



*Dedicated to
Satisfying our Community's
Water Needs*

**AGENDA
MESA WATER DISTRICT
BOARD OF DIRECTORS
Thursday, December 15, 2016
1965 Placentia Avenue, Costa Mesa, CA 92627
3:30 p.m. Special Board Meeting**

**LEGISLATIVE & PUBLIC AFFAIRS COMMITTEE MEETING
Thursday, December 15, 2016 at 3:30 p.m.**

**Teleconference Site:
12 West Poplar Ave #311
Columbus, OH 43215**

Members of the Public may attend and participate in the meeting at both locations. Notice will be posted on door at the Teleconference Site.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Non-Agendized Matters: Members of the public are invited to address the Board on matters which are not on the Agenda. Each speaker is limited to three (3) minutes. The Board will set aside thirty (30) minutes for public comments.

Agendized Matters: 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 five (5) minutes.

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. Advocacy Consulting Services Report
2. Legislative Consulting Services Report
3. Outreach Update

PRESENTATION AND DISCUSSION ITEMS:

Items recommended for approval at this meeting may be agendized for approval at a future Board meeting.
None

ACTION ITEMS:

4. Advocacy Consulting Services Renewal
5. Legislative Platform Update
6. Public Outreach Consulting Services



REPORTS:

- 7. Report of the General Manager
- 8. 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.

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 to or during the meeting, the materials will be available at the time of the meeting.

ADJOURNMENT

MEMORANDUM



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TO: Legislative & Public Affairs Committee
FROM: Stacy Taylor, External Affairs Manager
DATE: December 15, 2016
SUBJECT: Advocacy Consulting Services Report

RECOMMENDATION

This item is provided for information only.

STRATEGIC PLAN

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

Goal #7: Actively participate in regional water issues.

PRIOR BOARD ACTION/DISCUSSION

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

DISCUSSION

Staff will provide a verbal report to the Board.

FINANCIAL IMPACT

In Fiscal Year 2017, \$84,000 is budgeted; \$35,000 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 15, 2016
SUBJECT: Legislative Consulting Services Report

RECOMMENDATION

This item is provided for information only.

STRATEGIC PLAN

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

PRIOR BOARD ACTION/DISCUSSION

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

DISCUSSION

Mesa Water receives legislative consulting services from Townsend Public Affairs (TPA). As part of its service to Mesa Water, TPA submits a monthly written report of its activities on behalf of the District.

FINANCIAL IMPACT

In Fiscal Year 2017, \$60,000 is budgeted; \$25,000 has been spent to date.

ATTACHMENTS

Attachment A: TPA December Report

MEMORANDUM

To: Mesa Water®

From: Townsend Public Affairs, Inc.

Date: December 5, 2016

Subject: Monthly Political and Activity Report

Specific Activities for the Month:

- TPA provided Mesa Water staff with a summary of the Department of Water Resources, State Water Resources Control Board, Public Utilities Commission, Department of Food and Agriculture and California Energy Commission draft report on long term water conservation measures.
- TPA provided Mesa Water staff with a summary of the November general election results including an outline of the state legislative races, state initiatives and federal legislative races.
- Following the November 8 election, TPA continued to draft congratulatory messages to each newly elected State and local representative TPA will continue to assist Mesa Water staff in finalizing and distributing these messages.
- TPA secured Senator Moorlach to conduct the swearing in ceremony at the Mesa Water Board meeting on December 8.

State Political Update

On November 8, nearly 13 million Californians cast their ballots in the 2016 General Election. In addition to the race for President, voters elected a new United States Senator, weighed in on seventeen statewide propositions, and considered candidates in local State Assembly and State Senate races. While several experts were anticipating that such a long ballot could result in voter fatigue, voters passed twelve of the seventeen measures. Among the items that the voters approved were: the recreational use of marijuana (Proposition 64), an increase in the cigarette tax (Proposition 56), a \$9 billion education bond (Proposition 51), and a ban on single-use plastic bags (Proposition 67). Voters turned away five of the seventeen measures on the ballot including the statewide approval of revenue-bonds (Proposition 53) and a repeal of the death penalty (Proposition 52).

