



*Dedicated to  
Satisfying our Community's  
Water Needs*

**AGENDA  
MESA WATER DISTRICT  
BOARD OF DIRECTORS  
Tuesday, October 29, 2024  
1965 Placentia Avenue, Costa Mesa, CA 92627  
3:30 p.m. Adjourned Regular Board Meeting**

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**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**PUBLIC COMMENTS**

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

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

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

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

**ACTION ITEMS:**

1. THE TRANSFORMATIVE POWER OF BALLOT INITIATIVES:

**Recommendation: Receive the presentation and take action as the Board desires.**

2. FISCAL YEAR 2024 DISTRICT-WIDE PERFORMANCE AUDIT:

**Recommendation: Receive the presentation and take action as the Board desires.**

3. REGIONAL WATER ISSUES:

**Recommendation: Receive the presentation and take action as the Board desires.**

4. FACILITY DEDICATIONS:

**Recommendation:**

- a. **Replace the Karl Kemp Reservoir plaque with one that mirrors the existing plaque, except the listed Board of Directors will be those who voted for the reservoir's construction; and**
- b. **Install the two existing MWRP plaques in a new location on the west wall of the Nanofiltration Building.**



5. FISCAL YEAR 2024 STRATEGIC PLAN STATUS:

**Recommendation: Receive the status of the Fiscal Year 2024 Strategic Plan.**

**REPORTS:**

6. REPORT OF THE GENERAL MANAGER

7. DIRECTORS' REPORTS AND COMMENTS

**INFORMATION ITEMS:**

8. LEGAL AND LEGISLATIVE UPDATE

**CLOSED SESSIONS:**

9. CONFERENCE WITH SPECIAL LEGAL COUNSEL – POTENTIAL LITIGATION:  
PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(d)(4) and 54954.5(b)

The Board will meet in Closed Session with staff to consider potential civil actions and/or regulatory proceedings which may be brought against Mesa Water District.

10. PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54957.6:  
PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
TITLE: GENERAL MANAGER

**ACTION ITEMS (CONT.):**

11. ANNUAL PERFORMANCE EVALUATION FOR THE GENERAL MANAGER:

**Recommendation: Take action as the Board desires.**

*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](http://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,  
NOVEMBER 13, 2024 AT 4:30 P.M.**



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## MEMORANDUM

TO: Board of Directors  
FROM: Paul E. Shoenberger, P.E., General Manager  
DATE: October 29, 2024  
SUBJECT: The Transformative Power of Ballot Initiatives

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### RECOMMENDATION

Receive the presentation and take action as the Board desires.

### STRATEGIC PLAN

Goal #1: Provide an abundant, local, reliable and safe water supply.  
Goal #3: Be financially responsible and transparent.  
Goal #4: Increase favorable opinion of Mesa Water.  
Goal #7: Actively participate in regional and statewide water issues.

### PRIOR BOARD ACTION

At its October 13, 2021 meeting, the Board of Directors (Board) adopted Resolution No. 1549 Supporting the [Water Infrastructure Funding Act of 2022](#).

At its January 25, 2023 meeting, the Board approved a \$12,500 grant contribution to the California Policy Center to help fund and support the organization's research on Water Infrastructure Solutions for California.

At its February 14, 2024 meeting, the Board received a presentation regarding Californians for Energy and Water Abundance.

### DISCUSSION

Edward Ring is a contributing editor and senior fellow with the California Policy Center (CPC), which he co-founded in 2013 and served as its first president. He was an integral member of the CPC's steering committee that authored the Water Infrastructure Funding Act of 2022. With Ring's support, the CPC continues its policy research to reach a comprehensive solution to the challenge of water scarcity in California -- the goal being to change California's preferred policies of rationing and politically imposed scarcity to policies that embrace and nurture abundance and affordability.

CPC's work towards attaining this goal includes the following impactful activities and accomplishments:

- launched "Californians for Energy and Water Abundance" ([AbundanceCA.com/](http://AbundanceCA.com/)) and an accompanying weekly newsletter -- "What's Current - California's Energy & Water Future" ([AbundanceCA.com/news/](http://AbundanceCA.com/news/)) -- sent to a list of 1,200 influential individuals;
- built a team of experts on California's energy and water challenges to promote policy solutions;



- developed several legislative recommendations to address specific regulatory obstacles and to help achieve water and energy abundance, with one such recommendation (related to reforming the California Environmental Quality Act) resulting in the “Californians for Fair Housing” Political Action Committee which is conducting signature gathering to qualify the [“California Homeownership Affordability Act”](#) for the November 2024 state ballot;
- assembled a coalition of activist groups dedicated to advocating on the CPC’s policy solutions and legislative recommendations; and,
- promoted the CPC’s policy solutions and legislative recommendations to journalists, politicians, and the public.

Mr. Ring will provide the Board a presentation at the October 29, 2024 Board workshop.

#### FINANCIAL IMPACT

None.

#### ATTACHMENTS

None.



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## MEMORANDUM

TO: Board of Directors  
FROM: Kurt Lind, Business Administrator  
DATE: October 29, 2024  
SUBJECT: Fiscal Year 2024 District-Wide Performance Audit

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### RECOMMENDATION

Receive the presentation 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 #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. 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 in order 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 performance 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. The Performance Audit is an independent, third-party check of Mesa Water's 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) showing the results of Mesa Water's Business Improvement Process Implementation. Mesa Water staff then outlined the process of developing performance measures and conducting performance audits for Mesa Water. The Board directed staff to include in the proposed Fiscal Year (FY) 2020 Budget third-party auditors to conduct an annual performance audit for FY 2019.



At its December 10, 2020 meeting, the Board received a presentation from LAC showing the development and implementation of the FY 2019 Dry Run Performance Audit and communicating the lessons learned. Mesa Water staff then outlined the process of developing performance measures for Mesa Water.

At its January 14, 2021 meeting, the Board approved a five year contract with LAC to conduct an annual performance audit.

At its March 22, 2022 Committee meeting, the Board received a presentation item that included the results of the District's first official Performance Audit conducted for FY 2020.

At its July 13, 2022 meeting, the Board approved changes to Mesa Water's Performance Audit Process Guide for the FY 2023 Performance Audit.

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

At its June 12, 2024 meeting, the Board approved changes to Mesa Water's Performance Audit Process Guide for the FY 2025 Performance Audit.

## DISCUSSION

In July 2024, LAC kicked off the FY 2024 Performance Audit (Audit). The Audit focuses on Mesa Water's system and processes to ensure that they are functioning as designed. The Audit comprehensively reviews the District's seven departments and measures 71 key performance indicators (KPIs) 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 KPIs are 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 KPIs are 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 is then calculated based on total points earned compared to total points possible. The overall score is determined based on the following scale:

- Red – 59% or less
- Green – 60% to 89%
- Gold – 90% to 100%



District-wide, Mesa Water scored an overall 76 for the FY 2024 Performance Audit, a 3-point reduction from the FY 2023 Audit. All of the departments received a score within the green range with some KPIs improving and a few reducing. Mesa Water's fiscal KPIs did not meet expectations as described in the metrics and were the recipient of a 19-point drop. The biggest improvement was in Public Affairs with a 30-point increase from last year.

LA Consulting's Harry Lorick will provide a presentation regarding the FY 2024 Performance Audit at the Board's October 29, 2024 workshop. Mr. Lorick will review the results and provide recommendations for improvement in efficiencies and controls.

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

In Fiscal Year 2025, \$32,400 was budgeted for third-party auditors to conduct the District-Wide Performance Audit; \$24,355 has been spent to date.

#### ATTACHMENTS

Attachment A: FY 2024 Performance Audit Departmental Scorecards



## FY 2024 Performance Audit Administrative Services

No	Performance Indicator	Definition	Source				
<b>Work Performance</b>							<b>Score</b>
1	Results from the Key Performance Indicators for the Fiscal Year.	The KPI's are scored 3 points for an HPU that is lower than planned range; 2 points for within planned range; and 1 point for higher than planned range.	CMMS	Lower than Planned Range	Within Planned Range	Higher than Planned Range	<b>89%</b>
<b>Management Process</b>							<b>Score</b>
2	Two Week Scheduling, & Monthly Status	Percent of compliance with meeting the deadline dates for submitting the 2 week schedule and holding the monthly work status meeting	Electronic Document	89% or Less	90% to 94%	Greater than 95%	<b>100%</b>
<b>Transparency</b>							<b>Score</b>
3	Board and Committee Meeting Minutes	Publish Draft Minutes within 60 days of the each Board and Committee Meeting	Website Report	99% or Less	N/A	100%	<b>92%</b>
4	Website Transparency	Verify and affirm that select items are posted on the Mesa Water website and are current	Website	99% or Less	N/A	100%	<b>100%</b>
<b>Department Compliance</b>							<b>Score</b>
5	Board and Committee Packets	Post to website all Board and Committee Packets within 72 hours of regular or adjourned meeting or 24 hours for a special meeting	Website Report	99% or Less	N/A	100%	<b>100%</b>
6	Public Records Request Act Compliance	Response to all public records requests within 10 days of receipt of request	Copy of Public Records Request form	99% or Less	N/A	100%	<b>100%</b>
<b>Action Plan Compliance</b>							<b>Score</b>
7	Review of all action plans associated with the Annual Administrative Services Performance Audit. Confirm that an action plan exists and that progress is being made towards completion.	Percent of <u>resolved</u> actions for all plans	Electronic Document	79% or Less	80% to 89%	90% or Greater	<b>100%</b>
<b>Continuous Improvement</b>							<b>Score</b>
8	Review of the overall score from the previous audit year.	Measure percent change of overall department performance score compared to the previous audit year.	Previous year's Performance Audit	-5% or Lower	-4% to +4%	5% and Greater OR Maintained Gold Status	<b>1%</b>
<b>Overall Performance Scale</b>					59% or Less	60%-89%	90%-100%
<b>Overall Performance Score</b>							<b>85%</b>





## FY 2024 Performance Audit Customer Services

No	Performance Indicator	Definition	Source				
<b>Work Performance</b>							Score
1	Results from the Key Performance Indicators for the Fiscal Year.	The KPI's are scored 3 points for an ADP that is higher than planned range; 2 points for within planned range; and 1 point for lower than planned range.	CMMS	Lower than Planned Range	Within Planned Range	Higher than Planned Range	50%
<b>Management Process</b>							Score
2	Two Week Scheduling & Monthly Status	Percent of compliance with meeting the deadline dates for submitting the 2 week schedule and holding the monthly work status meeting	Electronic Document	89% or Less	90% to 94%	Greater than 95%	100%
<b>Customer Satisfaction</b>							Score
3	Overall result of the annual Elite Customer Service Audit	Overall Key Performance Indicator Score	Elite Customer Service Audit	71% or Less	72% to 89%	90% or Greater	98%
<b>Action Plan Compliance</b>							Score
4	Review of all action plans associated with the Annual Customer Services Performance Audit. Confirm that an action plan exists and that progress is being made towards completion.	Percent of <u>resolved</u> actions for all plans	Electronic Document	79% or Less	80% to 89%	90% or Greater	100%
<b>Continuous Improvement</b>							Score
5	Review of the overall score from the previous Elite Customer Service Audit.	Measure percent change of overall Elite Customer Service Audit score compared to the previous audit year.	Previous year's Elite Customer Service Audit	-5% or Lower	-4% to +4%	5% and Greater OR Maintained Gold Status	Maintained
6	Review of the overall score from the previous audit year.	Measure percent change of overall department performance score compared to the previous audit year.	Previous year's Performance Audit	-5% or Lower	-4% to +4%	5% and Greater OR Maintained Gold Status	-8%
<b>Overall Performance Scale</b>							
				59% or Less	60%-89%	90%-100%	
<b>Overall Performance Score</b>							78%



# FY 2024 Performance Audit Engineering

No	Performance Indicator	Definition	Source				
<b>Verify Accurate Reporting of Work</b>							Score
1	Work Reporting Accuracy	Percent of accurate work reporting and entry. Points of focus includes as applicable: Activity Number, Project Number, Employee Name, Labor Hours, Equipment Hours, Parts/Materials, and Work Quantity.	CMMS	89% or Less	90% to 94%	95% or Greater	<b>80%</b>
<b>Management Process</b>							Score
2	Two Week Scheduling, Data Entry, & Monthly Status	Percent of compliance with meeting the deadline dates for submitting the 2 week schedule, work reporting data entry, and holding the monthly work status meeting	Electronic Files	89% or Less	90% to 94%	Greater than 95%	<b>90%</b>
<b>Engineering Projects</b>							Score
3	Project Hours	Percent of labor hours directly associated with Capital and Expense Projects compared to available hours less leave.	CMMS	69% or Less	70% to 79%	80% or Greater	<b>81%</b>
4	Construction Inspections	Percent of construction inspections performed within 3 business days of request. Documentation of inspection request and actual occurrence	Manual Files & CMMS	89% or Less	90% to 94%	95% to 100%	<b>100%</b>
5	Contract Management	Cost of construction contract change orders in Capital Program projects to less than 5% of the total value of open construction contracts	Financial System	10% or Greater	9% to 6%	5% or Less	<b>6%</b>
6	Efficiency of Plan Check	Percent of plans reviewed within 15 business days	Manual Files	89% or Less	90% to 94%	95% to 100%	<b>96%</b>
7	Efficiency of Contract Award for Construction or Professional Services	Average time from Committee/Board approval to securing contract signature	Records	46 Days or Greater	45 to 31 Days	30 Days or Less	<b>19.5</b>
8	Project Management	Projects less than \$400,000: Labor/Construction Management Cost as a percent of the total contract cost	Financial System	30% or Greater	29% to 16%	15% or Less	<b>16%</b>
9	Project Management	Projects greater than \$400,000: Labor/Construction Management Cost as a percent of the total contract cost	Financial System	20% or Greater	19% to 11%	10% or Less	<b>16%</b>
10	File completed projects in a timely manner; within three months of project close out.	Length of time that projects are filed with Financial Services to begin formal project closing process. Confirm dates on the Project Closeout Checklist.	Manual Files	120 Days or Greater	119 to 90 Days	89 Days or Less	<b>130%</b>
<b>Action Plan Compliance</b>							Score
11	Review of all action plans associated with the Annual Engineering Performance Audit. Confirm that an action plan exists and that progress is being made towards completion.	Percent of resolved actions for all plans and confirmed by signature of Department Manager and General Manager.	Electronic Files	79% or Less	80% to 89%	90% or Greater	<b>100%</b>
<b>Continuous Improvement</b>							Score
12	Review of the overall score from the previous audit year.	Measure percent change of overall department performance score compared to the previous audit year.	Previous year's Performance Audit	-5% or Lower	-4% to +4%	5% and Greater OR Maintained Gold Status	<b>0%</b>
<b>Overall Performance Scale</b>				59% or Less	60%-89%	90%-100%	
<b>Overall Performance Score</b>							<b>77%</b>



## FY 2024 Performance Audit Financial Services

No	Performance Indicator	Definition	Source				
<b>Work Performance</b>							Score
1	Results from the Key Performance Indicators for the Fiscal Year	The KPI's are scored 3 points for an UPH that is lower than planned range; 2 points for within planned range; and 1 point for higher than planned range.	CMMS	Lower than Planned Range	Within Planned Range	Higher than Planned Range	47%
<b>Management Process</b>							Score
2	Two Week Scheduling & Monthly Status	Percent of compliance with meeting the deadline dates for submitting the 2 week schedule and holding the monthly work status meeting	Electronic Document	89% or Less	90% to 94%	Greater than 95%	100%
<b>Review of Financial System</b>							Score
3	Verification of New Accounts	Verify documentation and approval of new accounts. Identify accounts within the Chart of Accounts that were established with corresponding documentation for the fiscal year	Change of Account Log book and signed request form. Financial System	89% or Less	90% to 99%	100%	100%
<b>Engineering Projects</b>							Score
4	File completed projects in a timely manner; within three months of project close out.	Length of time that projects are filed with Financial Services to begin formal project closing process. Confirm dates on the Project Closeout Checklist.	Manual Files	120 Days or Greater	119 to 90 Days	89 Days or Less	132
<b>Monthly Close</b>							Score
5	Monthly Close Documentation	Verify the signed monthly close checklist for Projects and Expense Accounts and corresponding financial statements	Monthly Close Checklist and Financial Statements	Less than 100%	N/A	100%	Not Established
<b>Action Plan Compliance</b>							Score
6	Review of all action plans associated with the Annual Financial Services Performance Audit. Confirm that an action plan exists and that progress is being made towards completion.	Percent of <u>resolved</u> actions for all plans	Electronic Document	79% or Less	80% to 89%	90% or Greater	50%
<b>Continuous Improvement</b>							Score
7	Review of the overall score from the previous audit year.	Measure percent change of overall department performance score compared to the previous audit year.	Previous year's Performance Audit	-5% or Lower	-4% to +4%	5% and Greater OR Maintained Gold Status	-11.33%
<b>Overall Performance Scale</b>				59% or Less	60%-89%	90%-100%	
<b>Overall Performance Score</b>							<b>64%</b>



## FY 2024 Performance Audit Human Resources

No	Performance Indicator	Definition	Data Source	Lower than Planned Range	Within Planned Range	Higher than Planned Range	Score
<b>Work Performance</b>							<b>Score</b>
1	Results from the Key Performance Indicators for the Fiscal Year.	The KPI's are scored 3 points for an ADP that is higher than planned range; 2 points for within planned range; and 1 point for lower than planned range.	CMMS	Lower than Planned Range	Within Planned Range	Higher than Planned Range	<b>56%</b>
<b>Management Process</b>							<b>Score</b>
2	Two Week Scheduling & Monthly Status	Percent of compliance with meeting the deadline dates for submitting the 2 week schedule and holding the monthly work status meeting	Electronic Document	89% or Less	90% to 94%	Greater than 95%	<b>100%</b>
<b>Employee Development</b>							<b>Score</b>
3	Professional Development Participation	Percentage of Employees participating in Tuition/Education/Certification Reimbursement Programs divided by the number of employees eligible	Electronic Document	9% or Less	10% to 15%	16% or Greater	<b>49%</b>
4	Time To Fill	The amount of time that it takes to fill a vacant position. Average number of business days elapsed between requisition date and offer acceptance	NeoGov	91 Days or Greater	90 - 80 Days	79 Days or Less	<b>57</b>
<b>Employee Recruitment</b>							<b>Score</b>
5	Job Offer Ratio	Percent of offers accepted to offers made	NeoGov	69% or Less	70% to 74%	75% or Greater	<b>91%</b>
6	Temporary Staff Utilization	Average duration of time using temporary staff	Human Resource Information System	181 Days or Greater	180 - 91 Days	90 Days or Less	<b>94</b>
<b>Employee Retention</b>							<b>Score</b>
7	Turnover Rate	Monitoring employee voluntary and involuntary movement out of the organization	Human Resource Information System	16% or Greater	15% to 7%	6% or Less	<b>7%</b>
<b>Employee Engagement</b>							<b>Score</b>
8	Annual Employee Performance Evaluations	All employees receive their annual review by September 30	Human Resource Information System	94% or Less	95% to 99%	100%	<b>97%</b>
9	Annual Employee Engagement Survey	Overall Mesa Water® score from the 12 Question Gallup Poll measuring the work environment.	Gallup Poll Report	Below 33rd Percentile	33rd - 66th Percentile	66th Percentile or Greater	<b>35</b>
<b>Action Plan Compliance</b>							<b>Score</b>
10	Review of all action plans associated with the Annual Human Resources Performance Audit. Confirm that an action plan exists and that progress is being made towards completion.	Percent of <u>resolved</u> actions for all plans	Electronic Document	79% or Less	80% to 89%	90% or Greater	<b>100%</b>
<b>Continuous Improvement</b>							<b>Score</b>
11	Review of the overall score from the previous audit year.	Measure percent change of overall department performance score compared to the previous audit year.	Previous year's Performance Audit	-5% or Lower	-4% to +4%	5% and Greater OR Maintained Gold Status	<b>3%</b>
<b>Overall Performance Scale</b>				59% or Less	60%-89%	90%-100%	
<b>Overall Performance Score</b>							<b>75%</b>



# FY 2024 Performance Metrics Public Affairs

No	Performance Indicator	Definition	Source				
<b>Work Performance</b>							Score
1	Results from the Key Performance Indicators for the Fiscal Year.	The KPI's are scored 3 points for an HPU that is lower than planned range; 2 points for within planned range; and 1 point for higher than planned range.	CMMS	Lower than Planned Range	Within Planned Range	Higher than Planned Range	100%
<b>Management Process</b>							Score
2	Two Week Scheduling & Monthly Status	Percent of compliance with meeting the deadline dates for submitting the 2 week schedule and holding the monthly work status meeting	Electronic Document	89% or Less	90% to 94%	Greater than 95%	6%
<b>Public Awareness</b>							Score
3	Mesa Water® Brand Identity	Percent of respondents who correctly identify Mesa Water® as their water provider (unaided awareness)	Annual Customer Opinion Survey	39% or Less	40% to 70%	71% or Greater	72%
4	Mesa Water® Brand Recognition	Percent of respondents who have an overall awareness of Mesa Water® (unaided awareness + aided awareness)	Annual Customer Opinion Survey	69% or Less	70% to 89%	90% or Greater	96%
5	Mesa Water® Knowledge of Water Origin	Percent of respondents who correctly know the origin of water (produced locally) that Mesa Water® produces and delivers.	Annual Customer Opinion Survey	42% or Less	43% to 53%	54% or Greater	44%
<b>Communication</b>							Score
6	Communication Efforts	Percent of respondents who are <u>very satisfied</u> with Mesa Water®'s efforts to communicate with customers	Annual Customer Opinion Survey	69% or Less	70% to 89%	90% or Greater	53%
<b>Social Media Growth</b>							Score
7	Increase the number of Social Media followers (Costa Mesa Only) on Facebook and Instagram	Percent increase from the previous fiscal year.	Westbound Report	29% or Less	30% to 49%	50% or Greater	246%
<b>Action Plan Compliance</b>							Score
8	Review of all action plans associated with the Annual Public Affairs Performance Audit. Confirm that an action plan exists and that progress is being made towards completion.	Percent of <u>resolved</u> actions for all plans	Electronic Document	79% or Less	80% to 89%	90% or Greater	100%
<b>Continuous Improvement</b>							Score
9	Review of the overall score from the previous audit year.	Measure percent change of overall department performance score compared to the previous audit year.	Previous year's Performance Audit	-5% or Lower	-4% to +4%	5% and Greater OR Maintained Gold Status	23%
<b>Overall Performance Scale</b>				59% or Less	60%-89%	90%-100%	
<b>Overall Performance Score</b>							<b>87%</b>



# FY 2024 Performance Audit Water Operations

No	Performance Indicator	Definition	Source	Lower than Planned Range	Within Planned Range	Higher than Planned Range	Score
<b>Work Performance</b>							<b>Score</b>
1	Results from the Key Performance Indicators for the Fiscal Year.	The KPI's are scored 3 points for an ADP that is higher than planned range; 2 points for within planned range; and 1 point for lower than planned range.	CMMS	Lower than Planned Range	Within Planned Range	Higher than Planned Range	<b>83%</b>
<b>Verify Accurate Reporting of Work</b>							<b>Score</b>
2	Work Reporting Accuracy.	Percent of accurate work reporting and entry. Points of focus includes as applicable: Activity Number, Project Number, Employee Name, Labor Hours, Equipment Hours, Parts/Materials, and Work Quantity.	CMMS	89% or Less	90% to 94%	Greater than 95%	<b>96%</b>
<b>Management Process</b>							<b>Score</b>
3	Two Week Scheduling, Data Entry, & Monthly Status	Percent of compliance with meeting the deadline dates for submitting the 2 week schedule, work reporting data entry, and holding the monthly work status meeting	Electronic Document	89% or Less	90% to 94%	Greater than 95%	<b>100%</b>
<b>Accuracy of Assets</b>							<b>Score</b>
4	Affirm quarterly asset verification meetings.	Review and affirm quarterly asset meetings occurred on time. Should be completed at 100%	Manual Files	Less than 100%	N/A	100%	<b>25%</b>
<b>Water Quality</b>							<b>Score</b>
5	Verify monthly water quality test reports submitted to California Division of Drinking Water	Review and affirm monthly water quality reports sent to DDW submitted on time. Email confirmation attached to each monthly report.	Manual Files	Less than 100%	N/A	100%	<b>100%</b>
<b>Production Duty Operator</b>							<b>Score</b>
6	Comparison of the submission time of the emailed Production Duty Checklist to the agreed upon time requirements in the Production System Operation Plan. Documented on the daily performance log.	Percent of work shifts where all emails/checklists were submitted on time.	Electronic File	93% or Less	94% to 96%	97% or Greater	<b>91%</b>
<b>Fleet Compliance</b>							<b>Score</b>
7	Quarterly CHP/BIT Completed	Compare planned CHP/BIT schedule for fleet to actual results. Should be completed at 100%	Manual Files	Less than 100%	N/A	100%	<b>100%</b>
8	Annual SMOG Testing	Compare planned SMOG Checks schedule for fleet to actual results. Should be completed at 100%.	Manual Files	Less than 100%	N/A	100%	<b>100%</b>
9	Annual Opacity Testing	Compare planned Opacity Testing schedule for fleet to actual results. Should be completed at 100%.	Manual Files	Less than 100%	N/A	100%	<b>100%</b>
<b>Review of Compliance Documentation</b>							<b>Score</b>
10	Review of Regulatory Compliance Reports. Auditor to randomly select and confirm seven (7) reports have been completed and submitted to appropriate regulatory agencies.	Seven (7) randomly selected reports completed and submitted on time at 100%.	Manual Files	Less than 100%	N/A	100%	<b>100%</b>
<b>Action Plan Compliance</b>							<b>Score</b>
11	Review of all action plans associated with the Root Cause Analysis. Confirm that an action plan exists and that progress is being made towards completion.	Percent of <u>resolved</u> actions for all plans and confirmed by signature of Department Manager and General Manager.	Electronic Document	79% or Less	80% to 89%	90% or Greater	<b>No RCAs</b>
12	Review of all action plans associated with the Annual Water Operations Audit. Confirm that an action plan exists and that progress is being made towards completion.	Percent of resolved actions for all plans and confirmed by signature of Department Manager and General Manager.	Electronic Document	79% or Less	80% to 89%	90% or Greater	<b>100%</b>
<b>Continuous Improvement</b>							<b>Score</b>
13	Review of the overall score from the previous audit year.	Measure of overall department performance compared to the previous audit year.	Previous year's Performance Audit	5% or Less	-4% to +4%	5% and Greater OR Maintained Gold	<b>1%</b>
<b>Overall Performance Scale</b>				59% or Less	60%-89%	90%-100%	
<b>Overall Performance Score</b>							<b>84%</b>



## FY 2024 Performance Audit Mesa Water District

No	Performance Indicator	Definition	Source				
<b>Financial Investments</b>							<b>Score</b>
1	Investment Performance (PARS/OPEB Trust)	Rate of Return on Investments (Pension Trust & OPEB Trust). Performance tied to S&P 500 for the fiscal year timeframe.	Treasury Status Report on Investments	Less than 90% of Rate of Return	+/- 10% of Rate of Return	Greater than 110% of Rate of Return	<b>69%</b>
2	Investment Performance (Other Investments)	Rate of Return on Investments (Other Investments). Performance tied to LAIF for the fiscal year timeframe.	Treasury Status Report on Investments	Less than 90% of Rate of Return	+/- 10% of Rate of Return	Greater than 110% of Rate of Return	<b>23%</b>
3	Cash on Hand	The amount of cash on hand. Measured at the end of the fiscal year. Adjusted for any Board approved actions.	Fourth Quarter Financial Report	Less than 95% of Budgeted Cash on Hand	+/- 5% of Budgeted Amount Cash on Hand	Greater than 105% of Budgeted Cash on Hand	<b>3%</b>
4	Days Cash	The number of days Mesa Water® can fully operate with no revenue. Measured at the end of the fiscal year. Adjusted for any Board approved actions.	Fourth Quarter Financial Update Report	Less than 95% of Budgeted Days	+/- 5% of Budgeted Days Cash	Greater than 105% of Budgeted Days	<b>105%</b>
5	Debt Coverage Ratio	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.	Fourth Quarter Financial Update Report	Less than 95% of Debt Ratio	+/- 5% of Board Approved Debt Ratio	Greater than 105% of Debt Ratio	<b>139%</b>
<b>Overall Performance Scale</b>				59% or Less	60%-89%	90%-100%	
<b>Overall Performance Score</b>							<b>57%</b>



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## MEMORANDUM

TO: Board of Directors  
FROM: Andrew D. Wiesner, P.E., District Engineer  
DATE: October 29, 2024  
SUBJECT: Regional Water Issues

---

### RECOMMENDATION

Receive the presentation 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®) staff keeps abreast of regional water supply issues. The following regional water supply topics will be presented and discussed at the October 29, 2024 Board of Directors' workshop:

- 1. Interagency Water Transfers:** This update will discuss the progress of the Interagency Water Transfer Project. Mesa Water has entered into a Cooperative Agreement with the City of Huntington Beach to develop a feasibility report. This discussion will highlight the preliminary scope of work for the Feasibility Study.
- 2. Local groundwater Supply Improvement Project (Local SIP) Update:** This update will discuss the progress of the Local SIP. The study has identified 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 project team is currently modeling potential wellfield locations, developing treatment plant footprints for the expected range of water quality, and evaluating potential treatment plant locations based on required footprints. The Local SIP is being executed through a partnership with Mesa Water, the City of Huntington Beach, the City of Newport Beach, and Orange County Water District. The contract will be partially funded through a United States Bureau of Reclamation (USBR) grant.

### FINANCIAL IMPACT

None.

### ATTACHMENTS

None.





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## MEMORANDUM

TO: Board of Directors  
FROM: Paul E. Shoenberger, P.E., General Manager  
DATE: October 29, 2024  
SUBJECT: Facility Dedications

---

### RECOMMENDATION

Direct staff to:

- a. Replace the Karl Kemp Reservoir plaque with one that mirrors the existing plaque, except the listed Board of Directors will be those who voted for the reservoir's construction; and
- b. Install the two existing Mesa Water Reliability Facility plaques in a new location on the west wall of the Nanofiltration Building.

### STRATEGIC PLAN

Goal #2: Perpetually renew and improve our infrastructure.

Goal #4: Increase favorable opinion of Mesa Water.

### PRIOR BOARD ACTION/DISCUSSION

None.

### DISCUSSION

This item is agendaized at the request of the Board of Directors (Board).

During the construction of the Karl Kemp Reservoir and the Mesa Water Reliability Facility (MWRF), several events were held to commemorate the projects, as summarized in Attachment A. Three dedication plaques, as pictured in Attachment B, were created and installed – one at the Karl Kemp Reservoir and two at the MWRF. These two facilities have recently been completed or are currently under construction, providing the Board an opportunity to discuss the dedication plaques.

Staff recommends replacing the Karl Kemp Reservoir plaque with one that mirrors the existing plaque, except the listed Board of Directors will be those who voted for the reservoir's construction, and installing the two existing MWRF plaques on the west wall of the Nanofiltration Building as shown in Attachment C.

### FINANCIAL IMPACT

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

### ATTACHMENTS

Attachment A: Facility Dedications

Attachment B: Dedication Plaques

Attachment C: Recommended Location for the MWRF Dedication Plaques



# Facility Dedications

Facility Name	Facts
<p><b>Karl Kemp Reservoir</b> Dedicated October 24, 1996</p>	<ul style="list-style-type: none"> <li>• Groundbreaking Event</li> <li>• Dedication Event with Plaque</li> <li>• Board approved Resolution No. 1173 to dedicate Reservoir 2 to General Manager Karl Kemp</li> <li>• Board-approved Plaque with the names of the Board, Past Directors, General Manager, Engineers and Contractor</li> </ul>
<p><b>Mesa Water Reliability Facility (MWRF)</b> Formerly known as the Colored Water Treatment Facility (CWTF)</p> <p>Dedicated on November 28, 2000 Rededicated on September 13, 2012</p>	<ul style="list-style-type: none"> <li>• Groundbreaking Event</li> <li>• Dedication Events with Plaques</li> <li>• Open House Tours</li> <li>• CWTF Plaque with the names of the Board, General Manager, Assistant General Manager, Partners, Consultants and Design/Build Team</li> <li>• CWTF Rededication Plaque with the names of the Board, General Manager, Construction Manager, Designer, Builder and Landscape Architects</li> <li>• Board approved renaming the CWTF to the MWRF</li> </ul>

**MESA CONSOLIDATED  
WATER DISTRICT  
KARL KEMP RESERVOIR**

**DEDICATED OCTOBER 24, 1996**

**BOARD OF DIRECTORS**

**TRUDY OHLIG, PRESIDENT  
HENRY S. PANIAN, FIRST VICE PRESIDENT  
H. JACK HALL, VICE PRESIDENT  
R. MICHAEL HEALEY, VICE PRESIDENT  
MARK KORANDO, VICE PRESIDENT**

**PAST DIRECTORS**

**MARIO DURANTE  
THOMAS NELSON**

**GENERAL MANAGER**

**KARL KEMP**

**ENGINEERS**

**WOODSIDE/KUBOTA & ASSOCIATES, INC.**

**CONTRACTOR**

**SSC CONSTRUCTION, INC.**

# MESA CONSOLIDATED WATER DISTRICT

## COLORED WATER TREATMENT FACILITY

DEDICATED NOVEMBER 28, 2000

### BOARD OF DIRECTORS

FRED BOCKMILLER, PRESIDENT  
DANA HAYNES, FIRST VICE PRESIDENT  
JAMES ATKINSON, VICE PRESIDENT  
R. MICHAEL HEALEY, VICE PRESIDENT  
TRUDY OHLIG-HALL, VICE PRESIDENT

### GENERAL MANAGER

KARL KEMP

### ASSISTANT GENERAL MANAGER

DIANA M. LEACH

### PARTNERS

ORANGE COUNTY WATER DISTRICT  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

### CONSULTANTS

BUTLER CONSTRUCTION MANAGERS  
CAROLLO ENGINEERS

### DESIGN/BUILD TEAM

J. W. CONTRACTING CORPORATION  
KENNEDY/JENKS CONSULTANTS



Trudy Ohlig-Hall  
Vice President



James F. Atkinson  
Vice President



Fred R. Bockmer, P.E.  
President



James R. Fisler  
First Vice President



Shawn Dewane  
Vice President

# Mesa Water District

## COLORED WATER TREATMENT FACILITY

Rededicated on September 13, 2012

This award-winning, state-of-the-art facility is a testament to the visionary leadership, community service, and long-standing commitment by the Mesa Water District Board of Directors to achieve 100 percent local reliability with safe, high-quality water.

General Manager

Paul E. Shoenberger, P.E.

Construction Manager

MWH Constructors, Inc.

