



*Dedicated to
Satisfying our Community's
Water Needs*

**AGENDA
MESA WATER DISTRICT
BOARD OF DIRECTORS
Thursday, May 13, 2021
1965 Placentia Avenue, Costa Mesa, CA 92627
6:00 p.m. Regular Board Meeting**

IN AN EFFORT TO MITIGATE THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20, THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD MEETING IN PERSON. MEMBERS OF THE PUBLIC MAY LISTEN AND PROVIDE PUBLIC COMMENT BY TELEPHONE AUDIO AS FOLLOWS:

**Telephone Audio: (669) 900 6833
Meeting ID: 921 5689 0387
Passcode: 912282**

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 on the agenda. Each speaker is limited to three minutes. The Board will set aside 30 minutes for public comments.

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

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

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

CONSENT CALENDAR ITEMS:

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

1. Approve minutes of regular Board meeting of April 8, 2021.
2. Approve minutes of adjourned regular Board meeting of April 27, 2021.
3. Approve attendance considerations (additions, changes, deletions).
4. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar
5. Approve legal fees to Meyers Nave, A Professional Corporation for an amount not to exceed \$150,000 to provide Special Legal Counsel Services.
6. Receive the Quarterly Training Report for January 1, 2021 to March 31, 2021.



PRESENTATION AND DISCUSSION ITEMS:

7. CAPITAL IMPROVEMENT PROGRAM RENEWAL UPDATE:

Recommendation: Receive the presentation.

ACTION ITEMS:

8. PROPOSED FISCAL YEAR 2022 BUDGET:

Recommendation: Discuss the proposed Fiscal Year 2022 Budget and choose:

Option 1: Approve the proposed Fiscal Year 2022 Budget, or

Option 2: Direct staff to modify the proposed Fiscal Year 2022 Budget as requested by the Board of Directors.

9. WILSON STREET PIPELINE REPLACEMENT PROJECT:

Recommendation: Award a contract to J.A. Salazar Construction & Supply Corp. for \$1,997,439 and a 10% contingency of \$199,744 for a contract amount not to exceed \$2,197,183 to provide construction services for replacement of the existing 12-inch pipeline in Wilson Street with a new pipeline, and authorize execution of the contract.

REPORTS:

10. REPORT OF THE GENERAL MANAGER:

- April Key Indicators Report
- Other (no enclosure)

11. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

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

13. OTHER (NO ENCLOSURE)

CLOSED SESSION:

14. CONFERENCE WITH SPECIAL LEGAL COUNSEL – EXISTING LITIGATION:

Pursuant to California Government Code Section 54956.9 (d)(1)

Case: *Irvine Ranch Water District v. Orange County Water District and related cross-actions*
Los Angeles County Superior Court Case Nos. BS168278 and BS175192



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

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

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

ADJOURN TO AN ADJOURNED REGULAR BOARD MEETING SCHEDULED FOR THURSDAY, MAY 25, 2021 AT 3:30 P.M.



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**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Thursday, April 8, 2021
1965 Placentia Avenue, Costa Mesa, CA 92627
6:00 p.m. Regular Board Meeting**

CALL TO ORDER The meeting of the Board of Directors was called to order at 6:01 p.m. by President DePasquale.

PLEDGE OF ALLEGIANCE Director Atkinson led the Pledge of Allegiance.

Directors Present Marice H. DePasquale President *(teleconference)*
Shawn Dewane, Vice President *(teleconference)*
Jim Atkinson, Director *(teleconference)*
Fred R. Bockmiller, P.E., Director *(teleconference)*
James R. Fidler, Director *(teleconference)*

Directors Absent None

Staff Present Paul E. Shoenberger, P.E., General Manager *(teleconference)*
Phil Lauri, P. E., Assistant General Manager *(teleconference)*
Denise Garcia, Administrative Services Manager/
District Secretary
Wendy Duncan, Records Management Specialist/
Assistant District Secretary *(teleconference)*
Marwan Khalifa, CPA, MBA, Chief Financial Officer/
District Treasurer *(teleconference)*
Stacie Sheek, Customer Services Manager *(teleconference)*
Syndie Ly, Human Resources Manager *(teleconference)*
Tracy Manning, Water Operations Manager *(teleconference)*
Stacy Taylor, Water Policy Manager *(teleconference)*
Kurt Lind, Business Administrator *(teleconference)*
Celeste Carrillo, Public Affairs Coordinator *(teleconference)*
Jeff Hoskinson, Partner, Atkinson, Andelson, Loya, Ruud &
Romo *(teleconference)*

Others Present Jonathan Aparicio, IT Support Engineer, T2 Technology Group
Melody McDonald, Executive Committee Member, Association
of California Water Agencies Joint Powers Insurance
Authority (ACWA/JPIA) *(teleconference)*
Pamela Tobin, President, San Juan Water District *(teleconference)*
Cathy Green, 1st Vice President, Orange County Water District
(teleconference)
Gregory J. Newmark, Principal, Meyers Nave *(teleconference)*

President DePasquale stated that the Board of Directors was attending the meeting via teleconference per Governor Newsom's Executive Order N-29-20 which suspended certain provisions of the Ralph M. Brown Act.

President DePasquale stated that for each action, a roll call vote was taken in accordance with California Government Code Section 54953(b)(2), which states, "all votes taken during a teleconferenced meeting shall be by roll call."

President DePasquale proceeded with the meeting.

ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY RECOGNITION

President DePasquale introduced ACWA/JPIA Executive Committee Member Melody McDonald and Mesa Water Director and ACWA/JPIA Executive Committee Member Fred Bockmiller. Ms. McDonald and Mr. Bockmiller thanked Mesa Water District for their continuous support of ACWA/JPIA and virtually presented the Board with a check for \$127,945.02.

PUBLIC COMMENTS

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

President DePasquale welcomed San Juan Water District President Pamela Tobin and Orange County Water District 1st Vice President Cathy Green. Ms. Tobin and Ms. Green provided an overview of their qualifications for the candidacy of the Association of California Water Agencies President and Vice President positions, respectively.

President DePasquale thanked them for attending the meeting and proceeded with the meeting.

ITEMS TO BE ADDED, REMOVED OR REORDERED ON THE AGENDA

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

CONSENT CALENDAR ITEMS:

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

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

1. Approve minutes of regular Board meeting of March 11, 2021.
2. Approve minutes of adjourned regular Board meeting of March 23, 2021.
3. Approve attendance considerations (additions, changes, deletions).
4. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar
5. Approve a one-year contract extension to Clifton Larson Allen, formerly White Nelson Diehl Evans LLP, to perform annual financial audit services for the fiscal year ending June 30, 2021.
6. Affirm and direct staff to schedule a public hearing for the April 27, 2021 Board of Directors Committee meeting.

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 approve Items 1 – 4 and 6 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

ITEM 5 – Approve a one-year contract extension to Clifton Larson Allen, formerly White Nelson Diehl Evans LLP, to perform annual financial audit services for the fiscal year ending June 30, 2021.

Discussion ensued amongst the Board.

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 Vice President Dewane, second by Director Fisler, to approve Item 5 of the Consent Calendar. Motion passed 4-1, by the following roll call vote:

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

PRESENTATION AND DISCUSSION ITEMS:

None.

ACTION ITEMS:

7. CLASSIFICATION AND COMPENSATION STUDY:

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 Bockmiller, second by Vice President Dewane, to award a contract to Koff & Associates for an amount not to exceed \$75,000 to begin a District-wide

Classification and Compensation Study as outlined in the Memorandum of Understanding. 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

8. OPERATIONAL INFRASTRUCTURE SECURITY UPGRADES PROJECT:

Administrative Services Manager Garcia provided a brief overview of the topic.

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

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 Bockmiller, second by Vice President Dewane, to award the following contracts to:

- a. Prime Systems Industrial Automation, Inc. for \$245,000 and a 10% contingency of \$24,500 for a total amount not to exceed \$269,500 for acquisition of Information Technology infrastructure software assets and to provide professional services to upgrade the Wonderware software system and installation of replacement critical hardware components;
- b. T2 Technology Group, LLC for \$427,000 and a 10% contingency of \$42,700 for a total amount not to exceed \$469,700 for acquisition of Information Technology infrastructure hardware/software assets and professional services for the implementation of a metrics-based Information Technology operations management model and to perform hardware/software maintenance activities;
- c. Zone and Insight for an amount not to exceed \$44,000 for the acquisition of Control Systems Information Technology Infrastructure hardware/software assets and support; and,
- d. AT&T for an amount not to exceed \$24,000 annually for internet access to the Mesa Water Reliability Facility (MWRF) and point-to-point circuits between the MWRF and the Emergency Operations Center.

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

REPORTS:

9. REPORT OF THE GENERAL MANAGER:

- March Key Indicators Report

- Other (no enclosure)

10. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

11. WELL NO. 6 REHABILITATION
12. CLAIM OF BARBARA MCCALL
13. DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)
14. OTHER (NO ENCLOSURE)

RECESS:

President DePasquale declared a recess at 6:54 p.m.

The Board meeting reconvened at 6:57 p.m.

CLOSED SESSION:

President DePasquale announced that the Board was going into Closed Session at 6:57 p.m.

15. CONFERENCE WITH SPECIAL LEGAL COUNSEL – EXISTING LITIGATION:
Pursuant to California Government Code Section 54956.9 (d)(1)
Case: *Irvine Ranch Water District v. Orange County Water District and related cross-actions*
Los Angeles County Superior Court Case Nos. BS168278 and BS175192

The Board returned to Open Session at 7:23 p.m.

District Secretary Garcia announced that the Board conducted one Closed Session with the General Manager, Assistant General Manager, District Secretary, External Affairs Manager and Special Legal Counsel pursuant to California Government Code Section 54956.9 (d)(1). The Board received information and gave direction to staff. There was no further announcement.

President DePasquale adjourned the meeting at 7:25 p.m. to an Adjourned Regular Board Meeting scheduled for Thursday, April 22, 2021 at 3:30 p.m.

Approved:

Marice H. DePasquale, President

Denise Garcia, District Secretary

Sharon D. Brimer, Recording Secretary



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**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Tuesday, April 27, 2021
1965 Placentia Avenue, Costa Mesa, CA 92627
3:30 p.m. Adjourned Regular Board Meeting**

BOARD OF DIRECTORS COMMITTEE MEETING

CALL TO ORDER The meeting of the Board of Directors was called to order at 3:31 p.m. by President DePasquale.

PLEDGE OF ALLEGIANCE Vice President Dewane led the Pledge of Allegiance.

Directors Present Marice H. DePasquale, President *(teleconference)*
Shawn Dewane, Vice President *(teleconference)*
Jim Atkinson, Director *(joined the teleconference at 3:37 p.m.)*
Fred R. Bockmiller, P.E., Director *(teleconference)*
James R. Fidler, Director *(teleconference)*

Directors Absent None

Staff Present Paul E. Shoenberger, P.E., General Manager
Phil Lauri, P.E., Assistant General Manager *(teleconference)*
Denise Garcia, Administrative Services Manager/
District Secretary
Wendy Duncan, Records Management Specialist/
Assistant District Secretary *(teleconference)*
Marwan Khalifa, CPA, MBA, Chief Financial Officer/
District Treasurer
Stacie Sheek, Customer Services Manager *(teleconference)*
Tracy Manning, Water Operations Manager *(teleconference)*
Stacy Taylor, Water Policy Manager *(teleconference)*
Kurt Lind, Business Administrator *(teleconference)*
Andrew D. Wiesner, P.E., Principal Engineer *(teleconference)*
Celeste Carrillo, Public Affairs Coordinator *(teleconference)*

Others Present Jonathan Aparicio, IT Support Engineer, T2 Technology Group
Dennis Albani, Vice President, California Advocates, Inc. *(teleconference)*
Anthony Molina, Legislative Advocate, California Advocates, Inc. *(teleconference)*

President DePasquale stated that the Board of Directors was attending the meeting via teleconference per Governor Newsom's Executive Order N-29-20 which suspended certain provisions of the Ralph M. Brown Act.

President DePasquale stated that for each action, a roll call vote was taken in accordance with California Government Code Section 54953(b)(2), which states, "all votes taken during a teleconferenced meeting shall be by roll call."

President DePasquale proceeded with the meeting.

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 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.

Director Bockmiller pulled Item 8 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 Board. There were no comments.

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

MOTION

Motion by Vice President Dewane, second by Director Fisler, to approve Items 1 - 7 and 9 - 10 of the Consent Calendar. Motion passed 4-1, by the following roll call vote:

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

ITEM 8 – Receive and file the State Advocacy Update.

Water Policy Manager Taylor introduced California Advocates, Inc. Vice President Dennis Albiani who proceeded with the State Advocacy update. Mr. Albiani introduced California Advocates, Inc. Legislative Advocate Anthony Molina who provided a brief budget update.

Mr. Albiani responded to questions from the Board and they thanked Messrs. Albiani and Molina for the update.

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 Vice President Dewane, to approve Item 8 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

ACTION ITEMS:

11. CHANDLER & CRODDY WELLS AND PIPELINE PROJECT PIPELINE CONSTRUCTION:

Assistant General Manager Lauri provided a brief overview of the topic.

AGM Lauri responded to questions from the Board and they thanked him for the information.

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 Bockmiller, second by Director Fisler, to award a contract to Ferreira Construction Co. Inc. dba Ferreira Coastal Construction for \$3,938,360 and a 10% contingency of \$393,836 for a contract amount not to exceed \$4,332,196 to provide Pipeline Construction to the Chandler & Croddy Wells and Pipeline Project, and authorize the execution of the contract. 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

12. STATEMENT OF INVESTMENT POLICY:

Chief Financial Officer Khalifa provided a brief overview of the topic.

Discussion ensued amongst the Board.

Director Bockmiller stated that mortgage pass-through securities are inherently risky and in the previous Resolution No. 1506, the District deliberately allowed a smaller percentage than the state limits due to the mortgage collapse. Consequently, he will not be supporting this change to Resolution 1540.

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

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 Vice President Dewane, second by President DePasquale, to

- a. Approve the administrative changes to Resolution No. 1540 - 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 Mortgage Pass-Through Securities, increasing the limit from 10% to 20%, and increasing the Local Agency Investment Fund (LAIF) maximum per account from \$50MM to \$75MM; and
- c. Adopt 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.

Motion passed 4-1, by the following roll call vote:

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

13. SPECIAL LEGAL COUNSEL SERVICES:

GM Shoenberger provided a brief overview of the topic.

GM Shoenberger responded to questions from the Board and they thanked him for the information

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 Vice President Dewane, second by Director Fisler, to add to the next regular Board meeting Consent Calendar approval of legal fees to Meyers Nave, A Professional Corporation for an amount not to exceed \$150,000 to provide Special Legal Counsel Services. 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

14. DEFERRED COMPENSATION MATCH 401(A):

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 Bockmiller, second by Vice President Dewane, to

- a. Approve the formation of a 401(a) for all employees; and
- b. Approve an employee dollar for dollar match up to three percent of gross wages, effective July 1, 2021.

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

15. PUBLIC HEARING – ORDINANCE NO. 31 – DIRECTORS COMPENSATION AND EXPENSE REIMBURSEMENT:

President DePasquale announced the Public Hearing was now opened for the purpose of receiving comments regarding a proposed change in Directors' Compensation.

District Secretary Garcia reported that public notices were posted at Mesa Water District's office and website, and at Costa Mesa City Hall. Additionally, legal advertisements were published in the Daily Pilot on April 15, 2021 and on April 22, 2021.

President DePasquale opened the floor to the Board of Directors. Comments were offered.

Discussion ensued amongst the Board.

District Secretary Garcia reported that the District had not received any written or verbal comments regarding proposed Ordinance No. 31.

President DePasquale asked for public comment. There were no members of the public present.

President DePasquale declared the public comments segment closed.

President DePasquale opened the floor for discussion by the Board. Comments were offered.

President DePasquale declared the Public Hearing was closed.

MOTION

Motion by Vice President Dewane, second by Director Bockmiller, to adopt Ordinance No. 31 – Directors Compensation and Expense Reimbursement. 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:

16. DELINQUENT PAYMENTS:

Customer Services Manager Sheek provided a brief overview of the topic.

The Board thanked Ms. Sheek for the presentation.

17. MESA WATER DISTRICT FIXED FEES:

CFO Khalifa provided a brief overview of the topic.

Discussion ensued amongst the Board.

GM Shoenberger and CFO Khalifa responded to questions from the Board and they thanked them for the information.

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 Vice President Dewane, second by Director Fisler, to direct staff to further explore fixed fee collection through property tax bills. 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

18. GENERAL LEGAL COUNSEL SERVICES:

Administrative Services Manager Garcia provided a brief overview on the topic.

GM Shoenberger and Ms. Garcia responded to questions from the Board and they thanked them for the information.

The Board directed staff to move forward with conducting in-person interviews for General Legal Counsel Services.

REPORTS:

19. REPORT OF THE GENERAL MANAGER
20. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

21. POTABLE AND RECYCLED WATER RATE STUDY
22. OTHER (NO ENCLOSURE)

President DePasquale adjourned the meeting at 5:12 p.m. to a Regular Board Meeting scheduled for Thursday, May 13, 2021 at 6:00 p.m.

Approved:

Marice H. DePasquale, President

Denise Garcia, District Secretary

Sharon D. Brimer, Recording Secretary



*Dedicated to
Satisfying our Community's
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MEMORANDUM

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: May 13, 2021
SUBJECT: Attendance at Conferences, Seminars, Meetings, and Events

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

At its June 11, 2020 meeting, the Board of Directors (Board) approved Fiscal Year 2021 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:

May 12 - 13, 2021	
ACWA/JPIA Spring Conference	<i>Atkinson, Bockmiller, DePasquale, Dewane, Fisler</i>
Virtual	
May 18 - 19, 2021	
CSDA Legislative Days	
Virtual	
June 13 - 16, 2021	
AWWA ACE21 Conference	<i>Atkinson</i>
Virtual	
July 19 - 22, 2021	
Jt. CA-NV AWWA/AMTA Conference	
West Palm Beach, FL	
July 27 - 29, 2021	
SWMOA Annual Symposium	
Pico Rivera, CA	
August 19 - 20, 2021	
Sixth Annual Water Data Summit	
Virtual	
August 30 - September 2, 2021	
CSDA Annual Conference	<i>Atkinson</i>
Monterey, CA	
September 14 - 17, 2021	
CAJPA Conference	
South Lake Tahoe, CA	
October 15, 2021	
OC Water Summit	
Anaheim, CA	
October 18 - 21, 2021	
AWWA CA-NV Annual Fall Conference	
Virtual	
October 21 - 22, 2021	
H2O Women Conference	<i>DePasquale</i>
Santa Barbara, CA	
October 25 - 26, 2021	
Public-Private Partnership Higher Education Summit	
San Diego, CA	
November 30 - December 3, 2021	
ACWA/JPIA Fall Conference	<i>Atkinson</i>
Pasadena, CA	

May 2021

May 2021							June 2021						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
2	3	4	5	6	7	8	6	7	8	9	10	11	12
9	10	11	12	13	14	15	13	14	15	16	17	18	19
16	17	18	19	20	21	22	20	21	22	23	24	25	26
23	24	25	26	27	28	29	27	28	29	30			
30	31												

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Apr 25	26	27	28	29	30	May 1
2	3 8:30am MWDOC Planning & Operations Committee Meeting (Virtual)	4 7:30am ISDOC Executive Committee Meeting 12:00pm IN PERSON COVID-19 Ad Hoc 6:00pm Costa Mesa City	5 8:30am Jt. MWDOC/MWD Workshop (Virtual) 5:30pm OCWD Board Meeting (Virtual)	6 2:00pm ACWA Region 10 Membership Meeting (Virtual) - Augustine Han	7 Pay Period Ends 7:30am WACO Meeting (Virtual)	8
9	10 5:00pm IRWD Board Meeting (Virtual)	11 8:00am OCBC Infrastructure Committee (Virtual) 3:00pm CalDesal Spring Brief Breakout with Peter Fiske (Zoom)	12 ACWA/JPIA Spring Conference - MD (VIRTUAL) Payday 8:00am LAFCO Meeting (Virtual) 8:30am MWDOC Admin	13 6:00pm Mesa Water Board Meeting	14	15
16	17 8:30am CANCELED MWDOC Public Affairs & Legislation (Virtual)	18 CSDA Legislative Days (Virtual) 7:30am WACO Planning Committee (VIRTUAL) 9:30am ACC-OC EEW 6:00pm Costa Mesa City	19 8:30am MWDOC Board Meeting (VIRTUAL) 5:30pm OCWD Board Meeting (Virtual)	20 8:30am MWDOC Executive Committee (Virtual) 4:00pm Costa Mesa Chamber of Commerce Board Meeting (Virtual)	21 Pay Period Ends	22
23	24 5:00pm IRWD Board Meeting (Virtual)	25 3:30pm Board of Directors Committee Meeting (ZOOM)	26 Payday	27	28	29
30	31 District Holiday	Jun 1	2	3	4	5

June 2021

June 2021							July 2021						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
6	7	8	9	10	11	12	4	5	6	7	8	9	10
13	14	15	16	17	18	19	11	12	13	14	15	16	17
20	21	22	23	24	25	26	18	19	20	21	22	23	24
27	28	29	30				25	26	27	28	29	30	31

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
May 30	31	Jun 1 7:30am ISDOC Executive Committee Meeting 12:00pm IN PERSON COVID-19 Ad Hoc 6:00pm Costa Mesa City Council Meeting (Virtual)	2 8:30am Jt. MWDOC/MWD Workshop (Virtual) 5:30pm OCWD Board Meeting (Virtual)	3	4 Pay Period Ends 7:30am WACO Meeting (Virtual)	5
6	7 8:30am MWDOC Planning & Operations Committee Meeting (Virtual)	8 8:00am OCBC Infrastructure Committee (Virtual)	9 Payday 8:00am LAFCO Meeting (Virtual) 8:30am MWDOC Admin and Finance Committee (Virtual)	10 6:00pm Mesa Water Board Meeting	11	12
13 AWWA ACE21 Conference - JA (San Diego, CA)	14 5:00pm IRWD Board Meeting (Virtual)	15 7:30am WACO Planning Committee (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (Virtual)	16 8:30am MWDOC Board Meeting (VIRTUAL) 5:30pm OCWD Board Meeting (Virtual)	17 8:30am MWDOC Executive Committee (Virtual) 4:00pm CM Chamber of Commerce Board Meeting (TBD)	18 Pay Period Ends	19
20	21 8:30am CANCELED MWDOC Public Affairs & Legislation (Virtual)	22 3:30pm Board of Directors Committee Meeting (ZOOM)	23 Payday	24	25	26
27	28 5:00pm IRWD Board Meeting (Virtual)	29	30	Jul 1	2	3

July 2021

July 2021							August 2021						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3	1	2	3	4	5	6	7
4	5	6	7	8	9	10	8	9	10	11	12	13	14
11	12	13	14	15	16	17	15	16	17	18	19	20	21
18	19	20	21	22	23	24	22	23	24	25	26	27	28
25	26	27	28	29	30	31	29	30	31				

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jun 27	28	29	30	Jul 1	2 Pay Period Ends 7:30am WACO Meeting (Virtual)	3
4 District Holiday	5 District Holiday 8:30am MWDOC Planning & Operations Committee Meeting (Virtual)	6 7:30am ISDOC Executive Committee Meeting (Virtual) 6:00pm Costa Mesa City Council Meeting (Virtual)	7 Payday 8:30am Jt. MWDOC/MWD Workshop (Virtual) 5:30pm OCWD Board Meeting (Virtual)	8 6:00pm Mesa Water Board Meeting	9	10
11	12 5:00pm IRWD Board Meeting (Virtual)	13 8:00am OCBC Infrastructure Committee (Virtual)	14 8:00am LAFCO Meeting (Virtual) 8:30am MWDOC Admin and Finance Committee (Virtual)	15 8:30am MWDOC Executive Committee (Virtual) 4:00pm Costa Mesa Chamber of Commerce Board Meeting (Virtual)	16 Pay Period Ends	17
18	19 8:30am CANCELED MWDOC Public Affairs & Legislation (Virtual)	20 7:30am WACO Planning Committee (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (Virtual)	21 Payday 8:30am MWDOC Board Meeting (VIRTUAL) 5:30pm OCWD Board Meeting (Virtual)	22	23	24
25	26 5:00pm IRWD Board Meeting (Virtual)	27	28 8:30am Jt. MWDOC/OCWD Meeting (MWDOC/OCWD Boardroom)	29 11:30am ISDOC Quarterly Event (VIRTUAL)	30 Pay Period Ends	31



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MEMORANDUM

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: May 13, 2021
SUBJECT: Special Legal Counsel Services

RECOMMENDATION

Approve legal fees to Meyers Nave, A Professional Corporation for an amount not to exceed \$150,000 to provide Special Legal Counsel Services.

The Board of Directors reviewed this item at its April 27, 2021 Committee meeting and recommends approval.

STRATEGIC PLAN

Goal #4: Increase public awareness about Mesa Water and about water.
Goal #7: Actively participate in regional and statewide water issues.

PRIOR BOARD ACTION/DISCUSSION

At its February 9, 2017 meeting, the Board of Directors (Board) approved legal fees in the amount of \$200,000 and a fee sharing agreement regarding the Case: *Irvine Ranch Water District v. OCWD, et al.* – Superior Court Case No. 30-2016-00858584-CU-WM-CJC.

At its February 14, 2019 meeting, the Board approved legal fees to Meyers Nave for an amount not to exceed \$200,000 regarding *Irvine Ranch Water District v. Orange County Water District*.

DISCUSSION

Meyers Nave, A Professional Corporation (Meyers Nave) has provided special legal services to Mesa Water District (Mesa Water®) in connection with the *Irvine Ranch Water District v. Orange County Water District* case and other inquiries related to IRWD/OCWD.

Staff recommends that the Board consider approving legal fees to Meyers Nave for an amount not to exceed \$150,000 for Special Legal Counsel Services.

FINANCIAL IMPACT

In Fiscal Year 2021, \$400,000 is budgeted for Legal Services; \$212,595 has been spent to date.

ATTACHMENTS

None.



