

POTABLE AND RECYCLED WATER RATES PUBLIC HEARING

December 13, 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 Scheduled a Public Hearing
- Thursday, October 26, 2023: Mailed Proposition 218 Notice



Infrastructure



Infrastructure



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Croddy Well Site



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Reservoir 2 Construction



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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%

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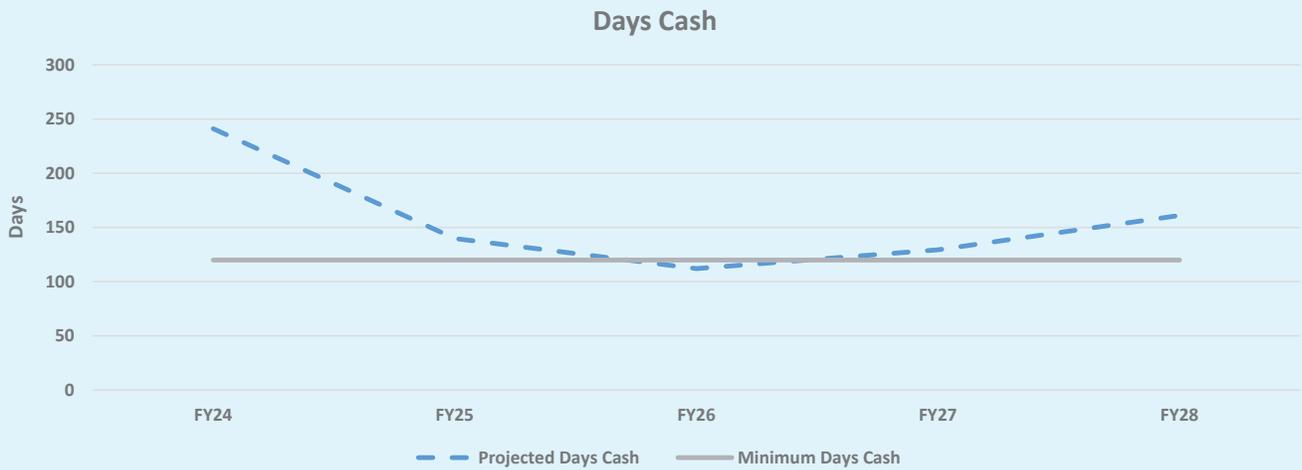
Financial Plan Considerations

