



*Dedicated to
Satisfying our Community's
Water Needs*

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

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

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

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

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

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

CONSENT CALENDAR ITEMS:

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

1. Approve minutes of regular Board meeting of February 9, 2022.
2. Approve minutes of adjourned regular Board meeting of February 22, 2022.
3. Approve attendance considerations (additions, changes, deletions).
4. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar

PRESENTATION AND DISCUSSION ITEMS:

5. INVESTMENT UPDATE:

Recommendation: Receive the presentation.



ACTION ITEMS:

6. CAPITAL CHARGE:

Recommendation: Direct staff to update the Secretary's Report as follows:

- a. A parcel with a single meter to be charged the capital charge equal to that parcel's meter size;
- b. A parcel with multiple meters to be charged the capital charge equal to the numbers of meters and the meter size located on those parcels;
- c. A community that has a HOA with a meter and no taxable parcel number, spread the capital charge for the meters over the number of homeowner parcels;
- d. When a meter is located on a taxable parcel owned by the HOA charge the capital charge to the HOA on their property tax; and,
- e. When a meter is located on one commercial property but serves multiple commercial parcels, spread that capital charge evenly over the number of parcels served by the meter.

7. 2022 STATE LEGISLATION PERTAINING TO WATER AND GOVERNANCE:

Recommendation: Approve the recommended positions on the 2022 State Legislation pertaining to Water and Governance.

8. MESA WATER DISTRICT IMPROVEMENT CORPORATION ANNUAL MEETING:

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

REPORTS:

9. REPORT OF THE GENERAL MANAGER:

- February Key Indicators Report
- Other (no enclosure)

10. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

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

12. OTHER (NO ENCLOSURE)



CLOSED SESSION:

13. CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO CALIFORNIA GOVERNMENT CODE 54957.6:
District Negotiator: General Manager
Employee Organization: Represented and Non-Represented Employees

In compliance with California law and the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please call the District Secretary at (949) 631-1205. Notification 48 hours prior to the meeting will enable Mesa Water District (Mesa Water®) to make reasonable arrangements to accommodate your requests.

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

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

ADJOURN TO AN ADJOURNED REGULAR BOARD MEETING SCHEDULED FOR TUESDAY, MARCH 22, 2022 AT 3:30 P.M.



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

CALL TO ORDER

The meeting of the Board of Directors was called to order at 4:31 p.m. by Acting President Dewane.

PLEDGE OF ALLEGIANCE

Director Fisler led the Pledge of Allegiance.

Directors Present

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

Directors Absent

Marice H. DePasquale, President

Staff Present

Paul E. Shoenberger, P.E., General Manager
Phil Lauri, P.E., Assistant General Manager
Wendy Duncan, Records Management Specialist/
Acting District Secretary
Tracy Manning, Water Operations Manager
Stacy Taylor, Water Policy Manager
Anthony Phou, Controller
Andrew D. Wiesner, P.E., Principal Engineer
Rob Anslow, Partner, Atkinson, Andelson, Loya, Ruud & Romo

Others Present

Michael R. Markus, General Manager, Orange County Water District (OCWD)

PUBLIC COMMENTS:

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

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

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

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

CONSENT CALENDAR ITEMS:

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

Director Bockmiller pulled Item 6 for discussion. There were no objections.

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

Acting President Dewane asked for comments from the public. There were no comments.

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to approve Items 1 – 5 of the Consent Calendar. Motion passed 4 – 1, with President DePasquale absent.

ITEM 6 – Approve a proclamation honoring Eddie Nunez for his dedicated and committed service to Mesa Water District.

Acting President Dewane asked for comments from the public. There were no comments.

MOTION

Motion by Director Fisler, second by Director Bockmiller, to approve Item 6 of the Consent Calendar and to include the proclamation text in the meeting minutes. Motion passed 4 – 1, with President DePasquale absent.

A Day of Celebration to Honor the Career of Eddie Nunez

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

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

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

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

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

PRESENTATION AND DISCUSSION ITEMS:

7. ORANGE COUNTY WATER DISTRICT BRIEFING:

Acting President Dewane introduced OCWD General Manager Michael Markus who proceeded with a presentation that highlighted the following:

- Fiscal Year (FY) 22-23 Proposed Budget
 - FY 22-23 Budget Recommendations
- Per- and Polyfluoroalkyl Substances
 - Perfluorooctanoic Acid (PFOA)
 - PFAS Treatment Plants
- Groundwater Basin Conditions
 - OCWD Groundwater Basin Accumulated Overdraft
- Potential South Orange County/Moulton Niguel Water District Emergency Water Supply Program
- Groundwater Replenishment System (GWRS) Final Expansion Update

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

ACTION ITEMS:

8. 2020 WATER SHORTAGE CONTINGENCY PLAN:

GM Shoenberger introduced Principal Engineer Wiesner.

Discussion ensued amongst the Board.

Acting President Dewane asked for comments from the public. There were no comments.

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to adopt Resolution No. 1562 Approving the Adoption of the 2020 Water Shortage Contingency Plan as Amended. Motion passed 4 – 1, by the following roll call vote:

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

9. PUBLIC HEARING REGARDING THE WATER SHORTAGE RESPONSE ORDINANCE:

Acting President Dewane announced that the Public Hearing was now opened for the purpose of receiving comments on the Water Shortage Response Ordinance.

Acting District Secretary Duncan reported that the Notice of Public Hearing and full text of the proposed Ordinance was posted at Mesa Water District’s kiosk and website and at

Costa Mesa City Hall. A ¼ page legal advertisement was published in the Daily Pilot on January 26, 2022 and February 2, 2022.

Acting President Dewane opened the floor for Board discussion. No comments were offered.

Acting District Secretary Duncan reported that the District had not received any written or verbal comments regarding proposed Ordinance No. 33.

Acting President Dewane opened the floor for public comments. There were no members of the public present.

Acting President Dewane declared the public comments segment closed.

Acting President Dewane opened the floor for discussion by the Board. There were no comments.

Acting President Dewane declared that the Public Hearing was closed.

MOTION

Motion by Director Atkinson, second by Director Fisler, to adopt Ordinance No. 33 Making Findings, Adopting the Mesa Water District Water Shortage Response Ordinance Rescinding Ordinance No. 32 and Taking Related Actions. Motion passed 4 – 1, by the following roll call vote:

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

10. STATEMENT OF INVESTMENT POLICY:

Controller Phou provided a brief overview of the topic.

Acting President Dewane asked for comments from the public. There were no comments.

Director Bockmiller offered that state law imposes extreme limitations on investment vehicles, which result in funds being invested in ways that guarantee a loss of value against inflation. This is the opposite of the intent of preservation of principal stated in the investment policy. For example, the current rate of return is below two percent and inflation is running between five and seven percent.

MOTION

Motion by Director Fisler, second by Director Atkinson, to:

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

- c. Adopt Resolution No. 1563 Delegating Authority Relative to Investment or Reinvestment of Specified Funds, and Adopting a Revised Statement of Investment Policy, Superseding Resolution No. 1540.

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

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

REPORTS:

11. REPORT OF THE GENERAL MANAGER:
- January Key Indicators Report
 - Other (no enclosure)
12. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

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

Acting President Dewane adjourned the meeting at 5:51 p.m. to an Adjourned Regular Board Meeting scheduled for Tuesday, February 22, 2022 at 3:30 p.m.

Approved:

Marice H. DePasquale, President

Denise Garcia, District Secretary

Recording Secretary: Sharon D. Brimer



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**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Tuesday, February 22, 2022
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 3:30 p.m. by Acting President Dewane.

PLEDGE OF ALLEGIANCE Director Atkinson led the Pledge of Allegiance.

Directors Present Shawn Dewane, Vice President
Jim Atkinson, Director
Fred R. Bockmiller, P.E., Director
James R. Fidler, Director

Directors Absent Marice H. DePasquale, President

Staff Present Denise Garcia, Administrative Services Manager/
District Secretary
Marwan Khalifa, CPA, MBA, Chief Financial Officer/
District Treasurer
Stacy Taylor, Water Policy Manager
Andrew D. Wiesner, P.E., Principal Engineer
Celeste Carrillo, Public Affairs Coordinator

Others Present None

PUBLIC COMMENTS:

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

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

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

Chief Financial Officer Khalifa reported that there were no items to be added, removed, or reordered on the agenda.

CONSENT CALENDAR ITEMS:

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

1. 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.
11. Receive and file the Fiscal Year 2022 Second Quarter Financial Update.

Acting President Dewane asked for comments from the public. There were no comments.

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to approve Items 1 - 11 of the Consent Calendar. Motion passed 4 – 1, with President DePasquale absent.

PRESENTATION AND DISCUSSION ITEMS:

12. 100% LOCAL PUBLIC AWARENESS CAMPAIGN:

CFO Khalifa introduced Public Affairs Coordinator Carrillo who proceeded with a presentation that highlighted the following:

- 10th Anniversary Milestone of Providing 100% Local Water
- Outreach Activities
- Postcard
- Newsletter
- Social Media

Discussion ensued amongst the Board.

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

ACTION ITEMS:

13. MAINLINE VALVE REPLACEMENT PROJECT:

CFO Khalifa introduced Principal Engineer Wiesner who provided a brief overview of the topic.

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

Acting President Dewane asked for comments from the public. There were no comments.

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to award a contract to Big Ben Engineering, Inc. for \$1,512,800 and a 10% contingency of \$151,280 for a total contract amount not to exceed \$1,664,080 to provide construction for the Mainline Valve

Replacement Project Package 1, and authorize execution of the contract. Motion passed 4 – 1, with President DePasquale absent.

14. FINANCIAL AUDITOR SELECTION:

CFO Khalifa provided a brief overview of the topic.

Acting President Dewane asked for comments from the public. There were no comments.

MOTION

Motion by Director Bockmiller, second by Vice President Dewane, to direct staff to omit the interviews scheduled for March 8, 2022 and to award a three-year contract with Lance, Soll & Lunghard, LLP in the amount of \$136,650 to provide Financial Auditing Services. Motion passed 4 – 1, with President DePasquale absent.

REPORTS:

15. REPORT OF THE GENERAL MANAGER

16. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

17. OTHER (NO ENCLOSURE)

Acting President Dewane adjourned the meeting at 4:06 p.m. to a Regular Board Meeting scheduled for Wednesday, March 9, 2022 at 4:30 p.m.

Approved:

Marice H. DePasquale, President

Denise Garcia, District Secretary

Recording Secretary: Sharon D. Brimer



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MEMORANDUM

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: March 9, 2022
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/DISCUSSION

At its June 10, 2021 meeting, the Board of Directors (Board) approved Fiscal Year 2022 attendance at Conferences, Seminars, Meetings, and Events.

DISCUSSION

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

FINANCIAL IMPACT

None.

ATTACHMENTS

None.

