



*Dedicated to  
Satisfying our Community's  
Water Needs*

**AGENDA  
MESA WATER DISTRICT  
BOARD OF DIRECTORS  
Wednesday, February 9, 2022  
1965 Placentia Avenue, Costa Mesa, CA 92627  
4:30 p.m. Regular Board Meeting**

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**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**PUBLIC COMMENTS**

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

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

**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 January 12, 2022.
2. Approve minutes of adjourned regular Board meeting of January 25, 2022.
3. Approve attendance considerations (additions, changes, deletions).
4. Board Schedule:
  - Conferences, Seminars, and Meetings
  - Board Calendar
5. Receive the Quarterly Training Report for October 1, 2021 to December 31, 2021.
6. Approve a proclamation honoring Eddie Nunez for his dedicated and committed service to Mesa Water District.

**PRESENTATION AND DISCUSSION ITEMS:**

7. ORANGE COUNTY WATER DISTRICT BRIEFING:  
**Recommendation: Receive the presentation.**



**ACTION ITEMS:**

8. 2020 WATER SHORTAGE CONTINGENCY PLAN:

**Recommendation: Adopt Resolution No. 1562 Approving the Adoption of the 2020 Water Shortage Contingency Plan as Amended.**

9. PUBLIC HEARING REGARDING THE WATER SHORTAGE RESPONSE ORDINANCE:

**Public Hearing**

- 1. Receive presentation on the proposed change to the Water Shortage Response Ordinance.**
- 2. Open public hearing.**
- 3. Receive oral & written comments from the public.**
- 4. Close public hearing.**

**Recommendation: Adopt Ordinance No. 33 Making Findings, Adopting the Mesa Water District Water Shortage Response Ordinance Rescinding Ordinance No. 32 and Taking Related Actions.**

10. STATEMENT OF INVESTMENT POLICY:

**Recommendation:**

- a. Approve the administrative changes to Resolution No. 1563 Statement of Investment Policy to reflect the same data on both the resolution and Exhibit B;**
- b. Approve Mesa Water District's authorized limits to match those allowed by statute including investing no more than 10 percent of its total investment assets in the commercial paper of any single issuer; and**
- c. Adopt Resolution No. 1563 Delegating Authority Relative to Investment or Reinvestment of Specified Funds, and Adopting a Revised Statement of Investment Policy, Superseding Resolution No. 1540.**

**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)



*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 call the District Secretary at (949) 631-1205. 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 using 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 AN ADJOURNED REGULAR BOARD MEETING SCHEDULED FOR  
TUESDAY, FEBRUARY 22, 2022 AT 3:30 P.M.**



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**MINUTES OF THE BOARD OF DIRECTORS  
MESA WATER DISTRICT  
Wednesday, January 12, 2022  
1965 Placentia Avenue, Costa Mesa, CA 92627  
4:30 p.m. Regular Board Meeting**

**CALL TO ORDER**

The meeting of the Board of Directors was called to order at 4:30 p.m. by President DePasquale.

**PLEDGE OF ALLEGIANCE**

Director Atkinson led the Pledge of Allegiance.

Directors Present

Marice H. DePasquale, President  
Shawn Dewane, Vice President  
Jim Atkinson, Director  
Fred R. Bockmiller, P.E., Director  
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  
Wendy Duncan, Records Management Specialist/  
Assistant District Secretary  
Marwan Khalifa, CPA, MBA, Chief Financial Officer/  
District Treasurer  
Stacy Taylor, Water Policy Manager  
Tracy Manning, Water Operations Manager *(teleconference)*  
Kurt Lind, Business Administrator *(teleconference)*  
Andie Jacobsen, Executive Assistant to the General Manager  
Celeste Carrillo, Public Affairs Coordinator  
Kaitlyn Norris, Public Affairs Specialist  
Jamar Ogan, Customer Service Representative II  
Rob Anslow, Partner, Atkinson, Andelson, Loya, Ruud & Romo

Others Present

Jonathan Aparicio, IT Support Engineer, T2 Technology Group  
Brenda Deeley, CEO, Brenda Deeley PR *(teleconference)*  
Steve Gagnon, Senior Manager, Raftelis Financial Consultants, Inc.  
Theresa Jurotich, Manager, Raftelis Financial Consultants, Inc.  
Bob Osgood, Member of the Public  
Karl Seckel, Member of the Public  
Roseanne Eichenbaum, Member of the Public  
Andrew Barnes, Member of the Public  
Wendy Leece, Member of the Public  
Clinton Pace, Member of the Public  
Sara Cardine, Member of the Public

John Earl, Member of the Public  
Matt Eichenbaum, Member of the Public  
Adam Ereth, Member of the Public  
Dennis Frazier, Member of the Public  
Kitty O'Neil, Member of the Public  
Christina Parker, Member of the Public  
Amy Phee, Member of the Public  
Michael Weisshaar, Member of the Public

**ACTION TO AUTHORIZE CONDUCTING MESA WATER DISTRICT BOARD OF DIRECTORS MEETINGS UTILIZING REMOTE VIRTUAL PARTICIPATION:**

President DePasquale asked for comments from the Board. There were no comments.

President DePasquale asked for comments from the public. There were no comments.

**MOTION**

Motion by Director Fisler, second by Director Atkinson, to adopt Resolution No. 1558 Authorizing Remote Virtual Meetings for all Legislative Body Meetings of Mesa Water District during the COVID-19 Virus Emergency Pursuant to Provisions of the Brown Act. Motion passed 5 – 0, by the following roll call vote:

AYES:	DIRECTORS	Atkinson, Bockmiller, Fisler, Dewane, DePasquale
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	None

**PUBLIC COMMENTS:**

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

There were no comments and President DePasquale proceeded with the meeting.

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

General Manager Shoenberger reported that 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 December 8, 2021.
2. Approve attendance considerations (additions, changes, deletions).
3. Board Schedule:
  - Conferences, Seminars, and Meetings
  - Board Calendar

President DePasquale asked for comments from the public. There were no comments.

**MOTION**

Motion by Director Fisler, second by Director Atkinson, to approve Items 1 – 3 of the Consent Calendar. Motion passed 5 – 0, by the following roll call vote:

AYES:	DIRECTORS	Atkinson, Bockmiller, Fisler, Dewane, DePasquale
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	None

**PRESENTATION AND DISCUSSION ITEMS:**

None.

**ACTION ITEMS:**

**4. PUBLIC HEARING REGARDING PROPOSED CHANGES TO WATER RATES AND CHARGES:**

GM Shoenberger provided an overview of the topic and introduced Chief Financial Officer Khalifa who proceeded with a presentation that highlighted the following:

- Water Rate Study Team
- Financially Strong
- Most Efficient Water District in Orange County.
- 100% Local Water
- Abundance of Local, Reliable Water
- Clean, Safe Water
- Committed to Transparency & District of Distinction
- Capital Improvement Program Renewal
- Well Nos. 12 & 14 and Pipeline Project
- Reservoirs 1 and 2 Upgrade Project
- Wilson Street Pipeline Replacement Project

Mr. Khalifa introduced Raftelis Financial Consultants, Inc. Senior Manager Steve Gagnon who proceeded with a presentation that highlighted the following:

- Rate Study & Schedule
  - Proposition 218
  - Rate Schedule Goals
  - Rate Study Public Process
  - Property Owner & Customer Notification of Proposed Rate Adjustments
  - Common Terms
  - What Water Rates Fund
  - Need for Rate Adjustments
  - Utility Rates vs. Other Goods
  - Presentation Summary
  - Financial Plan Assumptions
  - Inflationary Assumptions
  - Orange County Water District Replenishment Assessment
  - Proposed Financial Plan

- Rate Design
  - Changes Since Last Water Rate Study
  - Committee-Recommended Rate Setting Goals
- Rates
  - Basic Change Derivation for FY 2023
  - Bi-Monthly Basic Charge, \$/Bill
  - Monthly Basic Charge, \$/Bill
  - Annual Capital Charge by Meter Size
  - Consumption Rate, \$/ccf
  - Bi-Monthly Private Fireline Service, \$/Bill
  - Monthly Private Fireline Service, \$/Bill
- Typical Bill & Next Steps
  - Average Single-Family Customer Bill Impact (5/8" meter) and 24 ccf Bi-Monthly
  - Average Single-Family Customer Bill Impact
  - Recommendations

The Board thanked Messrs. Khalifa and Gagnon for the presentation.

President DePasquale announced that the Public Hearing was now opened for the purpose of receiving comments on proposed changes to Water Rates and Charges.

District Secretary Garcia reported that the Notice of Public Hearing was mailed to customers more than 45 days prior to the hearing in compliance with state law and Mesa Water's adopted policy. On December 29, 2021, notices were posted at Mesa Water District's kiosk and website and at Costa Mesa City Hall. Legal advertisements were published in the Daily Pilot on December 29, 2021 and January 5, 2022.

Mesa Water created a dedicated Rate Study page on its website to provide information about the proposed changes to water rates and changes. Additionally, Mesa Water staff responded to customer phone inquiries and social media comments. Mesa Water also provided an interview to the Daily Pilot, for an article that was published on January 8, 2022.

President DePasquale opened the floor for Board discussion.

Comments were offered.

President DePasquale opened the floor for public comments.

The following members of the public offered comments in opposition to the rate increase: Bob Osgood, Karl Seckel, Roseanne Eichenbaum, Andrew Barnes, Wendy Leece, and Clinton Pace.

As there were no other comments to be received, President DePasquale declared that the public comments portion of the Public Hearing closed.

District Secretary Garcia reported that 10 written comments were received in opposition, including 0 walk-in protest letters received during the Public Hearing. Ms. Garcia reported that the number of written protests and comments received did not represent a majority of the property owners within Mesa Water's service area.

President DePasquale opened the floor for additional discussion by the Board.

The Board offered comments.

Messrs. Khalifa and Gagon responded to questions from the Board and they thanked them for the information.

## MOTION

Motion by Vice President Dewane, second by Director Atkinson, to adopt Resolution No. 1559 Determining Compliance with Procedural Requirements, Making Findings, Revising Water Rates, Revising Meter Rates, Adopting a Capital Charge, Revising Fireline Stand-By Charges, and Adopting a Rate and Charge Implementation Schedule, Amending the Water Rate and Charge Schedule, and Taking Related Actions Superseding Resolution No. 1505. Motion passed 5 – 0, by the following roll call vote:

AYES:	DIRECTORS	Atkinson, Bockmiller, Fisler, Dewane, DePasquale
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	None

### 5. PUBLIC HEARING REGARDING PROPOSED COLLECTION OF A CAPITAL CHARGE BY THE OFFICE OF THE ORANGE COUNTY TREASURER - TAX COLLECTOR:

GM Shoenberger provided an overview of the topic and introduced CFO Khalifa who proceeded with a presentation that highlighted the following:

- Capital Charge
- Capital Charge Rationale
- Method & Timing of Collection
- Fees via Property Tax Roll
- Collection Method and Amount
- Recommendations

CFO Khalifa responded to questions from the Board and they thanked him for the presentation.

President DePasquale announced that the Public Hearing was now opened for the purpose of receiving comments regarding the proposed collection of a Capital Charge.

District Secretary Garcia reported that the Notice of Public Hearing was mailed to customers more than 45 days prior to the hearing in compliance with state law and Mesa Water's adopted policy. On December 29, 2021, notices were posted at Mesa Water District's kiosk and website and at Costa Mesa City Hall. Legal advertisements were published in the Daily Pilot on December 29, 2021 and January 5, 2022.

Mesa Water created a dedicated Rate Study page on its website to provide information about the proposed collection of a Capital Charge. Additionally, Mesa Water staff responded to customer phone inquiries and social media comments. Mesa Water also provided an interview to the Daily Pilot, for an article that was published on January 8, 2022.



President DePasquale opened the floor for Board discussion.

Comments were offered.

President DePasquale opened the floor for public comments.

The following members of the public offered comments in opposition to the proposed collection of a Capital Charge: Karl Seckel, Wendy Leece, and Andrew Barnes.

As there were no other comments to be received, President DePasquale declared that the public comments portion of the Public Hearing closed.

District Secretary Garcia reported that 14 written comments were received in opposition, including 1 walk-in protest letter received during the Public Hearing. Ms. Garcia reported that the number of written protests and comments received did not represent a majority of customers within Mesa Water's service area.

President DePasquale opened the floor for additional discussion by the Board.

The Board offered comments.

## MOTION

Motion by Director Bockmiller, second by Vice President Dewane, to:

- a. Adopt Resolution No. 1560 Determining Compliance with Procedural Requirements, Making Findings, Authorizing Collection of the Capital Charge by way of The Office of the Orange County Treasurer-Tax Collector and County Property Tax Roll Process and Taking Related Actions; and,
- b. Direct staff to agendize for further discussion at a future meeting Mesa Water District's Secretary's Report Listing the Capital Charge Property Tax Roll for Fiscal Year 2022 – 2023.

Motion passed 5 – 0, by the following roll call vote:

AYES:	DIRECTORS	Atkinson, Bockmiller, Fislser, Dewane, DePasquale
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	None

## REPORTS:

### 6. REPORT OF THE GENERAL MANAGER:

- December Key Indicators Report
- Other (no enclosure)

### 7. DIRECTORS' REPORTS AND COMMENTS

## INFORMATION ITEMS:

### 8. DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)

9. OTHER (NO ENCLOSURE)

In honor of former Orange County Deputy District Attorney and Huntington Beach resident Kelly Ernby who recently passed away, President DePasquale adjourned the meeting at 6:49 p.m. to an Adjourned Regular Board Meeting scheduled for Tuesday, January 25, 2022 at 3:30 p.m.

Approved:

\_\_\_\_\_  
Marice H. DePasquale, President

\_\_\_\_\_  
Denise Garcia, District Secretary

Recording Secretary: Sharon D. Brimer

Unapproved



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**MINUTES OF THE BOARD OF DIRECTORS  
MESA WATER DISTRICT  
Tuesday, January 25, 2022  
1965 Placentia Avenue, Costa Mesa, CA 92627  
3:30 p.m. Adjourned Regular Board Meeting**

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**BOARD OF DIRECTORS COMMITTEE MEETING**

**CALL TO ORDER** The meeting of the Board of Directors was called to order at 3:30 p.m. by President DePasquale.

**PLEDGE OF ALLEGIANCE** Director Bockmiller led the Pledge of Allegiance.

Directors Present Marice H. DePasquale, President  
Shawn Dewane, Vice President *(left at 4:40 p.m.)*  
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  
Wendy Duncan, Records Management Specialist/  
Acting District Secretary  
Marwan Khalifa, CPA, MBA, Chief Financial Officer/  
District Treasurer  
Tracy Manning, Water Operations Manager  
Stacy Taylor, Water Policy Manager  
Kurt Lind, Business Administrator  
Andrew D. Wiesner, P.E., Principal Engineer  
Celeste Carrillo, Public Affairs Coordinator  
Kaitlyn Norris, Public Affairs Specialist

Others Present Danielle Blacet-Hyden, Deputy Executive Director, California  
Municipal Utilities Association (CMUA) *(teleconference)*  
Andrea Abergel, Senior Regulatory Advocate, CMUA  
*(teleconference)*  
Renee Sanshu, Senior Project Manager, Nth Generation  
Jim Westover, Enterprise Solution Architect, Nth Generation  
James Gonzalez, Senior Account Executive, Nth Generation  
Robert Konishi, Managing Partner, T2 Technology Group

**PUBLIC COMMENTS:**

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

There were no comments and President DePasquale proceeded with the meeting.

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

General Manager Shoenberger suggested reordering the agenda to take Items 12 and 13 before Item 11. There were no objections.

### 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.

Director Atkinson pulled Item 5 for discussion. There were no objections.

1. Receive and file the Developer Project Status Report.
2. Receive and file the Mesa Water and Other Agency Projects Status Report.
3. Receive and file the Water Quality Call Report.
4. Receive and file the Water Operations Status Report.
5. Receive and file the Accounts Paid Listing.
6. Receive and file the Monthly Financial Reports.
7. Receive and file the Major Staff Projects.
8. Receive and file the State Advocacy Update.
9. Receive and file the Orange County Update.
10. Receive and file the Outreach Update.

President DePasquale asked for comments from the public. There were no comments.

### MOTION

Motion by Vice President Dewane, second by Director Atkinson, to approve Items 1 – 4 and 6 - 10 of the Consent Calendar. Motion passed 5 – 0.

ITEM 5 – Receive and file the Accounts Paid Listing.

Director Atkinson requested that staff explore including additional information to the Accounts Paid Listing, if feasible.

President DePasquale asked for comments from the public. There were no comments.

### MOTION

Motion by Director Atkinson, second by Vice President Dewane, to approve Item 5 of the Consent Calendar. Motion passed 5 – 0.

### PRESENTATION AND DISCUSSION ITEMS:

ITEM 12 – CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION STATE LEGISLATIVE BRIEFING:

Water Policy Manager Taylor introduced CMUA Deputy Executive Director Danielle Blacet-Hyden who proceeded with a presentation that highlighted the following:

- California Municipal Utilities Association
- 2021 Legislative Review
- 2022-2023 Governor's Budget Proposal

- 2022 Legislative Forecast
- Regulatory Issues

Ms. Blacet-Hyden introduced CMUA Senior Regulatory Advocate Andrea Abergel.

Mses. Blacet-Hyden and Abergel responded to questions from the Board and they thanked them for the presentation.

**ITEM 13 – CAPITAL IMPROVEMENT PROGRAM RENEWAL QUARTERLY UPDATE:**

Principal Engineer Wiesner provided a presentation that highlighted the following:

- Overview
- Well Program
- Reservoir Program
- Distribution Program
- Routine Planned Capital
- District Facilities Program
- CIPR Program Cost Impacts
- Financial Summary
- CIPR Program Planned vs. Actual

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

**RECESS**

President DePasquale declared a recess at 4:40 p.m.

The Board meeting reconvened at 4:42 p.m.

**11. ANNUAL INFORMATION TECHNOLOGY AUDIT - OPERATIONS:**

Business Administrator Lind provided an overview of the topic and introduced Nth Generation's Senior Project Manager Renee Sanshu and Enterprise Solutions Architect Jim Westover. Ms. Sanshu and Mr. Westover proceeded with a presentation that highlighted the following:

- Assessment Methodology
- Assessment Scoring Criteria
- Assessment Scores
- FY 2021 Assessment Scores
- System Architecture
- IT Operations
- Status Reporting
- Continuous Service Improvement
- Closing Remarks

Ms. Sanshu and GM Shoenberger responded to questions from the Board and they thanked Ms. Sanshu and Mr. Westover for the presentation.

12. CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION STATE LEGISLATIVE BRIEFING:

Item taken earlier in the agenda.

13. CAPITAL IMPROVEMENT PROGRAM RENEWAL QUARTERLY UPDATE:

Item taken earlier in the agenda.

14. WATER ISSUES STUDY GROUP:

Public Affairs Specialist Norris provided a presentation that highlighted the following:

- Spring & Fall Sessions
- Proposed Topics
- Proposed Outreach Tactics

Discussion ensued amongst the Board.

Ms. Norris responded to questions from the Board and they thanked her for the presentation.

**ACTION ITEMS:**

15. ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 10 BOARD OF DIRECTORS NOMINATION:

President DePasquale asked for comments from the public. There were no comments.

**MOTION**

Motion by Director Atkinson, second by Director Fisler, to adopt Resolution No. 1561 Placing in Nomination Marice H. DePasquale as a Member of the Association of California Water Agencies Region 10 Board Member. Motion passed 4 – 1, by the following roll call vote:

AYES:	DIRECTORS	Atkinson, Bockmiller, Fisler, DePasquale
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	Dewane

16. MESA WATER DISTRICT'S POLICY POSITIONS AND LEGISLATIVE PLATFORMS:

Water Policy Manager Taylor provided an overview of the topic.

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

President DePasquale asked for comments from the public. There were no comments.

**MOTION**

Motion by Director Bockmiller, second by Director Fislser, to approve the proposed updates to Mesa Water District's Policy Positions and Legislative Platforms. Motion passed 4 – 1, with Vice President Dewane absent.

**REPORTS:**

17. REPORT OF THE GENERAL MANAGER
18. DIRECTORS' REPORTS AND COMMENTS

**INFORMATION ITEMS:**

19. FINANCIAL AUDITOR SELECTION
20. CLAIM OF DAVID GRAHAM
21. CLAIM OF DONNA STOCKING
22. OTHER (NO ENCLOSURE)

President DePasquale adjourned the meeting at 5:27 p.m. to a Regular Board Meeting scheduled for Wednesday, February 9, 2022 at 4:30 p.m.

Approved:

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Marice H. DePasquale, President

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Denise Garcia, District Secretary

Recording Secretary: Sharon D. Brimer



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## MEMORANDUM

TO: Board of Directors  
FROM: Paul E. Shoenberger, P.E., General Manager  
DATE: February 9, 2022  
SUBJECT: Attendance at Conferences, Seminars, Meetings, and Events

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### RECOMMENDATION

In accordance with Ordinance No. 31, adopted April 27, 2021, 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 and statewide water issues.

### PRIOR BOARD ACTION/DISCUSSION

At its June 10, 2021 meeting, the Board of Directors (Board) approved Fiscal Year 2022 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.



**2021 CONFERENCES, SEMINARS, AND MEETINGS:**

<b>February 9 - 10, 2022</b>	
CalDesal Annual Conference	<i>Atkinson, Bockmiller, Dewane, Fisler</i>
Virtual	
<b>February 16 - 17, 2022</b>	
ACWA Winter Quarterly Forum	<i>Atkinson, Bockmiller</i>
Virtual	
<b>February 16 - 17, 2022</b>	
Urban Water Institute Spring Conference	<i>Atkinson</i>
Virtual	
<b>February 21 - 25, 2022</b>	
Jt. CA-NV AWWA/AMTA Spring Conference	
Las Vegas, NV	
<b>February 23, 2022</b>	
MWDOC Water Policy Forum	
Costa Mesa, CA	
<b>March 6 - 9, 2022</b>	
WaterReuse Symposium	
Virtual or San Antonio, TX	
<b>March 14 - 16, 2022</b>	
10th Annual Public-Private Partnership Conference	
Dallas, TX	
<b>April 3 - 5, 2022</b>	
CMUA Annual Conference	
San Francisco, CA	
<b>April 7 - 8, 2022</b>	
P3 Water Summit	
San Diego, CA	
<b>April 11 - 14, 2022</b>	
AWWA CA-NV Annual Spring Conference	
Anaheim, CA	
<b>April 13 - 14, 2022</b>	
WaterNow Alliance 7th Annual Summit	
Philadelphia, PA	
<b>May 3 - 6, 2022</b>	
ACWA/JPIA Spring Conference	
Sacramento, CA	
<b>May 17 - 18, 2022</b>	
CSDA Legislative Days	
Sacramento, CA	
<b>June 12 - 15, 2022</b>	
AWWA ACE22 Conference	<i>Atkinson</i>
San Antonio, TX	

# February 2022

February 2022							March 2022						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
6	7	1	2	3	4	5	6	7	1	2	3	4	5
13	14	8	9	10	11	12	13	14	8	9	10	11	12
20	21	15	16	17	18	19	20	21	15	16	17	18	19
27	28	22	23	24	25	26	27	28	29	30	31	25	26

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jan 30	31	Feb 1 7:30am ISDOC Executive Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (VIRTUAL)	2 Payday 8:30am Jt. MWDOC/MWD Workshop (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	3 8:00am OCWD Communications & Legislative Committee (VIRTUAL)	4 7:30am WACO (VIRTUAL)	5
6	7 CMUA Annual Capitol Day (VIRTUAL) 8:30am R/S to 2/14 MWDOC Planning & Operations Committee (VIRTUAL)	8 8:00am OCBC Infrastructure Committee (VIRTUAL and IN PERSON AT 2 Park Plaza) 9:30am 9	9 CalDesal Annual Conference (Virtual) 8:00am LAFCO Meeting (333 W. Santa Ana) 8:00am OCWD Water Issues 8:30am MWDOC Admin 4:30pm Board Meeting	10 8:00am OCWD Admin & Finance Committee (VIRTUAL)	11 Pay Period Ends	12
13	14 8:30am R/S from 2/7 MWDOC Planning & Operations Committee (VIRTUAL) 5:00pm IRWD Board Meeting (VIRTUAL)	15 7:30am WACO Planning Committee (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (VIRTUAL)	16 Urban Water Institute Spring Water Conference (VIRTUAL) ACWA Quarterly Committee Forum (VIRTUAL) Payday 8:30am MWDOC Board Meeting (VIRTUAL) 5:30pm OCWD Board	17 8:30am MWDOC Executive Committee (VIRTUAL)	18	19
20	21 District Holiday	22 3:30pm Board of Directors' Committee Meeting (Boardroom)	23	24	25 Pay Period Ends	26
27	28 5:00pm IRWD Board Meeting (VIRTUAL)	Mar 1	2	3	4	5

# March 2022

March 2022							April 2022						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5						1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28	29	30

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Feb 27	28	Mar 1 7:30am ISDOC Executive Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (VIRTUAL)	2 TO BE RESCHEDULED - JPIA 2022 Strategic Planning Meeting (Rancho Mirage) - Patricia Slaven Payday 8:30am Jt. MWDOC/MWD Workshop 5:30pm OCWD Board Meeting	3 8:00am OCWD Communications & Legislative Committee	4 7:30am WACO (VIRTUAL)	5
6 WaterReuse Symposium (San Antonio, TX)	7 8:30am MWDOC Planning & Operations Committee (VIRTUAL)	8 8:00am OCBC Infrastructure Committee (VIRTUAL and IN PERSON AT 2 Park Plaza)	9 8:00am LAFCO Meeting (VIRTUAL) 8:00am OCWD Water Issues 8:30am MWDOC Admin 4:30pm Board Meeting	10 8:00am OCWD Admin & Finance Committee (VIRTUAL)	11 Pay Period Ends	12
13 10th Annual Public-Private Partnership Conference & Expo (Dallas, TX)	14 5:00pm IRWD Board Meeting (VIRTUAL)	15 7:30am WACO Planning Committee (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (VIRTUAL)	16 Payday 8:30am MWDOC Board Meeting (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	17 8:30am MWDOC Executive Committee (VIRTUAL) 4:00pm Costa Mesa Chamber of Commerce Board Meeting (VIRTUAL)	18	19
20	21	22 3:30pm Board of Directors' Committee Meeting (Boardroom)	23	24	25 Pay Period Ends	26
27	28 5:00pm IRWD Board Meeting (VIRTUAL)	29	30 Payday	31	Apr 1	2

# April 2022

April 2022							May 2022						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
	3	4	5	6	7	8	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
							29	30	31				

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Mar 27	28	29	30	31	Apr 1 7:30am WACO (VIRTUAL)	2
3 CMUA Annual Conference (San Francisco, CA)	4 8:30am MWDOC Planning & Operations Committee (VIRTUAL)	5 7:30am ISDOC Executive Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting	6 8:30am Jt. MWDOC/MWD Workshop 5:30pm OCWD Board Meeting	7 8:00am OCWD Communications & Legislative Committee	8 P3 Water Summit (San Diego, CA) Pay Period Ends	9
10	11 5:00pm GWRS Steering Committee Meeting (VIRTUAL) 5:00pm IRWD Board Meeting (VIRTUAL)	12 AWWA CA-NV Annual Spring Conference (Anaheim, CA) 8:00am OCBC Infrastructure Committee (VIRTUAL and IN PERSON AT 2 Park Plaza)	13 Payday 8:00am LAFCO Meeting 8:00am OCWD Water Issues 8:30am MWDOC Admin 4:30pm Board Meeting	14 8:00am OCWD Admin & Finance Committee (VIRTUAL)	15	16
17	18	19 7:30am WACO Planning Committee (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (VIRTUAL)	20 8:30am MWDOC Board Meeting (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	21 8:30am MWDOC Executive Committee (VIRTUAL)	22 Pay Period Ends	23
24	25 5:00pm IRWD Board Meeting (VIRTUAL)	26 3:30pm Board of Directors' Committee Meeting (Boardroom)	27 Payday 8:30am Jt. MWDOC/OCWD	28 11:30am ISDOC Quarterly Meeting (VIRTUAL)	29	30



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## MEMORANDUM

TO: Board of Directors  
FROM: Denise Garcia, Administrative Services Manager  
DATE: February 9, 2022  
SUBJECT: Quarterly Training Report

---

### RECOMMENDATION

Receive the Quarterly Training Report for October 1, 2021 to December 31, 2021.

### STRATEGIC PLAN

Goal #5: Attract and retain skilled employees.

### DISCUSSION

As part of the Board of Directors' (Board) approved 2020 Strategic Plan Goal #5 – Attract and retain skilled employees, Objective B is to Build Employee Skills, specifically the following:

- Fully train a minimum of two employees in key processes to ensure accountability and sustainability
- Develop and implement an operational and institutional knowledge transfer plan

Outcome 3 calls for providing quarterly training reports to the Board.

Attached is the Quarterly Training Report for October 1, 2021 to December 31, 2021. In addition to the training listed on the report, staff also conducts safety training for all employees and Monday Morning Tailgate Talks for Water Operations, Engineering, and Customer Services field staff.

The Tailgate Talks for this quarter included the following topics:

- Vehicle Safety: Check, Inspect, Drive!
- Safe Fuel Handling Practices
- Don't Get in a Bind with a Backhoe
- Setting Up a Safe Traffic Control Zone
- Holding On To Hand Safety
- Confined Space Safety Quiz
- Handling the Load: Forklift Safety
- Reducing the Risk of Workplace Violence
- Carbon Monoxide: A Silent Killer
- Avoid Slips and Trips
- Respiratory Protection
- Avoid Arc Flash
- Be Prepared For an Emergency

The Safety Training program included the following topics:

- Forklift Classroom
- Forklift Practical



Below are the required continuing education hours needed, over a three-year period, for each Distribution and Treatment Certification Renewal held by staff:

<b>Distribution and Treatment Certification Renewals – Required Continuing Education Hours (within the last three years)</b>				
<b>Grade 1</b>	<b>Grade 2</b>	<b>Grade 3</b>	<b>Grade 4</b>	<b>Grade 5</b>
12 hours	16 hours	24 hours	36 Hours	36 hours

FINANCIAL IMPACT

The cost for the training is budgeted each fiscal year, per department or in the overall safety budget.

ATTACHMENTS

Attachment A: Quarterly Training Report for October 1, 2021 to December 31, 2021



# FY22 Quarterly Training Report

2nd Quarter October 1, 2021 - December 31, 2021

Position	Department	Date of Training	Type of Training	Organization
Human Resources Analyst	Human Resources	10/14 - 15/2021	AWI Conference	Association of Workplace Investigators
Department Assistant	Administrative Services	10/19/2021	Onboarding	Association of California Water Agencies/Joint Powers Insurance Authority
Human Resources Analysts	Human Resources	10/20/2021	Leaves, Leave & More Leaves	Liebert Cassidy Whitmore
Administrative Services Manager Executive Assistant to the General Manager Records Management Specialist	Administrative Services	10/26 - 27/2021	CSDA Board/Secretary Conference	California Special Districts Association
Executive Assistant to the General Manager	Administrative Services	11/1/2021	Project Management for Administrative Professionals	City Clerks Association of California Training
Records Management Specialist	Administrative Services	11/1 - 5/2021	Nuts & Bolts	City Clerks Association of California Training
Operator II's Water Operations Manager	Operations	11/2 - 4/2021	SWMOA 21 Conf	SWMOA
Water Quality and Compliance Supervisor	Operations	11/8 - 10/2021	WQTC 21	AWWA
Water Operations Supervisor	Operations	11/8 - 9/2021	Identifying & Maintaining Critical Water Distribution System	CA-NV AWWA
Public Affairs Coordinator	Public Affairs	11/9/2021	Time Management Essentials	Franklin Covey
Human Resources Analysts	Human Resources	11/17/2021	Human Resources Academy I	Liebert Cassidy Whitmore
Public Affairs Coordinator Public Affairs Specialist	Public Affairs	11/18/2021	Personalized strengths discovery and action-planning to learn individual and team strengths and apply to team collaboration	StrengthsFinder 2.0
Administrative Services Manager	Administrative Services	11/30/2021 - 12/2/2021	ACWA Fall Conference	Association of California Water Agencies/Joint Powers Insurance Authority



# FY22 Quarterly Training Report

2nd Quarter October 1, 2021 - December 31, 2021

Postion	Department	Date of Training	Type of Training	Organization
Human Resources Analysts	Human Resources	12/2/2021	Legislative Update	Shaw Law Group, PC
Water Quality and Compliance Supervisor	Operations	12/10/2021	Legal and regulatory Issues in the Water Space	AWWA
Human Resources Analysts	Human Resources	12/15/2021	A Guide to Implementing Public Employee Discipline	Liebert Cassidy Whitmore
Public Affairs Coordinator Public Affairs Specialist	Public Affairs	12/16/2021	TikTok (social media) webinar	California Association of Public Information Officials
Various Positions throughout the District	Various Departments throughout the District	Various Dates	Anti-Harassment Training for Supervisors and Managers - California (SB1343/AB1825)	Vector Solutions
Various Positions throughout the District	Various Departments throughout the District	Various Dates	Anti-Harassment Training for All Employees - California (SB1343/AB1825)	Vector Solutions





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## MEMORANDUM

TO: Board of Directors  
FROM: Denise Garcia, Administrative Services Manager  
DATE: February 9, 2022  
SUBJECT: Proclamation Honoring the Career of Eddie Nunez

---

### RECOMMENDATION

Approve a proclamation honoring Eddie Nunez for his dedicated and committed service to Mesa Water District.

### STRATEGIC PLAN

Goal #5: Attract and retain skilled employees.

### PRIOR BOARD ACTION/DISCUSSION

None.

### DISCUSSION

Eddie Nunez began his career at Mesa Water District on December 9, 1996 as a Water Maintenance Worker I. He worked his way up through the organization holding job titles including Water Maintenance Worker II, Water Maintenance Crewleader and Senior Operator.

As a Water Maintenance Worker I/II, Eddie was involved in operating, maintaining, installing and repairing the District's water distribution infrastructure to ensure an uninterrupted supply of quality potable water to the customers of Mesa Water District.

As a Water Maintenance Crewleader and Senior Operator, Eddie worked on many capital projects, supervised the work sites for many of our valve and hydrant replacements over the years and successfully completed countless emergency repairs. He also ensured that the projects were completed in a timely manner and that proper work methods were followed.

Eddie's achievements throughout his career included completing the ACWA/JPIA Professional Development Program Certification and obtaining the State Water Resources Control Board Drinking Water Operator Grade 1-3 Water Distribution certificates and serving as a Safety Ambassador for many years.

Eddie is a long-term employee with over 25 years of dedicated and committed service to Mesa Water District.

### FINANCIAL IMPACT

None.

### ATTACHMENTS

Attachment A: Draft Proclamation

*A Day of Celebration to Honor the Career of Eddie Nunez*

*Eddie Nunez began his career at Mesa Water District on December 9, 1996 as a Water Maintenance Worker I and worked his way up through the organization holding job titles including Water Maintenance Worker II, Water Maintenance Crewleader and Senior Operator; and*

*Whereas, as a Water Maintenance Worker I/II, Eddie was involved in operating, maintaining, installing and repairing the District's water distribution infrastructure to ensure an uninterrupted supply of quality potable water to the customers of Mesa Water District; and*

*Whereas, as a Water Maintenance Crewleader and Senior Operator, Eddie worked on many capital projects, supervised the work sites for many of our valve and hydrant replacements over the years and successfully completed countless emergency repairs; he also ensured that the projects were completed in a timely manner and that proper work methods were followed; and*

*Whereas, Eddie's achievements throughout his career included completing the ACWA/JPIA Professional Development Program Certification and obtaining the State Water Resources Control Board Drinking Water Operator Grade 1-3 Water Distribution certificates and serving as a Safety Ambassador for many years; and*

*NOW THEREFORE, BE IT RESOLVED that the Board of Directors of Mesa Water District hereby recognizes and honors you for your more than 25 years of dedicated and committed service to the District and wishes you the best as you begin your retirement.*

\_\_\_\_\_  
*Marice H. DePasquale, President*

\_\_\_\_\_  
*Shawn Dewane, Vice President*

\_\_\_\_\_  
*Jim Atkinson, Director*

\_\_\_\_\_  
*April 26, 2022*

\_\_\_\_\_  
*Fred Bockmiller, P.E., Director*

\_\_\_\_\_  
*James R. Fisler, Director*



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Water Needs*

## MEMORANDUM

TO: Board of Directors  
FROM: Paul E. Shoenberger, P.E., General Manager  
DATE: February 9, 2022  
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 Mesa Water District's Board of Directors, the Orange County Water District has presented briefings since 2003.

### FINANCIAL IMPACT

None.

### ATTACHMENTS

None.



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Water Needs*

## MEMORANDUM

TO: Board of Directors  
FROM: Phil Lauri, P.E., Assistant General Manager  
DATE: February 9, 2022  
SUBJECT: 2020 Water Shortage Contingency Plan

---

### RECOMMENDATION

Adopt Resolution No. 1562 Approving the Adoption of the 2020 Water Shortage Contingency Plan as Amended.

### STRATEGIC PLAN

Goal #1: Provide a safe, abundant, and reliable water supply.  
Goal #4: Increase public awareness about Mesa Water and about water.  
Goal #6: Provide outstanding customer service.  
Goal #7: Actively participate in regional and statewide water issues.

### PRIOR BOARD ACTION

At its June 10, 2021 meeting, the Board of Directors (Board) conducted a noticed public hearing regarding the Urban Water Management Plan and adopted Resolution No. 1542 Approving the Adoption of the 2020 Water Shortage Contingency Plan.

### BACKGROUND

In 1983, the California Legislature enacted the Urban Water Management Planning (UWMP) Act (Division 6 Part 2.6 of the Water Code §10610 - 10656). The UWMP Act states that every urban water supplier that provides water to 3,000 or more customers, or that provides over 3,000 acre-feet of water annually, should make every effort to ensure the appropriate level of reliability in its water service to meet the needs of its various categories of customers during normal, dry, and multiple dry years. Mesa Water District (Mesa Water®) has met the requirements of this legislation since the UWMP Act's inception.

Due to new requirements of the UWMP Act, the 2020 UWMP includes a 2020 Water Shortage Contingency Plan (WSCP) to help effectively respond to potential water shortages. This plan serves as a guide when a water shortage is declared and is referenced in Mesa Water's Water Shortage Response Ordinance.

### DISCUSSION

The 2020 WSCP was prepared and updated in accordance with the UWMP Act and all applicable updates. During the implementation of Ordinance No. 32 and the WSCP, it was identified that an obligation to fix leaks should be included in the permanent water conservation requirements. Ordinance No. 32 is being amended to include an obligation to fix leaks, breaks or malfunctions in the water user's plumbing or distribution system within ninety-six (96) hours of notification by Mesa Water. This update requires Mesa Water's 2020 WSCP, as amended, to be readopted.



### LEGAL REVIEW

Mesa Water's General Legal Counsel – Atkinson, Andelson, Loya, Ruud & Romo – has reviewed the draft Resolution and recommends Board approval.

### FINANCIAL IMPACT

In Fiscal Year 2022, \$40,000 is budgeted for the 2020 Urban Water Management Plan and the Water Shortage Contingency Plan; \$30,030 has been spent to date.

### ATTACHMENTS

Attachment A: Draft Resolution No. 1562  
Attachment B: Resolution No. 1542, Redline

## RESOLUTION NO. 1562

### RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS APPROVING THE ADOPTION OF THE MESA WATER 2020 WATER SHORTAGE CONTINGENCY PLAN AS AMENDED

WHEREAS, the Mesa Water District (Mesa Water®) 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 California Legislature enacted Assembly Bill 797 (California Water Code (Water Code) Sections 10610 *et seq.*), known as the Urban Water Management Planning Act, as amended) during the 1983-1984 Regular Session, which mandates that every supplier providing water for municipal purposes to more than 3,000 customers or supplying more than 3,000 acre feet of water annually, prepare an Urban Water Management Plan and a Water Shortage Contingency Plan, the primary objective of which is to ensure the appropriate level of reliability in its water service to meet the needs of its customers during normal, dry, and multiple dry years, and to provide for conservation and efficient use of water; and

WHEREAS, in 2018 the California Legislature modified the Urban Water Management Planning Act to include additional water shortage planning requirements; and

WHEREAS, significant amendments to the Water Code, specifically to Water Code Section 10632, currently mandate new elements to Urban Water Management Plans, including Water Shortage Contingency Plans, which include an annual drought risk assessment, evaluation of State Water Shortage Levels and Statewide water use limitations; and

WHEREAS, Mesa Water is an urban water supplier providing water to a population over 100,000; and

WHEREAS, Mesa Water's Urban Water Management Plan (UWMP) is periodically reviewed, at least once every five years, and Mesa Water makes amendments or changes to the UWMP which are indicated by such reviews; and

WHEREAS, the UWMP was most recently updated, adopted and submitted to the California Department of Water Resources in 2021, which included the Mesa Water 2020 Water Shortage Contingency Plan (Contingency Plan); and

WHEREAS, based on current evaluations of the Contingency Plan, Mesa Water desires to amend the Contingency Plan at this time to conform to Mesa Water's water management planning, the provisions of Water Code Section 10632, best practices and related matters; and

WHEREAS, Mesa Water staff prepared for review by the public and the Board of Directors (Board) of Mesa Water the amended Contingency Plan; and

WHEREAS, the Board members have been furnished with copies of the amended Contingency Plan as part of their consideration of such amended Contingency Plan and which amended Contingency Plan is on file with the District Secretary; and

WHEREAS, the Board has determined that the adoption of the amended Contingency Plan, which will constitute a portion of the UWMP, as provided for under Water Code Section 10632, at this time, is appropriate.

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

**Section 1.** The foregoing recitals are true and correct and are incorporated herein by this reference.

**Section 2.** The Board of Directors hereby adopts the amended Contingency Plan, which shall constitute a portion of the UWMP, which the amended Contingency Plan is incorporated herein by this reference, and will implement the amended Contingency Plan in accordance with the terms set forth therein.

**Section 3.** The District Secretary of Mesa Water is hereby directed to submit the amended Contingency Plan to the California Department of Water Resources, the California State Library, and any city or county within which Mesa Water provides water services, no later than 30 days from the date of adoption hereof, in accordance with Water Code Section 10644(a)(1).

**Section 4.** The General Manager, District Secretary, and other Mesa Water staff are authorized and directed to take all other and further actions necessary or desirable to carry out the directives of this Resolution.

ADOPTED, SIGNED, and APPROVED this 9<sup>th</sup> day of February 2022 by a roll call vote.

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

---

Marice H. DePasquale  
President, Board of Directors

---

Denise Garcia  
District Secretary

**RESOLUTION NO. 1562**

**ATTACHMENT A**

**RESOLUTION OF THE  
MESA WATER DISTRICT BOARD OF DIRECTORS  
APPROVING THE ADOPTION OF THE MESA WATER  
2020 WATER SHORTAGE CONTINGENCY PLAN AS AMENDED**

Mesa Water  
2020 Water Shortage Contingency Plan  
amended  
February 2022





Mesa Water District

# 2020 Water Shortage Contingency Plan

**FINAL DRAFT**

December 2021

## 2020 Water Shortage Contingency Plan

December 2021

**Prepared By:**

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**Our Ref:**

30055240

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Lisa Maddaus, P.E.  
Technical Lead  
Maddaus Water Management, Inc.

---

Sarina Sriboonlue, P.E.  
Project Manager  
Arcadis U.S., Inc.

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**Table 8-2: Demand Reduction Actions**

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**Appendix B. Ordinance No. 33, Water Shortage Response Ordinance**

**Appendix C. Notice of Public Hearing**

**Appendix D. Adopted WSCP Resolution**

## Acronyms and Abbreviations

%	Percent
AF	Acre-Feet
Annual Assessment	Annual Water Supply and Demand Assessment
BPP	Basin Production Percentage
CRA	Colorado River Aqueduct
DDW	Division of Drinking Water
DRA	Drought Risk Assessment
DVL	Diamond Valley Lake
DWR	California Department of Water Resources
EAP	Emergency Operations Center Actions Plan
EOC	Emergency Operation Center
EOP	Emergency Operations Plan
FY	Fiscal Year
GAP	Green Acres Project
GSP	Groundwater Sustainability Plan
HMP	Hazard Mitigation Plan
IAWP	Interim Agricultural Water Program
IRP	Integrated Water Resource Plan
M&I	Municipal and Industrial
MCL	Maximum Contaminant Level
Mesa Water	Mesa Water District
MET	Metropolitan Water District of Southern California
Metropolitan Act	Metropolitan Water District Act
MWDOC	Municipal Water District of Orange County
NIMS	National Incident Management System
OC Basin	Orange County Groundwater Basin
OCWD	Orange County Water District
PFAS	Per- and Polyfluoroalkyl Substances
PFOA	Perfluorooctanoic Acid
PFOS	Perfluorooctane Sulfonate
PPT	Parts Per Trillion
Producer	Groundwater Producer
RL	Response Level
SEMS	California Standardized Emergency Management System
Supplier	Urban Water Supplier
SWP	State Water Project
SWRCB	California State Water Resources Control Board
UWMP	Urban Water Management Plan
Water Code	California Water Code

# Mesa Water District 2020 Water Shortage Contingency Plan

WEROC	Water Emergency Response Organization of Orange County
WSAP	Water Supply Allocation Plan
WSCP	Water Shortage Contingency Plan
WSDM	Water Surplus and Drought Management Plan

# 1 INTRODUCTION AND WSCP OVERVIEW

The Water Shortage Contingency Plan (WSCP) is a strategic planning document designed to prepare for and respond to water shortages. This WSCP complies with California Water Code (Water Code) Section 10632, which requires that every urban water supplier (Supplier) shall prepare and adopt a WSCP as part of its Urban Water Management Plan (UWMP). This level of detailed planning and preparation is intended to help maintain reliable supplies and reduce the impacts of supply interruptions.

