



*Dedicated to
Satisfying our Community's
Water Needs*

**AGENDA
MESA WATER DISTRICT
BOARD OF DIRECTORS
Wednesday, November 8, 2023
1965 Placentia Avenue, Costa Mesa, CA 92627
4:30 p.m. Regular Board Meeting**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

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

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

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

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

CONSENT CALENDAR ITEMS:

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

1. Approve minutes of regular Board meeting of October 11, 2023.
2. Approve minutes of regular Board meeting of October 25, 2023.
3. Approve attendance considerations (additions, changes, deletions).
4. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar
 - Upcoming Community Outreach Events
5. Receive and file the Water Quality Call Report.
6. Receive and file the Fiscal Year 2024 First Quarter Financial Update.
7. Receive the Quarterly Training Report for July 1, 2023 to September 30, 2023.
8. Approve a contract renewal with Van Scoyoc Associates, Inc. for \$135,000 to provide Federal Government Advocacy Consulting Services through December 31, 2024.

PRESENTATION AND DISCUSSION ITEMS:

9. MESA WATER DISTRICT CUSTOMER SURVEY:

Recommendation: Receive the presentation.



10. FISCAL YEAR 2023 CUSTOMER SERVICE AUDIT:

Recommendation: Receive the presentation.

11. FISCAL YEAR 2023 AUDIT RESULTS AND ANNUAL FINANCIAL REPORT:

Recommendation: Approve Mesa Water District's audited financial statements for the fiscal year ended June 30, 2023 and direct staff to finalize the Fiscal Year 2023 Annual Financial Report.

12. RESERVOIRS 1 AND 2 PUMP STATION UPGRADES PROJECT – COMMUNITY OUTREACH:

Recommendation: Receive the presentation.

ACTION ITEMS:

13. RESERVOIRS 1 AND 2 PUMP STATION UPGRADES PROJECT:

Recommendation:

- a. **Award a contract to Pacific Hydrotech Corporation for \$14,764,900 and a 10% contingency of \$1,476,490 for a total amount not to exceed \$16,241,390 for the construction of the Reservoirs 1 and 2 Pump Station Upgrades Project;**
- b. **Direct staff to negotiate a contract end date; and**
- c. **Authorize execution of the contract.**

14. RESERVOIRS 1 AND 2 PUMP STATION UPGRADES PROJECT – ENGINEERING SERVICES:

Recommendation: Approve a sole source contract to Hazen and Sawyer for \$204,655 and a 10% contingency of \$20,465 for a total amount not to exceed \$225,120 to provide Engineering Services During Construction for the Reservoirs 1 & 2 Pump Station Upgrades Project.

REPORTS:

15. REPORT OF THE GENERAL MANAGER:

- **October Key Indicators Report**

16. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

17. FISCAL YEAR 2023 ANNUAL REIMBURSEMENT REPORT

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



CLOSED SESSIONS:

19. CONFERENCE WITH 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 Legal Counsel and staff to consider potential participation in one or more existing federal civil actions.

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

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

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,
DECEMBER 13, 2023 AT 4:30 P.M.**



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**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Wednesday, October 11, 2023
1965 Placentia Avenue, Costa Mesa, CA 92627
4:30 p.m. Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order at 4:30 p.m. by Acting President DePasquale.

PLEDGE OF ALLEGIANCE

Director Atkinson led the Pledge of Allegiance.

Directors Present

Marice H. DePasquale, Vice President
Jim Atkinson, Director
Fred R. Bockmiller, P.E., Director
James R. Fidler, Director

Directors Absent

Shawn Dewane, President

Staff Present

Paul E. Shoenberger, P.E., General Manager
Denise Garcia, Chief Administrative Officer/
District Secretary
Marwan Khalifa, CPA, MBA, Chief Financial Officer/
District Treasurer
Tracy Manning, Chief Operating Officer
Andrew D. Wiesner, P.E., District Engineer
Stacy Taylor, Water Policy Manager
Kurt Lind, District Business Administrator
Kaitlyn Norris, Public Affairs Specialist
Celeste Carrillo, Senior Public Affairs Specialist
Rob Anslow, Partner, Atkinson, Andelson, Loya, Ruud & Romo

Others Present

Geoff Bowman, Vice President, Van Scoyoc Associates (VSA)
(teleconference)
Pete Evich, Vice President, Van Scoyoc Associates *(teleconference)*
Ashley Strobel, Director of Government Affairs, Van Scoyoc
Associates *(teleconference)*

PUBLIC COMMENTS

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

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

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

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

CONSENT CALENDAR ITEMS:

1. Approve minutes of regular Board meeting of September 13, 2023.
2. Approve minutes of regular Board meeting of September 27, 2023.
3. Approve attendance considerations (additions, changes, deletions).
4. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar
 - Upcoming Community Outreach Events

MOTION

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

PRESENTATION AND DISCUSSION ITEMS:

5. FEDERAL GOVERNMENT ADVOCACY 2023 YEAR IN REVIEW:

Water Policy Manager Taylor introduced VSA Vice President Geoff Bowman, VSA Vice President Pete Evich and VSA Director of Government Affairs Ashley Strobel.

Mr. Bowman provided a verbal presentation regarding their advocacy efforts in 2023.

Mr. Bowman responded to questions from the Board and they thanked VSA for the presentation.

6. POTABLE AND RECYCLED WATER RATES:

Chief Financial Officer Khalifa provided a presentation that highlighted the following:

- Financial Plan Considerations
- Inflation Assumptions
- Utility Rates vs Other Goods
- Proposed Financial Plan:
 - Days Cash
 - Cash on Hand
 - Debt Coverage
- Basic Charge Derivation – FY 2024
- Bi-Monthly Basic Charge
- Monthly Basic Charge
- Annual Capital Charge
- Consumption Rate – Hundred Cubic Feet
- Average Single Family Customer Charges
- Average Single Family Monthly Charges
- Next Steps
- Recommendation

Discussion ensued amongst the Board.

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

MOTION

Motion by Director Atkinson, second by Director Bockmiller, to direct staff to finalize proposed rates and bring back a Draft Rate Study at a future meeting. Motion passed 4 – 1, with President Dewane absent.

ACTION ITEMS:

None.

REPORTS:

7. REPORT OF THE GENERAL MANAGER

Recess

Acting President DePasquale declared a break at 5:43 p.m.

The Board meeting reconvened at 5:46 p.m.

8. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

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

Acting President DePasquale adjourned the meeting at 6:00 p.m. to a Regular Board Meeting scheduled for Wednesday, October 25, 2023 at 4:30 p.m.

Approved:

Shawn Dewane, President

Denise Garcia, District Secretary

Recording Secretary: Sharon D. Brimer



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**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Wednesday, October 25, 2023
1965 Placentia Avenue, Costa Mesa, CA 92627
4:30 p.m. Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order at 4:30 p.m. by President Dewane.

PLEDGE OF ALLEGIANCE

Director Bockmiller led the Pledge of Allegiance.

Directors Present

Shawn Dewane, President
Marice H. DePasquale, Vice President
Jim Atkinson, Director
Fred R. Bockmiller, P.E., Director
James R. Fidler, Director

Directors Absent

None

Staff Present

Paul E. Shoenberger, P.E., General Manager
Denise Garcia, Chief Administrative Officer/
District Secretary
Marwan Khalifa, CPA, MBA, Chief Financial Officer/
District Treasurer
Tracy Manning, Chief Operating Officer
Andrew D. Wiesner, P.E., District Engineer
Kurt Lind, District Business Administrator
Camille Shehadeh, Senior Human Resources Analyst
Celeste Carillo, Senior Public Affairs Specialist
Rob Anslow, Partner, Atkinson, Andelson, Loya, Ruud & Romo

Others Present

Chasin Prather, Member of the Public
Scott Brehmer, Principal, Industrial Hygiene & Safety, Citadel EHS. Inc.
Steve Gagnon, Vice President, Raftelis Financial Consultants, Inc.
Theresa Jurotich, Manager, Raftelis Financial Consultants, Inc.

SPECIAL DISTRICTS LEADERSHIP FOUNDATION RECOGNITIONS

Chief Administrative Officer Garcia announced that Mesa Water was recently reaccredited as a District of Distinction by the Special Districts Foundation (SDLF) and also received SDLF's District Transparency Certificate of Excellence in recognition of its outstanding efforts to promote transparency and good governance.

Photographs were taken.

PUBLIC COMMENTS

President Dewane asked for public comments.

Member of the Public Chasin Prather was recognized. Mr. Prather offered public comments regarding a concern with his customer project in relation to a meter upgrade at his former property.

President Dewane acknowledged Mr. Prather's comments and proceeded with the meeting.

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

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

CONSENT CALENDAR ITEMS:

1. Receive and file the Developer Project Status Report.
2. Receive and file the Mesa Water and Other Agency Projects Status Report.
3. Receive and file the Water Quality Call Report.
4. Receive and file the Accounts Paid Listing.
5. Receive and file the Monthly Financial Reports.
6. Receive and file the Outreach Update.

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

MOTION

Motion by Vice President DePasquale, second by Director Bockmiller, to approve Items 1 – 6 of the Consent Calendar. Motion passed 5 – 0.

PRESENTATION AND DISCUSSION ITEMS:

7. FISCAL YEAR 2023 ENVIRONMENTAL, HEALTH AND SAFETY PROGRAM AUDIT:

District Business Administrator Lind introduced Citadel EHS, Inc. Principal of Industrial Hygiene & Safety Scott Brehmer who proceeded with a presentation that highlighted the following:

- The Road to Excellence
- Scorecard
- 2023 Significant Improvements
- Experience Modification Rate (EMR)
- 2023 Areas That Require Improvement
- Next Steps

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

8. POTABLE AND RECYCLED WATER RATES:

Chief Financial Officer Khalifa provided a presentation that highlighted the following:

- Rate Discussions
- Inflation Assumptions
- Financial Plan Considerations
- National Utility Rates vs Other Goods
- Proposed Financial Plan:
 - Days Cash
 - Cash on Hand
 - Debt Coverage
- Source of Potable Water Income – FY 2024
- Basic Charge Derivation – FY 2024
- Bi-Monthly Basic Charge
- Monthly Basic Charge
- Annual Capital Charge
- Consumption Rate – Hundred Cubic Feet
- Average Single Family:
 - Customer Charges
 - Bi-Monthly Charges
 - Monthly Charges
- Household Use Per Day
- Next Steps
- Recommendations

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

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

MOTION

Motion by Director Bockmiller, second by Vice President DePasquale, to

- a. Receive the draft report of the Water Rate Study;
- b. Direct staff to finalize the proposed rate schedule for Calendar Years 2024 through 2028;
- c. Direct staff to proceed with Proposition 218 notice preparation and mailing; and,
- d. Direct staff to schedule a public hearing for December 13, 2023.

Motion passed 5 – 0.

9. RECRUITMENT PROCESS:

Senior Human Resources Analyst Shehadeh provided a presentation that highlighted the following:

- Why Recruitment is Important
- New Trends & Challenges
- Mesa Water's Recruitment Process
- Facts & Figures – FY 2023

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

10. CAPITAL IMPROVEMENT PROGRAM RENEWAL QUARTERLY UPDATE:

District Engineer Wiesner provided a presentation that highlighted the following:

- Wells Program
- Reservoirs Program
- Distribution Program
- Routine Planned Capital
- District Facilities Program
- Financial Summary
- CIPR Planned vs. Actual

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

ACTION ITEMS:

11. LABOR & EMPLOYMENT LAW LEGAL COUNSEL:

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

MOTION

Motion by Director Bockmiller, second by Vice President DePasquale, to approve a five-year contract with Liebert Cassidy Whitmore for a total amount not to exceed \$100,000 annually to provide labor and employment law legal counsel, and authorize execution of the contract. Motion passed 5 – 0.

12. CLAIM OF CARSON MCKINNON:

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

MOTION

Motion by Director Bockmiller, second by Vice President DePasquale, to approve and settle the claim with Carson McKinnon for an amount not to exceed \$4,000. Motion passed 5 – 0.

REPORTS:

13. REPORT OF THE GENERAL MANAGER:

- September Key Indicators Report

14. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

- 15. FEDERAL ADVOCACY UPDATE
- 16. STATE ADVOCACY UPDATE
- 17. ORANGE COUNTY UPDATE

President Dewane announced the Board was going into Closed Session at 6:25 p.m.

CLOSED SESSION:

- 18. CONFERENCE WITH 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 Legal Counsel and staff to consider potential participation in one or more existing federal civil actions.

The Board returned to Open Session at 6:41 p.m.

Attorney Anslow reported that the Board conducted one Closed Session with the General Manager, District Secretary, Chief Operating Officer, District Engineer, and General Legal Counsel pursuant to California Government Code Sections 54956.9(d)(4) and 54954.5(b). The Board received information and provided direction to staff.

President Dewane adjourned the meeting at 6:42 p.m. to an Adjourned Regular Board Meeting scheduled for Monday, October 30, 2023 at 3:30 p.m.

Approved:

Shawn Dewane, President

Denise Garcia, District Secretary

Recording Secretary: Sharon D. Brimer



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MEMORANDUM

TO: Board of Directors
FROM: Denise Garcia, Chief Administrative Officer
DATE: November 8, 2023
SUBJECT: Attendance at Conferences, Seminars, Meetings, and Events

RECOMMENDATION

In accordance with Ordinance No. 35, adopted March 22, 2023, authorize attendance at conferences, seminars, meetings, and events.

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 June 14, 2023 meeting, the Board of Directors (Board) approved Fiscal Year 2024 attendance at Conferences, Seminars, Meetings, and Events.

DISCUSSION

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

FINANCIAL IMPACT

None.

ATTACHMENTS

None.

2023 CONFERENCES, SEMINARS, AND MEETINGS:

November 7 - 8, 2023	
SWMOA Annual Symposium	
Irvine, CA	
November 28 - 30, 2023	
ACWA Fall Conference	<i>Atkinson, Bockmiller, DePasquale, Fisler</i>
Indian Wells, CA	
December 13 - 15, 2023	
Colorado River Water Users Association Conference	<i>Atkinson</i>
Las Vegas, NV	

2024 CONFERENCES, SEMINARS, AND MEETINGS:

January 25, 2024	
ISDOC Quarterly Event	
Fountain Valley, CA	
February 5, 2024	
CMUA Annual Capitol Day	
Sacramento, CA	
February 8 - 9, 2024	
CalDesal Annual Conference	
Sacramento, CA	
February 21 - 23, 2024	
Urban Water Institute Spring Conference	
Palm Springs, CA	
February 27 - 29, 2024	
ACWA Washington D.C. Conference	
Washington, D.C.	
March 4 - 7, 2024	
Jt. CA-NV AWWA/AMTA Spring Conference	
West Palm Beach, FL	
March 11 - 13, 2024	
Public-Private Partnership Conference	
Dallas, TX	
March 11 - 14, 2024	
WaterReuse Symposium	
Denver, CO	
April 7 - 9, 2024	
CMUA Annual Conference	
Monterey, CA	
April 7 - 10, 2024	
AWWA CA-NV Annual Spring Conference	
Anaheim, CA	
May 7 - 9, 2024	
ACWA JPIA Spring Conference	
Monterey, CA	
May 21 - 22, 2024	
CSDA Legislative Days	
Sacramento, CA	
June 3 - 21, 2024	
Harvard Senior Executives in State and Local Government	
Cambridge, MA	

November 2023

November 2023							December 2023						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Oct 29	30	31	Nov 1 8:30am Jt. MWDOC/MWD 12:00pm Executive Committee Meeting 5:30pm OCWD Board Meeting (IN PERSON)	2 Pay Period Ends 12:00pm OCWD Communications/Legislative (IN PERSON) 5:30pm SCWC 2023 Annual Meeting	3 7:30am WACO (VIRTUAL) 9:00am OCWD Special Board Meeting (OCWD Boardroom)	4
5	6 8:30am MWDOC Planning & Operations Committee Meeting (IN PERSON & VIRTUAL)	7 SWMOA Annual Symposium (Irvine, CA) 7:30am ISDOC Executive Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (IN PERSON & VIRTUAL)	8 Payday 8:15am LAFCO Meeting 8:30am MWDOC Admin 12:00pm OCWD Water 4:30pm Board Meeting	9 12:00pm OCWD Admin & Finance (IN PERSON & VIRTUAL)	10 District Holiday	11
12	13 5:00pm IRWD Board Meeting (IN PERSON & VIRTUAL)	14 9:00am ACC-OC Energy, Environment and Water Committee 3:00pm Costa Mesa Chamber Board Meeting (Costa Mesa)	15 8:30am MWDOC Board Meeting (IN PERSON & VIRTUAL) 5:30pm OCWD Board Meeting (VIRTUAL)	16 Pay Period Ends 8:30am MWDOC Executive Committee (IN PERSON & VIRTUAL)	17	18
19	20	21 7:30am WACO Planning Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (IN PERSON & VIRTUAL)	22 Payday	23 District Holiday	24 District Holiday	25
26	27 5:00pm IRWD Board Meeting (IN PERSON & VIRTUAL)	28 ACWA/JPIA Fall Conference (Indian Wells, CA)	29	30 Pay Period Ends	Dec 1	2

December 2023

December 2023							January 2024						
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17	18	19	20	21	22	23	21	22	23	24	25	26	27
24	25	26	27	28	29	30	28	29	30	31			
31													

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Nov 26	27	28	29	30	Dec 1 7:30am R/S to 12/8 - WACO (VIRTUAL)	2
3	4 8:30am MWDOC Planning & Operations Committee Meeting	5 7:30am ISDOC Executive Committee Meeting 6:00pm Costa Mesa City Council Meeting (IN	6 Payday 8:30am Jt. 12:00pm Executive 5:30pm OCWD Board	7 12:00pm OCWD Communications/Legislative (IN PERSON AND VIRTUAL)	8 7:30am R/S from 12/1 - WACO (Virtual)	9
10	11 5:00pm IRWD Board Meeting (IN PERSON & VIRTUAL)	12 8:00am OCBC Infrastructure Committee (IN PERSON & VIRTUAL)	13 8:15am LAFCO Meeting 8:30am MWDOC Admin 12:00pm OCWD Water	14 CRWUA Conference (Las Vegas, NV) Pay Period Ends 12:00pm OCWD Admin & Finance (IN	15	16
17	18	19 7:30am WACO Planning Committee Meeting 6:00pm Costa Mesa City Council Meeting (IN	20 Payday 8:30am MWDOC Board Meeting (IN PERSON 5:30pm OCWD Board	21 8:30am MWDOC Executive Committee (IN PERSON & VIRTUAL)	22 District Holiday	23
24	25 District Holiday 5:00pm IRWD Board Meeting (IN PERSON & VIRTUAL)	26	27	28 Pay Period Ends	29 District Holiday	30
31	Jan 1, 24	2	3	4	5	6

January 2024

January 2024							February 2024						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
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21	15	16	17	18	19	20	18	19	20	21	22	23	24
28	22	23	24	25	26	27	25	26	27	28	29		

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Dec 31	Jan 1, 24 District Holiday 8:30am R/S to 1/8 - MWDOC Planning & Operations Committee Meeting (IN PERSON & VIRTUAL)	2 7:30am ISDOC Executive Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (IN PERSON & VIRTUAL)	3 Payday 8:30am Jt. MWDOC/MWD 12:00pm Executive Committee Meeting 5:30pm OCWD Board	4 Pay Period Ends 12:00pm OCWD Communications/Legislative (IN PERSON & VIRTUAL)	5 7:30am WACO (VIRTUAL)	6
7	8 8:30am R/S from 1/1 - MWDOC Planning & Operations 5:00pm IRWD Board Meeting (IN PERSON & VIRTUAL)	9 9:00am ACC-OC Energy, Environment and Water Committee Meeting (VIRTUAL)	10 8:15am LAFCO Meeting (400 W Civic Center) 8:30am MWDOC Admin 12:00pm OCWD Water 3:00pm Costa Mesa 4:30pm Board Meeting	11 Pay Period Ends 12:00pm OCWD Admin & Finance (IN PERSON & VIRTUAL)	12	13
14	15 District Holiday	16 7:30am WACO Planning Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (IN PERSON & VIRTUAL)	17 Payday 8:30am MWDOC Board Meeting (IN PERSON & VIRTUAL) 5:30pm OCWD Board Meeting (IN PERSON)	18 Pay Period Ends 8:30am MWDOC Executive Committee (IN PERSON & VIRTUAL)	19 8:00am City Districts Liaison Committee (290 Paularino Avenue, Costa Mesa, CA)	20
21	22 5:00pm IRWD Board Meeting (IN PERSON & VIRTUAL)	23	24 8:30am Jt. MWDOC/OCWD (IN PERSON & VIRTUAL) 4:30pm Board Meeting (Boardroom)	25 Pay Period Ends 11:00am ISDOC Quarterly Event (MWDOC/OCWD Joint Boardroom)	26	27
28	29	30	31 Payday	Feb 1	2	3



UPCOMING COMMUNITY OUTREACH EVENTS

Event	Date & Time	Location
Tree Lighting Celebration	Thursday, November 16, 2023 5:00 p.m. – 8:00 p.m.	Town Center Park 686 Anton Boulevard Costa Mesa, CA 92626
Vanguard University's <i>Christmastime</i> Concert	Friday, December 1, 2023 8:00 p.m. – 10:30 p.m.	St. Andrew's Presbyterian Church 600 Saint Andrews Road Newport Beach, CA 92663

Water Quality Call Report

October 2023

Date: 10/2/2023
Source: Phone
Address: Not Provided
Description: Customer inquired regarding what is the best in-home treatment device.
Outcome: Informed customer that the water meets/exceeds all state and federal drinking water standards and we do not provide recommendations for in-home treatment devices. Provided the customer with a link to our Annual Water Quality Report as well as a link to the California State Water Resources Control Board's Residential Treatment Devices.

Date: 10/3/2023
Source: Phone
Address: 604 Lassen Lane
Description: Customer's tenant has a one-year-old who tested borderline high for lead and he's looking to see what the potential source could be.
Outcome: Explained to customer that the groundwater is not detected (ND) for lead and that it's possible for plumbing fixtures and pipes to leach lead. Provided customer with list of local labs and EPA and CDC lead websites. Advised customer to have his tenant consult with their doctor for other potential causes. Customer provided an update that the child retested and results are fine.

Date: 10/10/2023
Source: Phone
Address: 796 Scott Place
Description: Customer reported rotten egg odor when using the shower. The odor was not noticed at any other faucets in the home.
Outcome: Described to customer how to check if the odor is coming from the water. If she determines that the water has no odor, it is possible the odor is coming from the drain which the customer can disinfect with household bleach. She will check her water and call back if she needs further assistance.

Date: 10/11/2023
Source: Phone/Visit
Address: 2710 Starbird Drive
Description: Customer reported a sulfur odor coming from the kitchen and a bathroom sink.
Outcome: Staff checked the water from the front hose bib and inside the home, and no odor was detected. The pH and chlorine residual were within normal range. Assured customer that the water meets/exceeds all state and federal drinking water standards. Odor may be an internal issue and will be further investigated by customer.

Date: 10/23/2023
Source: Phone
Address: 1733 Monrovia Avenue, Unit D
Description: Property manager of a 20-unit property has a tenant who is concerned with the water since he and two other tenants on the property have cancer. Customer would like to get their water tested.
Outcome: Explained to the property manager about Mesa Water's comprehensive monitoring program and assured him that the water meets/exceeds all state and federal drinking water standards. Informed him that we do not perform sampling within customer's home, and provided him with a list of local state certified laboratories should they elect to test the water themselves.



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MEMORANDUM

TO: Board of Directors
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer
DATE: November 8, 2023
SUBJECT: Fiscal Year 2024 First Quarter Financial Update

RECOMMENDATION

Receive and file the Fiscal Year 2024 First Quarter Financial Update.

STRATEGIC PLAN

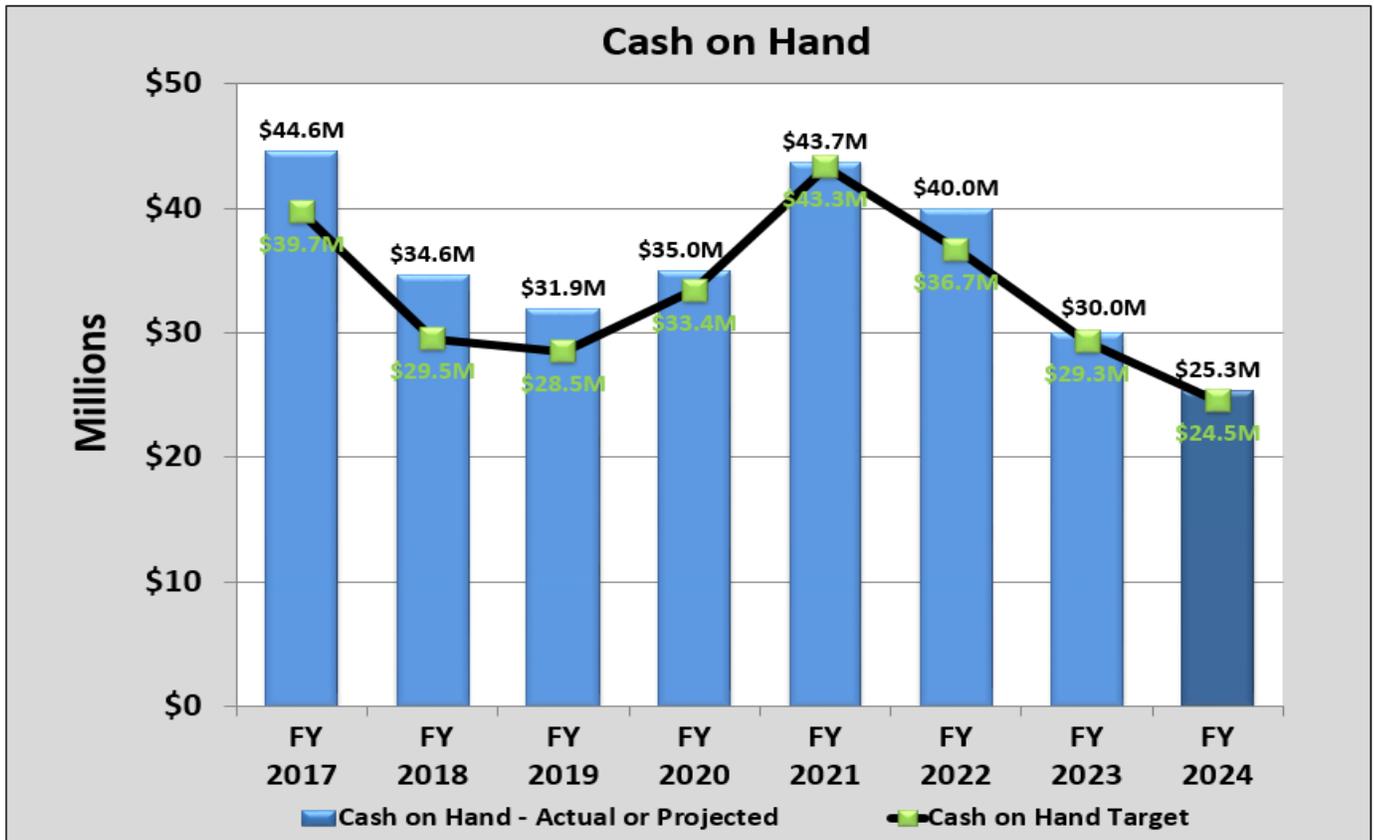
- Goal #1: Provide an abundant, local, reliable and safe water supply.
- Goal #2: Perpetually renew and improve our infrastructure.
- Goal #3: Be financially responsible and transparent.

PRIOR BOARD ACTION/DISCUSSION

At its May 24, 2023 meeting, the Board of Directors (Board) approved the Fiscal Year (FY) 2024 Budget.

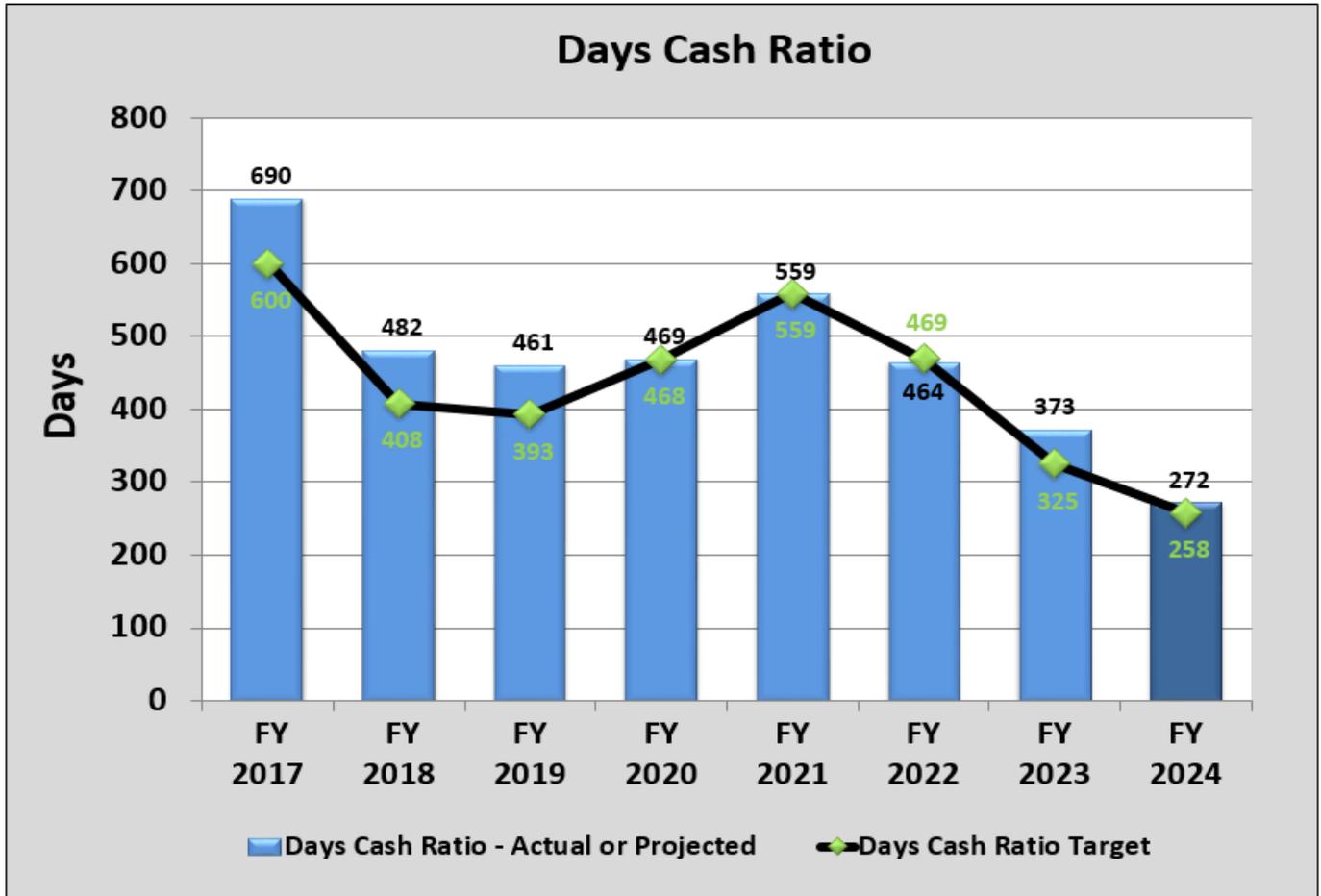
DISCUSSION

Through the first quarter of FY 2024, Cash on Hand totaled \$25,314,533. Cash on Hand of \$25,314,533 is above the forecasted year-end cash balance of \$24,520,049.





Additionally, 272 Days Cash is above the forecasted Days Cash estimate of 258 days at year end by 14 days.



The Current Debt Coverage ratio is 204%, which exceeds both requirements for the 2017 & 2020 Revenue Certificates of Participation (COPs) and the Designated Funds Policy. The Debt Coverage ratio goal of the Board is 150% and was established in the Designated Funds Policy.

Water production is below budget through the first quarter by approximately -8.9%.

The mix of water production between clear and amber water has varied which is depicted in the table below:

	Acre Feet		
	Budgeted	Actual	Variance
Clear Water	3,537	3,693	156
Amber Water	1,249	669	(580)
Import Water	-	-	-
Total	4,786	4,362	(424)



Clear and amber water costs have a combined favorable variance of \$719,174 due to production of water being lower than budgeted.

Total operating revenues year-to-date have an unfavorable balance of \$1,179,237 or approximately -9.7%. This is a result of monthly water consumption being lower than expected. Additionally, operating expenses through the first quarter have a favorable balance of \$1,560,485 or approximately 15.4%. This is predominately a result of lower than budgeted General and Administrative expenses and water production costs. As a result, operating income through September 30, 2023 has a favorable balance of \$728,747 or approximately 147.3%.

In addition, non-operating revenue, net of expenses, through the first quarter of FY 2024 has an unfavorable balance of \$283,270 or approximately -54.5%. This is mostly due to investment earnings.

Overall, the Change in Net Position has a favorable balance of \$190,372 or approximately 56.3% through September 30, 2023.

ATTACHMENTS

Attachment A: Statement of Revenues, Expenses, and Changes in Net Position for the Three Months Ended 9/30/2023



Statement of Revenues, Expenses, and Changes in Net Position For the Three Months Ended 9/30/2023

	FY2024 YTD BUDGET	FY2024 YTD ACTUAL	Variance
OPERATING REVENUES:			
Water consumption sales	\$ 9,599,227	\$ 8,774,076	\$ (825,151)
Monthly meter service charge	1,750,499	1,752,691	2,192
Capital Charge	-	-	-
Recycled water sales	775,309	373,907	(401,402)
Other charges and services	96,250	141,374	45,124
TOTAL OPERATING REVENUES	12,221,285	11,042,048	(1,179,237)
OPERATING EXPENSES:			
Imported sources of supply	134,750	96,373	38,377
Basin managed water	-	-	-
Clear water cost	2,801,200	2,706,673	94,527
Amber water cost	1,370,727	746,081	624,646
Recycled water	491,615	318,730	172,885
Transmission and distribution	2,382,640	2,430,505	(47,865)
General and administrative	2,946,795	2,268,881	677,914
TOTAL OPERATING EXPENSES	10,127,727	8,567,242	1,560,485
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION:	2,093,558	2,474,806	381,248
Depreciation and amortization	(1,598,750)	(1,251,251)	347,499
OPERATING INCOME (LOSS)	494,808	1,223,555	728,747
NONOPERATING REVENUES / (EXPENSES):			
Investment earnings	62,500 *	(223,527) *	(286,027)
Interest expense - long term debt	(568,326)	(580,469)	(12,143)
Gain (Loss) on sale/disposition of capital assets, net	(12,500)	-	12,500
Other non-operating, net	(1,250)	1,150	2,400
NONOPERATING REVENUES / (EXPENSES)	(519,576)	(802,846)	(283,270)
INCOME BEFORE CAPITAL CONTRIBUTIONS	(24,768)	420,709	445,477
CAPITAL CONTRIBUTIONS:			
Capacity and installation charges	85,000	-	(85,000)
Capital Grant (includes LRP)	203,187	108,082	(95,105)
Developers and others	75,000	-	(75,000)
TOTAL CAPITAL CONTRIBUTIONS	363,187	108,082	(255,105)
CHANGE IN NET POSITION	\$ 338,419	\$ 528,791	\$ 190,372

* Includes Pension Trust Earnings.



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MEMORANDUM

TO: Board of Directors
FROM: Denise Garcia, Chief Administrative Officer
DATE: November 8, 2023
SUBJECT: Quarterly Training Report

RECOMMENDATION

Receive the Quarterly Training Report for July 1, 2023 to September 30, 2023.

STRATEGIC PLAN

Goal #5: Attract, develop and retain skilled employees.

DISCUSSION

As part of the Board of Directors' (Board) approved 2024 Strategic Plan Goal #5 – Attract, develop and retain skilled employees, Objective B speaks to developing employee skills. As part of that development, attached is the Quarterly Training Report for July 1, 2023 to September 30, 2023.

In addition to the training listed in the report, staff also conducts safety training for all employees and Monday Morning Tailgate Talks for Water Operations and Engineering.

The Tailgate Talks for this quarter included the following topics:

- Asbestos Cement (AC) Pipe
- Trench and Excavation: How to Guide
- Circle of Safety
- Chemical Management
- Forklift Safety Inspection Checklist – Form Completion Guide
- Slings, Chains, and Hoisting Equipment
- Lock Out – Tag Out & Arc Flash
- Fall Protection and Ladder Safety
- Personal Protective Equipment and Respiratory Protection
- Fire Extinguisher and Eyewash Stations
- Heat Stress
- Confined Spaces

The Safety Training program included the following topics:

- Traffic Control and Flagger
- Hearing Testing, Pulmonary Function Testing and Respirator Fit Test
- New Hire Orientation
- Forklift Classroom and Practical
- AC Pipe Initial
- Employee Assistance Program Team Training
- Blood Borne Pathogens



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

Distribution and Treatment Certification Renewals – Required Continuing Education Hours (within the last three years)				
Grade 1	Grade 2	Grade 3	Grade 4	Grade 5
12 hours	16 hours	24 hours	36 hours	36 hours

FINANCIAL IMPACT

The cost for the training is budgeted each fiscal year, per department or in the overall safety budget.

ATTACHMENTS

Attachment A: Quarterly Training Report for July 1, 2023 to September 30, 2023



FY 2024 Quarterly Training Report

1st Quarter July 1, 2023 - September 30, 2023

Position	Department	Date of Training	Type of Training	Organization
Chief Administrative Officer Senior Human Resources Analyst Human Resources Analyst	Administrative Services Human Resources	8/2/2023	Understanding CalPERS' 2024 Health Premiums	CalPERS
Customer Service Representative II	Customer Services	8/16/2023	Water Education Seminar	CA/NV AWWA
Field Customer Service Representative I Operator Is Operator II Senior Operators Water Quality and Compliance Supervisor Water Quality Technician I	Water Operations	8/16/2023	Water Education Seminar	CA/NV AWWA
Chief Administrative Officer	Administrative Services	8/28 - 8/31/2023	CSDA Annual Conference	California Special Districts Association
Chief Administrative Officer	Administrative Services	9/7 - 9/8/2023	8th Annual California Water Data Summit	California Data Collaborative
Senior Public Affairs Specialist	Public Affairs	9/15/2023	Introduction to Incident Command System, ICS-100	Federal Emergency Management Agency
Department Assistant	Administrative Services	9/25/2023	Record Retention & Management in the Electronic Age	California Special Districts Association
Public Affairs Specialist	Public Affairs	9/25 - 9/26/2023	Leadership Summit	California Association of Public Information Officers



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MEMORANDUM

TO: Board of Directors
FROM: Stacy Taylor, Water Policy Manager
DATE: November 8, 2023
SUBJECT: Federal Government Advocacy Consulting Services

RECOMMENDATION

Approve a contract renewal with Van Scoyoc Associates, Inc. for \$135,000 to provide Federal Government Advocacy Consulting Services through December 31, 2024.

The Executive Committee reviewed this item at its November 1, 2023 meeting and recommends Board approval.

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 #7: Actively participate in regional and statewide water issues.

PRIOR BOARD ACTION/DISCUSSION

At its November 15, 2022 meeting, the Board of Directors (Board) awarded a one-year contract to Van Scoyoc Associates, Inc. (VSA) for \$135,000 to provide Federal Government Advocacy Consulting Services.

At its October 11, 2023 meeting, the Board received a presentation from VSA regarding its Federal Government Advocacy 2023 Year in Review.

DISCUSSION

VSA has served as effective Federal Government Advocates for Mesa Water District (Mesa Water®), including, but not limited to, the following activities in 2023: developing the District's Federal Advocacy Plan; collaborating with industry agencies/associations (Association of California Water Agencies, Orange County Water District, etc.) on Federal policy issues; ongoing Orange County Federal Delegation communications (correspondence, meetings) with -- and on behalf of -- the District; securing, through the Federal Appropriations process, Senator Padilla's listing of Mesa Water's priority projects for Congressionally Directed Spending; facilitating the District's advocacy meetings, in Washington D.C., with OC Delegation Congress members, staff, and key Federal agency staff; and, supporting the successful grant funding award of \$250,000 from the United States Bureau of Reclamation for the District's Local groundwater Supply Improvement Project (Local SIP) feasibility study.

Due to VSA's successful year of Federal Government Advocacy engagement for Mesa Water, staff recommends that the Board approve a contract renewal with Van Scoyoc Associates, Inc. for \$135,000 to provide Federal Government Advocacy Consulting Services through December 31, 2024.



FINANCIAL IMPACT

In Fiscal Year 2024, \$475,000 is budgeted for Water Policy Support Services; \$118,300 has been spent to date.

ATTACHMENTS

None.



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MEMORANDUM

TO: Board of Directors
FROM: Celeste Carrillo, Senior Public Affairs Specialist
DATE: November 8, 2023
SUBJECT: Mesa Water District Customer Survey

RECOMMENDATION

Receive the presentation.

STRATEGIC PLAN

Goal #4: Increase favorable opinion of Mesa Water.
Goal #6: Provide excellent customer service.

PRIOR BOARD ACTION/DISCUSSION

At the request of the Board of Directors (Board), staff has presented the Mesa Water District (Mesa Water®) Customer Survey annually since 2020.

DISCUSSION

The purpose of the annual customer survey is to serve as a benchmark for measuring the effectiveness of Mesa Water's communications and customer services efforts, and increase favorable opinion of Mesa Water. The survey findings are also used to identify potential needs and opportunities for planning future communication and customer service programs.

True North Research, Inc. will present its key findings from the customer survey at the November 8, 2023 meeting.

FINANCIAL IMPACT

In Fiscal Year 2024, \$906,450 is budgeted for Public Affairs department expenses; \$226,670 has been spent to date.

ATTACHMENTS

Attachment A: Mesa Water District Customer Opinion Survey Questionnaire and Final Toplines
Attachment B: Mesa Water District Residential Customer Survey Summary Report



Section 1: Introduction to Study	
Hi, may I please speak to: _____. Hi, my name is _____ and I'm calling on behalf of TNR, an independent public opinion research company. We're conducting a survey about important issues in Costa (Coast-uh) Mesa, Newport Beach, and nearby Orange County areas and we would like to get your opinions.	
<i>If needed:</i> This is a survey about community issues – I'm NOT trying to sell anything and I won't ask for a donation.	
<i>If needed:</i> The survey should take about 12 minutes to complete.	
<i>If needed:</i> If now is not a convenient time, can you let me know a better time so I can call back?	

Section 2: Screener			
SC1	Before we begin, are you at least 18 years of age?		
	1	Yes	<i>Continue</i>
	2	No	<i>Ask to speak to an adult in the household if land line. Otherwise Terminate.</i>
	99	Not sure / Prefer not to answer	<i>Terminate</i>

Section 3: Importance of Issues		
Q1	To begin, what do you feel is the most important issue facing your community today? Verbatim responses recorded and later grouped into categories shown below.	
	Not sure, nothing comes to mind	19%
	Homeless issues	17%
	Safety, crime, drugs	15%
	Water related issues	15%
	High cost of living	10%
	Affordable housing	6%
	Climate change, environment	4%
	Overdevelopment	4%
	Economy, jobs	4%
	Government issues, leadership	2%
	Too many sober/rehab homes	2%
	Education issues	2%
	Infrastructure, streets, roads	1%
	Traffic congestion	1%
	High taxes, fees	1%
	Immigration issues	1%
	Traffic law enforcement	1%

Stronger judicial sentencing, more criminal accountability	1%
Political division	1%
Disaster preparedness	1%
Nothing, everything is okay	1%

Section 4: Water Reliability

Next, I'm going to ask you a few questions about drinking water supplies.

Q2	A reliable water supply is one that can be depended upon to consistently provide enough water to meet a region's needs.		
	Overall, how reliable do you think your household's water supply is going to be over the next five years? Do you think it will be very reliable, somewhat reliable, somewhat unreliable, or very unreliable?		
	1	Very reliable	57%
	2	Somewhat reliable	30%
	3	Somewhat unreliable	4%
	4	Very unreliable	3%
	98	Not sure	5%
99	Prefer not to answer	0%	
Q3	Thinking of the water your household receives, which of the following statements do you think is accurate: _____ OR _____? <i>Rotate Statements</i>		
	1	100% of the water is produced locally	41%
	2	Some of the water is imported from Northern California and the Colorado River	42%
	98	Not sure	17%
	99	Prefer not to answer	0%

Section 4: Awareness & Opinions of Mesa Water

Q4	Do you happen to know which agency is responsible for providing water services to your home?		
	1	Yes	83% Ask Q5
	2	No	16% Skip to Q6
	99	Prefer not to answer	1% Skip to Q6

Q5	What is the name of the agency? Verbatim responses recorded and later grouped into categories shown below.		
	Mesa Water District		76%
	Costa Mesa Water District		10%
	Mesa Consolidated Water District / MCWD		8%
	Not sure / Cannot remember		2%
	Newport Beach Utilities		1%
	Metropolitan Water		1%
	Other (unique responses)		1%
	Prefer not to answer		1%
Q6	Prior to taking this survey, had you heard of the Mesa Water District ?		
	1	Yes	95%
	2	No	4%
	99	Prefer not to answer	1%
Q7	To clarify, the Mesa Water District is the independent public agency responsible for providing water services to your household. In general, do you have a favorable or unfavorable opinion of the Mesa Water District – or do you not have an opinion either way? <i>If favorable or unfavorable, ask: Would that be very (favorable/unfavorable) or somewhat (favorable/unfavorable)?</i>		
	1	Very favorable	54% <i>Skip to Q9</i>
	2	Somewhat favorable	25% <i>Skip to Q9</i>
	3	Somewhat unfavorable	4% <i>Ask Q8</i>
	4	Very unfavorable	2% <i>Ask Q8</i>
	98	No opinion	14% <i>Skip to Q9</i>
	99	Prefer not to answer	1% <i>Skip to Q9</i>
Q8	Is there a particular reason why you have an <u>unfavorable</u> opinion of the Mesa Water District? Verbatim responses recorded and later grouped into categories shown below.		
	High rates, billing issues		46%
	Water quality, taste, smell		32%
	Customer service issues		18%
	Fiscal management, budgeting concerns		5%
	Do not trust District, government		5%
	Website issues		4%
	Excessive salaries, pensions, compensation		2%
	Not sure, no particular reason		2%

Q9	Next, I'm going to read a series of words or phrases. For each I read, I'd like you to tell me whether – in your opinion – it accurately describes the Mesa Water District. 'Yes' means you think the phrase does accurately describe the Mesa Water District. No means it does not. If you don't have an opinion, just say so.				
	Here is the (first/next) one: _____. Do you think this phrase accurately describes the Mesa Water District?				
	<i>Randomize</i>	Yes	No	No Opinion	Prefer not to answer
A	Trustworthy	69%	6%	25%	1%
B	Fiscally responsible	51%	5%	42%	1%
C	Beneficial to the local economy	69%	4%	26%	1%
D	Involved in the community	62%	6%	31%	1%
E	Efficient	73%	4%	22%	1%

Section 5: Satisfaction with Water Services

Q10	Generally speaking, are you satisfied or dissatisfied with the job the Mesa Water District is doing to provide water services to your household? <i>Get answer, then ask:</i> Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?							
	1	Very satisfied					68%	
	2	Somewhat satisfied					24%	
	3	Somewhat dissatisfied					3%	
	4	Very dissatisfied					2%	
	98	Not sure					3%	
	99	Prefer not to answer					0%	
Q11	Next, I'm going to read a list of specific services provided by the Mesa Water District. For each of the services I read, please tell me whether you are satisfied or dissatisfied with the District's efforts to provide the service.							
	Are you satisfied or dissatisfied with the District's efforts to: _____, or do you not have an opinion? <i>Get answer. If 'satisfied' or 'dissatisfied', then ask:</i> Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?							
	<i>Randomize</i>		Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Not sure	Prefer not to Answer
A	Protect the water supply from contamination and pollutants	53%	19%	4%	2%	21%	1%	
B	Ensure an adequate water supply now and in the future	55%	22%	2%	1%	18%	1%	
C	Educate customers about ways to conserve water	50%	28%	4%	3%	13%	1%	
D	Keep the water system in good condition through timely repairs and maintenance	57%	21%	3%	2%	17%	1%	

E	Provide reliable water service	76%	16%	1%	0%	6%	1%	
F	Communicate with customers about scheduled repairs, service disruptions and other water-related issues	53%	21%	5%	2%	18%	1%	
G	Provide water that tastes good	53%	26%	7%	5%	8%	1%	
H	Provide water that is safe to drink	64%	19%	4%	4%	8%	1%	
I	Provide water that is free of color and odor	67%	22%	3%	3%	4%	1%	
J	Provide sufficient water pressure	70%	21%	4%	1%	4%	1%	
K	Offer good value for the cost of water services	42%	28%	9%	4%	15%	1%	
L	Provide good customer service	53%	19%	3%	2%	21%	1%	
M	Provide rebate programs that encourage customers to purchase water-efficient appliances	26%	19%	7%	5%	41%	2%	
N	Provide convenient hours of operation	52%	19%	2%	0%	26%	1%	
O	Provide accurate billing statements	58%	22%	3%	2%	13%	2%	
Q12	At your home, do you primarily drink water straight from the faucet, filtered water from the faucet, or bottled water?							
	1	Straight from faucet						22%
	2	Filtered water from faucet						52%
	3	Bottled water						24%
	98	Not sure						1%
	99	Prefer not to answer						1%

<i>Section 6: Customer Service</i>								
Q13	In the past 12 months, have you contacted the Mesa Water District for any reason?							
	1	Yes	16%		Ask Q14			
	2	No	81%		Skip to Q18			
	98	Not sure	3%		Skip to Q18			
	99	Prefer not to answer	0%		Skip to Q18			
Q14	For what reason did you contact the District? <i>Do Not Read List. Record up to first 3 responses.</i>							
	1	Problem with water service (leak, disruption of service, quality, etc.)						17%
	2	Request start/stop of service						16%
	3	Questions about billing/payments						42%
	4	Make payment/Pay bill						18%
	5	Find out how to save water/reduce bill						5%

6	Learn about/Participate in rebate program	6%
7	Learn about/Participate in water conservation programs	6%
8	Learn about/Participate in gardening /landscaping classes	2%
9	Other reason	15%
98	Not sure	3%
99	Prefer not to answer	1%
Q15	Was the reason you contacted them resolved to your satisfaction?	
1	Yes	72% <i>Skip to Q17</i>
2	No	20% <i>Ask Q16</i>
98	Not sure	7% <i>Skip to Q17</i>
99	Prefer not to answer	1% <i>Skip to Q17</i>
Q16	Can you briefly explain why it wasn't solved to your satisfaction? Verbatim responses shown for dissatisfied respondents who provided a reason.	
	<i>Billing issue not resolved. Failure to communicate when water is shut off for maintenance.</i>	
	<i>The low flow in Costa Mesa, lady over the phone was not nice!</i>	
	<i>Constant emails about changing to paperless billing long after I made the change. called to find out why they keep bothering about it and no one seemed to know what was going on.</i>	
	<i>They kept trying to make me believe that nothing was wrong when my bill went up \$100 due to a leak at the meter.</i>	
	<i>Due to loss of job, I've been very slow on payment of bills. Through my payments and help from a State program I was able to get mostly paid up, however some of the funds from the State program appear to have been misapplied. Mesa Water was unwilling to review this with the agency that made the payment even though it was their incorrect processing. This still needs to be fixed. I suppose I was also looking for a little more compassion for someone who is out of work. But my proposed payment amount was denied since it was too low.</i>	
	<i>Spoke with staff, via phone and on the property to address the issues and no resolve or follow up from Mesa.</i>	
	<i>MCWD valve doesn't shut off all the way. I think I'm paying for more water than I use.</i>	
	<i>My son died. Water service was in his name only. The process to transfer to his wife's name was not easy.</i>	
	<i>How to lower my water bill.</i>	
	<i>I want guidance about how to conserve water with my sprinkler system. The response was courteous, but slow. I was sent a flier about watering. I would like more guidance and assistance on how little I can water without killing off my lawn/garden.</i>	
	<i>I had a main line break under my lawn which took a few days to become evident. I asked for a discount on the water due to the undetected leak and was not offered any discount.</i>	
	<i>I had a rude inspector who accused me of an illegal project and refused to allow me to present the documents that showed my project was on the up and up. I had to waste my day following up with Mesa Water to fix this.</i>	

<i>Not resolved.</i>								
<i>Rebate program.</i>								
<i>I'm a new customer. I had an astronomical water bill. Was told I must have a leak, broken pipe, etc. but was offered no solution other than being told my water bill was 5 times what it should be based on the number of people in the home. I asked what the prior water bills at my address were to get an idea how long there had been a problem. I was told they couldn't share private info as if I was asking for someone's medical records. I received no help at all.</i>								
<i>The agent answered did nothing to dive my question and never explained or called me back. I sent an email I believe with a Kurt note demonstrating that my question was answered.</i>								
<i>They didn't really give a proper explanation. They just deal with whatever increase we have. They could explain why the increase was the way it was.</i>								
<i>I am still waiting to get the bill every second of the month. I want a paper bill.</i>								
<i>My landlord upcharges our water. I wanted to know the actual cost of the water. They were unwilling to give some information.</i>								
<i>I got a disconnection notice for failure to pay my water bill in a timely fashion.</i>								
<i>No one answered my voice message or online inquiry. Customer service is very suspect.</i>								
Q17	When contacting the Water District, were you satisfied or dissatisfied with _____, or do you not have an opinion? (Get answer. If 'satisfied' or 'dissatisfied', then ask): Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?							
	<i>Randomize</i>		Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Not sure	Prefer not to Answer
A	Your ability to reach a service representative	58%	23%	7%	6%	3%	3%	
B	The courtesy of the service representative	67%	16%	6%	8%	1%	2%	
C	The knowledge and expertise of the service representative	58%	16%	8%	8%	6%	4%	

Section 7: Communication			
Q18	In general, are you satisfied or dissatisfied with the District's efforts to communicate with customers through direct mail, newsletters, social media, and other means? Get answer, then ask: Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?		
	1	Very satisfied	55%
	2	Somewhat satisfied	27%
	3	Somewhat dissatisfied	5%
	4	Very dissatisfied	2%
	98	Not sure	9%
	99	Prefer not to answer	1%

Q19	In the past year, have you seen or heard any news, information, or advertising from Mesa Water _____?				
	<i>Randomize</i>	Yes	No	Not Sure	Not sure / Prefer not to answer
A	by Email	38%	45%	14%	2%
B	in a Text message	20%	61%	16%	3%
C	on social media like Facebook and Instagram	12%	67%	18%	4%
D	on the Mesa Water District website	29%	50%	17%	5%
E	in Newsletters mailed to your house	66%	24%	9%	2%
F	inserted into your Water Bill envelope	50%	31%	15%	4%
G	in Postcards or Letters mailed to your house	66%	23%	9%	2%
H	in Notices hung on your front door handle	27%	55%	15%	3%
I	at Community Events	24%	53%	19%	4%
J	on the Radio	4%	77%	16%	4%
K	in a Newspaper	11%	65%	19%	5%

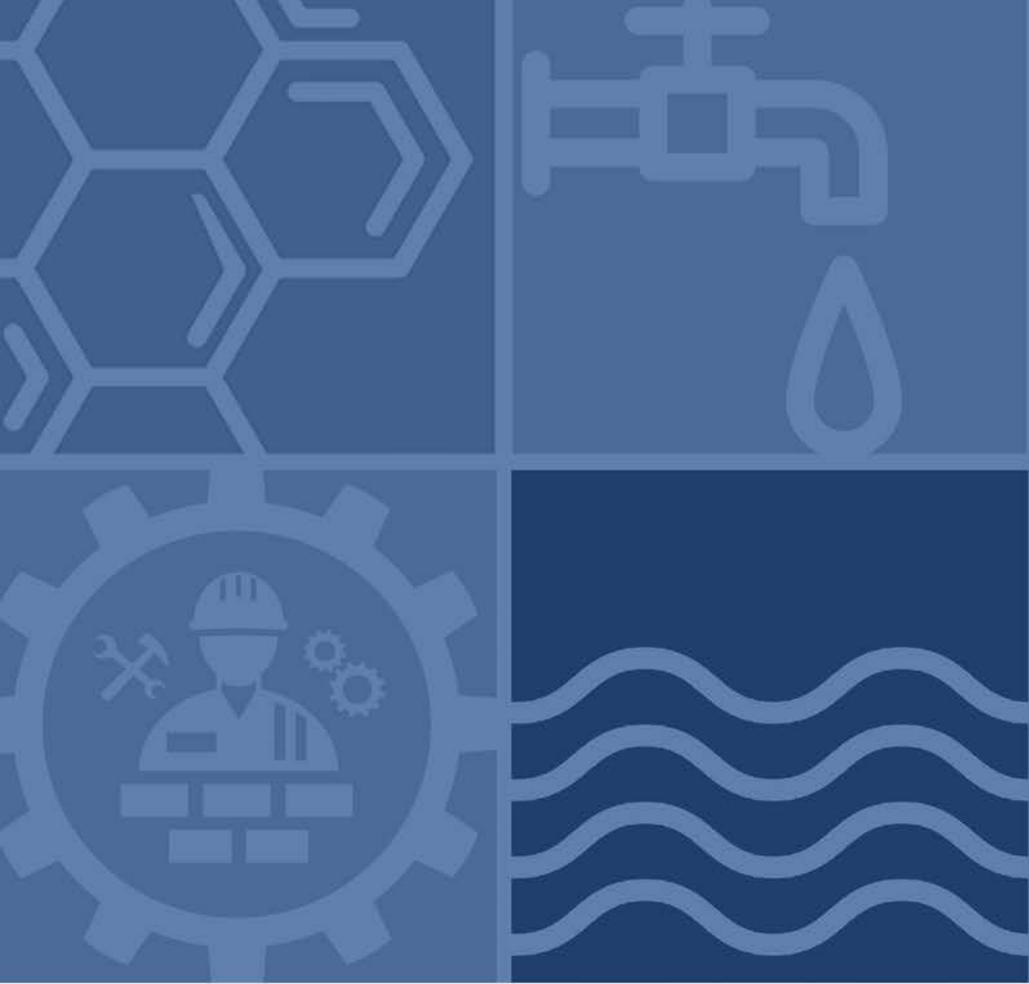
Section 8: Background & Demographics

Thank you so much for your participation. I have just a few background questions for statistical purposes.