2021 CONFERENCES, SEMINARS, AND MEETINGS:

March 10, 2022	
ACWA Legislative Symposium	
Virtual	
March 14 - 16, 2022	
10th Annual Public-Private Partnership Conference	
Dallas, TX	
April 3 - 5, 2022	
CMUA Annual Conference	
San Francisco, CA	
April 7 - 8, 2022	
P3 Water Summit	
San Diego, CA	
April 11 - 14, 2022	
AWWA CA-NV Annual Spring Conference	
Anaheim, CA	
April 13 - 14, 2022	
WaterNow Alliance 7th Annual Summit	
Philadelphia, PA	
May 3 - 6, 2022	
ACWA/JPIA Spring Conference	<i>Atkinson, Bockmiller, DePasquale</i>
Sacramento, CA	
May 17 - 18, 2022	
CSDA Legislative Days	
Sacramento, CA	
June 12 - 15, 2022	
AWWA ACE22 Conference	<i>Atkinson</i>
San Antonio, TX	
July 12 - 14, 2022	
ACWA Annual Washington D.C. Conference	
Washington D.C.	
August 22 - 25, 2022	
CSDA Annual Conference	
Palm Springs, CA	
September 13 - 16, 2022	
CAJPA Conference	
South Lake Tahoe, CA	
September 16, 2022	
OC Water Summit	
Anaheim, CA	
October 8 - 12, 2022	
WEFTEC Conference	
New Orleans, LA	

March 2022

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

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Feb 27	28	Mar 1 7:30am ISDOC Executive Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (VIRTUAL AND	2 TO BE RESCHEDULED - JPIA 2022 Strategic Planning Meeting (Rancho Mirage) - Patricia Slaven Payday 8:30am Jt. MWDOC/MWD Workshop (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	3 8:00am OCWD Communications & Legislative Committee (VIRTUAL)	4 7:30am WACO (VIRTUAL)	5
6 WaterReuse Symposium (San Antonio, TX or Virtual)	7 8:30am R/S TO 3/14 - MWDOC Planning & Operations Committee (VIRTUAL)	8 8:00am OCBC Infrastructure Committee (VIRTUAL and IN PERSON AT 2 Park 9:00am R/S to 3/10 - ACC-OC EEW Committee	9 8:00am LAFCO Meeting (IN PERSON) 8:00am OCWD Water Issues 8:30am MWDOC Admin 4:30pm Board Meeting	10 8:00am OCWD Admin & Finance Committee 9:00am R/S from 3/08- ACC-OC EEW Committee 5:30pm The Larson Lectureship on Ethics &	11 Pay Period Ends	12
13 10th Annual Public-Private Partnership Conference & Expo (Dallas, TX)	14 8:30am R/S from 3/07 - MWDOC Planning & Operations Committee 5:00pm IRWD Board Meeting (VIRTUAL)	15 7:30am WACO Planning Committee (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (VIRTUAL)	16 Payday 8:30am MWDOC Board Meeting (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	17 8:30am MWDOC Executive Committee (VIRTUAL) 4:00pm TBD Costa Mesa Chamber of Commerce Board Meeting (VIRTUAL)	18	19
20	21	22 3:30pm Board of Directors' Committee Meeting (Boardroom)	23	24 3:30pm Mesa Water District Board Workshop (Boardroom)	25 Pay Period Ends	26
27	28 5:00pm IRWD Board Meeting (VIRTUAL)	29	30 Payday	31	Apr 1	2

April 2022

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

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Mar 27	28	29	30	31	Apr 1 7:30am WACO (VIRTUAL)	2
3 CMUA Annual Conference (San Francisco, CA)	4 8:30am MWDOC Planning & Operations Committee (VIRTUAL)	5 7:30am ISDOC Executive Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting	6 8:30am Jt. MWDOC/MWD Workshop (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	7 8:00am OCWD Communications & Legislative Committee (VIRTUAL)	8 Pay Period Ends	9 P3 Water Summit (San Diego, CA)
10 5:00pm GWRS Steering Committee Meeting (VIRTUAL) 5:00pm IRWD Board Meeting (VIRTUAL)	11 5:00pm GWRS Steering Committee Meeting (VIRTUAL) 5:00pm IRWD Board Meeting (VIRTUAL)	12 8:00am OCBC Infrastructure Committee (VIRTUAL and IN PERSON AT 2 Park Plaza)	13 WaterNow Alliance 7th Annual Summit (Philadelphia, PA) Payday 8:00am LAFCO Meeting (IN PERSON) 8:00am OCWD Water Issues Meeting 8:30am MWDOC Admin	14 8:00am OCWD Admin & Finance Committee (VIRTUAL)	15	16
17	18	19 7:30am WACO Planning Committee (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (VIRTUAL)	20 8:30am MWDOC Board Meeting (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	21 8:30am MWDOC Executive Committee (VIRTUAL)	22 Pay Period Ends	23
24	25 5:00pm IRWD Board Meeting (VIRTUAL)	26 3:30pm Board of Directors' Committee Meeting (Boardroom)	27 Payday 8:30am Jt. MWDOC/OCWD	28 11:30am ISDOC Quarterly Meeting (VIRTUAL) 3:30pm Mesa Water District Board Workshop (Boardroom)	29	30 2022 Children's Water Education Festival (VIRTUAL)

May 2022

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

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
May 1	2 8:30am MWDOC Planning & Operations Committee (VIRTUAL)	3 7:30am ISDOC Executive Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting	4 8:30am Jt. MWDOC/MWD Workshop (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	5 8:00am OCWD Communications & Legislative Committee (VIRTUAL)	6 Pay Period Ends 7:30am WACO (MAY MOVE TO 5/13 DUE TO ACWA) (VIRTUAL)	7
8	9 5:00pm IRWD Board Meeting (VIRTUAL)	10 8:00am OCBC Infrastructure Committee (VIRTUAL and IN PERSON AT 2 Park) 9:00am ACC-OC EEW Committee Meeting (VIRTUAL)	11 Payday 8:00am LAFCO Meeting (IN PERSON: 333 W. Santa) 8:00am OCWD Water Issues 8:30am MWDOC Admin 4:30pm Board Meeting	12 8:00am OCWD Admin & Finance Committee (VIRTUAL)	13	14
15	16	17 CSDA Legislative Days (Sacramento, CA) 7:30am WACO Planning Committee (VIRTUAL) 6:00pm Costa Mesa City Council Meeting	18 8:30am MWDOC Board Meeting (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	19 8:30am MWDOC Executive Committee (VIRTUAL) 4:00pm Costa Mesa Chamber of Commerce Board Meeting (VIRTUAL)	20 Pay Period Ends	21
22	23 5:00pm IRWD Board Meeting (VIRTUAL)	24 3:30pm Board of Directors' Committee Meeting (Boardroom)	25 Payday	26	27	28
29	30 District Holiday	31	Jun 1	2	3	4



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MEMORANDUM

TO: Board of Directors
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer
DATE: March 9, 2022
SUBJECT: Investment 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 #3: Be financially responsible and transparent.
Goal #6: Provide outstanding customer service.

PRIOR BOARD ACTION/DISCUSSION

None.

DISCUSSION

Staff will provide an Investment Update to the Board of Directors at their March 9, 2022 meeting.

FINANCIAL IMPACT

None.

ATTACHMENTS

None.



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MEMORANDUM

TO: Board of Directors
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer
DATE: March 9, 2022
SUBJECT: Capital Charge

RECOMMENDATION

Direct staff to bring an updated Secretary's Report to the April Board meeting based on the following:

- a. A parcel with a single meter to be charged the capital charge equal to that parcel's meter size;
- b. A parcel with multiple meters to be charged the capital charge equal to the number of meters and the meter sizes located on those parcels;
- c. A community that has a HOA with a meter and no taxable parcel number, spread the capital charge for the meters over the number of homeowner parcels;
- d. When a meter is located on a taxable parcel owned by the HOA charge the capital charge to the HOA on their property tax; and,
- e. When a meter is located on one commercial property but serves multiple commercial parcels, spread that capital charge evenly over the number of parcels served by the meter.

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 #6: Provide outstanding customer service.

PRIOR BOARD ACTION/DISCUSSION

At its January 12, 2022 meeting, the Board of Directors (Board) adopted Resolution No. 1560 Determining Compliance with Procedural Requirements, Making Findings, Authorizing Collection of the Capital Charge by way of The Office of the Orange County Treasurer-Tax Collector and County Property Tax Roll Process and Taking Related Actions. The Board also directed staff to agendize for further discussion at a future meeting Mesa Water District's Secretary's Report Listing the Capital Charge Property Tax Roll for Fiscal Year 2022 – 2023.

DISCUSSION

Mesa Water District (Mesa Water®) currently receives its revenue from a fixed fee or Basic Charge (\$30.03 Bi-Monthly 5/8-Inch Meter) and consumption charge (\$4.72 per unit). In an effort to stabilize revenue for necessary operation, maintenance, repair and rehabilitation of the water system when water consumption and the water usage of commodity rate may vary due to seasonal events such as rain or mandatory cutbacks during extreme drought, the Board approved a capital charge. Per Resolution No. 1560, Mesa Water can shift some of what is currently a fixed fee or Basic Charge on customers' water bills to a capital charge that is collected on the property tax roll by way of The Office of the Orange County Treasurer – Tax Collector.

In order to communicate what should be collected by the Orange County Treasurer-Tax Collector



Office, Mesa Water has to provide the county a Secretary’s Report that lists the parcel numbers of each property in the service area, the address and the capital charge amount. The capital charge is determined based on the meter size of the parcel. Below is an example of a Secretary’s Report:

**MESA WATER DISTRICT
Capital Charge Property Tax Roll
Fiscal Year 2022-23**

Assessor			Assessor		
Parcel Number	Situs Address	Charge	Parcel Number	Situs Address	Charge
11721420	255 E 19TH ST	\$49.96	11725305	316 BROADWAY	\$99.92
11721421	253 E 19TH ST	\$49.96	11725306	320 BROADWAY	\$49.96
11721422	251 E 19TH ST	\$49.96	11725307	324 BROADWAY	\$49.96
11725110	343 MAGNOLIA ST	\$74.94	11725308	328 BROADWAY	\$49.96
11725112	348 E 18TH ST	\$49.96	11725309	332 BROADWAY	\$49.96
11725113	342 E 18TH ST	\$124.90	11725310	338 BROADWAY	\$49.96
11725115	310 E 18TH ST	\$124.90	11725311	340 BROADWAY	\$49.96

Staff consulted with SCI Consulting Group (SCI) who specialize in allocating costs to property tax rolls and have the expertise as it relates to parcel data from the county assessors and the ability to assign parcel numbers to addresses within the service area. There are a number of types of parcels in the Mesa Water service area as it relates to meters and the ability to allocate a Capital Charge to those meters. SCI Consulting Group recommends that Mesa Water determine the allocation of the Capital Charge based on the following:

1. A parcel with a single meter, for example a single-family residence with a 5/8-inch meter. For these types of residences, it is straightforward to allocate the capital charge based on meter size to the parcel number on record.
2. A parcel with multiple meters, for example a commercial location with multiple meters of either the same size or different sizes. In this situation, that parcel number will be charged the capital charge equal to the total of the capital charge for those meters.
3. A community that has a Home Owners Association (HOA) with a meter and no taxable parcel number. There are approximately 160 such meters in the Mesa Water Service area. An example of this would be a community that has a master meter serving a number of different parcels, for example a condominium community where there are one or two one-inch master meters servicing 80 different condominiums with different parcel numbers. In this situation, there are several potential ways to charge the parcels for the capital charge and they include the following:

Assuming four four-inch master meters with a total capital charge of \$12,589 (\$3,147.29 x 4), and 82 condos in the community.

