fully meet expenditure requirements and obligations in a manner consistent with its Water System Master Plan and avoid significant rate fluctuations due to changes in revenue receipts and cash flow requirements.

The Board may designate specific funds/accounts and designated fund balances for the Designated Funds consistent with applicable statutory provisions, and levels that the Board has determined to be in the best interests of Mesa Water.

The directives outlined in this Policy are intended to help ensure that Mesa Water has, and will have, sufficient funds to meet current and future fiscal needs, requirements and/or obligations. The Board will review the designated funding levels of the various Designated Funds on a periodic basis.

2. Definitions

Unless otherwise defined herein, or unless the context requires otherwise, the following terms shall have the following meaning(s) for purposes of this Policy:

- Board – means the Board of Directors of Mesa Water District.
- Designated Funds – means those funds, accounts and/or sub-accounts created or held on behalf of Mesa Water which are subject to this Policy and are further set out in Sections 3 and 5 hereof.
- Designated Funds Policy or Policy – shall mean this Mesa Water District Designated Funds Policy as adopted and as amended from time to time.
- Mesa Water or District – means Mesa Water District, a county water district organized and operating pursuant to State law.
- Rules and Regulations – means the Rules and Regulations for Water Service as adopted by the Board and as amended from time to time.
- State – means the State of California.

Capitalized terms used herein and not otherwise defined shall have the meaning(s) ascribed thereto in the Rules and Regulations.

3. Types of Designated Funds

There shall be three types of Designated Funds, which are defined and described below:

- I. **RESTRICTED FUNDS:** Restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws and/or regulations.
- II. **CAPITAL FUNDS:** Established by action of the Board and designated for specific purposes. These funds are utilized primarily to fund capital and asset replacement costs.
- III. **LIQUIDITY FUNDS:** Established by action of the Board to safeguard the financial viability and stability of Mesa Water and, absent specific directives of the Board, shall be funded from accumulated revenues.

4. General Provisions

Mesa Water will maintain its Liquidity and Capital Funds in designated funds or accounts in a manner that ensures its financial soundness and provides transparency to its customers. The targeted level(s) of Fund balances are considered the minimum necessary to maintain the District's credit worthiness and adequately provide for:

- Compliance with applicable statutory requirements;
- Financing of future capital facilities and repair and replacement of existing capital assets;
- Cash flow requirements;
- Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy; and/or
- Contingencies or unforeseen operating or capital needs.

In the context of funding future capital facilities and maintaining and replacing existing capital assets, in each instance, Mesa Water will analyze the benefits and tradeoffs of utilizing pay-as-you-go funding and/or debt financing and determine the optimal funding strategy or combination of funding strategies. The analysis should consider Mesa Water's current and projected liquidity and capital positions, as well as the impact of projected inflation, the cost(s) of water and other factors on the operations of the District and its capital improvement and replacement program.

Through a variety of policy documents and plans, including, but not limited to, Mesa Water's Asset Management Plan, Capital Improvement Plan, Water System Master Plan and Strategic Plan, the Board has set forth a number of long-term goals for the District. A fundamental purpose of Mesa Water's policy documents and plans, including this Policy, is to link what is to be accomplished, as set out in such policy documents and plans, with the necessary resources to successfully do so.

Mesa Water has established and will maintain the following Designated Funds and their respective accounts/sub-accounts:

- Restricted Funds – comprised of the Bond Proceeds Fund(s) and the Customer and Development Deposits
- Capital Funds – comprised of the Capital Replacement Fund
- Liquidity Funds – comprised of the Operating Fund, Rate Stabilization Fund, Administrative & General Fund and the Catastrophe Fund

A principal tenet of this Policy shall be the crediting of interest earnings to specific Designated Funds until the respective Designated Fund's designated funding level is achieved. Once the designated funding level is reached within a specific Designated Fund, the interest earnings over and above the designated funding level will be reallocated to other Designated Funds, as further set forth in the following paragraph, whose funding level is below the designated funding level as established pursuant to this Policy.

Designated Fund balances will be reviewed on an annual basis at, or near, the end of Mesa Water's established fiscal year to ensure compliance with this Policy. In the event the Liquidity Fund balance exceeds the designated funding level, monies over and above the designated funding level held therein will be transferred annually into the Capital Fund. On an as-needed basis, moneys from the Capital Fund may be transferred to pay for operating emergencies to supplement the Liquidity Fund. In addition, in the event that the Capital Fund balance exceeds the established maximum, the Board will make a determination regarding the reallocation of such funds.

The designated funding level established for each Designated Fund represents the baseline financial condition that is acceptable to Mesa Water from risk and long-range financial planning perspectives. Maintaining Designated Funds at appropriate levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various revenue generating alternatives. These alternatives (either alone or in combination with each other) include, but are not limited to: fees and charges, water usage, capital financing, investment of funds and current and projected levels of capital expenditures.

To preserve its current AAA (or equivalent) credit ratings, in each fiscal year Mesa Water will strive to target unrestricted cash and Designated Fund balances totaling 600 days of budgeted operating expenses less pass-through expenses (defined herein as Operating Expenses). Should Mesa Water determine to target a different

credit rating level, this target may be adjusted accordingly. Higher credit ratings can provide economic benefit to Mesa Water in terms of lower interest rates on the future borrowings based on broader investor base and greater demand for the Mesa Water's issued securities, resulting in lower annual debt service cost. However, should Mesa Water determine to pursue a different credit rating, it will need to carefully analyze under what circumstances and in what timeframes it will be optimal to achieve such goal.

The Board shall approve any reallocation of funds or any transfers among Designated Funds.

5. Mesa Water Designated Funds

This Section further describes each of the Designated Funds (including accounts and sub-accounts therein), designated funding level(s) and related information.

I. RESTRICTED FUNDS

- a. **Bond Proceeds Fund(s)** – Bond proceeds funds are monies derived from the proceeds of a securities issue. Typically they consist of construction fund monies and a debt service reserve fund (DSRF). The use of these proceeds is restricted by conditions set forth in the respective legal documents providing for the issuance of the corresponding securities. These funds are usually held by a trustee (bank) and there may be commitments of such funds in favor of the securities holders.

Designated Funding Level – The debt service reserve requirement is established at the time of a securities issue. This amount may be recalculated as the securities are paid down. Any excess funds and/or interest earnings over and above the specified reserve requirement are typically used to pay debt service on the corresponding outstanding securities.

Events or Conditions Prompting the Use of the Fund(s) – As stipulated in the respective securities issuance documents. Construction fund monies are expected to be spent on applicable projects, while DSRF can only be used in the event of a shortfall of funds available to pay debt service or to pay down principal of such securities at maturity.

Periodic Review Dates for Balances – Reviewed by the applicable trustee and Mesa Water staff on at least an annual basis.

- b. **Customer and Development Deposits** – Monies held on behalf of Mesa Water customers as required for their utility account(s) or as cash bonds for development projects.

Designated Funding Level – Customer deposits are required based upon the process outlined in the Rules and Regulations. Deposit requirements for development projects are outlined in Mesa Water's most current Miscellaneous Fees and Charges Resolution. The balance in this account will fluctuate

depending on the number of utility customer deposits required and the number of development projects in process. Therefore, no overall designated funding level(s) will be established.

Events or Conditions Prompting the Use of the Fund(s) –

1. Funds held as customer deposits are held to satisfy unpaid balances for the corresponding customer utility account as set out in the Rules and Regulations. As deposits on utility accounts are released, they will be refunded to the customer.
2. Deposits for development projects are drawn down to meet costs incurred by Mesa Water, or to satisfy unpaid balances, applicable to the corresponding development project. When development projects are complete, the project(s) will be closed and a final accounting will be completed. Remaining deposit monies, if any, will be returned to the development customer following final accounting and reconciliation.

Periodic Review Dates for Balances – Reviewed by staff on a regular basis as part of the monthly closing process.

II. CAPITAL FUNDS

Mesa Water will strive to maintain a designated funding level of \$10.0 million in the Capital Funds. The Capital Funds will consist of the following sub-account:

- a. Capital Replacement Fund – The Capital Replacement Fund is used for the rebuilding and/or replacement of capitalized assets based around when such capital assets reach the end of their useful lives.

Designated Funding Level – Mesa Water may set aside replacement funds on a project-by-project basis. The designated funding level is equal to the \$10.0 million designated for the Capital Fund. There is no maximum balance specified in the Capital Replacement Fund.

Events or Conditions Prompting the Use of the Fund – Staff will recommend assets to be replaced during the annual budget preparation process. As projects are approved, funds will be appropriated from funds held in the Capital Replacement Fund not allocated for specific capital projects or available revenues.

Periodic Review Dates for Balances – Fund balances and projected capital projects will be reviewed by staff and the Board during the preparation and approval of the annual budget.

III. LIQUIDITY FUNDS

Liquidity Funds will be comprised of the following sub-accounts: the Rate Stabilization Fund and the Operating Fund. The balance in the Liquidity Funds will fluctuate depending on annual Operating Expenses. The designated funding level in the Liquidity Funds will be equal to 180 days of the annual budgeted Operating Expenses.

- a. Administrative & General Fund – The Administrative & General Fund is used to fund certain major general, administration and overhead projects. It is intended to fund (or partially fund) offices, fixtures, furnishings, vehicles and equipment on a pay-as-you-go basis. The Board will appropriate funds for specific projects which can be funded on an as-needed or project-by-project basis.