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MEMORANDUM

TO: Board of Directors
FROM: Syndie Ly, Human Resources Manager
DATE: May 13, 2021
SUBJECT: Quarterly Training Report

RECOMMENDATION

Receive the Quarterly Training Report for January 1, 2021 to March 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 January 1, 2021 to March 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:

- Setting Up a Safe Traffic Control Zone
- Hold on to Hand Safety
- Eyes on Safety
- Handling the Load: Forklift Safety
- Reducing the Risk of Workplace Violence
- Carbon Monoxide: A Silent Killer
- Night Work Safety
- Avoid Slips and Trips
- Spill Prevention Control & Countermeasure (SPCC)
- Be Prepared in an Emergency
- Avoiding Arc Flash
- Climbing on Elevated Tanks
- Understanding Safety Datasheets

The Safety Training program included the following topics:

- HAZWOPER Modules 1-4
- Respiratory Protection
- Hearing Conservation
- Bloodborne Pathogens



- Working in Extreme Temps
- Fire Prevention
- Fire Extinguisher
- Confined Space Entry Occupational Safety Training Systems (OSTS)
- SPCC
- AC Pipe Refresher
- AC Pipe Initial
- Forklift Practical and Classroom Training
- Asbestos Hazard Emergency Response Act (AHERA) Building Inspector

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

Distribution and Treatment Certification Renewals – Required Continuing Education Hours (within the last three years)				
Grade 1	Grade 2	Grade 3	Grade 4	Grade 5
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 January 1, 2021 to March 31, 2021



FY21 Quarterly Training Report

3rd Quarter January 1, 2021 - March 31, 2021

Position	Department	Date of Training	Type of Training	Organization
Office Assistant	Administrative Services	1/5/2021	Excel 2016: Formatting Data	Skills Path
Human Resources Analysts	Human Resources	1/13/2021	What to Do if an Employee Tests Positive for COVID-19	Shaw Law Group
Office Assistant	Administrative Services	1/14/2021	Brown Act: Principles, Traps, and Avoiding Unintentional Violations	California Special Districts Association
Water Operations Supervisor	Operations	1/22/2021	Transitioning to Supervisor	Pryor Learning
Human Resources Analyst Human Resources Manager	Human Resources	1/29/2021	Confused about COVID-19 Vaccinations? What Public Employers Should Know About the Legal Issues Implicated by COVID-19 Vaccinations	Liebert Cassidy Whitmore
Human Resources Analysts Human Resources Manager	Human Resources	2/3/2021	Managing COVID-19 Issues: Now and What's Next	Liebert Cassidy Whitmore
Office Assistant	Administrative Services	2/16/2021	Excel 2016: Working with Formulas	Skills Path
Office Assistant	Administrative Services	2/16/2021	Excel 2016: Basic Formulas	Skills Path
Office Assistant	Administrative Services	2/16/2021	Excel 2016: Referencing Data	Skills Path
Human Resources Analysts	Human Resources	2/25/2021	2021 Legal Update for Public Agencies: Part 1	Liebert Cassidy Whitmore
Executive Assistant to the General Manager	Administrative Services	2/26/2021	Project Management for Administrators	Aurora Training Advantage
Operator II Senior Operator	Operations	3/16/2021	Introduction to Membranes Part 1	SWMOA
Water Policy Manager	Water Policy Department	3/17/2021	AB1234 Public Service Ethics Education	City of Huntington Beach
Operator II Senior Operator	Operations	3/23/2021	Introduction to Membranes Part 2	SWMOA



FY21 Quarterly Training Report

3rd Quarter January 1, 2021 - March 31, 2021

Postion	Department	Date of Training	Type of Training	Organization
Human Resources Analysts	Human Resources	3/24/2021	Maximizing Performance Through Evaluation, Documentation and Corrective Action	Liebert Cassidy Whitmore
Human Resources Analysts	Human Resources	3/25/2021	2021 Legal Update for Public Agencies: Part 2	Liebert Cassidy Whitmore
Operator II Senior Operator	Operations	3/30/2021	Introduction to Membranes Part 3	SWMOA



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MEMORANDUM

TO: Board of Directors
FROM: Phil Lauri, P.E., Assistant General Manager
DATE: May 13, 2021
SUBJECT: Capital Improvement Program Renewal Update

RECOMMENDATION

Receive the presentation.

STRATEGIC PLAN

Goal #1: Provide a safe, abundant, and reliable water supply
Goal #2: Practice perpetual infrastructure renewal and improvement.
Goal #4: Increase public awareness about Mesa Water and about water.
Goal #6: Provide outstanding customer service.

PRIOR BOARD ACTION/DISCUSSION

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

At its March 12, 2020 meeting, the Board approved the proposed Capital Improvement Program Renewal (CIPR).

At its May 14, 2020 meeting, the Board awarded contracts to six consulting firms to provide on-call professional design services to support the CIPR effort.

At its August 13, 2020 meeting, the Board awarded contracts to five consulting firms to provide on-call professional construction management and inspection services to support the CIPR effort.

At its August 25, 2020 Committee meeting, the Board received a presentation that highlighted the CIPR program update.

BACKGROUND

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

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



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

At the March 12, 2020 Board meeting, a proposed \$70MM Capital Improvement Program Renewal was presented to the Board that outlined the main capital replacement programs, costs, and schedules. The Board approved the proposed CIPR and instructed staff to proceed with funding options. At the May 14, 2020 Board meeting, the Board approved staff to solicit Certificates of Participation (COPs) funding to undertake the CIPR.

DISCUSSION

Capital Improvement Program Renewal

Mesa Water’s CIPR initiative is divided into five main programs: 1) Wells, 2) Reservoirs, 3) Distribution, 4) Routine Capital, and 5) District Facilities. The CIPR is scheduled to span across fiscal years 2020 through 2023. The following is an update for each of the aforementioned programs and projects:

1. Wells: The Wells Program has one main project, as outlined below:

Program: Wells
Project: Chandler & Croddy Wells and Pipeline Project
Description: The Wells Program is a key initiative for Mesa Water to maintain its ability to serve its customers’ water demands with 100% local groundwater supplies and achieve the Board’s goal of being able to supply 115% of demands in any season. Two new wells will be constructed on two commercial properties purchased in the City of Santa Ana along with approximately 4,600 feet of pipeline to connect to Mesa Water’s distribution system.
<p>Status: The Chandler & Croddy Wells and Pipeline Project is being constructed in four phases:</p> <ul style="list-style-type: none"> • Demolition: Hazardous material abatement and demolition of the existing commercial buildings at both sites was completed in October 2020. • Well Drilling: Croddy Well - Completed April 2021, Chandler Well – Contractor mobilized to the Chandler site in March 2021 and is currently installing the well casing. Scheduled Completion June 2021 • Well Equipping/Site Work: Notice to proceed was provided to the Well Equipping Contractor in April 2021 and the contractor will mobilize in May 2021. • Pipeline Construction: A contract was awarded for the pipeline construction in April 2021 and construction is expected to start in May 2021. <p>Program completion is scheduled for April 2022.</p>

Program: Wells

Schedule: The baseline and current schedule for the Wells Program is shown on Figure 1. As shown, the Wells Program is continuing on schedule. The light blue and red bars represent the current project schedule and the grey bars represent the baseline planned project schedule. The red bars represent the critical path of the program, which is the Well Equipping Construction. The overall project is scheduled to be completed on schedule.

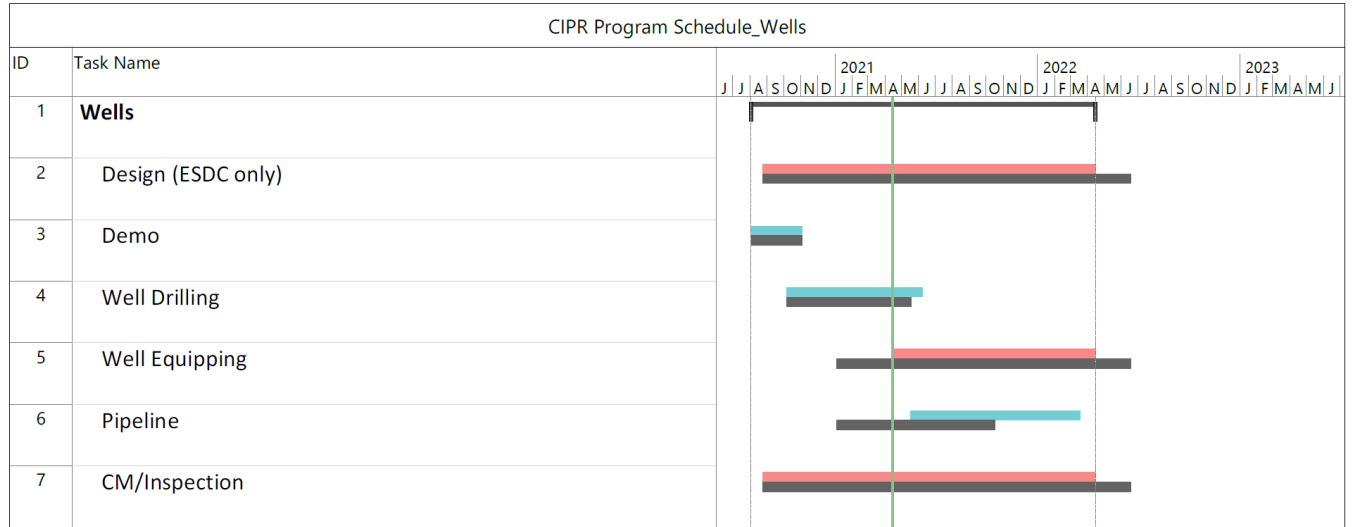


Figure 1. Well Program Schedule

Budget: For the CIPR, \$21,698,000 is budgeted for the Wells Program, \$2,058,000 has been spent to date.

	Project Estimate Amounts	Project Cost Amounts
Initial Project Estimate	\$15,234,000	
Executed Contracts		\$21,736,000
Change/Task Orders		\$0
Requested Funding		\$0
Revised Contracts		\$21,736,000
Revised Estimated Contracts		\$0
Revised Project Estimate		\$21,736,000
Actual Spent to Date		\$2,058,000

2. Reservoirs: The Reservoirs Program has three main projects: 1) Water, Power, and Supply Chain Reliability Assessment, 2) Real-Time Chemical Management Systems Project, and 3) Reservoirs 1 and 2 Pump Station Upgrades Project. A program update is provided below:

Program: Reservoirs
Project: Water, Power, and Supply Chain Reliability Assessment
Description: This project assessed the District’s water and power supply reliability and identified potential gaps to maintain 115% of Mesa Water’s demands using local groundwater supplies. This project also assessed Mesa Water’s supply chain reliability during an emergency event and identified potential gaps in supplies, services, and single points of failure. Recommended mitigation approaches (e.g., back-up power requirements, energy drive systems, emergency resources and equipment, etc.) and associated costs were provided in a series of three technical memos. Recommendations from this assessment will be integrated into the reservoir projects and other programs as related.
Status: The Water, Power, and Supply Chain Reliability Assessment was awarded to a CIPR on-call design Consultant. The kick-off meeting was held July 2020. The Water Supply Assessment (TM-1), Energy Reliability Assessment (TM-2), and the Supply Chain Reliability Assessment (TM-3) were submitted in November 2020. The Board received a presentation regarding the findings of the assessments at its December 17, 2020 Committee Meeting and provided comments to staff. Updated reports were presented to the Board at the March 23, 2021 Committee meeting. The recommendations of the Water, Power, and Supply Chain Reliability Assessment were approved by the Board at the March 23, 2021 Committee meeting and were used to develop a design scope of work for the Reservoirs 1 and 2 Upgrades Project. The other Supply Chain Reliability Assessment elements of work (e.g., bulk fuel storage, emergency spare parts storage, etc.) will be performed in future capital program budget years.
Project: Real-Time Chemical Management Systems Project
Description: This project will provide real-time chemical management systems at Reservoirs 1 and 2. Real-time chemical management is critical to ensure stable chlorine disinfection residuals are maintained in the reservoirs and distribution system.
Status: Design was initiated in FY 2018 and is complete. The Real-Time Chemical Management Systems Project will be bid and constructed along with the Reservoirs 1 and 2 Pump Station Upgrades Project.
Project: Reservoirs 1 and 2 Pump Station Upgrades Project
Description: The Reservoirs 1 and 2 Pump Station Upgrades Project has several components to increase the efficiency and reliability of Reservoirs 1 and 2: Chemical storage and feed systems (sodium hypochlorite and aqueous ammonia) to help reduce nitrification issues in the distribution system; pump replacement and conversion of drivers from gas engines to electrical motors; upgrades to reservoir electrical service through SCE; installation of diesel generator systems to power the reservoirs in the event of an emergency; miscellaneous system rehabilitation and upgrades including electrical gear replacement, pipeline rehabilitation, pipeline modifications, and instrument replacement based on the results of site visits and related analyses; and Slurry Dewatering Pit upgrades located at the Reservoir 1 site.
Status: Following the approval of the recommendations of the Water, Power, and Supply Chain Reliability Assessment, Mesa Water developed a design scope of work for the Reservoirs 1 and 2 Pump Station Upgrades Project. A proposal was solicited from a CIPR on-call design consultant and the project’s Preliminary and Final Design kicked off in May 2021.

Program: Reservoirs

Schedule: The baseline and current schedule for the Reservoirs Program is shown in Figure 2. As shown, the Reservoirs Program is continuing on schedule. The light blue and red bars represent the current project schedule and the grey bars represent the baseline planned project schedule. The red bars represent the critical path of the program, which is the Reservoirs 1 and 2 Pump Station Upgrades Project Construction. While the Real-Time Chemical Management Systems Project and the Water, Power, and Supply Chain Reliability Assessment are behind the planned schedule, they are not on the critical path of the program and the overall project is scheduled to be completed on schedule.

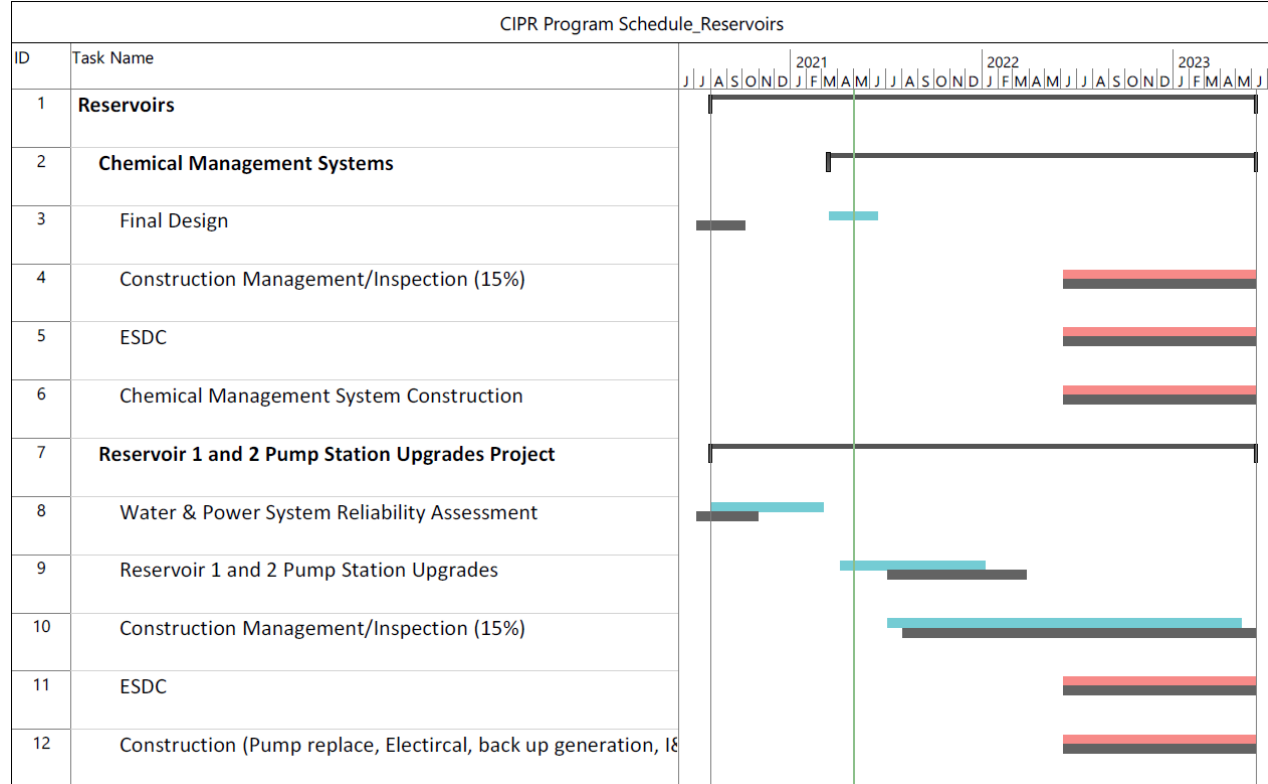


Figure 2. Reservoirs Program Schedule

Budget: For the CIPR, \$10,529,000 is budgeted for the Reservoirs Program, \$259,000 has been spent to date.

	Project Estimate Amounts	Project Cost Amounts
Initial Project Estimate	\$10,537,000	
Executed Contracts		\$324,926
Change/Task Orders		\$0
Requested Funding		\$0
Revised Contracts		\$324,926
Revised Estimated Contracts		\$10,204,000
Revised Project Estimate		\$10,528,926
Actual Spent to Date		\$259,000

3. Distribution: The Distribution Program has five main projects: 1) Wilson Street Pipeline Replacement Project, 2) 1951 Cohort Pipeline Replacement Project, 3) Vault Rehabilitation and Abandonment Project, 4) Mainline Valve Replacement Project, and 5) Plastic Service Line Replacement Project. A program update is provided below:

Program: Distribution
Project: Wilson Street Pipeline Replacement Project
Description: This project will replace approximately 4,600 feet of 12-inch cement mortar lined and coated (CMLC) steel pipeline from Harbor Blvd. to Newport Blvd. Work will also include replacement of fire hydrants, service laterals, and mainline valves. This work is being moved forward in the CIPR schedule to coordinate the repaving effort of Wilson Avenue with the City of Costa Mesa Public Works Department.
Status: The Preliminary and Final Design for the Wilson Street Pipeline Replacement Project was kicked off in August 2020. The Final Design was completed in March 2021 and a Request for Bids was sent out the same month. Bids were received in April 2021 and the award of the contract is scheduled in May 2021.
Project: 1951 Cohort Pipeline Replacement Project
Description: This project will replace several existing 4-inch through 8-inch CMLC steel pipelines located in Wallace Ave., Meyer Pl., Maple Ave., Anaheim Ave., Bernard St., Harbor Bl., 19th St., Parsons St., West Bay St., Miner St., College St., Avocado St., and Fairview Rd. in the City of Costa Mesa. The 1951 Cohort Pipeline Replacement Project consists of abandoning approximately 22,085 linear feet (LF) of existing pipelines in the streets listed and replacing them with new pipelines.
Status: The Preliminary and Final Design for the 1951 Cohort Pipeline Replacement Project was kicked off in February 2021. The design team is currently developing the preliminary design report and the 50% Design Submittal.
Project: Vault Rehabilitation and Abandonment Project
Description: This project will rehabilitate one of Mesa Water's larger divisional valve vaults along the OC-44 pipeline and abandonment of three older unused turn-outs and three unused pressure relief stations. Rehabilitation work includes replacement of valves and piping and addition of ventilation fans, lighting, and re-coating of vault interiors.
Status: Project kickoff was held in September 2020. Site visits for all of the vaults were conducted in October 2020 and a preliminary design report was received in November 2020 and reviewed by staff. The project is currently progressing to the 90% Design Submittal. The Final Design for the project is scheduled to be complete in September 2021.
Project: Mainline Valve Replacement Project
Description: This project will replace or abandon approximately 160 mainline valves that have been identified as inoperable through the routine valve maintenance program and in accordance with the District's Mainline Valve Spacing Policy. Additionally, this project assessed Mesa Water's existing valve spacing based on AWWA standards and population levels of service. This analysis helped Mesa Water develop a valve spacing standard that will provide a minimum level of operational and service standards enabling field crews to perform repair/maintenance work while minimizing service outages and impacts to Mesa Water's customers.
Status: Following the adoption of the Mainline Valve Spacing Policy, a scope of work was developed for the replacement or abandonment of approximately 160 mainline valves. This project will be delivered in two phases. Phase 1 is currently at the 50% design level and Phase 2 is in the preliminary design phase. Phase 1 and Phase 2 construction are scheduled to start in September 2021 and January 2022, respectively.
Project: Plastic Service Line Replacement Project
Description: This project will replace 1-inch and 2-inch plastic service lines that were originally installed in 1974 with copper service lines along Shasta Lane, Rainier Way, Whitney Way, Lassen Lane, Rhine Lane, Thames Way, Skyview Lane, Lakeview Lane, and Brookview Way. An increasing number of responsive repairs are made to these service lines each year indicating their need for replacement.
Status: Mesa Water staff is currently developing a scope of work for this project. It is anticipated that a Request for Proposals will be solicited from CIPR on-call design firms in May 2021 and the preliminary and final design for the project will kick off in June 2021.

Program: Distribution

Schedule: The baseline and current schedule for the Distribution Program is shown in Figure 3. As shown, the Distribution Program is continuing on schedule. The light blue and red bars represent the current project schedule and the grey bars represent the baseline planned project schedule. The red bars represent the critical path of the program, which is the construction of the 1951 Cohort Pipeline Project. While the Vault Rehabilitation and Abandonment Project and the Mainline Valve Replacement Project have slipped from their planned schedule, the overall program is scheduled to be completed on time.

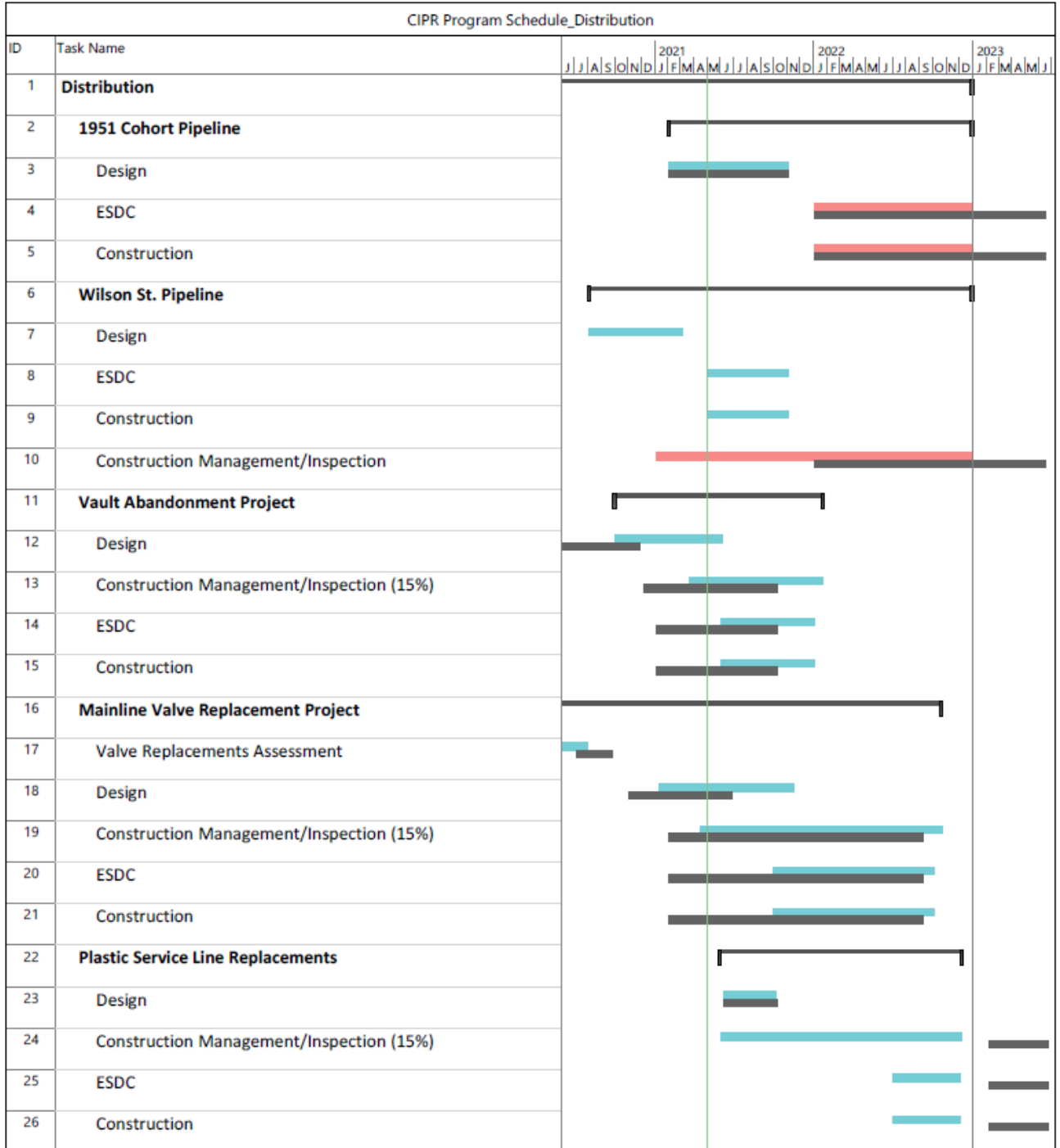


Figure 3. Distribution Program Schedule

Program: Distribution		
Budget: For the CIPR, \$16,530,000 is budgeted for the Distribution Program, \$414,928 has been spent to date.		
	Project Estimate Amounts	Project Cost Amounts
Initial Project Estimate	\$16,530,000	
Executed Contracts		\$4,465,836
Change/Task Orders		\$0
Requested Funding		\$0
Revised Contracts		\$4,465,836
Revised Estimated Contracts		\$10,582,000
Revised Project Estimate		\$15,047,836
Actual Spent to Date		\$414,928

4. **Routine Capital:** Mesa Water maintains and funds a routine operations capital replacement program each year as part of its regular annual budgeting process. Routine operations capital replacement work includes mainline and fire hydrant valve replacements, small and large meter replacements, service line replacements, air-vacuum valves replacements, and other miscellaneous responsive capital repair work (e.g., mainline repairs, service line repairs, etc.). This program is funded at approximately \$1MM each year, which includes labor, parts, equipment, and District overhead. As part of the CIPR, the Routine Capital Program will continue to be funded at \$1MM each year. A detailed work performance report can be viewed in the monthly Committee meeting packet.

5. **District Facilities:** This program has seven main projects: 1) SCADA Control Room and Wet Lab Upgrades Project, 2) Mesa Water Reliability Facility (MWRF) Parking Improvements Project, 3) Mesa Water Education Program Development Project, 4) District-Wide Security System Project, 5) Garage Storage Building Project, 6) MWRF and Well Parts Storage Buildings Project, and 7) Excavation Slurry Dewatering Pit Project.