- a. Option one - each parcel would be charged 1/82nd of the total capital charge of \$12,589 which comes out to \$153.52 per parcel.
- b. Option two - the Home Owners Association (HOA) would be invoiced for the capital charge on a semiannual basis (\$6,294.5/six months) and pass on the capital charge to each condo owner in their HOA dues.
- c. Option three - each parcel would be charged for the meter they would have received if the community was not master metered and they had received the proper sized meter when built. In most instances, this would be \$99.92 for a 5/8-inch meter. An estimate of the



revenue that Mesa Water would receive assuming a change in policy and the capital charge was passed on to homeowners based on the meter size they should have would be in the example above less revenue of \$4,396. When looking at all 160 master meters, the estimated extra revenue would be approximately \$210,998.

4. A parcel that is owned by a Home Owners Association such as landscape meters can receive their capital charge in two possible ways. There are 116 such parcels in the Mesa Water service area.
 - a. Option one - the HOA to receive the Capital Charge on their property tax bill and likely pass on the expense to the homeowners within the HOA.
 - b. Option two - the Capital Charge that would be charged to the HOA to be spread among the number of homeowners in the community evenly based on the number of homeowner parcels within the HOA community.
5. A commercial property where one meter serves multiple commercial property parcels. An example of this would be a meter in a commercial park that serves eight commercial parcels but is charged to one account or parcel. In this instance there are two options:
 - a. Option one - charge the capital charge to the commercial parcel or account that has the meter. The owner of this commercial property would have to invoice the other commercial property owners for their portion of the capital charge.
 - b. Option two - split the capital charge over the eight commercial properties and place that capital charge on each of the eight parcels' property tax bills.
6. Meters located on pieces of land that do not have a parcel numbers. This occurs on parkways, medians and landscaping meters. There are 155 of these meters in the Mesa Water service area. These meters can be charged the capital charge to their water accounts on a semiannual bill that corresponds with the property tax bill timing. The bill will be specific to the capital charge and identify the charge as such.

Based on the rates approved by the Board at the January 12, 2022 meeting, a little more than \$4.5MM will be transferred to the property tax roll in the Property Tax Roll Fiscal Year 2022-2023. In Fiscal Year 2023, the capital charge will be half of the below rates, as only six months of charges (January 1 – June 30, 2023) will appear on the property tax roll. The other half of the capital charge will appear on the Fiscal Year 2024 property tax roll:

Meter Size	Property Tax/Year
5/8-Inch	\$99.92
3/4-Inch	\$149.88
1-Inch	\$249.79
1 1/2-Inch	\$499.57
2-Inch	\$799.31
3-Inch	\$1,748.49
4-Inch	\$3,147.29
6-Inch	\$6,993.96
8-Inch	\$11,989.65
10-Inch	\$18,983.61

The primary advantage of using the property tax roll is reliability. Delinquency is virtually non-existence because property owners automatically pay the Capital Charge along with their tax bill - they must pay each line item on their bill, even for property owners who are delinquent on their tax



bills. With greater restrictions on non-payment shut-offs, having a source of revenue that comes directly from the parcel owner ensures that the maintenance of the infrastructure in Mesa Water's service area will be funded even if customers begin to delay payment which the District has experienced during the COVID-19 Pandemic.

When considering the capital charge collection options above, staff considered a number of factors including the current collection process for collecting revenues for all the examples above, efficiency, clarity to the customer and cost to the District.

Currently, Mesa Water collects the Basic Charge, which is based on meter size based on the meters installed at a property. Whether that meter is on an account for a residential property, commercial property, master metered property or a landscape meter, the Basic Charge is applied based on the meter size for that account. Staff recommends that Mesa Water apply the capital charge on the same basis as the Basic Charge.

It is possible to apply the capital charge based on the size of meter that should have been installed for each parcel. However, staff believes this would require a review of the current Board policy regarding the application of the basic charges and capital charges.

When considering efficiency in cost and time, the most efficient option of the ones presented above with respect to consultant time, staff time, and calculation time would be to charge the capital charge to the parcels that have meters located on them. In an instance where the meter(s) are located on a piece of land not tied to a taxable parcel, the most efficient solution would be to spread the capital charge over the parcels that share the meters.

Staff recommends that the Secretary's Report be updated as follows:

- a. A parcel with a single meter to be charged the capital charge equal to that parcel's meter size (5/8-inch meter - \$99.92);
- b. A parcel with multiple meters to be charged the capital charge equal to the numbers of meters and the meter size located on those parcels (two 1-inch meters - \$499.58);
- c. A community that has a HOA with a meter and no taxable parcel number, spread the capital charge for the meters over the number of homeowner parcels. (four 4-inch meters spread over 82 units - \$153.52);
- d. When a meter is located on a taxable parcel owned by the HOA charged the capital charge to the HOA on their property tax. (1-inch meter - \$249.79); and
- e. When a meter is located on one commercial property but serves multiple commercial parcels, spread that capital charge evenly over the number of parcels served by the meter (one 2-inch meter spread over 8 commercial properties - \$99.91).

FINANCIAL IMPACT

None.

ATTACHMENTS

None.



Dedicated to
Satisfying our Community's
Water Needs

MEMORANDUM

TO: Board of Directors
FROM: Stacy Taylor, Water Policy Manager
DATE: March 9, 2022
SUBJECT: 2022 State Legislation Pertaining to Water and Governance

RECOMMENDATION

Approve the recommended positions on the 2022 State Legislation pertaining to Water and Governance.

STRATEGIC PLAN

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

PRIOR BOARD ACTION/DISCUSSION

At its January 25, 2022 meeting, the Board of Directors (Board) approved the Mesa Water District (Mesa Water®) [Policy Positions](#) and Legislative Platforms updated for 2022 (Attachment A).

DISCUSSION

Mesa Water consultants and staff are engaged with the Association of California Water Agencies ([ACWA](#)), [CalMutuals](#), the Community Water Systems Alliance ([CWSA](#)), and other industry associations on policies related to governance and water affordability, quality and reliability. Below is information on five bills that could positively or negatively affect California water providers and their customers. Staff will provide a verbal update on these bills at the March 9, 2022 meeting.

Bill Number	Topic	Recommendation
AB 2041 (E. Garcia – D, Coachella)	Safe Drinking Water Compliance Affordability	Support (with CalMutuals/CWSA coalition)
AB 2054 (Quirk-Silva – D, Fullerton)	Mutual Water Companies Tax Status	Support (with CalMutuals/CWSA coalition)
AB 2142 (Gabriel – D, Woodland Hills)	Turf Replacement Rebates Tax Exemption	Support (with ACWA/CalWEP/WaterNow Alliance coalition)
AB 2449 (B. Rubio – D, Baldwin Park)	Enhancing Public Access Through Teleconferencing	Support (with Three Valleys MWD coalition)
SB 1157 (Hertzberg – D, Van Nuys)	Indoor Water Use Efficiency	Oppose Unless Amended (with ACWA coalition)



AB 2041 – CA Safe Drinking Water Act: primary drinking water standards: compliance

Summary: Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board (SWRCB) to adopt primary drinking water standards for contaminants in drinking water. Existing law requires the SWRCB to consider specified criteria when it adopts a primary drinking water standard, including the technological and economic feasibility of compliance.

This bill would require the SWRCB to take specified actions if it adopts a primary drinking water standard (MCL) with a compliance period for which public water systems are given a designated period of time to install necessary measures (e.g., water treatment systems) to comply with the MCL without being held in violation of the primary drinking water standard. Those actions would include, among other actions, developing a financial plan to assist public water systems that will require financial assistance in procuring and installing the necessary measures.

Status: This bill is assigned to the Assembly Environmental Safety and Toxic Materials committee and can be heard after March 17. Attachment B contains background information and Attachment C contains a template letter of support for AB 2041.

Note: Sponsored by CalMutuals, this bill is similar to last year's AB 588 (also authored by Assemblyman Garcia), for which Mesa Water had a support position. There is no known opposition to the bill at this time. Supporters to date include -- but is not necessarily limited to -- Bighorn Desert View Water Agency, Los Prietos Water Association, Montebello Land and Water, Orange County Water District, and the following Water Companies: Covina Irrigating, Cuerno Largo Mutual, Harbor View Mutual, Humboldt Woodlands Mutual, La Cumbre Mutual, Lakeside Woods Mutual, Lincoln Avenue, Maywood Mutual #1, Maywood Mutual #3, Midway City Mutual, Oak Glen Domestic, Oak Trail Estates Mutual, Palo Alto Park Mutual, South Mesa, Sundale Mutual, Sunny Slope, Valley View Mutual, Western Heights, and Willowside Mutual.

Mesa Water Suggested Position: SUPPORT (based on Mesa Water's support of a similar bill last year, as well as the District's "Water Quality and Economic Feasibility" Legislative Platform).

AB 2054 – Corporation taxes: exempt organizations: mutual ditch or irrigation companies: public water system: mutual water companies

Summary: The Corporation Tax Law, in modified conformity with federal income tax laws, exempts various types of organizations from taxes imposed by that law, including an exemption for transfers of assets by specified mutual water companies that are tax exempt under federal income tax laws, but are a taxable entity under state law when certain conditions are met.

Existing law requires mutual water companies that operate a public water system to comply with various open meeting and record accessibility requirements for eligible persons, defined to include shareholders, specified persons receiving drinking water from that public water system, and elected officials of a city or county who represent those persons receiving drinking water from the public water system.

This bill, for taxable years beginning on or after January 1, 2023, and before January 1, 2028, would exempt from the taxes imposed by the Corporation Tax Law a mutual ditch or irrigation company that operates a public water system if the company complies with specified requirements, including those open meeting and record accessibility requirements for eligible persons.



The bill would provide that gross income does not include specified funding provided by the SWRCB to a mutual ditch or irrigation company that operates a public water system or to specified mutual water companies. This bill contains other related provisions and other existing laws.

Status: This bill is assigned to the Assembly Revenue and Taxation committee and can be heard after March 17. Attachment D contains a template letter of support for AB 2054.

Note: This bill is sponsored by CalMutuals. There is no known opposition to the bill at this time. Supporters to date include -- but is not necessarily limited to -- Bighorn Desert View Water Agency, Montebello Land and Water, and the following Water Companies: Covina Irrigating, Cuerno Largo Mutual, Harbor View Mutual, La Cumbre Mutual, Lakeside Woods Mutual, Maywood Mutual #1, Midway City Mutual, Oak Trail Estates Mutual, Palo Alto Park Mutual, South Mesa, Sundale Mutual, Sunny Slope, Valley View Mutual, Western Heights, Wildwood East Mutual, and Willowside Mutual.

Mesa Water Suggested Position: **SUPPORT** (based on the District's "water affordability" advocacy" efforts).

AB 2142 – Income taxes: exclusion: turf replacement water conservation program

Summary: The Personal Income Tax Law and the Corporation Tax Law, in conformity with federal income tax law, generally defines "gross income" as income from whatever source derived, except as specifically excluded, and provides various exclusions from gross income.

Existing law provides an exclusion from gross income for any amount received as a rebate or voucher from a local water or energy agency or supplier for the purchase or installation of a water conservation water closet, energy efficient clothes washers, and plumbing devices, as specified.

This bill would, for taxable years beginning on or after January 1, 2022, and before January 1, 2027, under both of these laws, provide an exclusion from gross income for any amount received as a rebate, voucher, or other financial incentive issued by a local water agency or supplier for participation in a turf replacement water conservation program.

Status: This bill is assigned to the Assembly Revenue and Taxation committee and can be heard after March 18. Attachment E contains a template letter of support for AB 2142.