Designated Funding Levels –

1. Target – The designated funding level in the Administrative & General Fund will be equal to 20 days of the annual budgeted Operating Expenses.
2. Maximum – The maximum funding level in the Administrative & General Fund will be equal to 25 days of the annual budgeted Operating Expenses.

Events or Conditions Prompting the Use of the Fund – Improvement projects will be identified by staff and recommended to the Board during the preparation of the annual budget. As projects are approved, funds will be appropriated from available revenues.

Periodic Review Dates for Balances – Fund balances and projected improvement projects will be reviewed by staff and the Board during the preparation and approval of the annual budget.

- b. Catastrophe Fund – The Catastrophe Fund is used to begin to rebuild, restore and/or repair Mesa Water’s infrastructure and assets after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged or insurance claims are being processed.

Designated Funding Levels –

1. Target – The designated funding level in the Catastrophe Fund will be equal to 150 days of the annual budgeted Operating Expenses.
2. Maximum – The maximum funding level in the Catastrophe Fund will be equal to 180 days of the annual budgeted Operating Expenses.

Events or Conditions Prompting the Use of the Fund – The Board may designate use of this fund after establishing that conditions exist as called out in the definition and purpose of the fund.

Periodic Review Dates for Balances – Fund balances and designated and maximum funding level will be reviewed by staff and the Board during the preparation and approval of the annual budget.

- c. Rate Stabilization Fund – This fund is established to provide flexibility to the Board when setting rates to allow for absorbing temporary rate fluctuations or for one-time expenditures.

Designated Funding Levels –

1. Target – The designated funding level in the Rate Stabilization Fund will be equal to 60 days of the annual budgeted Operating Expenses.
2. Maximum – The maximum funding level in the Rate Stabilization Fund will be equal to 75 days of the annual budgeted Operating Expenses.

Events or Conditions Prompting the Use of the Fund – This fund is intended to be used to defray any temporary unforeseen and extraordinary increases in the cost of water supply. The Board, on a case by case basis, will determine the amount and timing for any use of this fund.

Periodic Review Dates for Balances – Fund balances will be reviewed by staff and the Board during the preparation and approval of the annual budget.

- d. Operating Fund – The Operating Fund is used for unanticipated Mesa Water operating expenses. This fund is designated by the Board to maintain working capital for current operations and to meet routine cash flow needs.

Designated Funding Levels –

1. Target – The designated funding level in the Operating Fund will be equal to 120 days of the annual budgeted Operating Expenses.
2. Maximum – The maximum funding level in the Operating Fund will be equal to 150 days of the annual budgeted Operating Expenses.

Events or Conditions Prompting the Use of the Fund – Upon Board authorization, this fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and extraordinary decreases in revenues and unexpected increases in expenses.

Periodic Review Dates for Balances – Fund balances and designated funding level will be reviewed by staff and the Board during the preparation and approval of the annual budget.

6. Investment Guidelines

It has been Mesa Water's practice to rely primarily on a pay-as-you-go (pay-go) strategy to fund capital improvements and replacement of existing assets. However, maintaining a balance between debt and pay-go sources may provide an added benefit to Mesa Water in terms of allowing for a more optimal investment strategy. In the context of these policies and in circumstances where such balance is present, the investment portfolio can be separated into short and long portfolios to maximize investment returns.

Funds held in the Designated Funds are subject to Mesa Water's Investment Policies and delegation(s) of investment authority as adopted by the Board and as amended from time to time.

7. Delegation of Authority

The Board has sole authority to amend or revise this Designated Funds Policy. Through adoption of this Policy, the Board has established written procedures for staff to follow in the management of Mesa Water's Designated Funds.

RESOLUTION NO. 14431529

**RESOLUTION OF THE
MESA WATER DISTRICT BOARD OF DIRECTORS
REVISING ~~ADOPTING AT THE~~ DESIGNATED FUNDS POLICY
SUPERSEDING RESOLUTION NO. 1443**

WHEREAS, the Mesa Water District (Mesa Water® or District) is a county water district organized and operating pursuant to the provisions of the laws of the ~~according to~~ State of California (~~State or California~~)~~Law~~; and

WHEREAS, the Board of Directors (Board) of the Mesa Water District ~~had~~ previously adopted Resolution No. ~~1387-1443~~ adopting Mesa Water's Designated Funds Policy, ~~which included designated funds~~; and

WHEREAS, the Board desires to adopt a ~~revised and updated~~~~specific~~ policy statement, ~~and policies and procedures~~ regarding Mesa Water's designated funds as part of policies and procedures affecting ~~relative to Mesa Water~~ the District's funds and finances.

NOW THEREFORE, THE BOARD OF DIRECTORS OF THE MESA WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. This Resolution shall supersede ~~replaces the designated funds portion(s) of Resolution No. 1387-1443 - Financial Policies and Guidelines for Establishing Rates~~ Adopting a Designated Funds Policy and revises the ~~adopts a~~ specific policy statement, policies and procedures regarding designated funds as set forth in ~~Exhibit Appendix A and Attachment A~~, attached hereto and incorporated herein by this reference (collectively, the Designated Funds Policy).

Section 2. This Resolution, and the Designated Funds Policy adopted hereby, shall be reviewed by the Finance Committee at least once every five years to, among other considerations, determine if the policies, ~~and~~ guidelines and procedures are still relevant and appropriate.

Section 3. The revised Designated Funds Policy ~~of the Mesa Water District Board of Directors~~, as set forth in Attachment A, ~~is~~ shall be adopted effective upon approval of this ~~r~~Resolution.

~~PASSED AND~~ ADOPTED, SIGNED, AND APPROVED this 15¹²th day of March 2014~~2020~~, and adopted by the following roll call vote:

AYES: DIRECTORS: ~~Atkinson, Bockmiller, Temianka, Dewane, Fisler~~
NOES: DIRECTORS:
ABSENT: DIRECTORS:
ABSTAIN: DIRECTORS:

~~James R. Fisler~~ Shawn Dewane
President, Board of Directors

~~Coleen L. Monteleone~~ Denise Garcia

District Secretary

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EXHIBIT APPENDIX A

RESOLUTION NO. 14431529

RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS ~~ADOPTING REVISING A~~ THE DESIGNATED FUNDS POLICY

SUPERSEDING RESOLUTION NO. 1443

1. MESA WATER SHALL CONTINUE THE GOAL OF MAINTAINING FINANCIAL STABILITY OVER TIME

Mesa Water District (Mesa Water® or District) has adopted a goal of ~~should strive to~~ maintaining financial stability over time. Financial stability is not only a prudent management goal; it can also minimize financial costs in the long-term (e.g., ~~securing low interest costs on borrowings and avoiding~~ unnecessary borrowing). Above all, financial stability will provide the community with the confidence of knowing a strong, consistent team is managing the utility.

Financial policies and measures will be developed to measure, manage, ~~and~~ achieve ~~and maintain~~ financial stability.

1.1 DESIGNATED FUNDS

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital, and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. Mesa Water will at all times strive to have sufficient funding available to meet its operating, capital, and debt service obligations. Designated Funds (~~as defined in Attachment A)-(Funds)~~) will be accumulated and maintained to allow Mesa Water to fund expenditures in a manner consistent with ~~Mesa Water the District's~~ Water System Master Plan, and avoid significant rate fluctuations due to changes in cash flow requirements.

The Board of Directors (Board) may designate specific fund accounts and maintain target fund balances consistent with statutory obligations that ~~the Board it~~ has determined to be in the best interests of Mesa Water. The Designated Funds Policy directives are intended to ensure Mesa Water has, ~~and will have,~~ sufficient ~~Funds~~ financial resources and Designated Funds to meet current and future needs. The Board will review the level of Designated Funds on a periodic basis ~~as set out in the Designated Funds Policy.~~

1.2 DESIGNATED FUNDS TARGET

1.2.1 Mesa Water will maintain sufficient reserves, and of such a nature, that it strives to target designated fund balances totaling 600 days of budgeted operating expenses as defined by the ~~Designated Funds Policy~~ ~~policy~~.

1.3 CASH FLOW

1.3.1 At the end of a fiscal year, Mesa Water should strive to have total revenues, less operation and maintenance expenses, debt service and capital projects funded from rates, greater than or equal to zero.

1.4 TARGET DEBT SERVICE COVERAGE:

1.4.1 Mesa Water will strive to maintain an actual debt service coverage ratio of 1.30 on all outstanding debt service. (Industry norm for revenue bond coverage ratio covenants is 1.25. Mesa Water's certificates of participation covenant coverage ratios of 1.15).

1.4.2 The debt service coverage ratio will be calculated at fiscal year-end and reviewed by ~~Mesa Water's independent external the outside~~ auditor. The calculation and the auditor's opinion will be included in Mesa Water's Comprehensive Annual Financial Report.

1.4.3 Mesa Water's annual budget will be prepared ~~so as~~ to have an annual debt service coverage ratio greater than or equal to 1.50 on all outstanding debt that ~~includes —carries— a legal contractual coverage ratio bond~~ covenant.

1.4.4 The Board will review Mesa Water's projected debt service coverage ratio prior to the adoption of ~~each the~~ annual budget.