In the State Legislature, the Assembly Democrats gained three seats for a total of 55 out of 80 seats. This gives the Assembly a safe two-thirds supermajority. In the Senate, Josh Newman narrowly defeated Assemblymember Ling Ling Chang in the 29th Senate District (San Dimas/Brea/Fullerton), giving the Democrats a two-thirds supermajority in the Senate. This supermajority will allow Democrats to raise taxes, pass urgency measures, and place measures on the statewide ballot without support from Republicans.

On November 22, Governor Brown, President pro Tem De Leon, and Speaker Rendon released a joint statement stating that they would not be calling a lame duck legislative session to discuss a comprehensive transportation funding proposal. Given the two-thirds supermajority in both Houses, the Democrats will no longer need to work to get Republican votes for a transportation deal; however, they will need to craft a proposal that can be supported by the Governor and moderate Democrats. The Administration and Legislature will continue discussions on this topic early next year.

Members of the Legislature will travel to the Capitol on December 5 to be sworn into office before returning the first week of January to start the 2017-2018 legislative session.

Fiscal Outlook: Fiscal Year 2017-2018

The Legislative Analyst's office has recently released a report that outlines California's fiscal stability over the next five years. The fiscal outlook does reflect the fiscal effects of propositions that were approved by the voters on the November 8, 2016 ballot. The LAO produces this point-in-time document annually to assist the Legislature with budgeting for the next fiscal year.

The outlook is highly uncertain as it not only assumes no changes in state commitments and policies, but assumes no changes in federal policies as well. While future years are increasingly harder to predict, the report states with some certainty that California could end FY 2017-2018 with \$11.5 billion in reserves. Approximately \$2.8 billion of this would be considered discretionary reserves, which the Legislature can appropriate for a wide variety of purposes. The increase in reserve levels will largely be based on decreases in expenditures in FY 2017-2018 and an increase in revenues gained from personal income taxes, sales and use taxes, and corporation taxes.

The LAO believes California's economic expansion is likely to continue over the next couple of years. The last three economic expansions lasted an average of 95 months and have been increasing in length. The current expansion of the national economy has now lasted 89 months (since July 2009), which makes it the fourth longest in the United States since 1854. The last few expansions ended three years after the economy reached full employment, which last happened in October 2015.

California median household incomes (\$64,500) rose 4% in 2015, slightly above the national rate of 3.8%. Median household incomes grew by 3.3 percent in the Los Angeles-Orange County region. Job growth ranks 14th best among the 50 states: 2.3% in California. California's unemployment rate, 5.5 percent as of September 2015, remains tied for 10th worst, but has dropped half a percentage point in the last year. California's workforce participation rate grew over the last year from 62% to 62.6%, and full time work grew from 80.3% to 80.6%. The LAO anticipates that job growth will decrease over the next couple of years, but personal income and wage growth will increase. The LAO anticipate less growth in jobs and more growth in wages over the next few years, as the labor market tightens more and nears full employment. Housing costs and affordability are a growing concern and may limit prospects for job and economic growth.

As a result of the projected reserve level, the Legislative Analyst's Office predicts that the State will be able to withstand a mild recession without major budget cuts. The LAO also states that it is likely that State budgets will either remain in surplus or the budget reserves will be able to cover any operating deficits, despite possible recessions in the next five years.

Cap and Trade

On November 15, the Air Resources Board conducted its last quarterly auction for emissions allowances for the year. The last two auctions in May and August raised a dismal amount of money for California's Greenhouse Gas Reduction Fund. The program rebounded on November 15, selling 88 percent of its total available credits. The State's allocation of the revenues is approximately \$360 million, a considerable amount compared to \$10 million and \$8 million raised in May and August, respectively.

