



# WATER RATES

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## Agenda

- Rate Recap
- Inflation Assumption
- Days Cash
- Projected Inflation
- Forecast
- Questions

2 | April 18, 2023



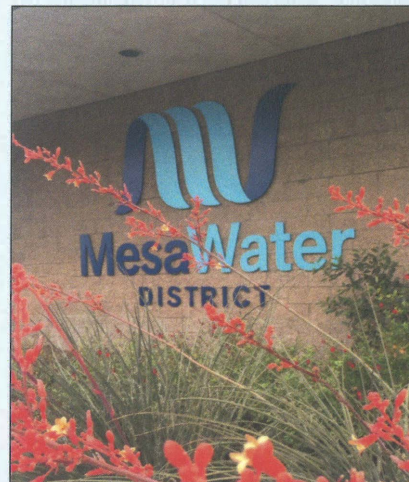
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## Mesa Water

- Financially Strong
- AAA ratings

**STANDARD  
& POOR'S**

**Fitch Ratings**



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## Rate Recap

- January 2022 Approved Rate Adjustments
- Capital Charge Implemented

	Fiscal Year				
	2023	2024	2025	2026	2027
Revenue Increase	8.0%	8.0%	5.0%	5.0%	5.0%

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# Inflationary Assumption

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%

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# Rate Study Days Cash

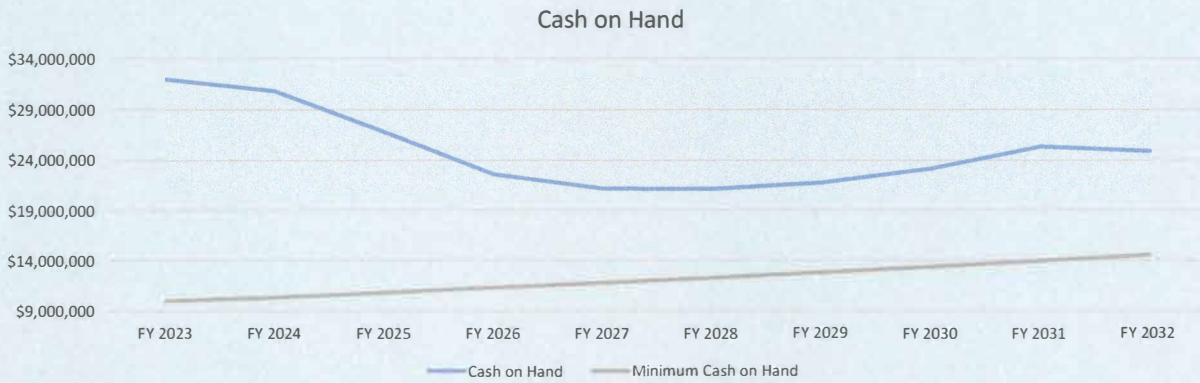


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# Rate Study Cash on Hand



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# Projected Inflation

Line Item	Fiscal Year				
	2023	2024	2025	2026	2027
General	6.60%	4.30%	3.50%	3.50%	3.50%
Payroll	5.00%	4.00%	3.00%	3.00%	3.00%
Utilities	21.99%	4.50%	4.50%	4.50%	4.50%
Groundwater Basin Replenishment Assessment	7.30%	14.70%	19.55%	12.00%	12.00%
Imported Water Volumetric Costs	5.77%	7.36%	5.16%	6.15%	5.73%
Imported Water Fixed Supply Costs	4.50%	3.50%	3.50%	3.50%	3.50%

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## Forecast

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<b>Total Revenues</b>	\$45,026,126	\$51,704,861	\$55,050,355	\$57,213,826	\$59,961,020
<b>Total Operating Expenses</b>	29,673,118	34,495,220	38,489,268	40,776,269	43,024,665
<b>Net Revenues</b>	\$15,353,008	\$17,209,641	\$16,561,088	\$16,437,557	\$16,936,354
<b>Total Parity Obligations</b>	6,797,700	6,848,450	6,898,200	6,901,450	4,723,950
<b>Parity Obligations Coverage</b>	2.26	2.51	2.40	2.38	3.59
<b>Revenues Available for Capital Projects and Other</b>	\$8,555,308	\$10,361,191	\$9,662,888	\$9,536,107	\$12,212,404
<b>Capital PayGO</b>	2,781,912	2,600,000	2,000,000	4,502,035	4,637,096
<b>Ending Cash</b>	<b>\$30,270,754</b>	<b>\$26,044,445</b>	<b>\$21,487,333</b>	<b>\$13,690,405</b>	<b>\$7,793,163</b>
<b>Days Cash</b>	<b>372</b>	<b>276</b>	<b>204</b>	<b>123</b>	<b>66</b>

