



*Dedicated to
Satisfying our Community's
Water Needs*

**AGENDA
MESA WATER DISTRICT
BOARD OF DIRECTORS
Monday, December 17, 2018
1965 Placentia Avenue, Costa Mesa, CA 92627
3:30 p.m. Special Board Meeting**

**LEGISLATIVE & PUBLIC AFFAIRS COMMITTEE MEETING
Monday, December 17, 2018 at 3:30 p.m.**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

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

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

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. State Advocacy Update
2. Outreach Update

ACTION ITEMS:

3. Community Water Systems Alliance
4. Policy Positions

PRESENTATION AND DISCUSSION ITEMS:

Items recommended for approval at this meeting may be agendaized for approval at a future Board meeting.

5. Orange County Update

REPORTS:

6. Report of the General Manager
7. Directors' Reports and Comments

INFORMATION ITEMS:

None



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

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

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

ADJOURNMENT



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MEMORANDUM

TO: Legislative & Public Affairs Committee
FROM: Stacy Taylor, External Affairs Manager
DATE: December 17, 2018
SUBJECT: State Advocacy Update

RECOMMENDATION

This item is provided for information only.

STRATEGIC PLAN

Goal #7: Actively participate in regional water issues.

PRIOR BOARD ACTION/DISCUSSION

This item is updated for the bimonthly meeting of the Legislative & Public Affairs Committee.

DISCUSSION

Staff will provide a verbal report to the Board.

FINANCIAL IMPACT

In Fiscal Year 2019, \$89,000 is budgeted for Legal Services; \$36,000 has been spent to date.

ATTACHMENTS

None.



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MEMORANDUM

TO: Legislative & Public Affairs Committee
FROM: Sara J. Fahy, Public Affairs Manager
DATE: December 17, 2018
SUBJECT: Outreach Update

RECOMMENDATION

This item is provided for information only.

STRATEGIC PLAN

Goal #4: Increase public awareness about Mesa Water® and about water.
Goal #6: Provide outstanding customer service.
Goal #7: Actively participate in regional water issues.

PRIOR BOARD ACTION/DISCUSSION

This item is updated for the bimonthly meeting of the Legislative & Public Affairs Committee.

DISCUSSION

Mesa Water District's (Mesa Water®) outreach program aims to connect Mesa Water with its constituents in order to achieve Goal #4 of the District's Strategic Plan. Outreach activities are also designed to achieve the Strategic Plan goals related to human resources, customer service, and/or regional water issues involvement by educating and informing the District's constituents about Mesa Water, water issues, and water in general. Mesa Water's constituents include external audiences – such as customers; community members; elected officials; industry colleagues, water districts and special districts; and media – as well as internal audiences such as staff, retirees and Board members.

Upcoming Fiscal Year 2019 Events

1. **Snoopy House Holiday Display** - Costa Mesa City Hall Lawn, 77 Fair Drive, Costa Mesa: Friday, December 14 through Sunday, December 23, 5:30 p.m. to 9:00 p.m.
2. **Share Our Selves 2018 Adopt a Family Program** - OC Fair & Event Center, 88 Fair Drive, Costa Mesa: Monday, December 17 through Thursday, December 20, 8:00 a.m to 4:00 p.m.
3. **Winter Fest OC** - OC Fair & Event Center, 88 Fair Drive, Costa Mesa: Thursday, December 20 through Sunday, January 6, 4:00 p.m. to 10:00 p.m.
4. **5th Grade Assembly** - Rea Elementary School, 661 Hamilton Street, Costa Mesa: Friday, January 11, 1:00 p.m. to 2:00 p.m.

The benefits of Mesa Water's outreach program include:

- Informing constituents about Southern California's perpetual drought, the historical drought facing California, and the importance of developing local and cost-effective sources of safe, reliable water for Mesa Water's service area and the region at large;



- Educating constituents about the importance of water and water stewardship, in order to sustain Southern California's population, quality of life, business, and economy;
- Educating constituents about Mesa Water's stewardship of ratepayer funds and financial responsibility to fund, invest in, and save for the current and future provision of safe and reliable water for the District's service area;
- Informing constituents of the District's infrastructure improvements to ensure water quality and water reliability for its service area;
- Learning from constituents and evolving as a well-informed Board of Directors (Board);
- Promoting water use efficiency to Mesa Water's customers and community members to help them save water, money, and the environment;
- Ensuring, for public health and safety reasons, that Mesa Water customers and community members identify the District as their water provider and as the source of information about water in emergency situations;
- Supporting Mesa Water's service area as an actively involved participant in programs that provide added value and benefits to the community;
- Informing the media of Mesa Water's activities that benefit the District's customers and community;
- Empowering Mesa Water's Board and staff with information that will help them provide the best possible service to the District's customers and community members; and,
- Strengthening Mesa Water's industry relations to provide opportunities for improving the District's business and operations -- including the areas of financial and human resources strength, infrastructure and technological innovation, and setting/supporting policies that have a positive impact on Mesa Water's service area -- so that the District can continue to provide safe, high-quality, reliable, and affordable water to its customers.

FINANCIAL IMPACT

In Fiscal Year 2019, \$292,000 is budgeted for the District's Public Affairs department expenses; \$84,000 has been spent to date.

ATTACHMENTS

None.