ATTACHMENT A

RESOLUTION NO. 14431529

**RESOLUTION OF THE
MESA WATER DISTRICT BOARD OF DIRECTORS
~~ADOPTING A REVISING THE~~ DESIGNATED FUNDS POLICY
SUPERSEDING RESOLUTION NO. 1443**

**Mesa Water District's
Designated Funds Policy**

March 20142020

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MesaWater
DISTRICT

DESIGNATED FUNDS POLICY

March 20142020

1. Policy Statement

The principal purpose of this Policy is to provide a written statement of the Board of Directors (Board) as to Mesa Water District's (Mesa Water® or District) Designated Funds including, but not limited to, their designation, purpose(s), designated funding levels, usage and procedures related thereto.

A key element of prudent financial planning for public agencies is to ensure that sufficient funding is available for current and on-going operating, capital, and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood possibility of, and preparing for, unforeseen events which result in fiscal consequences.

Mesa Water District (Mesa Water) will at all times strive to have retain the goal of having sufficient funding available to meet its on-going operating, capital, and debt service financial obligations. Designated Funds (Funds) will be accumulated and held, maintained and monitored pursuant to this Policy to allow Mesa Water to fund expenditures fully meet expenditure requirements and obligations in a manner consistent with Mesa Water's Water System Master Plan, and avoid significant rate fluctuations due to changes in revenue receipts and cash flow requirements.

The Board of Directors (Board) may designate specific fund funds/accounts and maintain target designated fund balances for the Designated Funds consistent with applicable statutory obligations provisions, and levels that the Board has determined to be in the best interest interests of Mesa Water.

The Policy directives outlined in this document Policy are intended to help ensure that Mesa Water has, and will have, sufficient funds to meet current and future fiscal needs, requirements and/or obligations. The Board will review the level of designated funding levels of the various Designated Funds on a periodic basis.

2. Definitions

Unless otherwise defined herein, or unless the context requires otherwise, the following terms shall have the following meaning(s) for purposes of this Policy:

- Board – means the Board of Directors of Mesa Water District.
- Designated Funds – means those funds, accounts and/or sub-accounts created or held on behalf of Mesa Water which are subject to this Policy and are further set out in Sections 3 and 5 hereof.
- Designated Funds Policy or Policy – shall mean this Mesa Water District Designated Funds Policy as adopted and as amended from time to time.
- Mesa Water or District – means Mesa Water District, a county water district organized and operating pursuant to State law.

- Rules and Regulations – means the Rules and Regulations for Water Service as adopted by the Board and as amended from time to time.
- State – means the State of California.

Capitalized terms used herein and not otherwise defined shall have the meaning(s) ascribed thereto in the Rules and Regulations.

3. Types of Designated Funds

There ~~are~~ shall be three types of ~~Funds~~ Designated Funds, which are defined and described below:

- I. RESTRICTED FUNDS: Restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws, ~~and~~ or regulations ~~governing use~~.
- II. CAPITAL FUNDS: Established by action of the Board and designated for specific purposes. ~~This fund is~~ These funds are utilized primarily to fund capital and asset replacement costs.
- III. LIQUIDITY FUNDS: Established by action of the Board to safeguard the financial viability and stability of Mesa Water and ~~is~~, absent specific directives of the Board, shall be funded from accumulated revenues.

3.4. General Provisions

Mesa Water will maintain its ~~liquidity~~ Liquidity and ~~capital funds~~ Capital Funds in designated ~~sub-funds~~ or accounts in a manner that ensures its financial soundness and provides transparency to its customers. The targeted level(s) of Fund balances are considered the minimum necessary to maintain the District's credit worthiness and adequately provide for:

- ❖ Compliance with applicable statutory requirements;
- ❖ Financing of future capital facilities and repair and replacement of existing capital assets;
- ❖ Cash flow requirements;
- ❖ Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy; and/or
- ❖ Contingencies or unforeseen operating or capital needs.

In the context of funding future capital facilities and maintaining and replacing existing capital assets, in each instance, Mesa Water will analyze the benefits and tradeoffs of utilizing pay-as-you-go funding and/or debt financing and determine the optimal

funding strategy or combination of funding strategies. The analysis should consider Mesa Water's current and projected liquidity and capital positions, as well as the impact of ~~projected~~ inflation, the cost(s) of water, and other factors on the operations of ~~Mesa Water~~ the District and its capital improvement and replacement program.

Through a variety of policy documents and plans, including, ~~but not limited to~~, Mesa Water's Asset Management Plan, Capital Improvement Plan, Water System Master Plan, and Strategic Plan, the Board has set forth a number of long-term goals for ~~Mesa Water~~ the District. A fundamental purpose of Mesa Water's policy documents and plans, including this Policy, is to link what ~~mustis~~ to be accomplished, as set out in such policy documents and plans, with the necessary resources to successfully do so.

Mesa Water has established and will maintain the following ~~primary~~ Designated Funds and their respective ~~accounts~~/sub-accounts:

- Restricted Funds – comprised of the Bond Proceeds Fund(s) and the Customer and Development Deposits
- Capital Funds – comprised of the Capital Replacement Fund
- Liquidity Funds – comprised of the Operating Fund, Rate Stabilization Fund, Administrative & General Fund, and the Catastrophe Fund

A principal tenet of ~~Mesa Water's Designated Fund~~ this Policy shall be the crediting of interest ~~income~~ earnings to specific ~~designated funds~~ Designated Funds until the respective ~~Designated Fund's~~ designated ~~fund's maximum~~ funding level is achieved. Once the ~~maximum balance~~ designated funding level is reached within a specific ~~designated fund~~ Designated Fund, the ~~surplus~~ interest earnings over and above the designated funding level will be reallocated to other ~~designated funds~~ Designated Funds, as further set forth in the following paragraph, whose funding level is below the ~~targeted or maximum requirement recommended by this policy~~ designated funding level as established pursuant to this Policy.

Designated Fund balances will be reviewed on an annual basis at, or near, the end of ~~the~~ Mesa Water's established fiscal year to ensure compliance with this Policy. In the event the Liquidity Fund balance exceeds the ~~established maximum, excess monies~~ designated funding level, monies over and above the designated funding level held therein will be transferred annually into the Capital Fund. On an as-needed basis, moneys from the Capital Fund ~~can~~ may be ~~moved~~ transferred to pay for operating emergencies to supplement the Liquidity Fund. In addition, in the event that the Capital Fund balance exceeds the established maximum, the Board will make a determination regarding the reallocation of ~~excess monies~~ such funds.

The ~~targeted~~ designated funding level established for each Designated Fund represents the baseline financial condition that is acceptable to Mesa Water from risk and long-range financial planning perspectives. Maintaining Designated Funds at appropriate levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various revenue generating alternatives. These alternatives (either alone or in combination with each other) include, but are not

limited to: fees and charges, water usage, capital financing, investment of funds, and **current and projected** levels of capital expenditures.

To preserve its **current** AAA (**or equivalent**) credit ratings, in ~~every~~each fiscal year Mesa Water will strive to target unrestricted cash and ~~designated fund~~**Designated Fund** balances totaling 600 days of budgeted operating expenses less pass-through expenses (defined **herein** as “Operating Expenses”). Should Mesa Water determine to target a different credit rating level, this target ~~will~~**may** be adjusted accordingly. Higher credit ratings ~~have provided~~**can provide** economic benefit to Mesa Water in terms of lower interest rates on the future borrowings ~~and~~**based on** broader investor base and greater demand for the Mesa Water’s ~~bonds~~**issued securities**, resulting in lower annual debt service cost. However, should Mesa Water ~~decided~~**determine** to pursue a different credit rating, it will need to ~~analyze~~**carefully analyze** under what circumstances and in what timeframes it will be optimal to achieve ~~the~~**such** goal.

The Board shall approve any reallocation of funds or any transfers among **Designated Funds**.

4.5. Mesa Water District Designated Funds

This Section further describes each of the Designated Funds (including accounts and sub-accounts therein), designated funding level(s) and related information.

I. RESTRICTED FUNDS

- a. **Bond Proceeds Fund(s)** – ~~∴~~ Bond proceeds funds are monies derived from the proceeds of a ~~bond~~**securities** issue. Typically they consist of construction fund monies, and a debt service reserve fund (DSRF). The use of these proceeds is restricted by conditions set forth in the respective legal ~~bond~~**documents providing for the issuance of the corresponding securities**. These funds are usually held by ~~the Trustee~~**a trustee (bank)** and there may be commitments of ~~such funds~~ in favor of the ~~bond~~**securities** holders.

Target Designated Funding Level – The debt service reserve requirement is established at the time of ~~the bond~~**a securities** issue. This amount may be recalculated as the ~~bonds~~**securities** are paid down. Any excess ~~principal funds~~ and/or interest earnings ~~can be over and above the specified reserve requirement~~ are typically used to pay debt service on the ~~bonds~~**corresponding outstanding securities**.

Events or Conditions Prompting the Use of the Fund(s) – As stipulated in the respective ~~bond~~**securities issuance** documents. Construction fund monies are expected to be spent on applicable projects, while DSRF can only be used in

the event of a shortfall ~~in revenues of funds available~~ to pay debt service or to pay down principal ~~of such securities~~ at maturity.

Periodic Review Dates for Balances – Reviewed by the ~~Trustee~~ ~~applicable trustee~~ and Mesa Water staff on ~~at least~~ an annual basis.