The WSCP is Mesa Water District (Mesa Water)'s operating manual that is used to prevent catastrophic service disruptions through proactive, rather than reactive, management. A water shortage, when water supply available is insufficient to meet the normally expected customer water use at a given point in time, may occur due to a number of reasons, such as drought, climate change, and catastrophic events. This plan provides a structured guide for Mesa Water to deal with water shortages, incorporating prescriptive information and standardized action levels, along with implementation actions in the event of a catastrophic supply interruption. This way, if and when shortage conditions arise, Mesa Water's governing body, its staff, and the public can easily identify and efficiently implement pre-determined steps to manage a water shortage. A well-structured WSCP allows real-time water supply availability assessment and structured steps designed to respond to actual conditions, to allow for efficient management of any shortage with predictability and accountability.

The WSCP also describes Mesa Water's procedures for conducting an Annual Water Supply and Demand Assessment (Annual Assessment) that is required by Water Code Section 10632.1 and is to be submitted to the California Department of Water Resources (DWR) on or before July 1 of each year, or within 14 days of receiving final allocations from the State Water Project (SWP), whichever is later. Mesa Water's 2020 WSCP is included as an appendix to its 2020 UWMP which will be submitted to DWR by July 1, 2021. However, this WSCP is created separately from Mesa Water's 2020 UWMP and can be amended, as needed, without amending the UWMP. Furthermore, the Water Code does not prohibit a Supplier from taking actions not specified in its WSCP, if needed, without having to formally amend its UWMP or WSCP.

## 1.1 Water Shortage Contingency Plan Requirements and Organization

The WSCP provides the steps and water shortage response actions to be taken in times of water shortage conditions. The WSCP has prescriptive elements, such as an analysis of water supply reliability; the water shortage response actions for each of the six standard water shortage levels that correspond to water shortage percentages ranging from 10% to greater than 50%; an estimate of potential to close supply gap for each measure; protocols and procedures to communicate identified actions for any current or predicted water shortage conditions; procedures for an Annual Assessment; monitoring and reporting requirements to determine customer compliance; and reevaluation and improvement procedures for evaluating the WSCP.

This WSCP is organized into three main sections, with Section 3 aligned with Water Code Section 16032 requirements.

**Section 1 Introduction and WSCP Overview** gives an overview of the WSCP fundamentals.



**Section 2 Background** provides a background on Mesa Water's water service area.

### **Section 3 Water Shortage Contingency Preparedness and Response Planning**

**Section 3.1 Water Supply Reliability Analysis** provides a summary of the water supply analysis and water reliability findings from the 2020 UWMP.

**Section 3.2 Annual Water Supply and Demand Assessment Procedures** provide a description of procedures to conduct and approve the Annual Assessment.

**Section 3.3 Six Standard Water Shortage Stages** explains the WSCP's six standard water shortage levels corresponding to progressive ranges of up to 10, 20, 30, 40, 50, and more than 50% shortages.

**Section 3.4 Shortage Response Actions** describes the WSCP's shortage response actions that align with the defined shortage levels.

**Section 3.5 Communication Protocols** addresses communication protocols and procedures to inform customers, the public, interested parties, and local, regional, and state governments, regarding any current or predicted shortages and any resulting shortage response actions.

**Section 3.6 Compliance and Enforcement** describes customer compliance, enforcement, appeal, and exemption procedures for triggered shortage response actions.

**Section 3.7 Legal Authorities** is a description of the legal authorities that enable Mesa Water to implement and enforce its shortage response actions.

**Section 3.8 Financial Consequences of the WSCP** provides a description of the financial consequences of and responses for drought conditions.

**Section 3.9 Monitoring and Reporting** describes monitoring and reporting requirements and procedures that ensure appropriate data is collected, tracked, and analyzed for purposes of monitoring customer compliance and to meet state reporting requirements.

**Section 3.10 WSCP Refinement Procedures** addresses reevaluation and improvement procedures for monitoring and evaluating the functionality of the WSCP.

**Section 3.11 Special Water Feature Distinction** is a required definition for inclusion in a WSCP per the Water Code.

**Section 3.12 Plan Adoption, Submittal, and Implementation** provides a record of the process Mesa Water followed to adopt and implement its WSCP.

## **1.2 Integration with Other Planning Efforts**

As a retail water supplier in Orange County, Mesa Water considered other key entities in the development of this WSCP, including the Municipal Water District of Orange County ([MWDOC] (regional wholesale supplier), the Metropolitan Water District of Southern California ([MET] (regional wholesaler for Southern California and the direct supplier of imported water to MWDOC), and Orange County Water District ([OCWD] (Orange County Groundwater Basin manager and provider of recycled water in North Orange County). As a MWDOC member agency, Mesa Water also developed this WSCP with input from several coordination efforts led by MWDOC.

## Mesa Water District 2020 Water Shortage Contingency Plan

Some of the key planning and reporting documents that were used to develop this WSCP are:

- **MWDOC's 2020 UWMP** provides the basis for the projections of the imported supply availability over the next 25 years for Mesa Water's service area.
- **MWDOC's 2020 WSCP** provides a water supply availability assessment and structured steps designed to respond to actual conditions that will help maintain reliable supplies and reduce the impacts of supply interruptions.
- **2021 Orange County Water Demand Forecast for MWDOC and OCWD Technical Memorandum (Demand Forecast TM)** provides the basis for water demand projections for MWDOC's member agencies as well as Anaheim, Fullerton, and Santa Ana.
- **MET's 2020 Integrated Water Resources Plan (IRP)** is a long-term planning document to ensure water supply availability in Southern California and provides a basis for water supply reliability in Orange County.
- **MET's 2020 UWMP** was developed as a part of the 2020 IRP planning process and was used by MWDOC as another basis for the projections of supply capability of the imported water received from MET.
- **MET's 2020 WSCP** provides a water supply assessment and guide for MET's intended actions during water shortage conditions.
- **OCWD's 2019-20 Engineer's Report** provides information on the groundwater conditions and basin utilization of the Orange County Groundwater Basin (OC Basin).
- **OCWD's 2017 Basin 8-1 Alternative** is an alternative to the Groundwater Sustainability Plan (GSP) for the OC Basin and provides significant information related to sustainable management of the basin in the past and hydrogeology of the basin, including groundwater quality and basin characteristics.
- **2020 Local Hazard Mitigation Plan (HMP)** provides the basis for the seismic risk analysis of the water system facilities.
- **Orange County Local Agency Formation Commission's 2020 Municipal Service Review for MWDOC Report** provides a comprehensive service review of the municipal services provided by MWDOC.
- **Water Master Plan** of Mesa Water provide information on water infrastructure planning projects and plans to address any required water system improvements.
- **Groundwater Management Plans** provide the groundwater sustainability goals for the basins in the MWDOC's service area and the programs, actions, and strategies activities that support those goals.

## **2 BACKGROUND INFORMATION**

Mesa Water is governed by a five-member Board of Directors is located in a community that originated in about 1906. After the Costa Mesa District Merger Law was signed on June 30, 1959, Mesa Water (formerly known as the Costa Mesa County Water District) commenced operations on January 1, 1960 by acquiring the assets and obligations and assumed the responsibility of consolidating the City of Costa Mesa's Water Department, Fairview County Water District, Newport Mesa Irrigation District, and Newport Mesa County Water District.

### **2.1 Mesa Water Service Area**

Mesa Water's water service area is located along the coast of Southern California within Orange County. Mesa Water is between one-eighth of a mile to almost six miles inland of the Pacific Ocean. It is also approximately 37 miles southeast of Los Angeles, 88 miles north of San Diego and 475 miles south of San Francisco. The service area is an 18 square mile area that includes most of the City of Costa Mesa, portions of the City of Newport Beach and a small portion of unincorporated Orange County. Mesa Water shares borders with the County of Orange, the Cities of Huntington Beach, Fountain Valley, Irvine, Santa Ana, and Newport Beach. Mesa Water operates nine wells, which includes two future wells (in construction), a nanofiltration facility, two reservoirs with a total storage of 28 million gallons, two metered interconnections, 16 emergency interconnections and manages 328.4-mile water mains system with approximately 25,032 service connections. A map of Mesa Water's water service area is shown in Figure 2-1.

Mesa Water District 2020 Water Shortage Contingency Plan

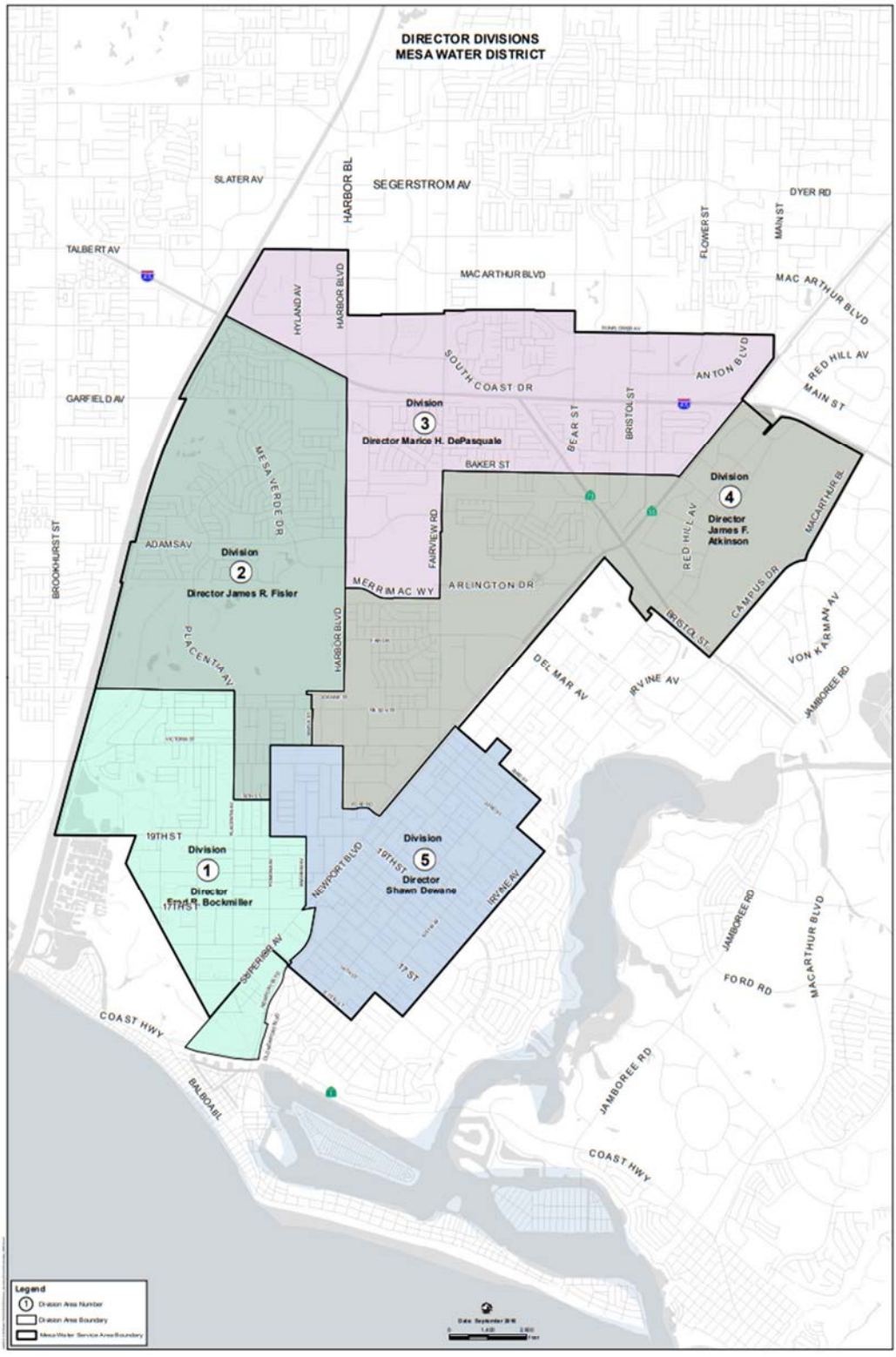


Figure 2-1: Mesa Water Service Area

Although Mesa Water supplements its water supply portfolio with recycled water, the WSCP only applies to its potable water supply. Mesa Water sells and distributes OCWD Green Acres Project (GAP) water to recycled water customers in its service area, as detailed in Section 6.6 of Mesa Water's 2020 UWMP (Mesa Water, 2021). Mesa Water will determine the recycled water demand reduction actions for recycled water based on the availability of supply and to meet necessary wastewater discharge permit requirements.

## 2.2 Relationship to Wholesalers

**The Metropolitan Water District of Southern California:** MET is the largest water wholesaler for domestic and municipal uses in California, serving approximately 19 million customers. MET wholesales imported water supplies to 26 member cities and water districts in six Southern California counties. Its service area covers the Southern California coastal plain, extending approximately 200 miles along the Pacific Ocean from the City of Oxnard in the north to the international boundary with Mexico in the south. This encompasses 5,200 square miles and includes portions of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura counties. Approximately 85% of the population from the aforementioned counties reside within MET's boundaries.

MET is governed by a Board of Directors comprised of 38 appointed individuals with a minimum of one representative from each of MET's 26 member agencies. The allocation of directors and voting rights are determined by each agency's assessed valuation. Each member of the Board shall be entitled to cast one vote for each ten million dollars (\$10,000,000) of assessed valuation of property taxable for district purposes, in accordance with Section 55 of the Metropolitan Water District Act (Metropolitan Act). Directors can be appointed through the chief executive officer of the member agency or by a majority vote of the governing board of the agency. Directors are not compensated by MET for their service.

MET is responsible for importing water into the region through its operation of the Colorado River Aqueduct (CRA) and its contract with the State of California for SWP supplies. Member agencies receive water from MET through various delivery points and pay for service through a rate structure made up of volumetric rates, capacity charges and readiness to serve charges. Member agencies provide estimates of imported water demand to MET annually in April regarding the amount of water they anticipate they will need to meet their demands for the next five years.

**The Municipal Water District of Orange County:** In Orange County, MWDOC and the cities of Anaheim, Fullerton, and Santa Ana are MET member agencies that purchase imported water directly from MET. Furthermore, MWDOC purchases both treated potable and untreated water from MET to supplement its retail agencies' local supplies.

Mesa Water is one of MWDOC's 28 member agencies receiving imported water from MWDOC. Mesa Water's location within MWDOC's service area is shown on Figure 2-2.

Mesa Water District 2020 Water Shortage Contingency Plan



Figure 2-2: Regional Location of Mesa Water and Other MWDOC Member Agencies

## 2.3 Relationship with Wholesaler Water Shortage Planning

The WSCP is designed to be consistent with MET's Water Shortage and Demand Management (WSDM) Plan, MWDOC's Water Supply Allocation Plan (WSAP), and other emergency planning efforts as described below. MWDOC's WSAP is integral to the WSCP's shortage response strategy in the event that MET or MWDOC determines that supply augmentation (including storage) and lesser demand reduction measures would not be sufficient to meet a projected shortage levels needed to meet demands.

### 2.3.1 MET Water Surplus and Drought Management Plan

MET evaluates the level of supplies available and existing levels of water in storage to determine the appropriate management stage annually. Each stage is associated with specific resource management actions to avoid extreme shortages to the extent possible and minimize adverse impacts to retail customers should an extreme shortage occur. The sequencing outlined in the WSDM Plan reflects anticipated responses towards MET's existing and expected resource mix.

Surplus stages occur when net annual deliveries can be made to water storage programs. Under the WSDM Plan, there are four surplus management stages that provides a framework for actions to take for surplus supplies. Deliveries in DVL and in SWP terminal reservoirs continue through each surplus stage provided there is available storage capacity. Withdrawals from DVL for regulatory purposes or to meet seasonal demands may occur in any stage.

The WSDM Plan distinguishes between shortages, severe shortages, and extreme shortages. The differences between each term are listed below:

- **Shortage:** MET can meet full-service demands and partially meet or fully meet interruptible demands using stored water or water transfers as necessary (Stages 1-3).
- **Severe Shortage:** MET can meet full-service demands only by making withdrawals from storage, calling on its water transfers, and possibly calling for extraordinary conservation and reducing deliveries under the Interim Agricultural Water Program (IAWP) (Stages 4-5).
- **Extreme Shortage:** MET must allocate available imported supplies to full-service customers (Stage 6).

There are six shortage management stages to guide resource management activities. These stages are defined by shortfalls in imported supply and water balances in MET's storage programs. When MET must make net withdrawals from storage to meet demands, it is considered to be in a shortage condition. Figure 2-3 gives a summary of actions under each surplus and shortage stages when an allocation plan is necessary to enforce mandatory cutbacks. The goal of the WSDM plan is to avoid Stage 6, an extreme shortage (MET, 1999).

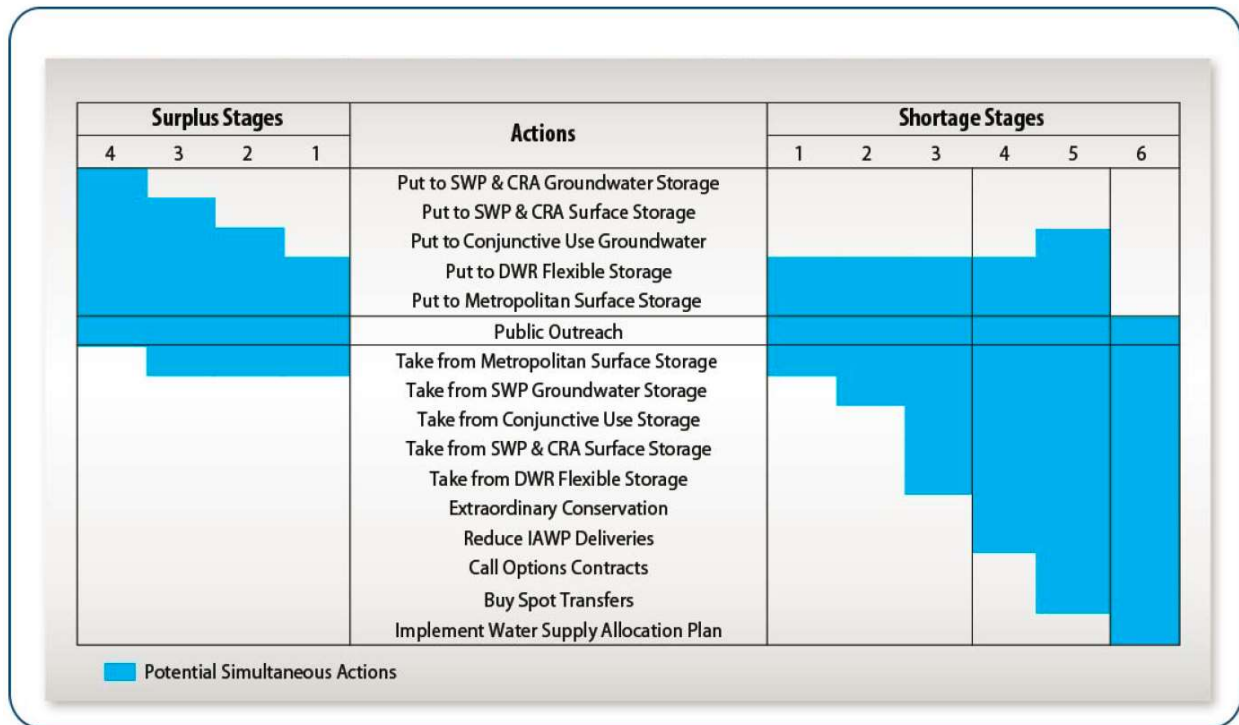


Figure 2-3: Resource Stages, Anticipated Actions, and Supply Declarations  
Source: MET, 1999.

MET’s Board of Directors adopted a Water Supply Condition Framework in June 2008 in order to communicate the urgency of the region’s water supply situation and the need for further water conservation practices. The framework has four conditions, each calling increasing levels of conservation. Descriptions for each of the four conditions are listed below:

- Baseline Water Use Efficiency: Ongoing conservation, outreach, and recycling programs to achieve permanent reductions in water use and build storage reserves.
- Condition 1 Water Supply Watch: Local agency voluntary dry-year conservation measures and use of regional storage reserves.
- Condition 2 Water Supply Alert: Regional call for cities, counties, member agencies, and retail water agencies to implement extraordinary conservation through drought ordinances and other measures to mitigate use of storage reserves.
- Condition 3 Water Supply Allocation: Implement MET’s WSAP.

As noted in Condition 3, should supplies become limited to the point where imported water demands cannot be met, MET will allocate water through the WSAP (MET, 2021a).

### 2.3.2 MET Water Supply Allocation Plan

MET’s imported supplies have been impacted by a number of water supply challenges as noted earlier. In case of extreme water shortage within the MET service area is the implementation of its WSAP.



MET's Board of Directors originally adopted the WSAP in February 2008 to fairly distribute a limited amount of water supply and applies it through a detailed methodology to reflect a range of local conditions and needs of the region's retail water consumers (MET, 2021a).

The WSAP includes the specific formula for calculating member agency supply allocations and the key implementation elements needed for administering an allocation. MET's WSAP is the foundation for the urban water shortage contingency analysis required under Water Code Section 10632 and is part of MET's 2020 UWMP.

MET's WSAP was developed in consideration of the principles and guidelines in MET's 1999 WSDM Plan with the core objective of creating an equitable "needs-based allocation." The WSAP's formula seeks to balance the impacts of a shortage at the retail level while maintaining equity on the wholesale level for shortages of MET supplies of greater than 50% cutbacks. The formula takes into account a number of factors, such as the impact on retail customers, growth in population, changes in supply conditions, investments in local resources, demand hardening aspects of water conservation savings, recycled water, extraordinary storage and transfer actions, and groundwater imported water needs.

The formula is calculated in three steps: 1) base period calculations, 2) allocation year calculations, and 3) supply allocation calculations. The first two steps involve standard computations, while the third step contains specific methodology developed for the WSAP.

**Step 1: Base Period Calculations** – The first step in calculating a member agency's water supply allocation is to estimate their water supply and demand using a historical based period with established water supply and delivery data. The base period for each of the different categories of supply and demand is calculated using data from the two most recent non-shortage years.

**Step 2: Allocation Year Calculations** – The next step in calculating the member agency's water supply allocation is estimating water needs in the allocation year. This is done by adjusting the base period estimates of retail demand for population growth and changes in local supplies.

**Step 3: Supply Allocation Calculations** – The final step is calculating the water supply allocation for each member agency based on the allocation year water needs identified in Step 2.

In order to implement the WSAP, MET's Board of Directors makes a determination on the level of the regional shortage, based on specific criteria, typically in April. The criteria used by MET includes current levels of storage, estimated water supplies conditions, and projected imported water demands. The allocations, if deemed necessary, go into effect in July of the same year and remain in effect for a 12-month period. The schedule is made at the discretion of the Board of Directors (MET, 2021b).

As demonstrated by the findings in MET's 2020 UWMP both the Water Reliability Assessment and the Drought Risk Assessment (DRA) demonstrate that MET is able to mitigate the challenges posed by hydrologic variability, potential climate change, and regulatory risk on its imported supply sources through the significant storage capabilities it has developed over the last two decades, both dry-year and emergency storage (MET, 2021a).

Although MET's 2020 UWMP forecasts that MET will be able to meet projected imported demands throughout the projected period from 2025 to 2045, uncertainty in supply conditions can result in MET needing to implement its WSAP to preserve dry-year storage and curtail demands (MET, 2021b).

### 2.3.3 MWDOC Water Supply Allocation Plan

To prepare for the potential allocation of imported water supplies from MET, MWDOC worked collaboratively with its 28 retail agencies to develop its own WSAP that was adopted in January 2009 and amended in 2016. The MWDOC WSAP outlines how MWDOC will determine and implement each of its retail agency's allocation during a time of shortage.

The MWDOC WSAP uses a similar method and approach, when reasonable, as that of the MET's WSAP. However, MWDOC's plan remains flexible to use an alternative approach when MET's method produces a significant unintended result for the member agencies. The MWDOC WSAP model follows five basic steps to determine a retail agency's imported supply allocation.

**Step 1: Determine Baseline Information** – The first step in calculating a water supply allocation is to estimate water supply and demand using a historical based period with established water supply and delivery data. The base period for each of the different categories of demand and supply is calculated using data from the last two non-shortage years.

**Step 2: Establish Allocation Year Information** – In this step, the model adjusts for each retail agency's water need in the allocation year. This is done by adjusting the base period estimates for increased retail water demand based on population growth and changes in local supplies.

**Step 3: Calculate Initial Minimum Allocation Based on MET's Declared Shortage Level** – This step sets the initial water supply allocation for each retail agency. After a regional shortage level is established, MWDOC will calculate the initial allocation as a percentage of adjusted Base Period Imported water needs within the model for each retail agency.

**Step 4: Apply Allocation Adjustments and Credits in the Areas of Retail Impacts and Conservation**– In this step, the model assigns additional water to address disparate impacts at the retail level caused by an across-the-board cut of imported supplies. It also applies a conservation credit given to those agencies that have achieved additional water savings at the retail level as a result of successful implementation of water conservation devices, programs and rate structures.

**Step 5: Sum Total Allocations and Determine Retail Reliability** – This is the final step in calculating a retail agency's total allocation for imported supplies. The model sums an agency's total imported allocation with all of the adjustments and credits and then calculates each agency's retail reliability compared to its Allocation Year Retail Demand.

The MWDOC WSAP includes additional measures for plan implementation, including the following (MWDOC, 2016):

- **Appeal Process** – An appeals process to provide retail agencies the opportunity to request a change to their allocation based on new or corrected information. MWDOC anticipates that under most circumstances, a retail agency's appeal will be the basis for an appeal to MET by MWDOC.
- **Melded Allocation Surcharge Structure** – At the end of the allocation year, MWDOC would only charge an allocation surcharge to each retail agency that exceeded their allocation if MWDOC exceeds its total allocation and is required to pay a surcharge to MET. MET enforces allocations to retail agencies through an allocation surcharge to a retail agency that exceeds its total annual allocation at the end of the 12-month allocation period. MWDOC's surcharge would be assessed

according to the retail agency's prorated share (acre-feet [AF] over usage) of MWDOC amount with MET. Surcharge funds collected by MET will be invested in its Water Management Fund, which is used to in part to fund expenditures in dry-year conservation and local resource development.

- **Tracking and Reporting Water Usage** – MWDOC will provide each retail agency with water use monthly reports that will compare each retail agency's current cumulative retail usage to their allocation baseline. MWDOC will also provide quarterly reports on its cumulative retail usage versus its allocation baseline.
- **Timeline and Option to Revisit the Plan** – The allocation period will cover 12 consecutive months and the Regional Shortage Level will be set for the entire allocation period. MWDOC only anticipates calling for allocation when MET declares a shortage; and no later than 30 days from MET's declaration will MWDOC announce allocation to its retail agencies.

### **3 WATER SHORTAGE CONTINGENCY PREPAREDNESS AND RESPONSE PLANNING**

Mesa Water’s WSCP is a detailed guide of how Mesa Water intends to act in the case of an actual water shortage condition. The WSCP anticipates a water supply shortage and provides pre-planned guidance for managing and mitigating a shortage. Regardless of the reason for the shortage, the WSCP is based on adequate details of demand reduction and supply augmentation measures that are structured to match varying degrees of shortage will ensure the relevant stakeholders understand what to expect during a water shortage situation.

#### **3.1 Water Supply Reliability Analysis**

Per Water Code Section 10632 (a)(1), the WSCP shall provide an analysis of water supply reliability conducted pursuant to Water Code Section 10635, and the key issues that may create a shortage condition when looking at Mesa Water’s water asset portfolio.

Understanding water supply reliability, factors that could contribute to water supply constraints, availability of alternative supplies, and what effect these have on meeting customer demands provides Mesa Water with a solid basis on which to develop appropriate and feasible response actions in the event of a water shortage. In the 2020 UWMP, Mesa Water conducted a Water Reliability Assessment to compare the total water supply sources available to the water supplier with long-term projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and a drought lasting five consecutive water years (Mesa Water, 2021).

Mesa Water also conducted a DRA to evaluate a drought period that lasts five consecutive water years starting from the year following when the assessment is conducted. An analysis of both assessments determined that Mesa Water is capable of meeting all customers’ demands from 2021 through 2045 for a normal year, a single dry year, and a drought lasting five consecutive years with significant imported water supplemental dedicated drought supplies from MWDOC/MET and ongoing conversation program efforts. Mesa Water receives the majority of its water supply from groundwater from the OC Basin, as well as supplemental supplies from local recycled water from the OCWD GAP that adds reliability for non-potable water demand.

As a result, there is no projected shortage condition due to drought that will trigger customer demand reduction actions unless Mesa Water exceeds its pumping capacity and until MWDOC notifies Mesa Water of insufficient imported supplies for supply augmentation in an emergency situation. More information is available in Mesa Water’s 2020 UWMP Section 6 and 7 (Mesa Water, 2021).

#### **3.2 Annual Water Supply and Demand Assessment Procedures**

Per Water Code Section 10632.1, Mesa Water will conduct an Annual Assessment pursuant to subdivision (a) of Section 10632 and by July 1st of each year, beginning in 2022, submit an Annual Assessment with information for anticipated shortage, triggered shortage response actions, compliance and enforcement actions, and communication actions consistent with the Supplier’s WSCP.

Mesa Water must include in its WSCP the procedures used for conducting an Annual Assessment. The Annual Assessment is a determination of the near-term outlook for supplies and demands and how a perceived shortage may relate to WSCP shortage stage response actions in the current calendar year. This determination is based on

information available to Mesa Water at the time of the analysis. Starting in 2022, the Annual Assessment will be due by July 1 of every year.

This section documents the decision-making process required for formal approval of Mesa Water's Annual Assessment determination of water supply reliability each year and the key data inputs and the methodologies used to evaluate the water system reliability for the coming year, while considering that the year to follow would be considered dry.

### **3.2.1 Decision-Making Process**

The following decision-making process describes the functional steps that Mesa Water will take to formally approve the Annual Assessment determination of water supply reliability each year.

#### **3.2.1.1 Steps to Approve the Annual Assessment Determination**

The Annual Assessment will be predicated on the OCWD Basin Production Percentage (BPP) and on MWDOC's Annual Assessment outcomes.

Mesa Water receives groundwater from OCWD. The OC Basin is not adjudicated and as such, pumping from the OC Basin is managed through a process that uses financial incentives to encourage groundwater producers (Producers) to pump a sustainable amount of water. The framework for the financial incentives is based on establishing the BPP, the percentage of each Producer's total water supply that comes from groundwater pumped from the OC Basin. The BPP is set uniformly for all Producers by OCWD on an annual basis in by OCWD Board of Directors. Based on the projected water demand and water modeled water supply, over the long-term, OCWD anticipates sustainably supporting a BPP of 85%; however, volumes of groundwater and imported water may vary depending on OCWD's actual BPP projections. A supply reduction that may result from the annual BPP projection will be included in the Annual Assessment.

As a MWDOC member agency, Mesa Water will consider the MWDOC Annual Assessment findings; however, the primary outcome will be determined by the OCWD BPP projections. The Annual Assessment findings will determine the approval process. If a shortage is identified, the Annual Assessment will be taken to the District Board for approval and formally submitted to DWR prior to the July 1 deadline. If no shortage is identified, the Annual Assessment will be approved by the General Manager and formally submitted to DWR prior to the July 1 deadline.

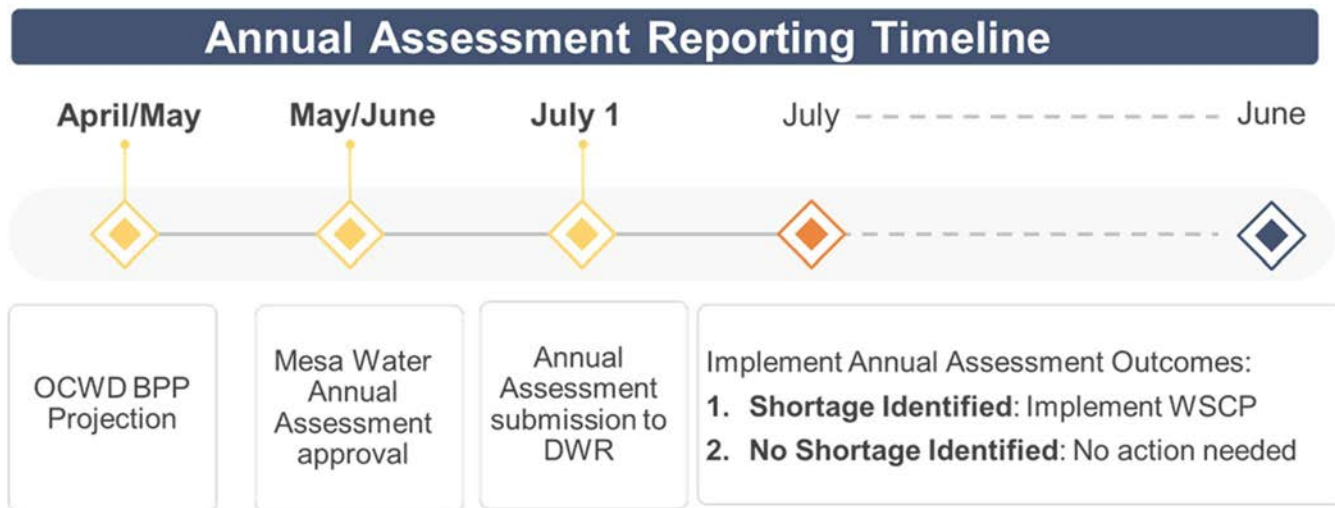


Figure 3-1: Annual Assessment Reporting Timeline

### 3.2.2 Data and Methodologies

The following paragraphs document the key data inputs and methodologies that are used to evaluate the water system reliability for the coming year, while considering that the year to follow would be considered dry.

#### 3.2.2.1 Assessment Methodology

Mesa Water will evaluate water supply reliability for the current year and one dry year for the purpose of the Annual Assessment. The Annual Assessment determination will be based on considerations of unconstrained water demand, local water supplies, MWDOC imported water supplies, planned water use, and infrastructure considerations. The balance between projected in-service area supplies, coupled with MWDOC imported supplies, and anticipated unconstrained demand will be used to determine what, if any, shortage stage is expected under the WSCP framework as presented in Figure 3-2. The WSCP’s standard shortage stages are defined in terms of shortage percentages. Shortage percentages will be calculated by dividing the difference between water supplies and unconstrained demand by total unconstrained demand. This calculation will be performed separately for anticipated current year conditions and for assumed dry year conditions.

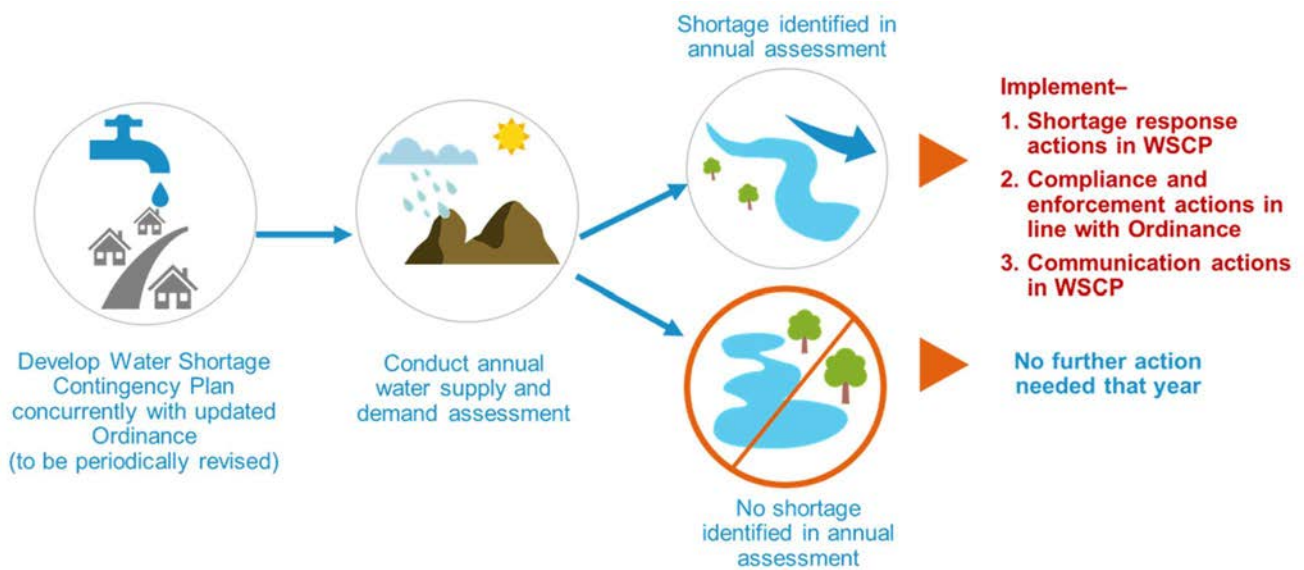


Figure 3-2: Water Shortage Contingency Plan Annual Assessment Framework

### 3.2.2.2 Locally Applicable Evaluation Criteria

Within Orange County, there are no significant local applicable criteria that directly affect reliability. Through the years, the water agencies in Orange County have made tremendous efforts to integrate their systems to provide flexibility to interchange with different sources of supplies. There are emergency agreements in place to ensure all parts of the County have an adequate supply of water. In the northern part of the County, agencies have the ability to meet a majority of their demands through groundwater with very little limitation, except for the OCWD BPP.

Mesa Water will also continue to monitor emerging supply and demand conditions related to supplemental imported water from MWDOC/MET and take appropriate actions consistent with the flexibility and adaptiveness inherent to the WSCP. Mesa Water’s Annual Assessment was based on Mesa Water’s service area, water sources, water supply reliability, and water use as described in Water Code Section 10631, including available data from state, regional, or local agency population, land use development, and climate change projections within the service area of Mesa Water. Some conditions that affect MWDOC’s wholesale supply and demand, such as groundwater replenishment, surface water and local supply production, can differ significantly from earlier projections throughout the year.

However, if a major earthquake on the San Andreas Fault occurs, it has the potential to damage all three key regional water aqueducts and disrupt imported supplies for up to six months. The region would likely impose a water use reduction ranging from 10-25% until the system is repaired. However, MET and MWDOC have taken proactive steps to handle such disruption, such as constructing DVL, which mitigates potential impacts. DVL, along with other local reservoirs, can store a six to twelve-month supply of emergency water (MET, 2021b).

### 3.2.2.3 Water Supply

As detailed in Mesa Water’s 2020 UWMP, Mesa Water meets all of its customers’ demands with a combination of local groundwater and recycled water. Mesa Water’s main source of water supply is groundwater from the OC Basin, with recycled water making up the rest of Mesa Water’s water supply portfolio, and imported water from

MET through MWDOC available in the event of an emergency. In fiscal year (FY) 2019-20, Mesa Water relied on 94% groundwater (75% from clear wells and 19% from desalinated groundwater), 6% recycled water, and 0% imported water. It is projected that by 2045, Mesa Water will continue to be 100% reliable on local supplies, with the water supply portfolio remaining approximately the same, and shifting to 95% groundwater and 5% recycled water (Mesa Water, 2021).

#### 3.2.2.4 Unconstrained Customer Demand

The WSCP and Annual Assessment define unconstrained demand as expected water use prior to any projected shortage response actions that may be taken under the WSCP. Unconstrained demand is distinguished from observed demand, which may be constrained by preceding, ongoing, or future actions, such as emergency supply allocations during a multi-year drought. WSCP shortage response actions to constrain demand are inherently extraordinary; routine activities such as ongoing conservation programs and regular operational adjustments are not considered as constraints on demands.

Mesa Water's DRA reveals that its supply capabilities are expected to balance anticipated total water use and supply, assuming a five-year consecutive drought from FY 2020-21 through FY 2024-25 (Mesa Water, 2021). Water demands in a five-year consecutive drought are calculated as a six percent increase in water demand above a normal year for each year of the drought (CDM Smith, 2021).

#### 3.2.2.5 Planned Water Use for Current Year Considering Dry Subsequent Year

Water Code Section 10632(a)(2)(B)(ii) requires the Annual Assessment to determine "current year available supply, considering hydrological and regulatory conditions in the current year and one dry year."

The Annual Assessment will include two separate estimates of Mesa Water's annual water supply and unconstrained demand using: 1) current year conditions, and 2) assumed dry year conditions. Accordingly, the Annual Assessment's shortage analysis will present separate sets of findings for the current year and dry year scenarios. The Water Code does not specify the characteristics of a dry year, allowing discretion to the Supplier. Mesa Water will use its discretion to refine and update its assumptions for a dry year scenarios in each Annual Assessment as information becomes available and in accordance with best management practices.

Supply and demand analyses for the single-dry year case was based on conditions affecting the SWP as this supply availability fluctuates the most among MET's, and therefore MWDOC and Mesa Water's, sources of supply. FY 2013-14 was the single driest year for SWP supplies with an allocation of 5% to Municipal and Industrial (M&I) uses. Unique to this year, the 5% SWP allocation was later reduced to 0%, before ending up at its final allocation of 5%, highlight the stressed water supplies for the year. Furthermore, on January 17, 2014 Governor Brown declared the drought State of Emergency citing 2014 as the driest year in California history. Additionally, within MWDOC's service area, precipitation for FY 2013-14 was the second lowest on record, with 4.37 inches of rain, significantly impacting water demands.

The water demand forecasting model developed for the Demand Forecast TM isolated the impacts that weather and future climate can have on water demand through the use of a statistical model. The impacts of hot/dry weather conditions are reflected as a percentage increase in water demands from the normal year condition (average of FY 2017-18 and FY 2018-19). For a single dry year condition (FY 2013-14), the model projects a 6% increase in demand for the OC Basin area where Mesa Water's service area is located (CDM Smith, 2021). Detailed information of the model is included in Mesa Water's 2020 UWMP.



Mesa Water has documented that it is 100% reliable for single dry year demands from 2025 through 2045 with a demand increase of 6% from normal demand with significant reserves held by MET, local groundwater supplies, and conservation (Mesa Water, 2021).

### 3.2.2.6 Infrastructure Considerations

The Annual Assessment will include consideration of any infrastructure issues that may pertain to near-term water supply reliability, including repairs, construction, and environmental mitigation measures that may temporarily constrain capabilities, as well as any new projects that may add to system capacity.

### 3.2.2.7 Other Factors

For the Annual Assessment, any known issues related to water quality would be considered for their potential effects on water supply reliability. Mesa Water adheres to the regulatory requirements for groundwater monitoring. As of early 2021, Mesa Water wells are not affected by PFAS and are not part of routine regulatory monitoring for PFAS.

## 3.3 Six Standard Water Shortage Levels

Per Water Code Section 10632 (a)(3)(A), Mesa Water must include the six standard water shortage levels that represent shortages from the normal reliability as determined in the Annual Assessment. The shortage levels have been standardized to provide a consistent regional and statewide approach to conveying the relative severity of water supply shortage conditions. This is an outgrowth of the severe statewide drought of 2012-2016, and the widely recognized public communication and state policy uncertainty associated with the many different local definitions of water shortage Levels.

The six standard water shortage levels correspond to progressively increasing estimated shortage conditions (up to 10, 20, 30, 40, 50, and greater than 50% shortage compared to the normal reliability condition) and align with the response actions the Supplier would implement to meet the severity of the impending shortages.

Table 3-1: Water Shortage Contingency Plan Levels

Submittal Table 8-1 Water Shortage Contingency Plan Levels		
Shortage Level	Percent Shortage Range	Shortage Response Actions
0	0% (Normal)	A Level 0 Water Supply Shortage – Mesa Water proceeds with planned water efficiency best practices to support consumer demand reduction in line with state mandated requirements and Mesa Water goals for water supply reliability. Permanent water waste prohibitions are in place as stipulated in Mesa Water’s Water Shortage Contingency Response Ordinance.

