



*Dedicated to
Satisfying our Community's
Water Needs*

**AGENDA
MESA WATER DISTRICT
BOARD OF DIRECTORS
Tuesday, March 19, 2024
1965 Placentia Avenue, Costa Mesa, CA 92627
3:30 p.m. Adjourned Regular Board Meeting**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

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

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

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

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

ACTION ITEMS:

1. **REGIONAL WATER ISSUES:**

Recommendation: Discuss and take action as the Board desires.

2. **DISTRICT CAPITAL EXPECTATIONS:**

Recommendation: Discuss and take action as the Board desires.

3. **FIVE-YEAR VISION PLAN FOR MESA WATER EDUCATION CENTER:**

Recommendation: Discuss the Five-Year Vision Plan for Mesa Water Education Center.

4. **FISCAL YEAR 2025 STRATEGIC PLANNING SESSION:**

Recommendation: Brainstorm annual strategic goals and objectives for Mesa Water District's Fiscal Year 2025 Strategic Plan.



5. BUSINESS IMPROVEMENT PROCESS:

Recommendation: Adopt Resolution No. 1591 Formalizing the Business Improvement Process.

6. DISTRICT MEMBERSHIPS AND SPONSORSHIPS:

Recommendation: Discuss and take action as the Board desires.

REPORTS:

7. REPORT OF THE GENERAL MANAGER

8. DIRECTORS' REPORTS AND COMMENTS

CLOSED SESSION:

9. CONFERENCE REGARDING CYBER SECURITY PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54957 (a):

The Board will meet in Closed Session regarding cyber security risks and protections.

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

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

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

ADJOURN TO A REGULAR BOARD MEETING SCHEDULED FOR WEDNESDAY, MARCH 27, 2024 AT 4:30 P.M.



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MEMORANDUM

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: March 19, 2024
SUBJECT: Regional Water Issues

RECOMMENDATION

Discuss and take action as the Board desires.

STRATEGIC PLAN

Goal #1: Provide an abundant, local, reliable and safe water supply.
Goal #2: Perpetually renew and improve our infrastructure.
Goal #7: Actively participate in regional and statewide water issues.

PRIOR BOARD ACTION/DISCUSSION

None.

DISCUSSION

Mesa Water District (Mesa Water®) has numerous regional water supply issues currently under assessment and development. The following regional water supply topics will be presented and discussed at the March 19, 2024 Board of Directors' workshop:

- 1. Interagency Water Transfers:** This discussion will include the regulatory and technical issues related to supplying outside agencies with potable water. The purpose of this discussion will be to formulate discussion points prior to engaging with any interested parties. Mesa Water has not engaged with any parties on this topic; staff requests the Board's guidance.
- 2. OC-44 Pipeline Update:** This discussion will include an update on the operation of the OC-44 pipeline.
- 3. Local groundwater Supply Improvement Project (Local SIP) Update:** This update will discuss the progress of the Local SIP. In February 2024, Mesa Water released a Request for Proposal (RFP) for a study that will investigate the feasibility of a brackish groundwater desalination facility. The study will focus on identifying potential groundwater sources that are seaward of the groundwater injection barrier within Mesa Water's service area, the City of Huntington Beach, and the City of Newport Beach. The Local SIP will be executed through a partnership with Mesa Water, the City of Huntington Beach, the City of Newport Beach, and Orange County Water District, and the contract will be partially funded through a United States Bureau of Reclamation (USBR) grant.

Staff will provide the Board a presentation regarding Regional Water Issues at the March 19, 2024 meeting.



FINANCIAL IMPACT:

None.

ATTACHMENTS

None.



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MEMORANDUM

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: March 19, 2024
SUBJECT: District Capital Expectations

RECOMMENDATION

Discuss and take action as the Board desires.

STRATEGIC PLAN

Goal #1: Provide an abundant, local, reliable and safe water supply.
Goal #2: Perpetually renew and improve our infrastructure.

PRIOR BOARD ACTION/DISCUSSION

None.

DISCUSSION

Over the past 10 years, Mesa Water District (Mesa Water®) has endeavored to renew and improve its infrastructure. With the completion of the Chandler & Croddy Wells and Pipeline Project, the Board of Directors' (Board) goal of reliably providing 115% of maximum day demands from local groundwater sources will be met. Additionally, when the Reservoirs 1 and 2 Upgrades Project is completed, all of the District's production facilities will have recently been renewed. Having achieved many of the goals and completed many of the projects identified in the 2014 Water Master Plan Update, it is time to determine the vision and goals for the next 10 years. To assist in this planning, Mesa Water is starting the 2024 Water Master Plan Update in April 2024.

With Mesa Water's production facilities in good condition, it is likely that the next 10 years will be a period of reduced capital expenditures. The planned capital expenditures will focus on smaller maintenance and repair projects such as the Mesa Water Reliability Facility Improvements Project - where several smaller improvements and repairs will be made to extend the useful life of the facility, and the Cathodic Protection Repairs and Replacement Project - where cathodic protection systems will be renewed and replaced. These are smaller projects that need to be completed to extend the useful life of Mesa Water's infrastructure. In addition to the smaller maintenance projects, Mesa Water will continue to run the Routine Capital Program which includes mainline and fire hydrant valve replacements, small and large meter replacements, service line replacements, air-vacuum valves replacements, other miscellaneous responsive capital repair work, and the Pipeline Integrity Testing Program which helps to identify pipelines that are nearing the end of their useful life through data and testing.

With the expectation of reduced capital expenditures, Mesa Water will also seek to maximize its resources through grants and other funding sources. In July 2023, the Board awarded a contract for Grant Writing and Grant Administration Support Services. The scope of work for this contract includes identifying funding opportunities, pursuing and securing funding, and ensuring compliance with funding agreements. Mesa Water has been successful in securing grant funding for the Chandler and Croddy Wells and the Local groundwater Supply Improvement Project (Local



SIP). Additional projects such as the 1951 Cohort Pipeline Replacement Project and the Mainline Valve Replacement Project have been identified as potential candidates for congressionally directed funding, grants or low interest loans.

In summary, the next 10 years will likely be a period of reduced capital expenditures. Mesa Water's facilities are in good condition and capital projects will focus on smaller maintenance and repair projects. Successful programs such as the Routine Capital Program and the Pipeline Integrity Program will continue to maintain system reliability and Mesa Water will work to secure grants or other funding sources to maximize available resources.

Staff will provide the Board a presentation of the District's capital expectations for Fiscal Year 2025 and beyond at the March 19, 2024 meeting.

FINANCIAL IMPACT

None.

ATTACHMENTS

None.



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MEMORANDUM

TO: Board of Directors
FROM: Hester "Fritz" Petropoulos, Water Use Efficiency and Education Coordinator
DATE: March 19, 2024
SUBJECT: Five-Year Vision Plan for Mesa Water Education Center

RECOMMENDATION

Discuss the Five-Year Vision Plan for Mesa Water Education Center.

STRATEGIC PLAN

Goal #4: Increase favorable opinion of Mesa Water.
Goal # 7: Actively participate in regional and statewide water issues.

PRIOR BOARD ACTION/DISCUSSION

At its March 12, 2020 meeting, the Board of Directors (Board) approved the Capital Improvement Program Renewal (CIPR) project, which included the design and construction of the Supervisory Control and Data Acquisition (SCADA) Control Room and Wet Lab Upgrade Project, the Mesa Water Reliability Facility parking improvements, and the development of the Mesa Water Education Center (MWEC).

BACKGROUND

For over a decade, the Mesa Water District (Mesa Water®) Board has discussed the creation of an education center. The Mesa Water Education Center is now in its final stages of construction and set to open in 2024. Mesa Water collaborated with Mad Systems, a provider of customized interactive experiences, to create interactive exhibits, geared toward fifth grade Next Generation Science Standards. Mesa Water also hired Brain Builders, a STEM education partner, to create the accompanying curriculum, provide docents, and arrange transportation with Newport Mesa Unified School District (NMUSD). Water Use Efficiency and Education Coordinator Hester "Fritz" Petropoulos will manage the MWEC and oversee tours and events at the Center, outreach, further curricula development, and maintenance of the exhibits and the water-wise gardens onsite.

DISCUSSION

In the first two years of the MWEC opening, staff will host 50 - 75 tours annually. People who live, work or attend school in the Mesa Water service area will be the target group for tours. This includes fifth grade students in NMUSD, Costa Mesa private schools, and local homeschool groups. Costa Mesa community, civic and business groups will also receive invitations to tour the MWEC. Additionally, Mesa Water will invite local and regional water industry agencies and leaders, as well as elected officials, to visit the center.

Over years three to five, the objective will increase to 100 or more tours annually. While giving priority to the groups targeted in years one and two, the outreach will expand to



state and national water industry leaders, additional grades in NMUSD, as well as students enrolled in local college programs that support water careers.

Staff will provide the Board a presentation regarding the MWEC's Five-Year Vision Plan at the March 19, 2024 meeting.

FINANCIAL IMPACT

Funds for operational and staffing costs, giveaway items (branded lanyards and water bottles), and curriculum pieces (comic workbooks, vocabulary bingo and miniature aquifer kits) will be included in the Fiscal Year 2025 budget. Funds for subsequent years will be based on data from year one of the MWEC's operations and tours.

ATTACHMENTS

Attachment A: Five-Year Vision Plan



Five-Year Vision Plan

Overview

The Mesa Water Education Center (MWEC) is almost ready to open to the community. The MWEC is the only facility of its kind in Orange County and a premier destination for fifth grade school fieldtrips, civic, business and community organizations and residents to learn more about water. The 2,400 square-foot center offers an interactive experience featuring more than 20 exhibits. The Redwood Theater provides a never-before seen look at Mesa Water's unique amber water story, and the fully immersive Explorer takes passengers on a virtual adventure to the underground aquifer.

Mesa Water District (Mesa Water®) recently hired a Water Use Efficiency and Education Coordinator, Hester "Fritz" Petropoulos, who will manage the MWEC. Additionally, Mesa Water retained Brain Builders, a STEM education partner, to lead outreach to Newport Mesa Unified School District (NMUSD) for fifth grade fieldtrips, home school groups and summer day camps. Brain Builders will also hire and train docents to staff visits from these groups. Fritz Petropoulos and other members of Mesa Water's Public Affairs team will staff visits from other community and industry groups.

Years One and Two

Objective: 50 - 75 fieldtrips and tours/annually

During the first two years of operation, Mesa Water's focus will be on its service area. In addition to NMUSD fifth grade fieldtrips, homeschool groups and summer day camps, Mesa Water will outreach proactively to community, civic and business groups (e.g., Lions Club, Rotary Club, Chamber of Commerce, Historical Society, Girl Scouts and Boy Scouts) to invite them to host a meeting at the MWEC and tour the facility. Additionally, Mesa Water will invite local and regional water industry agencies and leaders, as well as elected officials to visit the center. Mesa Water managers will also look to invite the local chapters of industry associations they are involved with to host meetings at the MWEC.

Years Three-Five

Objective: 100+ fieldtrips and tours/annually

Once the MWEC is established within the District's service area as a local destination for water education, outreach will expand statewide and nationally. Mesa Water will identify state and national industry association conferences being held in Orange County and offer the MWEC for site visits. Mesa Water will invite water leaders throughout the state to tour the facility, and will consider opening the NMUSD fieldtrip program to additional grades, as well as to students enrolled in local college programs that support water careers.



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MEMORANDUM

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: March 19, 2024
SUBJECT: Fiscal Year 2025 Strategic Plan

RECOMMENDATION

Brainstorm annual strategic goals and objectives for Mesa Water District's Fiscal Year 2025 Strategic Plan.

STRATEGIC PLAN

- Goal #1: Provide an abundant, local, reliable and safe water supply.
- Goal #2: Perpetually renew and improve our infrastructure.
- Goal #3: Be financially responsible and transparent.
- Goal #4: Increase favorable opinion of Mesa Water.
- Goal #5: Attract, develop and retain skilled employees.
- Goal #6: Provide excellent customer service.
- Goal #7: Actively participate in regional and statewide water issues.

PRIOR BOARD ACTION/DISCUSSION

At its April 18, 2023 workshop, the Board of Directors (Board) approved the Fiscal Year (FY) 2024 Strategic Plan.

DISCUSSION

Mesa Water District's (Mesa Water®) Vision is *To Be a Top Performing Water Agency*. To achieve this vision, the District must periodically review itself and re-examine its goals. Mesa Water's Board provides staff with direction annually regarding the District's strategic goals, objectives and outcomes for the upcoming fiscal year. Based on this direction, priorities are established, resources are allocated, and staff works to accomplish the goals and objectives, as directed.

The intent of this agenda item is for the Board to articulate important values and planning principles, identify opportunities, and outline key areas for change and growth, while also discussing additions, modifications and deletions to the current Strategic Plan in a "brainstorming" forum with the General Manager acting as the facilitator. Staff has attached the FY 2024 Strategic Plan (Attachment A) of potential strategic goals and objectives for the Board to use in considering future opportunities and potential new initiatives for Mesa Water in FY 2025 and beyond.

The FY 2024 Strategic Plan offered a new look and direction from previous plans. Staff removed the routine annual objectives typically listed in the plan in favor of identifying and listing the high-level, impactful objectives that pertain to each of the Board's seven goals. The routine annual objectives are now captured in both the annual Performance Audit and Key Performance Indicators.

Each high-level, impactful objective in the Strategic Plan now includes a completion date for the purpose of measurement and is given a status at fiscal year's end at the annual Fall Board



Workshop. Outcomes were also removed from the Strategic Plan to place more focus on the completion of the objectives.

Based on input received from the Board at its March 19, 2024 meeting, staff will incorporate any revisions to the Strategic Plan and further analyze opportunities and constraints associated with the list of proposed initiatives. Staff will bring forward a draft FY 2025 Strategic Plan for the Board's review at its April 24, 2024 meeting.

FINANCIAL IMPACT

None.

ATTACHMENTS

Attachment A: Fiscal Year 2024 Strategic Plan



STRATEGIC PLAN

Fiscal Year 2024

Vision

To Be a Top Performing Water Agency

Mission Statement

Mesa Water District, a local independent special district, manages its finances and water infrastructure, and advocates water policy, while reliably providing an abundance of clean, safe water to benefit the public's quality of life.

Core Values

- **Health and Safety of the Public and Our Staff**
- **Excellence**
- **Philosophy of Abundance**
- **Perpetual Agency Philosophy**

Strategic Goals

- 1. Provide an abundant, local, reliable and safe water supply.**
- 2. Perpetually renew and improve our infrastructure.**
- 3. Be financially responsible and transparent.**
- 4. Increase favorable opinion of Mesa Water.**
- 5. Attract, develop and retain skilled employees.**
- 6. Provide excellent customer service.**
- 7. Actively participate in regional and statewide water issues.**

Strategic Goal #1

Provide an abundant, local, reliable and safe water supply.

Objective A: Continue to meet and surpass water quality standards.

- ◆ Implement a free chlorine conversion pilot by February 2024

Objective B: Maintain and protect a high-quality water supply.

- ◆ Complete the Lead Service Line Inventory Plan for approval by October 2023
- ◆ Initiate construction of the Reservoir Chemical Management Systems by November 2023

Objective C: Continue to ensure a reliable and abundant supply of water.

- ◆ Develop a pilot project for replacement of the Mesa Water Reliability Facility (MWRf) secondary system membranes by March 2024
- ◆ Initiate the Local groundwater Supply Improvement Project (Local SiP) feasibility study by February 2024

Objective D: Ensure emergency operations.

- ◆ Initiate construction of emergency backup power at District Headquarters, Reservoir 1 and Kemp Reservoir by November 2023
- ◆ Design emergency backup power for the MWRf High-lift Pump House by June 2024

Strategic Goal #2

Perpetually renew and improve our infrastructure.

Objective A: Manage water infrastructure assets to assure reliability.

- ◆ Complete electrical upgrades at the Fair/Newport vault by December 2023
- ◆ Complete improvement replacement of meter vault lids by June 2024
- ◆ Initiate construction of the Reservoir Rehabilitation Program by November 2023
- ◆ Replace SCADA radio communication equipment by October 2023
- ◆ Develop a plan for the State Clean Fleet Mandate and include an EV charging station at the MWRF by January 2024
- ◆ Design new District facility security hardening by January 2024
- ◆ Implement MWRF upgrades to improve system operations and useful life by March 2024

Objective B: Efficiently manage our water system.

- ◆ Implement Mesa Water's Computerized Maintenance Management System (CMMS) mobile functions by October 2023

Objective C: Plan future projects based on data-driven and life-cycle cost decisions.

- ◆ Update to the Water System Master Plan including an Asset Management Plan by January 2024

Objective D: Improve Mesa Water's information technology infrastructure assets to assure reliability and security.

- ◆ Transition the Information Technology Data Center to a cloud-based data center services platform by December 2023
- ◆ Transition to Microsoft Office 365 by December 2023
- ◆ Implement enhanced cyber security tools and a monitoring system by June 2024
- ◆ Replace all workstations by June 2024
- ◆ Develop an Information Technology Asset Database by June 2024
- ◆ Conduct an assessment of the current IT 5-Year Master Plan by June 2024

Strategic Goal #3

Be financially responsible and transparent.

Objective A: Maintain AAA financial goals and meet the appropriate designated fund level goals.

- ◆ Review possible increased efficiencies and cost savings in the management of Trust Accounts by September 2023
- ◆ Review possible increased efficiencies and cost savings in the management of the District's Reserve Funds by December 2023
- ◆ Update the Board's AAA goal and Designated Funds policy by September 2023
- ◆ Create an Investment Policy Statement by September 2023

Objective B: Maintain competitive rates and efficiency in per capita expenditures.

Objective C: Fund the Board's and District's priorities.

- ◆ Define a 10-15 year financial strategic plan by November 2023
- ◆ Prepare a 10-15 year financial strategic plan by June 2024
- ◆ Conduct Federal Earmarks advocacy in 2023 for Mesa Water's priority projects—the "Cohort Pipe" and "MWRF Backup Power"
- ◆ Implement and lead the RFQ process to retain a Grants Services/Support consultant by August 2023

Objective D: Encompass financial responsibility and transparency.

- ◆ Conduct a Needs Assessment, including an Action Plan, for the acquisition of an Electronic Records Management Software by October 2023
- ◆ Standardize contracts and create a procurement matrix by May 2024

Strategic Goal #4

Increase favorable opinion of Mesa Water.

Objective A: Enhance Mesa Water’s visibility and positive recognition.

- ◆ Develop a “Detail the District” list, options and plan by March 2024

Objective B: Increase awareness of Mesa Water and water among key audiences.

- ◆ Create a comprehensive outreach plan for the Mesa Water Education Center, and launch a school field trip program and community tours by October 2023
- ◆ Host 50 field trips and tours at the Mesa Water Education Center by June 2024

Objective C: Unify Mesa Water messaging and publications.

- ◆ Prepare content for a bi-monthly constituent communication, and email six issues by June 2024

Strategic Goal #5

Attract, develop and retain skilled employees.

Objective A: Attract and retain a qualified, skilled and capable workforce.

- ◆ Update the District's Employee Rules and Regulations by July 2023
- ◆ Complete a general salary increase survey of our benchmark agencies by October 2023
- ◆ Administer the Annual Employee Engagement Survey by June 2024
- ◆ Explore options for a District Longevity Plan by June 2024

Objective B: Develop employee skills.

- ◆ Facilitate presentation training for key staff by October 2023
- ◆ Conduct two Elite Onboarding sessions by June 2024

Objective C: Enhance employee relations.

- ◆ Conduct HR Roundtables with staff by June 2024

Objective D: Provide a safe working environment for staff.

- ◆ Conduct a Request for Proposal for Labor Legal Services by October 2023
- ◆ Develop options for a District Wellness Plan by June 2024

Strategic Goal #6

Provide excellent customer service.

Objective A: Provide outstanding internal and external customer service in a timely, courteous and effective manner.

Objective B: Enhance the customer experience.

- ◆ Competitively select a new customer information system by May 2024
- ◆ Implement a new customer information system by March 2025

Objective C: Measure success.

- ◆ Competitively select a consultant to examine the metrics and measurement values of the Elite Customer Service Standards by October 2023
- ◆ Evaluate the metrics and measurement values of the Elite Customer Service Standards by March 2024

Objective D: Continuous improvement and reinforcement.

Strategic Goal #7

Actively participate in regional and statewide water issues.

Objective A: Accomplish the Board's Policy Priorities.

- ◆ Advocate during the 2023 state legislative session to support an appropriate water bond on the November 2024 ballot
- ◆ Support the 2023 ACWA-sponsored state senate bill (SB 23) to streamline permitting for water infrastructure projects

Objective B: Positively influence water policy and other priority policy issues.

- ◆ Influence 2023 rulemaking for CA water use efficiency regulations to be economically viable, environmentally appropriate, and feasible
- ◆ Advocate during the 2023 state legislative session to amend or oppose nonfunctional turf bills (AB 1572, AB 1573)

Objective C: Optimize governmental efficiencies affecting Mesa Water.

- ◆ Apply for award(s) -- as offered (ACWA ACE, APWA, ICMA) -- for Mesa Water's efficiency (BiPi) by December 2023

Objective D: Facilitate Mesa Water's impactful participation with water, government, utility and non-governmental organizations.

- ◆ Support OCWD President Green's election as ACWA President and CCWD President Avila's election as ACWA Vice President in 2023
- ◆ Support Vice President DePasquale's re-election to the ACWA Region 10 Board in 2023



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MEMORANDUM

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: March 19, 2024
SUBJECT: Business Improvement Process

RECOMMENDATION

Adopt Resolution No. 1591 Formalizing the Business Improvement Process.

STRATEGIC PLAN

- Goal #1: Provide an abundant, local, reliable and safe water supply.
- Goal #2: Perpetually renew and improve our infrastructure.
- Goal #3: Be financially responsible and transparent.
- Goal #4: Increase favorable opinion of Mesa Water.
- Goal #5: Attract, develop and retain skilled employees.
- Goal #6: Provide excellent customer service.
- Goal #7: Actively participate in regional and statewide water issues.

PRIOR BOARD ACTION/DISCUSSION

At its April 11, 2013 meeting, the Board of Directors (Board) approved the Business Process Evaluation project. The purpose of this evaluation was to investigate and document current organizational operations and identify opportunities to improve various business processes, including organizational structure, labor usage, technology utilization and needs, work management, effectiveness, and efficiency.

At its May 22, 2014 meeting, the Board approved the Business Improvement Process Implementation (BIPI). The purpose of this implementation was to institutionalize and optimize Mesa Water District's (Mesa Water) business processes, as well as establish new systems and upgrade existing automated tools to increase accountability to allow for process improvement.

At its March 26, 2018 workshop, the Board directed staff to develop District-wide key performance indicators and annual audits. The purpose of this direction was to provide the final feedback link to a sound business process strategy. The Strategic Plan establishes the vision that the Board has created. Management and staff work together to develop the plans and measures detailing how to reach that vision. Annual audits are an independent, third-party check of our system and processes to ensure they are functioning as designed.

At its April 7, 2019 workshop, the Board received a presentation from LA Consulting, Inc. (LAC) highlighting the results of Mesa Water's BIPI. Mesa Water staff then outlined the District's process for developing performance measures and conducting annual audits for Mesa Water. The Board directed staff to include in the proposed Fiscal Year (FY) 2020 budget a third-party auditor to conduct the annual Performance Audit for FY 2019.

At its December 10, 2020 meeting, the Board received a presentation from LAC that highlighted the development of the Performance Audit, the results of the FY 2019 Mock Performance Audit, and the next steps in the performance audit process.



At its October 30, 2023 workshop, the Board received a presentation that highlighted the background and history of the District's BIPI process and the current best practices of conducting annual audits and department assessments. The Board directed staff to draft a resolution formalizing the Business Improvement Process.

At its January 24, 2024 meeting, the Board received a presentation from LAC that reviewed the results from the FY 2023 Performance Audit.

BACKGROUND

In 2013, Mesa Water obtained professional consulting services to optimize their business operating units. Through a competitive selection process, LAC was retained by Mesa Water in April 2013 to evaluate the business processes of six departments including Administrative Services, Customer Services, Engineering, Financial Services, Public & Government Affairs and Water Operations.

The evaluation was completed in March 2014 and many opportunities were identified for improvement that saved Mesa Water an estimated \$6.3MM over five years, reduced staff from 72 to 56 employees, and significantly improved productivity. Staff efforts have benefited Mesa Water customers by optimizing the workforce and the resources, while reducing overall operational costs.

DISCUSSION

The Board sets the vision and establishes policy to carry out their vision. The vision is embodied in the development of each fiscal year's Strategic Plan which outlines specific Department Goals. Key Performance Indicators (KPIs) are then verified by an annual independent audit confirmation, anchoring and completing the Board's vision for a well-run, efficient and productive organization.

This process is perpetual because it is flexible. Future Mesa Water Boards may have a different vision, with different goals and different KPIs. However, the process remains the same. The permanent formalization of the Business Improvement Process process will assure transparency and accountability for our current ratepayers and for future generations of our community, while also preserving Mesa Water's excellence as a top performing public water agency.

Based on feedback from the Board, staff have provided an outline of the key components of the resolution for their consideration.

Annual Audits

The annual audit process has been a part of Mesa Water's best practices for over ten years. The results from each of the District's annual audits allow Mesa Water to identify gaps and areas of improvement, while also demonstrating that, as an organization, the District champions the concept of continuous improvement.

Mesa Water's financial audits are required by law. The remaining audits Mesa Water conducts each year are not required by any legislative body. Staff recommends formalizing requirement of conducting the District's annual audits by resolution of the Board. This resolution will require the annual audits to be conducted every year, thereby taking Mesa Water's current best practice and formalizing it into a resolution. The auditors performing the work will be approved by the Board. The following audits will be conducted annually and are included in the resolution:



- Mesa Water Annual Financial Report (AFR)
- Mesa Water District Improvement Corporation (MWDIC) AFR
- District-Wide Performance Audit
- Environmental, Health & Safety Audit
- Customer Service Audit
- Information Technology Audit (Operations/Cyber Security)
- Gallup Employee Satisfaction

Department Assessments

The proposed resolution requires Mesa Water to conduct a District-wide operational review every six years to assess Mesa Water's efficiency and effectiveness, and to discover opportunities to improve the District's business operations. This review would entail retaining a third-party independent consultant to conduct a review of all Mesa Water departments, processes and software to ensure they are up to date, efficient, effective, cost-conscious and beneficial to the ratepayers. The following departments will be assessed and are included in the resolution:

- Financial Services
- Administrative Services/Human Resources
- Engineering
- Public Affairs
- Customer Services
- Water Operations

Accountability

To ensure the completion of this work, the Annual Audits and Department Assessments will be added as an item to the General Manager's Annual Review.

Schedules

Annual Audits: A Fiscal Year Annual Audit Schedule will be presented to the Board for review at each Spring Board Workshop.

Department Assessments: The department assessments will be conducted annually on a six-year schedule. This approach benefits Mesa Water by being cost effective and efficient, allowing for a concentrated, focused and meaningful effort. Below is the proposed schedule:

- FY 2025: Financial Services
- FY 2026: Administrative Services
- FY 2027: Engineering
- FY 2028: Public Affairs
- FY 2029: Customer Services
- FY 2030: Water Operations

Resolution

To ensure that the Business Improvement Process process continues in perpetuity, staff recommends that the Board approve a resolution formalizing the audits and department assessments into a recognized policy.



The purpose of this resolution serves the Board and ratepayers in the following ways:

- Memorializes a best practice and formalizes the audit and department assessment process
- Provides accountability and transparency for the ratepayers
- Provides a feedback loop to the Board for items that are important to the organization

Benefits

- Embraces the Board's Perpetual Agency Philosophy
- Board ownership and control of the audit process
- The audit process becomes formal, institutional, and part of the Mesa Water's culture
- Presents a process by which decisions can be made in a timely, relevant and actionable way

FINANCIAL IMPACT

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

ATTACHMENTS

Attachment A: Resolution No. 1591

RESOLUTION NO. 1591

RESOLUTION OF THE MESA WATER DISTRICT BOARD OF DIRECTORS FORMALIZING THE BUSINESS IMPROVEMENT PROCESS

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

WHEREAS, State law, California Water Code § 60292. (a), and bond covenants require Mesa Water to attain an annual independent audited financial statement prepared by a certified public accountant; and

WHEREAS, the Board of Directors (Board) of Mesa Water has previously established its Strategic Plan that encompasses goals and provides the vision for the District; and

WHEREAS, the Strategic Plan is the foundation of Mesa Water's business strategy and establishes a fundamental business management process that embraces the District's Perpetual Agency philosophy; and

WHEREAS, the Board desires to formalize the current business improvement process, which includes the Annual Audits and Department Assessments and will assure transparency and accountability for our current and future ratepayers, while also preserving Mesa Water's excellence as a top performing water agency.

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

Section 1. This Resolution formalizes the current business management process that includes the Annual Audits which allows Mesa Water to identify gaps and areas of improvement, while also demonstrating that, as an organization, the District champions the concept of continuous improvement and excellence. The following audits will be conducted annually:

1. Mesa Water Annual Financial Report (AFR)
2. Mesa Water District Improvement Corporation (MWDIC) AFR
3. District-Wide Performance Audit
4. Environmental, Health & Safety Audit
5. Customer Service Audit
6. Information Technology Audit (Operations/Cyber Security)
7. Gallup Employee Satisfaction

Section 2. This Resolution formalizes the current business improvement

process that includes the Department Assessments which allows Mesa Water to assess each department's efficiency and effectiveness, and to discover opportunities to improve the District's business operations. Each year, in a six-year rotation, one department will be the focus of an in-depth Department Assessment.

Section 3. This Resolution formalizes the current business improvement process that includes the assurance that the completion of this work will be accounted for by adding an item to the General Manager's Annual Review.

Section 4. The process shall be effective immediately upon the date of adoption by the Board. Any amendment of, or exceptions to, the Policy shall be made by action(s) of the Board.

ADOPTED, SIGNED, and APPROVED this 19th day of March 2024 by a roll call vote.

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

Shawn Dewane
President, Board of Directors

Denise Garcia, District Secretary



*Dedicated to
Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Kaitlyn Norris, Public Affairs Specialist
DATE: March 19, 2024
SUBJECT: District Memberships and Sponsorships

RECOMMENDATION

Discuss and take action as the Board desires.

STRATEGIC PLAN

Goal #4: Increase favorable opinion of Mesa Water.
Goal #6: Provide excellent customer service.
Goal # 7: Actively participate in regional and statewide water issues.

PRIOR BOARD ACTION/DISCUSSION

At its May 24, 2023 meeting, the Board of Directors (Board) approved the proposed Fiscal Year 2024 Budget, including District Memberships and Sponsorships.

BACKGROUND

Mesa Water District (Mesa Water®) has historically held memberships in a number of water industry, civic and business organizations where the Board and staff are actively involved or engaged. Mesa Water has also sponsored a variety of community events that reach customers in its service area, as well as at various water industry events.

DISCUSSION

For the Board's review and discussion, staff has prepared a list of the current fiscal year District memberships and sponsorships (Attachments A and B) as approved by the Board in May of 2023.

At the March 19, 2024 workshop, staff will provide the Board a proposed list of District memberships and sponsorships for Fiscal Year 2025, with staff-recommended changes that reflect the Board's current priorities.

FINANCIAL IMPACT

In Fiscal Year 2024, \$140,00 was budgeted for District Memberships and \$98,000 was budgeted for District Sponsorships.

ATTACHMENTS

Attachment A: Fiscal Year 2024 District Memberships
Attachment B: Fiscal Year 2024 District Sponsorships



District Memberships	FY 2024
American Water Works Association	\$ 4,660
Association of CA Cities - Orange County	\$ 5,000
Association of California Water Agencies	\$ 27,870
AWWA Water Research Foundation	\$ 12,350
Bond Buyer	\$ 3,700
CalDesal	\$ 20,000
California Municipal Utilities Association	\$ 5,300
California Special Districts Association	\$ 8,810
California Water Efficiency Partnership	\$ 4,350
Costa Mesa Chamber of Commerce	\$ 5,000
Foundation for Cross Connection Control & Hydraulic Research	\$ 1,000
Friends of Costa Mesa Libraries	\$ 100
Independent Special Districts of Orange County	\$ 50
Miscellaneous	\$ 4,210
Mountain Counties Water Resources Association	\$ 550
Newport Beach Chamber of Commerce	\$ 600
Newspaper Subscriptions	\$ 1,100
Orange County Business Council	\$ 5,000
Orange County Forum	\$ 1,000
Orange County Water Association	\$ 250
Solve the Water Crisis Coalition	\$ 15,000
Southern California Water Committee	\$ 1,000
South Coast Metro Alliance	\$ 400
Southwest Membrane Operator Association	\$ 500
UCI Water Board	\$ 5,000
Urban Water Institute	\$ 2,500
WaterReuse	\$ 4,700
Total District Memberships	\$ 140,000



District Sponsorships	FY 2024
Association of California Water Agencies	\$ 10,500
CALAFCO	\$ 1,000
CALWEP Peer to Peer Sponsorship	\$ 1,000
Community Chats	\$ 15,000
Concerts in the Park	\$ 5,000
Costa Mesa Chamber of Commerce - Events	\$ 2,000
Costa Mesa High School & Estancia High School	\$ 2,000
Costa Mesa Lions (Fish Fry)	\$ 1,000
Ducks Unlimited	\$ 1,000
Festival of Children @ South Coast Plaza	\$ 5,000
Industry Events	\$ 5,000
KOCI	\$ 5,000
Newport Chamber of Commerce	\$ 2,000
Newport Mesa Unified Schools Foundation	\$ 1,000
Orange County Fair	\$ 10,500
Orange County Tax	\$ 1,000
Orange County Water Summit	\$ 7,500
Save Our Youth (SOY)	\$ 250
Segerstrom Center Family Science and Art Festival	\$ 2,500
South Coast Coalition (SOCEC)	\$ 1,500
Southern California Water Coalition	\$ 2,000
Southwest Membrane Operator Association (SWMOA)	\$ 1,500
Sponsorship Requests	\$ 10,000
Urban Water Institute	\$ 2,000
Vanguard University Christmas	\$ 2,750
Total District Sponsorships	\$ 98,000

REPORTS:

7. REPORT OF THE GENERAL MANAGER

REPORTS:

8. DIRECTORS' REPORTS AND COMMENTS

CLOSED SESSION:

9. CONFERENCE REGARDING CYBER SECURITY PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54957(a):
The Board will meet in Closed Session regarding cyber security risks and protections.