- b. Customer and Development Deposits – ~~Monies~~ held on behalf of Mesa Water customers as required for their utility account(s) or as cash bonds for development projects.

Target Designated Funding Level – Customer deposits ~~are~~ required ~~are~~ based upon the process outlined in ~~Mesa Water's~~ the Rules and Regulations ~~for Water Service~~. Deposit requirements for development projects are outlined in Mesa Water's ~~most current~~ Miscellaneous Fees and Charges Resolution. The balance in this account will fluctuate depending on the number of utility customer deposits required and the number of development projects in process. Therefore, no ~~target or maximum level~~ overall designated funding level(s) will be established.

Events or Conditions Prompting the Use of the Fund(s) –

1. Funds held as customer deposits are held to satisfy unpaid balances for the corresponding customer utility account as set out in the Rules and Regulations. As deposits on utility accounts are released, they will be refunded to the customer.
2. Deposits for development projects are drawn down to meet costs incurred by Mesa Water, or to satisfy unpaid balances, applicable to the corresponding development project. When development projects are complete, the ~~projects~~ project(s) will be closed and a final accounting will be completed. ~~Excess~~ Remaining deposit monies, if any, will be returned to the development customer following final accounting and reconciliation.

Periodic Review Dates for Balances – Reviewed by staff on a regular basis as part of the monthly closing process.

II. CAPITAL FUNDS

Mesa Water will strive to maintain a ~~target balance~~ designated funding level of \$10.0 million in the Capital Funds. The Capital Funds will consist of the following sub-account:

- a. Capital Replacement Fund – ~~The~~ Capital Replacement Fund is used for the ~~rebuilding and/or~~ replacement of capitalized assets ~~based around~~ when ~~they~~ such capital assets reach the end of their useful lives.

Target Designated Funding Level – Mesa Water may set aside replacement funds on a project-by-project basis. The ~~target~~ designated funding level ~~should be~~ equal to the \$10.0 million ~~required~~ designated for the Capital Fund. ~~The~~

There is no maximum balance specified in the Capital Replacement Fund ~~shall be determined based on Mesa Water's Asset Management Plan.~~

Events or Conditions Prompting the Use of the Fund – Staff will recommend assets to be replaced during the annual budget preparation process. As projects are approved, funds will be appropriated from ~~undesignated~~ funds held in the Capital Replacement Fund not allocated for specific capital projects or available revenues.

Periodic Review Dates for Balances – Fund balances and projected ~~improvement~~ capital projects will be reviewed by staff and the Board during the preparation and approval of the annual budget.

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III. LIQUIDITY FUNDS

Liquidity Funds will be comprised of the following sub-accounts: the Rate Stabilization Fund and the Operating Fund. The balance in the Liquidity Funds will fluctuate depending on ~~the~~ annual Operating Expenses. The ~~maximum balance~~~~designated funding level~~ in the Liquidity Funds will be equal to 180 days of the annual budgeted Operating Expenses.

- a. Administrative & General Fund – ~~∴~~The Administrative & General Fund is used to fund certain major general, administration and overhead projects. It is intended to fund (or partially fund) offices, fixtures, furnishings, vehicles and equipment on a pay-as-you-go basis. The Board will appropriate funds for specific projects which can be funded on an as-needed or project-by-project basis.

Designated Funding Levels – ~~∴~~

1. Target – The ~~target balance~~~~designated funding level~~ in the Administrative & General Fund will be equal to 20 days of the annual budgeted Operating Expenses.
2. Maximum – The maximum ~~balance~~~~funding level~~ in the Administrative & General Fund will be equal to 25 days of the annual budgeted Operating Expenses.

Events or Conditions Prompting the Use of the Fund – Improvement projects will be identified by staff and recommended to the Board during the preparation of the annual budget. As projects are approved, funds will be appropriated from available revenues.

Periodic Review Dates for Balances – Fund balances and projected improvement projects will be reviewed by staff and the Board during the preparation and approval of the annual budget.

- b. Catastrophe Fund – ~~∴~~The Catastrophe Fund is used to begin ~~repair of the water system~~ to rebuild, restore and/or repair Mesa Water's infrastructure and assets after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged or insurance claims are being processed.

Designated Funding Levels – ~~∴~~

1. Target – The ~~target balance~~~~designated funding level~~ in the Catastrophe Fund will be equal to 150 days of the annual budgeted Operating Expenses.
2. Maximum – The maximum ~~balance~~~~funding level~~ in the Catastrophe Fund will be equal to 180 days of the annual budgeted Operating Expenses.

Events or Conditions Prompting the Use of the Fund – The Board may designate use of this fund after establishing that conditions exist as called out in the definition and purpose of the fund.

Periodic Review Dates for Balances – Fund balances and ~~target~~ **designated and maximum funding** level will be reviewed by staff and the Board during the preparation and approval of the annual budget.

- c. Rate Stabilization Fund – ~~∴~~ This fund is established to provide flexibility to the Board when setting rates to allow for absorbing temporary rate fluctuations or for one-time expenditures.

Designated Funding Levels –∴

1. Target – The ~~target~~ **balance designated funding level** in the Rate Stabilization Fund will be equal to 60 days of the annual budgeted Operating Expenses.
2. Maximum – The maximum ~~balance~~ **funding level** in the Rate Stabilization Fund will be equal to 75 days of the annual budgeted Operating Expenses.

Events or Conditions Prompting the Use of the Fund – This fund is intended to be used to defray any temporary unforeseen and extraordinary increases in the cost of water supply. The Board, on a case by case basis, will determine the amount and timing for any use of ~~the~~ **this** fund.

Periodic Review Dates for Balances – Fund balances will be reviewed by staff and the Board during the preparation and approval of the annual budget.

- d. Operating Fund – ~~∴~~ The Operating Fund is used for unanticipated ~~Operating Expenses.~~ **Mesa Water operating expenses**. This fund is designated by the Board to maintain working capital for current operations and to meet routine cash flow needs.

Designated Funding Levels –∴

1. Target – The ~~target~~ **balance designated funding level** in the Operating Fund will be equal to 120 days of the annual budgeted Operating Expenses.
2. Maximum – The maximum ~~balance~~ **funding level** in the Operating Fund will be equal to 150 days of the annual budgeted Operating Expenses.

Events or Conditions Prompting the Use of the Fund – Upon Board authorization, this fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and

expenses and extraordinary decreases in revenues and unexpected increases in expenses.

DRAFT

Periodic Review Dates for Balances – Fund balances and ~~target~~designated funding level will be reviewed by staff and the Board during the preparation and approval of the annual budget.

5.6. Investment Guidelines

It has been~~the~~ Mesa Water's practice to rely primarily on a pay-as-you-go (pay-go) strategy to fund capital improvements and replacement of existing assets. However, maintaining a balance between debt and pay-go sources may provide an added benefit to Mesa Water in terms of allowing for a more optimal investment strategy. In the context of these policies and in circumstances where such balance is present, the investment portfolio can be separated into short and long portfolios to maximize investment returns.

Funds held in the Designated Funds are subject to Mesa Water's Investment Policies and delegation(s) of investment authority as adopted by the Board and as amended from time to time.

6.7. Delegation of Authority

The Board has sole authority to amend or revise ~~the~~this Designated Funds Policy. Through ~~approval~~adoption of this Policy, the Board has established written procedures for staff to follow in the management of Mesa Water's Designated Funds.



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MEMORANDUM

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: March 12, 2020
SUBJECT: Ordinance No. 29 - Directors' Compensation and Expense Reimbursement

RECOMMENDATION

Discuss Directors' fees and, if determined, direct staff to schedule a public hearing for the April 9, 2020 Board meeting.

The Executive Committee reviewed this item at its March 3, 2020 meeting.

STRATEGIC PLAN

- Goal #1: Provide a safe, abundant, and reliable water supply.
- Goal #2: Practice perpetual infrastructure renewal and improvement.
- Goal #3: Be financially responsible and transparent.
- Goal #4: Increase public awareness about Mesa Water® and about water.
- Goal #5: Attract and retain skilled employees.
- Goal #6: Provide outstanding customer service.
- Goal #7: Actively participate in regional water issues.

PRIOR BOARD ACTION/DISCUSSION

At its April 13, 2017 meeting, the Board of Directors (Board) adopted Ordinance No. 28 – Directors Compensation and Expense Reimbursement Superseding Ordinance No. 25, increasing Directors compensation to \$264 per meeting effective July 1, 2017 and adopting all proposed changes.

At its March 26, 2018 workshop, the Board deferred action on increasing Directors Compensation.

At its February 14, 2019 meeting, the Board adopted Ordinance No. 29 – Directors Compensation and Expense Reimbursement Superseding Ordinance No. 28, setting the rate in Section 1 to \$291 effective July 1, 2019 and adopting all proposed changes.

BACKGROUND

At its October 31, 2008 workshop, the Board directed staff to prepare an ordinance increasing Directors' fees concurrent with the District's budget cycle, thus changing from a calendar year to a fiscal year.

In addition, a public hearing must be held prior to the Board taking action to increase Directors compensation. Prior to the date of the public hearing, Mesa Water is required to place an advertisement once a week for two weeks, each published with at least five days intervening between publication dates, in a local newspaper announcing the public hearing. If the Board approves the ordinance, a minimum of sixty days must elapse prior to the increase becoming effective.