- 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

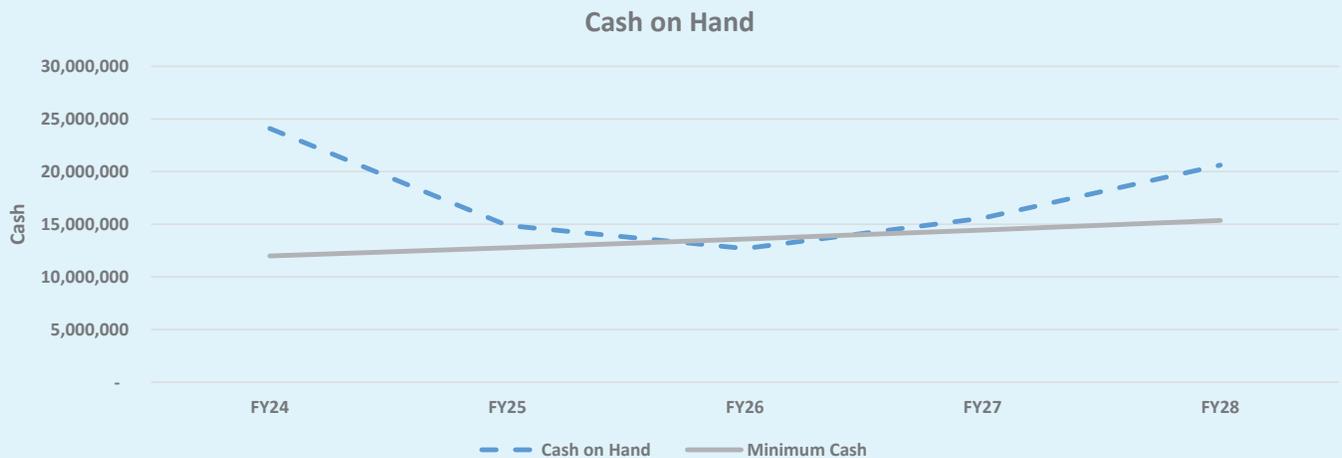
Proposed Financial Plan

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

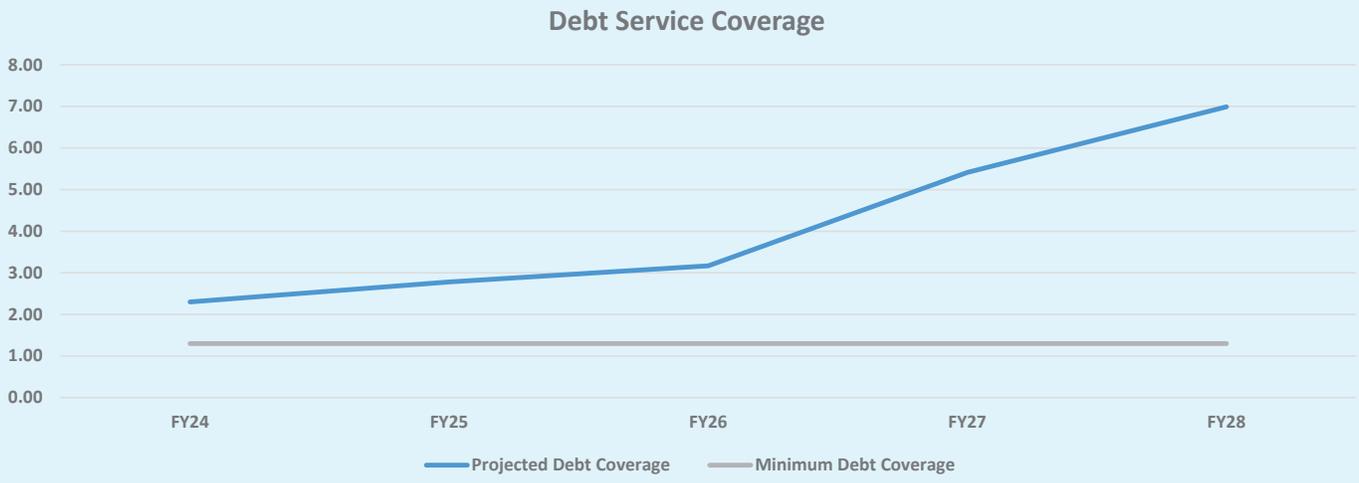
Proposed Financial Plan – Days Cash



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%



Basic Charge Derivation – FY 2024

Meter Size	Billing \$/bill	Meter		Total \$/bi-mo	Total \$/mo
		Maintenance \$/mtr/bi-mo	Public Fire \$/mtr/bi-mo		
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

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
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

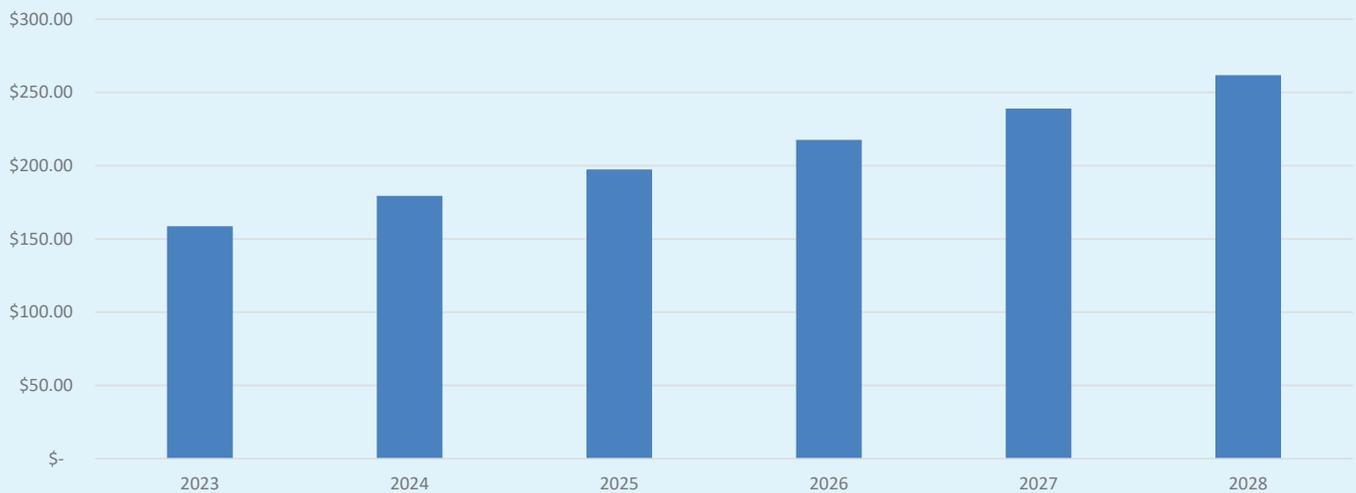
Proposed Rates	Fiscal Year					
	2023	2024	2025	2026	2027	2028
Usage, \$/ccf	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028
Potable Water **	\$4.87	\$5.42	\$5.96	\$6.38	\$6.83	\$7.30
Recycled Water	\$3.40	\$3.47	\$3.82	\$4.09	\$4.38	\$4.68