Designer

Carollo Engineers, Inc.

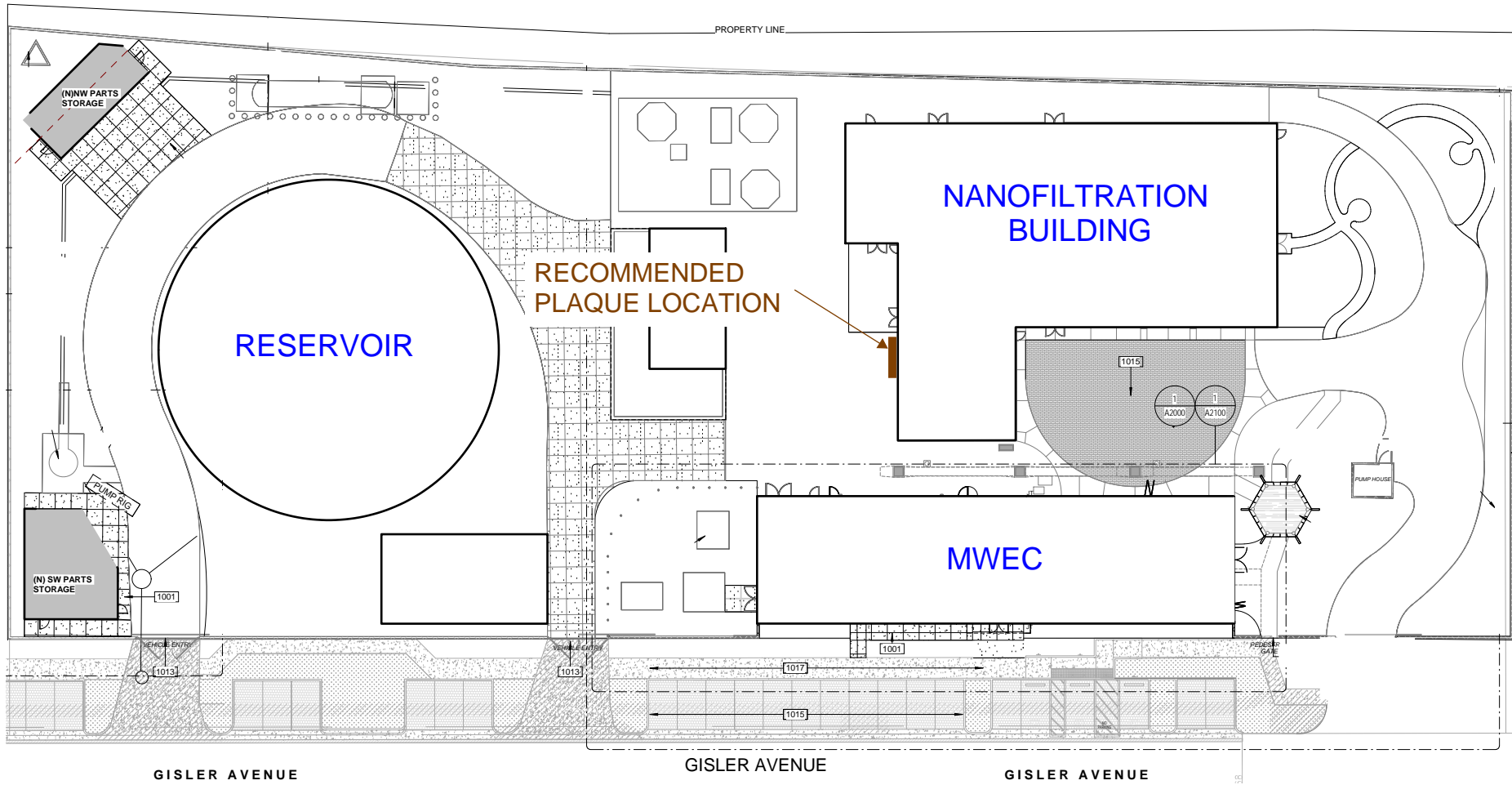
Builder

Brutoco Engineering  
& Construction, Inc.

Landscape Architects

Clark & Green Associates  
Stivers & Associates

*"Dedicated to Satisfying our Community's Water Needs"*

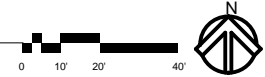


GISLER AVENUE

GISLER AVENUE

GISLER AVENUE

1 SITE PLAN - MWRW  
A1000 Scale: 1" = 20'-0"



ATTACHMENT C - Recommended Location for Dedication Plaques



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Water Needs*

## MEMORANDUM

TO: Board of Directors  
FROM: Paul E. Shoenberger, P.E., General Manager  
DATE: October 29, 2024  
SUBJECT: Fiscal Year 2024 Strategic Plan

---

### RECOMMENDATION

Receive the status of the Fiscal Year 2024 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®) 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 work to accomplish the goals and objectives, as directed.

The intent of this agenda item is for the Board to review and discuss the status of the FY 2024 Strategic Plan (Attachment A). The status of each objective is signified using the following three-color system:

- ◆ Green - completed
- ◆ Yellow – in process
- ◆ Red - incomplete

Based on input received from the Board, staff will incorporate any comments into drafting the FY 2026 Strategic Plan, and further analyze the opportunities and constraints associated with the list of proposed initiatives. Staff will discuss the FY 2026 Strategic Plan with the Board at the next workshop to determine the feasibility of the proposed initiatives and to develop work plans and schedules.

### FINANCIAL IMPACT

None.



ATTACHMENTS

Attachment A: Fiscal Year 2024 Strategic Plan, Status





# 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

**REPORTS:**

6. REPORT OF THE GENERAL MANAGER

**REPORTS:**

7. DIRECTORS' REPORTS AND COMMENTS



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## MEMORANDUM

TO: Board of Directors  
FROM: Stacy Taylor, Water Policy Manager  
DATE: October 29, 2024  
SUBJECT: Legal and Legislative Update

---

### RECOMMENDATION

This item is provided for information.

### STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.  
Goal #4: Increase favorable opinion of Mesa Water.  
Goal #7: Actively participate in regional and statewide water issues.

### PRIOR BOARD ACTION/DISCUSSION

None.

### DISCUSSION

LEGAL: During Calendar Year 2024, two San Diego-based (ACWA Region 10) water rates cases of interest to Mesa Water District (Mesa Water®) and related to Proposition 218 (California Constitution Articles XIIC and XIID) were up on appeal—the City of San Diego “Patz” case and the Otay Water District “Coziahr” case. In both cases, the lower courts ruled that the water rates charged by the defendants do not comply with the California constitution, and that the City of San Diego and Otay Water District must start using water rates that are consistent with the California Constitution and must award refunds to class members for unconstitutional overcharges.

Both cases shared some similar aspects, including: the defendants’ use of -- and the courts’ rejection of -- “peaking factors” to justify the water rate tiers charged to single family residential ratepayers; the defendants’ legal counsels’ statement that water ratepayers should be required to “exhaust administrative remedies”; the appeal court’s consideration of “extra record evidence”; and, the lower courts ordering the defendants to issue refunds to overcharged ratepayers.

A [summary and status of the two cases](#) is as follows:

- Patz – The trial court issued a September 13, 2021 Statement of Decision asserting that the City of San Diego (City) “failed to demonstrate by substantial evidence that the tiered water rates imposed by its 2013 and 2015 ratemakings are proportional to the cost of service attributable to each customer’s parcel, as required by Proposition 218.” The court issued a Judgment ordering the City to repay class members approximately \$79 million. On April 1, 2022, the City filed an appeal challenging the lower court’s decisions on liability and remedies. A counter-appeal was filed, with Mesa Water submitting an amicus in support of the ratepayers/taxpayers, and those appeals are pending (pending appeals must be resolved before class members can get paid). In March 2024, the Fourth District Court of Appeal, Division One (located in San Diego) transferred the case to Division Two located in Riverside.



- Coziahr – In March 2021, the trial court determined that Otay Water District (Otay WD) failed to prove that its tiered rates correspond to the actual cost of providing service at a given usage level, among other things, and the lower court issued a Statement of Decision ordering Otay WD to repay class members approximately \$24 million. On July 15, 2024, the appeals court ruled in favor of the ratepayers/taxpayers and referred the overpayment refunds matter back to the lower court. In August 2024, Otay WD requested that the California Supreme Court depublish the opinion, for which Mesa Water submitted a letter in support of publication, and Otay WD requested the Supreme Court to review the decision. The Supreme Court denied both of these requests, resulting in the opinion being published as legal precedent.

LEGISLATIVE: Additionally, during Calendar Year 2024, Governor Newsom signed into law three statutory bills related to Proposition 218 as described below:

- **[AB 1827](#): Local government: fees and charges: water: higher consumptive water parcels** (Papan-D, San Mateo) – Sponsored by Irvine Ranch Water District, this statute provides that fees or charges for property-related water service may be allocated using any method that reasonably assesses the water service provider’s incrementally higher costs of serving those parcels, including: higher water usage demand, maximum potential water use, and/or projected peak water usage.
- **[AB 2257](#): Local government: property-related water and sewer fees and assessments: remedies** (Wilson-D, Suisun City) – Sponsored by the Association of California Water Agencies, this statute prohibits a person or entity from bringing a judicial challenge to Proposition 218 unless that entity has timely submitted to the local agency a written objection to that fee or assessment that specifies the grounds for challenging before the agency takes action. This law also determines that local agency responses to the timely submitted written objections shall go to the weight of the evidence supporting the agency’s compliance on fees and rates imposed by the agency, and it prohibits an independent cause of action as to the adequacy of the local agency’s responses. Lastly, this limits the court’s review to the record of proceedings before the local agency for that fee or assessment, and limits extra record evidence (outside the record of proceedings before the local agency) that may be admitted.
- **[SB 1072](#): Local government: Proposition 218: remedies** (Padilla-D, Chula Vista) – Sponsored by Otay Water District, this statute requires a local agency, if a court determines that a fee or charge for a property-related service violates the provisions of Proposition 218 relating to fees and charges, to credit the amount of the fee or charge attributable to the violation against the amount of the revenues required to provide the property-related service, unless a refund is explicitly provided for by statute.

Over the past decade, Mesa Water staff have been conducting industry outreach with California water district general managers, finance managers, and their legal and rates consultants, as well as lawmakers, regulators, and their staff, with the intent of helping to clarify Proposition 218 with respect to water rate-setting. Staff will provide a verbal update to the Board about this outreach.

#### FINANCIAL IMPACT

None.



ATTACHMENTS

None.

**CLOSED SESSION:**

9. CONFERENCE WITH SPECIAL LEGAL COUNSEL – POTENTIAL LITIGATION:  
Pursuant to California Government Code Sections 54956.9(d)(4) and 54954.5(b)

The Board will meet in Closed Session with staff to consider potential civil actions and/or regulatory proceedings which may be brought against Mesa Water District.



**CLOSED SESSION:**

10. PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54957.6:  
PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
TITLE: GENERAL MANAGER



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Water Needs*

## MEMORANDUM

TO: Board of Directors  
FROM: Denise Garcia, Chief Administrative Officer  
DATE: October 29, 2024  
SUBJECT: Annual Performance Evaluation for the General Manager

---

### RECOMMENDATION

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 #3: Be financially responsible and transparent.
- Goal #4: Increase favorable opinion about 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

None.

### DISCUSSION

At its October 29, 2024 workshop, the Board of Directors (Board) will review and discuss, in Closed Session, the General Manager's Employment Agreement and potential compensation changes. State law requires that subsequent Open Session announcement of such items be made at a regular or adjourned regular meeting of the Board; action may or may not take place at the adjourned regular Board meeting of October 29, 2024.

### FINANCIAL IMPACT

There is no financial impact for the discussion of this item unless action is taken by the Board.

### ATTACHMENTS

None.