DISCUSSION

The current Directors compensation amount of \$291 per meeting was approved February 14, 2019 and effective July 1, 2019. The Board reviews the topic of Directors compensation annually. At this time, the Water Code allows for an increase of up to five percent per year; therefore, the Board may approve an increase for an amount not to exceed \$305.55. If the Board approves an increase in 2020, the next available increase could be no sooner than one year later. If the Board directs staff to schedule a public hearing, staff will place the required advertisements in the newspaper.

FINANCIAL IMPACT

In Fiscal Year 2020, \$1,000 is budgeted for Regulatory Compliance/Permits; \$250 has been spent to date.

Should the Board approve an increase, staff will include the additional cost in the Fiscal Year 2021 budget, as well as the mandatory payroll-related Social Security (FICA), Medicare, and Workers' Compensation costs.

ATTACHMENTS

Attachment A: Agency Board of Directors Fees Survey

Attachment B: Ordinance No. 29

**AGENCY BOARD OF DIRECTORS FEES SURVEY
(February 2020)**

Agency	Effective Date	Per Diem/Mtg.	Max Mtgs. Per Month
Yorba Linda Water District	January 2003	\$150.00	10
El Toro Water District	March 2018	\$219.00	10
Moulton Niguel Water District	February 2019	\$231.00	10
South Coast Water District	August 2019	\$255.00	10
Santa Margarita Water District	November 2019	\$270.00	10
Mesa Water District	July 2019	\$291.00	10
Irvine Ranch Water District	January 2020	\$300.00	10
Orange County Water District ¹	March 2019	\$300.00	10
Municipal Water District of OC ¹	January 2020	\$327.43	10
Costa Mesa Sanitary District	July 2015	\$295.00	6
Newport Mesa Unified School District	School Year	\$470.11	Per Month
City of Costa Mesa - City Council	April 2009	\$904.40	Per Month

¹ Compensation automatically increases each year unless suspended.

ORDINANCE NO. 29

ORDINANCE OF THE MESA WATER DISTRICT BOARD OF DIRECTORS REGARDING DIRECTORS COMPENSATION AND EXPENSE REIMBURSEMENT SUPERSEDING ORDINANCE NO. 28

WHEREAS, Mesa Water District (Mesa Water®) is a county water district organized and operating pursuant to the provisions of California law; and

WHEREAS, the California Water Code (Water Code) governs compensation of Mesa Water Board of Directors (collectively, the Board and individually, a Director) for each day of service rendered as a Director by request of the Board, together with any expenses incurred in the performance of his or her duties required or authorized by the Board; and

WHEREAS, the Board of Directors has previously adopted Ordinance No. 28 regarding compensation for Directors attendance at Board meetings, days of service at committee meetings, attendance at conferences, seminars, and other water related agencies' meetings and other activities, as specified by action of the Board, and the Board desires to supersede Ordinance No. 28 by adoption of this Ordinance, including the provisions hereof; and

WHEREAS, notice of the consideration of this Ordinance has been provided consistent with the applicable requirements of California law; and

WHEREAS, it is the further desire of the Board to provide for reimbursement to Directors for expenses incurred in the performance of his or her duties as required or authorized by the Board.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF MESA WATER DISTRICT AS FOLLOWS:

Section 1: **Board of Directors Meetings; Days of Service:** The compensation paid to Directors shall be Two Hundred Ninety One Dollars (\$291.00) per day for each day's attendance at Board meetings, or for each day's service rendered as a Director by request of, or with the authorization of, the Board as further set forth herein.

Section 2: **Meetings/Activities that Constitute Days of Service for the Purpose of Section 1:** The following meetings and activities shall constitute a day of service for purposes of Section 1 of this Ordinance:

- (a) Committee and Other Agency Meetings: Committee meetings for those Directors assigned, or attending, as applicable, shall include the following:
 - (i). Engineering & Operations Committee;
 - (ii). Executive Committee;
 - (iii). Finance Committee;
 - (iv). Legislative and Public Affairs Committee;
 - (v). Other public agency meetings (including regular, adjourned regular and special meetings of the governing bodies of such public agencies as shall be designated and/or authorized by the Board from time to time); and
 - (vi). Other Mesa Water committees, including, but not limited to, *ad hoc* committees, as the Board shall designate by Board action from time to time.

- (b) Teleconferencing: Participation at any public agency meeting that is covered under Section 2(a) by teleconference, or equivalent means, shall be considered as a day of service for the purpose of this Ordinance.

- (c) Conferences and Seminars: Attendance at authorized conferences or seminars as assigned, designated and/or authorized by action of the Board.

- (d) Meetings with Agencies, Organizations, and/or Representatives Concerning or relating to Water, Governmental or Environmental Matters or Issues: Meetings by Director(s) of or with agencies or organizations, and/or representatives of such, in or related to the public water industry or governmental or environmental matters or issues to discuss, review, and/or receive information relating to Mesa Water, Mesa Water's business or operations, governmental or environmental matters or issues and/or water industry standards, operations, policy matters and/or fiscal issues.

- (e) Other Activities Approved by Action(s) of the Board: Activities by Director(s) other than as described in Sections 2 (a), (b), (c), or (d) above, as authorized by action(s) of the Board in advance of such activity(ies).

Section 3: Limitations:

- (a) Maximum Number of Meetings/Days: The fee paid to the Directors shall be made for no more than one meeting per each day of service, and the maximum number of days for which any Director may receive

compensation under Sections 1 or 2 hereof, in any calendar month shall be ten (10).

- (b) No Duplicate Compensation: Notwithstanding the foregoing provisions of Sections 1 or 2, any Director that receives compensation from any other entity for attendance and/or participation of any meeting(s), conference(s), seminar(s) or other activity(ies) set out in Sections 1 or 2 shall not be compensated by Mesa Water.

Section 4: **Director Reimbursement(s)**: In addition to the compensation described in Section 1, and subject to applicable California law, Director's expenses shall be reimbursed if they are reasonable and necessary to conduct Mesa Water's business pursuant to provisions of the Mesa Water Director reimbursement policy(ies) as adopted by the Board, as are in effect on the date the expense is incurred.

Section 5: **Authorization (Statutory Requirements)**: This Ordinance is adopted pursuant to Water Code Sections 30523 and 20203. To the extent required by law, this Ordinance shall satisfy the requirements of Water Code Sections 20201 and 20202 and California Government Code Section 53232.1.

Section 6: **Effective Date**: This Ordinance No. 29 shall take effect from and after July 1, 2019 (Effective Date).

Section 7: **Superseding Prior Ordinance**: This Ordinance No. 29 shall supersede Ordinance No. 28 upon the Effective Date hereof.

PASSED AND APPROVED at the regular meeting of the Board of Directors held on the 14th day of February 2019, and adopted by the following roll call vote:

AYES: DIRECTORS: Bockmiller, Fislser, DePasquale, Dewane

NOES: DIRECTORS: Atkinson

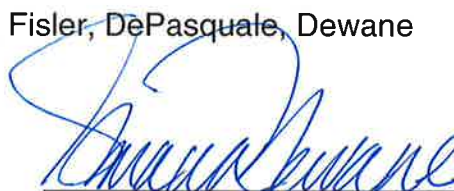
ABSENT: DIRECTORS:

ABSTAIN: DIRECTORS:

ATTEST:



Denise Garcia
District Secretary



Shawn Dewane
President, Board of Directors

AGENDA
MESA CONSOLIDATED WATER DISTRICT
IMPROVEMENT CORPORATION
ANNUAL MEETING OF THE BOARD OF DIRECTORS
1965 Placentia Avenue, Costa Mesa, CA 92627
Thursday, March 12, 2020 at 6:00 p.m.

CALL TO ORDER – 6:00 p.m. or as soon thereafter as the Mesa Water District agenda permits.

PUBLIC COMMENTS

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

ACTION ITEMS:

- A. CONFIRM DIRECTORS OF CORPORATION
- B. APPROVE MINUTES FOR MEETING OF MARCH 14, 2019
- C. ELECTION OF CORPORATION OFFICERS:

Recommendation:

- 1. Elect President.
- 2. Elect Vice President.
- 3. Appoint Denise Garcia as Secretary.
- 4. Appoint Wendy Duncan as Assistant Secretary.
- 5. Appoint Marwan Khalifa, CPA, MBA, as Treasurer.
- 6. Appoint Phil Lauri, P.E., as Assistant Treasurer.

- D. OLD BUSINESS:

Recommendation: Receive the information.

- E. NEW BUSINESS:

Recommendation: Direct officers to have annual audit conducted for Fiscal Year 2020.

In compliance with California law and the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 631-1206. Notification 48 hours prior to the meeting will enable Mesa Water District (Mesa Water) to make reasonable arrangements to accommodate your requests.

Members of the public desiring to make verbal comments utilizing a translator to present their comments into English shall be provided reasonable time accommodations that are consistent with California law.

Agenda materials that are public records, which have been distributed to a majority of the Mesa Water Board of Directors (Board), will be available for public inspection at the District Boardroom, 1965 Placentia Avenue, Costa Mesa, CA and on Mesa Water's website at www.MesaWater.org. If materials are distributed to the Board less than 72 hours prior or during the meeting, the materials will be available at the time of the meeting.

