

# DESIGNATED FUNDS POLICY



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## Agenda

- Current Designated Funds
- Proposed Designated Funds
- Recommendation
- Questions

# Strategic Plan Goals

- Provide an Abundant, Local, Reliable and Safe Water Supply
- Perpetually Renew and Improve Our Infrastructure
- Be Financial Responsible and Transparent
- Increase Favorable Opinion of Mesa Water
- Attract, Develop and Retain Skilled Employees
- Provide Excellent Customer Service
- Actively Participate in Regional and Statewide Water Issues



# Mesa Water

- Financially Strong
- AAA ratings

STANDARD  
& POOR'S

**Fitch**Ratings



## Current Designated Funds Targets

Fund Type	Minimum	Maximum
Capital Funds		
Capital Replacement Fund	\$10,000,000	Varies
Liquidity Funds		
Administrative & General Fund	20 Days	25 Days
Catastrophe Fund	150 Days	180 Days
Operating Fund	120 Days	150 Days
Rate Stabilization Fund	60 Days	75 Days
Restricted Funds		
Customer & Development Funds	Varies	Varies
<b>Total</b>	<b>465 Days</b>	<b>600 Days</b>

## Current Designated Funds Amounts

Fund Type	Current	Days
Capital Funds		
Capital Replacement Fund	\$0	N/A
Liquidity Funds		
Administrative & General Fund	\$1,766,942	20 Days
Catastrophe Fund	\$6,526,967	73 Days
Operating Fund	\$10,601,652	120 Days
Rate Stabilization Fund	\$5,300,826	60 Days
Restricted Funds		
Customer & Development Funds	\$2,757,278	Varies
<b>Total</b>	<b>\$26,953,664</b>	<b>305 Days</b>

## Current Designated Funds Amounts with MWRRC

Fund Type	Current	Days
Capital Funds		
Capital Replacement Fund	\$18,655,817	211 Days
Liquidity Funds		
Administrative & General Fund	\$2,208,677	25 Days
Catastrophe Fund	\$15,902,478	180 Days
Operating Fund	\$13,252,065	150 Days
Rate Stabilization Fund	\$6,626,032	75 Days
Restricted Funds		
Customer & Development Funds	\$2,757,278	Varies
<b>Total</b>	<b>\$59,402,347</b>	<b>672 Days</b>

## Proposed Designated Funds Targets (Mesa Water)

Fund Type	Minimum	Maximum
Capital Funds		
Capital Replacement Fund	Varies	\$15,000,000
Liquidity Funds		
Administrative & General Fund	10 Days	25 Days
Catastrophe Fund	30 Days	180 Days
Operating Fund	50 Days	150 Days
Rate Stabilization Fund	30 Days	75 Days
Restricted Funds		
Customer & Development Funds	Varies	Varies
<b>Total</b>	<b>120 Days</b>	<b>600 Days</b>

## Proposed Designated Funds Amounts

Fund Type	Current	Days
Capital Funds		
Capital Replacement Fund	\$13,594,735	154 Days
Liquidity Funds		
Administrative & General Fund	\$883,471	10 Days
Catastrophe Fund	\$2,650,413	30 Days
Operating Fund	\$4,417,355	50 Days
Rate Stabilization Fund	\$2,650,413	30 Days
Restricted Funds		
Customer & Development Funds	\$2,757,278	Varies
<b>Total</b>	<b>\$26,953,665</b>	<b>274 Days</b>

## Proposed Designated Funds Amounts with MWRRC

Fund Type	Current	Days
Capital Funds		
Capital Replacement Fund	\$18,655,817	N/A
Liquidity Funds		
Administrative & General Fund	\$2,208,677	25 Days
Catastrophe Fund	\$15,902,478	180 Days
Operating Fund	\$13,252,065	150 Days
Rate Stabilization Fund	\$6,626,032	75 Days
Restricted Funds		
Customer & Development Funds	\$2,757,278	Varies
<b>Total</b>	<b>\$59,402,347</b>	<b>672 Days</b>

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## Debt Service Coverage

- Mesa Water District Certificates of Participation – 1.25
- Mesa Water District Board of Directors – 1.5
- Fitch AAA Rated – 2.00
- Current Debt Coverage – 2.32

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## Recommendation

Direct staff to adopt Resolution No. 1590 Revising the Designated Funds Policy Superseding Resolution No. 1529.



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# QUESTIONS?

13 | March 13, 2024