While the November auction produced relatively good results for Cap and Trade proponents, experts in the field are still cautious. Buyers of emissions credits were incentivized to participate in this auction after sitting the last two out, since the minimum per-ton price of credits is expected to increase from \$12.73 to \$13.50 at the next auction in February 2017. Additionally, opponents say the State's relatively slow recovery from the economic downturn as well as continued emphasis in renewable energy has driven down the demand for emissions credits. A lawsuit concerning the legality of the Cap and Trade program in regards to its "tax on carbon" is scheduled to be heard in January 2017, making the result extremely important to the February 2017 auction.

Long Term Water Conservation Measures

The Department of Water Resources (DWR), State Water Resources Control Board (SWRCB), Public Utilities Commission (PUC), Department of Food and Agriculture and California Energy Commission (CEC) have released a draft report that outlines a framework for long term water conservation measures. The report is in response to the Governor's Executive Order B-37-16 in May 2016, which directed state regulators to draft long term conservation measures that encourage using water more wisely, eliminating water waste, strengthening local drought resilience, and improving agricultural water use efficiency and drought planning.

Several of the items outlined in the report can be implemented with existing authorities, while others will require new authority. For recommendations related to existing authorities, the agencies will conduct rulemaking processes that provide opportunities for input and comment from stakeholders, interested parties, and the public. For recommendations requiring new authorities, the agencies will coordinate with the Governor's Office and the Legislature in seeking amendments to existing codes. Additional highlights of the draft report include:

- **Extension of the Emergency Conservation Regulations:** The SWRCB will extend its current emergency water conservation regulation, which is in effect through February 28 2017, for an additional 270 days based on supply conditions and water conservation levels. The SWRCB will hold a public workshop and propose extended emergency regulations in January 2017, if necessary.
- **New Water Use Targets:** The responsible, above mentioned agencies, will adopt new water use standards for all urban water use and a new urban water use target methodology. Urban water suppliers would, in turn, be required to calculate their unique water use targets based on those standards and local conditions. The agencies will establish interim targets that are applicable starting in 2018, and require full compliance with final targets by 2025.
- **Permanent Monthly Reporting:** The SWRCB will open a rulemaking process to establish permanent monthly urban water reporting on water usage, amount of conservation achieved, and any enforcement efforts. The rulemaking will start at the end of 2016 and run through 2017. There will be public workshops conducted to solicit public comments during the rulemaking process.
- **Eliminating Water Waste:** The SWRCB will open a rulemaking process to establish permanent prohibitions on wasteful water practices, building on the current prohibited uses in the emergency regulation. The rulemaking will start at the end of 2016 and run through 2017. Additional actions will be taken to address the Executive Order's directives related to reducing water supplier leaks including but not limited to: water loss audits, water loss performance standards, technical assistance for water loss audits and CPUC action working with Investor Owned Utilities (IOUs) to minimize leaks.

The CEC is evaluating various options for certification of water loss detection and control technologies at utility, household, and appliance levels. The CEC is also making investments in research and funding programs for water saving devices and technologies

- **Drought Resilience:** Urban water suppliers will be required to submit a Water Shortage Contingency Plan and conduct a 5- year Drought Risk Assessment every five years, and conduct and submit a water budget forecast annually.

The public comment period on the draft report is open until December 19, 2016. TPA will continue to track the rollout of long term water conservation measures and keep the City informed.

State Water Use: September 2016

In the month of September, California urban water suppliers reduced their water use by 18.3 percent when compared to September 2013, an increase of 0.8% from August 2016. The SWRCB expects the conservation percentage to drop as we enter what are typically the wet months of the year, however they are pleased that Californian's were able to stop the downward trend beforehand. Beginning next year, the State will decide if a return to state-mandated conservation rates will be required in order to conserve water in a safe and responsible way.

In September:

- Statewide water savings for September 2016 was 18.3 percent (116,703 acre feet or 38.0 billion gallons), an increase from August 2016's 17.5 percent savings, but a decrease from September 2015's 26.2 percent statewide savings (55.9 billion gallons). September 2016 water savings are 32 percent lower than September 2015.

- Cumulative statewide water savings for June 2015 to September 2016 (sixteen months) was 23.0 percent, compared with the same months in 2013. That equates to 2,145,241 acre-feet (699 billion gallons).
- Statewide average per person water use for September 2016 was 105.9 residential gallons per capita per day (R-GPCD), below the 113.7 R-GPCD in August 2016 but above 96.9 R-GPCD reported for September 2015.