ADJOURNMENT

**MINUTES OF THE MESA CONSOLIDATED WATER DISTRICT
IMPROVEMENT CORPORATION
ANNUAL MEETING OF THE BOARD OF DIRECTORS
1965 Placentia Avenue, Costa Mesa, CA 92627
Thursday, March 14, 2019 at 6:00 p.m.**

CALL TO ORDER

The meeting of the Board of Directors was called to order on March 14, 2019 at 7:05 p.m. by MCWDIC President Fisler at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, CA 92627.

Directors Present

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

Directors Absent

None

Staff Present

Paul E. Shoenberger, P.E., General Manager
Phil Lauri, P.E., Assistant General Manager/
MCWDIC Assistant District Treasurer
Denise Garcia, Administrative Services Manager/
MCWDIC Secretary
Wendy Duncan, Records Management Specialist/
MCWDIC Assistant Secretary
Marwan Khalifa, CPA, MBA, Chief Financial Officer/
MCWDIC Treasurer
Stacie Sheek, Customer Services Manager
Stacy Taylor, External Affairs Manager
Tracy Manning, Water Operations Manager
Jeff Hoskinson, Partner, Atkinson, Andelson, Loya, Ruud &
Romo

Others Present

Nicolle Falcis, Associate, Atkinson, Andelson, Loya, Ruud &
Romo

PUBLIC COMMENTS

MCWDIC President Fisler asked for public comments on items not on the agenda.

There were no comments and MCWDIC President Fisler proceeded with the meeting.

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

General Manager Shoenberger offered there were no items to be added, removed, or reordered.

ACTION ITEMS:

A. CONFIRM DIRECTORS OF THE CORPORATION

MCWDIC President Fisler asked for comments from the public. There were no comments.

MOTION

Motion by MCWDIC Director Bockmiller, second by MCWDIC Vice President DePasquale, to confirm that the directors of the Corporation Board consist of the directors of the Mesa Water District Board. Motion passed 5-0.

B. APPROVE MINUTES FOR MEETING OF MARCH 8, 2018

MCWDIC President Fisler asked for comments from the public. There were no comments.

MOTION

Motion by MCWDIC Vice President DePasquale, second by MCWDIC Director Atkinson, to approve the minutes for the meeting of March 8, 2018. Motion passed 5-0.

C. ELECTION OF CORPORATION OFFICERS

MCWDIC Secretary Garcia explained the current process followed to elect Officers of the Corporation.

Discussion ensued amongst the Board on the term of the office and the Board recommended the term be changed from a one-year term to a two-year term.

MCWDIC President Fisler asked for comments from the public. There were no comments.

MOTION

Motion by MCWDIC Director Bockmiller, second by MCWDIC Director Dewane, to retain the current Corporation Officers:

1. James R. Fisler as MCWDIC President
2. Marice H. DePasquale as MCWDIC Vice President
3. Denise Garcia as MCWDIC Secretary
4. Wendy Duncan as MCWDIC Assistant Secretary
5. Marwan Khalifa, CPA, MBA, as MCWDIC Treasurer
6. Phil Lauri, P.E. as MCWDIC Assistant Treasurer

Motion passed 5-0.

D. OLD BUSINESS:

None.

E. NEW BUSINESS:

MCWDIC President Fisler asked for comments from the public. There were no comments.

MOTION

Motion by MCWDIC Director Bockmiller, second by MCWDIC Vice President DePasquale, to direct the Officers to:

1. have an annual audit conducted for Fiscal Year 2019;
2. determine the length of the term of office for Officers of the Corporation; and
3. determine if the MCWDIC bylaws has a sunset provision or clause.

Motion passed 5-0.

The meeting was adjourned at 7:13 p.m.

Approved:

James R. Fislter, MCWDIC President

Denise Garcia, MCWDIC Secretary

Recording Secretary: Sharon D. Brimer

MESA CONSOLIDATED WATER DISTRICT
IMPROVEMENT CORPORATION

Current Directors:

Jim Atkinson
Fred R. Bockmiller, P.E.
Marice H. DePasquale
Shawn Dewane
James R. Fisler

Proposed New Directors:

None

Current Officers:

Proposed Officers:

President:	Director Fisler	Open
Vice President:	Director DePasquale	Open
Secretary:	Denise Garcia	Denise Garcia
Assistant Secretary:	Wendy Duncan	Wendy Duncan
Treasurer:	Marwan Khalifa, CPA, MBA	Marwan Khalifa, CPA, MBA
Assistant Treasurer:	Phil Lauri, P.E.	Phil Lauri, P.E.



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MEMORANDUM

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: March 12, 2020
SUBJECT: Orange County Water District Briefing

RECOMMENDATION

Receive the presentation.

STRATEGIC PLAN

Goal #1: Provide a safe, abundant, and reliable water supply.
Goal #3: Be financially responsible and transparent.
Goal #4: Increase public awareness about Mesa Water® and about water.

DISCUSSION

At the request of the Board of Directors, the Orange County Water District has presented briefings since 2003.

FINANCIAL IMPACT

None.

ATTACHMENTS

None.

REPORTS:

12. REPORT OF THE GENERAL MANAGER:
 - February Key Indicators Report
 - Other (no enclosure)

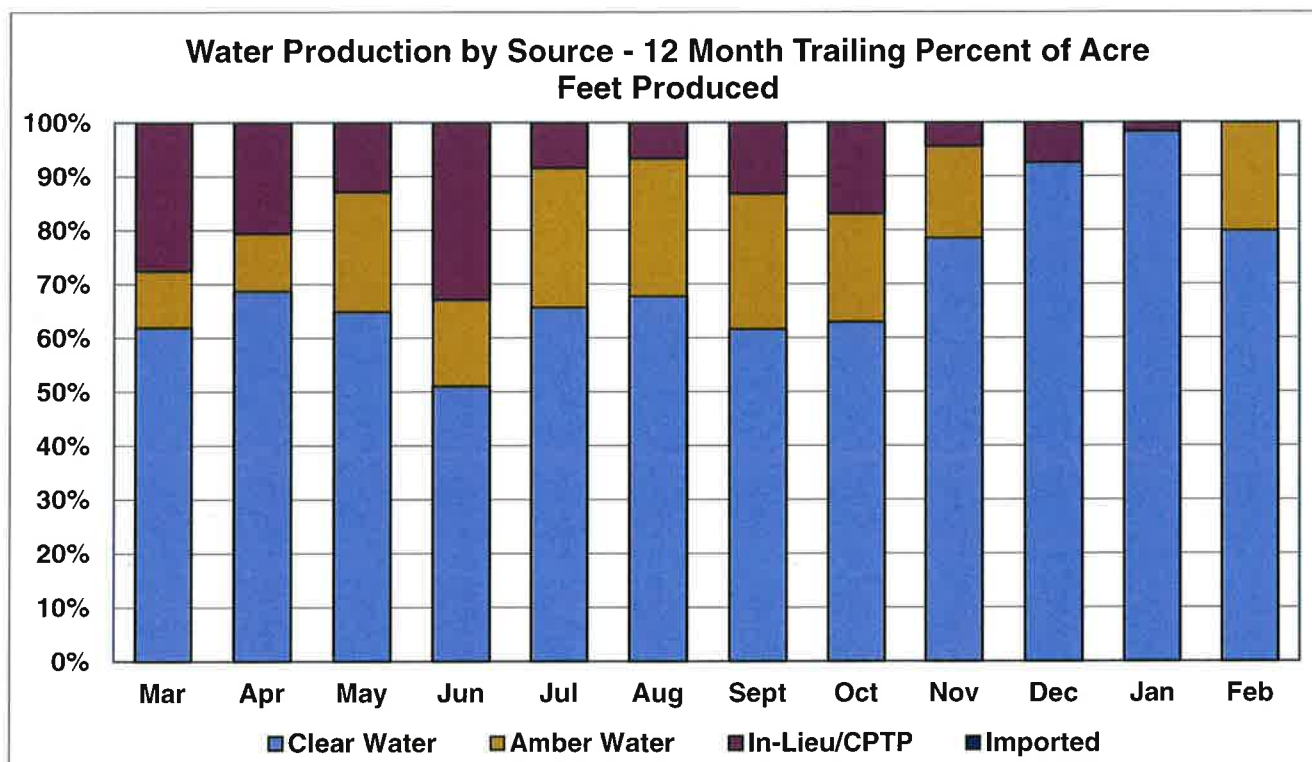
**Monthly Key Indicators Report
For The Month of February 2020**

Goal #1: Provide a safe, abundant, and reliable water supply

FY 2020 Potable Production (Acre Feet)

Water Supply Source	FY 2020 YTD Actual (AF)	FY 2020 YTD Budget (AF)	FY 2020 Annual Budget (AF)
Clear Water	8,126	7,585	11,161
Amber Water (MWRP)	1,994	2,471	4,087
Imported	0	0	0
Basin Management Water	859	1,600	2,500
Total Production	10,979	11,656	17,748

YTD actual water production (AF) through February 29, 2020



**Monthly Key Indicators Report
For The Month of February 2020**

Goal #1: Provide a safe, abundant, and reliable water supply

FY20 System Water Quality – This data reflects samples taken in January

Distribution System:	Average	Range	MCL
Chlorine Residual (mg/L) <i>Compliance</i>	1.59	0.07 – 2.58 Current RAA = 1.84	4 RAA
Coliform Positive % <i>Compliance</i>	0	0	5
Temperature (° F)	69	64 – 74	None

