

POTABLE AND RECYCLED WATER RATES

October 11, 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



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Agenda

1. Recap of Financial Plan Assumptions
2. Selected Financial Plan
3. Review Adjustments
4. Typical Single Family Bill Impacts



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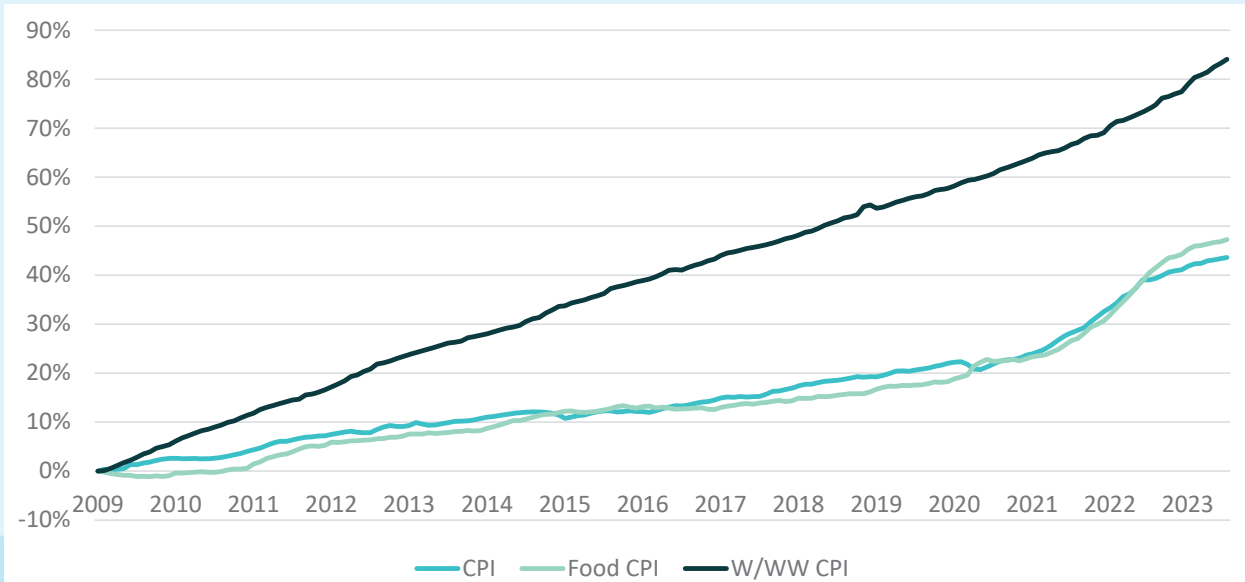
Financial Plan Considerations

- 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
- \$99.92 to \$163.45 for a 5/8" meter

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%

Utility Rates vs Other Goods



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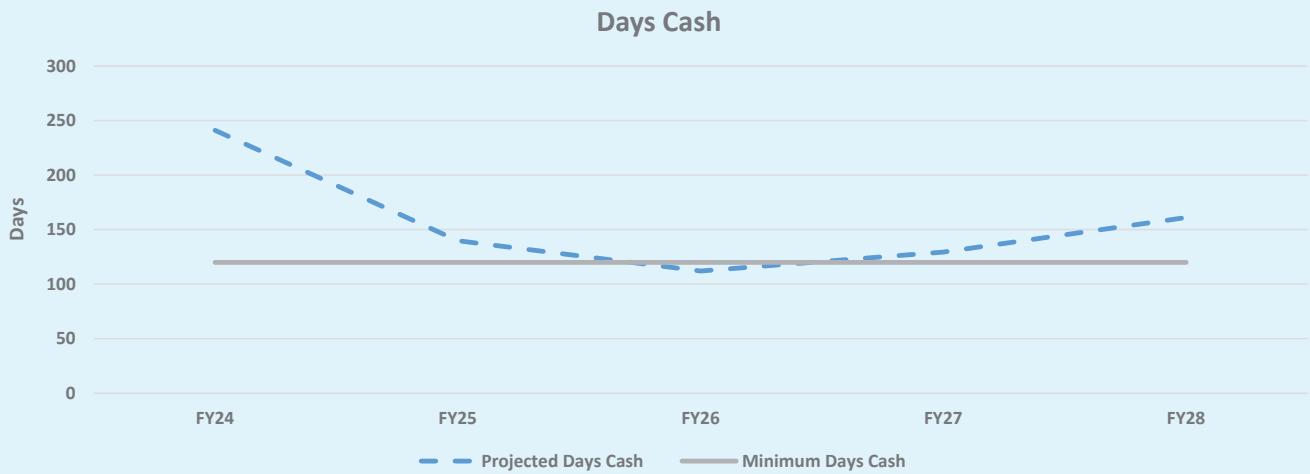
Proposed Financial Plan

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

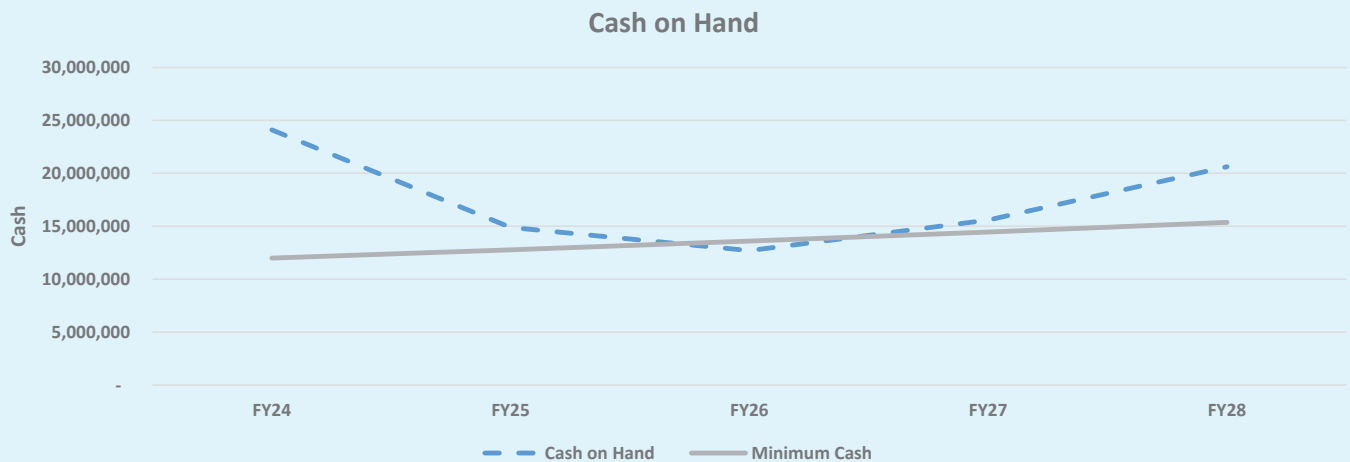
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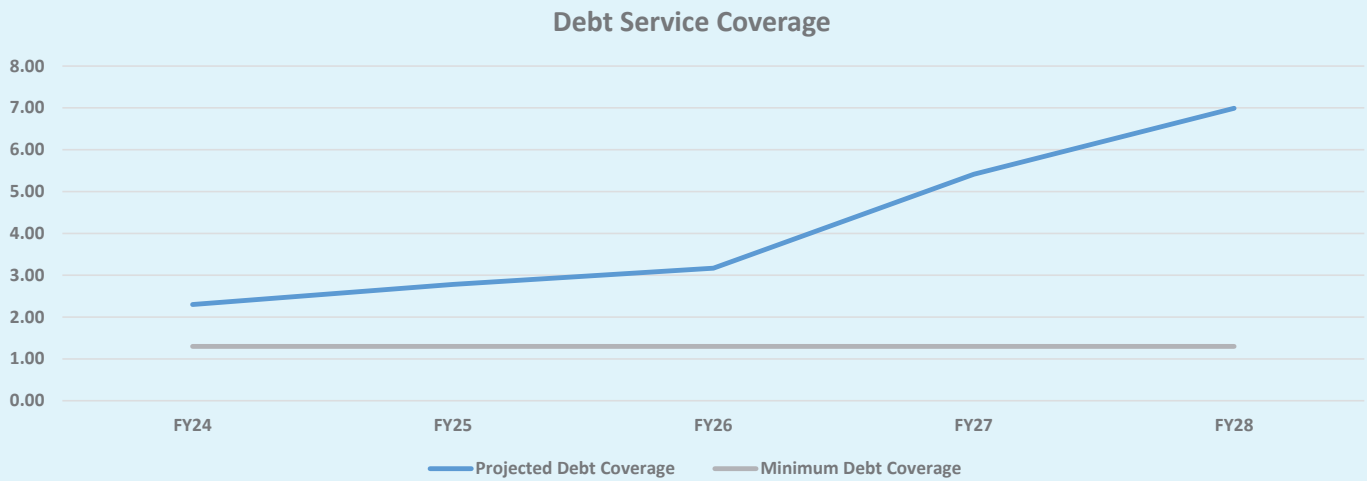
Proposed Financial Plan – Days Cash



Proposed Financial Plan – Cash on Hand



Proposed Financial Plan - Debt Coverage



Basic Charge Derivation – FY 2024

Meter Size	Billing \$/bill	Meter			Total \$/bi-mo	Total \$/mo
		Maintenance \$/mtr/yr	Public Fire \$/mtr/yr	Total \$/mtr/yr		
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	\$43.33
3/4-inch	\$36.30	\$41.27	\$45.40	\$48.58	\$51.98	\$54.32
1-inch	\$49.79	\$57.97	\$63.76	\$68.23	\$73.00	\$76.29
1 1/2-inch	\$83.52	\$99.70	\$109.67	\$117.35	\$125.56	\$131.21
2-inch	\$124.00	\$149.78	\$164.76	\$176.29	\$188.63	\$197.12
3-inch	\$252.17	\$308.36	\$339.20	\$362.94	\$388.35	\$405.83
4-inch	\$441.06	\$542.07	\$596.28	\$638.02	\$682.68	\$713.40
6-inch	\$960.50	\$1,184.76	\$1,303.23	\$1,394.46	\$1,492.07	\$1,559.21
8-inch	\$1,635.11	\$2,019.42	\$2,221.36	\$2,376.85	\$2,543.23	\$2,657.68
10-inch	\$2,579.55	\$3,187.94	\$3,506.73	\$3,752.20	\$4,014.86	\$4,195.53

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	\$32.35
3/4-inch	\$26.18	\$28.75	\$31.63	\$33.84	\$36.21	\$37.84
1-inch	\$32.92	\$37.10	\$40.81	\$43.67	\$46.72	\$48.83
1 1/2-inch	\$49.79	\$57.97	\$63.76	\$68.23	\$73.00	\$76.29
2-inch	\$70.03	\$83.01	\$91.31	\$97.70	\$104.54	\$109.24
3-inch	\$134.11	\$162.30	\$178.53	\$191.03	\$204.40	\$213.60
4-inch	\$228.56	\$279.15	\$307.07	\$328.56	\$351.56	\$367.38
6-inch	\$488.28	\$600.50	\$660.54	\$706.78	\$756.26	\$790.29
8-inch	\$825.58	\$1,017.82	\$1,119.61	\$1,197.98	\$1,281.84	\$1,339.52
10-inch	\$1,297.81	\$1,602.09	\$1,762.30	\$1,885.66	\$2,017.65	\$2,108.45

Annual Capital Charge

Proposed Rates	Fiscal Year					
	2023	2024	2025	2026	2027	2028
Capital Charge, \$/yr/dan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028	Jan 2028
Potable Water Meter Size						
5/8-inch	\$99.92	\$163.45	\$179.80	\$230.14	\$283.07	\$297.22
3/4-inch	\$149.88	\$245.17	\$269.69	\$345.20	\$424.60	\$445.82
1-inch	\$249.79	\$408.61	\$449.47	\$575.32	\$707.65	\$743.03
1 1/2-inch	\$499.57	\$817.21	\$898.93	\$1,150.63	\$1,415.28	\$1,486.04
2-inch	\$799.31	\$1,307.54	\$1,438.29	\$1,841.02	\$2,264.45	\$2,377.67
3-inch	\$1,748.49	\$2,860.23	\$3,146.25	\$4,027.20	\$4,953.46	\$5,201.13
4-inch	\$3,147.29	\$5,148.40	\$5,663.24	\$7,248.95	\$8,916.21	\$9,362.02
6-inch	\$6,993.96	\$11,440.89	\$12,584.98	\$16,108.77	\$19,813.79	\$20,804.48
8-inch	\$11,989.65	\$19,612.96	\$21,574.26	\$27,615.05	\$33,966.51	\$35,664.83
10-inch	\$18,983.61	\$31,053.84	\$34,159.22	\$43,723.81	\$53,780.28	\$56,469.30

Consumption Rate – Hundred Cubic Feet

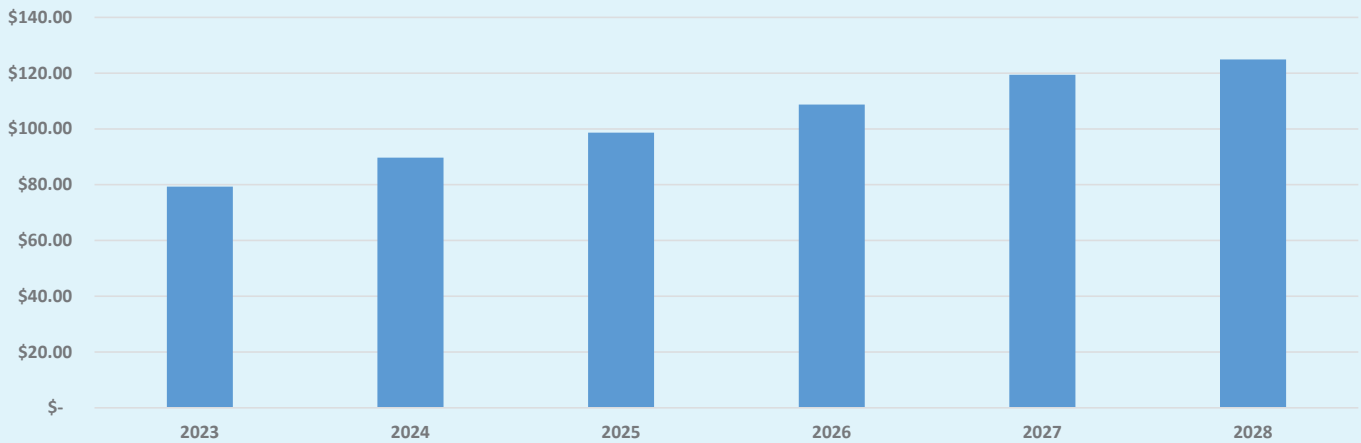
Proposed Rates	Fiscal Year					
	2023	2024	2025	2026	2027	2028
Usage, \$/ccf	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028
Potable Water (1)	\$4.87	\$5.42	\$5.96	\$6.38	\$6.83	\$7.13
Recycled Water	\$3.40	\$3.47	\$3.82	\$4.09	\$4.38	\$4.57

(1) also applies to construction and fireline water use

Average Single Family Customer Charges (Mo)

	Jan 2023	Jan 2024	Jan 2025	Proposed Jan 2026	Jan 2027	Jan 2028
Bi-monthly Basic Charge: 5/8" (mo)	\$14.78	\$16.47	\$18.11	\$19.38	\$20.74	\$21.67
Capital Charge, 5/8" (\$/mo)	\$10.98	\$13.62	\$14.99	\$19.18	\$23.59	\$24.77
Usage Charge (ccf): 11	\$53.57	\$59.62	\$65.58	\$70.17	\$75.08	\$78.46
Total Water Bill + Capital Charge	\$79.32	\$89.70	\$98.67	\$108.72	\$119.40	\$124.89
\$ Change		\$10.38	\$8.97	\$10.05	\$10.68	\$5.49

Average Single Family Monthly Charges



Next Steps

Date	Action
Wednesday, October 11, 2023	Review Rate Options
Wednesday, October 25, 2023	Receive Final Draft of Rate Study
Wednesday, October 25, 2023	Schedule Public Hearing
Thursday, October 26, 2023	Mail Prop. 218 Notice
Wednesday, December 13, 2023	Conduct Public Hearing

Recommendation

- Direct staff to finalize proposed rates and bring back a Draft Rate Study at a future meeting.

QUESTIONS?

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THANK YOU!

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