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MEMORANDUM

TO: Legislative & Public Affairs Committee
FROM: Stacy Taylor, External Affairs Manager
DATE: December 17, 2018
SUBJECT: Community Water Systems Alliance

RECOMMENDATION

Recommend that the Board of Directors approve a Charter Membership with Community Water Systems Alliance in the amount of \$10,000 to help guide policy and strategy on the safe drinking water issue.

STRATEGIC PLAN

Goal #1: Provide a safe, abundant, and reliable water supply.
Goal #4: Increase public awareness about Mesa Water® and about water.
Goal #7: Actively participate in regional water issues.

PRIOR BOARD ACTION/DISCUSSION

None.

DISCUSSION

On September 25, 2012, Governor Brown signed [Assembly Bill \(AB\) No. 685](#) (authored by former Assemblyman Mike Eng-D, Monterey Park) making California the first state in the nation to legislatively recognize the “human right to water” by declaring that “every human being has the right to safe, clean, affordable, and accessible water.” This law, however, contained no funding mechanism.

During the 2017-2018 legislative session, several bills proposed the creation of a “Safe & Affordable Drinking Water Fund” to finance the “human right to water” law, including:

- Senate Bill 623 in 2017 (Bill Monning-D, Monterey);
- Budget Trailer Bill in 2018; and,
- Senate Bill 845 in 2018 (Bill Monning-D, Monterey).

Furthermore, as a major funding mechanism for the “human right to water” law, the first two of the above-listed measures proposed a statewide tax consisting of a fee on every water meter that would post on the retail water customer’s bill; and, the third measure listed above proposed a highly inefficient “voluntary” remittance by every retail water customer statewide unless they opted out each month.

Due to immense efforts by the Association of California Water Agencies (ACWA) and its coalition of over 200 organizations -- comprising member agencies and water/government/utility industry associations -- all three of these bills died on August 31, 2018. Mesa Water’s staff and Sacramento lobbyists were actively engaged with ACWA’s coalition.

In October 2018, ACWA indicated that it intends to sponsor its own legislative proposal to help finance the “human right to water” without mandates on local water agencies which already face



the challenge of ever-increasing water quality regulations while also ensuring water supply reliability. At the heart of ACWA's proposal is the creation of a "Safe Drinking Water" Fund and Trust that would be financed by: 1) the State General Fund during budget surplus years; and/or, 2) voluntary donations from private corporations, nonprofits, and California citizens via an optional check mark on the California Form 540.

The 2019-2020 legislative session began on December 3, 2018; and, on December 5th, a new bill related to this issue was introduced by Assemblymember Richard Bloom (D-Santa Monica) as AB 134 (see Attachment A). It is anticipated that additional bills will be introduced in 2019 to address the "safe drinking water" issue.

In addition to ACWA, other coalitions have been -- and will continue to be -- highly engaged on this issue, including the: American Water Works Association, Cal-Nevada Section (of which Mesa Water is a member), California Municipal Utilities Association; California Special Districts Association (of which Mesa Water is a member); Northern California Water Association; Regional Water Authority; Southern California Water Coalition (of which Mesa Water is a member); and CalMutuals.

CalMutuals is also leading the formation of a new initiative, the Community Water Systems Alliance (CWSA), that has recently held several calls/meetings in which Mesa Water's General Manager and External Affairs Manager have participated. To avoid starting a new permanent water association, and at the request of several water districts serving disadvantaged communities (led by Twentynine Palms Water District), CalMutuals agreed to serve as fiscal sponsor for the initiative.

The CWSA initiative will give voice to elected officials from water districts representing disadvantaged communities that are meeting safe drinking water standards and employ best management practices, whose operational and financial integrity are threatened by state water tax proposals. CWSA's purpose would be to advocate against any efforts by the State to divert resources away from local agencies via statewide tax assessments or economically infeasible regulations (e.g., Chromium 6).

CWSA has already garnered the attention of the Assembly Water Parks & Wildlife Committee Chairman, Eduardo Garcia (D-Coachella), who has been entrusted by California Assembly Speaker Anthony Rendon (D-Paramount) to lead the State Assembly's task force to "find a sustainable long-term approach to address clean, safe, affordable drinking water to meet the needs of all California."

CWSA's organizing principles are provided in Attachment B, with the goal of raising at least \$60,000 to conduct advocacy activities around the "safe drinking water" issue. The makeup of CWSA would be cities, community service districts, county water districts, and special districts that are well-run and -operated while serving disadvantaged communities or populations challenged by revenue limitations (i.e., people living below/at/near poverty level, seniors on a fixed income, etc.).

Initial "charter members" that contribute \$10,000 or more will have advisory board status to help



guide policy and strategy for CWSA. To date, in addition to Mesa Water, potential charter members, pending formal approval by respective boards of directors, include: Twentynine Palms Water District, Santa Margarita Water District, Eastern Municipal Water District, and others. East Orange County Water District is among several organizations considering CWSA membership.

To maximize Mesa Water's advocacy influence on the important safe drinking water issue, staff recommends that the Board approve a Charter Membership with Community Water System Alliance in the amount of \$10,000 for 2019 – 2020 activities.

FINANCIAL IMPACT

In Fiscal Year 2019, \$163,500 is budgeted for the District's External Affairs department expenses; \$61,000 has been spent to date.