Little Hoover Commission

On November 16, the Little Hoover Commission held its third and final public meeting to discuss special districts. Unlike the previous two public hearings which focused on climate change and special district's reserves, the November 16 advisory meeting solely focused on healthcare districts. In December, the Little Hoover Commission will release an official written summary of the healthcare district advisory meeting for inclusion into their full report on special districts in Spring 2017.

Relevant 2017 Ballot Initiatives to Mesa Water

Proposition 53: Statewide voter approval for revenue bonds. – **DID NOT PASS**

Proposition 53 would have required statewide voter approval before any revenue bonds can be issued or sold by the state for projects that are financed, owned, operated, or managed by the state or any joint agency created by or including the state, if the bond amount exceeds \$2 billion. This measure also prohibited dividing projects into multiple separate projects to avoid statewide voter approval requirement. Proposition 53 would have affected many large-scale state projects, including transportation projects, college facilities projects, and the proposed Delta tunnels project. Opponents of the initiative explained that high dollar regional transportation projects could potentially be subject to voters across the entire State. Additionally, Proposition 53 did not have an emergency clause to suspend this rule after natural disasters or other emergencies.

- 51 percent of California voters voted "NO" on this measure.

Proposition 54: Legislation and Proceedings – **PASSED**

Proposition 54 will prohibit the Legislature from passing any bill unless it has been in print and published on the Internet for at least 72 hours before the vote, except in cases of public emergency. This initiative also requires the Legislature to make audiovisual recordings of all its proceedings, except closed session proceedings, and post them on the Internet. Proposition 54 additionally authorizes any person to record legislative proceedings by audio or video means, except closed session proceedings.

- 65 percent of California voters voted "YES" on this measure. It will take effect immediately.

Federal Legislative Update

As the 114th Congress comes to a close, Congressional leaders have focused on the tasks essential to funding the federal government beyond the current Continuing Resolution (CR) (December 9), top tier legislation, and deciding key party and committee leadership positions. With few days remaining, and little floor time available to debate anything but appropriations bills, many members are content to reintroduce authorizing bills in early 2017. However, efforts are being made to continue to pass the Water Resources Development Act and drought legislation this year. Meanwhile, President-elect Donald Trump

and his transition team are focused on filling key posts in the new administration as well as actions they will take immediately and within the first 100 days after he is sworn in on January 20.

Adjourning the 114th Congress – Appropriations & Priority Legislation

Congressional leaders have moved up the target date for adjournment from December 16 to December 9, sending a clear message that little else beyond a CR will move before the 114th Congress adjourns. However, House and Senate negotiators have yet to find consensus on the duration of the next short-term spending bill to keep the government running. Once they ruled out a full-year measure, House members sought a March 31 expiration of the next continuing resolution, while Senate Republicans pushed for one that would last weeks later in Donald Trump's new presidency.

Senior appropriators have stated that this will not be a clean CR and that appropriations staff are working on several anomalies, or exceptions, on both spending and policy matters. These are likely to include increased defense spending (President Obama has requested an additional \$11.6 billion to fight ISIL and maintain overseas troop levels) and flood relief (for flood victims in North Carolina and Louisiana), but could include several more contentious issues.

Beyond appropriations, key bills that many members are eager to pass before adjourning include the Defense Authorization bill (H.R. 4909) and the Water Resources Development Act (S. 2848/H.R. 5303). It is increasingly unlikely that there will be sufficient time or political will to advance other pending legislation, such as the energy modernization bill (S. 2012), which includes Representative David Valadao's California drought bill (H.R. 2898). It remains to be seen whether leadership is willing to package these bills and other priority legislation together with the CR. If controversial House provisions are included in the CR, it could be in jeopardy if Senate Democrats are unwilling to agree to cloture or if President Obama were to veto the bill, either of which could result in a government shutdown.

Water Resources Development Act

Both the House and Senate plan to vote this week on a conference report still being negotiated for reauthorizing the Water Resources Development Act (WRDA). House Speaker Paul Ryan and Senate Environment and Public Works Committee Chairman Senator James Inhofe are eager to pass the bill before adjourning and have commented that it is the best legislative vehicle to help Flint, Michigan clear lead pollution from its municipal water system. Debate over a final funding package for Flint has been one of the key issues holding up the bill. The Senate bill (S. 2848) designates \$120 million to help resolve the crisis, while the House version of the bill (H.R. 5303) includes \$170 million.

The House bill also includes a provision sought by Orange County Water District (OCWD) that maintains the existing water conservation policy at Prado Dam, allowing the District to capture and store additional Santa Ana River water supplies. The provision also provides that non-federal interests shall pay only the separable costs associated with the evaluation, implantation operation and maintenance of an approved water supply conservation measure, consistent with OCWD's goals. The Senate WRDA bill contains similar language, which suggests the conference committee is likely to include the provision, or a version of the provision, in the final version of the bill.

Drought Legislation

As noted above, there remains little hope of passing S. 2012, the North American Energy Security and Infrastructure Act this session. The House version of the bill includes Representative David Valadao's California drought bill (H.R. 2898). However, House and Senate staff have not abandoned efforts to include the bill in the CR which must be adopted by December 9. It remains unclear whether the entire

bill or just key provisions are under consideration, but the same obstacles that have prevented the House and Senate drought bills from advancing persist. The most challenging issue to address is mandatory flows out of the Delta. Republicans insist this must be included to provide any meaningful additional water supplies for farms and Southern California urban users. Democrats strongly oppose the provision, pointing out that doing so would override the Endangered Species Act and impose water supply reductions on the State Water Project to compensate for additional federal pumping. Part of problem for House and Senate leadership is whether including such drought provisions in the CR could potentially result in a presidential veto, which would not be the case with the Trump Administration.

Looking Ahead

The House and Senate party caucuses continue to vote on committee chairman and ranking members. Actual committee membership rosters are not expected until January. Some positions will remain in flux as some members are tapped to join the incoming Trump administration. The first few months of the Senate's 2017 calendar will be filled with debate and votes on confirming new appointees to the incoming president's Cabinet and possibly President-elect Trump's nomination of a new Supreme Court justice. The Senate calendar, combined with work to complete the FY 2017 appropriations bill and the introduction of President-elect Trump's FY 2018 budget proposal, will create challenges for advancing other priority legislation for at least the first half of 2017.

MEMORANDUM



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TO: Legislative & Public Affairs Committee
FROM: Noelle Collins, Public Affairs Coordinator
DATE: December 15, 2016
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 #5: Attract and retain skilled employees.

Goal #6: Provide outstanding customer service.

Goal #7: Actively participate in regional water issues.

PRIOR BOARD ACTION/DISCUSSION

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

DISCUSSION

Mesa Water District's 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.

Staff has recently hosted Public Works Magazine, *OC Register* reporter Lauren Williams, and Costa Mesa High School's AP Environmental Studies students at the Mesa Water Reliability Facility, bringing the total number of visitors to 1,341.

Upcoming FY 2017 Events

1. 5th Grade Assemblies at Kaiser Elementary, 2130 Santa Ana Ave, Costa Mesa, on Monday, January 30, 2017 at 9:00 a.m. and 10:45 a.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;
- 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 2017, \$100,000 is budgeted; \$26,500 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 15, 2016
SUBJECT: Advocacy Consulting Services Renewal

RECOMMENDATION

Recommend the Board of Directors renew the Advocacy Consulting Services contract with California Advocates through December 31, 2017 for a not-to-exceed amount of \$84,000.

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.
Goal #4: Increase public awareness about Mesa Water® and about water.
Goal #7: Actively participate in regional water issues.

PRIOR BOARD ACTION/DISCUSSION

At the November 21, 2013 Legislative & Public Affairs Committee meeting, the Committee determined that Mesa Water District should seek additional lobbyist services to advocate for the District's legislative platforms. In Fiscal Year 2014, Mesa Water® retained, via a competitive procurement process, California Advocates (CA Advocates) for advocacy consulting services; since then, the District has renewed the California Advocates contract annually.

