

MESA WATER DEDICATED TO EFFICIENT, COST-SAVING OPERATIONS

Mesa Water proactively incorporates new technologies and adapts processes to maximize operational efficiencies that save ratepayers' money. As part of its comprehensive Production System Operations Plan, operations staff utilize a unique water optimization tool weekly that looks at the supply forecast for every Mesa Water production source and aids the team in running each of them in the most efficient way. This includes maintaining optimal reservoir levels, balancing well sites, and monitoring the groundwater basin pumping percentage to determine what resources are necessary, including the optimal time to run the Mesa Water Reliability Facility (supplements about 15% of our water supply), which lowers operating costs.

Similarly, Mesa Water's award-winning Pipeline Integrity Program uses pipeline condition assessment to maximize useful life, resulting in cost-savings for customers. The condition assessment data allows Mesa Water to keep pipes that are in good condition in service and replace those that need renewal. The program also aids the district in developing a long-term infrastructure budget plan, and

will save Mesa Water an estimated \$230 million over the next 30 years.

Through forward-thinking planning and innovative programs, Mesa Water remains operationally efficient and fiscally responsible.



THE NEED FOR WATER RATE ADJUSTMENTS

As a public agency, Mesa Water's rate setting is regulated by state law. Proposition 218 of the California Constitution states that a water agency can only charge for the cost to procure, treat, and deliver water to the customer, and the amount of water delivered to the customer is documented at the customer's water meter. Mesa Water cannot charge rates that result in a profit.

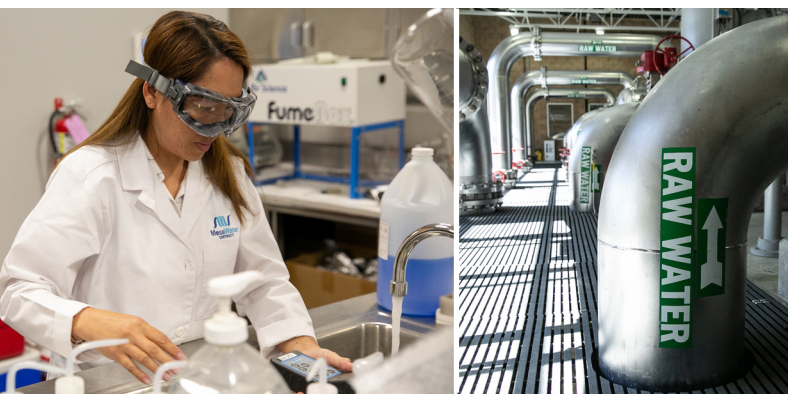
Mesa Water strives to provide efficient and cost-effective water services while aligning its rates with the cost of providing those services. While our last rate adjustment took inflation into account, no one predicted that current inflation would reach historic highs. Energy consumption costs and labor and supply costs have risen significantly. Historic inflation has also affected the Replenishment

Assessment charged to Mesa Water for pumping groundwater out of the Orange County Groundwater Basin.

Mesa Water has a perpetual agency philosophy requiring a scheduled systematic review of its long-range financial plan and goals. To ensure the provision of high-quality water for our customers, the financing of current and future infrastructure projects, and the servicing of long-term debt, it is important to conduct regular water rate studies and make any needed adjustments.

Mesa Water takes its stewardship role in providing safe and reliable water to our community very seriously. After assessing the financial impacts of rising costs to provide water, as well as the need to invest in major capital infrastructure improvements over the next five years, Mesa Water has determined that the most prudent course of action is to consider rate adjustments. The proposed water rate adjustments are based on a multi-year financial plan and a rate study prepared by an independent consultant.

Information concerning the financial basis for the proposed rate adjustments are available for public review on [MesaWater.org](https://www.MesaWater.org), and will be presented at the December 13, 2023 public hearing.





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NOTICE OF PUBLIC HEARING FOR PROPOSED WATER RATE ADJUSTMENTS

**Aviso importante: Si necesitas esta notificación en Español,
por favor llame al 949.631.1205.**

PUBLIC HEARING

DATE:

Wednesday, December 13, 2023

TIME:

4:30 p.m.