Reservoir I & II:	Average	Range	MCL
Chlorine Residual (mg/L)	1.16	0.46 – 1.83	None
Monochloramine (mg/L)	1.09	0.41 – 1.72	None
Ammonia (mg/L)	0.27	0.09 - 0.45	None
Temperature (° F)	71	69 – 73	None

Wells (Treated):	Average	Range	MCL
Chlorine Residual (mg/L)	2.60	2.18 – 3.35	None
Monochloramine (mg/L)	2.49	2.08 – 3.16	None
Ammonia (mg/L)	0.55	0.17 - 0.87	None
Temperature (° F)	70	63 - 75	None

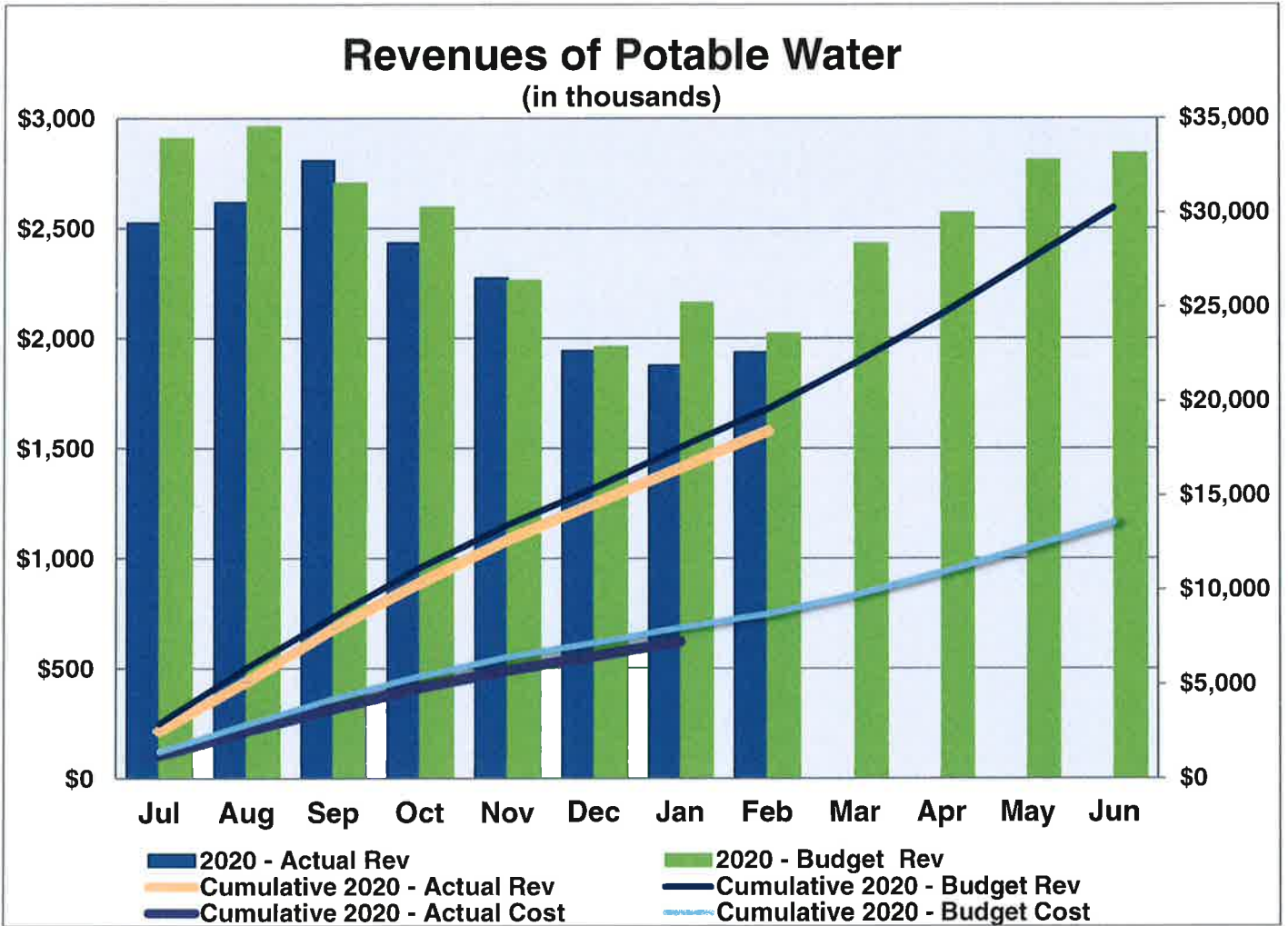
MWRF:	Average	Range	MCL
Chlorine Residual (mg/L)	Offline	Offline	None
Monochloramine (mg/L)	Offline	Offline	None
Ammonia (mg/L)	Offline	Offline	None
Temperature (° F)	Offline	Offline	None
Color (CU) <i>Compliance</i>	Offline	Offline	15
Odor (TON) <i>Compliance</i>	Offline	Offline	3

Water Quality Calls/Investigations:

Total Calls	4
Total Investigations (from calls)	0

**Monthly Key Indicators Report
For The Month of February 2020**

Goal #2: Practice perpetual infrastructure renewal and improvement



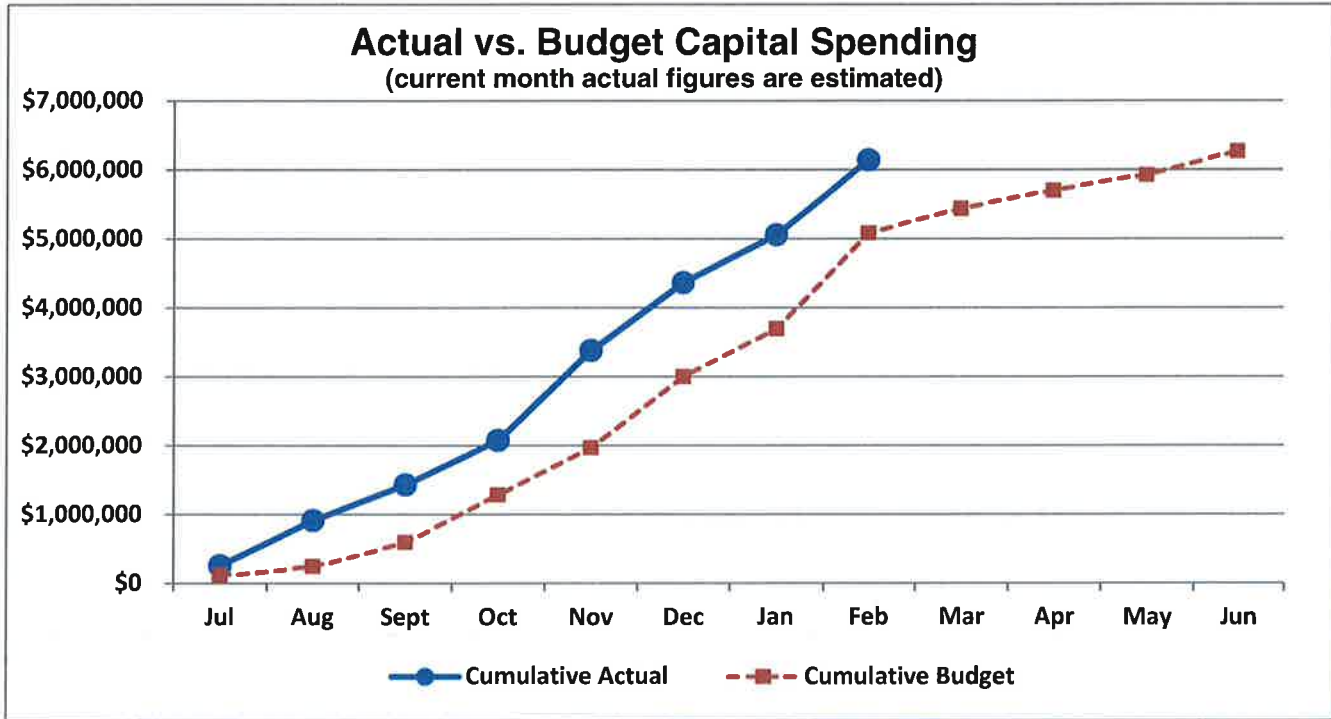
	Actual	Budget	Favorable (Unfavorable)	
			Difference	%
Total YTD Revenue \$	18,412,103	19,583,066	(1,170,963)	(5.98%)

	Actual	Budget	UnFavorable (Favorable)	
			Difference	%
Total YTD Cost \$ *	7,257,496	7,987,293	(729,797)	(9.14%)

* YTD Cost is trailing YTD Revenue by one month due to the timing of when costs are available.

Monthly Key Indicators Report
For The Month of February 2020

Goal #3: Be financially responsible and transparent



**Monthly Key Indicators Report
For The Month of February 2020**

Goal #4: Increase public awareness about Mesa Water® and about water

Web Site Information

Web Site Information	January 2020	February 2020
Visits to the web site	7879	7029
Unique visitors (First time to the site)	5125	4570
Average per day	254	242
Average visit length	1 minute, 24 seconds	1 minute, 29 seconds
Page visited most	Home	Home
Second most visited page	Online Bill Pay	Online Bill Pay
Third most visited page	Human Resources	Human Resources
Fourth most visited page	Contact	Smart Timer
Fifth most visited page	Payment Options	Contact
Most downloaded file	Salary Ranges by Job Classification & Level	Online Bill Pay Instructions
Second most downloaded file	Online Bill Pay Instructions	2019 Water Quality Report
Most active day of the week	Thursday	Monday
Least active day of the week	Sunday	Sunday

Total visits since June 1, 2002	<u>1,403,178</u>
--	-------------------------

Water Vending Machine Information

Vending Machine Location	Vend Measurement	February 2020 Vends	Totals Vends
Mesa Water Office	1 gal	4,762	398,809

**Monthly Key Indicators Report
For the Month of February 2020**
Goal #5: Attract and retain skilled employees

DEPARTMENT:	FY 2020			COMMENTS:
	BUDGET	FILLED	VACANT	
OFFICE OF THE GENERAL MANAGER:				
General Manager	1.00	1.00	0.00	
Business Administrator	1.00	1.00	0.00	
Subtotal	2.00	2.00	0.00	
ADMINISTRATIVE SERVICES:				
Administrative Services	5.00	5.00	0.00	
Subtotal	5.00	5.00	0.00	
CUSTOMER SERVICES:				
Conservation	1.00	1.00	0.00	
Customer Service	9.00	8.00	1.00	<i>Lead Field Customer Service Representative - under review</i>
Subtotal	10.00	9.00	1.00	
ENGINEERING:				
Engineering	4.00	4.00	0.00	
Subtotal	4.00	4.00	0.00	
EXTERNAL AFFAIRS:				
Legislative & Governmental Affairs	1.50	1.50		
Subtotal	1.50	1.50	0.00	
FINANCIAL SERVICES:				
Financial Reporting/ Purchasing	4.00	4.00	0.00	
Accounting	1.00	1.00	0.00	
Subtotal	5.00	5.00	0.00	
HUMAN RESOURCES:				
Human Resources	3.00	2.00	1.00	<i>Sr. Human Resources Analyst - using temporary assistance</i>
Subtotal	3.00	2.00	1.00	
PUBLIC AFFAIRS:				
Outreach, Education & Communications	2.50	1.50	1.00	<i>Public Affairs Manager - on hold</i>
Subtotal	2.50	1.50	1.00	
WATER OPERATIONS:				
Supervision/Support	6.00	6.00	0.00	
Distribution	10.00	10.00	0.00	
Production	3.00	3.00	0.00	
Water Quality	2.00	1.00	1.00	<i>Water Quality Technician I/II - recruitment in process</i>
Subtotal	21.00	20.00	1.00	
* TOTAL BUDGETED POSITIONS:	54.00	50.00	4.00	

**Monthly Key Indicators Report
For The Month of February 2020**

Goal #6: Provide outstanding customer service

Customer Calls

Call Type	FY20 YTD	February 2020	YTD Weekly Average
General Billing Question	1232	115	35
Service Requests	1078	123	31
High Bill	1101	87	31
Payments	1475	174	42
Late Fee	2888	183	83
Account Maintenance	578	82	17
On-Line Bill Pay	4648	206	133
Water Pressure	18	3	1
No Water	267	37	8
Conservation	240	28	7
Water Waste	103	7	3
Other (District info. other utility info. etc.)	2240	198	64
Rate Increase	60	6	2
Fluoridation	0	0	0
TOTAL CUSTOMER CALLS	15928	1249	455
AVERAGE ANSWER TIME (Seconds)	44	44	44

Online Bill Pay Customers

Current Customers Enrolled	FY 2020 YTD	February 2020	YTD Weekly Average
12013	12039	360	343

REPORTS:

13. DIRECTORS' REPORTS AND COMMENTS



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Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer
DATE: March 12, 2020
SUBJECT: Issuance of Certificates of Participation Schedule

RECOMMENDATION

This item is provided for information.

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.

PRIOR BOARD ACTION/DISCUSSION

At its November 14, 2019 workshop, the Board of Directors (Board) provided direction to staff to develop financial funding options to complete the next phase of projects from the 2014 Capital Improvement Program Master Plan Update.

At its February 18, 2020 meeting, the Engineering and Operations Committee recommended that the Board approve the proposed Capital Improvement Program Renewal (CIPR) and directed staff to develop financial funding options for the renewal.

DISCUSSION

One potential CIPR funding option that staff will be presenting to the Board at an upcoming meeting is the issuing of Certificates of Participation. This option involves completing a standard schedule of steps through to issuance. The following table identifies the recommended dates to complete the steps necessary to issue Certificates of Participation:

Recommended Dates	Identified Steps
March 27, 2020	Board Workshop to Consider CIPR Financing Options
April 27, 2020	Board Review of the Preliminary Official Statement and Other Legal Documents
April 28, 2020 through April 30, 2020	Rating Agency Presentation
May 13, 2020	Credit Ratings Received
May 14, 2020	Board Approval of the Final Preliminary Official Statement and other Legal Documents
June 2, 2020	Bond Pricing – Receive Competitive Bids
June 11, 2020	Post Final Official Statement
June 16, 2020	Closing and Receipt of Funds

FINANCIAL IMPACT

There is no financial impact for the discussion of this matter.

ATTACHMENTS

None.

**DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT
CODE SECTION 53232.3 (d)**

In accordance with CA Government Code 53232.3 (d), the following report identifies the meetings for which Mesa Water Directors received expense reimbursement.

Jim Atkinson Meetings Attended

Reimbursement Date:	Description, Date
2/10/20	MWDOC Admin & Finance Committee Meeting, 1/8
2/10/20	WACO Meeting, 1/10
2/10/20	Meeting w/ General Manager, 1/13
2/10/20	MWDOC Board Meeting, 1/15
2/10/20	MWDOC Public Affairs & Legislation Committee Meeting, 1/20
2/10/20	WACO Planning Committee Meeting, 1/21
2/10/20	MWDOC/OCWD Jt. Meeting, 1/22
2/10/20	ISDOC Quarterly Meeting, 1/30
2/12/20	CalDesal Annual Conference, 2/5 – 2/6
2/25/20	ACWA/JPIA Fall Conference, 12/2 – 12/6/19
2/25/20	Urban Water Institute Spring Conference, 2/18 – 2/21
2/28/20	MWDOC Planning & Operations Committee Meeting, 2/3
2/28/20	WACO Meeting, 2/7
2/28/20	WACO Planning Committee Meeting, 2/18
2/28/20	MWDOC Public Affairs & Legislation Committee Meeting, 2/18

Fred R. Bockmiller, P.E. Meetings Attended

Reimbursement Date:	Description, Date
2/10/20	OCWD Board Meeting, 1/8
2/10/20	WACO Meeting, 1/10
2/10/20	Meeting w/ General Manager, 1/14
2/10/20	OCWD Board Meeting, 1/22
2/10/20	ACWA Energy Committee Meeting, 2/6 – 2/7
2/28/20	Buried Utilities Coalition Meeting, 2/13
2/28/20	YLWD Infrastructure Tour, 2/22
2/28/20	Costa Mesa City Meeting, 2/22
2/28/20	Meeting w/ General Manager, 2/25

Marice H. DePasquale Meetings Attended

Reimbursement Date:	Description, Date
2/10/20	KOCi Interview, 1/12
2/10/20	Meeting w/ CSDA C. Palmer, 1/29
2/10/20	ISDOC Quarterly Meeting, 1/30
2/11/20	CalDesal Annual Conference, 2/5 – 2/7
2/20/20	ACWA Winter Quarterly Forum, 2/13
2/28/20	Meeting w/ General Manager, 2/3
2/28/20	Mesa Water Neighborhood Chat, 2/12
2/28/20	Women in Water Event, 2/21



2/28/20	Meeting w/ Mesa Water Director, 2/25
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Shawn Dewane **Meetings Attended**

Reimbursement Date:	Description, Date
2/10/20	Meeting w/ D. Rohrabacher re: MWRF Outreach Center, 12/30/19
2/10/20	Meeting w/ D. Rohrabacher re: MWRF Outreach Center, 1/13
2/10/20	Meeting w/ CSDA C. Palmer, 1/29
2/10/20	Meeting w/ Facilitator S. Browning, 1/20
2/10/20	Meeting w/ General Manager, 1/28
2/28/20	Meeting w/ Mesa Water Director, 2/25

James R. Fisler **Meetings Attended**

Reimbursement Date:	Description, Date
2/10/20	WACO Meeting, 1/10
2/10/20	MWDOC Board Meeting, 1/15
2/10/20	MWDOC Executive Committee Meeting, 1/16
2/10/20	ISDOC Quarterly Meeting, 1/30
2/10/20	Placentia Chamber Meeting, 1/30
2/28/20	ISDOC Executive Committee Meeting, 2/4
2/28/20	WACO Meeting, 2/7
2/28/20	South Orange County Economic Coalition, 2/28
2/28/20	MWDOC Board Meeting, 2/19

There are no support materials for this item.

CLOSED SESSION:

17. CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE 54957.6:
District Negotiator: General Manager
Employee Organization: District Employees

CLOSED SESSION:

18. CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT EXPOSURE TO LITIGATION/ADJUDICATORY PROCEEDINGS:
Pursuant to California Government Code Sections 54956.9 (d)(2) and 54954.5 (c) – based on existing facts and circumstances, the Board is meeting with Legal Counsel to review matters relating to legal proceedings presented to the California Fair Political Practices Commission involving Mesa Water District.
Case: 16/19813