ATTACHMENTS

Attachment A: AB 134: Safe, Clean, Affordable, and Accessible Drinking Water
Attachment B: CalMutuals Report: Organization of a Community Water Systems Alliance
Attachment C: CalMutuals Memorandum of Understanding

ASSEMBLY BILL

No. 134

Introduced by Assembly Member Bloom

December 5, 2018

An act relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 134, as introduced, Bloom. Safe, clean, affordable, and accessible drinking water.

Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

This bill would state findings and declarations relating to the intent of the Legislature to adopt policies to ensure that every Californian has the right to safe, clean, affordable, and accessible drinking water.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Pursuant to Section 106.3 of the Water Code, every human
4 being in the State of California has the right to safe, clean,
5 affordable, and accessible water adequate for human consumption.

- 1 (b) Unfortunately, over one million Californians are exposed
2 to unsafe drinking water each year. Children are particularly at
3 risk because as many as one in four schools in the Central Valley
4 have been impacted by unsafe drinking water.
- 5 (c) In fact, a significant number of California communities,
6 especially disadvantaged communities, rely on a contaminated
7 groundwater source for their drinking water supply. Contaminants
8 include nitrate, arsenic, and disinfectant byproducts.
- 9 (d) The State Water Resources Control Board has identified a
10 total of 331 water systems that are in violation of water quality
11 standards. These water systems serve an estimated 500,000 people
12 throughout the state. Additionally, the number of water systems
13 with 14 or fewer connections that are currently in violation of
14 water quality standards is estimated to be in the thousands.
- 15 (e) Of the 331 systems identified by the State Water Resources
16 Control Board, 68 have violations associated with nitrates and in
17 some cases, additional contaminants. In some of these water
18 systems, unsafe contamination levels persist over time because
19 the local agency cannot generate sufficient revenue from its
20 customer base to implement, operate, or maintain the improvements
21 necessary to address the problem.
- 22 (f) The challenge in these systems is often a product of a
23 combination of factors, including the high costs of the investments
24 required, low income of the customers, and the small number of
25 customers across whom the costs would need to be spread.
- 26 (g) Water treatment systems are the key to providing safe
27 drinking water to these communities, but the installation, operation,
28 and maintenance of such systems are often very costly and there
29 is no source of funding dedicated to this ongoing need.
- 30 (h) Therefore, it is the intent of the Legislature to adopt policies
31 that will end this injustice and ensure that pursuant to California
32 law, every Californian has the right to safe, clean, affordable, and
33 accessible drinking water.



**Report: Organization of a Community Water Systems Alliance
December 3, 2018**

A meeting was held on Friday, November 30, 2018, to discuss possible support for an alliance of community water systems representing income limited and disadvantaged communities, at Eastern Municipal Water District. The meeting was attended by:

Paul Jones, General Manager, Eastern Municipal Water District
Danielle Coats, Senior Legislative Program Manager, Eastern Municipal Water District
Lisa Yamashita Lopez, President, CalMutuals & GM Rubio Cañon Land and Water Assn.
David Armstrong, Vice President, CalMutuals & GM South Mesa Water Co.
Jim Ciampa, General Counsel, CalMutuals & Public Water Agency Group (PWAG)
Owen Sharp, General Manager, San Andreas Mutual Water Company
Sandy Caruba, Board Member, San Andreas Mutual Water Company
Carol Giannini, Board Member, Twentynine Palms Water District
Bob Coghill, Board Member, Twentynine Palms Water District
Ray Kolisz, General Manager, Twentynine Palms Water District
Denise Peralta Gailey, Advocate, Twentynine Palms Water District
Dan Ferons, General Manager, Santa Margarita Water District
Don Barns, Assistant General Manager, Santa Margarita Water District
Jim Leach, Director of Government Affairs, Santa Margarita Water District
Kelly Gardner, Assistant Executive Director, San Gabriel Valley Water Association
Paul Gonsalves, Advocate, San Gabriel Valley Water Association
Stacy Taylor, External Affairs Manager, Mesa Water District
Jeff Armstrong, General Manager, Rancho California Water District
Meggan Valencia, Public Affairs Manager, Rancho California Water District
Calvin Louie, General Manager, Cabazon Water District
Curt Saur, Joshua Basin Water District
Jeff Deming, Principal, Monterey Bay Academy
Jackie McCloud, Utilities Manager, City of Watsonville
Lisa Ohlund, General Manager, East Orange Water District
Tim Worley, Executive Director, AWWA Cal-Nevada Section
Adan Ortega, Executive Director, CalMutuals

Meeting Purpose – To potentially augment resources through CalMutuals to include income-limited and disadvantaged communities, who are served by well run and operated water supply agencies, in organized efforts to prevent that their resources will be diverted by the state through the assessment of local taxes or economically infeasible regulations (e.g., Chromium 6).

Community Water Systems Alliance (CWSA) Principles – The group discussed seven principles around which CWSA would organize and advocate. CWSA will be comprised of a group of special districts, county water districts, community service districts, and cities that are well-run and -operated while serving disadvantaged communities and other populations that entail revenue limitations, such as seniors.