LOCATION:

Mesa Water District Boardroom
1965 Placentia Avenue
Costa Mesa, CA 92627

ADDITIONAL INFORMATION:

Visit [MesaWater.org/rates-study](https://www.mesawater.org/rates-study)



The Mesa Water District (Mesa Water[®]) Board of Directors (Board) will hold a public hearing on **Wednesday, December 13, 2023 at 4:30 p.m.**, at 1965 Placentia Avenue, Costa Mesa, CA 92627, in the Boardroom.

The public hearing will be conducted to receive public comments and protests for proposed Mesa Water water rate adjustments which would take effect over a five-year period. If approved, the first water rate adjustment would take place on **January 1, 2024**, with subsequent water rate adjustments taking place annually thereafter for the following four years.



INVESTMENTS IN CAPITAL INFRASTRUCTURE IMPROVEMENTS ENSURE A RELIABLE WATER SUPPLY FOR YOU

Mesa Water is committed to providing its customers an abundance of local, reliable, clean, safe water, and continually investing in its infrastructure, which pumps, treats and delivers nearly five billion gallons of drinking water to residential and business customers each year.

Critical factors in considering a new rate schedule to ensure water reliability include the repair or replacement of Mesa Water's systems and assets. Even without the need for repair, a water system requires regular wide-ranging maintenance to help achieve its designed lifespan. Over the past several years, Mesa Water has been working on \$70 million of needed water system enhancements including new groundwater wells, reservoir upgrades and mainline valve replacements. Our maintenance program is one of the ways that we are able to protect customers from rate volatility because maintaining infrastructure is much less costly than emergency repairs.

Wilson Street Pipeline Replacement Project: To avoid further costly repairs, Mesa Water decommissioned a 70-year-old underground steel pipeline and installed

a new pipeline that runs under Wilson Street from the Newport Boulevard intersection to the Harbor Boulevard intersection.

Mainline Valve Replacement Project: To ensure water reliability, Mesa Water replaced 111 mainline valves in the distribution system in residential and commercial areas of Costa Mesa and Newport Beach, helping to maintain Mesa Water's world-class water system. Additional mainline valve replacements are scheduled for later this year.

Reservoir Upgrades: To help manage peak water demands, work is underway to upgrade two reservoirs, which includes updating pump stations, and implementing a reservoir chemical management system that will allow Mesa Water to store up to 15 million gallons more water.

Plastic Service Lines Replacement Project: To reduce service disruptions and emergency repairs, Mesa Water replaced 40 plastic service line connections at the Brookview Condominium complex in Costa Mesa, which were installed in 1976 and had become prone to leakage and breakage.



NEW GROUNDWATER WELLS BOLSTER MESA WATER'S ABUNDANT WATER SUPPLY

Mesa Water's two new potable (drinking) water wells will increase our local groundwater production capacity. The two 1,000-foot deep wells are Mesa Water's largest producing wells – each pumping approximately 4,000 gallons per minute of local, clean, safe water, and adding more than 50% to the community's water supply. Mesa Water last brought a new well online in 2000. The district now operates 9 wells to serve its customers for generations to come.

NOTICE OF PUBLIC HEARING FOR PROPOSED WATER RATE ADJUSTMENTS

Pursuant to California law, notice is hereby given that the Mesa Water Board of Directors will hold a public hearing on **Wednesday, December 13, 2023 at 4:30 p.m.**, at its main office on 1965 Placentia Avenue, Costa Mesa, CA 92627, in its Boardroom. The public hearing will be conducted to receive public comments and protests for proposed water rate adjustments which would take effect over a five-year period.

If approved, the first water rate adjustment would take place on **January 1, 2024**, with subsequent water rate adjustments taking place annually thereafter for the

following four years. Mesa Water customers and property owners are encouraged to attend the public hearing. More information can be found on Mesa Water's website at MesaWater.org/rates-study.

Mesa Water has prepared a written report which discusses the need and basis for the proposed rate adjustments (Rate Study). The Rate Study can be viewed on Mesa Water's website at MesaWater.org/rates-study.

A copy can also be requested by contacting Denise Garcia, Mesa Water District Secretary, at 949.631.1205.

HOW YOU CAN PARTICIPATE

CONTACT MESA WATER FOR MORE INFORMATION:
Call 949.631.1205 or email Info@MesaWater.org.

ATTEND A BOARD MEETING:

Mesa Water's Board meetings are open to the public; upcoming meetings are listed at MesaWater.org.

ATTEND THE PUBLIC HEARING:

Mesa Water's Board will consider proposed water rate adjustments at a public hearing conducted in the Boardroom, located at 1965 Placentia Avenue, Costa Mesa, CA 92627, on **Wednesday, December 13, 2023 at 4:30 p.m.** The public hearing will include the opportunity for the public to provide comments, ask questions and submit written protests.

SUBMIT A WRITTEN PROTEST:

All written protests to Mesa Water's proposed water rate adjustments must be received no later than the conclusion of the public hearing on **December 13, 2023**. Written protests may be submitted during the public hearing or can be mailed, or hand-delivered to: Denise Garcia, Mesa Water District Secretary, 1965 Placentia Avenue, Costa Mesa, CA 92627. (If hand delivering, please call Denise Garcia at 949.631.1205 in advance of the public

hearing.) Protests received after **December 13, 2023** at the conclusion of the public hearing will not be considered or counted. A postmark date is not acceptable.

Mesa Water's Board reserves the option of modifying the proposed water rate adjustments following the conclusion of the public hearing.

To be considered valid, each written protest must identify the affected property (either by assessor's parcel number or street address), indicate that the proposed water rate adjustments is being protested, and include the printed name and signature of the record property owner or tenant, as applicable. Only one protest per parcel, street address or customer account will be counted. Comments made by phone, fax, email, instant message, text, social media, MesaWater.org or through other electronic means, will not be accepted or counted as formal written protests. All protests are subject to Mesa Water's current policies.

If written protests are submitted by a majority of the owners of affected properties, the proposed water rate adjustments will not be imposed.

For questions on submitting a written protest, call Denise Garcia, Mesa Water District Secretary at 949.631.1205.

SENATE BILL (SB) 323: 120-DAY STATUTE OF LIMITATIONS FOR NEW OR INCREASED CALIFORNIA WATER AND SEWER RATES

With the enactment of SB 323, customers must bring a civil action to new or increased water rates within 120 days of the effective date or date of final passage, adoption or approval of the resolution adopting the applicable water rate(s).

◆◆◆ MESA WATER DISTRICT'S MISSION ◆◆◆

Mesa Water District, a local independent special district, manages its finances and water infrastructure, and advocates water policy, while reliably providing an abundance of clean, safe water to benefit the public's quality of life.

PROPOSED WATER RATES SCHEDULE

A schedule of proposed water rate adjustments follows. The adjustments only apply to the Mesa Water rates and charges listed in this notice. Water rate adjustments over the five-year period would go into effect without further hearings. Mesa Water's Board reserves the right to reduce the affected water rates during the five-year period.

The term "rate(s)" (as such term is used and referenced herein) also includes potential changes to Mesa Water's charges (such as the Capital Charge, Basic (Meter) Charge and Fireline Standby Charge) for purposes of this notice.