Note: Co-sponsored by ACWA, the [California Water Efficiency Partnership](#) and the [WaterNow Alliance](#), this bill is similar to [AB 533](#) from 2019 (authored by Assemblyman Holden – D, Pasadena) for which Mesa Water had a support position. ACWA is urging its members to support AB 2142, which would reinstate the California personal income tax exemption for turf replacement rebates (which expired in 2019) to help incentivize participation in water efficiency programs. Additionally, in light of California's current drought conditions and ongoing commitment to water conservation and efficiency, the sponsors are exploring the possibility of expanding this bill to include other water efficiency rebates. There is no known opposition to the bill at this time.

Mesa Water Suggested Position: **SUPPORT** (based on Mesa Water's support of a similar bill in 2019).

AB 2449 – Open meetings: local agencies: teleconferences

Summary: Existing law, the Ralph M. Brown Act (the Act), requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate.



The Act contains specified provisions regarding the timelines for posting an agenda and providing for the ability of the public to observe and provide comment.

The Act allows for meetings to occur via teleconferencing subject to certain requirements that: the legislative body notice each teleconference location of each member that will be participating in the public meeting; each teleconference location be accessible to the public; members of the public be allowed to address the legislative body at each teleconference location; the legislative body post an agenda at each teleconference location; and, at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction.

The Act provides an exemption to the jurisdictional requirement for health authorities, as defined.

This bill would authorize a local agency to use teleconferencing without complying with those specified teleconferencing requirements if at least a quorum of the members of the legislative body participates in person from a singular location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction.

The bill would impose prescribed requirements for this exception relating to notice, agendas, the means and manner of access, and procedures for disruptions. The bill would also require the legislative body to implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with federal law. This bill contains other related provisions and other existing laws.

Status: This bill is awaiting assignment to a policy committee and can be heard after March 20. Attachment F contains background information and Attachment G contains a template letter of support for AB 2449.

Note: This bill is sponsored by Three Valleys Municipal Water District. There is no known opposition to the bill at this time. Supporters to date include -- but is not necessarily limited to -- the Public Water Agency Group, San Gabriel Valley Economic Partnership, and Southern California Water Coalition (of which Mesa Water is a member).

Mesa Water Suggested Position: SUPPORT (based on the District's support position on last year's AB 703, also authored by Assemblywoman Rubio).

SB 1157 – Urban water use objectives: indoor residential water use

Summary: Existing law requires the Department of Water Resources (DWR), in coordination with the State Water Resources Control Board (SWRCB), and including collaboration with and input from stakeholders, to conduct necessary studies and investigations, and authorizes DWR and the SWRCB to jointly recommend to the Legislature a standard for indoor residential water use.

Existing law, until January 1, 2025, establishes 55 gallons per capita daily (GPCD) as the standard for indoor residential water use. Existing law establishes, beginning January 1, 2025, the greater of 52.5 GPCD or a standard recommended by DWR and the SWRCB as the standard for indoor residential water use. Existing law, beginning January 1, 2030, establishes the greater of 50 GPCD or a standard recommended by DWR and the SWRCB as the standard for indoor residential water use.

This bill would lower the existing indoor GPCD water use efficiency standards as shown in the table below:



Timeframe	Existing Law	SB 1157
Until Jan. 1, 2025	55 GPCD	55 GPCD
Jan. 1, 2025 – Jan. 1, 2030	52.5 GPCD	47 GPCD
After Jan. 1, 2030	50 GPCD	42 GPCD

Status: SB 1157 is assigned to the Senate Natural Resources and Water Committee, although a date has not yet been set for hearing this bill. Attachment H contains a template oppose-unless-amended letter for SB 1157.

Note: SB 1157 is similar to the amended version of the (now dead) bill from last year, [AB 1434](#) (authored by Assemblywoman Friedman – D, Burbank), for which Mesa Water had an oppose unless amended position. ACWA’s State Legislative Committee took an oppose unless amended position on SB 1157, and directed staff to advocate for amendments that would delay the implementation of a 2030 standard and require DWR to complete additional quantitative analysis of an appropriate standard for 2030 and beyond. ACWA is urging its members to join the oppose-unless-amended coalition on SB 1157, which includes the California Association of Sanitation Agencies, California Municipal Utilities Association, WaterReuse California, Orange County Water District, Municipal Water District of Orange County, and a growing number of ACWA members.

Mesa Water Suggested Position: **OPPOSE UNLESS AMENDED** (based on Mesa Water’s oppose unless amended position on a similar bill last year, as well as the District’s “Water Conservation/Water Use Efficiency” Legislative Platform and Policy Positions).

FINANCIAL IMPACT

None.

ATTACHMENTS

- Attachment A: 2022 Legislative Platforms
- Attachment B: Background for AB 2041
- Attachment C: Support Letter Template for AB 2041
- Attachment D: Support Letter Template for AB 2054
- Attachment E: Support Letter Template for AB 2142
- Attachment F: Background for AB 2449
- Attachment G: Support Letter Template for AB 2449
- Attachment H: Oppose Unless Amended Letter Template for SB 1157



2022 Legislative Platforms

January 2022

Calendar Year 2022 marks the second year of California's two-year (2021 and 2022) legislative session, with the State legislature having reconvened on Monday, January 3, 2022. Due to the ongoing Covid-19 pandemic, the 2022 session is being conducted much like the 2021 and 2020 legislative sessions, with the implementation of new remote lawmaking processes that affected advocacy activities, limited policy hearings and public participation, and resulted in water-related legislation focused on a few priority issues: water affordability and arrears funding; water conservation; and, investments in water and other infrastructure. Also in 2021, the state was focused on addressing climate and wildfires, homelessness and affordable housing, public and employee health related to Covid-19, and budget shortfalls caused by the pandemic.

For 2022, it is expected that some legislative proposals and policy discussions from 2021 could return, including legislation and regulations that could significantly impact Mesa Water District (Mesa Water®). The State administration, legislature, and regulators explored several ongoing water issues in 2021, including, but not limited to:

- water use efficiency/conservation regulations pertaining to data reporting, water loss performance standards, and other topics related to implementing [SB 606 and AB 1668](#) (passed in 2018);
- water affordability related to California's Human Right to Water and the Safe and Affordable Drinking Water Fund (respectively, [AB 685](#) and [SB 200](#)), and a Low-Income Household Water Assistance Program (LiHWAP) also called "lifeline rates" programs ([AB 401](#)), as well as the continuation of the Governor's Executive Order [N-42-20](#) prohibiting shutoffs during the Covid-19 emergency through December 31, 2021;
- water district consolidations;
- headwaters protection, forest management, and wildfires prevention;
- climate adaptation and resilience, and related issues (i.e., energy policies, public safety power shutoffs, etc.);
- water quality, PFAS, and other Constituents of Emerging Concern (CECs);
- recycled water and water reuse;
- affordable housing proposals to alleviate homelessness (i.e., ADUs, CEQA reform, housing development fees, surplus land, etc.); and,
- Delta Flows (e.g., Voluntary Settlement Agreements) and the Delta Conveyance Project (DCP).

As policy discussions continue in 2022, the above issues will be the primary areas of legislative and regulatory focus. Additionally as a reminder, in 2020, Governor Newsom issued two climate-related Executive Orders to require: 1. by 2035, that all new cars and passenger trucks sold in CA are Zero-Emission Vehicles ([N-79-20](#)); and, 2. by 2030, the conservation of 30% of the state's land and coastal waters ([N-82-20](#)).



Lastly, Mesa Water engaged with various agencies and associations that the district is affiliated with (i.e., ACC-OC, ACWA, AWWA, CalDesal, CMUA, CSDA, CWSA, MWDOC/MWD, OCBC, OCWD, OC Tax, SCWC, WaterReuse, etc.) to advocate on legislative/policy issues including, but not necessarily limited to: 1) upholding local control; 2) promoting the “true, full cost of water” concept; 3) supporting desalination; and, 4) exempting potable reuse water from mandates on outdoor irrigation. In 2022, Mesa Water advocacy staff and consultants will continue to focus on these four policy priorities.

Listed below, for the Board’s consideration, are the proposed legislative and regulatory platforms regarding anticipated high-priority public policy issues in 2022 that could have major consequences for Mesa Water:

- **Water Rates** – Mesa Water supports local rate-setting control with rate structures, set by publicly-elected boards and councils, that best serve customers and comply with the law. Furthermore, Mesa Water supports cost-based water rates that:
 - represent the true, full cost of water services, including operational costs and infrastructure funding to ensure water system sustainability into perpetuity; and,
 - harmonize the concepts of conservation and legality, with rates that provide a strong price signal for ratepayers to conserve while also complying with legal mandates (i.e., Article X of the CA Constitution; SB 606 and AB 1668; and, Propositions 13, 26, and 218).
- **Proposition 13** – Mesa Water supports Article XIII A of the California Constitution (Prop. 13) and the taxpayer protections it provides as passed in 1978; and, Mesa Water opposes a “Split Roll” that would remove some of the protections of Prop. 13 from nonresidential properties in order to raise taxes on them.
- **Proposition 218** – Mesa Water supports Article XIII C and D of the California Constitution (Prop. 218) regarding government service assessments, fees, rates, and taxes, specifically:
 - the “2/3 vote” required from the legislature and voters for approval of new levies;
 - the “special benefit and proportionality requirements” provision which directly connects the special benefits received with reasonable proportionate costs, and ensures that assessments imposed for property-related (water) services must not exceed the proportional cost of the services attributable to the parcel; and
 - transparent rate-setting procedures that protect consumers from potential government overcharge by providing ample opportunities for consumer participation as well as the ability for consumers to protest illegal rates.
- **Water Rate Assistance Programs** – Mesa Water supports localized “lifeline rates” or federal/state-funding LiHWAP programs that comply with Prop. 218 of the California Constitution and are funded either voluntarily or via non-restricted/non-water-rates revenues. Mesa Water opposes a state tax on local water customer bills.
- **Orange County Groundwater Basin** – Mesa Water opposes any potential streamlined process for adjudicating groundwater basins, including the Orange County groundwater basin, managed by the Orange County Water District (OCWD).
- **Water Bonds Funding (Propositions 1 and 68)** – Mesa Water supports funding from the November 2014 and June 2018 water bonds for OCWD’s priority projects.

- **Water Desalination** – Mesa Water supports CalDesal in its desalination advocacy efforts, as well as the local and regional development of cost-effective and environmentally-sensitive water desalination projects statewide -- including brackish and ocean water desalination and the proposed Huntington Beach and Dana Point projects -- to enhance the availability and reliability of local and regional water supply sources, and improve water supply reliability for Orange County, Southern California, and statewide.
- **Water Conservation/Water Use Efficiency** – Mesa Water supports accounting for water resource and supply investments -- such as desalination, potable reuse, and water recycling -- as part of any potential statewide effort to update urban water conservation goals. Mesa Water supports compliance flexibility and local control; maximum credit for drought-resilient supplies, including exempting potable reuse water from mandates on outdoor irrigation; and, regulatory water use and water loss target-setting that is based on valid data and includes a glide path for enforcement as well as a variance process for unique situations. Mesa Water also supports the streamlining of water reporting data as part of the implementation of, and compliance with, SB 606 and AB 1668.
- **Water Recycling** – Mesa Water supports OCWD and WaterReuse in its efforts to advance potable reuse legislation and regulations. Mesa Water supports the “Beneficiaries Pay” principle for the development and implementation of new recycledwater projects including stormwater capture.
- **Water Quality and Economic Feasibility** – Mesa Water supports efforts by the Association of California Water Agencies (ACWA) and other water industry associations/organizations to protect public health by using the best available scientific data and cost/benefit analyses to inform the development of reasonable and fiscally- responsible water quality legislation and regulations -- for current and future constituents of concern (e.g., PFAS) -- which consider technical and economic feasibility of standards and treatments to ensure clean, safe drinking water.
- **Water Storage and Exchange Programs** – Mesa Water supports the “Beneficiaries Pay” principle for water storage and exchange/transfer programs if they are market-based, ensure full cost recovery at a minimum, and account for water loss.
- **Affordable Housing** – Mesa Water supports the advocacy efforts of California Special Districts Association (CSDA) and other industry associations/organizations on policies related to Accessory Dwelling Units (ADUs), CEQA reform/streamlining, development impact fees (i.e., capacity charges, connection fees, etc.), metering/sub-metering, surplus land, and other proposed affordable housing solutions provided that they support water utilities’ ability to provide reliable residential water services that are appropriately priced and right-sized for public health and safety.
- **Local Government** – Mesa Water supports the efforts of CSDA and other industry associations/organizations to ensure local control and representation, efficient delivery of government services, and appropriate reserve funds levels.

- **Local Agency Formation Commission (LAFCO)** – Mesa Water supports the existing protest thresholds for LAFCO-initiated reorganizations, per the Cortese-Knox-Hertzberg (CKH) Act, and opposes changes that would make it more difficult for citizens to protest a LAFCO-initiated reorganization. Additionally, Mesa Water opposes any changes to the CKH Act that would weaken local control and representation and/or broaden the mission, powers, and scope of LAFCOs without providing any added public benefit.
- **Special Districts Voting Methods** – Mesa Water supports exempting special districts from Cumulative Voting and Ranked Choice Voting methods, and opposes attempts to make these methods an option or a mandate for special districts elections.
- **Delta Solutions** – Mesa Water supports the efforts of ACWA, Municipal Water District of Orange County (MWDOC), Metropolitan Water District of Southern California (MWD), and Southern California Water Committee (SCWC) to achieve a long-term solution for the Bay Delta that includes functional, unimpaired flows for optimal statewide water supply reliability, sustainability and quality, and Delta ecosystem health and restoration for the public benefit. Mesa Water supports the “Beneficiaries Pay” principle for Delta Solution funding.
- **CA Headwaters and Forest Management** – Mesa Water supports the efforts of ACWA and other water industry coalitions to promote policies that enhance the pace and scale of headwaters protection, forest management and wildfires prevention -- including improved planning, coordination and implementation -- and increase financing, research, and resources to: protect water supply and quality; bring management practices in line with modern challenges; and, provide multiple benefits to the State’s water users.
- **Climate Adaptation/Resilience Bond** – Mesa Water supports the efforts of ACWA and other water industry associations/organizations in engaging with the Governor’s Administration, lawmakers, and regulators on resource funding related to the Governor’s Executive Orders on climate change and related issues including, but not necessarily limited to: energy solutions, water resilience, and public safety power shutoffs.
- **Essential Public Utilities** – Mesa Water supports the concept of carving out Essential Public Utilities -- such as water and wastewater service providers -- from future legislation, administrative actions, and regulations that add costs or time delays to a utility’s work by mandating new, unfunded operational practices.
- **Federal Drought Legislation** – Mesa Water supports the efforts of ACWA and other water industry associations/organizations in collaborating with U.S. representatives to develop bicameral, bipartisan federal drought legislation.
- **Covid-19 Economic Relief** – Mesa Water supports the efforts of ACWA, CSDA, and other industry associations/organizations to advocate for State and Federal funding to help local governments overcome administrative, financial, and operational challenges caused by the global pandemic and related government actions.
- **Cannabis Growers’ Negative Water Impacts** – Mesa Water supports legislation and/or regulations that enforce against cannabis growers’ water theft and/or negative impacts to water supplies and sources.



BACKGROUND

In 2014, California's drinking water standard for chromium-6 took effect. It established a maximum contaminant level (MCL) of 10 parts per billion (ppb).

To address challenges public water systems may face with conforming to chromium-6 MCL, the Legislature passed SB 385 (Hueso) in 2015. SB 385 established a planned compliance process for water systems by authorizing the State Water Resources Control Board (SWRCB) to grant a limited period of time for affected water systems without being deemed in violation.

In 2017, the Sacramento Superior Court ordered the SWRCB to withdraw its MCL for chromium-6 because it failed to properly consider the economic feasibility of complying with the MCL. Currently, the SWRCB is developing a new MCL for chromium-6, however, because of SB 385's sunset provision, there is no longer a planned compliance process for water systems working towards MCL compliance.

ISSUE

When the state sets a new MCL, it forces subjected water systems to conduct a series of investigations, planning, and other actions. However, these actions can require many months to several years to complete and may place water systems in jeopardy of violation.

For example, planning and environmental reviews may require one to two years. A water system may have to determine if a different source of water is available or if new treatment facilities are needed to remove the contaminant. If the best solution requires the acquisition of land or rights of way, it can add to the planning timeline. Securing financing through grants or loans can be time consuming as well. Engineering design may take place concurrently, but all these steps may be required before construction work can even begin.

While compliance with a new MCL can be costly and difficult, it is generally manageable for larger water systems with adequate resources. However, the challenge is greater for smaller water systems -- especially those serving disadvantaged or severely disadvantaged communities. Therefore, the steps necessary to reach compliance may be unaffordable for small water systems.

BILL SUMMARY

This bill would require the state board to take specified actions if the state board adopts a primary drinking water standard with a compliance period for which public water systems are given a designated period of time to install necessary measures, including, but not limited to, installation of water treatment systems, to comply with the primary drinking water standard without being held in violation of the primary drinking water standard. Those actions would include, among other actions, developing a financial plan to assist public water systems that will require financial assistance in procuring and installing the necessary measures

For More Information:

Rexford Scott
Room 8120
Rexford.Scott@asm.ca.gov
916-319-2056

(OFFICIAL LETTERHEAD)

March 9, 2022

The Honorable Eduardo Garcia
56th Assembly District
State Capitol, Room 4140
Sacramento, CA 95814

Dear Assemblymember Garcia:

Subject: Sponsor and Support for AB 2041 Safe Drinking Water Compliance Affordability

I am writing on behalf of (ORGANIZATION NAME) in support of AB 2041 and to thank you for introducing this bill. (ORGANIZATION NAME) represents (NUMBER OF CUSTOMERS) in (NAME OF COUNTY), California. With AB 2041, the Division of Drinking Water (DDW) under the State Water Resources Control Board (SWRCB) would be required to devise a plan and determine funding to help small water systems comply with new drinking water regulatory standards.

In 2017, the California Superior Court invalidated the proposed maximum contaminant level (MCL) standard for Chromium 6 because the Department of Public Health did not conduct an economic feasibility study. A judge found that costs for small water suppliers to comply with the invalidated Chromium 6 standard would have been as high as \$5,000 per household.

In 2020, the SWRCB indicated it *would not* be conducting an economic feasibility study in proposing a new Chromium 6 MCL. This creates great uncertainty for water suppliers that must comply with new drinking water standards threatened by potential stranded costs. Enacting AB 2041 would require that DDW evaluate which water systems can and cannot afford compliance with a new standard, and formulate a funding plan to help water systems that otherwise cannot afford compliance. Our hope is that AB 2041 will thwart challenges to new drinking water regulations because economic feasibility would be built-in to the passage of a regulation. This increases certainty for water suppliers with respect to the economic impact such new regulatory standards will have on them, which is especially important for the state's smallest water systems.

Arguments that AB 2041 is not needed because of the establishment of the Safe and Affordable Funding for Equity and Resilience (SAFER) program, and that program's provision of funding for failing water systems, do not address how the costs of new drinking water regulations will be managed. For example, if the standard for Chromium 6 had not been invalidated in 2017, the number of water systems at risk of not complying with safe drinking water standards would be over 500, double the number that exists today without a Chromium 6 MCL. In the absence of an economic feasibility study on Chromium 6 and other contaminants, many small water systems may end up unable to comply due to the extreme financial burden they must bear. Current funding under the SAFER program would not be sufficient and would have to be re-prioritized. Having a compliance plan with funding is the best solution to uncertainty in the quest for safe drinking water.

Once again, thank you for introducing AB 2041 and for all you have already done to help California's water providers, including mutual water companies and small water systems.

Sincerely,

(NAME)
(President/GM/Other Organization Leadership)
(ORGANIZATION NAME)

(OFFICIAL LETTERHEAD)

March 9, 2022

The Honorable Sharon Quirk-Silva
65th Assembly District
State Capitol, Room 6012
Sacramento, CA 95814

Dear Assemblymember Quirk-Silva:

Subject: Support for AB 2054 Mutual Water Companies Tax Status

I am writing on behalf of (ORGANIZATION NAME) in support of AB 2054. (ORGANIZATIONS NAME) represents (NUMBER OF CUSTOMERS) in (NAME OF COUNTY), California. (IF TRUE INSERT: We serve a disadvantaged community). Under AB 2054, California's tax code would recognize the Federal 501(c)(12) tax-exempt status of mutual water companies. Under California's current tax laws, mutuals are taxed when accepting state grants. Passage of AB 2054 will relieve residents who are served by mutual water companies of tax burdens that are not imposed on residents when municipal utilities and water districts accept grants, hold reserves, or use non-water sale funds to improve our water systems.

AB 2054 is a simple bill that conforms the California Revenue and Taxation Code with Section 501(c)(12) of the Internal Revenue Code, which provides federal tax-exempt status for mutual water companies. Without such tax-exempt status under existing California law, mutual water companies serving disadvantaged communities and eligible for funding under Proposition 1 will be taxed for grants they receive. Without correction of the California tax law under AB 2054, mutual water companies are also exposed to tax liabilities for earning interest on reserve accounts meant for water system maintenance; and those desiring consolidations with public agencies may see years in delays due to tax complications.

Mutual water companies are not-for-profit corporations whose customers are our shareholders or members. As shareholders, we are responsible for providing safe drinking water and must comply with the same safe drinking water laws that apply to municipal water systems, water districts, and regulated utilities. AB 2054 also includes provisions that ensure that mutual water companies that gain tax-exempt status comply with the various state laws that have been enacted to safeguard their proper corporate conduct. The law will also sunset, providing an opportunity to evaluate if tax exemptions in California for grants stimulate their use to improve poorer and smaller water systems.

We thank you for introducing AB 2054 to place California's tax laws in line with other states that recognize the Federal 501(c)(12) tax-exempt designation.

Sincerely,

(NAME)
(President/GM/Other Organization Leadership)
(ORGANIZATION NAME)

March ##, 2022

The Honorable Jacqui Irwin
Chair, Assembly Committee on Revenue and Taxation
1020 N Street, Room 167A
Sacramento, CA 95814

RE: AB 2142 (Gabriel) - SUPPORT

Dear Chair Irwin:

The undersigned organizations are pleased to support AB 2142 (Gabriel). This bill will reinstate an important exemption for turf replacement rebates from gross income in California, aligning it with certain other permanently exempt water efficiency rebates.