D1	In what year were you born? Year recorded and grouped into categories shown below.		
	18 to 24		7%
	25 to 34		12%
	35 to 44		13%
	45 to 54		10%
	55 to 64		18%
	65 or older		35%
	Prefer not to answer		6%
D2	Do you own or rent your current residence?		
	1	Own	72%
	2	Rent	24%
	3	Live with family / friends and don't pay rent	1%
	99	Prefer not to answer	3%

D3	Does your household pay the water bill directly, or is it paid for by someone else like a landlord or Homeowner’s Association?		
	1	Household pays bill directly	79%
	2	Someone else pays bill	19%
	98	Not sure	0%
	99	Prefer not to answer	2%
D4	Which of the following best describes your current home?		
	1	Single family detached home	68%
	2	Apartment	13%
	3	Condominium or townhome	16%
	4	Mobile home	2%
	99	Prefer not to answer	2%
Those are all of the questions that I have for you! Thanks so much for participating in this important survey!			

<i>Post-Interview & Sample Items</i>			
S1	Service Area		
	1	Division 1	20%
	2	Division 2	20%
	3	Division 3	20%
	4	Division 4	20%
	5	Division 5	20%
S2	Survey Language		
	1	English	95%
	2	Spanish	5%



RESIDENTIAL CUSTOMER SURVEY
SUMMARY REPORT

PREPARED FOR
MESA WATER DISTRICT



SEPTEMBER 2023



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INTRODUCTION

The Mesa Water District (Mesa Water) is a public agency formed in 1960 that serves the City of Costa Mesa, parts of Newport Beach, and select unincorporated areas of Orange County, including John Wayne Airport. It was the first water agency in California to consolidate the operations of more than one agency, taking over assets and debts of the City of Costa Mesa's Water Department, Fairview County District, Newport Mesa Irrigation District, and Newport Mesa County Water District. Supplying water to 110,000 residents across an 18-square-mile area, the District's mission statement is: *Dedicated to Satisfying Our Community's Water Needs.*

As part of its commitment to provide high quality water services that meet the needs of its customers, Mesa Water regularly engages residents through community outreach, social media, and other communications activities and receives periodic feedback regarding its performance. Although these informal feedback mechanisms are a valuable source of information for Mesa Water in that they provide timely and accurate information about the opinions of *specific* residents, they do not necessarily provide an accurate picture of residents as a whole. Informal feedback mechanisms typically rely on the resident to initiate the feedback, which creates a self-selection bias—Mesa Water receives feedback from only those residents motivated enough to initiate the feedback process. Because these residents tend to be either *very* pleased or *very* displeased with their service, their collective opinions are not necessarily representative of residents in Mesa Water's service area as a whole.

PURPOSE OF STUDY The motivation for the current study was to design and employ a methodology that would avoid the self-selection bias noted above and thereby provide *statistically reliable* measures of public awareness, perceptions, and satisfaction as they relate to Mesa Water and the services it provides. Ultimately, the survey results and analyses presented in this report provide Mesa Water with information that can be used to make sound, strategic decisions in a variety of areas including measuring and tracking internal performance, community outreach, public education, marketing, planning, and budgeting. To assist in this effort, Mesa Water selected True North Research to design the research plan and conduct the study. Broadly defined, the study was designed to:

- Profile residents' awareness, perceptions, and opinions of the Mesa Water District;
- Measure residents' overall satisfaction with Mesa Water's efforts to provide water services, and their satisfaction with a variety of specific services;
- Assess perceptions of Mesa Water's customer service;
- Determine satisfaction with and perceived effectiveness of Mesa Water's communication with residents; *and*
- Gather relevant background and demographic information.

This is not the first statistically reliable customer survey conducted for Mesa Water. Similar surveys were conducted in 2019, 2020, 2021, and 2022 and many of the questions included in the 2023 survey were purposely tracked from the prior studies. Because there is a natural interest in tracking Mesa Water's performance in meeting the evolving needs of its customers, where appropriate the results of the current study are compared with the results of identical questions from the previous studies.

STATISTICAL SIGNIFICANCE Many figures and tables in this report present the results of questions asked in 2023 alongside the results found in prior surveys for identical questions. In such cases, True North conducted the appropriate tests of statistical significance to identify changes that likely reflect actual changes in public opinion between the most recent prior survey (2022) and the current—as opposed to being due to chance associated with selecting two samples independently and at random. Differences between the two studies are identified as *statistically significant* if we can be 95% confident that the differences reflect an actual change in public opinion. Statistically significant differences within response categories over time are denoted by the † symbol which appears in the figure next to the appropriate response value for 2023.

OVERVIEW OF METHODOLOGY A full description of the methodology used for this study is included later in this report (see *Methodology* on page 37). In brief, the survey was administered to a random sample of 810 adults who reside within Mesa Water’s service area. The survey followed a mixed-method design that employed multiple recruiting methods (email, text, and phone) and multiple data collection methods (phone and online). Administered in English and Spanish between August 14 and September 6, 2023, the average interview was 16 minutes.

ORGANIZATION OF REPORT This report is designed to meet the needs of readers who prefer a summary of the findings as well as those who are interested in the details of the results. For those who seek an overview of the findings, the section titled *Key Findings* is for you. It provides a summary of the most important factual findings of the survey in a Question & Answer format. For the interested reader, this section is followed by a more detailed question-by-question discussion of the results from the survey by topic area (see *Table of Contents*), as well as a description of the methodology employed for collecting and analyzing the data. And, for the truly ambitious reader, the questionnaire used for the interviews is contained at the back of this report, and a complete set of crosstabulations for the survey results is contained in Appendix A.

ACKNOWLEDGEMENTS True North thanks the Mesa Water District for the opportunity to conduct the study and for contributing valuable input during the design stage of this study. The collective experience, insight, and local knowledge provided by district representatives and staff improved the overall quality of the research presented here.

DISCLAIMER The statements and conclusions in this report are those of the authors (Dr. Timothy McLarney and Richard Sarles) at True North Research, Inc. and not necessarily those of the Mesa Water District. Any errors and omissions are the responsibility of the authors.

ABOUT TRUE NORTH True North is a full-service survey research firm that is dedicated to providing public agencies with a clear understanding of the values, perceptions, priorities, and concerns of their residents and customers. Through designing and implementing scientific surveys, focus groups, and one-on-one interviews, as well as expert interpretation of the findings, True North helps its clients to move with confidence when making strategic decisions in a variety of areas—such as planning, policy evaluation, performance management, establishing fiscal priorities, passing revenue measures, and developing effective public information campaigns. During their careers, Dr. McLarney (President) and Mr. Sarles (Principal Researcher) have designed and conducted over 1,200 survey research studies for public agencies—including more than 400 studies for California municipalities and special districts.



KEY FINDINGS

As noted in the *Introduction*, this study was designed to provide the Mesa Water District with a statistically reliable understanding of public awareness, perceptions, and satisfaction as they relate to the District and the services it provides. Whereas subsequent sections of this report are devoted to conveying the detailed results of the survey, in this section we attempt to ‘see the forest through the trees’ and note how the collective results of the survey answer some of the key questions that motivated the research.

What are customers’ views on water reliability?

Although 15% of respondents in 2023 mentioned a water-related issue when asked to identify the most important issue facing their community (see *Issues of Importance* on page 7), this did not reflect concerns about the *reliability* of their household’s water supply. Indeed, nearly nine-in-ten customers (88%) anticipated that over the next five years, their household’s water supply will be either very reliable (57%) or somewhat reliable (31%), while just 7% anticipated it would be unreliable to some degree. When compared to 2022, there was a statistically significant increase in the percentage (88% vs. 83%) of respondents who anticipated their household’s water supply would be reliable over the next five years (see *Water Reliability* on page 9).

To what extent is the public aware of Mesa Water, and what are their opinions of the District?

Special districts and sub-agencies often operate in relative obscurity from the public’s perspective. Although virtually all residents can identify their city and, to a lesser extent, their local school district, special districts or municipal sub-agencies are often not on the average resident’s radar. However, awareness of the Mesa Water District is very high, with 95% of customers aware of Mesa Water prior to taking the survey. Indeed, overall awareness was statistically higher than the level recorded in 2022 (90%) and on par with the all-time high recorded in 2021 (96%).

Among the residential customers surveyed, 63% were able to name Mesa Water District as the agency responsible for providing water services to their home without prompting during the survey, which is a measure of *unaided awareness*. After adjusting for methodological differences between the 2022 and 2023 surveys that could impact the awareness metric, unaided awareness of Mesa Water in 2023 is estimated to be 58%.¹

Across all subgroups, overall awareness (unaided plus aided) of Mesa Water District was remarkably consistent, ranging from a low of 85% to a high of 99%, and the shift in methodology did not seem to impact subgroup patterns. Similar to the 2022 results, unaided awareness was highest among homeowners, households that pay their water bill directly,

1. After standardizing the underlying samples so the 2022 and 2023 samples have the same percentage of completes by mode (phone vs. web) and taking the most conservative view that all of the growth in unaided awareness among those who completed the survey online is attributable to the change in the invitation language (and thus factoring that increase out), unaided awareness of Mesa Water in 2023 is estimated at 58%.

respondents at least 35 years of age, those in single family homes or condominiums/townhomes, and those who took the survey in English (see *Unaided & Aided Awareness of Mesa Water* on page 13).

Of course, being *aware* of Mesa Water District does not necessarily translate into having an *opinion* of the agency. That said, this is another area of good news for the agency in 2023. Over the past three years (since 2020), the percentage of respondents with no opinion of the agency has declined by more than half (35% to 15%), while the percentage with a positive opinion of the agency has increased (+21%) to reach an all-time high in 2023 (79%). Moreover, the percentage who expressed a *very* favorable opinion of Mesa Water reached majority status for the first time in 2023 (54%), setting a new all-time high (surpassing last year's high of 43%) and further distancing itself from the low of 29% set in 2020 (see *Favorability* on page 15).

Despite many being uncertain/unsure, the majority of *all* respondents agreed that Mesa Water is efficient (73%), beneficial to the local community (69%), trustworthy (69%), involved in the community (62%), and fiscally responsible (51%). The 2023 results maintained the positive gains recorded within this question series in recent years (see *Characterizing Mesa Water* on page 18).

How well is Mesa Water performing in meeting the needs of customers?

Residents remain very satisfied with Mesa Water District's efforts to provide water services to their households. Nine-in-ten (92% of) respondents were satisfied with Mesa Water's overall performance, with a statistically significant increase in the percentage *very* satisfied over the past year (+6%). The high level of satisfaction exhibited by respondents as a whole was also echoed across all resident subgroups, with satisfaction ranging from a low of 81% to a high of 97% (see *Satisfaction With Water Services* on page 20).

Residential customers' satisfaction with Mesa Water's performance *in general* was also mirrored in their assessments of Mesa Water's performance in providing specific services. For every one of the 15 specific service areas tested, at least 79% of respondents with an opinion were satisfied with Mesa Water's efforts to provide the service—and for 12 of the 15 services, more than 90% were satisfied. Overall, respondents reported being *most* satisfied with Mesa Water's efforts to provide reliable water service (98% very or somewhat satisfied among those with an opinion), followed by provide convenient hours of operation (97%), ensure an adequate water supply now and in the future (96%), keep the water system in good condition through timely repairs and maintenance (95%), and provide sufficient water pressure (95%). Moreover, among the 16% of customers who had reason to contact the District in the year preceding the survey (up from 11% in 2022), approximately 72% said the reason for contacting the District was solved to their satisfaction and

eight-in-ten customers with an opinion indicated they were satisfied with their ability to reach a service representative (86%), the courtesy of the service representative (86%), and the knowledge and expertise of the service representative (82%) (see *Customer Service* on page 26).

Where should Mesa Water focus its efforts in the future?

Perhaps the most important recommendation, one often overlooked in customer satisfaction research, is for Mesa Water to recognize the things it does well and to focus on continuing to perform at a high level in these areas. As noted throughout this report, the vast majority of customers were generally pleased—and most metrics showed positive movement from 2022 to 2023. The top priority for the District should thus be to do what it takes to maintain the quality of services it currently provides.

Nevertheless, in the spirit of constant improvement, the results of the 2023 study suggest several opportunities to increase customer satisfaction further. Based on the survey findings, some residential customers continue to see room for improvement in the District providing *rebate programs* that encourage customers to purchase water-efficient appliances and offering good *value* for the cost of water services. Although approximately eight-in-ten respondents who provided an opinion were satisfied in each of these areas, the rates of satisfaction were lower than other service areas tested. In addition to lower than average scores, these two service areas were also the top two differentiators when examining ratings by whether customers were generally satisfied or dissatisfied with the District's overall performance. In other words, these are the service areas that appear to be the primary drivers of dissatisfaction for certain customers.

Raising public awareness of the District's lack of dependence on imported water can also help strengthen customers' affinity to Mesa Water. Unlike most water agencies in southern California, Mesa Water is capable of generating 100% of its water locally—which translates to greater self-sufficiency for the community, better water reliability, and lower prices for customers when compared to relying on high-priced imported water. Finding that few customers were aware that their water is sourced locally, one of the key recommendations of the 2021 survey was to focus on improving customers' awareness of this important fact. The 2023 survey reveals that the District has made considerable progress on this front, with the percentage correctly identifying that 100% of their water is produced locally jumping 22% over the past two years, from 19% in 2021 to 36% in 2022 to 41% in 2023 (see *Knowledge of Water Origin* on page 10). It is no coincidence that this increase corresponds with other positive changes, as those who were aware that 100% of their water is sourced locally were also much more likely than their counterparts to express a favorable opinion of Mesa Water, be satisfied with the services provided by the District, and view Mesa Water as trustworthy, fiscally responsible, beneficial to the local economy, involved in

the community, and efficient. Because most customers are still under the mistaken impression that some of their water is imported, this is an ongoing opportunity area for the District.

How well is Mesa Water communicating with customers?

Keeping up with the challenge of communicating with residents has been difficult for many public agencies in recent years. As the number of information sources and channels available to the public has dramatically increased, so too has the diversity in where residents regularly turn for their information. Not only have entirely new channels arisen to become mainstream and nearly ubiquitous (e.g., social media), within these channels there exists a proliferation of alternative services. To add to the challenge, residents' preferences for information sources are also dynamic, subject to change as new services are made available while others may fade in popularity, making thorough, effective communication a *moving* target for public agencies.

Against this challenging backdrop, the 2023 survey results indicate that the Mesa Water District continues to do an admirable job communicating with its customers. The majority of customers recalled hearing or seeing news, information, or advertising from Mesa Water via direct mail newsletters and postcards (each 66%) and water bill inserts (50%). Additionally, there were statistically significant increases over the past year in recall via text message (+12%), email (+11%), newsletters mailed to the home (+8%), and postcards mailed to the home (+7%). Moreover, eight-in-ten respondents (82%) said they were satisfied with the District's efforts to communicate through direct mail, newsletters, social media, and other means in 2023, with the percentage *very* satisfied experiencing a statistically significant increase (+5%) when compared to 2022. While most public agencies' communication scores have declined in recent years, Mesa Water has managed to increase customer satisfaction in this area by 13% since 2019 (see *Communication* on page 31).

ISSUES OF IMPORTANCE

The first substantive question of the survey asked respondents to identify what they feel is the most important issue facing their community today. This question was posed in an open-ended manner, allowing respondents to mention any issue that came to mind without being prompted by or restricted to a list of options. True North later reviewed the verbatim responses and grouped them into the categories shown in Figure 1. Because respondents were free to mention more than one issue, the percentages in the figure total more than 100%.

Approximately one-in-five respondents (20%) were unsure or could not think of any important issues (19%) or indicated that everything is fine (1%). Among the specific responses provided, residents were most apt to cite homelessness as the most important issue facing the community (17%), followed by safety, crime, and drugs (15%), water-related issues such as drought, infrastructure, reliability, cost, and quality (15%), and the high cost of living (10%). Other issues mentioned by at least 3% of respondents included affordable housing (6%), climate change/environmental issues (4%), overdevelopment (4%), and the economy/jobs (4%).

Question 1 *To begin, what do you feel is the most important issue facing your community today?*

FIGURE 1 ISSUES OF IMPORTANCE

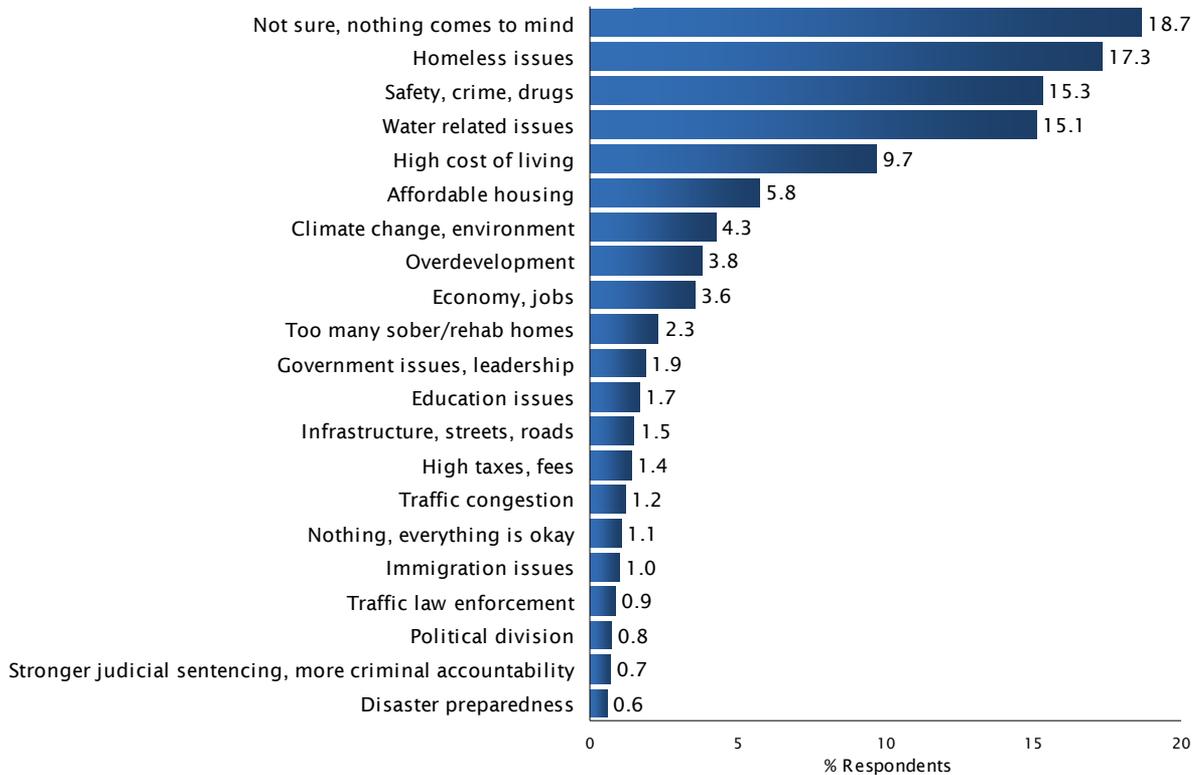


Table 1 provides the top five responses to this question by study year. Although the order shifted, four of the top five most important issues for Mesa Water customers remained unchanged from 2022 to 2023. The mention of Mesa Water in the survey invitations for web respondents in 2023 likely contributed to a higher percentage of respondents mentioning water-related issues in the 2023 survey.²

TABLE 1 ISSUES OF IMPORTANCE: TOP FIVE MENTIONS BY STUDY YEAR

2023	2022	Study Year 2021	2020	2019
Not sure, nothing comes to mind	Homeless issues	Homeless issues	COVID-19 issues	Homeless issues
Homeless issues	Safety, crime, drugs	Safety, crime, drugs	Homeless issues	Not sure, nothing comes to mind
Safety, crime, drugs	Affordable housing	Not sure, nothing comes to mind	Safety, crime, drugs	Safety, crime, drugs
Water related issues	High cost of living	COVID-19 issues	Government issues, leadership	Growth, development
High cost of living	Not sure, nothing comes to mind	Affordable housing	Not sure, nothing comes to mind	Affordable housing

2. In prior years, the email and text invitations were sent from True North Research without mention of Mesa Water. To improve the response rate and perceived legitimacy of the survey, the email and text invitations sent in 2023 mentioned that the confidential survey was being conducted by Mesa Water. The introduction to the phone survey was not changed from prior years and did not mention Mesa Water.

WATER RELIABILITY

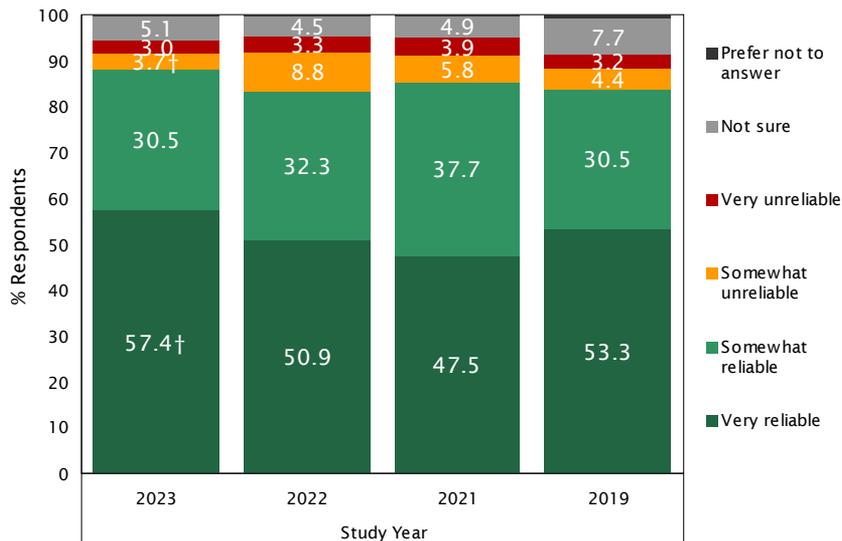
The next series of questions in the survey was designed to profile residents' perceptions and opinions as they relate to the reliability of their household's water supply.

OPINION OF WATER SUPPLY The first question in this series began by informing respondents that a *reliable* water supply is one that can be depended upon to consistently provide enough water to meet a region's needs. Respondents were then asked how reliable they expect their household's water supply to be over the next five years.

As shown in Figure 2, nearly nine-in-ten respondents (88%) indicated that they expect their household's water supply to be either very reliable (57%) or somewhat reliable (31%) over the next five years. Just 7% of respondents thought their water supply would be very or somewhat unreliable, whereas the remaining 5% were unsure or did not provide a response. When compared to 2022, there was a statistically significant increase in the percentage of respondents who anticipated their household's water supply would be reliable over the next five years (led by an increase in the percent who said *very* reliable), and a drop in the percentage who expected their water supply to be unreliable (driven by a decrease in the percent who said *somewhat* unreliable).

Question 2 *A reliable water supply is one that can be depended upon to consistently provide enough water to meet a region's needs. Overall, how reliable do you think your household's water supply is going to be over the next five years? Do you think it will be very reliable, somewhat reliable, somewhat unreliable, or very unreliable?*

FIGURE 2 WATER SUPPLY RELIABILITY BY STUDY YEAR



† Statistically significant change (p < 0.05) between the 2022 and 2023 studies.

Figures 3 and 4 on the next page display respondents' views regarding the future reliability of their household's water supply by a host of demographic traits. Although there was some variation in opinion (e.g., households that pay their water bill directly were more likely to rate the water supply as reliable than customers whose bill is paid by someone else), the most striking

pattern in these figures is the relative consistency of opinion. Regardless of subgroup category, at least 80% of respondents felt their household’s water supply would be reliable over the next five years.

FIGURE 3 WATER SUPPLY RELIABILITY BY SERVICE AREA, HOME OWNERSHIP STATUS & WATER BILL RESPONSIBILITY

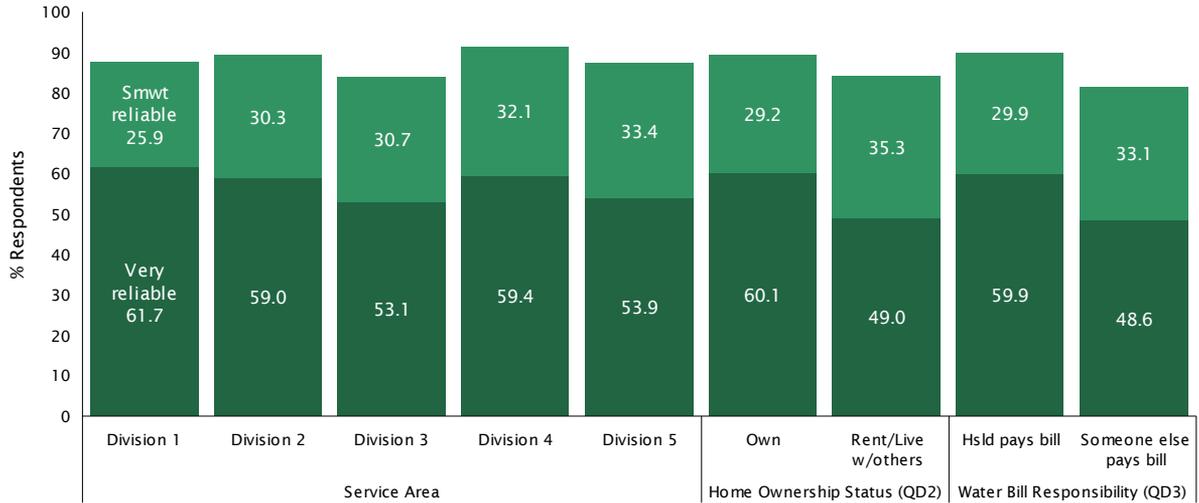
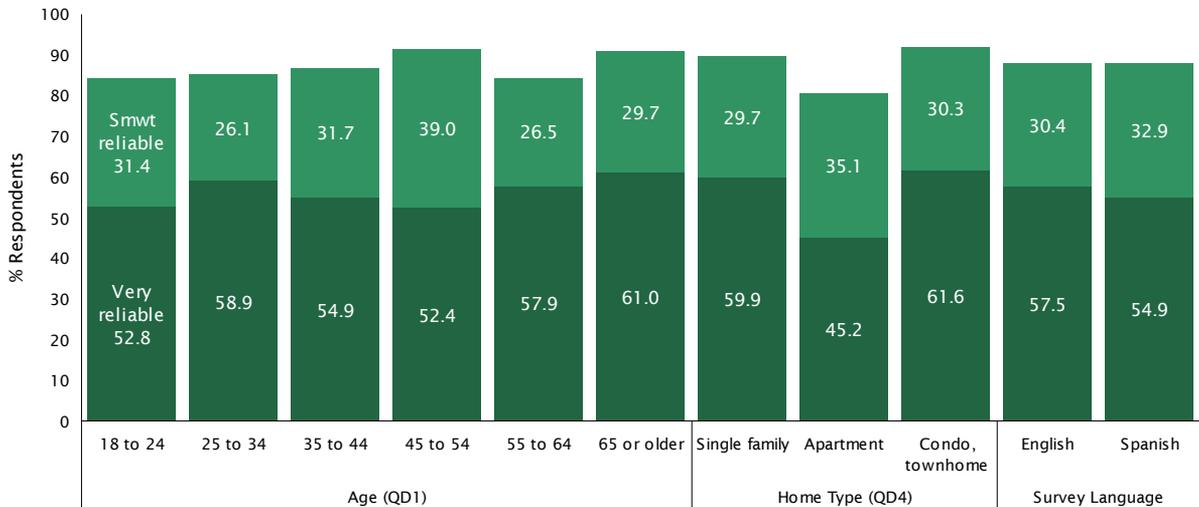


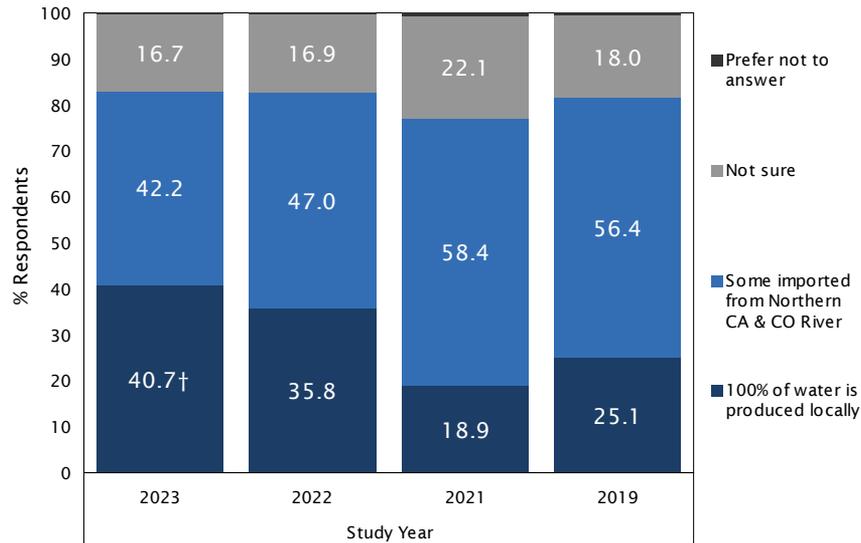
FIGURE 4 WATER SUPPLY RELIABILITY BY AGE, HOME TYPE & SURVEY LANGUAGE



KNOWLEDGE OF WATER ORIGIN Respondents were next presented with two statements about the source of the water their household receives and were asked to select which statement they felt was accurate. Approximately four-in-ten respondents (41%) correctly indicated that 100% of their household’s water is produced locally, whereas 42% of respondents thought that some of their water is imported from Northern California and the Colorado River. An additional 17% were unsure of the origin (see Figure 5 on the next page). When compared to the 2022 survey results, the percentage of respondents who were aware that 100% of their household’s water is produced locally was significantly higher in 2023 (+5%).

Question 3 Thinking of the water your household receives, which of the following statements do you think is accurate: _____ OR _____? Rotate Statements

FIGURE 5 KNOWLEDGE OF WATER ORIGIN BY STUDY YEAR



† Statistically significant change (p < 0.05) between the 2022 and 2023 studies.

Figures 6 and 7 show customers’ knowledge of their household’s water origin by service area, home ownership status, water bill responsibility, age of the respondent, home type, and the language in which they chose to take the survey. Residents in Division 2, home owners, households that pay their water bill directly, seniors (65+), those in single family homes, and customers who took the survey in English were the most likely to correctly indicate that 100% of their water is produced locally. With the exceptions of Division 2 customers and seniors, the majority of respondents in every other subgroup were either under the mistaken impression that some of their water is imported or were unsure.

FIGURE 6 KNOWLEDGE OF WATER ORIGIN BY SERVICE AREA, HOME OWNERSHIP STATUS & WATER BILL RESPONSIBILITY

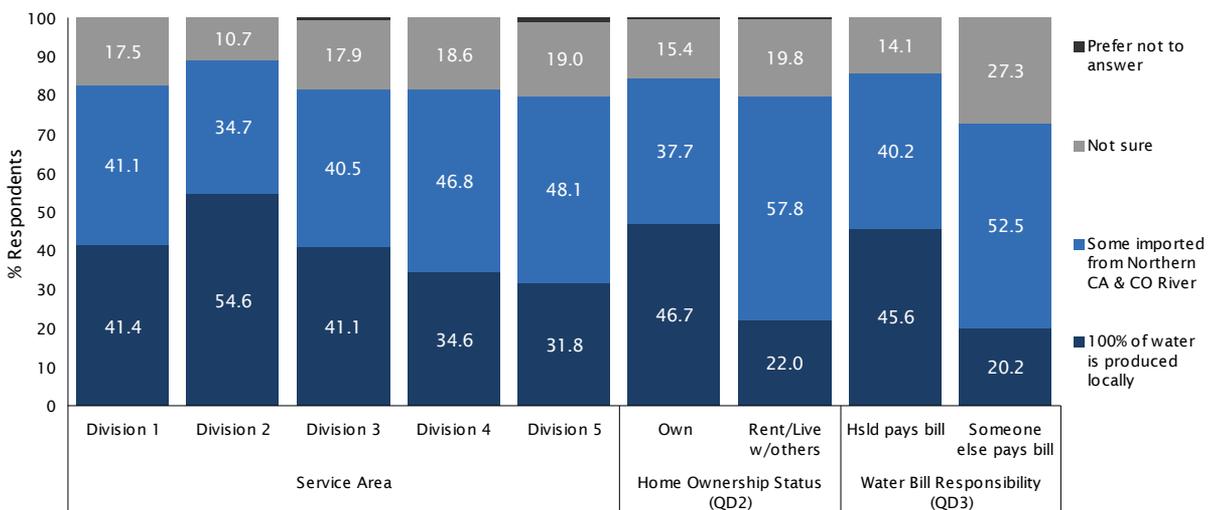
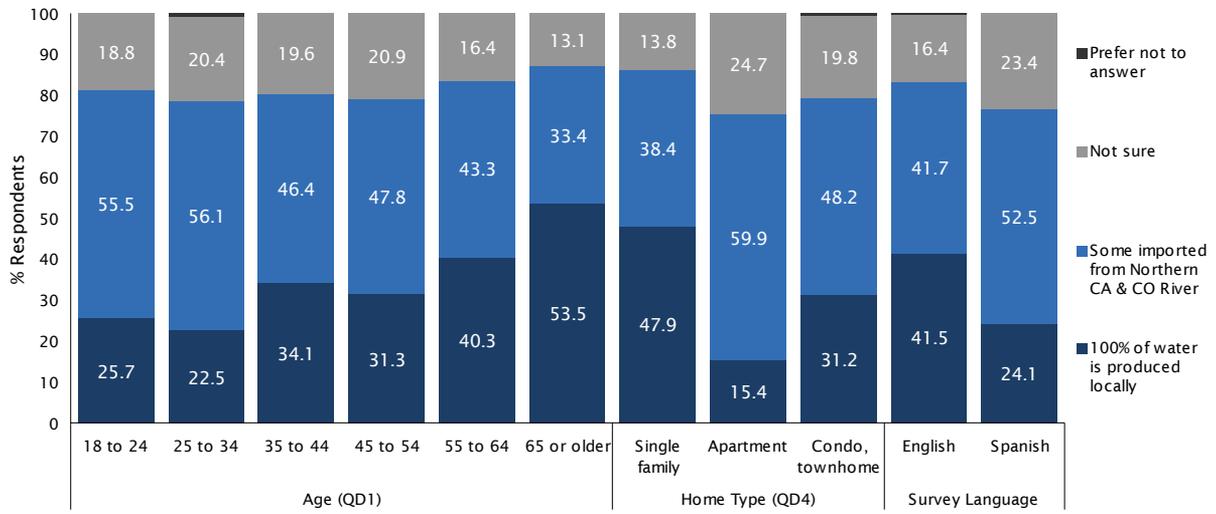


FIGURE 7 KNOWLEDGE OF WATER ORIGIN BY AGE, HOME TYPE & SURVEY LANGUAGE



AWARENESS & OPINIONS OF MESA WATER

One of the goals of this study was to gauge public awareness and perceptions of Mesa Water. Are residents able to recall the name of the agency responsible for providing water services to their household, or at least recognize the name of the agency? Moreover, what are their opinions of Mesa Water and how do they perceive the District on a variety of important dimensions?

Accurately measuring awareness is a delicate exercise. Because many of the questions in the survey addressed topics that could aid a respondent’s recall and/or allow them to guess at describing the agency, awareness questions were purposely located near the beginning of the survey to avoid this potential source of bias.

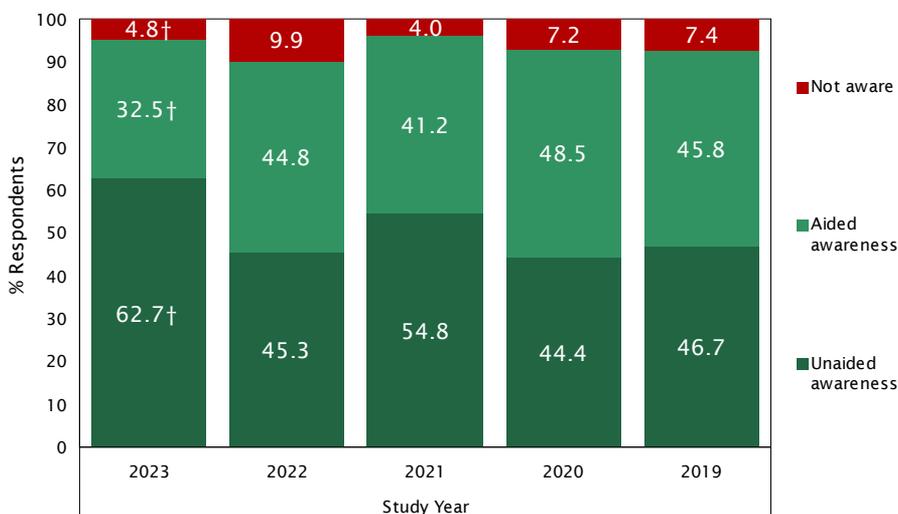
UNAIDED & AIDED AWARENESS OF MESA WATER Respondents were initially asked if, prior to taking the survey, they happened to know which agency is responsible for providing water services to their home. Those who said they knew the name of the agency were asked to state the name in a follow-up question, whereas those who did not were asked if they had heard of the Mesa Water District. The responses to questions 2 through 4 are combined in Figure 8 below for all respondents.

Question 4 *Do you happen to know which agency is responsible for providing water services to your home?*

Question 5 *What is the name of the agency?*

Question 6 *Prior to taking this survey, had you heard of the Mesa Water District?*

FIGURE 8 AIDED & UNAIDED AWARENESS OF MESA WATER DISTRICT BY STUDY YEAR



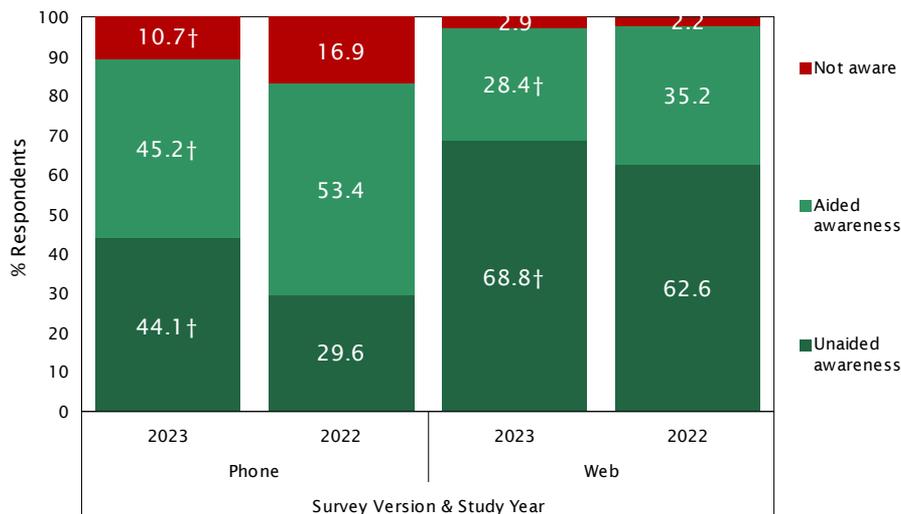
† Statistically significant change (p < 0.05) between the 2022 and 2023 studies.

Among respondents overall, 63% were able to name Mesa Water District as the agency responsible for providing water services to their home, which is a measure of *unaided awareness*. An additional 33% were not able to name the agency on their own, but indicated that they had heard

of the Mesa Water District prior to taking the survey (aided awareness). Approximately 5% said that they had not heard of the Mesa Water District prior to participating in the study.

When compared to the 2022 study, unaided awareness was significantly higher (+17%) in 2023. However, because the email and text invitations mentioned Mesa Water in 2023 and this could have a priming influence on some respondents, it isn't readily apparent in Figure 8 the extent to which the increase is due to an actual change in awareness over the past year or is simply an artifact of mentioning Mesa Water in the invitations (or some combination of the two). To further investigate, Figure 9 breaks down awareness among phone and web respondents for both 2022 and 2023. Unaided awareness saw a boost among web respondents who received a Mesa Water branded survey invitation in 2023 (+6%), which is expected. However, those who were recruited to participate by telephone (with no mention of Mesa Water) exhibited an even larger increase in awareness of Mesa Water (+15%). So it's clear that an increase in unaided awareness occurred among some customers, but estimating the actual percentage growth requires an additional step (see below)

FIGURE 9 UNAIDED AWARENESS OF MESA WATER DISTRICT BY SURVEY VERSION & STUDY YEAR



† Statistically significant change ($p < 0.05$) between the 2022 and 2023 studies.

The 2022 and 2023 samples had a different balance of phone vs. online completes, which contributes to some of the difference in unaided awareness estimates between 2022 and 2023. After standardizing the underlying samples so the 2022 and 2023 samples have the same percentage of completes by mode (phone vs. web) *and* taking the most conservative view that all of the growth in unaided awareness among those who completed the survey online is attributable to the change in the invitation language (and thus factoring that increase out), unaided awareness of Mesa Water in 2023 is estimated at 58%.

Across all subgroups, overall awareness (unaided plus aided, unadjusted) of the Mesa Water District was remarkably consistent, ranging from a low of 85% to a high of 99% (see figures 10 and 11 on next page). Similar to the 2022 results, unaided awareness was highest among homeowners, households that pay their water bill directly, respondents at least 35 years of age, those in single family homes or condominiums/townhomes, and those who took the survey in English.

FIGURE 10 AIDED & UNAIDED AWARENESS OF MESA WATER DISTRICT BY SERVICE AREA, HOME OWNERSHIP STATUS & WATER BILL RESPONSIBILITY

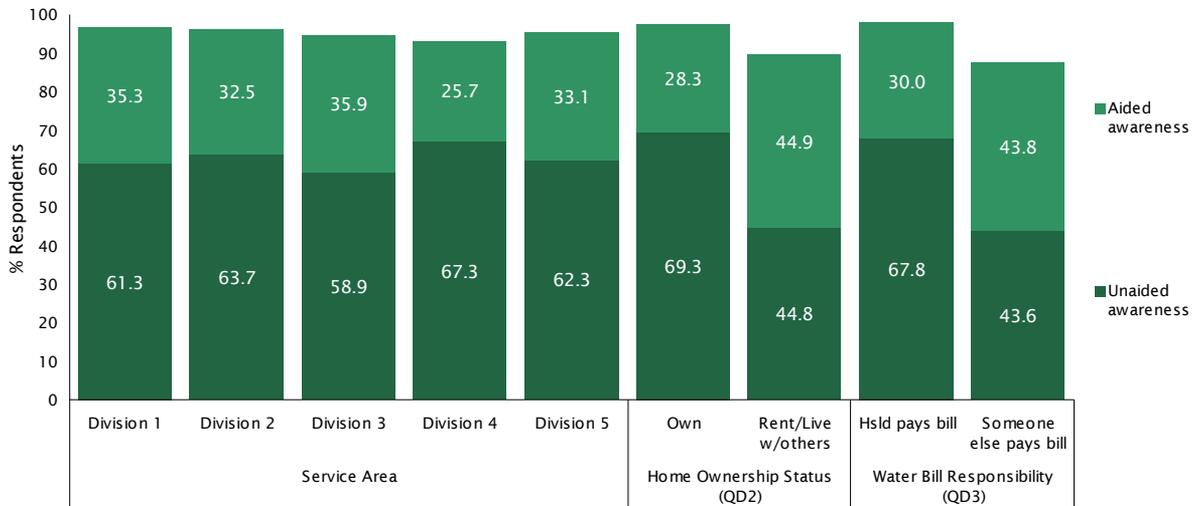
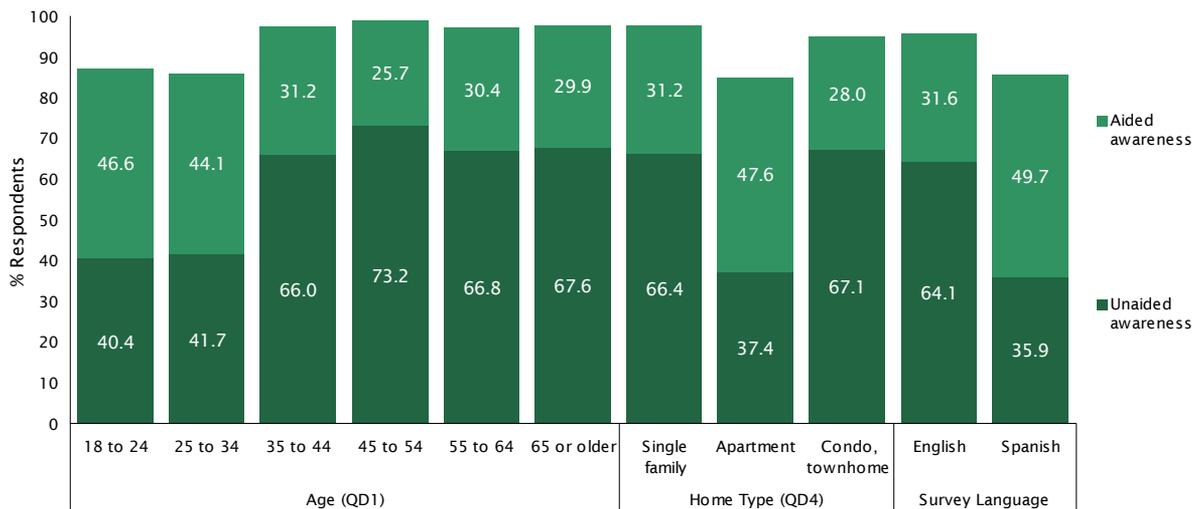


FIGURE 11 AIDED & UNAIDED AWARENESS OF MESA WATER DISTRICT BY AGE, HOME TYPE & SURVEY LANGUAGE

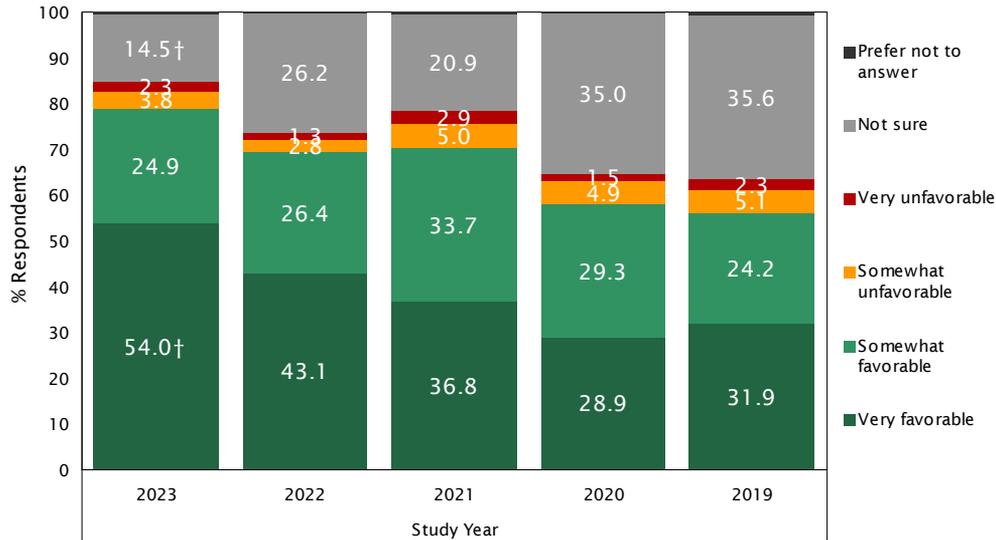


FAVORABILITY After clarifying that the Mesa Water District is the independent public agency responsible for providing water services to their household, the survey next asked respondents whether they held a favorable or unfavorable opinion of Mesa Water—or if they had no opinion either way.

As shown in Figure 12 on the next page, 15% of residents indicated that they were not sure or held no opinion regarding Mesa Water, which is the lowest level recorded in any survey (and a statistically significant decline from 2022’s 26%). Among those with an opinion, perceptions of Mesa Water were overwhelmingly positive—with approximately eight-in-ten respondents (79%) holding a favorable opinion while just 6% expressed an unfavorable opinion. There was also a statistically significant increase in the percentage who held a *very* favorable opinion of Mesa Water from 2022 to 2023, as well as the overall percentage holding a favorable opinion (79% vs. 70%).

Question 7 To clarify, the Mesa Water District is the independent public agency responsible for providing water services to your household. In general, do you have a favorable or unfavorable opinion of the Mesa Water District - or do you not have an opinion either way?

FIGURE 12 OPINION OF MESA WATER DISTRICT BY STUDY YEAR



† Statistically significant change (p < 0.05) between the 2022 and 2023 studies.

Figures 13 and 14 show how the percentage of respondents with *favorable* opinions of Mesa Water varied across a series of key subgroups among those who provided an opinion. Although there was some variation—e.g., seniors were the most likely to express having a *very* favorable opinion of Mesa Water—the most striking pattern in these figures is the relative consistency of ratings. With the exception of the very small subgroup of respondents who were not aware of Mesa Water (5% of all customers, 71% very or somewhat favorable), at least 84% of respondents in every subgroup (among those with an opinion) held a *favorable* opinion of Mesa Water.

FIGURE 13 OPINION OF MESA WATER DISTRICT BY SERVICE AREA, HOME OWNERSHIP STATUS & WATER BILL RESPONSIBILITY

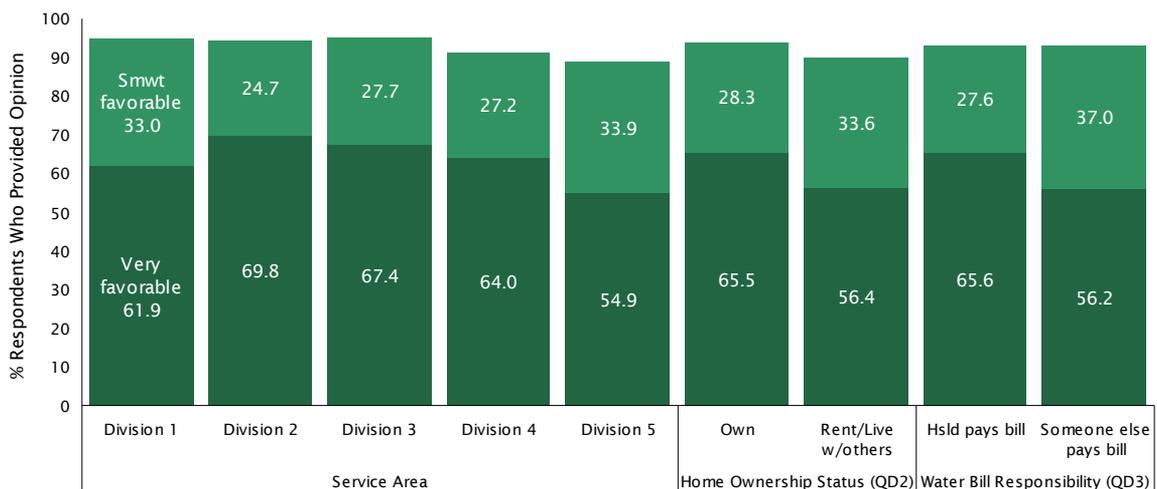
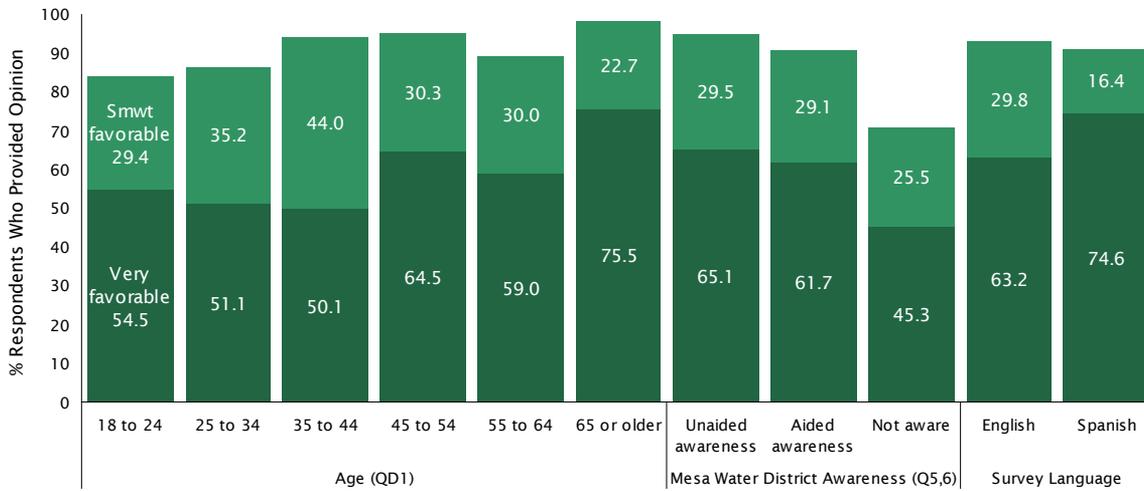


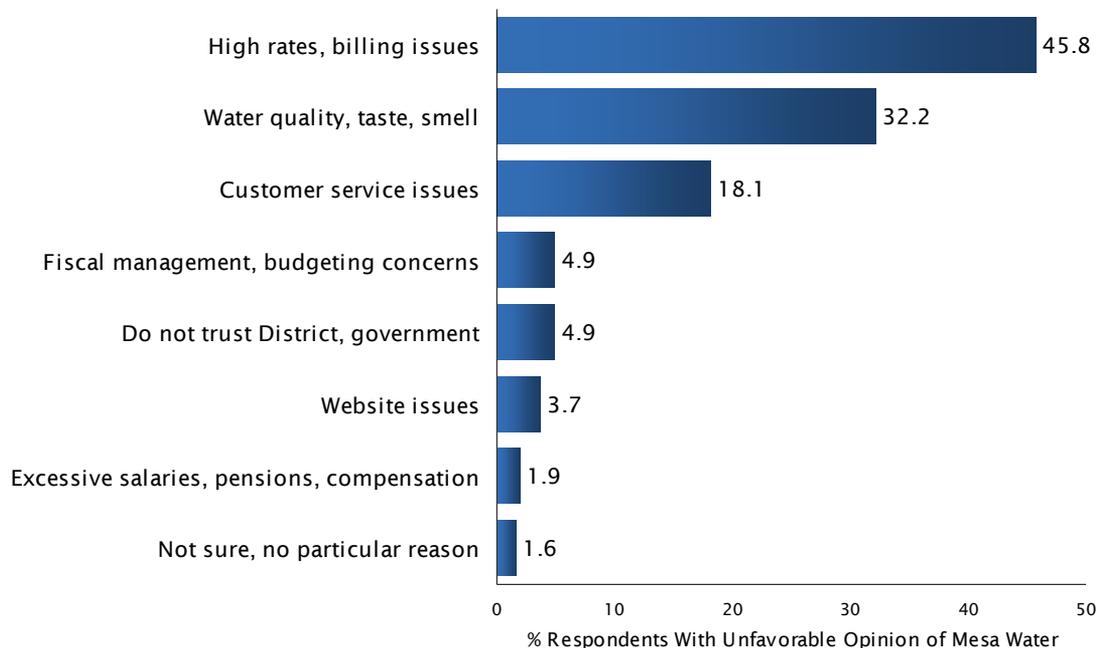
FIGURE 14 OPINION OF MESA WATER DISTRICT BY AGE, WATER DISTRICT AWARENESS & SURVEY LANGUAGE



The very small percentage (6%) of respondents who expressed an unfavorable opinion of Mesa Water were subsequently asked if there was a particular reason for their opinion. Question 8 was asked in an open-ended manner to allow respondents to explain their opinion in their own words, without being prompted by or restricted to a list of reasons. True North later reviewed the verbatim responses and grouped them into the categories shown in Figure 15. A concern about high rates or billing issues was the most common reason why some respondents held an unfavorable opinion of Mesa Water (46%), followed by mentions of water quality, taste, or smell (32%) and customer service issues (18%).

Question 8 *Is there a particular reason why you have an unfavorable opinion of the Mesa Water District?*

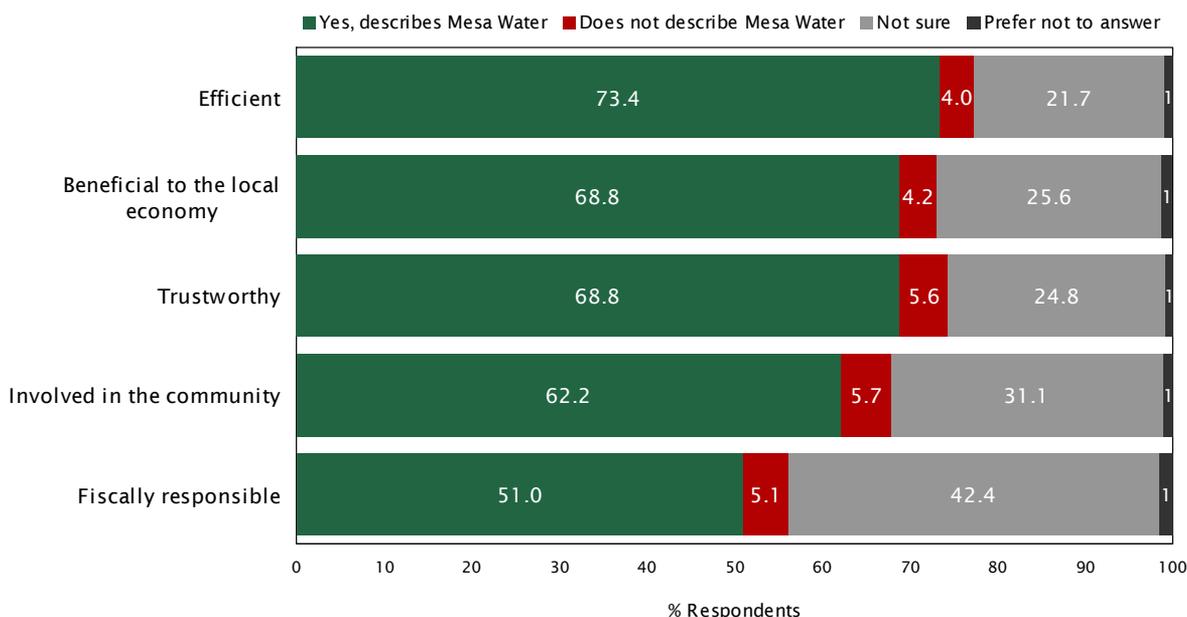
FIGURE 15 REASON FOR UNFAVORABLE OPINION



CHARACTERIZING MESA WATER The final question in this series was designed to profile how customers perceive Mesa Water on a variety of key dimensions. Specifically, Question 9 presented respondents with five words or phrases and asked respondents whether they thought the word or phrase accurately described the Mesa Water District. Figure 16 presents those words and phrases, as well as respondents’ characterizations of Mesa Water.

Question 9 *Next, I'm going to read a series of words or phrases. For each I read, I'd like you to tell me whether - in your opinion - it accurately describes the Mesa Water District. 'Yes' means you think the phrase does accurately describe the Mesa Water District. No means it does not. If you don't have an opinion, just say so.*

FIGURE 16 AGREEMENT WITH DESCRIPTORS OF MESA WATER



As represented in the gray portion of the bars in the figure, between 23% and 44% of customers did not have an opinion or were unwilling to state whether Mesa Water could be described by each attribute. But among respondents who provided an opinion, Mesa Water was generally characterized in a positive light with the majority of *all* respondents indicating agreement. Mesa Water was widely perceived to be efficient (73% agree), beneficial to the local community (69%), and trustworthy (69%) received the highest ratings. Six-in-ten respondents (62%) perceived that Mesa Water is involved in the community and just over half (51%) agreed that it is fiscally responsible. Most of the remaining respondents confided that they were unsure rather than disagreeing with each statement.

Table 2 on the next page displays the percentage of respondents who agreed with each descriptor of Mesa Water by study year, along with the difference between the two most recent studies. Responses have trended in a positive direction since 2019, and were statistically consistent over the last year.

TABLE 2 AGREEMENT WITH DESCRIPTORS OF MESA WATER BY STUDY YEAR

	Study Year					Change in Mesa Water Descriptors 2022 to 2023
	2023	2022	2021	2020	2019	
Trustworthy	68.8	64.1	61.6	54.5	57.9	+4.7
Involved in the community	62.2	57.8	50.4	40.5	47.6	+4.3
Beneficial to the local economy	68.8	68.5	60.3	57.2	56.8	+0.4
Efficient	73.4	73.0	68.1	66.1	66.4	+0.3
Fiscally responsible	51.0	51.7	44.6	39.4	40.2	-0.7

Tables 3 and 4 present the results of this question series by whether the individual was aware of the Mesa Water District, their overall opinion of Mesa Water, and their service area. Individuals aware of Mesa Water (unaided or aided), those with a favorable opinion of Mesa Water, and customers in a service area *other than* District 5 were generally more likely than their counterparts to characterize Mesa Water in a positive manner.

TABLE 3 AGREEMENT WITH DESCRIPTORS OF MESA WATER BY MESA WATER DISTRICT AWARENESS & OPINION OF MESA WATER DISTRICT (SHOWING % YES, ACCURATELY DESCRIBES MESA WATER)

	Mesa Water District Awareness (Q5,6)			Opinion of Mesa Water District (Q7)		
	Unaided awareness	Aided awareness	Not aware	Favorable	Unfavorable	Not sure
Efficient	76.2	74.4	29.4	81.5	29.4	49.4
Beneficial to the local economy	71.8	67.3	40.6	78.1	28.1	37.9
Trustworthy	72.4	67.7	28.4	80.5	13.0	30.6
Involved in the community	66.1	59.6	28.5	71.3	25.1	30.3
Fiscally responsible	51.7	53.2	26.8	59.9	13.9	20.2

TABLE 4 AGREEMENT WITH DESCRIPTORS OF MESA WATER BY SERVICE AREA (SHOWING % YES, ACCURATELY DESCRIBES MESA WATER)

	Service Area				
	Division 1	Division 2	Division 3	Division 4	Division 5
Efficient	73.5	74.1	77.6	75.6	66.2
Beneficial to the local economy	67.3	71.5	72.4	70.6	62.4
Trustworthy	72.4	67.6	73.0	68.5	62.3
Involved in the community	63.2	66.4	59.7	66.0	55.5
Fiscally responsible	49.1	58.7	55.6	49.1	42.4

SATISFACTION WITH WATER SERVICES

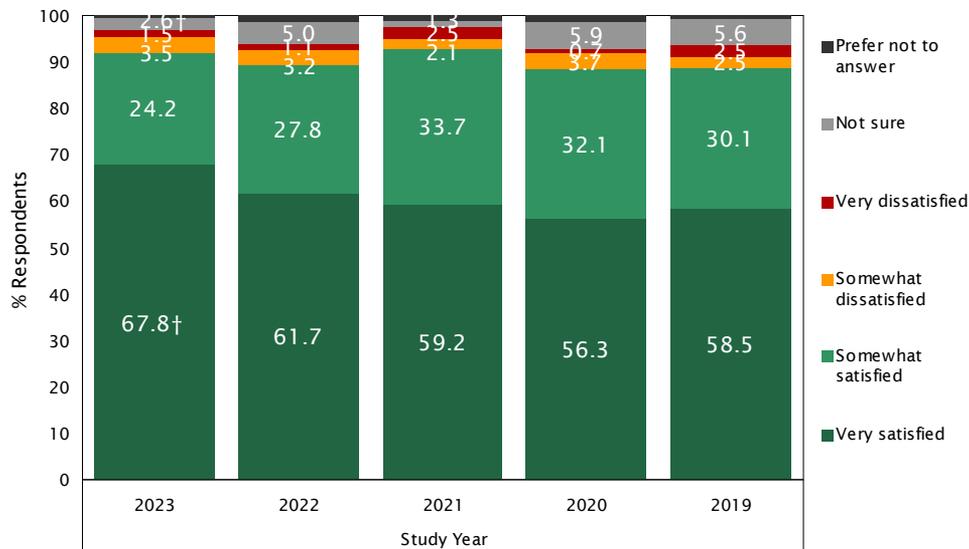
After measuring respondents' views regarding issues of importance in their community, as well as awareness and perceptions of Mesa Water, the survey next turned to assessing customers' opinions about Mesa Water's performance in providing various services.

OVERALL SATISFACTION The first question in this series asked respondents to indicate if, overall, they were satisfied or dissatisfied with the job the Mesa Water District is doing to provide water services to their household. Because this question does not reference a specific program, facility, or service and requested that the respondent consider Mesa Water's performance in general, the findings of this question may be regarded as an *overall performance rating* for the District.

As shown in Figure 17, nine-in-ten respondents (92%) indicated they were either very (68%) or somewhat (24%) satisfied with Mesa Water's efforts to provide water services. Approximately 5% were very or somewhat dissatisfied, and 3% were unsure or unwilling to share their opinion. Compared with the findings of the 2022 study, there was a statistically significant increase in the percentage very satisfied and a drop in the percentage unsure in 2023.

Question 10 *Generally speaking, are you satisfied or dissatisfied with the job the Mesa Water District is doing to provide water services to your household?*

FIGURE 17 OVERALL SATISFACTION BY STUDY YEAR



† Statistically significant change (p < 0.05) between the 2022 and 2023 studies.

The two figures on the next page display how customers' opinions about Mesa Water's overall performance in providing water services varied by a host of demographic traits. The high levels of satisfaction exhibited by respondents as a whole (see Figure 17 above) were echoed across all resident subgroups, with satisfaction ranging from a low of 81% to a high of 97%.

FIGURE 18 OVERALL SATISFACTION BY SERVICE AREA, HOME OWNERSHIP STATUS, WATER BILL RESPONSIBILITY & CONTACT WITH MESA WATER IN PAST 12 MONTHS

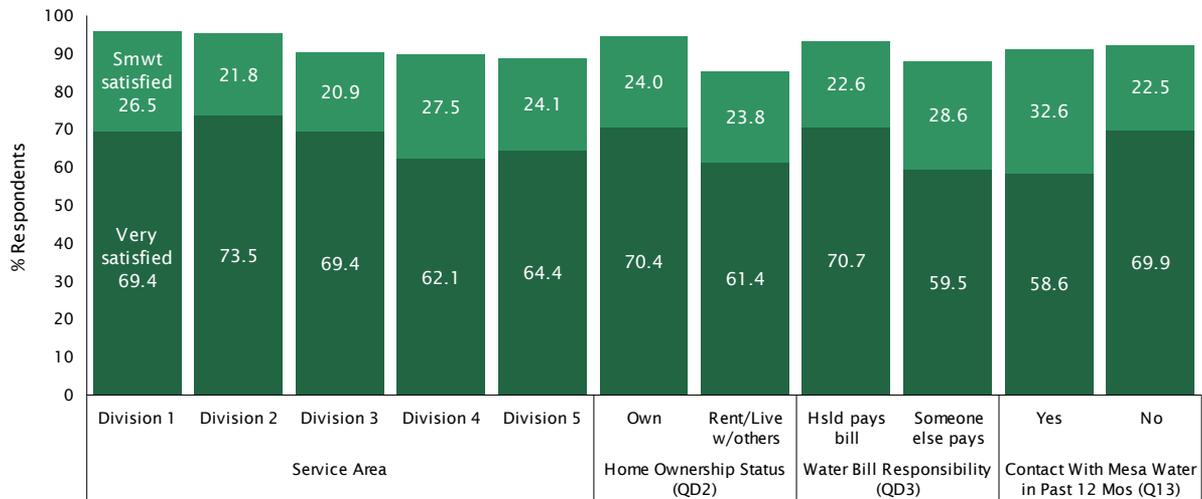
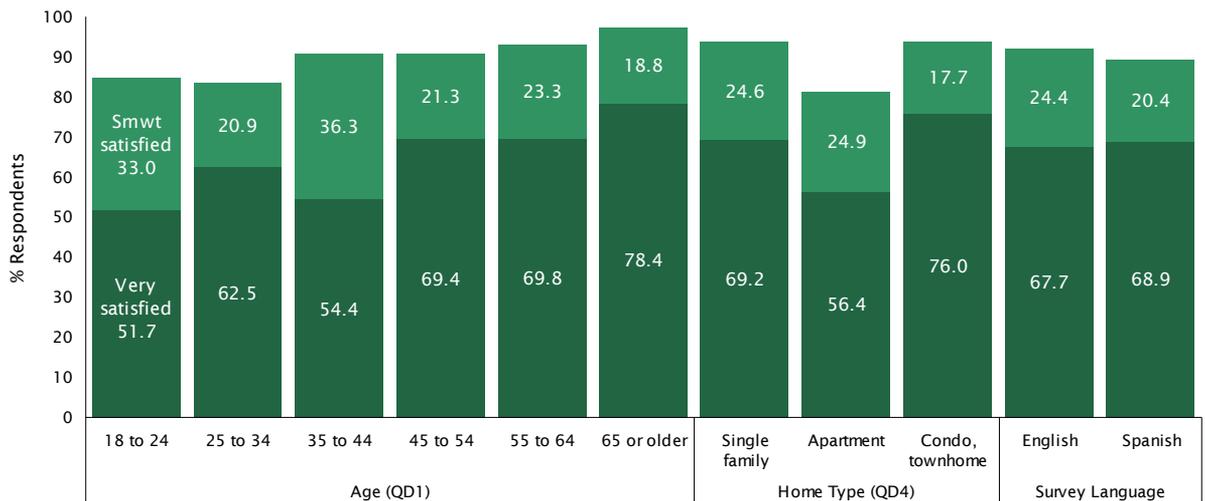


FIGURE 19 OVERALL SATISFACTION BY AGE, HOME TYPE & SURVEY LANGUAGE



SPECIFIC SERVICES Whereas Question 10 addressed Mesa Water’s *overall* performance, the next question series asked respondents to rate their level of satisfaction with Mesa Water’s efforts to provide *specific* services. The order of the items was randomized for each respondent to avoid a systematic position bias.

Figure 20 on the next page presents the services sorted by the percentage of respondents who were either very or somewhat satisfied with Mesa Water’s efforts to provide the service. For comparison purposes between the services, only respondents who held an opinion (satisfied or dissatisfied) are included in the figure. Those who did not have an opinion were removed from this analysis. The percentage of respondents who provided an opinion (satisfied or dissatisfied) is shown in brackets beside the service label in the figure, while the bars represent the answers of those with an opinion. Thus, for example, of the 93% of respondents who expressed an opinion

regarding the District’s efforts to provide reliable water service, 81% indicated they were very satisfied and 17% offered that they were somewhat satisfied.

At the top of the list, respondents were most satisfied with Mesa Water’s efforts to provide reliable water service (98% very or somewhat satisfied), provide convenient hours of operation (97%), ensure an adequate water supply now and in the future (96%), keep the water system in good condition through timely repairs and maintenance (95%), and provide sufficient water pressure (95%).

When compared to the other services tested, respondents were somewhat less satisfied with Mesa Water’s efforts to provide rebate programs that encourage customers to purchase water-efficient appliances (79%) and offer good value for the cost of water services (84%). Even for these services, however, is it noteworthy that approximately eight-in-ten respondents indicated they were satisfied.

Question 11 *Next, I'm going to read a list of specific services provided by the Mesa Water District. For each of the services I read, please tell me whether you are satisfied or dissatisfied with the District's efforts to provide the service. Are you satisfied or dissatisfied with the District's efforts to: -----, or do you not have an opinion?*

FIGURE 20 SATISFACTION WITH SERVICES

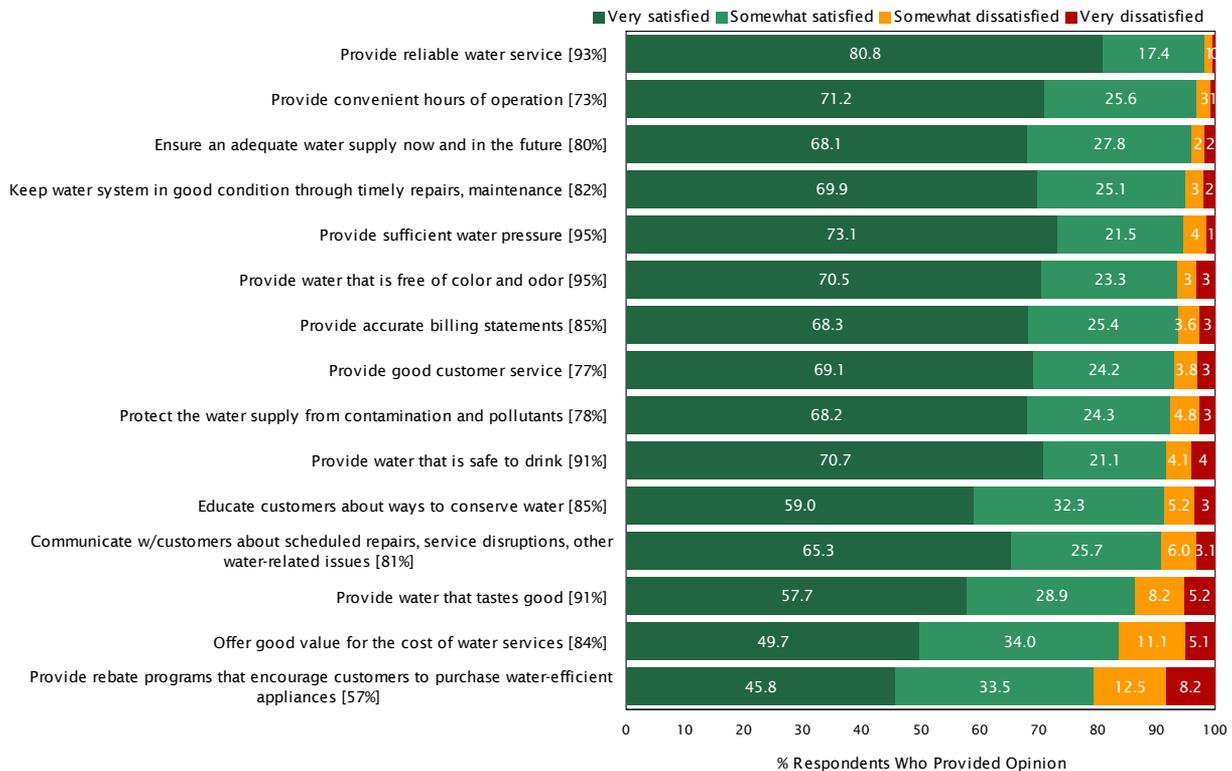


Table 5 shows the percentage of respondents who reported being satisfied with Mesa Water’s efforts to provide each service by study year, with the far right column showing the difference between the two most recent surveys. From 2022 to 2023, statistically significant increases in satisfaction were found for educating customers about ways to conserve water (+6%) and ensuring an adequate water supply now and in the future (+4%).

TABLE 5 SATISFACTION WITH SERVICES BY STUDY YEAR

	Study Year					Change in Satisfaction 2022 to 2023
	2023	2022	2021	2020	2019	
Educate customers about ways to conserve water	91.4	85.4	86.0	85.4	84.9	+5.9†
Ensure an adequate water supply now and in the future	96.0	92.0	92.8	97.2	94.1	+4.0†
Provide rebate programs that encourage customers to purchase water-efficient appliances	79.3	75.6	70.9	76.0	71.7	+3.7
Provide water that tastes good	86.6	85.1	81.9	86.3	81.8	+1.5
Provide water that is free of color and odor	93.7	92.4	91.3	94.4	93.1	+1.3
Provide convenient hours of operation	96.8	96.2	92.7	97.8	95.9	+0.6
Provide reliable water service	98.3	98.1	97.4	98.7	97.3	+0.2
Provide accurate billing statements	93.7	93.9	93.5	94.6	91.5	-0.2
Keep water system in good condition through timely repairs and maintenance	95.0	95.6	92.8	95.4	95.0	-0.6
Provide water that is safe to drink	91.8	92.4	91.9	93.3	91.8	-0.6
Provide good customer service	93.3	93.9	91.4	92.9	93.6	-0.7
Provide sufficient water pressure	94.6	95.4	92.8	94.1	92.0	-0.7
Communicate w/customers about scheduled repairs, service disruptions, water-related issues	91.0	92.0	88.3	90.1	87.2	-1.1
Protect the water supply from contamination and pollutants	92.5	93.7	93.5	94.4	93.3	-1.2
Offer good value for the cost of water services	83.7	87.0	79.2	80.3	83.9	-3.3

† Statistically significant change (p < 0.05) between the 2022 and 2023 studies.

DIFFERENTIATORS OF OPINION For the interested reader, Table 6 on the next page displays how the level of satisfaction with each specific service tested in Question 11 varied according to customers’ overall performance ratings for Mesa Water (see *Overall Satisfaction* on page 20). The table divides the 92% of residents who were satisfied with the District’s *overall performance* (Question 10) into one group and the 5% who were dissatisfied into a second group. The percentage figures in the columns indicate the percentage of respondents in the group that were satisfied with the identified service. Also displayed in the far right column is the difference between the two groups in terms of the percentage who indicated they were satisfied with the District’s efforts to provide each service tested in Question 10. For convenience, the services are sorted by that difference, with the greatest differentiators of opinion near the top of the table.

When compared with their counterparts, those satisfied with Mesa Water’s performance in providing water services *overall* were also more likely to express satisfaction with efforts to provide each of the individual services tested in Question 11. With that said, the greatest specific differentiators of opinion between satisfied and dissatisfied customers were found with respect to the District’s efforts to offer good value for the cost of water services, provide rebate programs that encourage customers to purchase water-efficient appliances, and protect the water supply from contamination and pollutants. At the other end of the spectrum, there was less difference between the two customer groups regarding their satisfaction with the District’s efforts to provide convenient hours of operation and ensure an adequate water supply now and in the future.

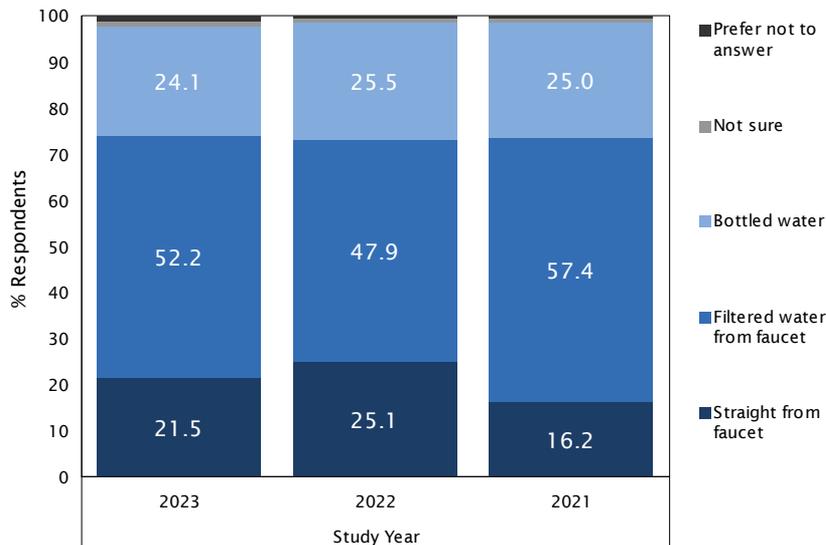
TABLE 6 SATISFACTION WITH SERVICES BY OVERALL SATISFACTION WITH DISTRICT

		Overall Satisfaction With Mesa Water (Q10)		Difference Between Groups For Each Service
		Very or somewhat satisfied	Very or somewhat dissatisfied	
% Respondents Satisfied With Each Service	Offer good value for the cost of water services	87.5	17.7	69.8
	Provide rebate programs that encourage customers to purchase water-efficient appliances	83.5	15.3	68.3
	Protect the water supply from contamination and pollutants	96.1	30.3	65.8
	Provide water that tastes good	89.8	34.1	55.7
	Provide water that is safe to drink	95.0	41.0	54.1
	Provide good customer service	95.2	46.1	49.1
	Provide water that is free of color and odor	95.9	49.3	46.6
	Keep water system in good condition through timely repairs, maintenance	96.8	52.2	44.5
	Educate customers about ways to conserve water	93.7	49.9	43.8
	Communicate w/customers about scheduled repairs, service disruptions, other water-related issues	93.4	52.4	40.9
	Provide accurate billing statements	95.2	65.8	29.3
	Provide sufficient water pressure	96.2	69.0	27.2
	Provide reliable water service	99.2	74.3	24.9
	Ensure an adequate water supply now and in the future	97.0	78.7	18.3
	Provide convenient hours of operation	97.1	87.5	9.6

STRAIGHT, FILTERED OR BOTTLED? The final question in this series asked customers to indicate whether they primarily drink water straight from the faucet, filtered water from the faucet, or bottled water when they are at home. Just over half (52%) of respondents indicated they primarily drink filtered water from the faucet when home, and an additional 22% stated they drink water straight from the tap. Nearly one-quarter (24%) of respondents offered that they primarily drink bottled water when home, whereas 2% were unsure or unwilling to share their opinion. There were no statistically significant changes in responses to this question from 2022 to 2023 (Figure 21).

Question 12 *At your home, do you primarily drink water straight from the faucet, filtered water from the faucet, or bottled water?*

FIGURE 21 HOME WATER SOURCE BY STUDY YEAR



Although the majority of customers in nearly all subgroups indicated they primarily drink water from the faucet (direct or filtered), those dissatisfied with Mesa Water’s overall performance in providing water services, respondents 18 to 24 years old, and those with an unfavorable or unsure opinion of Mesa Water were more likely than their counterparts to rely primarily on bot-

tled water when home. Additionally, just over two-thirds (68%) of customers in the 18 to 24 year age group rely on bottled water when home, the highest percentage recorded among the sub-groups (see figures 22 and 23 below).

FIGURE 22 HOME WATER SOURCE BY OVERALL SATISFACTION & AGE

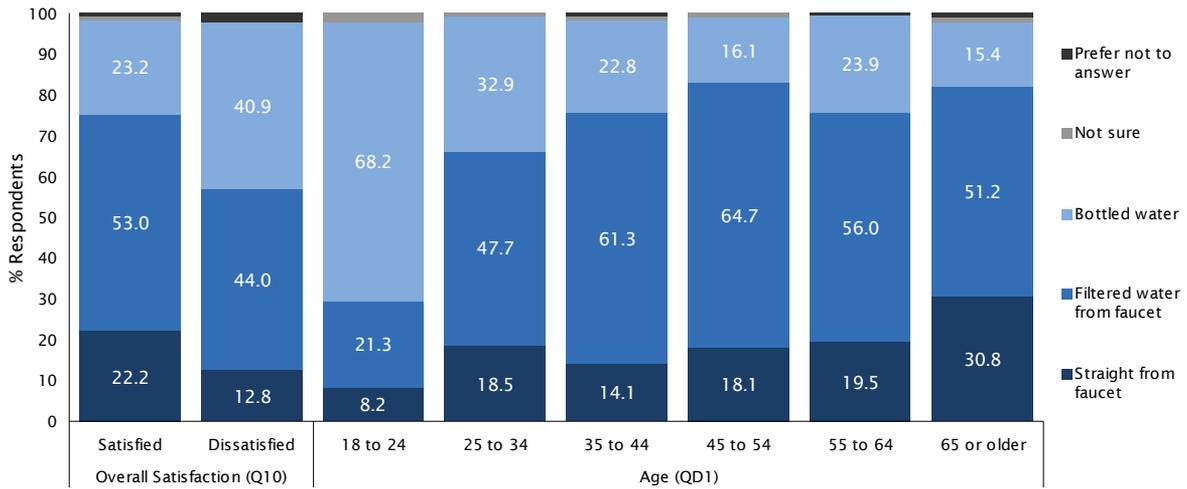
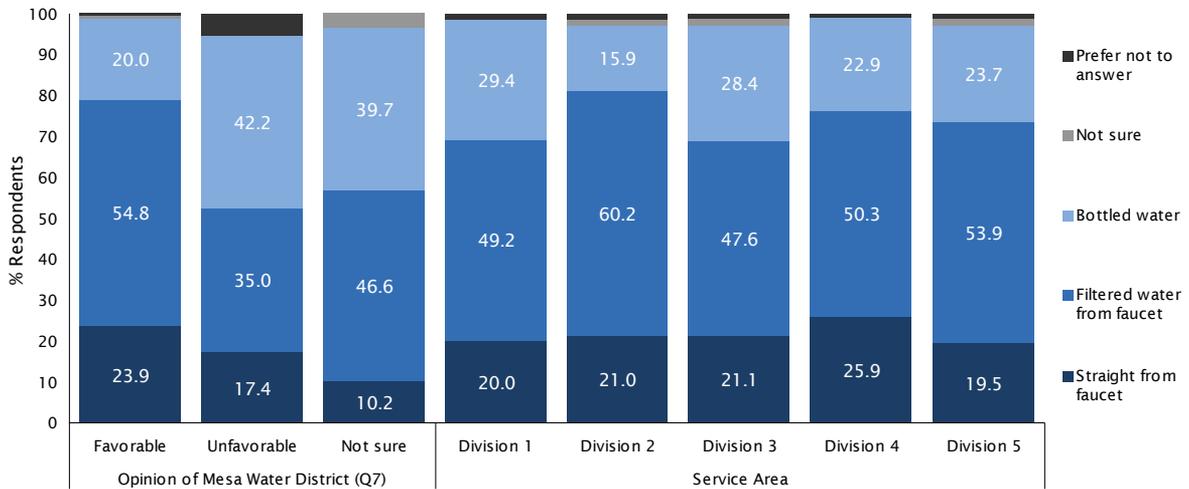


FIGURE 23 HOME WATER SOURCE BY OPINION OF MESA WATER DISTRICT & SERVICE AREA



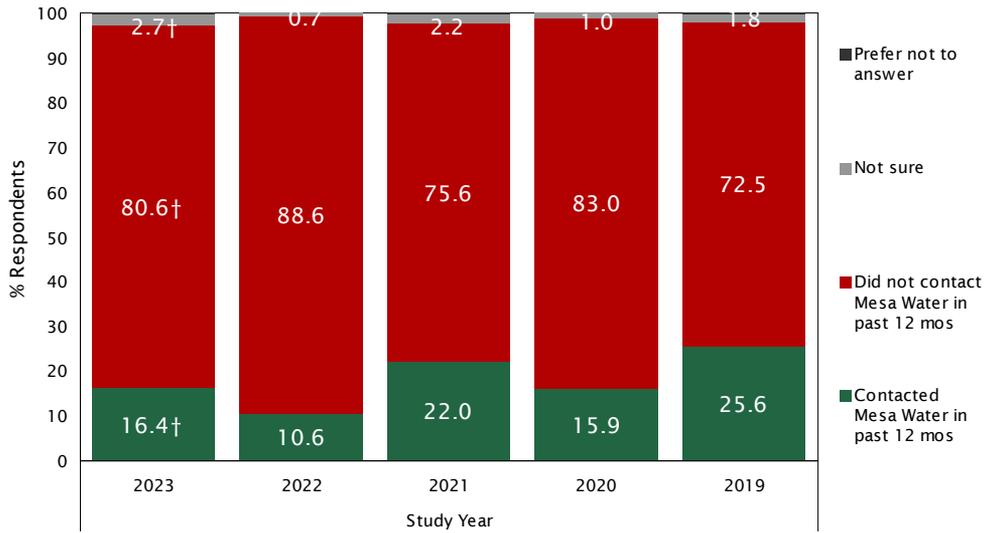
CUSTOMER SERVICE

The next section of the survey included questions to gauge whether residents had interacted with the Mesa Water District in the past 12 months, the reasons for that contact, as well as their satisfaction with the service representative and resolution of the issue.

CONTACT WITH MESA WATER Respondents were initially asked if they had been in contact with Mesa Water in the past 12 months. Figure 24 provides the findings of this question and shows that 16% of respondents said they had contacted the District in the year prior to the 2023 interview, which represents a significant increase (+6%) from the percentage recorded in 2022. When compared with their respective counterparts, homeowners, those directly responsible for paying their water bill, residents 35 to 64 years of age, those dissatisfied with the District’s overall performance, and respondents who expressed an unfavorable of the District were the most likely to report having contacted Mesa Water during this period (see figures 25 and 26 on next page).

Question 13 *In the past 12 months, have you contacted Mesa Water for any reason?*

FIGURE 24 CONTACTED MESA WATER IN PAST 12 MONTHS BY STUDY YEAR



† Statistically significant change ($p < 0.05$) between the 2022 and 2023 studies.

FIGURE 25 CONTACTED MESA WATER IN PAST 12 MONTHS BY SERVICE AREA, HOME OWNERSHIP STATUS, WATER BILL RESPONSIBILITY & SURVEY LANGUAGE

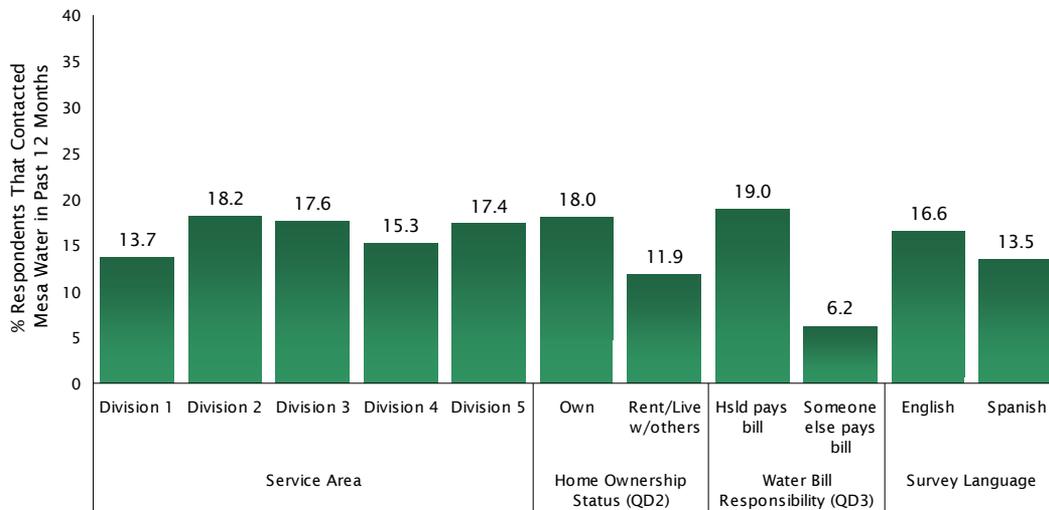
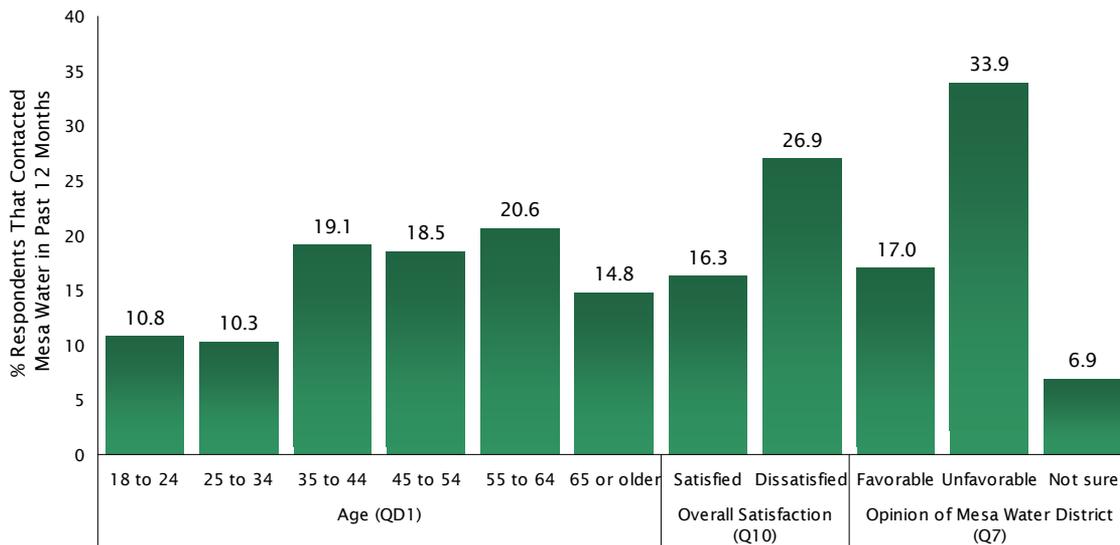


FIGURE 26 CONTACTED MESA WATER IN PAST 12 MONTHS BY AGE, OVERALL SATISFACTION & OPINION OF MESA WATER DISTRICT

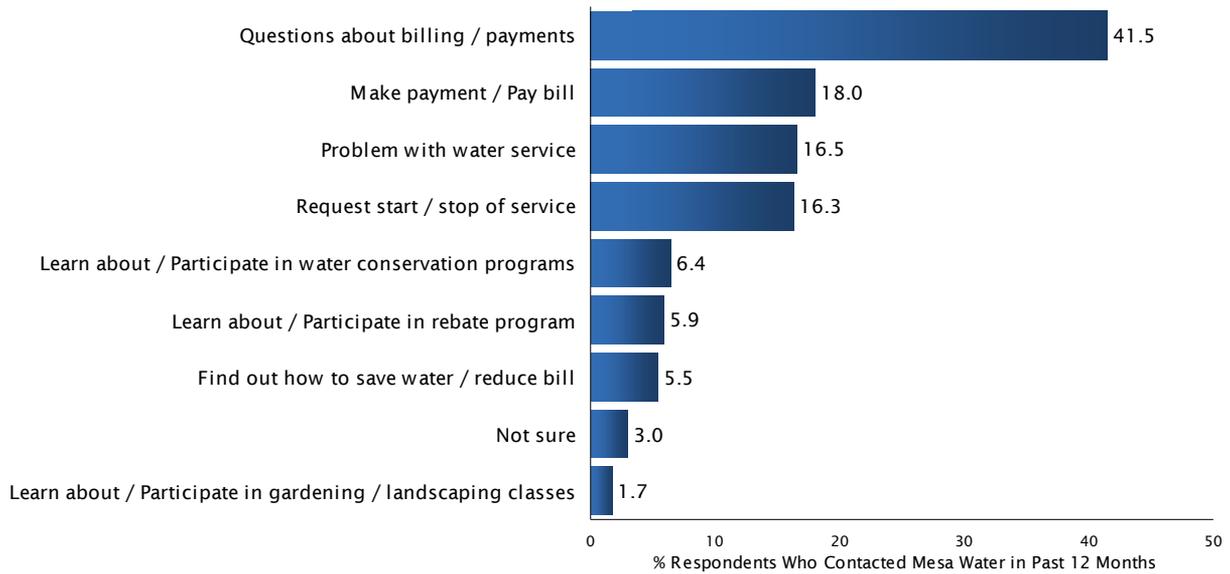


REASON FOR CONTACT & RESOLUTION The 16% of respondents who had contacted Mesa Water in the year prior to the survey were next asked to provide the reason(s) for contacting the District. As shown in Figure 27 on the next page, questions about billing/payments were the most common reason for contacting Mesa Water over the past year (42%), followed by making a payment (18%), general problems with their water service (17%), and requesting to start/stop service (16%).

When asked if the reason for contacting Mesa Water was resolved to their satisfaction, 72% of the customers who had contacted the District answered in the affirmative, which is lower than the percentage recorded in 2022, but not significantly so. Approximately one-in-five (20%) indicated that their issue was not resolved to their satisfaction (see Figure 28 on next page).

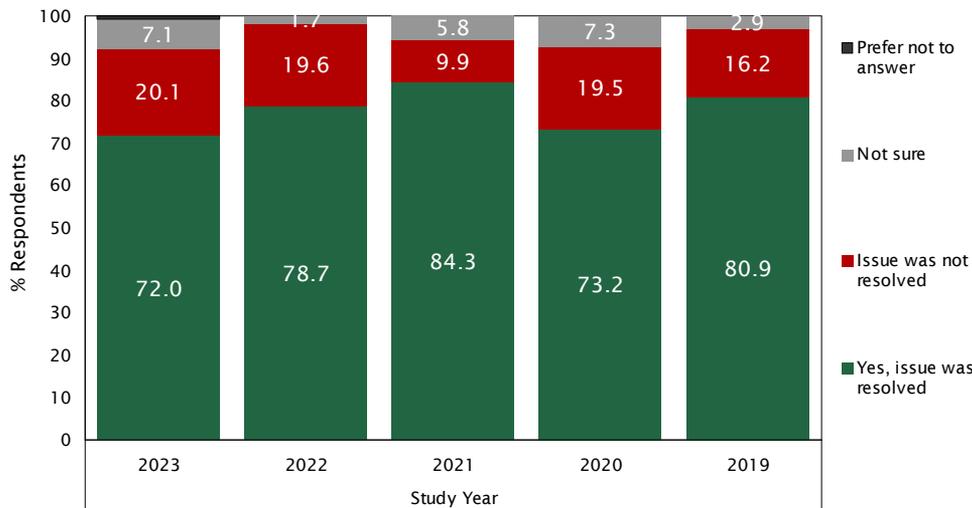
Question 14 For what reason did you contact the District?

FIGURE 27 REASONS FOR CONTACTING MESA WATER DISTRICT



Question 15 Was the reason you contacted them resolved to your satisfaction?

FIGURE 28 ISSUE RESOLVED BY STUDY YEAR



REASONS FOR DISSATISFACTION Customers who had contacted the District in the past year and who indicated that their issue wasn't resolved to their satisfaction (approximately 3% of all respondents) were subsequently asked to explain why the issue wasn't resolved to their satisfaction. Question 16 was asked in an open-ended manner, and given the small number of respondents in this category we have included each of the verbatim responses below. Most responses centered on a financial consideration or customer service issue with district staff.

Question 16 *Can you briefly explain why it wasn't solved to your satisfaction?*

- Billing issue not resolved. Failure to communicate when water is shut off for maintenance.
- The low flow in Costa Mesa, lady over the phone was not nice!
- Constant emails about changing to paperless billing long after I made the change. Called to find out why they keep bothering about it and no one seemed to know what was going on.
- They kept trying to make me believe that nothing was wrong when my bill went up \$100 due to a leak at the meter.
- Due to loss of job, I've been very slow on payment of bills. Through my payments and help from a State program I was able to get mostly paid up, however some of the funds from the State program appear to have been misapplied. Mesa Water was unwilling to review this with the agency that made the payment even though it was their incorrect processing. This still needs to be fixed. I suppose I was also looking for a little more compassion for someone who is out of work. But my proposed payment amount was denied since it was too low.
- Spoke with staff, via phone and on the property to address the issues and no resolve or follow up from Mesa.
- MWD valve doesn't shut off all the way. I think I'm paying for more water than I use.
- My son died. Water service was in his name only. The process to transfer to his wife's name was not easy.
- How to lower my water bill.
- I want guidance about how to conserve water with my sprinkler system. The response was courteous, but slow. I was sent a flyer about watering. I would like more guidance and assistance on how little I can water without killing off my lawn/garden.
- I had a main line break under my lawn which took a few days to become evident. I asked for a discount on the water due to the undetected leak and was not offered any discount.
- I had a rude inspector who accused me of an illegal project and refused to allow me to present the documents that showed my project was on the up and up. I had to waste my day following up with Mesa Water to fix this.
- Not resolved.
- Rebate program.
- I'm a new customer. I had an astronomical water bill. Was told I must have a leak, broken pipe, etc. but was offered no solution other than being told my water bill was 5 times what it should be based on the number of people in the home. I asked what the prior water bills at my address were to get an idea how long there had been a problem. I was told they couldn't share private info as if I was asking for someone's medical records. I received no help at all.
- The agent answered did nothing to dive my question and never explained or called me back. I sent an email I believe with a kurt note demonstrating that my question was answered.
- They didn't really give a proper explanation. They just deal with whatever increase we have. They could explain why the increase was the way it was.
- I am still waiting to get the bill every second of the month. I want a paper bill.
- My landlord upcharges our water. I wanted to know the actual cost of the water. They were unwilling to give some information.
- I got a disconnection notice for failure to pay my water bill in a timely fashion.
- No one answered my voice message or online inquiry. Customer service is very suspect.

EXPERIENCE WITH SERVICE REPRESENTATIVE Respondents who had contacted Mesa Water in the year prior to the survey were also asked to rate their experience with staff on three dimensions: accessibility, courteousness, and knowledge/expertise. Respondents generally provided positive ratings across all three dimensions (Figure 29), with eight-in-ten customers with an opinion expressing satisfaction with their ability to reach a service representative (86%), the courtesy of the service representative (86%), and the knowledge and expertise of the service representative (82%).

Table 7 presents the percentage of those satisfied with Mesa Water’s customer service representative by study year for each of the dimensions tested, along with the difference between the 2022 and 2023 scores in the far right column. Although the percentage of respondents who indicated they were satisfied with the knowledge and expertise of the service representative declined during the past year (-7%), the magnitude of the change did not reach statistical significance.