General draft organizing principles were revised to include the following:

1. CWSA is comprised of viable and well-running water supply systems focused on empowering those among them who directly represent and serve the residents of disadvantaged communities and other populations with income limitations such as seniors.
2. CWSA supports a statewide comprehensive needs assessment of the operational integrity and resiliency of chronically distressed water systems.
3. CWSA supports funding to build water system resiliency that does not shift existing resources of disadvantaged communities from some regions to other regions of the state.
4. CWSA supports regulations that are deemed economically feasible through a combination of factors including affordability, transparent understanding of health benefits, and their real-time cost and value to the residents of California.
5. CWSA supports consolidation of chronically-distressed water systems when it is part of an initiative supported by the residents of such communities, and where property rights and the right of representation is respected.
6. CWSA members pledge to work with larger neighboring and/or regional water agencies toward efforts that bring resource efficiency and stewardship of local shared resources that are based upon common values, needs, and respect...not charity.
7. CWSA is an alliance for education and advocacy of the common interests and empowerment of water systems serving disadvantaged communities and other income-limited populations, not a permanent water association.

Management – The group generally agreed that as fiscal sponsor, CalMutuals could bring efficiency to CWSA by availing it of its administrative, advocacy, and logistical support thus eliminating the need for the duplication of resources, in parallel with CalMutuals’ regional capacity across the state. CalMutuals is proposing that an advisory board be comprised of the initial charter members according to the contribution levels below.

Budget – The group felt that the estimated budget of \$60,000 for one year to cover the legislative calendar was modest given the issues driving the organization of CWSA. The group asked CalMutuals to propose a sponsorship schedule scaled to the revenue capacity of prospective members (see contributions below).

Contributions – Thus far, the following contributions have been pledged pending formal approval by respective boards of directors, comprising initial “charter members” and thus advisory board status:

Charter Contributions

Santa Margarita Water District: \$20,000

Mesa Water District: \$10,000

Twentynine Palms Water District: \$10,000

Any member contributing \$10,000 or more will be called “charter members” and entitled to help guide policy and strategy of the initiative – or to transfer participation to someone from a disadvantaged community.

Proposed Schedule for Regular Sponsors of the Initiative – CalMutuals has a “progressive” membership schedule that encourages participation by small and larger members. Pending consensus from the group, CalMutuals proposes the following scales of sponsorship for the initiative:

Tier 1: Revenues <\$250K	\$500
Tier 2: Revenues \$250K +	\$750
Tier 3: Revenues \$500K+	\$1,250
Tier 4: Revenues \$1M+	\$2,500
Tier 5: Revenues \$4M+	\$5,000

Follow-Up:

- Sacramento Advocacy – Meetings were held in Sacramento on December 4th that included appointments with Assemblymember Eduardo Garcia, Assembly Water Parks and Wildlife Committee consultant Catherine Freeman, and others addressing the proposed water tax proposal.
- Conference Call – A conference call took place December 11th in order to consider/announce charter memberships, the sponsorship levels, and legislative and regulatory strategy.

**MEMORANDUM OF UNDERSTANDING
COMMUNITY WATER SYSTEMS ALLIANCE**

This Memorandum of Understanding (“MOU”) is entered into this ____ day of _____, 2018 (“Effective Date”) by and between the California Association of Mutual Water Companies, a California non-profit mutual benefit corporation (“Cal Mutuals”), and _____ (“Participant”) with respect to the following.

RECITALS

- A. There are numerous regulatory and legislative issues facing water suppliers in California, including, but not limited to, water quality standards, requirements to limit water losses, a potential water tax, funding mechanisms for low-income rate assistance and long-term water use efficiency requirements.
- B. There are numerous water suppliers serving disadvantaged and severely disadvantaged communities that while operating efficiently and well, do not, on an individual basis, have the financial resources to be able to effectively advocate with respect to the issues identified in Recital A.
- C. Cal Mutuals is a non-profit association formed to provide effective advocacy for, and to facilitate operational and educational resources to ensure effective and compliant operation and governance of, mutual water companies and other small water systems in California.
- D. Cal Mutuals has worked with various water systems to develop a collaborative program to assist water systems serving disadvantaged and severely disadvantaged communities with regulatory and legislative advocacy, as described in Section 1, below (the “Initiative”).
- E. The Community Water Systems Alliance (“CWSA”) is an alliance of water systems who are undertaking the Initiative, working with and through Cal Mutuals as described herein.
- F. Participant desires to participate in CWSA and desires to make a financial contribution to help offset the costs of the Initiative, in accordance with the provisions set forth below.

NOW, THEREFORE, Participant and Cal Mutuals agree as follows:

1. The Initiative. Cal Mutuals will provide the services necessary to administer and coordinate the functions relating to the Initiative, as guided by the principles attached hereto as Exhibit A and incorporated herein by this reference. Participant, in its sole discretion and at its sole cost, may provide services of its employees to assist with implementing the Initiative.

2. Participant's Financial Contribution. Participant shall contribute the sum of \$_____ to CWSA, through Cal Mutuals, in order to join and participate in CWSA. That amount may be paid in a lump sum or through a payment arrangement to be agreed upon by Participant and Cal Mutuals. Cal Mutuals shall separately account for all such contributions and shall utilize Participant's and other CWSA members' contributions only for costs related to the Initiative and its administration. Cal Mutuals shall issue a quarterly report of CWSA's income and expenses, including the use of Participant's contribution, on or before the thirtieth (30th) day following the end of each calendar quarter (i.e., March 31, June 30, September 30 and December 31). Participant acknowledges that the financial contributions of other CWSA members may vary and may be greater than or less than Participant's contributions, although Cal Mutuals will use its best efforts to ensure a fair structure concerning such overall contributions, including through application of the revenue-based contribution model set forth in Exhibit A hereto.