** also applies to construction and fireline water use

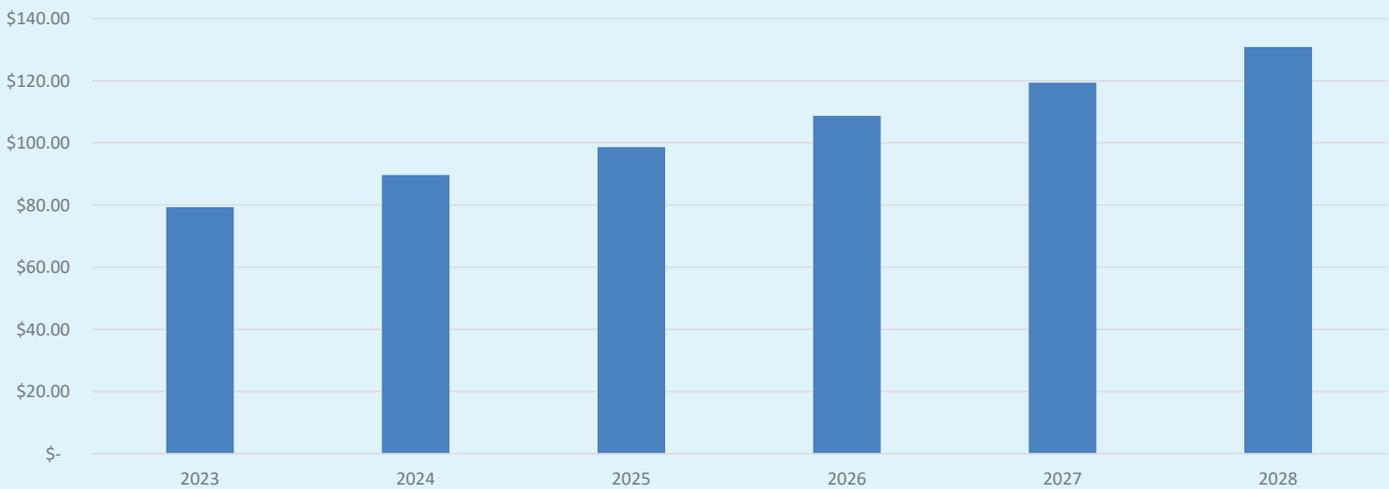
Average Single Family Customer Charges

	Proposed					
	Jan 2023	Jan 2024	Jan 2025	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	\$119.24	\$131.12	\$140.36	\$150.26	\$160.60
Total Water Bill + Capital Charge	\$158.64	\$179.41	\$197.34	\$217.61	\$239.06	\$261.64
\$ Change		\$20.77	\$17.93	\$20.27	\$21.45	\$22.58

Average Single Family Bi-Monthly Charges

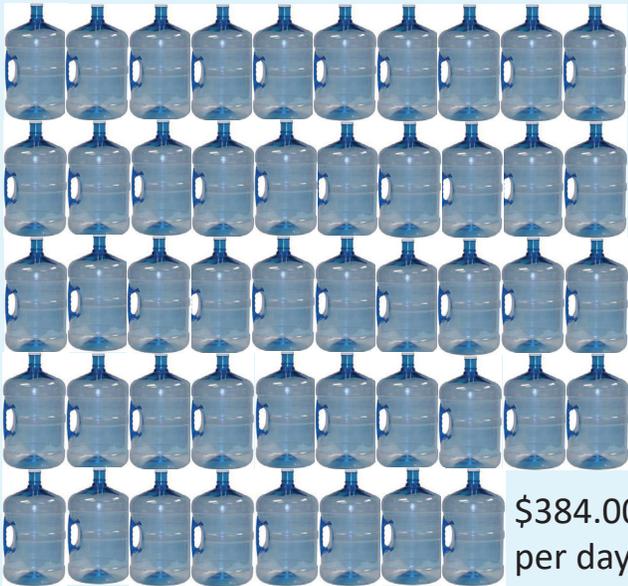


Average Single Family Monthly Charges



Household Use Per Day

Bottled Water



Mesa Water District



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



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Final Steps

Date	Action
Wednesday, December 13, 2023	Conduct Public Hearing



Recommendation

- Conduct public hearing;
- Review and discuss Resolution No. 1584; and
- Adopt Resolution No. 1584 Determining Compliance with Procedural Requirements, Making Findings, Revising Water Rates, Revising Meter Rates, Revising Capital Charges, Revising Fireline Stand-By Charges, Adopting a Rate and Charge Implementation Schedule, Amending the Water Rate and Charge Schedule, Taking Related Actions and Superseding Resolution No. 1559.

QUESTIONS?

THANK YOU!