Question 17 *When contacting the Water District, were you satisfied or dissatisfied with _____, or do you not have any opinion?*

FIGURE 29 SATISFACTION WITH SERVICE REPRESENTATIVE

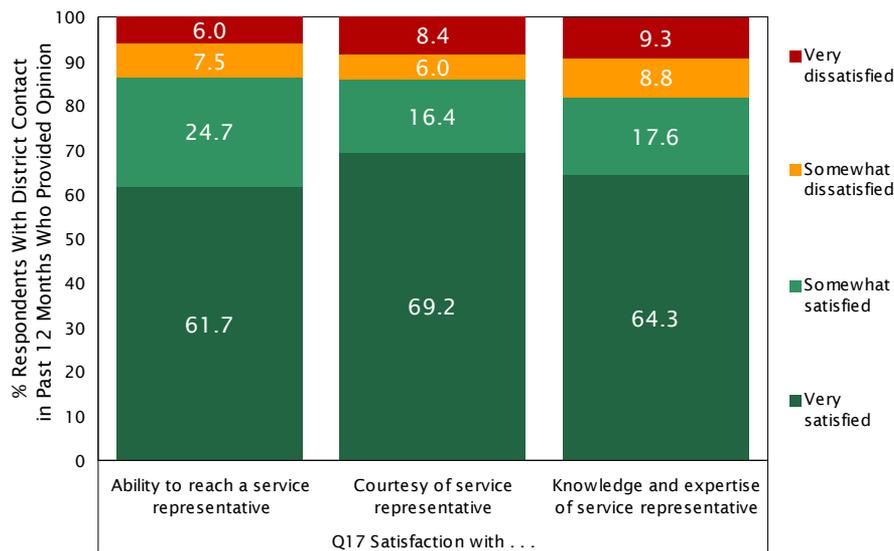


TABLE 7 SATISFACTION WITH SERVICE REPRESENTATIVE BY STUDY YEAR

	Study Year				Change in Satisfaction 2022 to 2023
	2023	2022	2021	2020	
Courtesy of service representative	85.7	85.0	91.3	89.4	+0.7
Ability to reach a service representative	86.5	87.1	91.2	90.7	-0.7
Knowledge, expertise of service representative	81.9	88.9	88.4	84.7	-7.0

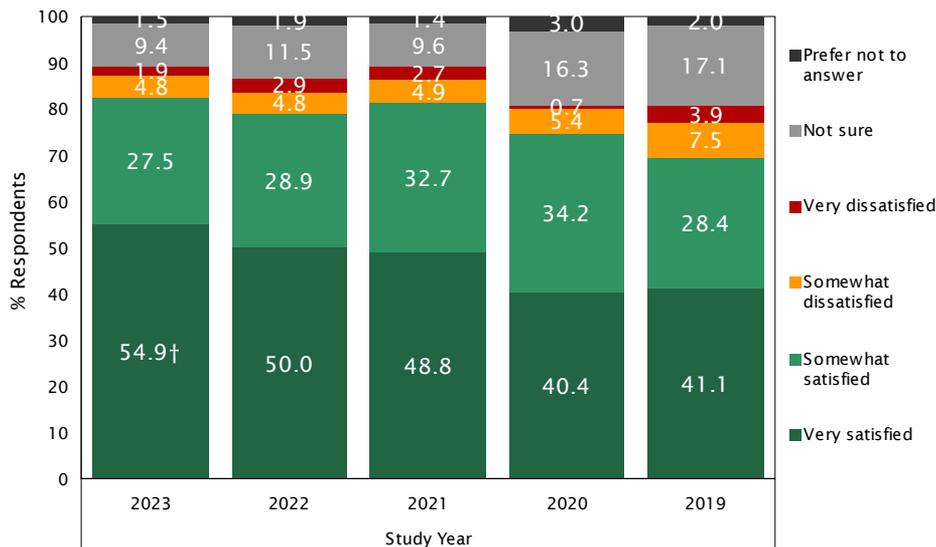
COMMUNICATION

The final substantive section of the report presents the results of questions designed to assess Mesa Water’s efforts to communicate with customers.

OVERALL SATISFACTION Question 18 asked respondents to report their overall satisfaction with Mesa Water’s efforts to communicate with customers through direct mail, newsletters, social media, and other means. Eight-in-ten respondents (82%) indicated that they were satisfied with the District’s efforts in this regard, with 55% saying they were *very* satisfied and 28% saying *somewhat* satisfied (see Figure 30). The remaining respondents were either dissatisfied with Mesa Water’s communication efforts (7%) or were unsure or unwilling to provide an opinion (11%). Although overall satisfaction with the District’s communication efforts remained consistent, there was a statistically significant increase in the percentage *very* satisfied between 2022 and 2023.

Question 18 *In general, are you satisfied or dissatisfied with the District's efforts to communicate with customers through direct mail, newsletters, social media, and other means?*

FIGURE 30 SATISFACTION WITH MESA WATER’S COMMUNICATION EFFORTS BY STUDY YEAR



† Statistically significant change (p < 0.05) between the 2022 and 2023 studies.

The following three figures display how satisfaction with Mesa Water’s efforts to communicate with customers varied across a series of key subgroups among those who provided an opinion. Satisfaction with Mesa Water’s communication efforts was widespread, exceeding 70% of respondents in all subgroups with the exception of those who held an unfavorable opinion of the District and those who were dissatisfied with Mesa Water’s overall performance. Of particular note is the positive linear relationship between district awareness and satisfaction with communication efforts (Figure 33 on page 33).

FIGURE 31 SATISFACTION WITH MESA WATER’S COMMUNICATION EFFORTS BY SERVICE AREA, HOME OWNERSHIP STATUS & WATER BILL RESPONSIBILITY

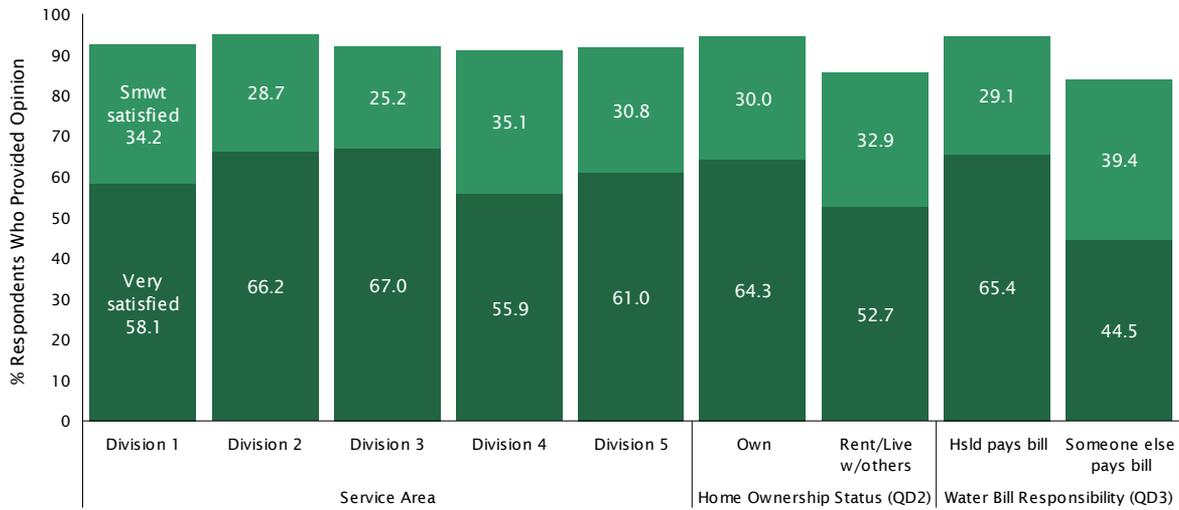


FIGURE 32 SATISFACTION WITH MESA WATER’S COMMUNICATION EFFORTS BY AGE, HOME TYPE & SURVEY LANGUAGE

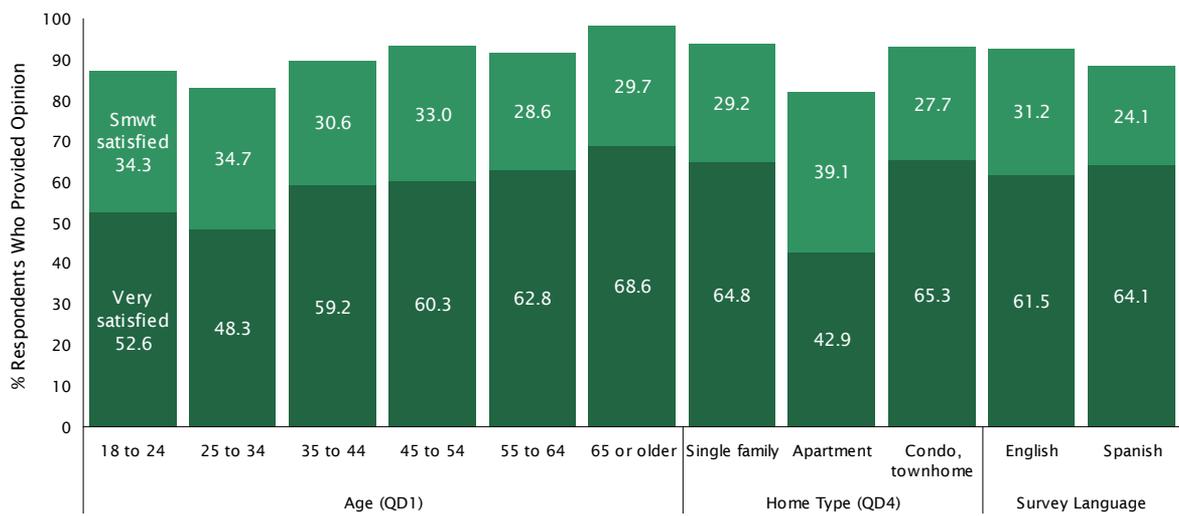
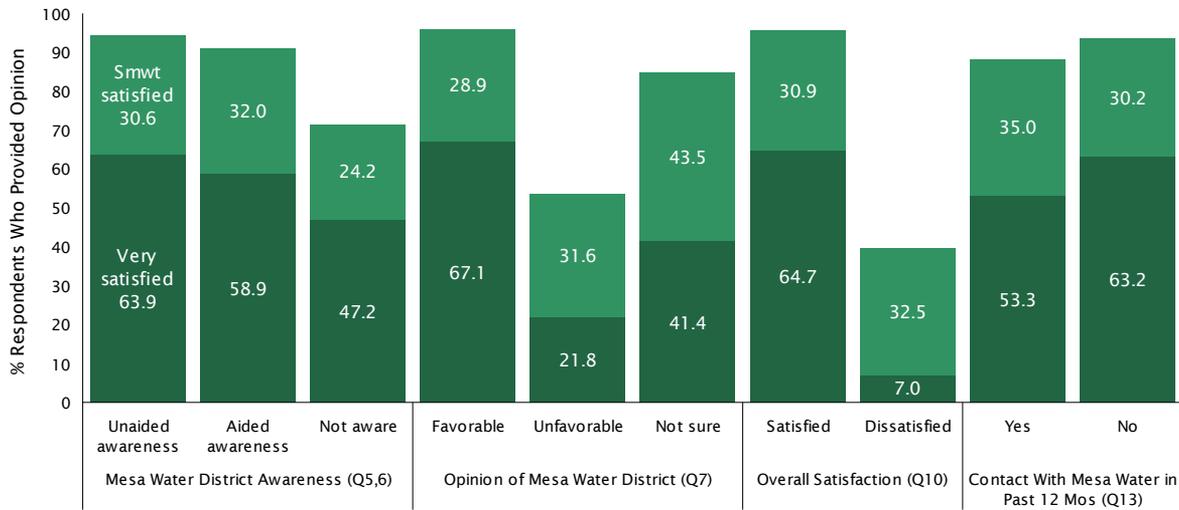


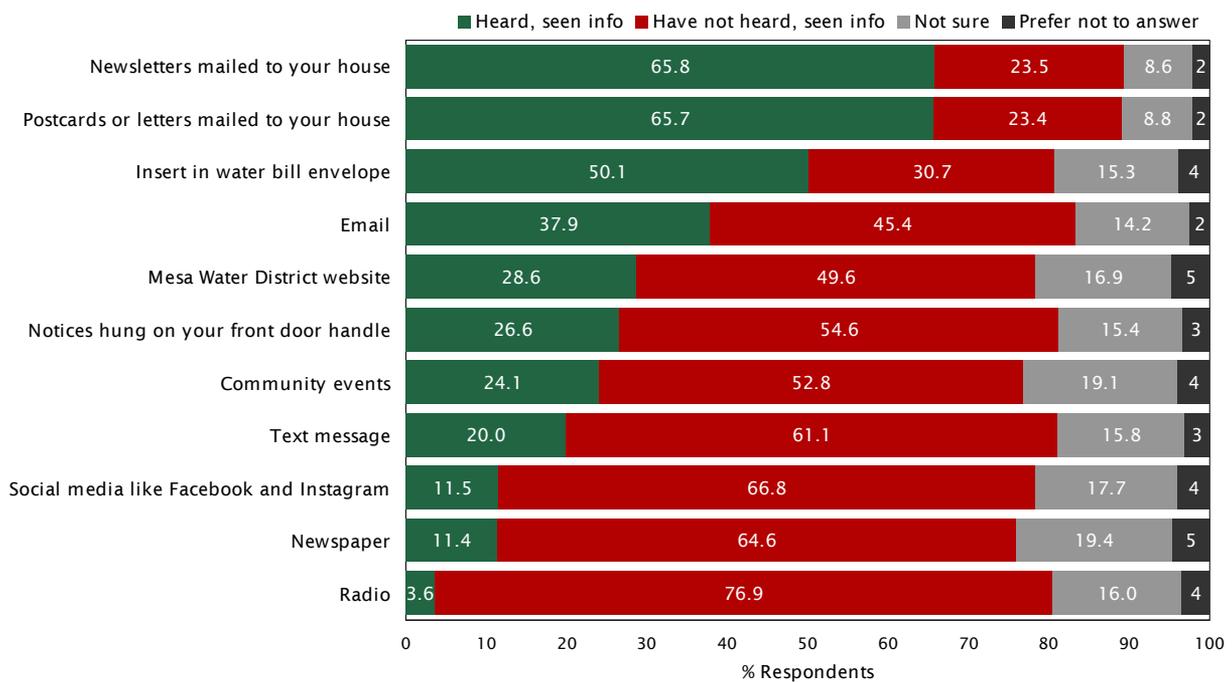
FIGURE 33 SATISFACTION WITH MESA WATER’S COMMUNICATION EFFORTS BY MESA WATER DISTRICT AWARENESS, OPINION OF MESA WATER DISTRICT, OVERALL SATISFACTION & CONTACT WITH MESA WATER IN PAST 12 MONTHS



COMMUNICATION CHANNELS The final substantive question presented respondents with each of the communication methods shown on the left of Figure 34 and asked if they had seen or heard any news, information, or advertising from Mesa Water via that medium over the past year.

Question 19 *In the past year, have you seen or heard any news, information, or advertising from Mesa Water _____?*

FIGURE 34 HEARD OR SEEN NEWS, INFORMATION, OR ADVERTISEMENTS FROM MESA WATER



Overall, respondents were most likely to have encountered information from Mesa Water in newsletters mailed to their house (66%), postcards or letters mailed to their home (66%), and water bill inserts (50%). At the other end of the spectrum, respondents were less likely to recall encountering information via radio (4%), newspaper (11%), or social media (12%).

As shown in Table 8, there were statistically significant increases in recall via text message (+12%), email (+11%), newsletters mailed to the home (+8%), and direct mail postcards (+7%) from 2022 to 2023.

TABLE 8 HEARD OR SEEN NEWS, INFORMATION, OR ADVERTISEMENTS FROM MESA WATER BY STUDY YEAR

	Study Year		Change in Heard, Seen Info 2022 to 2023
	2023	2022	
Text message	20.0	7.6	+12.4†
Email	37.9	27.3	+10.6†
Newsletters mailed to your house	65.8	57.5	+8.3†
Postcards or letters mailed to your house	65.7	59.1	+6.6†
Insert in water bill envelope	50.1	43.8	+6.3
Mesa Water District website	28.6	25.4	+3.3
Community events	24.1	23.6	+0.5
Social media like Facebook and Instagram	11.5	11.7	-0.1
Radio	3.6	4.2	-0.6
Newspaper	11.4	12.1	-0.7
Notices hung on your front door handle	26.6	28.4	-1.8

† Statistically significant change (p < 0.05) between the 2022 and 2023 studies.

The tables to follow show how the ways respondents encountered information about Mesa Water in the past year varied by demographic traits, with the top three channels within each subgroup highlighted green to ease comparisons. Newsletters and postcards sent via direct mail were among the top three for every subgroup.

TABLE 9 HEARD, SEEN NEWS, INFORMATION OR ADVERTISEMENTS FROM MESA WATER BY OVERALL & AGE (SHOWING % HAVE HEARD, SEEN)

	Overall	Age (QD1)					
		18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older
Newsletters mailed to your house	65.8	46.9	47.7	67.0	73.6	70.4	73.5
Postcards or letters mailed to your house	65.7	47.2	52.4	74.5	74.4	69.7	67.0
Insert in water bill envelope	50.1	34.4	26.8	53.6	41.4	49.0	65.1
Email	37.9	28.0	21.9	46.0	45.4	47.0	37.5
Mesa Water District website	28.6	26.1	25.8	27.1	28.5	31.3	29.9
Notices hung on your front door handle	26.6	24.2	25.8	28.4	30.4	28.4	25.7
Community events	24.1	20.0	24.3	20.4	28.7	25.6	24.1
Text message	20.0	24.4	14.7	19.3	25.3	23.8	19.8
Social media like Facebook and Instagram	11.5	23.0	12.5	14.1	13.2	12.0	7.2
Newspaper	11.4	8.8	13.2	10.8	4.4	11.4	14.2
Radio	3.6	3.1	8.7	2.3	3.3	5.3	2.3

TABLE 10 HEARD, SEEN NEWS, INFORMATION OR ADVERTISEMENTS FROM MESA WATER BY MESA WATER DISTRICT AWARENESS & SATISFACTION WITH COMMUNICATION (SHOWING % HAVE HEARD, SEEN)

	Mesa Water District Awareness (Q5,6)			Satisfaction With Communication (Q18)		
	Unaided awareness	Aided awareness	Not aware	Satisfied	Dissatisfied	Not sure
Newsletters mailed to your house	71.6	61.2	20.3	72.7	32.9	35.4
Postcards or letters mailed to your house	72.1	59.1	26.6	72.1	32.1	38.2
Insert in water bill envelope	53.6	48.9	12.1	56.0	25.6	20.9
Email	43.8	29.7	17.1	42.2	15.2	22.8
Mesa Water District website	29.8	29.2	9.6	31.0	25.5	13.4
Notices hung on your front door handle	29.5	23.9	7.3	28.1	23.0	20.5
Community events	26.0	22.7	9.1	26.4	16.0	13.2
Text message	22.2	17.3	9.3	22.4	8.2	10.5
Social media like Facebook and Instagram	11.2	12.5	8.8	12.5	5.6	7.7
Newspaper	10.6	13.0	10.4	13.1	1.4	5.1
Radio	3.4	3.9	5.0	4.0	1.7	2.3

TABLE 11 HEARD, SEEN NEWS, INFORMATION OR ADVERTISEMENTS FROM MESA WATER BY SERVICE AREA & SURVEY LANGUAGE (SHOWING % HAVE HEARD, SEEN)

	Service Area					Survey Language	
	Division 1	Division 2	Division 3	Division 4	Division 5	English	Spanish
Newsletters mailed to your house	67.8	69.9	68.3	64.2	58.8	66.1	59.5
Postcards or letters mailed to your house	72.5	63.8	65.3	68.4	58.3	65.7	65.7
Insert in water bill envelope	46.5	53.8	49.7	50.2	50.2	50.2	47.7
Email	35.8	36.7	41.1	42.2	33.8	38.3	30.0
Mesa Water District website	30.1	30.5	31.0	27.3	24.4	28.8	24.7
Notices hung on your front door handle	20.2	28.5	32.7	26.6	25.0	26.2	34.8
Community events	33.5	21.7	21.2	25.4	18.7	23.2	42.0
Text message	16.5	20.3	20.5	25.6	17.1	19.8	23.8
Social media like Facebook and Instagram	7.5	9.0	15.8	12.4	12.9	10.7	28.0
Newspaper	9.9	12.6	12.3	11.2	11.0	10.8	23.1
Radio	4.1	2.3	5.2	3.4	3.0	3.1	14.2



BACKGROUND & DEMOGRAPHICS

TABLE 12 DEMOGRAPHICS OF SAMPLE BY STUDY YEAR

	Study Year				
	2023	2022	2021	2020	2019
<i>Total Respondents</i>	810	800	810	808	804
Age (QD1)					
18 to 24	7.3	5.9	4.9	6.1	7.5
25 to 34	11.7	12.3	12.9	13.8	13.5
35 to 44	13.0	17.0	19.6	14.0	12.4
45 to 54	10.3	12.5	16.8	14.9	15.5
55 to 64	17.5	18.2	20.0	21.1	21.2
65 or older	34.7	31.3	23.8	27.8	28.0
Prefer not to answer	5.6	2.9	1.9	2.4	1.9
Home Ownership Status (QD2)					
Own	71.7	71.0	70.7	74.2	72.5
Rent/Live w/others	25.4	24.9	26.6	24.7	24.2
Prefer not to answer	2.9	4.1	2.7	1.1	3.3
Water Bill Responsibility (QD3)					
Hsld pays bill	78.8	74.3	77.6	76.4	75.5
Someone else pays bill	19.4	23.2	21.3	21.4	21.2
Note sure / Prefer not to answer	1.8	2.4	1.1	2.1	3.3
Home Type (QD4)					
Single family	67.5	62.4	66.8	64.2	60.5
Apartment	12.9	14.0	12.7	12.8	14.2
Condo, townhome	15.6	17.8	19.0	18.2	19.6
Mobile home	2.2	4.2	1.5	2.5	3.4
Prefer not to answer	1.9	1.6	0.0	2.3	2.3
Service Area					
Division 1	20.0	20.0	20.0	20.0	20.0
Division 2	20.0	20.0	20.0	20.0	20.0
Division 3	20.0	20.0	20.0	20.0	20.0
Division 4	20.0	20.0	20.0	20.0	20.0
Division 5	20.0	20.0	20.0	20.0	20.0
Survey Language					
English	95.2	95.3	94.8	95.6	100.0
Spanish	4.8	4.7	5.2	4.4	0.0

Table 12 presents the key demographic information collected during the survey by study year. The primary motivation for collecting the background and demographic information was to provide a better insight into how the results of the substantive questions of the survey vary by demographic characteristics.



M E T H O D O L O G Y

The following sections outline the methodology used in the study, as well as the motivation for using certain techniques.

QUESTIONNAIRE DEVELOPMENT Dr. McLarney of True North Research worked closely with the Mesa Water District to develop a questionnaire that covered the topics of interest and avoided many possible sources of systematic measurement error, including position-order effects, wording effects, response-category effects, scaling effects, and priming. Several questions included multiple individual items. Because asking items in a set order can lead to a systematic position bias in responses, items were asked in random order for each respondent.

Some questions asked in this study were presented only to a subset of respondents. For example, only respondents who indicated that they knew the name of the agency responsible for providing water services to their home (Question 4) were asked to name the agency (Question 5). The questionnaire included with this report (see *Questionnaire & Toplines* on page 40) identifies the skip patterns used during the interview to ensure that each respondent received the appropriate questions.

PROGRAMMING, PRE-TEST & TRANSLATION Prior to fielding the survey, the questionnaire was CATI (Computer Assisted Telephone Interviewing) programmed to assist interviewers when conducting the phone interviews. The CATI program automatically navigates the skip patterns, randomizes the appropriate question items, and alerts interviewers to certain types of keypunching mistakes should they happen during the interview. The survey was also programmed into a passcode-protected online survey application to allow online participation for sampled residents. The integrity of the questionnaire was pre-tested internally by True North and by dialing into random homes in the Mesa Water District's service area prior to formally beginning the survey. The final questionnaire was also professionally translated into Spanish to allow for data collection in English and Spanish.

SAMPLE, RECRUITING & DATA COLLECTION Using a combination of public and private data sources, a comprehensive database of households within the Mesa Water District's service area was developed and utilized for this study, ensuring that all households in the service area had the opportunity to participate in the survey. To accommodate Mesa Water's interest in focusing on residential customers who own their homes (as opposed to renters whose landlord often receives and pays the water bill), the survey oversampled home owners in each of Mesa Water's five divisions, and the final data set was weighted to 75% home owners and 25% renters in each division.

Households were recruited to participate in the survey through multiple recruiting methods. A random selection of residents were initially invited to participate in the survey online at a secure, passcode-protected website designed and hosted by True North. Individuals were recruited using email invitations and text invitations, and each was assigned a unique passcode to ensure that only residents in Mesa Water's service area who received an invitation could access the online survey site, and that the survey could be completed only one time per passcode. Email reminder notices were also sent to encourage participation among those who had yet to take the survey. Following a period of online data collection, True North began placing calls to land lines and cell

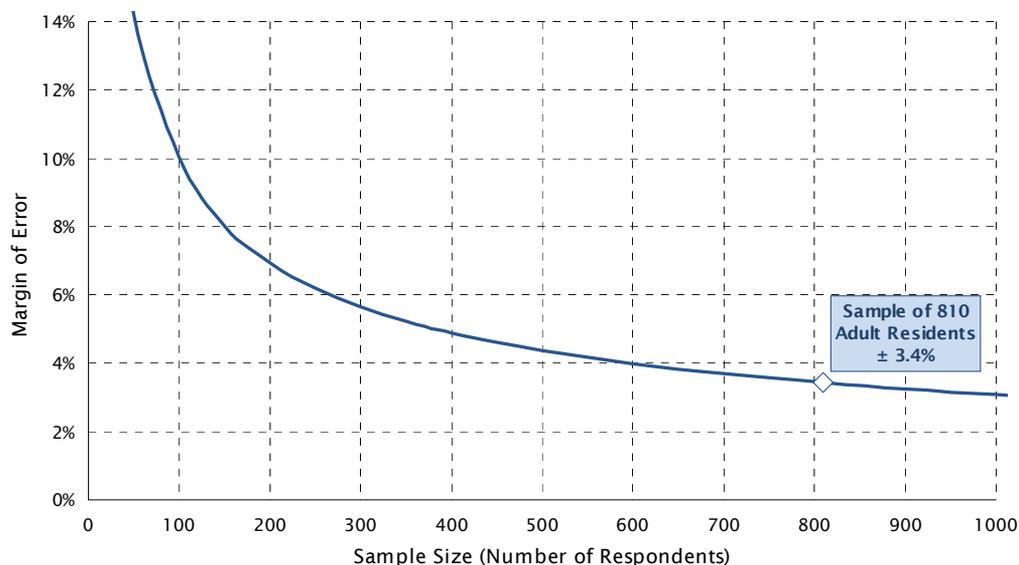
phone numbers of households in Mesa Water’s service area that had yet to participate in the online survey.

Phone interviews averaged 16 minutes in length and were conducted during weekday evenings (5:30PM to 9PM) and on weekends (10AM to 5PM). It is standard practice not to call during the day on weekdays because most working adults are unavailable and thus calling during those hours would bias the sample. A total of 810 completed surveys were gathered online (n=610) and by phone (n=200) in English and Spanish between August 14 and September 6, 2023.

MARGIN OF ERROR DUE TO SAMPLING The results of the survey can be used to estimate the opinions of all adult residents (and their households) within the Mesa Water District’s service area. Because not every adult resident in the service area participated in the survey, however, the results have what is known as a statistical margin of error due to sampling. The margin of error refers to the difference between what was found in the survey of 810 adult residents for a particular question and what would have been found if all adult residents in the service area had been interviewed.

Figure 35 provides a plot of the *maximum* margin of error in this study. The maximum margin of error for a dichotomous percentage result occurs when the answers are evenly split such that 50% provide one response and 50% provide the alternative response. For this survey, the maximum margin of error is $\pm 3.4\%$ for questions answered by all 810 respondents.

FIGURE 35 MAXIMUM MARGIN OF ERROR



Within this report, figures and tables show how responses to certain questions varied by demographic characteristics such as age of the respondent and home ownership status. Figure 35 is thus useful for understanding how the maximum margin of error for a percentage estimate will grow as the number of individuals asked a question (or in a particular subgroup) shrinks. Because the margin of error grows exponentially as the sample size decreases, the reader should use caution when generalizing and interpreting the results for small subgroups.

DATA PROCESSING Data processing consisted of checking the data for errors or inconsistencies, coding and recoding responses, categorizing verbatim responses, and preparing frequency analyses and crosstabulations.

ROUNDING Numbers that end in 0.5 or higher are rounded up to the nearest whole number, whereas numbers that end in 0.4 or lower are rounded down to the nearest whole number. These same rounding rules are also applied, when needed, to arrive at numbers that include a decimal place in constructing figures and tables. Occasionally, these rounding rules lead to small discrepancies in the first decimal place when comparing tables and charts for a given question. Due to rounding, some figures and narrative include numbers that add to more than or less than 100%.

QUESTIONNAIRE & TOPLINES



Mesa Water District
 Customer Opinion Survey
 Final Toplines (n=810)
 September 2023

Section 1: Introduction to Study

Hi, may I please speak to: _____. Hi, my name is _____ and I'm calling on behalf of TNR, an independent public opinion research company. We're conducting a survey about important issues in Costa (Coast-uh) Mesa, Newport Beach, and nearby Orange County areas and we would like to get your opinions.

If needed: This is a survey about community issues – I'm NOT trying to sell anything and I won't ask for a donation.

If needed: The survey should take about 12 minutes to complete.

If needed: If now is not a convenient time, can you let me know a better time so I can call back?

Section 2: Screener

SC1	Before we begin, are you at least 18 years of age?	
	1 Yes	Continue
	2 No	Ask to speak to an adult in the household if land line. Otherwise Terminate.
	99 Not sure / Prefer not to answer	Terminate

Section 3: Importance of Issues

Q1	To begin, what do you feel is the most important issue facing your community today? Verbatim responses recorded and later grouped into categories shown below.	
	Not sure, nothing comes to mind	19%
	Homeless issues	17%
	Safety, crime, drugs	15%
	Water related issues	15%
	High cost of living	10%
	Affordable housing	6%
	Climate change, environment	4%
	Overdevelopment	4%
	Economy, jobs	4%
	Government issues, leadership	2%
	Too many sober/rehab homes	2%
	Education issues	2%
	Infrastructure, streets, roads	1%
	Traffic congestion	1%
	High taxes, fees	1%
	Immigration issues	1%
	Traffic law enforcement	1%

Stronger judicial sentencing, more criminal accountability	1%
Political division	1%
Disaster preparedness	1%
Nothing, everything is okay	1%

Section 4: Water Reliability

Next, I'm going to ask you a few questions about drinking water supplies.

Q2	A reliable water supply is one that can be depended upon to consistently provide enough water to meet a region's needs.		
	Overall, how reliable do you think your household's water supply is going to be over the next five years? Do you think it will be very reliable, somewhat reliable, somewhat unreliable, or very unreliable?		
	1	Very reliable	57%
	2	Somewhat reliable	30%
	3	Somewhat unreliable	4%
	4	Very unreliable	3%
	98	Not sure	5%
99	Prefer not to answer	0%	
Q3	Thinking of the water your household receives, which of the following statements do you think is accurate: _____ OR _____? <i>Rotate Statements</i>		
	1	100% of the water is produced locally	41%
	2	Some of the water is imported from Northern California and the Colorado River	42%
	98	Not sure	17%
	99	Prefer not to answer	0%

Section 4: Awareness & Opinions of Mesa Water

Q4	Do you happen to know which agency is responsible for providing water services to your home?		
	1	Yes	83% Ask Q5
	2	No	16% Skip to Q6
	99	Prefer not to answer	1% Skip to Q6

Q5 What is the name of the agency? Verbatim responses recorded and later grouped into categories shown below.				
	Mesa Water District		76%	
	Costa Mesa Water District		10%	
	Mesa Consolidated Water District / MCWD		8%	
	Not sure / Cannot remember		2%	
	Newport Beach Utilities		1%	
	Metropolitan Water		1%	
	Other (unique responses)		1%	
	Prefer not to answer		1%	
Q6 Prior to taking this survey, had you heard of the Mesa Water District ?				
	1	Yes	95%	
	2	No	4%	
	99	Prefer not to answer	1%	
Q7 To clarify, the Mesa Water District is the independent public agency responsible for providing water services to your household. In general, do you have a favorable or unfavorable opinion of the Mesa Water District – or do you not have an opinion either way? <i>If favorable or unfavorable, ask: Would that be very (favorable/unfavorable) or somewhat (favorable/unfavorable)?</i>				
	1	Very favorable	54%	Skip to Q9
	2	Somewhat favorable	25%	Skip to Q9
	3	Somewhat unfavorable	4%	Ask Q8
	4	Very unfavorable	2%	Ask Q8
	98	No opinion	14%	Skip to Q9
	99	Prefer not to answer	1%	Skip to Q9
Q8 Is there a particular reason why you have an <u>unfavorable</u> opinion of the Mesa Water District? Verbatim responses recorded and later grouped into categories shown below.				
	High rates, billing issues		46%	
	Water quality, taste, smell		32%	
	Customer service issues		18%	
	Fiscal management, budgeting concerns		5%	
	Do not trust District, government		5%	
	Website issues		4%	
	Excessive salaries, pensions, compensation		2%	
	Not sure, no particular reason		2%	

Q9	Next, I'm going to read a series of words or phrases. For each I read, I'd like you to tell me whether - in your opinion - it accurately describes the Mesa Water District. 'Yes' means you think the phrase does accurately describe the Mesa Water District. No means it does not. If you don't have an opinion, just say so.				
	Here is the (first/next) one: _____. Do you think this phrase accurately describes the Mesa Water District?				
	<i>Randomize</i>	Yes	No	No Opinion	Prefer not to answer
A	Trustworthy	69%	6%	25%	1%
B	Fiscally responsible	51%	5%	42%	1%
C	Beneficial to the local economy	69%	4%	26%	1%
D	Involved in the community	62%	6%	31%	1%
E	Efficient	73%	4%	22%	1%

Section 5: Satisfaction with Water Services

Q10	Generally speaking, are you satisfied or dissatisfied with the job the Mesa Water District is doing to provide water services to your household? <i>Get answer, then ask: Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?</i>						
	1	Very satisfied	68%				
	2	Somewhat satisfied	24%				
	3	Somewhat dissatisfied	3%				
	4	Very dissatisfied	2%				
	98	Not sure	3%				
	99	Prefer not to answer	0%				
Q11	Next, I'm going to read a list of specific services provided by the Mesa Water District. For each of the services I read, please tell me whether you are satisfied or dissatisfied with the District's efforts to provide the service.						
	Are you satisfied or dissatisfied with the District's efforts to: _____, or do you not have an opinion? <i>Get answer. If 'satisfied' or 'dissatisfied', then ask: Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?</i>						
	<i>Randomize</i>	Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Not sure	Prefer not to Answer
A	Protect the water supply from contamination and pollutants	53%	19%	4%	2%	21%	1%
B	Ensure an adequate water supply now and in the future	55%	22%	2%	1%	18%	1%
C	Educate customers about ways to conserve water	50%	28%	4%	3%	13%	1%
D	Keep the water system in good condition through timely repairs and maintenance	57%	21%	3%	2%	17%	1%

E	Provide reliable water service	76%	16%	1%	0%	6%	1%
F	Communicate with customers about scheduled repairs, service disruptions and other water-related issues	53%	21%	5%	2%	18%	1%
G	Provide water that tastes good	53%	26%	7%	5%	8%	1%
H	Provide water that is safe to drink	64%	19%	4%	4%	8%	1%
I	Provide water that is free of color and odor	67%	22%	3%	3%	4%	1%
J	Provide sufficient water pressure	70%	21%	4%	1%	4%	1%
K	Offer good value for the cost of water services	42%	28%	9%	4%	15%	1%
L	Provide good customer service	53%	19%	3%	2%	21%	1%
M	Provide rebate programs that encourage customers to purchase water-efficient appliances	26%	19%	7%	5%	41%	2%
N	Provide convenient hours of operation	52%	19%	2%	0%	26%	1%
O	Provide accurate billing statements	58%	22%	3%	2%	13%	2%
Q12	At your home, do you primarily drink water straight from the faucet, filtered water from the faucet, or bottled water?						
	1	Straight from faucet		22%			
	2	Filtered water from faucet		52%			
	3	Bottled water		24%			
	98	Not sure		1%			
	99	Prefer not to answer		1%			

Section 6: Customer Service			
Q13	In the past 12 months, have you contacted the Mesa Water District for any reason?		
	1	Yes	16% Ask Q14
	2	No	81% Skip to Q18
	98	Not sure	3% Skip to Q18
	99	Prefer not to answer	0% Skip to Q18
Q14	For what reason did you contact the District? <i>Do Not Read List. Record up to first 3 responses.</i>		
	1	Problem with water service (leak, disruption of service, quality, etc.)	17%
	2	Request start/stop of service	16%
	3	Questions about billing/payments	42%
	4	Make payment/Pay bill	18%
	5	Find out how to save water/reduce bill	5%

6	Learn about/Participate in rebate program	6%	
7	Learn about/Participate in water conservation programs	6%	
8	Learn about/Participate in gardening /landscaping classes	2%	
9	Other reason	15%	
98	Not sure	3%	
99	Prefer not to answer	1%	
Q15	Was the reason you contacted them resolved to your satisfaction?		
1	Yes	72%	Skip to Q17
2	No	20%	Ask Q16
98	Not sure	7%	Skip to Q17
99	Prefer not to answer	1%	Skip to Q17
Q16	Can you briefly explain why it wasn't solved to your satisfaction? Verbatim responses shown for dissatisfied respondents who provided a reason.		
	<i>Billing issue not resolved. Failure to communicate when water is shut off for maintenance.</i>		
	<i>The low flow in Costa Mesa, lady over the phone was not nice!</i>		
	<i>Constant emails about changing to paperless billing long after I made the change. called to find out why they keep bothering about it and no one seemed to know what was going on.</i>		
	<i>They kept trying to make me believe that nothing was wrong when my bill went up \$100 due to a leak at the meter.</i>		
	<i>Due to loss of job, I've been very slow on payment of bills. Through my payments and help from a State program I was able to get mostly paid up, however some of the funds from the State program appear to have been misapplied. Mesa Water was unwilling to review this with the agency that made the payment even though it was their incorrect processing. This still needs to be fixed. I suppose I was also looking for a little more compassion for someone who is out of work. But my proposed payment amount was denied since it was too low.</i>		
	<i>Spoke with staff, via phone and on the property to address the issues and no resolve or follow up from Mesa.</i>		
	<i>MCWD valve doesn't shut off all the way. I think I'm paying for more water than I use.</i>		
	<i>My son died. Water service was in his name only. The process to transfer to his wife's name was not easy.</i>		
	<i>How to lower my water bill.</i>		
	<i>I want guidance about how to conserve water with my sprinkler system. The response was courteous, but slow. I was sent a flier about watering. I would like more guidance and assistance on how little I can water without killing off my lawn/garden.</i>		
	<i>I had a main line break under my lawn which took a few days to become evident. I asked for a discount on the water due to the undetected leak and was not offered any discount.</i>		
	<i>I had a rude inspector who accused me of an illegal project and refused to allow me to present the documents that showed my project was on the up and up. I had to waste my day following up with Mesa Water to fix this.</i>		

	<i>Not resolved.</i>						
	<i>Rebate program.</i>						
	<i>I'm a new customer. I had an astronomical water bill. Was told I must have a leak, broken pipe, etc. but was offered no solution other than being told my water bill was 5 times what it should be based on the number of people in the home. I asked what the prior water bills at my address were to get an idea how long there had been a problem. I was told they couldn't share private info as if I was asking for someone's medical records. I received no help at all.</i>						
	<i>The agent answered did nothing to dive my question and never explained or called me back. I sent an email I believe with a Kurt note demonstrating that my question was answered.</i>						
	<i>They didn't really give a proper explanation. They just deal with whatever increase we have. They could explain why the increase was the way it was.</i>						
	<i>I am still waiting to get the bill every second of the month. I want a paper bill.</i>						
	<i>My landlord upcharges our water. I wanted to know the actual cost of the water. They were unwilling to give some information.</i>						
	<i>I got a disconnection notice for failure to pay my water bill in a timely fashion.</i>						
	<i>No one answered my voice message or online inquiry. Customer service is very suspect.</i>						
Q17	When contacting the Water District, were you satisfied or dissatisfied with _____, or do you not have an opinion? (Get answer. If 'satisfied' or 'dissatisfied', then ask): Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?						
	<i>Randomize</i>	Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Not sure	Prefer not to Answer
A	Your ability to reach a service representative	58%	23%	7%	6%	3%	3%
B	The courtesy of the service representative	67%	16%	6%	8%	1%	2%
C	The knowledge and expertise of the service representative	58%	16%	8%	8%	6%	4%

<i>Section 7: Communication</i>		
Q18	In general, are you satisfied or dissatisfied with the District's efforts to communicate with customers through direct mail, newsletters, social media, and other means? Get answer, then ask: Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?	
	1	Very satisfied 55%
	2	Somewhat satisfied 27%
	3	Somewhat dissatisfied 5%
	4	Very dissatisfied 2%
	98	Not sure 9%
	99	Prefer not to answer 1%

Q19	In the past year, have you seen or heard any news, information, or advertising from Mesa Water _____?				
	<i>Randomize</i>	Yes	No	Not Sure	Not sure / Prefer not to answer
A	by Email	38%	45%	14%	2%
B	in a Text message	20%	61%	16%	3%
C	on social media like Facebook and Instagram	12%	67%	18%	4%
D	on the Mesa Water District website	29%	50%	17%	5%
E	in Newsletters mailed to your house	66%	24%	9%	2%
F	inserted into your Water Bill envelope	50%	31%	15%	4%
G	in Postcards or Letters mailed to your house	66%	23%	9%	2%
H	in Notices hung on your front door handle	27%	55%	15%	3%
I	at Community Events	24%	53%	19%	4%
J	on the Radio	4%	77%	16%	4%
K	in a Newspaper	11%	65%	19%	5%

Section 8: Background & Demographics

Thank you so much for your participation. I have just a few background questions for statistical purposes.

D1	In what year were you born? Year recorded and grouped into categories shown below.	
	18 to 24	7%
	25 to 34	12%
	35 to 44	13%
	45 to 54	10%
	55 to 64	18%
	65 or older	35%
	Prefer not to answer	6%
D2	Do you own or rent your current residence?	
	1 Own	72%
	2 Rent	24%
	3 Live with family / friends and don't pay rent	1%
	99 Prefer not to answer	3%

Mesa Water District

September 2023

D3	Does your household pay the water bill directly, or is it paid for by someone else like a landlord or Homeowner's Association?		
	1	Household pays bill directly	79%
	2	Someone else pays bill	19%
	98	Not sure	0%
	99	Prefer not to answer	2%
D4	Which of the following best describes your current home?		
	1	Single family detached home	68%
	2	Apartment	13%
	3	Condominium or townhome	16%
	4	Mobile home	2%
	99	Prefer not to answer	2%
Those are all of the questions that I have for you! Thanks so much for participating in this important survey!			

Post-Interview & Sample Items

S1	Service Area		
	1	Division 1	20%
	2	Division 2	20%
	3	Division 3	20%
	4	Division 4	20%
	5	Division 5	20%
S2	Survey Language		
	1	English	95%
	2	Spanish	5%



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MEMORANDUM

TO: Board of Directors
FROM: Kurt Lind, District Business Administrator
DATE: November 8, 2023
SUBJECT: Fiscal Year 2023 Customer Service Audit

RECOMMENDATION

Receive the presentation.

STRATEGIC PLAN

Goal #5: Attract, develop and retain skilled employees.
Goal #6: Provide excellent customer service.

PRIOR BOARD ACTION/DISCUSSION

At the request of the Board of Directors (Board), staff has presented the Customer Service Audit annually since 2019.

BACKGROUND

In 2016, Moran Consulting, Inc. (Moran) was selected through a competitive bid process to evaluate Mesa Water District's (Mesa Water®) customer service processes. Based on their findings, Moran developed and implemented a training program to elevate customer service to an elite level. To ensure this high level of customer service continues to be provided by Mesa Water, an accountability program that includes routine audits and additional training was implemented.

DISCUSSION

The Customer Service Audit focuses on the following Key Performance Indicators (KPI):

- Overall Customer Satisfaction
- First Call Resolution
- Overall Call Quality
- Speed to Answer
- Call Abandonment Rate

An overall KPI score of 98% was achieved for Fiscal Year (FY) 2023 which is a strong showing over the goal of 95%. This was the highest score ever achieved for this audit.

A gold performance level of 100% was achieved for the fifth year in a row for Overall Customer Satisfaction which is based on customer feedback provided by the post-call customer survey. Walk in customers were not scored in the first quarter due to very low walk in volumes; however, customers began to come back into the office beginning in the second quarter and have been consistent since then, averaging 12 walk ins per day over the last three quarters of the audit time frame.



Staff also achieved a gold performance level of 97% for Overall Call Quality, a metric which is based on the Customer Services Manager’s review and evaluation of recorded customer phone calls and validated further by Mesa Water’s third-party auditor.

The “Speed to Answer” metric was excluded from this audit. Staff has developed and automated the “Speed to Answer” calculation to accurately measure this important metric. Staff will present the results of the ”Speed to Answer” metric at a future Board meeting.

The overall scores continue to demonstrate a strong commitment to excellence for our Mesa Water customers. Going forward, Mesa Water is focused on achieving and maintaining this high level of Elite Customer Service.

FINANCIAL IMPACT

In Fiscal Year 2023, \$21,500 was budgeted for Conducting Audit and Report on Quarterly Customer Service Metrics; \$21,500 has been spent to date.

ATTACHMENTS

Attachment A: Fiscal Year 2023 Customer Service Audit Report

Kurt Lind and Marwan Khalifa
Mesa Water District
1965 Placentia Avenue
Costa Mesa, CA 92627

July 30, 2023

Re: Customer Service Audit Report – 2023 Mesa Water Fiscal Q4 / Calendar Q2

Dear Mr. Lind and Mr. Khalifa:

On July 29-30, 2023, Kimera Hobbs with Moran Consulting, Inc. performed a customer service audit of the Mesa Water District Customer Service Department. Performance was measured against previously determined key performance indicators and compared to previous quarter performance and both industry average and best-practice metrics. For each audit, metrics were evaluated from the report data and analysis of documentation provided by Mesa Water. For each key performance indicator, the following scoring key was used:

Code

Red: Below industry standard average scores

Green: Above industry standard average scores and below industry best practice

Gold: At or above best practice

The Overall KPI Score was appropriately weighted and is generally scored as follows:

Below Average Performance for Overall Satisfactions <72%
Industry Average for Overall Satisfaction - 72-89%
Industry Best Practice for Overall Satisfaction - >90%

Generally, metrics in “Red” do not meet customer service performance expectations; metrics in “Green” meet expectations by matching or exceeding industry standard average metrics; and metrics in “Gold” exceed expectations and represent industry best practice. Mesa Water challenges themselves and strives to meet this “Gold Standard” in all areas of measurement. (Note the exception of Service Level Agreement which is measured based on Mesa Water’s ongoing average.)

All key performance indicator scores are listed in the table, along with findings/observations from the audit that impacted the scores.

A new metric was added in 2021 to measure the consistency that the Customer Services Team is actively promoting the Cogsdale Database Accuracy Campaign. While there is no Industry or Best Practice data to compare, Customer Services had set and achieved an initial goal that 80% of all calls receive the request/invitation to update their customer contact information. The teams goal currently is 90%. This metric is not calculated into the overall KPI because its completion point is already included within Overall Call Quality.

Effective January 2021, the Mesa Water Board of Directors voted to modify the Speed to Answer metric to an

Industry Best Practice measure of 100% of calls answered within 20 seconds. Unfortunately, it has been discovered that the report data provided by Vonage, may be inaccurate, so the Speed to Answer metric has been removed again and Vonage has been assigned by Mesa Water to provide an accurate metric and a full validation of their data to ensure we are ready to use the data in our audit reporting.

The data provided in this report, compared with the data from the three previous quarters provides a continued basis for the goals of the Customer Service team and will identify and highlight the specific training and coaching opportunities to help them achieve those goals. This audit evaluated performance on all five of the available Key Performance Indicators.

The Audit Process is detailed in the procedure document: "Mesa Water District Customer Service Auditor Manual v13" delivered to Mesa Water in October 2018.

The Audit Summary (please see charts below for detailed Audit Findings and Recommendations/Action):
The audit conducted followed the process as outlined. However, due to the Covid-19 Pandemic the audit was conducted offsite. All Key Performance Indicators (KPI) have been included.

68 recorded calls were evaluated against the Road to Gold metric and the customer service team is focused on creating a positive experience always. The entire Customer Services Team has worked together to earn a 98% score in Overall Call Quality for the quarter, earning a Gold Score for this metric for the 18th consecutive quarter.

Submitted by:



Kimera Hobbs

Sr. Consultant, Moran Consulting, Inc.

KEY PERFORMANCE INDICATORS – AUDIT FINDINGS

CUSTOMER SERVICE DEPARTMENT KPIs

No.	KPI	Action/Training
1.	Overall Customer Satisfaction	32 customers responded to Mesa Water's optional after-call survey during the quarter. 100% of customers were completely satisfied with the service they received. Well done!
2.	First Call Resolution	First Call Resolution improved dramatically to the highest score ever recorded. The team is making concerted effort to ensure customers do not have to call back.
3.	Overall Call Quality	Customer Service Representatives have individually, and as a group, achieved the highest average score ever recorded. The Cogsdale campaign continues to increase customer engagement!
4.	Speed to Answer	Effective January 2021, the Mesa Water Board of Directors voted to modify the Speed to Answer metric to an Industry Best Practice measure of 100% of calls answered within 20 seconds. Unfortunately, it has been discovered that the report data provided by Vonage may be inaccurate, so the Speed to Answer metric has been removed again. Vonage has been assigned by Mesa Water to provide an accurate metric and a full validation of their data to ensure we are ready to use the data in our audit reporting.
5.	Call Abandonment Rate	Fluctuating, but acceptable. We will continue to monitor this metric closely as this quarter's fluctuation may have been due to holiday vacations and scheduling challenges.

Call Center Metrics Scorecard



Key Performance Indicator	Industry Standard	Best Practice	KPI Weight	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Current Qtr Trend	New Goal
Overall Customer Satisfaction									
Phone: Very Satisfied / Satisfied	72%	90%	30%	100%	100%	100%	100%	Sustained	98%
Walk-in: Very Satisfied / Satisfied			5%	NO DATA	100%	100%	100%	Sustained	
First Call Resolution									
Percentage of customers whose needs were met on the first call.	95%	97%	25%	92%	92%	74%	100%	HIGHEST EVER!	97%
Overall Call Quality: Call Center Evaluations									
Average Score of all Call Center Evaluations conducted. (Scale is 1-12)	No data	No data	25%	98%	97%	96%	97%	Sustained	100%
*Cogsdale Database Accuracy Campaign	No data	No data	0%	89%	87%	82%	99%	HIGHEST EVER!	90%
Service Level Agreement (Speed to Answer)									
Percentage of calls answered within 20 seconds	No data	100% within 20 seconds	0%	NA	NA	NA	NA	Not measured due to inaccurate reports	100% within 20 seconds
Call Abandonment Rate									
Percentage of customers who hang up before an agent answers.	8%	2%	15%	5.31%	6.71%	6.60%	6.20%	Fluctuating	2%
Current Qtr Audit Overall KPI Score									
Combined and weighted five KPI's (above).	72%	90%	N/A	92%	91%	92%	98%	HIGHEST EVER!	95%

Data Sources:

American Water Works Association, 2017. *AWWA Utility Benchmarking Study*. Performance Indicators – Customer Relations, 59-66.

Aberdeen Research Group, 2016. *The Intelligent Contact Center: Master Low-cost, High-Impact Customer Interactions*. Minkara, Omer.

Aberdeen Research Group, 2015. *Contact Center WFO: How to Balance Customer Needs with Agent Productivity*. Minkara, Omer.



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MEMORANDUM

TO: Board of Directors
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer
DATE: November 8, 2023
SUBJECT: Fiscal Year 2023 Audit Results and Annual Financial Report

RECOMMENDATION

Approve Mesa Water District's audited financial statements for the fiscal year ended June 30, 2023 and direct staff to finalize the Fiscal Year 2023 Annual Financial Report.

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.

PRIOR BOARD ACTION/DISCUSSION

None.

DISCUSSION

The Fiscal Year (FY) 2023 audit for Mesa Water District (Mesa Water®) has been completed and the draft Annual Financial Report (AFR) is attached. The AFR was prepared in accordance with guidelines established by the Governmental Accounting Standards Board (GASB). Lance, Soll & Lunghard, LLP (LSL) conducted an independent audit of Mesa Water's financial records in accordance with generally accepted auditing standards and has expressed an unmodified opinion on the District's financial statements for the fiscal year ended June 30, 2023.

Representatives from LSL will attend the November 8, 2023 Board of Directors (Board) meeting to present the results of the audit and a summary of the financial results for the fiscal year ended June 30, 2023.

