AGENDA
MESA WATER DISTRICT
BOARD OF DIRECTORS
Wednesday, July 13, 2022
1965 Placentia Avenue, Costa Mesa, CA 92627
4:30 p.m. Regular Board Meeting

Dedicated to Satisfying our Community's Water Needs

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 adjourned regular Board meeting of May 24, 2022.
2. Approve minutes of regular Board meeting of June 8, 2022.
3. Approve attendance considerations (additions, changes, deletions).
4. Board Schedule:
   - Conferences, Seminars, and Meetings
   - Board Calendar
   - Upcoming Community Outreach Events

PRESENTATION AND DISCUSSION ITEMS:

5. FISCAL YEAR 2022 SOCIAL MEDIA RESULTS:

   Recommendation: Receive the presentation.

ACTION ITEMS:

6.   PUBLIC HEARING REGARDING THE 2022 PUBLIC HEALTH GOALS REPORT:

Public Hearing

a.   **Receive presentation on Public Health Goals.**
b.   **Open Public Hearing.**
c.   **Receive oral & written comments from the public.**
d.   **Close Public Hearing.**

Recommendation: Receive and file Mesa Water District's 2022 Public Health Goals Report.

7.   ANNUAL PERFORMANCE AUDIT:

Recommendation: Approve the changes to Mesa Water's Performance Audit Process Guide for the Fiscal Year 2023 Annual Performance Audit.

8.   WELL NO. 7 PUMP REHABILITATION:

Recommendation: Approve a contract with General Pump Company for $296,257 and a 10% contingency of $29,626 for a total amount not to exceed $325,883 to provide:
- **Installation (and subsequent removal) of the temporary Well No. 7 pump;**
- **Removal of sediment fill from and mechanical re-development via brushing of the screened intervals of Well No. 7; and**
- **Repair and installation of the permanent Well No. 7 pump,**

and authorize the General Manager to execute the contract.

9.   SPECIAL LEGAL COUNSEL SERVICES:

Recommendation: Approve legal fees to Meyers Nave, A Professional Corporation to provide Special Legal Counsel Services for an amount not to exceed $300,000, which includes $250,000 regarding *Irvine Ranch Water District v. Orange County Water District* and $50,000 regarding Orange County Water District Storage Projects.

REPORTS:

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

11.   DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

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

13. <u>OTHER (NO ENCLOSURE)</u>

ADJOURN TO AN ADJOURNED REGULAR BOARD MEETING SCHEDULED FOR WEDNESDAY, JULY 20, 2022 AT 3:30 P.M.

MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Tuesday, May 24, 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 President DePasquale.
PLEDGE OF ALLEGIANCE	Director Bockmiller led the Pledge of Allegiance.
Directors Present	Marice H. DePasquale, President *(left at 5:04 p.m.)* Shawn Dewane, Vice President Jim Atkinson, Director Fred R. Bockmiller, P.E., Director James R. Fisler, Director
Directors Absent	None

Staff Present	Paul E. Shoenberger, P.E., General Manager
	Denise Garcia, Administrative Services Manager/
	    District Secretary
	Marwan Khalifa, CPA, MBA, Chief Financial Officer/
	    District Treasurer
	Stacie Sheek, Customer Services Manager
	Tracy Manning, Water Operations Manager
	Stacy Taylor, Water Policy Manager
	Kurt Lind, Business Administrator
	Celeste Carrillo, Public Affairs Coordinator
	Kaitlyn Norris, Public Affairs Specialist
	Mark Pelka, P.E., Senior Civil Engineer
	Dustin Burnside, Water Operations Supervisor

Others Present	Ralph Zarumba, Managing Director, Black & Veatch Global
	    Advisory
	Jorge M. Villalobos, Consultant, Black & Veatch Global
	    Advisory
	Andre Mura, Partner, Gibbs Law Group LLP
	Steven Tindall, Partner, Gibbs Law Group LLP

PUBLIC COMMENTS:

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

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

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

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

CONSENT CALENDAR ITEMS:

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 Third Quarter Financial Update.

President DePasquale 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 5 – 0.

PRESENTATION AND DISCUSSION ITEMS:

12.   COMMUNITY CHOICE AGREEMENTS:

> GM Shoenberger provided an overview of the topic and introduced Black & Veatch Global Advisory Managing Director Ralph Zarumba and Consultant Jorge Villalobos who proceeded with a presentation that highlighted the following:
> - Status of Community Choice Aggregation (CCA) in California
> - Southern California Edison CCAs
> - Roles and Responsibilities in Community Choice Aggregation
> - Review of Services Provided by SCE
> - SCE and CCA Joint Rate Comparison Publication
> - Initial Analysis of SCE vs. CCA Rates
> - Some Issues with Rates
> - Surcharges
> - Results of Rate Comparison
> - Initial Results of Rate Comparison
>
> Discussion ensued amongst the Board.
>
> Messrs. Zarumba and Villalobos responded to questions from the Board and they thanked them for the presentation.
>
> President DePasquale asked for comments from the public. There were no comments.

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to move that Mesa Water District does not participate in any Community Choice Aggregation program and that any action regarding purchasing electricity, the District be bound to seek the lowest cost for electricity based on Mesa Water's actual use profile. Motion passed 5 – 0.

13.   CUSTOMER ANNIVERSARY PROGRAM:

GM Shoenberger provided an overview of the topic and introduced Public Affairs Coordinator Carrillo who proceeded with a presentation that highlighted the following:
*   New Customer Welcome Program
*   Customer Anniversary Program

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

ACTION ITEMS:

None.

REPORTS:

14.   REPORT OF THE GENERAL MANAGER

15.   DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

16.   OTHER (NO ENCLOSURE)

RECESS

President DePasquale declared a recess at 4:46 p.m.

The Board meeting reconvened at 4:51 p.m.

CLOSED SESSION:

President DePasquale announced that the Board was going into Closed Session at 4:51 p.m.

17.   CONFERENCE WITH SPECIAL LEGAL COUNSEL – EXISTING LITIGATION:
        Pursuant to California Government Code Sections 54956.9 (a) and 54957.1 (a) (2) -
        based on existing facts and circumstances, the Board is meeting with Special Legal
        Counsel.
        Number of Cases: 1

        The Board returned to Open Session at 5:29 p.m.

District Secretary Garcia announced that the Board conducted one Closed Session with the General Manager, District Secretary, Chief Financial Officer, Water Policy Manager, and Special Legal Counsel pursuant to California Government Code Sections 54956.9 (a) and 54957.1 (a) (2). The Board received information and the following action was taken:

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to appear and file briefing as an amicus curiae in *Patz et al. v. City of San Diego*, D080308 (Cal. App.) in support of Patz et al. Motion passed 4 – 1, with President DePasquale absent.

Acting President Dewane adjourned the meeting at 5:30 p.m. to a Regular Board Meeting scheduled for Wednesday, June 8, 2022 at 4:30 p.m.

Approved:

_____
Marice H. DePasquale, President

_____
Denise Garcia, District Secretary

Recording Secretary: Sharon D. Brimer

MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Wednesday, June 8, 2022
1965 Placentia Avenue, Costa Mesa, CA 92627
4:30 p.m. Regular Board Meeting

Dedicated to Satisfying our Community's Water Needs

CALL TO ORDER	The meeting of the Board of Directors was called to order at 4:30 p.m. by President DePasquale.
PLEDGE OF ALLEGIANCE	Vice President Dewane led the Pledge of Allegiance.
Directors Present	Marice H. DePasquale, President Shawn Dewane, Vice President Jim Atkinson, Director Fred R. Bockmiller, P.E., Director James R. Fisler, Director
Directors Absent	None
Staff Present	Paul E. Shoenberger, P.E., General Manager Denise Garcia, Administrative Services Manager/ District Secretary Stacie Sheek, Customer Services Manager Tracy Manning, Water Operations Manager Stacy Taylor, Water Policy Manager Kurt Lind, Business Administrator Anthony Phou, Controller Andrew D. Wiesner, P.E., Principal Engineer Celeste Carrillo, Public Affairs Coordinator Kaitlyn Norris, Public Affairs Specialist Kay Lee, Water Quality and Compliance Supervisor Rob Anslow, Partner, Atkinson, Andelson, Loya, Ruud & Romo
Others Present	John Drake, Member of the Public Craig Miller, General Manager, Western Municipal Water District *(teleconference)* Karl W. Seckel, P.E., Director, Municipal Water District of Orange County (MWDOC) Harvey De La Torre, Assistant General Manager, MWDOC Dave Bolland, Water Policy Consultant *(teleconference)*

PUBLIC COMMENTS:

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

Member of the Public John Drake offered comments related to water barrels.

President DePasquale thanked Mr. Drake for his comments and proceeded with the meeting.

ITEMS TO BE ADDED, REMOVED OR REORDERED ON THE AGENDA

General Manager Shoenberger suggested reordering the agenda to take Item 6 after Item 8. There were no objections.

CONSENT CALENDAR ITEMS:

1. Approve minutes of adjourned regular Board meeting of April 28, 2022.
2. Approve minutes of regular Board meeting of May 11, 2022.
3. Approve minutes of adjourned regular Board meeting of May 18, 2022.
4. Board Schedule:
    *   Conferences, Seminars, and Meetings
    *   Board Calendar
    *   Upcoming Community Outreach Events
5. Approve the Fiscal Year 2023 attendance at Conferences, Seminars, Meetings, and Events.
6. Approve support of Phelan Piñon Hills Community Services District General Manager Don Bartz for the California Special Districts Association Board of Directors Seat B – Southern Network, authorize President Marice H. DePasquale to be the District's voting delegate, and direct staff to cast the electronic ballot.

President DePasquale 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 5 – 0.

PRESENTATION AND DISCUSSION ITEMS:

7. SOLVE THE CALIFORNIA WATER CRISIS COALITION:

    GM Shoenberger introduced Western Municipal Water District General Manager Craig Miller who proceeded with a presentation that highlighted the following:
    *   Our Water Future Does Not Look Good
    *   Current State Priorities
    *   Agriculture Hit Hard
    *   Mission
    *   Solutions
    *   Growing Membership

    MWDOC Director Karl Seckel was acknowledged and spoke in support of the Coalition.

    Discussion ensued amongst the Board.

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

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

MOTION

Motion by Vice President Dewane, second by Director Fisler, to approve a membership with Solve the California Water Crisis Coalition in the amount of $15,000. Motion passed 5 – 0.

8.   MUNICIPAL WATER DISTRICT OF ORANGE COUNTY BRIEFING:

GM Shoenberger introduced MWDOC Director Karl Seckel and Assistant General Manager Harvey De La Torre. Mr. De La Torre proceeded with a presentation that highlighted the following:
- Overview
- Colorado Basin Conditions
- Northern California Conditions
- State Water Project (SWP) & Impacts to Metropolitan Water District of Southern California
- State Water Project Dependent Areas
- Upcoming Metropolitan Activities
- MWDOC Activities

RECESS

President DePasquale declared a recess at 5:50 p.m.

The Board meeting reconvened at 5:54 p.m.

Mr. De La Torre responded to questions from the Board and they thanked him for the presentation.

ITEM 6 - Approve support of Phelan Piñon Hills Community Services District General Manager Don Bartz for the California Special Districts Association Board of Directors Seat B – Southern Network, authorize President Marice H. DePasquale to be the District's voting delegate, and direct staff to cast the electronic ballot.

GM Shoenberger provided an overview of the topic.

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

Motion by Director Bockmiller, second by Director Atkinson, to approve support of Fallbrook Public Utility District Director Ken Endter for the California Special Districts Association Board of Directors Seat B – Southern Network, authorize President Marice H. DePasquale to be the District's voting delegate, and direct staff to cast the electronic ballot.

Discussion ensued amongst the Board.

Director Bockmiller withdrew his motion.

MOTION

Motion by Director Fisler, second by Director Atkinson, to approve support of Phelan Piñon Hills Community Services District General Manager Don Bartz for the California Special Districts Association Board of Directors Seat B – Southern Network, authorize President Marice H. DePasquale to be the District's voting delegate, and direct staff to cast the electronic ballot. Motion passed 5 – 0.

ACTION ITEMS:

9.   CA DROUGHT RESPONSE – COMPLIANCE WITH STATE WATER BOARD REGULATIONS:

Water Policy Manager Taylor introduced Water Policy Consultant Dave Bolland who provided an overview of the topic. Mr. Bolland, Principal Engineer Wiesner, and Public Affairs Coordinator Carrillo provided a presentation that highlighted the following:
- Emergency Regulation Requirements
- Level 2 Demand Reduction Actions
- Be Mesa Water Wise – Level 2 Water Use Reduction Order Communications
- Be Mesa Water Wise – Future Stages, if Needed
- Recommendation

Mr. Bolland and staff responded to questions from the Board and they thanked them for the presentation.

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

Motion by Director Bockmiller, second by Vice President Dewane, to schedule a special board meeting to discuss the Water Shortage Contingency Plan.

Discussion ensued amongst the Board.

Director Bockmiller withdrew his motion.

MOTION

Motion by Director Fisler, second by President DePasquale, to direct staff to implement water conservation measures, with modified outreach messaging, required by the State Water Resources Control Board's Resolution No. 2022-0018. Motion passed 5 – 0.

10.   PUBLIC AFFAIRS CONSULTING SERVICES:

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

MOTION

Motion by Vice President Dewane, second by Director Fisler, to approve a contract renewal with Brenda Deeley, PR, LLC from July 1, 2022 to June 30, 2023 for an amount not to exceed $125,000 to provide Public Affairs Consulting Services. Motion passed 5 – 0.

REPORTS:

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

    GM Shoenberger announced that Mesa Water has received the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Award for the District's Fiscal Year 2020 Audit.

12. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

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

14. OTHER (NO ENCLOSURE)

RECESS

President DePasquale declared a recess at 7:11 p.m.

The Board meeting reconvened at 7:18 p.m.

CLOSED SESSION:

President DePasquale announced that the Board was going into Closed Session at 7:18 p.m.

15. CONFERENCE WITH GENERAL LEGAL COUNSEL – POTENTIAL LITIGATION: Pursuant to California Government Code Section 54956.9(d) (4) – the Board of Directors will meet with General Legal Counsel to consider possible initiation of civil proceedings.

    The Board returned to Open Session at 7:35 p.m.

    Attorney Rob Anslow announced that the Board conducted one Closed Session with the General Manager, District Secretary, Water Policy Manager, and General Legal Counsel pursuant to California Government Code Section 54956.9(d) (4). The Board received information and there was no further announcement.

President DePasquale adjourned the meeting at 7:38 p.m. in memory of Dr. Peter Green to an Adjourned Regular Board Meeting scheduled for Tuesday, June 28, 2022 at 3:30 p.m.

Approved:

_____
Marice H. DePasquale, President

_____
Denise Garcia, District Secretary

Recording Secretary: Sharon D. Brimer

MEMORANDUM

TO: Board of Directors

FROM: Paul E. Shoenberger, P.E., General Manager

DATE: July 13, 2022

SUBJECT: Attendance at Conferences, Seminars, Meetings, and Events

Dedicated to Satisfying our Community's Water Needs

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 8, 2022 meeting, the Board of Directors (Board) approved Fiscal Year 2023 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.

2022 CONFERENCES, SEMINARS, AND MEETINGS:

July 12 - 14, 2022	
ACWA Annual Washington D.C. Conference	
Washington D.C.	
August 17 - 18, 2022	
7th Annual CA Water Data Summit	
Irvine, CA	
August 22 - 25, 2022	
CSDA Annual Conference	
Palm Desert, CA	
August 24 - 26, 2022	
Urban Water Institute Annual Conference	*Atkinson*
San Diego, CA	
September 13 - 16, 2022	
CAJPA Conference	*Bockmiller*
South Lake Tahoe, CA	
September 16, 2022	
OC Water Summit	
Anaheim, CA	
September 29 - 30, 2022	
H2O Women Conference	*DePasquale*
Santa Barbara, CA	
October 8 - 12, 2022	
WEFTEC Conference	
New Orleans, LA	
October 19 - 21, 2022	
CALAFCO Annual Conference	
Newport Beach, CA	
October 23 - 26, 2022	
AWWA CA-NV Annual Fall Conference	
Sacramento, CA	
November 1 - 3, 2022	
SWMOA Annual Symposium	
Carlsbad, CA	
November 29 - December 2, 2022	
ACWA/JPIA Fall Conference	
Indian Wells, CA	
December 14 - 16, 2022	
Colorado River Water Users Association Conference	
Las Vegas, NV	

July 2022

July 2022

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August 2022

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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jun 26	27	28	29	30	Jul 1 Pay Period Ends 7:30am R/S to 7/8 WACO (VIRTUAL)	2
3	4 District Holiday 8:30am R/S to 7/5 MWDOC Planning & Operations Committee (VIRTUAL)	5 7:30am ISDOC Executive Committee Meeting 8:30am R/S FROM 7/4 MWDOC Planning & 6:00pm CANCELED Costa	6 Payday 8:30am Jt. MWDOC/MWD Workshop (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	7 8:00am OCWD Communications & Legislative Committee (VIRTUAL)	8 7:30am R/S from 7/1 WACO (VIRTUAL)	9
10	11 5:00pm GWRS Steering Committee Meeeting (VIRTUAL) 5:00pm IRWD Board Meeting (IN PERSON &	12 ACWA Washington D.C. Conference (Washington 8:00am OCBC Infrastructure Committee (VIRTUAL and 9:00am ACC-OC EEW	13 8:00am LAFCO Meeting (IN 8:00am OCWD Water Issues 8:30am LAFCO Strategic 8:30am MWDOC Admin 4:30pm Board Meeting	14 8:00am OCWD Admin & Finance Committee (VIRTUAL)	15 Pay Period Ends	16
17	18	19 7:30am WACO Planning Committee (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (HYBRID)	20 Payday 8:30am MWDOC Board Meeting (VIRTUAL) 3:30pm Mesa Water District 5:30pm OCWD Board	21 8:30am MWDOC Executive Committee (VIRTUAL) 4:00pm Costa Mesa Chamber of Commerce Board Meeting	22	23
24	25 5:00pm IRWD Board Meeting (IN PERSON & VIRTUAL)	26 3:30pm Board of Directors' Committee Meeting (Boardroom)	27 8:30am Jt. MWDOC/OCWD	28 11:30am ISDOC Quarterly Meeting (VIRTUAL)	29 Pay Period Ends	30
31	Aug 1	2	3	4	5	6

August 2022

	August 2022							September 2022					
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28	29	30	31				25	26	27	28	29	30	

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jul 31	Aug 1 8:30am MWDOC Planning & Operations Committee (VIRTUAL)	2 7:30am ISDOC Executive Committee Meeting 9:00am ACWA Region 10 Program - Conversations 6:00pm Costa Mesa City Council Meeting	3 ACWA Quarterly Committee Forum (TBD) Payday 8:30am Jt. MWDOC/MWD Workshop (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	4 8:00am OCWD Communications & Legislative Committee (VIRTUAL)	5 7:30am WACO (VIRTUAL)	6
7	8 5:00pm IRWD Board Meeting (IN PERSON & VIRTUAL)	9 8:00am OCBC Infrastructure Committee (VIRTUAL and IN PERSON AT 2 Park Plaza)	10 8:00am LAFCO Meeting (IN PERSON: 333 W. Santa 8:00am OCWD Water Issues (VIRTUAL) 8:30am MWDOC Admin 4:30pm Board Meeting	11 8:00am OCWD Admin & Finance Committee (VIRTUAL)	12 Pay Period Ends	13
14	15	16 7:30am WACO Planning Committee (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (HYBRID)	17 7th Annual CA Water Data Summit (Irvine, CA) Payday 8:30am MWDOC Board Meeting (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	18 8:30am MWDOC Executive Committee (VIRTUAL)	19	20
21	22 5:00pm IRWD Board Meeting (IN PERSON & VIRTUAL)	23 3:30pm Board of Directors' Committee Meeting (Boardroom)	24 CSDA Annual Conference (Palm Springs, CA) Urban Water Institute Annual Conference - JA (San Diego, CA)	25	26 Pay Period Ends	27
28	29	30	31 Payday	Sep 1	2	3

September 2022

September 2022
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Aug 28	29	30	31	Sep 1 8:00am OCWD Communications & Legislative Committee (VIRTUAL)	2 7:30am R/S to 9/9 WACO (VIRTUAL)	3
4	5 District Holiday 8:30am MWDOC Planning & Operations Committee (VIRTUAL)	6 7:30am ISDOC Executive Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (HYBRID)	7 8:30am Jt. MWDOC/MWD Workshop (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	8 8:00am OCWD Admin & Finance Committee (VIRTUAL)	9 Pay Period Ends 7:30am R/S from 9/2 WACO (VIRTUAL)	10
11	12 5:00pm IRWD Board Meeting (IN PERSON & VIRTUAL)	13 CAJPA Conference - FB (South Lake Tahoe, CA) 8:00am OCBC Infrastructure Committee (VIRTUAL and IN PERSON AT 2 Park 9:00am ACC-OC EEW Committee Meeting	14 Payday 8:00am OCWD Water Issues 8:00am LAFCO Meeting (IN 8:30am MWDOC Admin 4:30pm Board Meeting	15 8:30am MWDOC Executive Committee (VIRTUAL) 4:00pm Costa Mesa Chamber of Commerce Board Meeting	16 7:00am SAVE the Date for the 14th Annual OC Water Summit (Grand Californian Hotel & Spa, Anaheim) - Andie	17
18	19	20 7:30am WACO Planning Committee (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (HYBRID)	21 8:30am MWDOC Board Meeting (VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	22	23 Pay Period Ends	24
25	26 5:00pm IRWD Board Meeting (IN PERSON & VIRTUAL)	27 3:30pm Board of Directors' Committee Meeting (Boardroom)	28 Payday	29 2022 California H2O Women Conference - MD (Santa Barbara	30	Oct 1

UPCOMING COMMUNITY OUTREACH EVENTS

Event	Date & Time	Location
Concerts in the Park	Tuesdays, July 12, 19, and 26, 2022 Preshow – 5:00 p.m. Music – 6:00 p.m.	Fairview Park 2501 Placentia Avenue Costa Mesa, CA 92626

TO: Board of Directors

FROM: Kaitlyn Norris, Public Affairs Specialist

DATE: July 13, 2022

SUBJECT: Fiscal Year 2022 Social Media Results

RECOMMENDATION

Receive the presentation.

STRATEGIC PLAN

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

PRIOR BOARD ACTION

At its July 8, 2021 meeting, the Board of Directors (Board) approved a one-year contract, with options for up to three one-year contract extensions, to Westbound Communications for $105,000 to provide digital and social media strategy and content development services.

DISCUSSION

In 2021, Mesa Water District (Mesa Water®) went through a Request for Proposal (RFP) process and selected Westbound Communications (Westbound) to provide digital and social media strategy and content development services.

In the first year of Westbound's contract, the consultant has been successful in helping Mesa Water exceed its measurable objectives for engagement, reach and Costa Mesa followers through strategic paid campaigns, with engagement and costs per click results surpassing industry standards.

Westbound will present the results of its Fiscal Year (FY) 2022 social media campaign and recommendations for the District's FY 2023 social media program.

FINANCIAL IMPACT

None.

ATTACHMENTS

None.

MesaWater
DISTRICT®

Dedicated to
Satisfying our Community's
Water Needs

TO: Board of Directors

FROM: Tracy E. Manning, Water Operations Manager

DATE: July 13, 2022

SUBJECT: Public Hearing Regarding the 2022 Public Health Goals Report

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PUBLIC HEARING

    a. Receive presentation on Public Health Goals.
    b. Open Public Hearing.
    c. Receive oral & written comments from the public.
    d. Close Public Hearing.

RECOMMENDATION

Receive and file Mesa Water District's 2022 Public Health Goals Report.

The Board of Directors reviewed this item at its June 28, 2022 Committee meeting and accepted the Report on Mesa Water District's Water Quality relative to the 2022 Public Health Goals.

STRATEGIC PLAN

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

PRIOR BOARD ACTION/DISCUSSION

None.

BACKGROUND

Mesa Water District (Mesa Water®) provides safe, potable drinking water to the 110,000 customers within its service area. As a public water purveyor, Mesa Water must comply with all drinking water regulations set forth by the United States Environmental Protection Agency (USEPA) and the California State Water Resources Control Board Division of Drinking Water (DDW).

Mesa Water:
- Meets all state and federal drinking water standards
- Performs over 30,000 water quality analyses per year
- Has never had an exceedance of drinking water standards for any chemical constituent
- Publishes water quality data annually in the Consumer Confidence Report

DISCUSSION

Mesa Water's 2022 Public Health Goals Report shows that our system complies with all health-based drinking water standards and Maximum Contaminant Levels (MCLs). No additional measures are recommended to achieve compliance.

Drinking water compliance is based upon state and federal MCLs developed and adopted by the USEPA or DDW.

Senate Bill (SB) 1307 (Calderon-Sher; effective 01/01/97) added new provisions to the California Health and Safety Code which mandate that a Public Health Goals (PHG) report be prepared by July 1, 1998, and every three years thereafter. The attached 2022 PHG Report is intended to provide information to the public in addition to the annual Consumer Confidence Report that is made available online to customers each year.

California Health and Safety Code Section 116365 requires the State to develop a PHG for every contaminant with a primary drinking water standard or for any contaminant California is proposing to regulate with a primary drinking water standard. A PHG is the level which poses no significant health risk if consumed for a lifetime. A PHG is developed using a risk assessment based strictly on human health considerations.

The 2022 PHG Report compares Mesa Water's drinking water quality with PHGs adopted by California Environmental Protection Agency's Office of Environmental Health Hazard Assessment (OEHHA) and with the maximum contaminant level goals (MCLGs) adopted by the USEPA. The report also provides a cost estimate to treat each constituent to below the PHG. PHGs and MCLGs are not enforceable standards and no action to meet them is mandated. Mesa Water is in full compliance with all drinking water regulations.

The law requires that a Public Hearing be held for the purpose of accepting and responding to public comment on the report. The Public Hearing is scheduled for the July 13, 2022 Board meeting.

FINANCIAL IMPACT

In Fiscal Year 2022, $30,000 is budgeted for Water Quality Support Services; $9,850 has been spent to date.

ATTACHMENTS

Attachment A: Mesa Water District's 2022 Public Health Goals Report
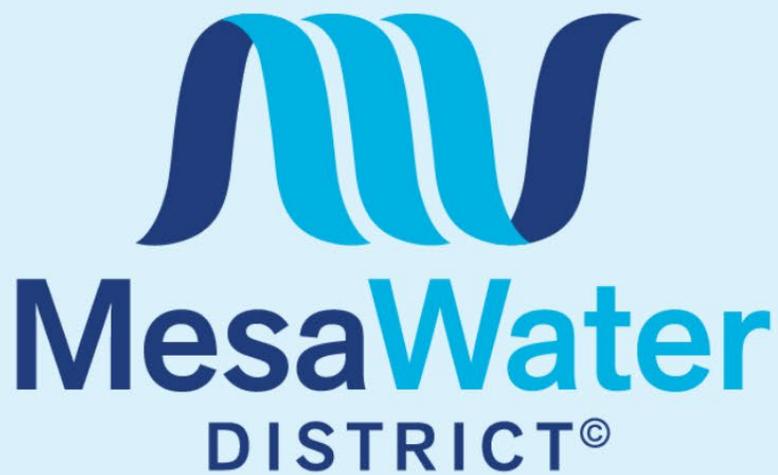
2022 Public Health Goals Report

June 2022

2022 Public Health Goals Report

Mesa Water District

About Mesa Water District

Mesa Water District (<u>Mesa Water</u>®) is an independent special district governed by a publicly elected five-member Board of Directors, that provides water service to 110,000 residents in an 18-square-mile service area that includes most of Costa Mesa, a portion of Newport Beach and John Wayne Airport.

This year, Mesa Water is celebrating its 10th anniversary of providing 100% local, reliable, clean, safe water – the only water district in Orange County to fulfill water demand entirely from local groundwater supplies.

Mesa Water is committed to efficiency, transparency and fiscal responsibility. It is one of Orange County's most efficient water agencies, based on expenditures per capita according to an annual study by Raftelis Financial Consultants. An award-winning agency, Mesa Water holds AAA credit ratings from both Fitch and S&P Global Ratings – the highest achievable by an organization.

1 Introduction

California Health and Safety Code §116470(b) requires California public water systems with more than 10,000 service connections to prepare a publicly available report every three years addressing the following:
   (a) detection of any contaminant in drinking water at a level exceeding its respective public heath goal (PHG),
   (b) discussion of public health risks associated with the detected PHG contaminants,
   (c) description of best available technology for reducing the concentration of the detected contaminants, and
   (d) aggregate cost estimates for using the technologies identified in part (c) to bring drinking water levels below the PHG.

Mesa Water has approximately 24,406 service connections serving 110,000 people. This document serves as the 2022 PHG Report for Mesa Water and has been prepared to address the requirements from the California Health and Safety Code (§116470), based on water quality analyses for samples collected during calendar years 2019 through 2021.

2 Background Information

2.1 Public Health Goals, Maximum Contaminant Levels, and Maximum Contaminant Level Goals

Public Health Goals (PHGs) are developed by the California Environmental Protection Agency's Office of Environmental Health Hazard Assessment (OEHHA) for every contaminant with a primary drinking water standard or any contaminant the State is proposing to regulate with a primary drinking water standard, as required under California Health and Safety Code §116365. Each PHG is defined as the level where the drinking water contaminant does not pose any significant risk to human health. This level is based on risk assessments prepared by OEHHA that consider the most current principles, practices, and methods used by experienced public health professionals. PHGs are recommended, non-enforceable targets and public water systems are not required to achieve these levels in the drinking water supplied to customers. Where OEHHA has not adopted a PHG for a constituent, the established maximum contaminant level goal (MCLG) adopted by the United States Environmental Protection Agency (USEPA) is reported instead.

The State Water Resources Control Board Division of Drinking Water (DDW) considers PHGs when revising or developing a maximum contaminant level (MCL) for drinking water contaminants. The MCL is an enforceable regulatory limit defined as the highest level of a contaminant that is allowed in drinking water. MCLs are set as closely as is technically and economically feasible to the PHGs. DDW is required to take treatment technologies and the cost of compliance into account when establishing an MCL. Each MCL is reviewed at least once every five years.

2.2 Water Quality Data

Mesa Water uses local groundwater as the primary source of drinking water, which is pumped from the Orange County groundwater basin via Mesa Water's seven wells. Five wells pump water from the local clear-water basin. An additional two wells, that are part of the Mesa Water Reliability Facility (MWRF), pull from a deeper, amber-colored water basin. The water has an amber tint which comes from ancient redwood trees that grew along the Orange County coast more than 100,000 years ago. The trees decayed under the surface of the earth and colored the water in the deep aquifer. Using state-of-the-art nanofiltration technology at the MWRF, the amber organic color is removed and the clear water is added to our water supply. This water meets all water quality standards. If needed, imported water from the Metropolitan Water District of Southern California (Metropolitan) is used as an emergency backup water supply for Mesa Water.

This report is based on water quality analyses performed during calendar years 2019, 2020, and 2021 for Mesa Water's source waters and drinking water system. The water quality data is also summarized in Mesa Water's Water Quality Reports (also known as Consumer Confidence Reports) for 2020 through 2022, which are made available to customers by July 1 of each year.

2.3 Best Available Technologies (BATs) and Cost Estimates

USEPA and DDW adopt what are known as best available technologies, or BATs, which are the best-known methods of reducing contaminant levels to the MCL. Since PHGs and MCLGs are typically set much lower than the MCL, determining the type of treatment that is needed to further reduce a contaminant to the PHG or MCLG is not always possible or feasible. For example, if the PHG or MCLG are below the existing detection limit for the purpose of reporting (DLR), which is the statutory level at which a constituent can be measured for a drinking water. Estimating costs to further reduce a constituent below an unknown level is difficult, if not impossible, because it is not possible to verify this reduction by analytical means. Installing treatment technologies to further reduce low levels of one constituent may in some cases have adverse effects on other aspects of water quality. As such, the cost estimates used in this report do not account for these unintended consequence and are highly speculative and theoretical.

2.4 Reporting Guidelines

The Association of California Water Agencies (ACWA) formed a workgroup to prepare suggested guidelines for water utilities to use in preparing PHG reports. The 2022 ACWA guidelines, which include annualized capital and operational and maintenance (O&M) treatment cost estimates for BATs indexed to 2021 costs, were used in preparation of this report. OEHHA has provided health risk information for PHG reports, which includes health risk categories and numerical health risks based on lifetime exposure for each contaminant with a PHG.

3 Contaminants Exceeding PHGs or MCLGs

This section covers the requirements set forth by Sections 116470(b)(1) through 116470(b)(5) of the California Health and Safety Code. This includes a discussion of the following:
  (1) Identification of each contaminant detected in drinking water that exceeds the PHG,
  (2) Disclosure of the numerical public health risks determined by OEHHA associated with the MCL and PHG of each detected contaminant,
  (3) Identification of the category of risk to public health for each detected contaminant,
  (4) Description of any commercially available BATs to remove or reduce the concentration of the contaminants to a level at or below the PHG or MCLG,
  (5) Estimate of the aggregate cost and cost per customer of utilizing the BATs.

The following subsections discuss contaminants that were detected at one or more locations within the Mesa Water drinking water system at levels that exceeded the applicable PHGs or MCLGs. This information is summarized in Table A at the end of this report.

3.1 Arsenic

Arsenic is a naturally occurring element present in rocks and sediments. It can enter drinking water through natural deposits or as a result of industrial activities. The PHG for arsenic is 0.004 µg/L (micrograms per liter), which is significantly below the current DLR defined by DDW for arsenic at 2 µg/L. Arsenic was measured above the PHG at two of Mesa Water's groundwater wells. The concentration of arsenic from all wells ranged from non-detect (ND) to 2.3 µg/L. These values are well below the MCL of 10 µg/L.

The health risk category for arsenic is carcinogenicity, meaning it is a substance capable of causing cancer. The numerical health risk associated with the PHG is 1 excess case of cancer in 1,000,000 people (1×10^{-6}). The risk associated with the MCL is 2.5 excess cases of cancer in 1,000 people (2.5×10^{-3}).

The BATs for removal of arsenic in water for large water systems include activated alumina, coagulation/filtration, ion exchange, lime softening, oxidation/filtration, and reverse osmosis. Ion exchange was used to estimate the cost to reduce arsenic concentrations to below the PHG (effectively, below the DLR of 2 µg/L based on DDW-approved methods) in the two local groundwater wells with detections above the PHG, however there is no information available to indicate that any of the BAT methods can reduce arsenic concentrations to this level. Numerous factors may influence the actual cost of reducing arsenic to the PHG. The total estimated cost to reduce arsenic levels, based on the average well water production during 2019 through 2021, is $3,940,000 per year, or $162 per service connection per year.

3.2 Bromate

Bromate is a byproduct of drinking water disinfection processes, formed when water containing naturally occurring bromide ions react with ozone. The PHG for bromate is 0.1 µg/L, and the DLR is 1 µg/L. Bromate was measured above the PHG in treated surface water purchased from Metropolitan. The bromate concentration in the purchased water ranged from below the DLR (ND) to 8.1 µg/L, with a highest running annual average of 2 µg/L. This is well below the 10 µg/L MCL for bromate.

The health risk category for bromate is carcinogenicity. The numerical health risk associated with the PHG is 1 excess case of cancer in 1,000,000 people (1×10^{-6}). The risk associated with the MCL is 1 excess case of cancer in 10,000 people (1×10^{-4}).

Bromate is a disinfection byproduct that can be formed with ozonation of water containing bromide. The imported water supplied from Metropolitan is treated with ozonation, and the most cost-effective means of reducing the bromate levels below the PHG (effectively, below the DLR of 1 µg/L based on DDW-approved methods) is likely through improved control of the ozone treatment process to further limit bromate formation. Once formed, the BAT for removal of bromate in water is reverse osmosis. Although Mesa Water maintains several emergency connections for accessing imported

water, the high costs of reverse osmosis treatment make it more effective to limit this treatment option to a single imported water location. The total estimated cost to reduce bromate levels in purchased Metropolitan water, based on the maximum annual imported volume for the 2019-2021 period, ranges from $2,370,000 to $3,840,000 per year, or $97 to $157 per service connection per year. Numerous factors may influence the actual cost of reducing bromate levels to the PHG, particularly the need to provide on-demand treatment for multiple emergency imported water connections.

3.3   Gross Alpha Particle Activity (Gross Alpha)

Radionuclides are naturally occurring elements that can be found in natural deposits and have unstable nuclei that spontaneously decay, releasing radiation. Gross alpha is a measure of the overall radioactivity in water attributed to alpha particles. OEHHA has not established a PHG for gross alpha, concluding in its 2003 review that a PHG was not practical. The MCLG is zero, the DLR is 3, and the MCL is 15 pCi/L (picocuries per liter). Of eight measurements analyzed from 2019 through 2021 and representing six Mesa Water groundwater wells, seven were below the DLR (ND) for gross alpha, and there was only one detection at a concentration of 3.8 pCi/L, which is well below the MCL.

The health risk category for gross alpha is carcinogenicity. The numerical health risk associated with an MCLG of zero is zero. The health risk associated with the MCL is 1 excess case of cancer in 1,000 people (1×10^{-3}).

The BAT to treat gross alpha is reverse osmosis, but this will be expensive to implement at a single groundwater well location. Since reverse osmosis will also remove other radionuclides and contaminants, the cost of implementing this treatment in a centralized facility is discussed in Section 3.6.

3.4   Gross Beta Particle Activity (Gross Beta)

Gross beta is a measure of the overall radioactivity in water attributed to a total 168 individual beta particles and photon emitters. OEHHA has not established a PHG for gross beta, concluding in its 2003 review that a PHG was not practical. The MCLG is zero, the DLR is 4 pCi/L, and the MCL is 4 mrem/year (millirem per year). OEHHA has judged a level of 50 pCi/L to be equivalent to the MCL. Gross beta was measured above the PHG in treated surface water purchased from Metropolitan. The gross beta concentration in the purchased water ranged from below the DLR (ND) to 7 pCi/L, with all values well below the MCL.

The health risk category for gross beta is carcinogenicity. The numerical health risk associated with an MCLG of zero is zero. The health risk associated with the MCL is 2 excess cases of cancer in 1,000 people (2×10^{-3}).

The BATs for removal of gross beta in water are ion exchange and reverse osmosis. Numerous factors may influence the actual costs of reducing gross beta levels to the

MCLG of zero (effectively, below the DLR of 4 pCi/L based on DDW-approved methods). The total estimated cost of reducing gross beta levels using ion exchange is $1,920,000 per year or $79 per service connection per year. As discussed in Section 3.2, this treatment is assumed to be limited to a single location and would thus require limiting the use of emergency imported water supplies to a single turnout. The costs to reduce gross beta using reverse osmosis in a centralized facility, which will also reduce other contaminant concentrations, is discussed in Section 3.6.

3.5 Combined Radium

Radium is a naturally occurring radionuclide that enters drinking water through runoff and leaching of natural deposits. The most common isotopes of radium are radium-226 and radium-228. Although radium-226 and radium-228 have individual PHGs, they do not have individual MCLs, instead having a combined radium-226/228 MCL of 5 pCi/L. Radium-228, which has a PHG of 0.019 pCi/L, was detected in treated surface water purchased from Metropolitan. Radium-226 was not detected. The combined radium concentration in the purchased water ranged from below the DLR (ND) to 2 pCi/L.

The health risk category for radium-228 is carcinogenicity. The numerical health risk associated with the PHG is 1 excess case of cancer in 1,000,000 people (1×10^{-6}). The health risk associated with the MCL is 3 excess cases of cancer in 10,000 people (3×10^{-4}).

The BATs for removal of radium in water are ion exchange, reverse osmosis, and lime softening. The total estimated cost of reducing radium levels using ion exchange is $1,920,000 per year or $79 per service connection per year. Numerous factors may influence the actual costs of reducing radium-228 levels to the PHG (effectively, below the DLR of 1 pCi/L based on DDW-approved methods), including the type of ion exchange resin required. As discussed in Sections 3.2 and 3.4, this treatment is assumed to be limited to a single location and would thus require limiting the use of emergency imported water supplies to a single turnout. The costs to reduce combined radium using reverse osmosis in a centralized facility is discussed in Section 3.6.

3.6 Uranium

Uranium is a naturally occurring radionuclide in natural deposits that is introduced into drinking water through erosion. The PHG for uranium is 0.43 pCi/L, and the DLR is 1 pCi/L. Uranium was measured above the PHG at four of Mesa Water's groundwater wells, including one of the wells that supplies the MWRF. The concentration of uranium at these wells ranged from below the DLR (ND) to 2.8 pCi/L. Uranium was also detected in treated surface water purchased from Metropolitan at a range of ND to 3 pCi/L. These values are well below the MCL of 20 pCi/L.

The health risk category for uranium is carcinogenicity. The theoretical health risk associated with the PHG is 1 excess case of cancer in 1,000,000 (1×10^{-6}). The health risk associated with the MCL is 5 excess cases of cancer in 100,000 people (5×10^{-5}).

The BAT for removal of uranium in water is reverse osmosis. Since uranium is present in both local groundwater and purchased water, centralized treatment would likely be required. This form of treatment would also reduce the concentrations of contaminants identified in Sections 3.1 to 3.5. The estimated cost to reduce all identified contaminant levels using reverse osmosis, based on the average annual total water production, ranges from $13,000,000 to $20,400,000 per year, or $534 to $837 per service connection per year. This cost estimate does not include construction of pipelines that would be necessary to connect the impacted sources (wells and imported water connections) supplying a centralized facility.

4   Recommendations for Further Action

Drinking water delivered by Mesa Water is safe and meets or exceeds all state and federal drinking water standards set to protect public health. Mesa Water conducts over 30,000 water quality annually to ensure our water meets rigorous drinking water standards.

To further reduce the levels of the constituents identified in this report, all of which are well below the health-based MCL, additional costly treatment processes would be required. The effectiveness of the identified best-available treatment processes to provide any significant reductions in constituent levels at these already low values is uncertain and may not realistically be possible. The health protection benefits of these hypothetical reductions are unclear and may not be quantifiable. Therefore, no further action is proposed.

For additional information, please contact Kaying Lee, Mesa Water District Water Quality and Compliance Supervisor at 949.207.5491, or write to Mesa Water District, 1965 Placentia Ave, Costa Mesa, California 92627.

Table A. Summary of information related to contaminants exceeding PHGs in water delivered by Mesa Water, including concentration levels, health risk information, and estimated treatment costs

Parameter	Unit	PHG or (MCLG)	MCL	DLR	Concentration Groundwater	Concentration Surface Water	Category of Risk	Cancer Risk at PHG or MCLG	Cancer Risk at MCL	Best Available Technologies	Aggregate Cost Per Year	Cost Per Connection Per Year
INORGANIC CHEMICALS												
Arsenic	µg/L	0.004	10	2	ND - 2.3	NA	Carcinogen	1×10^{-6}	2.5×10^{-3}	AA, C/F, IX, LS, O/F, RO	$3,940,000 (IX)	$162 (IX)
Bromate	µg/L	0.1	10	1	NA	ND - 8.1	Carcinogen	1×10^{-6}	1×10^{-4}	RO	$2,370,000 - $3,840,000	$97 - $157
RADIOACTIVITY												
Gross Alpha Particle Activity	pCi/L	(0)	15	3	ND – 3.8	NA	Carcinogen	0	1×10^{-3}	RO	Note 1	Note 1
Gross Beta Particle Activity	pCi/L	(0)	50[2]	4	NA	ND - 7	Carcinogen	0	2×10^{-3}	IX, RO	$1,920,000 (IX)	$79 (IX)
Combined Radium-226/228	pCi/L	0.019[3]	5	NA[4]	NA	ND - 2	Carcinogen	1×10^{-6} [3]	3×10^{-4} [3]	IX, RO, LS	$1,920,000 (IX)	$79 (IX)
Uranium	pCi/L	0.43	20	1	ND - 2.8	ND - 3	Carcinogen	1×10^{-6}	5×10^{-5}	RO	Note 1	Note 1
ALL CONTAMINANTS[1]	--	--	--	--	--	--	--	--	--	RO	$13,000,000 - $20,400,000	$534 - $837

1 – Estimated cost to remove all contaminants by RO, assuming entire production volume is treated in a centralized facility.
2 – Judged equivalent to 4 mrem/year per OEHHA 2022 Health Risk Information for PHG Exceedance Reports.
3 – Based on the PHG for Radium-228. Combined radium-226/228 does not have a PHG but has an MCLG of zero. The cancer risk at an MCLG of zero is zero.
4 – Combined radium does not have a DLR but radium 226 and radium 228 have individual DLR of 1 pCi/L.

NOTES
PHG = Public Health Goal
MCLG = Maximum Contaminant Level Goal
MCL = Maximum Contaminant Level
DLR = Detection Limit for Purposes of Reporting
NA = Not Applicable
µg/L = micrograms per liter or parts per billion
pCi/L = picocuries per liter
mrem = millirem

TREATMENT/CONTROL TECHNOLOGIES
AA = activated alumna
C/F = coagulation/filtration
IX = ion exchange
LS = lime softening
O/F = oxidation/filtration
RO = reverse osmosis

TO: Board of Directors

FROM: Kurt Lind, Business Administrator

DATE: July 13, 2022

SUBJECT: Annual Performance Audit

Dedicated to Satisfying our Community's Water Needs

RECOMMENDATION

Approve the changes to Mesa Water's Performance Audit Process Guide for the Fiscal Year 2023 Annual Performance Audit.

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 March 22, 2022 meeting, the Board received a presentation highlighting the results from the Fiscal Year (FY) 2020 Annual Performance Audit.

BACKGROUND

In February 2021, LAC kicked off the FY 2020 Annual Performance Audit. The audit focused on Mesa Water District's (Mesa Water®) system and processes to ensure that they are functioning as designed. The audit comprehensively reviewed the District's seven departments and measured 70 key performance indicators (KPI's) to evaluate the following:
- The quality of the information staff uses to manage and measure performance;
- Our business systems and related processes are set up and operating appropriately;
- Critical activities of the business are completed on time and with quality; and,
- Critical programs and processes are in place and operating properly.

The audit's scoring methodology was developed collaboratively with the District's Department Managers. The KPI's were weighted based on a three point system, with a weight of 1 having least impact and 3 having most impact on the overall department score. Each of the KPI's were then scored based on a point award system that ties to the Red/Green/Gold scoring parameters:
- 1 – Red
- 2 – Green
- 3 – Gold

An overall percentage was then calculated based on total points earned compared to total points possible. The overall score was determined based on the following scale:
- Red – 59% or less
- Green – 60% to 89%

- Gold – 90% to 100%

Mesa Water earned an overall score of 65% (Green) for the FY 2020 Annual Performance Audit. This audit was delayed multiple times due to the challenges related to COVID-19. Mesa Water chose not to conduct the annual performance audits for FY 2021 and FY 2022 due to this delay and to allow staff time to communicate ideas for improvement, implement updated processes, and re-align for the FY 2023 Annual Performance Audit.

DISCUSSION

Mesa Water's Business Management Process, as it relates to the FY 2020 Annual Performance Audit, was designed to communicate and address the recommendations from the auditor to Mesa Water's Management Team. The Department Manager was required to develop and submit to the General Manager an official response to the auditor's recommendations from the FY 2020 Audit. The General Manager and Department Manager met and reviewed each recommendation and decided upon actions to be taken and a resolution. Action steps were created that include a timeframe and person responsible to ensure actions will be completed. The Performance Audit Process Guide was then amended as necessary for the FY 2023 Audit.

Mesa Water's Business Management Process was also designed to communicate to the Board any significant changes to the measures and/or key performance indicators. These changes are documented and highlighted in the Performance Audit Process Guide (Attachment A). Below is a summary of significant changes for Board approval:

Water Operations
1. **Measure 11: Review of Regulatory Compliance Reports (Page 16)**
   - Update the regulatory compliance log to identify reports that have set, regulated compliance dates.
   - Increase the number of randomly selected reports from three to seven.

Customer Services
2. **Measure 2: Work Reporting Accuracy (Page 28)**
   - Eliminate KPI due to updated process of self-data entry of work performance information.

3. **Measure 5: Review of overall score from the previous Elite Customer Services Audit (Page 31)**
   - New KPI that is designed to measure and reward any improvement of score year-over-year resulting from the Elite Customer Services Audit

Financial Services
4. **Measure 2: Work Reporting Accuracy (Page 35)**
   - Eliminate KPI due to updated process of self-data entry of work performance information.

5. **Measure 4: File Completed Projects in a Timely Manner (Page 37)**
    - Added existing KPI from Engineering. The purpose is to create a shared responsibility and accountability to complete and close projects in a timely manner.

6. **Measures 6 – 11: Financial Measures (No Page Reference)**
    - Remove from Financial Services and place into a newly created Mesa Water section. This new section is designed to capture KPI's where performance is influenced by Board policy and actions.

Public Affairs
7. **Measure 1: Results from Key Performance Indicators for the Fiscal Year (Page 41)**
    - Existing KPI added to reflect the newly implemented performance based activity work program and budget.

8. **Measure 2: Two-Week Scheduling, Data Entry, & Monthly Work Status (Page 41)**
    - Existing KPI added to reflect the newly implemented processes of two week scheduling, data entry of performance information, and holding the monthly status meeting.

9. **Measure 5: Mesa Water Knowledge of Water Origin (Page 44)**
    - New KPI designed to capture improvement related to our customers' increased knowledge of the origin of Mesa Water's excellent product.

Administrative Services
10. **Measure 2: Work Reporting Accuracy (Page 47)**
    - Eliminate KPI due to updated process of self-data entry of work performance information.

Human Resources
11. **Measure 1: Results from Key Performance Indicators for the Fiscal Year (Page 54)**
    - Existing KPI added to reflect the newly implemented performance based activity work program and budget.

12. **Measure 2: Two-Week Scheduling, Data Entry, & Monthly Work Status (Page 54)**
    - Existing KPI added to reflect the newly implemented processes of two week scheduling, data entry of performance information, and holding the monthly status meeting.

13. **Measure 7: Employee Turnover Rate (Page 58)**
    - Adjusted performance target ranges to align with industry standards. Turnover rate 16% or greater is below acceptable standards; 7% - 15% is within acceptable standards; and 6% or less is exceeding acceptable standards.

14. **Measure 9: Experience Modification Rate (No Reference)**
    - Eliminated KPI due to same measure being in the Annual Environmental, Health, and Safety Audit

Mesa Water

15. Added New Section (Page 62)

- Added new section that is designed to capture KPI's where performance is influenced by Board policy and actions.
- Retain Financial Investment KPI's 6 – 11 and are now numbered 1 - 6.

The performance audit supports Mesa Water's commitment to continuous improvement by providing meaningful feedback that assures the vision and Strategic Plan of the Board, reassures the efficient and effective management of public funds, and ensures that measurable standards are in place and achieved.

FINANCIAL IMPACT

None.

ATTACHMENTS

Attachment A: Fiscal Year 2023 Performance Audit Process Guide

Performance Audit
Process Guide

July 1, 2022

Performance Audit Process Guide

Overview

Mesa Water® District's (Mesa Water®) Board of Directors (Board) has established its Strategic Plan that encompasses seven high level goals. These overarching goals provide the vision for the District and guidance with goals to achieve for staff. The Strategic Plan is the foundation of Mesa Water's business strategy. Moreover, the Strategic Plan establishes a fundamental business management process that embraces the District's Perpetual Agency philosophy. The steps of this business management process include the following:

- Strategic Plan
- Goals
- Key Performance Indicators
- Performance Audit

Business Management Process

Vision	Strategic Plan
How We Achieve the Vision	Goals
How We Measure	Key Performance Indicators
How We Affirm	Performance Audits

This sound business approach encompasses the important components of communication, agreement, and feedback of the Goals and Key Performance Indicators (KPIs) at every level within the organization. Communication links all of these pieces and enables Mesa Water to perform and achieve at a high level. The Strategic Plan establishes the Board's vision. Management and staff work together to develop the plans and measures detailing how to reach that vision. It all begins with the leadership of Mesa Water providing their vision for the District.

Strategic Plan

The Board provides the General Manager with direction regarding the District's high level goals and objectives for the upcoming year. Based on this direction, priorities are established, resources are allocated, and staff works to accomplish the goals and objectives.

Department Goals

Mesa Water's goals for each department help determine our KPIs. For example, Water Operations staff has a goal to maintain main line valves by exercising them every two years. Administrative Services staff produces 4 – 6 Committee and Board Packets every month. Customer Services staff reads the water meters, processes billing, and provides our ratepayers excellent customer service. Financial Services staff produces the payroll, pays our vendors, and closes the books every month. By understanding the major activities of what the District does as an agency provides insight with developing goals.

Key Performance Indicators

Mesa Water is in a strong business position in the areas of transparency, accountability, and efficiency. Through the Business Improvement Process Implementation, staff developed:

- Work activities and plans
- Balanced and streamlined labor resources
- Determinations of how and when we do our work
- Established expectations and measurable results

KPIs are the heartbeat of the District's performance management process. They tell us whether we are making progress towards our goals that are linked to the Strategic Plan. There are six areas that make up the foundation of the KPIs:

- Measure
- Target
- Source
- Frequency
- Audit Preparation
- Strategic Plan

Measure – We can measure progress, which is the percent complete of what we are measuring and we can measure change, which is what we are expecting out of what we are measuring. An example of measuring progress is the percent of valves exercised to date. An example of measuring change would be if the Board wanted to increase the District's day's cash position in comparison to last year.

Target – This represents the quantifiable piece of the KPIs. Examples include the number of valves exercised, the number of Board Packets produced, and the number of checks written to pay vendors for the year.

Source – This represents the information source that is used to glean the KPIs. Examples include the Computerized Maintenance Management System, Financial System, and Customer Information System.

Frequency – This is how often the results of each KPI are communicated; they can vary from monthly to quarterly depending on the audience.

Audit Preparation – This provides the expectation of what the department staff need to have prepared in advance of the audit.

Strategic Plan – This represents how the KPIs relate to the strategic plan goal(s).

Understanding what needs to be monitored and how often is the basis for sound decision-making. This will be a critical component of Mesa Water's business strategy.

Mesa Water establishes performance measures because it allows us as an organization to evaluate how well our services are performed and holds us accountable to our annual goals. They provide management the ability to measure accomplishment, time, and cost in order to manage all aspects of the operation. Most importantly, performance measures make transparent our activities and show what services our ratepayers receive for their dollars.

Performance Audits

The performance audit focuses on our system and processes to ensure they are functioning as designed. Components of the audit vary depending on the department, but embrace the following concepts:

- Reviewing the quality of the information staff uses to measure
- Ensuring that our business systems and related processes are set up and operating appropriately
- Ensuring that critical activities of the business are completed on time and with quality
- Ensuring critical programs and processes are in place and operating properly

The performance audit is an independent, third-party confirmation of our performance for the year. The audit is designed to be simple to communicate and meaningful because the focus is on our most critical business functions. It is meant to be a straightforward evaluation of Mesa Water's efficiency and effectiveness. The performance audit supports Mesa Water's commitment to continuous improvement by providing meaningful feedback that can lead to operational improvements. Overall, the performance audit:

- Assures the vison of the Board
- Reassures efficient and effective management of public funds
- Ensures that measures and standards are in place and achieved

Embracing the Business Management Process benefits our Board, ratepayers, and Mesa Water staff. It reinforces our commitment to our responsibility to our ratepayers; our ratepayers receive an efficiently run business and accountability of resources; and provides the organization with meaningful challenges coupled with opportunity for improvement.

Performance Audit Process

Planning

The first phase of the audit process involves planning the audit, including defining the audit objective, scope, schedule, and audit criteria. This phase involves communicating with the Management Team and each of the departments to share the audit process expectations for both the auditors and staff. The purpose of these meetings are to accomplish the following:

- Review of the information and criteria related to the program or activity to be audited
- Communication of the scope and schedule
- Establish the expectations when the auditors are on site
- Provide a forum for staff questions and feedback

Information Gathering and Analysis

In the second phase of the audit process, the auditors gather and analyze the information necessary to draw a conclusion on each of the particular performance measures. This includes collecting department-prepared documentation and, if necessary, conducting interviews with the managers and staff relevant to the performance measure.

What the Auditors Require:

Access: providing the auditor with access to the premises, systems, documents, and other property that may be necessary to the audit.

Responsiveness: managers and relevant staff should be reasonably available when the auditors are on site for questions, request for documentation, and access to information.

Feedback: concerns or issues related to the audit should be raised with the Business Administrator in a timely manner. The Business Administrator will address these concerns with the General Manager and will provide feedback within 10 business days from the date of notification. The Business Administrator will also seek feedback on the conduct of the audit process at the conclusion of the audit.

Reporting

The third phase is producing the preliminary audit findings, conclusions, and recommendations. This information is provided to the Department Managers for review and feedback, including to correct errors of fact, and where necessary, to allow for provision of additional information and context.

The Business Administrator will schedule individual meetings with the auditor and Department Managers to share the draft information. The auditors first present the information in a presentation format and provide a copy of the presentation to the Department Manager. This format allows for a question and feedback process to ensure clarity of the information and that audit results are communicated. Any issues that arise will be documented by the auditor and reviewed for further consideration. The manager is responsible for providing further context, data, or any other sort of information to the Business Administrator for the auditor to review within seven business days after the audit presentation meeting. The auditor will take no more than seven business days to resolve any outstanding issues. The auditor will make the final determination and score the performance measure(s) accordingly.

The auditor will then prepare written documentation of the draft performance audit results for each department. The report will be provided as one document with a number of sections representing the audited department. The manager is provided fourteen business days to review the report and provide feedback to the Business Administrator for the auditor to review. The auditor will take no more than seven business days to review any comments. The auditor will make the final determination and score the performance measure(s) in question accordingly. The final report will be prepared and distributed to the Management Team. The auditor and Business Administrator will present the audit results to the Board.

The Business Administrator will be responsible for organizing the recommendations from the audit of each department into an Action Plan. The Business Administrator will submit the Action Plan to the General Manager and Department Manager within twenty business days after the submission of the final report. Each Department Manager will meet with the General Manager and Business Administrator to review each recommendation; discuss/determine/agree to a resolution; and assign a responsible resource to accomplish the agreed upon recommended action(s). This meeting will occur within fifteen business days after the submission of the Action Plan.

The Department Manager is responsible to facilitate and complete each of the agreed upon recommended action(s). Upon completion of each action, the Department Manager will meet with the General Manager and review the completed effort. The General Manager will formally approve the completed action with their signature on the specific recommended action within the Action Plan. The Department Manager will keep record of the Action Plan and will make it available for the forthcoming Annual Performance Audit.

The following pages outline the specific KPIs for each department. The intent of this narrative is to provide a higher level of detail in an effort to bring clarity and agreement to each KPI. The performance indicators are designed to be flexible in order to adjust to the vision of the Board. Any changes to the KPIs will be brought to the Board for approval. This ensures that the vision of Mesa Water aligns with the KPIs.

Performance Audit

Water Operations

WORK PERFORMANCE

Measure 1: Results from the Key Performance Indicators for the Fiscal Year

Target: This measure varies based on activity

   a. Capital Mainline Valve Replace (number of valves replaced per day)
   b. Capital Hydrant Upgrade (number of hydrants upgraded per day)
   c. Hydrant Maintenance (number of hydrants maintained per day)
   d. Distribution Valve Maintenance (number of valves maintained per day)
   e. Night Valve Maintenance (number of valves maintained per day)
   f. PDO System Monitoring (number of system checks completed per day)
   g. PDO Weekly (number of completed checklists per day)
   h. Backflow Test Reports (number of test reports completed per day)
   i. Instrument Calibration Checks (number of instruments checked per day)

The activities listed above are measured utilizing a 3-point system and assigning points based upon performance. The measure for each activity is average daily production (ADP) which is a standard output measure that is based on the average number of units produced in a 9-hour day of work. A production range is established for each activity and points are awarded based on the following criteria:

- 1 point = below range (lower productivity)
- 2 points = within range (expected productivity)
- 3 points = above range (higher productivity)

The production range for each activity is determined during the Annual Work Plan Update each year. This update process begins in March and is a collaborative effort with the Department Manager, Supervisors, and staff.

Source: Computerized Maintenance Management System (CMMS)

Frequency: Monitored monthly by the Department Manager and Supervisors through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To evaluate how well our key services are performed and holds management accountable to our annual goals. They provide management the ability to measure time (through ADP and Hours per Unit) in order to manage all aspects of the operation.

Audit Preparation: No preparation needed. Information from Work Status Reports from CMMS.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

VERIFY ACCURATE REPORTING OF WORK

Measure 2: Work Reporting Accuracy

Target: This measure is verified by the percent of accurate work reporting entry into the Computerized Maintenance Management System. A random sample of work reporting forms are selected by the auditor. The auditor will then compare the data on the work reporting form to the data entered in the Computerized Maintenance Management System. Points of focus includes as applicable: Activity Number, Project Number, Employee Name, Labor Hours, Equipment Hours, Parts/Materials, and Work Quantity.

Deviations between what was reported and what was entered into the system will be noted and the accuracy percent will be determined.

Work Reporting Accuracy = Total Data Entry Points/Accurate Data Entry Points

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 94% is within acceptable accuracy standards
- 95% or higher is exceeding acceptable accuracy standards

Source: Computerized Maintenance Management System

Frequency: Monitored monthly by the Department Manager and Supervisors through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the accuracy of the information entered into the Computerized Maintenance Management System. The various reports generated from the system are used to make management decisions including work planning, work scheduling, activity performance (productivity), activity costing, work loading, monthly activity monitoring, labor/equipment/parts utilization, and various analysis reports. The management decisions are impactful to the organization and require data entry to meet or exceed acceptable accuracy standards.

Audit Preparation: Work reporting forms for the fiscal year organized, prepared and presented to the auditor upon request.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

MANAGEMENT PROCESS

Measure 3: Two-Week Scheduling, Data Entry, & Monthly Work Status Meetings

Target: Percent of successfully completed and on-time submittal of the two-week work schedule, entry of performance data, and holding the monthly work status meeting. There are 26-27 occurrences (depending on the year) where the two-week schedule needs to be completed/submitted, 12 occurrences where performance data input is

completed, and 12 occurrences where the monthly work status meeting needs to be conducted with staff. There are a total of 50 to 51 opportunities for the year.

The Business Administrator develops and submits to the Department Managers by June 15 the monthly schedule with the expected date of completion for these events. The Business Administrator tracks the completion of the two-week schedule adherence by checking the electronic file location and ensuring the schedule has been developed by the designated time frame. The Business Administrator runs the labor report out of the Computerized Maintenance Management System at the end of the scheduled data entry due date to ensure all labor hours for each employee have been entered. The Business Administrator tracks the completion of the monthly status meeting through the electronic documentation in the same file location of the Meeting Agenda and Monthly Status Report.

This measure is verified by the percentage of successful on-time submission of the two-week schedule, data entry date, and successful on time event for the monthly status meeting with department staff. For example, if there were 47 successful submissions and events out of 50 possible, the success rate would be 94%.

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 94% is within the acceptable accuracy standards
- 95% or higher is exceeding acceptable accuracy standards

Source: Monthly Management Process Schedule

Frequency: Monitored monthly by the Business Administrator and submitted to the Department Managers. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the excellent business processes related to two-week scheduling (planning work in advance in short two week sprints) and monitoring work performance monthly (time, productivity, and costs for delivering our services to the ratepayers) are part of Mesa Water's culture and embraces the District's perpetual agency philosophy.

Audit Preparation: No preparation needed. Information from the Monthly Management Process Schedule.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

ACCURACY OF ASSETS

Measure 4: Affirm Quarterly Asset Verification Meetings

Target: Percent of successfully scheduled and performed asset verification meetings. The meetings are run by the Water Operations Manager with the following staff in attendance:

- Water Operations Supervisor(s)
- Water Quality & Compliance Supervisor
- Field Services Supervisor
- Department Assistant

A meeting agenda is developed that outlines the various assets groups to be discussed and reviewed including Water System, MWRF, Water System Valves, Water System Hydrants, Facilities, and Fleet. Each supervisor will report any assets that have been added or replaced within the asset groups that are under their responsibility. Added or replaced assets are recorded on the Retiring and Implementing New Asset Form that will be presented at this meeting and confirmed as complete.

This measure is verified by the percentage of successful on time events for the quarterly meeting with department staff. For example, there are 4 scheduled meetings for the fiscal year and if 4 successful events occurred out of 4 possible, the success rate would be 100%.

The following is the acceptable accuracy range:

- 99% or less is below acceptable accuracy standards
- 100% is the acceptable accuracy standard

Source: Manual Files

Frequency: Monitored quarterly by the Department Manager and Supervisors through Asset Verification Meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water's critical assets are monitored, maintained, and that the CMMS accurately reflects the assets that are in the field.

Audit Preparation: Meeting Package (agenda, any Retiring and Implementing New Asset Form(s), action plan) organized in a file drawer with easy access upon request.

Strategic Plan: Goal 2 – Practice perpetual infrastructure renewal and improvement.

WATER QUALITY

Measure 5: Verify Monthly Water Quality Test Results Submitted to California Division of Drinking Water

Target: Percent of on-time submittals of Mesa Water's water quality test results submitted to California Division of Drinking Water. This measure is verified by the 12 sent emails to California Division of Drinking Water. If the due date falls on a weekend or holiday, the next business day is considered the deadline for submission.

- 99% or less is below acceptable accuracy standards
- 100% is the acceptable accuracy standard

Source: Manual Files

Frequency: Monitored monthly by the Department Manager and supervisor through review and submission of test results to California Division of Drinking Water. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the compliance with California Division of Drinking Water, water quality testing requirements.

Audit Preparation: Organize confirmation emails in one file folder from July to June for the audit year.

Strategic Plan: Goal 1 – Provide a safe, abundant, and reliable water supply.

PRODUCTION DUTY OPERATOR

Measure 6: Production Duty Checklist Compliance

Target: Percent of on-time submittals of emailed production duty checklist to the Production Duty Operator (PDO) Group within the agreed upon time requirements as documented in the Production System Operation Plan. This measure is verified by review of the Supervisor's PDO Daily Performance Log.

The PDO is on-call 24 hours a day for a 7-day period to oversee the operations of Mesa Water's production and storage systems. The PDO shall be responsible for monitoring the SCADA system and use it to capture the required checklist parameters. The PDO shall check the SCADA system (per checklist requirements) to monitor the system parameters via their assigned production duty laptop computer per the following schedule:

- Weekdays (Regular Shift): The PDO shall monitor the operational system parameters at the start of regular work shift at 7:15 (7:45 am Mondays), 10:00 am, 1:00 pm, and 4:15 pm;

- Weeknights: The PDO shall monitor the operational system parameters at 7:00 pm, between 10:00-11:00 pm, and between 4:00-5:00 am;

- Weekends: The PDO shall monitor the operational system parameters at 7:00 am, 10:00 am, 1:00 pm, 4:00 pm, 7:00 pm, between 10:00-11:00 pm, and 4:00-5:00 am;

The checklist is submitted seven times per day, 365 days per year resulting in 2,555 submittals. This is measured by the percentage of successful on-time submission of the PDO Checklist based on the standards established in the Production System Operation Plan. For example, if there were 2,409 successful submissions out of 2,555 possible, the success rate would be 94%. If the due date falls on a weekend or holiday, the next business day is considered the deadline for submission.

The following is the acceptable accuracy range:

- 93% or less is below acceptable accuracy standards
- 94% - 96% is within acceptable accuracy standards
- 97% or higher is exceeding acceptable accuracy standards

Source: Supervisor's PDO Daily Performance Log

Frequency: Monitored daily by the supervisor through review and submission of the PDO Checklist emailed to the PDO Group List. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water's system is operating and performing to the standards documented in the Production System Operation Plan.

Audit Preparation: Prepare and submit upon request the PDO Supervisor Log.

Strategic Plan: Goal 1 – Provide a safe, abundant, and reliable water supply.

Measure 7: Weekly Water Supply Forecast Compliance

Target: Comparison of the submission time of the Weekly Water Supply Forecast to the agreed upon time requirements in the Production System Operation Plan.

The Production Duty Operator is required to develop a weekly water supply forecast plan. This plan is submitted to the Water Operations Supervisor for review and approval. This plan assists with anticipating the water demands for the upcoming week; determining sources of water (wells, MWRF, CPTP); and reservoir operation.

This performance indicator is measured by the percent of Weekly Water Supply Forecasts that were submitted on time to the Water Operations Supervisor. If the due date falls on a weekend or holiday, the next business day is considered the deadline for submission.

The following is the acceptable accuracy range:

- 93% or less is below acceptable accuracy standards
- 94% - 96% is within acceptable accuracy standards
- 97% or higher is exceeding acceptable accuracy standards

Source: Supervisor's weekly performance log.

Frequency: Monitored weekly by the supervisor through review and submission of the Weekly Water Supply Forecast. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water's system is operating and performing to the standards documented in the Production System Operation Plan.

Audit Preparation: Prepare and submit upon request the Weekly Water Supply Forecast Supervisor Log.

Strategic Plan: Goal 1 – Provide a safe, abundant, and reliable water supply.

FLEET COMPLIANCE

Measure 8: Quarterly CHP/BIT Completed

Target: Compare planned CHP/BIT schedule for required fleet to actual results. This should be completed at 100% for all vehicles that meet the requirements for the CHP/BIT for the previous calendar year. The Water Operations Coordinator is responsible for planning, completing, recording, and filing the CHP/BIT results every quarter. For each quarter, the auditor will review the following for every required vehicle:

   a. The CHP/BIT form is completed for each inspection item
   b. Identified repairs are completed within 3 months and confirmed by a work order.
   c. The CHP/BIT form signed off by a professional fleet mechanic

The following is the acceptable accuracy range:

- 99% or less is below acceptable accuracy standards
- 100% is the acceptable accuracy standard

Source: Manual Files

Frequency: Monitored quarterly by the Department Manager and Water Operations Coordinator through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the compliance with California Highway Patrol pursuant to Section 34501 or 35501.12 of the Californian Vehicle Code (CVC)

Audit Preparation: CHP/BIT paperwork organized in a file drawer with easy access upon request. Submit a list of vehicles by VIN that are subject to the regulation for the audit year. Organize inspection results in a one file folder for the preceding calendar year.

Strategic Plan: Goal 2 – Practice perpetual infrastructure renewal and improvement.
Goal 6 – Provide outstanding customer service.

Measure 9: Annual SMOG Testing Completed

Target: Compare planned SMOG Testing schedule for required fleet to actual results. This should be completed at 100% for all vehicles that meet the requirements for the previous calendar year. The Water Operations Coordinator is responsible for planning, completing, recording, and filing the SMOG Testing results each calendar year. The auditor will review the following for every required gas powered vehicle:

   a. The Vehicle Inspection Report is completed for each vehicle by a certified testing location

b. The form signed off by a certified professional SMOG technician

The following is the acceptable accuracy range:

- 99% or less is below acceptable accuracy standards
- 100% is the acceptable accuracy standard

Source: Manual Files

Frequency: Monitored annually by the Department Manager and Water Operations Coordinator through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the compliance with California emissions codes

Audit Preparation: SMOG paperwork organized in a file drawer with easy access upon request. Submit a list of vehicles by VIN that are subject to the regulation for the audit year. Organize inspection results in a one file folder for the preceding calendar year.

Strategic Plan: Goal 2 – Practice perpetual infrastructure renewal and improvement.
Goal 6 – Provide outstanding customer service.

Measure 10: Annual Opacity Testing Completed

Target: Compare planned Opacity Testing schedule for required fleet to actual results. This should be completed at 100% for all vehicles that meet the requirements for the previous calendar year. The Water Operations Coordinator is responsible for planning, completing, recording, and filing the Opacity Testing results each calendar year. The auditor will review the following for every required diesel powered vehicle:

- c. The Vehicle Inspection Report is completed for each vehicle by a certified testing professional
- d. The form signed off by a certified professional Opacity technician

The following is the acceptable accuracy range:

- 99% or less is below acceptable accuracy standards
- 100% is the acceptable accuracy standard

Source: Manual Files

Frequency: Monitored annually by the Department Manager and Water Operations Coordinator through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the compliance with California Air Resources Board emissions codes

Audit Preparation: Opacity paperwork organized in a file drawer with easy access upon request. Submit a list of vehicles that are subject to the regulation for the audit year. Organize inspection results in a one file folder for the preceding calendar year.

Strategic Plan: Goal 2 – Practice perpetual infrastructure renewal and improvement.
Goal 6 – Provide outstanding customer service.

REVIEW OF COMPLIANCE DOCUMENTATION

Measure 11: Review of Regulatory Compliance Reports.

Target: Mesa Water will identify in the Regulatory Compliance Log those reports that have set, regulated compliance dates. The Regulatory Compliance Report Log will denote due dates and intervals (monthly, quarterly, annual) regarding the submission requirements. The auditor will randomly select and confirm seven reports that have been completed and submitted to appropriate regulatory agencies. This measure is verified by the accompanied sent emails to the appropriate regulatory agency. If the due date falls on a weekend or holiday, the next business day is considered the deadline for submission.

The following is the acceptable accuracy range:

- 99% or less is below acceptable accuracy standards
- 100% is the acceptable accuracy standard

Source: Manual Files

Frequency: Monitored annually by the Department Manager and Water Quality Supervisor through quarterly review. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the compliance various federal, state, and county regulatory agencies depending on the report selected.

Audit Preparation: Submit compliance documentation log upon request. Auditor to select three random compliance reports for the audit. Provide written/electronic confirmation of report submission for the three reports.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

ACTION PLAN COMPLIANCE

Measure 12: Review of all action plans associated with any Root Cause Analysis conducted during the audit year. Confirm that an action plan exists and that progress is being made towards completion.

Target: Percent of resolved action items and confirmed by signature of Department Manager and General Manager.

The Business Administrator will provide any Root Cause Analysis Action Plan that was conducted during the audit year to the auditor. The Root Cause Action Plan will list the

total number of actions and indicate whether that actions have been resolved. The auditor will determine the percentage of resolved actions.

Percent of Resolved Action Items = Resolved Action Items/Total Action Items

The following is the acceptable accuracy range:

- 79% or less is below acceptable standards
- 80% to 89% is within the acceptable standards
- 90% or higher is exceeding acceptable standards

Source: Root Cause Analysis Action Plan(s) for the previous audit year.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water is actively progressing towards recommended and agreed upon root cause analysis recommendations.

Audit Preparation: Mesa Water's Business Administrator to provide the Root Cause Analysis Action Plan for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Measure 13: Review of all action plans associated with the Annual Water Operations Performance Audit.

Target: Percent of resolved action items and confirmed by signature of Department Manager and General Manager.

The Business Administrator will provide the previous year's Performance Audit Action Plan to the auditor. The Performance Audit Action Plan will list the total number of actions and indicate whether that actions have been resolved. The auditor will determine the percentage of resolved actions.

Percent of Resolved Action Items = Resolved Action Items/Total Action Items

The following is the acceptable accuracy range:

- 79% or less is below acceptable standards
- 80% to 89% is within the acceptable standards
- 90% or higher is exceeding acceptable standards

Source: Performance Audit Action Plan for the previous audit year.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water is actively progressing towards recommended and agreed upon audit recommendations.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit Action Plan for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

CONTINUOUS IMPROVEMENT

Measure 14: Review of the overall score from the previous audit year.

Target: Measure percent change of the overall department performance score compared to the previous audit year.

The Business Administrator will provide the auditor the Performance Audit from the previous year. After the completion of the current year's audit and associated overall score, the auditor will determine the change in percent compared to the previous year and score accordingly.

Percent Change of Overall Department Score = Percent of Previous Year's Score – Percent of Current Year's Score

The following is the acceptable accuracy range:

- - 5% or lower than previous year is below acceptable standards
- - 4% or + 4% of previous year is within the acceptable standards
- 5% or higher that previous year or maintained gold status is exceeding acceptable standards

Source: Previous year's performance audit

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To encourage and reward departments based on the continuous improvement philosophy.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Performance Audit

Engineering

VERIFY ACCURATE REPORTING OF WORK

Measure 1: Work Reporting Accuracy

Target: This measure is verified by the percent of accurate work reporting entry into the Computerized Maintenance Management System. A random sample of work reporting forms are selected by the auditor. The auditor will then compare the data on the work reporting form to the data entered in the Computerized Maintenance Management System. Points of focus includes as applicable: Activity Number, Project Number, Employee Name, Labor Hours, Equipment Hours, Parts/Materials, and Work Quantity.

Deviations between what was reported and what was entered into the system will be noted and the accuracy percent will be determined.

Work Reporting Accuracy = Total Data Entry Points/Accurate Data Entry Points

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 94% is within acceptable accuracy standards
- 95% or higher is exceeding acceptable accuracy standards

Source: Computerized Maintenance Management System

Frequency: Monitored monthly by the Department Manager through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the accuracy of the information entered into the Computerized Maintenance Management System. The various reports generated from the system are used to make management decisions including work planning, work scheduling, activity performance (productivity), activity costing, work loading, monthly activity monitoring, labor/equipment/parts utilization, and various analysis reports. The management decisions are impactful to the organization and require data entry to meet or exceed acceptable accuracy standards.

Audit Preparation: Work reporting forms for the fiscal year organized, prepared and presented to the auditor upon request.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

MANAGEMENT PROCESS

Measure 2: Two-Week Scheduling, Data Entry, & Monthly Work Status Meetings

Target: Percent of successfully completed and on-time submittal of the two-week work schedule, entry of performance data, and holding the monthly work status meeting. There are 26-27 occurrences (depending on the year) where the two-week schedule needs to be completed/submitted, 12 occurrences where performance data input is completed, and 12 occurrences where the monthly work status meeting needs to be conducted with staff. There are a total of 50 to 51 opportunities for the year.

The Business Administrator develops and submits to the Department Managers by June 15 the monthly schedule with the expected date of completion for these events. The Business Administrator tracks the completion of the two-week schedule adherence by checking the electronic file location and ensuring the schedule has been developed by the designated time frame. The Business Administrator runs the labor report out of the Computerized Maintenance Management System at the end of the scheduled data entry due date to ensure all labor hours for each employee have been entered. The Business Administrator tracks the completion of the monthly status meeting through the electronic documentation in the same file location of the Meeting Agenda and Monthly Status Report.

This measure is verified by the percentage of successful on-time submission of the two-week schedule, data entry date, and successful on time event for the monthly status meeting with department staff. For example, if there were 47 successful submissions and events out of 50 possible, the success rate would be 94%.

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 94% is within the acceptable accuracy standards
- 95% or higher is exceeding acceptable accuracy standards

Source: Monthly Management Process Schedule

Frequency: Monitored monthly by the Business Administrator and submitted to the Department Managers. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the excellent business processes related to two-week scheduling (planning work in advance in short two-week sprints) and monitoring work performance monthly (time, productivity, and costs for delivering our services to the ratepayers) are part of Mesa Water's culture and embracing our perpetual agency philosophy.

Audit Preparation: No preparation needed. Information from the Monthly Management Process Schedule.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

ENGINEERING PROJECTS

Measure 3: Project Hours

Target: Percent of labor hours directly associated with Capital and Expense Projects compared to available hours less leave. The available hours are established at 2,080 for each Mesa Water engineer. The leave hours associated with the audit year are determined for each Mesa Water engineer through activity code OH-01 Leave and generated out of the Computerized Maintenance Management System. The project hours associated with the audit year are determined for each Mesa Water® engineer through a project hour report generated out of the Computerized Maintenance Management System. The calculation is applied as follows:

Project Application Rate = Actual Booked Hours/Available Hours – Leave Hours

The following is the acceptable accuracy range:

- 69% or less is below acceptable standards
- 70% - 79% is within the acceptable standards
- 80% or higher is exceeding acceptable standards

Source: Computerized Maintenance Management System

Frequency: Monitored monthly by the Department Manager through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To measure the application of staff time booked to Capital and Expense Projects compared to staff availability.

Audit Preparation: No preparation needed. Information provided by the Computerized Maintenance Management System.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Measure 4: Construction Inspections

Target: Percent of construction inspections performed within three business days.

A sample of Customer Project files are randomly selected by the auditor for review. Inspection dates are scheduled and documented throughout the various phases of the project and signed off by the Construction Inspector as complete. Each scheduled inspection for the selected Customer Projects counts as one inspection. The total number of inspections can vary for each Customer Project due to the maturity of the project and status of each phase. This could result in one particular Customer Project incurring six inspections and another Customer project incurring two inspections.

The amount of inspections for the selected Customer Projects are summed providing a total count for the sample. The scheduled inspection dates are documented by the auditor and compared to the actual inspection dates, which are recorded in the

Computerized Maintenance Management System. The variance between the scheduled and actual inspection dates are recorded by the auditor and dates that exceed three business days are noted.

Construction Inspections = Inspections Performed within 3 Days/Total Inspections

The following is the acceptable accuracy range:

- 89% or less is below acceptable standards
- 90% - 94% is within the acceptable standards
- 95% or higher is exceeding acceptable standards

Source: Customer Project Files and Computerized Maintenance Management System

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To measure the level of customer service provided by Mesa Water inspection services to our customers.

Audit Preparation: Customer project files organized in a file drawer with easy access upon request. Inspection request and completion dates provided in CMMS.

Strategic Plan: Goal 6 – Provide outstanding customer service.

Measure 5: Contract Management

Target: Cost of construction contract change orders in Capital Program projects to less than 5% of the total annual value of construction awarded.

Financial Services will provide the auditor a report of all open projects with change orders. The auditor will determine the total dollar value of the change orders and the total dollar value of the construction contracts.

Contract Management = Total Dollar Value of Change Orders/Total Dollar Value of Construction Contracts

The following is the acceptable accuracy range:

- 10% or greater is below acceptable standards
- 9% - 6% is within the acceptable standards
- 5% or less is exceeding acceptable standards

Source: Financial System

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To measure the efficiency of contract management.

Audit Preparation: No preparation needed. Information provided by Financial System.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Measure 6: Efficiency of Plan Check

Target: Percent of plans reviewed within 15 business days

A sample of Customer Projects files are randomly selected by the auditor for review. The Project Status Form (within each project file) documents the start and end of the plan check process. There are occasions where multiple plan checks are performed on one Customer Project. All plan checks will be noted and counted.

The number of plan checks for each Customer Project selected are summed providing a total count for the sample. The plan check start and end dates will be reviewed and determined to either be within or exceeding the established target. The projects where the plan check end date exceeds the target will be noted.

Construction Inspections = Plan Checks within the Target Range/Total Plan Checks

The following is the acceptable accuracy range:

- 89% or less is below acceptable standards
- 90% - 94% is within the acceptable standards
- 95% or higher is exceeding acceptable standards

Source: Project Files - Project Status Form

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To measure the level of customer service provided by Mesa Water plan check services to our customers.

Audit Preparation: Customer project files organized in a file drawer with easy access upon request. Project Status Form available in customer project file.

Strategic Plan: Goal 6 – Provide outstanding customer service.

Measure 7: Efficiency of Contract Award for Construction or Professional Services

Target: Average time from Committee/Board approval to securing contract signature

The auditor will request a list of construction or professional service contracts for the audit year from Records Management. The auditor will request select contracts from the list for review. The auditor will then request the Board approval date documentation (as necessary) from Records Management for each contract. The auditor will document the contract signature date for each contract. An analysis will be performed by the auditor that will determine the number of days between the Board approval date and the signature date.

Efficiency of Contract Award = Contract Signature Date – Board Approval Date

The following is the acceptable accuracy range:

- 46 days or greater is below acceptable standards

- 45 to 31 days is within the acceptable standards
- 30 days or less is exceeding acceptable standards

Source: Records request for contract documents.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To measure the efficiency of the contract approval/award process.

Audit Preparation: No preparation needed. Information provided by Records Management.

Strategic Plan: Goal 6 – Provide outstanding customer service.

Measure 8: Project Management (projects less than $400,000)

Target: Labor/Construction Management Cost as a percent of the total contract cost

Financial Services will provide the auditor a report of all closed projects from the audit year. The auditor will randomly select a number of projects (total cost of less than $400,000) from the list and will document the actual total cost for all selected projects. From the report, the auditor will also document the actual total cost for labor and construction management for all selected projects.

Project Management = Labor Direct + Labor Overhead + Construction Management/Construction + Design

The following is the acceptable accuracy range:

- 30% or greater is below acceptable standards
- 29% - 16% is within the acceptable standards
- 15% or less is exceeding acceptable standards

Source: Financial System

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To measure the efficiency of project management.

Audit Preparation: No preparation needed. Information provided by Financial System.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Measure 9: Project Management (projects greater than $400,000)

Target: Labor/Construction Management Cost as a percent of the total contract cost

Financial Services will provide the auditor a report of all closed projects from the audit year. The auditor will randomly select a number of projects (total cost greater than

$400,000) from the list and will document the actual total cost for all selected projects. From the report, the auditor will also document the actual total cost for labor and construction management for all selected projects.

Project Management = Labor Direct + Labor Overhead + Construction Management/Construction + Design

The following is the acceptable accuracy range:

- 20% or greater is below acceptable standards
- 19% - 11% is within the acceptable standards
- 10% or less is exceeding acceptable standards

Source: Financial System

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To measure the efficiency of project management

Audit Preparation: No preparation needed. Information provided by Financial System.

Strategic Plan: Goal 3 – Be financially responsible and transparent

Measure 10: File completed projects in a timely manner

Target: Length of time that projects are filed with Financial Services to begin formal project closing process.

Financial Services will provide the auditor a list of all closed projects from the audit year. The auditor will randomly select a number of projects from the list. The auditor will document the project complete date and filed date on the Project Closeout Checklist. An analysis will be performed by the auditor that will determine the number of days between the Project Complete Date and the Project Filed Date.

Project Filing Efficiency = Project Filing Date – Project Complete Date

The following is the acceptable accuracy range:

- 120 days or greater is below acceptable standards
- 119 - 90 days is within the acceptable standards
- 89 days or less is exceeding acceptable standards

Source: Project Files - Project Closeout Checklist

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To measure the efficiency of project complete process which drives the project close out process.

Audit Preparation: Financial Services to provide closed project list for the audit year. District & Customer project files organized in a file drawer with easy access upon request.

Strategic Plan: Goal 3 – Be financially responsible and transparent.
Goal 6 – Provide outstanding customer service.

ACTION PLAN COMPLIANCE

Measure 11: Review of all action plans associated with the Annual Engineering Performance Audit.

Target: Percent of resolved action items and confirmed by signature of Department Manager and General Manager.

The Business Administrator will provide the previous year's Performance Audit Action Plan to the auditor. The Performance Audit Action Plan will list the total number of actions and indicate whether that actions have been resolved. The auditor will determine the percentage of resolved actions.

Percent of Resolved Action Items = Resolved Action Items/Total Action Items

The following is the acceptable accuracy range:

- 79% or less is below acceptable standards
- 80% to 89% is within the acceptable standards
- 90% or higher is exceeding acceptable standards

Source: Performance Audit Action Plan for the previous audit year.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water is actively progressing towards recommended and agreed upon audit recommendations.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit Action Plan for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

CONTINUOUS IMPROVEMENT

Measure 12: Review of the overall score from the previous audit year.

Target: Measure percent change of the overall department performance score compared to the previous audit year.

The Business Administrator will provide the auditor the Performance Audit from the previous year. After the completion of the current year's audit and associated overall

score, the auditor will determine the change in percent compared to the previous year and score accordingly.

Percent Change of Overall Department Score = Percent of Previous Year's Score – Percent of Current Year's Score

The following is the acceptable accuracy range:

- - 5% or lower than previous year is below acceptable standards
- - 4% or + 4% of previous year is within the acceptable standards
- 5% or higher that previous year or maintained gold status is exceeding acceptable standards

Source: Previous year's performance audit

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To encourage and reward departments based on the continuous improvement philosophy.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Performance Audit

Customer Services

WORK PERFORMANCE

Measure 1: Results from the Key Performance Indicators for the Fiscal Year

Target: This measure varies based on activity

    a. Customer Inquiries - Office (number of customers served per day)
    b. Customer Payment Processing (number of payment batches processed per day)

The activities listed above are measured utilizing a 3-point system and assigning points based upon performance. The measure for each activity is "average daily production" which is a standard output measure that is based on the average number of units produced in a 9-hour day of work. A production range is established for each activity and points are awarded based on the following criteria:

- 1 point = below range (lower productivity)
- 2 points = within range (expected productivity)
- 3 points = above range (higher productivity)

The production range for each activity is determined during the Annual Work Plan Update each year. This update process begins in March and is a collaborative effort with the Department Manager, Supervisors, and staff.

Source: Computerized Maintenance Management System

Frequency: Monitored monthly by the Department Manager and Supervisors through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To evaluate how well our key services are performed and holds management accountable to our annual goals. They provide management the ability to measure time (through ADP and Hours per Unit) in order to manage all aspects of the operation.

Audit Preparation: No preparation needed. Information from Work Status Reports from CMMS.

VERIFY ACCURATE REPORTING OF WORK

Measure 2: Work Reporting Accuracy

Target: This measure is verified by the percent of accurate work reporting entry into the Computerized Maintenance Management System. A random sample of work reporting forms are selected by the auditor. The auditor will then compare the data on the work reporting form to the data entered in the Computerized Maintenance Management System. Points of focus includes as applicable: Activity Number, Project Number,

Employee Name, Labor Hours, Equipment Hours, Parts/Materials, and Work Quantity.

Deviations between what was reported and what was entered into the system will be noted and the accuracy percent will be determined.

Work Reporting Accuracy = Total Data Entry Points/Accurate Data Entry Points

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 94% is within acceptable accuracy standards
- 95% or higher is exceeding acceptable accuracy standards

Source: Computerized Maintenance Management System

Frequency: Monitored monthly by the Department Manager and Supervisors through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the accuracy of the information entered into the Computerized Maintenance Management System. The various reports generated from the system are used to make management decisions including work planning, work scheduling, activity performance (productivity), activity costing, work loading, monthly activity monitoring, labor/equipment/parts utilization, and various analysis reports. The management decisions are impactful to the organization and require data entry to meet or exceed acceptable accuracy standards.

Audit Preparation: Work reporting forms for the fiscal year organized, prepared and presented to the auditor upon request.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

MANAGEMENT PROCESS

Measure 2: Two-Week Scheduling, Data Entry, & Monthly Work Status Meetings

Target: Percent of successfully completed and on-time submittal of the two-week work schedule, entry of performance data, and holding the monthly work status meeting. There are 26-27 occurrences (depending on the year) where the two-week schedule needs to be completed/submitted, 12 occurrences where performance data input is completed, and 12 occurrences where the monthly work status meeting needs to be conducted with staff. There are a total of 50 to 51 opportunities for the year.

The Business Administrator develops and submits to the Department Managers by June 15 the monthly schedule with the expected date of completion for these events. The Business Administrator tracks the completion of the two-week schedule adherence by checking the electronic file location and ensuring the schedule has been developed by the designated time frame. The Business Administrator runs the labor report out of the Computerized Maintenance Management System at the end of the scheduled data

entry due date to ensure all labor hours for each employee have been entered. The Business Administrator tracks the completion of the monthly status meeting through the electronic documentation in the same file location of the Meeting Agenda and Monthly Status Report.

This measure is verified by the percentage of successful on-time submission of the two-week schedule, data entry date, and successful on time event for the monthly status meeting with department staff. For example, if there were 47 successful submissions and events out of 50 possible, the success rate would be 94%.

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 94% is within the acceptable accuracy standards
- 95% or higher is exceeding acceptable accuracy standards

Source: Monthly Management Process Schedule

Frequency: Monitored monthly by the Business Administrator and submitted to the Department Managers. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the excellent business processes related to two-week scheduling (planning work in advance in short two week sprints) and monitoring work performance monthly (time, productivity, and costs for delivering our services to the ratepayers) are part of Mesa Water's culture and embracing our perpetual agency philosophy.

Audit Preparation: No preparation needed. Information from the Monthly Management Process Schedule.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

CUSTOMER SATISFACTION

Measure 3: Overall result of the annual Elite Customer Service Audit

Target: Overall Key Performance Indicator Score

The following is the acceptable accuracy range:

- 71% or less is below acceptable standards
- 82% to 89% is within the acceptable standards
- 90% or higher is exceeding acceptable standards

Source: Elite Customer Service Audit

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water is providing outstanding customer service.

Audit Preparation: Mesa Water's Business Administrator to provide the Elite Customer Service Audit for the audit year.

Strategic Plan: Goal 6 – Provide outstanding customer service.

ACTION PLAN COMPLIANCE

Measure 4: Review of all action plans associated with the Annual Customer Service Performance Audit.

Target: Percent of resolved action items and confirmed by signature of Department Manager and General Manager.

The Business Administrator will provide the previous year's Performance Audit Action Plan to the auditor. The Performance Audit Action Plan will list the total number of actions and indicate whether that actions have been resolved. The auditor will determine the percentage of resolved actions.

Percent of Resolved Action Items = Resolved Action Items/Total Action Items

The following is the acceptable accuracy range:

- 79% or less is below acceptable standards
- 80% to 89% is within the acceptable standards
- 90% or higher is exceeding acceptable standards

Source: Performance Audit Action Plan for the previous audit year.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water is actively progressing towards recommended and agreed upon audit recommendations.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit Action Plan for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

CONTINUOUS IMPROVEMENT

Measure 5: Review of the overall score from the previous Elite Customer Service Audit.

Target: Measure percent change of the overall Elite Customer Service Audit score compared to the previous audit year.

The Business Administrator will provide the auditor the Elite Customer Service Audit from the previous year. After the review of the current year's Elite Customer Service Audit and associated overall score, the auditor will determine the change in percent compared to the previous year and score accordingly.

Percent Change of Overall Elite Customer Service Audit Score = Percent of Current Year's Score – Percent of Previous Year's Score

The following is the acceptable accuracy range:

- - 5% or lower than previous year is below acceptable standards
- - 4% or + 4% of previous year is within the acceptable standards
- 5% or higher that previous year or maintained gold status is exceeding acceptable standards

Source: Previous year's Elite Customer Service Audit

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To encourage and reward departments based on the continuous improvement philosophy.

Audit Preparation: Mesa Water's Business Administrator to provide the Elite Customer Service Audit for the previous year.

Strategic Plan: Goal 6 – To provide outstanding customer service.

Measure 6: Review of the overall score from the previous audit year.

Target: Measure percent change of the overall department performance score compared to the previous audit year.

The Business Administrator will provide the auditor the Performance Audit from the previous year. After the completion of the current year's audit and associated overall score, the auditor will determine the change in percent compared to the previous year and score accordingly.

Percent Change of Overall Department Score = Percent of Current Year's Score – Percent of Previous Year's Score

The following is the acceptable accuracy range:

- - 5% or lower than previous year is below acceptable standards
- - 4% or + 4% of previous year is within the acceptable standards
- 5% or higher that previous year or maintained gold status is exceeding acceptable standards

Source: Previous year's performance audit

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To encourage and reward departments based on the continuous improvement philosophy.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Performance Audit

Financial Services

WORK PERFORMANCE

Measure 1: Results from the Key Performance Indicators for the Fiscal Year

Target: This measure varies based on activity

   a. Purchase Order/Change Order Processing (time per PO/CO produced)
   b. Payroll Process (time per payroll produced)
   c. Project Accounting - District (time per district capital project closed)
   d. Monthly Close (time per close)
   e. Accounts Payable (time per check produced)

The activities listed above are measured utilizing a 3-point system and assigning points based upon performance. The output for each activity is "hours per unit" which is a standard output measure for administrative type of efforts that is based on the average time that it takes to produce one unit of work. A production range is established for each activity and points are awarded based on the following criteria:

   • 1 point = above range (lower productivity)
   • 2 points = within range (expected productivity)
   • 3 points = below range (higher productivity)

The production range for each activity is determined during the Annual Work Plan Update each year. This update process begins in March and is a collaborative effort with the Department Manager, Supervisors, and staff.

Source: Computerized Maintenance Management System

Frequency: Monitored monthly by the Department Manager and Controller through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To evaluate how well our key services are performed and holds management accountable to our annual goals. They provide management the ability to measure time (through ADP and Hours per Unit) in order to manage all aspects of the operation.

Audit Preparation: No preparation needed. Information from Work Status Reports from CMMS.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

VERIFY ACCURATE REPORTING OF WORK

Measure 2: ~~Work Reporting Accuracy~~

Target: ~~This measure is verified by the percent of accurate work reporting entry into the Computerized Maintenance Management System. A random sample of work reporting forms are selected by the auditor. The auditor will then compare the data on the work reporting form to the data entered in the Computerized Maintenance Management System. Points of focus includes as applicable: Activity Number, Project Number, Employee Name, Labor Hours, Equipment Hours, Parts/Materials, and Work Quantity.~~

~~Deviations between what was reported and what was entered into the system will be noted and the accuracy percent will be determined.~~

~~Work Reporting Accuracy = Total Data Entry Points/Accurate Data Entry Points~~

~~The following is the acceptable accuracy range:~~

- ~~89% or less is below acceptable accuracy standards~~
- ~~90% - 94% is within acceptable accuracy standards~~
- ~~95% or higher is exceeding acceptable accuracy standards~~

Source: ~~Computerized Maintenance Management System~~

Frequency: ~~Monitored monthly by the Department Manager and Supervisors through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.~~

Purpose: ~~To ensure the accuracy of the information entered into the Computerized Maintenance Management System. The various reports generated from the system are used to make management decisions including work planning, work scheduling, activity performance (productivity), activity costing, work loading, monthly activity monitoring, labor/equipment/parts utilization, and various analysis reports. The management decisions are impactful to the organization and require data entry to meet or exceed acceptable accuracy standards.~~

Audit Preparation: ~~Work reporting forms for the fiscal year organized, prepared and presented to the auditor upon request.~~

Strategic Plan: ~~Goal 3 – Be financially responsible and transparent.~~

MANAGEMENT PROCESS

Measure 2: Two-Week Scheduling, Data Entry, & Monthly Work Status Meetings

Target: Percent of successfully completed and on-time submittal of the two-week work schedule, entry of performance data, and holding the monthly work status meeting. There are 26-27 occurrences (depending on the year) where the two-week schedule needs to be completed/submitted, 12 occurrences where performance data input is completed, and 12 occurrences where the monthly work status meeting needs to be

conducted with staff. There are a total of 50 to 51 opportunities for the year.

The Business Administrator develops and submits to the Department Managers by June 15 the monthly schedule with the expected date of completion for these events. The Business Administrator tracks the completion of the two-week schedule adherence by checking the electronic file location and ensuring the schedule has been developed by the designated time frame. The Business Administrator runs the labor report out of the Computerized Maintenance Management System at the end of the scheduled data entry due date to ensure all labor hours for each employee have been entered. The Business Administrator tracks the completion of the monthly status meeting through the electronic documentation in the same file location of the Meeting Agenda and Monthly Status Report.

This measure is verified by the percentage of successful on-time submission of the two-week schedule, data entry date, and successful on time event for the monthly status meeting with department staff. For example, if there were 47 successful submissions and events out of 50 possible, the success rate would be 94%.

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 94% is within the acceptable accuracy standards
- 95% or higher is exceeding acceptable accuracy standards

Source: Monthly Management Process Schedule

Frequency: Monitored monthly by the Business Administrator and submitted to the Department Managers. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the excellent business processes related to two-week scheduling (planning work in advance in short two week sprints) and monitoring work performance monthly (time, productivity, and costs for delivering our services to the ratepayers) are part of Mesa Water's culture and embracing our perpetual agency philosophy.

Audit Preparation: No preparation needed. Information from the Monthly Management Process Schedule.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

VERIFICATION OF NEW ACCOUNTS

Measure 3: Verification of New Accounts

Target: Verify documentation and approval of new accounts. Identify accounts within the Chart of Accounts that were established during the audit year with corresponding documentation for the previous audit year. This includes all new accounts and sub/repurposed accounts.

This measured is verified by the percentage of approved documentation for each new account that was added to the chart of accounts. For example, if 5 accounts were added to the chart of accounts compared to the previous year, there must be corresponding 5 Change of Accounts forms approved by the General Manager.

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 99% is within the acceptable accuracy standards
- 100% is exceeding acceptable accuracy standards

Source: Change of Account Log book and signed request form. Previous and List of Chart of Accounts for the audit year and previous audit year from the Financial System.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water's Chart of Accounts are effectively managed to a size that meets its business needs.

Audit Preparation: List of chart of accounts from the financial system for the audit year and previous audit year. Change of accounts log book with GM approval form for each change prepared for request.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

ENGINEERING PROJECTS

Measure 4: File completed projects in a timely manner

Target: Length of time that projects are filed with Financial Services to begin formal project closing process.

Financial Services will provide the auditor a list of all closed projects from the audit year. The auditor will randomly select a number of projects from the list. The auditor will document the project complete date and filed date on the Project Closeout Checklist. An analysis will be performed by the auditor that will determine the number of days between the Project Complete Date and the Project Filed Date.

Project Filing Efficiency = Project Filing Date – Project Complete Date

The following is the acceptable accuracy range:

- 120 days or greater is below acceptable standards
- 119 - 90 days is within the acceptable standards
- 89 days or less is exceeding acceptable standards

Source: Project Files - Project Closeout Checklist

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

MONTHLY CLOSE

Measure 5: Monthly Close Documentation

Target: Verify the monthly close checklist for Project Accounting and Expense Accounts

This measured is verified by the percentage of approved documentation for each monthly close. There are 12 monthly close operations performed each year. Financial Services will document the closing of the capital projects and expense accounts each month through a detailed checklist. This checklist will be signed off by the CFO and Controller. In addition, monthly financial statements (projects and expense) will be produced for and delivered to the departments by the 15 business days of every month.

The following is the acceptable accuracy range:

- 99% or less is below acceptable accuracy standards
- 100% is the acceptable accuracy standards

Source: Signed monthly close checklist (capital projects/expense accounts) and corresponding department financial statements for each month of the audit year.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure accurate and timely statements to support fiscal monitoring and decision making. The financial statements represent Mesa Water's true financial position to inform the Board of Directors, managers, lenders, and the public.

Audit Preparation: Monthly close packet that includes a checklist and financial statements.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

ACTION PLAN COMPLIANCE

Measure 6: Review of all action plans associated with the Annual Financial Services Performance Audit.

Target: Percent of resolved action items and confirmed by signature of Department Manager and General Manager.

The Business Administrator will provide the previous year's Performance Audit Action Plan to the auditor. The Performance Audit Action Plan will list the total number of actions and indicate whether that actions have been resolved. The auditor will determine the percentage of resolved actions.

Percent of Resolved Action Items = Resolved Action Items/Total Action Items

The following is the acceptable accuracy range:

- 79% or less is below acceptable standards
- 80% to 89% is within the acceptable standards
- 90% or higher is exceeding acceptable standards

Source: Performance Audit Action Plan for the previous audit year.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water is actively progressing towards recommended and agreed upon audit recommendations.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit Action Plan for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent

CONTINUOUS IMPROVEMENT

Measure 7: Review of the overall score from the previous audit year.

Target: Measure percent change of the overall department performance score compared to the previous audit year.

The Business Administrator will provide the auditor the Performance Audit from the previous year. After the completion of the current year's audit and associated overall score, the auditor will determine the change in percent compared to the previous year and score accordingly.

Percent Change of Overall Department Score = Percent of Previous Year's Score – Percent of Current Year's Score

The following is the acceptable accuracy range:

- - 5% or lower than previous year is below acceptable standards
- - 4% or + 4% of previous year is within the acceptable standards
- 5% or higher that previous year or maintained gold status is exceeding acceptable standards

Source: Previous year's performance audit

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To encourage and reward departments based on the continuous improvement philosophy.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Performance Audit

Public Affairs

WORK PERFORMANCE

Measure 1: Results from the Key Performance Indicators for the Fiscal Year

Target: This measure varies based on activity

    a. Welcome Program (time per Welcome Bag produced)
    b. Mesa Water Notify (time per Notification produced)

The activities listed above are measured utilizing a 3-point system and assigning points based upon performance. The output for each activity is "hours per unit" which is a standard output measure for administrative type of efforts that is based on the average time that it takes to produce one unit of work. A production range is established for each activity and points are awarded based on the following criteria:

- 1 point = above range (lower productivity)
- 2 points = within range (expected productivity)
- 3 points = below range (higher productivity)

The production range for each activity is determined during the Annual Work Plan Update each year. This update process begins in March and is a collaborative effort with the Department Manager, Supervisors, and staff.

Source: Computerized Maintenance Management System

Frequency: Monitored monthly by the Department Manager and Controller through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To evaluate how well our key services are performed and holds management accountable to our annual goals. They provide management the ability to measure time (through ADP and Hours per Unit) in order to manage all aspects of the operation.

Audit Preparation: No preparation needed. Information from Work Status Reports from CMMS.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

MANAGEMENT PROCESS

Measure 2: Two-Week Scheduling, Data Entry, & Monthly Work Status Meetings

Target: Percent of successfully completed and on-time submittal of the two-week work schedule, entry of performance data, and holding the monthly work status meeting. There are 26-27 occurrences (depending on the year) where the two-week schedule

needs to be completed/submitted, 12 occurrences where performance data input is completed, and 12 occurrences where the monthly work status meeting needs to be conducted with staff. There are a total of 50 to 51 opportunities for the year.

The Business Administrator develops and submits to the Department Managers by June 15 the monthly schedule with the expected date of completion for these events. The Business Administrator tracks the completion of the two-week schedule adherence by checking the electronic file location and ensuring the schedule has been developed by the designated time frame. The Business Administrator runs the labor report out of the Computerized Maintenance Management System at the end of the scheduled data entry due date to ensure all labor hours for each employee have been entered. The Business Administrator tracks the completion of the monthly status meeting through the electronic documentation in the same file location of the Meeting Agenda and Monthly Status Report.

This measure is verified by the percentage of successful on-time submission of the two-week schedule, data entry date, and successful on time event for the monthly status meeting with department staff. For example, if there were 47 successful submissions and events out of 50 possible, the success rate would be 94%.

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 94% is within the acceptable accuracy standards
- 95% or higher is exceeding acceptable accuracy standards

Source: Monthly Management Process Schedule

Frequency: Monitored monthly by the Business Administrator and submitted to the Department Managers. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the excellent business processes related to two-week scheduling (planning work in advance in short two week sprints) and monitoring work performance monthly (time, productivity, and costs for delivering our services to the ratepayers) are part of Mesa Water's culture and embracing our perpetual agency philosophy.

Audit Preparation: No preparation needed. Information from the Monthly Management Process Schedule.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

PUBLIC AWARENESS

Measure 3: Mesa Water Brand Identity

Target: Percent of respondents who correctly identify Mesa Water as their water provider. This measure represents unaided awareness.

The following is the acceptable standard range:

- 39% or less is below acceptable standards
- 40% to 70% is within the acceptable standards
- 71% or higher is exceeding acceptable standards

Source: Annual Customer Opinion Survey

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To gauge Mesa Water's brand identity with its customers

Audit Preparation: Mesa Water's Business Administrator to provide the Annual Customer Opinion Survey for the audit year.

Strategic Plan: Goal 4 – To increase public awareness about Mesa Water and about water.

Measure 4: Mesa Water Brand Recognition

Target: Percent of respondents who have an overall awareness of Mesa Water. This measure represents unaided awareness plus aided awareness.

The following is the acceptable standard range:

- 69% or less is below acceptable standards
- 70% to 89% is within the acceptable standards
- 90% or higher is exceeding acceptable standards

Source: Annual Customer Opinion Survey

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To gauge Mesa Water's awareness with its customers

Audit Preparation: Mesa Water's Business Administrator to provide the Annual Customer Opinion Survey for the audit year.

Strategic Plan: Goal 4 – To increase public awareness about Mesa Water and about water.

COMMUNICATION

Measure 6: Communication Efforts

Target: Percent of respondents who are very satisfied with Mesa Water's efforts to communicate with customers

The following is the acceptable standard range:

- 69% or less is below acceptable standards
- 70% to 89% is within the acceptable standards
- 90% or higher is exceeding acceptable standards

Source: Annual Customer Opinion Survey

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To gauge Mesa Water's communication efforts with its customers

Audit Preparation: Mesa Water's Business Administrator to provide the Annual Customer Opinion Survey for the audit year.

Strategic Plan: Goal 6 – Provide outstanding customer service.

PRODUCT SATISFACTION

Measure 7: Good Tasting Water

Target: Percent of respondents who believe that Mesa Water provides water that tastes good. This measure represents Very Satisfied plus Somewhat Satisfied.

The following is the acceptable standard range:

- 79% or less is below acceptable standards
- 80% to 94% is within the acceptable standards
- 95% or higher is exceeding acceptable standards

Source: Annual Customer Opinion Survey

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To gauge Mesa Water's product satisfaction with its customers

Audit Preparation: Mesa Water's Business Administrator to provide the Annual Customer Opinion Survey for the audit year.

Strategic Plan: Goal 1 – Provide a safe, abundant, and reliable water supply.

ACTION PLAN COMPLIANCE

Measure 8: Review of all action plans associated with the Annual Public Affairs Performance Audit.

Target: Percent of resolved action items and confirmed by signature of Department Manager and General Manager.

The Business Administrator will provide the previous year's Performance Audit Action Plan to the auditor. The Performance Audit Action Plan will list the total number of actions and indicate whether that actions have been resolved. The auditor will determine the percentage of resolved actions.

Percent of Resolved Action Items = Resolved Action Items/Total Action Items

The following is the acceptable accuracy range:

- 79% or less is below acceptable standards
- 80% to 89% is within the acceptable standards
- 90% or higher is exceeding acceptable standards

Source: Performance Audit Action Plan for the previous audit year.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water® is actively progressing towards recommended and agreed upon audit recommendations.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit Action Plan for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent

CONTINUOUS IMPROVEMENT

Measure 9: Review of the overall score from the previous audit year.

Target: Measure percent change of the overall department performance score compared to the previous audit year.

The Business Administrator will provide the auditor the Performance Audit from the previous year. After the completion of the current year's audit and associated overall score, the auditor will determine the change in percent compared to the previous year and score accordingly.

Percent Change of Overall Department Score = Percent of Previous Year's Score – Percent of Current Year's Score

The following is the acceptable accuracy range:

- - 5% or lower than previous year is below acceptable standards
- - 4% or + 4% of previous year is within the acceptable standards
- 5% or higher that previous year or maintained gold status is exceeding acceptable standards

Source: Previous year's performance audit

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To encourage and reward departments based on the continuous improvement philosophy.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Performance Audit

Administrative Services

WORK PERFORMANCE

Measure 1: Results from the Key Performance Indicators for the Fiscal Year

Target: This measure varies based on activity

a. Board Meeting Process (time per Board Meeting Packet Produced and meeting held)
b. Committee Meeting Process (time per Committee Meeting Packet Produced and meeting held)
c. Public Records Act Request (time per public request processed)

The activities listed above are measured utilizing a 3-point system and assigning points based upon performance. The output for each activity is "hours per unit" which is a standard output measure for administrative type of efforts that is based on the average time that it takes to produce one unit of work. A production range is established for each activity and points are awarded based on the following criteria:

- 1 point = above range (lower productivity)
- 2 points = within the range (expected productivity)
- 3 points = below range (higher productivity)

The production range for each activity is determined during the Annual Work Plan Update each year. This update process begins in March and is a collaborative effort with the Department Manager, Supervisors, and staff.

Source: Computerized Maintenance Management System

Frequency: Monitored monthly by the Department Manager through the work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To evaluate how well our key services are performed and holds management accountable to our annual goals. They provide management the ability to measure time (through ADP and Hours per Unit) in order to manage all aspects of the operation.

Audit Preparation: No preparation needed. Information from Work Status Reports from CMMS.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

VERIFY ACCURATE REPORTING OF WORK

Measure 2: Work Reporting Accuracy

Target: This measure is verified by the percent of accurate work reporting entry into the

Computerized Maintenance Management System. A random sample of work reporting forms are selected by the auditor. The auditor will then compare the data on the work reporting form to the data entered in the Computerized Maintenance Management System. Points of focus includes as applicable: Activity Number, Project Number, Employee Name, Labor Hours, Equipment Hours, Parts/Materials, and Work Quantity.

Deviations between what was reported and what was entered into the system will be noted and the accuracy percent will be determined.

Work Reporting Accuracy = Total Data Entry Points/Accurate Data Entry Points

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 94% is within acceptable accuracy standards
- 95% or higher is exceeding acceptable accuracy standards

Source: Computerized Maintenance Management System

Frequency: Monitored monthly by the Department Manager through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the accuracy of the information entered into the Computerized Maintenance Management System. The various reports generated from the system are used to make management decisions including work planning, work scheduling, activity performance (productivity), activity costing, work loading, monthly activity monitoring, labor/equipment/parts utilization, and various analysis reports. The management decisions are impactful to the organization and require data entry to meet or exceed acceptable accuracy standards.

Audit Preparation: Work reporting forms for the fiscal year organized, prepared and presented to the auditor upon request.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

MANAGEMENT PROCESS

Measure 2: Two-Week Scheduling, Data Entry, & Monthly Work Status Meetings

Target: Percent of successfully completed and on-time submittal of the two-week work schedule, entry of performance data, and holding the monthly work status meeting. There are 26-27 occurrences (depending on the year) where the two-week schedule needs to be completed/submitted, 12 occurrences where performance data input is completed, and 12 occurrences where the monthly work status meeting needs to be conducted with staff. There are a total of 50 to 51 opportunities for the year.

The Business Administrator develops and submits to the Department Managers by June 15 the monthly schedule with the expected date of completion for these events. The

Business Administrator tracks the completion of the two-week schedule adherence by checking the electronic file location and ensuring the schedule has been developed by the designated time frame. The Business Administrator runs the labor report out of the Computerized Maintenance Management System at the end of the scheduled data entry due date to ensure all labor hours for each employee have been entered. The Business Administrator tracks the completion of the monthly status meeting through the electronic documentation in the same file location of the Meeting Agenda and Monthly Status Report.

This measure is verified by the percentage of successful on-time submission of the two-week schedule, data entry date, and successful on time event for the monthly status meeting with department staff. For example, if there were 47 successful submissions and events out of 50 possible, the success rate would be 94%.

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 94% is within the acceptable accuracy standards
- 95% or higher is exceeding acceptable accuracy standards

Source: Monthly Management Process Schedule

Frequency: Monitored monthly by the Business Administrator and submitted to the Department Managers. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the excellent business processes related to two-week scheduling (planning work in advance in short two week sprints) and monitoring work performance monthly (time, productivity, and costs for delivering our services to the ratepayers) are part of Mesa Water's culture and embracing our perpetual agency philosophy.

Audit Preparation: No preparation needed. Information from the Monthly Management Process Schedule.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

TRANSPARENCY

Measure 3: Board and Committee Meeting Minutes

Target: Publish Board-approved Minutes within 60 days of each Board and Committee Meeting. This target is an internal standard.

- 99% or less is below acceptable accuracy standards
- 100% is the acceptable accuracy standards

Source: Website report denoting the day/time of the publishing

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the excellent business processes related to transparency <mark>and outstanding customer service to our ratepayers.</mark>

Audit Preparation: Administrative Services to provide confirmation of postings via website services.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Measure 4: Website Transparency

Target: Verify and affirm that select items are posted on the Mesa Water website and are current. This includes:

a. Budget for the audit fiscal year
b. CAFR for previous audit year ending June 30
c. Rates & Fee's for the current year
d. Board Member Compensation Ordinance reflecting rates as approved by the Board of Directors and confirmed by a Board Memo from staff. The Board Memo will document the current compensation rates under the "Prior Board Action/Discussion" section. The Board of Directors reviews Board Compensation annually and approves any action by April. Staff will submit to the auditors the Board memo that reflects the website posted Board Member Compensation Ordinance

The auditor will visually verify and affirm the items listed above on Mesa Water's website.

- 99% or less is below acceptable accuracy standards
- 100% is the acceptable accuracy standards

Source: Mesa Water's website

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the excellent business processes related to transparency.

Audit Preparation: None

Strategic Plan: Goal 3 – Be financially responsible and transparent.

COMPLIANCE

Measure 5: Board and Committee Packets

Target: Post to website all Board and Committee Packets within 72 hours of regular/adjourned meeting or 24 hours for a special meeting.

- 99% or less is below acceptable accuracy standards

- 100% is the acceptable accuracy standards

Source: Website report denoting the day/time of the publishing

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure compliance with the Brown Act related to adequate public notice for open meetings.

Audit Preparation: Administrative Services to provide confirmation of postings via website services

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Measure 6: Public Records Act Compliance

Target: Provide initial response to all requests made under the California Public Records Act within 10 calendar days of the date of receipt of a request

If a request is received after business hours or on a weekend or holiday, the next business day may be considered the date of receipt. If the tenth day falls on a weekend or holiday, the next business day is considered the deadline for responding to the request.

In unusual circumstances, the time limit to initially respond to the request may be extended by written notice for an additional 14 days.

- 99% or less is below acceptable accuracy standards
- 100% is the acceptable accuracy standards

Source: Confirmation of written record; one from the public requesting the information and the second confirming the information has been sent to the requestor.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure compliance with the California Public Records Act.

Audit Preparation: Administrative Services will provide the Public Records Request Act records for the audit year. Placed on the top within each file there will be a written record denoting the original request (with date of request highlighted) and a second written record denoting Mesa Water's response (with date of response highlighted) to the request.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

ACTION PLAN COMPLIANCE

Measure 7: Review of all action plans associated with the Annual Administrative Services Performance Audit.

Target: Percent of resolved action items and confirmed by signature of Department Manager and General Manager.

The Business Administrator will provide the previous year's Performance Audit Action Plan to the auditor. The Performance Audit Action Plan will list the total number of actions and indicate whether that actions have been resolved. The auditor will determine the percentage of resolved actions.

Percent of Resolved Action Items = Resolved Action Items/Total Action Items

The following is the acceptable accuracy range:

- 79% or less is below acceptable standards
- 80% to 89% is within the acceptable standards
- 90% or higher is exceeding acceptable standards

Source: Performance Audit Action Plan for the previous audit year.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water is actively progressing towards recommended and agreed upon audit recommendations.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit Action Plan for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

CONTINUOUS IMPROVEMENT

Measure 8: Review of the overall score from the previous audit year.

Target: Measure percent change of the overall department performance score compared to the previous audit year.

The Business Administrator will provide the auditor the Performance Audit from the previous year. After the completion of the current year's audit and associated overall score, the auditor will determine the change in percent compared to the previous year and score accordingly.

Percent Change of Overall Department Score = Percent of Previous Year's Score – Percent of Current Year's Score

The following is the acceptable accuracy range:

- - 5% or lower than previous year is below acceptable standards

- - 4% or + 4% of previous year is within the acceptable standards
- 5% or higher that previous year or maintained gold status is exceeding acceptable standards

Source: Previous year's performance audit

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To encourage and reward departments based on the continuous improvement philosophy.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Performance Audit

Human Resources

WORK PERFORMANCE

Measure 1: Results from the Key Performance Indicators for the Fiscal Year

Target: This measure varies based on activity

    a. Recruitment & Selection (hours per completed recruitment)
    b. Performance Evaluations (hours per completed performance evaluation)

The activities listed above are measured utilizing a 3-point system and assigning points based upon performance. The measure for each activity is "average daily production" which is a standard output measure that is based on the average number of units produced in a 9-hour day of work. A production range is established for each activity and points are awarded based on the following criteria:

- 1 point = below range (lower productivity)
- 2 points = within range (expected productivity)
- 3 points = above range (higher productivity)

The production range for each activity is determined during the Annual Work Plan Update each year. This update process begins in March and is a collaborative effort with the Department Manager, Supervisors, and staff.

Source: Computerized Maintenance Management System

Frequency: Monitored monthly by the Department Manager and Supervisors through work status meetings. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To evaluate how well our key services are performed and holds management accountable to our annual goals. They provide management the ability to measure time (through ADP and Hours per Unit) in order to manage all aspects of the operation.

Audit Preparation: No preparation needed. Information from Work Status Reports from CMMS.

MANAGEMENT PROCESS

Measure 2: Two-Week Scheduling, Data Entry, & Monthly Work Status Meetings

Target: Percent of successfully completed and on-time submittal of the two-week work schedule, entry of performance data, and holding the monthly work status meeting. There are 26-27 occurrences (depending on the year) where the two-week schedule needs to be completed/submitted, 12 occurrences where performance data input is completed, and 12 occurrences where the monthly work status meeting needs to be

conducted with staff. There are a total of 50 to 51 opportunities for the year.

The Business Administrator develops and submits to the Department Managers by June 15 the monthly schedule with the expected date of completion for these events. The Business Administrator tracks the completion of the two-week schedule adherence by checking the electronic file location and ensuring the schedule has been developed by the designated time frame. The Business Administrator runs the labor report out of the Computerized Maintenance Management System at the end of the scheduled data entry due date to ensure all labor hours for each employee have been entered. The Business Administrator tracks the completion of the monthly status meeting through the electronic documentation in the same file location of the Meeting Agenda and Monthly Status Report.

This measure is verified by the percentage of successful on-time submission of the two-week schedule, data entry date, and successful on time event for the monthly status meeting with department staff. For example, if there were 47 successful submissions and events out of 50 possible, the success rate would be 94%.

The following is the acceptable accuracy range:

- 89% or less is below acceptable accuracy standards
- 90% - 94% is within the acceptable accuracy standards
- 95% or higher is exceeding acceptable accuracy standards

Source: Monthly Management Process Schedule

Frequency: Monitored monthly by the Business Administrator and submitted to the Department Managers. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the excellent business processes related to two-week scheduling (planning work in advance in short two week sprints) and monitoring work performance monthly (time, productivity, and costs for delivering our services to the ratepayers) are part of Mesa Water's culture and embracing our perpetual agency philosophy.

Audit Preparation: No preparation needed. Information from the Monthly Management Process Schedule.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

EMPLOYEE DEVELOPMENT

Measure 3: Professional Development Participation

Target: Percentage of Employees participating in Tuition/Education/Certification Reimbursement Programs

Percent of Employee Participation = Employees Participating/Total Employees Eligible

The following is the acceptable accuracy range:

- 9% or less is below acceptable standards
- 10% to 15% is within the acceptable standards
- 16% or higher is exceeding acceptable standards

Source: Human Resource Information System

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To gauge Mesa Water employee's professional development participation.

Audit Preparation: Prepare electronic files for auditor. Count of total eligible FTE's and count of FTE's participating in the professional development program.

Strategic Plan: Goal 5 – Attract and retain skilled employees.

Measure 4: Time to Fill

Target: The amount of time that it takes to fill a vacant position.

Time to Fill = Average number of business days elapsed between requisition date and offer acceptance

The following is the acceptable accuracy range:

- 91 days or greater is below acceptable standards
- 90 – 80 days is within the acceptable standards
- 70 days or less is exceeding acceptable standards

Source: NeoGov

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To gauge the efficiency of Mesa Water's hiring process.

Audit Preparation: Report out of NeoGov for each position hired showing the requisition date and offer acceptance date for the audit year.

Strategic Plan: Goal 6 – Provide outstanding customer service.

EMPLOYEE RECRUITMENT

Measure 5: Job Offer Ratio

Target: The level of job offers rejected compared to the number of job offers made.

Job Offer Ratio = Percent of offers rejected to offers made

The following is the acceptable accuracy range:

- 69% of less is below acceptable standards

- 70% to 74% is within the acceptable standards
- 75% or greater is exceeding acceptable standards

Source: NeoGov

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To measure the quality of the job offers and Mesa Water's recruitment process.

Audit Preparation: Report out of NeoGov for each position offered and offers rejected for the audit year.

Strategic Plan: Goal 6 – Provide outstanding customer service.

Measure 6: Temporary Staff Utilization

Target: The level of full time temporary employees working at Mesa Water. This metric excludes limited term employees.

Temporary Staff Utilization = Percent of temporary and contract employees to total employees

The following is the acceptable accuracy range:

- 181 days or greater below acceptable standards
- 180 to 90 days is within the acceptable standards
- 90 days or less is exceeding acceptable standards

Source: Human Resource Information System

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure temporary staff are used to fill short-term needs.

Audit Preparation: Prepare electronic files for auditor. Total count of FTE's and total count of temporary/contract employees at the end of the audit year.

Strategic Plan: Goal 5 – Attract and retain skilled employees.

EMPLOYEE RETENTION

Measure 7: Turnover Rate

Target: Monitoring employee voluntary and involuntary movement out of the organization

Turnover Rate = (# employees leaving/employees at start + employees at end)/2)

The following is the acceptable accuracy range:

- 16% or greater is below acceptable standards
- 7% to 15% is within the acceptable standards
- 6% or less is exceeding acceptable standards

Source: Human Resource Information System

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To measure, by percent, how many employees are leaving Mesa Water

Audit Preparation: Prepare electronic files for auditor. Total count of FTE's and count of FTE's that moved out of the organization during the audit year.

Strategic Plan: Goal 5 – Attract and retain skilled employees.

EMPLOYEE ENGAGEMENT

Measure 8: Annual Employee Performance Evaluation

Target: All employees receive their annual review by September 30

Annual Review Rate = (number employees receiving their review on time/number of employees)

The following is the acceptable accuracy range:

- 94% or less is below acceptable standards
- 95% to 99% is within the acceptable standards
- 100% is exceeding acceptable standards

Source: Human Resource Information System

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure the excellent business processes related to annual employee reviews are part of Mesa Water's culture and embracing our perpetual agency philosophy.

Audit Preparation: Prepare electronic files for auditor. Total count of FTE's and the date that their annual performance evaluation occurred during the audit year.

Strategic Plan: Goal 6 – Provide outstanding customer service.

Measure 9: Annual Employee Engagement Survey

Target: All employees participate in the Annual Employee Survey by August 15

Overall Mesa Water score from the 12 Question Gallup Poll measuring the work environment.

The following is the acceptable accuracy range:

- Below 33rd percentile is below acceptable standards
- 33rd to 66th percentile is within the acceptable standards
- 66th percentile of higher is exceeding acceptable standards

Source: Gallup Poll Report

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To understand how engaged Mesa Water employees are at work. Provide insight into employee motivation and productivity.

Audit Preparation: Business Administrator to provide documentation from the Gallup organization depicting the overall score for Mesa Water resulting from the annual survey.

Strategic Plan: Goal 5 – Attract and retain skilled employees.

Measure 9: Experience Modification Rate

Target: Metric used to represent a business prior workers comp claims and potential for future injuries. A rate of 1.00 is average for the industry. A rate below 1.0, Mesa Water would be considered safer than most other similar peer agencies.

The following is the acceptable accuracy range:

- 1.00 or greater is below acceptable standards
- 0.99 to 0.80 is within the acceptable standards
- 0.79 of less is exceeding acceptable standards

Source: ACWA-JPIA Worker's Comp Program Renewal Notification

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To gauge the past cost of injuries and future changes of risk

Audit Preparation: Business Administrator to provide ACWA-JPIA Worker's Compensation Program Renewal Notification for the audit year.

Strategic Plan: Goal 5 – Attract and retain skilled employees.

ACTION PLAN COMPLIANCE

Measure 10: Review of all action plans associated with the Annual Administration Services Performance Audit.

Target: Percent of resolved action items and confirmed by signature of Department Manager and General Manager.

The Business Administrator will provide the previous year's Performance Audit Action Plan to the auditor. The Performance Audit Action Plan will list the total number of actions and indicate whether that actions have been resolved. The auditor will determine the percentage of resolved actions.

Percent of Resolved Action Items = Resolved Action Items/Total Action Items

The following is the acceptable accuracy range:

- 79% or less is below acceptable standards
- 80% to 89% is within the acceptable standards
- 90% or higher is exceeding acceptable standards

Source: Performance Audit Action Plan for the previous audit year.

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure Mesa Water is actively progressing towards recommended and agreed upon audit recommendations.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit Action Plan for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

CONTINUOUS IMPROVEMENT

Measure 11: Review of the overall score from the previous audit year.

Target: Measure percent change of the overall department performance score compared to the previous audit year.

The Business Administrator will provide the auditor the Performance Audit from the previous year. After the completion of the current year's audit and associated overall score, the auditor will determine the change in percent compared to the previous year and score accordingly.

Percent Change of Overall Department Score = Percent of Previous Year's Score – Percent of Current Year's Score

The following is the acceptable accuracy range:

- - 5% or lower than previous year is below acceptable standards
- - 4% or + 4% of previous year is within the acceptable standards
- 5% or higher that previous year or maintained gold status is exceeding acceptable standards

Source: Previous year's performance audit

Frequency: Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To encourage and reward departments based on the continuous improvement philosophy.

Audit Preparation: Mesa Water's Business Administrator to provide the Performance Audit for the previous audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Performance Audit

Mesa Water District

FINANCIAL INVESTMENTS

Measure 1: Investment Performance (PARS/OPEB Trust)

Target: Rate of Return on Investments (Pension Trust & OPEB Trust). Performance tied to S&P 500 for the fiscal year timeframe.

The following is the acceptable return on investment range:

- 90% or less is below an acceptable rate of return
- +/- 10% of S&P 500 is an acceptable rate of return
- 110% or greater is exceeding and acceptable rate of return

Source: Monthly treasury status report on investments (June)

Frequency: Reviewed monthly by Financial Services and submitted quarterly to the Board of Directors. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure an investment return is achieved that aligns with the objectives of the Board of Directors.

Audit Preparation: June investment statement for the audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Measure 2: Investment Performance (Other Investments)

Target: Rate of Return on Investments (Other Investments). Performance tied to Local Agency Investment Fund (LAIF) for the fiscal year timeframe.

The following is the acceptable rate of return range:

- 90% or less is below an acceptable rate of return
- +/- 10% LAIF is an acceptable rate of return
- 110% or greater is exceeding and acceptable rate of return

Source: Monthly treasury status report on investments (June)

Frequency: Reviewed monthly by Financial Services and submitted quarterly to the Board of Directors. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure an investment return is achieved that aligns with the objectives of the Board of Directors.

Audit Preparation: June LAIF investment statement for the audit year.

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Measure 3: Cash On Hand

Target: The amount of cash on hand. Measured at the end of the fiscal year. Adjusted for any Board approved actions.

The following is the acceptable cash on hand range:

- 95% or less of budgeted cash on hand
- +/- 5% of budgeted cash on hand
- 105% or greater than budgeted cash on hand

Source: 4th Quarter Mesa Water Financial Statement.

Frequency: Reviewed monthly by Financial Services and submitted quarterly to the Board of Directors. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To ensure a level of cash on hand is achieved that aligns with the objectives of the Board of Directors.

Audit Preparation: 4th Quarter Mesa Water Financial Statement

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Measure 4: Days Cash

Target: The number of days Mesa Water can fully run its operations and maintenance with no revenue. Measured at the end of the fiscal year. Adjusted for any Board approved actions.

The following is the acceptable budgeted days range:

- 95% or less of budgeted days
- +/- 5% of budgeted days
- 105% or greater than budgeted days

Source: 4th Quarter Mesa Water Financial Statement.

Frequency: Reviewed monthly by Financial Services and submitted quarterly to the Board of Directors. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To gauge Mesa Water's financial security.

Audit Preparation: 4th Quarter Mesa Water Financial Statement

Strategic Plan: Goal 3 – Be financially responsible and transparent.

Measure 5: Debt Coverage Ratio

Target: Ratio of cash available for debt servicing to interest, principal and lease payments. Measured at the end of the fiscal year. Adjusted for any Board approved actions.

The following is the acceptable debt coverage range:

- 95% or less of Board approved debt coverage ratio
- +/- 5% Board approved debt coverage ratio
- 105% or greater than Board approved debt coverage ratio

Source: 4th Quarter Mesa Water Financial Statement.

Frequency: Reviewed monthly by Financial Services and submitted quarterly to the Board of Directors. Audited annually based on the year-end results compared to established standards for the audit year.

Purpose: To gauge Mesa Water's financial security

Audit Preparation: 4th Quarter Mesa Water Financial Statement

Strategic Plan: Goal 3 – Be financially responsible and transparent.

MEMORANDUM

TO: Board of Directors

FROM: Tracy E. Manning, Water Operations Manager

DATE: July 13, 2022

SUBJECT: Well No. 7 Pump Rehabilitation

Dedicated to
Satisfying our Community's
Water Needs

RECOMMENDATION

Approve a contract with General Pump Company for $296,257 and a 10% contingency of $29,626 for a total amount not to exceed $325,883 to provide:

- Installation (and subsequent removal) of the temporary Well No. 7 pump;
- Removal of sediment fill from and mechanical re-development via brushing of the screened intervals of Well No. 7; and
- Repair and installation of the permanent Well No. 7 pump,

and authorize the General Manager to execute the contract.

STRATEGIC PLAN

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

PRIOR BOARD ACTION/DISCUSSION

At its June 28, 2022 meeting, the Board of Directors (Board) received an informational staff memorandum that described the current status of Well No. 7 and discussed initial findings of the well video and well pump inspection report.

BACKGROUND

The William K. Patrick Well (Well No. 7) was drilled in November 1986 to an original depth of 753 feet below ground surface. In 2000, the lower portion of the well was sealed to a depth of 575 feet below ground surface to reduce the impact of amber water. In October 2017, the Well Automation Project substantially completed work related to Well No. 7, including the installation of a new pump. The Well No. 7 pump has been in operation since 2017 and typically produces between 1,200 and 1,300 gallons per minute (gpm).

On Sunday, May 1, 2022, the Well No. 7 pump experienced a mechanical failure and shutdown. The following week, the pump was removed from Well No. 7 and sent for inspection. Additionally, a video of the well shaft was taken to check for potential damage to the well. The well pump inspection report and well video have been reviewed and staff recommends the installation of a temporary Well No. 7 pump, rehabilitation of Well No. 7 consisting of brushing, and repair and installation of the permanent Well No. 7 pump.

DISCUSSION

The findings of the well pump inspection indicate that the well pump experienced a failure of a mechanical bearing and is in need of repair. The well video indicates that the well itself remains intact. However, a minor cleaning of the screened intervals could be beneficial.

Well No. 7 pump repair estimates indicate that it will take approximately 16 weeks and $196,257 to repair and reinstall the permanent Well No. 7 pump. The extended schedule is due to extended procurement times for parts needed to repair and install the well pump. To expedite the restoration of Well No. 7 during the high-demand season, a temporary pump could be installed using the existing Well No. 7 pump bowls and shaft with a temporary column pipe. The temporary solution could be implemented by late August with a cost of $70,000. The temporary pump would reduce the remaining Well No. 7 downtime by eight or more weeks and Well No. 7 would be available during the peak summer demands. The temporary column pipe would need to be removed and replaced with the Well No. 7-specific column pipe because the temporary column pipe was designed and procured for the Chandler and Croddy Wells Equipping Project. The temporary use of the column pipe should not impact the Chandler and Croddy Wells Equipping Project schedule.

Additionally, once the temporary pump is removed, there is an opportunity to rehabilitate Well No. 7. The well video indicated plugging of the screened interval of the well and approximately nine feet of sediment fill at the bottom of the well. It is recommended to remove the sediment fill from the well and perform a mechanical re-development via brushing of the screened intervals. The work to clean Well No. 7 would cost $30,000

Due to the criticality of Well No. 7 during peak summer demands, staff recommends approving a contract to General Pump Company (General Pump) for:

- The installation (and subsequent removal) of the temporary Well No. 7 pump while the permanent column pipe is being procured;
- The removal of sediment fill from and mechanical re-development via brushing of the screened intervals of Well No. 7; and
- Repair and installation of the permanent Well No. 7 pump.

A contract with General Pump will provide the quickest possible return to service and repair of Well No. 7. General Pump performed the removal and inspection of the existing Well No. 7 pump and has possession of the existing Well No. 7 pump. Additionally, General Pump is the sub-contractor supplying and installing the two new wells and is in possession of the column pipe for the Chandler Well that will be used temporarily at Well No. 7.

FINANCIAL IMPACT

In Fiscal Year 2023, no funds are budgeted for Well No. 7 Pump Rehabilitation; requested funding will come from Cash on Hand.

ATTACHMENTS

None.

MEMORANDUM

TO: Board of Directors

FROM: Paul E. Shoenberger, P.E., General Manager

DATE: July 13, 2022

SUBJECT: Special Legal Counsel Services

Dedicated to Satisfying our Community's Water Needs

RECOMMENDATION

Approve legal fees to Meyers Nave, A Professional Corporation to provide Special Legal Counsel Services for an amount not to exceed $300,000, which includes $250,000 regarding *Irvine Ranch Water District v. Orange County Water District* and $50,000 regarding Orange County Water District Storage Projects.

STRATEGIC PLAN

Goal #1: Provide a safe, abundant, and reliable water supply.
Goal #7: Actively participate in regional and statewide water issues.

PRIOR BOARD ACTION/DISCUSSION

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

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

At its May 13, 2021 meeting, the Board approved legal fees to Meyers Nave for an amount not to exceed $150,00 to provide Special Legal Counsel Services regarding *Irvine Ranch Water District v. Orange County Water District.*

DISCUSSION

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

Staff recommends that the Board consider approving legal fees to Meyers Nave to provide Special Legal Counsel Services for an amount not to exceed $300,000, which includes $250,000 regarding *Irvine Ranch Water District v. Orange County Water District* and $50,000 regarding Orange County Water District Storage Projects.

FINANCIAL IMPACT

In Fiscal Year 2023, $400,000 is budgeted for Legal Services; no funds have been spent to date.

ATTACHMENTS

None.

REPORTS:

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

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	12,560	12,523	12,523
Amber Water (MWRF)	3,766	3,741	3,741
Imported	3	0	0
Basin Management Water	0	0	0
Total Production	16,329	16,264	16,264

YTD actual water production (AF) through June 30, 2022
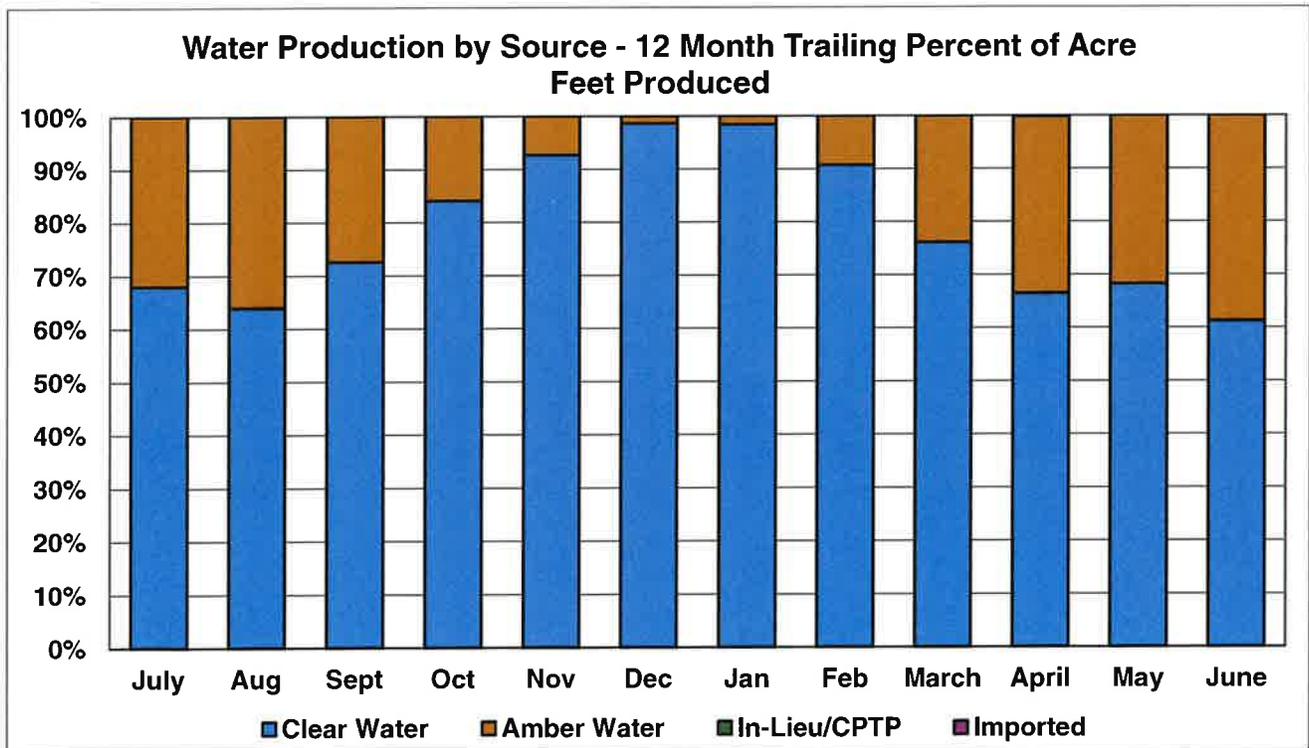
Water Production by Source - 12 Month Trailing Percent of Acre Feet Produced

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

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

Distribution System:	Average	Range	MCL
Chlorine Residual (mg/L) *Compliance*	1.57	0.20 – 2.79 Current RAA = 1.65	4 RAA
Coliform Positive % *Compliance*	0	0	5
Temperature (° F)	77	71 - 82	None

Reservoir I & II:	Average	Range	MCL
Chlorine Residual (mg/L)	0.61	0.30 – 1.41	None
Monochloramine (mg/L)	0.59	0.30 – 1.33	None
Ammonia (mg/L)	0.17	0.11 - 0.39	None
Temperature (° F)	76	73 – 78	None

Wells (Treated):	Average	Range	MCL
Chlorine Residual (mg/L)	2.31	1.52 – 2.58	None
Monochloramine (mg/L)	2.27	1.27 – 2.45	None
Ammonia (mg/L)	0.51	0.23 - 0.59	None
Temperature (° F)	75	67 - 78	None

MWRF:	Average	Range	MCL
Chlorine Residual (mg/L)	2.57	2.28 – 2.84	None
Monochloramine (mg/L)	2.52	2.24 - 2.88	None
Ammonia (mg/L)	0.58	0.52 – 0.62	None
Temperature (° F)	80	78 - 82	None
Color (CU) *Compliance*	ND	ND	15
Odor (TON) *Compliance*	ND	ND	3

Water Quality Calls/Investigations:

Total Calls	4
Total Investigations (from calls)	3

Goal #2: Practice perpetual infrastructure renewal and improvement

Revenues of Potable Water
(in thousands)
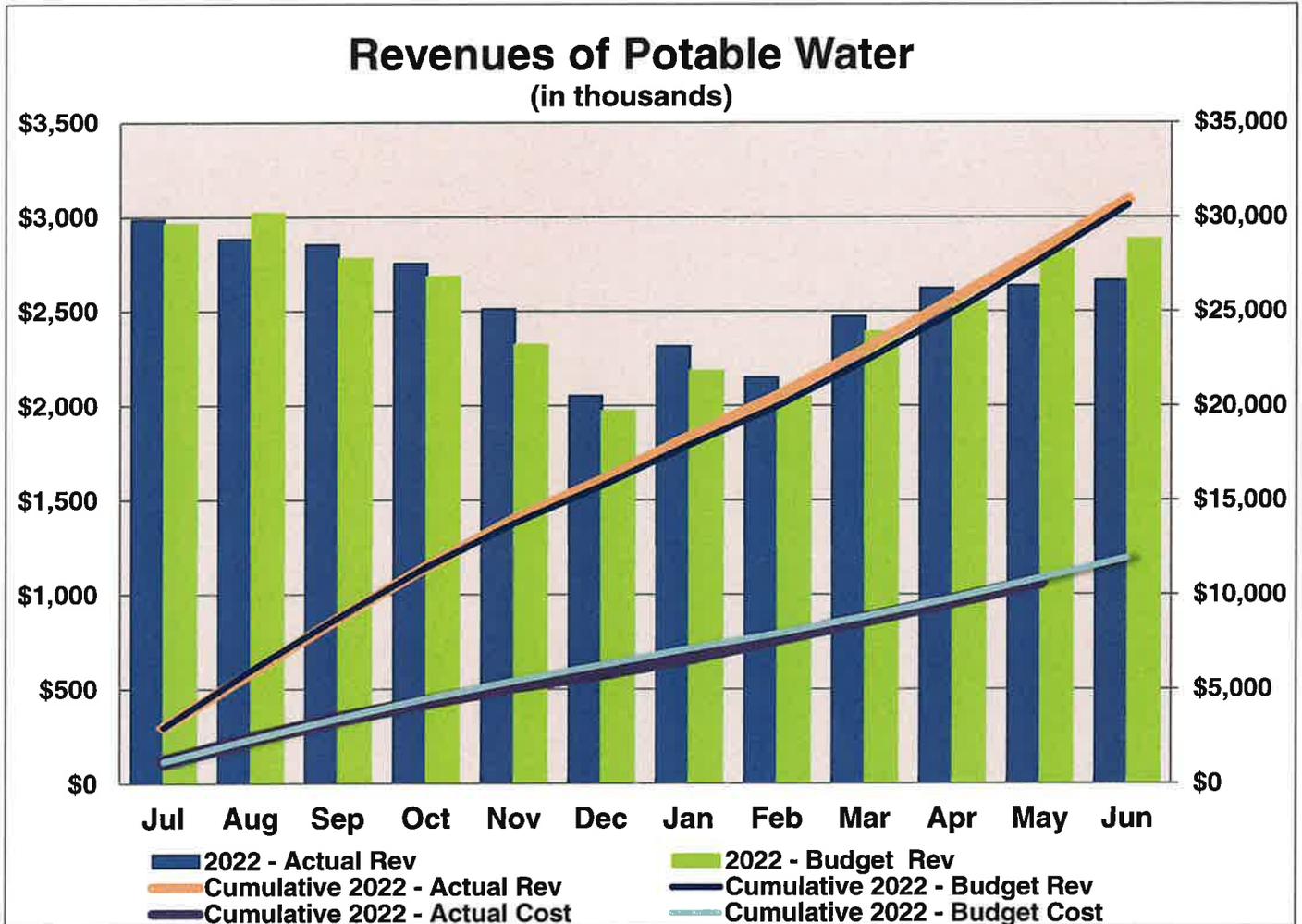
	Actual	Budget	Favorable (Unfavorable)	
			Difference	%
Total YTD Revenue $	30,894,623	30,626,017	268,606	0.88%

	Actual	Budget	UnFavorable (Favorable)	
			Difference	%
Total YTD Cost $ *	10,652,667	10,856,340	(203,673)	(1.88%)

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

Goal #3: Be financially responsible and transparent

Mesa Water CIP Renewal
FY2020 - FY2023

Planned Monthly Spend ($ Millions)
Actual Monthly Spend ($Millions)
Planned Cumulative Spend ($ Millions)
Actual Cumulative Spend ($Millions)
Planned FY22 Cumulative Spend ($Millions)

Monthly Spend ($Millions)

Cumulative Spend ($Millions)

2020 2021 2022 2023
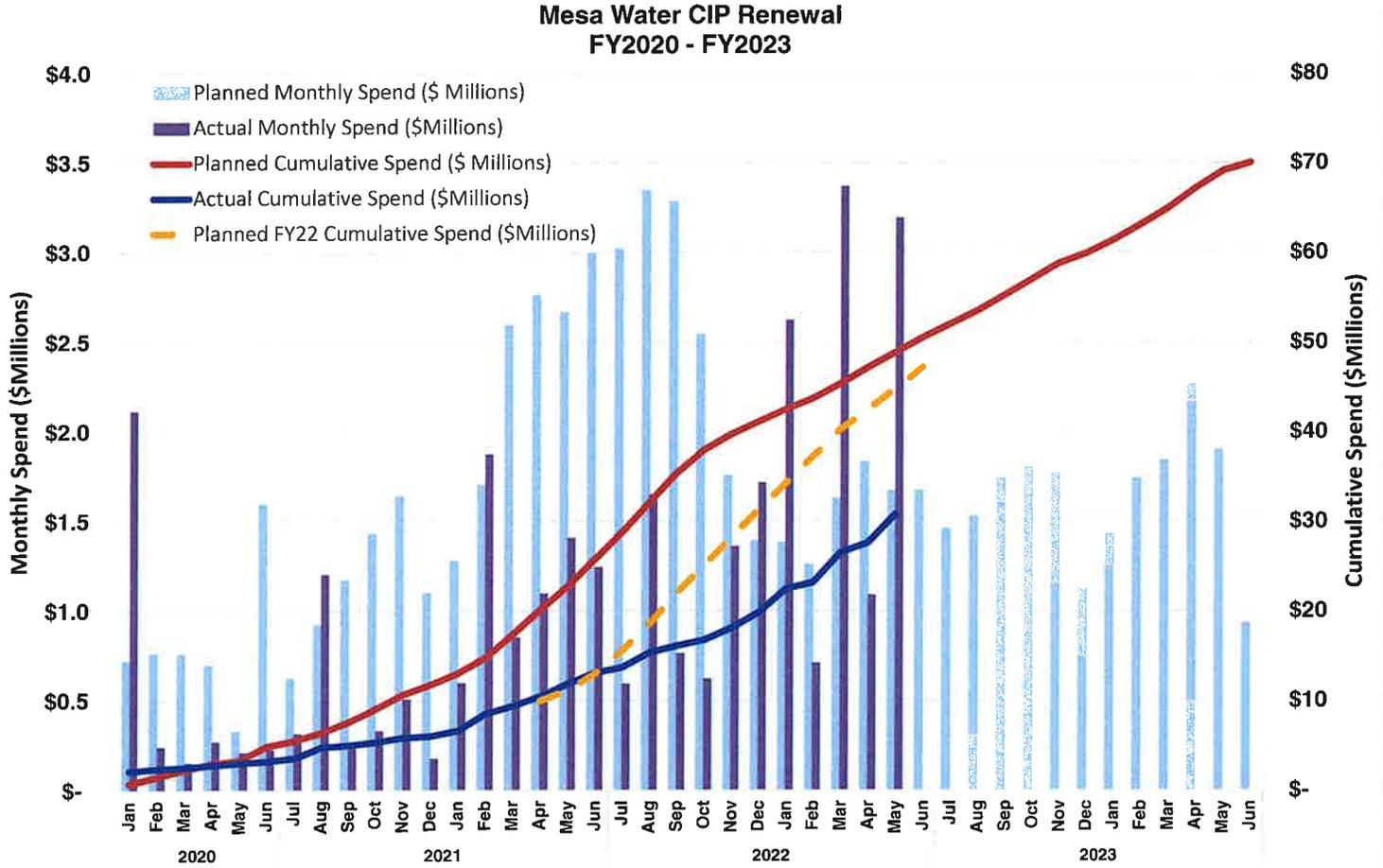
Goal #4: Increase public awareness about Mesa Water and about water

Web Site Information

Web Site Information	May 2022	June 2022
Visits to the web site	14,943	13,734
Unique visitors (First time to the site)	11,549	10,143
Average per day	482	458
Average visit length	129 seconds	166 seconds
Page visited most	Online Bill Pay	Online Bill Pay
Second most visited page	Press Releases	Press Releases
Third most visited page	Operations/Reservoirs	BeMesaWaterWise
Fourth most visited page	Human Resources	Human Resources
Fifth most visited page	Government/Public Meetings	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	Tuesday	Wednesday
Least active day of the week	Saturday	Sunday

Total visits since July 1, 2002   1,689,725

Water Vending Machine Information

Vending Machine Location	Vend Measurement	June 2022 Vends	Totals Vends
Mesa Water Office	1 gal	3,154	576,550

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 - *vacant; on hold.*
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 - *vacant; on hold.*
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	
Distribution	10.00	10.00	0.00	
Field Services	5.00	4.00	1.00	Field Customer Service Representative I/II - *vacant; recruitment in process.*
Production	3.00	3.00	0.00	
Water Quality	2.00	2.00	0.00	
Subtotal	**27.00**	**26.00**	**1.00**	
*** TOTAL BUDGETED POSITIONS:**	**55.00**	**52.00**	**3.00**	

Goal #6: *Provide outstanding customer service*

Customer Calls

Call Type	FY22 YTD	June 2022	YTD Weekly Average
General Billing Question	2243	171	43
Service Requests	1422	123	27
High Bill	1353	127	26
Payments	2129	180	41
Late Fee	458	25	9
Account Maintenance	1072	82	21
On-Line Bill Pay	1631	146	31
Water Pressure	31	2	1
No Water	251	11	5
Conservation	234	25	5
Water Waste	278	19	5
Other (District info. other utility info. etc.)	2102	196	40
Rate Increase	27	0	1
Fluoridation	0	0	0
TOTAL CUSTOMER CALLS	13231	1357	254
AVERAGE ANSWER TIME (Seconds)	35	18	35

Online Bill Pay Customers

Customers Enrolled	FY22 YTD	June 2022	YTD Weekly Average
18395	2250	236	354

REPORTS:

11.   DIRECTORS' REPORTS AND COMMENTS

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

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

Jim Atkinson   **Meetings Attended**

Reimbursement Date:	Description, Date
6/09/22	Meeting with Mesa Water Director, 6/7

Fred R. Bockmiller, P.E.   **Meetings Attended**

Reimbursement Date:	Description, Date
N/A	

Marice H. DePasquale   **Meetings Attended**

Reimbursement Date:	Description, Date
N/A	

Shawn Dewane   **Meetings Attended**

Reimbursement Date:	Description, Date
N/A	

James R. Fisler   **Meetings Attended**

Reimbursement Date:	Description, Date
6/16/22	Orange County Business Journal Event, 5/5
6/16/22	California Coastal Commission Hearing, 5/12

There are no support materials for this item.