

POTABLE AND RECYCLED WATER RATES

October 25, 2023



Strategic Plan Goals

- Abundant, Local, Reliable and Safe Water Supply
- Perpetually Renew & Improve Infrastructure
- Financial Responsibility
- Increase Favorable Opinion
- Attract, Develop and Retain Skilled Employees
- Excellent Customer Service
- Participate in Regional and Statewide Water Issues



Mesa Water

- Financially Strong
- AAA ratings

STANDARD
& POOR'S

FitchRatings



Agenda

- Recap of Financial Plan Assumptions
- Selected Financial Plan
- Review Adjustments
- Typical Single Family Bill Impacts

Rate Discussions

- Wednesday, April 18, 2023: Discussed Water Rates
- Wednesday, May 24, 2023: Discussed Hiring a Rate Consultant
- Wednesday, August 9, 2023: Awarded a Contract to Raftelis to Conduct a Rate Study
- Wednesday, September 13, 2023: Reviewed Rate Options
- Wednesday, October 11, 2023: Reviewed Rate Options
- Wednesday, October 25, 2023: Board Received Final Draft of Rate Study. Reviewed Rate Options and Schedule a Public Hearing

5 | October 25, 2023



Infrastructure



6 | October 25, 2023



Infrastructure



7 | October 25, 2023



Croddy Well Site



8 | October 25, 2023



Reservoir 2 Construction



9 | October 25, 2023



Inflation Assumptions

Line Item	Fiscal Year				
	2024	2025	2026	2027	2028
General	4.5%	4.5%	4.5%	4.5%	4.5%
Payroll	4.0%	3.0%	3.0%	3.0%	3.0%
Utilities	7.0%	6.6%	6.6%	6.6%	6.6%
Groundwater Basin Replenishment Assessment	11.8%	10.8%	11.0%	10.0%	10.0%
Imported Water Volumetric Costs	4.9%	5.3%	6.5%	6.0%	6.0%
Imported Water Fixed Supply Costs	3.5%	7.0%	6.0%	6.0%	6.0%

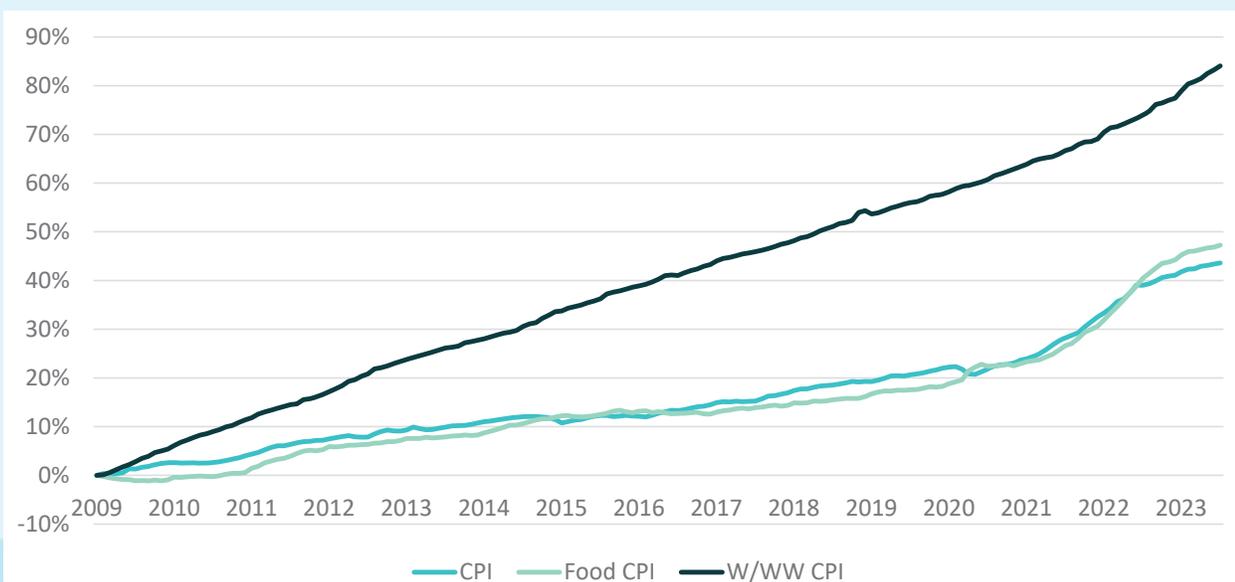
10 | October 25, 2023



Financial Plan Considerations

- Three main charges:
 1. Basic Charge (fixed charge)
 2. Volumetric Rate (\$/hundred cubic feet)
 3. Capital Charge
- District has submitted capital charges to the county for FY 2024

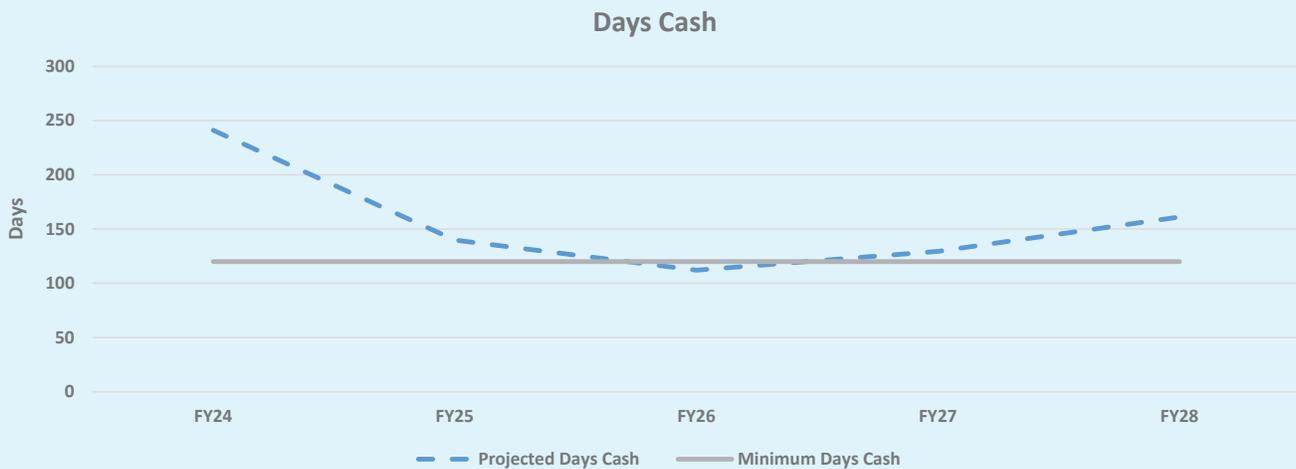
National Utility Rates vs Other Goods



Proposed Financial Plan

- Adjust Rates by 5%
- Lowest Debt Coverage – 2.30
- Lowest Days Cash – 112
- Lowest Cash on Hand – \$12.7 MM

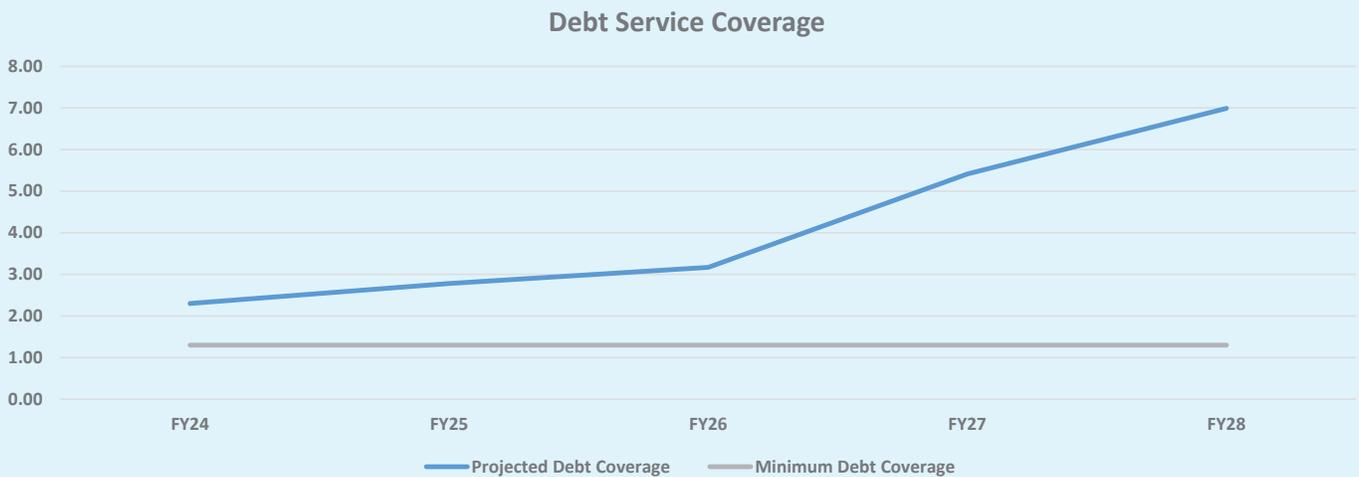
Proposed Financial Plan – Days Cash



Proposed Financial Plan – Cash on Hand



Proposed Financial Plan – Debt Coverage



Source of Potable Water Income – FY 2024

Meter Size	# of Meters	Total Revenue	% of Potable Water Revenue
5/8"	16,850	\$16,243,856	36%
3/4"	2,178	\$3,002,199	7%
1"	3,079	\$5,395,322	12%
1.5"	921	\$4,950,173	11%
2"	1,081	\$10,886,050	24%
3"	56	\$1,222,956	3%
4"	35	\$1,226,445	3%
6"	18	\$1,324,594	3%
8"	11	\$1,079,630	2%

17 | October 25, 2023



Basic Charge Derivation – FY 2024

Meter Size	Billing \$/bill	Meter			Total \$/bi-mo	Total \$/mo
		Maintenance \$/mtr/yr	Public Fire \$/mtr/yr	Total \$/mtr/yr		
5/8-inch	\$16.23	\$4.41	\$12.28	\$32.93	\$24.58	
3/4-inch	\$16.23	\$6.62	\$18.42	\$41.27	\$28.75	
1-inch	\$16.23	\$11.03	\$30.71	\$57.97	\$37.10	
1 1/2-inch	\$16.23	\$22.06	\$61.41	\$99.70	\$57.97	
2-inch	\$16.23	\$35.29	\$98.26	\$149.78	\$83.01	
3-inch	\$16.23	\$77.19	\$214.94	\$308.36	\$162.30	
4-inch	\$16.23	\$138.95	\$386.89	\$542.07	\$279.15	
6-inch	\$16.23	\$308.78	\$859.75	\$1,184.76	\$600.50	
8-inch	\$16.23	\$529.33	\$1,473.85	\$2,019.42	\$1,017.82	
10-inch	\$16.23	\$838.11	\$2,333.60	\$3,187.94	\$1,602.09	

18 | October 25, 2023



Bi-Monthly Basic Charge

Proposed Rates	Fiscal Year					
	2023	2024	2025	2026	2027	2028
Effective Date	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028
Meter Size						
5/8-inch	\$29.55	\$32.93	\$36.22	\$38.75	\$41.47	\$44.37
3/4-inch	\$36.30	\$41.27	\$45.40	\$48.58	\$51.98	\$55.62
1-inch	\$49.79	\$57.97	\$63.76	\$68.23	\$73.00	\$78.11
1 1/2-inch	\$83.52	\$99.70	\$109.67	\$117.35	\$125.56	\$134.35
2-inch	\$124.00	\$149.78	\$164.76	\$176.29	\$188.63	\$201.83
3-inch	\$252.17	\$308.36	\$339.20	\$362.94	\$388.35	\$415.54
4-inch	\$441.06	\$542.07	\$596.28	\$638.02	\$682.68	\$730.46
6-inch	\$960.50	\$1,184.76	\$1,303.23	\$1,394.46	\$1,492.07	\$1,596.52
8-inch	\$1,635.11	\$2,019.42	\$2,221.36	\$2,376.85	\$2,543.23	\$2,721.26
10-inch	\$2,579.55	\$3,187.94	\$3,506.73	\$3,752.20	\$4,014.86	\$4,295.90

Monthly Basic Charge

Proposed Rates	Fiscal Year					
	2023	2024	2025	2026	2027	2028
Effective Date	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028
Meter Size						
5/8-inch	\$22.81	\$24.58	\$27.04	\$28.93	\$30.96	\$33.12
3/4-inch	\$26.18	\$28.75	\$31.63	\$33.84	\$36.21	\$38.75
1-inch	\$32.92	\$37.10	\$40.81	\$43.67	\$46.72	\$48.99
1 1/2-inch	\$49.79	\$57.97	\$63.76	\$68.23	\$73.00	\$78.11
2-inch	\$70.03	\$83.01	\$91.31	\$97.70	\$104.54	\$111.85
3-inch	\$134.11	\$162.30	\$178.53	\$191.03	\$204.40	\$218.71
4-inch	\$228.56	\$279.15	\$307.07	\$328.56	\$351.56	\$376.17
6-inch	\$488.28	\$600.50	\$660.54	\$706.78	\$756.26	\$809.20
8-inch	\$825.58	\$1,017.82	\$1,119.61	\$1,197.98	\$1,281.84	\$1,371.57
10-inch	\$1,297.81	\$1,602.09	\$1,762.30	\$1,885.66	\$2,017.65	\$2,158.89

Annual Capital Charge

Proposed Rates	Fiscal Year					
	2023	2024	2025	2026	2027	2028
Capital Charge, \$/yr Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028	Jan 2028
Potable Water Meter Size						
5/8-inch	\$99.92	\$163.45	\$180.00	\$231.00	\$284.00	\$340.00
3/4-inch	\$149.88	\$245.17	\$270.00	\$346.00	\$425.00	\$510.00
1-inch	\$249.79	\$408.61	\$450.00	\$576.00	\$708.00	\$850.00
1 1/2-inch	\$499.57	\$817.21	\$899.00	\$1,151.00	\$1,416.00	\$1,699.00
2-inch	\$799.31	\$1,307.54	\$1,439.00	\$1,842.00	\$2,265.00	\$2,718.00
3-inch	\$1,748.49	\$2,860.23	\$3,147.00	\$4,028.00	\$4,954.00	\$5,945.00
4-inch	\$3,147.29	\$5,148.40	\$5,664.00	\$7,249.00	\$8,917.00	\$10,700.00
6-inch	\$6,993.96	\$11,440.89	\$12,585.00	\$16,109.00	\$19,814.00	\$23,777.00
8-inch	\$11,989.65	\$19,612.96	\$21,575.00	\$27,616.00	\$33,967.00	\$40,760.00
10-inch	\$18,983.61	\$31,053.84	\$34,160.00	\$43,724.00	\$53,781.00	\$64,537.00

Consumption Rate – Hundred Cubic Feet

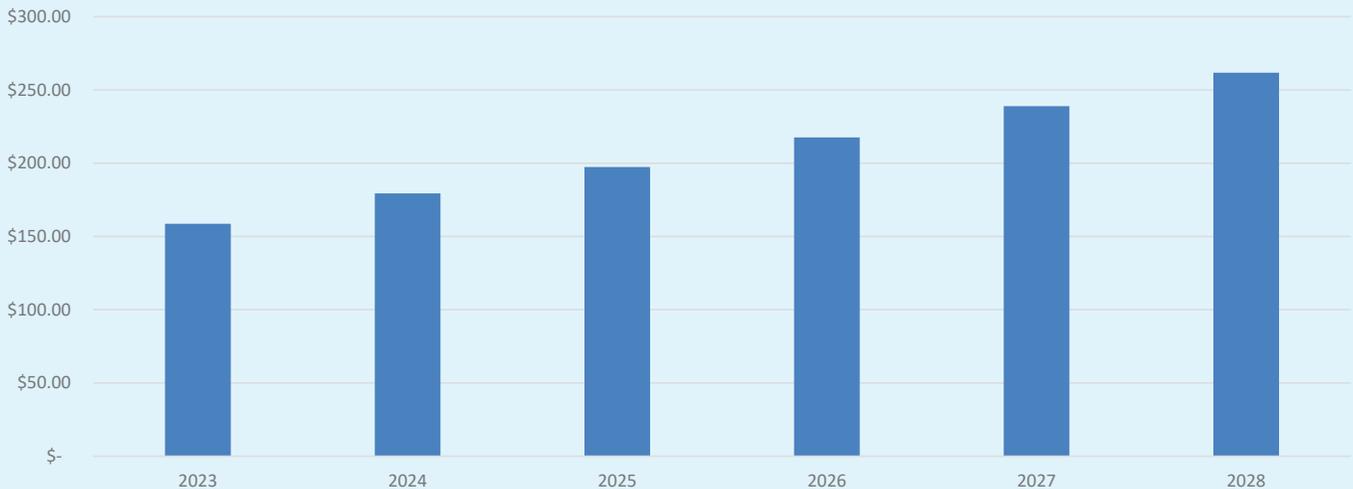
Proposed Rates	Fiscal Year					
	2023	2024	2025	2026	2027	2028
Usage, \$/ccf	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028
Potable Water (1)	\$4.87	\$5.42	\$5.96	\$6.38	\$6.83	\$7.30
Recycled Water	\$3.40	\$3.47	\$3.82	\$4.09	\$4.38	\$4.68

(1) also applies to construction and fireline water use

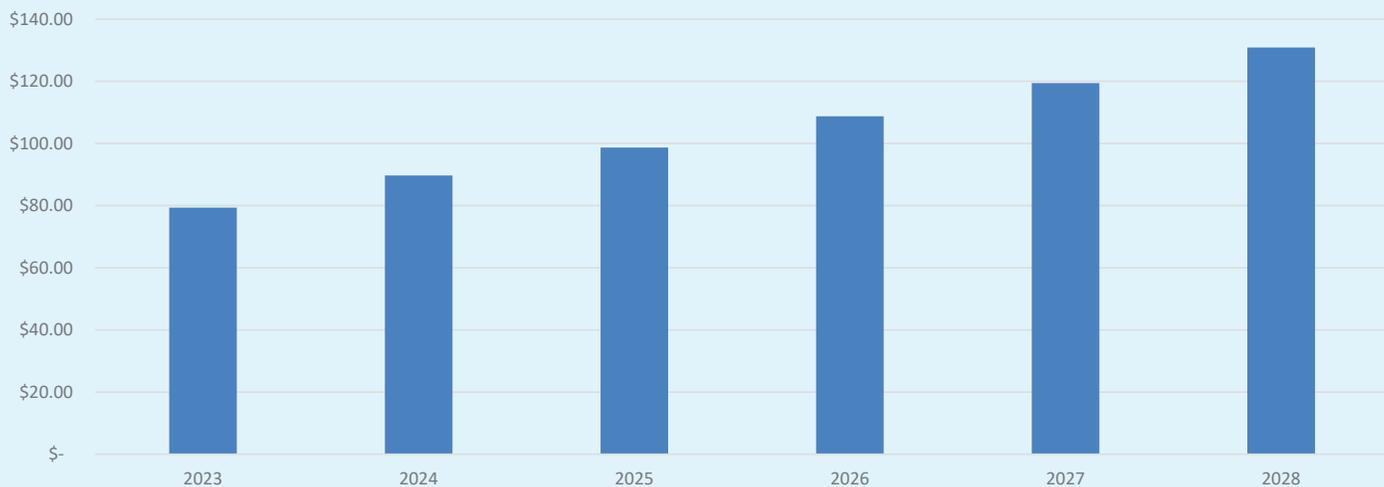
Average Single Family Customer Charges

	Jan 2023	Jan 2024	Jan 2025	Proposed Jan 2026	Jan 2027	Jan 2028
Bi-monthly Basic Charge: 5/8"	\$29.55	\$32.93	\$36.22	\$38.75	\$41.47	\$44.37
Capital Charge, 5/8"	\$21.95	\$27.24	\$30.00	\$38.50	\$47.33	\$56.67
Usage Charge (ccf): 22	\$107.14	\$119.23	\$131.15	\$140.33	\$150.15	\$160.67
Total Water Bill + Capital Charge	\$158.64	\$179.40	\$197.37	\$217.59	\$238.96	\$261.70
\$ Change		\$20.76	\$17.97	\$20.22	\$21.37	\$22.74

Average Single Family Bi-Monthly Charges



Average Single Family Monthly Charges

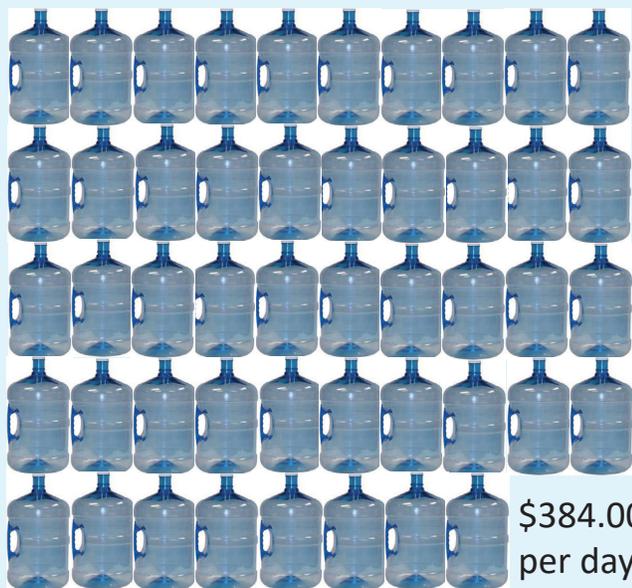


25 | October 25, 2023



Household Use Per Day

Bottled Water



Mesa Water District



- Average Daily Use (Family of 4)
- 240 Gallons Per Day
- \$2.73 per day

26



Next Steps

Date	Action
Wednesday, October 25, 2023	Receive Final Draft of Rate Study
Wednesday, October 25, 2023	Schedule Public Hearing
Thursday, October 26, 2023	Mail Proposition 218 Notice
Wednesday, December 13, 2023	Conduct Public Hearing

Recommendation

- Direct staff to finalize the proposed rate schedule for Calendar Years 2024 through 2028.
- Direct staff to proceed with Proposition 218 notice preparation and mailing.
- Direct staff to schedule a public hearing for December 13, 2023.

QUESTIONS?

29 | October 25, 2023



THANK YOU!

30 | October 25, 2023