FY 2023 financial results (as of June 30, 2023) are summarized below:

- Mesa Water has met or exceeded its Fiscal Year Budgeted Target goals for Days Cash Ratio and Cash on Hand:
 - Days Cash Ratio was 373 days (Target 325 Days)
 - Cash on Hand was \$30.0MM (Target \$29.3MM)

Statement of Net Position (Balance Sheet)

Highlights include:

- Current assets, including cash, investments and receivables, increased \$2.9MM, primarily due to the increase in net position.
- Non-current assets decreased \$15.2MM, primarily due to the usage of the 2020 Certificates of Participation (COPs) Restricted Funds.
- Current liabilities decreased \$0.1MM, primarily due to a decrease in customer deposits.



- Non-current liabilities increased by \$3.5MM, primarily due to the paying down of the 2017 COPs which was offset by an increase in Net Pension Liability due to the actuarial results from June 30, 2022.

Statement of Revenues, Expenses and Changes in Net Position (Income Statement)

For the fiscal year ended June 30, 2023, the Change in Net Position was an increase of \$8.9MM.

Highlights include:

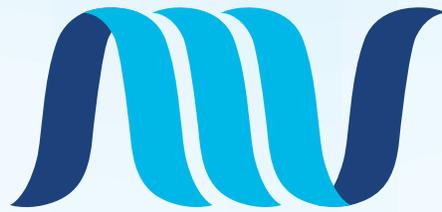
- Operating revenues remained relatively flat from \$41.0MM to \$41.1MM, due to a decrease in water demand, but was offset by an increase in monthly meter service charges and water consumption rate.
- Non-Operating gains of \$0.8MM are primarily due to Section 115 Pension Trust investments.
- Operating expenses decreased by \$1.4MM over the previous year, due to decreases in cost for transmission and distribution as well as general and administrative expenses.

FINANCIAL IMPACT

In Fiscal Year 2023, \$40,550 is budgeted for Auditing Services; \$27,400 has been spent to date.

ATTACHMENTS

Attachment A: Annual Financial Report for the Fiscal Year Ended 2023



MesaWater
DISTRICT®

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE
FISCAL YEAR ENDED
JUNE 30, 2023**

Mesa Water District | Costa Mesa, California

MesaWater.org

Dedicated to Satisfying our Community's Water Needs

Mesa Water District

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023



1965 Placentia Avenue
Costa Mesa, CA 92627-3420

Prepared by:
Financial Services Department

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MESA WATER DISTRICT
Annual Comprehensive Financial Report
June 30, 2023

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 Annual Comprehensive Financial Report
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INTRODUCTORY SECTION

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BOARD OF DIRECTORS

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Division V*

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*Vice President
Division III*

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Division I*

James R. Fisler
*Director
Division II*

Paul E. Shoenberger, P.E.
General Manager

Denise Garcia
District Secretary

Marwan Khalifa, CPA, MBA
District Treasurer

**Atkinson, Andelson,
Loya, Ruud & Romo**
Legal Counsel

1965 Placentia Avenue
Costa Mesa, CA 92627
tel 949.631.1200
fax 949.574.1036
info@MesaWater.org
MesaWater.org

October 31, 2023

Board of Directors
Mesa Water District

Introduction

It is our pleasure to submit the Annual Financial Report for the Mesa Water District (Mesa Water®) for the fiscal year ended June 30, 2023, following guidelines set forth by the Governmental Accounting Standards Board (GASB). Mesa Water is ultimately responsible for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures in this financial report. Mesa Water staff prepared this financial report and believes that the data presented is accurate in all material respects. This report is designed to enhance the reader's understanding of Mesa Water's financial position and activities.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) Section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately after the Independent Auditor's Report.

Mesa Water Structure and Leadership

Mesa Water is a special water district organized pursuant to Water Code Section 33200 and operates pursuant to Water Code Section 30000. Mesa Water has been providing water service to its customers since 1960. Mesa Water is governed by a five-member Board of Directors (Board), elected at-large by division within Mesa Water's service area. The General Manager administers the day-to-day operations of Mesa Water in accordance with policies and procedures established by the Board. Mesa Water employs approximately 57 employees, some of whom are part-time or temporary. Mesa Water's Board meets on the second and fourth Wednesday of each month. Meetings are publicly noticed and citizens are encouraged to attend. Mesa Water provides water service to approximately 110,000 residents in the City of Costa Mesa, parts of the City of Newport Beach, and some unincorporated areas of Orange County through approximately 25,000 service connections.

Mesa Water's Services

Residential customers comprise approximately 82% of Mesa Water's customer base and purchase approximately 67% of the water produced annually by Mesa Water. In Fiscal Year 2023, Mesa Water's potable supply was comprised of 100% groundwater.

Economic Condition, Outlook and Major Initiatives

Mesa Water carries out its mission with a highly-skilled and competent staff empowered to conduct Mesa Water's business by placing customer needs and welfare first. Employees strive to carry out their work mindful of Mesa Water's mission: "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."



Mesa Water's service area includes various regional facilities and landmark venues, including but not limited to: John Wayne Airport, Orange Coast College, Vanguard University, OC Fair & Event Center, Segerstrom Center for the Arts and South Coast Plaza. The local economy is primarily based upon retail, commercial business and light manufacturing.

In Mesa Water's service area, consumers are currently experiencing the benefits of the Board's forward-thinking planning and decades-long investments in water use efficiency and water infrastructure projects to help lower our regional dependence on imported water.

Two decades ago, Mesa Water's Board of Directors set a goal to reduce reliance on imported water from Northern California and the Colorado River by increasing the District's production capacity of groundwater and recycled water. Mesa Water is able to pump safe, high-quality groundwater from Orange County's clear-water aquifer and from the deeper, amber-colored aquifer located directly under our service area. The Mesa Water Reliability Facility (MWRF) was the final step in eliminating the District's dependence on imported water as Mesa Water is now able to meet 100% of its community's water needs with locally-sourced supplies.

In fiscal year 2020, the Board took a major step towards reliability by approving a three-year \$70MM Capital Improvement Program funded through Certificates of Participation. In fiscal year 2023, Mesa Water completed the construction of one new well site, and another well is planned for completion in mid fiscal year 2024. The new wells will increase Mesa Water's groundwater production capacity, and be the district's largest producing wells – pumping approximately 4,000 gallons per minute of local, clean, safe water.

Mesa Water consistently invests in pipeline integrity testing through its Pipeline Integrity Program, to ensure economical and timely replacement of pipes for continued reliable service and high-quality water to customers.

Mesa Water continues its efforts to encourage water use efficiency within its service area. In conjunction with Metropolitan Water District (MWD) and the Municipal Water District of Orange County (MWDOC), Mesa Water distributes and provides financial incentives for high efficiency water use devices, and has developed education and technical assistance programs designed for residents, homeowners associations, businesses, and other public agencies. Mesa Water also works with the City of Costa Mesa to promote the wise use of water through the City's development plan check process. These active programmatic efforts have resulted in a cumulative water savings of approximately 18,908 acre feet of water to date.

As of July 1, 2023, Mesa Water charges a uniform commodity rate of \$4.87 per unit and a bi-monthly fixed charge of \$29.55 for a 5/8 inch meter. One unit of water equals 748 gallons which means that the cost per gallon is 0.65 cents. At \$1,010 per year, the cost of water service for a typical single family home using 127,900 gallons of water annually remains a good value for Mesa Water's customers.

Water Supply

Mesa Water currently has seven groundwater wells that produce high quality water at a lower cost than imported water, with two of the wells associated with the MWRF. The MWRF treats amber groundwater from a previously unusable aquifer, providing Mesa Water with an additional potable water source. Amber groundwater from this lower aquifer is more expensive to produce than clear groundwater produced from the upper aquifer. However, the treatment cost of amber groundwater is substantially less expensive than purchasing imported water.

To encourage the use of water production through the MWRF, MWD has assisted Mesa Water by reimbursing a portion of the costs of treating amber groundwater. The program used by MWD to reimburse Mesa Water is the Local Resource Program (LRP) and expands the use of amber groundwater and thereby reduces the demand on MWD supplies.



Mesa Water has been treating and delivering amber groundwater to customers since 1985 using a variety of treatment methods. The expansion and upgrade of the MWRf includes state-of-the-art nanofiltration technology which expanded capacity to treat amber groundwater by approximately 50% while reducing energy costs by nearly 67%.

In fiscal year 2023, Mesa Water produced approximately 85% of its potable water supply from clear groundwater and related groundwater exchange programs, approximately 15% from amber groundwater and 0% from imported water.

Mesa Water also sells recycled water for irrigation purposes. The water is purchased from OCWD and replaces potable water that would otherwise have been used for irrigation.

Internal Control Structure

Mesa Water's management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of Mesa Water are protected from loss, theft or misuse. The internal control structure ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Mesa Water's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

Mesa Water's Board annually adopts a budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations, accountability for Mesa Water's enterprise operations, and capital projects. The budget is presented on the accrual basis of accounting and is consistent with the presentation of Mesa Water's Annual Comprehensive Financial Report.

Investment Policy

The Board has adopted an investment policy that conforms to state law, Mesa Water's ordinances and resolutions, prudent money management, and the "prudent person" standards. The objectives of the Statement of Investment Policy are safety, liquidity and then yield. Currently, funds are invested in various securities as authorized by Mesa Water's Investment Policy.

Water Rates and Revenues

Revenue from user charges generated from Mesa Water's customers support operations and maintenance, as well as capital improvement projects, to ensure the high-quality water that the community depends on. Accordingly, water rates are reviewed every five (5) years when a Water Rate Schedule is prepared to achieve the Board's financial goals. Water rates are user charges imposed on customers for services and are the primary component of Mesa Water's revenue. Water rates are composed of a commodity (water usage) charge, a fixed bi-monthly service charge, and a capital charge for property owners. Mesa Water raised rates by an average of 8% in fiscal year 2023.

Audit and Financial Reporting

State Law and bond covenants require Mesa Water to obtain an annual audit of its financial statements by an independent Certified Public Accountant. The accounting firm of Lance, Soll & Lunghard, LLP conducted the audit of Mesa Water's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

Risk Management

Mesa Water participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) for the purchase of workers' compensation, liability, property, automobile, and fidelity insurance. The typical liability limits are \$1 million per incident/occurrence. Additionally, Mesa Water is self-insuring earthquake risk.



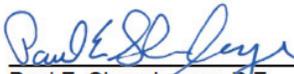
Awards and Acknowledgements

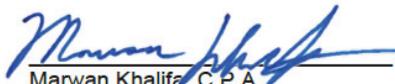
This is the 29th year that Mesa Water is submitting its Annual Comprehensive Financial Report (ACFR) for the Government Finance Officers Association of the United States and Canada's (GFOA) Certificate of Achievement for Excellence in Financial Reporting. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that this ACFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for 2023.

Preparation of this report was accomplished through the combined efforts of Mesa Water's staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to Mesa Water. We would like to thank the members of the Board for their continued support in planning and implementing Mesa Water District's fiscal policies.

Respectfully submitted,


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


Marwan Khalifa, C.P.A.
Mesa Water Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

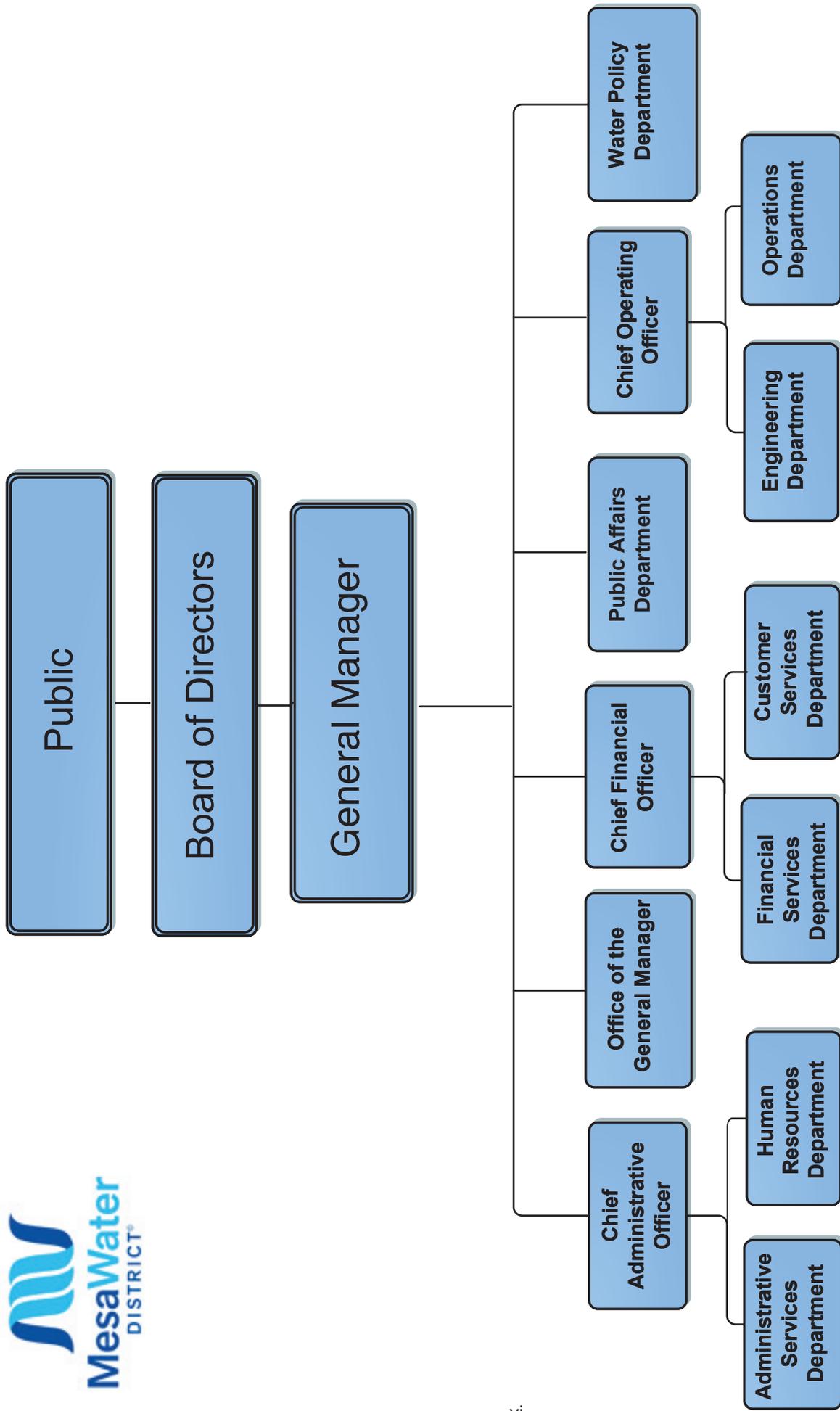
**Mesa Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

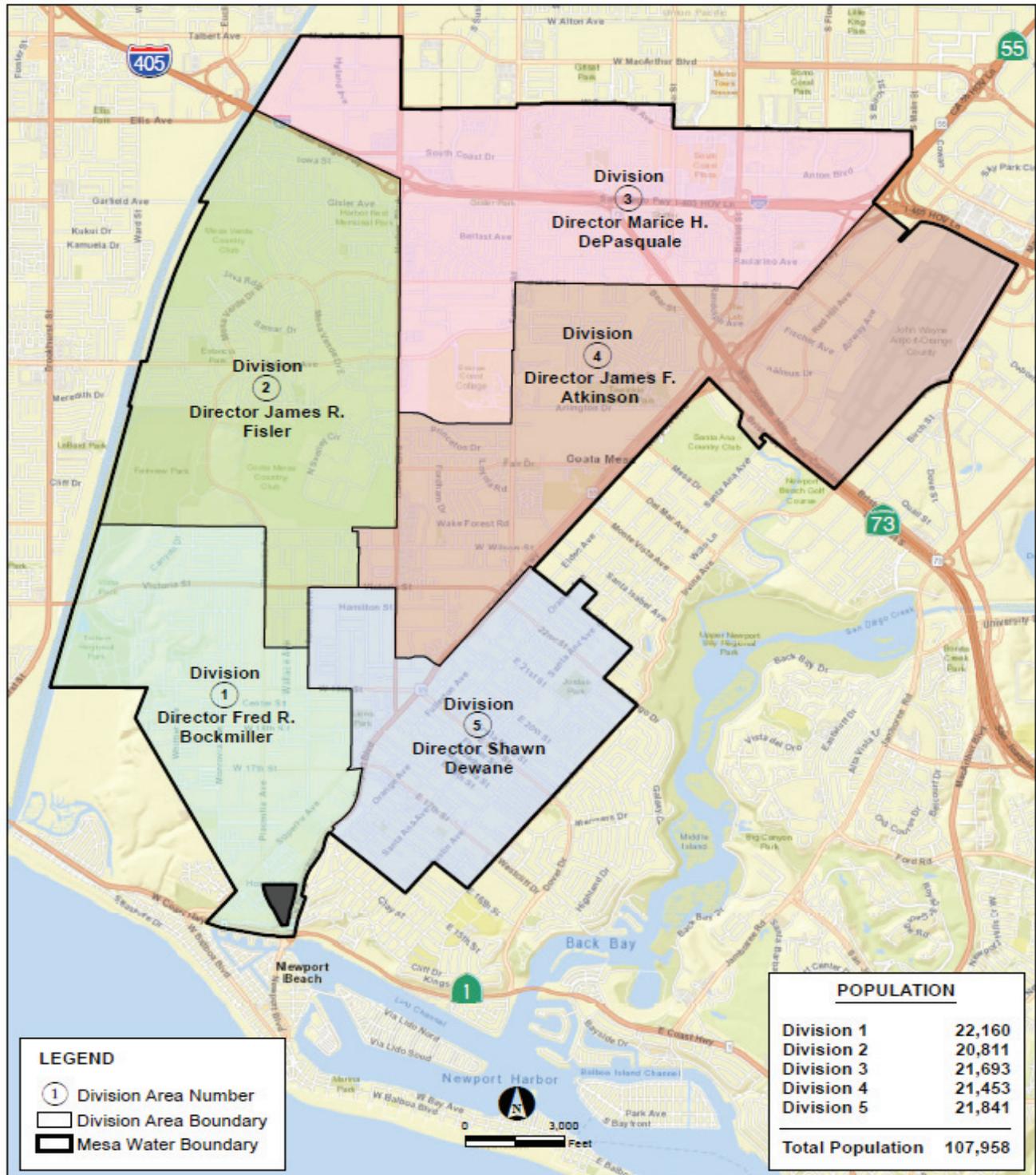
Christopher P. Morrill

Executive Director/CEO



Mesa Water District

District Service Area Map



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mesa Water District
Costa Mesa, CA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Mesa Water District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Mesa Water Risk Retention Corporation (MWRRC), a blended component unit of the District. The MWRRC represents 10 percent, 16 percent, and 7 percent, respectively, of the assets, net position, and revenues of the District activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the MWRRC, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Standards for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



To the Board of Directors
Mesa Water District
Costa Mesa, California

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts will always detect a material misstatement when it exists will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required pension and other postemployment benefits schedules, as listed on the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do



To the Board of Directors
Mesa Water District
Costa Mesa, California

not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying certificates of participation – revenue coverage and reconciliation of total revenues and total expenses schedules (supplementary information) are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Brea, California
October 31, 2023

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Mesa Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2023

The following discussion and analysis of the financial performance of the Mesa Water District (District/Mesa Water) provides an overview of the District's financial activities for the year ended June 30, 2023. This section should be read in conjunction with the basic financial statements and notes to the financial statements, which follows this analysis.

Financial Highlights

- Net position equaled \$161.4 million, an increase of \$9.2 million or 6.0% from the prior year. \$107.1 million of Net Position was for net investment in capital assets, \$13.6 was restricted for pension benefits, and the remaining \$40.7 million was unrestricted.
- Total operating revenue slightly increased \$.03 million or .1% as a result of increased meter service charge revenue.
- Total revenues increased \$6.0 million or 15.7%, primarily due to investment gains being significantly higher than the prior year.
- Total expenses decreased by \$2.0 million or 5%. This decrease is primarily due to decreased costs for both transmission and distribution as well as general and administrative expenses.
- Total capital and intangible assets increased by \$14.9 million due to \$21.1 million in additions net of \$0.5 million in deletions, offset by depreciation expense of \$6.7 million.
- Total debt decreased by \$4.4 million due to principal repayments.

This annual report consists of a series of financial statements: (1) The Statement of Net Position, (2) Statement of Revenues, Expenses and Changes in Net Position, and (3) Statement of Cash Flows, all of which together provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The report also contains notes to the financial statements and other supplementary information.

Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities) and deferred outflows and inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the District.

Statement of Revenues, Expenses and Changes in Net Position measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. The statement can be used to evaluate profitability and credit worthiness.

Statement of Cash Flows provides information about the District's cash receipts, cash payments and changes in cash resulting from operations, investments, and financing activities.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements.

Other Information includes required supplementary information.

Mesa Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Financial Analysis of the District

The following condensed schedules contain summary financial information extracted from the basic financial statements to assist general readers in evaluating the District's overall financial position and results of operations as described in this Management's Discussion and Analysis (MD&A). Increases or decreases in these schedules can be used as performance indicators to assess whether the District's overall financial position has improved or deteriorated. Other external factors such as changes in economic conditions, customer growth, weather conditions and legislative mandates as well as changes in Federal and State water quality standards should also be considered as part of this assessment.

Statement of Net Position

The Statement of Net Position reflects the District's financial position as of June 30. The statement includes assets, deferred outflow of resources, liabilities, and deferred inflows of resources. The Net Position represents the District's net worth including, but not limited to, capital contributions and investments in capital assets. A condensed summary of the District's total Net Position as of June 30 is set forth below:

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Assets and Deferred Outflows:				
Current assets	\$ 63,598,392	\$ 60,673,159	\$ 2,925,233	4.8%
Non-current assets	33,768,434	49,061,798	(15,293,364)	-31.2%
Capital and intangible assets, net	172,123,495	157,261,324	14,862,171	9.5%
Total Assets	<u>269,490,321</u>	<u>266,996,281</u>	<u>2,494,040</u>	0.9%
Deferred charges on debt refundings	226,438	355,831	(129,393)	-36.4%
Deferred amounts from OPEB & pension plans	6,803,635	2,613,566	4,190,069	160.3%
Total Deferred Outflows	<u>7,030,073</u>	<u>2,969,397</u>	<u>4,060,676</u>	136.8%
Total Assets and Deferred Outflows	<u>\$ 276,520,394</u>	<u>\$ 269,965,678</u>	<u>\$ 6,554,716</u>	2.4%
Liabilities:				
Current liabilities	\$ 16,790,905	\$ 16,923,682	\$ (132,777)	-0.8%
Non-current liabilities	96,838,187	93,278,866	3,559,321	3.8%
Total Liabilities	<u>113,629,092</u>	<u>110,202,548</u>	<u>3,426,544</u>	3.1%
Deferred Inflow of Resources - Actuarial	1,504,183	7,532,396	(6,028,213)	-80.0%
Total Liabilities and Deferred Inflows	<u>115,133,275</u>	<u>117,734,944</u>	<u>(2,601,669)</u>	-2.2%
Net position:				
Net Investment in capital assets	107,060,089	104,657,953	2,402,136	2.3%
Restricted for pension benefits	13,617,343	13,277,537	339,806	
Unrestricted	40,709,687	34,295,244	6,414,443	18.7%
Total Net Position	<u>161,387,119</u>	<u>152,230,734</u>	<u>9,156,385</u>	6.0%
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 276,520,394</u>	<u>\$ 269,965,678</u>	<u>\$ 6,554,716</u>	2.4%

Mesa Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2023

The District's total Assets and Deferred Outflows of Resources exceeded total Liabilities and Deferred Inflows of Resources by \$161.4 million and \$151.6 million as of June 30, 2023 and 2022, respectively.

The largest single component of the District's Net Position (67% and 69% for June 30, 2023 and 2022, respectively) reflect the District's net investment in capital assets. The District uses these capital assets to provide services to customers within the District's service area. Consequently, these assets are not available for future spending.

As of June 30, 2023 and 2022, the District showed a positive balance in its Unrestricted Net Position of \$40.7 million and \$34.3 million, respectively.

Of the \$96.8 million of non-current liabilities, \$68.8 million and \$12.1 million are attributed to the 2020 and 2017 COPS respectively. The net pension liability accounts for \$15.1 million of the balance. This amount does not include the Internal Revenue Code Section 115 trust held with PARS (Pension Trust) in the amount of \$13.6 million for fiscal year ended June 30, 2023. The PARS trust is legally restricted to providing benefits for members of the defined benefit pension plan. However, as it is a IRC Section 115 trust, the asset balance is not included in calculation of the net pension liability above.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position summarizes the District's operations during the fiscal year. A summary of the District's changes in Net Position for the fiscal years ended June 30, 2023 is presented below:

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Revenues				
Operating revenues	\$ 41,102,347	\$ 41,072,417	\$ 29,930	0.1%
Non-operating revenues	3,337,995	(2,656,135)	5,994,130	-225.7%
Total Revenues	<u>44,440,342</u>	<u>38,416,282</u>	<u>6,024,060</u>	<u>15.7%</u>
Expenses:				
Operating expenses (not including deprec.)	29,457,519	31,425,466	(1,967,947)	-6.3%
Depreciation and amortization	6,657,317	6,130,487	526,830	8.6%
Non-operating expenses	2,505,697	3,100,026	(594,329)	-19.2%
Total Expenses	<u>38,620,533</u>	<u>40,655,979</u>	<u>(2,035,446)</u>	<u>-5.0%</u>
Net income before contributions	<u>5,819,809</u>	<u>(2,239,697)</u>	<u>8,059,506</u>	<u>-359.8%</u>
Capital Contributions	<u>3,170,279</u>	<u>1,809,920</u>	<u>1,360,359</u>	<u>75.2%</u>
Change in Net Position	<u>8,990,088</u>	<u>(429,777)</u>	<u>9,419,865</u>	<u>-2191.8%</u>
Net Position, beginning of year	<u>151,643,343</u>	<u>152,073,120</u>	<u>(429,777)</u>	<u>-0.3%</u>
Restatement	<u>753,688</u>	<u>-</u>	<u>753,688</u>	
Net Position, beginning of year as restated	<u>152,397,031</u>	<u>152,073,120</u>	<u>323,911</u>	<u>0.2%</u>
Net Position, end of year	<u>\$ 161,387,119</u>	<u>\$ 151,643,343</u>	<u>\$ 9,743,776</u>	<u>6.4%</u>

Mesa Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2023

The District's Net Position increased by \$9.7 million for the year ended June 30, 2023, while for the year ended June 30, 2022, Net Position decreased by \$.4 million.

Total District Revenues

Total District Revenues for the year ended June 30, 2023 is summarized below:

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Water sales	\$ 28,790,095	\$ 30,400,094	\$ (1,609,999)	-5.3%
Meter service charges	10,565,861	8,913,788	1,652,073	18.5%
Recycled water sales	1,208,355	1,470,021	(261,666)	-17.8%
Other charges and services	538,036	288,514	249,522	86.5%
Total Operating Revenues	<u>41,102,347</u>	<u>41,072,417</u>	<u>29,930</u>	<u>0.1%</u>
Investment earnings	3,336,769	(3,989,935)	7,326,704	-183.6%
Gain on sale/disposition of capital assets, net	-	-	-	0.0%
Intergovernmental	-	365,745	(365,745)	-100.0%
Other nonoperating revenue, net	1,226	968,055	(966,829)	-99.9%
Total Non-operating revenues	<u>3,337,995</u>	<u>(2,656,135)</u>	<u>5,994,130</u>	<u>-225.7%</u>
Total Revenues	<u>\$ 44,440,342</u>	<u>\$ 38,416,282</u>	<u>\$ 6,024,060</u>	<u>15.7%</u>

The District's operating revenues totaled \$41.1 million in fiscal year 2023. This represents an increase of \$.03 million or 0.1% from the prior year. The increase in total operating revenue was a result of an increase of \$1.7 million in meter service charge revenue which was offset by a decrease of \$1.6 million in water sales.

The vast majority of the increase in non-operating revenues reflects investment earnings.

Mesa Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Total District Expenses

A summary of Total District Expenses for the year ended June 30, 2023 is outlined below:

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Import source of supply	\$ 337,578	\$ 413,434	\$ (75,856)	-18.3%
Basin managed water	-	3,200	(3,200)	-100.0%
Clear well production	8,840,948	7,895,494	945,454	12.0%
Amber well production	2,540,434	3,501,950	(961,516)	-27.5%
Recycled water	727,510	920,277	(192,767)	-20.9%
Total Water Supply	12,446,470	12,734,355	(287,885)	-2.3%
Transmission and distribution	7,456,248	8,432,923	(976,675)	-11.6%
General and administrative	9,554,801	10,258,188	(703,387)	-6.9%
Depreciation and amortization	6,657,317	6,130,487	526,830	8.6%
Total Operating Expense	36,114,836	37,555,953	(1,441,117)	-3.8%
Interest expense - long-term debt	2,449,394	2,606,831	(157,437)	-6.0%
Loss on sale/disposition of capital assets, net	56,303	469,500	(413,197)	-88.0%
Other nonoperating expense, net	-	23,695	(23,695)	-100.0%
Total Nonoperating Expenses	2,505,697	3,100,026	(594,329)	-19.2%
Total Expenses	\$ 38,620,533	\$ 40,655,979	\$ (2,035,446)	-5.0%

The District's total expenses decreased by \$2.0 million or 5.0%. This decrease is primarily due to spending cutbacks in transmission and distribution and general and administrative expenses.

Capital Assets

Changes in capital assets amounts for the year ended June 30, 2023 is as follows:

	<u>Balance</u> <u>2022</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u> <u>2023</u>
Capital assets:					
Non-depreciable assets	\$ 41,534,727	\$ (2,045,257)	\$ 20,264,620	\$ (5,348,287)	\$ 54,405,803
Depreciable assets	218,185,898	1,576,938	791,741	4,806,904	225,361,481
Accumulated Depreciation	(101,471,552)	-	(6,657,317)	485,080	(107,643,789)
	<u>\$ 158,249,073</u>	<u>\$ (468,319)</u>	<u>\$ 14,399,044</u>	<u>\$ (56,303)</u>	<u>\$ 172,123,495</u>

As of June 30, 2023 and 2022, the District's investment in capital assets amounted to \$172.1 million and \$159.8 million, respectively, net of accumulated depreciation, resulting in a net increase of \$13.9 million. The increase includes new right-to-use assets for subscriptions related to the implementation of GASB 96.

Mesa Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Capital additions to depreciable assets were \$.79 million in fiscal year 2023. Depreciation and Amortization totaled \$6.7 million as of June 30, 2023, an increase of \$0.5 million in comparison to the prior year. Please refer to Note 3, Capital Assets, in the accompanying Notes to the Financial Statements.

Adjustments in the current year relate to writing off previously capitalized assets recorded as CIP for \$821,452 and the implementation of GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. The net impact of the implementation resulted in an increase of \$1,223,805 in Subscription Liabilities and Right-to-Use Assets.

Debt Administration

	<u>Balance 2022</u>	<u>Additions</u>	<u>Payments/ Deletions</u>	<u>Balance 2023</u>
2017 Series COPS	\$ 19,634,603	\$ -	\$ (3,954,390)	\$ 15,680,213
2020 Series COPS	69,328,699	-	(481,577)	68,847,122
 Total long-term debt	 \$ 88,963,302	 \$ -	 \$ (4,435,967)	 \$ 84,527,335

Changes in debt amounts for the year ended June 30, 2023 is as follows:

As of June 30, 2023, the District had total outstanding debt of \$84.5 million, which was a decrease of \$4.4 million from the prior fiscal year. The decrease was due to principal repayments. Please refer to Note 6, Long-Term Debt in the accompanying Notes to the Financial Statements.

Requests for Information

This financial report is designed to provide the District's funding sources, ratepayers, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District at 1965 Placentia Avenue, Costa Mesa, California 92627-3420 or call (949) 574-1022.

BASIC FINANCIAL STATEMENTS

MESA WATER DISTRICT

Statement of Net Position

June 30, 2023

ASSETS

Current:	
Cash and Investments	\$ 55,826,615
Receivables (Net of Uncollectibles):	
Accounts	6,755,990
Accrued Interest	59,636
Deposits and Prepaid Costs	236,601
Material and Supplies Inventories	719,550
Total Current Assets	<u>63,598,392</u>
Noncurrent:	
Restricted - Cash and Investments Held by Pension Trust	13,617,343
Restricted - Cash and Investments Held by Fiscal Agent	19,989,646
Net OPEB asset	161,445
Capital Assets, Not Depreciated	54,405,803
Capital Assets, Net of Accumulated Depreciation and Amortization	117,717,692
Total Noncurrent Assets	<u>205,891,929</u>
Total Assets	<u>269,490,321</u>

DEFERRED OUTFLOWS OF RESOURCES

Unamortized Loss on Bond Defeasance	226,438
Pension-related	6,380,432
OPEB-related	423,203
Total Deferred Outflows of Resources	<u>7,030,073</u>

LIABILITIES

Current:	
Accounts Payable and Accrued Expenses	9,468,672
Accrued Wages and Related Payables	357,750
Accrued Interest	946,006
Customer Advances and Deposits	1,951,240
Current Portion of Compensated Absences	133,230
Current Portion of Certificates of Participation	3,605,000
Current Portion of Leases Payable	121,024
Current Portion of Subscriptions Payable	207,983
Total Current Liabilities	<u>16,790,905</u>
Noncurrent:	
Compensated Absences	532,918
Certificates of Participation Payable	80,922,335
Leases Payable	109,531
Subscription Payable	313,617
Net Pension Liability	14,959,786
Total Noncurrent Liabilities	<u>96,838,187</u>
Total Liabilities	<u>113,629,092</u>

DEFERRED INFLOWS OF RESOURCES

Pension-related	1,108,204
OPEB-related	395,979
Total Deferred Inflows of Resources	<u>1,504,183</u>

NET POSITION

Net Investment in Capital Assets	107,060,089
Restricted for Pension Benefits	13,617,343
Unrestricted	40,709,687
Total Net Position	<u>\$ 161,387,119</u>

MESA WATER DISTRICT
Statement of Revenues, Expenses and
Changes in Net Position
For the Year Ended June 30, 2023

OPERATING REVENUES

Water Consumption Sales	\$ 28,790,095
Monthly Meter Service Charge	10,565,861
Recycled Water Sales	1,208,355
Other Charges and Services	538,036
Total Operating Revenues	<u>41,102,347</u>

OPERATING EXPENSES

Imported Sources of Supply	337,578
Clear Water	8,840,948
Amber Water	2,540,434
Recycled Water	727,510
Transmission and Distribution	7,456,248
General and Administrative	9,554,801
Depreciation and Amortization	6,657,317
Total Operating Expenses	<u>36,114,836</u>

Operating Income (Loss)

4,987,511

NONOPERATING REVENUES (EXPENSES)

Interest Earnings	3,336,769
Interest Expense	(2,449,394)
Other Non-Operating, net	1,226
Gain (Loss) on Disposal of Capital Assets	(56,303)
Total Nonoperating Revenues (Expenses)	<u>832,298</u>

Income (Loss) Before Capital Contributions and Transfers

5,819,809

Capital Contributions

Capacity and Installation Charges	1,002,954
Capital Grant	365,267
Developers and Others	1,802,058
Total Capital Contributions	<u>3,170,279</u>

Change in Net Position

8,990,088

Net Position-beginning, as Previously Reported	151,643,343
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Prior Period Adjustments (Note 14)	<u>753,688</u>
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Net Position-beginning, as Restated	<u>152,397,031</u>
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Net Position-Ending	<u>\$ 161,387,119</u>
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MESA WATER DISTRICT
Statement of Cash Flows
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers for Water Sales and Services	\$ 41,445,246
Payments to Vendors and Suppliers for Materials and Services	(19,776,179)
Payments to Employees for Salaries and Benefits	<u>(11,419,830)</u>
Net Cash Provided by (Used for) Operating Activities	<u>10,249,237</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Non-capital Operating Revenues	2,070
Non-capital Operating Expense	<u>(844)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>1,226</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(18,030,498)
Proceeds from Capacity and Installation Charges	1,002,954
Proceeds from Capital Grants	365,267
Principal Paid on Capital Debt, Leases and SBITAs	(3,715,571)
Interest Paid on Capital Debt, Leases and SBITAs	<u>(1,318,399)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(21,696,247)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments to PARS OPEB Trust	(110,000)
Earnings on PARS Pension Trust Used to Purchase Investments, Net of Administrative Fees	1,431,853
Interest on Investments	823,058
Sale of Investments	3,496,900
Purchase of Investments	<u>(2,052,298)</u>
Net Cash Provided by (Used for) Investing Activities	<u>3,589,513</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,856,271)
Cash and Cash Equivalents-beginning	<u>57,922,988</u>
Cash and Cash Equivalents-ending	<u>\$ 50,066,717</u>

MESA WATER DISTRICT
Statement of Cash Flows
For the Year Ended June 30, 2023

**RECONCILIATION OF CASH AND CASH EQUIVALENTS
TO THE STATEMENT OF NET POSITION**

Cash and Investments	\$ 55,826,615
Restricted Cash and Investments Held by Pension Trust	13,617,343
Restricted Cash and Investments Held by Fiscal Agent	19,989,646
Less: Noncash Equivalents	<u>(39,366,887)</u>
Total Cash and Cash Equivalents	<u>\$ 50,066,717</u>

**RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED BY (USED FOR)**

OPERATING ACTIVITIES

Operating Income (Loss)	<u>\$ 4,987,511</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation and Amortization Expense	6,657,317
(Increase) Decrease in Accounts Receivable	915,443
(Increase) Decrease in Inventories	(239,347)
(Increase) Decrease in Prepaid Items	22,401
(Increase) Decrease in OPEB-Related Deferred Outflows	179,004
(Increase) Decrease in Pension-Related Deferred Outflows	(4,011,065)
Increase (Decrease) in Accounts Payable	343,485
Increase (Decrease) in Accrued Liabilities	57,352
Increase (Decrease) in Deposits Payable	(572,544)
Increase (Decrease) in Compensated Absences	68,234
Increase (Decrease) in Net OPEB Liability	305,856
Increase (Decrease) in Net Pension Liability	7,563,803
Increase (Decrease) in OPEB-Related Deferred Inflows	(373,288)
Increase (Decrease) in Pension-Related Deferred Inflows	<u>(5,654,925)</u>
Total Adjustments	<u>5,261,726</u>

Net Cash Provided by (Used for)

Operating Activities	<u>\$ 10,249,237</u>
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**SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL,
AND INVESTING ACTIVITIES**

Loss on Sale of Capital Assets	\$ 56,303
Contributions of Capital Assets	1,802,058
Amortization on Bond Discount/(Premium)	(1,050,967)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of the District

Mesa Water District (the District) is an independent special district formed on January 1, 1960, pursuant to Section 33200 et. seq., of the California Water Code, which was designated the Costa Mesa District Merger Law. The general provisions of this law called for the consolidation of four predecessor agencies.

The District is located in Orange County, California and provides water to the City of Costa Mesa, parts of the City of Newport Beach, and unincorporated parts of Orange County, including the John Wayne Airport. The District sells water at a "pass through" cost to the City of Huntington Beach through a jointly owned pipeline for which the City of Huntington Beach contributes 41.4% of the operation and maintenance costs. Amounts received from this agreement are netted against the costs to result in only the District's cost remaining.

The District's potable water is produced from groundwater wells or purchased from the Municipal Water District of Orange County (MWDOC), a member agency of the Metropolitan Water District of Southern California (MWD). Nonpotable (recycled) water is purchased from the Orange County Water District (OCWD).

The District's revenue results solely from its activities as a water utility and it does not receive tax revenues of any kind.

The District is governed by a five-member Board of Directors (Board) who serve overlapping four-year terms. Each member of the Board represents one of five geographic divisions of approximately equal population. The Board periodically elects one of its members to serve as President and another as Vice-President. The Board appoints the General Manager who is responsible for the day-to-day operations and the administration of the District in accordance with its policies. The Board also appoints the District Secretary, Assistant District Secretary, District Treasurer, and Assistant District Treasurer.

The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable.

Mesa Water District Improvement Corporation (Corporation) was incorporated in March 1988. The Corporation is a California nonprofit public benefit corporation formed to assist in the financing of certain improvements to the District's water system and as such has no employees or other operations. The Corporation meets the definition of a component unit, and would be presented on a blended basis, since it is part of the primary government; however, since the Corporation has no activity, no financial information has been included in these financial statements.

Mesa Water Risk Retention Corporation (MWRRC) was incorporated as a nonprofit corporation under the Utah Revised Nonprofit Corporation Act on December 15, 2021. MWRRC commenced operations on January 25, 2022, as a pure captive insurer under the captive insurance laws of the State of Utah. MWRRC was established by Mesa Water District and is reported as a blended component unit under the District. MWRRC was formed to provide a self-insurance plan for the District for earthquake property insurance coverage on a claim basis with limits of \$5,000,000 per occurrence and in the aggregate.

Although the Corporation and the MWRRC are legally separate entities, the governing boards are comprised of the same membership as the District's Board. The District may impose its will on the Corporation and there is a financial benefit/burden relationship between the District and the Corporation. The Corporation does not issue separate financial statements and does not have any activity for the fiscal years ended June 30, 2023. The MWRRC issues separate financial statements which can be obtained by contacting the District.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Condensed component unit information for the MWRRC for the year ended June 30, 2023, is as follows:

Balance Sheet		Statement of Operations	
Assets		Revenues	
Investments, at fair value	\$ 24,514,442	Premiums earned	\$ 1,241,000
Cash and cash equivalents	1,317,801	Net investment income	474,309
Prepaid expenses	15,000	Net investment loss	1,267,470
Total assets	<u>25,847,243</u>	Total revenues	<u>2,982,779</u>
Liabilities		Expenses	
Accrued expenses	43,217	General and administrative expenses	324,503
Total liabilities	<u>43,217</u>	Total liabilities	<u>324,503</u>
Shareholder's Equity		Net income	
Common stock	250,000		<u>\$ 2,658,276</u>
Additional paid-in-capital	22,817,121		
Retained earnings	2,736,905		
Total shareholder's equity	<u>\$ 25,804,026</u>		

Statement of Changes in Shareholder's Equity

	Common Stock	Additional Paid-In-Capital	Retained Earnings	Total
Balance at June 30, 2022	\$ 250,000	\$ 10,207,000	\$ 78,629	\$ 10,535,629
Capital contributions	-	12,610,121	-	12,610,121
Net income	-	-	2,658,276	2,658,276
Balance at June 30, 2023	<u>\$ 250,000</u>	<u>\$ 22,817,121</u>	<u>\$ 2,736,905</u>	<u>\$ 25,804,026</u>

Statement of Cash Flows

Net cash provided by:	
Operating activities	\$ 1,314,587
Investing activities	(19,502,755)
Financing activities	12,610,121
Net increase in cash and cash equivalents	(5,578,047)
Cash and cash equivalents, beginning of year	6,895,848
Cash and cash equivalents, end of year	<u>\$ 1,317,801</u>

Measurement Focus and Basis of Accounting – Proprietary Fund

The District is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the net position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing business in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses and changes in net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with water operations. The principal operating revenues of the District are charges to customers for sales and services such as water consumption sales, monthly meter service charge, recycled water sales, concessions from governmental agencies, and other charges and services. Operating expenses include cost of sales and services, which includes imported sources of supply, basin managed water, clear water, amber water, recycled water, transmission and distribution, general and administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital contributions are reported as a separate line item in the statement of revenues, expenses and changes in net position and consist of contributed capital assets (developers and others), capital grants, and other charges that are legally restricted for capital expenditures by state law or by Board action that established those charges (capacity and installation charges).

New GASB Pronouncements Effective during Fiscal Year

The following Government Accounting Standards Board (GASB) pronouncements were effective for and/or early implemented for the fiscal year ended June 30, 2023:

1. *GASB Statement No. 91, Conduit Debt Obligations*

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. There is no impact on the current year financial statements.

2. *GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. There is no impact on the current year financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The net impact on the current year financial statements is disclosed in note 14.

4. GASB Statement No. 100, Accounting Changes and Error Corrections

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. This pronouncement has no financial impact and is only for disclosures purposes.

Net Position

In the statement of net position, net position is classified into the following categories:

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding debt and other payables that are attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments. The District's restricted net position reflects the restricted – cash held by pension trust offset by corresponding pension deferred outflows and inflows of resources and the net pension liability.

Unrestricted Net Position – This amount is all net position that do not meet the definition of "net investment in capital assets".

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied except in the case of restricted pension net position for which the District will specifically identify annual amounts to be utilized from the pension trust to fund the annual required payments for the net pension liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Policies

The District adopts an annual nonappropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparison of actual revenue and expense with planned revenue and expense for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Cash and Cash Equivalents

The District considers all highly liquid investments that were purchased with a maturity of three months or less to be cash equivalents, except for the cash held with fiscal agent.

Investments and Investment Policy

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District has adopted an investment policy directing the District's Treasurer to deposit funds in financial institutions. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Accounts Receivable

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as capital projects or pension. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as deposits and prepaid items in the basic financial statements.

Material and Supplies Inventory

Materials and supplies inventory consists primarily of pipe fittings, meters, and hydrants used for construction and repairs to the water system, which are valued at cost. The first in first out (FIFO) perpetual cost flow assumption is used when inventory is expensed or capitalized the time of use.

Capital, Intangible Assets and Right-to-Use Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for capitalizing purchases at \$5,000 for both infrastructure and noninfrastructure assets. Donated assets are recorded at acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-to-use assets are defined as assets with an estimated useful life in excess of one year and with an initial, individual cost of \$5,000 or more. Right-to-use assets are recorded at the present value of the lease or subscription liability, including expenses to place the asset into service. In accordance with GASB Statement No. 87 and GASB Statement No. 96, the District has reported right-to-use assets for vehicles, equipment and subscriptions.

Depreciation or amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Useful Life

Land Improvements	15 to 50 Years
Buildings and Improvements	10 to 50 Years
Machinery and Equipment	4 to 10 Years
Transmission and Distribution System	10 to 99 Years
Reservoirs	50 to 75 Years
Metering Stations	10 to 99 Years
Wells and Pumping Plant	5 to 50 Years
Intangible Assets	3 to 40 Years
Control Systems	4 to 20 Years
Mesa Water Reliability Facility	5 to 50 Years
Right-to-Use Leased Assets	Shorter of the asset's useful life or the lease term
Right-to-Use Subscription Assets	Shorter of the asset's useful life or the subscription term

Compensated Absences

The District's personnel policies provide for accumulation of vacation. Liabilities for vacation are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retiring or separating from the District.

Customer Advances and Deposits

Customer advances include deposits received in aid of construction, which are partially refundable if the applicable construction does not take place. Construction advances are transferred to contributed capital when the applicable construction project is completed.

Customer advances also include fees received for installation and inspection services for which the District has yet to provide the service. Revenue is recognized when the service is provided and any deposit remaining at the conclusion of the service is refunded to the customer.

Customer deposits may be collected at the time water service is initiated. Deposits may be applied to customer accounts or refunded at the time an account is closed.

Water Sales

The majority of water sales are billed on a bi-monthly cyclical basis. Large meter customers and high consumption users are billed on a monthly basis. Estimated unbilled water sales and service charges through June 30th have been accrued as of year-end.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

Capacity Charges

The District recognizes revenue from capacity charges at the time the deposits become nonrefundable, which is when the relevant system actually connects to the District's potable water system.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The District has the following items that qualify for reporting in this category:

- An unamortized loss on bond defeasance results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension and OPEB liabilities.
- Deferred outflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining services lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred outflows related to pensions and OPEB resulting from the net difference in projected and actual earnings on investments of the pension plan and OPEB plan fiduciary net position. These amounts are amortized over five years.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net asset that applies to a future period and will not be recognized as inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions and OPEB for differences between actual and expected experiences and changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred inflows related to pensions and OPEB resulting from the net difference in projected and actual earnings on investments of the pension and OPEB plan fiduciary net position. These amounts are amortized over five years.
- Deferred inflows related to pensions from changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average expected remaining services lives of all employees that are provided with pensions through the plans.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

	<u>2023</u>
Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	June 30, 2021 to June 30, 2022

Other Post Employment Benefit (OPEB) Plan

For purposes of measuring the net OPEB liability (asset), deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, the District's OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2023, are classified in the financial statements as follows:

	<u>2023</u>
Statements of Net Position	
Cash and Investments	\$ 55,826,615
Restricted Cash and Investments: Fiscal Agent	19,989,646
Restricted Cash and Investments: Pension Trust	13,617,343
Total Cash and Investments	<u>\$ 89,433,604</u>

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2023, consist of the following:

	2023
Petty Cash	\$ 14,000
Deposits with Financial Institutions	4,221,269
Deposits held with MWRRC	1,317,801
Total Cash	5,553,070
Investments	25,759,103
Investments held with MWRRC	24,514,442
Restricted:	
Held by Pension Trust	13,617,343
Held by Fiscal Agent	19,989,646
Total Investments	83,880,534
Total Cash and Investments	\$ 89,433,604

Investments Authorized by the California Government Code and the District's Investment Policy

The following table identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's Investment Policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's Investment Policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments that are governed by provisions other than the general provisions of the California Government Code or the District's Investment Policy. These include investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, the investments of funds within the Pension Trust that are governed by the agreement between the District and the trustee, and the investments of the MWRRC which are governed by the Utah Code Annotated (U.C.A.) § 31A-18-105.

Authorized Investment Type	Maximum Maturity	Maximum in Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 Years	None	None
Mesa Water District Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State of California Obligations	5 Years	None	None
California Local Agency Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Bankers' Acceptances	180 Days	40%	30%
Prime Commercial Paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	30%	*
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	**
Medium-Term Notes	5 Years	30%	10%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Trust Indenture or Other Contract	Per Contract	Per Contract	Per Contract
Collateralized Bank Deposits	5 Years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Shares of Beneficial Interest in JPA's	N/A	None	None
Certificates of Deposits	5 Years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 Million
County Pooled Investment Funds	N/A	None	None
Time Deposits	5 Years	None	*

*Subject to FDIC limits

**of Base

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The District's investment policy mirrors the California Government Code except for mortgage pass-through securities. The District's policy is more restrictive than the California Government Code as investments in mortgage pass-through securities shall not exceed 10% of the portfolio.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's Investment Policy.

Pension Trust

Investment Policy

The District established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's pension plan. The Pension Trust Funds' specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the District.

Those guidelines are as follows:

Risk Tolerance: Capital Appreciation

Risk Management: The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process help to drive return potential while reducing portfolio risk.

Investment Objective: The primary goal of the capital appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.

Strategic Ranges: 0% to 20% Cash
10% to 30% Fixed Income
65% to 85% Equity

Investments Held by MWRRRC

The MWRRRC, incorporated as a nonprofit corporation under the Utah Revised Nonprofit Corporation Act, invests according to the provisions of the Utah Code Annotated (U.C.A.) § 31A-18-105. The MWRRRC invests in equity securities that consist of equity and fixed income mutual funds. Dividend income is recognized within investment earnings on the statement of revenues, expenses and changes in net position.

Investment in State Investment Pool and County Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The District is also a voluntary participant in the Orange County Investment Pool (OCIP) that is regulated by California Government Code and the Orange County Board of Supervisors under the oversight of the Orange County Treasurer-Tax Collector. The fair value of the District's investments in these pools is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF and OCIP for each respective portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and OCIP, which are recorded on an amortized cost basis multiplied by a fair value factor.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a governmental entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a governmental entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and OCIP).

The California Government Code and the District's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit), and, the District's investment policy that requires no more than two-thirds of the District's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by nonmortgage-backed securities.