Program: District Facilities
Project: SCADA Control Room and Wet Lab Upgrades Project
Description: This project will upgrade the existing SCADA Control Room, Wet Lab, and SCADA Server Room at the MWRF. Additionally, the project will provide an education and outreach center for Mesa Water customers and students to learn about the value of Mesa Water’s 100% local groundwater reliability and other regional water supplies.
Status: The project concept was approved by the Board in August 2020. This approval kicked off the Design Development phase of the project, which was completed in December 2020. The design team is currently working toward 100% Construction Documents. The Final Design is scheduled to be completed in June 2021 with construction starting in September 2021.

Program: District Facilities
Project: MWRP Parking Improvements Project
Description: This project provided 58 new parking spaces along Gisler Avenue spanning from the eastern entrance of the MWRP to approximately 200 feet east of College Avenue. This project will accommodate parking for future outreach and education events. The parking design includes parking pavers and drought tolerant landscape to support a sustainable project approach.
Status: Work for this project was competitively awarded to GMC Engineering and construction commenced in June 2020. The work was substantially completed in August 2020, ahead of schedule. The construction project was completed in February 2021 following a 6-month landscape maintenance period.
Project: Mesa Water Education Program Development Project
Description: This project provides design of the education and outreach center exhibits. This effort includes developing an exhibit curriculum that meets local 4th grade education requirements along with exhibitory curriculum for regional water supplies. Exhibits will be integrated into the new Mesa Water Education Center.
Status: Mad Systems was selected to provide the MWRP Education Program exhibit designs services. Exhibit design and construction is anticipated to take twelve months. Exhibit installation will occur at completion of the SCADA Control Room and Wet Lab Upgrades Project.
Project: District-Wide Security System Project
Description: This project provides an integrated security system across all of Mesa Water's facilities. It will replace the end-of-life individual security systems currently installed at each of Mesa Water's facilities. System design and implementation will include perimeter security protocols, a CCTV and recording technology platform, and alarm monitoring and reporting system.
Status: The District-Wide Security System Project kicked off in August 2020 to develop a white paper describing three levels of security including costs for each level. The white paper was received in December 2020. Following receipt of the white paper, the project was put on hold to evaluate both fiber optic and cellular communications to the remote sites to support the data transfer requirements of the proposed CCTV. Due to CIPR budget constraints, the completion of the final design and construction of the District-Wide Security System Project will be addressed in future budget years outside of the CIPR program.
Project: Garage Storage Building Project
Description: This project repurposes the existing Mesa Water vehicle repair and maintenance garage for equipment and parts storage. The District's existing warehouse is limited in storage capacity which requires spare stock supplies to be stored outside. An additional warehouse will provide enhanced storage capacity with appropriate storage protocols and security.
Status: The first phase of the Garage Storage Project was completed in May 2020. This work demolished the existing vehicle service jacks, hydraulic oil systems, air compressors, removal of the mechanical maintenance equipment, concrete work, and interior recoating. The second phase will design and install storage racks and supporting facilities. The second phase will be delayed until the COVID-19 processes are no longer required, as the garage is being used as the Operations meeting room to allow for social distancing.
Project: MWRP and Well Parts Storage Buildings Project
Description: This project provides a storage facility at Well No. 7 and two on-site MWRP storage facilities. These facilities will be used to store the necessary spare parts to allow for seamless operations, maintenance, and emergency repair work.
Status: This work is being combined with the design of the SCADA Control Room and Wet Lab Upgrades Project. Construction of these facilities will be bid and constructed along with the SCADA Control Room and Wet Lab Upgrades Project.

Program: District Facilities

Project: Excavation Slurry Dewatering Pit Project

Description: This project will provide a dewatering pit at the Mesa Water Operations yard that will separate excavation slurry material that results from using the vacuum trailer on valve installation work. The dewatering pit will eliminate several challenges of long evaporation times in cooler weather, limited real-estate for spoils spreading, and substantial cleanup activities associated with the mess of this material. This project will also increase the efficiency of the operations field work and handling of excavated material.

Status: The preliminary design for the Excavation Slurry Dewatering Pit Project was kicked off in November 2020 and the final white paper was delivered in February 2021. The Dewatering Pit design and construction will be combined with the Reservoirs 1 and 2 Pump Station Upgrades Project.

Schedule: The baseline and current schedule for the District Facilities Program is shown in Figure 4. As shown, the District Facilities Program is behind its original schedule. The light blue and red bars represent the current project schedule and the grey bars represent the baseline planned project schedule. The red bars represent the critical path of the program, which is the Excavation Slurry Dewatering Pit Project Construction. However, this task is included in the Reservoirs Program which is scheduled for completion toward the end of the CIPR. Removing this task from consideration, the District Facilities Program is approximately nine months behind its original schedule. The delay is driven by slippage in the SCADA Control Room and Wet Lab Upgrades Project and time required to develop the educational and outreach concepts. The overall program is scheduled to be completed by August 2022.

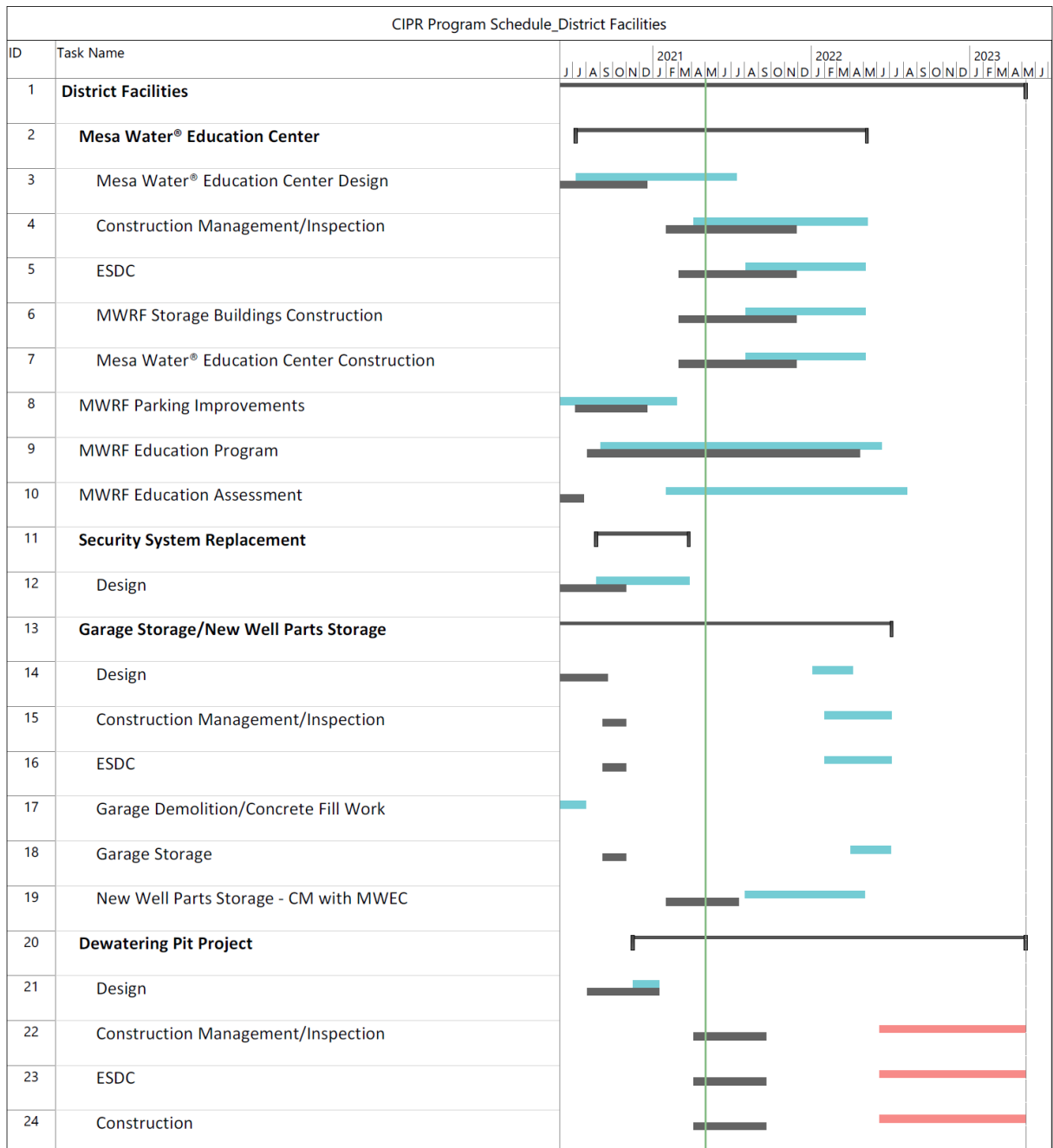


Figure 4. District Facilities Program Schedule

Program: District Facilities

Budget: For the CIPR, \$8,443,000 is budgeted for the District Facilities Program, \$1,478,403 has been spent to date.

	Project Estimate Amounts	Project Cost Amounts
Initial Project Estimate	\$6,213,000	
Executed Contracts		\$3,440,000
Change/Task Orders		\$0
Requested Funding		\$0
Revised Contracts		\$3,440,000
Revised Estimated Contracts		\$5,003,000
Revised Project Estimate		\$8,443,000
Actual Spent to Date		\$1,478,403

FINANCIAL IMPACT

The CIPR Program is estimated to cost \$70MM over fiscal years 2020 through 2023. A total of \$9,973,000 has been spent to date. In Fiscal Year 2021, planned expenditures were \$20.9MM; \$6.75MM has been spent to date. Total Fiscal Year 2022 CIPR expenditures are forecasted to be \$28.5MM. A summary of the CIPR program contracts and expenditures is shown in the Financial Impact Table below and a comparison of the planned CIPR monthly expenditures and the actual monthly expenditures is shown in Figure 5.

	Project Estimate Amounts	Project Cost Amounts
Initial Project Estimate	\$70,000,000	
Executed Contracts		\$41,249,000 ⁽¹⁾
Change/Task Orders		\$0
Requested Funding		\$0
Revised Contracts		\$41,249,000
Revised Estimated Contracts		\$25,789,000
Revised Project Estimate		\$67,038,000
Planned Expenditure to Date		\$20,073,000
Actual Spent to Date		\$9,973,000

Notes:

1. Executed Contracts includes Mesa Water Staffing.

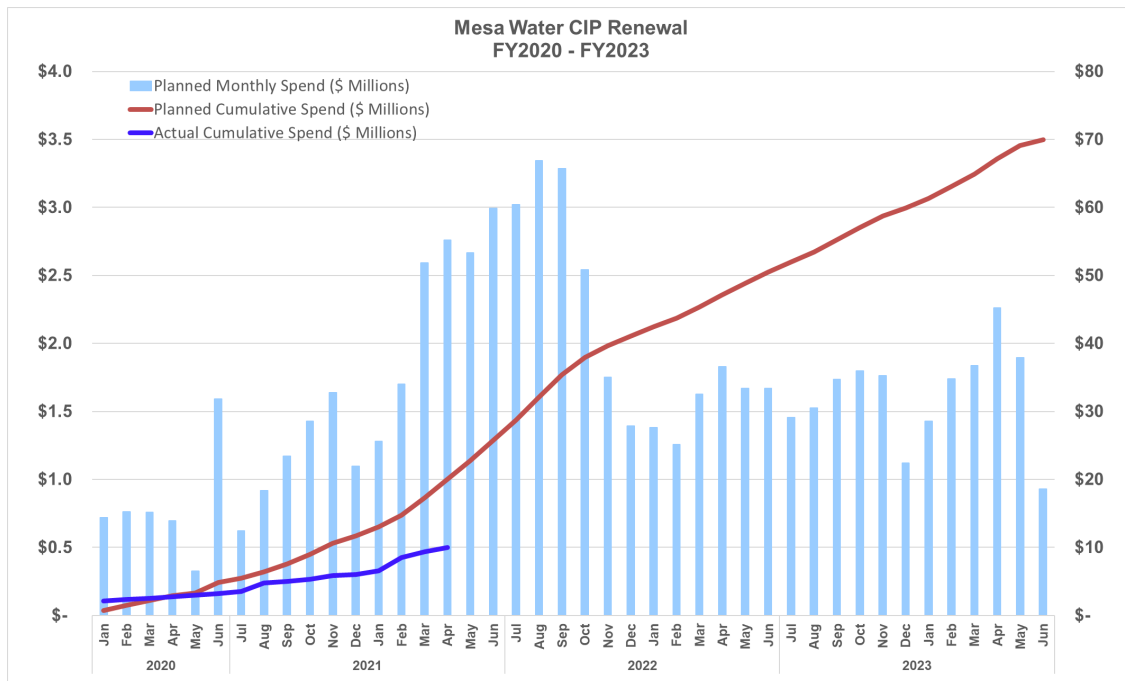


Figure 5. Monthly CIPR Planned Expenditures vs. Actual Monthly Expenditures

As shown in the Financial Impact Table and Figure 5, the CIPR programs actual spent to date is 50 percent of the planned expenditures. This is an indication that the program is behind schedule. The lower than planned expenditure is due to delays in five key CIPR program projects:

1. **Chandler & Croddy Wells and Pipeline Project** - The Well Equipping and Pipeline construction projects were scheduled to begin in January 2021. Due to delays in the Final Design of the Well Equipping and Pipeline portions of the project, the construction of both portions of the project are getting underway in May 2021.
2. **Vault Rehabilitation and Abandonment Project** - The Vault Rehabilitation and Abandonment construction project was scheduled to begin in January 2021. The design and construction of the Vault Rehabilitation and Abandonment Project has been rescheduled to better align with peak demand seasons and shutdowns of regional water supply lines that provide emergency backup supplies for Mesa Water.
3. **Mainline Valve Replacement Project** - Mainline Valve Replacement Project construction was scheduled to start in February 2021. The development of the scope of work for the project was delayed due to the development and adoption of the Mainline Valve Spacing Policy.
4. **SCADA Control Room and Wet Lab Upgrades Project** - Construction of the SCADA Control Room and Wet Lab Upgrades Project was scheduled to start February 2021. The project has been delayed due to changes in the project scope to support development of the education program and exhibits.
5. **Reservoirs 1 and 2 Pump Station Upgrades Project** - The project Final Design was delayed due to the finalization and approval of the Water, Power, and Supply Chain Reliability Assessment.



In addition to delays in the start of four construction projects and one design project, typical consultant invoicing and contractor pay applications lag the completed work by approximately two months.

To recover the CIPR Program schedule, staff implemented the following measures:

1. An accelerated construction schedule for the Well Equipping and Pipeline portions of the Chandler & Croddy Wells and Pipeline Project. The Wells Program completion is on schedule due to the accelerated construction schedule.
2. The Mainline Valve Replacement Project was combined into one design project with two phases. This approach will help compress the construction schedule from the original four phase construction approach.
3. Staff has moved all of the CIPR design projects forward in the CIPR Program. Since construction of some projects has been delayed, available time has been filled by executing design projects that were scheduled to start later in the program. Completing the design projects early will allow staff to better manage construction expenditures.
4. Provide additional engineering staff through staff augmentation.

These measures have started to increase the percent complete of the CIPR program, which will be reflected in increased Fiscal Year 2022 expenditures. An early indicator of expenditure is the value of the executed CIPR contracts. As shown in the Financial Impact Table, the value of the executed contracts is \$41.2MM as of April 2021. The executed contracts represents approximately 61 percent of the total planned CIPR budget under contract through the first 16 months of the CIPR program. The executed CIPR design and construction contracts are scheduled to be completed by the end of Fiscal Year 2022. Additional contracts for the Vault Rehabilitation and Abandonment Project, Mainline Valve Replacement Project, and SCADA Control Room and Wet Lab Upgrades Project are scheduled for Fiscal Year 2022. The completion of these projects will bring CIPR expenditures in line with the planned expenditures.

ATTACHMENTS

None.



*Dedicated to
Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer
DATE: May 13, 2021
SUBJECT: Proposed Fiscal Year 2022 Budget

RECOMMENDATION

Discuss the proposed Fiscal Year 2022 Budget and choose:

Option 1: Approve the proposed Fiscal Year 2022 Budget, or

Option 2: Direct staff to modify the proposed Fiscal Year 2022 Budget as requested by the Board of Directors.

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.

DISCUSSION

Staff is pleased to present the proposed Fiscal Year (FY) 2022 Budget. The proposed FY 2022 budget is based on Operating Revenues of \$41.4MM which reflect a 6.1% increase over the prior year's budget. The proposed budget also includes Operating Expenses of \$29.3MM, which reflect a 7.3% increase over the prior year's budget. Debt service is \$6.7MM in FY 2022, as a result of the issuance of the 2020 Certificates of Participation (COPs).

The proposed FY 2022 budget continues the Board of Directors' (Board) long-standing goal of maintaining a AAA rating; the proposed budget achieves the Days' Cash Ratio goal of 600 days. The Year-End FY 2022 budgeted Cash on Hand is \$47.4MM and the Days' Cash Ratio is 606 days. The District continues to look for additional ways to maintain a AAA rating which includes at least a 150% Debt Coverage Ratio, 600 Days' Cash, and \$39.7MM Cash on Hand.

Mesa Water District (Mesa Water®) continues to have no unfunded pension liability. As of March 31, 2021, the combined \$17.7MM in our pension and Other Postemployment Benefits trusts exceeds the combined liability of \$13.2MM (as of June 30, 2020) by \$4.5MM.

In FY 2021, Mesa Water successfully completed the issuance of a \$70MM COPs to fund the Capital Improvement Program Renewal (CIPR). Mesa Water continues to invest in necessary capital infrastructure and expense projects that provide long-term efficiency and productivity gains. Mesa Water continues to be the most efficient water district in Orange County. Mesa Water is still 100% local and reliable and does not take any import water to service its customers. In addition, Mesa Water continues its extensive outreach programs.



The debt coverage at the end of FY 2022 is forecasted to be 203% which exceeds the current Board target of 150%.

The proposed FY 2022 budget provides the necessary resources, services, capital funding and staffing to supply water services to Mesa Water’s customers. In addition, the proposed budget includes the 2017 adopted water rates, effective January 2022. The per acre cost of recycled water will not increase from \$905 in FY 2021, but is expected to increase in the subsequent years.

The water costs are noted in the table below:

		Per Acre Foot			
Year		Replenishment Assessment	Recycled Water	Imported Variable Cost	LRP Grant
2017	Actual	402	478	942/979	145
2018	Actual	445	738	979/1,015	148
2019	Actual	462	838	1,015/1,050	151
2020	Actual	487	867	1,050/1,078	154
2021	Actual	487	905	1,078/1,104	157
2022	Budgeted	509	905	1,104/1,143	160

Budgeted cash outflows include \$33.3MM in FY 2022 capital expenditures compared to \$21.4MM in the FY 2021 Budget, and \$6.7MM in FY 2022 debt service compared to \$6.2MM in the FY 2021 budget.

Considering Mesa Water’s commitment to the orderly replacement of capital assets, staff will focus on developing, replacing, and upgrading necessary water infrastructure. The proposed budget includes \$12.8MM for the Chandler & Croddy Wells and Pipeline Construction Project and \$1MM for Operations planned capital.

In FY 2022, staffing levels are projected to remain at 57.00 Full Time Employees (FTE’s).

Efficiency improvements will continue through the implementation of a Human Resource Information System, improvements in Great Plains (financial software) and related Cogsdale (customer information system software) modules, and continued implementation of recommendations from the Business Process Evaluation.

FINANCIAL IMPACT

The FY 2022 Budget funds the Board’s objectives and supports the Board’s goals set out in Mesa Water’s Strategic Plan.

ATTACHMENTS

- Attachment A: Proposed Fiscal Year 2022 Budget
- Attachment B: District Memberships
- Attachment C: Board Conferences and Seminars
- Attachment D: Community Outreach Events



MesaWater
DISTRICT®

OPERATING BUDGET

FISCAL YEAR 2022

Mesa Water District | Costa Mesa, California

MesaWater.org

Dedicated to Satisfying our Community's Water Needs



PROPOSED BUDGET FISCAL YEAR 2022

Dedicated to Satisfying our Community's Water Needs

1965 Placentia Avenue, Costa Mesa, CA 92627
MesaWater.org ♦ 949.631.1200



MESA WATER'S VISION:

To be a top performing public water agency



MESA WATER'S MISSION:

Dedicated to Satisfying our Community's Water Needs



Mesa Water's Seven Strategic Goals:

Provide a safe, abundant, and reliable water supply.	Practice perpetual infrastructure renewal and improvement.	Be financially responsible and transparent.	Increase public awareness about Mesa Water and about water.
Attract and retain skilled employees.	Provide outstanding customer service.	Actively participate in regional water issues.	



*Dedicated to
Satisfying our Community's
Water Needs*

BOARD OF DIRECTORS

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**Atkinson, Andelson,
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Legal Counsel

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MesaWater.org

May 13, 2021

On behalf of the Mesa Water District Board of Directors (Board), I am pleased to present the approved budget for Fiscal Year (FY) 2022.

Pure, plentiful and affordable water is fundamental to our quality of life, and key to the economic development of our community. The public infrastructure needed to convey water is in need of constant repair, replacement, and improvement. With an eye to the future, our Board is funding critical upgrades to our State of the Art system - ensuring the reliable and sustainable delivery of water to our constituents now and for the next 100 years.

The Board has approved a three year \$70MM Capital Improvement Program funded through Certificates of Participation, FY 2022 will be the second year of this program. This program continues the District's key objective of providing a safe, abundant, and reliable water supply to our ratepayers at an affordable price. The dollars financed will put people to work, stimulate our local economy, and take advantage of historically low interest rates. Most importantly, this program will rebuild the District's supply system for generations to come.

Mesa Water expects operating revenues of \$41.4 million with \$29.3 million in operating expenses. Planned capital expenditures are \$33.3 million, and financial obligations for payment of principal and interest on debt are \$6.7 million.

Local groundwater is Mesa Water's best source of water, as it is high quality and lower in cost than water imported from the Colorado River and Northern California. The District's Mesa Water Reliability Facility (MWRf), completed in FY 2013, achieves the District's long-standing goal of serving 100 percent local, reliable supplies to its customers. In FY 2022, the MWRf is expected to supply 3,741 acre feet of water, or 23 percent of the District's potable water service. Local groundwater supplies, when compared with imported water, have lower energy costs and a reduced carbon footprint.

In FY 2022, the District continues to incur fixed costs for imported water, which serves as Mesa Water's emergency back-up supply and allows for the District's participation in the Coastal Pumping Transfer Program. Furthermore, Orange County Water District (OCWD), the agency that manages the Orange County groundwater basin, is increasing the basin replenishment cost by \$22 per acre foot, or 4.5 percent. It is anticipated that OCWD's rates will continue to increase annually over the next several years.

In FY 2022, Mesa Water continues its focus on essential services and improvements that will provide efficiency and productivity gains. To further enhance our ability to rely upon on locally sourced groundwater, there will be continued construction on the two new well sites in FY 2022. Mesa Water's outreach programs encourage our customers to practice water use efficiency.

Budget decisions are based on detailed analysis of the District's management, technology, and operational practices. Mesa Water periodically benchmarks its performance compared to other agencies to ensure that customers receive full value for the rates charged, and based on expenditures per capita, Mesa Water remains the most efficient water agency in Orange County.



MesaWater
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In November 2017, Mesa Water conducted a public hearing and notification process to adopt a five-year rate adjustment. The fourth and fifth year rates and fees are scheduled in FY 2022, ensuring that Mesa Water continues to provide high-quality water to its customers, practices orderly capital infrastructure replacement, and continually improves its technological and operational efficiency.

Sincerely,

Marice DePasquale
Mesa Water Board President

DRAFT

Date: May 13, 2021

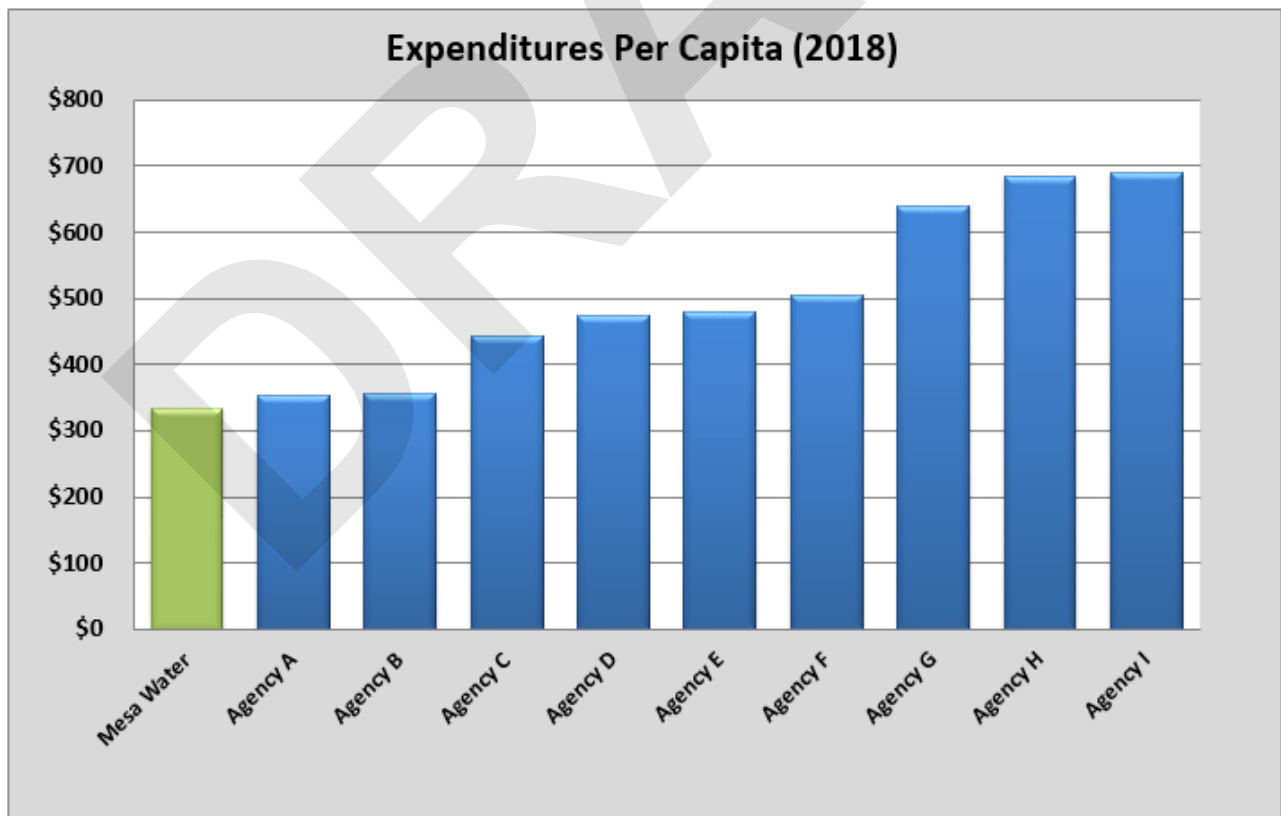
To: Mesa Water District Board of Directors

FISCAL YEAR 2022 BUDGET MESSAGE

I am pleased to present the Fiscal Year (FY) 2022 budget for Mesa Water District (Mesa Water®), beginning July 1, 2021 and ending June 30, 2022.

