



Rate Hearing

Frequently Asked Questions

Why has Mesa proposed a rate increase?

The proposed rate increase is necessary due to rising water costs, and to help ensure a reliable water supply for Mesa customers. Funds from the increase will allow the District to invest in key infrastructure that will help us reach our goal of becoming self-reliant on local water sources - so the District and its customers are not at the mercy of the regulatory and environmental troubles that jeopardize reliable deliveries through the statewide water system. The rate increase will also help Mesa achieve a higher bond rating, which will benefit our customers by allowing us to more cost-effectively maintain and replace our water-supply infrastructure in a timely and strategic manner.

Our water wholesalers' rate increases are also a contributing factor to Mesa's proposed rate increase. Since our last rate increase, the fees charged to Mesa by the Orange County Water District for pumping water from the local groundwater basin have risen 5%. The price of water imported from Northern California or the Colorado River, which we purchase from the Municipal Water District of Orange County, has increased 41.4% during that period and could rise even more in the near future. This adds to both the need for a rate increase and to Mesa's commitment to becoming completely independent from costly imported water supplies.

As a signatory to the California Urban Water Conservation Council, Mesa will need to reduce its per-capita water usage 20 percent by the year 2020. While this will lower usage revenue, it will not lower fixed operating costs.

How much will rates increase under the proposal?

The proposal calls for an increase in water rates in each of the next five years for both residential and commercial customers. Under the proposal, the average residential customer will pay \$2.10 more per month, or seven cents more per day. Average monthly billings will also increase up to an additional \$2.10 in 2011 and up to \$2.90 in each of 2012, 2013 and 2014, although the Board of Directors reserves the right to reduce the water rate increases during the five-year period as conditions warrant. We have stated these costs as monthly costs for clearer understanding, since most utilities bill monthly. Mesa bills bi-monthly to reduce postage and processing costs, so the amount appearing on the average bill will be about double the amounts shown above.

Why does Mesa not have a tiered rate structure?

Some water agencies have tiered rate structures, meaning the amount customers are charged is based on their usage within certain criteria of several "tiers". Those who use above the highest allocation may receive severe penalties. Such rate structures may be put in place to force customers to conserve water.

Mesa's Board of Directors prefers to not forcefully govern our customers and asks that they voluntarily conserve. Mesa's customers overall have done a great job conserving. Over the last few years average daily consumption was reduced over 12 gallons per person every day. That means over 4, 400 gallons of water are saved a year by each resident.

Why is Mesa proposing five years of rate increases with one vote?

The Board is considering planned increases that are up to the limits proposed. Each year the Board will review the rates and may choose to implement a lower increase than currently proposed in the notice.

In recognition of the difficult current economic conditions, Mesa has spread the total proposed rate increase over five years to lessen immediate impacts to our customers. This five-year rate increase also allows the District to forecast its revenue and more accurately plan for the future. Long-term supply reliability requires planning years in advance, and this rate proposal allows Mesa to do so.

How can customers provide input on the rate proposal?

It is important to us that our customers are aware of and involved in this important process. All customers have been notified by a mailing and a notice on our Web site, and the Board will accept written and verbal comments now through the public hearing on December 22, when the increase will be considered. For details on how to protest, read the Notice of Public Hearing.

How has Mesa reduced expenses to offset the amount of the proposed increase?

Thanks to Mesa's conservative fiscal practices, the District has managed rising costs, and we are committed to keeping our rates as low as possible moving forward. We have recently refinanced debt at a lower interest rate, reduced our workforce by 15 percent giving us one of the lowest staff-to-customer ratios in Orange County, restructured work schedules to reduce overtime, adjusted energy rates, and revised costs on several information technology projects. These steps contributed to saving our customers nearly \$2.5 million.

What can customers do to lessen the impact of the proposed rate increase?

By using less water, you can minimize the impact of the proposed rate increase and help ensure there is enough water to meet everyone's future needs. For information on conservation tips, landscape workshops, rebates, and home surveys, visit our Conservation section at www.mesawater.org or call (949) 631-1200.

Why was the public hearing on the rate proposal scheduled so close to the holidays?

Rate increases for public agencies such as Mesa are governed by strict state regulations to ensure a fair and transparent process. In order for the new rates to go into effect January 1, 2010, the state required customers be notified by November 7 (45 days prior), which resulted in the date for the public hearing falling on December 22. You need not attend the public hearing to make your voice heard, however. The Board will accept written and verbal comments now through the December 22 hearing. All comments will be considered before a decision is made.

When would the proposed rate increases go into effect?

If approved, the new rates would be applied to water and services used on or after January 1, 2010. Subsequent rate increases would become effective July 1 of each year, beginning with July 2010.

Where can I get more information?

For more information visit us online at www.mesawater.org or call (949) 631-1200.