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. \$250,000 of bank balances at June 30, 2023 are federally insured. Bank balances of \$9,615,613 at June 30, 2023, respectively, are collateralized in accordance with IRC; however, the collateralized securities are not held in the District's name.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with its Investment Policy, the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided in the following tables that shows the distribution of the District's investments by maturity as of June 30, 2023.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment Type	June 30, 2023			
	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Pool	\$ 1,104	\$ 1,104	\$ -	\$ -
Orange County Investment Pool	9,314	9,314	-	-
Federal Agency Securities:				
Federal Farm Credit Bank (FFCB)	4,212,730	980,842	1,160,540	2,071,348
Federal National Mortgage Association (FNMA)	1,658,359	-	-	1,658,359
Federal Home Loan Bank (FHLB)	2,582,412	462,920	1,397,392	722,100
Federal Home Loan Mortgage Corporation (FHLMC)	3,620,524	973,957	1,410,343	1,236,224
Federal Agricultural Mortgage Corporation (FAMC)	982,310	982,310	-	-
Negotiable Certificates of Deposit	9,615,612	3,651,826	3,253,243	2,710,543
Money Market Mutual Funds	536,177	536,177	-	-
U.S. Treasury Obligation	2,540,561	1,165,648	927,735	447,178
Held by Fiscal Agent:				
Money Market Mutual Funds	19,989,646	19,989,646	-	-
Held by Pension Trust:				
Mutual Funds	13,617,343	13,617,343	-	-
Held by MWRRC:				
Equity Securities	24,514,442	24,514,442	-	-
Total	<u>\$ 83,880,534</u>	<u>\$ 66,885,529</u>	<u>\$ 8,149,253</u>	<u>\$ 8,845,752</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's Investment Policy, or debt agreements, and the actual ratings by Standard & Poor's for each investment type as of June 30, 2023.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment Type	June 30, 2023			
	AA+	AAA	Not Rated	Total
Local Agency Investment Pool	\$ -	\$ -	\$ 1,104	\$ 1,104
Orange County Investment Pool	-	-	9,314	9,314
Federal Agency Securities:				
Federal Farm Credit Bank (FFCB)	3,971,476	241,254	-	4,212,730
Federal National Mortgage Association (FNMA)	1,658,359	-	-	1,658,359
Federal Home Loan Bank (FHLB)	2,582,412	-	-	2,582,412
Federal Home Loan Mortgage Corporation (FHLMC)	3,620,524	-	-	3,620,524
Federal Agricultural Mortgage Corporation (FAMC)	982,310	-	-	982,310
Negotiable Certificates of Deposit	-	-	9,615,612	9,615,612
Money Market Mutual Funds	-	-	536,177	536,177
U.S. Treasury Obligation	2,298,557	242,004	-	2,540,561
Held By Fiscal Agent:				
Money Market Mutual Funds	-	-	19,989,646	19,989,646
Held by Pension Trust:				
Mutual Funds	-	-	13,617,343	13,617,343
Held by MWRRRC:				
Equity Securities	-	-	24,514,442	24,514,442
Total	<u>\$ 15,113,638</u>	<u>\$ 483,258</u>	<u>\$ 68,283,638</u>	<u>\$ 83,880,534</u>

Investments in any one issuer (other than external investment pools, such as LAIF, OCIP, and the pension trust) that represent 5% or more of total District investments (excluding investments held by fiscal agent and held by pension trust) is as follows as of June 30, 2023:

June 30, 2023		
Issuer	Investment Type	Amount
FFCB	Federal Agency Securities	\$ 4,212,730
FHLB	Federal Agency Securities	2,582,412
FHLMC	Federal Agency Securities	3,620,524
FNMA	Federal Agency Securities	1,658,359
Total		<u>\$ 12,074,025</u>

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets (significant other observable inputs), and Level 3 inputs are significant unobservable inputs.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Federal agency securities, negotiable certificates of deposit, U.S. treasury obligations, and mutual funds classified in level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The District had the following recurring fair value measurements as of June 30, 2023:

Investment Type	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal Agency Securities:				
Federal Farm Credit Bank (FFCB)	\$ -	\$ 4,212,730	\$ -	\$ 4,212,730
Federal National Mortgage Association (FNMA)	-	1,658,359	-	1,658,359
Federal Home Loan Bank (FHLB)	-	2,582,412	-	2,582,412
Federal Home Loan Mortgage Corporation (FHLMC)	-	3,620,524	-	3,620,524
Federal Agricultural Mortgage Corporation (FAMC)	-	982,310	-	982,310
Negotiable Certificates of Deposit	-	9,615,612	-	9,615,612
U.S. Treasury Obligation	-	2,540,561	-	2,540,561
Held by Pension Trust:				
Mutual Funds	-	13,617,343	-	13,617,343
Held by MWRRC				
Equity Securities	24,514,442	-	-	24,514,442
Total	<u>\$ 24,514,442</u>	<u>\$ 38,829,851</u>	<u>\$ -</u>	<u>63,344,293</u>
Local Agency Investment Pool*				1,104
Orange County Investment Pool*				9,314
Money Market Mutual Funds*				536,177
Held by Fiscal Agent:				
Money Market Mutual Funds*				19,989,646
Total Investment Portfolio				<u>\$ 83,880,534</u>

**Not subject to fair value measurement hierarchy.*

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 3: CAPITAL ASSETS

Changes in capital assets during the fiscal year ended June 30, 2023 were as follows:

	Balance July 1, 2022	Adjustments	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets, not being depreciated/amortized						
Land	\$ 11,225,090	\$ -	\$ -	\$ -	\$ -	\$ 11,225,090
Construction-in-Progress	30,309,637	(2,045,257)	20,264,620	-	(5,348,287)	43,180,713
Total capital assets, not being depreciated/amortized	41,534,727	(2,045,257)	20,264,620	-	(5,348,287)	54,405,803
Capital assets, being depreciated/amortized						
Land Improvements	2,271,761	-	-	-	12,754	2,284,515
Building and Improvements	9,762,156	-	-	-	111,428	9,873,584
Machinery and Equipment	5,685,513	-	-	-	105,225	5,790,738
Transmission and Distribution System	106,759,303	-	-	(541,383)	5,118,880	111,336,800
Reservoirs	29,176,525	-	-	-	-	29,176,525
Wells and Plumping Plant	22,850,025	-	-	-	-	22,850,025
Metering Stations	1,225,758	-	-	-	-	1,225,758
Intangible Assets	3,677,135	-	-	-	-	3,677,135
Right-to-Use Assets - Machinery and Equipment	381,724	-	56,272	-	-	437,996
Right-to-Use Assets - Subscriptions	-	1,576,938	735,469	-	-	2,312,407
Control Systems	5,074,242	-	-	-	-	5,074,242
Mesa Water Reliability Facility	31,321,756	-	-	-	-	31,321,756
Total capital assets, being depreciated/amortized	218,185,898	1,576,938	791,741	(541,383)	5,348,287	225,361,481
Less accumulated depreciation/amortization						
Land Improvements	(882,425)	-	(104,529)	-	-	(986,954)
Building and Improvements	(3,024,679)	-	(366,090)	-	-	(3,390,769)
Machinery and Equipment	(4,075,066)	-	(436,547)	-	-	(4,511,613)
Transmission and Distribution System	(48,275,196)	-	(1,978,412)	485,080	-	(49,768,528)
Reservoirs	(13,044,318)	-	(477,896)	-	-	(13,522,214)
Wells and Plumping Plant	(4,968,984)	-	(463,718)	-	-	(5,432,702)
Metering Stations	(429,515)	-	(24,515)	-	-	(454,030)
Intangible Assets	(2,666,661)	-	(392,759)	-	-	(3,059,420)
Right-to-Use Assets - Machinery and Equipment	(83,086)	-	(121,139)	-	-	(204,225)
Right-to-Use Assets - Subscriptions	-	-	(749,211)	-	-	(749,211)
Control Systems	(3,904,831)	-	(232,523)	-	-	(4,137,354)
Mesa Water Reliability Facility	(20,116,791)	-	(1,309,978)	-	-	(21,426,769)
Total accumulated depreciation/amortization	(101,471,552)	-	(6,657,317)	485,080	-	(107,643,789)
Total capital assets, being depreciated/amortized, net	116,714,346	1,576,938	(5,865,576)	(56,303)	5,348,287	117,717,692
Total capital assets	\$ 158,249,073	\$ (468,319)	\$ 14,399,044	\$ (56,303)	\$ -	\$ 172,123,495

NOTE 4: COMPENSATED ABSENCES

Compensated absences comprise of unpaid vacation which is accrued as earned. The changes in compensated absences balances during the fiscal years ended June 30, 2023, were as follows:

July 1, 2023	Earned	Taken	June 30, 2023	Current Portion
\$ 597,914	\$ 591,146	\$ 522,912	\$ 666,148	\$ 133,230

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description

The District has an agent multiple-employer defined benefit plan that provides postemployment health care benefits, including medical, dental, and vision benefits, to eligible employees and their dependents at retirement through the California Public Employees Medical and Hospital Care Act (PEMHCA).

The District elected to join PARS (OPEB Trust) as a means to fund the Annual Determined Contribution (ADC). The OPEB Trust issues a publicly available financial report for the fiduciary net position that is available upon request. The plan itself does not issue a separate financial report.

The District is required to pay the PEMCHA minimum (\$149/month in 2023) for each CalPERS retiree who is enrolled in CalPERS medical insurance for whom the District was their employer.

The following requirements must be satisfied in order to be eligible for postemployment medical, dental, and vision benefits: (1) attainment of age 55, and (2) 11 years of full-time service, and (3) retirement from the District (the District must be the last employer prior to retirement). For qualifying participants enrolled in a CalPERS medical plan, their District benefit includes the PEMHCA minimum.

Spouses at the time of the employee’s retirement and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the District’s medical and dental programs. The ability to participate in the vision program is linked to participation in the medical program.

Employees Covered

As of the measurement date June 30, 2022, the following current and former employees were covered by the benefit terms under the plan:

	Measurement Date <u>June 30, 2022</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	33
Inactive Employees or Beneficiaries Entitled to But Not Yet Receiving Benefits	-
Active Employees	60
Total	<u>93</u>

Contributions

Benefit provisions and contribution requirements are established and may be amended by the Board of Directors through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of the OPEB plan are financed through investment earnings or paid directly by the District.

The annual contribution for the fiscal year ended June 30, 2023, was based on the actuarially determined contribution and pay-as-you-go basis (i.e. as medical insurance premiums become due), respectively. For the fiscal year ended June 30, 2023, the District paid \$70,509 for current premiums, the implied subsidy was \$34,484, and payments to the OPEB trust totaled \$110,000 for total contributions of \$214,993.

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Accounting for the Plan

The OPEB trust with PARS is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments with PARS are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

Fiduciary Net Position with PARS Trust

The PARS OPEB Trust (Trust) contains assets of 164 member agencies as of June 30, 2022. The Trust invests in various investment securities including U.S. Treasury Obligations, U.S. Government Agency Issues, Corporate Debt Issues, Foreign Debt Issues, Municipal Debt Issues, Money Market Mutual Funds, Equity Mutual Funds, Fixed Income Mutual Funds, Domestic Common Stocks, and Foreign Stocks.

Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust manages exposure to interest rate risk by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations. Investments in the Trust mature as of June 30, 2022, as follows: 1% in one year or less, 5% in two to five years, 8% in five to ten years, 9% in more than 10 years.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust investments are rated by Standard and Poor's or Moody's as of June 30, 2022, as follows: 6% are rated AAA; 1% are AA; 1% are A; 4% are BBB; 4% are exempt from ratings, and 90% are not rated.

Concentration of credit risk is the heightened risk of potential loss when investments are concentrated in one issuer. At June 30, 2022, the Trust had no investments concentrated in one issuer (other than mutual funds, U.S. Treasury obligations, and corporate debt securities) that exceeded 5% of the Trust's investments.

All of the Trust's cash deposits as of June 30, 2022 of \$71,308,658, which includes the balances of all 164 member agencies, are federally insured for up to \$250,000 by the Federal Deposit Insurance Corporation. Deposits in excess of the federally insured amount are subject to custodial credit risk, which is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits.

Net OPEB Liability (Asset)

For the fiscal year ended June 30, 2023, the District's net OPEB liability (asset) was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021, rolled forward using standard update procedures to June 30, 2022. A summary of the principal assumptions and methods used to determine the net OPEB liability (asset) are shown below.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Actuarial Assumptions

The net OPEB liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry age normal, level percentage of payroll
Asset Valuation Method	Fair value
Actuarial assumptions:	
Discount rate	6.50%
Long-Term Expected Rate of Return on Investments	6.50%
General Inflation	2.30%
Medical Trend	Non-Medicare: 5.50% for 2023, decreasing to an ultimate rate of 4.04% by 2075 Medicare: 5.30% for 2023, decreasing gradually to an ultimate rate of 4.04% by 2075
Mortality	CalPERS Experience Study published in November 2021
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

The long-term expected rates of return are GovInvest’s estimates and are presented as geometric means developed over a 20-year period. The long-term expected real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of the fiscal year ended June 30, 2022, are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
PARS OPEB Trust:		
Global Equity	73.00%	4.38%
Fixed Income	20.00%	1.12%
Real Estate Investment Trusts	2.00%	3.54%
Cash	5.00%	-0.45%
Total	<u>100.00%</u>	
Assumed Long-Term Rate of Inflation		2.30%
Expected Long-Term Net Rate of return, Rounded		6.50%

Discount Rate

The discount rate used to measure the net OPEB liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed District contributions would result in sufficient plan assets to pay all benefits from the trust. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the OPEB trust was applied to all periods of the projected benefits payments to determine the total OPEB liability (asset).

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Changes in the Net OPEB Liability (Asset)

The changes in the net OPEB liability (asset) for the year ended June 30, 2023 are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2021 (Measurement Date)	\$ 1,583,438	\$ 2,050,739	\$ (467,301)
Changes in the Year:			
Service Cost	60,303	-	60,303
Interest on the Total OPEB Liability	107,423	-	107,423
Changes in Assumptions	43,149	-	43,149
Difference between expected and actual experience	(11,907)	-	(11,907)
Contributions - Employer	-	216,320	(216,320)
Net Investment Income	-	(313,411)	313,411
Benefit Payments	(106,320)	(106,320)	-
Administrative Expenses	-	(9,797)	9,797
Net Changes	92,648	(213,208)	305,856
Balance at June 30, 2022 (Measurement Date)	\$ 1,676,086	\$ 1,837,531	\$ (161,445)

Change of Assumptions

All actuarial methods and assumptions used in this year's roll-forward report are the same as those used in the Mesa Water District GASB 75 Disclosures for fiscal year ending June 30, 2022, except as noted below.

Single Equivalent Discount Rate (SEDR) has been reduced from 6.75% as of June 30, 2021 to 6.50% as of June 30, 2022 based on the updated expected rate of return of the Trust, which caused a decrease in the liability. Second year health care trend rates have been updated to reflect actual premium increases from 2022 to 2023 as shown below, which caused a decrease in the liability.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Plan's Net OPEB Liability (Asset) as of the Fiscal Year Ended June 30, 2023	\$ 31,427	\$ (161,445)	\$ (323,570)

Sensitivity of the Net OPEB Liability (Asset) to Changes in Medical Trend Rates

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using medical trend rates that are 1-percentage point lower or 1-percentage point higher than the current medical trend rate:

	4.50% (Non-Medicare) and 4.30% (Medicare) Decreasing to 3.04% in 2075	5.50% (Non-Medicare) and 5.30% (Medicare) Decreasing to 4.04% in 2075	6.50% (Non-Medicare) and 6.3% (Medicare) Decreasing to 5.04% in 2075
Plan's Net OPEB Liability (Asset) as of the Fiscal Year Ended June 30, 2023	\$ (341,380)	\$ (161,445)	\$ 57,299

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$31,443.

As of the year ended June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 214,993	\$ -
Difference between actual and expected experience	-	(261,585)
Change in assumptions	58,064	(134,394)
Net difference between projected and actual earnings on pension plan investments	150,146	-
Total	<u>\$ 423,203</u>	<u>\$ (395,979)</u>

The \$214,993 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the fiscal year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2024	\$ (60,591)
2025	(61,747)
2026	(75,845)
2027	45,171
2028	(39,221)
Thereafter	4,464
Total	<u>\$ (187,769)</u>

NOTE 6: LONG-TERM DEBT

The following amounts of debt were outstanding June 30, 2023:

	Balance at June 30, 2022	Additions	Repayments	Balance at June 30, 2023	Amount Due in One Year
2017 Series COPs	\$ 16,930,000	\$ -	\$ (3,385,000)	\$ 13,545,000	\$ 3,605,000
Plus: Unamortized Premium	2,704,603	-	(569,390)	2,135,213	-
Subtotal 2017 COPs	<u>19,634,603</u>	<u>-</u>	<u>(3,954,390)</u>	<u>15,680,213</u>	<u>3,605,000</u>
2020 Series COPs	55,985,000	-	-	55,985,000	-
Plus: Unamortized Premium	13,343,699	-	(481,577)	12,862,122	-
Subtotal 2020 COPs	<u>69,328,699</u>	<u>-</u>	<u>(481,577)</u>	<u>68,847,122</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 88,963,302</u>	<u>\$ -</u>	<u>\$ (4,435,967)</u>	<u>\$ 84,527,335</u>	<u>\$ 3,605,000</u>

NOTE 6: LONG-TERM DEBT (CONTINUED)

2017 Revenue Certificates of Participation

On June 19, 2017, the District issued \$29,295,000 of 2017 Revenue Certificates of Participation (COPs). The issuance proceeds were used to refund the 2010 COPs and to finance the purchase of two wells in order to increase the pumping capacity of the District. The COPs were issued at a premium of \$5,551,554 which will be amortized by \$42,263 per month over the life of the debt service, which is 10 years. Principal is payable on March 15th of each year and interest payments are payable on March 15th and September 15th each year, commencing September 15, 2017 with an interest rate of 5.0%. The COPs are scheduled to mature on March 15, 2027.

As a result of the refunding, the 2010 COPs are considered to be in substance defeased, and the related liabilities have been removed from the District's financial statements.

Future annual debt service requirements on the 2017 COPs are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 3,605,000	\$ 677,250	\$ 4,282,250
2025	3,835,000	497,000	4,332,000
2026	4,050,000	305,250	4,355,250
2027	2,055,000	102,750	2,157,750
Total	<u>\$ 13,545,000</u>	<u>\$ 1,582,250</u>	<u>\$ 15,127,250</u>

2020 Revenue Certificates of Participation

On June 2, 2020, the District issued \$55,985,000 of 2020 Revenue Certificates of Participation (COPs). The issuance proceeds were used to finance improvements to the District Water System, including but not limited to: (i) the construction of two new groundwater production wells to increase groundwater production capacity, (ii) the rehabilitation of two reservoirs currently in operation, (iii) the development and construction of an outreach center at the Mesa Water Reliability Facility (MWRF), (iv) the rehabilitation and/or abandonment of nine large vaults, and (v) the scheduled annual replacements of hydrants, vales and meters. The COPs were issued at a premium of \$14,346,984 which will be amortized over the life of the debt service, which is approximately 30 years. Principal is payable on March 15th of each year and interest payments are payable on March 15th and September 15th each year, commencing September 15, 2020 with interest rates ranging from of 3.0% to 5.0%. The COPs are scheduled to mature on March 15, 2050.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 6: LONG-TERM DEBT (CONTINUED)

Future annual debt service requirements on the 2020 COPs are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ -	\$ 2,566,200	\$ 2,566,200
2025	-	2,566,200	2,566,200
2026	-	2,566,200	2,566,200
2027	-	2,566,200	2,566,200
2028	1,410,000	2,566,200	3,976,200
2029-2033	8,190,000	11,699,000	19,889,000
2034-2038	10,455,000	9,436,250	19,891,250
2039-2043	12,830,000	7,060,850	19,890,850
2044-2048	15,700,000	4,185,800	19,885,800
2049-2050	7,400,000	559,500	7,959,500
Total	<u>\$ 55,985,000</u>	<u>\$ 45,772,400</u>	<u>\$ 101,757,400</u>

Pledged Revenues

The 2017 and 2020 Certificates of Participation are secured by a pledge of net revenues from the operation of the enterprise. The District has covenanted that it will set charges which will be sufficient to provide net revenues equal to at least 125% of the aggregate amount of annual debt service of the District. For the year ended June 30, 2023, the District reported net revenues of \$16,278,208 and debt service of \$6,797,700, which is 239%.

NOTE 7: LEASES

The District implemented GASB Statement No. 87 in the fiscal year ended June 30, 2022. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Lease Payable and Right to Use Lease Assets

During the current and prior fiscal years, the District entered into various lease agreement as lessee for the acquisition and use of vehicles and equipment as detailed below.

As of July 1, 2021, the District entered into a 48-month lease for the use of a Mailing System. An initial lease liability was recorded in the amount of \$13,166. As of June 30, 2023, the value of the lease liability is \$6,609. The District is required to make quarterly fixed payments of \$831. The lease has an interest rate of 0.5214%. The value of the right to use asset as of June 30, 2023 is \$13,166 with accumulated amortization of \$6,551.

As of July 1, 2021, the District entered into a 27-month lease for the use of a 2020 Ford Explorer. An initial lease liability was recorded in the amount of \$12,252. As of June 30, 2023, the value of the lease liability is \$1,759. The District is required to make monthly fixed payments of \$474. The lease has an interest rate of 0.4740%. The value of the right to use asset as of June 30, 2023 is \$12,784 with accumulated amortization of \$11,336.

As of July 1, 2021, the District entered into a 36-month lease for the use of a 2019 Ford Escape. An initial lease liability was recorded in the amount of \$16,642. As of June 30, 2023, the value of the lease liability is \$5,571. The District is required to make monthly fixed payments of \$498. The lease has an interest rate of 0.4740%. The value of the right to use asset as of June 30, 2023 is \$16,671 with accumulated amortization of \$11,114.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 7: LEASES (CONTINUED)

As of July 1, 2021, the District entered into a 48-month lease for the use of a copiers with Canon Financial. An initial lease liability was recorded in the amount of \$94,997. As of June 30, 2023, the value of the lease liability is \$47,743. The District is required to make monthly fixed payments of \$2,001. The lease has an interest rate of 0.5610%. The value of the right to use asset as of June 30, 2023 is \$94,997 with accumulated amortization of \$47,499.

On December 2, 2021, the District entered into a 36-month lease for the use of phone system equipment. An initial lease liability was recorded in the amount of \$234,715. As of June 30, 2023, the value of the lease liability is \$111,464. The District is required to make monthly fixed payments of \$6,596. The lease has an interest rate of 0.7980%. The value of the right to use asset as of June 30, 2023 is \$234,715 with accumulated amortization of \$123,775.

On April 26, 2023, the District entered into a 36 month lease as Lessee for the use of a 2023 Kia Telluride. An initial lease liability was recorded in the amount of \$59,272. As of June 30, 2023, the value of the lease liability is \$57,409. The District is required to make monthly fixed payments of \$964. The lease has an interest rate of 6.5619%. The value of the right to use asset as of June 30, 2023 of \$65,663 with accumulated amortization of \$3,950.

Leases payable include the following as of June 30, 2023:

Asset Class	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023	Short-term Portion
Equipment	\$ 270,691	\$ -	\$ 104,875	\$ 165,816	\$ 102,105
Vehicles	18,132	59,663	13,056	64,739	18,919
Total Leases Payable	<u>\$ 288,823</u>	<u>\$ 59,663</u>	<u>\$ 117,931</u>	<u>\$ 230,555</u>	<u>\$ 121,024</u>

The future principal and interest lease payments as of June 30, 2023, were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 121,024	\$ 4,381	\$ 125,405
2025	68,753	3,133	71,886
2026	40,778	2,046	42,824
Total	<u>\$ 230,555</u>	<u>\$ 9,560</u>	<u>\$ 240,115</u>

NOTE 8: SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 8: SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

Subscription Liability and Subscription Assets

During the current and prior fiscal years, the District entered into various subscription contracts as detailed below.

On July 1, 2022, the District entered into a 30-month subscription for the use of Amazon Web Services (AWS). An initial subscription liability was recorded in the amount of \$292,293. As of June 30, 2023, the value of the subscription liability is \$177,135. The District is required to make monthly fixed payments of \$10,000. The subscription has an interest rate of 2.0377%. The value of the right to use asset as of June 30, 2023 of \$1,349,800 with accumulated amortization of \$527,609. The District had a termination period of 1 month as of the subscription commencement.

On July 1, 2022, District entered into a 26-month subscription for the use of Trace3 - Okta. An initial subscription liability was recorded in the amount of \$25,273. As of June 30, 2023, the value of the subscription liability is \$12,558. The District is required to make annual fixed payments of \$12,796. The subscription has an interest rate of 1.8937%. The value of the right to use asset as of June 30, 2023 of \$191,571 with accumulated amortization of \$88,417.

On July 1, 2022, the District entered into a 30-month subscription for the use of Microsoft Volume Licensing. An initial subscription liability was recorded in the amount of \$35,567. As of June 30, 2023, the value of the subscription liability is \$17,800. The District is required to make annual fixed payments of \$18,163. The subscription has an interest rate of 2.0377%. The value of the right to use asset as of June 30, 2023 of \$35,567 with accumulated amortization of \$13,963. The District has one extension option of 36 months.

On September 5, 2022, the District entered into a 60-month subscription for the use of Microsoft O365 Teams Hosted Services. An initial subscription liability was recorded in the amount of \$381,107. As of June 30, 2023, the value of the subscription liability is \$314,107. The District is required to make annual fixed payments of \$67,000. The subscription has an interest rate of 2.1857%. The value of the right to use asset as of June 30, 2023 of \$735,469 with accumulated amortization of \$119,222. The District had a termination period of 1 month as of the subscription commencement.

Subscription liability include the following as of June 30, 2023:

<u>Asset Class</u>	<u>Balance as of July 1, 2022</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2023</u>	<u>Short-term Portion</u>
Software Subscription	\$ -	\$ 353,133	\$ 381,107	\$ 212,640	\$ 521,600	\$ 207,983

The future principal and interest payments as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 207,983	\$ 9,976	\$ 217,959
2025	121,094	5,906	127,000
2026	62,792	4,208	67,000
2027	64,165	2,836	67,001
2028	65,566	1,433	66,999
Total	\$ 521,600	\$ 24,359	\$ 545,959

NOTE 9: DEFERRED COMPENSATION PROGRAM

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. The District is not required to make any contributions to this Program. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

NOTE 10: 401(A) DEFINED CONTRIBUTION PLAN AND TERMINATED RETIREE HEALTH SAVINGS PLAN

Plan Prior to January 1, 2017

For the benefit of its employees, the District participated in a Retiree Health Savings Plan (RHSP). The purpose of the RHSP was to provide supplementary health care benefits to the District's executive management. Prior to January 1, 2017, the District contributed \$15,000 per year for each member of the RHSP, which was automatically vested. No contributions were required of the participants. Members could withdraw funds at the normal retirement age of 55. Benefit terms, including contribution requirements, were established and could be amended by the District's Board of Directors.

The District is no longer making contributions to this plan since it was terminated on January 1, 2017 and replaced with a 401(a) plan as noted below. After the termination date, the only additions consist of investment earnings.

These assets are held in trust for the exclusive benefit of the participants. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

Since the District has little administrative involvement and does not perform the investing function for the RHSP, the assets and related liabilities are not shown on the statement of net position.

Plan After January 1, 2017

On January 1, 2017, the District terminated the RHSP plan noted above and replaced this plan with a 401(a) single employer defined contribution pension plan for employees within the Management Group. Beginning in fiscal year 2023, the District expanded this program to all district employees resulting in an increase of contributions. The District contributes 3.5% of each participant's base salary each year subject to limitations by the federal code, which is automatically vested. No contributions are required of the plan participants. Members can withdraw funds at the normal retirement age of 55. Benefit terms, including contribution requirements, are established and may be amended by the District's Board of Directors.

For the year ended June 30, 2023, the District contributed \$235,479 to the 401(a) plan.

These assets are held in trust for the exclusive benefit of the participants. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

NOTE 11: DEFINED BENEFIT PENSION PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect as of the fiscal year ended June 30, 2023, are summarized as follows:

	Miscellaneous	
	Hire Date Prior to January 1, 2013	Hire Date on or After January 1, 2013
Benefit Formula	2% at Age 55	2% at Age 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 to 63	52 to 67
Monthly Benefits, as a Percent of Eligible Compensation	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates:	6.920%	7.250%
June 30, 2022:		
Required Employer Contribution Rates:		
Normal Cost Rate	11.610%	7.760%
Payment of Unfunded Liability	1,084,560	7,487

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

NOTE 11: DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the fiscal year ended June 30, 2023, the District made contributions of \$1,701,465.

Actuarial Methods and Assumptions used to determine Total Pension Liability

The total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability as of June 30, 2023. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service

(2) Derived using CalPERS' Membership Data for all Funds. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website

(3) Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long term expected rate of return, CalPERS took into account both short term and long term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short term and long term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 11: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The expected real rates of return by asset class for the fiscal year ended June 30, 2023 are as follows:

Asset Class	New Strategic Allocation	Real Return Years (a) (b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(a) An expected price inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for fiscal year ended June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a net pension liability for its proportionate share of the miscellaneous plan net pension liability of \$14,959,786.

The District's net pension liability for the Plan is measured as the proportionate share of the collective net pension liability. For the fiscal year ended June 30, 2023, the net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 11: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The District's proportionate share of the net pension liability for the Plan as of the measurement dates ended June 30, 2022 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2021	0.25802%
Proportion - June 30, 2022	0.25634%
Change - Increase (Decrease)	<u><u>-0.00168%</u></u>

For the years ended June 30, 2023, the District recognized a pension expense (income) of (\$400,722) for the Plan.

As the measurement period ending June 30, 2022, the District reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	<u>June 30, 2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,701,465	\$ -
Difference between actual and expected experience	300,422	(201,209)
Change in Assumptions	1,532,943	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	105,367	(906,995)
Net difference between projected and actual earnings on pension plan investments	2,740,235	-
Total	<u><u>\$ 6,380,432</u></u>	<u><u>\$ (1,108,204)</u></u>

The \$1,701,465 is reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 800,221
2025	704,000
2026	390,520
2027	1,676,022
Total	<u><u>\$ 3,570,763</u></u>

NOTE 11: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Plan's Net Pension Liability as of the Fiscal Year ended June 30, 2023	\$ 22,455,187	\$ 14,959,786	\$ 8,792,930

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2023, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

Additional Funding of the Pension Plan

In June 2017, the District approved the creation of a CalPERS defined benefit pension plan trust with PARS (Pension Trust). The PARS trust is legally restricted to providing benefits for members of the defined benefit pension plan. However, in accordance with GASB 68, the asset balance is not included in calculation of the net pension liability above.

The District made no contributions to the Pension Trust in the fiscal year ended June 30, 2023. Investment earnings of \$637,462, administrative expenses of \$5,469, and distributions of \$910,039 resulted in an asset balance of \$13,617,343 as of June 30, 2023.

NOTE 12: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. On June 30, 2023, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5 million. ACWA/JPIA purchases additional excess coverage layers: \$55 million for general, auto, and public official's liability which increases the limits on the insurance coverage noted above.
- Public employee dishonesty coverage up to \$3.0 million per loss and includes public employee dishonesty, forgery or alteration, computer fraud, and ERISA.
- Cyber liability coverage up to \$2,000,000 per occurrence and \$5,000,000 in aggregate.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis. ACWA/JPIA is self-insured for the first \$10,00,000 and purchases excess coverage up to \$500 million limited to insurable value of \$86,635,442.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 12: RISK MANAGEMENT (CONTINUED)

- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence limited to insurable value, subject to various deductibles depending on the type of equipment.
- Workers' Compensation Insurance up to California statutory limits for all work related injuries/illnesses covered by California law. ACWA/JPIA is self-insured to \$2 million has purchased excess insurance to the statutory limit.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ended June 30, 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no claims payable as of June 30, 2023.

The District is self-insured for earthquake property insurance through the MWRRC. In establishing reserves for losses and loss adjustment expenses, the MWRRC utilizes the findings of an independent consulting actuary. The principal estimate and analysis methods utilized by the MWRRC's actuary to evaluate the reserve estimates are the incurred and paid development methods, the incurred and paid Bornhuetter-Ferguson methods and the frequency severity method. As of June 30, 2023, no claims have been reported and therefore, management believes that no reserves for losses and loss adjustment expenses are required as of June 30, 2023.

NOTE 13: COMMITMENTS AND CONTINGENCIES

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

The following material construction commitments existed as of June 30, 2023:

<u>Project Title</u>	<u>Contract Amount</u>	<u>Expenditure to date as of June 30, 2023</u>	<u>Remaining Commitments</u>
Wilson & 1951 Cohort Pipeline Replacements	\$ 918,120	\$ 292,084	\$ 626,036
Reservoir 1 and 2 Pump Station Upgrades Project	1,400,518	8,920	1,391,598
Chandler Avenue Well No. 12 and Croddy Way Well No. 14 Pipeline	4,332,196	3,440,340	891,856
Chandler Avenue Well No. 12 and Croddy Way Well No. 14 Well Equipping	14,272,500	13,073,303	1,199,197

NOTE 14: PRIOR PERIOD ADJUSTMENTS

A. Correction of an Error in Previously Issued Financial Statements (Column A)

During fiscal year 2023, the District discovered revenue from the Proposition 84 program that were incorrectly recognized during fiscal year 2023 that should have been recognized during fiscal year 2022. Due to this error, the fiscal year ended June 30, 2022 financial statements understated receivables and revenue by \$1,575,140.

During fiscal year 2023, the District discovered capital asset items totaling \$821,452 for various projects that were incorrectly capitalized. The project costs represent various noncapital project related items that should have been expensed in prior fiscal years.

The effect of correcting these errors are shown in column A of the table below.

MESA WATER DISTRICT
Notes to the Financial Statements
June 30, 2023

NOTE 14 PRIOR PERIOD ADJUSTMENTS (CONTINUED)

B. Change in Accounting Principle (Column B)

For fiscal year ended June 30, 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which established a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and a right-to-use subscription asset. The effect of the implementation of the change in accounting principle is shown below and is reflected in column B of the reconciliation table below.

\$ (1,223,805)	Remove software implementation costs from the beginning balance of construction in progress
1,576,938	Beginning balance of Right-to-Use Asset for Subscriptions
(353,133)	Beginning balance of Subscriptions Payable
<u>\$ -</u>	

C. Adjustments to and Restatements of Beginning Balances

During fiscal year 2023, changes to or within the financial reporting entity, an error correction, and the change in accounting principle resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

June 30, 2022 As Previously Reported	(A) Error Correction	(B) Changes in Accounting Principle	June 30, 2022 As Restated
\$ 151,643,343	\$ 753,688	\$ -	\$ 152,397,031

NOTE 15: SUBSEQUENT EVENTS

The District evaluated subsequent events for recognition and disclosure through October 31, 2023, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023, that required recognition or disclosure in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MESA WATER DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
Cost-Sharing Multiple Employer Miscellaneous Plan
As of June 30, for the Last Ten Fiscal Years (1)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Proportion of the Net Pension Liability	0.25634%	0.25802%	0.29814%	0.28784%
Proportionate Share of the Net Pension Liability	\$ 14,959,786	\$ 7,395,983	\$ 12,575,902	\$ 11,526,367
Covered Payroll	6,076,826	5,786,754	5,167,801	4,731,286
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	246.18%	127.81%	243.35%	243.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.68%	85.64%	74.81%	75.26%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes of Assumptions:

There were no significant changes in assumptions.

(1) Historical information is required only for measurement years for which GASB Statement 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only nine years are shown.

<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
0.27773%	0.26976%	0.26051%	0.24319%	0.25558%
\$ 10,466,745	\$ 10,633,962	\$ 9,049,658	\$ 6,671,898	\$ 6,316,538
4,788,239	4,880,332	4,641,846	4,124,923	5,360,103
218.59%	217.89%	194.96%	161.75%	117.84%
75.26%	73.31%	74.06%	82.72%	83.03%

MESA WATER DISTRICT
Schedule of Plan Contributions - Pension
Cost-Sharing Multiple Employer Miscellaneous Plan
As of June 30, for the Last Ten Fiscal Years (1)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Actuarially Determined Contribution	\$ 1,701,465	\$ 1,539,987	\$ 1,376,783	\$ 1,189,823
Contribution in Relation to the Actuarially Determined Contribution	<u>(1,701,465)</u>	<u>(1,539,987)</u>	<u>(1,376,783)</u>	<u>(1,189,823)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 6,274,765	\$ 6,076,826	\$ 5,786,754	\$ 5,167,801
Contributions as a Percentage of Covered Payroll	27.12%	25.34%	23.79%	23.02%

(1) Historical information is required only for measurement years for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only nine years are shown.

Notes to Schedule:

Valuation Date:	June 30, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry age normal cost method
Amortization method	Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing.
Remaining amortization periods	Differs by employer rate plan but not more than 28 years
Asset valuation method	Market value of assets
Inflation	2.50%
Projected Salary Increases	Varies by category, entry age, and service
Investment Rate of Return	7.0% (net of investment and administrative expenses)
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
\$ 974,972	\$ 838,463	\$ 766,997	\$ 693,154	\$ 510,456
<u>(974,972)</u>	<u>(838,463)</u>	<u>(766,997)</u>	<u>(693,154)</u>	<u>(510,456)</u>
<u>\$ -</u>				
\$ 4,731,286	\$ 4,788,239	\$ 4,880,332	\$ 4,641,846	\$ 4,124,923
20.61%	17.51%	15.72%	14.93%	12.37%

MESA WATER DISTRICT
Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios
As of June 30, For the Last Ten Fiscal Years (1)

Fiscal Year	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability						
Service cost	\$ 60,303	\$ 71,669	\$ 72,849	\$ 79,816	\$ 77,491	\$ 75,234
Interest on the total OPEB liability	107,423	122,126	118,050	131,954	124,626	117,658
Differences between expected and actual experience	(11,907)	(129,956)	-	(363,133)	-	-
Changes in assumptions	43,149	(163,499)	(29,495)	48,279	-	-
Benefit payments	(106,320)	(107,255)	(94,212)	(97,603)	(94,147)	(89,724)
Net change in total OPEB liability	92,648	(206,915)	67,192	(200,687)	107,970	103,168
Total OPEB liability - beginning	1,583,438	1,790,353	1,723,161	1,923,848	1,815,878	1,712,710
Total OPEB liability - ending (a)	1,676,086	1,583,438	1,790,353	1,723,161	1,923,848	1,815,878
Plan Fiduciary Net Position						
Contribution - employer	216,320	217,255	210,656	103,882	100,236	339,724
Net investment income	(313,411)	506,327	23,764	77,659	109,377	135,762
Benefit payments	(106,320)	(107,255)	(94,212)	(97,603)	(94,147)	(89,724)
Administrative expense	(9,797)	(8,411)	(9,697)	(9,215)	(9,121)	(6,367)
Net change in plan fiduciary net position	(213,208)	607,916	130,511	74,723	106,345	379,395
Plan fiduciary net position - beginning	2,050,739	1,442,823	1,312,312	1,237,589	1,131,244	751,849
Plan fiduciary net position - ending (b)	\$ 1,837,531	\$ 2,050,739	\$ 1,442,823	\$ 1,312,312	\$ 1,237,589	\$ 1,131,244
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ (161,445)	\$ (467,301)	\$ 347,530	\$ 410,849	\$ 686,259	\$ 684,634
Plan fiduciary net position as a percentage of the total OPEB liability	109.63%	129.51%	80.59%	76.16%	64.33%	62.30%
Covered-employee payroll	\$ 5,877,251	\$ 5,786,754	\$ 5,167,801	\$ 4,737,491	\$ 4,788,239	\$ 4,798,000
Net OPEB liability as a percentage of covered-employee payroll	-2.75%	-8.08%	6.72%	8.67%	14.33%	14.27%

(1) Historical information is required only for the measurement periods for which GASB Statement 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Benefit changes:

There were no changes in benefits

Changes in assumptions:

All actuarial methods and assumptions used in this year's roll-forward report are the same as those used in the Mesa Water District GASB 75, except as noted below.

The following assumptions have been updated since the prior valuation:

- Single Equivalent Discount Rate (SEDR) has been reduced from 6.75% as of June 30, 2021 to 6.50% as of June 30, 2022 based on the updated expected rate of return of the Trust, which caused a decrease in the liability.
- Second year health care trend rates have been updated to reflect actual premium increases from 2022 to 2023 as shown below, which caused a decrease in the liability.

Periods	Active	Retirees
Non-Medicare	8.50%	10.90%
Medicare	6.50%	5.60%

MESA WATER DISTRICT
Schedule of Plan Contributions - OPEB
As of June 30, for the Last Ten Fiscal Years (1)

Fiscal Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially Determined Contribution	\$ 52,111	\$ 122,916	\$ 119,039	\$ 115,302	\$ 147,000	\$ 143,000
Contribution in Relation to the Actuarially Determined Contributions	(214,993)	(216,320)	(217,769)	(210,656)	(103,882)	(98,000)
Contribution Deficiency (Excess)	<u>\$ (162,882)</u>	<u>\$ (93,404)</u>	<u>\$ (98,730)</u>	<u>\$ (95,354)</u>	<u>\$ 43,118</u>	<u>\$ 45,000</u>
Covered-employee payroll	\$ 5,714,915	\$ 5,877,251	\$ 5,786,754	\$ 5,167,801	\$ 4,737,491	\$ 4,788,239
Contributions as a percentage of covered payroll	3.76%	3.68%	3.76%	4.08%	2.19%	2.05%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Methods and assumptions used to determine contributions:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay
Actuarial Assumptions:	
Discount Rate	6.50%
General Inflation	2.30%
Payroll Increases	2.8% wage inflation based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021
Healthcare trend rates	Based on 2021 Getzen model that reflects actual premium increases through 2023, followed by 5.50% non-Medicare / 5.30% Medicare in 2023, decreasing gradually to an ultimate rate of 4.04% by FYE
Mortality Factors	CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021

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SUPPLEMENTARY INFORMATION

MESA WATER DISTRICT
Certificates of Participation
Revenue Coverage
Year Ended June 30, 2023

	<u>2023</u>
Total Operating and Nonoperating Revenue and Capacity	
Installation Charges	\$ 45,442,070
Legal settlements available	2,070
Total Maintenance and Operating Expenses and	
Nonoperating Revenues - Investment Earnings (Loss)	<u>29,165,932</u>
Net Revenues	<u>\$ 16,278,208</u>
Certificates of Participation Annual Debt Service and all	
Other Parity Debt Constituting Obligations Payable from	
Net Revenues	<u>\$ 6,797,700</u>
Ratio of Net Revenues to Annual Debt Service and all Other	
Parity Debt Payable from Net Revenues	2.39

MESA WATER DISTRICT
Certificates of Participation
Reconciliation of Total Revenues and Total Expenses
Year Ended June 30, 2023

	<u>2023</u>
Revenues	
Operating Revenues	\$ 41,102,347
Nonoperating Revenues - Investment Earnings (Loss)	3,336,769
Capacity and Installation Charges	1,002,954
Legal settlements available	2,070
Total Revenues	<u>\$ 45,444,140</u>
Maintenance and Operating Expenses	
Operating Expenses Before Depreciation and Amortization	\$ 29,457,519
Nonoperating Expenses - Other Nonoperating, Net	844
Plus: Other Postemployment Benefits Noncash Activity	(292,431)
Total Maintenance Operating Expenses	<u>29,165,932</u>
Nonoperating Expenses:	
Interest Expense - Long-Term Debt	2,449,394
Less: Certificates of Participation Interest Paid and Noncash Amortization of Bond Defeasance and Premiums	<u>(2,449,394)</u>
Total Nonoperating Expenses	<u>-</u>
Total Expenses	<u>\$ 29,165,932</u>

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STATISTICAL INFORMATION SECTION

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STATISTICAL SECTION
DESCRIPTION OF SCHEDULES
June 30, 2023

This part of the District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant own- source revenue, water sales, and related expenses.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

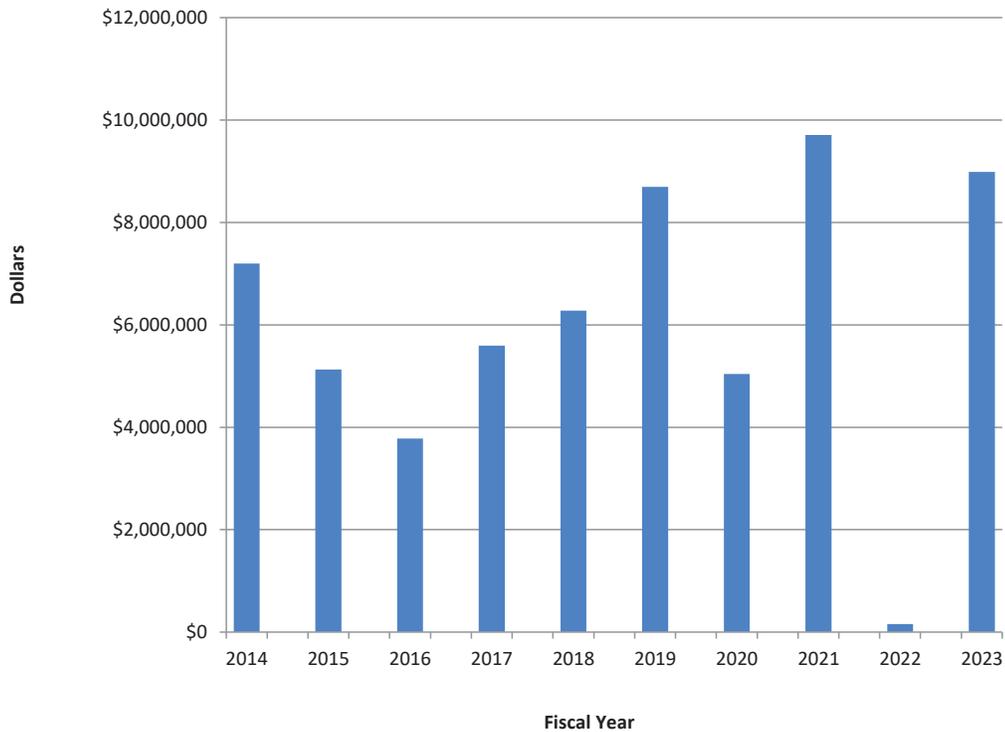
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides.

Mesa Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years
Schedule 1

	Fiscal Year			
	2014	2015	2016	2017
Changes in net position:				
Operating revenues (see schedule 2)	\$ 37,675,090	32,913,142	28,997,983	31,124,804
Operating expenses (see schedule 3)	(31,103,589)	(28,025,981)	(26,227,594)	(28,489,995)
Operating income(loss)	6,571,501	4,887,161	2,770,389	2,634,809
Net non-operating revenue(expense) (see schedule 4)	(1,142,788)	(889,936)	(2,009,000)	(1,382,150)
Net income(loss) before capital contributions	5,428,713	3,997,225	761,389	1,252,659
Capital contributions	1,771,171	2,552,466	3,016,356	4,340,361
Extraordinary Loss on Capital Assets Abandonment	-	-	-	-
Prior Period Adjustment	-	(1,418,737)	-	-
Changes in net position	\$ 7,199,884	5,130,954	3,777,745	5,593,020
Net position:				
Net Investment in capital assets	\$ 85,117,787	84,181,875	86,535,551	90,777,661
Restricted	-	-	-	-
Unrestricted	30,813,020	28,797,704	30,221,773	31,572,683
Total net position	\$ 115,930,807	112,979,579 *	116,757,324	122,350,344

* as restated.

Changes in Net Position

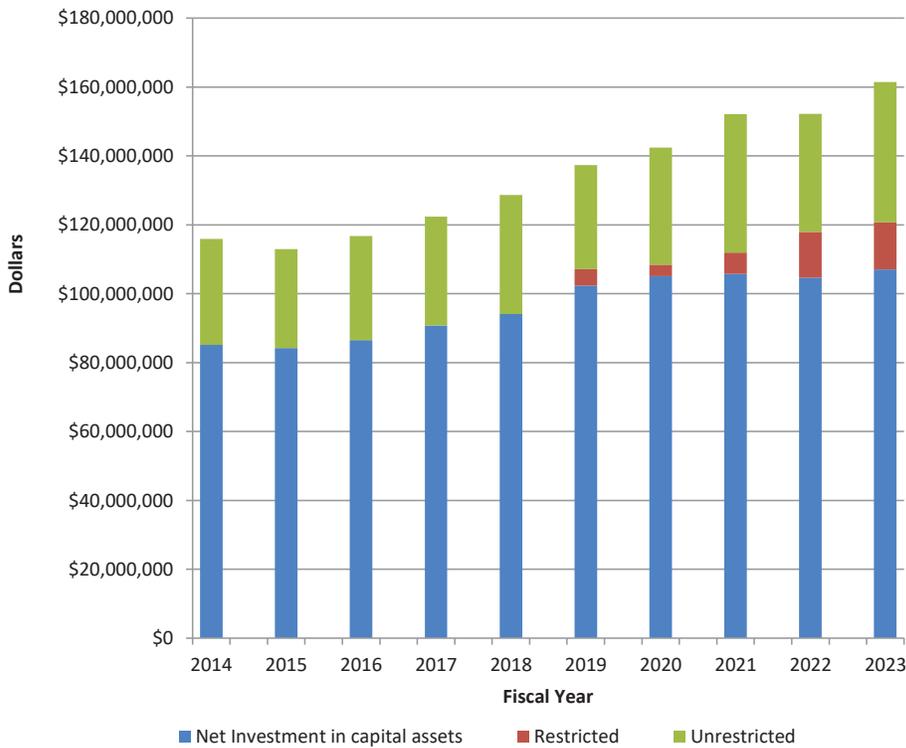


Source: Mesa Water District Audited Financial Statements.

Mesa Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years
Schedule 1, Continued

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
35,705,309	36,167,875	36,724,890	39,990,535	41,072,417	41,102,347
<u>(31,234,095)</u>	<u>(30,403,085)</u>	<u>(32,755,477)</u>	<u>(33,981,193)</u>	<u>(37,555,953)</u>	<u>(36,114,836)</u>
4,471,214	5,764,790	3,969,413	6,009,342	3,516,464	4,987,511
<u>(549,097)</u>	<u>1,014,748</u>	<u>(2,014,015)</u>	<u>1,607,134</u>	<u>(5,756,161)</u>	<u>832,298</u>
3,922,117	6,779,538	1,955,398	7,616,476	(2,239,697)	5,819,809
3,283,326	1,917,078	3,084,408	2,091,685	1,809,920	3,170,279
-	-	-	-	-	-
<u>(927,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>587,391</u>	<u>-</u>
<u>6,278,193</u>	<u>8,696,616</u>	<u>5,039,806</u>	<u>9,708,161</u>	<u>157,614</u>	<u>8,990,088</u>
94,096,310	102,275,574	105,042,348	105,770,707	104,657,953	107,060,089
-	4,814,662	3,383,344	6,139,421	13,277,537	13,617,343
<u>34,532,227</u>	<u>30,234,917</u>	<u>33,939,267</u>	<u>40,162,992</u>	<u>34,295,244</u>	<u>40,709,687</u>
<u>128,628,537</u>	<u>137,325,153</u>	<u>142,364,959</u>	<u>152,073,120</u>	<u>152,230,734</u> *	<u>161,387,119</u>

Net Position by Component



Mesa Water District
Historic Operating Results and Debt Service Coverage
Last Ten Fiscal Years
Schedule 1a

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Water Sales	\$24,639,988	\$24,034,254	\$21,357,269	\$23,261,150
Meter Service Charges	5,454,610	5,803,271	6,050,343	6,331,300
Pass-through Water Sales				
Governmental Agencies	\$4,035,580	-	-	-
Concessions from Governmental Agencies	1,238,000	968,138	-	-
Recycled Water Sales	1,698,506	1,397,919	1,056,481	971,796
Other Charges and Services	608,406	709,560	830,432	560,558
Capacity and Installation Charges	452,679	1,247,867	1,945,079	2,498,287
Investment Earnings	238,672	404,763	681,378	25,518
Legal Settlements	-	-	-	-
Total Revenues	<u>\$38,366,441</u>	<u>\$34,565,772</u>	<u>\$31,920,982</u>	<u>\$33,648,609</u>
Operation and Maintenance Costs				
Imported & Basin Managed Source of Supply	\$2,695,858	\$2,645,852	\$1,031,539	\$842,353
Transmission and Distribution	5,251,819	5,750,908	4,961,178	5,021,716
General and Administrative	6,320,500	7,380,985	7,900,124	8,184,895
Pass-through Water Purchases to				
Governmental Agencies	4,035,580	-	-	-
Total Clear Water Pumping	4,287,888	4,273,537	4,682,120	4,427,407
Total Amber Water Pumping	3,353,823	2,864,506	2,453,295	4,520,866
Recycled Water	470,767	436,560	496,582	572,549
In-lieu Source of Supply	-	-	-	-
Total Operating Expenses	<u>\$26,416,235</u>	<u>\$23,352,348</u>	<u>\$21,524,838</u>	<u>\$23,569,786</u>
Net Revenues	\$11,950,206	\$11,213,424	\$10,396,144	\$10,078,823
Senior Obligations	1,972,150	1,969,750	1,973,750	1,974,000
Senior Obligations Coverage	6.06	5.69	5.27	5.11
Revenues Available for Parity Obligations	\$9,978,056	\$9,243,674	\$8,422,394	\$8,104,823
Parity Obligations				
2010 Installment Payments	1,339,038	1,339,838	1,340,038	1,339,638
2020 Installment Payments	-	-	-	-
1991 OCWD Well Loan	97,324	-	-	-
1998 OCWD Well II Loan	352,239	-	-	-
1998 Wells IB and 10 Loan	147,207	-	-	-
Total Parity Obligations	<u>1,935,808</u>	<u>1,339,838</u>	<u>1,340,038</u>	<u>1,339,638</u>
Parity Obligations Coverage	5.15	6.90	6.29	6.05
Revenues Available for Capital Projects and Other Coverage	8,042,249	7,903,837	7,082,357	6,765,185

Source: Mesa Water District Audited Financial Statements.

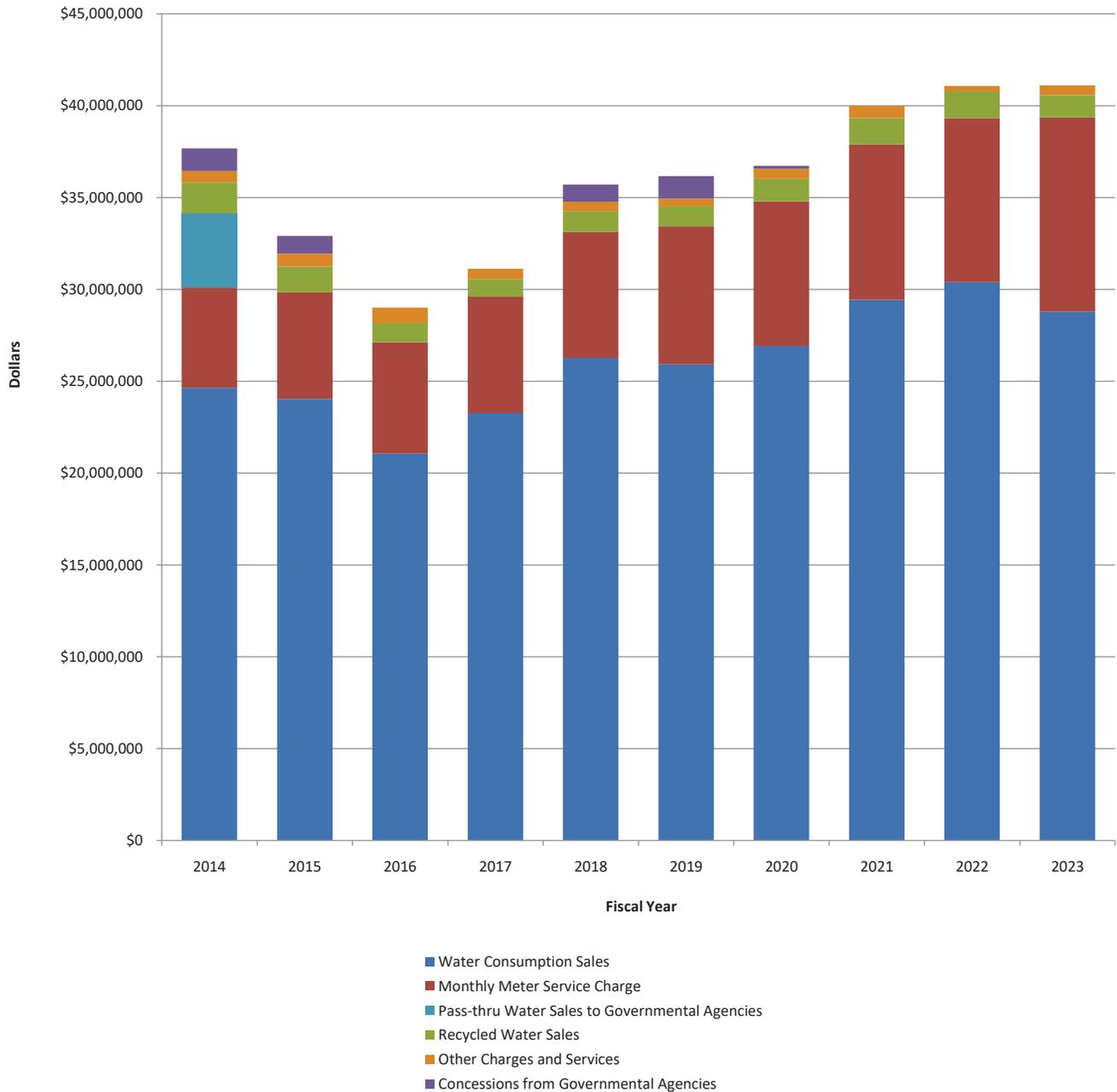
Mesa Water District
Historic Operating Results and Debt Service Coverage
Last Ten Fiscal Years
Schedule 1a, Continued

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$26,272,951	\$25,910,454	\$26,913,077	\$29,431,505	\$30,400,094	\$28,790,095
6,838,600	7,511,575	7,870,740	8,464,262	8,913,788	10,565,861
-	-	-	-	-	-
933,937	1,226,127	163,691	-	-	-
1,137,748	1,119,273	1,250,605	1,428,840	1,470,021	1,208,355
522,073	400,446	526,777	665,928	288,514	538,036
1,912,740	860,855	1,297,240	473,316	276,876	1,002,954
535,930	1,872,020	1,255,743	4,367,631	(1,671,629)	3,336,769
-	-	-	-	968,055	0
\$38,153,979	\$38,900,750	\$39,277,873	\$44,831,482	\$40,645,719	\$45,442,070
\$2,405,315	\$2,996,819	896,268	399,269	413,434	337,578
6,132,007	5,479,178	6,020,490	7,360,850	8,432,923	7,456,875
7,978,006	7,589,724	9,270,384	8,959,171	10,258,188	9,388,504
-	-	-	-	-	-
2,776,268	5,453,136	6,760,158	7,569,448	7,895,494	8,840,948
3,134,554	2,970,494	3,158,924	3,191,073	3,501,950	2,540,434
629,455	758,122	861,521	1,009,398	920,277	727,510
3,168,477	-	270,406	-	-	-
\$26,224,082	\$25,247,473	\$27,238,151	\$28,489,209	\$31,422,266	\$29,291,849
\$11,929,897	\$13,653,277	\$12,039,722	\$16,342,273	\$9,223,453	\$16,150,221
1,899,150	4,028,500	4,078,250	4,129,000	4,180,250	4,231,500
6.28	3.39	2.95	3.96	2.21	3.82
\$10,030,747	\$9,624,777	\$7,961,472	\$12,213,273	\$5,043,203	\$11,918,721
-	-	-	-	-	-
-	-	-	2,010,190	2,566,200	2,566,200
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,010,190	2,566,200	2,566,200
N/A	N/A	N/A	6.08	1.97	4.64
10,030,747	9,624,777	7,961,472	10,203,083	2,477,003	9,352,521

Source: Mesa Water District Audited Financial Statements.

**Mesa Water District
Operating Revenues By Source
Last Ten Fiscal Years
Schedule 2**

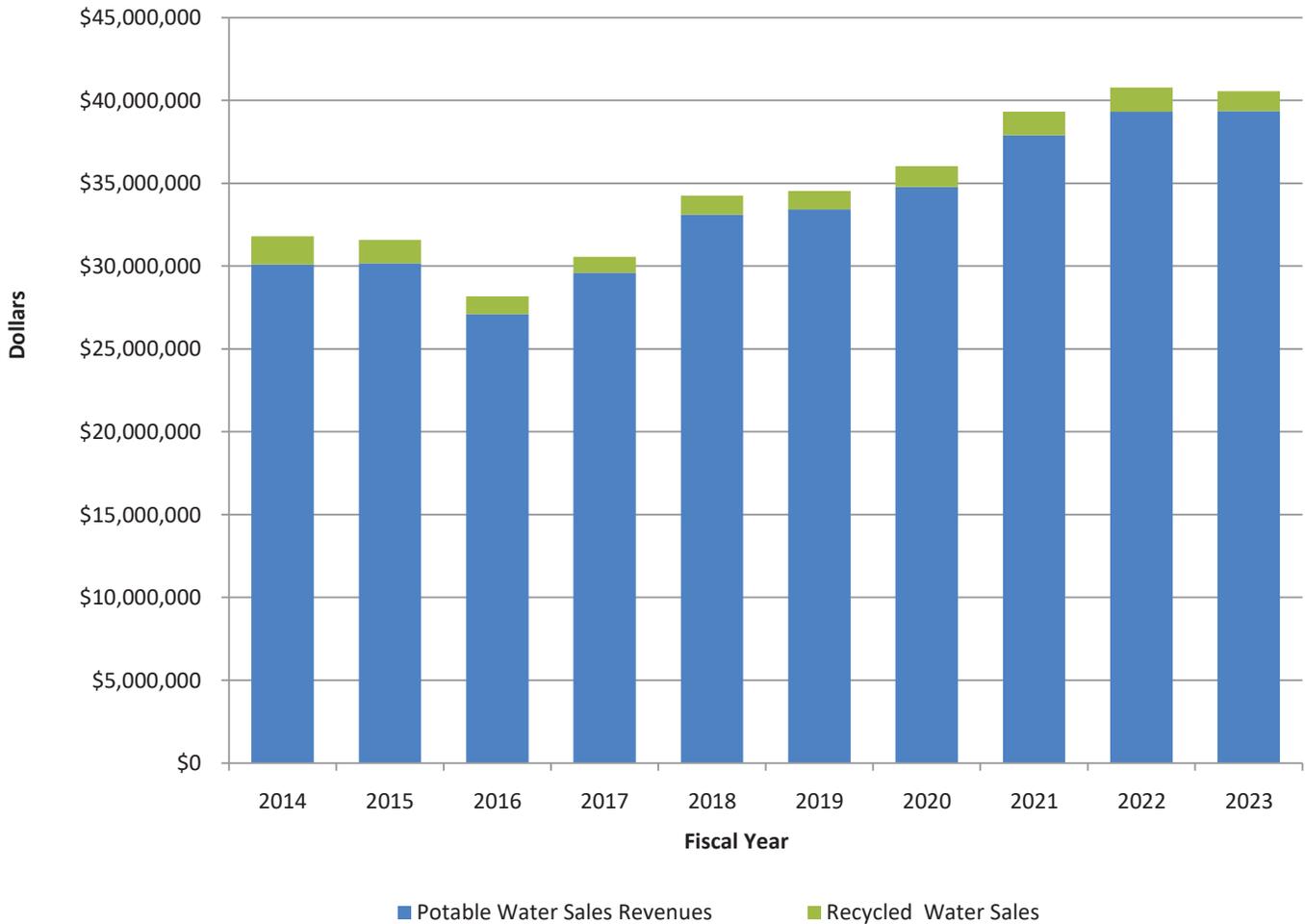
Fiscal Year	Water Consumption Sales	Monthly Meter Service Charge	Pass-thru Water Sales to Governmental Agencies	Recycled Water Sales	Other Charges and Services	Concessions from Governmental Agencies	Total Operating Revenues
2014	24,639,988	5,454,610	4,035,580	1,698,506	608,406	1,238,000	37,675,090
2015	24,034,254	5,803,271	-	1,397,919	709,560	968,138	32,913,142
2016	21,060,727	6,050,343	-	1,056,481	830,432	-	28,997,983
2017	23,261,150	6,331,300	-	971,796	560,558	-	31,124,804
2018	26,272,951	6,838,600	-	1,137,748	522,073	933,937	35,705,309
2019	25,910,454	7,511,575	-	1,119,273	400,446	1,226,127	36,167,875
2020	26,913,077	7,870,740	-	1,250,605	526,777	163,691	36,724,890
2021	29,431,505	8,464,262	-	1,428,840	665,928	-	39,990,535
2022	30,400,094	8,913,788	-	1,470,021	288,514	-	41,072,417
2023	28,790,095	10,565,861	-	1,208,355	538,036	-	41,102,347



Source: Mesa Water District Audited Financial Statements.

**Mesa Water District
Historic Water Sales Revenues¹
Last Ten Fiscal Years
Schedule 2a**

Fiscal Year	Potable Water Sales Revenues²	Recycled Water Sales	Total	Increase (Decrease)
2014	30,094,598	1,698,506	31,793,104	7.3%
2015	30,174,271	1,397,919	31,572,190	-0.7%
2016	27,111,070	1,056,481	28,167,551	-10.8%
2017	29,592,450	971,796	30,564,246	8.5%
2018	33,111,551	1,137,748	34,249,299	12.1%
2019	33,422,029	1,119,273	34,541,302	0.9%
2020	34,783,817	1,250,605	36,034,422	4.3%
2021	37,895,767	1,428,840	39,324,607	9.1%
2022	39,313,882	1,470,021	40,783,903	3.7%
2023	39,355,956	1,208,355	40,564,311	-0.5%



Notes:

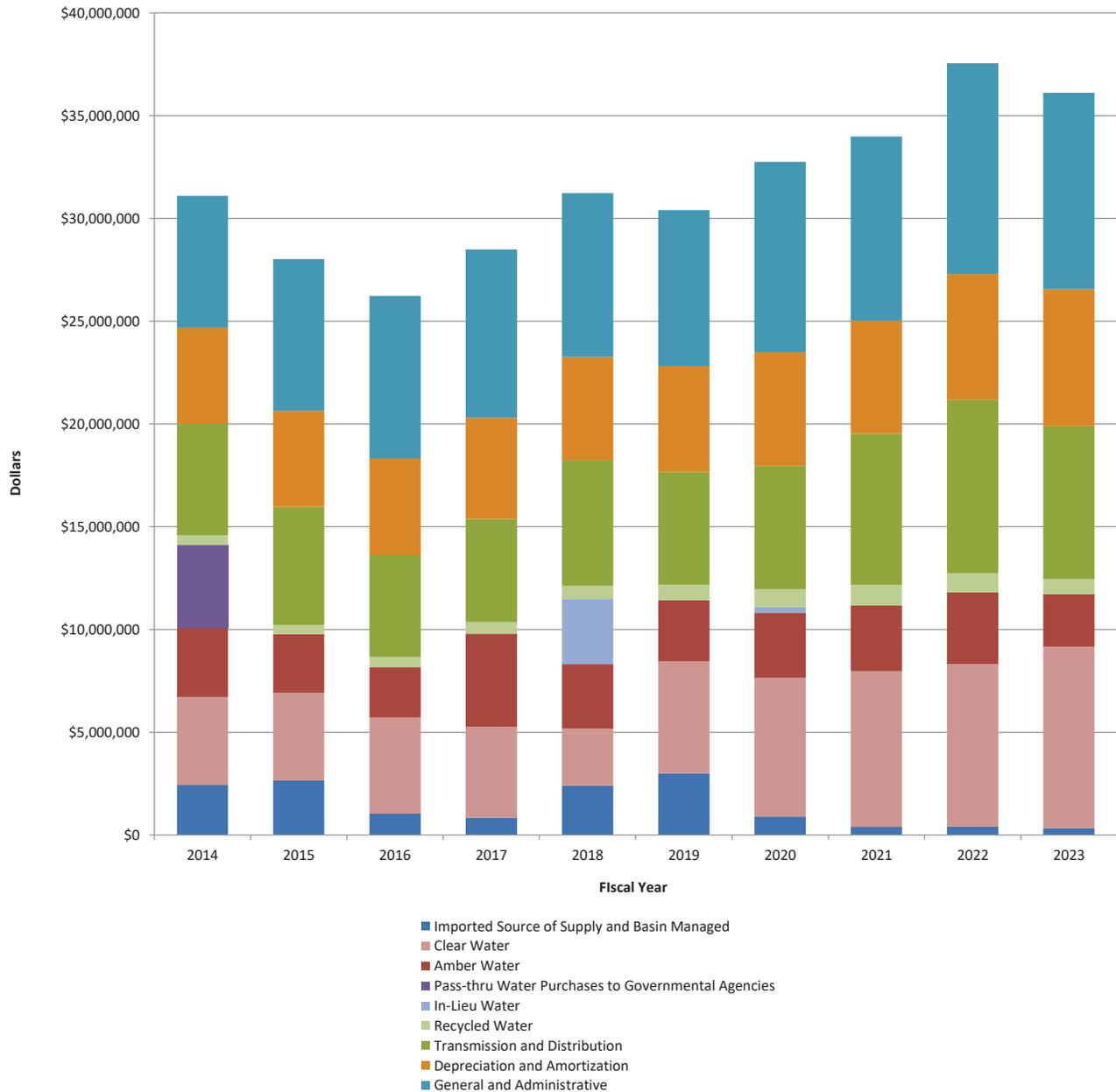
⁽¹⁾ Excludes revenues from sales at cost to the City of Huntington Beach.

⁽²⁾ Includes bimonthly meter charges.

Source: Mesa Water District Audited Financial Statements.

**Mesa Water District
Operating Expenses by Activity
Last Ten Fiscal Years
Schedule 3**

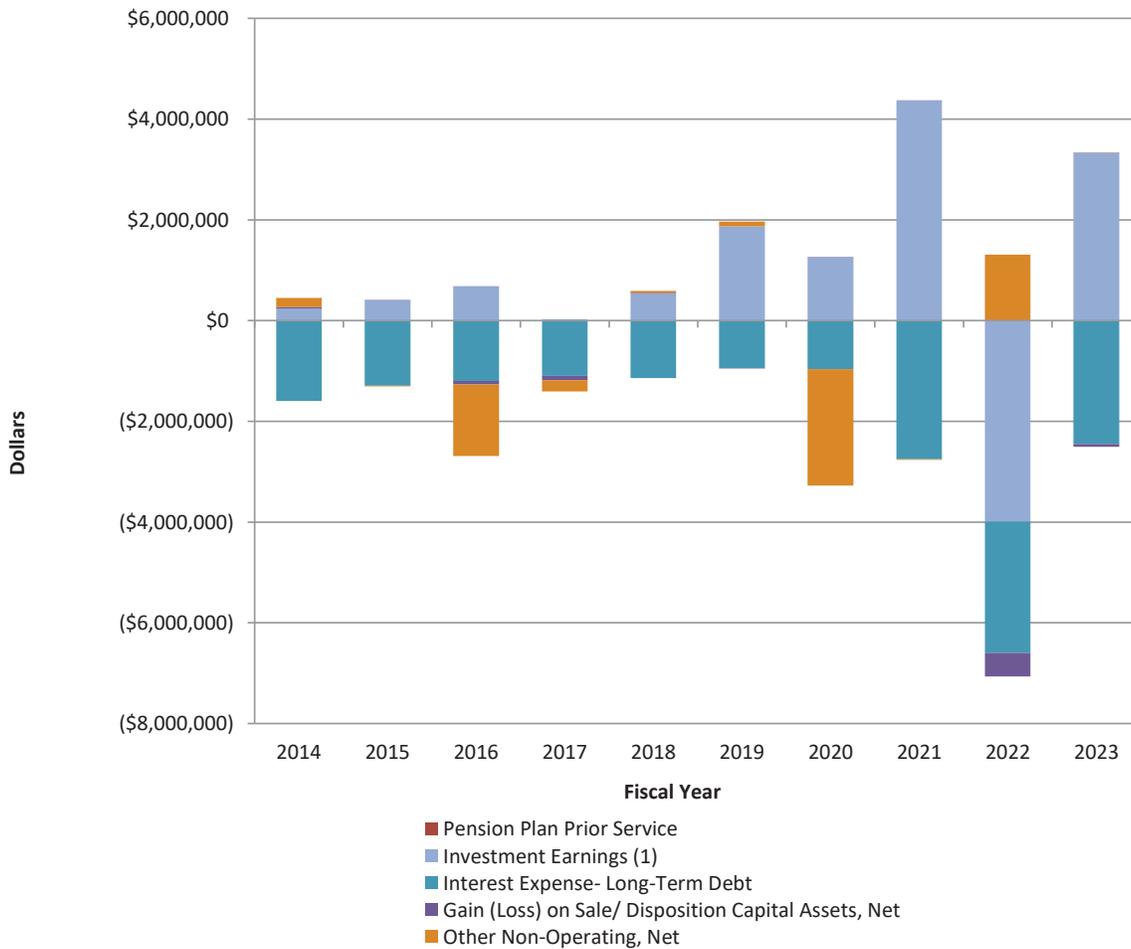
Fiscal Year	Imported Source of Supply and Basin Managed	Clear Water	Amber Water	Pass-thru Water Purchases to Governmental Agencies	In-Lieu Water	Recycled Water	Transmission and Distribution	Depreciation and Amortization	General and Administrative	Total Operating Expenses
2014	2,427,936	4,287,888	3,353,823	4,035,580	-	470,767	5,425,385	4,687,354	6,414,856	31,103,589
2015	2,645,852	4,273,537	2,864,506	-	-	436,560	5,750,908	4,673,633	7,380,985	28,025,981
2016	1,031,539	4,682,120	2,453,295	-	-	496,582	4,961,178	4,702,756	7,900,124	26,227,594
2017	842,353	4,427,407	4,520,866	-	-	572,549	5,021,716	4,920,209	8,184,895	28,489,995
2018	2,405,315	2,776,268	3,134,554	-	3,168,477	629,455	6,132,007	5,010,013	7,978,006	31,234,095
2019	2,996,819	5,453,136	2,967,369	-	-	758,122	5,482,303	5,155,612	7,589,724	30,403,085
2020	896,268	6,760,158	3,158,924	-	270,406	861,521	6,020,490	5,517,326	9,270,384	32,755,477
2021	399,269	7,569,448	3,191,073	-	-	1,009,398	7,360,850	5,491,984	8,959,171	33,981,193
2022	416,634	7,895,494	3,501,950	-	-	920,277	8,432,923	6,130,487	10,258,188	37,555,953
2023	337,578	8,840,948	2,540,434	-	-	727,510	7,456,248	6,657,317	9,554,801	36,114,836



Source: Mesa Water District Audited Financial Statements.

**Mesa Water District
Non-operating Revenues and (Expenses)
Last Ten Fiscal Years
Schedule 4**

Fiscal Year	Investment Earnings ⁽¹⁾	Interest Expense-Long-Term Debt	Gain (Loss) on Sale/Disposition Capital Assets, Net	Other Non-Operating, Net	Pension Plan Prior Service	Nonoperating Revenues/(Expenses)
2014	238,672	(1,595,546)	28,155	185,931	-	(1,142,788)
2015	404,763	(1,293,727)	9,639	(10,611)	-	(889,936)
2016	681,378	(1,196,589)	(69,130)	(1,424,659)	-	(2,009,000)
2017	25,518	(1,094,610)	(94,086)	(218,972)	-	(1,382,150)
2018	535,930	(1,140,774)	17,397	38,350	-	(549,097)
2019	1,872,020	(945,513)	(2,904)	91,145	-	1,014,748
2020	1,255,743	(964,979)	8,123	(2,312,902)	-	(2,014,015)
2021	4,367,631	(2,754,815)	5,500	(11,182)	-	1,607,134
2022	(3,989,935)	(2,606,831)	(469,500)	1,310,105	-	(5,756,161)
2023	3,336,769	(2,449,394)	(56,303)	1,226	-	832,298



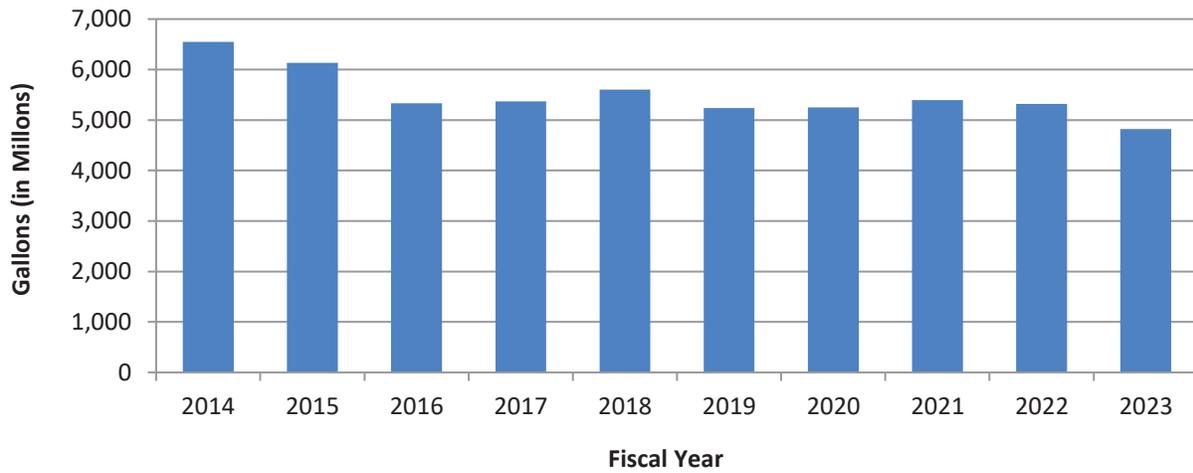
Note:

⁽¹⁾ Includes Interest Income Realized and Unrealized Gains and Losses On Investments.

Source: Mesa Water District Audited Financial Statements.

**Mesa Water District
Operating Revenue Base
Last Ten Fiscal Years
Schedule 5**

Fiscal Year	Production (Gallons)	AF	Sales AF	Production AF
2014	6,551,560,206	19,011	19,011	20,106
2015	6,130,560,714	18,110	18,110	18,814
2016	5,330,922,360	15,057	15,057	16,360
2017	5,371,002,033	15,898	15,898	16,483
2018	5,605,288,902	17,059	17,059	17,202
2019	5,234,796,315	16,110	16,110	16,065
2020	5,252,066,418	15,905	15,905	16,118
2021	5,392,834,050	16,453	16,453	16,550
2022	5,319,843,426	15,549	15,549	16,326
2023	4,818,684,588	14,022	14,022	14,788



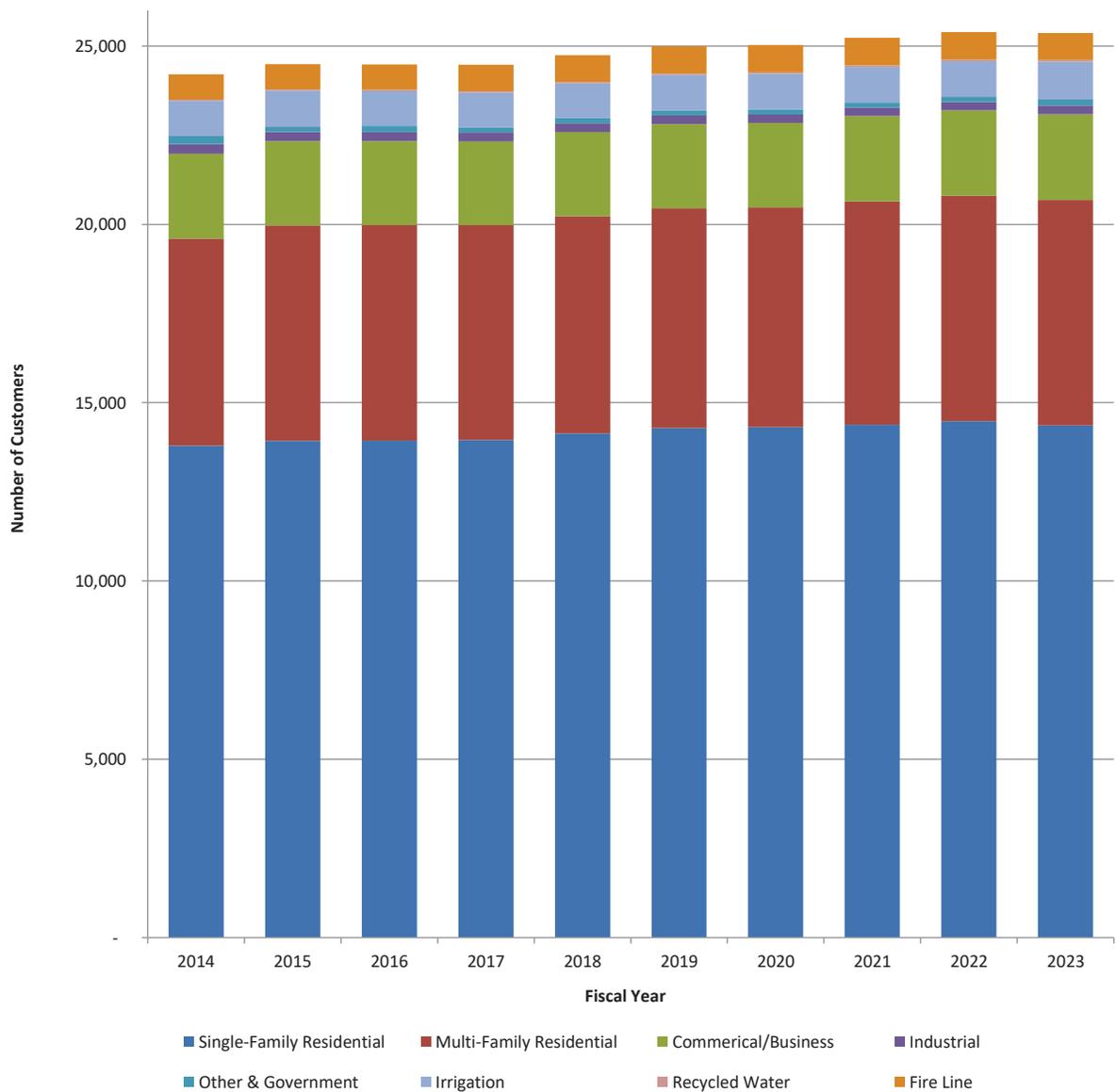
Note:

For Information Regarding Water Sales See Schedule 2 'Operating Revenue by Source'.

Source: Mesa Water District Billing System.

**Mesa Water District
Customer Connections
Last Ten Fiscal Years
Schedule 6**

Fiscal Year	Customer Type									Total Connections
	Single-Family Residential	Multi-Family Residential	Commerical/Business	Industrial	Other & Government	Irrigation	Recycled Water	Fire Line		
2014	13,798	5,806	2,374	267	228	996	32	704	24,205	
2015	13,931	6,041	2,359	264	142	1013	36	705	24,491	
2016	13,933	6,044	2,357	255	175	973	43	708	24,488	
2017	13,955	6,021	2,351	253	139	973	42	743	24,477	
2018	14,138	6,092	2,356	249	142	976	43	752	24,748	
2019	14,286	6,162	2,361	247	141	995	43	758	24,993	
2020	14,314	6,164	2,367	240	137	999	43	768	25,032	
2021	14,384	6,263	2,391	238	140	1001	43	770	25,230	
2022	14,487	6,314	2,398	239	141	1000	43	772	25,394	
2023	14,367	6,318	2,407	238	171	1065	43	756	25,365	



Source: Mesa Water District Billing System.

**Mesa Water District
Revenue Rates
Last Ten Fiscal Years
Schedule 7**

Minimum Bimonthly Service Charge - Potable Water Service

Meter Size	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
5/8"	\$ 20.00	21.50	22.50	23.00	24.69	25.93	27.23	28.60	30.03	29.55
3/4"	30.00	32.50	33.50	34.50	37.31	39.18	41.14	43.20	45.36	36.30
1"	50.00	54.00	55.50	57.50	62.00	65.10	68.36	71.78	75.37	49.79
1 1/2"	100.00	108.00	111.50	115.00	124.51	130.74	137.28	144.15	151.36	83.52
2"	160.00	172.50	178.50	184.00	199.11	209.07	219.53	230.51	242.04	124.00
3"	350.00	378.00	390.00	402.00	435.51	457.29	480.16	504.17	529.38	252.17
4"	630.00	680.00	702.00	724.00	784.32	823.54	864.72	907.96	953.36	441.06
6"	1,400.00	1,510.00	1,560.00	1,610.00	1,744.08	1,831.29	1,922.86	2,019.01	2,119.97	960.50
8"	2,400.00	2,590.00	2,670.00	2,670.00	2,983.82	3,133.02	3,289.68	3,454.17	3,626.88	1,635.11
10"	3,800.00	4,100.00	4,230.00	4,370.00	4,727.89	4,964.29	5,212.51	5,473.14	5,746.80	2,579.55

Minimum Bimonthly Service Charge - Fireline Water Service - Class I

Meter Size	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
2"	\$ 19.00	20.50	21.00	22.00	6.81	7.16	7.52	7.90	8.30	24.24
3"	28.50	31.00	32.00	33.00	19.79	20.79	21.83	22.93	24.08	39.81
4"	38.00	41.00	42.50	43.50	42.18	44.29	46.51	48.84	51.29	66.67
6"	57.00	61.50	63.50	65.50	122.53	128.66	135.10	141.86	148.96	163.09
8"	76.00	82.00	84.50	87.50	261.11	274.17	287.88	302.28	317.40	329.38
10"	114.00	123.00	127.00	131.00	469.56	493.04	517.70	543.59	570.77	579.52
12"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Minimum Bimonthly Service Charge - Fireline Water Service - Class II

Meter Size	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
2"	\$ 38.00	41.00	42.50	43.50	6.81	7.16	7.52	7.90	8.30	24.24
3"	57.00	61.50	63.50	65.50	19.79	20.79	21.83	22.93	24.08	39.81
4"	76.00	82.00	84.50	87.50	42.18	44.29	46.51	48.84	51.29	66.67
6"	114.00	123.00	127.00	131.00	122.53	128.66	135.10	141.86	148.96	163.09
8"	152.00	164.00	169.50	174.50	261.11	274.17	287.88	302.28	317.40	329.38
10"	228.00	246.00	254.00	262.00	469.56	493.04	517.70	543.59	570.77	579.52
12"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Water Use Rate (per 100 cubic feet = 748 gallons)

User Type	6/30/12	6/30/13	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
<u>Residential</u>										
Potable Commodity Rate	\$ 3.15	3.40	3.51	3.62	3.86	4.06	4.27	4.49	4.72	4.87
<u>Non-Residential</u>										
Construction Commodity Rate	\$ 4.73	5.10	5.26	5.43	4.27	4.49	4.72	4.96	5.21	4.87
Fireline Commodity Rate	\$ 6.30	6.80	7.02	7.24	4.27	4.49	4.72	4.96	5.21	4.87
Recycled Commodity Rate	\$ 2.84	2.51	2.32	1.82	2.52	2.65	2.79	2.93	3.08	3.40

Source: Mesa Water District Records.

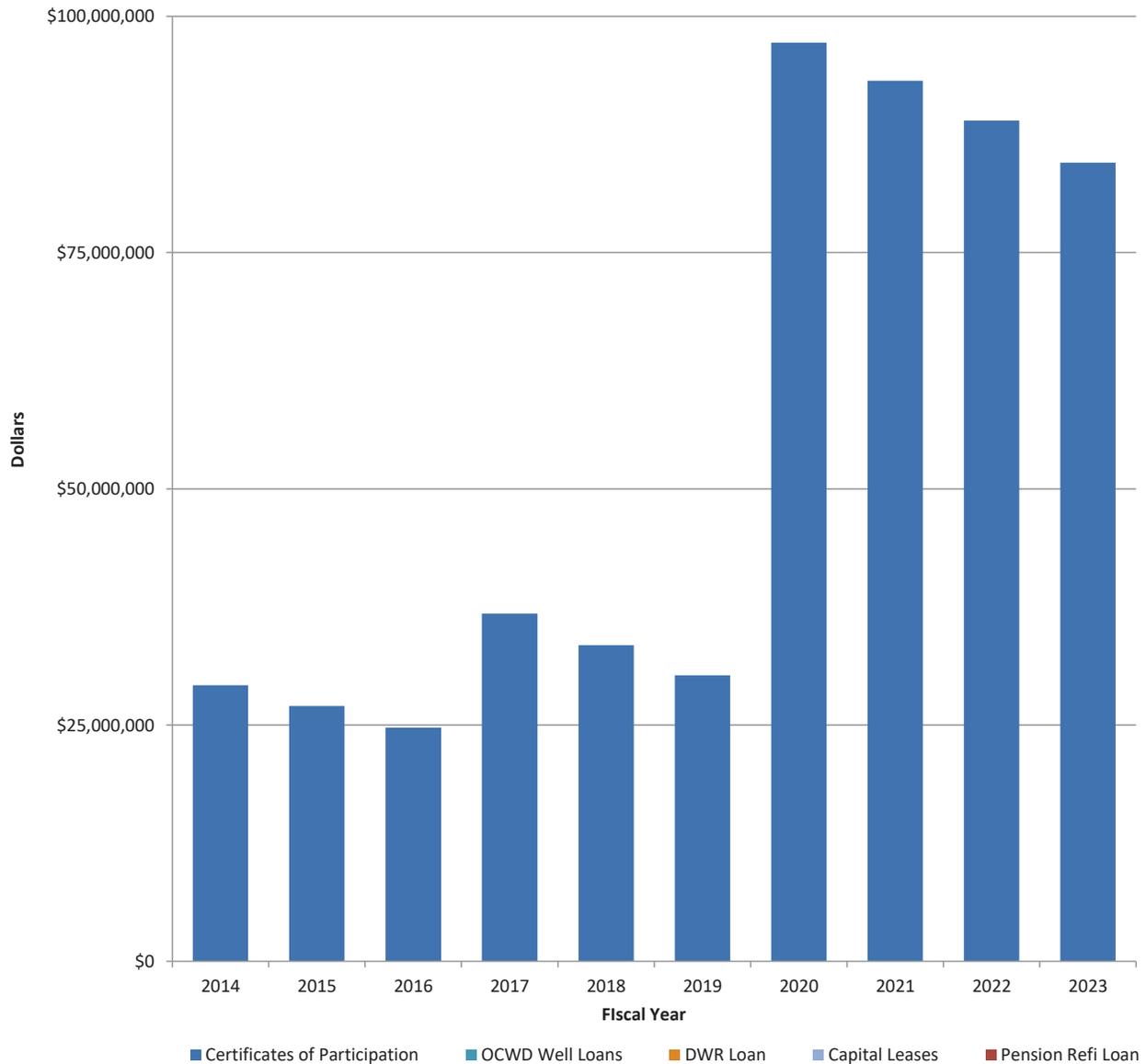
**Mesa Water District
Ten Largest Water Users by Revenue
Current Fiscal Year and Five Years Ago
Schedule 8**

FY 2022/23		Consumption	Acre Feet	% of Total	FY 2017/18		Consumption	Acre Feet	% of Total
1	Mesa Verde Partners	169,053	388	2.6%	Mesa Verde Partners	219,702	504	2.8%	
2	City Of Costa Mesa	108,199	248	1.7%	Newport-Mesa Unified School District	139,476	320	1.8%	
3	Newport-Mesa Unified School District	93,051	214	1.5%	City of Costa Mesa	113,861	261	1.5%	
4	The Irvine Company, Llc	79,280	182	1.2%	The Irvine Company, Inc.	78,854	181	1.0%	
5	Casden Lakes, LP	58,833	135	0.9%	Casden Lakes	56,521	130	0.7%	
6	County of Orange	51,179	117	0.8%	South Coast Plaza	50,246	115	0.6%	
7	Camden Property Trust	50,556	116	0.8%	Arnel Residential Properties	47,838	110	0.6%	
8	Arnel Residential Properties	49,681	114	0.8%	County of Orange	47,715	110	0.6%	
9	United Dominion Realty	40,837	94	0.6%	Arnel Residential Properties	46,212	106	0.6%	
10	South Coast Plaza	36,320	83	0.6%	Camden Property Trust	46,172	106	0.6%	
		1,692	11.5%				1,943	10.8%	
<u>Sales in Acre Feet</u>				<u>Sales in Acre Feet</u>					
	Potable		14,022		Potable		17,059		
	Recycled		781		Recycled		853		
	Total Sales Acre Feet		14,803		Total Sales Acre Feet		17,912		

Source: Mesa Water District Billing System.

**Mesa Water District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Schedule 9**

Fiscal Year	Certificates of Participation	OCWD Well Loans	DWR Loan	Capital Leases	Pension Refi Loan	Total		
						Debt	Per Capita	As a Share of Personal Income
2014	29,204,027	-	-	-	-	29,204,027	254.83	0.43%
2015	27,013,531	-	-	-	-	27,013,531	235.71	0.39%
2016	24,723,036	-	-	-	-	24,723,036	214.98	0.35%
2017	36,805,648	-	-	-	-	36,805,648	320.05	0.52%
2018	33,452,164	-	-	-	-	33,452,164	292.07	0.44%
2019	30,277,774	-	-	-	-	30,277,774	264.13	0.37%
2020	97,215,237	-	-	-	-	97,215,237	846.98	1.19%
2021	93,189,269	-	-	-	-	93,189,269	830.69	1.02%
2022	88,963,302	-	-	-	-	88,963,302	798.64	0.95%
2023	84,527,335	-	-	-	-	84,527,335	760.25	0.89%

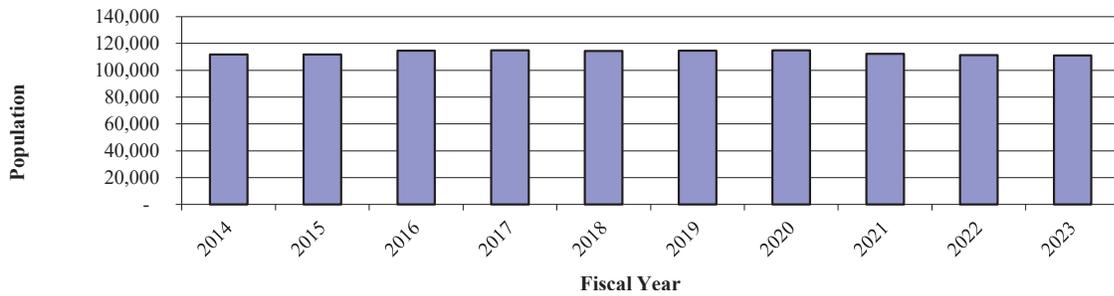


Source: Mesa Water District Audited Financial Statements.

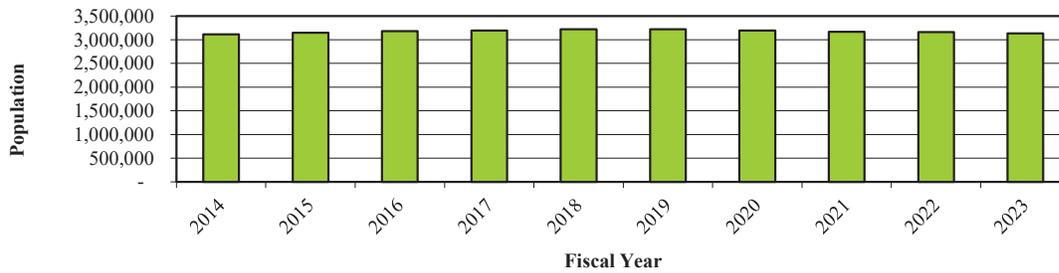
Mesa Water District
Schedule of Demographics and Economic Statistics
Last Ten Calendar Years
Schedule 10

Fiscal Year	Costa Mesa		County of Orange		
	Population	Unemployment Rate	Population	Personal Income (Thousands of Dollars) ¹	Personal Income per Capita
2014	111,846	4.6%	3,113,991	177,412,900	56,973
2015	111,835	4.1%	3,147,655	185,500,000	58,933
2016	114,603	3.6%	3,183,011	190,978,000	59,999
2017	115,012	3.3%	3,194,024	199,492,000	62,458
2018	114,536	2.9%	3,221,103	215,479,000	66,896
2019	114,634	2.6%	3,222,498	230,180,000	71,429
2020	114,778	12.4%	3,194,332	226,531,000	70,917
2021	112,183	5.7%	3,169,542	258,933,000	81,694
2022	111,394	6.5%	3,162,245	267,143,000	84,479
2023	111,183	3.7%	3,137,164	267,143,000	85,154

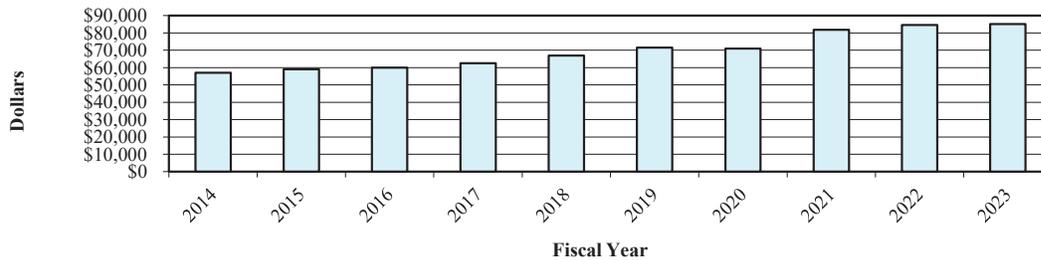
Population - Costa Mesa



Population - Orange County



Personal Income per Capita - Orange County



Note:

⁽¹⁾ Data is not yet available for fiscal year 2022-2023

Source:

California Department of Finance, Demographic Research Unit, <http://www.dof.ca.gov>
 State of California, Employment Development Department, <http://www.edd.ca.gov>
 County of Orange, Comprehensive Annual Financial Reports, <http://egov.ocgov.com/ocgov/Auditor-Controller>

Mesa Water District
City of Costa Mesa Principal Employers
Current Year and Nine Years Ago
Schedule 11

2021-2022¹			2013-2014		
Name of Company	Number of Employees	% of Total	Name of Company	Number of Employees	% of Total
EPL Intermediate, Inc.	3,998	6.23%	Experian Information Solution	3,700	5.73%
Experian information Solutions, Inc.	3,700	5.76%	Coast Community College District Foundation	2,900	4.49%
Coast Community College District	2,900	4.52%	Orange Coast Community College	1,900	2.94%
Orange Coast College	1,900	2.96%	Fairview Developmental Center	1,500	2.32%
Automobile Club of Southern California	1,200	1.87%	A Clark/McCarthy Joint Venture	1,250	1.94%
Deloitte & Touche LLP	700	1.09%	Interinsurance Exchange	1,200	1.86%
Anduril Industries	650	1.01%	Pacific Building Care, Inc.	850	1.32%
Vans	550	0.86%	Filenet Corporation	600	0.93%
Sure Haven, Inc.	550	0.86%	TTM Technologies, Inc	500	0.77%
Vanguard University	319	0.50%	Nordstrom, Inc.	500	0.77%

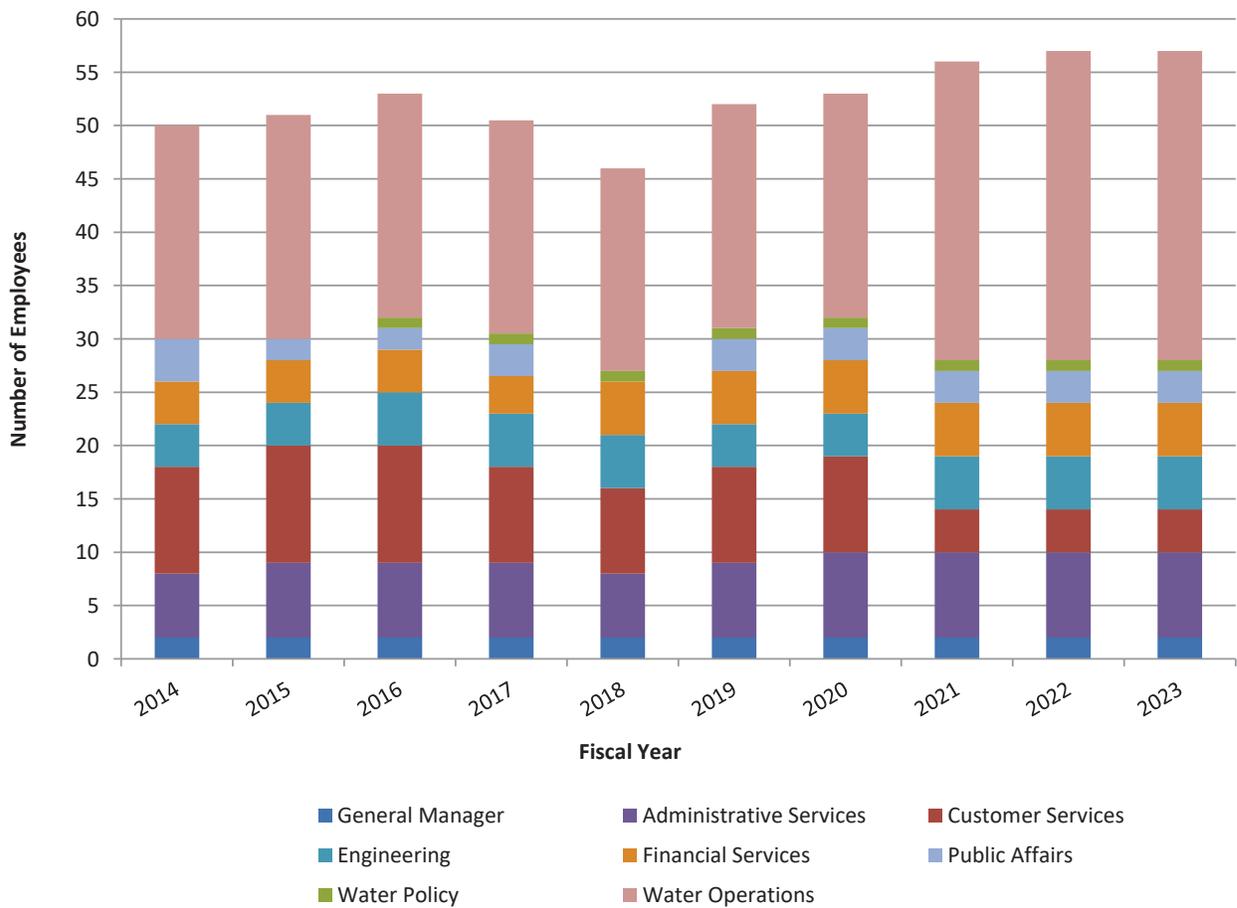
Note:

⁽¹⁾ Data is not yet available for fiscal year 2022-2023

Source: City of Costa Mesa CAFR.

**Mesa Water District
District Employees by Department
Last Ten Fiscal Years
Schedule 12**

Department	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Manager	2	2	2	2	2	2	2	2	2	2
Administrative Services	6	7	7	7	6	7	8	8	8	8
Customer Services	10	11	11	9	8	9	9	4	4	4
Engineering	4	4	5	5	5	4	4	5	5	5
Financial Services	4	4	4	3.5	5	5	5	5	5	5
Public Affairs	4	2	2	3	0	3	3	3	3	3
Water Policy	0	0	1	1	1	1	1	1	1	1
Water Operations	20	21	21	20	19	21	21	28	29	29
	50	51	53	51	46	52	53	56	57	57



Source: Mesa Water District Records.

**Mesa Water District
Historic Water Supply
In Acre Feet Per Year
Last Five Fiscal Years
Schedule 13**

Fiscal Year	Groundwater	Supplemental Water			Total
		CPTP	Recycled Water	In-Lieu Water	
2019	13,573	2,492	916	-	16,981
2020	15,249	329	959	540	17,077
2021	16,550	-	1,049	-	17,599
2022	16,326	-	1,017	-	17,343
2023	14,788	-	781	-	15,569

Source: Mesa Water District Records.

**Mesa Water Deliveries
Historic Water Deliveries
In Acre Feet Per Year
Last Five Fiscal Years
Schedule 14**

Fiscal Year	Potable Water Deliveries	Recycled Water Deliveries	Total	% Increase (Decrease)
2019	16,110	916	17,026	-4.95%
2020	15,905	959	16,864	-0.95%
2021	16,453	1,049	17,502	3.78%
2022	15,549	1,017	16,566	-5.35%
2023	14,022	781	14,803	-10.64%

Source: Mesa Water District Records.



*Dedicated to
Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Andrew D. Wiesner, P.E., District Engineer
DATE: November 8, 2023
SUBJECT: Reservoirs 1 and 2 Pump Station Upgrades Project –
Community Outreach

RECOMMENDATION

Receive the presentation.

STRATEGIC PLAN

Goal #1: Provide an abundant, local, reliable and safe water supply.
Goal #2: Perpetually renew and improve our infrastructure.
Goal #4: Increase favorable opinion of Mesa Water

PRIOR BOARD ACTION

At its May 14, 2020 meeting, the Board of Directors (Board) awarded on-call professional design services contracts for the Capital Improvement Program Renewal (CIPR).

At its December 17, 2020 Committee meeting, the Board received a presentation on the results of the Water Supply, Energy, and Supply Chain Reliability Assessment. The Board directed staff to bring back an updated assessment to a future Committee meeting.

At its March 23, 2021 Committee meeting, the Board approved the proposed recommendations for the Water Supply, Energy, and Supply Chain Reliability Assessment as identified in the Executive Summary and Technical Memorandums 1, 2, and 3, and directed staff to implement them as part of the CIPR.

At its October 26, 2021 Committee meeting, the Board received a presentation regarding the Reservoirs 1 and 2 Pump Station Upgrades Project.

At its June 14, 2023 meeting, the Board received a presentation regarding the Reservoirs 1 and 2 Pump Station Upgrades Project.

At its June 28, 2023 meeting, the Board approved the reduction of scope for the Reservoirs 1 and 2 Pump Station Upgrades Project to remove the Reservoir 2 Pump Station conversion from natural gas engine driven pumps to electrically driven pumps.

BACKGROUND

Mesa Water District (Mesa Water®) delivers local, clean, potable water to its ratepayers using eight groundwater wells and two storage reservoirs, each with a pump station. Constant pressure in the distribution system is supplied by the groundwater well pumps, with the reservoirs and associated pump stations serving to balance flow and pressure with demand. The reservoirs also provide a total of 28 million gallons of storage that can be used during peak demands, unplanned maintenance events, or firefighting.



The purpose of the Reservoirs 1 and 2 Pump Station Upgrades Project is to improve overall system reliability and streamline operations and maintenance. The following components are included in the scope of work for the project:

- Replacement of natural gas engine driven pumps with electric motor driven pumps at Reservoir 1
- Replacement of propane backup systems with standby diesel generators at Reservoir 1
- Demolition of hydro turbines at Reservoir 1
- Comprehensive rehabilitation of pumping systems piping, valves, and instrumentation at Reservoir 1
- Replacement of electrical gear to support new electrical systems at Reservoir 1
- Upgrade of Southern California Edison (SCE) services for both reservoir sites
- Upgrade of selected structures and maintenance facilities
- Replacement of existing slurry dewatering pit at Reservoir 1
- Incorporation of new chemical facilities at both reservoirs

DISCUSSION

Murakawa Communications, Inc., led by Trisha Murakawa, has provided the community outreach for most of Mesa Water’s CIPR projects, and will provide the outreach for the Reservoirs 1 and 2 Pump Station Upgrades Project, as well. Community outreach will be key in engaging residents in the project and minimizing customer service issues. Communication with impacted stakeholders will include, but is not limited to: briefing with school officials, canvassing, neighborhood pop-ups, and email and text alerts via Mesa Water Notify. Information will also be available on Mesa Water’s website.

FINANCIAL IMPACT

For the CIPR, \$19,500,000 is budgeted for the Reservoirs Program; \$1,750,000 has been spent to date.

	<u>Project Estimate Amounts</u>	<u>Project Cost Amounts</u>
Project Estimate	\$19,500,000	
Original Contracts		\$ 3,493,000
Change Orders		\$ 0
Requested Funding		<u>\$ 0</u>
Revised Contracts		<u>\$ 3,493,000</u>
Actual Spent to Date		\$ 1,750,000
Revised Project Estimate	\$19,500,000	

ATTACHMENTS

None.



*Dedicated to
Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Andrew D. Wiesner, P.E., District Engineer
DATE: November 8, 2023
SUBJECT: Reservoirs 1 and 2 Pump Station Upgrades Project

RECOMMENDATION

- a. Award a contract to Pacific Hydrotech Corporation for \$14,764,900 and a 10% contingency of \$1,476,490 for a total amount not to exceed \$16,241,390 for the construction of the Reservoirs 1 and 2 Pump Station Upgrades Project;
- b. Direct staff to negotiate a contract end date; and
- c. Authorize execution of the contract.

STRATEGIC PLAN

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

Goal #2: Perpetually renew and improve our infrastructure.

PRIOR BOARD ACTION

At its May 14, 2020 meeting, the Board of Directors (Board) awarded on-call professional design services contracts for the Capital Improvement Program Renewal (CIPR).

At its December 17, 2020 Committee meeting, the Board received a presentation on the results of the Water Supply, Energy, and Supply Chain Reliability Assessment. The Board directed staff to bring back an updated assessment to a future Committee meeting.

At its March 23, 2021 Committee meeting, the Board approved the proposed recommendations for the Water Supply, Energy, and Supply Chain Reliability Assessment as identified in the Executive Summary and Technical Memorandums 1, 2, and 3, and directed staff to implement them as part of the CIPR.

At its October 26, 2021 Committee meeting, the Board received a presentation regarding the Reservoirs 1 and 2 Pump Station Upgrades Project.

At its June 14, 2023 meeting, the Board received a presentation regarding the Reservoirs 1 and 2 Pump Station Upgrades Project.

At its June 28, 2023 meeting, the Board approved the reduction of scope for the Reservoirs 1 and 2 Pump Station Upgrades Project to remove the Reservoir 2 Pump Station conversion from natural gas engine driven pumps to electrically driven pumps.

BACKGROUND

Mesa Water District (Mesa Water®) delivers local, clean, potable water to its ratepayers using eight groundwater wells and two storage reservoirs, each with a pump station. Constant pressure in the distribution system is supplied by the groundwater well pumps, with the reservoirs and associated pump stations serving to balance flow and pressure with demand. The reservoirs also provide a



total of 28 million gallons of storage that can be used during peak demands, unplanned maintenance events, or fire fighting. However, water quality issues have limited the amount of water that can be reliably stored.

The current reservoir pump stations utilize natural gas engines to drive the main pumps and electric motors for the smaller jockey pumps that manage low flow requirements. These gas engines are near the end of their useful life and require replacement. In 2020, a Water Supply, Energy, and Supply Chain Reliability Assessment was completed which recommended replacing the gas engines with electric motors and diesel generator back-up power. The recommendation was based on the standardization of pump drive and backup technologies with the clear wells.

Additionally, real-time chemical management was recommended at Reservoirs 1 and 2 to increase the usable storage volume. In 2017, Mesa Water executed a project to design new chemical management systems for each reservoir. Construction of these systems has been incorporated into the Reservoirs 1 and 2 Pump Station Upgrades Project.

The purpose of the Reservoirs 1 and 2 Pump Station Upgrades Project is to improve overall system reliability and streamline operations and maintenance. The following components were included in the scope of work for the project:

- Replacement of natural gas engine driven pumps with electric motor driven pumps at Reservoir 1
- Replacement of propane backup systems with standby diesel generators at Reservoir 1
- Demolition of hydro turbines at Reservoir 1
- Comprehensive rehabilitation of pumping systems piping, valves, and instrumentation at Reservoir 1
- Replacement of electrical gear to support new electrical systems at Reservoir 1
- Upgrade of Southern California Edison (SCE) services for both reservoir sites
- Upgrade of selected structures and maintenance facilities
- Replacement of existing slurry dewatering pit at Reservoir 1
- Incorporation of new chemical facilities at both reservoirs

DISCUSSION

In 2022, prequalification packages for the construction of the Reservoirs 1 and 2 Pump Station Upgrades Project were sent to qualified contractors. In August 2023, staff received the Request for Bid from six of the prequalified contractors. Five of the six contractors attended the job walk and bids were received from four contractors. The three lowest bids are within 4.5% of each other and below the Engineer's Estimate of \$17,300,000. The bids are summarized as follows:

Bidder	Amount
Pacific Hydrotech Corporation	\$14,764,900
Garney Construction	\$14,980,000
Gateway Pacific Contractors, Inc.	\$15,444,000
Kiewit Infrastructure West Co.	\$17,506,000



The low bid submitted by Pacific Hydrotech was reviewed by Legal Counsel and no disqualifying issues were found.

The second lowest bidder, Garney Construction, noted deficiencies in Pacific Hydrotech’s bid. Their assertion is included as Attachment A. Garney Construction attested that the low bidder, Pacific Hydrotech, had not applied its corporate seal to the required bid forms, and had omitted pages from the bid proposal form. The bid was again reviewed by Legal Counsel and staff, confirming that the original bid submitted by Pacific Hydrotech had embossed corporate seals on the required pages and used the correct bid form. Legal Counsel’s response letter to Garney Construction is included as Attachment B.

Staff reviewed the four bids and found all were non-conforming with one of the project’s contract requirements that all work at Reservoir 1 be completed in 540 days and all equipment be received by the contractor before the reservoir can be taken out of service. However, all four of the bids include back-up generators provided by the same supplier (Kohler) with lead times that approach or exceed the 540 contract days allowed for Reservoir 1’s upgrades. The contract days allowed for the project will have to be extended to account for lead times.

Staff recommends that the Board award a contract to Pacific Hydrotech Corporation for \$14,764,900 and a 10% contingency of \$1,476,490 for a total amount not to exceed \$16,241,390 for the construction of the Reservoirs 1 and 2 Pump Station Upgrades Project, direct staff to negotiate a contract end date, and authorize execution of the contract.

FINANCIAL IMPACT

For the CIPR, \$19,500,000 is budgeted for the Reservoirs Program; \$1,750,000 has been spent to date.

	<u>Project Estimate Amounts</u>	<u>Project Cost Amounts</u>
Project Estimate	\$19,500,000	
Original Contracts		\$ 3,493,000
Change/Task Orders		\$ 0
Requested Funding		<u>\$14,764,900</u>
Revised Contracts		<u>\$18,257,900</u>
Actual Spent to Date		\$ 1,750,000
Revised Project Estimate	\$19,500,000	

ATTACHMENTS

- Attachment A: Garney Construction’s Bid Comments
- Attachment B: Atkinson, Andelson, Loya, Ruud & Romo Response

From: [Dustin Hansen](#)
To: [Karyn Igar, PE](#)
Cc: [Wendy Duncan](#)
Subject: Mesa Water - Reservoir 1 & 2 Upgrades Project - Bid Document Review
Date: Tuesday, October 24, 2023 9:05:43 AM

Good morning Karyn,

After reviewing Pacific Hydrotech's bid forms, we have identified several items that would disqualify their bid as non-responsive and would warrant protest.

- Page 15 of the PDF requires 2 signatures and a corporate seal if bidder is a corporation. Specifically the bid documents state *"If bidder is a corporation, the legal name of the corporation shall be set forth above, together with the signature of the officers authorized to sign Contracts on behalf of the corporation **and corporate seal**..."*. Pacific Hydrotech's bid form appears to be missing their corporate seal as required.
- The Subcontractor Listing form consists of pages 1, 2, 3, 4, and 5 of 5. Pacific Hydrotech's Subcontractor Listing form is missing pages 1, 2, 3, and 5 as required.
 - Page 1 of 5 identifies the bidder's name, so that is missing.
 - Especially concerning is that page 3 of 5 required a signature and that is also missing from Pacific Hydrotech's bid package.
 - The signature is for the bidder to "acknowledge its obligations under this Subcontractor Listing Form and certifies that the information on the following Subcontractor Listing Attachment Sheet is true and correct."
 - Page 5 of 5 is for additional subcontractors beyond page 4 of 5 and requires the attachment sheet page _ of _ to be written in, but Pac Hydro did not utilize this form, instead they copied page 4 of 5 for their additional subcontractors.
- Page 24 of the PDF is the signature page of the bid bond. It also requires a corporate seal from both the bidder (as a corporation) and the surety. As corporations the seals would be applicable and required, neither appear on the bid bond document.

It is the position of Garney Pacific, Inc. that the bid provided by Pacific Hydrotech is not consistent with the requirements as stated in the Bid Documents should be deemed non-responsive and that Garney Pacific Inc. is the lowest responsive bidder for the Reservoir 1 & 2 Upgrade Project.

We look forward to hearing back from you and the opportunity to work with Mesa Water.

Thank you for your time and consideration of our findings.

Regards,

Dustin Hansen

GARNEY CONSTRUCTION *Advancing Water*

Cell: 408.482.7926 Office: 951-795-4520 x101

ADDRESS: 41619 Margarita Rd. Ste. 200 Temecula, CA 92591 GARNEY.COM

[My Booking Page - Schedule a Meeting](#)

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ATKINSON, ANDELSON, LOYA, RUUD & ROMO

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Jeff.Frey@aalrr.com
(949) 453-4288

VIA EMAIL

October 24, 2023

Mr. Dustin Hansen
Garney Construction
41619 Margarita Rd., Suite 200
Temecula, California 92591
dustin.hansen@garney.com

**Re: Mesa Water District's Response to Garney Construction's Bid Protest
involving M21-210B2 Reservoir 1 and 2 Upgrades**

Dear Mr. Hansen:

By way of introduction, my Firm represents Mesa Water District ("Mesa Water") regarding the above-referenced matter. We are in receipt of your Bid Protest ("Protest") dated October 24, 2023, regarding Mesa Water's M21-210B2 Reservoir 1 and 2 Upgrades ("Project").

Your Protest challenges the apparent low bid ("Bid") submitted by Pacific Hydrotech on the following grounds:

1. Page 15 of the PDF for Pacific Hydrotech's Bid, which involves the execution of the Bid Form, is missing corporate seals.
2. Page 24 of the PDF for Pacific Hydrotech's Bid, which involves the Bid Bond, is missing corporate seals.
3. The Subcontractor Listing form consists of pages 1, 2, 3, 4, and 5 of 5. Pacific Hydrotech's Subcontractor Listing form is missing pages 1, 2, 3, and 5 as required.

After review, we believe the foregoing claims are inaccurate and/or can be waived as minor irregularities. Respectfully, we will recommend that Mesa Water's Board of Directors awards the contract for the Project to Pacific Hydrotech.

(Remainder of page left blank.)

Mr. Dustin Hansen

October 24, 2023

Page 2

I. Corporate Seals

The Protest alleges that Pacific Hydrotech's Bid is defective because the Bid and the Bid Bond did not include corporate seals. To begin, Mesa Water's staff has confirmed that the original hardcopy of Pacific Hydrotech's Bid did, in fact, contain corporate seals. The seals did not transfer in the photocopy/scan of the Bid.

Second, the failure to include the corporate seal does not affect the validity of the Bid or the Bid Bond. California does not assign special significance between sealed and unsealed documents. (Code Civ. Proc. § 1932 ["There shall be no difference hereafter, in this State, between sealed and unsealed writings"].) The Bid and Bid Bond were properly signed by all relevant parties. Regarding the Bid Bond specifically, Pacific Hydrotech's and the Surety's signatures were notarized, and the Surety submitted a signed and sealed Power of Attorney.

Even if there were no required seals, Mesa Water may waive the lack of a corporate seal as a minor irregularity. The District's ability to waive minor irregularities is provided by the Notice Inviting Bids, Section 3-1 of the General Provisions, and by law. The law authorizes the waiver of minor irregularities when a bid substantially conforms to a call for bids, even though it is not strictly responsive, so long as the variance does not affect the amount of the bid or give the bidder an extra advantage or benefit. (*Konica Business Machines U.S.A. Inc. v. Regents of University of California* (1988) 206 Cal.App.3d 449, 454.) A missing seal would not provide Pacific Hydrotech with any monetary or other advantage.

II. Subcontractor Listing Document

The Subcontractor Listing document contains five pages. Page 1 requires the bidder to place their corporate name at the top of the document. The remainder of page 1, along with page 2, includes instructions for the bidder. Page 3 requires the bidder's signature and acknowledges that the bidder will comply with the rules on pages 1 and 2. Pages 4 and 5 provide space for the bidder to list the subcontractors.

The Protest alleges that Pacific Hydrotech's Bid is nonresponsive because Pacific Hydrotech did not submit pages 1, 2, 3, and 5. As stated above, we believe this is a minor irregularity. In relevant part, Pacific Hydrotech submitted its list of all subcontractors. Those subcontractors cannot be changed, which would be the typical area where gamesmanship in bidding could occur. The only relevant page that apparently was not submitted was page 3, involving a signature and acknowledgement of the rules. Mesa Water will obtain the required signature prior to the award of the contract and the failure to provide the page at bid time did not provide Pacific Hydrotech with any monetary or other advantage.

(Remainder of page left blank.)

Mr. Dustin Hansen
October 24, 2023
Page 3

III. Conclusion

As stated above, Mesa Water will recommend that its Board of Directors rejects the Protest and awards the Project to Pacific Hydrotech. Please know, however, that none of the foregoing should be construed to be a negative comment upon Garney Construction or its ability to perform this or other work. Mesa Water appreciates Garney Construction's bid on this Project and encourages Garney Construction to continue to submit bids on other Mesa Water projects in the future.

Very truly yours,

ATKINSON, ANDELSON, LOYA, RUUD & ROMO

Jeffrey W. Frey



*Dedicated to
Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Andrew D. Wiesner, P.E., District Engineer
DATE: November 8, 2023
SUBJECT: Reservoirs 1 and 2 Pump Station Upgrades Project –
Engineering Services

RECOMMENDATION

Approve a sole source contract to Hazen and Sawyer for \$204,655 and a 10% contingency of \$20,465 for a total amount not to exceed \$225,120 to provide Engineering Services During Construction for the Reservoirs 1 and 2 Pump Station Upgrades Project.

STRATEGIC PLAN

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

PRIOR BOARD ACTIONS/DISCUSSION

At its September 10, 2015 meeting, the Board of Directors (Board) awarded a contract to Hazen and Sawyer for an amount not to exceed \$418,018 to provide professional engineering services for the Reservoirs 1 and 2 Pumps, Controls, and Chemical System Assessment Project.

At its February 8, 2018 meeting, the Board awarded a contract to Hazen and Sawyer for \$262,835 plus a contingency for a total amount not to exceed \$289,119 to provide professional engineering design services for the completion of the Reservoirs 1 and 2 Chemical Management System Design Project.

Since May 2021, the Board has received quarterly updates on the Capital Improvement Program Renewal (CIPR) which includes the Reservoirs 1 and 2 Pump Station Upgrades Project.

DISCUSSION

Mesa Water District (Mesa Water®) has two storage reservoirs that pump water into the distribution system. Reservoir 1, constructed in 1990, has a storage capacity of approximately 11 million gallons. Reservoir 2, constructed in 1996, has a storage capacity of approximately 18 million gallons. In 2018, the Reservoirs 1 and 2 Pumps, Controls, and Chemical System Assessment Project found that the mixing and sodium hypochlorite addition in the reservoirs was not adequate for the storage volume of the reservoirs and recommended final design and implementation of the Reservoirs 1 and 2 Chemical Management System Project. The Reservoirs 1 and 2 Chemical Management System Project includes improved mixers for the reservoirs, and real-time measurement and addition of sodium hypochlorite and aqueous ammonia to optimize water quality. Final design of the Reservoirs 1 and 2 Chemical Management System was completed by Hazen and Sawyer in 2020; however, the design was not constructed. The chemical management systems were combined with the Reservoirs 1 and 2 Pump Station Upgrades Project so that both projects could be constructed under one contract.



Since the completion of the design in 2020, several changes have occurred that require changes to the Reservoirs 1 and 2 Chemical Management System Final Design:

- The Reservoir 1 Tank Shark mixers and chemical piping within Reservoir 1 were installed per the Reservoirs 1 and 2 Chemical Management System drawings as part of a pilot test of the Reservoir Chemical Management System;
- The installation of the four Tank Shark mixers in Reservoir 2 will be an early completion item for the Reservoirs 1 and 2 Pump Station Upgrades Project; and
- The Reservoir 1 chemical storage facility was relocated during the Reservoir 1 and 2 Pump Station Upgrades Project design.

To make the required changes to the Reservoirs 1 and 2 Chemical Management System bid documents, a sole source contract was approved to Hazen and Sawyer for \$41,294.

The Reservoirs 1 and 2 Pump Station Upgrades Project, which included the Chemical Management System Project, was released for bid in August 2023. During construction, support from Hazen and Sawyer will be required to review the contractor’s shop drawings and submittals. As the design engineer, Hazen and Sawyer is uniquely qualified to provide Engineering Services During Construction.

Staff recommends that the Board approve a sole source contract to Hazen and Sawyer for \$204,655 and a 10% contingency of \$20,465 for a total amount not to exceed \$225,120 to provide Engineering Services During Construction for the Reservoirs 1 and 2 Pump Station Upgrades Project.

FINANCIAL IMPACT

For the CIPR, \$19,500,000 is budgeted for the Reservoirs Program; \$1,750,000 has been spent to date.

	<u>Project Estimate Amounts</u>	<u>Project Cost Amounts</u>
Project Estimate	\$19,500,000	
Original Contracts		\$ 3,493,000
Change Orders		\$ 0
Requested Funding		<u>\$ 225,120</u>
Revised Contracts		<u>\$ 3,718,120</u>
Actual Spent to Date		\$ 1,750,000
Revised Project Estimate	\$19,500,000	

ATTACHMENTS

Attachment A: Hazen and Sawyer Proposal



Hazen and Sawyer
7700 Irvine Center Drive, Suite 200
Irvine, CA 92618

August 14, 2023

Karyn Igar, PE
Project Manager
Mesa Water Water District
1965 Placentia Avenue
Costa Mesa Water, CA 92627

Subject: Engineering Support During Bid and Construction of the Reservoirs 1 and 2 Chemical Management System Project

Dear Ms. Igar:

Per your request, Hazen and Sawyer (Hazen) has prepared the attached Scope of Services and fee estimate to provide Engineering Support During Bid and Construction of the Reservoir 1 and 2 Chemical Management System Project.

We are pleased to provide this proposal for your consideration. Should you have any questions or comments with regards to the Scope of Services or attached fee, please feel free to contact me at (949) 577-8696 or arahimian-pour@hazenandsawyer.com.

Sincerely,

Alex Rahimian-Pour, PE
Project Manager

Cindy Miller, PE
Vice President

Attachments:

- Exhibit A – Scope of Services
- Exhibit B - Compensation

EXHIBIT A - SCOPE OF SERVICES FOR RESERVOIRS 1 AND 2 CHEMICAL MANAGEMENT SYSTEM PROJECT - ENGINEERING SUPPORT DURING BID AND CONSTRUCTION

Hazen and Sawyer (Hazen) agrees to perform the following Professional Design Services as they pertain to the Engineering Support During Bid and Construction (ESDC) of the Reservoirs 1 and 2 Chemical Management System Project. In performing the services described below, Hazen has or will receive information prepared or compiled by others, the accuracy and completeness of which Hazen is entitled to rely upon without independent evaluation or verification. Adjustments to scope and fee may be required to address unforeseen conditions and will be discussed with Mesa Water in advance of providing services in addition to those included below.

1. Project Management

Hazen will effectively administer the budget, schedule, work progress, and work quality. Hazen will implement a QA/QC program and maintain regular contact with Mesa Water's Project Manager to coordinate work progress. Hazen will prepare and submit monthly Progress and Budget Reports, monthly schedules, and monthly invoices for work performed to date.

2. Coordination with Brown & Caldwell Pump Station Projects

It is understood that Brown & Caldwell has been hired by Mesa Water District to assist in the replacement and rehabilitation of the Pumps at Reservoirs 1 and 2. At Reservoir 1, Mesa Water has had Brown & Caldwell relocate the chemical feed system and facilities designed by Hazen and Sawyer. During bid and construction,

Hazen and Sawyer assumes 3 – 1 hour meetings with Brown and Caldwell and Mesa Water for the coordination.

ASSUMPTIONS

- Hazen will not review the Geotechnical in the area of the revised location of the chemical feed area. Mesa Water will review and confirm the relocated facility will not be impacted by the geotechnical conditions in the revised area selected for the facilities.
- 3 Meetings with B&C and Mesa
- Coordination efforts including the review of the designs B&C and Hazen designs for civil, mechanical, electrical and instrumentation.

3. Engineering Support During Bid and Construction

3.1 Services During Bid

Hazen will provide engineering services during bid phase, including and assistance in conducting pre-bid meeting, responses to questions as directed by Mesa Water District (assumed 5 questions), preparation of

Addenda (assumed 1 addenda) as necessary and preparation of conformed plans and specifications incorporating design changes during bidding.

3.2 Engineering Support During Construction

Hazen will provide the following during Construction:

1. Attend 40 construction progress meetings and 1 Preconstruction Mtg.
2. Review 30 contractor submittals (8 hours per submittal including 1 resubmittal)
3. Respond to 20 contractor requests for information and clarification. (4 hours per RFI)
4. Develop 3 Field Clarification Memoranda(5 hours per FC)
5. Hazen will participate in 2 control system coordination meetings with the Contractor. 1 meeting for each BPS.
6. Hazen will provide on-site review of commissioning of the chemical feed systems and will assist in development of the startup plan required by DDW.
7. Hazen will review 10 O&M Manuals (4 hours per review)
8. Hazen will review 3 Training Presentations to be conducted by the Manufacturers (5 hours per Review)
9. Hazen will assist Mesa Water with updating sections of the existing Operations Maintenance Management Plan (OMMP) for submitting to DDW.

3.3 Start-Up Assistance

Hazen will provide on-site assistance for startup and testing of the 2 chemical feed systems. It is assumed 2 days of start-up assistance is required per site.

3.4 Project Close-Out

Hazen will provide record drawings based on contractor redlines. Record drawings will be specific to each site and will be provided to Mesa Water in electronic format.

Additional Services

Services which are not specifically identified herein as services to be performed by Hazen are considered “Additional Services” for the purposes of this Agreement. Mesa Water may request that Hazen perform services which are Additional Services; however, Hazen is not obligated to perform such Additional Services unless an amendment to this Agreement has been fully executed setting forth the scope, schedule, and fee for such Additional Services.

In the event Hazen performs Additional Services at Mesa Water’s request before receipt of such executed amendment, Mesa Water acknowledges its obligation to pay for such services at Hazen’s standard rates.

EXHIBIT B COMPENSATION

Mesa Water to compensate Hazen for the services described in Exhibit A – Scope of Services.

Compensation will be on a time and materials basis not to exceed \$204,665 in accordance with the attached Fee Estimate. The not-to-exceed amount will not be exceeded without prior written authorization by Mesa Water. Additional Tasks will not be performed by Hazen without prior written authorization by Mesa Water.

Progress billings will be forwarded to Mesa Water on a monthly basis. Monthly billings will be computed on the basis of percent complete for the task items noted thereon and based upon Mesa Water's receipt of milestone submittals for the detailed design task. Mileage will be billed at the current standard IRS business rates in effect.

Additional services, if requested by Mesa Water will be performed by Hazen in accordance with the hourly rates in the Fee Estimate.

Fee Schedule
Mesa Water District
Reservoir 1 and 2 Chemical Management System - Engineering Services during Bid and Construction

	Hazen and Sawyer													Grand Total
	Principal in Charge	Project Manager	Site Civil	Structural Engineer	Project Engineer / Process Mech	Electrical Engineer	I&C	Assistant Engineer	CAD Desingers					
	\$315	\$300	\$295	\$265	\$190	\$245	\$190	\$185	\$170					
										TMH	Labor	ODC		
Task 1 - Project Management														
1.1 Project Managemenet and Invoicing	4	32	-	-	-	-	-	-	-	36	\$10,860	\$0	\$10,860	
TASK 1 TOTALS	4	32	0	0	0	0	0	0	0	36	\$10,860	\$0	\$10,860	
Task 2 - B&C Coordination														
2.1 Coordination Meetings (3)	3	9	-	-	9	-	-	-	-	21	\$5,355	\$150	\$5,505	
TASK 2 TOTALS	3	9	0	0	9	0	0	0	0	21	\$5,355	\$150	\$5,505	
Task 3 - Engineering Services During Bid & Construction														
3.1 Services During Bid	2	8	4	4	24	4	4	24	16	90	\$18,730	\$100	\$18,830	
3.2 Construction Meetings (41)	2	20	-	-	40	-	-	-	-	62	\$14,230	\$2,000	\$16,230	
3.3 Review/Respond to Shop Drawings (30)	-	16	-	40	80	24	80	-	-	240	\$51,680	\$0	\$51,680	
3.4 Review/Respond to RFIs (20)	-	8	8	20	24	8	12	-	-	80	\$18,860	\$0	\$18,860	
3.5 Field Clairifications (3)	-	3	-	-	8	-	-	-	4	15	\$3,100	\$0	\$3,100	
3.6 Control System Coordination Meetings (2)	-	8	-	-	4	2	8	-	-	22	\$5,170	\$150	\$5,320	
3.7 Commissioning/Startup Plan Assistance	-	8	-	-	16	-	-	-	-	24	\$5,440	\$0	\$5,440	
3.8 Review O&M Manual (10)	-	4	-	-	14	2	4	16	-	40	\$8,070	\$0	\$8,070	
3.9 Review Training Manuals (3)	-	2	-	-	8	2	2	-	-	14	\$2,990	\$0	\$2,990	
3.10 OMMP Update to Manual for Mixing System	-	12	-	-	24	20	20	32	-	108	\$22,780	\$0	\$22,780	
3.11 Startup Assistance	-	8	-	-	16	-	-	8	-	32	\$6,920	\$200	\$7,120	
3.12 Project Close Out	-	6	-	-	24	8	8	24	80	150	\$27,880	\$0	\$27,880	
TASK 3 TOTALS	4	103	12	64	282	70	138	104	100	877	\$185,850	\$2,450	\$188,300	
TASKS 1-3 GRAND TOTALS														
	11	144	12	64	291	70	138	104	100	934	\$202,065	\$2,600	\$204,665	

REPORTS:

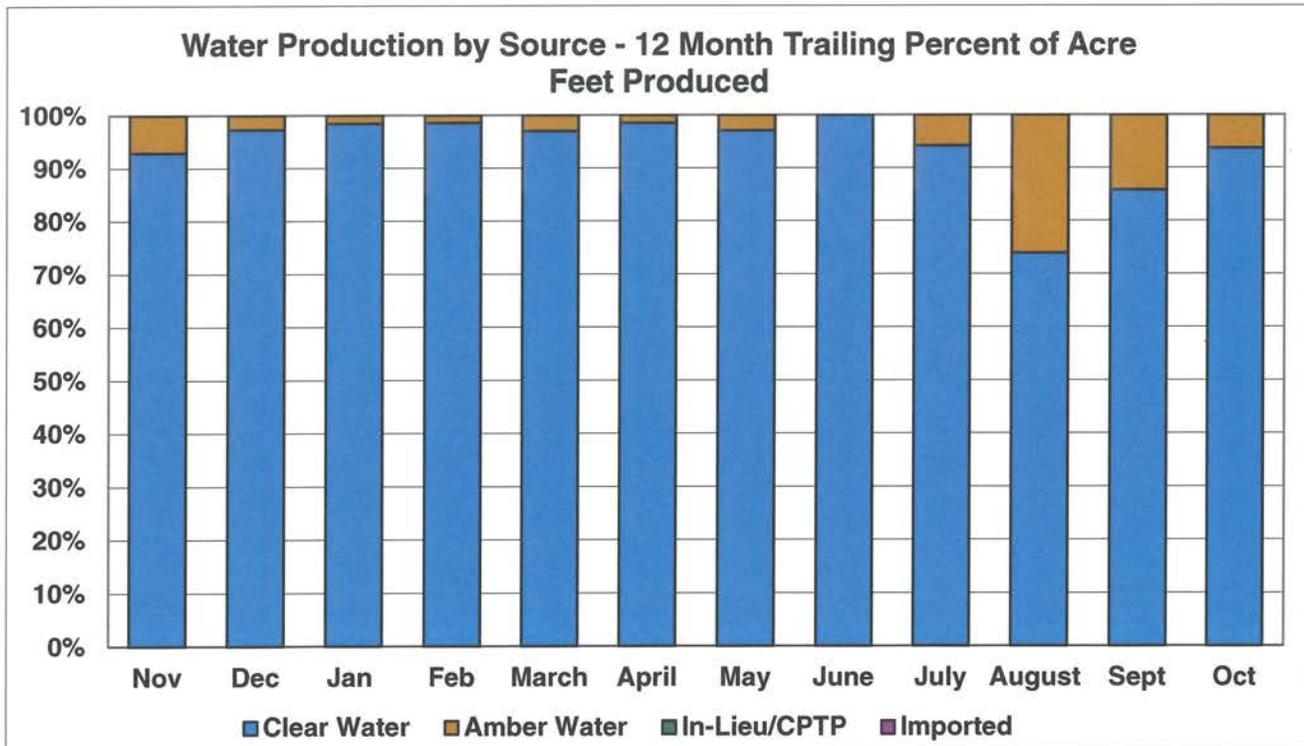
15. REPORT OF THE GENERAL MANAGER:
 - October Key Indicators Report

**Monthly Key Indicators Report
For the Month of October 2023**

**Goal #1: Provide an abundant, local, reliable and safe water supply
FY 2024 Potable Production (Acre Feet)**

Water Supply Source	FY 2024 YTD Actual (AF)	FY 2024 YTD Budget (AF)	FY 2024 Annual Budget (AF)
Clear Water	4,967	4,611	13,875
Amber Water (MWRf)	755	1,649	2,449
Imported	0	0	0
Basin Management Water	0	0	0
Total Production	5,722	6,260	16,324

YTD actual water production (AF) through October 31, 2023



**Monthly Key Indicators Report
For the Month of October 2023**

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

FY 2024 System Water Quality – This data reflects samples taken in October

Distribution System:	Average	Range	MCL
Chlorine Residual (mg/L) <i>Compliance</i>	2.27	1.21 – 2.90 Current RAA = 1.98	4 RAA
Coliform Positive % <i>Compliance</i>	0	0	5
Temperature (° F)	75	70 – 79	None

Reservoir I & II:	Average	Range	MCL
Chlorine Residual (mg/L)	1.85	1.06 – 2.43	None
Monochloramine (mg/L)	1.86	1.06 – 2.5	None
Ammonia (mg/L)	0.42	0.25 – 0.56	None
Temperature (° F)	75	69 - 78	None

Wells (Treated):	Average	Range	MCL
Chlorine Residual (mg/L)	2.53	2.05 – 3.19	None
Monochloramine (mg/L)	2.53	2.04 – 3	None
Ammonia (mg/L)	0.53	0.41 – 0.62	None
Temperature (° F)	74	71 – 77	None

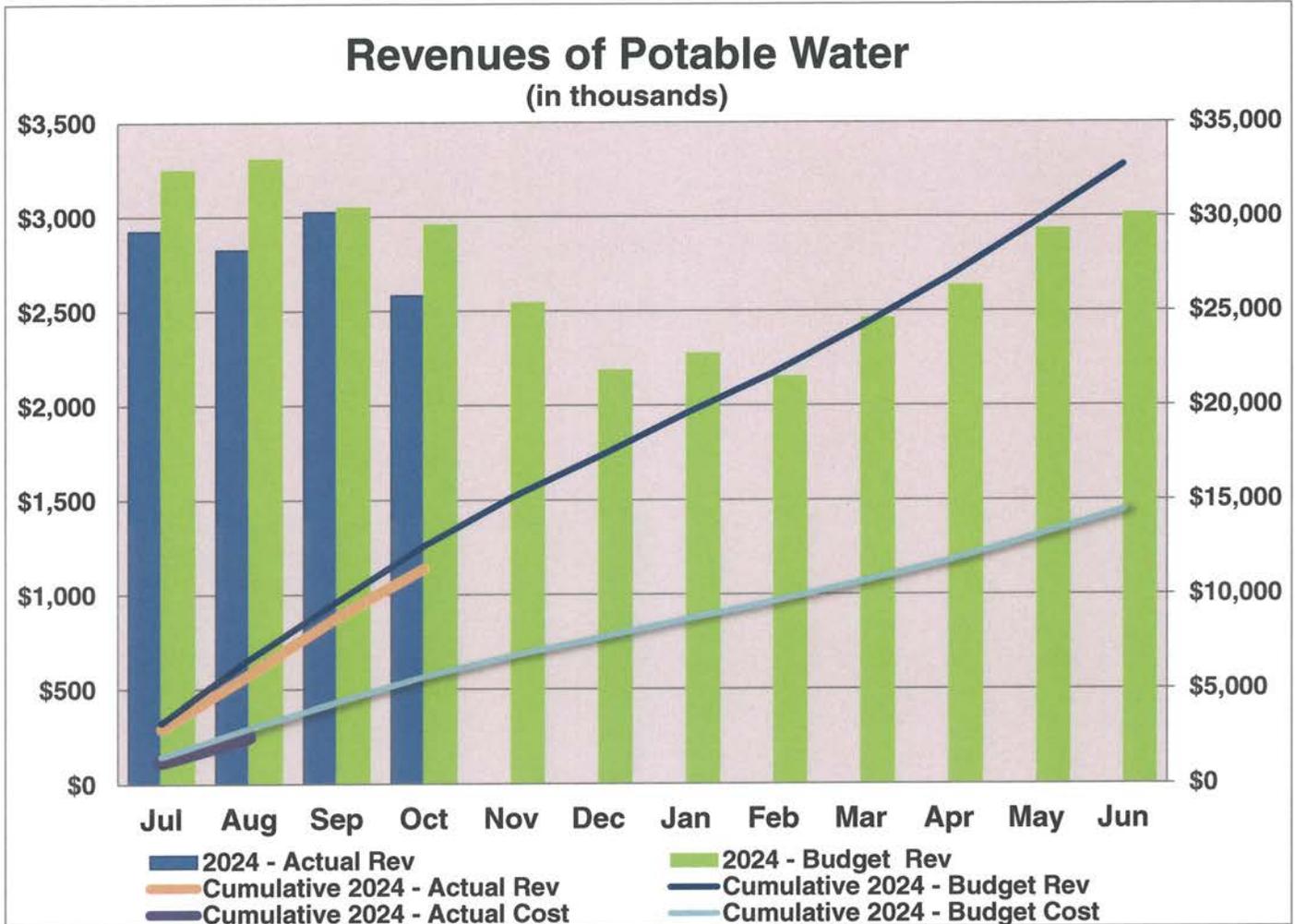
MWRF:	Average	Range	MCL
Chlorine Residual (mg/L)	2.30	2.14 – 2.45	None
Monochloramine (mg/L)	2.19	2.10 – 2.24	None
Ammonia (mg/L)	0.49	0.40 – 0.57	None
Temperature (° F)	78	77 - 79	None
Color (CU) <i>Compliance</i>	ND	ND	15
Odor (TON) <i>Compliance</i>	ND	ND	3

Water Quality Calls/Investigations:

Total Calls	5
Total Investigations (from calls)	1

**Monthly Key Indicators Report
For the Month of October 2023**

Goal #2: Perpetually renew and improve our infrastructure



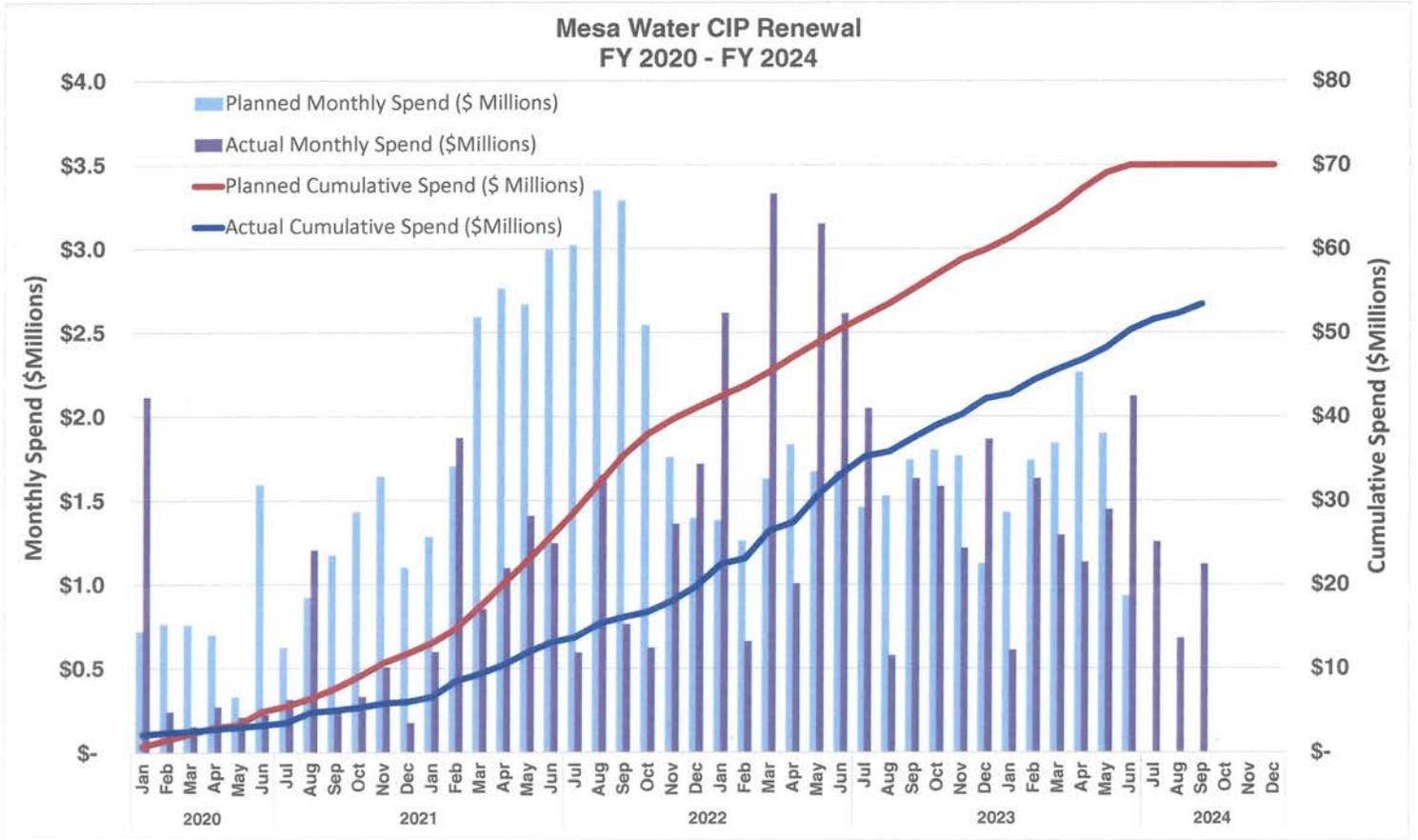
	Actual	Budget	Favorable (Unfavorable)	
			Difference	%
Total YTD Revenue \$	11,356,351	12,555,622	(1,199,271)	(9.55%)

	Actual	Budget	UnFavorable (Favorable)	
			Difference	%
Total YTD Cost \$ *	3,549,126	4,306,678	(757,552)	(17.59%)

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

**Monthly Key Indicators Report
For the Month of October 2023**

Goal #3: Be financially responsible and transparent



**Monthly Key Indicators Report
For the Month of October 2023**

Goal #4: Increase favorable opinion of Mesa Water

Web Site Information

Web Site Information	September 2023	October 2023
Visits to the web site	8,134	9,557
New visitors (First time to the site)	5,529	6,581
Average per day	271	308
Average visit length	183 seconds	191 seconds
Page visited most	Online Bill Pay	Online Bill Pay
Second most visited page	Human Resources	Contact Us
Third most visited page	Contact Us	Human Resources
Fourth most visited page	Rates and Fees	Rates and Fees
Fifth most visited page	Customer Service	Engineering
Most downloaded file	2023 Water Quality Report	2023 Water Quality Report
Second most downloaded file	Salary Table	Salary Table
Most active day of the week	Friday	Monday
Least active day of the week	Sunday	Saturday

Total visits since July 1, 2002	<u>1,861,444</u>
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Water Vending Machine Information

Vending Machine Location	Vend Measurement	October 2023 Vends	Totals Vends
Mesa Water Office	1 gallon	7,924	684,005

**Monthly Key Indicators Report
For the Month of October 2023**

Goal #5: Attract, develop and retain skilled employees

DEPARTMENT:	FY 2024			COMMENTS:
	BUDGET	FILLED	VACANT	
OFFICE OF THE GENERAL MANAGER:				
General Manager	1.00	1.00	0.00	
Business Administrator	1.00	1.00	0.00	
Subtotal	2.00	2.00	0.00	
ADMINISTRATIVE SERVICES:				
Administrative Services	5.00	5.00	0.00	
Subtotal	5.00	5.00	0.00	
CUSTOMER SERVICES:				
Customer Service	4.00	3.00	1.00	Customer Services Manager - vacant; on hold.
Subtotal	4.00	3.00	1.00	
ENGINEERING:				
Engineering	4.00	4.00	0.00	
Subtotal	4.00	4.00	0.00	
FINANCIAL SERVICES:				
Financial Reporting/ Purchasing	4.00	4.00	0.00	
Accounting	2.00	2.00	0.00	
Subtotal	6.00	6.00	0.00	
HUMAN RESOURCES:				
Human Resources	2.00	2.00	0.00	
Subtotal	2.00	2.00	0.00	
PUBLIC AFFAIRS:				
Outreach, Education & Communications	1.50	1.50	0.00	Water Use Efficiency & Education Coordinator - vacant; recruitment in process.
Conservation	1.00	0.00	1.00	
Subtotal	2.50	1.50	1.00	
WATER OPERATIONS:				
Supervision/Support	8.00	8.00	0.00	Operator I/II - vacant; recruitment in process.
Distribution	10.00	10.00	0.00	
Field Services	5.00	5.00	0.00	
Production	4.00	3.00	1.00	
Water Quality	2.00	2.00	0.00	
Subtotal	29.00	28.00	1.00	
WATER POLICY:				
Legislative & Governmental Affairs	1.50	1.50	0.00	
Subtotal	1.50	1.50	0.00	
* TOTAL BUDGETED POSITIONS:	56.00	53.00	3.00	

**Monthly Key Indicators Report
For the Month of October 2023**

Goal #6: Provide excellent customer service

Customer Calls

Call Type	FY2024 YTD	October 2023	YTD Weekly Average
General Billing Question	498	132	29
Service Requests	551	143	32
High Bill	509	128	30
Payments	836	206	49
Late Fee	628	157	37
Account Maintenance	181	59	11
On-Line Bill Pay	937	210	55
Water Pressure	9	3	1
No Water	23	10	1
Conservation	16	4	1
Water Waste	16	3	1
Other (District info. other utility info. etc.)	547	140	32
Rate Increase	19	9	1
Fluoridation	0	0	0
TOTAL CUSTOMER CALLS	4770	1204	281
AVERAGE ANSWER TIME (Seconds)	20	20	20

Online Bill Pay Customers

Customers Enrolled	FY2024 YTD	October 2023	YTD Weekly Average
21723	806	234	1278

REPORTS:

16. DIRECTORS' REPORTS AND COMMENTS



*Dedicated to
Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Marwan Khalifa, CPA, MBA, Chief Financial Officer
DATE: November 8, 2023
SUBJECT: Fiscal Year 2023 Annual Reimbursement Report

RECOMMENDATION

Receive and file the Fiscal Year 2023 Annual Reimbursement Report (California Government Code Section 53065.5) for the period of July 1, 2022 through June 30, 2023.

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.

PRIOR BOARD ACTION/DISCUSSION

None.

DISCUSSION

California Government Code Section 53065.5 requires all Special Districts to disclose any reimbursements of one hundred dollars (\$100) or more for each individual charge for services or products received paid to Board of Directors and staff within the preceding fiscal year. The individual charge can include, but is not limited to: tuition, certification or license reimbursement; meals, lodging, and transportation reimbursement; or registration fees reimbursement. The disclosure requirement is fulfilled by including the reimbursement information in a document published or printed at least annually and shall be made available for public inspection.

Staff has reviewed all Director and employee reimbursements for the time period of July 1, 2022 through June 30, 2023 (Fiscal Year 2023) and has identified those reimbursements where a single item met or exceeded the \$100 threshold. The annual reimbursement report is attached.

FINANCIAL IMPACT

None.

ATTACHMENTS

Attachment A: Fiscal Year 2023 Annual Reimbursement Report

**FISCAL YEAR 2023 ANNUAL REIMBURSEMENT REPORT
PER CA GOVERNMENT CODE SECTION 53065.5**

NAME	DATE	DESCRIPTION	AMOUNT
BOB MITCHELL	7/6/2022	TUITION REIMBURSEMENT	165.53
BOB MITCHELL	7/6/2022	SAFETY BOOTS	183.18
JAMES VALENCIA	7/6/2022	SAFETY BOOTS	200.00
KYLE BARKER	7/6/2022	TUITION REIMBURSEMENT	530.24
ALEXANDER GARCIA	7/20/2022	SAFETY BOOTS	200.00
MARWAN KHALIFA	7/20/2022	CONFERENCE REIMBURSEMENT	3,631.89
MARWAN KHALIFA	7/20/2022	TUITION REIMBURSEMENT	338.20
RICHARD KOVACEVIC	7/20/2022	SAFETY BOOTS	200.00
TRACY MANNING	7/20/2022	OFFICE SUPPLIES	969.73
BOB MITCHELL	8/3/2022	CERTIFICATE REIMBURSEMENT	105.00
DUSTIN BURNSIDE	8/17/2022	MEMBERSHIP REIMBURSEMENT	298.00
KYLE BARKER	8/17/2022	TUITION REIMBURSEMENT	207.00
MARWAN KHALIFA	8/31/2022	CONFERENCE REIMBURSEMENT	464.98
ALONZO ALATORRE	10/12/2022	CONFERENCE REIMBURSEMENT	651.64
ANDREW WIESNER	10/12/2022	CONFERENCE REIMBURSEMENT	1,833.66
STACIE SHEEK	10/12/2022	CONFERENCE REIMBURSEMENT	473.92
JASON LANGLOIS	10/26/2022	SAFETY BOOTS	200.00
KURT LIND	10/26/2022	CONFERENCE REIMBURSEMENT	869.31
STEPHEN HERSHEY	10/26/2022	SAFETY BOOTS	509.00
TRACY MANNING	10/26/2022	SAFETY BOOTS	199.34
TRACY MANNING	10/26/2022	CERTIFICATE REIMBURSEMENT	175.00
ALONZO ALATORRE	11/9/2022	CERTIFICATE REIMBURSEMENT	235.00
COLLEEN GRACE	11/23/2022	OFFICE SUPPLIES	133.30
LANDON WILLIAMS	11/23/2022	SAFETY BOOTS	200.00
MARWAN KHALIFA	11/23/2022	CONFERENCE REIMBURSEMENT	1,251.75
MARWAN KHALIFA	11/23/2022	CONFERENCE REIMBURSEMENT	158.57
MARWAN KHALIFA	11/23/2022	CONFERENCE REIMBURSEMENT	405.40
MARWAN KHALIFA	12/7/2022	CONFERENCE REIMBURSEMENT	560.51
KYLE BARKER	1/4/2023	TUITION REIMBURSEMENT	357.30
MARWAN KHALIFA	1/4/2023	CONFERENCE REIMBURSEMENT	1,806.98
KYLE BARKER	1/18/2023	TUITION REIMBURSEMENT	339.19
SHANE KEMP	1/18/2023	TUITION REIMBURSEMENT	447.10
SHANE KEMP	1/18/2023	CERTIFICATE REIMBURSEMENT	285.00
TREVOR HAGEN	1/18/2023	CERTIFICATE REIMBURSEMENT	185.00
BOB MITCHELL	2/1/2023	SAFETY BOOTS	161.63
MARWAN KHALIFA	2/1/2023	CONFERENCE REIMBURSEMENT	878.67
MARWAN KHALIFA	2/1/2023	CONFERENCE REIMBURSEMENT	738.32
MARWAN KHALIFA	2/1/2023	CONFERENCE REIMBURSEMENT	614.00
SHANE KEMP	2/1/2023	SAFETY BOOTS	200.00
MARWAN KHALIFA	2/15/2023	EXPENSE REIMBURSEMENT	118.88
KYLE BARKER	2/28/2023	TUITION REIMBURSEMENT	267.62
LANDON WILLIAMS	2/28/2023	SAFETY BOOTS	200.00
MARWAN KHALIFA	2/28/2023	CONFERENCE REIMBURSEMENT	587.13
MARWAN KHALIFA	2/28/2023	CONFERENCE REIMBURSEMENT	3,490.12
STRYDER HUFF	2/28/2023	TUITION REIMBURSEMENT	450.00
KAYING LEE	3/15/2023	CERTIFICATE REIMBURSEMENT	105.00
MARWAN KHALIFA	3/15/2023	CONFERENCE REIMBURSEMENT	625.96

**FISCAL YEAR 2023 ANNUAL REIMBURSEMENT REPORT
PER CA GOVERNMENT CODE SECTION 53065.5**

NAME	DATE	DESCRIPTION	AMOUNT
MARWAN KHALIFA	3/15/2023	EXPENSE REIMBURSEMENT	525.06
KYLE BARKER	3/29/2023	SAFETY BOOTS	184.24
MARWAN KHALIFA	3/29/2023	CONFERENCE REIMBURSEMENT	250.09
KATHY PHAM	4/12/2023	TUITION REIMBURSEMENT	1,306.13
MARK PELKA	4/12/2023	SAFETY BOOTS	327.74
MARWAN KHALIFA	4/12/2023	EXPENSE REIMBURSEMENT	1,459.73
DENISE GARCIA	4/26/2023	CONFERENCE REIMBURSEMENT	603.96
ALEXANDER GARCIA	5/10/2023	SAFETY BOOTS	197.95
JASON LANGLOIS	5/10/2023	SAFETY BOOTS	122.84
KAYING LEE	5/10/2023	CERTIFICATE REIMBURSEMENT	105.00
MARWAN KHALIFA	5/10/2023	CONFERENCE REIMBURSEMENT	712.97
MARWAN KHALIFA	5/10/2023	EXPENSE REIMBURSEMENT	103.00
MARWAN KHALIFA	5/10/2023	OFFICE SUPPLIES	120.85
MARWAN KHALIFA	5/10/2023	CONFERENCE REIMBURSEMENT	296.98
KAITLYN NORRIS	5/24/2023	CONFERENCE REIMBURSEMENT	126.25
MARWAN KHALIFA	5/24/2023	CONFERENCE REIMBURSEMENT	785.98
KYLE BARKER	6/7/2023	CONFERENCE REIMBURSEMENT	177.33
TYLER JERNIGAN	6/7/2023	CERTIFICATE REIMBURSEMENT	105.00
DENISE GARCIA	6/21/2023	CONFERENCE REIMBURSEMENT	438.39
KYLE BARKER	6/21/2023	TUITION REIMBURSEMENT	388.30
MARWAN KHALIFA	6/21/2023	CONFERENCE REIMBURSEMENT	1,295.14
MARWAN KHALIFA	6/21/2023	CONFERENCE REIMBURSEMENT	126.65
STRYDER HUFF	6/21/2023	SAFETY BOOTS	220.83
			37,188.46

**DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT
CODE SECTION 53232.3 (d)**

In accordance with CA Government Code 53232.3 (d), the following report identifies the meetings for which Mesa Water Directors received expense reimbursement.

Jim Atkinson Meetings Attended

Reimbursement Date:	Description, Date
N/A	

Fred R. Bockmiller, P.E. Meetings Attended

Reimbursement Date:	Description, Date
10/02/23	JPIA Event, 9/28 – 9/29
10/04/23	Meeting with the General Manager, 9/22

Marice H. DePasquale Meetings Attended

Reimbursement Date:	Description, Date
10/25/23	OC Water Summit, 10/16

Shawn Dewane Meetings Attended

Reimbursement Date:	Description, Date
N/A	

James R. Fisler Meetings Attended

Reimbursement Date:	Description, Date
10/04/23	Midway City Sanitary District Board Meeting, 9/19
10/04/23	Santa Margarita Water District Board Meeting, 9/22
10/04/23	Capistrano Bay Community Services District Board Meeting, 9/26
10/04/23	Ducks Unlimited Event, 9/30

CLOSED SESSION:

19. CONFERENCE WITH 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 Legal Counsel and staff to consider potential participation in one or more existing federal civil actions.

CLOSED SESSION:

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

CLOSED SESSION:

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