I would like to express my appreciation to the members of the Board of Directors (Board) for your confidence in Mesa Water’s management team as well as your review, advice, suggestions, and policy direction during the budgeting process. This document reflects the time you spent considering and analyzing the District’s financial well-being and role in this community. I would also like to thank staff for their contributions and participation in the development of the FY 2022 Budget.

Mesa Water’s mission is “Dedicated to Satisfying our Community’s Water Needs,” and its strategic plan fulfills the District’s mission through seven equal and important strategic goals. Mesa Water provides safe, high-quality water that meets or surpasses all Federal and State drinking water standards. The enhanced Mesa Water Reliability Facility (MWRF) allows the District to provide a 100 percent local and reliable, high-quality, and cost-effective water supply for our service area for decades to come. Furthermore, Mesa Water is the most cost efficient water agency in Orange County with the lowest annual *per capita* expenditures at \$334 *per capita* / year (Orange County industry range is \$334 to \$690 *per capita* / year).



Mesa Water District
Fiscal Year 2022 Budget

Organizational Priorities

In 2017, Mesa Water's Board reaffirmed the long-range financial plan and adopted multi-year rate increases from FY 2018 to FY 2022. In addition, the Board continued its credit worthiness goal as defined by Fitch, Standard & Poor's and other credible rating agencies. The goal was to improve Mesa Water's AAA credit rating to a strong AAA in five years. The Board continued to further measure the District's credit-worthiness at the end of each fiscal year by using the Days Cash Ratio, Cash on Hand, and debt coverage metrics. The Days Cash Ratio is defined as total cash available divided by Operating Expenses per days and is a measurement of an agency's ability to meet known and unanticipated expenses. At that time, the Board established a Days Cash Ratio goal of 600 days and Cash on Hand goal of \$39.7 million by the end of FY 2022.

The global COVID-19 pandemic has affected the local economy, including Mesa Water. The Board's foresight to plan for unexpected events, such as the current pandemic, ensures that Mesa Water will continue to be financially strong.

The FY 2022 Budget meets both FY 2022 Days Cash Ratio goal of 600 days and Cash on Hand goal of \$39.7 million, with a budgeted Days Cash Ratio of 606 days and a budgeted Cash on Hand amount of \$47.5 million.

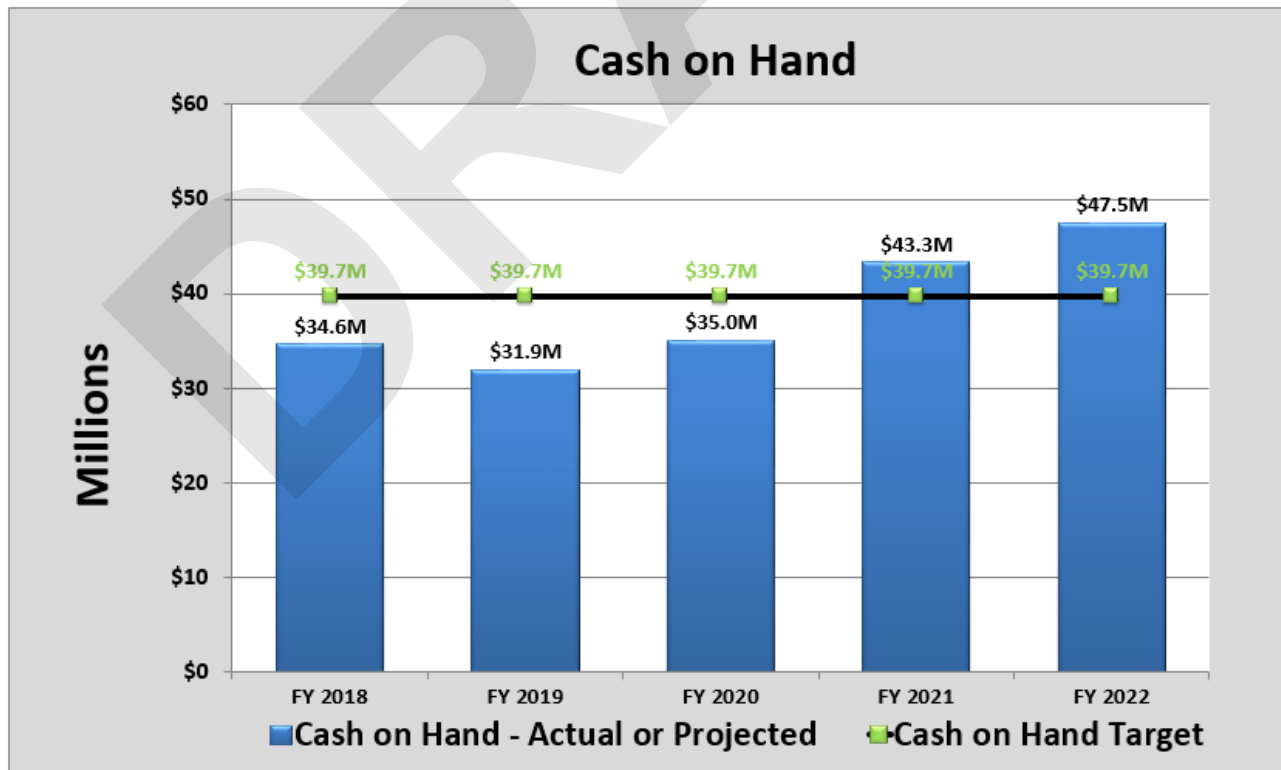
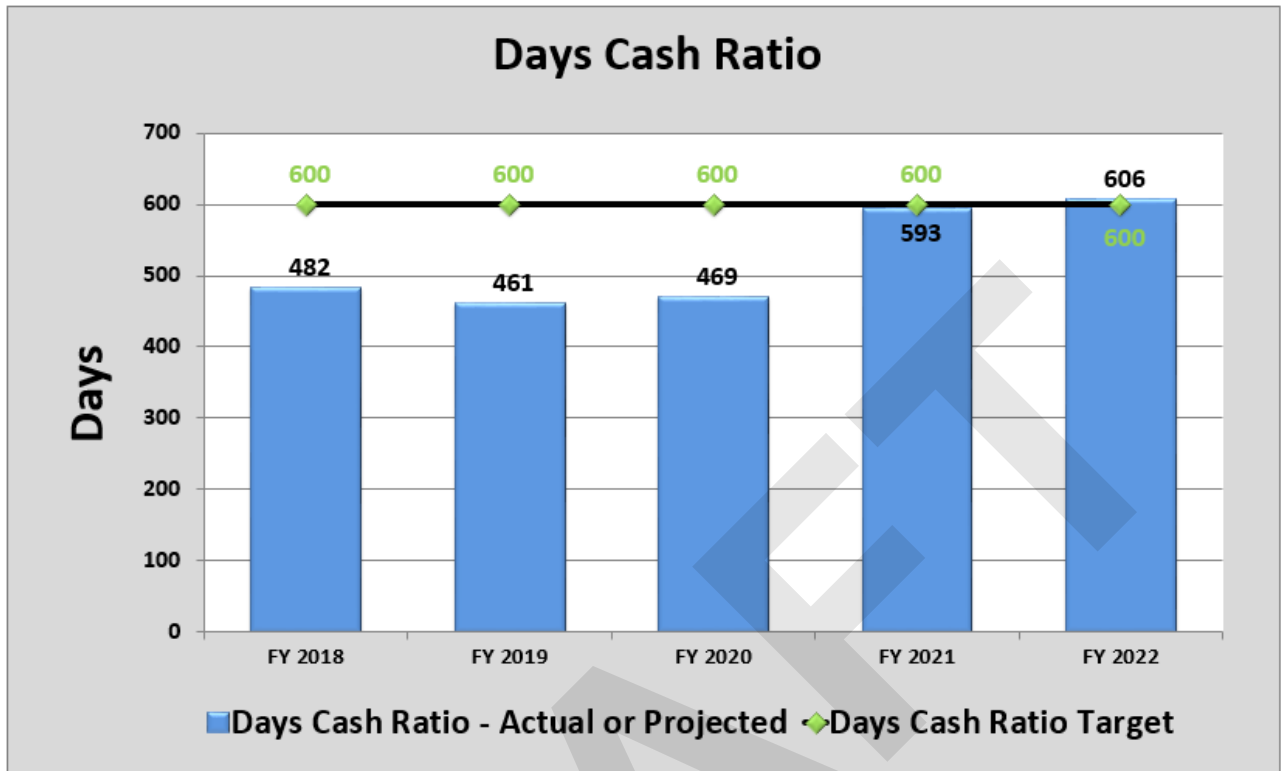
With Mesa Water's last debt issuance in June 2020, the Fitch agency issued a AAA credit rating. For this same debt issuance, Standard & Poor's also issued a AAA rating. Subsequently, in the spring of 2021 Fitch reaffirmed AAA the rating for the 2017 and 2020 debt issuance. Mesa Water is continuing to work on maintaining a strong AAA credit rating from all rating agencies.

To qualify for Fitch's highest rating, one year's cash (365 days) would most likely be required. S&P's criteria for days cash also considers actual cash (balance). An overall range of 400-500 days cash, along with our other rating factors should maintain our AAA rating with both rating agencies.

Additionally, an important debt factor is debt service coverage. Fitch awards its highest score for coverage of 2.0 or greater, while S&P awards its highest score at 1.6 or above. The District anticipates that its debt service coverage ratio will remain above 2.0.

As the FY 2022 budget achieves the established Days Cash Ratio, Mesa Water will continue to allocate Designated Reserves (Funds) in FY 2022 in accordance with Board policy.

Mesa Water District
Fiscal Year 2022 Budget



Mesa Water District
Fiscal Year 2022 Budget

Mesa Water’s Strategic Plan

The following seven goals are reflected in the FY 2022 budget:

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

Revenues

Mesa Water has budgeted 16,264 acre feet of potable water production and 1,105 acre feet of recycled water (total of 17,369 acre feet) for FY 2022, compared to 15,796 acre feet of potable water production and 1,073 acre feet of recycled water (total of 16,869 acre feet) budgeted for FY 2021.

Changes by major category of Operating Revenues are summarized below:

	FY 2021 Budget	FY 2022 Budget	% Change
Operating Revenues:			
Water Consumption Sales	\$28,895,418	\$30,626,417	6.0%
Monthly Meter Service Charge	8,362,553	8,910,143	6.6%
Recycled Water Sales	1,329,739	1,439,411	8.3%
Concessions from Gov. Agencies	-	-	0.0%
Other Charges and Services	398,350	400,000	0.4%
TOTAL OPERATING REVENUES	\$38,986,060	\$41,375,971	6.1%

Mesa Water’s FY 2022 Operating Revenues are budgeted at \$41.4 million compared to \$39.0 million in the FY 2021 budget, a 6.1 percent increase. Additionally, the Fiscal Year 2022 budget includes revenues based upon the fourth and fifth tiers of new rate increases in potable water consumption rates and monthly meter service charges from the multi-year rate schedule adopted in 2017 as detailed below:

Mesa Water District
Fiscal Year 2022 Budget

ADOPTED SCHEDULE OF RATE CHANGES

	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
Per Unit * (CCF):					
			Usage Charge Rate		
Potable	\$3.86	\$4.06	\$4.27	\$4.49	\$4.72
Meter Size:					
			Bi-monthly Meter Basic Charge Rate		
5/8"	\$24.69	\$25.93	\$27.23	\$28.60	\$30.03

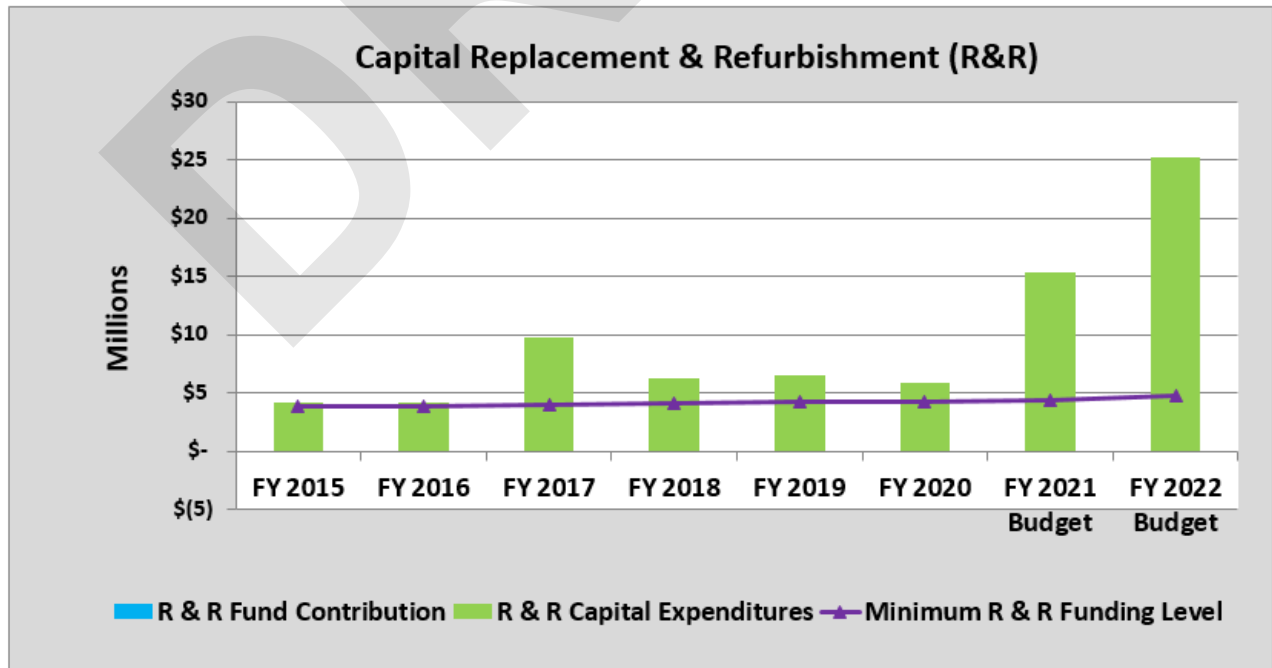
**One unit equals 100 cubic feet or 748 gallons.*

Due to development activity revenue remaining less stable and being influenced by general economic conditions, revenues related to development activity are budgeted based on an eight-year rolling historical average. Mesa Water expects this method to reduce volatility in budgeting development revenues.

Capital Projects

The FY 2022 capital budget includes expenditures of \$33.3 million representing a 55.7 percent increase from the FY 2021 budget of \$21.4 million. This is part of a 3 year, 70 million, Capital Improvement Program Renewal (CIPR) that has been approved by The Board. The CIPR was funded by a Certificate of Participation issuance in June of 2020. Mesa Water’s Strategic Goal #2 is, “Practice perpetual infrastructure renewal and improvement.” The District has a "perpetual agency" philosophy, and has adopted a long-range plan to manage, maintain, and develop its infrastructure.

To further ensure the District’s ability to rely solely upon locally sourced groundwater, construction on the two new wells will continue throughout FY 2022. Funds will also be used for an education center at the MWRf, new pipelines and replacement of end-of-life pipelines, IT security, and scheduled annual replacements of hydrants, valves, and meters.



Mesa Water District
Fiscal Year 2022 Budget

Expenses

Included in the expense budget are several items which reflect the goals of Mesa Water’s Strategic Plan:

1. In FY 2022, Mesa Water will continue maintaining and updating Mesa Water’s Computerized Maintenance Management System (CMMS) and streamlining core business processes facilitated through the business improvement process. These projects contribute to Strategic Plan goal #3, “Be financially responsible and transparent.”
2. During FY 2022, Mesa Water will continue conducting outreach to its key audiences, consisting of customers (ratepayers); community members (residents, organizations, and businesses); Federal, State, County, and City elected officials; industry colleagues at OC municipalities, water districts and special districts; media; and current and former Mesa Water® staff and Board members. This outreach includes facilitating clear, concise, and constant communications; producing publications about Mesa Water and water; and running Mesa Water’s social media program. Mesa Water plans to conduct ongoing constituent relations activities, including community sponsorships, participating in community events, and giving tours of the MWRF to provide water education and information about programs and services, capital improvements projects and the related benefits. These items contribute to the District’s Strategic Plan goals #4, “Increase public awareness about Mesa Water and about water,” and #6, “Provide outstanding customer service.”
3. Lastly, the District will continue its government relations work including legislative affairs and advocacy activities for issues that may impact Mesa Water and its constituents. These items contribute primarily to the District’s Strategic Plan goals #4, “Increase public awareness about Mesa Water and about water,” and #7, “Actively participate in regional water issues,” and secondarily to goals #3, “Be financially responsible and transparent,” #5, “Attract and retain skilled employees,” and #6, “Provide outstanding customer service.”

Mesa Water’s FY 2022 Operating Expenses are budgeted at \$29.3 million compared to \$27.3 million in the FY 2021 budget, a increase of 7.3% in Operating Expenses. Changes by major category of Operating Expenses are summarized below:

	FY 2021 Budget	FY 2022 Budget	% Change
Operating Expense:			
Imported Sources of Supply	\$447,488	\$463,700	3.6%
Basin Managed Water	-	35,000	100.0%
Clear Water	7,196,090	7,960,022	10.6%
Amber Water	3,158,770	3,380,832	7.0%
Recycled Water	971,065	971,025	3.0%
Transmission and Distribution	5,807,010	6,975,463	20.1%
General and Administrative	9,709,031	9,464,124	-2.5%
TOTAL OPERATING REVENUES	\$27,289,454	\$27,289,454	7.3%

Mesa Water District
Fiscal Year 2022 Budget

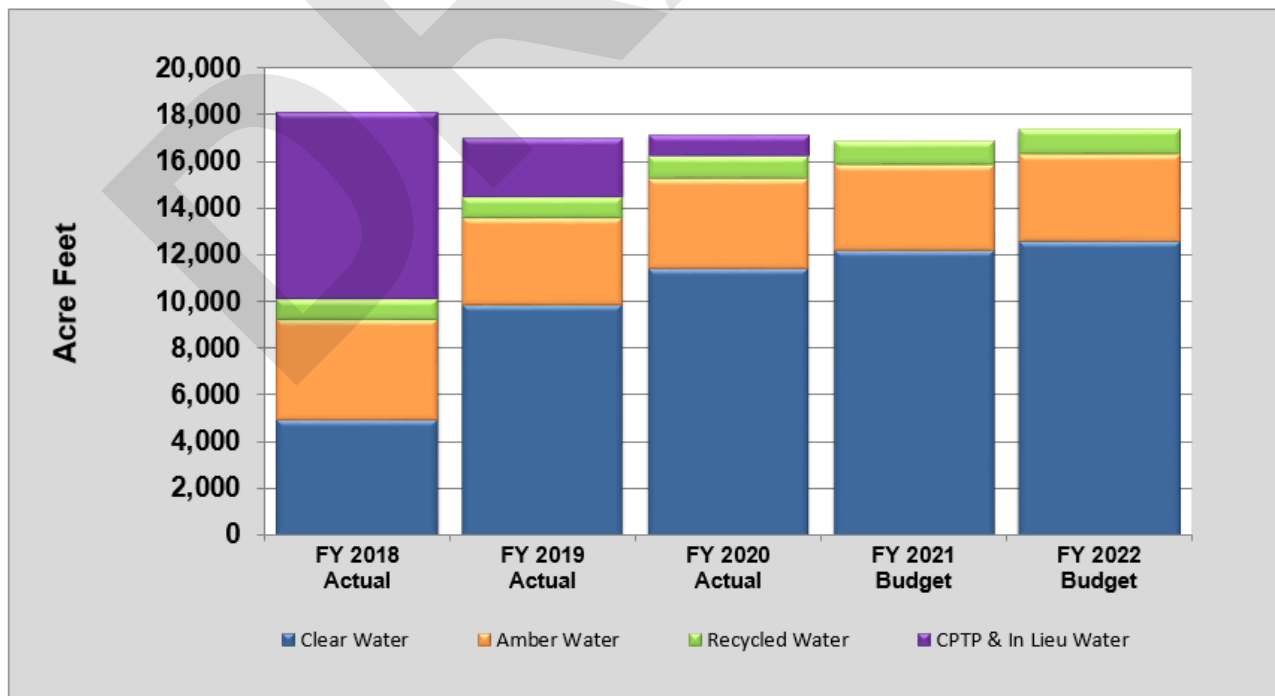
Economic and Policy Issues

Imported water is higher in cost per acre foot in comparison to clear or amber water, with additional imported fixed costs charged to Mesa Water regardless of the amount of water purchased. Costs detailed below are comprised of (water production) operating expenses, net of Metropolitan Water District Local Resource Program (LRP) revenue:

Water Source	FY 2022 Budgeted Average Cost per Acre Foot
Clear Water	\$636
Amber Water (MWRf)	\$904 - \$160 LRP = \$744
Imported Water	\$1,104/\$1,143
Recycled Water	\$905

During FY 2022, Mesa Water expects Orange County Water District (OCWD) will not change the Basin Pumping Percentage (BPP) of 77 percent of total potable supply. The Replenishment Assessment (RA) acre foot charge by OCWD is expected to increase from \$487 to \$509 due to increased imported water purchases along with increased costs to expand OCWD’s Groundwater Replenishment System (GWRS).

The MWRf Improvements Project was completed in FY 2013, and the MWRf was fully operational in FY 2014. In FY 2022, the MWRf is budgeted to run at an approximate capacity of 3,741 acre feet, complementing clear water production to achieve 100 percent locally-sourced water supplies. With the MWRf, Mesa Water has eliminated the need to purchase imported water in almost all circumstances. The following is a summary of sources of water for budgeted FY 2022:



Mesa Water District
Fiscal Year 2022 Budget

Staffing Levels

Staffing levels are projected to remain the same from FY 2021, at 57.00 FTE's.