The State has permanently exempted some other water efficiency rebates, recognizing their effectiveness in advancing efficiency objectives. Rebates for water efficient toilets and clothes washers, certain plumbing for recycled water, and energy conservation are all permanently exempt from both personal and corporate taxes in California. (Cal. Rev. & Tax Code §§ 17138, 17138.1, 24308.1.) Turf replacement programs, like these other rebates, play an important role in continued water efficiency and conservation efforts.

California is in its second drought within a decade and it is critical for the state to continue to invest in both immediate conservation and ongoing water efficiency as we adapt to climate change. Water efficiency incentive programs are an effective tool in this effort. For example, since 1990, The Metropolitan Water District of Southern California (MET) has invested more than \$780 million in rebates and other conservation incentives, resulting in an estimated water savings of 2.8 million acre feet, enough to provide water for nearly 9 million households.

Even when the state is not facing drought conditions, California has made a commitment to “Conservation as a California Way of Life” through the enactment of SB 606 (Hertzberg, 2018) and AB 1668 (Friedman, 2018). As part of that commitment, the Administration is in the process of establishing a water use objective for urban water agencies that will create numeric goals that each agency must meet, and incentive programs will be key to its success.

Taxing water efficiency rebates is a disincentive for households to participate in these critical programs. Even with incentives, most households will need to invest a significant amount of their own income to replace lawns with drought-tolerant landscaping. And taxing these rebates is an especially significant barrier for low-income households who participate in these programs.

California Law previously exempted turf rebates from taxable income, but those provisions were allowed to sunset in December 2019. Part of the rationale at that time was that California was not in a drought, but the environment is changing rapidly due to the impacts of climate change and it is important that the State's public policy reflects this changing reality.

For these reasons, the undersigned organizations respectfully request your "Aye" vote when the bill is heard in the Assembly Committee on Revenue and Taxation.

Sincerely,

CC: The Honorable Jesse Gabriel
Members, Assembly Committee on Revenue and Taxation

Background Sheet

AB 2449 (Rubio, B)

Enhancing Public Access Through Teleconferencing

BACKGROUND

As part of his response to the COVID-19 pandemic, Governor Newsom issued a series of Executive Orders to expand public access to meetings of local agencies by suspending some of the restrictions on teleconferencing. The effect was the expanded use of teleconferencing for meetings of a legislative body, resulting in enhanced meeting access and increased participation by the public.

PROBLEM

Recently enacted AB 361 allows for the teleconference provisions detailed in the Executive Orders to continue during a period of emergency declaration. However, once an emergency declaration has ended, local agencies will again be required to comply with antiquated provisions of existing law, making it potentially more difficult to hold meetings of the legislative body by teleconference. While current law does allow for “teleconference locations” under normal circumstances, it requires various actions be taken at the teleconference locations and fails to recognize in the modern digital age that a teleconference location is wherever there is a person with a computer, a tablet, or even a mobile phone.

PROPOSED SOLUTION

AB 2449 will eliminate the previously existing concept of teleconference locations and will revise notice requirements to allow for greater public participation in teleconference meetings of local agencies. The bill does not require teleconferencing, rather, it modernizes existing law to ensure greater public participation in meetings of the legislative bodies of local agencies who choose to utilize teleconferencing.

AB 2449 would require that a quorum of the governing body be physically present at a clearly identified meeting location for all public meetings. The bill also expresses legislative intent to improve and enhance public access to local agency meetings, consistent with the digital age, by allowing broader access through the teleconferencing options relevant to AB 361, on a consistent, ongoing basis outside of a declared emergency.

SPONSOR

- Three Valleys Municipal Water District

SUPPORT

- Three Valleys Municipal Water District
- Public Water Agency Group
- San Gabriel Valley Economic Partnership
- Southern California Water Coalition

OPPOSITION

- None on File

CONTACT

Kirk Howie
Chief Administrative Officer
Three Valleys Municipal Water District
khowie@tvmwd.com
909-621-5568, X 108

March 9, 2022

Assembly Member Blanca Rubio
California State Assembly
1021 O Street
State Capitol, Suite 5140
P.O. Box 942849
Sacramento, CA 94249-0048

RE: Assembly Bill 2449 (Rubio) – Support [As Introduced]

Dear Assembly Member Rubio:

[Your agency/association name] is pleased to support your Assembly Bill 2449, related to enhancing public access through teleconferencing in a public meeting setting. **[If appropriate, include brief background about your agency].**

As part of his response to the COVID-19 pandemic, Governor Newsom originally issued a series of Executive Orders to expand public access to meetings of local agencies by suspending some of the restrictions on teleconferencing. The effect was an expanded use of teleconferencing for meetings of the legislative body, resulting in enhanced public access and increased participation by the public.

The expiration of the Executive Orders immediately gave way to the new AB 361, essentially allowing for the teleconference provisions detailed in the Executive Orders to continue during a period of emergency declaration. However, once an emergency declaration ends, local agencies will again be required to comply with antiquated provisions of existing law, making it potentially more difficult to hold meetings of the legislative body by teleconference. While current law does allow for “teleconference locations” under normal circumstances, it requires various actions to be taken at the teleconference locations and fails to recognize in the digital age that a teleconference location is wherever there is a person with a computer, a tablet, or mobile phone.

AB 2449 will eliminate the previously existing concept of teleconference locations and will revise notice requirements to allow for greater public participation in teleconference meetings of local agencies. The bill does not require teleconferencing, rather it modernizes existing law to ensure greater public participation in meetings of the legislative bodies of local agencies who choose to utilize teleconferencing. Similarly, in acknowledgement of the critical importance of maintaining transparency and accountability, the bill requires that a quorum of the governing body be physically present at a clearly identified meeting location for all public meetings.

For these reasons, **[Your agency/association name]** is pleased to support your Assembly Bill 2449. If you have questions about our position or would like to discuss further, you may contact me at **[Your contact information – phone/email].**

Sincerely,

(NAME)
(President/GM/Other Organization Leadership)
(ORGANIZATION NAME)

cc: **[Your Assembly Members]**
Kirk Howie, Three Valleys Municipal Water District (khowie@tvmwd.com)
Kristi Foy, Mike Arnold & Associates (kfoy@mjarnold.com)

March ##, 2022

The Honorable Henry Stern
Chair, Senate Committee on Natural Resources and Water
1021 O Street, Room 3220
Sacramento, CA 95814

RE: SB 1157 (Hertzberg) – Indoor Residential Water Use – OPPOSE UNLESS AMENDED

Dear Chair Stern:

The undersigned coalition is writing to respectfully express our position of oppose unless amended on SB 1157 (Hertzberg). This bill incorporates joint recommendations by the Department of Water Resources (DWR) and State Water Resources Control Board (State Water Board), which do not account for the adverse impacts or significant costs to which these revised standards will lead. This coalition is seeking amendments that would delay the implementation of a 2030 standard and require additional quantitative analysis of an appropriate standard for 2030 and beyond.

AB 1668 (Friedman) and SB 606 (Hertzberg) were a package of bills signed in 2018 that called for the creation of new urban water use efficiency standards for indoor residential use, outdoor use, water loss, and variances for unique conditions. Many members of this coalition worked intently on this issue with all the interested parties, including legislators, staff, and other stakeholders, during the long negotiations on these bills in 2017-18.

A critical component in the outcome of these negotiations was that DWR would conduct studies and investigations to identify a standard for indoor residential water use that appropriately reflects best practices for indoor water use with broad input from all stakeholders. DWR and the State Water Board released their Final Report in November 2021. While a study was completed, the analysis of adverse impacts and other relevant information, including affordability and changing populations and patterns, were not quantitatively considered; nor did they inform the final recommendations.

The Final Report indicates that, on average, current indoor residential water use is 48 gallons per capita daily (GPCD). Given this finding, the recommended standard for 2025-2030 of 47 GPCD, which is included in SB 1157, is very close to existing statewide average water use. Even so, many suppliers will still need to make significant investment to achieve the proposed 2025 standard. The reduction to 42 GPCD in 2030, however, is significantly lower than current water use, and there will be substantial negative impacts to water providers, sanitation agencies, and recycled water providers. In addition, the impacts to affordability are likely to be serious and detrimental.

The California Water Efficiency Partnership estimated during the regulatory process that the “the total anticipated cost range for reasonably complying with a 2030 standard in which all providers achieve a residential indoor per capita volume of 42 GPCD by 2030 is likely between \$2.8 and \$4.6 billion.” While the indoor residential water use standard is only one component of the overall water use objective, given the separately enforceable component of water loss, it is anticipated that public water agencies will need to

make significant additional investments to reduce indoor residential use to meet the overall objective. Ultimately this substantial financial investment will only save 354,000 acre feet of water per year over the current 2030 standard – approximately half a percent of statewide water use.

In addition to these direct costs, there will be substantial secondary costs. The Final Report indicates that the adverse impacts to wastewater and recycled water providers could be significant. A few examples of potential impacts include increased sewer gas production, accelerated rate of corrosion of pipes and manholes, increased occurrences of sewer blockages and overflows, degradation of wastewater influent quality, and reductions in recycled water quantity. Mitigating these impacts will require considerable investment.

The Legislature has repeatedly endorsed and asked for evidence-based decision making. While the Final Report has the appearance of evidence-based recommendations, additional analysis is necessary to truly understand the impacts of the 2030 standard. The Final Report itself acknowledges some of these shortcomings, stating that detailed saturation and end-use studies could better inform how much active and passive conservation is available and that the standards will have an unknown effect on affordability and the human right to water.

For these reasons, this coalition has serious concerns regarding the 2030 standard SB 1157 would implement and requests amendments that would require quantitative analysis of these impacts prior to the implementation of the 2030 standard. Without these amendments, we respectfully request your “No” vote when the bill is heard in the Senate Committee on Natural Resources and Water.

Sincerely,

CC: The Honorable Robert Hertzberg
Members, Senate Committee on Natural Resources and Water

**AGENDA
MESA WATER DISTRICT
IMPROVEMENT CORPORATION
ANNUAL MEETING OF THE BOARD OF DIRECTORS
1965 Placentia Avenue, Costa Mesa, CA 92627
Wednesday, March 9, 2022 at 4:30 p.m.**

CALL TO ORDER – 4:30 p.m. or as soon thereafter as the Mesa Water District agenda permits.

PUBLIC COMMENTS

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

ACTION ITEMS:

- A. CONFIRM DIRECTORS OF CORPORATION
- B. APPROVE MINUTES FOR THE MEETING OF MARCH 11, 2021
- C. UNFINISHED BUSINESS:

None
- D. NEW BUSINESS:

Recommendation: Direct officers to have annual audit conducted for Fiscal Year 2022.

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

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

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

ADJOURNMENT

MESA WATER DISTRICT
IMPROVEMENT CORPORATION

Current Directors:

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

Current Officers:

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

**MINUTES OF THE MESA CONSOLIDATED WATER DISTRICT
IMPROVEMENT CORPORATION
ANNUAL MEETING
1965 Placentia Avenue, Costa Mesa, CA 92627
Thursday, March 11, 2021 at 6:00 p.m.**

CALL TO ORDER

The meeting of the Board of Directors was called to order at 6:36 p.m. by MCWDIC President Fisler.

Directors Present

James R. Fisler, MCWDIC President *(teleconference)*
Marice H. DePasquale, MCWDIC Vice President *(teleconference)*
Jim Atkinson, MCWDIC Director *(teleconference)*
Fred R. Bockmiller, P.E., MCWDIC Director *(teleconference)*

Directors Absent

Shawn Dewane, MCWDIC Director

Staff Present

Paul E. Shoenberger, P.E., General Manager *(teleconference)*
Phil Lauri, P.E., Assistant General Manager *(teleconference)*
Denise Garcia, Administrative Services Manager/
MCWDIC Secretary *(teleconference)*
Wendy Duncan, Records Management Specialist/
MCWDIC Assistant Secretary *(teleconference)*
Marwan Khalifa, CPA, MBA, Chief Financial Officer/
MCWDIC Treasurer *(teleconference)*
Stacie Sheek, Customer Services Manager *(teleconference)*
Tracy Manning, Water Operations Manager *(teleconference)*
Stacy Taylor, Water Policy Manager *(teleconference)*
Kurt Lind, Business Administrator *(teleconference)*
Rob Anslow, Partner, Atkinson, Andelson, Loya, Ruud &
Romo *(teleconference)*

Others Present

Jonathan Aparicio, IT Support Engineer, T2 Technology Group

MCWDIC President Fisler 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.

MCWDIC President Fisler 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."

MCWDIC President Fisler proceeded with the meeting.

PUBLIC COMMENTS

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

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

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

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

ACTION ITEMS:

A. CONFIRM DIRECTORS OF THE CORPORATION

MOTION

Motion by MCWDIC Director Atkinson, second by MCWDIC Vice President DePasquale, to confirm that the Directors of the Corporation Board consist of the Directors of the Mesa Water District Board. Motion passed 4 – 1, by the following roll call vote:

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

B. APPROVE MINUTES FOR MEETING OF MARCH 12, 2020

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

Motion by MCWDIC Vice President DePasquale, second by MCWDIC Director Atkinson, to approve the minutes for the meeting of March 12, 2020.

MCWDIC Director Atkinson offered a substitute motion.

MOTION

Motion by MCWDIC Director Atkinson, second by MCWDIC Vice President DePasquale, to approve the minutes for the meetings of March 12, 2020 and May 14, 2020. Motion passed 4 – 1, by the following roll call vote:

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

C. APPROVE MINUTES FOR MEETING OF MAY 14, 2020

Item taken earlier in the agenda.

D. ELECTION OF CORPORATION OFFICERS:

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

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

President:

MOTION

Motion by MCWDIC President Fisler, second by MCWDIC Vice President DePasquale, to elect MCWDIC Director Bockmiller as President. Motion passed 4 – 1, by the following roll call vote:

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

MCWDIC President Fisler asked for comments. There were no comments.

Vice President:

MOTION

Motion by MCWDIC Vice President DePasquale, second by MCWDIC Director Atkinson, to elect MCWDIC Director Fisler as Vice President. Motion passed 4 – 1, by the following roll call vote:

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

MCWDIC President Fisler asked for comments. There were no comments.

MOTION

Motion by MCWDIC Director Bockmiller, second by MCWDIC Vice President DePasquale, to appoint the balance of the slate: MCWDIC Directors: Atkinson, DePasquale and Dewane. Motion passed 4 – 1, by the following roll call vote:

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

MOTION

Motion by MCWDIC Director Atkinson, second by MCWDIC President Fisler, to appoint:

1. Denise Garcia as MCWDIC Secretary,
2. Wendy Duncan as MCWDIC Assistant Secretary,
3. Marwan Khalifa, CPA, MBA as MCWDIC Treasurer, and;
4. Phil Lauri, P.E. as MCWDIC Assistant Treasurer.

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

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

E. RESOLUTION NO. 2021-1 CHANGING THE MESA CONSOLIDATED WATER DISTRICT IMPROVEMENT CORPORATION NAME:

MCWDIC President Fisler asked for comments. There were no comments.

MOTION

Motion by MCWDIC Vice President DePasquale, second by MCWDIC Director Atkinson, to adopt Resolution No. 2021-1 Changing the Mesa Water Consolidated Water District Improvement Corporation Name and Authorizing the Filing of its Name Change with the California Secretary of State. Motion passed 4 – 1, by the following roll call vote:

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

F. RESOLUTION NO. 2021-2 ADOPTING AMENDED BYLAWS:

GM Shoenberger and MCWDIC Secretary Garcia provided a brief overview of the topic.

MCWDIC President Fisler asked for comments. Comments were received.

MOTION

Motion by MCWDIC Vice President DePasquale, second by MCWDIC Director Atkinson, to adopt Resolution No. 2021-2 Adopting Amended Bylaws. Motion passed 4 – 1, by the following roll call vote:

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

G. UNFINISHED BUSINESS:

None.

H. NEW BUSINESS:

MOTION

Motion by MCWDIC Director Bockmiller, second by MCWDIC Director Atkinson, to direct the officers to have an annual audit conducted for Fiscal Year 2021. Motion passed 4 – 1, by the following roll call vote:

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

The meeting was adjourned at 6:54 p.m.

Approved:

Fred R. Bockmiller, P.E, MWDIC President

Denise Garcia, MWDIC Secretary

Recording Secretary: Sharon D. Brimer

There is no Unfinished Business.

MEMORANDUM

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: March 9, 2022
SUBJECT: New Business

RECOMMENDATION

Direct officers to have annual audit conducted for Fiscal Year 2022.

PRIOR BOARD ACTION/DISCUSSION

None.

DISCUSSION

None.

FINANCIAL IMPACT

None.

ATTACHMENTS

None.

REPORTS:

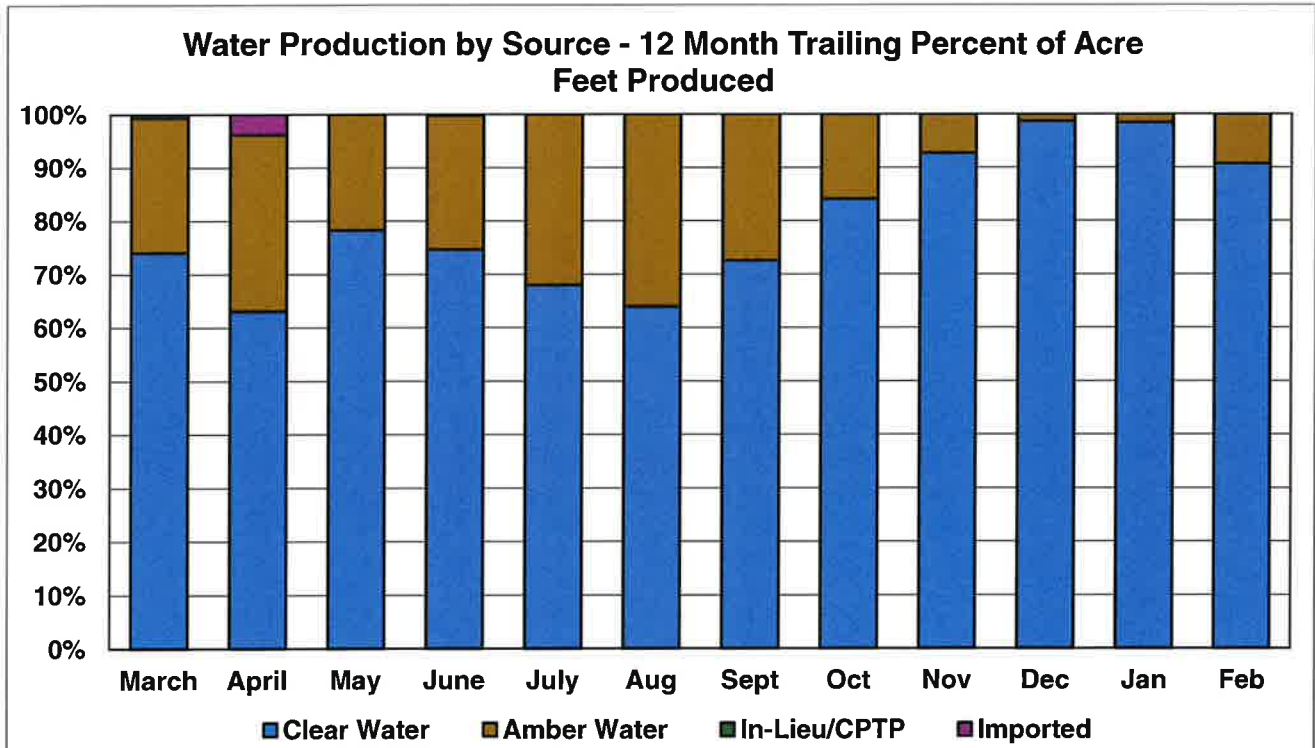
9. REPORT OF THE GENERAL MANAGER:
 - February Key Indicators Report
 - Other (no enclosure)

**Monthly Key Indicators Report
For The Month of February 2022**

**Goal #1: Provide a safe, abundant, and reliable water supply
FY 2022 Potable Production (Acre Feet)**

Water Supply Source	FY 2022 YTD Actual (AF)	FY 2022 YTD Budget (AF)	FY 2022 Annual Budget (AF)
Clear Water	8,745	8,279	12,523
Amber Water (MWRP)	1,963	2,474	3,741
Imported	0	0	0
Basin Management Water	0	0	0
Total Production	10,708	10,753	16,264

YTD actual water production (AF) through February 28, 2022



**Monthly Key Indicators Report
For The Month of February 2022**

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

FY22 System Water Quality – This data reflects samples taken in January

Distribution System:	Average	Range	MCL
Chlorine Residual (mg/L) <i>Compliance</i>	1.50	0.25 – 2.49 Current RAA = 1.67	4 RAA
Coliform Positive % <i>Compliance</i>	0	0	5
Temperature (° F)	69	63 – 74	None

Reservoir I & II:	Average	Range	MCL
Chlorine Residual (mg/L)	0.53	0.25 – 0.87	None
Monochloramine (mg/L)	0.50	0 – 0.87	None
Ammonia (mg/L)	0.14	0 – 0.26	None
Temperature (° F)	64	63 – 73	None

Wells (Treated):	Average	Range	MCL
Chlorine Residual (mg/L)	2.59	2.35 – 2.92	None
Monochloramine (mg/L)	2.51	1.74 – 2.85	None
Ammonia (mg/L)	0.57	0.28 - 0.65	None
Temperature (° F)	69	64 - 80	None

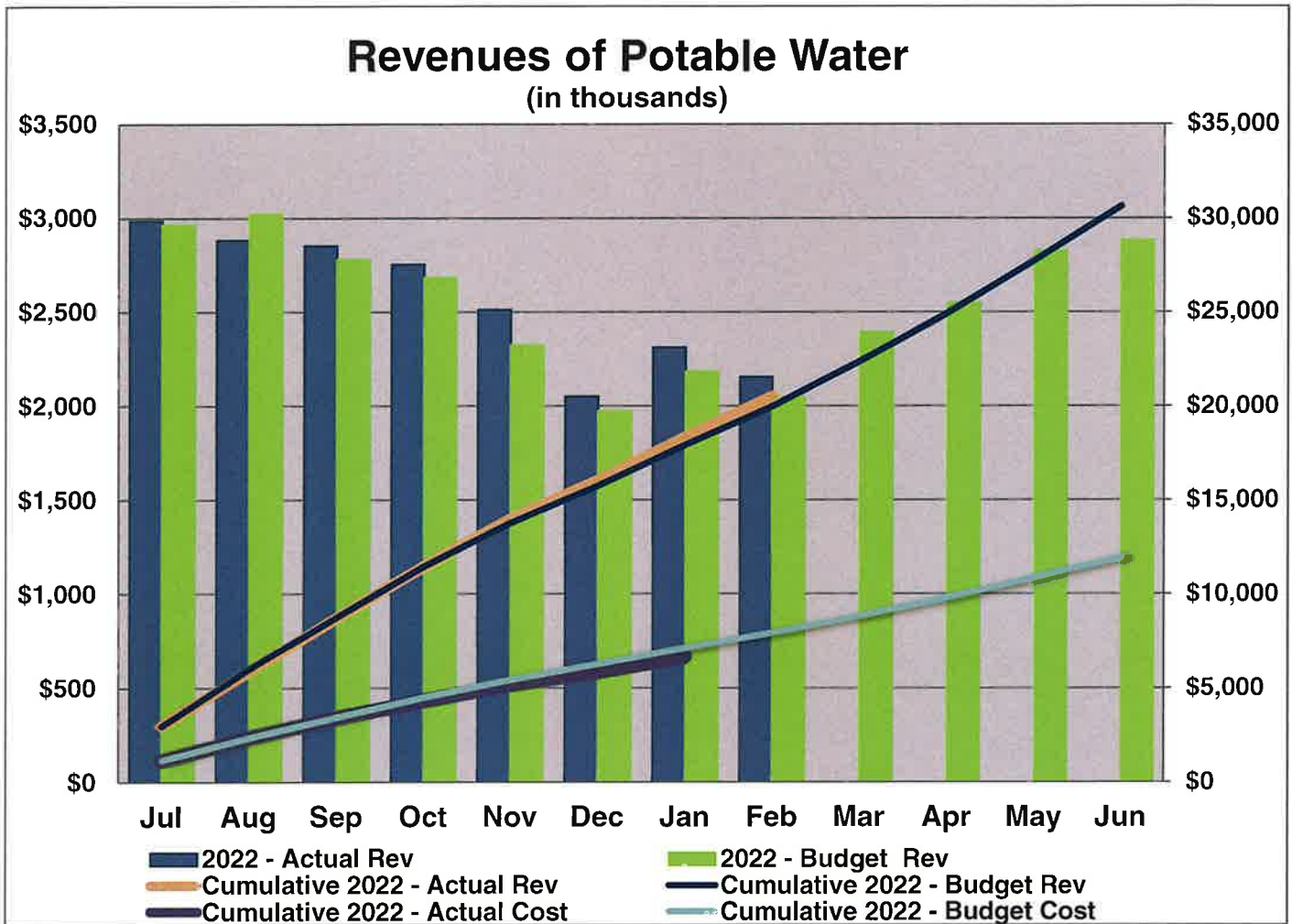
MWRF:	Average	Range	MCL
Chlorine Residual (mg/L)	1.95	1.95	None
Monochloramine (mg/L)	1.88	1.88	None
Ammonia (mg/L)	0.41	0.41	None
Temperature (° F)	75	70 – 79	None
Color (CU) <i>Compliance</i>	ND	ND	15
Odor (TON) <i>Compliance</i>	ND	ND	3

Water Quality Calls/Investigations:

Total Calls	3
Total Investigations (from calls)	2

**Monthly Key Indicators Report
For The Month of February 2022**

Goal #2: Practice perpetual infrastructure renewal and improvement



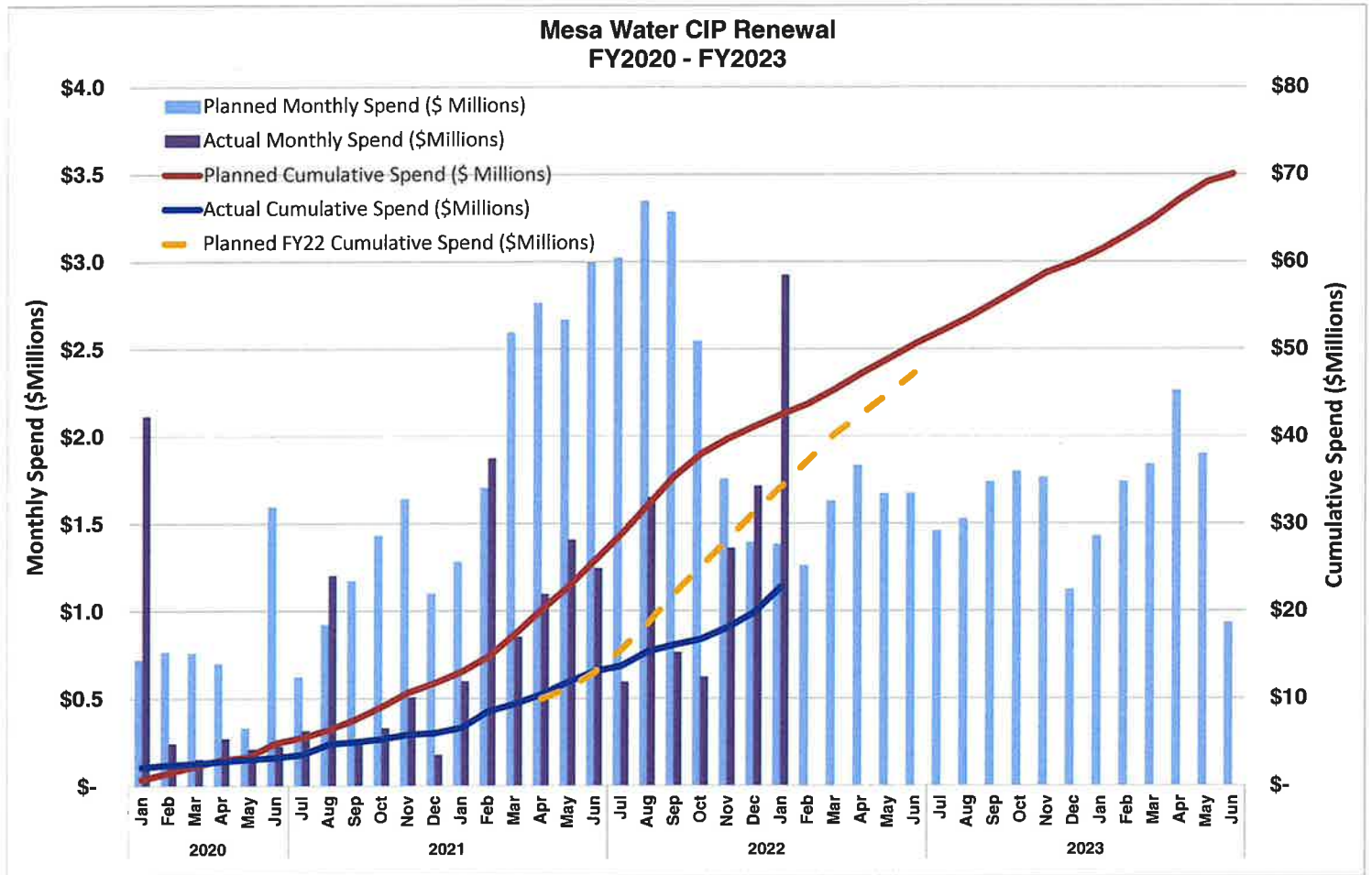
	Actual	Budget	Favorable (Unfavorable)	
			Difference	%
Total YTD Revenue \$	20,503,980	19,975,271	528,709	2.65%

	Actual	Budget	UnFavorable (Favorable)	
			Difference	%
Total YTD Cost \$ *	6,654,559	7,133,461	(478,902)	(6.71%)

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

**Monthly Key Indicators Report
For The Month of February 2022**

Goal #3: Be financially responsible and transparent



**Monthly Key Indicators Report
For The Month of February 2022**

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

Web Site Information

Web Site Information	January 2022	February 2022
Visits to the web site	10948	9364
Unique visitors (First time to the site)	8216	7058
Average per day	353	334
Average visit length	93 seconds	68 seconds
Page visited most	Online Bill Pay	Home Page
Second most visited page	Home Page	Online Bill Pay
Third most visited page	Press Releases	Press Releases
Fourth most visited page	Video Contest	Human Resources
Fifth most visited page	Rates and Fees	Rates and Fees
Most downloaded file	2021 Water Quality Report	2021 Water Quality Report
Second most downloaded file	Standard Specifications and Standard Drawings for the Construction of Water Facilities	Standard Specifications and Standard Drawings for the Construction of Water Facilities
Most active day of the week	Thursday	Thursday
Least active day of the week	Sunday	Sunday

Total visits since July 1, 2002	<u>1,636,531</u>
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Water Vending Machine Information

Vending Machine Location	Vend Measurement	January 2022 Vends	Totals Vends
Mesa Water Office	1 gal	5,538	559,730

Monthly Key Indicators Report
For the Month of February 2022
Goal #5: Attract and retain skilled employees

DEPARTMENT:	FY 2022			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	0.00	
Subtotal	1.50	1.50	0.00	
FINANCIAL SERVICES:				
Financial Reporting/ Purchasing	4.00	4.00	0.00	
Accounting	1.00	1.00	0.00	
Subtotal	5.00	5.00	0.00	
HUMAN RESOURCES:				
Human Resources	3.00	2.00	1.00	Human Resources Manager - <i>vacant; on hold.</i>
Subtotal	3.00	2.00	1.00	
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	Operator I/II - <i>vacant; recruitment in process.</i>
Distribution	9.00	8.00	1.00	
Field Services	5.00	5.00	0.00	
Production	3.00	3.00	0.00	
Water Quality	2.00	2.00	0.00	
Subtotal	26.00	25.00	1.00	
* TOTAL BUDGETED POSITIONS:	54.00	51.00	3.00	

**Monthly Key Indicators Report
For The Month of February 2022**

Goal #6: Provide outstanding customer service

Customer Calls

Call Type	FY22 YTD	February 2022	YTD Weekly Average
General Billing Question	1505	115	41
Service Requests	942	101	25
High Bill	866	84	23
Payments	1348	132	36
Late Fee	327	30	9
Account Maintenance	713	98	18
On-Line Bill Pay	1031	126	27
Water Pressure	22	2	1
No Water	188	22	5
Conservation	147	4	4
Water Waste	175	7	5
Other (District info. other utility info. etc.)	1279	132	34
Rate Increase	25	9	0
Fluoridation	0	0	0
TOTAL CUSTOMER CALLS	8568	862	227
AVERAGE ANSWER TIME (Seconds)	42	40	42

Online Bill Pay Customers

Current Customers Enrolled	FY 2022 YTD	February 2022	YTD Weekly Average
16654	1757	201	52

REPORTS:

10. 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
02/28/22	Meeting w/ General Manager, 1/24
02/28/22	MWDOC Water Policy Forum, 2/23

Marice H. DePasquale **Meetings Attended**

Reimbursement Date:	Description, Date
N/A	

Shawn Dewane **Meetings Attended**

Reimbursement Date:	Description, Date
02/22/22	Meeting re: Water Issues, 1/31

James R. Fisler **Meetings Attended**

Reimbursement Date:	Description, Date
02/28/22	Moulton Niguel Water District Board Meeting, 2/10
02/28/22	Serrano Water District Board Meeting, 2/15

There are no support materials for this item.

CLOSED SESSION:

13. CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO CALIFORNIA GOVERNMENT CODE 54957.6:
District Negotiator: General Manager
Employee Organization: Represented and Non-Represented Employees