**Submittal Table 8-1  
Water Shortage Contingency Plan Levels**

Shortage Level	Percent Shortage Range	Shortage Response Actions
1	Up to 10%	A Level 1 Water Supply Shortage – Condition exists when Mesa Water notifies its water users that due to drought or other supply reductions, a consumer demand reduction of up to 10% is necessary to make more efficient use of water and respond to existing water conditions. Upon the declaration of a Water Aware condition, Mesa Water shall implement the mandatory Level 1 conservation measures identified in this ordinance.
2	11% to 20%	A Level 2 Water Supply Shortage – Condition exists when Mesa Water notifies its water users that due to drought or other supply reductions, a consumer demand reduction of up to 20% is necessary to make more efficient use of water and respond to existing water conditions. Upon declaration of a Level 2 Water Supply Shortage condition, Mesa Water shall implement the mandatory Level 2 conservation measures identified in this ordinance.
3	21% to 30%	A Level 3 Water Supply Shortage – Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 30% consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
4	31% to 40%	A Level 4 Water Supply Shortage – Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 40% consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
5	41% to 50%	A Level 5 Water Supply Shortage - Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 50% or more consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
6	>50%	A Level 6 Water Supply Shortage – Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that greater than 50% or more consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.

NOTES:

## **3.4 Shortage Response Actions**

Water Code Section 10632 (a)(4) requires the WSCP to specify shortage response actions that align with the defined shortage levels. Mesa Water has defined specific shortage response actions that align with the defined shortage levels in DWR Tables 8-2 and 8-3 (Appendix A). These shortage response actions were developed with consideration to the system infrastructure and operations changes, supply augmentation responses, customer-class or water use-specific demand reduction initiatives, and increasingly stringent water use prohibitions.

### **3.4.1 Demand Reduction**

The demand reduction measures that would be implemented to address shortage levels are described in DWR Table 8-2 (Appendix A). This table indicates which actions align with specific defined shortage levels and estimates the extent to which that action will reduce the gap between supplies and demands. DWR Table 8-2 (Appendix A) demonstrates that the chosen suite of shortage response actions can be expected to deliver the expected outcomes necessary to meet the requirements of a given shortage level (e.g., target of an additional 10% water savings). This table also identifies the enforcement action, if any, associated with each demand reduction measure.

### **3.4.2 Supply Augmentation**

The supply augmentation actions are described in DWR Table 8-3 (Appendix A). These augmentations represent short-term management objectives triggered by the MET's WSDM Plan and do not overlap with the long-term new water supply development or supply reliability enhancement projects. Supply Augmentation is made available to Mesa Water through MET and OCWD. Mesa Water has the ability to pump additional groundwater from the OC Basin or purchase additional imported water from MET as a MET member agency.

MET's reliability portfolio of water supply programs including existing water transfers, storage and exchange agreements to supplement gaps in Mesa Water's supply/demand balance. MET has developed significant storage capacity (over 5 million AF) in reservoirs and groundwater banking programs both within and outside of the Southern California region. Additionally, MET can pursue additional water transfer and exchange programs with other water agencies to help mitigate supply/demand imbalances and provide additional dry-year supply sources.

### **3.4.3 Operational Changes**

During shortage conditions, operations may be affected by supply augmentation or demand reduction responses. Mesa Water will consider their operational procedures when it completes its Annual Assessment or as needed to identify changes that can be implemented to address water shortage on a short-term basis, such as temporarily altering maintenance cycles, deferring planned system outages, and adjusting the flow and routing of water through its system to more effectively distribute available supply across the service area.

### **3.4.4 Additional Mandatory Restrictions**

Water Code Section 10632(a)(4)(D) calls for "additional, mandatory prohibitions against specific water use practices that are in addition to state-mandated prohibitions and appropriate to the local conditions" to be included among the WSCP's shortage response actions. Mesa Water will identify additional mandatory restrictions as needed based on the existing Ordinance No. 33, Water Shortage Response Ordinance (Appendix B). Mesa

Water intends to update any mandatory restrictions in a subsequently adopted ordinance which will supersede the existing ordinance.

### **3.4.5 Emergency Response Plan (Hazard Mitigation Plan)**

A catastrophic water shortage would be addressed according to the appropriate water shortage level and response actions. It is likely that a catastrophic shortage would immediately trigger Shortage Level 6 and response actions have been put in place to mitigate a catastrophic shortage. In addition, there are several Plans that address catastrophic failures and align with the WSCP, including MET's WSDM and WSAP, Mesa Water's HMP, and the Water Emergency Response Organization of Orange County (WEROC)'s Emergency Operations Plan (EOP).

#### **3.4.5.1 MET's WSDM and WSAP**

MET has comprehensive plans for stages of actions it would undertake to address a catastrophic interruption in water supplies through its WSDM and WSAP. MET also developed an Emergency Storage Requirement to mitigate against potential interruption in water supplies resulting from catastrophic occurrences within the Southern California region, including seismic events along the San Andreas Fault. In addition, MET is working with the state to implement a comprehensive improvement plan to address catastrophic occurrences outside of the Southern California region, such as a maximum probable seismic event in the Sacramento-San Joaquin River Delta that would cause levee failure and disruption of SWP deliveries.

#### **3.4.5.2 Water Emergency Response Organization of Orange County Emergency Operations Plan**

In 1983, the Orange County water community identified a need to develop a plan on how agencies would respond effectively to disasters impacting the regional water distribution system. The collective efforts of these agencies resulted in the formation of WEROC to coordinate emergency response on behalf of all Orange County water and wastewater agencies, develop an emergency plan to respond to disasters, and conduct disaster training exercises for the Orange County water community. WEROC was established with the creation of an indemnification agreement between its member agencies to protect each other against civil liabilities and to facilitate the exchange of resources. WEROC is unique in its ability to provide a single point of contact for representation of all water and wastewater utilities in Orange County during a disaster. This representation is to the county, state, and federal disaster coordination agencies. Within the Orange County Operational Area, WEROC is the recognized contact for emergency response for the water community, including Mesa Water.

As a member of WEROC, Mesa Water will follow WEROC's EOP in the event of an emergency and coordinate with WEROC to assess damage, initiate repairs, and request and coordinate mutual aid resources in the event that Mesa Water is unable to provide the level of emergency response support required by the situation.

The EOP defines the actions to be taken by WEROC Emergency Operations Center (EOC) staff to reduce the loss of water and wastewater infrastructure; to respond effectively to a disaster; and to coordinate recovery operations in the aftermath of any emergency involving extensive damage to Orange County water and wastewater utilities. The EOP includes activation notification protocol that will be used to contact partner agencies to inform them of the situation, activation status of the EOC, known damage or impacts, or resource needs. The EOP is a standalone document that is reviewed annually and approved by the Board every three years.

WEROC is organized on the basis that each member agency is responsible for developing its own EOP in accordance with the California Standardized Emergency Management System (SEMS), National Incident Management System (NIMS), and Public Health Security and Bioterrorism Preparedness and Response Act of 2002 to meet specific emergency needs within its service area.

The WEROC EOC is responsible for assessing the overall condition and status of the Orange County regional water distribution and wastewater collection systems including MET facilities that serve Orange County. The EOC can be activated during an emergency situation that can result from both natural and man-made causes, and can be activated through automatic, manual, or standby for activation.

WEROC recognized four primary phases of emergency management, which include:

- **Preparedness:** Planning, training, and exercises that are conducted prior to an emergency to support and enhance response to an emergency or disaster.
- **Response:** Activities and programs designed to address the immediate and short-term effects of the onset of an emergency or disaster that helps to reduce effects to water infrastructure and speed recovery. This includes alert and notification, EOC activation, direction and control, and mutual aid.
- **Recovery:** This phase involved restoring systems to normal, in which short-term recovery actions are taken to assess the damage and return vital life-support systems to minimum operating standards, while long-term recovery actions have the potential to continue for many years.
- **Mitigation/Prevention:** These actions prevent the occurrence of an emergency or reduce the area's vulnerability in ways that minimize the adverse impacts of a disaster or emergency. MWDOC's HMP outlines threats and identifies mitigation projects.

The EOC Action Plans (EAP) provide frameworks for EOC staff to respond to different situations with the objectives and steps required to complete them, which will in turn serve the WEROC member agencies. In the event of an emergency which results in a catastrophic water shortage, Mesa Water will declare a water shortage condition of up to Level 6 for the impacted area depending on the severity of the event, and coordination with WEROC is anticipated to begin at Level 4 or greater (WEROC, 2018).

### **3.4.6 Mesa Water District Emergency Response Plan**

Mesa Water will also refer to its current American Water Infrastructure Act Risk and Resilience Assessment and Emergency Response Plan in the event of a catastrophic supply interruption.

### **3.4.7 Seismic Risk Assessment and Mitigation Plan**

Per the Water Code Section 10632.5, Suppliers are required to assess seismic risk to water supplies as part of their WSCP. The plan also must include the mitigation plan for the seismic risk(s). Given the great distances that imported supplies travel to reach Orange County, the region is vulnerable to interruptions along hundreds of miles of aqueducts, pipelines and other facilities associated with delivering the supplies to the region. Additionally, the infrastructure in place to deliver supplies are susceptible to damage from earthquakes and other disasters.

In lieu of conducting a seismic risk assessment specific to Mesa Water's 2020 UWMP, Mesa Water has included the previously prepared regional HMP by MWDOC as the regional imported water wholesaler that is required under the federal Disaster Mitigation Act of 2000 (Public Law 106-390).

MWDOC's HMP identified that the overarching goals of the HMP were the same for all of its member agencies, which include:

- Goal 1: Minimize vulnerabilities of critical infrastructure to minimize damages and loss of life and injury to human life caused by hazards.
- Goal 2: Minimize security risks to water and wastewater infrastructure.
- Goal 3: Minimize interruption to water and wastewater utilities.
- Goal 4: Improve public outreach, awareness, education, and preparedness for hazards in order to increase community resilience.
- Goal 5: Eliminate or minimize wastewater spills and overflows.
- Goal 6: Protect water quality and supply, critical aquatic resources, and habitat to ensure a safe water supply.
- Goal 7: Strengthen Emergency Response Services to ensure preparedness, response, and recovery during any major or multi-hazard event.

MWDOC's HMP evaluates hazards applicable to all jurisdictions in its entire planning area, prioritized based on probability, location, maximum probable extent, and secondary impacts. The identification of hazards is highly dependent on the location of facilities within Mesa Water's jurisdiction and takes into consideration the history of the hazard and associated damage, information provided by agencies specializing in a specific hazard, and relies upon Mesa Water's expertise and knowledge.

Earthquake fault rupture and seismic hazards, including ground shaking and liquefaction, are among the highest ranked hazards to the region as a whole because of its long history of earthquakes, with some resulting in considerable damage. A significant earthquake along one of the major faults could cause substantial casualties, extensive damage to infrastructure, fires, damages and outages of water and wastewater facilities, and other threats to life and property.

Nearly all of Orange County is at risk of moderate to extreme ground shaking, with liquefaction possible throughout much of Orange County but the most extensive liquefaction zones occur in coastal areas. Based on the amount of seismic activity that occurs within the region, there is no doubt that communities within Orange County will continue to experience future earthquake events, and it is a reasonable assumption that a major event will occur within a 30-year timeframe.

The mitigation actions identify the hazard, proposed mitigation action, location/facility, local planning mechanism, risk, cost, timeframe, possible funding sources, status, and status rationale, as applicable. Mitigation actions for MWDOC's member agencies for seismic risks may include (MWDOC, 2019):

- Secure above ground assets in all buildings, booster stations, pressure reducing stations, emergency interties, water systems, and pipelines.
- Conduct assessment of infrastructure to ensure seismic retrofitting is in place.
- Replace aging infrastructure throughout the District.
- Install backup power for critical facilities to ensure operability during emergency events.
- Enhance emergency operability by implementing communication infrastructure improvements.

### **3.4.8 Shortage Response Action Effectiveness**

For each specific Shortage Response Action identified in the WSCP, the plan also estimates the extent to which that action will reduce the gap between supplies and demands identified in DWR Table 8-2 (Appendix A). To the

extent feasible, Mesa Water has estimated percentage savings for the chosen suite of shortage response actions, which can be anticipated to deliver the expected outcomes necessary to meet the requirements of a given shortage level.

### 3.5 Communication Protocols

Timely and effective communication is a key element of the WSCP implementation. In the context of water shortage response, the purpose may be an emergency water shortage situation, such as may result from an earthquake, or a longer-term, non-emergency, shortage condition, such as may result from a drought. In an emergency, Mesa Water will activate the communication protocol detailed in the Emergency Response Plan. In a non-emergency water shortage situation, Mesa Water will implement the communication protocols described below.

Per Water Code Section 10632 (a)(5), Mesa Water has established communication protocols and procedures to inform customers, the public, interested parties, and local, regional, and state governments regarding any current or predicted shortages as determined by the Annual Assessment described pursuant to Section 10632.1; any shortage response actions triggered or anticipated to be triggered by the Annual Assessment described pursuant to Section 10632.1; and any other relevant communications.

Non-emergency water shortage communication protocols are focused on communicating the water shortage contingency planning actions that can be derived from the results of the Annual Assessment, and it would likely trigger based upon the decision-making process in Section 3.2. Prior to water shortage level declaration, Mesa Water will pursue outreach to inform customers of water shortage levels and definitions, targeted water savings for each drought stage, guidelines that customers are to follow during each level, and sources of current information on Mesa Water’s supply and demand response status.

The type and degree of communication will vary with each shortage level in order to inform stakeholders of the current water shortage level status and associated shortage response actions, as defined in Section 3.4.1. Predefined communication objectives and tools will ensure Mesa Water’s ability to message necessary events and information to ensure compliance with shortage response actions. These communication objectives and tools are summarized in Table 3-2.

The Mesa Water’s Public Relations department will lead public information and outreach efforts in close coordination with other MWDOC and MET. Mesa Water will share information and provide guidance to its customers as well as monitor the customer response and attitude toward both voluntary and mandatory customer response guidelines. Mesa Water’s customer outreach is required to successfully achieve targeted water savings during each shortage level.

Table 3-2: Communication Procedures

Shortage level	Communication Objectives	Communication Tools
1	Compliance with response actions, 10% reduction in water use	Communications at this stage will highlight water efficiency best practices and will include the following communication tools and tactics, but are not limited to:

Mesa Water District 2020 Water Shortage Contingency Plan

Shortage level	Communication Objectives	Communication Tools
		<ul style="list-style-type: none"> <li>– Information on Mesa Water’s website</li> <li>– Information in Mesa Water’s newsletter, News on Tap</li> </ul>
2	Compliance with response actions, 20% reduction in water use	<p>Communications at this stage will highlight water efficiency best practices and will include the following communication tools and tactics, but are not limited to:</p> <p>Same as shortage Level 1, in addition to:</p> <ul style="list-style-type: none"> <li>– Social Media</li> <li>– Educational outreach (via community events or partnerships)</li> </ul>
3	Compliance with response actions, 30% reduction in water use	<p>In conjunction with Table 3-1: Water Shortage Contingency Plan Levels, this stage is now a water shortage emergency. Same as shortage Level 1-2, in addition to:</p> <ul style="list-style-type: none"> <li>– Text and email notification alerts via Mesa Water Notify</li> <li>– Water bill inserts</li> <li>– Direct mail to homes and businesses (postcards or other mailers)</li> <li>– Direct communication with high water users</li> <li>– Press release/ media outreach</li> <li>– Communication coordination with local emergency or water member agencies, including but not limited to WEROC, ACWA, OCWD, MWDOC, for messaging and broader county communications plan</li> <li>– Communication coordination with City of Costa Mesa and other related agencies (Police Dept, Fire Dept, as needed)</li> <li>– Communication coordination with area Hospitals, Newport-Mesa Unified School District, Colleges, Costa Mesa Chamber of</li> </ul>



Shortage level	Communication Objectives	Communication Tools
		Commerce and other key stakeholders and partners
4	Compliance with response actions, 40% reduction in water use	Same as shortage Level 1-3, in addition to: <ul style="list-style-type: none"> <li>– Radio and/or public service announcements</li> <li>– Increased presence at local events</li> <li>– Publications and handouts</li> </ul>
5	Compliance with response actions, 50% reduction in water use	Same as shortage Level 1-4, in addition to: <ul style="list-style-type: none"> <li>– Neighborhood Canvassing</li> <li>– Neighborhood Meetings or Pop-ups</li> <li>– Advertisements (print and digital) in local publications, key businesses and landmarks</li> <li>– Increased communication coordination with local emergency or water member agencies, including but not limited to WEROC, ACWA, OCWD, MWDOC</li> <li>– Increased communication coordination with City of Costa Mesa and other related agencies (Police Dept, Fire Dept as needed)</li> </ul>
6	Compliance with response actions, >50% reduction in water use	Same as shortage Level 1-5, in addition to: <ul style="list-style-type: none"> <li>– Increased Neighborhood Canvassing</li> <li>– Increased Neighborhood Meetings or Pop-ups</li> </ul>

### 3.6 Compliance and Enforcement

Per the Water Code Section 10632 (a)(6), Mesa Water has defined customer compliance, enforcement, appeal, and exemption procedures for triggered shortage response actions. Procedures to ensure customer compliance are described in Section 3.5 Communication Protocols and customer enforcement, appeal, and exemption procedures are defined in the existing Ordinance No. 33, Water Shortage Response Ordinance (Appendix B). Mesa Water intends to update any enforcement procedures in a subsequently adopted ordinance which will supersede the existing ordinance.

### 3.7 Legal Authorities

Per Water Code Section 10632 (a)(7)(A), Mesa Water has provided a description of the legal authorities that empower Mesa Water to implement and enforce its shortage response in Ordinance No. 33, Water Shortage Response Ordinance (Appendix B).

Per Water Code Section 10632 (a)(7) (B), Mesa Water shall declare a water shortage emergency condition to prevail within the area served by such wholesaler whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection.

Per Water Code Section 10632 (a)(7)(C), Mesa Water shall coordinate with any city or county within which it provides water supply services for the possible proclamation of a local emergency under California Government Code, California Emergency Services Act (Article 2, Section 8558). Table 3-3 identifies the contacts for all cities or counties for which the Supplier provides service in the WSCP, along with developed coordination protocols, can facilitate compliance with this section of the Water Code in the event of a local emergency as defined in subpart (c) of Government Code Section 8558.

**Table 3-3: Agency Contacts and Coordination Protocols**

Contact	Agency	Coordination Protocols
Public Works Director	County of Orange	Phone/email
City Manager	City of Costa Mesa	Phone/email
City Manager	City of Newport Beach	Phone/email

### 3.8 Financial Consequences of WSCP

Per Water Code Section 10632(a)(8), Suppliers must include a description of the overall anticipated financial consequences to the Supplier of implementing the WSCP. This description must include potential reductions in revenue and increased expenses associated with implementation of the shortage response actions. This should be coupled with an identification of the anticipated mitigation actions needed to address these financial impacts.

During a catastrophic interruption of water supplies, prolonged drought, or water shortage of any kind, Mesa Water will experience a reduction in revenue due to reduced water sales. Throughout this period of time, expenditures may increase or decrease with varying circumstances. Expenditures may increase in the event of significant damage to the water system, resulting in emergency repairs. Expenditures may also decrease as less water is pumped through the system, resulting in lower power costs. Water shortage mitigation actions will also impact revenues and require additional costs for drought response activities such as increased staff costs for tracking, reporting, and communications.

Mesa Water receives water revenue from a service charge and a commodity charge based on consumption. The service charge recovers costs associated with providing water to the serviced property. The service charge does

not vary with consumption and the commodity charge is based on water usage. Rates have been designed to recover the full cost of water service in the charges. Therefore, the total cost of purchasing water would decrease as the usage or sale of water decreases. In the event of a drought emergency, Mesa Water will impose excessive water use penalties on its customers, which may include additional costs associated with reduced water revenue, staff time taken for penalty enforcement, and advertising the excessive use penalties. The excessive water use penalties are further described in Ordinance No. 33, Water Shortage Contingency Response Ordinance (Appendix B).

However, there are significant fixed costs associated with maintaining a minimal level of service. Mesa Water will monitor projected revenues and expenditures should an extreme shortage and a large reduction in water sales occur for an extended period of time. To overcome these potential revenue losses and/or expenditure impacts, Mesa Water may use reserves. If necessary, Mesa Water may reduce expenditures by delaying implementation of its Capital Improvement Program and equipment purchases to reallocate funds to cover the cost of operations and critical maintenance, adjust the work force, implement a drought surcharge, and/or make adjustments to its water rate structure.

Based on current water rates, a volumetric cutback of 50% and above of water sales may lead to a range of reduction in revenues. The impacts to revenues will depend on a proportionate reduction in variable costs related to supply, pumping, and treatment for the specific shortage event. Mesa Water has set aside reserve funding as a Drought Reserve Fund to mitigate short-term water shortage situation.

### **3.9 Monitoring and Reporting**

Per Water Code Section 10632(a)(9), Mesa Water is required to provide a description of the monitoring and reporting requirements and procedures that have been implemented to ensure appropriate data is collected, tracked, and analyzed for purposes of monitoring customer compliance and to meet state reporting requirements.

Monitoring and reporting key water use metrics is fundamental to water supply planning and management. Monitoring is also essential in times of water shortage to ensure that the response actions are achieving their intended water use reduction purposes, or if improvements or new actions need to be considered (see Section 3.10). Monitoring for customer compliance tracking is also useful in enforcement actions.

Under normal water supply conditions, potable water production figures are recorded monthly. Monthly reports are prepared and monitored. This data will be used to measure the effectiveness of any water shortage contingency level that may be implemented. Mesa Water has initiated a real-time Meter Technology Project that allows monitoring and reporting of its largest customers' water consumption to ensure conservation measures and water shortage mitigation is effective.

Mesa Water will participate in monthly member agency manager meetings with both MWDOC and OCWD to monitor and discuss monthly water allocation charts. This will enable Mesa Water to be aware of import and groundwater use on a timely basis as a result of specific actions taken responding to Mesa Water's WSCP.

### **3.10 WSCP Refinement Procedures**

Per Water Code Section 10632 (a)(10), Mesa Water must provide reevaluation and improvement procedures for systematically monitoring and evaluating the functionality of the water shortage contingency plan in order to ensure shortage risk tolerance is adequate and appropriate water shortage mitigation strategies are implemented as needed.

Mesa Water's WSCP is prepared and implemented as an adaptive management plan. Mesa Water will use the monitoring and reporting process defined in section 3.9 to refine the WSCP. In addition, if certain procedural refinements or new actions are identified by Mesa Water staff, or suggested by customers or other interested parties, Mesa Water will evaluate their effectiveness, incorporate them into the WSCP, and implement them quickly at the appropriate water shortage level.

It is envisioned that the WSCP will be periodically re-evaluated to ensure that its shortage risk tolerance is adequate and the shortage response actions are effective and up to date based on lessons learned from implementing the WSCP. The WSCP will be revised and updated during the UWMP update cycle to incorporate updated and new information. For example, new supply augmentation actions will be added, and actions that are no longer applicable for reasons such as program expiration will be removed. However, if revisions to the WSCP are warranted before the UWMP is updated, the WSCP will be updated outside of the UWMP update cycle. In the course of preparing the Annual Assessment each year, Mesa Water staff will consider the functionality the overall WSCP and will prepare recommendations for Mesa Water's Board of Directors if changes are found to be needed.

### **3.11 Special Water Feature Distinction**

Per Water Code Section 10632 (b), Mesa Water has defined water features in that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas, as defined in subdivision (a) of Section 115921 of the Health and Safety Code, in Ordinance No. 33, Water Shortage Response Ordinance (Appendix B).

### **3.12 Plan Adoption, Submittal, and Availability**

Per Water Code Section 10632 (a)(c), Mesa Water provided notice of the availability of the draft 2020 UWMP and draft 2020 WSCP and notice of the public hearing to consider adoption of the WSCP. The public review drafts of the 2020 UWMP and the 2020 WSCP were posted prominently on Mesa Water's [website](#) in advance of the public hearing on June 10, 2021. Copies of the draft WSCP were also made available for public inspection at Mesa Water Clerk's and Utilities Department offices and public hearing notifications were published in local newspapers. A copy of the published Notice of Public Hearing is included in Appendix C.

Mesa Water held the public hearing for the draft 2020 UWMP and draft WSCP on June 10, 2021 at the Board meeting. Mesa Water Board reviewed and approved the 2020 UWMP and the WSCP at its June 10, 2021 meeting after the public hearing. See Appendix D for the resolution approving the WSCP.

By July 1, 2021, Mesa Water's adopted 2020 UWMP and WSCP was filed with DWR, California State Library, and the County of Orange. Mesa Water will make the WSCP available for public review on its website no later than 30 days after filing with DWR.

Based on DWR's review of the WSCP, Mesa Water will make any amendments in its adopted WSCP, as required and directed by DWR.

If Mesa Water revises its WSCP after UWMP is approved by DWR, then an electronic copy of the revised WSCP will be submitted to DWR within 30 days of its adoption.

## 4 REFERENCES

- CDM Smith. (2021, March 30). *Orange County Water Demand Forecast for MWDOC and OCWD Technical Memorandum*.
- Mesa Water. (2021, July). *2020 Urban Water Management Plan*.
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- Metropolitan Water District of Southern California (MET). (2021b, June). *2020 Urban Water Management Plan*.
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- Municipal Water District of Orange County (MWDOC). (2016). *Water Supply Allocation Plan*.
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- Water Emergency Response Organization of Orange County (WEROC). (2018, March). *WEROC Emergency Operations Plan (EOP)*.

# Appendix A

## **DWR Submittal Tables**

**Table 8-1: Water Shortage Contingency Plan Levels**

**Table 8-2: Demand Reduction Actions**

**Table 8-3: Supply Augmentation and Other Actions**

**Submittal Table 8-1****Water Shortage Contingency Plan Levels**

<b>Shortage Level</b>	<b>Percent Shortage Range</b>	<b>Shortage Response Actions (Narrative description)</b>
0	0% (Normal)	A Level 0 Water Supply Shortage – Mesa Water proceeds with planned water efficiency best practices to support consumer demand reduction in line with state mandated requirements and Mesa Water goals for water supply reliability. Permanent water waste prohibitions are in place as stipulated in Mesa Water’s Water Shortage Contingency Response Ordinance.
1	Up to 10%	A Level 1 Water Supply Shortage – Condition exists when Mesa Water notifies its water users that due to drought or other supply reductions, a consumer demand reduction of up to 10% is necessary to make more efficient use of water and respond to existing water conditions. Upon the declaration of a Water Aware condition, Mesa Water shall implement the mandatory Level 1 conservation measures identified in this ordinance.
2	11% to 20%	A Level 2 Water Supply Shortage – Condition exists when Mesa Water notifies its water users that due to drought or other supply reductions, a consumer demand reduction of up to 20% is necessary to make more efficient use of water and respond to existing water conditions. Upon declaration of a Level 2 Water Supply Shortage condition, Mesa Water shall implement the mandatory Level 2 conservation measures identified in this ordinance.
3	21% to 30%	A Level 3 Water Supply Shortage – Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 30% consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
4	31% to 40%	A Level 4 Water Supply Shortage - Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 40% consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
5	41% to 50%	A Level 5 Water Supply Shortage - Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 50% or more consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
6	>50%	A Level 6 Water Supply Shortage – Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that greater than 50% or more consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
NOTES:		

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <b>Drop down list</b> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
<i>Add additional rows as needed</i>				
0	Landscape - Other landscape restriction or prohibition	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Irrigation During Rain Events:</b> The application of potable water to outdoor landscapes during and up to forty-eight (48) hours after measurable rainfall is prohibited.	Yes
0	Landscape - Prohibit certain types of landscape irrigation	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Irrigated Medians:</b> The use of potable water to irrigate ornamental turf on public street medians is prohibited.	Yes
0	Landscape - Restrict or prohibit runoff from landscape irrigation	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Excessive Water Flow or Runoff:</b> No person shall cause or allow watering or irrigating of any lawn, landscape or other vegetated area in a manner that causes or allows excessive runoff from the property. Additionally, to the extent prohibited by any Statewide statute, or regulation adopted by any State agency with jurisdiction to adopt such regulations, including, but no limited to, the State Water Resources Control Board, no person shall cause or allow water to flow or runoff their property onto adjacent property, non-irrigated areas, private and public walkways, driveways, roadways, gutters or ditches, parking lots, or structures.	Yes



**Submittal Table 8-2: Demand Reduction Actions**

Shortage Level	Demand Reduction Actions <i><b>Drop down list</b></i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
0	Other - Prohibit use of potable water for washing hard surfaces	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Washing Down Hard or Paved Surfaces:</b> Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, is prohibited except when necessary to alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container, a hand-held hose equipped with a fully functioning, positive self-closing water shut-off device, a low-volume, high-pressure cleaning machine equipped to recycle any water used, or a low-volume high-pressure water broom.	Yes
0	Water Features - Restrict water use for decorative water features, such as fountains	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Re-circulating Water Required for Water Fountains and Decorative Water Features:</b> Operating a water fountain or other decorative water feature that does not use re-circulated water is prohibited.	Yes
0	Other - Require automatic shut of hoses	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Limits on Washing Vehicles:</b> Using water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not is prohibited, except by use of a hand-held bucket or similar container or a hand-held hose equipped with a fully functioning, positive self-closing water shut-off nozzle or device that causes it to cease dispensing water immediately when not in use. This subsection does not apply to any commercial car washing facility.	Yes

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
0	Other	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Installation of Single Pass Cooling Systems:</b> Installation of single pass cooling systems is prohibited in buildings requesting new water service from Mesa Water District.	Yes
0	CII - Other CII restriction or prohibition	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Installation of Non-re-circulating in Commercial Car Wash and Laundry Systems:</b> Installation of non-re-circulating water systems is prohibited in new commercial conveyor car wash and new commercial laundry systems.	Yes
0	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Commercial Car Wash Systems:</b> All commercial conveyor car wash systems must utilize re-circulating water systems, or must secure a waiver of this requirement from Mesa Water District.	Yes
0	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within ninety-six (96) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes

**Submittal Table 8-2: Demand Reduction Actions**

Shortage Level	Demand Reduction Actions <i><b>Drop down list</b></i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
1	Landscape - Limit landscape irrigation to specific times	5%	<b>Limits on Watering Hours:</b> Watering or irrigating of lawn, landscape, or other vegetated area with potable water is prohibited between the hours of 8:00 a.m. and 5:00 p.m. Pacific Standard Time on any day. Hand-held watering cans, buckets, or similar containers reasonably used to convey water for irrigation purposes are not subject to these time restrictions. Similarly, a hand-held hose equipped with a fully functioning, positive self-closing water shut-off nozzle or device may be used during the otherwise restricted period. If necessary, and for very short periods of time for the express purpose of adjusting or repairing it, one may operate an irrigation system during the otherwise restricted period.	Yes
1	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of five (5) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
2	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of four (4) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
2	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	3%	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within seventy-two (72) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
3	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of three (3) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
3	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	3%	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within forty-eight (48) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes
3	Water Features - Restrict water use for decorative water features, such as fountains	2%	<b>Limits on Filling Ornamental Fountains, Lakes, and Ponds:</b> Filling or re-filling ornamental fountains, lakes, and ponds is prohibited, except to the extent needed to sustain aquatic life, provided that such animals have been actively managed within the water feature prior to declaration of a supply shortage level under this Conservation Program.	Yes

**Submittal Table 8-2: Demand Reduction Actions**

Shortage Level	Demand Reduction Actions <i><b>Drop down list</b></i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
4	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of two (2) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
4	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	3%	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within twenty four (24) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes

**Submittal Table 8-2: Demand Reduction Actions**

Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
5	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of one (1) day per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
5	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	3%	<b>Car Washing at Commercial Facilities Only:</b> Washing of motor vehicles, trailers, boats, aircraft and other types of mobile equipment shall be done only at a commercial car wash with water recycling facilities. No restrictions apply where the healthy, safety, and welfare of the public is contingent upon frequent vehicle cleaning, such as with refuse trucks and vehicles used to transport food and perishables.	Yes
5	Other water feature or swimming pool restriction	2%	<b>No Initial Filling or Re-Filling of Swimming Pools &amp; Spas:</b> Filling and Re-Filling of residential swimming pools or outdoor spas with water is prohibited.	Yes

**Submittal Table 8-2: Demand Reduction Actions**

Shortage Level	Demand Reduction Actions <i><b>Drop down list</b></i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
6	Landscape - Prohibit all landscape irrigation	10%	<p><b>No Watering or Irrigating:</b> Watering or irrigating of lawn, landscape, or other vegetated area is prohibited. This restriction does not apply to the following categories of use: Maintenance of vegetation, including trees and shrubs, that are watered using a hand-held bucket or similar container, hand-held hose equipped with a positive self-closing water shut-off nozzle or device; Maintenance of existing landscape necessary for fire protection; Maintenance of existing landscape for soil erosion control; Maintenance of plant materials identified to be rare or essential to the well-being of protected species. Maintenance of landscape within active public parks and playing fields, day care centers, golf course greens, and school grounds, provided that such irrigation does not exceed a maximum of two (2) days per week according to the schedule established in Section 8(b)(1) and time restrictions in Section 6(a); Actively irrigated environmental mitigation projects.</p>	Yes
NOTES:				



**Submittal Table 8-3: Supply Augmentation and Other Actions**

Shortage Level	Supply Augmentation Methods and Other Actions by Water Supplier <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUedata online submittal tool</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>
<i>Add additional rows as needed</i>			
1 through 6	Other Purchases	0 - 100%	Additional groundwater pumping in the Orange County Groundwater Basin
1 through 6	Other Purchases	0 - 100%	Additional imported water purchases through MWDOC
1 through 6	Other Purchases	0 - 100%	Interties with City of Santa Ana, City of Newport Beach, and IRWD
NOTES:			

# Appendix B

## **Ordinance No. 33, Water Shortage Response Ordinance**

**Below is the weblink to the current ordinance (last accessed on May 24, 2021)**

<https://www.mesawater.org/save-water/conservation-requirements>

# Appendix C

**Notice of Public Hearing (Pending)**

# Appendix D

**Adopted WSCP Resolution (Pending)**

Arcadis U.S., Inc.  
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Maddaus Water Management, Inc.  
Danville, California 94526  
Sacramento, California 95816  
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**RESOLUTION NO. 15421562**

**RESOLUTION OF THE  
MESA WATER DISTRICT BOARD OF DIRECTORS  
APPROVING THE ADOPTION OF THE MESA WATER  
2020 WATER SHORTAGE CONTINGENCY PLAN AS AMENDED**

WHEREAS, the Mesa Water District (Mesa Water®) 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 California Legislature enacted Assembly Bill 797 (California Water Code (Water Code) Sections 10610 *et seq.*), known as the Urban Water Management Planning Act, as amended) during the 1983-1984 Regular Session, which mandates that every supplier providing water for municipal purposes to more than 3,000 customers or supplying more than 3,000 acre feet of water annually, prepare an Urban Water Management Plan and a Water Shortage Contingency Plan, the primary objective of which is to ensure the appropriate level of reliability in its water service to meet the needs of its customers during normal, dry, and multiple dry years, and to provide forensure the conservation and efficient use of water; and

WHEREAS, in 2018 following the end of the most recent drought, the California Legislature modified the Urban Water Management Planning Act in 2018 to include additional water shortage planning requirements; and

WHEREAS, significant amendments to the California Water Code, specifically to California Water Code Section 10632, currently now mandate new elements to Urban Water Management Plans, including Water Shortage Contingency Plans, which include an annual drought risk assessment, evaluation of State Water Shortage Levels and Statewide water use limitationsprohibitions; and

WHEREAS, Mesa Water is an urban water supplier providing water to a population over 100,000; and

WHEREAS, Mesa Water's Urban Water Management Plan (UWMP) is shall be periodically reviewed, at least once every five years, and Mesa Water shall makes amendments or changes to the UWMP which are indicated by such the reviews; and

WHEREAS, the UWMP was most recently must be updated, adopted, and submitted to the California Department of Water Resources in by July 1, 2021, which included the Mesa Water 2020 Water Shortage Contingency Plan (Contingency Plan); and

WHEREAS, based on current evaluations of the Contingency Plan, Mesa Water desires to amend the Contingency Plan at this time to conform to Mesa Water's water management planning, the provisions of Water Code Section 10632, best practices and related matters; and the UWMP must be submitted to the California Department of Water

~~Resources, the California State Library, and the cities and county within which Mesa Water provides water services supplies, and shall be provided with a copy of the UWMP, including the Mesa Water's Water Shortage Contingency Plan (Contingency Plan), no later than 30 days after adoption thereof; and~~

WHEREAS, Mesa Water staff prepared for ~~public review by the public and the Board of Directors (Board) of Mesa Water at the draft amended Contingency Plan as part of the UWMP and held a properly noticed public hearing on June 10 February 9, 2021 2022,~~ with respect to the UWMP, including the Contingency Plan included therein, during which Mesa Water received community input on the UWMP and the Contingency Plan, considered the economic impacts of the UWMP and the Contingency Plan, and adopted a method for determining Mesa Water's urban water use target; and

WHEREAS, the Board ~~members have been of Directors (Board) of Mesa Water~~ ~~were~~ furnished with copies of the amended Contingency Plan as part of their consideration of such amended Contingency Plan and which amended Contingency Plan is on file with the District Secretary; and

WHEREAS, the Board has determined that the adoption of the amended Contingency Plan, which will constitute a portion of the ~~as part of the~~ UWMP, as provided for under ~~California~~ Water Code Section 10632, at this time, is appropriate.

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

**Section 1.** The foregoing recitals are true and correct and are incorporated herein by this reference.

**Section 2.** The Board of Directors hereby adopts the amended Contingency Plan, which shall constitute a portion ~~as part~~ of the UWMP, which the amended Contingency Plan is incorporated herein by this reference, and will implement the amended Contingency Plan in accordance with the terms set forth therein.

**Section 3.** The District Secretary of Mesa Water is hereby directed to submit the amended Contingency Plan, ~~as part of the UWMP,~~ to the California Department of Water Resources, the California State Library, and any city or county within which Mesa Water provides water ~~services~~ supplies, no later than 30 days from the date of adoption hereof, in accordance with ~~California~~ Water Code Section 10644(a)(1).

**Section 4.** The General Manager, District Secretary, and other Mesa Water staff are authorized and directed to take all other and further actions necessary or desirable to carry out the directives of this Resolution.

ADOPTED, SIGNED, and APPROVED this ~~10<sup>th</sup>-9<sup>th</sup>~~ day of ~~June-February-9, 2021-2022~~ by a roll call vote.

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

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Marice H. DePasquale  
President, Board of Directors

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Denise Garcia  
District Secretary



RESOLUTION NO. ~~15421562~~

ATTACHMENT A

RESOLUTION OF THE  
MESA WATER DISTRICT BOARD OF DIRECTORS  
APPROVING THE ADOPTION OF THE **MESA WATER**  
2020 WATER SHORTAGE CONTINGENCY PLAN **AS AMENDED**

Mesa Water  
2020 Water Shortage Contingency Plan  
amended  
~~June-February 2021~~2022

DRAFT



Mesa Water District

# 2020 Water Shortage Contingency Plan

FINAL DRAFT

DecemberJune 2021

# 2020 Water Shortage Contingency Plan

~~December~~ June 2021

**Prepared By:**

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Maddaus Water Management, Inc.  
Danville, California 94526  
Sacramento, California 95816  
[www.maddauswater.com](http://www.maddauswater.com)

**Our Ref:**

30055240



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Lisa Maddaus, P.E.  
Technical Lead  
Maddaus Water Management, Inc.



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Sarina Sriboonlue, P.E.  
Project Manager  
Arcadis U.S., Inc.

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**Appendix C. Notice of Public Hearing**

**Appendix D. Adopted WSCP Resolution**

## Acronyms and Abbreviations

%	Percent
AF	Acre-Feet
Annual Assessment	Annual Water Supply and Demand Assessment
BPP	Basin Production Percentage
CRA	Colorado River Aqueduct
DDW	Division of Drinking Water
DRA	Drought Risk Assessment
DVL	Diamond Valley Lake
DWR	California Department of Water Resources
EAP	Emergency Operations Center Actions Plan
EOC	Emergency Operation Center
EOP	Emergency Operations Plan
FY	Fiscal Year
GAP	Green Acres Project
GSP	Groundwater Sustainability Plan
HMP	Hazard Mitigation Plan
IAWP	Interim Agricultural Water Program
IRP	Integrated Water Resource Plan
M&I	Municipal and Industrial
MCL	Maximum Contaminant Level
Mesa Water	Mesa Water District
MET	Metropolitan Water District of Southern California
Metropolitan Act	Metropolitan Water District Act
MWDOC	Municipal Water District of Orange County
NIMS	National Incident Management System
OC Basin	Orange County Groundwater Basin
OCWD	Orange County Water District
PFAS	Per- and Polyfluoroalkyl Substances
PFOA	Perfluorooctanoic Acid
PFOS	Perfluorooctane Sulfonate
PPT	Parts Per Trillion
Producer	Groundwater Producer
RL	Response Level
SEMS	California Standardized Emergency Management System
Supplier	Urban Water Supplier
SWP	State Water Project
SWRCB	California State Water Resources Control Board
UWMP	Urban Water Management Plan
Water Code	California Water Code

# Mesa Water District 2020 Water Shortage Contingency Plan

WEROC	Water Emergency Response Organization of Orange County
WSAP	Water Supply Allocation Plan
WSCP	Water Shortage Contingency Plan
WSDM	Water Surplus and Drought Management Plan



# 1 INTRODUCTION AND WSCP OVERVIEW

The Water Shortage Contingency Plan (WSCP) is a strategic planning document designed to prepare for and respond to water shortages. This WSCP complies with California Water Code (Water Code) Section 10632, which requires that every urban water supplier (Supplier) shall prepare and adopt a WSCP as part of its Urban Water Management Plan (UWMP). This level of detailed planning and preparation is intended to help maintain reliable supplies and reduce the impacts of supply interruptions.

The WSCP is Mesa Water District (Mesa Water)'s operating manual that is used to prevent catastrophic service disruptions through proactive, rather than reactive, management. A water shortage, when water supply available is insufficient to meet the normally expected customer water use at a given point in time, may occur due to a number of reasons, such as drought, climate change, and catastrophic events. This plan provides a structured guide for Mesa Water to deal with water shortages, incorporating prescriptive information and standardized action levels, along with implementation actions in the event of a catastrophic supply interruption. This way, if and when shortage conditions arise, Mesa Water's governing body, its staff, and the public can easily identify and efficiently implement pre-determined steps to manage a water shortage. A well-structured WSCP allows real-time water supply availability assessment and structured steps designed to respond to actual conditions, to allow for efficient management of any shortage with predictability and accountability.

The WSCP also describes Mesa Water's procedures for conducting an Annual Water Supply and Demand Assessment (Annual Assessment) that is required by Water Code Section 10632.1 and is to be submitted to the California Department of Water Resources (DWR) on or before July 1 of each year, or within 14 days of receiving final allocations from the State Water Project (SWP), whichever is later. Mesa Water's 2020 WSCP is included as an appendix to its 2020 UWMP which will be submitted to DWR by July 1, 2021. However, this WSCP is created separately from Mesa Water's 2020 UWMP and can be amended, as needed, without amending the UWMP. Furthermore, the Water Code does not prohibit a Supplier from taking actions not specified in its WSCP, if needed, without having to formally amend its UWMP or WSCP.

## 1.1 Water Shortage Contingency Plan Requirements and Organization

The WSCP provides the steps and water shortage response actions to be taken in times of water shortage conditions. The WSCP has prescriptive elements, such as an analysis of water supply reliability; the water shortage response actions for each of the six standard water shortage levels that correspond to water shortage percentages ranging from 10% to greater than 50%; an estimate of potential to close supply gap for each measure; protocols and procedures to communicate identified actions for any current or predicted water shortage conditions; procedures for an Annual Assessment; monitoring and reporting requirements to determine customer compliance; and reevaluation and improvement procedures for evaluating the WSCP.

This WSCP is organized into three main sections, with Section 3 aligned with Water Code Section 16032 requirements.

**Section 1 Introduction and WSCP Overview** gives an overview of the WSCP fundamentals.

**Section 2 Background** provides a background on Mesa Water's water service area.

### **Section 3 Water Shortage Contingency Preparedness and Response Planning**

**Section 3.1 Water Supply Reliability Analysis** provides a summary of the water supply analysis and water reliability findings from the 2020 UWMP.

**Section 3.2 Annual Water Supply and Demand Assessment Procedures** provide a description of procedures to conduct and approve the Annual Assessment.

**Section 3.3 Six Standard Water Shortage Stages** explains the WSCP's six standard water shortage levels corresponding to progressive ranges of up to 10, 20, 30, 40, 50, and more than 50% shortages.

**Section 3.4 Shortage Response Actions** describes the WSCP's shortage response actions that align with the defined shortage levels.

**Section 3.5 Communication Protocols** addresses communication protocols and procedures to inform customers, the public, interested parties, and local, regional, and state governments, regarding any current or predicted shortages and any resulting shortage response actions.

**Section 3.6 Compliance and Enforcement** describes customer compliance, enforcement, appeal, and exemption procedures for triggered shortage response actions.

**Section 3.7 Legal Authorities** is a description of the legal authorities that enable Mesa Water to implement and enforce its shortage response actions.

**Section 3.8 Financial Consequences of the WSCP** provides a description of the financial consequences of and responses for drought conditions.

**Section 3.9 Monitoring and Reporting** describes monitoring and reporting requirements and procedures that ensure appropriate data is collected, tracked, and analyzed for purposes of monitoring customer compliance and to meet state reporting requirements.

**Section 3.10 WSCP Refinement Procedures** addresses reevaluation and improvement procedures for monitoring and evaluating the functionality of the WSCP.

**Section 3.11 Special Water Feature Distinction** is a required definition for inclusion in a WSCP per the Water Code.

**Section 3.12 Plan Adoption, Submittal, and Implementation** provides a record of the process Mesa Water followed to adopt and implement its WSCP.

## **1.2 Integration with Other Planning Efforts**

As a retail water supplier in Orange County, Mesa Water considered other key entities in the development of this WSCP, including the Municipal Water District of Orange County ([MWDOC] (regional wholesale supplier), the Metropolitan Water District of Southern California ([MET] (regional wholesaler for Southern California and the direct supplier of imported water to MWDOC), and Orange County Water District ([OCWD] (Orange County Groundwater Basin manager and provider of recycled water in North Orange County). As a MWDOC member agency, Mesa Water also developed this WSCP with input from several coordination efforts led by MWDOC.

## Mesa Water District 2020 Water Shortage Contingency Plan

Some of the key planning and reporting documents that were used to develop this WSCP are:

- **MWDOC's 2020 UWMP** provides the basis for the projections of the imported supply availability over the next 25 years for Mesa Water's service area.
- **MWDOC's 2020 WSCP** provides a water supply availability assessment and structured steps designed to respond to actual conditions that will help maintain reliable supplies and reduce the impacts of supply interruptions.
- **2021 Orange County Water Demand Forecast for MWDOC and OCWD Technical Memorandum (Demand Forecast TM)** provides the basis for water demand projections for MWDOC's member agencies as well as Anaheim, Fullerton, and Santa Ana.
- **MET's 2020 Integrated Water Resources Plan (IRP)** is a long-term planning document to ensure water supply availability in Southern California and provides a basis for water supply reliability in Orange County.
- **MET's 2020 UWMP** was developed as a part of the 2020 IRP planning process and was used by MWDOC as another basis for the projections of supply capability of the imported water received from MET.
- **MET's 2020 WSCP** provides a water supply assessment and guide for MET's intended actions during water shortage conditions.
- **OCWD's 2019-20 Engineer's Report** provides information on the groundwater conditions and basin utilization of the Orange County Groundwater Basin (OC Basin).
- **OCWD's 2017 Basin 8-1 Alternative** is an alternative to the Groundwater Sustainability Plan (GSP) for the OC Basin and provides significant information related to sustainable management of the basin in the past and hydrogeology of the basin, including groundwater quality and basin characteristics.
- **2020 Local Hazard Mitigation Plan (HMP)** provides the basis for the seismic risk analysis of the water system facilities.
- **Orange County Local Agency Formation Commission's 2020 Municipal Service Review for MWDOC Report** provides a comprehensive service review of the municipal services provided by MWDOC.
- **Water Master Plan** of Mesa Water provide information on water infrastructure planning projects and plans to address any required water system improvements.
- **Groundwater Management Plans** provide the groundwater sustainability goals for the basins in the MWDOC's service area and the programs, actions, and strategies activities that support those goals.

## 2 BACKGROUND INFORMATION

Mesa Water is governed by a five-member Board of Directors is located in a community that originated in about 1906. After the Costa Mesa District Merger Law was signed on June 30, 1959, Mesa Water (formerly known as the Costa Mesa County Water District) commenced operations on January 1, 1960 by acquiring the assets and obligations and assumed the responsibility of consolidating the City of Costa Mesa's Water Department, Fairview County Water District, Newport Mesa Irrigation District, and Newport Mesa County Water District.

### 2.1 Mesa Water Service Area

Mesa Water's water service area is located along the coast of Southern California within Orange County. Mesa Water is between one-eighth of a mile to almost six miles inland of the Pacific Ocean. It is also approximately 37 miles southeast of Los Angeles, 88 miles north of San Diego and 475 miles south of San Francisco. The service area is an 18 square mile area that includes most of the City of Costa Mesa, portions of the City of Newport Beach and a small portion of unincorporated Orange County. Mesa Water shares borders with the County of Orange, the Cities of Huntington Beach, Fountain Valley, Irvine, Santa Ana, and Newport Beach. Mesa Water operates nine wells, which includes two future wells (in construction), a nanofiltration facility, two reservoirs with a total storage of 28 million gallons, two metered interconnections, 16 emergency interconnections and manages 328.4-mile water mains system with approximately 25,032 service connections. A map of Mesa Water's water service area is shown in [Figure 2-1](#).

Mesa Water District 2020 Water Shortage Contingency Plan

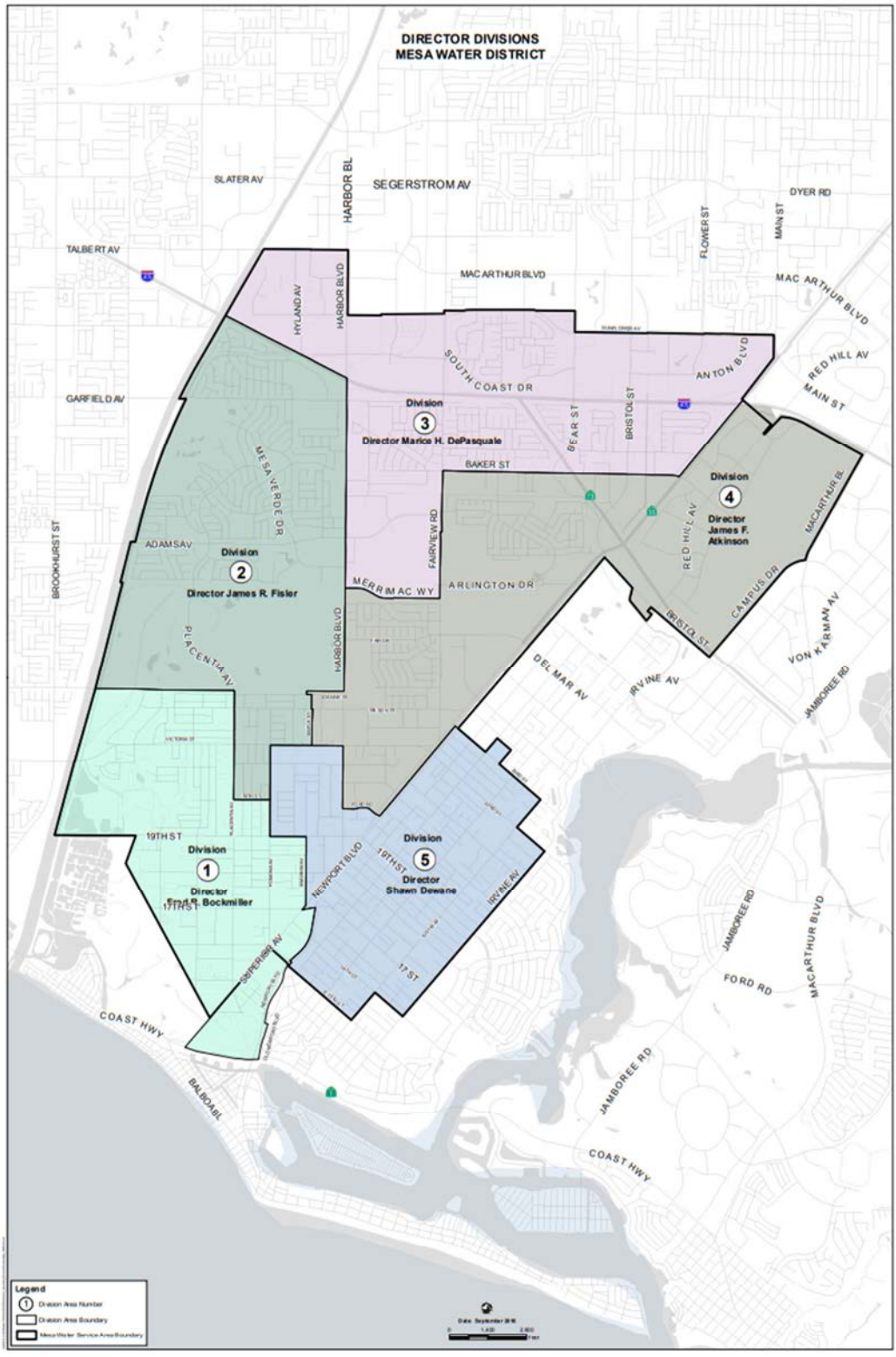


Figure 2-1: Mesa Water Service Area

Although Mesa Water supplements its water supply portfolio with recycled water, the WSCP only applies to its potable water supply. Mesa Water sells and distributes OCWD Green Acres Project (GAP) water to recycled water customers in its service area, as detailed in Section 6.6 of Mesa Water's 2020 UWMP (Mesa Water, 2021). Mesa Water will determine the recycled water demand reduction actions for recycled water based on the availability of supply and to meet necessary wastewater discharge permit requirements.

## 2.2 Relationship to Wholesalers

**The Metropolitan Water District of Southern California:** MET is the largest water wholesaler for domestic and municipal uses in California, serving approximately 19 million customers. MET wholesales imported water supplies to 26 member cities and water districts in six Southern California counties. Its service area covers the Southern California coastal plain, extending approximately 200 miles along the Pacific Ocean from the City of Oxnard in the north to the international boundary with Mexico in the south. This encompasses 5,200 square miles and includes portions of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura counties. Approximately 85% of the population from the aforementioned counties reside within MET's boundaries.

MET is governed by a Board of Directors comprised of 38 appointed individuals with a minimum of one representative from each of MET's 26 member agencies. The allocation of directors and voting rights are determined by each agency's assessed valuation. Each member of the Board shall be entitled to cast one vote for each ten million dollars (\$10,000,000) of assessed valuation of property taxable for district purposes, in accordance with Section 55 of the Metropolitan Water District Act (Metropolitan Act). Directors can be appointed through the chief executive officer of the member agency or by a majority vote of the governing board of the agency. Directors are not compensated by MET for their service.

MET is responsible for importing water into the region through its operation of the Colorado River Aqueduct (CRA) and its contract with the State of California for SWP supplies. Member agencies receive water from MET through various delivery points and pay for service through a rate structure made up of volumetric rates, capacity charges and readiness to serve charges. Member agencies provide estimates of imported water demand to MET annually in April regarding the amount of water they anticipate they will need to meet their demands for the next five years.

**The Municipal Water District of Orange County:** In Orange County, MWDOC and the cities of Anaheim, Fullerton, and Santa Ana are MET member agencies that purchase imported water directly from MET. Furthermore, MWDOC purchases both treated potable and untreated water from MET to supplement its retail agencies' local supplies.

Mesa Water is one of MWDOC's 28 member agencies receiving imported water from MWDOC. Mesa Water's location within MWDOC's service area is shown on [Figure 2-2](#) ~~Figure 2-2~~.

Mesa Water District 2020 Water Shortage Contingency Plan

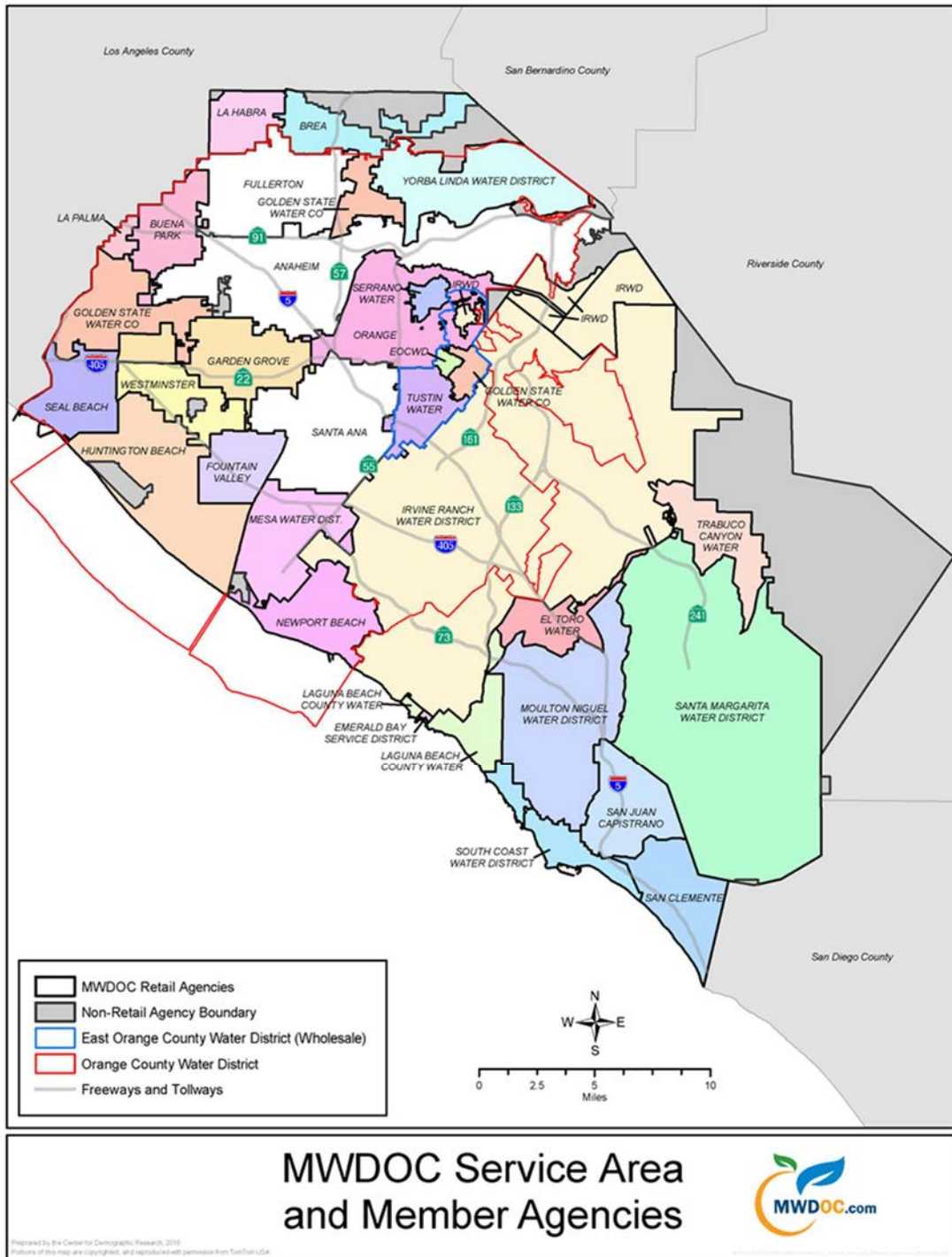


Figure 2-2: Regional Location of Mesa Water and Other MWDOC Member Agencies

## 2.3 Relationship with Wholesaler Water Shortage Planning

The WSCP is designed to be consistent with MET's Water Shortage and Demand Management (WSDM) Plan, MWDOC's Water Supply Allocation Plan (WSAP), and other emergency planning efforts as described below. MWDOC's WSAP is integral to the WSCP's shortage response strategy in the event that MET or MWDOC determines that supply augmentation (including storage) and lesser demand reduction measures would not be sufficient to meet a projected shortage levels needed to meet demands.

### 2.3.1 MET Water Surplus and Drought Management Plan

MET evaluates the level of supplies available and existing levels of water in storage to determine the appropriate management stage annually. Each stage is associated with specific resource management actions to avoid extreme shortages to the extent possible and minimize adverse impacts to retail customers should an extreme shortage occur. The sequencing outlined in the WSDM Plan reflects anticipated responses towards MET's existing and expected resource mix.

Surplus stages occur when net annual deliveries can be made to water storage programs. Under the WSDM Plan, there are four surplus management stages that provides a framework for actions to take for surplus supplies. Deliveries in DVL and in SWP terminal reservoirs continue through each surplus stage provided there is available storage capacity. Withdrawals from DVL for regulatory purposes or to meet seasonal demands may occur in any stage.

The WSDM Plan distinguishes between shortages, severe shortages, and extreme shortages. The differences between each term are listed below:

- **Shortage:** MET can meet full-service demands and partially meet or fully meet interruptible demands using stored water or water transfers as necessary (Stages 1-3).
- **Severe Shortage:** MET can meet full-service demands only by making withdrawals from storage, calling on its water transfers, and possibly calling for extraordinary conservation and reducing deliveries under the Interim Agricultural Water Program (IAWP) (Stages 4-5).
- **Extreme Shortage:** MET must allocate available imported supplies to full-service customers (Stage 6).

There are six shortage management stages to guide resource management activities. These stages are defined by shortfalls in imported supply and water balances in MET's storage programs. When MET must make net withdrawals from storage to meet demands, it is considered to be in a shortage condition.

[Figure 2-3](#) gives a summary of actions under each surplus and shortage stages when an allocation plan is necessary to enforce mandatory cutbacks. The goal of the WSDM plan is to avoid Stage 6, an extreme shortage (MET, 1999).



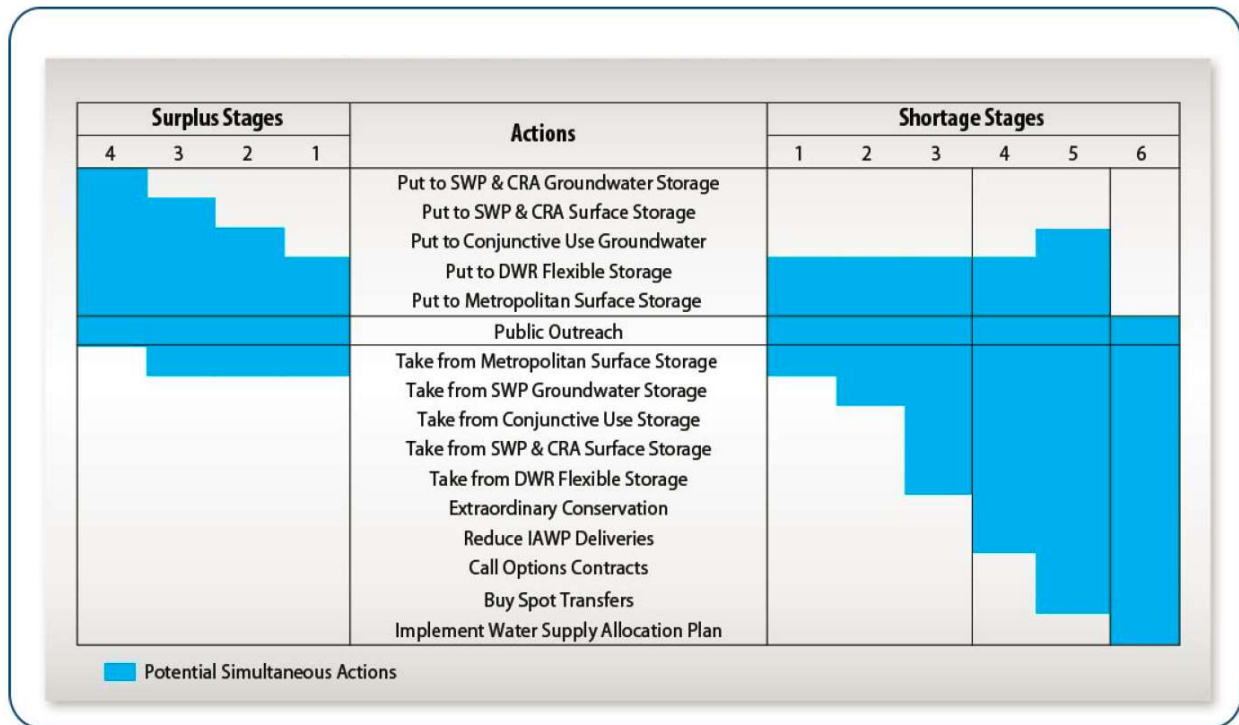


Figure 2-3: Resource Stages, Anticipated Actions, and Supply Declarations  
Source: MET, 1999.

MET’s Board of Directors adopted a Water Supply Condition Framework in June 2008 in order to communicate the urgency of the region’s water supply situation and the need for further water conservation practices. The framework has four conditions, each calling increasing levels of conservation. Descriptions for each of the four conditions are listed below:

- Baseline Water Use Efficiency: Ongoing conservation, outreach, and recycling programs to achieve permanent reductions in water use and build storage reserves.
- Condition 1 Water Supply Watch: Local agency voluntary dry-year conservation measures and use of regional storage reserves.
- Condition 2 Water Supply Alert: Regional call for cities, counties, member agencies, and retail water agencies to implement extraordinary conservation through drought ordinances and other measures to mitigate use of storage reserves.
- Condition 3 Water Supply Allocation: Implement MET’s WSAP.

As noted in Condition 3, should supplies become limited to the point where imported water demands cannot be met, MET will allocate water through the WSAP (MET, 2021a).

### 2.3.2 MET Water Supply Allocation Plan

MET’s imported supplies have been impacted by a number of water supply challenges as noted earlier. In case of extreme water shortage within the MET service area is the implementation of its WSAP.

MET's Board of Directors originally adopted the WSAP in February 2008 to fairly distribute a limited amount of water supply and applies it through a detailed methodology to reflect a range of local conditions and needs of the region's retail water consumers (MET, 2021a).

The WSAP includes the specific formula for calculating member agency supply allocations and the key implementation elements needed for administering an allocation. MET's WSAP is the foundation for the urban water shortage contingency analysis required under Water Code Section 10632 and is part of MET's 2020 UWMP.

MET's WSAP was developed in consideration of the principles and guidelines in MET's 1999 WSDM Plan with the core objective of creating an equitable "needs-based allocation." The WSAP's formula seeks to balance the impacts of a shortage at the retail level while maintaining equity on the wholesale level for shortages of MET supplies of greater than 50% cutbacks. The formula takes into account a number of factors, such as the impact on retail customers, growth in population, changes in supply conditions, investments in local resources, demand hardening aspects of water conservation savings, recycled water, extraordinary storage and transfer actions, and groundwater imported water needs.

The formula is calculated in three steps: 1) base period calculations, 2) allocation year calculations, and 3) supply allocation calculations. The first two steps involve standard computations, while the third step contains specific methodology developed for the WSAP.

**Step 1: Base Period Calculations** – The first step in calculating a member agency's water supply allocation is to estimate their water supply and demand using a historical based period with established water supply and delivery data. The base period for each of the different categories of supply and demand is calculated using data from the two most recent non-shortage years.

**Step 2: Allocation Year Calculations** – The next step in calculating the member agency's water supply allocation is estimating water needs in the allocation year. This is done by adjusting the base period estimates of retail demand for population growth and changes in local supplies.

**Step 3: Supply Allocation Calculations** – The final step is calculating the water supply allocation for each member agency based on the allocation year water needs identified in Step 2.

In order to implement the WSAP, MET's Board of Directors makes a determination on the level of the regional shortage, based on specific criteria, typically in April. The criteria used by MET includes current levels of storage, estimated water supplies conditions, and projected imported water demands. The allocations, if deemed necessary, go into effect in July of the same year and remain in effect for a 12-month period. The schedule is made at the discretion of the Board of Directors (MET, 2021b).

As demonstrated by the findings in MET's 2020 UWMP both the Water Reliability Assessment and the Drought Risk Assessment (DRA) demonstrate that MET is able to mitigate the challenges posed by hydrologic variability, potential climate change, and regulatory risk on its imported supply sources through the significant storage capabilities it has developed over the last two decades, both dry-year and emergency storage (MET, 2021a).

Although MET's 2020 UWMP forecasts that MET will be able to meet projected imported demands throughout the projected period from 2025 to 2045, uncertainty in supply conditions can result in MET needing to implement its WSAP to preserve dry-year storage and curtail demands (MET, 2021b).

### 2.3.3 MWDOC Water Supply Allocation Plan

To prepare for the potential allocation of imported water supplies from MET, MWDOC worked collaboratively with its 28 retail agencies to develop its own WSAP that was adopted in January 2009 and amended in 2016. The MWDOC WSAP outlines how MWDOC will determine and implement each of its retail agency's allocation during a time of shortage.

The MWDOC WSAP uses a similar method and approach, when reasonable, as that of the MET's WSAP. However, MWDOC's plan remains flexible to use an alternative approach when MET's method produces a significant unintended result for the member agencies. The MWDOC WSAP model follows five basic steps to determine a retail agency's imported supply allocation.

**Step 1: Determine Baseline Information** – The first step in calculating a water supply allocation is to estimate water supply and demand using a historical based period with established water supply and delivery data. The base period for each of the different categories of demand and supply is calculated using data from the last two non-shortage years.

**Step 2: Establish Allocation Year Information** – In this step, the model adjusts for each retail agency's water need in the allocation year. This is done by adjusting the base period estimates for increased retail water demand based on population growth and changes in local supplies.

**Step 3: Calculate Initial Minimum Allocation Based on MET's Declared Shortage Level** – This step sets the initial water supply allocation for each retail agency. After a regional shortage level is established, MWDOC will calculate the initial allocation as a percentage of adjusted Base Period Imported water needs within the model for each retail agency.

**Step 4: Apply Allocation Adjustments and Credits in the Areas of Retail Impacts and Conservation**– In this step, the model assigns additional water to address disparate impacts at the retail level caused by an across-the-board cut of imported supplies. It also applies a conservation credit given to those agencies that have achieved additional water savings at the retail level as a result of successful implementation of water conservation devices, programs and rate structures.

**Step 5: Sum Total Allocations and Determine Retail Reliability** – This is the final step in calculating a retail agency's total allocation for imported supplies. The model sums an agency's total imported allocation with all of the adjustments and credits and then calculates each agency's retail reliability compared to its Allocation Year Retail Demand.

The MWDOC WSAP includes additional measures for plan implementation, including the following (MWDOC, 2016):

- **Appeal Process** – An appeals process to provide retail agencies the opportunity to request a change to their allocation based on new or corrected information. MWDOC anticipates that under most circumstances, a retail agency's appeal will be the basis for an appeal to MET by MWDOC.
- **Melded Allocation Surcharge Structure** – At the end of the allocation year, MWDOC would only charge an allocation surcharge to each retail agency that exceeded their allocation if MWDOC exceeds its total allocation and is required to pay a surcharge to MET. MET enforces allocations to retail agencies through an allocation surcharge to a retail agency that exceeds its total annual allocation at the end of the 12-month allocation period. MWDOC's surcharge would be assessed

according to the retail agency's prorated share (acre-feet [AF] over usage) of MWDOC amount with MET. Surcharge funds collected by MET will be invested in its Water Management Fund, which is used to in part to fund expenditures in dry-year conservation and local resource development.

- **Tracking and Reporting Water Usage** – MWDOC will provide each retail agency with water use monthly reports that will compare each retail agency's current cumulative retail usage to their allocation baseline. MWDOC will also provide quarterly reports on its cumulative retail usage versus its allocation baseline.
- **Timeline and Option to Revisit the Plan** – The allocation period will cover 12 consecutive months and the Regional Shortage Level will be set for the entire allocation period. MWDOC only anticipates calling for allocation when MET declares a shortage; and no later than 30 days from MET's declaration will MWDOC announce allocation to its retail agencies.

### **3 WATER SHORTAGE CONTINGENCY PREPAREDNESS AND RESPONSE PLANNING**

Mesa Water’s WSCP is a detailed guide of how Mesa Water intends to act in the case of an actual water shortage condition. The WSCP anticipates a water supply shortage and provides pre-planned guidance for managing and mitigating a shortage. Regardless of the reason for the shortage, the WSCP is based on adequate details of demand reduction and supply augmentation measures that are structured to match varying degrees of shortage will ensure the relevant stakeholders understand what to expect during a water shortage situation.

#### **3.1 Water Supply Reliability Analysis**

Per Water Code Section 10632 (a)(1), the WSCP shall provide an analysis of water supply reliability conducted pursuant to Water Code Section 10635, and the key issues that may create a shortage condition when looking at Mesa Water’s water asset portfolio.

Understanding water supply reliability, factors that could contribute to water supply constraints, availability of alternative supplies, and what effect these have on meeting customer demands provides Mesa Water with a solid basis on which to develop appropriate and feasible response actions in the event of a water shortage. In the 2020 UWMP, Mesa Water conducted a Water Reliability Assessment to compare the total water supply sources available to the water supplier with long-term projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and a drought lasting five consecutive water years (Mesa Water, 2021).

Mesa Water also conducted a DRA to evaluate a drought period that lasts five consecutive water years starting from the year following when the assessment is conducted. An analysis of both assessments determined that Mesa Water is capable of meeting all customers’ demands from 2021 through 2045 for a normal year, a single dry year, and a drought lasting five consecutive years with significant imported water supplemental dedicated drought supplies from MWDOC/MET and ongoing conversation program efforts. Mesa Water receives the majority of its water supply from groundwater from the OC Basin, as well as supplemental supplies from local recycled water from the OCWD GAP that adds reliability for non-potable water demand.

As a result, there is no projected shortage condition due to drought that will trigger customer demand reduction actions unless Mesa Water exceeds its pumping capacity and until MWDOC notifies Mesa Water of insufficient imported supplies for supply augmentation in an emergency situation. More information is available in Mesa Water’s 2020 UWMP Section 6 and 7 (Mesa Water, 2021).

#### **3.2 Annual Water Supply and Demand Assessment Procedures**

Per Water Code Section 10632.1, Mesa Water will conduct an Annual Assessment pursuant to subdivision (a) of Section 10632 and by July 1st of each year, beginning in 2022, submit an Annual Assessment with information for anticipated shortage, triggered shortage response actions, compliance and enforcement actions, and communication actions consistent with the Supplier’s WSCP.

Mesa Water must include in its WSCP the procedures used for conducting an Annual Assessment. The Annual Assessment is a determination of the near-term outlook for supplies and demands and how a perceived shortage may relate to WSCP shortage stage response actions in the current calendar year. This determination is based on

information available to Mesa Water at the time of the analysis. Starting in 2022, the Annual Assessment will be due by July 1 of every year.

This section documents the decision-making process required for formal approval of Mesa Water's Annual Assessment determination of water supply reliability each year and the key data inputs and the methodologies used to evaluate the water system reliability for the coming year, while considering that the year to follow would be considered dry.

### **3.2.1 Decision-Making Process**

The following decision-making process describes the functional steps that Mesa Water will take to formally approve the Annual Assessment determination of water supply reliability each year.

#### **3.2.1.1 Steps to Approve the Annual Assessment Determination**

The Annual Assessment will be predicated on the OCWD Basin Production Percentage (BPP) and on MWDOC's Annual Assessment outcomes.

Mesa Water receives groundwater from OCWD. The OC Basin is not adjudicated and as such, pumping from the OC Basin is managed through a process that uses financial incentives to encourage groundwater producers (Producers) to pump a sustainable amount of water. The framework for the financial incentives is based on establishing the BPP, the percentage of each Producer's total water supply that comes from groundwater pumped from the OC Basin. The BPP is set uniformly for all Producers by OCWD on an annual basis in by OCWD Board of Directors. Based on the projected water demand and water modeled water supply, over the long-term, OCWD anticipates sustainably supporting a BPP of 85%; however, volumes of groundwater and imported water may vary depending on OCWD's actual BPP projections. A supply reduction that may result from the annual BPP projection will be included in the Annual Assessment.

As a MWDOC member agency, Mesa Water will consider the MWDOC Annual Assessment findings; however, the primary outcome will be determined by the OCWD BPP projections. The Annual Assessment findings will determine the approval process. If a shortage is identified, the Annual Assessment will be taken to the District Board for approval and formally submitted to DWR prior to the July 1 deadline. If no shortage is identified, the Annual Assessment will be approved by the General Manager and formally submitted to DWR prior to the July 1 deadline.

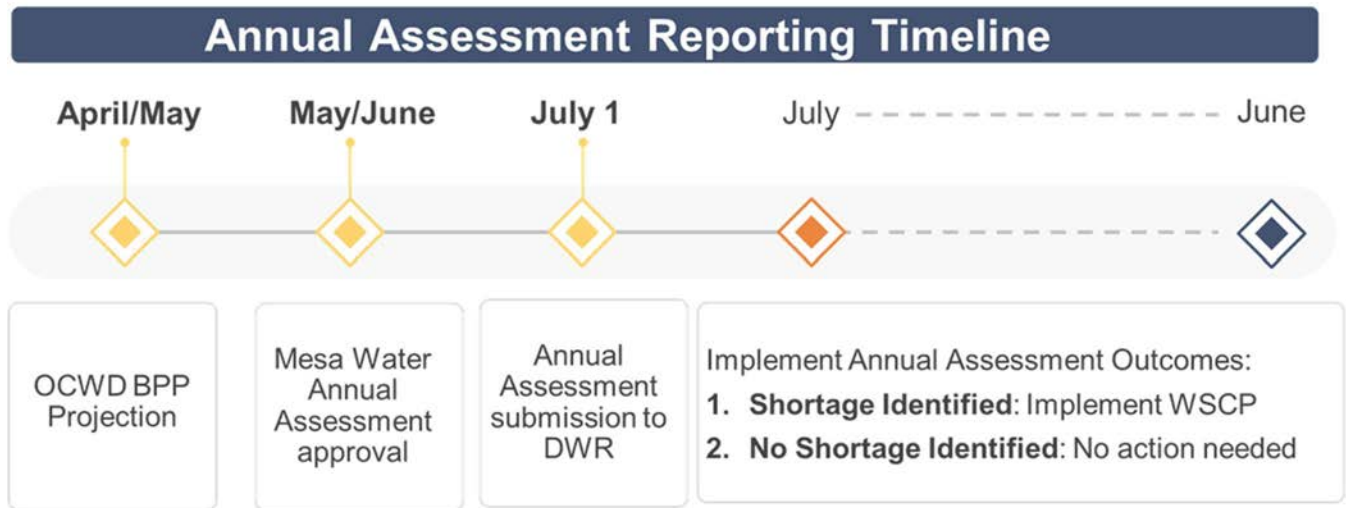


Figure 3-1: Annual Assessment Reporting Timeline

### 3.2.2 Data and Methodologies

The following paragraphs document the key data inputs and methodologies that are used to evaluate the water system reliability for the coming year, while considering that the year to follow would be considered dry.

#### 3.2.2.1 Assessment Methodology

Mesa Water will evaluate water supply reliability for the current year and one dry year for the purpose of the Annual Assessment. The Annual Assessment determination will be based on considerations of unconstrained water demand, local water supplies, MWDOC imported water supplies, planned water use, and infrastructure considerations. The balance between projected in-service area supplies, coupled with MWDOC imported supplies, and anticipated unconstrained demand will be used to determine what, if any, shortage stage is expected under the WSCP framework as presented in [Figure 3-2](#). The WSCP’s standard shortage stages are defined in terms of shortage percentages. Shortage percentages will be calculated by dividing the difference between water supplies and unconstrained demand by total unconstrained demand. This calculation will be performed separately for anticipated current year conditions and for assumed dry year conditions.

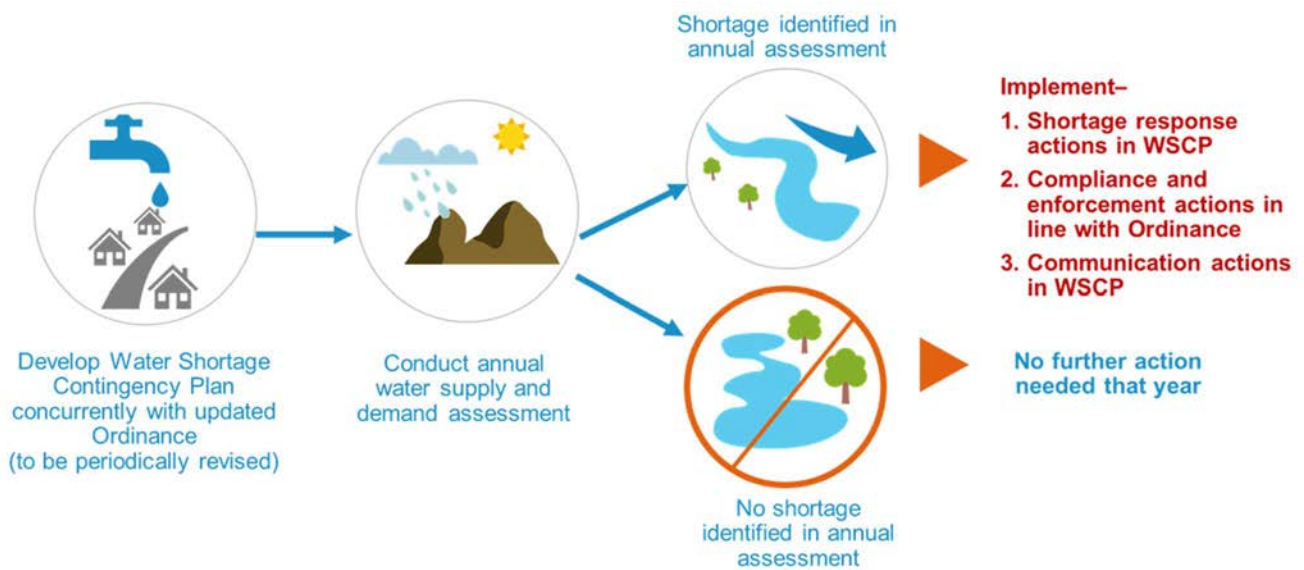


Figure 3-2: Water Shortage Contingency Plan Annual Assessment Framework

### 3.2.2.2 Locally Applicable Evaluation Criteria

Within Orange County, there are no significant local applicable criteria that directly affect reliability. Through the years, the water agencies in Orange County have made tremendous efforts to integrate their systems to provide flexibility to interchange with different sources of supplies. There are emergency agreements in place to ensure all parts of the County have an adequate supply of water. In the northern part of the County, agencies have the ability to meet a majority of their demands through groundwater with very little limitation, except for the OCWD BPP.

Mesa Water will also continue to monitor emerging supply and demand conditions related to supplemental imported water from MWDOC/MET and take appropriate actions consistent with the flexibility and adaptiveness inherent to the WSCP. Mesa Water’s Annual Assessment was based on Mesa Water’s service area, water sources, water supply reliability, and water use as described in Water Code Section 10631, including available data from state, regional, or local agency population, land use development, and climate change projections within the service area of Mesa Water. Some conditions that affect MWDOC’s wholesale supply and demand, such as groundwater replenishment, surface water and local supply production, can differ significantly from earlier projections throughout the year.

However, if a major earthquake on the San Andreas Fault occurs, it has the potential to damage all three key regional water aqueducts and disrupt imported supplies for up to six months. The region would likely impose a water use reduction ranging from 10-25% until the system is repaired. However, MET and MWDOC have taken proactive steps to handle such disruption, such as constructing DVL, which mitigates potential impacts. DVL, along with other local reservoirs, can store a six to twelve-month supply of emergency water (MET, 2021b).

### 3.2.2.3 Water Supply

As detailed in Mesa Water’s 2020 UWMP, Mesa Water meets all of its customers’ demands with a combination of local groundwater and recycled water. Mesa Water’s main source of water supply is groundwater from the OC Basin, with recycled water making up the rest of Mesa Water’s water supply portfolio, and imported water from



MET through MWDOC available in the event of an emergency. In fiscal year (FY) 2019-20, Mesa Water relied on 94% groundwater (75% from clear wells and 19% from desalinated groundwater), 6% recycled water, and 0% imported water. It is projected that by 2045, Mesa Water will continue to be 100% reliable on local supplies, with the water supply portfolio remaining approximately the same, and shifting to 95% groundwater and 5% recycled water (Mesa Water, 2021).

#### 3.2.2.4 Unconstrained Customer Demand

The WSCP and Annual Assessment define unconstrained demand as expected water use prior to any projected shortage response actions that may be taken under the WSCP. Unconstrained demand is distinguished from observed demand, which may be constrained by preceding, ongoing, or future actions, such as emergency supply allocations during a multi-year drought. WSCP shortage response actions to constrain demand are inherently extraordinary; routine activities such as ongoing conservation programs and regular operational adjustments are not considered as constraints on demands.

Mesa Water's DRA reveals that its supply capabilities are expected to balance anticipated total water use and supply, assuming a five-year consecutive drought from FY 2020-21 through FY 2024-25 (Mesa Water, 2021). Water demands in a five-year consecutive drought are calculated as a six percent increase in water demand above a normal year for each year of the drought (CDM Smith, 2021).

#### 3.2.2.5 Planned Water Use for Current Year Considering Dry Subsequent Year

Water Code Section 10632(a)(2)(B)(ii) requires the Annual Assessment to determine "current year available supply, considering hydrological and regulatory conditions in the current year and one dry year."

The Annual Assessment will include two separate estimates of Mesa Water's annual water supply and unconstrained demand using: 1) current year conditions, and 2) assumed dry year conditions. Accordingly, the Annual Assessment's shortage analysis will present separate sets of findings for the current year and dry year scenarios. The Water Code does not specify the characteristics of a dry year, allowing discretion to the Supplier. Mesa Water will use its discretion to refine and update its assumptions for a dry year scenarios in each Annual Assessment as information becomes available and in accordance with best management practices.

Supply and demand analyses for the single-dry year case was based on conditions affecting the SWP as this supply availability fluctuates the most among MET's, and therefore MWDOC and Mesa Water's, sources of supply. FY 2013-14 was the single driest year for SWP supplies with an allocation of 5% to Municipal and Industrial (M&I) uses. Unique to this year, the 5% SWP allocation was later reduced to 0%, before ending up at its final allocation of 5%, highlight the stressed water supplies for the year. Furthermore, on January 17, 2014 Governor Brown declared the drought State of Emergency citing 2014 as the driest year in California history. Additionally, within MWDOC's service area, precipitation for FY 2013-14 was the second lowest on record, with 4.37 inches of rain, significantly impacting water demands.

The water demand forecasting model developed for the Demand Forecast TM isolated the impacts that weather and future climate can have on water demand through the use of a statistical model. The impacts of hot/dry weather conditions are reflected as a percentage increase in water demands from the normal year condition (average of FY 2017-18 and FY 2018-19). For a single dry year condition (FY 2013-14), the model projects a 6% increase in demand for the OC Basin area where Mesa Water's service area is located (CDM Smith, 2021). Detailed information of the model is included in Mesa Water's 2020 UWMP.

Mesa Water has documented that it is 100% reliable for single dry year demands from 2025 through 2045 with a demand increase of 6% from normal demand with significant reserves held by MET, local groundwater supplies, and conservation (Mesa Water, 2021).

### 3.2.2.6 Infrastructure Considerations

The Annual Assessment will include consideration of any infrastructure issues that may pertain to near-term water supply reliability, including repairs, construction, and environmental mitigation measures that may temporarily constrain capabilities, as well as any new projects that may add to system capacity.

### 3.2.2.7 Other Factors

For the Annual Assessment, any known issues related to water quality would be considered for their potential effects on water supply reliability. Mesa Water adheres to the regulatory requirements for groundwater monitoring. As of early 2021, Mesa Water wells are not affected by PFAS and are not part of routine regulatory monitoring for PFAS.

## 3.3 Six Standard Water Shortage Levels

Per Water Code Section 10632 (a)(3)(A), Mesa Water must include the six standard water shortage levels that represent shortages from the normal reliability as determined in the Annual Assessment. The shortage levels have been standardized to provide a consistent regional and statewide approach to conveying the relative severity of water supply shortage conditions. This is an outgrowth of the severe statewide drought of 2012-2016, and the widely recognized public communication and state policy uncertainty associated with the many different local definitions of water shortage Levels.

The six standard water shortage levels correspond to progressively increasing estimated shortage conditions (up to 10, 20, 30, 40, 50, and greater than 50% shortage compared to the normal reliability condition) and align with the response actions the Supplier would implement to meet the severity of the impending shortages.

Table 3-1: Water Shortage Contingency Plan Levels

Submittal Table 8-1 Water Shortage Contingency Plan Levels		
Shortage Level	Percent Shortage Range	Shortage Response Actions
0	0% (Normal)	A Level 0 Water Supply Shortage – Mesa Water proceeds with planned water efficiency best practices to support consumer demand reduction in line with state mandated requirements and Mesa Water goals for water supply reliability. Permanent water waste prohibitions are in place as stipulated in Mesa Water’s Water Shortage Contingency Response Ordinance.

**Submittal Table 8-1  
Water Shortage Contingency Plan Levels**

Shortage Level	Percent Shortage Range	Shortage Response Actions
1	Up to 10%	A Level 1 Water Supply Shortage – Condition exists when Mesa Water notifies its water users that due to drought or other supply reductions, a consumer demand reduction of up to 10% is necessary to make more efficient use of water and respond to existing water conditions. Upon the declaration of a Water Aware condition, Mesa Water shall implement the mandatory Level 1 conservation measures identified in this ordinance.
2	11% to 20%	A Level 2 Water Supply Shortage – Condition exists when Mesa Water notifies its water users that due to drought or other supply reductions, a consumer demand reduction of up to 20% is necessary to make more efficient use of water and respond to existing water conditions. Upon declaration of a Level 2 Water Supply Shortage condition, Mesa Water shall implement the mandatory Level 2 conservation measures identified in this ordinance.
3	21% to 30%	A Level 3 Water Supply Shortage – Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 30% consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
4	31% to 40%	A Level 4 Water Supply Shortage – Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 40% consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
5	41% to 50%	A Level 5 Water Supply Shortage - Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 50% or more consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
6	>50%	A Level 6 Water Supply Shortage – Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that greater than 50% or more consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.