Conclusion

Mesa Water continues to thrive as an organization. The budget demonstrates Mesa Water's commitment to meeting its financial and strategic goals. The District's Board of Directors and staff continue a tradition of innovation with ideas and methods for accomplishing Mesa Water's mission: *Dedicated to Satisfying our Community's Water Needs.*

Paul E. Shoenberger, P.E.
Mesa Water General Manager

DRAFT



Fiscal Year 2022 Budget

TABLE OF CONTENTS

Message from the President (open for final version).....	i
Letter of Transmittal.....	iii
Table of Contents	xi
 <i>I. BUDGET SUMMARY</i>	
Comparative Statement of Revenues, Expenses, and Changes in Net Position	1
FY 2022 Departmental Statement of Revenues, Expenses, and Changes in Net Position.....	2
FY 2021 Departmental Statement of Revenues, Expenses, and Changes in Net Position.....	3
Capital Expenditures Summary.....	4
Pro Forma Statement of Cash Flows and Balance Sheet (open for final version).....	5
 <i>II. BASIS OF THE BUDGET</i>	
Water Data.....	6
Water Supply Components.....	7
Production of Potable Water in Acre Feet, Monthly 4 Year Trend Analysis (Graph)	8
Water Supply Needs – Historical and Projected (Graph).....	9
Water Supply Needs – Historical and Projected with Best Fit Line (Graph)	10
Organizational Chart.....	11
Personnel Summary	12
Labor and Benefits Summary	13
COP Coverage Ratios	14
Designated Fund Levels.....	15
District Overview.....	16
Major Revenue Descriptions	17
Fund Description.....	19
Basis of Accounting	19
Budget Controls and Revisions	19
 <i>III. DEPARTMENTS</i>	
General (Departments 000).....	20
Board of Directors (Department 100)	22
Office of the General Manager Department (Department 200).....	22
Water Costs (Departments 310, 320, and 330)	23
Water Operations Department (Department 300)	24
Engineering Department (Department 400)	24
Customer Services Department (Department 500).....	25
Financial Services Department (Department 600)	26
Public Affairs Department (Department 700)	27
Water Policy Department (Department 900)	27
Administrative Services Department (Department 800).....	28
Human Resources Department (Department 850)	28
 <i>IV. APPENDIX</i>	
Glossary of Terms	Appendix 1



Fiscal Year 2022 Budget

Comparative Statement of Revenues, Expenses, and Changes in Net Position

	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
OPERATING REVENUES:				
Water consumption sales	\$ 25,910,454	\$ 26,913,077	\$ 28,895,418	\$ 30,626,417
Monthly meter service charge	7,511,575	7,870,740	8,362,553	8,910,143
Recycled water sales	1,119,273	1,250,605	1,329,739	1,439,411
Concessions from gov. agencies (incl. CPTP)	1,226,127	163,691	-	-
Other charges and services	400,446	526,777	398,350	400,000
TOTAL OPERATING REVENUES	36,167,875	36,724,890	38,986,060	41,375,971
OPERATING EXPENSES:				
Imported Water Fixed Costs	368,722	507,008	447,488	463,700
Basin Managed Water	2,628,097	659,666	-	35,000
Clear water cost	5,453,136	6,760,158	7,196,090	7,960,022
Amber water cost	2,967,369	3,158,924	3,158,770	3,380,832
Recycled water	758,122	861,521	971,065	1,000,025
Transmission and distribution	5,482,303	6,020,490	5,807,010	6,975,463
General and administrative	7,589,724	9,270,384	9,709,031	9,464,124
TOTAL OPERATING EXPENSES	25,247,473	27,238,151	27,289,454	29,279,166
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	10,920,402	9,486,739	11,696,606	12,096,805
Depreciation and amortization	(5,155,612)	(5,517,326)	(5,350,000)	(5,850,000)
OPERATING INCOME	5,764,790	3,969,413	6,346,606	6,246,805
NONOPERATING REVENUES / (EXPENSES):				
Bond issuance costs	-	(322,473)	-	-
Investment earnings (incl. unrealized)	1,872,020	1,255,743	435,000	450,000
Interest expense - long-term debt	(945,513)	(964,979)	(2,212,887)	(2,602,900)
Gain (Loss) on sale/disposition of capital assets, net	(2,904)	8,123	(20,000)	(15,000)
Impairment of capital assets & termination of lease	-	-	-	-
Other non-operating, net	91,145	(1,990,429)	(40,000)	(20,000)
NONOPERATING REVENUES / (EXPENSES):	1,014,748	(2,014,015)	(1,837,887)	(2,187,900)
INCOME BEFORE CAPITAL CONTRIBUTIONS	6,779,538	1,955,398	4,508,719	4,058,905
CAPITAL CONTRIBUTIONS:				
Capacity and installation charges	860,855	1,297,240	1,101,000	1,174,207
Capital Grants (includes LRP)	554,095	584,091	588,352	616,060
Developers and others	502,128	1,203,077	500,000	600,000
TOTAL CAPITAL CONTRIBUTIONS	1,917,078	3,084,408	2,189,352	2,390,267
CHANGE IN NET POSITION	\$ 8,696,616	\$ 5,039,806	\$ 6,698,071	\$ 6,449,172



Fiscal Year 2022 Budget

FY 2022 (Budget) Departmental Statement of Revenues, Expenses, and Changes in Net Position

	Consolidated (All Depts)	General (000), (020)	Board (100)	Office of the GM (200)	Water Ops (3XX)	Engineering (400)	Customer Services (500)	Financial Services (600)	Public Affairs (700)	Administrative Services (800)	Human Resources (850)	Water Policy (900)
OPERATING REVENUES:												
Water consumption sales	\$ 30,626,417	\$ 30,626,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly meter service charge	8,910,143	8,910,143	-	-	-	-	-	-	-	-	-	-
Recycled water sales	1,439,411	1,439,411	-	-	-	-	-	-	-	-	-	-
Concessions from gov. agencies (incl. CPTP)	-	-	-	-	-	-	-	-	-	-	-	-
Other charges and services	400,000	400,000	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	41,375,971	41,375,971	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES:												
Imported and Basin Managed water costs	498,700	-	-	-	498,700	-	-	-	-	-	-	-
Clear water cost	7,960,022	-	-	-	7,960,022	-	-	-	-	-	-	-
Amber water cost	3,380,832	-	-	-	3,380,832	-	-	-	-	-	-	-
Recycled water	1,000,025	1,000,025	-	-	-	-	-	-	-	-	-	-
Transmission and distribution	6,975,463	-	-	-	6,326,178	649,285	-	-	-	-	-	-
General and administrative	9,464,124	-	426,397	1,562,051	-	-	1,090,587	1,398,124	925,678	2,405,172	1,125,453	530,662
TOTAL OPERATING EXPENSES	29,279,166	1,000,025	426,397	1,562,051	18,165,732	649,285	1,090,587	1,398,124	925,678	2,405,172	1,125,453	530,662
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	12,096,805	40,375,946	(426,397)	(1,562,051)	(18,165,732)	(649,285)	(1,090,587)	(1,398,124)	(925,678)	(2,405,172)	(1,125,453)	(530,662)
Depreciation and amortization	(5,850,000)	(5,850,000)	-	-	-	-	-	-	-	-	-	-
OPERATING INCOME / (LOSS)	6,246,805	34,525,946	(426,397)	(1,562,051)	(18,165,732)	(649,285)	(1,090,587)	(1,398,124)	(925,678)	(2,405,172)	(1,125,453)	(530,662)
NONOPERATING REVENUES / (EXPENSES):												
Investment earnings	450,000	450,000	-	-	-	-	-	-	-	-	-	-
Interest expense - long-term debt	(2,602,900)	(2,602,900)	-	-	-	-	-	-	-	-	-	-
Loss on sale/disposition of capital assets, net	(15,000)	(15,000)	-	-	-	-	-	-	-	-	-	-
Loss on abandonment	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating, net	(20,000)	(20,000)	-	-	-	-	-	-	-	-	-	-
NONOPERATING REVENUES / (EXPENSES):	(2,187,900)	(2,187,900)	-	-	-	-	-	-	-	-	-	-
INCOME BEFORE CAPITAL CONTRIBUTIONS	4,058,905	32,338,046	(426,397)	(1,562,051)	(18,165,732)	(649,285)	(1,090,587)	(1,398,124)	(925,678)	(2,405,172)	(1,125,453)	(530,662)
CAPITAL CONTRIBUTIONS:												
Capacity and installation charges	1,174,207	1,174,207	-	-	-	-	-	-	-	-	-	-
Capital grants (includes LRP)	616,060	616,060	-	-	-	-	-	-	-	-	-	-
Developers and others	600,000	600,000	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	2,390,267	2,390,267	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION (2022 Budget)	\$ 6,449,172	\$ 34,728,313	\$ (426,397)	\$ (1,562,051)	\$ (18,165,732)	\$ (649,285)	\$ (1,090,587)	\$ (1,398,124)	\$ (925,678)	\$ (2,405,172)	\$ (1,125,453)	\$ (530,662)
CHANGE IN NET POSITION (2021 Budget)	\$ 6,698,071	\$ 33,016,460	\$ (366,397)	\$ (1,687,465)	\$ (15,861,569)	\$ (747,789)	\$ (1,844,541)	\$ (1,307,569)	\$ (868,371)	\$ (2,140,548)	\$ (1,004,750)	\$ (489,390)



Fiscal Year 2022 Budget

FY 2021 (Budget) Departmental Statement of Revenues, Expenses, and Changes in Net Position

	Consolidated (All Depts)	General (000), (020)	Board (100)	Office of the GM (200)	Water Ops (3XX)	Engineering (400)	Customer Services (500)	Financial Services (600)	Public Affairs (700)	Administrative Services (800)	Human Resources (850)	Water Policy (900)
OPERATING REVENUES:												
Water consumption sales	\$ 28,895,418	\$ 28,895,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly meter service charge	8,362,553	8,362,553	-	-	-	-	-	-	-	-	-	-
Recycled water sales	1,329,739	1,329,739	-	-	-	-	-	-	-	-	-	-
Concessions from gov. agencies (incl. CPTP)	-	-	-	-	-	-	-	-	-	-	-	-
Other charges and services	398,350	398,350	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	38,986,060	38,986,060	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES:												
Imported and Basin Managed water costs	447,488	-	-	-	447,488	-	-	-	-	-	-	-
Clear water cost	7,196,090	-	-	-	7,196,090	-	-	-	-	-	-	-
Amber water cost	3,158,770	-	-	-	3,158,770	-	-	-	-	-	-	-
Recycled water	971,065	971,065	-	-	-	-	-	-	-	-	-	-
Transmission and distribution	5,807,010	-	-	-	5,059,221	747,789	-	-	-	-	-	-
General and administrative	9,709,031	-	366,397	1,687,465	-	-	1,844,541	1,307,569	868,371	2,140,548	1,004,750	489,390
TOTAL OPERATING EXPENSES	27,289,454	971,065	366,397	1,687,465	15,861,569	747,789	1,844,541	1,307,569	868,371	2,140,548	1,004,750	489,390
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	11,696,606	38,014,995	(366,397)	(1,687,465)	(15,861,569)	(747,789)	(1,844,541)	(1,307,569)	(868,371)	(2,140,548)	(1,004,750)	(489,390)
Depreciation and amortization	(5,350,000)	(5,350,000)	-	-	-	-	-	-	-	-	-	-
OPERATING INCOME / (LOSS)	6,346,606	32,664,995	(366,397)	(1,687,465)	(15,861,569)	(747,789)	(1,844,541)	(1,307,569)	(868,371)	(2,140,548)	(1,004,750)	(489,390)
NONOPERATING REVENUES / (EXPENSES):												
Investment earnings	435,000	435,000	-	-	-	-	-	-	-	-	-	-
Interest expense - long-term debt	(2,212,887)	(2,212,887)	-	-	-	-	-	-	-	-	-	-
Loss on sale/disposition of capital assets, net	(20,000)	(20,000)	-	-	-	-	-	-	-	-	-	-
Loss on abandonment	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating, net	(40,000)	(40,000)	-	-	-	-	-	-	-	-	-	-
NONOPERATING REVENUES / (EXPENSES):	(1,837,887)	(1,837,887)	-	-	-	-	-	-	-	-	-	-
INCOME BEFORE CAPITAL CONTRIBUTIONS	4,508,719	30,827,108	(366,397)	(1,687,465)	(15,861,569)	(747,789)	(1,844,541)	(1,307,569)	(868,371)	(2,140,548)	(1,004,750)	(489,390)
CAPITAL CONTRIBUTIONS:												
Capacity and installation charges	1,101,000	1,101,000	-	-	-	-	-	-	-	-	-	-
Capital grants (includes LRP)	588,352	588,352	-	-	-	-	-	-	-	-	-	-
Developers and others	500,000	500,000	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	2,189,352	2,189,352	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION (2021 Budget)	\$ 6,698,071	\$ 33,016,460	\$ (366,397)	\$ (1,687,465)	\$ (15,861,569)	\$ (747,789)	\$ (1,844,541)	\$ (1,307,569)	\$ (868,371)	\$ (2,140,548)	\$ (1,004,750)	\$ (489,390)
CHANGE IN NET POSITION (2020 Budget)	\$ 10,086,975	\$ 36,846,183	\$ (345,682)	\$ (1,519,228)	\$ (17,123,169)	\$ (839,403)	\$ (1,803,291)	\$ (938,416)	\$ (870,132)	\$ (2,046,723)	\$ (819,572)	\$ (453,592)



**Fiscal Year 2022 Budget
Capital Expenditures Summary**

Description	FY 2021 Budget	FY 2022 Budget
WELLS:		
Croddy/Chandler Pipeline Design & Construction	\$ 7,283,650	\$ 12,845,409
RESERVOIRS:		
Water & Power System Reliability Assessment	30,000	793,800
MWRF Back-up Power Project	367,085	-
Chemical Management System	-	6,600
DISTRIBUTION:		
1951 CMLC Cohort Pipeline Replacement	333,590	1,900,424
Wilson St. Pipeline	-	2,051,072
Abandoned Vault Closures	2,257,652	1,648,663
Valve Replacements Assessment	811,470	1,167,780
Plastic Service Line Replacements	-	64,680
Pipeline Integrity Testing Program	250,000	250,000
On-Call Services (Design, Paving, Const., & CM)	250,000	249,750
Other Agency Projects	75,000	1,139,172
ROUTINE OPERATIONS:		
Operations Routine Capital (Hyd., Valves, Meters, etc.)	1,000,000	1,000,000
NON-ROUTINE OPERATIONS:		
Operations Non-Routine Capital (Vehicles, Other)	174,000	550,000
SCADA Metrics & System Upgrades	-	400,000
DISTRICT FACILITIES:		
MWRF	2,799,371	5,307,652
Security System Replacement	296,250	-
Garage/Storage	331,250	387,333
Dewatering Pit	290,000	54,945
INFORMATION TECHNOLOGY:		
IT Upgrades	1,633,170	1,937,300
IT Project Support	400,000	400,000
MISC:		
HRIS	-	30,000
Contingency	1,885,525	-
Total Capital	\$ 20,468,013	\$ 32,184,580
Internal Labor, Material, Overhead	\$ 927,355	\$ 1,120,201
	\$ 21,395,368	\$ 33,304,781



Fiscal Year 2022 Budget

Pro Forma Statement of Cash Flows and Historical Condensed Balance Sheets

	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating Income	\$ 5,764,790	\$ 3,969,413	\$ 6,346,606	\$ 6,246,805
Adjustments				
Depreciation	5,155,612	5,517,326	5,350,000	5,850,000
Other	178,294	(1,476,055)	-	-
Changes in assets & liabilities	111,085	3,918,480	670,000	715,000
Additional Pension Prepayment/Contribution	(1,000,000)	-	-	-
OPEB Trust Contribution	-	(110,000)	(110,000)	(110,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,209,781	11,819,164	12,256,606	12,701,805
CASH FLOWS FROM CAPITAL & FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(10,657,815)	(6,561,190)	(21,395,368)	(33,304,781)
Proceeds from 2020 COPS	-	-	23,831,245	29,817,280
Impairment of capital assets & lease termination	-	-	-	-
Principal Paid on long-term debt	(2,605,000)	(2,785,000)	(2,975,000)	(3,175,000)
Interest Paid on long-term debt	(1,423,500)	(1,293,250)	(3,230,531)	(3,571,450)
Proceeds from capacity and installation charges	773,706	782,866	450,000	650,000
Proceeds from capital grant	554,095	584,091	588,352	616,060
NET CASH PROVIDED BY CAPITAL & FINANCING ACTIVITIES	(13,358,514)	(9,272,483)	(2,731,302)	(8,967,891)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	410,802	549,809	375,000	415,000
NET CASH PROVIDED BY INVESTING ACTIVITIES	410,802	549,809	375,000	415,000
NET INCREASE IN CASH & CASH EQUIVALENTS	(2,737,931)	3,096,490	9,900,304	4,148,914
CASH & INVESTMENTS - beginning of year	34,647,709	31,909,778	33,409,220	43,309,524
CASH & INVESTMENTS - end of year	\$ 31,909,778	\$ 35,006,268	\$ 43,309,524	\$ 47,458,438



Fiscal Year 2022 Budget

Water Data

Water Revenue Data

Revenue

	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
All Potable Water Revenue	\$ 25,910,454	\$ 26,913,077	\$ 28,895,418	\$ 30,626,417
Recycled Water Revenue	1,119,273	1,250,605	1,329,739	1,439,411
Total Water Revenue	\$ 27,029,727	\$ 28,163,682	\$ 30,225,157	\$ 32,065,828

Acre Feet Sold

Potable	16,110	15,905	14,848	15,288
Recycled	916	959	1,073	1,105
Total Acre Feet	17,026	16,864	15,921	16,393

Revenue Per Acre Foot

<i>Potable</i>	\$ 1,608.35	\$ 1,692.11	\$ 1,946.05	2,003.28
<i>Recycled</i>	1,221.91	1,304.07	1,239.27	1,302.63
Total Revenue Per Acre Foot	\$ 1,587.56	\$ 1,670.05	\$ 1,898.42	\$ 1,956.05

Water Cost Data

Cost

Imported and Basin Managed Water	\$ 2,996,819	\$ 1,166,674	\$ 447,488	\$ 498,700
Clear Water	5,453,136	6,760,158	7,196,090	7,960,022
Amber Water	2,967,369	3,158,924	3,158,770	3,380,832
Total Potable Water	11,417,324	11,085,756	10,802,348	11,839,554
Recycled Water	758,122	861,521	971,065	1,000,025
Total Water Cost	\$ 12,175,446	\$ 11,947,277	\$ 11,773,413	\$ 12,839,579

Acre Feet Produced

Imported and Basin Managed Water	2,492	869	-	-
Clear Water	9,813	11,364	12,160	12,523
Clear & Imported and Basin Managed Water	12,305	12,233	12,160	12,523
Amber Water	3,760	3,885	3,636	3,741
Total Potable Water	16,065	16,118	15,796	16,264
Recycled	916	959	1,073	1,105
Total Acre Feet	16,981	17,077	16,869	17,369

Cost Per Acre Foot

<i>Imported Water (Variable Costs)</i>	\$ 1,032.50	\$ 1,064.00	\$ 1,104.50	\$ 1,123.50
<i>Clear Water</i>	555.71	594.87	591.78	635.63
<i>Amber Water</i>	789.19	813.11	868.75	903.72
<i>Recycled</i>	827.64	898.35	905.00	905.00
Total Cost Per Acre Foot	\$ 717.00	\$ 699.61	\$ 697.93	\$ 739.22

Imported Water Variable Costs per Acre Foot	\$1015/1050	\$1050/1078	\$1078/1131	\$1104/1143
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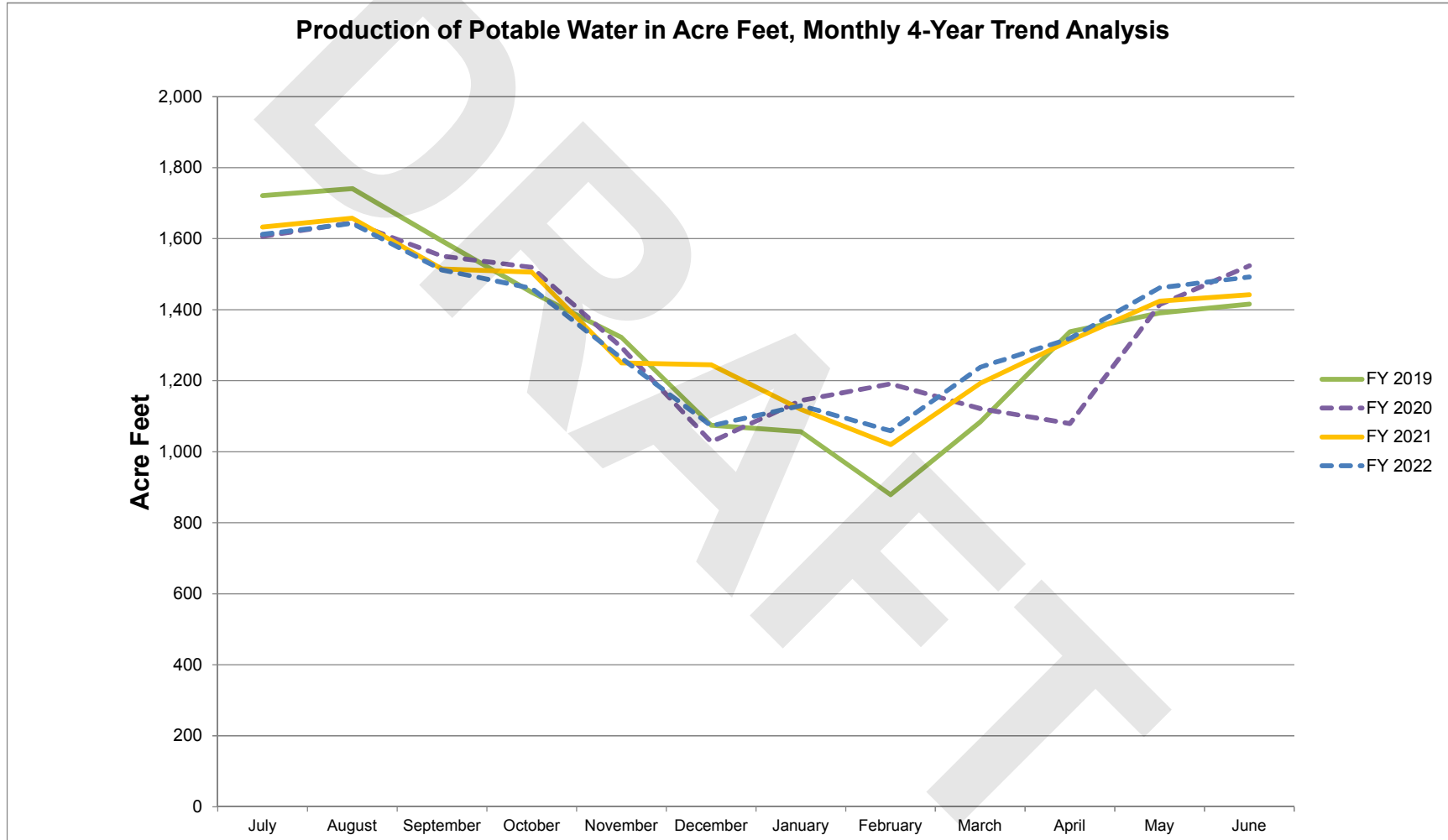


**Fiscal Year 2022 Budget
Water Supply Components**

	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
Clear Water Costs				
Basin Replenishment Assessment	\$ 4,512,463	\$ 5,804,625	\$ 5,921,920	\$ 6,374,207
Utilities Pumping	539,962	675,810	785,802	1,027,607
Treatment/ Labor and Materials	400,711	550,129	488,368	558,208
Total Clear Water Costs	\$ 5,453,137	\$ 7,030,564	\$ 7,196,090	\$ 7,960,022
Amber Water Costs				
Basin Replenishment Assessment	\$ 1,737,074	\$ 1,891,946	\$ 1,770,732	\$ 1,904,169
Utilities Pumping	608,965	598,338	665,578	854,000
Treatment/ Labor and Materials	621,329	665,702	722,460	622,663
Total Amber Water Costs	\$ 2,967,368	\$ 3,155,986	\$ 3,158,770	\$ 3,380,832
Imported Water Fixed Costs				
Readiness to Serve - Total Charge	\$ 1,407	\$ 2,533	\$ 3,000	\$ 2,000
Capacity Charge	-	-	-	-
Choice Charges	-	-	-	-
Retail Meter Charge - Total Charge	291,268	297,749	321,938	338,035
Shared Pipeline Maintenance Costs	48,000	128,733	97,150	115,000
Total Imported Water Fixed Costs	\$ 340,675	\$ 429,015	\$ 422,088	\$ 455,035
Retail Meter Charge - Per Meter (\$)	12.25	12.09	12.97	13.49
Basin Pumping Percentage	77%	77%	77%	77%



Fiscal Year 2022 Budget

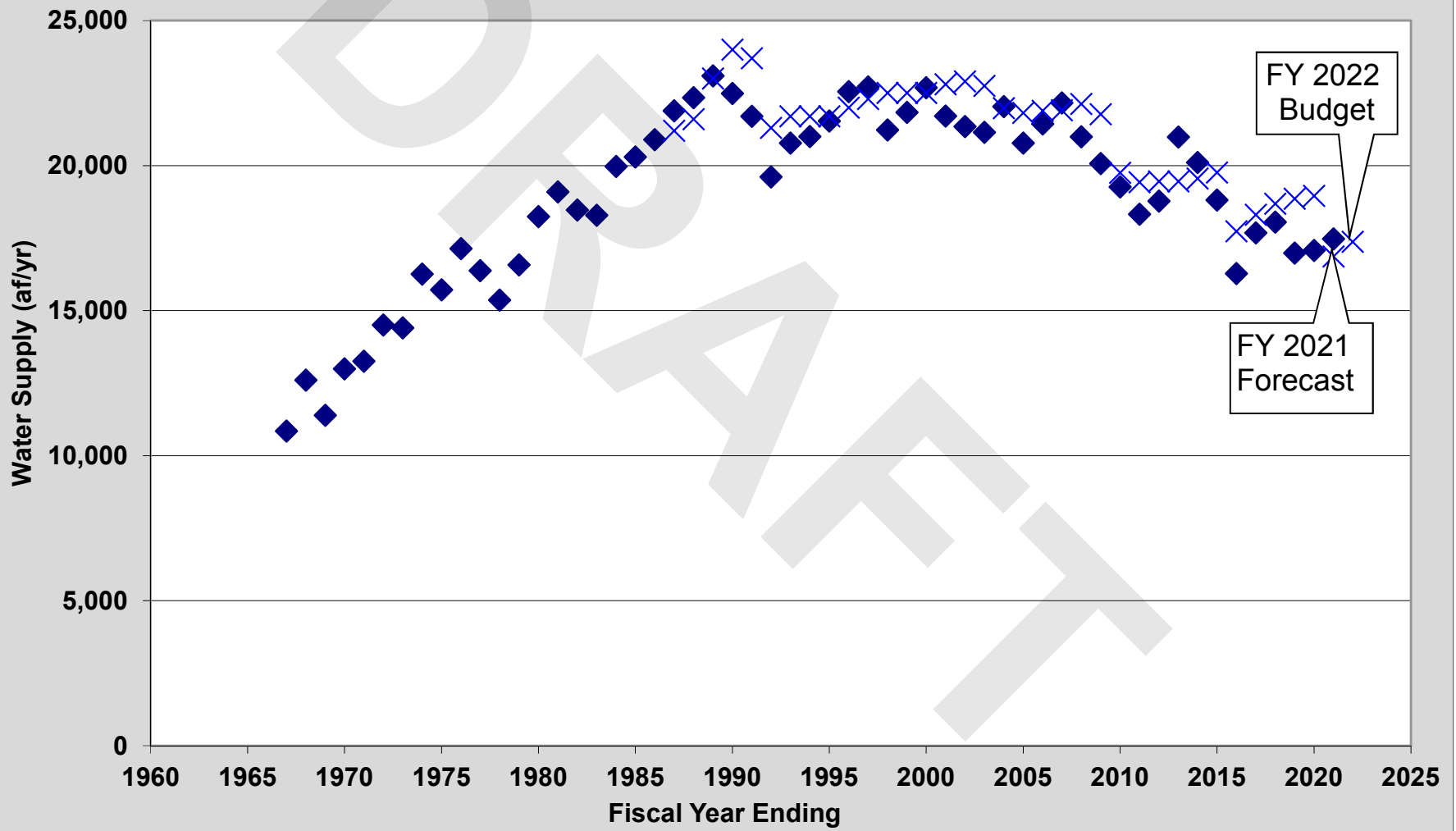


Water Production in Acre Feet

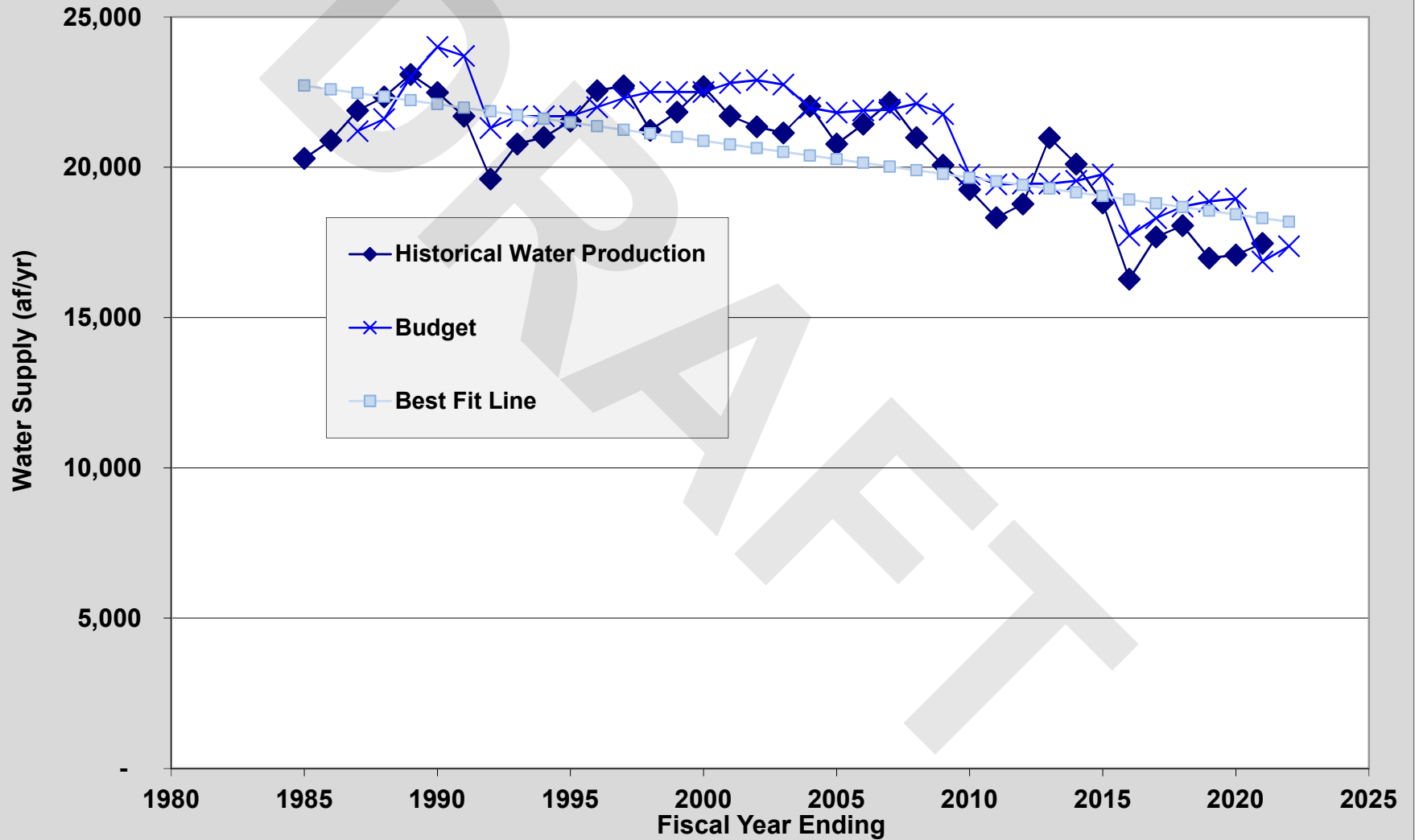
	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY 2019	1,720.9	1,741.1	1,593.2	1,449.3	1,321.8	1,075.1	1,056.5	878.8	1,084.1	1,337.5	1,390.7	1,415.8	16,064.8
FY 2020	1,606.1	1,645.1	1,550.9	1,519.4	1,293.7	1,028.0	1,144.5	1,191.1	1,121.4	1,079.5	1,414.0	1,523.7	16,117.4
FY 2021	1,633.0	1,657.6	1,515.0	1,505.6	1,250.3	1,244.8	1,119.1	1,020.1	1,192.4	1,313.0	1,424.0	1,442.0	16,316.9
FY 2022	1,612.0	1,643.0	1,512.0	1,460.0	1,264.0	1,073.0	1,130.0	1,059.0	1,238.0	1,319.0	1,462.0	1,492.0	16,264.0