DISCUSSION

At Mesa Water's November 8, 2016 workshop, the Board provided updates to the District's 2017 legislative platforms for anticipated high-priority public policy issues. Advocacy for the Districts' platforms has and will continue to require significant work in Sacramento on multiple issues during calendar year 2017. CA Advocates has been effective for Mesa Water on several high-priority issues through active legislative monitoring and engagement with the: Governor's administration; state legislature and its leadership, committees, consultants and staff; State Water Resources Control Board; Association of California Water Agencies; CalDesal; California Municipal Utilities Association; California State Association of Counties; League of California Cities; California Special Districts Association; WateReuse; and more. Staff recommends continuing work with CA Advocates as Mesa Water's lead Sacramento representative for advocacy issues important to the District.

FINANCIAL IMPACT

In Fiscal Year 2017, \$84,000 is budgeted; \$35,000 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 15, 2016
SUBJECT: Legislative Platform Update

RECOMMENDATION

Recommend that the Board approve the proposed legislative platforms.

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

This item is updated annually and was reviewed at Mesa Water District's Board workshop on November 8, 2016.

DISCUSSION

The purpose of Mesa Water's legislative platforms is to establish a philosophical basis for policy principles and positions, agreed upon by the Board, to assist District staff and its legislative advocates in monitoring, identifying, evaluating, and prioritizing legislation and/or regulations that may impact Mesa Water® and the interests of its constituents. Mesa Water continues to engage with state legislation, regulatory and industry groups, such as the Association of California Water Agencies, California Special Districts Association, State Water Resources Control Board, and others, as well as with regional and local industry associations, so that the District can be involved with, and influence, water issue discussions and policy decisions that can impact Mesa Water and its constituents.

Mesa Water's proposed legislative platforms (Attachment A) provides advocacy guidelines that allow the District to respond in a timely manner to certain types of legislation and/or regulations affecting the District (i.e., infrastructure funding and fiscal policies, water pricing and conservation, water resources public policy, water quality mandates, development/treatment of new local water supplies including desalination, local governance/transparency issues, etc.). Any legislative/regulatory issues with complex implications requiring further clarification will be presented to the Board for further guidance.



Mesa Water's legislative platforms are updated on an as-needed basis and, minimally, annually. The District's legislative platforms contribute to all Mesa Water strategic plan goals.

FINANCIAL IMPACT

None.

ATTACHMENTS

Attachment A: Proposed Legislative Platforms



2017 Legislative Platforms

Proposed ~~October~~ December 2016

Calendar year 2017 marks the first year of California's next two-year (2017 and 2018) legislative session, with the State legislature slated to reconvene on Monday, December 5, 2016. It is expected that legislative proposals and ongoing discussion of issues from the prior two-year session will return in 2017, including legislation that could significantly impact Mesa Water®.

The State legislature explored several water industry issues in 2016, including, but not limited to: CEQA reform, desalination, flood management, statewide public goods charge/fee (tax), submetering, water/energy nexus, water district consolidation, water pricing ("conservation" rates) and water rates assistance programs ("lifeline" rates), water quality, water reuse (i.e., indirect and direct potable reuse, recycling, stormwater/urban runoff, etc.) water storage, water use efficiency, and the California WaterFix. These discussions will continue throughout the first year of the upcoming two-year legislative session.

Additionally, California's drought may continue into next year, with probable permanent short-term and long-term drought-related legislation and regulations. Listed below, for the Board's consideration, are Mesa Water's proposed legislative and regulatory platforms for anticipated high-priority public policy issues in 2017 that may be relevant to the District:

- **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 the cost of District operations and infrastructure funding to ensure water system sustainability; 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 X7-7: The Water Conservation Act of 2009 and any updates to such; 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.

[Mesa Water opposes amendments to Prop. 218.](#)

- **Water Rate Assistance Programs (~~"WRAP"~~)** – Mesa Water [opposes using water rates revenues, non-water-rates revenues and unrestricted revenues to fund supports](#) ~~"WRAP"~~ (also called "lifeline" rates). [Mesa Water supports voluntary contributions, such as ratepayer donations to a WRAP or lifeline rates program, and facilitating voluntary contributions such as](#)



~~partnering with a local charity to support people who need help paying their water bills, programs that comply with Prop. 218 of the California Constitution OR 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).
- **Proposition 1 (2014 Water Bond)** – Mesa Water supports Proposition 1 funding 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 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. Mesa Water supports an increase in the per-project grant funding cap for Proposition 1 desalination grant funds.
- **Water Conservation** – ~~Mesa Water opposes state-mandated conservation, mandatory conservation efforts and water rationing that impedes local control and that negatively impacts local investments in new sources of water supplies. Additionally, as part of any potential statewide effort to update urban water conservation goals, Mesa Water supports full (100% value) credit for new water supplies created for direct or indirect potable reuse, such as water from desalination, GroundWater Replenishment System (GWRS) and the Mesa Water Reliability Facility (MWRF).accounting for water resource and supply investments, such as desalination and water recycling, as part of any potential statewide effort to update urban water conservation goals. Mesa Water also supports supports:~~
 - ~~maximizing investments in local water infrastructure, sources and supplies;~~
 - ~~local control and baseline options similar to the four current 20x2020 options;~~
 - ~~informing customers of their water use; and,~~
 - ~~requesting customers’ voluntary conservation efforts when necessary to achieve conservation goals.~~
- **Water Recycling** – Mesa Water supports OCWD and WaterReuse in its efforts to advance indirect and direct potable reuse legislation and/or regulations.
- **California Environmental Quality Act (CEQA) Reforms** – Mesa Water supports the efforts of ACWA in streamlining CEQA to enhance efficiencies and 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 efficient delivery of government services, optimal local governance structures, local control and representation, and appropriate reserve funds levels.

- **MWDOC/MWD Delta Solution** – Mesa Water supports the efforts of Municipal Water District of Orange County (MWDOC), Metropolitan Water District of Southern California (MWD), and/or Southern California Water Committee (SCWC) to achieve a long-term solution for the Sacramento-San Joaquin River Delta that includes 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/or MWD in collaborating with U.S. representatives to develop bipartisan federal drought legislation.

MEMORANDUM



*Dedicated to
Satisfying our Community's
Water Needs*

TO: Legislative & Public Affairs Committee
FROM: Cynthia Ragland, Interim Public Affairs Manager
DATE: December 15, 2016
SUBJECT: Public Outreach Services

RECOMMENDATION

Recommend that the Board approve a contract change order with Fraser Communications for a not-to-exceed amount of \$50,000 for Public Outreach Services.

STRATEGIC PLAN

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

At its November 13, 2014 meeting, the Board approved a contract with Fraser Communications as the District's "Drought-Reach" campaign consultant. The public outreach campaign ran through June 2016 and resulted in Mesa Water meeting the State Water Resources Control Board's 20% reduction mandate from June 2015 through February 2016.

DISCUSSION

For Fiscal Year 2017, staff recommends extending the Fraser Communications contract for \$50,000 for a public outreach campaign to raise public awareness and support of water-use efficiency. Funds would be used for new creative concepts, messaging, and production of materials and/or media placements.



FINANCIAL IMPACT

In Fiscal Year 2017, \$50,000 is budgeted; no funds have been spent to date.

	Drought-Reach Campaign	
	Project Estimate Amounts	Project Cost Amounts
	<u> </u>	<u> </u>
Initial Project Estimate (FY 2015)	\$ 178,731	
Original Contract		\$ 178,731
Change orders #1-4		404,556
Revised Contracts		<u>\$ 583,287</u>
Actual spent to date		\$ 576,894
Revised Project Estimate	\$ 583,287	

ATTACHMENTS

None.

REPORTS:

7. REPORT OF THE GENERAL MANAGER:

REPORTS:

8. DIRECTORS' REPORTS AND COMMENTS: