

POTABLE AND RECYCLED WATER RATES



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



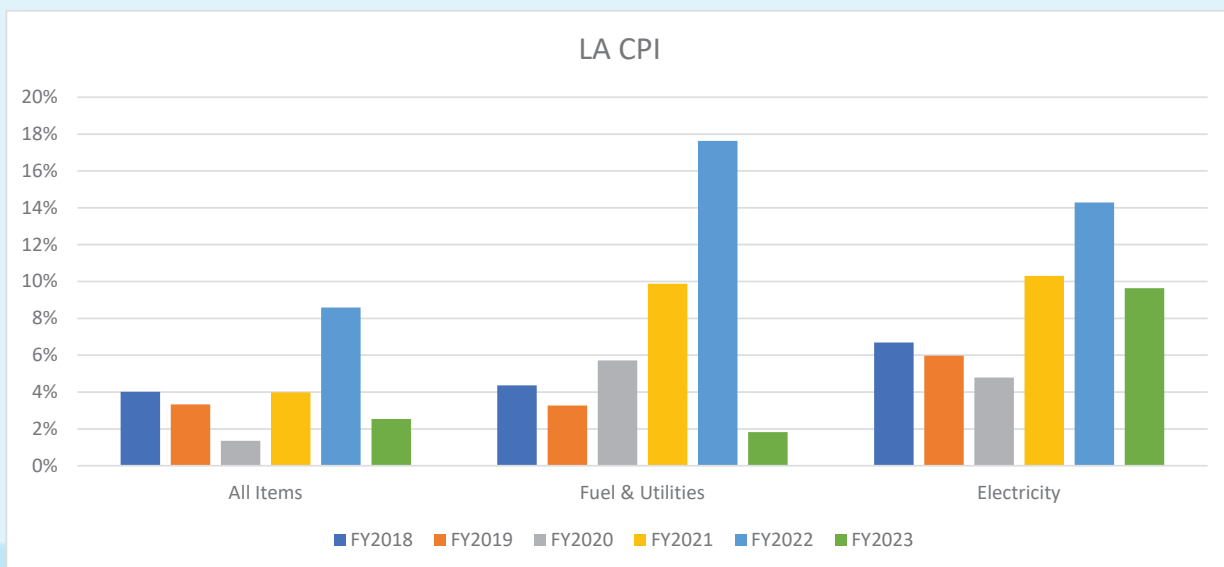
Agenda

- 2021 Rate Study Inflation Assumptions
- Current Inflation Assumptions
- Rate Study Scenarios

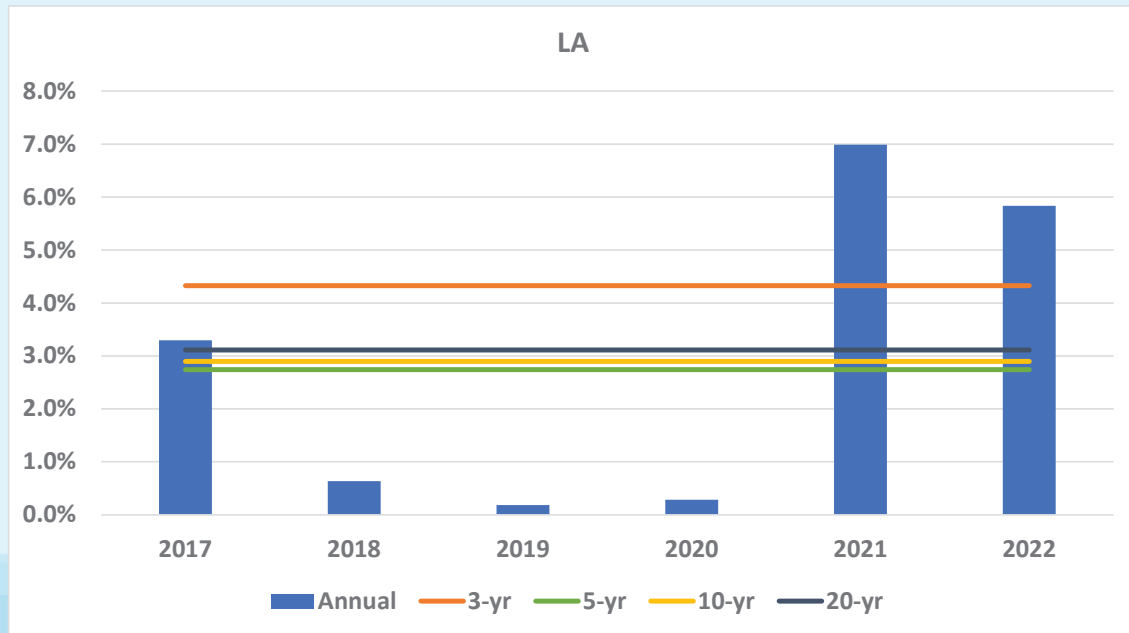
2021 Rate Study Inflationary Assumptions

Line Item	Fiscal Year				
	2023	2024	2025	2026	2027
General	2.5%	2.5%	2.5%	2.5%	2.5%
Payroll	3.5%	3.5%	3.5%	3.5%	3.5%
Utilities	3.5%	3.5%	3.5%	3.5%	3.5%
Groundwater Basin Replenishment Assessment	6.5%	4.8%	6.9%	7.3%	5.7%
Imported Water Volumetric Costs	5.0%	5.0%	5.0%	5.0%	5.0%
Imported Water Fixed Supply Costs	3.5%	3.5%	3.5%	3.5%	3.5%

Consumer Price Index – Los Angeles



Engineering News Record – Construction Cost Index



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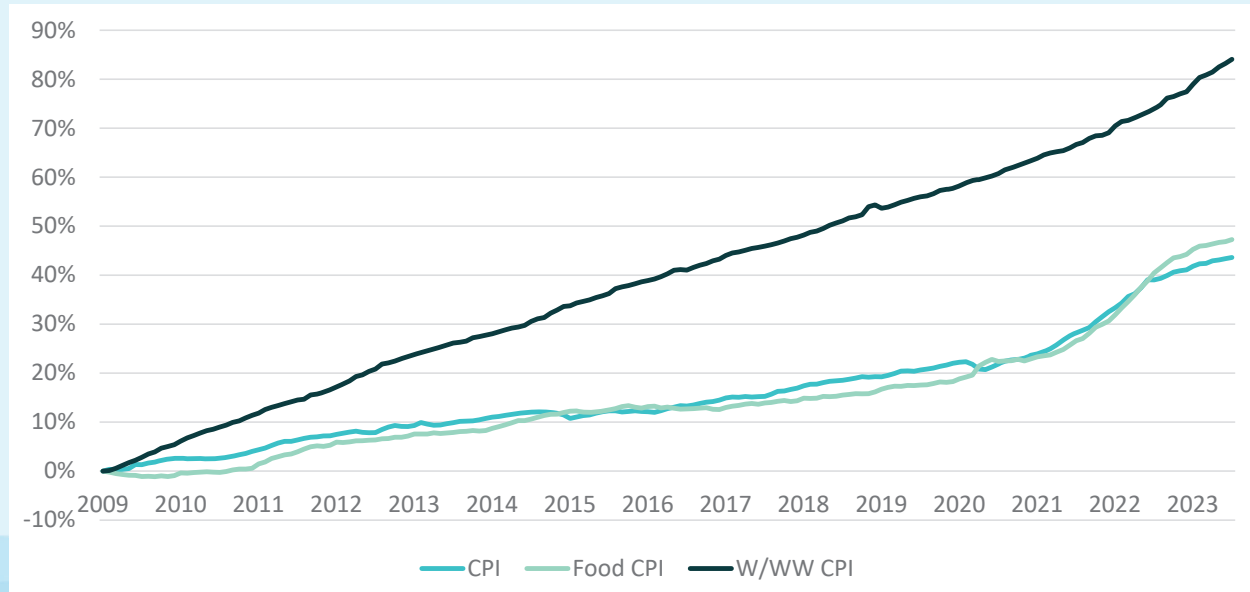
Current Inflationary Assumptions