Fiscal Year 2022 Budget Water Supply Needs (Historical and Projected)

◆ Historical Water Production × Budget

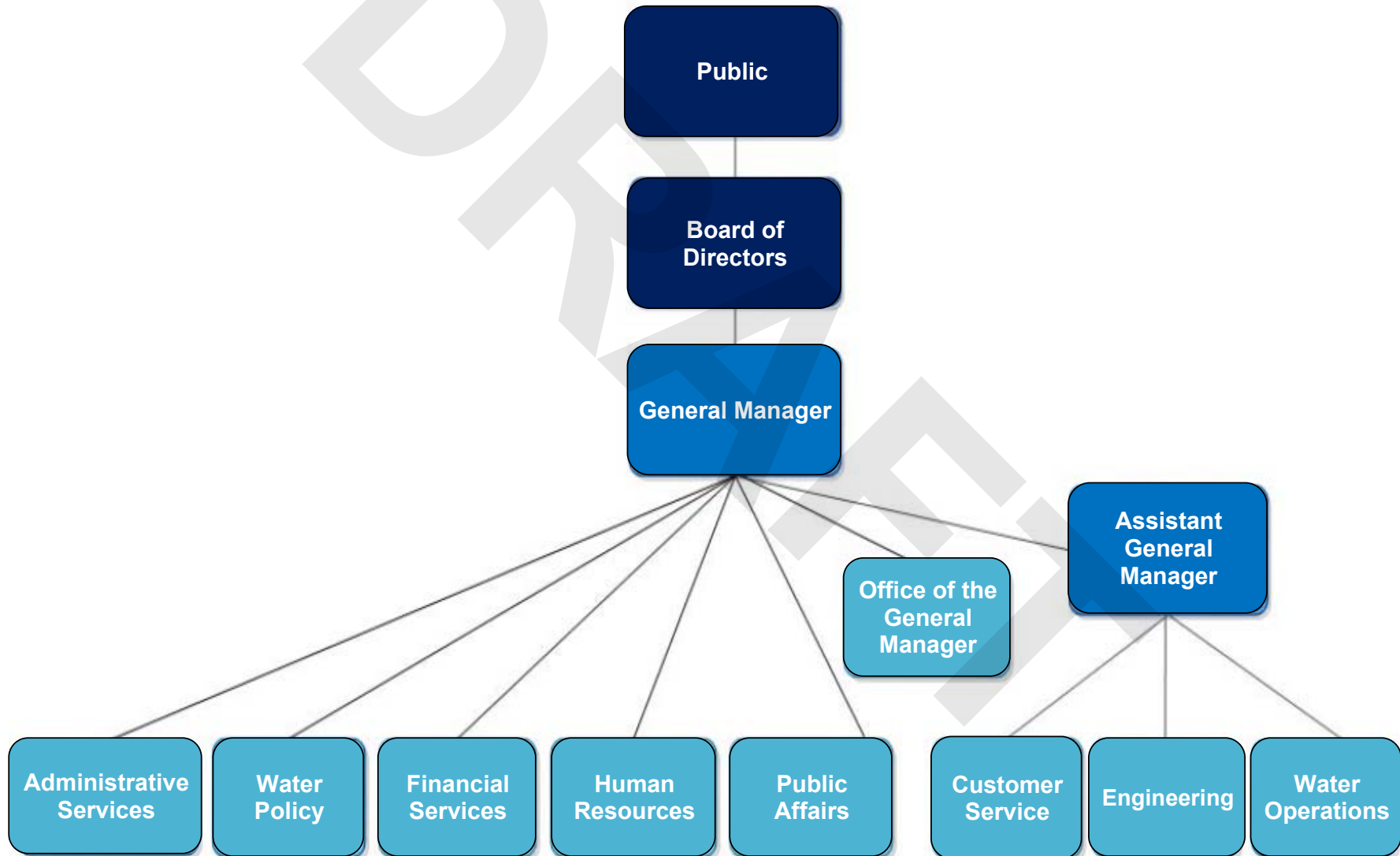


Fiscal Year 2022 Budget Water Supply Needs (Historical and Projected)





Mesa Water District FY 2022 Budget





**Fiscal Year 2022 Budget
Personnel Summary**

	FY 2019 Budget	FY 2020 Budget	FY 2021 Budget	FY 2022 Budget
OFFICE OF THE GENERAL MANAGER				
Executive Office	2	2	2	2
TOTAL DISTRICT MANAGEMENT	2	2	2	2
ADMINISTRATIVE SERVICES				
Administrative Services	5	5	5	5
Information Technology	0	0	0	0
TOTAL ADMINISTRATIVE SERVICES/IT	5	5	5	5
HUMAN RESOURCES				
Human Resources	3	3	3	3
TOTAL HUMAN RESOURCES	3	3	3	3
CUSTOMER SERVICES				
Customer Service	8	9	8	8
Conservation	1	1	1	1
TOTAL CUSTOMER SERVICE	9	10	9	9
ENGINEERING				
Engineering	5	4	5	5
TOTAL ENGINEERING	5	4	5	5
FINANCIAL SERVICES				
Financial Services	5	5	5	5
TOTAL FINANCIAL SERVICES	5	5	5	5
EXTERNAL AFFAIRS				
External Affairs	1.5	1.5	1.5	1.5
TOTAL EXTERNAL AFFAIRS	1.5	1.5	1.5	1.5
WATER POLICY				
Water Policy	2.5	2.5	1.5	1.5
TOTAL WATER POLICY	2.5	2.5	1.5	1.5
WATER OPERATIONS				
Supervision/Support	6	6	7	7
Distribution	10	11	13	13
Production	3	3	3	3
Water Quality	2	2	2	2
TOTAL WATER OPERATIONS	21	22	25	25
TOTAL PERSONNEL	54.00	55.00	57.00	57.00

Notes:

- Five elected officials serve on Mesa Water's Board of Directors.
- Interns not included in above figures:

Interns	0.5	0.5	0.5	0.5
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**Fiscal Year 2022 Budget
Labor and Benefits Summary**

Category	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
Labor	\$4,795,468	\$5,070,849	\$6,665,253	\$6,989,261
FICA / Medicare	419,936	435,142	458,431	474,724
Workers Comp	105,144	118,455	205,160	215,011
Flex Credits	458,493	687,961	1,185,600	1,185,600
LTD/Life Insurance/EAP	32,178	45,410	55,297	56,512
Retirement	1,003,092	2,410,523	1,325,000	1,370,000
Total	\$6,814,310	\$8,768,340	\$9,894,741	\$10,291,108

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**Fiscal Year 2020 Budget
COP Coverage Ratios**

	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
Revenues				
Operating Revenue	\$ 34,941,748	\$ 36,561,199	\$ 38,986,060	\$ 41,375,971
Capacity and Installation Charges	860,855	1,297,240	1,101,000	1,174,207
Non-Operating Revenue	1,872,020	1,255,743	435,000	450,000
Total Revenues	37,674,623	39,114,182	40,522,060	43,000,178
Expenses (Excluding Depreciation Expense)				
Operating Expenses	25,247,473	27,238,151	27,289,454	29,279,166
Income available for debt service	\$ 12,427,150	\$ 11,876,031	\$ 13,232,606	\$ 13,721,012
Annual Debt Service, Senior Debt	\$ 4,028,500	\$ 4,078,250	\$ 4,129,000	\$ 4,180,250
Coverage Ratio, Senior Debt	308%	291%	320%	328%
Annual Debt Service, Subordinated Debt	\$ -	\$ -	\$ 2,076,531	\$ 2,566,200
Coverage Ratio, Total Debt	308%	291%	213%	203%



**Fiscal Year 2022 Budget
Designated Fund Levels**

	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET	DAYS
Customer & Development Deposits	\$ 2,813,977	\$ 2,209,544	\$ 3,250,000	\$ 3,000,000	N/A
Capital Replacement Fund	7,445,228	6,677,949	11,960,374	14,313,291	N/A
Other Funds					
Administrative & General Fund	1,383,423	1,492,501	1,824,620	1,957,477	25
Catastrophe Fund	7,816,341	11,193,761	13,137,265	14,093,835	180
	9,199,764	12,686,262	14,961,885	16,051,312	
Liquidity Funds					
Operating Funds (Target 120 days)	8,300,539	8,955,009	8,758,177	9,395,890	120
Rate Stabilization Funds (Target 60 days)	4,150,270	4,477,504	4,379,088	4,697,945	60
Total Liquidity Funds (Max 180 days total)	12,450,809	13,432,513	13,137,265	14,093,835	
Total Cash - Designated Funds	\$ 31,909,778	\$ 35,006,268	\$ 43,309,524	\$ 47,458,438	N/A
Operating Expense	\$ 25,247,473	\$ 27,238,151	\$ 26,639,454	\$ 28,579,166	
Cash per Day	\$ 69,171	\$ 74,625	\$ 72,985	\$ 78,299	
Days Cash Ratio Actual/Estimate	461	469	593	606	
Days Cash Ratio Target	600	600	600	600	

Fund Descriptions:

Customer & Development Deposits - Monies held on behalf of Mesa Water's customers as required for their utility account or as cash bonds for development projects.

Capital Replacement Fund - Used for the replacement of capitalized assets when they reach the end of their useful lives. The target level of the fund shall be \$10 million. The maximum will be based on Mesa Water's Asset Management Plan.

Administrative & General Fund - One of the two capital funds used to fund certain major general, administrative and overhead projects. It is intended to fund (or partially fund) offices, fixtures, furnishings, vehicles and equipment on a pay-as-you-go basis. The target level will equal 20 days of Mesa Water's budgeted total operating expenses and the maximum will be 25 days.

Catastrophe Fund - Used to begin repair of the water system after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged or insurance claims are being processed. The target level will equal 150 days of Mesa Water's budgeted total operating expenses and the maximum will be 180 days.

Operating Fund - Used for unanticipated operating expenses. This fund is designated to maintain working capital for current operations and to meet routine cash flow needs. The target level will equal 120 days of Mesa Water's budgeted total operating expenses and the maximum will be 120 days.

Rate Stabilization Fund - Used to provide flexibility to the Board of Directors when establishing rates such as absorbing temporary rate



Fiscal Year 2022 Budget

District Overview

Mesa Water District (Mesa Water) was formed on January 1, 1960, pursuant to Sections 33200 et. seq., of the California Water Code, which was designated as the Costa Mesa District Merger Law. The general provisions of this law called for the consolidation of four predecessor agencies: the Newport Heights Irrigation District; the Fairview County Water District; the Newport Mesa County Water District; and, the City of Costa Mesa Water Department.

Mesa Water is located in Orange County, California, and provides water to most of Costa Mesa, parts of Newport Beach, and some unincorporated areas of Orange County, including John Wayne Airport. The District serves 110,000 residents in an 18-square-mile area through approximately 25,000 metered accounts.

Potable water is produced from Mesa Water's groundwater wells. The District purchases non-potable, or recycled water, from the Orange County Water District (OCWD).

Due to the District's improved Mesa Water Reliability Facility (MWRF), Mesa Water meets 100 percent of its community's water needs with locally-sourced supplies. Mesa Water also has a 100 percent reliable back-up supply of imported water, if needed, from the Municipal Water District of Orange County (MWDOC).

The District's revenues result solely from its activities as a water utility and Mesa Water receives no tax revenues of any kind.

A five-person Board of Directors (Board), whose members serve overlapping four-year terms, governs Mesa Water. Each Director is elected by and represents one of five geographic divisions of approximately equal population within the District's service area. The Board elects one of its members to serve as President and another to serve as Vice President. The Board appoints the General Manager, District Secretary, Assistant District Secretary, District Treasurer, and Assistant District Treasurer. The General Manager is responsible for the day-to-day operations and administration of Mesa Water in accordance with the Board's policies.



Fiscal Year 2022 Budget

Major Revenue Descriptions

Water Sales Revenue

Usage Charge (potable and recycled) – This is the rate charged per unit (one hundred cubic feet or ccf) to customers based on actual consumption. Mesa Water has a uniform volumetric rate structure, which means all water use is charged at the same per-unit rate. For the first six months of the FY 2022 budget, the potable rate is \$4.49 per ccf, and the recycled rate is \$2.93 per ccf; and, for the second six months of the FY 2022 budget, the potable rate is \$4.72 per ccf, and the recycled rate is budgeted at \$3.08 per ccf. Mesa Water’s Board adopts water rates by resolution. In FY 2018, the Board adopted a multi-year rate resolution with rate increases each year through FY 2022. Usage charges are intended to cover the cost of treating and delivering water to Mesa Water’s customers. The budget for this revenue source is based on estimated water sales which have remained consistent due to Mesa Water’s service area being substantially built-out. The FY 2022 acre feet sales budgeted for both potable and recycled water are listed on page 6.

Construction Water Revenues – This revenue is for the use of temporary hydrant meters used during construction. The revenue includes both the daily rental rate for the meter, and the per-unit charge which is approximately 111 percent of the potable water rate based on the Board’s resolution. This revenue source is dependent solely on construction activity and is less predictable than other water revenue sources.

Fireline Revenues – This revenue is primarily from the stand-by charge for fireline services. Also, use of water other than for firefighting is charged at approximately 111 percent of the potable water rate based on the Board’s resolution. As Mesa Water’s service area is substantially built-out, this revenue source remains relatively consistent year-to-year.

Basic Charge – This charge is assessed per billing period (bi-monthly) and is a set charge based on meter size. This revenue source is intended to cover fixed charges such as financial obligations, customer service, public outreach, and administrative support, per the Board’s resolution. This revenue source is increasing, primarily due to the multi-year rate increase adopted by the Board in FY 2018. As Mesa Water’s service area is substantially built-out, there is limited growth in service connections.

LAFCO Surcharge – This is a pass-through surcharge from the Orange County Local Agency Formation Commission (LAFCO) for Mesa Water’s portion of LAFCO’s budget. This annual surcharge is charged once annually on the customer’s bill. For the FY 2022 budget, the LAFCO surcharge is an estimated total of \$25,000 in revenue.



Fiscal Year 2022 Budget

Major Revenue Descriptions, Continued
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Non-Water Sales Revenue

Other Operating Revenues – These revenues include costs related to Mesa Water’s operations as a water utility that are not directly related to water sales. The major revenue sources in this category are: delinquent fees, new service establishment fees, and concessions from government agencies.

Delinquent fees are a result of the delinquent payment activity from customers. This revenue source has historically increased slightly from year-to-year. The Board periodically reviews the delinquent fees to ensure full cost recovery.

The new service establishment fee is charged when a new customer establishes an account with Mesa Water. The fee is intended to recover the costs associated with setting up a new account. This fee is reviewed periodically to ensure full cost recovery.

Non-Operating Revenues and Capital Contributions – The revenues under this category include interest earned on Mesa Water’s funds as well as development-related revenues such as capacity charges, inspection fees, plan check fees, and installation fees. The budget for interest earnings are based upon forecasted cash balances during the year as well as anticipated interest earnings from the State of California Local Agency Investment Fund (LAIF), and Mesa Water’s investment portfolio. Mesa Water elected to budget a low rate of return on its investments in FY 2022 based on current and anticipated market conditions.

The Metropolitan Water District of Southern California’s (MET’s) Local Resource Program (LRP), reimburses Mesa Water for a portion of its water production costs from the Mesa Water Reliability Facility (MWRF). By assisting in the development of local water sources, MET’s requirements to import water are reduced. In FY 2011, construction began on the MWRF to expand the facility and improve the treatment technology. Production of water commenced at the MWRF in FY 2013. The acre feet used for the budget are listed on page 6 and the reimbursement rate is budgeted at \$160 per acre foot.



Fiscal Year 2022 Budget

Fund Description

Mesa Water reports its activities as a single enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of Mesa Water is that the cost of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales and service charges), capital grants, and similar funding. Monies are set aside in designated funds for specific purposes based on Board policy or in reserve accounts as required by debt agreements. A listing and description of designated funds can be found on page 15.

Basis of Accounting

Accounting basis determines when transactions and economic events are reflected in the financial statements and the budget. Mesa Water prepares its audited financial statements and budgets on the accrual basis of accounting in which revenues are recognized in the accounting period when earned and expenditures are recorded in the accounting period when incurred. Mesa Water's budget and financial statements are consistent with Generally Accepted Accounting Principles (GAAP).

Budget Control and Revisions

Although Mesa Water is not legally required to adopt a budget, the Board annually adopts a fiscal year budget following a series of public meetings. This budget authorizes and provides the basis for reporting, control of financial operations, and accountability.

Mesa Water's budget is prepared on an annual basis using estimates and financial projections for the following fiscal year that meet the priorities and needs of the District.

A quarterly review of the Comparative Statement of Revenue, Expenses and Change in Net Position is conducted and reviewed by the Board's Finance Committee and Mesa Water management and staff. A monthly review of capital expenditures is conducted by the Board of Directors and Mesa Water staff.



**Fiscal Year 2022 Budget
Departmental Budgets**

	Dept. 000 - General, Page 1 of 2	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	REVENUE:				
40100	Usage Charge - Potable Water	\$ 25,880,705	\$ 26,700,169	\$ 28,743,418	\$ 30,466,417
40105	Water sold in lieu of lease payments	65,215	-	-	-
40149	Accrued Water Sales	(122,396)	143,173	-	-
40170	Construction Water Revenues	86,930	69,735	152,000	160,000
	TOTAL POTABLE CONSUMPTION REVENUES	25,910,453	26,913,077	28,895,418	30,626,417
40600	Basic Charge - Domestic	6,887,353	7,222,164	7,728,719	8,236,648
40650	Basic Charge - Fire Line	624,222	648,576	633,834	673,495
	TOTAL BASIC CHARGE REVENUES	7,511,575	7,870,740	8,362,553	8,910,143
40260	Usage Charge - Recycled Water	1,119,273	1,250,605	1,329,739	1,439,411
	TOTAL RECYCLED CONSUMPTION REVENUES	1,119,273	1,250,605	1,329,739	1,439,411
45700	Coastal Pumping Trns Pgm (CPTP)	1,226,127	163,691	-	-
	TOTAL CONCESSIONS FROM GOV'T AGENCIES	1,226,127	163,691	-	-
45100	New Service Establishment Fee	44,513	39,304	45,000	50,000
45105	LAFCO Surcharge	24,546	24,681	24,850	25,000
45110	Delinquent Fees	211,981	137,531	200,000	185,000
45115	Loss Recovery	18,074	6,711	12,500	14,000
45120	Cross Connection Testing Fee	8,640	13,050	6,000	8,000
45130	Plan Check Fees	55,480	113,236	45,000	55,000
45140	Water Use Efficiency Program benchmark	-	10,000	-	-
45300	Insurance reimbursement	63,222	143,830	-	-
45305	OC-44 HB contract revenue	-	4,800	35,000	30,000
45505	Sale of brass and scrap	5,665	2,197	5,000	3,000
45515	Other operating revenue	(16,124)	7,273	25,000	30,000
62100	Cash Over/Short	76	4	-	-
62190	Write-Off Bad Debt Exp	(15,626)	24,160	-	-
	TOTAL OTHER CHARGES AND SERVICES	400,446	526,777	398,350	400,000
	TOTAL OPERATING REVENUES	36,167,875	36,724,890	38,986,060	41,375,971



**Fiscal Year 2022 Budget
Departmental Budgets**

Dept. 000 - General, Page 2 of 2		FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
TOTAL OPERATING REVENUES (previous page)		36,167,875	36,724,890	38,986,060	41,375,971
<i>Recycled Water Costs</i>					
50200	Recycled Water Costs	758,122	861,521	971,065	1,000,025
TOTAL RECYCLED WATER COSTS		758,122	861,521	971,065	1,000,025
<i>DEPRECIATION AND AMORTIZATION</i>					
70100	Amortization & depreciation	5,155,612	5,517,326	5,350,000	5,850,000
TOTAL AMORTIZATION AND DEPRECIATION		5,155,612	5,517,326	5,350,000	5,850,000
<i>INVESTMENT EARNINGS</i>					
46105	Interest earned OC Investment Pool	77,760	90,083	60,000	25,000
46110	Change fair value	597,871	509,998	(100,000)	(80,000)
46120	Interest Earned - Funds Under District Control	357,813	394,587	375,000	380,000
46125	Realized Gain/Loss on Investments	838,575	261,075	100,000	125,000
TOTAL INVESTMENT EARNINGS		1,872,020	1,255,743	435,000	450,000
<i>INTEREST EXPENSE</i>					
76115	2009 / 2020 COPs Interest expense	-	192,465	2,006,329	2,566,200
76120	2010 / 2017 COPs interest expense	1,385,510	1,252,635	1,110,615	958,950
76125	General interest expense	-	7	-	-
76130	2009 / 2017 COPs deferred amount	129,393	129,393	129,394	129,395
76815	2009 / 2020 Premium Amort Expense	-	-	(464,061)	(482,255)
76820	2010 / 2017 COPs premium amortization	(569,390)	(609,521)	(569,390)	(569,390)
TOTAL INTEREST EXPENSE		945,513	964,979	2,212,887	2,602,900
<i>OTHER NON-OPERATING</i>					
46805	Loss on disposal of equipment	-	8,123	(20,000)	(15,000)
46808	Loss on Abandonment	-	-	-	-
46810	Non Operating Revenue	186,820	130,103	80,000	100,000
76800	Non Operating Expense	(87,900)	(2,106,957)	(105,000)	(100,000)
76825	Bond Issuance Costs	-	(322,473)	-	-
76805	COPS Trustee Expense	(7,775)	(13,575)	(15,000)	(20,000)
TOTAL OTHER NON-OPERATING		91,145	(2,304,779)	(60,000)	(35,000)
TOTAL NON-OPERATING REVENUES/EXPENSE		1,017,652	(2,014,015)	(1,837,887)	(2,187,900)
<i>CAPITAL CONTRIBUTIONS</i>					
48115	Capacity Charge Completed Projects	677,258	1,099,005	820,317	888,132
48125	Installation Fees Completed Projects	108,343	151,258	172,010	176,050
48135	Inspection Fees Completed Projects	75,254	46,977	108,673	110,025
48200	MWD Local Resource Prog - MWRF	554,095	584,091	570,852	598,560
48205	Utility Rebate - Water Operations	-	-	17,500	17,500
48300	Contributions from Developers	502,128	1,203,077	500,000	600,000
TOTAL CAPITAL CONTRIBUTIONS		1,917,078	3,084,408	2,189,352	2,390,267
Department Total		\$ 33,188,871	\$ 31,416,436	\$ 33,016,460	\$ 34,728,313



**Fiscal Year 2022 Budget
Departmental Budgets**

	Dept. 100 - Governance	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60115	Labor Taxes	\$ 10,099	\$ 12,491	\$ 13,357	\$ 13,357
60120	Labor Workers Comp	34,738	26,478	1,908	1,908
60130	Labor Directors Fee	134,112	163,617	174,600	174,600
60205	Benefits LTD/Life/EAP	405	385	532	532
60215	Benefits Other	-	-	-	90,000
60220	Benefits Flex Credits	22,044	42,996	96,000	96,000
	Total Payroll	201,398	245,967	286,397	376,397
	<i>EXPENSES (NON-PAYROLL)</i>				
61100	Election Fees	26,919	-	30,000	-
62115	Staff Development & Conferences	19,756	14,183	30,000	30,000
62125	Department Admin	21,361	14,212	20,000	20,000
	Total	68,036	28,395	80,000	50,000
	Department Total	\$ 269,433	\$ 274,362	\$ 366,397	\$ 426,397

	Dept. 200 - Office of the General Manager	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 378,485	\$ 382,985	\$ 477,052	\$ 491,237
60105	Labor Non-Regular	43,113	40,676	-	-
60110	Labor Vacation	46,234	39,446	-	-
	<i>Labor Subtotal</i>	467,831	463,107	477,052	491,237
60115	Labor Taxes	22,468	23,184	23,038	23,243
60120	Labor Workers Comp	2,745	3,437	6,002	6,179
60205	Benefits LTD/Life/EAP	1,921	3,118	2,973	3,031
60215	Benefits Other	-	-	-	14,961
60210	Benefits CalPERS	94,950	249,586	115,000	125,000
60220	Benefits Flex Credits	33,048	35,703	38,400	38,400
	Total Payroll	622,962	778,135	662,465	702,051
	<i>EXPENSES (NON-PAYROLL)</i>				
61110	Regulatory Compliance/Permits	2,064	562	1,000	1,000
62115	Staff Development & Conferences	10,269	4,980	10,000	10,000
62125	Department Admin	16,858	35,501	15,000	15,000
62130	Dues and Subscriptions	72,493	86,458	99,000	104,000
63100	Support Services	98,776	144,452	500,000	330,000
63105	Legal Services	243,257	302,319	400,000	400,000
	Total	443,717	574,272	1,025,000	860,000
	Department Total	\$ 1,066,679	\$ 1,352,407	\$ 1,687,465	\$ 1,562,051



**Fiscal Year 2022 Budget
Departmental Budgets**

	Dept. 3XX - Water Costs	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	<i>IMPORTED/BASIN MANAGED WATER EXPENSES</i>				
50100-320	Imported Water Fixed Costs	\$ 340,676	\$ 429,015	\$ 422,088	\$ 435,000
50105-320	Imported Water Variable Costs	-	-	-	-
50115-320	Basin Managed Water	2,628,097	389,260	-	35,000
50130-320	Chemicals and Treatment	-	-	-	-
50180-320	Utilities - Imported	1,475	762	1,400	1,000
60100-320	Labor Import	19,023	40,531	-	-
62165-320	Parts and Materials - Import	880	32,936	10,000	10,000
63100-320	Support Services - Import	6,667	3,764	14,000	17,700
	Total Imported / Basin Managed Water Costs	2,996,817	896,268	447,488	498,700
50110-320	In-Lieu Water	-	270,406	-	-
	Total In-Lieu Water Costs	-	270,406	-	-
	<i>CLEAR WATER EXPENSES</i>				
50130-310	Chemicals - Clear	102,957	120,415	114,836	172,737
50150-310	Basin Replenishment Assessment - Clear	4,512,463	5,534,219	5,921,920	6,374,207
50155-310	Well Land Leases - Clear	78,499	68,695	-	-
50160-020	BEA (Rebilled to Segerstrom)	-	-	-	-
50180-310	Utilities - Clear	539,962	675,810	785,802	1,027,607
60100-310	Labor Clear	85,485	132,550	85,000	90,000
62165-310	Parts and Materials - Clear	65,247	104,976	75,000	80,000
63100-310	Support Services - Clear	68,523	123,493	213,532	215,471
	Total Clear Water Costs	5,453,137	6,760,158	7,196,090	7,960,022
	<i>AMBER WATER EXPENSES</i>				
50130-330	Chemicals - Amber	363,622	404,337	336,896	363,158
50150-330	Basin Replenishment Assessment - Amber	1,737,074	1,891,946	1,770,732	1,904,169
50180-330	Utilities - Amber	608,965	598,338	665,578	854,000
60100-330	Labor Amber	20,560	24,847	20,000	30,000
62165-330	Parts and Materials - Amber	56,635	104,885	150,000	1,000
63100-330	Support Services - Amber	180,513	131,633	215,564	228,505
	Total Amber Water Costs	2,967,368	3,155,986	3,158,770	3,380,832



**Fiscal Year 2022 Budget
Departmental Budgets**

	Dept. 300 - Water Operations	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 1,677,632	\$ 1,713,794	\$ 2,410,197	\$ 2,944,307
60105	Labor Non-Reg	345,019	329,888	-	-
60110	Labor Vacation	141,007	152,228	-	-
	<i>Labor Subtotal</i>	2,163,658	2,195,910	2,410,197	2,944,307
60115	Labor Taxes	167,873	170,527	178,035	216,761
60120	Labor Workers Comp	47,499	56,771	131,652	161,960
60125	Labor Temporary	19,966	-	50,000	30,000
60205	Benefits LTD/Life/EAP	12,672	17,236	21,497	26,152
60210	Benefits CalPERS	381,161	895,509	525,000	600,000
60215	Benefits Other	4,249	12,360	15,840	105,565
60220	Flex credits	180,604	254,269	460,800	556,800
60990	Payroll jobs WIP	(252,766)	(136,842)	(285,000)	(285,000)
	Total Payroll	2,724,916	3,465,740	3,508,021	4,356,545
	EXPENSES (NON-PAYROLL)				
50130	Chemicals T&D	3,125	2,938	2,409	3,020
61110	Regulatory Compliance/Permits	111,790	181,941	140,000	200,000
62115	Staff Development & Conferences	25,131	28,697	35,000	25,000
62120	Damages	-	-	-	-
62125	Department Administration	9,951	13,429	22,000	15,000
62135	Facilities improvements	13,479	2,487	20,000	40,000
62140	Fuel	68,731	46,175	60,000	65,000
62145	General Supplies	8,748	4,710	8,000	12,000
62155	Leasing/ Equipment Rental	821	-	-	-
62160	Other Agency Cost Reimbursement	4,960	-	-	-
62165	Parts & Materials	410,014	130,973	300,000	340,000
62180	Tools & Equipment	17,380	32,144	-	-
62185	Utilities	167,251	153,864	162,171	176,613
63100	Support Services	1,249,653	1,027,348	1,086,620	1,318,000
63105	Legal Services	-	-	-	-
63990	Capitalized G&A Contra - T&D	(179,893)	(152,128)	(285,000)	(225,000)
63995	Capitalized Equipment Contra - T&D	-	-	-	-
	Total	1,911,142	1,472,578	1,551,200	1,969,633
	Department Total	\$ 4,636,058	\$ 4,938,318	\$ 5,059,221	\$ 6,326,178

	Dept. 400 - Engineering	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 538,145	\$ 544,075	\$ 824,899	\$ 854,800
60105	Labor Non-Reg	84,242	85,049	-	-
60110	Labor Vacation	43,930	48,701	-	-
	<i>Labor Subtotal</i>	666,317	677,825	824,899	854,800
60115	Labor Taxes	39,566	40,087	49,300	49,938
60120	Labor Workers Comp	4,047	4,981	10,805	11,196
60125	Labor Temporary	-	-	-	-
60205	Benefits LTD/Life/EAP	3,337	4,295	5,905	6,028
60210	Benefits CalPERS	119,125	267,037	145,000	155,000
60215	Benefits Other - Engineering	6,937	8,148	2,880	28,323
60220	Benefits Flex Credits	48,785	64,368	96,000	96,000
60990	Capital Labor/Benefit Contra	(143,410)	(225,847)	(550,000)	(675,000)
	Total Payroll	744,702	840,894	584,789	526,285
	EXPENSES (NON-PAYROLL)				
62115	Staff Development & Conferences	10,199	2,911	15,000	10,000
62125	Department Admin	4,941	7,373	6,000	6,000
62145	General Supplies	382	311	2,000	2,000
63100	Support Services	189,480	342,998	335,000	330,000
63990	Capitalized G&A Contra	(103,460)	(109,377)	(195,000)	(225,000)
	Total	101,541	244,216	163,000	123,000
	Department Total	\$ 846,243	\$ 1,085,110	\$ 747,789	\$ 649,285

	Transmission and Distribution	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	Transmission and Distribution Grand Total	\$ 5,482,301	\$ 6,023,428	\$ 5,807,010	\$ 6,975,463



**Fiscal Year 2022 Budget
Departmental Budgets**

	Dept. 500 - Customer Services	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 573,450	\$ 620,499	\$ 883,390	\$ 516,554
60105	Labor Non-Reg	124,298	111,398	-	-
60110	Labor Vacation	47,994	52,578	-	-
	<i>Labor Subtotal</i>	745,741	784,475	883,390	516,554
60115	Labor Taxes	56,586	62,131	67,075	38,755
60120	Labor Workers Comp	10,513	14,368	33,739	11,551
60125	Labor Temporary	118,903	79,937	15,000	15,000
60205	Benefits LTD/Life/EAP	4,638	7,136	8,587	4,562
60210	Benefits CalPERS	150,531	369,541	225,000	125,000
60215	Benefits Other	5,240	8,791	6,480	18,540
60220	Benefits Flex Credits	64,091	110,718	192,000	96,000
	Total Payroll	1,156,242	1,437,097	1,431,271	825,962
	<i>EXPENSES (NON-PAYROLL)</i>				
62100	Cash Over/Short	(24)	(4)	-	-
62105	Computer Maint/Licensing	1,611	-	-	-
62115	Staff Development & Conferences	9,569	8,934	11,500	6,000
62125	Department Admin	12,390	40,139	35,000	15,000
62145	General Supplies	27,125	15,311	15,000	13,000
62175	Telecom/Network	-	-	-	-
63100	Support Services	295,107	300,727	351,770	230,625
	Total	345,777	365,107	413,270	264,625
	Department Total	\$ 1,502,019	\$ 1,802,204	\$ 1,844,541	\$ 1,090,587



**Fiscal Year 2022 Budget
Departmental Budgets**

	Dept. 600 - Financial Services	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 423,458	\$ 469,189	\$ 568,353	\$ 607,093
60105	Labor Non-Reg	93,258	63,827	-	-
60110	Labor Vacation	23,528	25,770	-	-
	<i>Labor Subtotal</i>	540,244	558,786	568,353	607,093
60115	Labor Taxes	37,980	39,125	39,733	41,594
60120	Worker's compensation insurance exp.	2,785	3,947	6,506	6,966
60125	Temporary Labor	52,402	46,946	15,000	15,000
60205	LTD, Life Insurance & EAP	2,847	4,109	4,777	4,938
60210	Benefits CalPERS	63,471	169,936	75,000	85,000
60215	Benefits - Other	1,410	3,180	3,600	21,333
60220	Flex credits	13,486	54,789	96,000	96,000
60990	Applied Overhead for labor benefits	-	-	-	-
	Total Payroll	714,625	880,818	808,969	877,924
	<i>EXPENSES (NON-PAYROLL)</i>				
61105	LAFCO charge	27,356	27,233	28,600	29,200
62115	Staff development & conference expense	9,616	6,976	5,000	5,000
62125	Department administration expense	4,972	27,876	10,000	10,000
62145	General Supplies - Finance	46,909	35,635	45,000	45,000
62150	Liability insurance	239,467	225,249	280,000	250,000
63100	Support Services	320,718	407,750	445,000	481,000
63105	Special legal counsel/Advocate	-	-	-	-
63990	Capitalized G&A Contra - Finance	(259,748)	(253,257)	(315,000)	(300,000)
63995	Capitalized Equipment Contra - Finance	-	-	-	-
	Total	389,291	477,462	498,600	520,200
	Department Total	\$ 1,103,916	\$ 1,358,280	\$ 1,307,569	\$ 1,398,124



**Fiscal Year 2022 Budget
Departmental Budgets**

	Dept. 700 - Public Affairs	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 231,663	\$ 156,412	\$ 190,050	\$ 207,143
60105	Labor Non-Reg	39,936	37,538	-	-
60110	Labor Vacation	13,255	7,080	-	-
	<i>Labor Subtotal</i>	284,853	201,030	190,050	207,143
60115	Labor Taxes	21,512	16,971	14,539	15,846
60120	Worker's compensation insurance exp.	1,594	1,419	2,274	2,487
60125	Temporary Labor	23,707	-	-	-
60205	LTD, Life Insurance & EAP	1,126	1,663	2,278	2,348
60210	Benefits CalPERS	22,285	46,589	25,000	35,000
60215	Benefits - Other	475	-	500	6,934
60220	Flex credits	7,130	20,044	38,400	38,400
	Total Payroll	362,683	287,716	273,041	308,158
	EXPENSES (NON-PAYROLL)				
62105	Technology/Software Licensing	165	528	1,500	1,500
62115	Staff development & conference expense	3,814	334	1,000	1,000
62125	Department administration expense	2,656	22,636	3,600	3,600
62130	District memberships and subscriptions	1,607	864	1,500	1,500
62145	General Office Supplies/Minor Equipment	34,039	4,736	4,000	4,000
63100	Support Services	295,002	370,273	613,730	605,920
63105	Special legal counsel/Advocate	70	-	-	-
	Total	337,353	399,371	625,330	617,520
	Department Total	\$ 700,036	\$ 687,087	\$ 898,371	\$ 925,678

	Dept. 900 - Water Policy	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 155,958	\$ 154,506	\$ 183,057	\$ 188,554
60105	Labor Non-Reg	22,358	17,943	-	-
60110	Labor Vacation	12,416	14,971	-	-
	<i>Labor Subtotal</i>	190,732	187,420	183,057	188,554
60115	Labor Taxes	10,644	11,029	10,715	10,794
60120	Labor Workers Comp	1,223	1,400	2,442	2,515
60125	Labor Temporary	-	-	-	-
60205	Benefits LTD/Life/EAP	929	1,177	1,256	1,278
60210	Benefits CalPERS	37,704	88,565	45,000	50,000
60215	Benefits - Other	4,547	4,958	720	6,321
60220	Benefits Flex Credits	16,767	15,619	19,200	19,200
	Total Payroll	262,547	310,168	262,390	278,662
	EXPENSES (NON-PAYROLL)				
61110	Regulatory Compliance/Permits	-	-	-	-
62115	Staff Development & Conferences	29,525	20,177	17,500	12,500
62125	Department Admin	4,604	2,610	2,000	2,000
62130	Dues and Subscriptions	1,457	1,158	1,500	1,500
62145	General Supplies	2,428	857	1,000	1,000
63100	Support Services	36,808	122,461	175,000	235,000
63105	Legal Services	84,587	84,576	-	-
	Total	159,408	231,839	197,000	252,000
	Department Total	\$ 421,955	\$ 542,007	\$ 459,390	\$ 530,662



**Fiscal Year 2022 Budget
Departmental Budgets**

	Dept. 800 - Administrative Services	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 400,325	\$ 439,868	\$ 505,460	\$ 526,661
60105	Labor Non-Reg	67,448	54,367	-	-
60110	Labor Vacation	38,156	38,325	-	-
	<i>Labor Subtotal</i>	505,930	532,560	505,460	526,661
60115	Labor Taxes	36,266	39,905	36,547	37,863
60120	Labor Workers Comp	2,618	3,786	6,082	6,334
60125	Labor Temporary	14,351	-	-	-
60205	Benefits LTD/Life/EAP	3,012	4,293	4,579	4,667
60210	Benefits CalPERS	119,514	226,564	135,000	150,000
60215	Benefits - Other	1,290	3,540	2,880	18,647
60220	Benefits Flex Credits	50,965	62,151	96,000	96,000
	Total Payroll	733,945	872,799	786,548	840,172
	<i>EXPENSES (NON-PAYROLL)</i>				
60225	Benefits OPEB	-	-	-	-
60230	Benefit Retiree Expenses	-	-	-	-
60235	Benefit Unemployment Insurance	-	2,207	-	-
62105	Computer Maint/Licensing	219,473	265,809	400,000	609,000
62115	Staff Development & Conferences	10,910	13,054	15,000	10,000
62125	Department Admin	1,881	2,625	7,000	7,000
62145	General Supplies - IT	9,013	6,302	40,000	40,000
62170	Postage/Shipping/Freight	16,724	16,716	20,000	17,000
62175	Telecom/Network	222,695	376,528	280,000	290,000
62180	Tools & Equipment	582	-	1,000	1,000
63100	Support Services	527,757	883,311	591,000	591,000
63110	Human Resources Services - Admin	-	3,326	-	-
	Total	1,009,035	1,569,878	1,354,000	1,565,000
	Department Total	\$ 1,742,981	\$ 2,442,677	\$ 2,140,548	\$ 2,405,172

	Dept. 850 - Human Resources	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 BUDGET	FY 2022 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 176,196	\$ 227,976	\$ 343,195	\$ 358,312
60105	Labor Non-Reg	32,854	18,163	-	-
60110	Labor Vacation	14,805	16,473	-	-
	<i>Labor Subtotal</i>	223,855	262,612	343,195	358,312
60115	Labor Taxes	16,944	19,692	26,092	26,573
60120	Labor Workers Comp	1,211	1,868	3,750	3,915
60125	Temporary Labor	136,233	116,840	20,000	20,000
60205	Benefits LTD/Life/EAP	1,291	1,998	2,913	2,976
60210	Benefits CalPERS	14,350	97,196	35,000	45,000
60215	Benefits Other	893	1,620	-	12,877
60220	Benefits Flex Credits	21,572	27,304	52,800	52,800
	Total Payroll	416,349	529,130	483,750	522,453
	<i>EXPENSES (NON-PAYROLL)</i>				
60225	Benefits OPEB	112,999	72,376	150,000	100,000
60230	Benefit Retiree Expenses	(6,279)	(6,444)	45,000	50,000
60235	Benefit Unemployment Insurance	5,630	7,034	4,000	8,000
62115	Staff Development & Conferences	151	850	15,000	10,000
62125	Department Admin	4,675	5,543	20,000	15,000
63110	Human Resources Services - Admin	232,980	202,871	287,000	420,000
	Total	350,157	282,230	521,000	603,000
	Department Total	\$ 766,506	\$ 811,360	\$ 1,004,750	\$ 1,125,453



Fiscal Year 2022 Budget

Glossary of Terms

Accrual	The recognition of a revenue or expense as it is earned or incurred regardless of when actual cash is received or paid.
Acre Foot (AF)	Covers one acre of land in area by one foot in depth and is equal to 325,851 gallons. Supplies a family of four for approximately one year.
Amber Water	Water produced from deep groundwater wells that require treatment for color and odor before being entered to the distribution system.
Amortization	The periodic expense attributed to the decline in usefulness on an intangible asset or the allocation of bond premium or discount over the life of the bond.
Appropriation	An amount of money in the budget authorized by the Board of Directors, for expenditures or obligations within organizational units for specific purposes.
Assets	Resources owned or held by the enterprise as a result of past events and from which future economic benefits are expected to flow to the enterprise.
Association of California Water Agencies (ACWA)	Association representing nearly 450 public water agencies consisting of municipal, irrigation, county and California water districts, and a number of special purpose agencies. ACWA also represents non-profit and non-public mutual water companies. Members provide the link between local, state and federal water projects, and ultimate water consumers.
Basin Pumping Percentage (BPP)	The amount of clear ground water that can be pumped as a percentage of total potable water. This percentage is set each year by Orange County Water District.
Budget	The District's fiscal plan detailing proposed revenues and expenditures for a period of time.
California Department of Water Resources (CA DWR)	California agency responsible for managing California's water resources.
Capacity Charge	Fee imposed when a customer requests a new service connection. Capacity charges are used by the District to pay for infrastructure built to accommodate future development or to plan, design and construct new facilities to support the additional demand placed on the water system by the new connections.
Capital	Purchases or projects that exceed Mesa Water's capitalization threshold, which is \$10,000 for non-water infrastructure and \$100 (the installation cost of a 5/8" meter) for water infrastructure.
Cash on Hand	Amount of unrestricted cash held by Mesa Water at a given time.
CCF	Abbreviation for unit of water sold in hundred cubic feet. Mesa Water sells water in this unit of measure.



Fiscal Year 2022 Budget

Glossary of Terms

Certificates Of Participation (COP)	Form of lease-purchase financing used to construct or acquire capital facilities or equipment.
Change in Net Position	The final figure on the Statement of Revenues, Expenses and Change in Net Position report where revenues are netted against expenses.
Clear Well Water	Water produced from groundwater wells that require minimal treatment to be released into the distribution system.
Coverage Ratio	Ratio of Net Revenues to total annual financial obligations. This is a margin of safety for payment of debt service, reflecting the number of times by which earnings for a period of time exceed debt service payable in such a period.
Days Cash Ratio	A ratio of the Cash on Hand divided by the average Operating Expenses less Pass-through water sales to government agencies.
Debt Service	Cash required in a given period for payment on interest and principal on outstanding financial obligations.
Depreciation	The method of allocating historical costs of capital assets (excluding land) to periods in which the assets are used.
Designated Funds	Segregation of assets for special purposes such as asset replacement.
Enterprise Fund	A fund established to account for the financing of self-supporting enterprises, such as a utility fund, which render services primarily to the public.
Expenses	The amount of assets consumed or services used in the process of earning revenue.
Fiscal Year (FY)	The annual accounting period. Mesa Water uses July 1 through June 30.
Full Time Equivalent (FTE)	An FTE equals one full-time employee working 2,080 hours per year.
GAAP	Generally Accepted Accounting Principles (GAAP) are uniform standards and guidelines that both private and public sectors use to report and record financial information. GAAP establishes a standard manner to measure and categorize accounting transactions to report financial results. Following GAAP provides a reasonable basis to compare financial results of other water or similar agencies.
Geographic Information System (GIS)	A system combining computer hardware, software and geographic data for collecting, storing, analyzing and displaying geographically referenced information.
In-Lieu Water	Water purchased at the same price as well water when the groundwater basin does not allow for full pumping.
Infrastructure	The accumulated pipelines, treatment plants and storage facilities of Mesa Water, including all meters, valves, pumps, hydrants and other appurtenances, whether constructed by Mesa Water or dedicated by private entities.



Fiscal Year 2022 Budget

Glossary of Terms

Imported Water	Water purchased from Municipal Water District of Orange County (MWDOC). It is transported by an aqueduct system from the Colorado River or the State Water Project.
LAFCO	Local Agency Formation Commission. This Commission facilitates constructive changes in governmental structure and boundaries and fosters orderly development and governance within its jurisdiction.
Liability	Obligations of the enterprise arising from past events.
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.
Local Resource Program (LRP)	Financial incentive programs offered by Metropolitan Water District to encourage agencies to develop or improve local agencies sources of water to help ensure future water supplies are available.
Meet and Confer	Labor relations and labor negotiations with different employee groups.
Memorandum of Understanding	A document describing agreement or accord reached between two or more parties including each party's rights and responsibilities.
Mesa Water Reliability Facility (MWRf)	The facility that is used to treat the amber water pumped by wells from deeper in the groundwater aquifer.
Metropolitan Water District (MWD)	A consortium of cities and water districts that provide water usage to water customers in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura counties.
Municipal Water District of Orange County (MWDOC)	Regional water wholesaler of imported water that serves retail agencies in Orange County.
Non-water Expenses	Expenses associated with operations as a water utility but not directly attributable to the production and distribution of water.
Orange County Investment Pool (OCIP)	A pooled investment vehicle for Orange County California agencies administered by the Orange County Treasurer.
Orange County Water District (OCWD)	The agency responsible for managing the Orange County Groundwater Basin in northern and central Orange County that serves cities and water districts.
Other Expense	An expense that cannot be associated definitely with operations.
Other Income	Revenue from sources other than Mesa Water's principal activities as a water utility.
Potable Water	Water that is suitable for drinking.



Fiscal Year 2022 Budget

Glossary of Terms

Public Employees Retirement System (PERS)	An agency, multiple-employer, public retirement system to which Mesa Water contributes that acts as a common investment and administrative agent for participating public entities within the State of California.
Recycled Water	Non-potable water that is used for irrigation purposes.
Replenishment Assessment (RA)	Amount charged on an acre-foot basis for water pumped from the Orange County Groundwater Basin charged by OCWD.
Restricted Reserves	An account used to indicate that a portion of Net Position is legally restricted for a specific purpose or not available for appropriation and subsequent spending.
Reservoir	A pond, lake, tank, or basin (natural or engineered) where water is collected and stored.
Revenue	The sale of goods or services produced by an entity which usually result in the creation of assets, most often cash or receivables.
Statement of Revenues, Expenses and Changes in Net Position	Reports the results of revenues and expenses over a period of time.
Supervisory Control and Data Acquisition (SCADA)	The Supervisory Control and Data Acquisition system collects operational data from remote units to monitor and control water systems and facilities throughout the District's service area.
Water Production Costs	The costs associated directly with the production and distribution of water into the system.
Working Capital	The difference between current assets and current liabilities. Represents the amount available for operations and other expenditures.



ATTACHMENT B

District Memberships	FY 2022
American Water Works Association	\$ 4,500
Association of CA Cities - Orange County	\$ 5,000
Association of California Water Agencies	\$ 26,000
AWWA Water Research Foundation	\$ 11,850
CalDesal	\$ 5,000
California Municipal Utilities Association	\$ 5,000
California Special Districts Association	\$ 7,850
California Water Efficiency Partnership	\$ 4,350
Costa Mesa Chamber of Commerce	\$ 5,000
Foundation for Cross Connection Control & Hydraulic Research	\$ 1,000
Friends of Costa Mesa Libraries	\$ 100
Independent Special Districts of Orange County	\$ 50
Miscellaneous	\$ 3,000
Mountain Counties Water Resources Association	\$ 550
Newport Beach Chamber of Commerce	\$ 600
Newspaper Subscriptions	\$ 1,000
Orange County Business Council	\$ 5,000
Orange County Forum	\$ 1,000
South Coast Metro Alliance	\$ 500
Southern California Water Committee	\$ 1,000
Southwest Membrane Operator Association	\$ 500
The Bond Buyer	\$ 3,650
UCI Water Board	\$ 5,000
Urban Water Institute	\$ 2,500
WaterReuse	\$ 4,000
Total District Memberships	\$ 104,000



ATTACHMENT C

Board Conferences and Seminars	FY 2022
ACWA/JPIA Fall Conference	\$ 6,000
ACWA/JPIA Spring Conference	\$ 6,000
ACWA Committee Meetings	\$ 2,000
ACWA DC Conference	\$ 3,000
ACWA Legislative Symposium	\$ 1,000
AWWA ACE Conference	\$ 1,000
CA-NV AWWA Fall Conference	\$ 1,000
California United Water Conference	\$ 1,000
Colorado River Water Users Association Conference	\$ 1,000
CSDA Annual Conference	\$ 2,000
CSDA Legislative Days	\$ 1,000
Miscellaneous Conferences & Seminars	\$ 2,000
Urban Water Institute Conferences	\$ 3,000
Total Board Conferences and Seminars	\$ 30,000



ATTACHMENT D

Community Outreach	FY 2022
Association of California Water Agencies	\$ 10,500
Cal Desal	\$ 15,000
CALAFCO	\$ 1,000
CALWEP Peer to Peer Sponsorship	\$ 1,000
Costa Mesa High School & Estancia High School	\$ 2,000
Community Chats	\$ 12,500
Concerts in the Park	\$ 5,000
Costa Mesa Lions (Fish Fry)	\$ 1,000
Ducks Unlimited	\$ 1,000
Festival of Children @ South Coast Plaza	\$ 5,000
Industry Events	\$ 2,500
KOCI	\$ 6,500
Newport Chamber of Commerce	\$ 2,000
Newport Mesa Unified Schools Foundation	\$ 1,000
Orange County Fair	\$ 10,500
OC Tax	\$ 1,000
OC Water Summit	\$ 7,500
Save Our Youth (SOY)	\$ 250
Southern California Water Coalition	\$ 2,000
Southwest Membrane Operator Association (SWMOA)	\$ 1,500
Urban Water Institute	\$ 2,000
Vanguard University Christmas	\$ 2,750
Total Community Outreach	\$ 93,500



*Dedicated to
Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Phil Lauri, P.E., Assistant General Manager
DATE: May 13, 2021
SUBJECT: Wilson Street Pipeline Replacement Project

RECOMMENDATION

Award a contract to J.A. Salazar Construction & Supply Corp. for \$1,997,439 and a 10% contingency of \$199,744 for a contract amount not to exceed \$2,197,183 to provide construction services for replacement of the existing 12-inch pipeline in Wilson Street with a new pipeline, and authorize execution of the contract.