3. CWSA Participant Issues. Participant shall allow Cal Mutuals to use Participant's name in any correspondence that Cal Mutuals may send regarding the Initiative and in any materials used in soliciting additional members in CWSA; provided, however, that if such correspondence relates to a position on legislation, Participant shall be provided the opportunity to opt out of being specifically named in any such correspondence and Cal Mutuals will remove Participant's name if so instructed. Upon written request of Participant, Cal Mutuals shall promptly (i.e., within three business days) provide Participant by e-mail with a list of all participants in CWSA and their respective contributions.

4. Audit/Inspection. Upon at least forty-eight (48) hours' prior written notice, Participant may audit or inspect, at Participant's sole cost and expense, Cal Mutuals' accounting books and records relating to CWSA and the Initiative.

5. Term; Termination. This MOU shall have an indefinite term, although it is contemplated to last approximately two years. Because CWSA is intended to be a temporary program, it may be terminated at any time by the vote of at least sixty percent (60%) of its members. Participant may withdraw from CWSA at any time, upon at least seven (7) days' written notice. Such withdrawal shall not entitle Participant to a refund of any portion of its contribution under Section 2, above, unless any audit or inspection under Section 4, above, reveals the misappropriation of funds by Cal Mutuals, in which case CWSA shall be entitled to the return of its entire contribution or such other amount thereof as the parties may agree.

6. Indemnification. Cal Mutuals shall indemnify and defend Participant against any third party claims, losses, liabilities damages, lawsuits, claims, judgments or other costs resulting from Cal Mutuals' gross negligence or intentional misconduct in performing its duties hereunder.

7. Notices. Any notice or other communication to be provided under this MOU shall be in writing, and shall be deemed effectively given upon personal delivery; or upon deposit in any United States mail box, by registered, certified, Priority, or Express mail, postage prepaid; or upon delivery by nationally recognized overnight courier; or upon confirmed transmission by facsimile, addressed to the other party at the address shown below.

8. Governing Law. This MOU shall be governed by and construed in accordance with the laws of the State of California.

9. Amendment. This MOU may be modified only by a written agreement signed by both parties.

10. Severability. If any court determines that any provision of this MOU is invalid or unenforceable, any invalidity or unenforceability will affect only that provision and will not make any other provision of this MOU invalid or unenforceable and such provision shall be modified, amended or limited only to the extent necessary to render it valid and enforceable

11. Counterparts; Execution Transmitted by E-Mail or Fax. This MOU may be executed in counterparts, effective as of the Effective Date first set forth above. The parties agree that this MOU will be considered signed when the signature of a party is delivered by e-mail or by facsimile transmission. Such e-mailed or facsimile signature shall be treated in all respects as having the same effect of an original signature.

IN WITNESS WHEREOF, the Participant and Cal Mutuals have executed this MOU as of the date first above written.

California Association of Mutual Water Companies

Participant

By _____
Lisa Yamashita-Lopez, President

By _____
Its _____

Address: 1370 N. Brea Blvd., Suite 238
Fullerton, CA 92835

Address: _____

Fax Number: _____

Fax Number: _____



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MEMORANDUM

TO: Legislative & Public Affairs Committee
FROM: Stacy Taylor, External Affairs Manger
DATE: December 17, 2018
SUBJECT: Policy Positions

RECOMMENDATION

Review and approve the updated Policy Positions for Mesa Water District.

STRATEGIC PLAN

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

PRIOR BOARD ACTION/DISCUSSION

At its October 9, 2018 workshop, the Board of Directors (Board) reviewed and approved Mesa Water District's (Mesa Water®) 2019 Legislative Platforms and suggested updates to Mesa Water's Policy Positions.

DISCUSSION

The purpose of a Policy Positions document for Mesa Water is to establish positions, agreed upon by the Board, on public policies to guide our staff and legislative advocates in monitoring, identifying, evaluating, and prioritizing legislative, regulatory, and water/government industry issues that may impact Mesa Water and our constituents' interests. Updated as needed, our Policy Positions contribute to all of Mesa Water's vision, mission, and strategic plan goals.

Additionally, because we are increasingly engaged in State legislative, administrative, and regulatory efforts as part of a broad coalition of industry associations -- such as the Association of California Water Agencies, California Special Districts Association, and others -- as well as collaborating on public policies with regional, statewide, and national industry groups (i.e., American Water Works Association, Association of California Cities-Orange County, Orange County Business Council, Southern California Water Coalition, Urban Water Institute, WateReuse, etc.), an updated Policy Positions document is important for Mesa Water to be actively involved with, and influence, governance and water/utility policy decisions that can impact our operations, customers, and community.

As requested by the Board at Mesa Water's 2018 Fall Workshop the newly updated Policy Positions (Attachment A) includes:

- A new Policy Position (#3.d in Attachment A) regarding stormwater capture; and,
- A new Policy Position (#4 in Attachment A) regarding Basin Storage and Exchange Programs.



The updated Policy Positions document establishes parameters that provide for timely response to policies, legislation, and/or regulations affecting Mesa Water (i.e., development/treatment of new local water supplies including desalination, infrastructure funding and fiscal policies, local control, water pricing and conservation, water storage and transfers/exchange programs, water quality mandates and stormwater issues, water resources public policy, transparency issues, etc.). Any matters with complex implications requiring added clarification will be presented to the Board for further direction.

FINANCIAL IMPACT

None.