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## Forecast - Continued

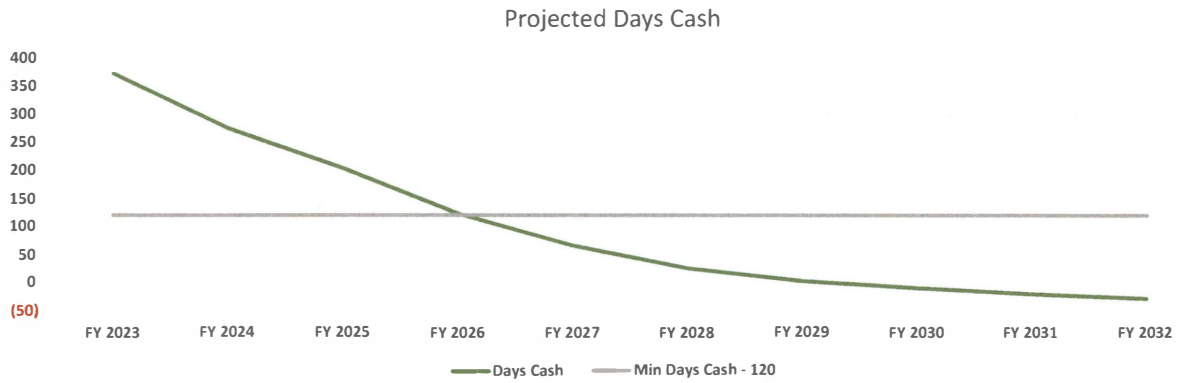
	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Total Revenues</b>	\$63,696,685	\$68,639,742	\$72,949,258	\$76,522,818	\$80,334,034
<b>Total Operating Expenses</b>	45,400,455	47,661,213	50,034,686	52,526,496	55,142,550
<b>Net Revenues</b>	\$18,296,230	\$20,978,529	\$22,914,572	\$23,996,322	\$25,191,484
<b>Total Parity Obligations</b>	3,976,200	3,980,700	3,976,450	3,978,700	3,976,950
<b>Parity Obligations Coverage</b>	4.60	5.27	5.76	6.03	6.33
<b>Revenues Available for Capital Projects and Other</b>	\$14,320,030	\$16,997,829	\$18,938,122	\$20,017,622	\$21,214,534
<b>Capital PayGO</b>	4,776,209	4,919,495	5,067,080	5,219,093	5,375,666
<b>Ending Cash</b>	<b>\$3,190,806</b>	<b>\$415,654</b>	<b>(\$1,309,464)</b>	<b>(\$2,886,905)</b>	<b>(\$4,242,804)</b>
<b>Days Cash</b>	<b>26</b>	<b>3</b>	<b>(10)</b>	<b>(20)</b>	<b>(28)</b>

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# Projected Days Cash

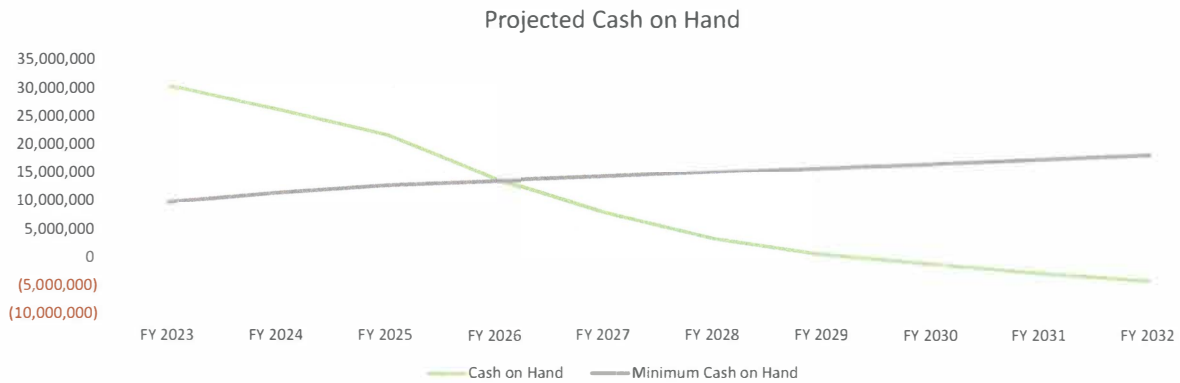


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# Projected Cash on Hand



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## Conclusion

- Revenue Adjustments
- Reduce Expenses
- Recommendation: Direct staff to agendaize *Rate Adjustment Options* at a future meeting

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# QUESTIONS?