



Mesa Water District

Water Rate Study –
Financial Planning and Property Tax
Scenarios

Oct. 5, 2021



Agenda

1. Introduction
2. Assumptions
3. Scenarios and Financial Plan

Mesa Water District

- Financially Strong
- AAA ratings

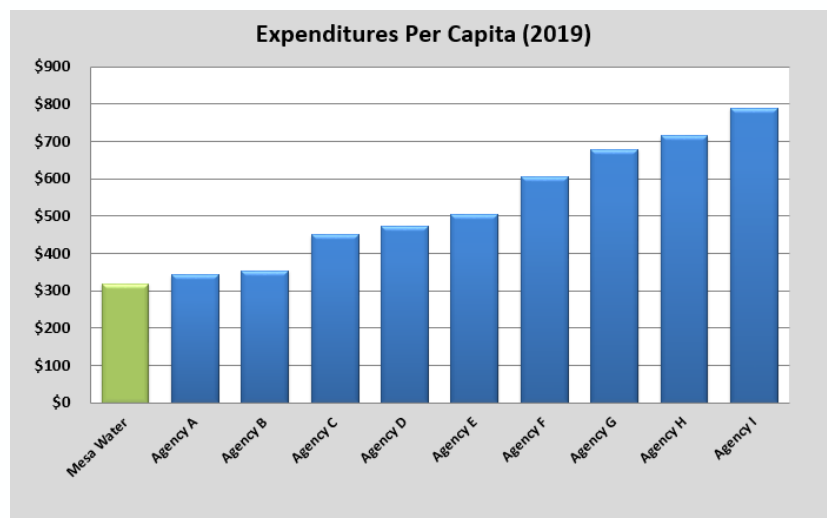
**STANDARD
& POOR'S**

Fitch Ratings



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Efficient



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Clean, Safe, Local & Reliable

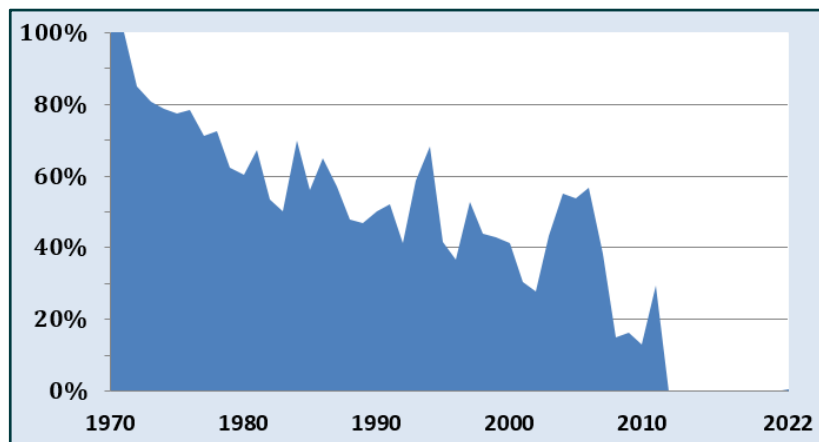
- **Mesa Water Reliability Facility (MWRF) Benefits:**
- High-quality water
- Groundwater basin clean-up
- Drought-resilient local water supply
- Lower carbon foot-print



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Clean, Safe, Local & Reliable

Historical % of Annual Imported Water



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Assumptions



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Inflationary Assumptions

Line Item	Escalation	Source
Basin RA	6.2%/yr	OCWD
Imported Variable Costs	5.0%/yr	Same as prior study
Fixed Purchase Water Supply	3.5%/yr	Same as prior study
Payroll	3.5%/yr	Per client direction
Utilities	3.5%/yr	5-yr average of retail electricity price changes
General	2.5%/yr	20-yr LA CPI

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Capital Spend Scenarios, Uninflated, \$MM

Scenario	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
1 (\$8MM)	\$33.3	\$19.5	\$8.0	\$8.0	\$8.0	\$8.0	\$8.0	\$8.0	\$8.0	\$8.0	\$8.0
2 (\$4MM)	\$33.3	\$19.5	\$8.0	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0

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Self-Insurance Scenarios, \$MM

Scenario	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
1 (\$30MM)	\$11.0	\$12.0	\$7.0								
2 (12-yr)	\$11.0	\$12.0	\$12.0	\$12.2	\$12.8	\$13.5	\$14.1	\$14.9	\$15.6	\$16.4	\$17.2

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Financial Plan



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Scenarios

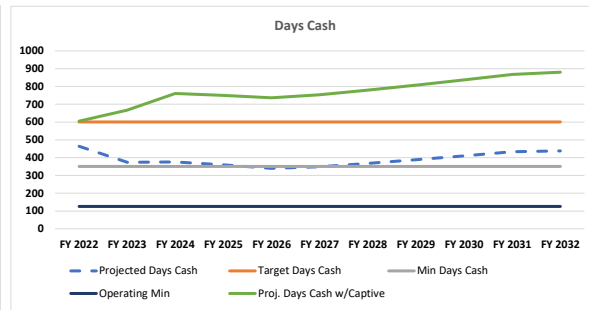
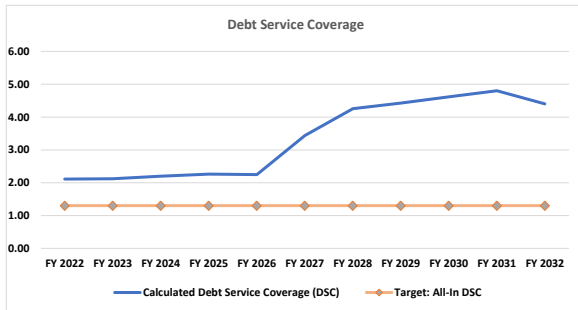
- The only difference between scenarios 1 and 2 is scenario 1 does not collect costs via property tax and scenario 2 does.

#	Annual Revenue Adjustment	Capital Scenario	Self-Insurance Scenario	Use Property Tax?
1	4% per year	1 (\$8MM)	1 (\$30MM)	No
2	4% per year	1 (\$8MM)	1 (\$30MM)	Yes
3	5% per year	1 (\$8MM)	1 (\$30MM)	Yes
4	8% first two years, then 5% per year	2 (\$4MM)	2 (12-year)	Yes

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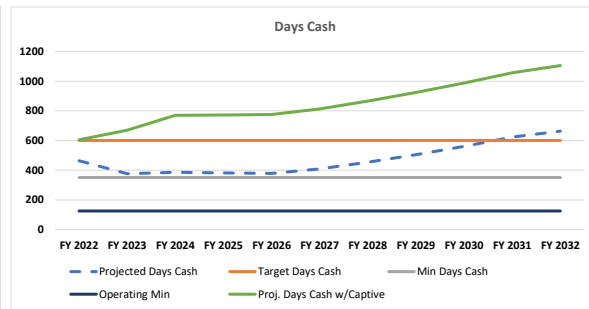
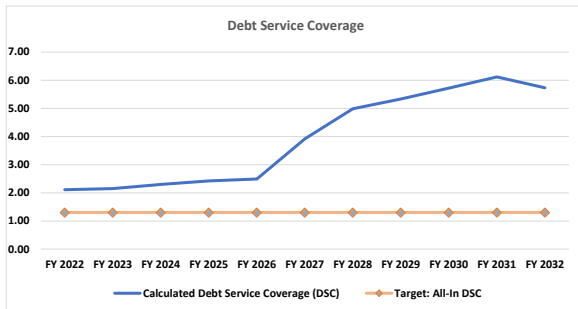
Scenarios 1 & 2:

4%/year, \$8MM Capital scenario 1, \$30MM Self-insurance scenario 1



Scenario 3:

5%/year, \$8 MM Capital scenario 1, \$30MM Self-insurance scenario 1



Scenario 4: 8% first two years, then 5%/year, \$4MM Capital scenario 2, 12- Year Self-insurance scenario 2