ATTACHMENTS

- Attachment A: Draft Policy Positions
- Attachment B: Policy Positions, Redline
- Attachment C: 2019 Legislative Platforms



Policy Positions

Updated: December 17, 2018

Mesa Water District (Mesa Water®) supports:

1. Groundwater Quality Protection
 - a. Support Orange County Water District's (OCWD) current groundwater quality protection programs
 - i. Basin Equity Assessment (BEA) Exemption Program for Impaired Groundwater (including the Mesa Water Reliability Facility)
 - ii. The MTBE, North Basin, and South Basin groundwater protection projects
 - iii. The Tustin and Irvine desalters
 - b. Encourage OCWD to protect the Basin from chlorides caused by seawater intrusion
 - i. Encourage OCWD to set a goal of maintaining protective elevations along the coast
 - ii. Encourage OCWD to hold semi-annual barrier meetings with Coastal Agencies (Huntington Beach, Mesa Water, and Seal Beach)
 - iii. Encourage semi-annual reporting on the barrier
2. Policies that raise and stabilize the Basin Pumping Percentage (BPP)
 - a. Support OCWD setting a target BPP that they intend to consistently meet
 - b. Support new water supply projects that help achieve this goal
 - c. Support OCWD adopting a water supply policy that sets a goal of developing water supply and recharge capabilities, including purchasing replenishment water, or other actions that result in a reliable and predictable source of groundwater at a BPP of 80 percent. A goal of this policy is to accomplish this with a cost-neutral, or better, impact on producers when the avoided cost of purchasing imported water is considered
3. Policies that keep the Basin full
 - a. Support OCWD adhering to the BPP-setting formula
 - b. Support maximum production at the Groundwater Replenishment System (GWRS) to ensure a cost-effective, high-quality, environmentally-friendly and sustainable local water supply that benefits all OCWD producers and that increases the region's current and future water reliability
 - c. Support maximum wastewater flows treatable by the GWRS to the Orange County Sanitation District (OCSD) -- and support OCSD/OCWD's permanent acquisition of such wastewater flows -- to ensure source reliability for the GWRS
 - d. Support stormwater capture projects that are cost-effective (e.g., equivalent to or less than GWRS costs) and that contribute source water to the Basin Principal Aquifer
4. Basin Storage and Exchange/Transfer Programs that are market-based with the primary benefits accruing to OCWD, its Groundwater Producers, and the ratepayers they serve, with such Programs applying the "Beneficiaries Pay" principle and addressing issues including, but not limited to:
 - a. Full cost recovery, at a minimum, of a proportional share of the historic and future capital investments as well as operations and maintenance costs incurred by OCWD to manage the Basin
 - b. Full cost recovery, at a minimum, of the proportional value that entry into the Basin affords, including the value of reliability (and thus loss of reliability to the Groundwater Producers through the loss of available storage capacity) and the value of treatment

- c. Accounting for water loss in a current or future year (both lost out of the Basin and lost due to inability to spread or extract)
 - d. Consideration that the above is merely a “break even” deal, and any program should bring significant benefits in excess of the above to OCWD and its Groundwater Producers
 - e. Deferring entering into any agreements until the *IRWD v. OCWD* lawsuit is resolved
 - f. Deferring entering into any agreements until the Metropolitan Water District of Southern California (MWD) Conjunctive Use Program has been terminated
 - g. Limiting any potential future storage agreements to storage programs that are compliant with OCWD Act Section 2.1.c
 - h. Maximizing the beneficial use of the Basin while maximizing Basin Pumping Percentage (BPP) for the Groundwater Producers overlying the Basin
5. Annexations
 - a. Support financially neutral annexations into OCWD
 6. A financially strong OCWD
 - a. Support policies and practices that maintain OCWD’s current AAA credit rating from two of the three credit rating agencies
 7. The potential merger of the Municipal Water District of Orange County (MWDOC) and OCWD if the merger:
 - a. is mutually agreed upon by both MWDOC and OCWD;
 - b. results in efficiencies and economic savings for the members of both agencies;
 - c. improves or, at a minimum, preserves the quality, reliability and sustainability of wholesale water services to the members of both agencies;
 - d. preserves the interests of groundwater producers currently existing within Orange County’s groundwater basin and protects those interests from diminished groundwater resources or supplies;
 - e. preserves the existing boundaries of the Orange County groundwater basin for pumping and storage purposes;
 - f. allows the Orange County groundwater basin to remain unadjudicated;
 - g. respects the “one person one vote” principle if the new Board of Directors is a wholly elected board;
 - h. is facilitated openly and transparently; and,
 - i. increases the effectiveness of Orange County’s representation at MWD, with a coordinated and unified voice representing Orange County
 8. A strong independent MWDOC
 - a. Support MWDOC’s current mission and geographic boundaries, and oppose any efforts to break up the agency
 - b. Encourage MWDOC and OCWD exploring mutual areas of efficiency
 - c. Support any governance change agreed to by the MWDOC board
 9. Increased influence at Metropolitan Water District of Southern California (MWD)
 - a. Support increased allocations of MWDOC resources for engagement at MWD
 - b. Support coordination of the entire Orange County MWD delegation
 10. MWDOC’s priority initiatives at MWD
 - a. Protect Mesa Water’s service area from any cost shifts as a result of the San Diego County Water Authority lawsuit
 - b. Encourage continued efforts in improving the Delta