NOTES:

## **3.4 Shortage Response Actions**

Water Code Section 10632 (a)(4) requires the WSCP to specify shortage response actions that align with the defined shortage levels. Mesa Water has defined specific shortage response actions that align with the defined shortage levels in DWR Tables 8-2 and 8-3 (Appendix A). These shortage response actions were developed with consideration to the system infrastructure and operations changes, supply augmentation responses, customer-class or water use-specific demand reduction initiatives, and increasingly stringent water use prohibitions.

### **3.4.1 Demand Reduction**

The demand reduction measures that would be implemented to address shortage levels are described in DWR Table 8-2 (Appendix A). This table indicates which actions align with specific defined shortage levels and estimates the extent to which that action will reduce the gap between supplies and demands. DWR Table 8-2 (Appendix A) demonstrates that the chosen suite of shortage response actions can be expected to deliver the expected outcomes necessary to meet the requirements of a given shortage level (e.g., target of an additional 10% water savings). This table also identifies the enforcement action, if any, associated with each demand reduction measure.

### **3.4.2 Supply Augmentation**

The supply augmentation actions are described in DWR Table 8-3 (Appendix A). These augmentations represent short-term management objectives triggered by the MET's WSDM Plan and do not overlap with the long-term new water supply development or supply reliability enhancement projects. Supply Augmentation is made available to Mesa Water through MET and OCWD. Mesa Water has the ability to pump additional groundwater from the OC Basin or purchase additional imported water from MET as a MET member agency.

MET's reliability portfolio of water supply programs including existing water transfers, storage and exchange agreements to supplement gaps in Mesa Water's supply/demand balance. MET has developed significant storage capacity (over 5 million AF) in reservoirs and groundwater banking programs both within and outside of the Southern California region. Additionally, MET can pursue additional water transfer and exchange programs with other water agencies to help mitigate supply/demand imbalances and provide additional dry-year supply sources.

### **3.4.3 Operational Changes**

During shortage conditions, operations may be affected by supply augmentation or demand reduction responses. Mesa Water will consider their operational procedures when it completes its Annual Assessment or as needed to identify changes that can be implemented to address water shortage on a short-term basis, such as temporarily altering maintenance cycles, deferring planned system outages, and adjusting the flow and routing of water through its system to more effectively distribute available supply across the service area.

### **3.4.4 Additional Mandatory Restrictions**

Water Code Section 10632(a)(4)(D) calls for "additional, mandatory prohibitions against specific water use practices that are in addition to state-mandated prohibitions and appropriate to the local conditions" to be included among the WSCP's shortage response actions. Mesa Water will identify additional mandatory restrictions as needed based on the existing Ordinance No. [323](#), Water Shortage Response Ordinance (Appendix B). Mesa

Water intends to update any mandatory restrictions in a subsequently adopted ordinance which will supersede the existing ordinance.

### **3.4.5 Emergency Response Plan (Hazard Mitigation Plan)**

A catastrophic water shortage would be addressed according to the appropriate water shortage level and response actions. It is likely that a catastrophic shortage would immediately trigger Shortage Level 6 and response actions have been put in place to mitigate a catastrophic shortage. In addition, there are several Plans that address catastrophic failures and align with the WSCP, including MET's WSDM and WSAP, Mesa Water's HMP, and the Water Emergency Response Organization of Orange County (WEROC)'s Emergency Operations Plan (EOP).

#### **3.4.5.1 MET's WSDM and WSAP**

MET has comprehensive plans for stages of actions it would undertake to address a catastrophic interruption in water supplies through its WSDM and WSAP. MET also developed an Emergency Storage Requirement to mitigate against potential interruption in water supplies resulting from catastrophic occurrences within the Southern California region, including seismic events along the San Andreas Fault. In addition, MET is working with the state to implement a comprehensive improvement plan to address catastrophic occurrences outside of the Southern California region, such as a maximum probable seismic event in the Sacramento-San Joaquin River Delta that would cause levee failure and disruption of SWP deliveries.

#### **3.4.5.2 Water Emergency Response Organization of Orange County Emergency Operations Plan**

In 1983, the Orange County water community identified a need to develop a plan on how agencies would respond effectively to disasters impacting the regional water distribution system. The collective efforts of these agencies resulted in the formation of WEROC to coordinate emergency response on behalf of all Orange County water and wastewater agencies, develop an emergency plan to respond to disasters, and conduct disaster training exercises for the Orange County water community. WEROC was established with the creation of an indemnification agreement between its member agencies to protect each other against civil liabilities and to facilitate the exchange of resources. WEROC is unique in its ability to provide a single point of contact for representation of all water and wastewater utilities in Orange County during a disaster. This representation is to the county, state, and federal disaster coordination agencies. Within the Orange County Operational Area, WEROC is the recognized contact for emergency response for the water community, including Mesa Water.

As a member of WEROC, Mesa Water will follow WEROC's EOP in the event of an emergency and coordinate with WEROC to assess damage, initiate repairs, and request and coordinate mutual aid resources in the event that Mesa Water is unable to provide the level of emergency response support required by the situation.

The EOP defines the actions to be taken by WEROC Emergency Operations Center (EOC) staff to reduce the loss of water and wastewater infrastructure; to respond effectively to a disaster; and to coordinate recovery operations in the aftermath of any emergency involving extensive damage to Orange County water and wastewater utilities. The EOP includes activation notification protocol that will be used to contact partner agencies to inform them of the situation, activation status of the EOC, known damage or impacts, or resource needs. The EOP is a standalone document that is reviewed annually and approved by the Board every three years.

WEROC is organized on the basis that each member agency is responsible for developing its own EOP in accordance with the California Standardized Emergency Management System (SEMS), National Incident Management System (NIMS), and Public Health Security and Bioterrorism Preparedness and Response Act of 2002 to meet specific emergency needs within its service area.

The WEROC EOC is responsible for assessing the overall condition and status of the Orange County regional water distribution and wastewater collection systems including MET facilities that serve Orange County. The EOC can be activated during an emergency situation that can result from both natural and man-made causes, and can be activated through automatic, manual, or standby for activation.

WEROC recognized four primary phases of emergency management, which include:

- **Preparedness:** Planning, training, and exercises that are conducted prior to an emergency to support and enhance response to an emergency or disaster.
- **Response:** Activities and programs designed to address the immediate and short-term effects of the onset of an emergency or disaster that helps to reduce effects to water infrastructure and speed recovery. This includes alert and notification, EOC activation, direction and control, and mutual aid.
- **Recovery:** This phase involved restoring systems to normal, in which short-term recovery actions are taken to assess the damage and return vital life-support systems to minimum operating standards, while long-term recovery actions have the potential to continue for many years.
- **Mitigation/Prevention:** These actions prevent the occurrence of an emergency or reduce the area's vulnerability in ways that minimize the adverse impacts of a disaster or emergency. MWDOC's HMP outlines threats and identifies mitigation projects.

The EOC Action Plans (EAP) provide frameworks for EOC staff to respond to different situations with the objectives and steps required to complete them, which will in turn serve the WEROC member agencies. In the event of an emergency which results in a catastrophic water shortage, Mesa Water will declare a water shortage condition of up to Level 6 for the impacted area depending on the severity of the event, and coordination with WEROC is anticipated to begin at Level 4 or greater (WEROC, 2018).

### **3.4.6 Mesa Water District Emergency Response Plan**

Mesa Water will also refer to its current American Water Infrastructure Act Risk and Resilience Assessment and Emergency Response Plan in the event of a catastrophic supply interruption.

### **3.4.7 Seismic Risk Assessment and Mitigation Plan**

Per the Water Code Section 10632.5, Suppliers are required to assess seismic risk to water supplies as part of their WSCP. The plan also must include the mitigation plan for the seismic risk(s). Given the great distances that imported supplies travel to reach Orange County, the region is vulnerable to interruptions along hundreds of miles of aqueducts, pipelines and other facilities associated with delivering the supplies to the region. Additionally, the infrastructure in place to deliver supplies are susceptible to damage from earthquakes and other disasters.

In lieu of conducting a seismic risk assessment specific to Mesa Water's 2020 UWMP, Mesa Water has included the previously prepared regional HMP by MWDOC as the regional imported water wholesaler that is required under the federal Disaster Mitigation Act of 2000 (Public Law 106-390).

MWDOC's HMP identified that the overarching goals of the HMP were the same for all of its member agencies, which include:

- Goal 1: Minimize vulnerabilities of critical infrastructure to minimize damages and loss of life and injury to human life caused by hazards.
- Goal 2: Minimize security risks to water and wastewater infrastructure.
- Goal 3: Minimize interruption to water and wastewater utilities.
- Goal 4: Improve public outreach, awareness, education, and preparedness for hazards in order to increase community resilience.
- Goal 5: Eliminate or minimize wastewater spills and overflows.
- Goal 6: Protect water quality and supply, critical aquatic resources, and habitat to ensure a safe water supply.
- Goal 7: Strengthen Emergency Response Services to ensure preparedness, response, and recovery during any major or multi-hazard event.

MWDOC's HMP evaluates hazards applicable to all jurisdictions in its entire planning area, prioritized based on probability, location, maximum probable extent, and secondary impacts. The identification of hazards is highly dependent on the location of facilities within Mesa Water's jurisdiction and takes into consideration the history of the hazard and associated damage, information provided by agencies specializing in a specific hazard, and relies upon Mesa Water's expertise and knowledge.

Earthquake fault rupture and seismic hazards, including ground shaking and liquefaction, are among the highest ranked hazards to the region as a whole because of its long history of earthquakes, with some resulting in considerable damage. A significant earthquake along one of the major faults could cause substantial casualties, extensive damage to infrastructure, fires, damages and outages of water and wastewater facilities, and other threats to life and property.

Nearly all of Orange County is at risk of moderate to extreme ground shaking, with liquefaction possible throughout much of Orange County but the most extensive liquefaction zones occur in coastal areas. Based on the amount of seismic activity that occurs within the region, there is no doubt that communities within Orange County will continue to experience future earthquake events, and it is a reasonable assumption that a major event will occur within a 30-year timeframe.

The mitigation actions identify the hazard, proposed mitigation action, location/facility, local planning mechanism, risk, cost, timeframe, possible funding sources, status, and status rationale, as applicable. Mitigation actions for MWDOC's member agencies for seismic risks may include (MWDOC, 2019):

- Secure above ground assets in all buildings, booster stations, pressure reducing stations, emergency interties, water systems, and pipelines.
- Conduct assessment of infrastructure to ensure seismic retrofitting is in place.
- Replace aging infrastructure throughout the District.
- Install backup power for critical facilities to ensure operability during emergency events.
- Enhance emergency operability by implementing communication infrastructure improvements.

### **3.4.8 Shortage Response Action Effectiveness**

For each specific Shortage Response Action identified in the WSCP, the plan also estimates the extent to which that action will reduce the gap between supplies and demands identified in DWR Table 8-2 (Appendix A). To the

extent feasible, Mesa Water has estimated percentage savings for the chosen suite of shortage response actions, which can be anticipated to deliver the expected outcomes necessary to meet the requirements of a given shortage level.

### 3.5 Communication Protocols

Timely and effective communication is a key element of the WSCP implementation. In the context of water shortage response, the purpose may be an emergency water shortage situation, such as may result from an earthquake, or a longer-term, non-emergency, shortage condition, such as may result from a drought. In an emergency, Mesa Water will activate the communication protocol detailed in the Emergency Response Plan. In a non-emergency water shortage situation, Mesa Water will implement the communication protocols described below.

Per Water Code Section 10632 (a)(5), Mesa Water has established communication protocols and procedures to inform customers, the public, interested parties, and local, regional, and state governments regarding any current or predicted shortages as determined by the Annual Assessment described pursuant to Section 10632.1; any shortage response actions triggered or anticipated to be triggered by the Annual Assessment described pursuant to Section 10632.1; and any other relevant communications.

Non-emergency water shortage communication protocols are focused on communicating the water shortage contingency planning actions that can be derived from the results of the Annual Assessment, and it would likely trigger based upon the decision-making process in Section 3.2. Prior to water shortage level declaration, Mesa Water will pursue outreach to inform customers of water shortage levels and definitions, targeted water savings for each drought stage, guidelines that customers are to follow during each level, and sources of current information on Mesa Water’s supply and demand response status.

The type and degree of communication will vary with each shortage level in order to inform stakeholders of the current water shortage level status and associated shortage response actions, as defined in Section 3.4.1. Predefined communication objectives and tools will ensure Mesa Water’s ability to message necessary events and information to ensure compliance with shortage response actions. These communication objectives and tools are summarized in Table 3-2.

The Mesa Water’s Public Relations department will lead public information and outreach efforts in close coordination with other MWDOC and MET. Mesa Water will share information and provide guidance to its customers as well as monitor the customer response and attitude toward both voluntary and mandatory customer response guidelines. Mesa Water’s customer outreach is required to successfully achieve targeted water savings during each shortage level.

Table 3-2: Communication Procedures

Shortage level	Communication Objectives	Communication Tools
1	Compliance with response actions, 10% reduction in water use	Communications at this stage will highlight water efficiency best practices and will include the following communication tools and tactics, but are not limited to:



Mesa Water District 2020 Water Shortage Contingency Plan

Shortage level	Communication Objectives	Communication Tools
		<ul style="list-style-type: none"> <li>– Information on Mesa Water’s website</li> <li>– Information in Mesa Water’s newsletter, News on Tap</li> </ul>
2	Compliance with response actions, 20% reduction in water use	<p>Communications at this stage will highlight water efficiency best practices and will include the following communication tools and tactics, but are not limited to:</p> <p>Same as shortage Level 1, in addition to:</p> <ul style="list-style-type: none"> <li>– Social Media</li> <li>– Educational outreach (via community events or partnerships)</li> </ul>
3	Compliance with response actions, 30% reduction in water use	<p>In conjunction with Table 3-1: Water Shortage Contingency Plan Levels, this stage is now a water shortage emergency. Same as shortage Level 1-2, in addition to:</p> <ul style="list-style-type: none"> <li>– Text and email notification alerts via Mesa Water Notify</li> <li>– Water bill inserts</li> <li>– Direct mail to homes and businesses (postcards or other mailers)</li> <li>– Direct communication with high water users</li> <li>– Press release/ media outreach</li> <li>– Communication coordination with local emergency or water member agencies, including but not limited to WEROC, ACWA, OCWD, MWDOC, for messaging and broader county communications plan</li> <li>– Communication coordination with City of Costa Mesa and other related agencies (Police Dept, Fire Dept, as needed)</li> <li>– Communication coordination with area Hospitals, Newport-Mesa Unified School District, Colleges, Costa Mesa Chamber of</li> </ul>

Shortage level	Communication Objectives	Communication Tools
		Commerce and other key stakeholders and partners
4	Compliance with response actions, 40% reduction in water use	Same as shortage Level 1-3, in addition to: <ul style="list-style-type: none"> <li>– Radio and/or public service announcements</li> <li>– Increased presence at local events</li> <li>– Publications and handouts</li> </ul>
5	Compliance with response actions, 50% reduction in water use	Same as shortage Level 1-4, in addition to: <ul style="list-style-type: none"> <li>– Neighborhood Canvassing</li> <li>– Neighborhood Meetings or Pop-ups</li> <li>– Advertisements (print and digital) in local publications, key businesses and landmarks</li> <li>– Increased communication coordination with local emergency or water member agencies, including but not limited to WEROC, ACWA, OCWD, MWDOC</li> <li>– Increased communication coordination with City of Costa Mesa and other related agencies (Police Dept, Fire Dept as needed)</li> </ul>
6	Compliance with response actions, >50% reduction in water use	Same as shortage Level 1-5, in addition to: <ul style="list-style-type: none"> <li>– Increased Neighborhood Canvassing</li> <li>– Increased Neighborhood Meetings or Pop-ups</li> </ul>

### 3.6 Compliance and Enforcement

Per the Water Code Section 10632 (a)(6), Mesa Water has defined customer compliance, enforcement, appeal, and exemption procedures for triggered shortage response actions. Procedures to ensure customer compliance are described in Section 3.5 Communication Protocols and customer enforcement, appeal, and exemption procedures are defined in the existing Ordinance No. [332](#), Water Shortage Response Ordinance (Appendix B). Mesa Water intends to update any enforcement procedures in a subsequently adopted ordinance which will supersede the existing ordinance.

### 3.7 Legal Authorities

Per Water Code Section 10632 (a)(7)(A), Mesa Water has provided a description of the legal authorities that empower Mesa Water to implement and enforce its shortage response in Ordinance No. 323, Water Shortage Response Ordinance (Appendix B).

Per Water Code Section 10632 (a)(7) (B), Mesa Water shall declare a water shortage emergency condition to prevail within the area served by such wholesaler whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection.

Per Water Code Section 10632 (a)(7)(C), Mesa Water shall coordinate with any city or county within which it provides water supply services for the possible proclamation of a local emergency under California Government Code, California Emergency Services Act (Article 2, Section 8558). Table 3-3 identifies the contacts for all cities or counties for which the Supplier provides service in the WSCP, along with developed coordination protocols, can facilitate compliance with this section of the Water Code in the event of a local emergency as defined in subpart (c) of Government Code Section 8558.

Table 3-3: Agency Contacts and Coordination Protocols

Contact	Agency	Coordination Protocols
Public Works Director	County of Orange	Phone/email
City Manager	City of Costa Mesa	Phone/email
City Manager	City of Newport Beach	Phone/email

### 3.8 Financial Consequences of WSCP

Per Water Code Section 10632(a)(8), Suppliers must include a description of the overall anticipated financial consequences to the Supplier of implementing the WSCP. This description must include potential reductions in revenue and increased expenses associated with implementation of the shortage response actions. This should be coupled with an identification of the anticipated mitigation actions needed to address these financial impacts.

During a catastrophic interruption of water supplies, prolonged drought, or water shortage of any kind, Mesa Water will experience a reduction in revenue due to reduced water sales. Throughout this period of time, expenditures may increase or decrease with varying circumstances. Expenditures may increase in the event of significant damage to the water system, resulting in emergency repairs. Expenditures may also decrease as less water is pumped through the system, resulting in lower power costs. Water shortage mitigation actions will also impact revenues and require additional costs for drought response activities such as increased staff costs for tracking, reporting, and communications.

Mesa Water receives water revenue from a service charge and a commodity charge based on consumption. The service charge recovers costs associated with providing water to the serviced property. The service charge does

not vary with consumption and the commodity charge is based on water usage. Rates have been designed to recover the full cost of water service in the charges. Therefore, the total cost of purchasing water would decrease as the usage or sale of water decreases. In the event of a drought emergency, Mesa Water will impose excessive water use penalties on its customers, which may include additional costs associated with reduced water revenue, staff time taken for penalty enforcement, and advertising the excessive use penalties. The excessive water use penalties are further described in Ordinance No. 332, Water Shortage Contingency Response Ordinance (Appendix B).

However, there are significant fixed costs associated with maintaining a minimal level of service. Mesa Water will monitor projected revenues and expenditures should an extreme shortage and a large reduction in water sales occur for an extended period of time. To overcome these potential revenue losses and/or expenditure impacts, Mesa Water may use reserves. If necessary, Mesa Water may reduce expenditures by delaying implementation of its Capital Improvement Program and equipment purchases to reallocate funds to cover the cost of operations and critical maintenance, adjust the work force, implement a drought surcharge, and/or make adjustments to its water rate structure.

Based on current water rates, a volumetric cutback of 50% and above of water sales may lead to a range of reduction in revenues. The impacts to revenues will depend on a proportionate reduction in variable costs related to supply, pumping, and treatment for the specific shortage event. Mesa Water has set aside reserve funding as a Drought Reserve Fund to mitigate short-term water shortage situation.

### **3.9 Monitoring and Reporting**

Per Water Code Section 10632(a)(9), Mesa Water is required to provide a description of the monitoring and reporting requirements and procedures that have been implemented to ensure appropriate data is collected, tracked, and analyzed for purposes of monitoring customer compliance and to meet state reporting requirements.

Monitoring and reporting key water use metrics is fundamental to water supply planning and management. Monitoring is also essential in times of water shortage to ensure that the response actions are achieving their intended water use reduction purposes, or if improvements or new actions need to be considered (see Section 3.10). Monitoring for customer compliance tracking is also useful in enforcement actions.

Under normal water supply conditions, potable water production figures are recorded monthly. Monthly reports are prepared and monitored. This data will be used to measure the effectiveness of any water shortage contingency level that may be implemented. Mesa Water has initiated a real-time Meter Technology Project that allows monitoring and reporting of its largest customers' water consumption to ensure conservation measures and water shortage mitigation is effective.

Mesa Water will participate in monthly member agency manager meetings with both MWDOC and OCWD to monitor and discuss monthly water allocation charts. This will enable Mesa Water to be aware of import and groundwater use on a timely basis as a result of specific actions taken responding to Mesa Water's WSCP.

### **3.10 WSCP Refinement Procedures**

Per Water Code Section 10632 (a)(10), Mesa Water must provide reevaluation and improvement procedures for systematically monitoring and evaluating the functionality of the water shortage contingency plan in order to ensure shortage risk tolerance is adequate and appropriate water shortage mitigation strategies are implemented as needed.

Mesa Water's WSCP is prepared and implemented as an adaptive management plan. Mesa Water will use the monitoring and reporting process defined in section 3.9 to refine the WSCP. In addition, if certain procedural refinements or new actions are identified by Mesa Water staff, or suggested by customers or other interested parties, Mesa Water will evaluate their effectiveness, incorporate them into the WSCP, and implement them quickly at the appropriate water shortage level.

It is envisioned that the WSCP will be periodically re-evaluated to ensure that its shortage risk tolerance is adequate and the shortage response actions are effective and up to date based on lessons learned from implementing the WSCP. The WSCP will be revised and updated during the UWMP update cycle to incorporate updated and new information. For example, new supply augmentation actions will be added, and actions that are no longer applicable for reasons such as program expiration will be removed. However, if revisions to the WSCP are warranted before the UWMP is updated, the WSCP will be updated outside of the UWMP update cycle. In the course of preparing the Annual Assessment each year, Mesa Water staff will consider the functionality the overall WSCP and will prepare recommendations for Mesa Water's Board of Directors if changes are found to be needed.

### **3.11 Special Water Feature Distinction**

Per Water Code Section 10632 (b), Mesa Water has defined water features in that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas, as defined in subdivision (a) of Section 115921 of the Health and Safety Code, in Ordinance No. 323, Water Shortage Response Ordinance (Appendix B).

### **3.12 Plan Adoption, Submittal, and Availability**

Per Water Code Section 10632 (a)(c), Mesa Water provided notice of the availability of the draft 2020 UWMP and draft 2020 WSCP and notice of the public hearing to consider adoption of the WSCP. The public review drafts of the 2020 UWMP and the 2020 WSCP were posted prominently on Mesa Water's [website](#) in advance of the public hearing on June 10, 2021. Copies of the draft WSCP were also made available for public inspection at Mesa Water Clerk's and Utilities Department offices and public hearing notifications were published in local newspapers. A copy of the published Notice of Public Hearing is included in Appendix C.

Mesa Water held the public hearing for the draft 2020 UWMP and draft WSCP on June 10, 2021 at the Board meeting. Mesa Water Board reviewed and approved the 2020 UWMP and the WSCP at its June 10, 2021 meeting after the public hearing. See Appendix D for the resolution approving the WSCP.

By July 1, 2021, Mesa Water's adopted 2020 UWMP and WSCP was filed with DWR, California State Library, and the County of Orange. Mesa Water will make the WSCP available for public review on its website no later than 30 days after filing with DWR.

Based on DWR's review of the WSCP, Mesa Water will make any amendments in its adopted WSCP, as required and directed by DWR.

If Mesa Water revises its WSCP after UWMP is approved by DWR, then an electronic copy of the revised WSCP will be submitted to DWR within 30 days of its adoption.

## 4 REFERENCES

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Water Emergency Response Organization of Orange County (WEROC). (2018, March). *WEROC Emergency Operations Plan (EOP)*.

# Appendix A

## **DWR Submittal Tables**

**Table 8-1: Water Shortage Contingency Plan Levels**

**Table 8-2: Demand Reduction Actions**

**Table 8-3: Supply Augmentation and Other Actions**

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <b>Drop down list</b> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
<i>Add additional rows as needed</i>				
0	Landscape - Other landscape restriction or prohibition	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Irrigation During Rain Events:</b> The application of potable water to outdoor landscapes during and up to forty-eight (48) hours after measurable rainfall is prohibited.	Yes
0	Landscape - Prohibit certain types of landscape irrigation	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Irrigated Medians:</b> The use of potable water to irrigate ornamental turf on public street medians is prohibited.	Yes
0	Landscape - Restrict or prohibit runoff from landscape irrigation	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Excessive Water Flow or Runoff:</b> No person shall cause or allow watering or irrigating of any lawn, landscape or other vegetated area in a manner that causes or allows excessive runoff from the property. Additionally, to the extent prohibited by any Statewide statute, or regulation adopted by any State agency with jurisdiction to adopt such regulations, including, but no limited to, the State Water Resources Control Board, no person shall cause or allow water to flow or runoff their property onto adjacent property, non-irrigated areas, private and public walkways, driveways, roadways, gutters or ditches, parking lots, or structures.	Yes



**Submittal Table 8-2: Demand Reduction Actions**

Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
0	Other - Prohibit use of potable water for washing hard surfaces	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Washing Down Hard or Paved Surfaces:</b> Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, is prohibited except when necessary to alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container, a hand-held hose equipped with a fully functioning, positive self-closing water shut-off device, a low-volume, high-pressure cleaning machine equipped to recycle any water used, or a low-volume high-pressure water broom.	Yes
0	Water Features - Restrict water use for decorative water features, such as fountains	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Re-circulating Water Required for Water Fountains and Decorative Water Features:</b> Operating a water fountain or other decorative water feature that does not use re-circulated water is prohibited.	Yes
0	Other - Require automatic shut of hoses	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Limits on Washing Vehicles:</b> Using water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not is prohibited, except by use of a hand-held bucket or similar container or a hand-held hose equipped with a fully functioning, positive self-closing water shut-off nozzle or device that causes it to cease dispensing water immediately when not in use. This subsection does not apply to any commercial car washing facility.	Yes

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <b>Drop down list</b> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
0	Other	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Installation of Single Pass Cooling Systems:</b> Installation of single pass cooling systems is prohibited in buildings requesting new water service from Mesa Water District.	Yes
0	CII - Other CII restriction or prohibition	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Installation of Non-re-circulating in Commercial Car Wash and Laundry Systems:</b> Installation of non-re-circulating water systems is prohibited in new commercial conveyor car wash and new commercial laundry systems.	Yes
0	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Commercial Car Wash Systems:</b> All commercial conveyor car wash systems must utilize re-circulating water systems, or must secure a waiver of this requirement from Mesa Water District.	Yes
0	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within ninety-six (96) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <b>Drop down list</b> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
1	Landscape - Limit landscape irrigation to specific times	5%	<b>Limits on Watering Hours:</b> Watering or irrigating of lawn, landscape, or other vegetated area with potable water is prohibited between the hours of 8:00 a.m. and 5:00 p.m. Pacific Standard Time on any day. Hand-held watering cans, buckets, or similar containers reasonably used to convey water for irrigation purposes are not subject to these time restrictions. Similarly, a hand-held hose equipped with a fully functioning, positive self-closing water shut-off nozzle or device may be used during the otherwise restricted period. If necessary, and for very short periods of time for the express purpose of adjusting or repairing it, one may operate an irrigation system during the otherwise restricted period.	Yes
1	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of five (5) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
4	<del>Other - Customers must repair leaks, breaks, and malfunctions in a timely manner</del>	<del>On going Long Term Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan-quantifiable savings.</del>	<del><b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within ninety six (96) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.</del>	<del>Yes</del>
2	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of four (4) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
2	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	3%	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within seventy-two (72) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
3	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of three (3) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
3	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	3%	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within forty-eight (48) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes
3	Water Features - Restrict water use for decorative water features, such as fountains	2%	<b>Limits on Filling Ornamental Fountains, Lakes, and Ponds:</b> Filling or re-filling ornamental fountains, lakes, and ponds is prohibited, except to the extent needed to sustain aquatic life, provided that such animals have been actively managed within the water feature prior to declaration of a supply shortage level under this Conservation Program.	Yes

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <b>Drop down list</b> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
4	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of two (2) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
4	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	3%	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within twenty four (24) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
5	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of one (1) day per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
5	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	3%	<b>Car Washing at Commercial Facilities Only:</b> Washing of motor vehicles, trailers, boats, aircraft and other types of mobile equipment shall be done only at a commercial car wash with water recycling facilities. No restrictions apply where the healthy, safety, and welfare of the public is contingent upon frequent vehicle cleaning, such as with refuse trucks and vehicles used to transport food and perishables.	Yes
5	Other water feature or swimming pool restriction	2%	<b>No Initial Filling or Re-Filling of Swimming Pools &amp; Spas:</b> Filling and Re-Filling of residential swimming pools or outdoor spas with water is prohibited.	Yes

**Submittal Table 8-2: Demand Reduction Actions**

Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
6	Landscape - Prohibit all landscape irrigation	10%	<p><b>No Watering or Irrigating:</b> Watering or irrigating of lawn, landscape, or other vegetated area is prohibited. This restriction does not apply to the following categories of use: Maintenance of vegetation, including trees and shrubs, that are watered using a hand-held bucket or similar container, hand-held hose equipped with a positive self-closing water shut-off nozzle or device; Maintenance of existing landscape necessary for fire protection; Maintenance of existing landscape for soil erosion control; Maintenance of plant materials identified to be rare or essential to the well-being of protected species. Maintenance of landscape within active public parks and playing fields, day care centers, golf course greens, and school grounds, provided that such irrigation does not exceed a maximum of two (2) days per week according to the schedule established in Section 8(b)(1) and time restrictions in Section 6(a); Actively irrigated environmental mitigation projects.</p>	Yes
NOTES:				



# Appendix B

## Ordinance No. 323, Water Shortage Response Ordinance

Below is the weblink to the current ordinance (last accessed on May 24, 2021)

<https://www.mesawater.org/save-water/conservation-requirements>

# Appendix C

**Notice of Public Hearing (Pending)**

# Appendix D

**Adopted WSCP Resolution (Pending)**

Arcadis U.S., Inc.  
320 Commerce, Suite 200  
Irvine  
California 92602  
Phone: 714 730 9052  
[www.arcadis.com](http://www.arcadis.com)

Maddaus Water Management, Inc.  
Danville, California 94526  
Sacramento, California 95816  
[www.maddauswater.com](http://www.maddauswater.com)



*Dedicated to  
Satisfying our Community's  
Water Needs*

## MEMORANDUM

TO: Board of Directors  
FROM: Phil Lauri, P.E., Assistant General Manager  
DATE: February 9, 2022  
SUBJECT: Public Hearing Regarding the Water Shortage Response Ordinance

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### PUBLIC HEARING

1. Receive presentation on the proposed change to the Water Shortage Response Ordinance.
2. Open public hearing.
3. Receive oral & written comments from the public.
4. Close public hearing.

### RECOMMENDATION

Adopt Ordinance No. 33 Making Findings, Adopting the Mesa Water District Water Shortage Response Ordinance Rescinding Ordinance No. 32 and Taking Related Actions.

### STRATEGIC PLAN

- Goal #1: Provide a safe, abundant, and reliable water supply.
- Goal #4: Increase public awareness about Mesa Water and about water.
- Goal #6: Provide outstanding customer service.
- Goal #7: Actively participate in regional and statewide water issues.

### PRIOR BOARD ACTIONS

At its May 14, 2015 meeting, the Board of Directors (Board) conducted a noticed public hearing and adopted Ordinance No. 26 Water Conservation and Water Supply Emergency Program Rescinding Ordinance Nos. 8, 19, and 24 with the following amendments:

- combining the language regarding pools and spas into Section 9.4 which changes the level from level 2 to level 3; and
- Section 9.5 - "No New Potable Water Service"; this restriction would not apply to properties with existing meters.

At its June 10, 2021 meeting, the Board conducted a noticed public hearing and adopted Ordinance No. 32 Making Findings, Adopting the Mesa Water District Water Shortage Response Ordinance Rescinding Ordinance No. 26 and Taking Related Actions, with modifications.

### BACKGROUND

With the adoption of Ordinance No. 32 in June 2021, several water use restrictions were removed from the permanent category and reclassified to be implemented during various levels of declared water shortage. During the implementation of Ordinance No. 32, it was identified that an obligation to fix leaks should be included in the permanent water conservation requirements.



## DISCUSSION

Ordinance No. 33 Water Shortage Response Ordinance (Attachment B) updates Ordinance No. 32 to add an obligation to fix leaks, breaks or malfunctions in the water user's plumbing or distribution system within ninety-six (96) hours of notification by Mesa Water. A summary of the water shortage contingency plan levels and their associated demand reduction actions are shown in Attachment A.

A legal advertisement of the public hearing notice and a ¼ page advertisement were published in the Daily Pilot on Wednesday, January 26, 2022, and Wednesday, February 2, 2022. The notice and full text of the draft Ordinance was posted at Mesa Water District's office and website from January 26, 2022 to February 9, 2022. In addition to the legal posting requirements for the public hearing, the notice was posted at the City of Costa Mesa City Hall.

## LEGAL REVIEW

Mesa Water District's General Legal Counsel - Atkinson, Andelson, Loya, Ruud & Romo - has reviewed the draft Ordinance and has advised that the Board can take action on such Ordinance.

## FINANCIAL IMPACT

In Fiscal Year 2022, \$40,000 is budgeted for the 2020 Urban Water Management Plan and the Water Shortage Contingency Plan; \$30,030 has been spent to date.

## ATTACHMENTS

Attachment A: Water Shortage Contingency Plan Levels and Demand Reduction Actions  
Attachment B: Draft Ordinance No. 33  
Attachment C: Ordinance No. 32, Redline

**Submittal Table 8-1  
Water Shortage Contingency Plan Levels**

Shortage Level	Percent Shortage Range	Shortage Response Actions <i>(Narrative description)</i>
0	0% (Normal)	A Level 0 Water Supply Shortage – Mesa Water proceeds with planned water efficiency best practices to support consumer demand reduction in line with state mandated requirements and Mesa Water goals for water supply reliability. Permanent water waste prohibitions are in place as stipulated in Mesa Water’s Water Shortage Contingency Response Ordinance.
1	Up to 10%	A Level 1 Water Supply Shortage – Condition exists when Mesa Water notifies its water users that due to drought or other supply reductions, a consumer demand reduction of up to 10% is necessary to make more efficient use of water and respond to existing water conditions. Upon the declaration of a Water Aware condition, Mesa Water shall implement the mandatory Level 1 conservation measures identified in this ordinance.
2	11% to 20%	A Level 2 Water Supply Shortage – Condition exists when Mesa Water notifies its water users that due to drought or other supply reductions, a consumer demand reduction of up to 20% is necessary to make more efficient use of water and respond to existing water conditions. Upon declaration of a Level 2 Water Supply Shortage condition, Mesa Water shall implement the mandatory Level 2 conservation measures identified in this ordinance.
3	21% to 30%	A Level 3 Water Supply Shortage – Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 30% consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
4	31% to 40%	A Level 4 Water Supply Shortage - Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 40% consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
5	41% to 50%	A Level 5 Water Supply Shortage - Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that up to 50% or more consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.
6	>50%	A Level 6 Water Supply Shortage – Condition exists when Mesa Water declares a water shortage emergency condition pursuant to California Water Code section 350 and notifies its residents and businesses that greater than 50% or more consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. Mesa Water must declare a Water Supply Shortage Emergency in the manner and on the grounds provided in California Water Code section 350.

NOTES:

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <b>Drop down list</b> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
0	Landscape - Other landscape restriction or prohibition	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Irrigation During Rain Events:</b> The application of potable water to outdoor landscapes during and up to forty-eight (48) hours after measurable rainfall is prohibited.	Yes
0	Landscape - Prohibit certain types of landscape irrigation	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Irrigated Medians:</b> The use of potable water to irrigate ornamental turf on public street medians is prohibited.	Yes
0	Landscape - Restrict or prohibit runoff from landscape irrigation	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Excessive Water Flow or Runoff:</b> No person shall cause or allow watering or irrigating of any lawn, landscape or other vegetated area in a manner that causes or allows excessive runoff from the property. Additionally, to the extent prohibited by any Statewide statute, or regulation adopted by any State agency with jurisdiction to adopt such regulations, including, but no limited to, the State Water Resources Control Board, no person shall cause or allow water to flow or runoff their property onto adjacent property, non-irrigated areas, private and public walkways, driveways, roadways, gutters or ditches, parking lots, or structures.	Yes



Submittal Table 8-2: Demand Reduction Actions				
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0	Other - Prohibit use of potable water for washing hard surfaces	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Washing Down Hard or Paved Surfaces:</b> Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, is prohibited except when necessary to alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container, a hand-held hose equipped with a fully functioning, positive self-closing water shut-off device, a low-volume, high-pressure cleaning machine equipped to recycle any water used, or a low-volume high-pressure water broom.	Yes
0	Water Features - Restrict water use for decorative water features, such as fountains	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Re-circulating Water Required for Water Fountains and Decorative Water Features:</b> Operating a water fountain or other decorative water feature that does not use re-circulated water is prohibited.	Yes
0	Other - Require automatic shut of hoses	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Limits on Washing Vehicles:</b> Using water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not is prohibited, except by use of a hand-held bucket or similar container or a hand-held hose equipped with a fully functioning, positive self-closing water shut-off nozzle or device that causes it to cease dispensing water immediately when not in use. This subsection does not apply to any commercial car washing facility.	Yes

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0	Other	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Installation of Single Pass Cooling Systems:</b> Installation of single pass cooling systems is prohibited in buildings requesting new water service from Mesa Water District.	Yes
0	CII - Other CII restriction or prohibition	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>No Installation of Non-re-circulating in Commercial Car Wash and Laundry Systems:</b> Installation of non-re-circulating water systems is prohibited in new commercial conveyor car wash and new commercial laundry systems.	Yes
0	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Commercial Car Wash Systems:</b> All commercial conveyor car wash systems must utilize re-circulating water systems, or must secure a waiver of this requirement from Mesa Water District.	Yes
0	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	On-going Long Term-Conservation Savings Measure. Not applicable to Water Shortage Contingency Plan quantifiable savings.	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within ninety-six (96) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes

**Submittal Table 8-2: Demand Reduction Actions**

Shortage Level	Demand Reduction Actions <i><b>Drop down list</b></i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
1	Landscape - Limit landscape irrigation to specific times	5%	<b>Limits on Watering Hours:</b> Watering or irrigating of lawn, landscape, or other vegetated area with potable water is prohibited between the hours of 8:00 a.m. and 5:00 p.m. Pacific Standard Time on any day. Hand-held watering cans, buckets, or similar containers reasonably used to convey water for irrigation purposes are not subject to these time restrictions. Similarly, a hand-held hose equipped with a fully functioning, positive self-closing water shut-off nozzle or device may be used during the otherwise restricted period. If necessary, and for very short periods of time for the express purpose of adjusting or repairing it, one may operate an irrigation system during the otherwise restricted period.	Yes
1	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of five (5) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
2	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of four (4) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
2	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	3%	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within seventy-two (72) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes

Submittal Table 8-2: Demand Reduction Actions				
Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
3	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of three (3) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
3	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	3%	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within forty-eight (48) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes
3	Water Features - Restrict water use for decorative water features, such as fountains	2%	<b>Limits on Filling Ornamental Fountains, Lakes, and Ponds:</b> Filling or re-filling ornamental fountains, lakes, and ponds is prohibited, except to the extent needed to sustain aquatic life, provided that such animals have been actively managed within the water feature prior to declaration of a supply shortage level under this Conservation Program.	Yes

**Submittal Table 8-2: Demand Reduction Actions**

Shortage Level	Demand Reduction Actions <b>Drop down list</b> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only Drop Down List</i>
4	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of two (2) days per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
4	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	3%	<b>Obligation to Fix Leaks, Breaks or Malfunctions:</b> All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within twenty four (24) hours of notification by Mesa Water District, or turned off, unless other arrangements are made with the District.	Yes

**Submittal Table 8-2: Demand Reduction Actions**

Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
5	Landscape - Limit landscape irrigation to specific days	10%	<b>Designated Watering Days:</b> Watering or irrigating of lawn, landscape, or other vegetated area is limited up to a maximum of one (1) day per week on a schedule established and posted by Mesa Water District by a Resolution of the Board of Directors. This provision does not apply to watering or irrigating by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system, and then only while under the supervision of a competent person.	Yes
5	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	3%	<b>Car Washing at Commercial Facilities Only:</b> Washing of motor vehicles, trailers, boats, aircraft and other types of mobile equipment shall be done only at a commercial car wash with water recycling facilities. No restrictions apply where the healthy, safety, and welfare of the public is contingent upon frequent vehicle cleaning, such as with refuse trucks and vehicles used to transport food and perishables.	Yes
5	Other water feature or swimming pool restriction	2%	<b>No Initial Filling or Re-Filling of Swimming Pools &amp; Spas:</b> Filling and Re-Filling of residential swimming pools or outdoor spas with water is prohibited.	Yes

**Submittal Table 8-2: Demand Reduction Actions**

Shortage Level	Demand Reduction Actions <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool. Select those that apply.</i>	How much is this going to reduce the shortage gap? <i>Include units used (volume type or percentage)</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>For Retail Suppliers Only</i> <i>Drop Down List</i>
6	Landscape - Prohibit all landscape irrigation	10%	<p><b>No Watering or Irrigating:</b> Watering or irrigating of lawn, landscape, or other vegetated area is prohibited. This restriction does not apply to the following categories of use: Maintenance of vegetation, including trees and shrubs, that are watered using a hand-held bucket or similar container, hand-held hose equipped with a positive self-closing water shut-off nozzle or device; Maintenance of existing landscape necessary for fire protection; Maintenance of existing landscape for soil erosion control; Maintenance of plant materials identified to be rare or essential to the well-being of protected species. Maintenance of landscape within active public parks and playing fields, day care centers, golf course greens, and school grounds, provided that such irrigation does not exceed a maximum of two (2) days per week according to the schedule established in Section 8(b)(1) and time restrictions in Section 6(a); Actively irrigated environmental mitigation projects.</p>	Yes
NOTES:				



## **ORDINANCE NO. 33**

### **ORDINANCE OF THE MESA WATER DISTRICT BOARD OF DIRECTORS MAKING FINDINGS, ADOPTING THE MESA WATER DISTRICT WATER SHORTAGE RESPONSE ORDINANCE RESCINDING ORDINANCE NO. 32 AND TAKING RELATED ACTIONS**

WHEREAS, 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, water is a limited natural resource and the District desires to use this natural resource in the most efficient manner possible; and

WHEREAS, periodic droughts are a historic fact in the State; and

WHEREAS, Mesa Water has the authority to adopt water conservation requirements and programs to promote and effectuate water conservation and avoid water wastage; and

WHEREAS, the District desires to rescind and supersede its existing Water Conservation Programs and establish an updated Water Shortage Response Ordinance to conform to current State Water Resources Control Board Regulations; and

WHEREAS, the District's service area is located in a region with a mediterranean climate, densely populated demographics and a mixed economic base including residential, commercial, industrial and institutional consumers; and

WHEREAS, the District derives the water that it delivers to Mesa Water customers from local groundwater sources and supplemental water supply imported from outside the District's boundaries; and

WHEREAS, the quality and quantity of supplemental imported water is under the control of other agencies, and may be subject to conditions beyond the control of those other agencies or Mesa Water; and

WHEREAS, pursuant to California Water Code Section 31026, Mesa Water may restrict the use of water that the District provides during any emergency caused by drought, or other threatened or existing water shortage, and prohibit the wastage of water or the use of water Mesa Water provides during such periods, for any purpose other than domestic uses or such other restricted uses as may be determined to be necessary by the District, and may prohibit use of water Mesa Water provides during

such periods for specific uses that Mesa Water may from time to time find to be non-essential; and

WHEREAS, California, including Orange County, experienced significant dry year conditions in 2012-2017, which led local water agencies to declare water shortage conditions that triggered various water conservation actions; and

WHEREAS, Mesa Water has experienced direct impacts on the reliability of available water supplies from time to time; and

WHEREAS, the District's water delivery reliability was increased through customer curtailment in response to demand management measures implemented by Mesa Water; and

WHEREAS, water demand management measures actions were specified in Mesa Water's 2015 Urban Water Management Plan (specifically the Water Shortage Contingency Plan chapter) that adopted Water Shortage Contingency Plan actions based on levels of drought severity, which provided the legal authority for implementation and enforcement through Mesa Water's existing Ordinance No. 32; and

WHEREAS, following the end of the most recent drought, the California Legislature modified the Urban Water Management Planning Act in 2018 to include additional water shortage planning requirements; and

WHEREAS, legislative changes to the California Water Code, specifically to Water Code Section 10632, currently mandate new elements to be included in public agency Urban Water Management Plans and Water Shortage Contingency Plans, including an annual drought risk assessment, reference to State Water Shortage Levels and Statewide water use prohibitions; and

WHEREAS, the Municipal Water District of Orange County (MWDOC) has adopted a 2020 Urban Water Management Plan that includes water conservation as a necessary and effective component of MWDOC's programs to provide a reliable supply of water to meet the needs of MWDOC's 28 member agencies, including Mesa Water; and

WHEREAS, MWDOC's Urban Water Management Plan also includes a chapter on contingency analysis of actions to be taken in response to water supply shortages; and

WHEREAS, this Ordinance is consistent with MWDOC's Urban Water Management Plan and Water Shortage Contingency Plan; and

WHEREAS, the imported water supplies available to Mesa Water through MWDOC are subject to the Water Shortage Allocations determined by the Metropolitan Water District of Southern California (Metropolitan); and

WHEREAS, subsequently, when triggered, MWDOC, as a wholesaler of Metropolitan's water supplies, will be required to curtail deliveries of imported water based on MWDOC's Water Shortage Allocation Plan, which from time to time in the future is expected to be activated when a state of shortage exists; and

WHEREAS, as of July 1, 2021, both MWDOC and Mesa Water were required to prepare an Annual Water Supply and Demand Assessment and Drought Risk Assessment as part of their respective Urban Water Management Plans for submission to the California Department of Water Resources; and

WHEREAS, annually, by July 1st of each year, beginning the year following the adoption of the 2020 Urban Water Management Plan, MWDOC and Mesa Water are required to monitor, report, and if declared a drought emergency, then notify the California Department of Water Resources, in order to comply with the California Water Code Section 10632.1 reporting requirements; and

WHEREAS, Mesa Water has adopted, and amended, a Water Shortage Contingency Plan as part of Mesa Water's 2020 Urban Water Management Plan, to establish standards and procedures to enable implementation and enforcement of local water shortage contingency measures; and

WHEREAS, these measures align with the provisions of California Water Code Section 353, which specifies that "when the governing body has so determined and declared the existence of an emergency condition of water shortage within its service area, it shall thereupon adopt such regulations and restrictions on the delivery of water and the consumption within said area of water supplied for public use as will in the sound discretion of such governing body conserve the water supply for the greatest public benefit with particular regard to domestic use, sanitation, and fire protection"; and

WHEREAS, the State has also directed Mesa Water to adopt a water conservation program to mitigate demands in California Water Code Section 375; and

WHEREAS, the Board of Directors (Board) of Mesa Water finds and determines that a water shortage or threat of a water shortage may be found to exist based upon the occurrence of one or more of the following conditions or circumstances:

- A. A general water supply shortage due to increased demand and/or limited supplies;
- B. Water distribution or storage facilities of Mesa Water or any agency supplying water to the District become inadequate or are restricted;
- C. A major failure of the water supply, storage, and/or distribution facilities of Mesa Water or any agency supplying water to the District;

- D. Contamination of the water supply, storage, and/or distribution facilities of Mesa Water or any agency supplying water to the District; and/or
- E. Acts of nature which in the opinion of Mesa Water constitute an emergency situation and/or which require special water conservation actions.

WHEREAS, prior to the adoption of this Ordinance, the Board has conducted a noticed public hearing to receive public comments concerning the subject matter hereof; and

WHEREAS, the purpose of this Ordinance is to adopt and enact the Water Shortage Response Ordinance within the District's service area.

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

**Section 1. Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference.

**Section 2. Findings.** The Board hereby finds and determines as follows:

- a. A reliable minimum supply of potable water is essential to the public health, safety, and welfare of the people, and economy of the southern California region.
- b. Water management that includes active water use efficiency measures not only in times of drought, but at all times, is essential to ensure a reliable minimum supply of water to meet current and future water supply needs.
- c. California Water Code Section 375 authorizes water suppliers to adopt and enforce a comprehensive water conservation program to reduce water consumption and conserve supplies.
- d. Mesa Water has the authority, pursuant to California Water Code Sections 353-355, 31000, 31001 and 31026-31029, inclusive, to take action(s) relative to the use and conservation of water within Mesa Water's service area.
- e. The adoption and enforcement of a permanent Water Shortage Response Ordinance is necessary to help manage the District's potable water supply in the short and long-term and to avoid or minimize the effects of periodic drought and shortage conditions within, or affecting its service area and potable water supplies. Such ordinance is essential to ensure a reliable and sustainable minimum supply of water for the public health, safety and welfare.

- f. The Board does hereby find that the following circumstances may constitute an emergency condition or a threatened or existing water shortage condition within or affecting Mesa Water:
  - i. A general water supply shortage due to increased demand and/or limited supplies;
  - ii. Distribution or storage facilities of Mesa Water or any agency supplying water to the District become inadequate;
  - iii. A major failure of the supply, storage and/or distribution facilities of Mesa Water or any agency supplying water to Mesa Water's service area;
  - iv. Contamination of the water supply, storage, and/or distribution facilities of Mesa Water or any agency supplying water to Mesa Water's service area; and/or
  - v. Acts of nature, which in the opinion of the District constitute an emergency situation.

**Section 3. Ordinance Designation; Purpose; Intent and Integration.**

- a. This Ordinance establishes water management requirements necessary to conserve water, enables effective water supply planning, assures reasonable and beneficial use of water, prevents waste of water, prevents unreasonable use of water, prevents unreasonable methods of use of water within the boundaries of Mesa Water in order to assure adequate supplies of water to meet the needs of the public, and further the public health, safety and welfare, recognizing that water is a scarce natural resource that requires careful management not only in times of drought, but at all times.
- b. This Ordinance establishes regulations to be implemented during times of declared water shortages or declared water shortage emergencies.
- c. This Ordinance establishes six Water Shortage Levels that are most often triggered due to drought or water shortage conditions to provide defined response actions to be implemented during times of declared water shortage or declared water shortage emergency, with increasing restrictions on water use in response to worsening drought or emergency conditions and decreasing supplies.
- d. This Ordinance is intended solely to further the conservation of water. It is not intended to implement any provision of federal, State, or local

statutes, ordinances, or regulations relating to protection of water quality or control of drainage or runoff. This Ordinance shall not act to repeal, supersede or amend any federal, State or local law, ordinance or regulation relating to protection of water quality or control of drainage or runoff (including, but not limited to, any and all National Pollution Discharge Elimination System (NPDES) permits or requirements which may be applicable in such instance) or exempt any person or party from compliance therewith.

- e. Mesa Water's prior Water Conservation Programs, and Ordinance No. 32, as adopted and supplemented, as applicable, are rescinded and superseded upon this Ordinance becoming effective.

**Section 4. Water Shortage Response Ordinance Provisions.**

- a. The Water Shortage Response Ordinance provisions are set forth in Exhibit A to this Ordinance and are incorporated herein by this reference.
- b. The Water Shortage Response Ordinance shall be referred to in Mesa Water's Rules and Regulations for Water Service.
- c. The Board reserves the right to amend, revise, and/or supplement this Ordinance in the future based upon the District's needs, circumstances and requirements.
- d. This Ordinance is adopted by this Board pursuant to the provisions and authority set out in the California Constitution and California law as referenced herein.
- e. All penalties set forth in the Water Shortage Response Ordinance are administrative and regulatory penalties and are not fees or charges for water service or water capacity.

**Section 5. California Environmental Quality Act (CEQA) Exemption.**

The Board finds that this Ordinance, the Water Shortage Response Ordinance and actions taken hereafter pursuant to the Ordinance, are exempt from the California Environmental Quality Act as specific actions necessary to prevent or mitigate an emergency pursuant to 14 California Code of Regulations, Sections 15269, 15273, and 15321, and the applicable statutes of the Public Resources Code.

The General Manager and District Secretary are hereby authorized and directed to file a Notice of Exemption as soon as possible following the adoption of this Ordinance.

**Section 6. Terms and Provisions.** The terms and provisions of this Ordinance enacted hereby, shall be subject to, and shall be interpreted pursuant to, State law.

**Section 7. Notice and Provisions.** Notice of the adoption of this Ordinance, and the provisions hereof, have been, and shall be, as applicable, provided as set out in State law, including, but not limited to, the requirements of Water Code Section 31027.

**Section 8. Other Actions.** Mesa Water staff and officers are hereby authorized and directed to take such other and further action(s) as may be reasonably necessary to carry out the determinations, findings and directives set forth herein, within the limits set forth by, and in accordance with, direction of the Board.

**Section 9. Effective Date.** This Ordinance No. 33 shall take effect on February 9, 2022.

ADOPTED, ORDAINED, SIGNED, AND APPROVED this 9th day of February 2022 by a roll call vote:

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

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Marice H. DePasquale  
President, Board of Directors

ATTEST:

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Denise Garcia  
District Secretary

**ORDINANCE NO. 33**

**EXHIBIT A**

**ORDINANCE OF THE  
MESA WATER DISTRICT BOARD OF DIRECTORS  
MAKING FINDINGS, ADOPTING THE MESA WATER DISTRICT  
WATER SHORTAGE RESPONSE ORDINANCE  
RESCINDING ORDINANCE NO. 32 AND TAKING RELATED ACTIONS**

Mesa Water District  
Water Shortage Response Ordinance

Adopted: February 9, 2022



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**Section 1. Title.** This program is designated as the Water Shortage Response Ordinance (Ordinance).

**Section 2. Authority.** The Water Shortage Response Ordinance is adopted pursuant to California law and the provisions of Mesa Water District Ordinance No. 33. The General Manager is hereby authorized and directed to implement the provisions of this Water Shortage Response Ordinance as provided for herein.

**Section 3. Definitions.** The following words and phrases whenever used in this Ordinance have the meaning(s) defined in this section:

- a. "**Applicant**" means the person, association, developer, corporation or governmental agency applying for water service.
- b. "**Billing Cycle**" shall mean the billing period in which a customer's water use is measured for purposes of calculating the amount of the water service rates/charges that shall be collected for the water service provided.
- c. "**Board**" means the Board of Directors of Mesa Water.
- d. "**Conservation Fee**" means any monetary fee assessed by Mesa Water for violations of this Ordinance.
- e. "**Cost**" means the actual cost to Mesa Water, including all labor, material, supplies, equipment and miscellaneous items, together with any applicable indirect and general charges, plus the general administrative overhead, in accordance with the accounting practices of Mesa Water.
- f. "**Customer**" means any person, persons, firm, corporation, association, or agency receiving water or services from Mesa Water.
- g. "**Effective Date**" shall mean the date of adoption of this Ordinance as provided by Water Code Section 376.
- h. "**Flow Restricting Device**" or "**Flow Restrictor**" means a fitting inserted into the service connection to reduce flow capacity.
- i. "**General Manager**" means the duly appointed and acting General Manager of Mesa Water, or an authorized agent.
- j. "**Grower**" refers to those engaged in the growing plant materials or raising livestock.

- k. **"Irrigation Customer"** shall mean a person who, based on Mesa Water's District's records, receives water service and has a dedicated irrigation meter for outdoor irrigation of landscaping.
- l. **"Mesa Water"** or **"District"** means the Mesa Water District, a county water district organized pursuant to California Water Code Sections 33200 and following and operating pursuant to Water Code Sections 30000 and following. References to "Mesa Water" or the "District" also include its Directors, officers, agents and employees, as applicable.
- m. **"Metropolitan Water District (Metropolitan)"** means the Metropolitan Water District of Southern California, which is the wholesale urban water supplier of imported water to Municipal Water District of Orange County.
- n. **"Municipal Water District of Orange County (MWDOC)"** means the regional wholesale urban water supplier of imported water to Orange County.
- o. **"Ordinance"** means Ordinance No. 33, adopted by the Board, and the components and elements thereof, as such may be amended from time to time.
- p. **"Person"** means any natural person or persons, corporation, public or private entity, governmental agency or institution, including Mesa Water, or any other user of water provided by the District.
- q. **"Potable Water"** means water that is suitable for drinking.
- r. **"Recycled Water"** means the reclamation and reuse of non-potable water for beneficial use as defined in Title 22 of the California Code of Regulations.
- s. **"Service Connection"** means the pipe or tubing, fittings, and valves necessary to conduct water from the distribution main to and through the meter.
- t. **"Single Pass Cooling Systems"** means equipment where water is circulated only once to cool equipment or systems before being disposed of.
- u. **"Summer"** shall mean the calendar months of April, May, June, July, August, and September.
- v. **"Turf"** means a ground cover surface of mowed grass. Annual bluegrass, Kentucky bluegrass, Perennial ryegrass, Red fescue, and

Tall fescue are cool-season grasses. Bermuda grass, Kikuyu grass, Seashore Paspalum, St. Augustine grass, Zoysia grass, and Buffalo grass are warm-season grasses.

- w. **"Valve"** means a device used to control the flow of water.
- x. **"Water Allocation"** shall mean the amount of water a residential or irrigation customer may use in a billing cycle during the Winter and Summer.
- y. **"Water Conservation Coordinator"** means the person (who may be an officer or employee of Mesa Water) charged with the principal enforcement of this Ordinance. The Water Conservation Coordinator may be the General Manager or another person so designated in writing by the General Manager.
- z. **"Water Feature"** means a design element where open water performs an aesthetic or recreational function. Water features include ponds, lakes, waterfalls, fountains, artificial streams, spas, and swimming pools (where water is artificially supplied). The surface area of water features is included in the high water use hydro zone of the landscaped area. Constructed wetlands used for on-site wastewater treatment, habitat protection or storm water best management practices that are not irrigated and used solely for water treatment or storm water retention are not water features and, therefore, are not subject to the water budget calculation.
- aa. **"Water Flow Restrictor"** means a device that is inserted into the service connection and is designed to limit the water flow capacity.
- bb. **"Winter"** shall mean the water season that includes the months of October, November, December, January, February, and March.
- cc. **"WSCP"** means the Mesa Water 2020 Water Shortage Contingency Plan, as amended, as adopted by Mesa Water and as such may be further amended from time to time.

#### **Section 4. Application.**

- a. The provisions of this Ordinance apply to any customer, Person and/or property using water provided by Mesa Water.
- b. The provisions of this Ordinance do not apply to uses of water necessary to protect public health and safety or for essential government services, such as police, fire, and other similar emergency services.

- c. The provisions of this Ordinance do not apply to the use of Recycled Water, with the exception of Section 7(b).
- d. The provisions of this Ordinance do not apply to the use of water by commercial nurseries and commercial growers to sustain plants, trees, shrubs, crops or other vegetation intended for commercial sale, with the exception of Section 7(b).
- e. The provisions of this Ordinance do not apply to use of water from private wells.
- f. This Ordinance is intended solely to further the conservation of water.

**Section 5. Procedures for Determination of Water Supply Shortage and Level Implementation.**

- a. Under Water Code Section 10632.1, Mesa Water is required to submit a water shortage assessment “report” to the California Department of Water Resources (DWR) by July 1st of each year.
- b. Mesa Water will follow the written decision-making process defined in the WSCP to assess water supply reliability on an annual basis.
- c. Mesa Water staff will determine if a water shortage exists based on the water shortage criteria and stages defined in the WSCP.
- d. In the event a water shortage is triggered according to the procedures and conditions defined in the adopted WSCP, the Board will declare a shortage according to the defined water shortage levels.
- e. The public will be informed of the shortage according to the Procedures and Protocols for Communication identified in Section 6 of this Ordinance.
- f. Sudden Catastrophic Water Supply Shortage. When the General Manager determines that a sudden event has, or threatens to, significantly diminish the reliability or quality of Mesa Water’s water supply, the General Manager may declare a catastrophic water supply shortage and impose whatever emergency water allocation or conservation actions deemed necessary at such time, in the General Manager's professional judgment, to protect the reliability and quality of Mesa Water’s water supply, until the emergency passes or Mesa Water takes other action(s). As soon as practicable after the General Manager declares a sudden catastrophic water supply shortage emergency, he shall bring this action to the Board for concurrence.

**Section 6. Procedures and Protocols for Communication.** Upon declaration of a water shortage, Mesa Water will inform all relevant stakeholders, such as customers, the public, interested parties, and local, regional, and State governments, of the effective date of the water shortage response actions associated with the applicable stage according to the communication procedures identified in the WSCP, including:

- a. Any current or predicted shortages as determined by the annual water supply and demand assessment.
- b. Any shortage response actions triggered or anticipated to be triggered by the annual water supply and demand assessment.
- c. Any other relevant communications.

**Section 7. Permanent Water Conservation Requirements – Prohibition Against Waste.** The following water conservation requirements are effective at all times (regardless of any water shortage level) and are permanent. Violations of this section will be considered waste and an unreasonable use of water:

- a. Washing down sidewalks, walkways, driveways, parking areas or other paved surfaces is prohibited, except as is required to dispose of dangerous liquids or alleviate safety or sanitary hazards, and then only by use of a hand-held bucket, pressure washer or hand-held hose equipped with a positive self-closing water shut-off device.
- b. Using water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, is prohibited, except by use of a hand-held bucket or hand-held hose equipped with a positive self-closing device or water shut-off nozzle. This subsection does not apply to any commercial car washing facility.
- c. The use of water to clean, fill or maintain levels in decorative fountains, ponds, lakes or other similar aesthetic structures, unless such water is part of a re-circulating system, is prohibited. The only exception may be a water feature currently listed in the National Register of Historic Places, where water use deemed necessary for integrity of the feature.
- d. The use of water to irrigate outdoor landscapes during or within forty-eight (48) hours after measurable rainfall.
- e. The irrigation with potable water of ornamental turf on public street medians.

- f. The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.

Mesa Water related requirements include the following limitations on water use under all water supply conditions:

- a. No Installation of Single Pass Cooling Systems: Installation of single pass cooling systems is prohibited in buildings requesting new water service from Mesa Water.
- b. No Installation of Non-re-circulating in Commercial Car Wash and Laundry Systems: Installation of non-re-circulating water systems is prohibited in new commercial conveyor car wash and new commercial laundry systems.
- c. Commercial Car Wash Systems: All commercial conveyor car wash systems must utilize re-circulating water systems or must secure a waiver of this requirement from Mesa Water.
- d. Obligation to Fix Leaks, Breaks, or Malfunctions: All leaks, breaks or other malfunctions in the water user's plumbing or distribution system must be repaired within ninety-six (96) hours of notification by Mesa Water, or turned off, unless other arrangements are made with the District.

**Section 8. Correlation between Mesa Water's Water Supply Shortage Levels and DWR's Water Supply Shortage Levels.**

- a. Metropolitan and MWDOC's Water Shortage Contingency Plan follows the six standard water shortage levels corresponding to progressive ranges of up to 10, 20, 30, 40 and 50 percent shortages and greater than 50 percent shortage. (See Water Code Section 10632 (a)(3)(A)).
- b. Mesa Water's water shortage levels are aligned with the State Water Shortage Levels and as also defined in the MWDOC WSCP and therefore comply with Water Code Section 10632 (a)(3) as identified above.

**Section 9. Levels of Declared Water Supply Shortage.** The General Manager is authorized to require or impose reductions in the use of water if such reductions are necessary to comply with Water Supply Shortage conditions as defined in the WSCP.

The shortage response actions that align with each Level of Water Supply Shortage are defined in the WSCP and include, at a minimum, all of the following:

- a. Locally appropriate supply augmentation actions.
- b. Locally appropriate demand reduction actions to adequately respond to shortages.
- c. Locally appropriate operational changes.
- d. Additional, mandatory prohibitions against specific water use practices that are in addition to state-mandated prohibitions and appropriate to the local conditions.
- e. For each action, an estimate of the extent to which the gap between supplies and demand will be reduced by implementation of the action.
- f. Each elevated shortage level will include the elements of the previous shortage level(s), including the mandatory restrictions on water waste detailed in Section 7, and each elevated shortage level is intended to be more restrictive than the previous level(s).
- g. As deemed necessary, an allocation of water supply under a water supply emergency condition beyond WSCP defined actions may be implemented when water supply conditions dictate necessity.

## **Section 10. Penalties, Violations, and Enforcement.**

### **During Effective Period of Permanent Water Conservation Requirements**

- a. **Penalties:** Penalties for failure to comply with any provisions of the Ordinance while Mesa Water is enforcing the Permanent Water Conservation stage are as follows:
  1. **First Violation:** Mesa Water will issue a written warning and deliver a copy of this Ordinance to the service address and/or by mail.
  2. **Second Violation:** A second violation within the preceding twelve (12) calendar months will receive a second written warning and an attempt to contact the customer of record via telephone.
  3. **Third Violation:** A third violation within the preceding twelve (12) calendar months will receive a third written warning with reference



to the previous two violations and possibility of future actions including, but not limited to, water flow restriction and discontinued water service.

4. **Fourth and Subsequent Violations:** A fourth and any subsequent violation within the preceding twelve (12) calendar months may result in the installation of a water flow restrictor.
5. **Water Flow Restrictor:** In addition to any written warnings, following the fourth and subsequent violation, Mesa Water may install a water flow restrictor device of approximately one gallon per minute capacity for services up to one and one-half inch size and comparatively sized restrictors for larger services after written notice of intent to install a flow restrictor until the prohibited actions or practices have been deemed by the District to be satisfactorily discontinued or remedied and for a minimum of forty-eight (48) hours.
6. **Discontinuing Service:** In addition to any actions set out in this Section 10 and the installation of a water flow restrictor, Mesa Water may disconnect a customer's water service for willful violations of mandatory restrictions set forth in this Ordinance.

**During Effective Period of Level 1, Level 2, Level 3, Level 4, Level 5, and Level 6 – Water Supply Shortage(s)**

- b. **Penalties:** Penalties for failure to comply with any provisions of the Ordinance while Mesa Water is enforcing Water Supply Shortage Level 1, Level 2, Level 3, Level 4, Level 5, or Level 6 are as follows:
  1. **First Violation:** A written warning will be issued and a copy of this Ordinance delivered to the service address and/or by mail.
  2. **Second Violation:** A second violation within the preceding twelve (12) calendar months will receive a second written warning and an attempt to contact the customer of record via telephone.
  3. **Third Violation:** A third violation within the preceding twelve (12) calendar months will receive a third written warning with reference to the previous two violations and a Conservation Fee of \$100, or the current charge per the schedule of fees and charges as then in effect, will be assessed to the customer's water account.
  4. **Fourth and Subsequent Violations:** A fourth and any subsequent violation within the preceding twelve (12) calendar months will receive an additional written warning with reference to the previous

violations and a Conservation Fee of \$200, or the current charge per the schedule of fees and charges as then in effect, will be assessed to the customer's water account.

5. **Discontinuing Service:** In addition to any fines, Mesa Water may disconnect a customer's water service for a willful violation of mandatory restrictions in this Ordinance.
- c. **Cost of Flow Restrictor, Conservation Fees, and Disconnecting Service:** A person or entity that violates this Ordinance is responsible for payment of charges for installing and/or removing any flow restricting device, Conservation Fees, and for disconnecting and/or reconnecting service per the schedule of fees and charges as then in effect. The charge for installing and/or removing any flow restricting device must be paid before the device is removed. Nonpayment thereof will be subject to the same remedies as nonpayment of water rates.
- d. **Separate Offenses:** Each day that a violation of this Ordinance occurs is a separate offense.
- e. **Notice and Hearing:**
  1. Mesa Water will issue a Notice of Violation by mail or personal delivery at least ten (10) days before taking enforcement action on a particular violation. Such notice shall describe the violation and the date by which corrective action(s) must be taken. A customer may appeal the Notice of Violation by filing a written notice of appeal attention the District Secretary no later than the close of business on the day before the date scheduled for enforcement action. Any Notice of Violation not timely appealed will be final. Upon receipt of a timely appeal, a hearing on the appeal will be scheduled by the General Manager, and a written notice of the hearing date will be mailed to the customer at least ten (10) days before the date of the hearing.
- f. **Additional Actions, Penalties:** The Board may prescribe additional action(s) and/or penalties for violation of the prohibited actions or practices described herein. Mesa Water may also implement additional actions or programs to educate its customers, ratepayers, and Persons in the District's service area as to the on-going need to conserve and use water wisely.
- g. **Application of Penalties:** The General Manager or Water Conservation Coordinator, as applicable, shall have discretion as to the application of penalties and enforcement actions set forth herein.

The overall intention of this Ordinance is to implement water conservation actions as described herein.

- h. The penalties established and set forth herein are regulatory and administrative in nature. Such penalties are not imposed for water service or water capacity to any particular customer or person.

#### **Section 11. Hardship Waiver.**

- a. **Undue and Disproportionate Hardship:** If, due to unique circumstances, a specific requirement of this Ordinance would result in undue hardship to a Person using water or to property upon which water is used, then the Person may apply for a waiver to the requirements as provided in this Section.
- b. **Written Finding:** The waiver of the requirements hereof may be granted, or conditionally granted, only upon a written finding of the existence of facts demonstrating an undue hardship to a person using water or to property upon which water is used.
  - 1. **Application:** An application for a waiver must be on a form prescribed by Mesa Water and is available upon request from the Water Conservation Coordinator. The application must be submitted to the Water Conservation Coordinator and be accompanied by a written statement of the applicant.
  - 2. **Approval Authority:** The Water Conservation Coordinator, as applicable, must act upon any completed application no later than ten (10) days after submittal and may approve, conditionally approve, or deny the waiver. The applicant requesting the waiver will be promptly notified in writing of any action taken. Unless specified otherwise at the time the waiver is approved, the waiver will apply to the subject property or person during the period of the mandatory water supply shortage condition, or a period not to exceed one (1) calendar year.
  - 3. **Right of Appeal:** Any aggrieved applicant, who remains dissatisfied with the decision of the Water Conservation Coordinator, can appeal, in writing, such final decision to the General Manager. The General Manager shall hear such appeal and render his or her decision. The decision of the General Manager shall be final.

#### **Section 12. Procedures for Monitoring Compliance and Reporting to the State.** In order to ensure compliance with state reporting requirements and to

customer compliance, Mesa Water will ensure the collect, track, and analyze relevant data per the procedures defined in the WSCP.

**Section 13. Reevaluation and Improvement Process of Water Shortage Procedures.** To ensure water shortage risk tolerance is adequate and appropriate water shortage mitigation strategies are implemented as needed, the WSCP will be reviewed and evaluated as defined by the procedures identified in the WSCP.

**Section 14. Other Provisions.** Mesa Water may provide water efficiency devices either directly or through supported programs. Such devices should remain within the District's service area at all times. Devices provided by the District should be used with the intent to conserve water and not be modified in any way or sold.

**Section 15. Severability.** If any section, subsection, sentence, clause or phrase in this Ordinance is for any reason held invalid, the validity of the remainder of the Ordinance will not be affected. The Board hereby declares it would have passed this Ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases is, or may be, declared invalid.

**ORDINANCE NO. 3233**

**ORDINANCE OF THE  
MESA WATER DISTRICT BOARD OF DIRECTORS  
MAKING FINDINGS, ADOPTING THE MESA WATER DISTRICT  
WATER SHORTAGE RESPONSE ORDINANCE  
RESCINDING ORDINANCE NO. ~~26-32~~ AND TAKING RELATED  
ACTIONS**

WHEREAS, 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, water is a limited natural resource and the District desires to use this natural resource in the most efficient manner possible; and

WHEREAS, periodic droughts are a historic fact in the State; and

WHEREAS, Mesa Water has the authority to adopt water conservation requirements and programs to promote and effectuate water conservation and avoid water wastage; and

WHEREAS, the District desires to rescind and supersede its existing Water Conservation Programs and establish an updated Water Shortage Response Ordinance to conform to current State Water Resources Control Board Regulations; and

WHEREAS, the District's service area is located in a region with a mediterranean climate, densely populated demographics and a mixed economic base including residential, commercial, industrial and institutional consumers; and

WHEREAS, the District derives the water that it delivers to Mesa Water customers from local groundwater sources and supplemental water supply imported from outside the District's boundaries; and

WHEREAS, the quality and quantity of supplemental imported water is under the control of other agencies, and may be subject to conditions beyond the control of those other agencies or Mesa Water; and

WHEREAS, pursuant to California Water Code Section 31026, Mesa Water may restrict the use of water that the District provides during any emergency caused by drought, or other threatened or existing water shortage, and prohibit the wastage of water or the use of water Mesa Water provides during such periods, for any purpose other than domestic uses or such other restricted uses as may be determined to be necessary by the District, and may prohibit use of water Mesa Water provides during

such periods for specific uses that Mesa Water may from time to time find to be non-essential; and

WHEREAS, California, including Orange County, experienced significant dry year conditions in 2012-2017, which led local water agencies to declare water shortage conditions that triggered various water conservation actions; and

WHEREAS, Mesa Water has experienced direct impacts on the reliability of available water supplies from time to time; and

WHEREAS, the District's water delivery reliability was increased through customer curtailment in response to demand management measures implemented by Mesa Water; and

WHEREAS, water demand management measures actions were specified in Mesa Water's 2015 Urban Water Management Plan (specifically the Water Shortage Contingency Plan chapter) that adopted Water Shortage Contingency Plan actions based on levels of drought severity, which provided the legal authority for implementation and enforcement through Mesa Water's existing Ordinance No. ~~2632~~; and

WHEREAS, following the end of the most recent drought, the California Legislature modified the Urban Water Management Planning Act in 2018 to include additional water shortage planning requirements; and

WHEREAS, ~~recent~~-legislative changes to the California Water Code, specifically to Water Code Section 10632, currently mandate new elements to be included in public agency Urban Water Management Plans and Water Shortage Contingency Plans, including an annual drought risk assessment, reference to State Water Shortage Levels and Statewide water use prohibitions; and

WHEREAS, the Municipal Water District of Orange County (MWDOC) has adopted a 2020 Urban Water Management Plan that includes water conservation as a necessary and effective component of MWDOC's programs to provide a reliable supply of water to meet the needs of MWDOC's 28 member agencies, including Mesa Water; and

WHEREAS, MWDOC's Urban Water Management Plan also includes a chapter ~~on~~ contingency analysis of actions to be taken in response to water supply shortages; and

WHEREAS, this Ordinance is consistent with MWDOC's Urban Water Management Plan and Water Shortage Contingency Plan; and

WHEREAS, the imported water supplies available to Mesa Water through MWDOC are subject to the Water Shortage Allocations determined by the Metropolitan Water District of Southern California (Metropolitan); and

WHEREAS, subsequently, when triggered, MWDOC, as a wholesaler of Metropolitan's water supplies, will be required to curtail deliveries of imported water based on MWDOC's Water Shortage Allocation Plan, which from time to time in the future is expected to be activated when a state of shortage exists; and

WHEREAS, as of July 1, 2021, both MWDOC and Mesa Water ~~are~~ were required to prepare an Annual Water Supply and Demand Assessment and Drought Risk Assessment as part of their respective Urban Water Management Plans for submission to the California Department of Water Resources; and

WHEREAS, annually, by July 1st of each year, beginning the year following the adoption of the 2020 Urban Water Management Plan, MWDOC and Mesa Water are required to monitor, report, and if declared a drought emergency, then notify the California Department of Water Resources, in order to comply with the California Water Code Section 10632.1 reporting requirements; and

WHEREAS, Mesa Water has adopted, ~~and amended~~, a Water Shortage Contingency Plan as part of Mesa Water's 2020 Urban Water Management Plan, to establish standards and procedures to enable implementation and enforcement of local water shortage contingency measures; and

WHEREAS, these measures align with the provisions of California Water Code Section 353, which specifies that "when the governing body has so determined and declared the existence of an emergency condition of water shortage within its service area, it shall thereupon adopt such regulations and restrictions on the delivery of water and the consumption within said area of water supplied for public use as will in the sound discretion of such governing body conserve the water supply for the greatest public benefit with particular regard to domestic use, sanitation, and fire protection"; and

WHEREAS, the State has also directed Mesa Water to adopt a water conservation program to mitigate demands in California Water Code Section 375; and

WHEREAS, the Board of Directors (Board) of Mesa Water finds and determines that a water shortage or threat of a water shortage may be found to exist based upon the occurrence of one or more of the following conditions or circumstances:

- A. A general water supply shortage due to increased demand and/or limited supplies;
- B. ~~Water~~ Distribution or storage facilities of Mesa Water or any agency supplying water to the District become inadequate or are restricted;

- C. A major failure of the **water** supply, storage, and/or distribution facilities of Mesa Water or any agency supplying water to the District;
- D. Contamination of the water supply, storage, and/or distribution facilities of Mesa Water or any agency supplying water to the District; and/or
- E. Acts of nature which in the opinion of Mesa Water constitute an emergency situation **and/or** which require special water conservation actions.

WHEREAS, prior to the adoption of this Ordinance, the Board has conducted a noticed public hearing to receive public comments concerning the subject matter hereof; and

WHEREAS, the purpose of this Ordinance is to adopt and enact the Water Shortage Response Ordinance within the District's service area.

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

**Section 1. Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference.

**Section 2. Findings.** The Board hereby finds and determines as follows:

- a. A reliable minimum supply of potable water is essential to the public health, safety, and welfare of the people, and economy of the southern California region.
- b. Water management that includes active water use efficiency measures not only in times of drought, but at all times, is essential to ensure a reliable minimum supply of water to meet current and future water supply needs.
- c. California Water Code Section 375 authorizes water suppliers to adopt and enforce a comprehensive water conservation program to reduce water consumption and conserve supplies.
- d. Mesa Water has the authority, pursuant to California Water Code Sections 353-355, 31000, 31001 and 31026-31029, **inclusive**, to take action(s) relative to the use and conservation of water within Mesa Water's service area.
- e. The adoption and enforcement of a permanent Water Shortage Response Ordinance is necessary to help manage the District's potable water supply in the short and long-term and to avoid or minimize the effects of periodic drought and shortage conditions within,



or affecting its service area and potable water supplies. Such ordinance is essential to ensure a reliable and sustainable minimum supply of water for the public health, safety and welfare.

- f. The Board does hereby find that the following circumstances may constitute an emergency condition or a threatened or existing water shortage condition within or affecting Mesa Water:
- i. A general water supply shortage due to increased demand and/or limited supplies;
  - ii. Distribution or storage facilities of Mesa Water or any agency supplying water to the District become inadequate;
  - iii. A major failure of the supply, storage and/or distribution facilities of Mesa Water or any agency supplying water to Mesa Water's service area;
  - iv. Contamination of the water supply, storage, and/or distribution facilities of Mesa Water or any agency supplying water to Mesa Water's service area; and/or
  - v. Acts of nature, which in the opinion of the District constitute an emergency situation.

**Section 3. Ordinance Designation; Purpose; Intent and Integration.**

- a. This Ordinance establishes water management requirements necessary to conserve water, enables effective water supply planning, assures reasonable and beneficial use of water, prevents waste of water, prevents unreasonable use of water, prevents unreasonable methods of use of water within the boundaries of Mesa Water in order to assure adequate supplies of water to meet the needs of the public, and further the public health, safety and welfare, recognizing that water is a scarce natural resource that requires careful management not only in times of drought, but at all times.
- b. This Ordinance establishes regulations to be implemented during times of declared water shortages or declared water shortage emergencies.
- c. This Ordinance establishes six Water Shortage Levels that are most often triggered due to drought or water shortage conditions to provide defined response actions to be implemented during times of declared water shortage or declared water shortage emergency, with increasing restrictions on water use in response to worsening drought or emergency conditions and decreasing supplies.

- d. This Ordinance is intended solely to further the conservation of water. It is not intended to implement any provision of federal, State, or local statutes, ordinances, or regulations relating to protection of water quality or control of drainage or runoff. This Ordinance shall not act to repeal, supersede or amend any federal, State or local law, ordinance or regulation relating to protection of water quality or control of drainage or runoff (including, but not limited to, any and all National Pollution Discharge Elimination System (NPDES) permits or requirements which may be applicable in such instance) or exempt any person or party from compliance therewith.
- e. Mesa Water's prior Water Conservation Programs, and Ordinance No. ~~2632~~, as adopted and supplemented, as applicable, are rescinded and superseded upon this Ordinance becoming effective.

**Section 4. Water Shortage Response Ordinance Provisions.**

- a. The Water Shortage Response Ordinance provisions are set forth in Exhibit A to this Ordinance and are incorporated herein by this reference.
- b. The Water Shortage Response Ordinance shall be referred to in Mesa Water's Rules and Regulations for Water Service.
- c. The Board reserves the right to amend, revise, and/or supplement this Ordinance in the future based upon the District's needs, circumstances and requirements.
- d. This Ordinance is adopted by this Board pursuant to the provisions and authority set out in the California Constitution and California law as referenced herein.
- e. All penalties set forth in the Water Shortage Response Ordinance are administrative and regulatory penalties and are not fees or charges for water service or water capacity.

**Section 5. California Environmental Quality Act (CEQA) Exemption.**

The Board finds that this Ordinance, the Water Shortage Response Ordinance, and actions taken hereafter pursuant to the Ordinance, are exempt from the California Environmental Quality Act as specific actions necessary to prevent or mitigate an emergency pursuant to 14 California Code of Regulations, Sections 15269, 15273, and 15321, and the applicable statutes of the Public Resources Code.

The General Manager and District Secretary are hereby authorized and directed to file a Notice of Exemption as soon as possible following the adoption of this Ordinance.

**Section 6. Terms and Provisions.** The terms and provisions of this Ordinance enacted hereby, shall be subject to, and shall be interpreted pursuant to, State law.

**Section 7. Notice and Provisions.** Notice of the adoption of this Ordinance, and the provisions hereof, have been, and shall be, as applicable, provided as set out in State law, including, but not limited to, the requirements of Water Code Section 31027.

**Section 8. Other Actions.** Mesa Water staff and officers are hereby authorized and directed to take such other and further action(s) as may be reasonably necessary to carry out the determinations, findings and directives set forth herein, within the limits set forth by, and in accordance with, direction of the Board.

**Section 9. Effective Date.** This Ordinance No. ~~32-33~~ shall take effect on ~~July 4~~February 9, 20212022.

ADOPTED, ORDAINED, SIGNED, AND APPROVED this ~~10th-9th~~ day of ~~June~~ February 2021-2022 by a roll call vote:

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

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Marice H. DePasquale  
President, Board of Directors

ATTEST:

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Denise Garcia  
District Secretary

ORDINANCE NO. ~~3232~~ **3233**

EXHIBIT A

ORDINANCE OF THE  
MESA WATER DISTRICT BOARD OF DIRECTORS  
MAKING FINDINGS, ADOPTING THE MESA WATER DISTRICT  
WATER SHORTAGE RESPONSE ORDINANCE  
RESCINDING ORDINANCE NO. ~~26-32~~ AND TAKING RELATED  
ACTIONS

Mesa Water District  
Water Shortage Response Ordinance

Adopted: ~~June 10~~ February 9, 2021-2022

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**Section 1. Title.** This program is designated as the Water Shortage Response Ordinance (Ordinance).

**Section 2. Authority.** The Water Shortage Response Ordinance is adopted pursuant to California law and the provisions of Mesa Water District Ordinance No. ~~3332~~. The General Manager is hereby authorized and directed to implement the provisions of this Water Shortage Response Ordinance as provided for herein.

**Section 3. Definitions.** The following words and phrases whenever used in this Ordinance have the meaning(s) defined in this section:

- a. "**Applicant**" means the person, association, developer, corporation or governmental agency applying for water service.
- b. "**Billing Cycle**" shall mean the billing period in which a customer's water use is measured for purposes of calculating the amount of the water service ~~rates/charges~~ fees that shall be collected for the water service provided.
- c. "**Board**" means the Board of Directors of Mesa Water ~~District~~.
- d. "**Conservation Fee**" means any monetary fee assessed by Mesa Water for violations of ~~this~~ Ordinance.
- e. "**Cost**" means the actual cost to ~~Mesa Water~~ ~~the Utility~~, including all labor, material, supplies, equipment and miscellaneous items, together with any applicable indirect and general charges, plus the general administrative overhead, in accordance with the accounting practices of ~~the Utility~~ ~~Mesa Water~~.
- e.f. "**Customer**" means any person, persons, firm, corporation, association, or agency receiving water or services from Mesa Water.
- f.g. "**Effective Date**" shall mean the date of adoption of this Ordinance as provided by Water Code Section 376.
- g.h. "**Flow Restricting Device**" or "**Flow Restrictor**" means a fitting inserted into the service connection to reduce flow capacity.
- h.i. "**General Manager**" means the duly appointed and acting General Manager of Mesa Water, or an authorized agent.
- i.j. "**Grower**" refers to those engaged in the growing plant materials or

raising livestock.

- ~~j-k.~~ **"Irrigation Customer"** shall mean a person who, ~~based on~~ ~~according~~ ~~to~~ Mesa Water's District's records, receives water service and has a dedicated irrigation meter for outdoor irrigation of landscaping.
- ~~k-l.~~ **"Mesa Water"** or **"District"** means the Mesa Water District, a county water district organized pursuant to California Water Code Sections 33200 and following and operating pursuant to Water Code Sections 30000 and following. References to "Mesa Water" or the "District" also include its Directors, officers, agents and employees, as applicable.
- ~~l-m.~~ **"Metropolitan Water District (Metropolitan)"** means the Metropolitan Water District of Southern California, which is the wholesale urban water supplier of imported water to Municipal Water District of Orange County.
- ~~m-n.~~ **"Municipal Water District of Orange County (MWDOC)"** means the regional wholesale urban water supplier of imported water to Orange County.
- ~~n-o.~~ **"Ordinance"** means Ordinance No. ~~332~~, adopted by the Board, and the components and elements thereof, as such may be amended from time to time.
- ~~o-p.~~ **"Person"** means any natural person or persons, corporation, public or private entity, governmental agency or institution, including Mesa Water, or any other user of water provided by the District.
- ~~p-q.~~ **"Potable Water"** means water that is suitable for drinking.
- ~~q-r.~~ **"Recycled Water"** means the reclamation and reuse of non-potable water for beneficial use as defined in Title 22 of the California Code of Regulations.
- ~~r-s.~~ **"Service Connection"** means the pipe or tubing, fittings, and valves necessary to conduct water from the distribution main to and through the meter.
- ~~t.~~ **"Single Pass Cooling Systems"** means equipment where water is circulated only once to cool equipment ~~or systems~~ before being disposed ~~of~~.
- ~~s-u.~~ **"Summer"** shall mean the calendar months of April, May, June, July,

August, and September.

~~t~~.v. **"Turf"** means a ground cover surface of mowed grass. Annual bluegrass, Kentucky bluegrass, Perennial ryegrass, Red fescue, and Tall fescue are cool-season grasses. Bermuda grass, Kikuyu grass, Seashore Paspalum, St. Augustine grass, Zoysia grass, and Buffalo grass are warm-season grasses.

~~u~~.w. **"Valve"** means a device used to control the flow of water.

~~v~~.x. **"Water Allocation"** shall mean the amount of water a residential or irrigation customer may use in a billing cycle during the ~~W~~winter and ~~S~~summer.

~~w~~.y. **"Water Conservation Coordinator"** means the person (who may be an officer or employee of Mesa Water) charged with the principal enforcement of this Ordinance. The Water Conservation Coordinator may be the General Manager or another person so designated in writing by the General Manager.

~~x~~.z. **"Water Feature"** means a design element where open water performs an aesthetic or recreational function. Water features include ponds, lakes, waterfalls, fountains, artificial streams, spas, and swimming pools (where water is artificially supplied). The surface area of water features is included in the high water use hydro zone of the landscaped area. Constructed wetlands used for on-site wastewater treatment, habitat protection or storm water best management practices that are not irrigated and used solely for water treatment or storm water retention are not water features and, therefore, are not subject to the water budget calculation.

~~y~~.aa. **"Water Flow Restrictor"** means a device that is inserted into the service connection and is designed to limit the water flow capacity.

~~z~~.bb. **"Winter"** shall mean the water season that includes the months of October, November, December, January, February, and March.

~~aa~~.cc. **"WSCP"** means the Mesa Water 2020 Water Shortage Contingency Plan, ~~as amended~~, as adopted by Mesa Water and as such may be ~~further~~ amended from time to time.

#### **Section 4. Application.**

a. The provisions of this Ordinance apply to any customer, Person, and/or property using water provided by Mesa Water.



- b. The provisions of this Ordinance do not apply to uses of water necessary to protect public health and safety or for essential government services, such as police, fire, and other similar emergency services.
- c. The provisions of this Ordinance do not apply to the use of Recycled Water, with the exception of Section 7(b).
- d. The provisions of this Ordinance do not apply to the use of water by commercial nurseries and commercial growers to sustain plants, trees, shrubs, crops or other vegetation intended for commercial sale, with the exception of Section 7(b).
- e. The provisions of this Ordinance do not apply to use of water from private wells.
- f. This Ordinance is intended solely to further the conservation of water.

**Section 5. Procedures for Determination of Water Supply Shortage and Level Implementation.**

- a. Under Water Code Section 10632.1, Mesa Water is required to submit a water shortage assessment “report” to the California Department of Water Resources (DWR) by July 1st of each year.
- b. Mesa Water will follow the written decision-making process defined in the WSCP to assess water supply reliability on an annual basis.
- c. Mesa Water staff will determine if a water shortage exists based on the water shortage criteria and stages defined in the WSCP.
- d. In the event a water shortage is triggered according to the procedures and conditions defined in the adopted WSCP, the Board will declare a shortage according to the defined water shortage levels.
- e. The public will be informed of the shortage according to the Procedures and Protocols for Communication identified in Section 6 of this Ordinance.
- f. Sudden Catastrophic ~~W~~water Supply Shortage. When the General Manager determines that a sudden event has, or threatens to, significantly diminish the reliability or quality of Mesa Water’s water supply, the General Manager may declare a catastrophic water supply shortage and impose whatever emergency water allocation or conservation actions deemed necessary at such time, in the General Manager’s professional judgment, to protect the reliability and quality of

Mesa Water's water supply, until the emergency passes or Mesa Water takes other action(s). As soon as practicable after the General Manager declares a sudden catastrophic water supply shortage emergency, he shall bring this action to the Board for concurrence.

**Section 6. Procedures and Protocols for Communication.** Upon declaration of a water shortage, Mesa Water will inform all relevant stakeholders, such as customers, the public, interested parties, and local, regional, and State governments, of the effective date of the water shortage response actions associated with the applicable stage according to the communication procedures identified in the WSCP, including:

- a. Any current or predicted shortages as determined by the annual water supply and demand assessment.
- b. Any shortage response actions triggered or anticipated to be triggered by the annual water supply and demand assessment.
- c. Any other relevant communications.

**Section 7. Permanent Water Conservation Requirements – Prohibition Against Waste.** The following water conservation requirements are effective at all times (regardless of any water shortage level) and are permanent. Violations of this section will be considered waste and an unreasonable use of water:

- a. Washing down sidewalks, walkways, driveways, parking areas or other paved surfaces is prohibited, except as is required to dispose of dangerous liquids or alleviate safety or sanitary hazards, and then only by use of a hand-held bucket, pressure washer or hand-held hose equipped with a positive self-closing water shut-off device.
- b. Using water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, is prohibited, except by use of a hand-held bucket or hand-held hose equipped with a positive self-closing device or water shut-off nozzle. This subsection does not apply to any commercial car washing facility.
- c. The use of water to clean, fill or maintain levels in decorative fountains, ponds, lakes or other similar aesthetic structures, unless such water is part of a re-circulating system, is prohibited. The only exception may be a water feature currently listed in the National Register of Historic Places, where water use deemed necessary for integrity of the feature.
- d. The use of water to irrigate outdoor landscapes during or within forty-eight (48) hours after measurable rainfall.

- e. The irrigation with potable water of ornamental turf on public street medians.
- f. The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.

Mesa Water related requirements include the following limitations on water use under all water supply conditions:

- a. No Installation of Single Pass Cooling Systems: Installation of single pass cooling systems is prohibited in buildings requesting new water service from Mesa Water.
- b. No Installation of Non-re-circulating in Commercial Car Wash and Laundry Systems: Installation of non-re-circulating water systems is prohibited in new commercial conveyor car wash and new commercial laundry systems.
- c. Commercial Car Wash Systems: All commercial conveyor car wash systems must utilize re-circulating water systems, or must secure a waiver of this requirement from Mesa Water.
- d. **Obligation to Fix Leaks, Breaks, or Malfunctions: All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within ninety-six (96) hours of notification by Mesa Water, or turned off, unless other arrangements are made with the District.**

**Section 8. Correlation between Mesa Water's Water Supply Shortage Levels and DWR's Water Supply Shortage Levels.**

- a. Metropolitan and MWDOC's Water Shortage Contingency Plan follows the six standard water shortage levels corresponding to progressive ranges of up to 10, 20, 30, 40 and 50 percent shortages and greater than 50 percent shortage. **{See Water Code Section 10632 (a)(3)(A)}**.
- b. Mesa Water's water shortage levels are aligned with the State Water Shortage Levels and as also defined in the MWDOC WSCP and therefore comply with Water Code Section 10632 (a)(3) as identified above.

**Section 9. Levels of Declared Water Supply Shortage.** The General Manager is authorized to require or impose reductions in the use of water if such

reductions are necessary to comply with Water Supply Shortage conditions as defined in the WSCP.

The shortage response actions that align with each Level of Water Supply Shortage are defined in the WSCP and include, at a minimum, all of the following:

- a. Locally appropriate supply augmentation actions.
- b. Locally appropriate demand reduction actions to adequately respond to shortages.
- c. Locally appropriate operational changes.
- d. Additional, mandatory prohibitions against specific water use practices that are in addition to state-mandated prohibitions and appropriate to the local conditions.
- e. For each action, an estimate of the extent to which the gap between supplies and demand will be reduced by implementation of the action.
- f. Each elevated shortage level will include the elements of the previous shortage level(s), including the mandatory restrictions on water waste detailed in Section 7, and each elevated shortage level is intended to be more restrictive than the previous level(s).
- g. As deemed necessary, an allocation of water supply under a water supply emergency condition beyond WSCP defined actions may be implemented when water supply conditions dictate necessity.

## **Section 10. Penalties, Violations, and Enforcement.**

### **During Effective Period of Permanent Water Conservation Requirements**

- a. **Penalties:** Penalties for failure to comply with any provisions of the Ordinance while Mesa Water is enforcing the Permanent Water Conservation stage are as follows:
  1. **First Violation:** Mesa Water will issue a written warning and deliver a copy of this Ordinance to the service address and/or by mail.
  2. **Second Violation:** A second violation within the preceding twelve (12) calendar months will receive a second written warning and an attempt to contact the customer of record via telephone.

3. **Third Violation:** A third violation within the preceding twelve (12) calendar months will receive a third written warning with reference to the previous two violations and possibility of future actions including, but not limited to, water flow restriction and discontinued water service.
4. **Fourth and Subsequent Violations:** A fourth and any subsequent violation within the preceding twelve (12) calendar months may result in the installation of a water flow restrictor.
5. **Water Flow Restrictor:** In addition to any written warnings, following the fourth and subsequent violation, Mesa Water may install a water flow restrictor device of approximately one gallon per minute capacity for services up to one and one-half inch size and comparatively sized restrictors for larger services after written notice of intent to install a flow restrictor until the prohibited actions or practices have been deemed by the District to be satisfactorily discontinued or remedied and for a minimum of forty-eight (48) hours.
6. **Discontinuing Service:** In addition to any actions set out in this Section 10 and the installation of a water flow restrictor, Mesa Water may disconnect a customer's water service for willful violations of mandatory restrictions set forth in this Ordinance.

**During Effective Period of Level 1, Level 2, Level 3, Level 4, Level 5, and Level 6 – Water Supply Shortage(s)**

- b. **Penalties:** Penalties for failure to comply with any provisions of the Ordinance while Mesa Water is enforcing Water Supply Shortage Level 1, Level 2, Level 3, Level 4, Level 5, or Level 6 are as follows:
  1. **First Violation:** A written warning will be issued and a copy of this Ordinance delivered to the service address and/or by mail.
  2. **Second Violation:** A second violation within the preceding twelve (12) calendar months will receive a second written warning and an attempt to contact the customer of record via telephone.
  3. **Third Violation:** A third violation within the preceding twelve (12) calendar months will receive a third written warning with reference to the previous two violations and a Conservation Fee of \$100, or the current charge per the schedule of fees and charges as then in effect, will be assessed to the customer's water account.

4. **Fourth and Subsequent Violations:** A fourth and any subsequent violation within the preceding twelve (12) calendar months will receive an additional written warning with reference to the previous violations and a Conservation Fee of \$200, or the current charge per the schedule of fees and charges as then in effect, will be assessed to the customer's water account.
  5. **Discontinuing Service:** In addition to any fines, Mesa Water may disconnect a customer's water service for a willful violation of mandatory restrictions in this Ordinance.
- c. **Cost of Flow Restrictor, Conservation Fees, and Disconnecting Service:** A person or entity that violates this Ordinance is responsible for payment of charges for installing and/or removing any flow restricting device, Conservation Fees, and for disconnecting and/or reconnecting service per the schedule of fees and charges as then in effect. The charge for installing and/or removing any flow restricting device must be paid before the device is removed. Nonpayment thereof will be subject to the same remedies as nonpayment of water rates.
  - d. **Separate Offenses:** Each day that a violation of this Ordinance occurs is a separate offense.
  - e. **Notice and Hearing:**
    1. Mesa Water will issue a Notice of Violation by mail or personal delivery at least ten (10) days before taking enforcement action on a particular violation. Such notice shall describe the violation and the date by which corrective action(s) must be taken. A customer may appeal the Notice of Violation by filing a written notice of appeal attention the District Secretary no later than the close of business on the day before the date scheduled for enforcement action. Any Notice of Violation not timely appealed will be final. Upon receipt of a timely appeal, a hearing on the appeal will be scheduled by the General Manager, and a written notice of the hearing date will be mailed to the customer at least ten (10) days before the date of the hearing.
  - f. **Additional Actions, Penalties:** The Board may prescribe additional action(s) and/or penalties for violation of the prohibited actions or practices described herein. Mesa Water may also implement additional actions or programs to educate its customers, ratepayers, and Persons in the District's service area as to the on-going need to conserve and use water wisely.

- g. **Application of Penalties:** The General Manager or Water Conservation Coordinator, as applicable, shall have discretion as to the application of penalties and enforcement actions set forth herein. The overall intention of this Ordinance is to implement water conservation actions as described herein.
- h. The penalties established and set forth herein are regulatory and administrative in nature. Such penalties are not imposed for water service or water capacity to any particular customer or person.

**Section 11. Hardship Waiver.**

- a. **Undue and Disproportionate Hardship:** If, due to unique circumstances, a specific requirement of this Ordinance would result in undue hardship to a Person using water or to property upon which water is used, then the Person may apply for a waiver to the requirements as provided in this Section.
- b. **Written Finding:** The waiver of the requirements hereof may be granted, or conditionally granted, only upon a written finding of the existence of facts demonstrating an undue hardship to a person using water or to property upon which water is used.
  - 1. **Application:** An application for a waiver must be on a form prescribed by Mesa Water and is available upon request from the Water Conservation Coordinator<sup>[ADWPI]</sup>. The application must be submitted to the Water Conservation Coordinator and be accompanied by a written statement of the applicant.
  - 2. **Approval Authority:** The Water Conservation Coordinator, as applicable, must act upon any completed application no later than ten (10) days after submittal and may approve, conditionally approve, or deny the waiver. The applicant requesting the waiver will be promptly notified in writing of any action taken. Unless specified otherwise at the time the waiver is approved, the waiver will apply to the subject property or person during the period of the mandatory water supply shortage condition, or a period not to exceed one (1) calendar year.
  - 3. **Right of Appeal:** Any aggrieved applicant, who remains dissatisfied with the decision of the Water Conservation Coordinator, can appeal, in writing, such final decision to the General Manager. The General Manager shall hear such appeal and render his or her decision. The decision of the General Manager shall be final.

- Section 12. Procedures for Monitoring Compliance and Reporting to the State.** In order to ensure compliance with state reporting requirements and to customer compliance, Mesa Water will ensure the collect, track, and analyze relevant data per the procedures defined in the WSCP.
- Section 13. Reevaluation and Improvement Process of Water Shortage Procedures.** To ensure water shortage risk tolerance is adequate and appropriate water shortage mitigation strategies are implemented as needed, the WSCP will be reviewed and evaluated as defined by the procedures identified in the WSCP.
- Section 14. Other Provisions.** Mesa Water may provide water efficiency devices either directly or through supported programs. Such devices should remain within the District's service area at all times. Devices provided by the District should be used with the intent to conserve water and not be modified in any way or sold.
- Section 15. Severability.** If any section, subsection, sentence, clause or phrase in this Ordinance is for any reason held invalid, the validity of the remainder of the Ordinance will not be affected. The Board hereby declares it would have passed this Ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases is, **or may be**, declared invalid.





*Dedicated to  
Satisfying our Community's  
Water Needs*

## MEMORANDUM

TO: Board of Directors  
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer  
DATE: February 9, 2022  
SUBJECT: Statement of Investment Policy

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### RECOMMENDATION

- a. Approve the administrative changes to Resolution No. 1563 Statement of Investment Policy to reflect the same data on both the resolution and Exhibit B;
- b. Approve Mesa Water District's authorized limits to match those allowed by statute including investing no more than 10 percent of its total investment assets in the commercial paper of any single issuer; and
- c. Adopt Resolution No. 1563 Delegating Authority Relative to Investment or Reinvestment of Specified Funds, and Adopting a Revised Statement of Investment Policy, Superseding Resolution No. 1540.

### STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.

### PRIOR BOARD ACTION/DISCUSSION

At its December 14, 2017 meeting, the Board of Directors (Board) adopted Resolution No.1506 Delegating Authority Relative to Investment or Reinvestment of Funds, and Providing for a Revised Statement of Investment Policy, Rescinding Resolution No. 1431. The resolution sets forth the delegation of such authority to its District Treasurer to invest, reinvest, sell, or exchange securities in accordance with the Statement of Investment Policy. The intention of this resolution is to maintain proper financial controls and reinforce the Board's oversight.

At its October 27, 2020 meeting, the Board reviewed the Statement of Investment Policy and no changes were suggested at the time.

At its March 11, 2021 meeting, the Board directed staff to agendize a review of the Statement of Investment Policy at a future meeting.

At its April 27, 2021 Committee meeting, the Board adopted Resolution No. 1540 Delegating Authority Relative to Investment or Reinvestment of Specified Funds, and Adopting a Revised Statement of Investment Policy, Superseding Resolution No. 1506. The resolution updates Mesa Water District's (Mesa Water®) authorized investment limits to match those allowed by State law.

### DISCUSSION

Section 53607 of the California Government Code authorizes the Board of Mesa Water to delegate such authority to its District Treasurer to invest, reinvest, sell, or exchange securities in accordance with the Statement of Investment Policy.

Mesa Water has previously adopted Resolution No. 1540, which requires that the Statement of



Investment Policy be reviewed on an annual basis. The resolution was last reviewed on April 21, 2021.

### LEGAL REVIEW

At the direction of the Board, staff requested that Legal Counsel conduct an annual review of the Statement of Investment Policy and compare the current policy with the California Government Code to determine if there are areas where the policy does not correspond with the code.

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

- Section 8.9 – change the commercial paper authorization to include “Mesa Water may invest no more than 10 percent of its total investment assets in the commercial paper of any single issuer.”
- Formatting and grammatical updates

### FINANCIAL IMPACT

None.

### ATTACHMENTS

Attachment A: Draft Resolution No. 1563

Attachment B: Resolution No. 1540, Redline

## RESOLUTION NO. 1563

### RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR REINVESTMENT OF SPECIFIED FUNDS, AND ADOPTING A REVISED STATEMENT OF INVESTMENT POLICY, SUPERSEDING RESOLUTION NO. 1540

WHEREAS, the Mesa Water District (Mesa Water®) 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, Mesa Water from time to time has money held by its District Treasurer/Chief Financial Officer (Treasurer/CFO) not required for the immediate necessities of Mesa Water (Investment Portfolio) and is authorized by law including, but not by way of limitation, Section 53601, *et. seq.*, of the California Government Code (Government Code or CGC), to invest moneys in the Investment Portfolio in a manner consistent with applicable State law; and

WHEREAS, Section 53607 of the Government Code authorizes the Board of Directors of Mesa Water (Board) to delegate such authority to the Treasurer/CFO to invest, reinvest, sell, or exchange securities in and for the Investment Portfolio until such time as such delegation of authority is revoked; and

WHEREAS, Mesa Water has previously adopted Resolution No. 1540, delegating authority relative to such investment and reinvestment of moneys in and for the Investment Portfolio and providing for a Statement of Investment Policy; and

WHEREAS, it is the desire of the Board to renew the delegation of such authority and provide for a revised Statement of Investment Policy of Mesa Water.

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

**Section 1.** That the Board does hereby delegate authority to the Treasurer/CFO to invest and reinvest funds of Mesa Water pursuant to all applicable laws, statutes, and regulations of the State as set forth in this Resolution. The Board reserves the right to provide for delegation of investment authority in the future by way of resolution or by motion.

**Section 2.** That the revised Statement of Investment Policy of Mesa Water is hereby adopted as set forth in Exhibit "A" attached to this Resolution, which is incorporated by this reference and shall be deemed to be effective as of February 9, 2022 and every fiscal year hereafter unless changed or modified by further action of this Board.

**Section 3.** That Resolution No. 1540 of Mesa Water is superseded effective February 9, 2022.

ADOPTED, SIGNED, and APPROVED this 9<sup>th</sup> day of February 2022 by a roll call vote.

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

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Marice H. DePasquale  
President, Board of Directors

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Denise Garcia  
District Secretary

DRAFT

# RESOLUTION NO. 1563

## EXHIBIT A

### RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR REINVESTMENT OF SPECIFIED FUNDS, AND ADOPTING A REVISED STATEMENT OF INVESTMENT POLICY, SUPERSEDING RESOLUTION NO. 1540

Statement of Investment Policy  
FY22

#### **1.0 Policy**

It is the policy of Mesa Water District (Mesa Water® or District) to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District. The investment policies and practices of Mesa Water are based upon prudent money management and shall conform to all federal, state and other applicable laws governing the investment of public funds.

Although no longer required by California Government Code (CGC) Section 53646, the District Treasurer/Chief Financial Officer (Treasurer/CFO) will render to the Board of Directors (Board) a Statement of Investment Policy (SIP) for consideration and approval at a public meeting. Any investment currently held at that time that does not meet the guidelines of this SIP, as changed from time to time by the Board, shall be exempt from the requirements of this SIP. However, at the investment's maturity or liquidation, such funds shall be reinvested only as provided by this SIP.

#### **2.0 Scope**

This Statement of Investment Policy (SIP) applies to all financial assets of Mesa Water except the California Public Employees Retirement System (CalPERS) (which has its own investment policy), Public Agencies Post-Employment Benefits Trust (which is administered by Mesa Water Resolution No. 1499), deferred compensation plan (governed by a separate Plan Document) and Certificate of Participation (COP) funds (governed by the applicable Trust Indentures, or equivalent document(s)), which are administered separately.

This SIP is set forth by Mesa Water for the following purposes:

- a. To establish a clear understanding for the Board, Finance Committee, Mesa Water management and responsible employees, citizens and third parties, of the objectives, policies and guidelines for the investment of Mesa Water's funds that are not required for immediate use.
- b. To offer guidance to investment staff, brokers and any external investment advisors on the investment of Mesa Water funds.

### **3.0 Objectives**

Subject to the overriding requirement of compliance with all federal, state and other applicable laws governing the investment of moneys under the control of the Treasurer/CFO, and as specified in the CGC Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

#### **3.1 Safety of Principal**

Safety of principal is the foremost objective. Investments of Mesa Water shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall Investment Portfolio. To attain this objective, diversification is advisable in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Each investment transaction shall seek to ensure that capital losses are avoided, whether from issuer default, broker/dealer default or erosion of market value. Mesa Water shall seek to preserve capital by mitigating credit risk and market risk, as identified below:

##### **3.1. A Credit Risk**

Credit risk is the risk of loss due to failure of the issuer to repay an obligation. It shall be mitigated by investing in only very safe institutions and by diversifying the Investment Portfolio so that the failure of any one issuer would not unduly harm Mesa Water's cash flow.

##### **3.1. B Market Risk**

Market risk is the risk of market value fluctuations due to overall changes in the general level of interest rates and shall be mitigated by:

- 1) Structuring the Investment Portfolio so that securities mature at the same time major cash outflows occur, thereby eliminating the need to sell securities prior to their maturity; and
- 2) Prohibiting the selling of securities that Mesa Water does not own (taking short positions); and
- 3) Limiting the maximum maturity of any one security in the Investment Portfolio to five years.

It is explicitly recognized that, in a diversified investment portfolio, occasional market value losses may be inevitable even in investments to be held to maturity. Such losses must be considered within the context of overall investment return.

#### **3.2 Liquidity**

Mesa Water's Investment Portfolio will remain sufficiently liquid to enable the District to meet all operating and emergency requirements, which might be reasonably anticipated.

An amount equal to the adopted levels of the Operating Fund and Working Capital Cash will be kept fully liquid at all times.

### **3.3 Return on Investments**

State of California (State) law requires that the objective of return on investments be subordinate to the objectives of safety and liquidity. Mesa Water's Investment Portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account Mesa Water's investment risk constraints and the cash flow characteristics and requirements of Mesa Water's funds and of the portfolio.

Whenever possible, consistent with risk limitations and prudent investment principles, Mesa Water shall make an effort to achieve returns at the market average rate of return, defined, for the purpose of this SIP, as the average rate of return on three-month United States Treasury Bills or other benchmarks, as appropriate, depending on the make-up of the portfolio.

### **4.0 Delegation of Authority**

Authority to manage Mesa Water's investment program is derived from Section 53607 of the CGC, which authorizes the Board to delegate authority to invest, reinvest, sell or exchange securities for a period of one year. This responsibility may be delegated to the Treasurer/CFO (by Board action), who shall establish written procedures for the administration of this SIP. The Board may renew this delegation pursuant to State law each year.

The Board, General Manager, Treasurer/CFO and District Secretary shall be signatories on all accounts at commercial banks, the Orange County Treasurer's Money Market Investment Pool (OCIP) and at the State managed Local Agency Investment Fund (LAIF), to access accounts for these and other authorized investments consistent with this SIP.

### **5.0 Prudence**

Investments shall be made in the context of the "Prudent Investor" standard pursuant to CGC Section 53600.3, which states in relevant part:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

Mesa Water employees, acting in accordance with the provisions of the written policies and procedures of Mesa Water and this SIP, and exercising due diligence, shall be

relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported to the Finance Committee at the next regularly scheduled Finance Committee meeting, but within 30 days, and that appropriate action is taken to control adverse developments.

## **6.0 Ethics and Conflicts of Interest**

The Treasurer/CFO and other Mesa Water Officers and employees involved in the investment process shall refrain from personal business activity(ies) that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. The Treasurer/CFO and investment employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the Investment Portfolio and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Mesa Water.

During the course of the year, if there is an event subject to disclosure that could impair the ability of the Treasurer/CFO or investment employees to make impartial decisions, Mesa Water's General Manager and Board will be notified as soon as practicable upon discovery of the event.

The Treasurer/CFO is required to file annual disclosure statements as required by the Fair Political Practices Commission (FPPC).

## **7.0 Authorized Financial Dealers and Institutions**

Mesa Water shall transact business only with commercial banks, savings and loans, LAIF, OCIP and registered investment securities dealers. The purchase of any investment, other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, who is a member of the National Association of Securities Dealers, or a member of a Federally regulated securities exchange, a National or State-Chartered Bank, or a savings association or Federal Association (as defined by Section 5102 of the Financial Code).

The Treasurer/CFO shall investigate all institutions that wish to do business with Mesa Water in order to determine if they are adequately capitalized, make markets in securities appropriate to Mesa Water's needs and agree to abide by the conditions set forth in this SIP.

The Treasurer/CFO shall maintain a list of broker/dealers and institutions authorized to provide investment services and shall conduct an annual review of the financial condition of qualified institutions. In addition, a current financial statement is required to be on file for each qualified institution.

## **8.0 Authorized and Suitable Investments**

Authorized investments are stated in the CGC Sections 16429.1, 53601, 53635 and 53649. Mesa Water's authorized investments are more restrictive than the investments authorized by law.



The following investments are authorized under this Statement of Investment Policy:

- 8.1** United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- 8.2** Bonds issued by Mesa Water, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by Mesa Water or by a department, board, agency, or authority of Mesa Water.
- 8.3** Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- 8.4** Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in these bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.
- 8.5** United States agencies, federal agency or United States Government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- 8.6** Registered State warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State.
- 8.7** Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.
- 8.8** Purchases of Banker Acceptances, which may not exceed 180 days maturity or 40 percent of the agency's money and no more than 30 percent of the agency's money, may be invested in the banker's acceptances of any one commercial bank.

**8.9** Commercial paper of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided for by a Nationally Recognized Statistical Rating Organization (NRSRO). Issuing entities must meet the following criteria in either (1) or (2): (1) entities that are organized and operating within the United States as a general corporation and have total assets in surplus of five hundred million dollars (\$500,000,000) and have an “A” or higher rating (or equivalent) for the issuer’s debt, other than commercial paper, if any, as provided for by a NRSRO; or (2) entities that are organized within the United States as a special purpose corporation, trust, or limited liability company and have program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or a surety bond, and have commercial paper that is rated “A-1” or higher, or equivalent, by an NRSRO. Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 25 percent of Mesa Water’s Investment Portfolio at any time. Mesa Water may invest no more than 10 percent of its total investment assets in the commercial paper of any single issuer.

**8.10** Negotiable certificates of deposits issued by a nationally or state-chartered bank, a savings association or federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federal or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the Investment Portfolio and the maximum maturity date shall not exceed five years, and are subject to the limitations of CGC Section 53601(i).

**8.11** Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of the securities used as collateral for the repurchase agreements shall be monitored by the investment staff and shall not be allowed to fall below 102 percent of the value of the repurchase agreement.

Reverse repurchase agreements or securities lending agreements may be utilized only when all the conditions in CGC Section 53601(j) are met.

**8.12** Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated “A” or better by a NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of Mesa Water’s money that may be invested pursuant to CGC Section 53601 and Mesa Water’s SIP. Mesa Water may invest no more than 10 percent of its total investment assets in the medium-term notes of any single issuer.

**8.13** Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by CGC Section

53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by CGC Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

- 8.14** Any mortgage pass through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer in a rating category of “AA” or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of Mesa Water’s available money that may be invested.
- 8.15** Shares of beneficial interest issued by a joint powers authority organized pursuant to CGC Section 6509.7 and as described in CGC Section 53601(p). Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment advisor that meets all of the following criteria:
- 8.15. A.** The advisor is registered or exempt from registration with the Securities and Exchange Commission.
- 8.15. B.** The advisor has not less than five years of experience investing in the securities and obligations authorized in CGC Section 6509.7.
- 8.15. C.** The advisor has assets under management in excess of five hundred million dollars (\$500,000,000).
- 8.16** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO and shall not exceed 30 percent of Mesa Water’s moneys that may be invested pursuant to this section.
- 8.17** Notwithstanding CGC Section 53601 or any other provision of this code, Mesa Water, at its discretion, may invest a portion of its surplus funds in Certificates of Deposit Account Registry Service (CDARS) at a commercial bank, savings bank, savings and loan association, or credit union that uses

a private sector entity that assists in the placement of certificates of deposit, provided that the purchases of certificates of deposit pursuant to this section, CGC Section 53601.8, and subdivision (h) of Section 53601 do not, in total, exceed 30 percent of Mesa Water's funds that may be invested for this purpose. The following conditions shall apply:

(a) Mesa Water shall choose a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.

(b) The selected depository institution may use a private sector entity to help place local agency deposits with one or more commercial banks, savings banks (savings and loan associations), or credit unions that are located in the United States and are within the network used by the private sector entity for this purpose.

(c) Any private sector entity used by a selected depository institution to help place its local agency deposits shall maintain policies and procedures requiring both of the following:

- (1) The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration; and
- (2) Every depository institution where funds are placed shall be capitalized at a level that is sufficient, and be otherwise eligible, to receive such deposits pursuant to regulations of the Federal Deposit Insurance Corporation or the National Credit Union Administration, as applicable.

(d) The selected depository institution shall serve as a custodian for each such deposit.

(e) On the same date that Mesa Water's funds are placed pursuant to subdivision (b) by the private sector entity, the selected depository institution shall receive an amount of insured deposits from other financial institutions that, in total, are equal to, or greater than, the full amount of the principal that Mesa Water initially deposited through the selected depository institution pursuant to subdivision (b).

(f) Notwithstanding subdivisions (a) to (e), inclusive, a credit union shall not act as a selected depository institution under this section or CGC Section 53601.8 unless both of the following conditions are satisfied:

- (1) The credit union offers federal depository insurance through the National Credit Union Administration.
- (2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally-insured credit unions in one or more certificate of deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(g) The deposits placed pursuant to this section and CGC Section 53635.8 shall not, in total, exceed 50 percent of Mesa Water's funds that may be invested for this purpose.

- 8.18** The Local Agency Investment Fund, established by the California State Treasurer for the benefit of local agencies and identified under the CGC Section 16429.1. The maximum investment authorized is the maximum amount permitted by the State Treasurer, currently at \$75,000,000 per account.
- 8.19** Time deposits, non-negotiable and collateralized in accordance with the CGC, may be purchased through banks or savings and loan associations. The maximum maturity date shall not exceed five years.
- 8.20** The Orange County Treasurer's Money Market Investment Pool, established by the County of Orange. Mesa Water's investments therein will be made in accordance with the CGC Section 53684.
- 8.21** Shares of beneficial interest issued by diversified management companies (otherwise known as "mutual funds"), as defined in Section 23701 of the Revenue and Taxation Code, investing in the securities and obligations stated in the CGC Sections 16429.1, 53601 and 53649. No more than 20 percent of Mesa Water's Investment Portfolio shall be invested in this option at any time. No more than 10 percent of Mesa Water's portfolio may be invested in shares of a beneficial interest of any one mutual fund.

To be eligible for investment by Mesa Water, diversified management companies shall:

- 8.21. A.** Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest NRSRO's; and
- 8.21. B.** Have an investment advisor registered with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations stated in the CGC Sections 16429.1, 53601 and 53649, and with assets under management in excess of five hundred million dollars (\$500,000,000); and
- 8.21. C.** Shall not include in the purchase price of shares of beneficial interest purchased any commission that these companies may charge.

## **9.0 Investment Pools**

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. A questionnaire shall be developed by the Treasurer/CFO that will address the following general considerations:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.

- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often and what size deposit and withdrawal.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc., used by the pool/fund?
- A fee schedule and when and how it is assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

## **10.0 Prohibited Investment Vehicles and Practices**

Investment staff is prohibited from investing Mesa Water's portfolio in the following:

- State laws notwithstanding, any investments not specifically described herein under Sections 8.0 through 9.0 are prohibited.
- Borrowing for investment purposes (Leverage) is prohibited.
- Buying or selling securities "on Margin" is prohibited.
- Investing in any instrument that is commonly known as a "derivative" instrument (options, futures, swaps, caps, floors, collars, U.S. Treasury zero coupon bonds, U.S. Treasury strips, interest-only bonds, interest-only strips derived from mortgage pools), or any investment that may result in a zero interest accrual, even if held to maturity, is prohibited.
- Under the provisions of CGC Section 53601.6, Mesa Water shall not invest any funds covered by this SIP in instruments known as Structured Notes (e.g., inverse floaters, leverage floaters, structured CD's, range notes, equity-linked securities). Any such investments are prohibited.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.

## **11.0 Collateralization**

The CGC Sections 53652 through 53667, inclusive, require depositories to post certain types and levels of collateral for public funds above the Federal Deposit Insurance Corporation (FDIC) insurance amounts. The collateral requirements apply to bank deposits, both active (checking and savings accounts) and inactive (non-negotiable time certificates of deposit).

## **12.0 Safekeeping and Custody**

All investment transactions, including collateral for repurchase agreements, entered into by Mesa Water shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian, acting as an agent for Mesa Water under the terms of the custody agreement, designated by the Treasurer/CFO and evidenced by safekeeping receipts.

## **13.0 Diversification**

Mesa Water will diversify its investments by security type and institution. With the exception of U.S Treasuries, the LAIF, or the OCIP, no more than 50 percent of Mesa

Water's total Investment Portfolio will be invested in a single security type or with a single financial institution.

#### **14.0 Maximum Maturities**

To the extent practical, Mesa Water will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Mesa Water will not directly invest in securities maturing more than five years from the date of purchase.

#### **15.0 Internal Controls and External Review**

The Treasurer/CFO shall maintain a system of internal controls in order to assure compliance with Mesa Water's written policies and procedure, this SIP, and also including but not limited to prior authorization and approvals, properly designed records, security of assets and records, segregation of incompatible duties, periodic reconciliations, periodic verification and timely preparation of reports in conformance with Section 17.0 hereof.

As part of Mesa Water's annual audit, the external auditor retained by the Board shall review the internal controls. The external audit shall provide those reviews and opinions as are required for the independent auditor's reports. The Board reserves the right to request additional reviews or opinions as to this SIP as the Board shall determine and direct.

#### **16.0 Performance Standards**

The Investment Portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles commensurate with Mesa Water's investment risk constraints and cash flow needs.

#### **17.0 Reporting**

##### **17.1 Monthly Transaction Report**

The Treasurer/CFO shall submit a monthly report of investment transactions through the Finance Committee to Mesa Water's Board of Directors in conformance with the CGC Section 53607.

##### **17.2 Quarterly Investment Report**

The Treasurer/CFO shall submit quarterly investment reports, through the Finance Committee, to the Board, General Manager, and Mesa Water's internal auditor (Controller/Auditor) within 30 days following the end of the quarter covered by the report although no longer required by CGC Section 53646(b). For each specific investment, security, and money held by Mesa Water, these reports shall contain the following information:

- The type of investment
- Name of issuer
- Date of maturity

- Market value
- Cost of acquisition

Description of any of Mesa Water's funds, investment, or programs that are under management of contracted parties, including lending programs. With respect to all securities held by Mesa Water, and under management of an outside agency that is not also a local agency or the LAIF, the report shall also include the current market value as of the date of the report, and shall include the source of this same valuation.

For local agency investments that have been placed in LAIF, created by CGC Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Financial Code Section 14858, or in Federal Deposit Insured Corporation—insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the Treasurer/CFO may supply the Board, General Manager and Mesa Water's outside auditor with the most recent statement or statements received by Mesa Water from these institutions in lieu of the specific investment, security, and money information required under this section.

A description of compliance with this SIP or an explanation of why it is not in compliance.

A statement indicating Mesa Water's ability to meet its cash flow needs for the next six months or an explanation as to why sufficient money may not be available.

## **18.0 Investment Policy Adoption and Periodic Review**

This SIP shall be adopted by resolution of the Board. This policy shall be reviewed on an annual basis by the Treasurer/CFO and Mesa Water's Finance Committee and approved annually by the Board.



## GLOSSARY

**AGENCIES:** Federal agency securities and/or Government – sponsored enterprises.

**ASK:** The price at which securities are offered.

**BANKERS' ACCEPTANCE (BA):** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BENCHMARK:** A comparative base for measuring the performance of risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**BID:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public moneys.

**COMMERCIAL PAPER:** Short-term, negotiable unsecured promissory notes of corporations.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** The official annual report for Mesa Water District. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**COUPON:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**CUSIP (COMMITTEE ON UNIFORM SECURITIES IDENTIFICATION PROCEDURES):** A unique nine-character identification number which serves as a "DNA" for securities and is assigned to all U.S. Government Bonds, Municipal Bonds, Negotiable Certificates of Deposit and other Securities. A CUSIP uniquely identifies the type of security and the issuer.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DELIVERY VERSUS PAYMENT (DVP):** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery

of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value; e.g., U.S. Treasury Bills.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**FEDERAL CREDIT AGENCIES:** Agencies of the federal government set up to supply credit to various classes of institutions and individuals; e.g., S&L's, small-business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

**FEDERAL FUNDS RATE:** The rate of interest at which federal funds are traded. The Federal Reserve through open-market operations currently pegs this rate.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district bank.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporations' purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, DC, 12 regional banks and about 5,700 commercial banks that are members of the system.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage banks, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. The FHA, VA, or FMHM mortgages back Ginnie Mae securities. The term “pass-throughs” is often used to describe Ginnie Maes.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**LOCAL AGENCY INVESTMENT FUND (LAIF):** A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.

**MARKET CYCLE:** A market cycle is defined as a period of time, which includes a minimum of two consecutive quarters of falling interest rates followed by a minimum of two consecutive quarters of rising interest rates.

**MARKET VALUE:** The price at which a security is traded and could presumably be purchased or sold.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**NATIONALLY RECOGNIZED STATISTICAL-RATING ORGANIZATION (NRSRO):** The credit rating agencies whose ratings are permitted to be used for investment purposes such as Moody's Investor Service, Standard & Poor's, and Fitch Rating.

**NEGOTIABLE CERTIFICATE OF DEPOSIT:** A large denomination certificate of deposit that can be sold in the open market prior to maturity.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See ASK and BID.

**ORANGE COUNTY INVESTMENT POOL (OCIP):** A pooled investment vehicle for Orange County California agencies administered by the Orange County Treasurer.

**PORTFOLIO:** Collection of securities held by an investor.

**PRIMARY DEALER:** Group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**PRUDENT PERSON RULE:** An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected

by the custody state – the so-called legal list. In other states, the trustee may invest in a security if it is one, which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital. Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to CGC Section 53600 et seq. are trustees and therefore fiduciaries subject to the prudent person rule. Within the limitations of the CGC Section 53600 et seq. and considering individual investments as part of an overall strategy, a trustee is allowed to acquire investments as authorized by law.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this State, which has aggregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION (SEC):** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**TIME CERTIFICATE OF DEPOSIT:** A non-negotiable certificate of deposit that cannot be sold prior to maturity.

**TOTAL RATE OF RETURN:** Represents growth (or decline) in the value of a portfolio, including both capital appreciation and income, as a proportion of the starting market value.

**TIME-WEIGHTED RATE OF RETURN:** A modified measurement of Total Rate of Return that eliminates the effect of the timing of funds flows to and/or from a security or portfolio.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY BOND:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**TREASURY NOTES:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of 2 to 10 years.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage.

**YIELD TO MATURITY:** The calculated rate of return based upon the present value of the cash flow from each interest payment, plus the present value of the cash flow from the investment's redemption value at maturity vs. the purchase price.

DRAFT

**RESOLUTION NO. 1563**

**EXHIBIT B**

**RESOLUTION OF THE  
MESA WATER DISTRICT BOARD OF DIRECTORS  
DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR  
REINVESTMENT OF SPECIFIED FUNDS, AND ADOPTING A REVISED  
STATEMENT OF INVESTMENT POLICY,  
SUPERSEDING RESOLUTION NO. 1540**

Summary of Investments Authorized Under California  
Government Code Sections 53601, 53684, 16429.1

Statement of Investment Policy  
FY22

DRAFT

**SUMMARY OF INVESTMENTS AUTHORIZED UNDER CALIFORNIA  
GOVERNMENT CODE SECTIONS 53601, 53684, 16429.1  
MESA WATER DISTRICT FY22 STATEMENT OF INVESTMENT POLICY**

CGC Section	Investment Type	ALLOWED BY STATUTE			AUTHORIZED BY MESA WATER DISTRICT		
		Maximum Maturity	Authorized Limit (%)	Required Rating	Maximum Maturity	Authorized Limit	Required Rating
53601(a)	Local Agency Bonds	5 Years	None	None	5 Years	None	None
53601(b)	U.S. Treasury Obligations	5 Years	None	None	5 Years	None	None
53601(c)	State of California Obligations	5 Years	None	None	5 Years	None	None
53601(d)	Other State Obligations	5 Years	None	None	5 Years	None	None
53601(e)	California Local Agency Obligations	5 Years	None	None	5 Years	None	None
53601(f)	Federal Agency or U.S. Government Obligations (GSE's)	5 Years	None	None	5Years	None	None
53601(g)	Bankers' Acceptances	180 Days	40%/30% <sup>(1)</sup>	None	180 Days	40%/30% <sup>(1)</sup>	None
53601(h)	Commercial Paper	270 Days	25% or 10% <sup>(2)</sup>	A1/P1/F1	270 Days	25% or 10% <sup>(2)</sup>	A1/P1/F1
53601(i)	Negotiable Certificates of Deposit <sup>(8)</sup>	5 Years	30% <sup>(7)</sup>	None	5 Years	30% <sup>(7)</sup>	None
53601(j)	Repurchase Agreements	1 Year	None	None	1 Year	None	None
53601(j)	Reverse Repurchase Agreements	92 Days	20% of base	Various <sup>(3)</sup>	92 Days	20% of base	Various <sup>(3)</sup>
53601(k)	Medium-Term Notes	5 Years	30%/10% <sup>(9)</sup>	A	5 Years	30%/10% <sup>(9)</sup>	A
53601(l)	Mutual Funds	N/A	20%/10% <sup>(4)</sup>	Various <sup>(5)</sup>	N/A	20%/10% <sup>(4)</sup>	Various <sup>(5)</sup>
53601(l)	Money Market Mutual Funds	N/A	20%/10% <sup>(4)</sup>	Various <sup>(5)</sup>	N/A	20%/10% <sup>(4)</sup>	Various <sup>(5)</sup>
53601(m)	Trust Indenture or Other Contract	Per Contract	Per Contract	Per Contract	Per Contract	Per Contract	Per Contract
53601(n)	Collateralized Bank Deposits <sup>(8)</sup>	5 Years	None	None	5 Years	None	None
53601 (o)	Mortgage Pass-Through Securities	5 Years	20%	AA	5 Years	20%	AA
53601 (p)	Shares of beneficial interest in JPA's	N/A	None	None	N/A	None	None
53601.8	Certificates of Deposits (CDAR's) <sup>(8)</sup>	5 Years	30% <sup>(7)</sup>	None	5 Years	30% <sup>(7)</sup>	None
16429.1	Local Agency Investment Fund (LAIF)	N/A	None	None	N/A	None <sup>(6)</sup>	None
53684	County Pooled Investment Funds	N/A	None	None	N/A	None	None
	Time Deposits <sup>(8)</sup>	5 Years	None	None	5 Years	None	None

(1) 30% limit for one commercial bank.

(2) 10% limit for the outstanding commercial paper of any single corporate issue.

(3) Securities used for the agreement must have been held by the issuer for 30 days, investments can only be made with primary dealers of the Federal Reserve Bank of New York.

(4) No more than 10% can be invested in any one fund.

(5) Highest ranking by 2 of 3 of the nationally recognized rating agencies, and retain an investment advisor who is registered with the SEC and has at least 5 years' experience investing in securities authorized in CGC Section 53601 and 53635 with assets in excess of \$500 million.

(6) LAIF currently allows a maximum of \$75 million per account.

(7) No more than 30% of total funds may be invested in these CD's.

(8) Subject to FDIC limitations. Also, subject to other limits with investments in credit unions.

(9) No more than 10% can be invested in medium-term notes of any single issuer.

**RESOLUTION NO. ~~15401563~~**

**RESOLUTION OF THE  
MESA WATER DISTRICT BOARD OF DIRECTORS  
DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR  
REINVESTMENT OF SPECIFIED FUNDS, AND ADOPTING A REVISED  
STATEMENT OF INVESTMENT POLICY,  
SUPERSEDING RESOLUTION NO. ~~15061540~~**

WHEREAS, the Mesa Water District (Mesa Water®) 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, Mesa Water from time to time has money held by its District Treasurer/Chief Financial Officer (Treasurer/CFO) not required for the immediate necessities of Mesa Water (Investment Portfolio) and is authorized by law including, but not by way of limitation, Section 53601, *et. seq.*, of the California Government Code (~~Government Code or CGCCGC~~), to invest moneys in the Investment Portfolio in a manner consistent with applicable State law; and

WHEREAS, Section 53607 of the Government Code authorizes the Board of Directors of Mesa Water (Board) to delegate such authority to the Treasurer/CFO to invest, reinvest, sell, or exchange securities ~~in and for the Investment Portfolio~~ until such time as such delegation of authority is revoked; and

WHEREAS, Mesa Water has previously adopted Resolution No. ~~15061540~~, delegating authority relative to ~~such~~ investment and reinvestment of moneys in ~~and for~~ the Investment Portfolio and providing for a Statement of Investment Policy; and

WHEREAS, it is the desire of the Board to renew the delegation of such authority and provide for a revised Statement of Investment Policy ~~of Mesa Water~~.

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

**Section 1.** That the Board does hereby delegate authority to the Treasurer/CFO to invest and reinvest funds ~~of Mesa Water~~ pursuant to all applicable laws, statutes, and regulations of the State as set forth in this Resolution. The Board reserves the right to provide for delegation of investment authority in the future by way of resolution or by motion.

**Section 2.** That the revised Statement of Investment Policy of Mesa Water is hereby adopted as set forth in Exhibit "A" attached to this Resolution, which is incorporated by this reference and shall be deemed to be effective as of ~~April 27, 2021~~ ~~February 9, 2022~~ and every fiscal year hereafter unless changed or modified by further action of this Board.



**Section 3.** That Resolution No. ~~1506-1540~~ of Mesa Water is superseded effective ~~April 27, 2021~~ February 9, 2022.

ADOPTED, SIGNED, and APPROVED this ~~9<sup>th</sup> 27<sup>th</sup>~~-day of ~~April 2021~~ February 2022 by a roll call vote.

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

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Marice H. DePasquale  
President, Board of Directors

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Denise Garcia  
District Secretary

DRAFT

# RESOLUTION NO. ~~15401563~~

## EXHIBIT A

### RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR REINVESTMENT OF SPECIFIED FUNDS, AND ADOPTING A REVISED STATEMENT OF INVESTMENT POLICY, SUPERSEDING RESOLUTION NO. ~~15061540~~

Statement of Investment Policy  
~~FY21FY22~~

#### 1.0 Policy

It is the policy of Mesa Water District (Mesa Water® or District) to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District. The investment policies and practices of Mesa Water are based upon prudent money management and shall conform to all federal, state and other applicable laws governing the investment of public funds.

Although no longer required by California Government Code (CGC) Section 53646, the District Treasurer/Chief Financial Officer (Treasurer/CFO) will render to the Board of Directors (Board) a Statement of Investment Policy (SIP) for consideration and approval at a public meeting. Any investment currently held at that time that does not meet the guidelines of this ~~SIP policy~~, as changed from time to time by the Board, shall be exempt from the requirements of this ~~SIP policy~~. However, at the investment's maturity or liquidation, such funds shall be reinvested only as provided by this ~~SIP policy~~.

#### 2.0 Scope

This Statement of Investment Policy (SIP) applies to all financial assets of Mesa Water except the California Public Employees Retirement System (CalPERS) (which has its own investment policy), Public Agencies Post-Employment Benefits Trust (which is administered by Mesa Water Resolution No. 1499), deferred compensation plan (governed by a separate Plan Document) and Certificate of Participation (COP) funds (governed by the applicable Trust Indentures, or equivalent document(s)), which are administered separately.

This SIP is set forth by Mesa Water for the following purposes:

- a. To establish a clear understanding for the Board, Finance Committee, Mesa Water management and responsible employees, citizens and third parties, of the objectives, policies and guidelines for the investment of Mesa Water's ~~excess~~ funds that are not required for immediate use.

- b. To offer guidance to investment staff, brokers and any external investment advisors on the investment of Mesa Water funds.

### **3.0 Objectives**

Subject to the overriding requirement of compliance with all federal, state and other applicable laws governing the investment of moneys under the control of the Treasurer/CFO, and as specified in the CGC Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

#### **3.1 Safety of Principal**

Safety of principal is the foremost objective. Investments of Mesa Water shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall Investment Portfolio. To attain this objective, diversification is advisable in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Each investment transaction shall seek to ensure that capital losses are avoided, whether from issuer default, broker/dealer default or erosion of market value. Mesa Water shall seek to preserve capital by mitigating credit risk and market risk, as identified below:

##### **3.1. A Credit Risk**

Credit risk is the risk of loss due to failure of the issuer to repay an obligation. It shall be mitigated by investing in only very safe institutions and by diversifying the Investment Portfolio so that the failure of any one issuer would not unduly harm Mesa Water's cash flow.

##### **3.1. B Market Risk**

Market risk is the risk of market value fluctuations due to overall changes in the general level of interest rates and shall be mitigated by:

- 1) Structuring the Investment Portfolio so that securities mature at the same time major cash outflows occur, thereby eliminating the need to sell securities prior to their maturity; and
- 2) Prohibiting the selling of securities that Mesa Water does not own (taking short positions); and
- 3) Limiting the maximum maturity of any one security in the Investment Portfolio to five years.

It is explicitly recognized that, in a diversified investment portfolio, occasional market value losses may be inevitable even in investments to be held to maturity. Such losses must be considered within the context of overall investment return.

### **3.2 Liquidity**

Mesa Water's Investment Portfolio will remain sufficiently liquid to enable the District to meet all operating and emergency requirements, which might be reasonably anticipated.

An amount equal to the adopted levels of the Operating Fund and Working Capital Cash will be kept fully liquid at all times.

### **3.3 Return on Investments**

State of California (State) law requires that the objective of return on investments be subordinate to the objectives of safety and liquidity. Mesa Water's Investment Portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account Mesa Water's investment risk constraints and the cash flow characteristics and requirements of Mesa Water's funds and of the portfolio.

Whenever possible, consistent with risk limitations and prudent investment principles, Mesa Water shall make an effort to achieve returns at the market average rate of return, defined, for the purpose of this SIP, as the average rate of return on three-month United States Treasury Bills or other benchmarks, as appropriate, depending on the make-up of the portfolio.

### **4.0 Delegation of Authority**

Authority to manage Mesa Water's investment program is derived from Section 53607 of the CGC, which authorizes the Board ~~of Mesa Water~~ to delegate authority to invest, reinvest, sell or exchange securities for a period of one year. This responsibility may be delegated to the Treasurer/CFO (by Board action), who shall establish written procedures for the administration of this SIP. The Board may renew this delegation pursuant to ~~S~~state law each year.

The Board ~~of Mesa Water~~, ~~the~~ General Manager, Treasurer/CFO and ~~the~~ District Secretary shall be signatories on all accounts at commercial banks, the Orange County Treasurer's Money Market Investment Pool (OCIP) and at the State managed Local Agency Investment Fund (LAIF), to access accounts for these and other authorized investments consistent with this SIP.

### **5.0 Prudence**

Investments shall be made in the context of the "Prudent Investor" standard pursuant to CGC Section 53600.3, which states in relevant part:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual

investments as part of an overall strategy, investments may be acquired as authorized by law.”

Mesa Water employees, acting in accordance with the provisions of the written policies and procedures of Mesa Water and this SIP, and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided that deviations from expectations are reported to the Finance Committee at the next regularly scheduled Finance Committee meeting, but within 30 days, and that appropriate action is taken to control adverse developments.

## **6.0 Ethics and Conflicts of Interest**

The Treasurer/CFO and other Mesa Water Officers and employees involved in the investment process shall refrain from personal business activity(ies) that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. The Treasurer/CFO and investment employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the Investment Portfolio and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Mesa Water.

During the course of the year, if there is an event subject to disclosure that could impair the ability of the Treasurer/CFO or investment employees to make impartial decisions, Mesa Water’s General Manager and Board will be notified as soon as practicable upon discovery of the event.

The Treasurer/CFO is required to file annual disclosure statements as required by the Fair Political Practices Commission (FPPC).

## **7.0 Authorized Financial Dealers and Institutions**

Mesa Water shall transact business only with commercial banks, savings and loans, LAIF, OCIP and registered investment securities dealers. The purchase of any investment, other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, who is a member of the National Association of Securities Dealers, or a member of a Federally regulated securities exchange, a National or State-Chartered Bank, or a savings association or Federal Association (as defined by Section 5102 of the Financial Code).

The Treasurer/CFO shall investigate all institutions that wish to do business with Mesa Water in order to determine if they are adequately capitalized, make markets in securities appropriate to Mesa Water’s needs and agree to abide by the conditions set forth in this SIP.

The Treasurer/CFO shall maintain a list of broker/dealers and institutions authorized to provide investment services and shall conduct an annual review of the financial condition of qualified institutions. In addition, a current financial statement is required to be on file for each qualified institution.

## **8.0 Authorized and Suitable Investments**

Authorized investments are stated in the CGC Sections 16429.1, 53601, 53635 and 53649. Mesa Water's authorized investments are more restrictive than the investments authorized by law.

The following investments are authorized under this Statement of Investment Policy:

- 8.1** United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- 8.2** Bonds issued by Mesa Water, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by Mesa Water or by a department, board, agency, or authority of Mesa Water.
- 8.3** Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- 8.4** Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in these bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.
- 8.5** United States agencies, federal agency or United States Government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- 8.6** Registered State warrants or treasury notes or bonds of ~~theis~~ State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State.
- 8.7** Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

- 8.8** Purchases of Banker Acceptances, which may not exceed 180 days maturity or 40 percent of the agency's money and no more than 30 percent of the agency's money, may be invested in the banker's acceptances of any one commercial bank.
- 8.9** Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by a Nationally Recognized Statistical Rating Organization (NRSRO). Issuing entities must meet the following criteria in either (1) or (2): (1) entities that are organized and operating within the United States as a general corporation and have total assets in surplus of five hundred million dollars (\$500,000,000) and have an "A" or higher rating (or equivalent) for the issuer's debt, other than commercial paper, if any, as provided for by a NRSRO; or (2) entities that are organized within the United States as a special purpose corporation, trust, or limited liability company and have program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or a surety bond, and have commercial paper that is rated "A-1" or higher, or equivalent, by an NRSRO. Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 25 percent of Mesa Water's Investment Portfolio at any time. **Mesa Water may invest no more than 10 percent of its total investment assets in the commercial paper of any single issuer.**
- 8.10** Negotiable certificates of deposits issued by a nationally or state-chartered bank, a savings association or federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federal or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the Investment Portfolio and the maximum maturity date shall not exceed five years, and are subject to the limitations of CGC Section 53601(i).
- 8.11** Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of the securities used as collateral for the repurchase agreements shall be monitored by the investment staff and shall not be allowed to fall below 102 percent of the value of the repurchase agreement.

Reverse repurchase agreements or securities lending agreements may be utilized only when all the conditions in CGC Section 53601(j) are met.

- 8.12** Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by a NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and

may not exceed 30 percent of Mesa Water's money that may be invested pursuant to CGC Section 53601 and Mesa Water's SIP. Mesa Water may invest no more than 10 percent of its total investment assets in the ~~commercial paper and the~~ medium-term notes of any single issuer.

- 8.13** Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by CGC Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by CGC Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.
- 8.14** Any mortgage pass through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of ~~Mesa Water's the agency's~~ ~~available surplus~~ money that may be invested.
- 8.15** Shares of beneficial interest issued by a joint powers authority organized pursuant to CGC Section 6509.7 ~~and as described in CGC Section 53601(p)~~. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment advisor that meets all of the following criteria:
- 8.15. A.** The advisor is registered or exempt from registration with the Securities and Exchange Commission.
- 8.15. B.** The advisor has not less than five years of experience investing in the securities and obligations authorized in CGC Section 6509.7.
- 8.15. C.** The advisor has assets under management in excess of five hundred million dollars (\$500,000,000).
- 8.16** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category



of “AA” or its equivalent or better by an NRSRO and shall not exceed 30 percent of Mesa Water’s moneys that may be invested pursuant to this section.

**8.17** Notwithstanding CGC Section 53601 or any other provision of this code, ~~Mesa Water local agency~~, at its discretion, may invest a portion of its surplus funds in Certificates of Deposit Account Registry Service (CDARS) at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit, provided that the purchases of certificates of deposit pursuant to this section, CGC Section 53601.8, and subdivision (h) of Section 53601 do not, in total, exceed 30 percent of ~~Mesa Water’s the agency’s~~ funds that may be invested for this purpose. The following conditions shall apply:

(a) ~~Mesa Water The local agency~~ shall choose a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the “selected” depository institution.

(b) The selected depository institution may use a private sector entity to help place local agency deposits with one or more commercial banks, savings banks (savings and loan associations), or credit unions that are located in the United States and are within the network used by the private sector entity for this purpose.

(c) Any private sector entity used by a selected depository institution to help place its local agency deposits shall maintain policies and procedures requiring both of the following:

(1) The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration; and

(2) Every depository institution where funds are placed shall be capitalized at a level that is sufficient, and be otherwise eligible, to receive such deposits pursuant to regulations of the Federal Deposit Insurance Corporation or the National Credit Union Administration, as applicable.

(d) The selected depository institution shall serve as a custodian for each such deposit.

(e) On the same date that ~~Mesa Water’s the local agency’s~~ funds are placed pursuant to subdivision (b) by the private sector entity, the selected depository institution shall receive an amount of insured deposits from other financial institutions that, in total, are equal to, or greater than, the full amount of the principal that ~~Mesa Water the local agency~~ initially deposited through the selected depository institution pursuant to subdivision (b).

(f) Notwithstanding subdivisions (a) to (e), inclusive, a credit union shall not act as a selected depository institution under this section or CGC Section 53601.8 unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally-insured credit unions in one or more certificate of deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(g) The deposits placed pursuant to this section and CGC Section 53635.8 shall not, in total, exceed 50 percent of Mesa Water's funds that may be invested for this purpose.

- 8.18** The Local Agency Investment Fund, established by the California State Treasurer for the benefit of local agencies and identified under the CGC Section 16429.1. The maximum investment authorized is the maximum amount permitted by the State Treasurer, currently at \$75,000,000 per account.
- 8.19** Time deposits, non-negotiable and collateralized in accordance with the CGC, may be purchased through banks or savings and loan associations. The maximum maturity date shall not exceed five years.
- 8.20** The Orange County Treasurer's Money Market Investment Pool, established by the County of Orange. Mesa Water's investments therein will be made in accordance with the CGC Section 53684.
- 8.21** Shares of beneficial interest issued by diversified management companies (otherwise known as "mutual funds"), as defined in Section 23701 of the Revenue and Taxation Code, investing in the securities and obligations stated in the CGC Sections 16429.1, 53601 and 53649. No more than 20 percent of Mesa Water's Investment Portfolio shall be invested in this option at any time. No more than 10 percent of Mesa Water's portfolio may be invested in shares of a beneficial interest of any one mutual fund.

To be eligible for investment by Mesa Water, diversified management companies shall:

- 8.21. A.** Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest NRSRO's; and
- 8.21. B.** Have an investment advisor registered with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations stated in the CGC Sections 16429.1, 53601 and 53649, and with assets under management in excess of five hundred million dollars (\$500,000,000); and
- 8.21. C.** Shall not include in the purchase price of shares of beneficial interest purchased any commission that these companies may charge.

## **9.0 Investment Pools**

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. A questionnaire shall be developed by the Treasurer/CFO that will address the following general considerations:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often and what size deposit and withdrawal.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc., used by the pool/fund?
- A fee schedule and when and how it is assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

## **10.0 Prohibited Investment Vehicles and Practices**

Investment staff is prohibited from investing Mesa Water's portfolio in the following:

- State laws notwithstanding, any investments not specifically described herein under Sections 8.0 through 9.0 are prohibited.
- Borrowing for investment purposes (Leverage) is prohibited.
- Buying or selling securities "on Margin" is prohibited.
- Investing in any instrument that is commonly known as a "derivative" instrument (options, futures, swaps, caps, floors, collars, U.S. Treasury zero coupon bonds, U.S. Treasury strips, interest-only bonds, interest-only strips derived from mortgage pools), or any investment that may result in a zero interest accrual, even if held to maturity, is prohibited.
- Under the provisions of CGC Section 53601.6, Mesa Water shall not invest any funds covered by this SIP in instruments known as Structured Notes (e.g., inverse floaters, leverage floaters, structured CD's, range notes, equity-linked securities). Any such investments are prohibited.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.

## **11.0 Collateralization**

The CGC Sections 53652 through 53667, inclusive, requires depositories to post certain types and levels of collateral for public funds above the Federal Deposit Insurance Corporation (FDIC) insurance amounts. The collateral requirements apply to bank deposits, both active (checking and savings accounts) and inactive (non-negotiable time certificates of deposit).

## **12.0 Safekeeping and Custody**

All investment transactions, including collateral for repurchase agreements, entered into by Mesa Water shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian, acting as an agent for Mesa Water under the terms of the custody agreement, designated by the Treasurer/CFO and evidenced by safekeeping receipts.

### **13.0 Diversification**

Mesa Water will diversify its investments by security type and institution. With the exception of U.S Treasuries, the LAIF, or the OCIP, no more than 50 percent of Mesa Water's total Investment Portfolio will be invested in a single security type or with a single financial institution.

### **14.0 Maximum Maturities**

To the extent practical, Mesa Water will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Mesa Water will not directly invest in securities maturing more than five years from the date of purchase.

### **15.0 Internal Controls and External Review**

The Treasurer/CFO shall maintain a system of internal controls in order to assure compliance with Mesa Water's written policies and procedure, this SIP, and also including but not limited to prior authorization and approvals, properly designed records, security of assets and records, segregation of incompatible duties, periodic reconciliations, periodic verification and timely preparation of reports in conformance with Section 17.0 [hereof](#).

As part of Mesa Water's annual audit, the external auditor retained by the Board shall review the internal controls. The external audit shall provide those reviews and opinions as are required for the independent auditor's reports. The Board reserves the right to request additional reviews or opinions as to this SIP as the Board shall determine and direct.

### **16.0 Performance Standards**

The Investment Portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles commensurate with Mesa Water's investment risk constraints and cash flow needs.

### **17.0 Reporting**

#### **17.1 Monthly Transaction Report**

The Treasurer/CFO shall submit a monthly report of investment transactions through the Finance Committee to Mesa Water's Board of Directors in conformance with the CGC Section 53607.

#### **17.2 Quarterly Investment Report**

The Treasurer/CFO shall submit quarterly investment reports, through the Finance Committee, to ~~the Mesa Water's~~ Board, ~~the~~ General Manager, and Mesa Water's internal auditor (Controller/Auditor) within 30 days following the end of the quarter covered by the report although no longer required by CGC Section 53646(b). For each specific investment, security, and money held by Mesa Water, these reports shall contain the following information:

- The type of investment
- Name of issuer
- Date of maturity
- Market value
- Cost of acquisition

Description of any of Mesa Water's funds, investment, or programs that are under management of contracted parties, including lending programs. With respect to all securities held by Mesa Water, and under management of an outside agency that is not also a local agency or the LAIF, the report shall also include the current market value as of the date of the report, and shall include the source of this same valuation.

For local agency investments that have been placed in LAIF, created by CGC Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Financial Code Section 14858, or in Federal Deposit Insured Corporation—insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the Treasurer/CFO may supply the Board, ~~the~~ General Manager and Mesa Water's outside auditor with the most recent statement or statements received by Mesa Water from these institutions in lieu of the specific investment, security, and money information required under this section.

A description of compliance with this SIP or an explanation of why it is not in compliance.

A statement indicating Mesa Water's ability to meet its cash flow needs for the next six months or an explanation as to why sufficient money may not be available.

## **18.0 Investment Policy Adoption and Periodic Review**

This SIP shall be adopted by resolution of the Board. This policy shall be reviewed on an annual basis by the Treasurer/CFO and Mesa Water's Finance Committee and approved annually by the Board.

## GLOSSARY

**AGENCIES:** Federal agency securities and/or Government – sponsored enterprises.

**ASK:** The price at which securities are offered.

**BANKERS' ACCEPTANCE (BA):** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BENCHMARK:** A comparative base for measuring the performance of risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**BID:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public moneys.

**COMMERCIAL PAPER:** Short-term, negotiable unsecured promissory notes of corporations.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** The official annual report for Mesa Water District. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**COUPON:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**CUSIP (COMMITTEE ON UNIFORM SECURITIES IDENTIFICATION PROCEDURES):** A unique nine-character identification number which serves as a "DNA" for securities and is assigned to all U.S. Government Bonds, Municipal Bonds, Negotiable Certificates of Deposit and other Securities. A CUSIP uniquely identifies the type of security and the issuer.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DELIVERY VERSUS PAYMENT (DVP):** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value; e.g., U.S. Treasury Bills.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**FEDERAL CREDIT AGENCIES:** Agencies of the federal government set up to supply credit to various classes of institutions and individuals; e.g., S&L's, small-business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

**FEDERAL FUNDS RATE:** The rate of interest at which federal funds are traded. The Federal Reserve through open-market operations currently pegs this rate.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district bank.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporations' purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, DC, 12 regional banks and about 5,700 commercial banks that are members of the system.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage banks, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. The FHA, VA, or FMHM mortgages back Ginnie Mae securities. The term “pass-throughs” is often used to describe Ginnie Maes.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**LOCAL AGENCY INVESTMENT FUND (LAIF):** A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.

**MARKET CYCLE:** A market cycle is defined as a period of time, which includes a minimum of two consecutive quarters of falling interest rates followed by a minimum of two consecutive quarters of rising interest rates.

**MARKET VALUE:** The price at which a security is traded and could presumably be purchased or sold.

**MATURITY:** The date upon which the principal or states value of an investment becomes due and payable.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**NATIONALLY RECOGNIZED STATISTICAL-RATING ORGANIZATION (NRSRO):** The credit rating agencies whose ratings are permitted to be used for investment purposes such as Moody's Investor Service, Standard & Poor's, and Fitch Rating.

**NEGOTIABLE CERTIFICATE OF DEPOSIT:** A large denomination certificate of deposit that can be sold in the open market prior to maturity.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See ASK and BID.

**ORANGE COUNTY INVESTMENT POOL (OCIP):** A pooled investment vehicle for Orange County California agencies administered by the Orange County Treasurer.

**PORTFOLIO:** Collection of securities held by an investor.

**PRIMARY DEALER:** Group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include



Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**PRUDENT PERSON RULE:** An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state – the so-called legal list. In other states, the trustee may invest in a security if it is one, which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital. Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to CGC Section 53600 et seq. are trustees and therefore fiduciaries subject to the prudent person rule. Within the limitations of the CGC Section 53600 et seq. and considering individual investments as part of an overall strategy, a trustee is allowed to acquire investments as authorized by law.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this State, which has aggregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION (SEC):** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**TIME CERTIFICATE OF DEPOSIT:** A non-negotiable certificate of deposit that cannot be sold prior to maturity.

**TOTAL RATE OF RETURN:** Represents growth (or decline) in the value of a portfolio, including both capital appreciation and income, as a proportion of the starting market value.

**TIME-WEIGHTED RATE OF RETURN:** A modified measurement of Total Rate of Return that eliminates the effect of the timing of funds flows to and/or from a security or portfolio.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY BOND:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of 2 to 10 years.

YIELD: The rate of annual income return on an investment, expressed as a percentage.

YIELD TO MATURITY: The calculated rate of return based upon the present value of the cash flow from each interest payment, plus the present value of the cash flow from the investment's redemption value at maturity vs. the purchase price.

DRAFT

**RESOLUTION NO. ~~1540~~1563**

**EXHIBIT B**

**RESOLUTION OF THE  
MESA WATER DISTRICT BOARD OF DIRECTORS  
DELEGATING AUTHORITY RELATIVE TO INVESTMENT OR  
REINVESTMENT OF SPECIFIED FUNDS, AND ADOPTING A REVISED  
STATEMENT OF INVESTMENT POLICY,  
SUPERSEDING RESOLUTION NO. ~~1506~~1540**

Summary of Investments Authorized Under California  
Government Code Sections 53601, 53684, 16429.1

Statement of Investment Policy  
~~FY21~~FY22

DRAFT

**SUMMARY OF INVESTMENTS AUTHORIZED UNDER CALIFORNIA  
GOVERNMENT CODE SECTIONS 53601, 53684, 16429.1  
MESA WATER DISTRICT ~~FY21~~FY22 STATEMENT OF INVESTMENT POLICY**

CGC Section	Investment Type	ALLOWED BY STATUTE			AUTHORIZED BY MESA WATER DISTRICT		
		Maximum Maturity	Authorized Limit (%)	Required Rating	Maximum Maturity	Authorized Limit	Required Rating
53601(a)	Local Agency Bonds	5 Years	None	None	5 Years	None	None
53601(b)	U.S. Treasury Obligations	5 Years	None	None	5 Years	None	None
53601(c)	State of California Obligations	5 Years	None	None	5 Years	None	None
53601(d)	Other State Obligations	5 Years	None	None	5 Years	None	None
53601(e)	California Local Agency Obligations	5 Years	None	None	5 Years	None	None
53601(f)	Federal Agency or U.S. Government Obligations (GSE's)	5 Years	None	None	5Years	None	None
53601(g)	Bankers' Acceptances	180 Days	40%/30% <sup>(1)</sup>	None	180 Days	40%/30% <sup>(1)</sup>	None
53601(h)	Commercial Paper	270 Days	25% or 10% <sup>(2)</sup>	A1/P1/F1	270 Days	25% or 10% <sup>(2)</sup>	A1/P1/F1
53601(i)	Negotiable Certificates of Deposit <sup>(8)</sup>	5 Years	30% <sup>(7)</sup>	None	5 Years	30% <sup>(7)</sup>	None
53601(j)	Repurchase Agreements	1 Year	None	None	1 Year	None	None
53601(j)	Reverse Repurchase Agreements	92 Days	20% of base	Various <sup>(3)</sup>	92 Days	20% of base	Various <sup>(3)</sup>
53601(k)	Medium-Term Notes	5 Years	30%/10% <sup>(9)</sup>	A	5 Years	30%/10% <sup>(9)</sup>	A
53601(l)	Mutual Funds	N/A	20%/10% <sup>(4)</sup>	Various <sup>(5)</sup>	N/A	20%/10% <sup>(4)</sup>	Various <sup>(5)</sup>
53601(l)	Money Market Mutual Funds	N/A	20%/10% <sup>(4)</sup>	Various <sup>(5)</sup>	N/A	20%/10% <sup>(4)</sup>	Various <sup>(5)</sup>
53601(m)	Trust Indenture or Other Contract	Per Contract	Per Contract	Per Contract	Per Contract	Per Contract	Per Contract
53601(n)	Collateralized Bank Deposits <sup>(8)</sup>	5 Years	None	None	5 Years	None	None
53601 (o)	Mortgage Pass-Through Securities	5 Years	20%	AA	5 Years	20%	AA
53601 (p)	Shares of beneficial interest in JPA's	N/A	None	None	N/A	None	None
53601.8	Certificates of Deposits (CDAR's) <sup>(8)</sup>	5 Years	30% <sup>(7)</sup>	None	5 Years	30% <sup>(7)</sup>	None
16429.1	Local Agency Investment Fund (LAIF)	N/A	None	None	N/A	None <sup>(6)</sup>	None
53684	County Pooled Investment Funds	N/A	None	None	N/A	None	None
	Time Deposits <sup>(8)</sup>	5 Years	None	None	5 Years	None	None

(1) 30% limit for one commercial bank.

(2) 10% limit for the outstanding commercial paper of any single corporate issue.

(3) Securities used for the agreement must have been held by the issuer for 30 days, investments can only be made with primary dealers of the Federal Reserve Bank of New York.

(4) No more than 10% can be invested in any one fund.

(5) Highest ranking by 2 of 3 of the nationally recognized rating agencies, and retain an investment advisor who is registered with the SEC and has at least 5 years' experience investing in securities authorized in CGC Section 53601 and 53635 with assets in excess of \$500 million.

(6) LAIF currently allows a maximum of \$75 million per account.

(7) No more than 30% of total funds may be invested in these CD's.

(8) Subject to FDIC limitations. Also, subject to other limits with investments in credit unions.

~~(8)~~-(9) No more than 10% can be invested in medium-term notes of any single issuer.

**REPORTS:**

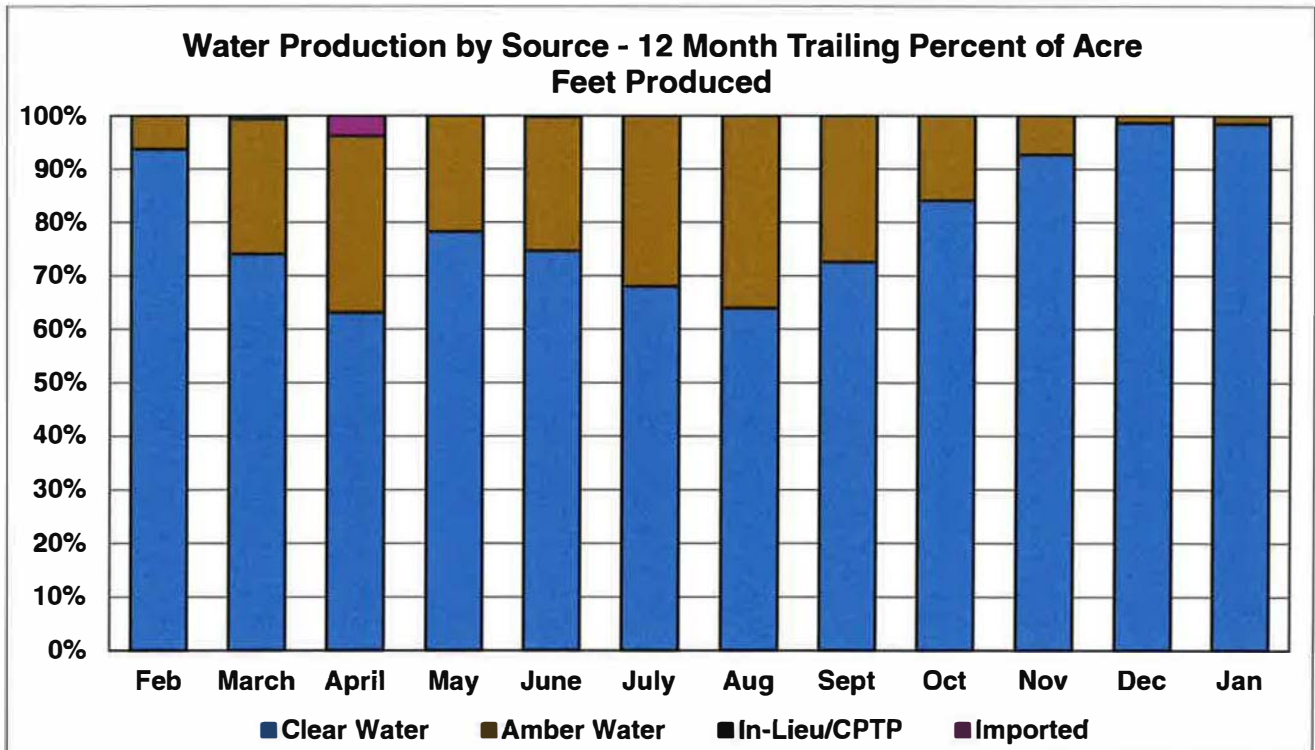
11. REPORT OF THE GENERAL MANAGER:
  - January Key Indicators Report
  - Other (no enclosure)

**Monthly Key Indicators Report  
For The Month of January 2022**

**Goal #1: Provide a safe, abundant, and reliable water supply  
FY 2022 Potable Production (Acre Feet)**

Water Supply Source	FY 2022 YTD Actual (AF)	FY 2022 YTD Budget (AF)	FY 2022 Annual Budget (AF)
Clear Water	7,678	7,464	12,523
Amber Water (MWRf)	1,854	2,230	3,741
Imported	0	0	0
Basin Management Water	0	0	0
<b>Total Production</b>	<b>9,532</b>	<b>9,694</b>	<b>16,264</b>

YTD actual water production (AF) through January 31, 2022



**Monthly Key Indicators Report  
For The Month of January 2022**

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

**FY20 System Water Quality – This data reflects samples taken in December**

<b>Distribution System:</b>	<b>Average</b>	<b>Range</b>	<b>MCL</b>
Chlorine Residual (mg/L) <i>Compliance</i>	1.52	0.18 – 2.65 Current RAA = 1.67	4 RAA
Coliform Positive % <i>Compliance</i>	0	0	5
Temperature (° F)	70.1	66 – 75	None

<b>Reservoir I &amp; II:</b>	<b>Average</b>	<b>Range</b>	<b>MCL</b>
Chlorine Residual (mg/L)	0.60	0.20 – 1.28	None
Monochloramine (mg/L)	0.57	0.19 – 1.23	None
Ammonia (mg/L)	0.15	0.03 - 0.30	None
Temperature (° F)	71	67 – 73	None

<b>Wells (Treated):</b>	<b>Average</b>	<b>Range</b>	<b>MCL</b>
Chlorine Residual (mg/L)	2.50	2.22 – 2.73	None
Monochloramine (mg/L)	2.45	2.15 – 2.74	None
Ammonia (mg/L)	0.52	0.42 - 0.61	None
Temperature (° F)	68.3	63 - 73	None

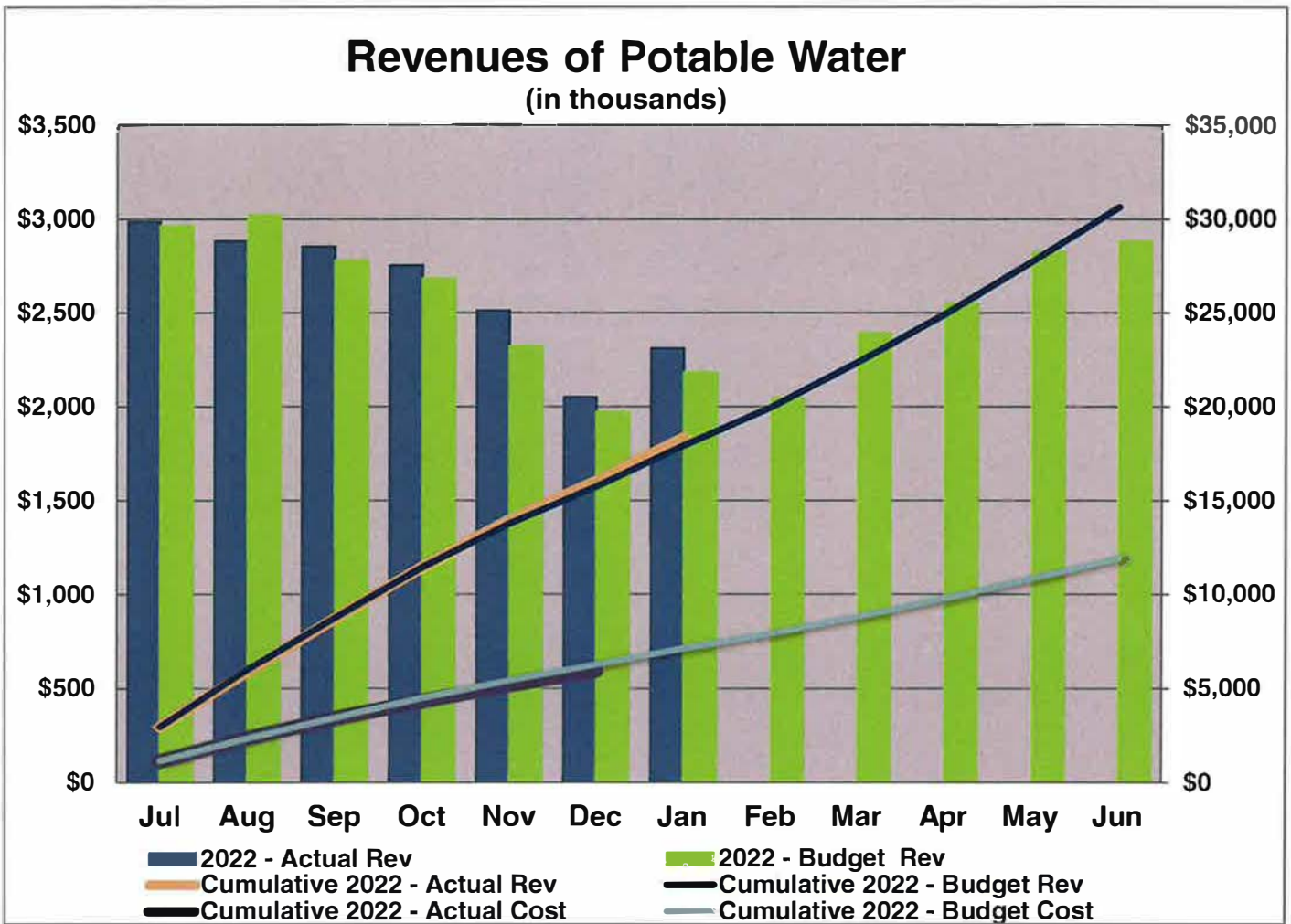
<b>MWRF:</b>	<b>Average</b>	<b>Range</b>	<b>MCL</b>
Chlorine Residual (mg/L)	1.73	1.28 – 2.18	None
Monochloramine (mg/L)	1.62	1.12 – 2.11	None
Ammonia (mg/L)	0.49	0.24 – 0.73	None
Temperature (° F)	78	78	None
Color (CU) <i>Compliance</i>	ND	ND	15
Odor (TON) <i>Compliance</i>	ND	ND	3

**Water Quality Calls/Investigations:**

Total Calls	7
Total Investigations (from calls)	3

**Monthly Key Indicators Report  
For The Month of January 2022**

**Goal #2: Practice perpetual infrastructure renewal and improvement**



	Actual	Budget	Favorable (Unfavorable)	
			Difference	%
Total YTD Revenue \$	18,350,003	17,928,573	421,430	2.35%

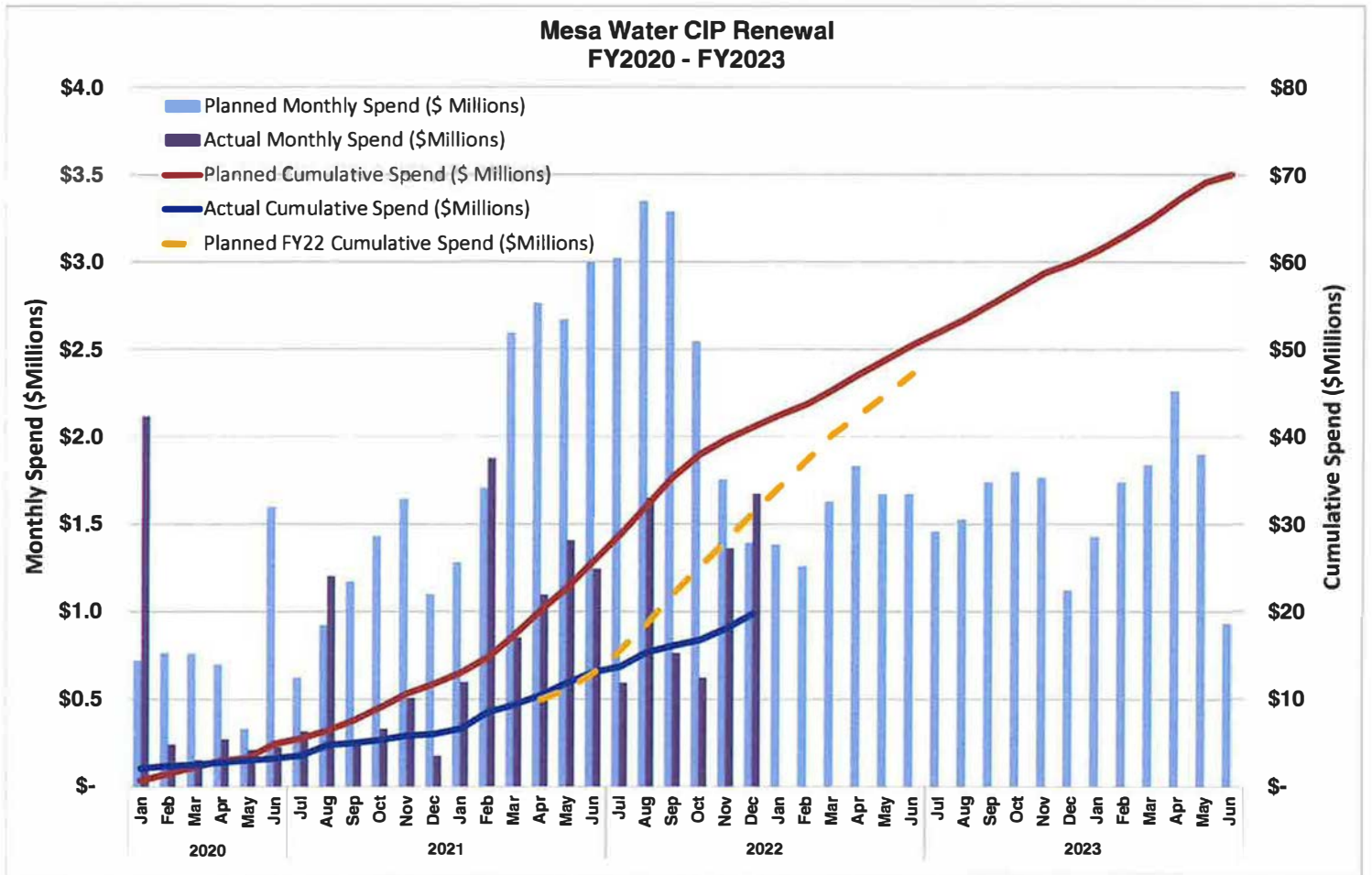
	Actual	Budget	UnFavorable (Favorable)	
			Difference	%
Total YTD Cost \$ *	5,930,894	6,267,587	(336,693)	(5.37%)

\* 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 January 2022**

***Goal #3: Be financially responsible and transparent***



**Monthly Key Indicators Report  
For The Month of January 2022**

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

**Web Site Information**

<b>Web Site Information</b>	<b>December 2021</b>	<b>January 2022</b>
Visits to the web site	10989	10948
Unique visitors (First time to the site)	8814	8216
Average per day	354	353
Average visit length	69 seconds	93 seconds
Page visited most	Online Bill Pay	Online Bill Pay
Second most visited page	Press Releases	Home Page
Third most visited page	Home Page	Press Releases
Fourth most visited page	Rates and Fees	Video Contest
Fifth most visited page	Human Resources	Rates and Fees
Most downloaded file	2021 Water Quality Report	2021 Water Quality Report
Second most downloaded file	Standard Specifications and Standard Drawings for the Construction of Water Facilities	Standard Specifications and Standard Drawings for the Construction of Water Facilities
Most active day of the week	Thursday	Thursday
Least active day of the week	Saturday	Sunday

<b>Total visits since July 1, 2002</b>	<b><u>1,627,167</u></b>
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**Water Vending Machine Information**

<b>Vending Machine Location</b>	<b>Vend Measurement</b>	<b>January 2022 Vends</b>	<b>Totals Vends</b>
Mesa Water Office	1 gal	5,538	559,730

**Monthly Key Indicators Report  
For the Month of January 2022  
Goal #5: Attract and retain skilled employees**

DEPARTMENT:	FY 2022			COMMENTS:
	BUDGET	FILLED	VACANT	
<b>OFFICE OF THE GENERAL MANAGER:</b>				
General Manager	1.00	1.00	0.00	
Business Administrator	1.00	1.00	0.00	
<b>Subtotal</b>	<b>2.00</b>	<b>2.00</b>	<b>0.00</b>	
<b>ADMINISTRATIVE SERVICES:</b>				
Administrative Services	5.00	5.00	0.00	
<b>Subtotal</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>	
<b>CUSTOMER SERVICES:</b>				
Conservation	1.00	0.00	1.00	Water Use Efficiency Analyst - vacant; on hold.
Customer Service	4.00	4.00	0.00	
<b>Subtotal</b>	<b>5.00</b>	<b>4.00</b>	<b>1.00</b>	
<b>ENGINEERING:</b>				
Engineering	5.00	5.00	0.00	
<b>Subtotal</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>	
<b>WATER POLICY:</b>				
Legislative & Governmental Affairs	1.50	1.50	0.00	
<b>Subtotal</b>	<b>1.50</b>	<b>1.50</b>	<b>0.00</b>	
<b>FINANCIAL SERVICES:</b>				
Financial Reporting/ Purchasing	4.00	4.00	0.00	
Accounting	1.00	1.00	0.00	
<b>Subtotal</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>	
<b>HUMAN RESOURCES:</b>				
Human Resources	3.00	3.00	0.00	
<b>Subtotal</b>	<b>3.00</b>	<b>3.00</b>	<b>0.00</b>	
<b>PUBLIC AFFAIRS:</b>				
Outreach, Education & Communications	1.50	1.50	0.00	
<b>Subtotal</b>	<b>1.50</b>	<b>1.50</b>	<b>0.00</b>	
<b>WATER OPERATIONS:</b>				
Supervision/Support	7.00	7.00	0.00	Operator I/II - vacant; recruitment in process.
Distribution	9.00	8.00	1.00	
Field Services	5.00	5.00	0.00	
Production	3.00	3.00	0.00	
Water Quality	2.00	2.00	0.00	
<b>Subtotal</b>	<b>26.00</b>	<b>25.00</b>	<b>1.00</b>	
<b>* TOTAL BUDGETED POSITIONS:</b>	<b>54.00</b>	<b>52.00</b>	<b>2.00</b>	

**Monthly Key Indicators Report  
For The Month of January 2022**

***Goal #6: Provide outstanding customer service***

**Customer Calls**

<b>Call Type</b>	<b>FY22 YTD</b>	<b>January 2022</b>	<b>YTD Weekly Average</b>
General Billing Question	1390	218	46
Service Requests	841	94	28
High Bill	782	82	26
Payments	1216	151	41
Late Fee	297	45	10
Account Maintenance	615	117	21
On-Line Bill Pay	905	138	30
Water Pressure	20	2	1
No Water	166	10	6
Conservation	143	7	5
Water Waste	168	15	6
Other (District info. other utility info. etc.)	1147	195	38
Rate Increase	16	10	1
Fluoridation	0	0	0
<b>TOTAL CUSTOMER CALLS</b>	<b>7706</b>	<b>1084</b>	<b>257</b>
<b>AVERAGE ANSWER TIME (Seconds)</b>	<b>41</b>	<b>41</b>	<b>42</b>

**Online Bill Pay Customers**

<b>Current Customers Enrolled</b>	<b>FY 2022 YTD</b>	<b>January 2022</b>	<b>YTD Weekly Average</b>
17472	1556	269	52

**REPORTS:**

12. DIRECTORS' REPORTS AND COMMENTS

**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
N/A	

**Fred R. Bockmiller, P.E.** **Meetings Attended**

Reimbursement Date:	Description, Date
01/24/22	Meeting w/ General Manager, 11/23
01/24/22	Mesa Water Employee Event, 12/9
01/24/22	Newport Beach Chamber of Commerce Event, 12/14
01/24/22	Meeting w/ General Manager, 12/15

**Marice H. DePasquale** **Meetings Attended**

Reimbursement Date:	Description, Date
01/24/22	Daily Pilot Interview, 11/8
01/24/22	BIA Meeting, 11/12
01/24/22	AES Site Tour, 11/15

**Shawn Dewane** **Meetings Attended**

Reimbursement Date:	Description, Date
01/12/22	Meeting w/ Mesa Water Director, 12/21

**James R. Fisler** **Meetings Attended**

Reimbursement Date:	Description, Date
12/06/21	Emerald Bay Service District Board Meeting, 10/20
01/24/22	Trabuco Canyon Water District Board Meeting, 12/16

There are no support materials for this item.