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%

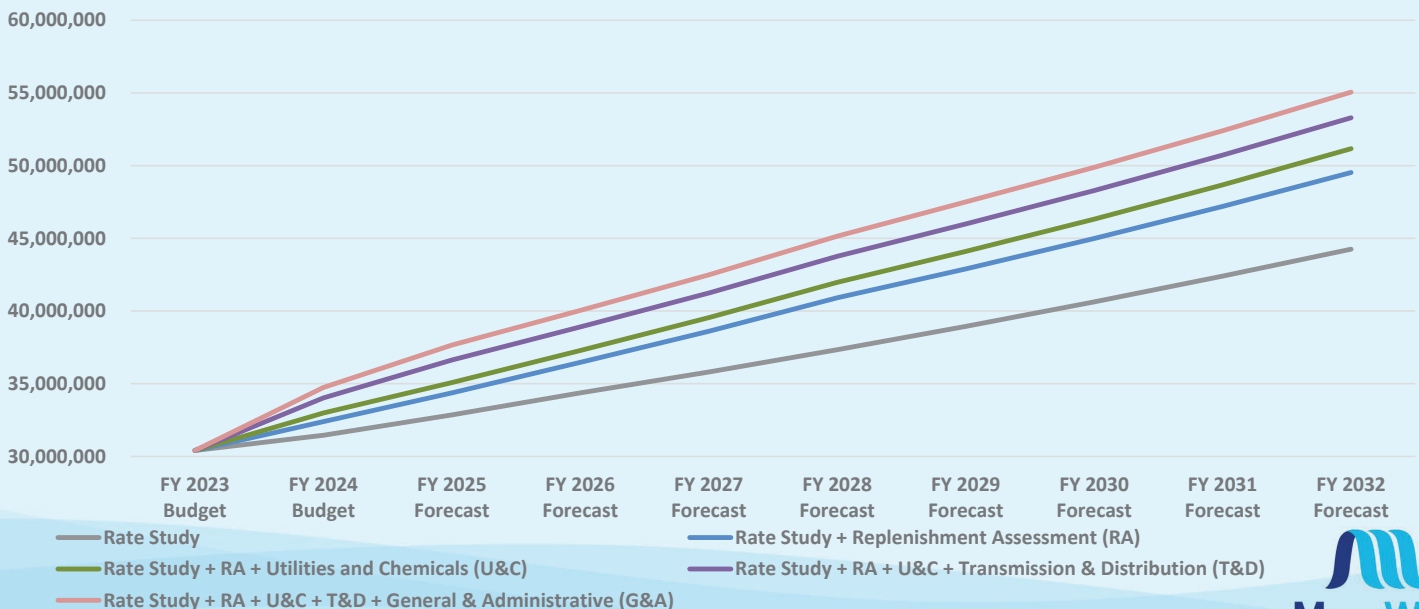
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Utility Rates vs Other Goods



FY 2023 – 2032 Expense Forecast



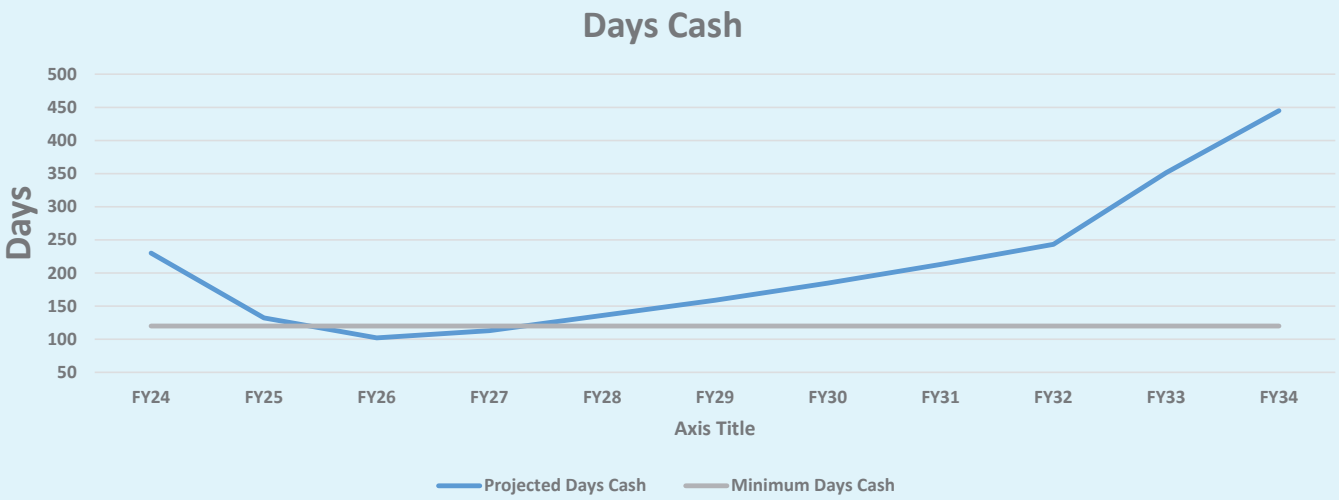
Rate Scenarios

- Increase Rates by 4% per year for 5 years
- Increase Rates by 5% per year for 5 years
- Increase Rates by 6% per year for 5 years

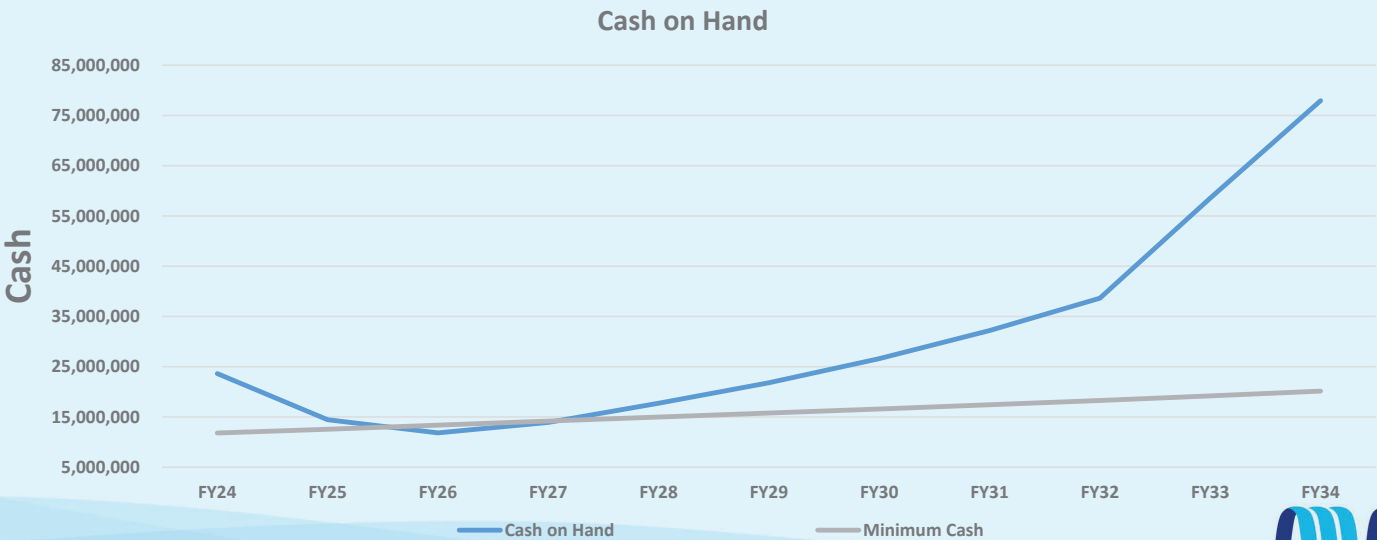
Scenario #1

- Increase Rates by 4%
- Lowest Debt Coverage – 2.23
- Lowest Days Cash – 102 Days
- Lowest Cash on Hand – \$11.8 MM

Scenario #1 – Days Cash



Scenario #1 – Cash on Hand



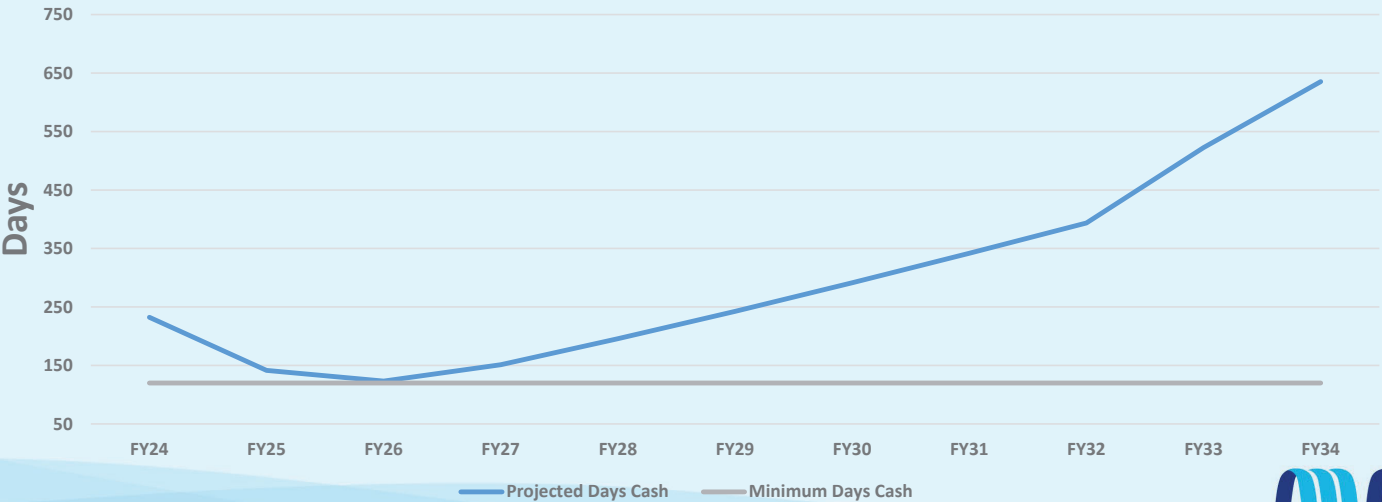
Scenario #2

- Increase Rates by 5%
- Lowest Debt Coverage – 2.27
- Lowest Days Cash – 123
- Lowest Cash on Hand – \$14.3 MM



Scenario #2 – Days Cash

Days Cash



Scenario #2 – Cash on Hand



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Scenario #3

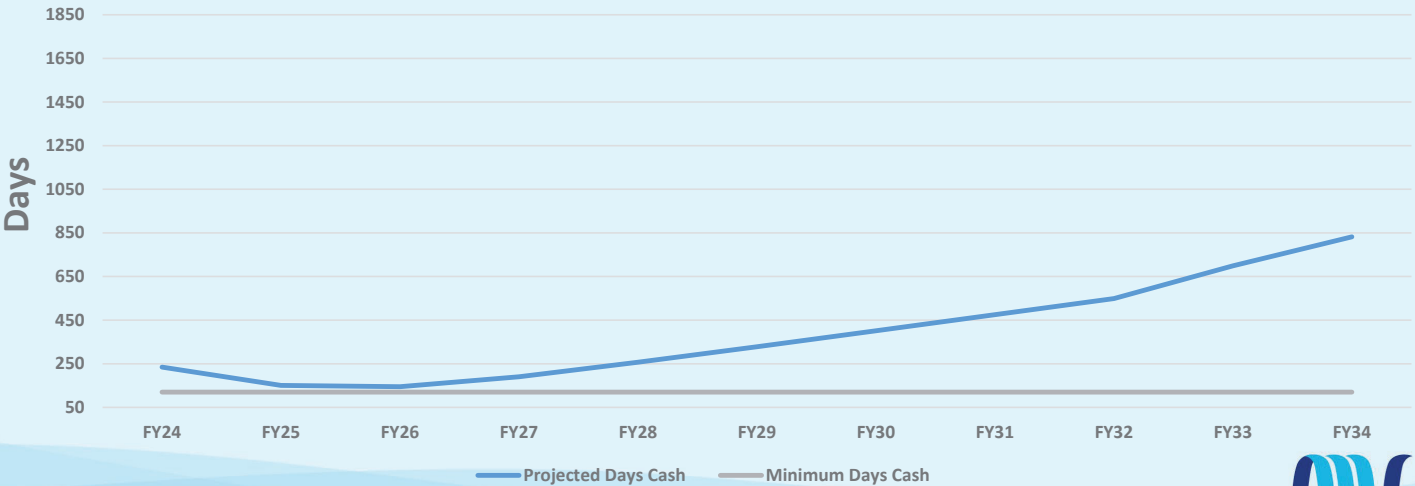
- Increase Rates by 6%
- Lowest Debt Coverage – 2.30
- Lowest Days Cash – 145
- Lowest Cash on Hand – \$16.5 MM

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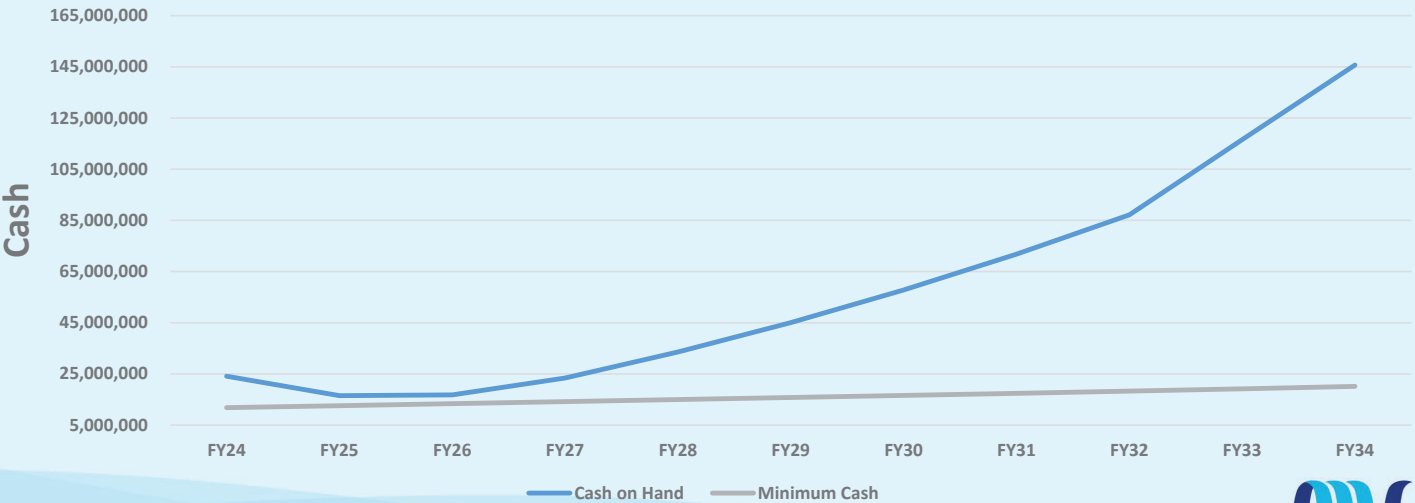
Scenario #3 – Days Cash

Days Cash



Scenario #3 – Cash on Hand

Cash on Hand



Scenario Recap

Rate Increase	Debt Coverage	Day Cash	Cash on Hand
4% Increase Per Year	2.23	102 Days	\$ 11.8 MM
5% Increase Per Year	2.27	123 Days	\$ 14.3 MM
6% Increase Per Year	2.30	145 Days	\$ 16.5 MM

- Staff Recommends 5% Increase Per Year

QUESTIONS?

THANK YOU!

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