STRATEGIC PLAN

Goal #1: Provide a safe, abundant, and reliable water supply.
Goal #2: Practice perpetual infrastructure renewal and improvement.

PRIOR BOARD ACTION/DISCUSSION

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

At its March 12, 2020 meeting, the Board approved the proposed Capital Improvement Program Renewal (CIPR).

At its May 14, 2020 meeting, the Board awarded contracts to six consulting firms to provide on-call professional design services to support the CIPR effort.

At its August 13, 2020 meeting, the Board awarded contracts to five consulting firms to provide on-call professional construction management and inspection services to support the CIPR effort.

BACKGROUND

In 1951, as the City of Costa Mesa developed, approximately 5.7 miles of 6-inch to 12-inch cement mortar lined and coated (CMLC) steel pipe was installed. These pipelines span along Wilson Street, College Avenue, Avocado Street, Anaheim Avenue, Wallace Avenue, Maple Avenue, Bernard Street, and Placentia Avenue and are referred to as the 1951 Cohort Pipelines. As part of the Pipeline Integrity Program, these pipelines have been identified as having a higher risk of breaks due to the increasing number of leaks per mile per year. Due to the increased risk of breaks, the replacement of the 1951 Cohort Pipelines was added to the CIPR Distribution Program.

The original 1951 Cohort Pipeline Replacement Project was to replace approximately four miles of pipeline under one project as part of the CIPR. However, Mesa Water District (Mesa Water®) was notified by the City of Costa Mesa that they were planning a street rehabilitation project for Wilson Street to replace aging pavement. In an effort to coordinate both agencies' projects, the design for the replacement of approximately 4,500 feet of 12-inch pipeline in Wilson Street between Newport Boulevard and Harbor Boulevard was initiated as a separate project and moved earlier in the CIPR

Program schedule to ensure pipeline construction was completed prior to the City of Costa Mesa’s Wilson Pavement Rehabilitation Project. The design of the replacement pipeline also includes replacement of existing service lines, valves, fire hydrants, blow-offs, and air-vacuum valves. Figure 1 shows the extent of the Wilson Street Pipeline Replacement Project:

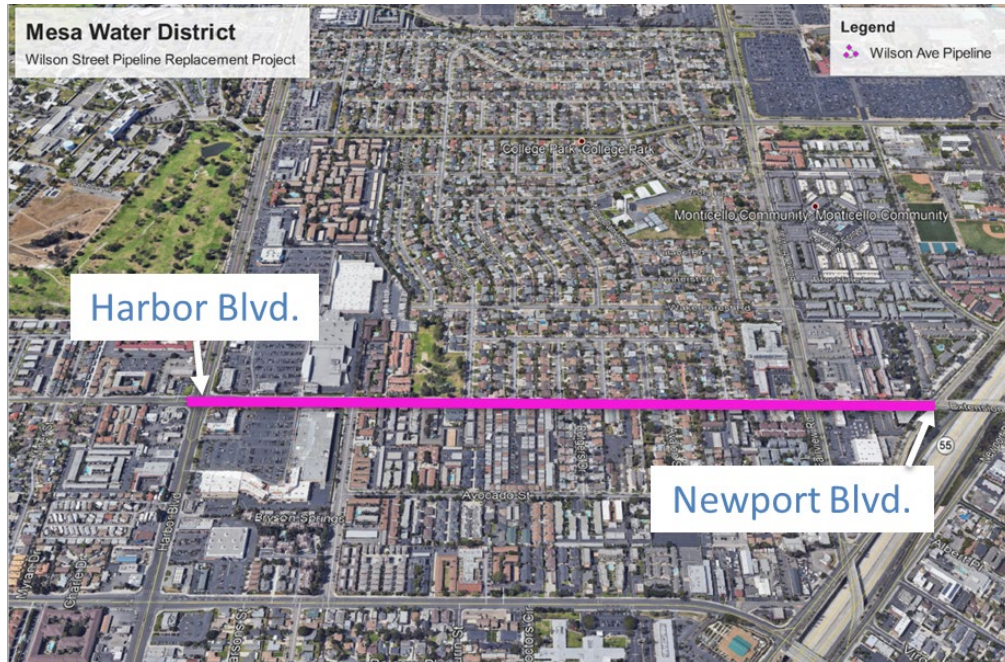


Figure 1. Wilson Street Pipeline Replacement Project Schematic

DISCUSSION

The design of the pipeline replacement was completed in March 2021 and the Request for Bids was sent to 14 water pipeline contractors. Three of the contractors attended the non-mandatory pre-bid meeting. Bids were received from eight contractors on 4/28/2021. The bids are summarized as follows:

Rank	Bidder	Bid Amount
1	J.A. Salazar Construction	\$1,997,439
2	Big Ben Inc.	\$2,276,590
3	Doty Brothers	\$2,491,234
4	TE Roberts	\$2,504,025
5	CCL Contracting	\$2,674,936
6	Vido Artukovich & Son	\$2,976,628
7	Paulus Engineering	\$2,997,777
8	Christensen Brothers	\$3,767,670

The lowest bid is J.A. Salazar Construction at \$1,997,439. The low bid is substantially lower than the Engineer’s Estimate of \$4,125,853. The Engineer’s Estimate took into account the current bidding climate with many concurrent regional water works projects in the bid and award phase, continuing impacts of COVID-19 to contractors and their suppliers, increased price of materials,



longer than usual lead times for obtaining materials, as well as the City of Costa Mesa requirements for providing two-way traffic control and No Street Work Moratoriums associated with the Orange County Fair and the Winter Holiday Season.

The lowest bid was reviewed by Legal Counsel and was found to be compliant. Reference checks for the lowest bidder have indicated that J.A. Salazar Construction is regarded as a quality Contractor, has excellent relationships with the agencies they have worked with, and strives to minimize change orders. Additionally, J.A. Salazar Construction has previously provided on-call construction services for Mesa Water (e.g., water main replacements, emergency valve and mainline repairs).

Staff recommends that the Board award a contract to J.A. Salazar Construction & Supply Corp. for \$1,997,439 and a 10% contingency of \$199,744 for a contract amount not to exceed \$2,197,183 to provide construction services for replacement of the existing 12-inch pipeline in Wilson Street for a new pipeline, and authorize execution of the contract.

FINANCIAL IMPACT

In the CIPR Distribution Program, \$7,128,000 is budgeted for the Wilson Street Pipeline Replacement Project and the 1951 Cohort Pipeline Replacement Project; \$204,000 has been spent to date.

	<u>Project Estimate Amounts</u>	<u>Project Cost Amounts</u>
Initial Project Estimate	\$7,128,000	
Executed Contracts		\$1,684,884
Change/Task Orders		\$0
Requested Funding		\$1,997,439
Revised Contracts		<u>\$3,682,323</u>
Revised Estimated Contracts		<u>\$7,067,000</u>
Revised Project Estimate		\$10,749,323
Actual Spent to Date		\$204,000

ATTACHMENTS

None.

REPORTS:

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

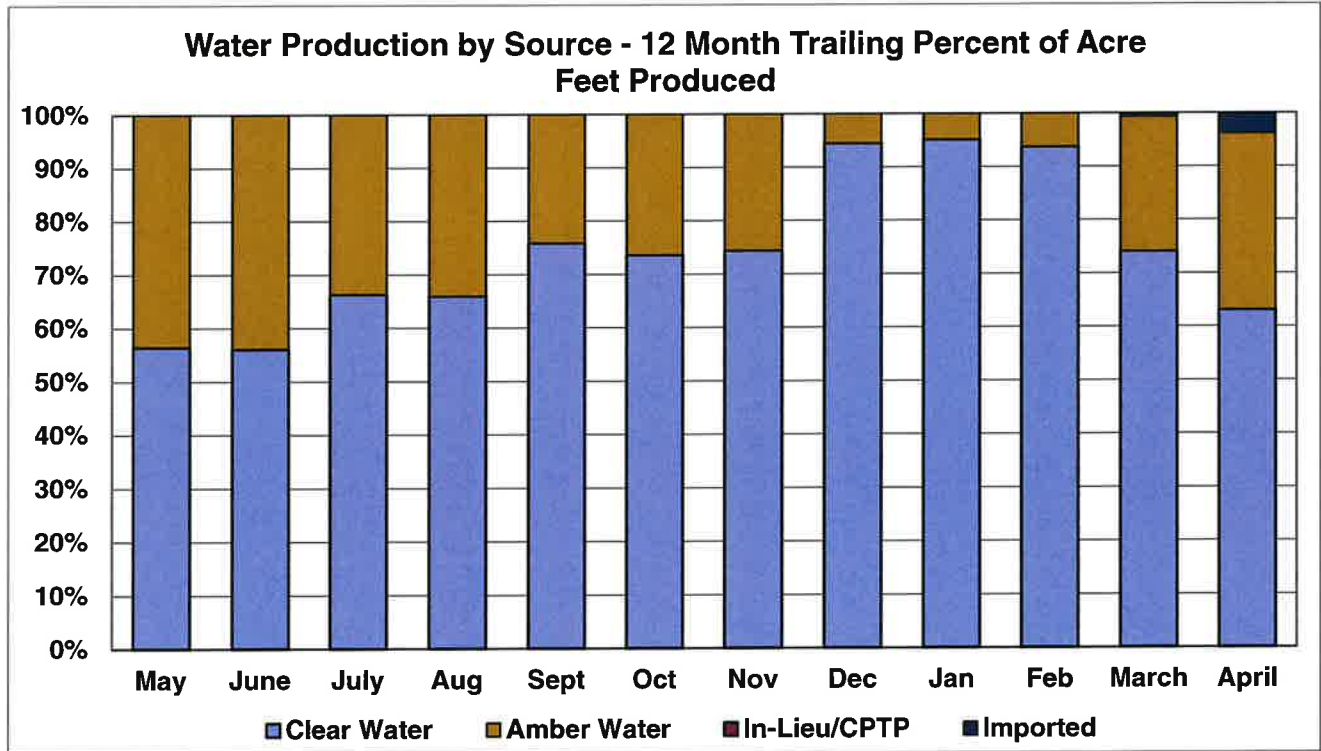
**Monthly Key Indicators Report
For The Month of April 2021**

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

FY 2021 Potable Production (Acre Feet)

Water Supply Source	FY 2021 YTD Actual (AF)	FY 2021 YTD Budget (AF)	FY 2021 Annual Budget (AF)
Clear Water	10,368	10,084	12,160
Amber Water (MWRP)	3,172	2,846	3,636
Imported	64	0	0
Basin Management Water	0	0	0
Total Production	13,604	12,930	15,796

YTD actual water production (AF) through April 30, 2021



**Monthly Key Indicators Report
For The Month of April 2021**

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

FY21 System Water Quality – This data reflects samples taken in March

Distribution System:	Average	Range	MCL
Chlorine Residual (mg/L) <i>Compliance</i>	1.71	0.31 – 3.19 Current RAA = 1.72	4 RAA
Coliform Positive % <i>Compliance</i>	0	0	5
Temperature (° F)	71	66 – 78	None

Reservoir I & II:	Average	Range	MCL
Chlorine Residual (mg/L)	0.79	0.30 – 1.21	None
Monochloramine (mg/L)	0.75	0.20 – 1.19	None
Ammonia (mg/L)	0.20	0.06 – 0.33	None
Temperature (° F)	68	61 – 74	None

Wells (Treated):	Average	Range	MCL
Chlorine Residual (mg/L)	2.53	2.09 – 3.28	None
Monochloramine (mg/L)	2.50	2.28 – 2.75	None
Ammonia (mg/L)	0.56	0.50 – 0.68	None
Temperature (° F)	69	60 – 76	None

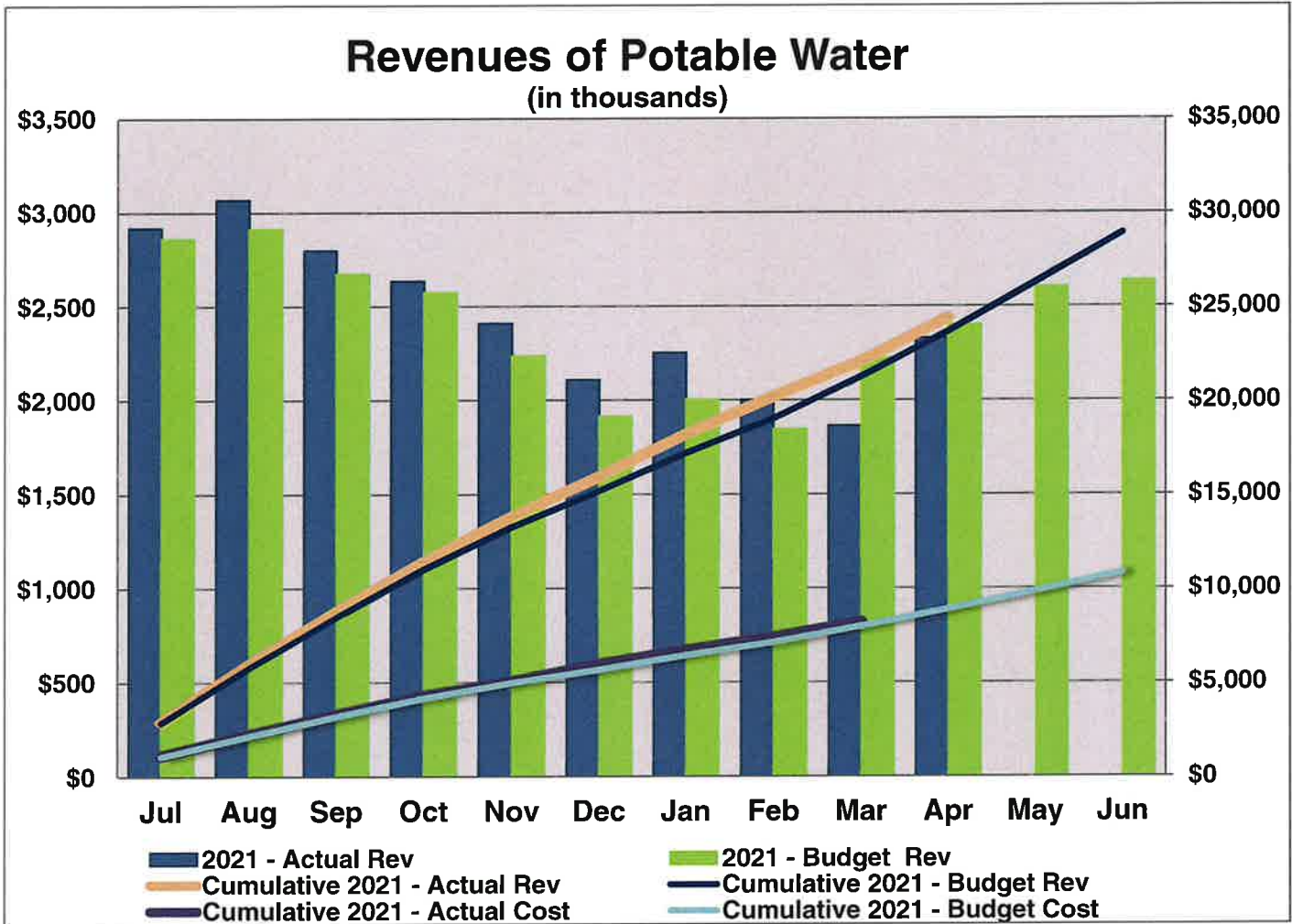
MWRF:	Average	Range	MCL
Chlorine Residual (mg/L)	2.47	2.12 – 2.79	None
Monochloramine (mg/L)	2.50	2.16 – 2.85	None
Ammonia (mg/L)	0.56	0.49 – 0.62	None
Temperature (° F)	75	70 – 79	None
Color (CU) <i>Compliance</i>	ND	ND	15
Odor (TON) <i>Compliance</i>	ND	ND	3

Water Quality Calls/Investigations:

Total Calls	8
Total Investigations (from calls)	4

**Monthly Key Indicators Report
For The Month of April 2021**

Goal #2: Practice perpetual infrastructure renewal and improvement



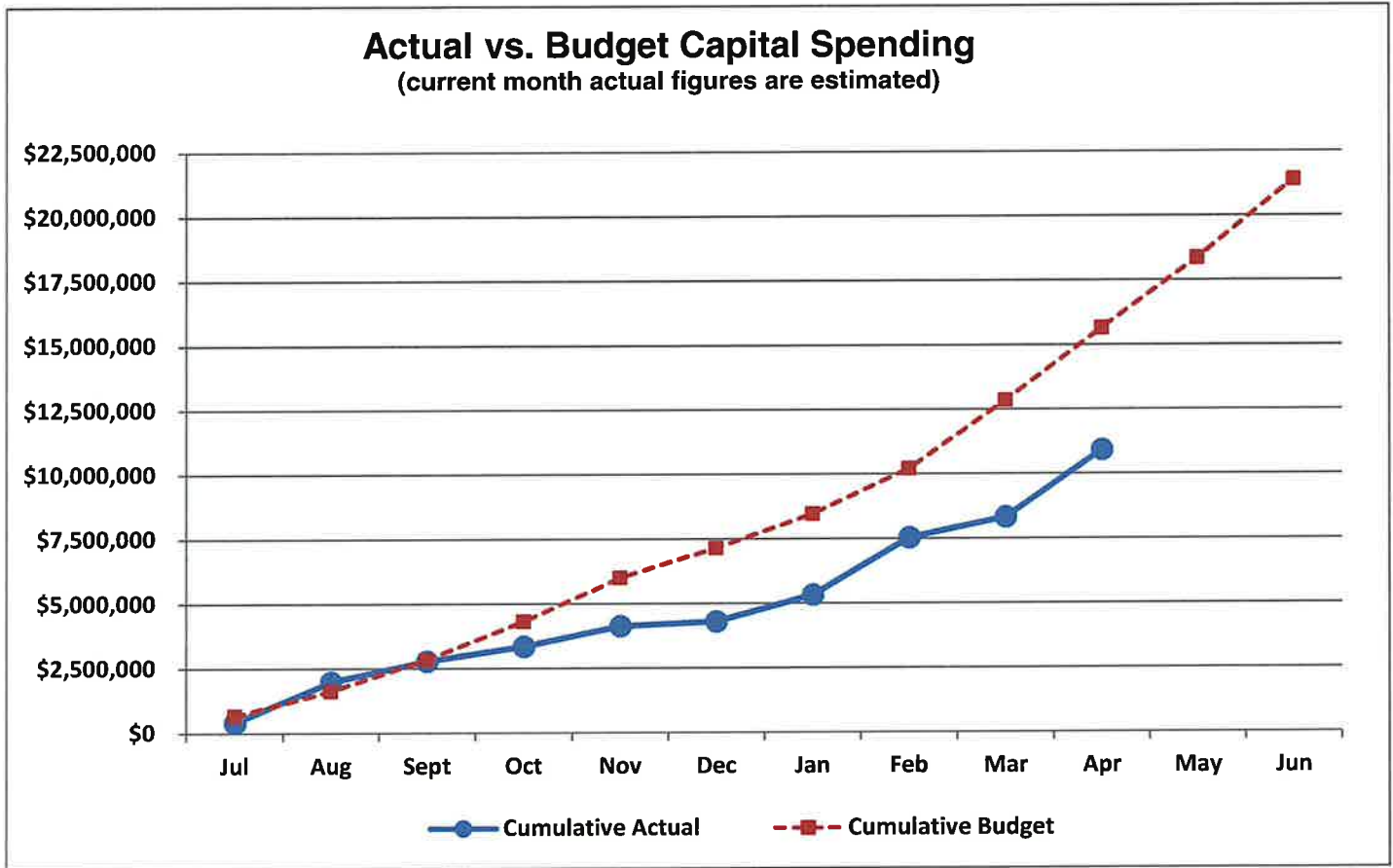
	Actual	Budget	Favorable (Unfavorable)	
			Difference	%
Total YTD Revenue \$	24,388,719	23,652,682	736,037	3.11%

	Actual	Budget	UnFavorable (Favorable)	
			Difference	%
Total YTD Cost \$ *	8,189,812	7,968,612	221,200	2.78%

* 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 April 2021

Goal #3: Be financially responsible and transparent



**Monthly Key Indicators Report
For The Month of April 2021**

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

Web Site Information

Web Site Information	March 2021	April 2021
Visits to the web site	11201	11371
Unique visitors (First time to the site)	8809	8844
Average per day	361	379
Average visit length	43 seconds	44 Seconds
Page visited most	Press Releases	Press Releases
Second most visited page	Online Bill Pay	Online Bill Pay
Third most visited page	Rates and Fees	Rates and Fees
Fourth most visited page	Human Resources	Human Resources
Fifth most visited page	Departments	RFPs
Most downloaded file	Standard Specifications and Standard Drawings for the Construction of Water Facilities	2020 Water Quality Report
Second most downloaded file	2020 Water Quality Report	Standard Specifications and Standard Drawings for the Construction of Water Facilities
Most active day of the week	Tuesday	Monday
Least active day of the week	Monday	Sunday

Total visits since July 1, 2002	<u>1,522,474</u>
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Water Vending Machine Information

Vending Machine Location	Vend Measurement	March 2021 Vends	Totals Vends
Mesa Water Office	1 gal	7,415	492,463

Monthly Key Indicators Report
For the Month of April 2021
Goal #5: Attract and retain skilled employees

DEPARTMENT:	FY 2020			COMMENTS:
	BUDGET	FILLED	VACANT	
OFFICE OF THE GENERAL MANAGER:				
General Manager	1.00	1.00	0.00	
Business Administrator	1.00	1.00	0.00	
Subtotal	2.00	2.00	0.00	
ADMINISTRATIVE SERVICES:				
Administrative Services	5.00	5.00	0.00	
Subtotal	5.00	5.00	0.00	
CUSTOMER SERVICES:				
Conservation	1.00	0.00	1.00	Water Use Efficiency Analyst - <i>vacant; on hold.</i>
Customer Service	4.00	4.00	0.00	
Subtotal	5.00	4.00	1.00	
ENGINEERING:				
Engineering	5.00	5.00	0.00	
Subtotal	5.00	5.00	0.00	
WATER POLICY:				
Legislative & Governmental Affairs	1.50	1.50		
Subtotal	1.50	1.50	0.00	
FINANCIAL SERVICES:				
Financial Reporting/ Purchasing	4.00	4.00	0.00	
Accounting	1.00	1.00	0.00	
Subtotal	5.00	5.00	0.00	
HUMAN RESOURCES:				
Human Resources	3.00	3.00	0.00	
Subtotal	3.00	3.00	0.00	
PUBLIC AFFAIRS:				
Outreach, Education & Communications	1.50	1.50	0.00	
Subtotal	1.50	1.50	0.00	
WATER OPERATIONS:				
Supervision/Support	7.00	7.00	0.00	Sr. Operator - <i>vacant; recruitment in process.</i> Operator I/II - <i>vacant; recruitment in process.</i>
Distribution	10.00	8.00	2.00	
Field Customer Service	4.00	4.00	0.00	
Production	3.00	3.00	0.00	
Water Quality	2.00	2.00	0.00	
Subtotal	26.00	24.00	2.00	
* TOTAL BUDGETED POSITIONS:	54.00	51.00	3.00	

**Monthly Key Indicators Report
For The Month of April 2021**

Goal #6: Provide outstanding customer service

Customer Calls

Call Type	FY21 YTD	April 2021	YTD Weekly Average
General Billing Question	1045	125	24
Service Requests	1476	162	34
High Bill	1282	114	29
Payments	1468	171	33
Late Fee	176	50	4
Account Maintenance	1056	101	24
On-Line Bill Pay	1950	182	44
Water Pressure	35	3	1
No Water	312	17	7
Conservation	129	6	3
Water Waste	59	3	1
Other (District info. other utility info. etc.)	2446	255	56
Rate Increase	68	0	2
Fluoridation	5	0	0
TOTAL CUSTOMER CALLS	11507	1189	262
AVERAGE ANSWER TIME (Seconds)	70	65	70

Online Bill Pay Customers

Current Customers Enrolled	FY 2021 YTD	April 2021	YTD Weekly Average
15569	2662	229	61

REPORTS:

11. 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
4/6/21	Meeting w/ General Manager, 2/22
4/6/21	Meeting w/ General Manager, 3/21

Marice H. DePasquale **Meetings Attended**

Reimbursement Date:	Description, Date
N/A	

Shawn Dewane **Meetings Attended**

Reimbursement Date:	Description, Date
N/A	

James R. Fisler **Meetings Attended**

Reimbursement Date:	Description, Date
N/A	

There are no support materials for this item.

CLOSED SESSION:

14. CONFERENCE WITH SPECIAL LEGAL COUNSEL – EXISTING LITIGATION:
Pursuant to California Government Code Section 54956.9 (d)(1)
Case: *Irvine Ranch Water District v. Orange County Water District and related cross-actions*
Los Angeles County Superior Court Case Nos. BS168278 and BS175192