PROPOSED RATES 2024–2028

Current and Projected Rates						
	2023	2024	2025	2026	2027	2028
EFFECTIVE DATE	1/1/2023 (adopted)	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Usage, \$/CCF*						
Potable Water**	\$4.87	\$5.42	\$5.96	\$6.38	\$6.83	\$7.30
Recycled Water	\$3.40	\$3.47	\$3.82	\$4.09	\$4.38	\$4.68
**Also applies to construction and fireline water use.						
Bimonthly Potable Water & Recycled Water Basic Charge						
METER SIZE						
5/8-inch	\$29.55	\$32.93	\$36.22	\$38.75	\$41.47	\$44.37
3/4-inch	\$36.30	\$41.27	\$45.40	\$48.58	\$51.98	\$55.62
1-inch	\$49.79	\$57.97	\$63.76	\$68.23	\$73.00	\$78.11
1 1/2-inch	\$83.52	\$99.70	\$109.67	\$117.35	\$125.56	\$134.35
2-inch	\$124.00	\$149.78	\$164.76	\$176.29	\$188.63	\$201.83
3-inch	\$252.17	\$308.36	\$339.20	\$362.94	\$388.35	\$415.54
4-inch	\$441.06	\$542.07	\$596.28	\$638.02	\$682.68	\$730.46
6-inch	\$960.50	\$1,184.76	\$1,303.23	\$1,394.46	\$1,492.07	\$1,596.52
8-inch	\$1,635.11	\$2,019.42	\$2,221.36	\$2,376.85	\$2,543.23	\$2,721.26
10-inch	\$2,579.55	\$3,187.94	\$3,506.73	\$3,752.20	\$4,014.86	\$4,295.90
Monthly Potable Water & Recycled Water Basic Charge						
METER SIZE						
5/8-inch	\$22.81	\$24.58	\$27.04	\$28.93	\$30.96	\$33.12
3/4-inch	\$26.18	\$28.75	\$31.63	\$33.84	\$36.21	\$38.75
1-inch	\$32.92	\$37.10	\$40.81	\$43.67	\$46.72	\$49.99
1 1/2-inch	\$49.79	\$57.97	\$63.76	\$68.23	\$73.00	\$78.11
2-inch	\$70.03	\$83.01	\$91.31	\$97.70	\$104.54	\$111.85
3-inch	\$134.11	\$162.30	\$178.53	\$191.03	\$204.40	\$218.71
4-inch	\$228.56	\$279.15	\$307.07	\$328.56	\$351.56	\$376.17
6-inch	\$488.28	\$600.50	\$660.54	\$706.78	\$756.26	\$809.20
8-inch	\$825.58	\$1,017.82	\$1,119.61	\$1,197.98	\$1,281.84	\$1,371.57
10-inch	\$1,297.81	\$1,602.09	\$1,762.30	\$1,885.66	\$2,017.65	\$2,158.89
Bimonthly Fireline Class I and II						
FIRELINE SERVICE SIZE						
5/8-inch	\$17.38	\$17.52	\$19.27	\$20.62	\$22.06	\$23.61
3/4-inch	\$17.38	\$17.52	\$19.27	\$20.62	\$22.06	\$23.61
1-inch	\$17.38	\$17.52	\$19.27	\$20.62	\$22.06	\$23.61
1 1/2-inch	\$19.90	\$19.97	\$21.97	\$23.50	\$25.15	\$26.91
2-inch	\$24.24	\$24.19	\$26.61	\$28.48	\$30.47	\$32.60
3-inch	\$39.81	\$39.35	\$43.29	\$46.32	\$49.56	\$53.03
4-inch	\$66.67	\$65.50	\$72.05	\$77.10	\$82.50	\$88.27
6-inch	\$163.09	\$159.36	\$175.29	\$187.56	\$200.69	\$214.74
8-inch	\$329.38	\$321.23	\$353.36	\$378.09	\$404.56	\$432.88
10-inch	\$579.52	\$564.73	\$621.20	\$664.68	\$711.21	\$761.00
Monthly Fireline Class I and II						
FIRELINE SERVICE SIZE						
5/8-inch	\$16.72	\$16.88	\$18.56	\$19.86	\$21.25	\$22.74
3/4-inch	\$16.72	\$16.88	\$18.56	\$19.86	\$21.25	\$22.74
1-inch	\$16.72	\$16.88	\$18.56	\$19.86	\$21.25	\$22.74
1 1/2-inch	\$17.98	\$18.10	\$19.91	\$21.30	\$22.80	\$24.39
2-inch	\$20.15	\$20.21	\$22.23	\$23.79	\$25.46	\$27.24
3-inch	\$27.93	\$27.79	\$30.57	\$32.71	\$35.00	\$37.45
4-inch	\$41.37	\$40.87	\$44.96	\$48.10	\$51.47	\$55.07
6-inch	\$89.57	\$87.79	\$96.57	\$103.33	\$110.57	\$118.31
8-inch	\$172.72	\$168.73	\$185.61	\$198.60	\$212.50	\$227.38
10-inch	\$297.79	\$290.48	\$319.53	\$341.90	\$365.83	\$391.44
Capital Charge (Collected by property owner's annual property tax bill)						
POTABLE WATER METER SIZE						
5/8-inch	\$99.92	\$163.45	\$180.00	\$231.00	\$284.00	\$340.00
3/4-inch	\$149.88	\$245.17	\$270.00	\$346.00	\$425.00	\$510.00
1-inch	\$249.79	\$408.61	\$450.00	\$576.00	\$708.00	\$850.00
1 1/2-inch	\$499.57	\$817.21	\$899.00	\$1,151.00	\$1,416.00	\$1,699.00
2-inch	\$799.31	\$1,307.54	\$1,439.00	\$1,842.00	\$2,265.00	\$2,718.00
3-inch	\$1,748.49	\$2,860.23	\$3,147.00	\$4,028.00	\$4,954.00	\$5,945.00
4-inch	\$3,147.29	\$5,148.40	\$5,664.00	\$7,249.00	\$8,917.00	\$10,700.00
6-inch	\$6,993.96	\$11,440.89	\$12,585.00	\$16,109.00	\$19,814.00	\$23,777.00
8-inch	\$11,989.65	\$19,612.96	\$21,575.00	\$27,616.00	\$33,967.00	\$40,760.00
10-inch	\$18,983.61	\$31,053.84	\$34,160.00	\$43,724.00	\$53,781.00	\$64,537.00

*One unit equals 100 cubic feet (CCF) or 748 gallons.

HOW YOUR WATER BILL IS CALCULATED

Mesa Water is proposing a new water rate schedule because of the increasing costs of delivering water and operating and maintaining Mesa Water's water system. Three main components are being factored into the water rates:



1 COMMODITY (WATER USAGE) RATE

The price per unit of water based on the amount of water used.



2 FIXED BIMONTHLY BASIC (METER) CHARGE

The fixed costs for the operations, maintenance, repair and rehabilitation of the water system.

CAPITAL CHARGE



These fixed charges are based on the operation, maintenance, repair and rehabilitation of the water system, and on Debt Service Principal and interest payments due per fiscal year. The capital charge is based on the customer's meter size and is collected by way of the property owner's annual property tax bill.

MESA WATER IS A GOOD STEWARD OF RATEPAYERS' DOLLARS

Mesa Water is a transparent, fiscally responsible steward and advocate of its ratepayers' dollars. We want you to know how your rates are currently being invested and why the proposed rate adjustments are necessary. Each dollar generated by the proposed rate adjustment would address rising costs of providing you with 100% local, reliable, clean, safe water.



OPERATIONAL EFFICIENCY AND EXCEPTIONAL FINANCIAL MANAGEMENT

Over the past several years, Mesa Water's responsible rates and cost controls have continued to result in Mesa Water accomplishing a number of key achievements in the following areas:



EFFICIENT OPERATIONS

Since Fiscal Year 2011, Mesa Water has been one of Orange County's most efficient water agencies based on expenditures per capita.



FINANCIAL STABILITY

Fitch and Standard & Poor's have consistently reaffirmed Mesa Water's existing AAA credit rating – the highest achievable by an organization. This allows Mesa Water to save by borrowing funds at the lowest available interest rate for infrastructure improvements.



NO UNFUNDED PENSION LIABILITIES

A unique accomplishment, ensuring long-term financial stability of the district.