- c. Seek opportunities for MWD to provide assistance (or partnership) with MWDOC on developing desalination in Orange County
- d. Continue to support MWD's discounted replenishment water program
- 11. Close working relationships with MWDOC on local issues and programs for which the organization is advocating at MWD
- 12. The current Mesa Water Strategic Plan, including the District's goals to:
 - a. Provide a safe, abundant, and reliable water supply.
 - b. Practice perpetual infrastructure renewal and improvement.
 - c. Be financially responsible and transparent.
 - d. Increase public awareness about Mesa Water and about water.
 - e. Attract and retain skilled employees.
 - f. Provide outstanding customer service.
 - g. Actively participate in regional water issues.
- 13. The development of cost-effective and environmentally sensitive sources of water, including recycling, groundwater clean-up, conservation, and desalination
- 14. The potential Huntington Beach Ocean Desalter project as it can possibly provide a new, reliable, quality water supply that is appropriately priced
- 15. The co-equal goals of improved water supply reliability and Delta ecosystem health
- 16. Water rates based on true costs in conformance with Prop. 218, and tax-free revenue
- 17. Policies that encourage economical and practical water efficiency for indoor water use, irrigation water use, and commercial and industrial water use, without stranding investments in potable reuse systems, including:
 - a. Indoor water use efficiency at the level needed for community health and safety -- as substantiated by a recently-commissioned, validated, and peer-reviewed end-use study -- and that protects local investments in potable reuse systems
 - b. Irrigation water use efficiency at the level necessary for productive crops and attractive landscapes
 - c. Commercial and industrial water use efficiency at a level that sustains economic vitality
- 18. Water use efficiency policies based on fact-based data and water use efficiency standards based on sound studies that are credible, replicable, and verifiable
- 19. Policies that establish regulatory and statutory parity for all types of recycled water, including purple pipe and potable reuse
- 20. Theft prevention of municipal metal infrastructure, such as fire hydrants, manhole covers, and backflow devices

Mesa Water opposes:

- 1. The encroachment of Mesa Water easements, rights-of-way, and property without negotiation, agreed upon compensation, and advance approval at the sole discretion of the District

Policy Positions

Updated: ~~May 3~~December 17, 2018

Mesa Water District (Mesa Water®) supports:

1. Groundwater Quality Protection
 - a. Support Orange County Water District's (OCWD) current groundwater quality protection programs
 - i. Basin Equity Assessment (BEA) Exemption Program for Impaired Groundwater (including the Mesa Water Reliability Facility)
 - ii. The MTBE, North Basin, and South Basin groundwater protection projects
 - iii. The Tustin and Irvine desalters
 - b. Encourage OCWD to protect the Basin from chlorides caused by seawater intrusion
 - i. Encourage OCWD to set a goal of maintaining protective elevations along the coast
 - ii. Encourage OCWD to hold semi-annual barrier meetings with Coastal Agencies (Huntington Beach, Mesa Water, and Seal Beach)
 - iii. Encourage semi-annual reporting on the barrier
2. Policies that raise and stabilize the Basin Pumping Percentage (BPP)
 - a. Support OCWD setting a target BPP that they intend to consistently meet
 - b. Support new water supply projects that help achieve this goal
 - c. Support OCWD adopting a water supply policy that sets a goal of developing water supply and recharge capabilities, including purchasing replenishment water, or other actions that result in a reliable and predictable source of groundwater at a BPP of 80 percent. A goal of this policy is to accomplish this with a cost-neutral, or better, impact on producers when the avoided cost of purchasing imported water is considered
3. Policies that keep the Basin full
 - a. Support OCWD adhering to the BPP-setting formula
 - b. Support maximum production at the Groundwater Replenishment System (GWRS) to ensure a cost-effective, high-quality, environmentally-friendly and sustainable local water supply that benefits all OCWD producers and that increases the region's current and future water reliability
 - c. Support maximum wastewater flows treatable by the GWRS to the Orange County Sanitation District (OCSD) -- and support OCSD/OCWD's permanent acquisition of such wastewater flows -- to ensure source reliability for the GWRS
 - e.d. Support stormwater capture projects that are cost-effective (e.g., equivalent to or less than GWRS costs) and that contribute source water to the Basin Principal Aquifer
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2019 Legislative Platforms

Updated October 2018

Calendar Year 2019 marks the first year of California's two-year (2019 and 2020) legislative session, with the State legislature slated to reconvene at noon on Monday, December 3, 2018. Staff expects that legislative proposals and ongoing policy discussions from the 2018 session will return in 2019, including water legislation that could significantly impact Mesa Water District (Mesa Water®). The State administration and legislature explored several water issues in 2018, including, but not limited to:

- water use efficiency/conservation legislation updating "20x2020" and Urban Water Management Planning;
- a statewide "public goods charge" (tax) on water;
- water district consolidations;
- prohibiting residential water shutoffs;
- low income water rates assistance programs (aka "lifeline rates" or LiWRA);
- water quality and lead;
- recycled water and water reuse;
- California Environmental Quality Act (CEQA) reform; and,
- Delta Flows and the California WaterFix/EcoRestore.

As policy discussions continue in 2019, the above issues will be the primary areas of legislative and regulatory focus. Additionally, the November 2018 election will result in a new State Governor and administration, as well as current and new state legislative leadership, lawmakers, and regulators who will be dedicated to implementing the recently enacted water conservation bills -- SB 606 and AB 1668 -- which passed during the 2018 legislative session.

Listed below, for the Board's consideration, are the proposed legislative and regulatory platforms regarding anticipated high-priority public policy issues in 2019 that could have major consequences for Mesa Water:

- **Water Rates** – Mesa Water supports local rate-setting control with rate structures, set by publicly-elected boards and councils, that best serve customers and comply with the law. Furthermore, Mesa Water supports cost-based water rates that:
 - represent the true, full cost of water services, including operational costs and infrastructure funding to ensure water system sustainability into perpetuity; and,
 - harmonize the concepts of conservation and legality, with rates that provide a strong price signal for ratepayers to conserve while also complying with legal mandates (i.e., Article X of the CA Constitution; SB 606 and AB 1668; and, Propositions 13, 26, and 218).
- **Proposition 218** – Mesa Water supports Article XIII C and D of the California Constitution (Prop. 218) regarding government service assessments, fees, rates, and taxes, specifically:
 - the "2/3 vote" required from the legislature and voters for approval of new levies; and,
 - the "special benefit and proportionality requirements" provision which directly connects the special benefits received with reasonable proportionate costs, and ensures that



assessments imposed for property-related (water) services must not exceed the proportional cost of the services attributable to the parcel.

- **Water Rate Assistance Programs (“WRAP”)** – Mesa Water supports localized “WRAP” (aka “lifeline rates” or LiWRA) programs that comply with Prop. 218 of the California Constitution and are funded either voluntarily or via nonrestricted/non-water-rates revenues.
- **Orange County Groundwater Basin** – Mesa Water opposes any potential streamlined process for adjudicating groundwater basins, including the Orange County groundwater basin which is currently managed by the Orange County Water District (OCWD).
- **Water Bonds Funding (Propositions 1 and 68)** – Mesa Water supports funding from the November 2014 and June 2018 water bonds for OCWD’s priority projects.
- **Water Desalination** – Mesa Water supports CalDesal in its desalination advocacy efforts, as well as the local and regional development of cost-effective and environmentally sensitive water desalination projects statewide -- including brackish and ocean water desalination and the proposed Huntington Beach and Dana Point projects -- in order to enhance the availability and reliability of local and regional water supply sources, and improve water supply reliability for Orange County, Southern California, and statewide.
- **Water Conservation/Water Use Efficiency** – Mesa Water supports accounting for water resource and supply investments -- such as desalination, potable reuse, and water recycling - - as part of any potential statewide effort to update urban water conservation goals. Mesa Water supports compliance flexibility and local control; maximum credit for drought-resilient supplies; and, water use and water loss target-setting by the legislature that is based on valid data and includes a glide path for enforcement as well as a variance process for unique situations.
- **Water Recycling** – Mesa Water supports OCWD and WaterReuse in its efforts to advance potable reuse legislation and regulations.
- **Water Quality** – Mesa Water supports efforts by the Association of California Water Agencies (ACWA) to protect public health by using the best available scientific data and cost/benefit analyses to inform the development of reasonable and fiscally-responsible water quality legislation and regulations which consider technical and economical feasibility while ensuring clean, safe drinking water.
- **Water Storage and Exchange Programs** – Mesa Water supports the “Beneficiaries Pay” principle for water storage and exchange/transfer programs provided that they are market-based, ensure full cost recovery at a minimum, and account for water loss.
- **CEQA Reforms** – Mesa Water supports the efforts of ACWA and other water industry associations/organizations to streamline CEQA to enhance efficiencies, reduce redundancies in the environmental review/permitting process, and eliminate unnecessary, costly, and time-consuming litigation and related delays.
- **Local Government** – Mesa Water supports the efforts of California Special Districts



Association (CSDA) and the Local Agency Formation Commission (LAFCO) to ensure local control and representation, efficient delivery of government services, and appropriate reserve funds levels.

- **Delta Functional Flows and Solutions** – Mesa Water supports the efforts of ACWA, Municipal Water District of Orange County (MWDOC), Metropolitan Water District of Southern California (MWD), and Southern California Water Committee (SCWC) to achieve a long-term solution for the Bay Delta that includes functional, unimpaired flows for optimal statewide water supply reliability, sustainability and quality, and Delta ecosystem health and restoration for the public benefit.
- **Federal Drought Legislation** – Mesa Water supports the efforts of ACWA and other water industry associations/organizations in collaborating with U.S. representatives to develop bipartisan federal drought legislation.



*Dedicated to
Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Legislative & Public Affairs Committee
FROM: Stacy Taylor, External Affairs Manager
DATE: December 17, 2018
SUBJECT: Orange County Update

RECOMMENDATION

This item is provided for information only.

STRATEGIC PLAN

Goal #7: Actively participate in regional water issues.

PRIOR BOARD ACTION/DISCUSSION

This item is updated for the bimonthly meeting of the Legislative & Public Affairs Committee.

DISCUSSION

Mesa Water District's (Mesa Water®) government relations program includes monitoring local and regional political issues and policy-setting authorities (i.e., County of Orange, Orange County Local Agency Formation Commission, etc.). Mesa Water's consulting firm, Lewis Consulting Group, will provide an update to the Board.

FINANCIAL IMPACT

In Fiscal Year 2019, \$50,000 is budgeted for Support Services; \$17,000 has been spent to date.

ATTACHMENTS

None.

REPORTS:

6. DIRECTORS' REPORTS AND COMMENTS:

REPORTS:

7. REPORT OF THE GENERAL MANAGER: