



*Dedicated to
Satisfying our Community's
Water Needs*

**AGENDA
MESA WATER DISTRICT
BOARD OF DIRECTORS
Wednesday, June 10, 2026
1965 Placentia Avenue, Costa Mesa, CA 92627
4:30 p.m. Regular Board Meeting**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Items Not on the Agenda: Members of the public are invited to address the Board regarding items which are not appearing on the posted agenda. Each speaker shall be limited to three minutes. The Board will set aside 30 minutes for public comments for items not appearing on the posted agenda.

Items on the Agenda: Members of the public shall be permitted to comment on agenda items before action is taken, or after the Board has discussed the item. Each speaker shall be limited to three minutes. The Board will set aside 60 minutes for public comments for items appearing on the posted agenda.

ITEMS TO BE ADDED, REMOVED OR REORDERED ON THE AGENDA

At the discretion of the Board, all items appearing on this agenda, whether or not expressly listed as an Action Item, may be deliberated and may be subject to action by the Board.

CONSENT CALENDAR ITEMS:

Approve all matters under the Consent Calendar by one motion unless a Board member, staff or a member of the public requests a separate action.

1. Approve the minutes of the regular Board meeting of May 13, 2026.
2. Approve attendance considerations (additions, changes, deletions).
3. Board Schedule:
 - Conferences, Seminars and Meetings
 - Board Calendar
 - Upcoming Community Outreach Events

PRESENTATION AND DISCUSSION ITEMS:

NONE



ACTION ITEMS:

4. PUBLIC HEARING REGARDING ASSEMBLY BILL 2561 – LOCAL PUBLIC EMPLOYEES: VACANT POSITIONS:

Recommendation:

- a. Conduct public hearing;
- b. Receive and discuss the presentations; and
- c. File Mesa Water District's 2025 Vacant Positions Report.

5. PROPOSED FISCAL YEAR 2027 BUDGET:

Recommendation: Approve the proposed Fiscal Year 2027 Budget.

6. SUPERVISORY CONTROL AND DATA ACQUISITION SUPPORT SERVICES:

Recommendation: Approve a contract amendment with Prime Systems Industrial Automation, Inc. for \$75,000 to provide Supervisory Control and Data Acquisition Support Services from July 1, 2026 to June 30, 2027, and authorize execution of the contract.

7. CUSTOMER INFORMATION SYSTEM SUPPORT SERVICES:

Recommendation: Approve a contract amendment with Plante Moran for \$63,044 to provide additional support services to complete the implementation of the SpryPoint Customer Information System, and authorize execution of the contract.

REPORTS:

8. REPORT OF THE GENERAL MANAGER
9. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

10. 2025 URBAN WATER MANAGEMENT PLAN
11. DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)



In compliance with California law and the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please call the District Secretary at (949) 631-1205. Notification 48 hours prior to the meeting will enable Mesa Water District (Mesa Water®) to make reasonable arrangements to accommodate your requests.

Members of the public desiring to make verbal comments using a translator to present their comments into English shall be provided reasonable time accommodations that are consistent with California law.

Agenda materials that are public records, which have been distributed to a majority of the Mesa Water Board of Directors (Board), will be available for public inspection at the District Boardroom, 1965 Placentia Avenue, Costa Mesa, CA and on Mesa Water's website at www.MesaWater.org. If materials are distributed to the Board less than 72 hours prior or during the meeting, the materials will be available at the time of the meeting.

**ADJOURN TO A REGULAR BOARD MEETING SCHEDULED FOR WEDNESDAY,
JUNE 24, 2026 AT 4:30 P.M.**



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**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Wednesday, May 13, 2026
1965 Placentia Avenue, Costa Mesa, CA 92627
4:30 p.m. Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order at 4:30 p.m. by President DePasquale.

PLEDGE OF ALLEGIANCE

Director Fisler led the Pledge of Allegiance.

Directors Present

Marice H. DePasquale, President
Shawn Dewane, Vice President
Fred R. Bockmiller, P.E., Director
Jim Atkinson, Director
James R. Fisler, Director

Directors Absent

None

Staff Present

Paul E. Shoenberger, P.E., General Manager
Denise Khalifa, Chief Administrative Officer/District Secretary
Kurt Lind, Business Manager/Acting District Treasurer
Calvin Hsu, CPA, Chief Financial Officer
Juan Hernandez, Water Operations Manager
Stacy Taylor, Water Policy Manager
Nadia Boutros, Civil Engineer
Dawn Jordan-Romero, Public Affairs Specialist
Kaitlyn Norris, Public Affairs Supervisor
Rob Anslow, General Legal Counsel

Others Present

Bernard Parrish, Member of the Public

PUBLIC COMMENTS

President DePasquale asked for public comments on items not on the agenda.

There were no comments and President DePasquale proceeded with the meeting.

ITEMS TO BE ADDED, REMOVED OR REORDERED ON THE AGENDA

General Manager Shoenberger reported there were no items to be added, removed or reordered on the agenda.

CONSENT CALENDAR ITEMS:

1. Approve the minutes of the regular Board meeting of April 8, 2026.
2. Approve attendance considerations (additions, changes, deletions).
3. Board Schedule:
 - Conferences, Seminars and Meetings
 - Board Calendar
 - Upcoming Community Outreach Events
4. Receive and file the Developer Project Status Report.
5. Receive and file the Mesa Water and Other Agency Projects Status Report.
6. Receive and file the Water Quality Call Report.
7. Receive and file the Accounts Paid Listing.
8. Receive and file the Monthly Financial Reports.
9. Receive and file the Outreach Update.

President DePasquale asked for comments from the public. There were no comments.

MOTION

Motion by Vice President Dewane, second by Director Atkinson, to approve Items 1 – 9 of the Consent Calendar. Motion passed 5 – 0.

PRESENTATION AND DISCUSSION ITEMS:

10. PROCLAMATION HONORING THE CAREER OF KEVIN HANSON:

General Manager Shoenberger introduced the item and provided a brief history of Kevin Hanson's 23 years of service with Mesa Water.

Mr. Hanson offered comments.

Photographs were taken.

President DePasquale asked for comments from the public. There were no comments.

MOTION

Motion by President DePasquale, second by Vice President Dewane, to approve a proclamation honoring Kevin Hanson for his dedicated and committed service to Mesa Water District. Motion passed 5 – 0.

11. MESA WATER EDUCATION AND CAREER CENTER FACILITY USE PROCESS:

GM Shoenberger provided an overview of the topic and introduced Public Affairs Specialist Jordan-Romero who proceeded with a presentation that highlighted the following:

- Community Benefits and Impact
- Purpose
- Community Need
- Fairness and Accessibility
- Operational Guidelines
- Risk Management
- Next Steps

President DePasquale asked for comments from the public. There were no comments.

MOTION

Motion by President DePasquale, second by Director Bockmiller, to approve the Mesa Water Education and Career Center Facility Use Process, with modifications. Motion passed 5 – 0.

ACTION ITEMS:

12. STATEMENT OF INVESTMENT POLICY:

Discussion ensued amongst the Board.

President DePasquale asked for comments from the public. There were no comments.

MOTION

Motion by Director Bockmiller, second by President DePasquale, to adopt Resolution No. 1613 Delegating Authority Relative to Investment or Reinvestment of Specified Funds, and Adopting a Revised Statement of Investment Policy Superseding Resolution No. 1603, with modifications. Motion passed 5 – 0, by the following roll call vote:

| | |
|--------------------|--|
| AYES: DIRECTORS | Atkinson, Bockmiller, Fisler, Dewane, DePasquale |
| NOES: DIRECTORS | None |
| ABSTAIN: DIRECTORS | None |
| ABSENT: DIRECTORS | None |

13. URBAN WATER INSTITUTE/CALIFORNIA-UNITED SPONSORSHIP:

GM Shoenberger gave an overview of the item and introduced Director Atkinson who provided a brief history of the collaboration between the two organizations.

President DePasquale asked for comments from the public. There were no comments.

Motion by Director Atkinson, second by Director Bockmiller, to approve a sponsorship for \$2,500 for the Urban Water Institute 2026 Annual Conference. Motion failed 2 – 3, with President DePasquale, Vice President Dewane and Director Fisler voting no.

REPORTS:

- 14. REPORT OF THE GENERAL MANAGER:
 - March Key Indicators
- 15. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

- 16. ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION - COASTAL REGION MUNICIPAL SERVICE REVIEW
- 17. DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)

President DePasquale adjourned the meeting at 5:34 p.m. to a Regular Board Meeting scheduled for Wednesday, May 27, 2026 at 4:30 p.m.

Approved:

Marice H. DePasquale, President

Denise Khalifa, District Secretary

Recording Secretary: Sharon D. Brimer



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MEMORANDUM

TO: Board of Directors
FROM: Denise Khalifa, Chief Administrative Officer
DATE: June 10, 2026
SUBJECT: Attendance at Conferences, Seminars, Meetings and Events

RECOMMENDATION

Approve attendance considerations (additions, changes, deletions).

STRATEGIC PLAN

- Goal #1: Provide an abundant, local, reliable and safe water supply.
- Goal #2: Perpetually renew and improve our infrastructure.
- Goal #3: Be financially responsible and transparent.
- Goal #4: Increase public awareness of Mesa Water.
- Goal #5: Attract, develop and retain skilled employees.
- Goal #6: Provide excellent customer service.
- Goal #7: Actively participate in regional and statewide water issues.
- Goal #8: Practice continual business improvement.

PRIOR BOARD ACTION/DISCUSSION

At its October 23, 2024 meeting, the Board of Directors (Board) adopted Ordinance No. 36 Director Compensation and Expense Reimbursement which authorizes attendance at conferences, seminars, meetings and events.

At its June 11, 2025 meeting, the Board approved the Fiscal Year 2026 attendance at conferences, seminars, meetings and events, with modifications.

At its July 23, 2025 meeting, the Board approved attendance at conferences, seminars, meetings and events for eight additional organizations.

DISCUSSION

During the discussion of this item, if any, the Board may choose to delete any item from the list and/or may choose to add additional conferences, seminars, meetings or events for approval, subject to available budget or additional appropriation.

FINANCIAL IMPACT

None.

ATTACHMENTS

None.

2026 CONFERENCES, SEMINARS AND MEETINGS:

| | |
|---|-----------------------------|
| June 1 - 19, 2026 | |
| Harvard Senior Executives in State and Local Government Cambridge, MA | |
| June 15, 2026 | |
| MWDOC Water Policy Forum Costa Mesa, CA | |
| June 21 - 24, 2026 | |
| AWWA ACE26 Conference Washington D.C. | <i>Atkinson</i> |
| August 19 -20, 2026 | |
| 11th Annual CA Water Data Summit Los Angeles, CA | |
| August 19 - 21, 2026 | |
| Urban Water Institute Annual Conference San Diego, CA | <i>Atkinson, DePasquale</i> |
| August 24 - 26, 2026 | |
| WaterReuse California Annual Conference San Francisco, CA | |
| August 24 - 27, 2026 | |
| CSDA Annual Conference Palm Desert, CA | |
| September 25, 2026 | |
| OC Water Summit Costa Mesa, CA | |
| September 26 - 30, 2026 | |
| Water Environment Federation's Technical Exhibition and Conference (WEFTEC) Chicago, IL | |
| October 14 - 15, 2026 | |
| Membrane Technology USA 2026 Miami, FL | <i>DePasquale, Dewane</i> |
| October 21, 2026 | |
| CALAFCO Annual Conference Sacramento, CA | |
| November 5 - 6, 2026 | |
| H2O Women Conference Santa Barbara, CA | |
| November 18 - 19, 2026 | |
| SWMOA Annual Symposium Pico Rivera, CA | |
| December 1 - 3, 2026 | |
| ACWA JPIA Fall Conference San Diego, CA | |
| December 9 - 11, 2026 | |
| Colorado River Water Users Association Conference Las Vegas, NV | |

June 2026

| June 2026 | | | | | | | July 2026 | | | | | | |
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| 14 | 15 | 16 | 17 | 18 | 19 | 20 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 28 | 29 | 30 | | | | | 26 | 27 | 28 | 29 | 30 | 31 | |

| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
|--------|--|--|---|--|---|---|
| May 31 | Jun 1 Harvard Senior Executives in State and Local 8:30am MWDOC Planning and | 2 7:30am ISDOC Executive Committee Meeting (https://mwdoc.zoom) 6:00pm Costa Mesa City Council Meeting (In | 3 Payday 8:30am Jt. MWDOC/MWD 12:00pm Executive 5:30pm OCWD Board | 4 12:00pm OCWD Communications/Legislative Committee (IN PERSON & VIRTUAL) | 5 7:30am WACO Meeting (Virtual) | 6 |
| 7 | 8 5:00pm IRWD Board Meeting (In Person and Virtual) | 9 7:30am Board Breakfast (Mesa Water Education Center - 8:00am OCBC Infrastructure | 10 8:15am LAFCO Meeting (400 W Civic Center 8:30am MWDOC Admin 12:00pm OCWD Water 4:30pm Board Meeting | 11 Pay Period Ends 12:00pm OCWD Admin & Finance Committee (IN PERSON & VIRTUAL) | 12 | 13 |
| 14 | 15 5:30pm MWDOC Water Policy Forum & Dinner (686 Anton Boulevard, Costa Mesa, 92626) | 16 7:30am WACO Planning Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (In | 17 Payday 8:30am MWDOC Board Meeting (IN PERSON 5:30pm OCWD Board Meeting (IN PERSON) | 18 8:30am MWDOC Executive Committee (IN PERSON & VIRTUAL) | 19 | 20 |
| 21 | 22 5:00pm IRWD Board Meeting (In Person and Virtual) | 23 AWWA ACE 26 Conference (Washington D.C.) | | 24 8:30am Jt. MWDOC/OCWD 4:30pm Board Meeting (Boardroom) | 25 Pay Period Ends | 26 5:00pm 80th Annual Costa Mesa Newport Harbor Lions Club Fish Fry and Carnival (Lions Park (570 W |
| 28 | 29 | 30 | Jul 1 | 2 | 3 | 4 |

July 2026

| July 2026 | | | | | | | August 2026 | | | | | | |
|-----------|----|----|----|----|----|----|-------------|----|----|----|----|----|----|
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| 19 | 20 | 21 | 22 | 23 | 24 | 25 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 26 | 27 | 28 | 29 | 30 | 31 | | 23 | 24 | 25 | 26 | 27 | 28 | 29 |
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| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
|--------|--|---|--|--|--|----------|
| Jun 28 | 29 | 30 | Jul 1 Payday 8:30am Jt. MWDOC/MWD 12:00pm Executive 5:30pm OCWD Board | 2 12:00pm OCWD Communications/Legislative Committee (IN PERSON & VIRTUAL) | 3 District Holiday | 4 |
| 5 | 6 8:30am MWDOC Planning and Operations Committee Meeting (IN PERSON & VIRTUAL) | 7 7:30am ISDOC Executive Committee Meeting (Virtual) 6:00pm Costa Mesa City Council Meeting (In Person) | 8 8:15am LAFCO Meeting (400 W Civic Center) 8:30am MWDOC Admin 12:00pm OCWD Water 4:30pm Board Meeting | 9 Pay Period Ends 12:00pm OCWD Admin & Finance Committee (IN PERSON & VIRTUAL) | 10 7:30am WACO Meeting (Virtual) | 11 |
| 12 | 13 5:00pm IRWD Board Meeting (In Person and Virtual) 5:00pm OCWD GWRS Steering Committee | 14 | 15 Payday 8:30am MWDOC Board Meeting (IN PERSON) 5:30pm OCWD Board Meeting (IN PERSON) | 16 8:30am MWDOC Executive Committee (IN PERSON & VIRTUAL) | 17 | 18 |
| 19 | 20 | 21 7:30am WACO Planning Committee Meeting (VIRTUAL) 6:00pm Costa Mesa City Council Meeting (In Person) | 22 8:30am Jt. MWDOC/OCWD Planning Meeting (In Person) 4:30pm Board Meeting (Boardroom) | 23 Pay Period Ends | 24 8:00am City/Districts Liaison Committee Meeting (Mesa Water District Education Center) - Colleen | 25 |
| 26 | 27 5:00pm IRWD Board Meeting (In Person and Virtual) | 28 | 29 Payday | 30 11:30am ISDOC Quarterly Meeting (MWDOC/OCWD Boardroom) | 31 | Aug 1 |

August 2026

| August 2026 | | | | | | | September 2026 | | | | | | |
|-------------|----|----|----|----|----|----|----------------|----|----|----|----|----|----|
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| 16 | 17 | 18 | 19 | 20 | 21 | 22 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 | 27 | 28 | 29 | 30 | | | |
| 30 | 31 | | | | | | | | | | | | |

| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
|--------|---|---|--|---|------------------------------------|----------|
| Jul 26 | 27 | 28 | 29 | 30 | 31 | Aug 1 |
| 2 | 3 8:30am MWDOC Planning and Operations Committee Meeting | 4 7:30am ISDOC Executive Committee Meeting 8:00am OCBC 6:00pm Costa Mesa City | 5 8:30am Jt. MWDOC/MWD 12:00pm Executive 5:30pm OCWD Board | 6 Pay Period Ends 12:00pm OCWD Communications/Legislative Committee | 7 7:30am WACO Meeting (Virtual) | 8 |
| 9 | 10 5:00pm IRWD Board Meeting (In Person and Virtual) | 11 | 12 8:15am LAFCO Meeting 8:30am MWDOC Admin 12:00pm OCWD Water 4:30pm Board Meeting | 13 12:00pm OCWD Admin & Finance Committee (IN PERSON & VIRTUAL) | 14 | 15 |
| 16 | 17 | 18 7:30am WACO Planning Committee Meeting 6:00pm Costa Mesa City Council Meeting (In | 19 Urban Water Institute Annual Conference (San Diego, CA) 11th Annual CA Water Data Summit (Los Angeles, CA) 8:30am MWDOC Board 5:30pm OCWD Board | 20 Pay Period Ends | 21 | 22 |
| 23 | 24 5:00pm IRWD Board Meeting (In Person | 25 CSDA Annual Conference (Palm Desert, CA) WaterReuse California Annual Conference (San Francisco, CA) | 26 Payday 4:30pm Board Meeting | 27 | 28 | 29 |
| 30 | 31 | Sep 1 | 2 | 3 | 4 | 5 |



UPCOMING COMMUNITY OUTREACH EVENTS

| Event | Date & Time | Location |
|--|---|---|
| Community Chat with President DePasquale | Wednesday, June 17, 2026 5:30 p.m. – 7:00 p.m. | Mesa Water Education Center 1350 Gisler Avenue Costa Mesa, CA 92626 |
| Lions Club Fish Fry | Friday, June 26, 2026 5:00 p.m. – 10:00 p.m. Saturday, June 27, 2026 11:00 a.m. – 10:00 p.m. | Lions Park 570 W. 18 th Street Costa Mesa, CA 92627 |
| Concerts in the Park | Tuesdays July 14, 21 & 28, 2026 6:00 p.m. | Fairview Park 2525 Placentia Avenue Costa Mesa, CA 92626 |



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MEMORANDUM

TO: Board of Directors
FROM: Denise Khalifa, Chief Administrative Officer
DATE: June 10, 2026
SUBJECT: Public Hearing Regarding Assembly Bill 2561 - Local Public Employees; Vacant Positions

RECOMMENDATION

- a. Conduct public hearing;
- b. Receive and discuss the presentations; and
- c. File Mesa Water District's 2025 Vacant Positions Report.

STRATEGIC PLAN

Goal #5: Attract, develop and retain skilled employees.

PRIOR BOARD ACTION/DISCUSSION

At its April 23, 2025 meeting, the Board of Directors (Board) filed Mesa Water District's 2024 Vacant Positions Report.

DISCUSSION

Assembly Bill (AB) 2561 was introduced in 2024 to address the issue of increasingly widespread job vacancies in local government, which can adversely affect the delivery of public services and employee workload. The bill was enacted into law and is codified as California Government Code Section 3502.3. Effective January 1, 2025, Government Code Section 3502.3 imposed certain requirements on local agencies, including Mesa Water District (Mesa Water®).

Under Government Code Section 3502.3, Mesa Water is required to conduct an annual review of its staffing status. Specifically, prior to the adoption of the District's final budget each fiscal year, the Board must hold a public hearing to receive a formal report addressing the following:

- The status of vacancies;
- Recruitment and retention efforts undertaken during the reporting period; and
- Any necessary changes to policies, procedures and recruitment activities that may lead to obstacles in the hiring process.

Mesa Water must allow the recognized employee organization bargaining unit to make a presentation at the public hearing.

This memo serves to outline Mesa Water's compliance with this statutory requirement. A presentation by Human Resources will be provided during the public hearing that includes the formal report referenced above. Such presentation and report ensure the Board and members of the public are informed of Mesa Water's workforce status and ongoing efforts to attract, develop and retain skilled employees.



FINANCIAL IMPACT

None.

ATTACHMENTS

None.



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MEMORANDUM

TO: Board of Directors
FROM: Calvin Hsu, CPA, Chief Financial Officer
DATE: June 10, 2026
SUBJECT: Proposed Fiscal Year 2027 Budget

RECOMMENDATION

Approve the proposed Fiscal Year 2027 Budget.

STRATEGIC PLAN

- Goal #1: Provide an abundant, local, reliable and safe water supply.
- Goal #2: Perpetually renew and improve our infrastructure.
- Goal #3: Be financially responsible and transparent.
- Goal #4: Increase public awareness of Mesa Water.
- Goal #5: Attract, develop and retain skilled employees.
- Goal #6: Provide excellent customer service.
- Goal #7: Actively participate in regional and statewide water issues.
- Goal #8: Practice continual business improvement.

DISCUSSION

Staff is pleased to present the proposed Fiscal Year (FY) 2027 Budget which provides the necessary resources, services, capital funding and staffing to supply water services to Mesa Water District's (Mesa Water®) customers. In addition, the proposed budget includes the 2023 adopted water rates, effective January 2027.

The proposed FY 2027 budget is based on Operating Revenues of \$66.9MM. The proposed budget also includes Operating Expenses of \$42.7MM, which reflects a 3.8% increase over the prior year's budget. Debt service is \$4.7MM in FY 2027, which includes the 2017 and 2020 Certificates of Participation (COPs) payment.

The proposed FY 2027 budget continues the Board of Directors' (Board) long-standing goal of maintaining a AAA rating; the proposed budget exceeds the Days' Cash Ratio goal of 120 days. The Year-End FY 2027 budgeted Cash on Hand is forecasted to be \$15.6MM and the Days' Cash Ratio is forecasted to be 133 days.

In FY 2021, Mesa Water successfully completed the issuance of a \$70MM COPs to fund the Capital Improvement Program Renewal (CIPR). Mesa Water continues to invest in necessary capital infrastructure and expense projects that provide long-term efficiency and productivity gains.

Mesa Water continues to be one of the most efficient water agencies in Orange County and is 100% local and reliable, not taking any import water to service its customers. In addition, Mesa Water continues its extensive community outreach programs.



The debt coverage at the end of FY 2027 is forecasted to be 532%, which exceeds the current Board target of 150%.

The water costs are noted in the table below:

| | | Per Acre Foot | | | |
|--------------------|--------|-------------------------------------|---------------------------|-----------------------------------|----------------------|
| Fiscal Year | | Replenishment Assessment | Recycled Water | Imported Variable Cost | LRP Grant |
| 2022 | Actual | 507 | 905 | 1,104/1,143 | 160 |
| 2023 | Actual | 558 | 932 | 1,143/1,209 | 163 |
| 2024 | Actual | 624 | 960 | 1,209/1,256 | 166 |
| 2025 | Actual | 689 | 989 | 1,256/1,395 | 169 |
| 2026 | Actual | 711 | 1,019 | 1,395/1,528 | - |
| 2027 | Budget | 728 | 1,050 | 1,528/1,420 | - |

Budgeted cash outflows include \$10.4MM in FY 2027 capital expenditures compared to \$13.4MM in the FY 2026 Budget, and \$4.7MM in FY 2027 debt service compared to \$6.9MM in the FY 2026 budget.

Considering Mesa Water’s commitment to the orderly replacement of capital assets, staff will focus on developing, replacing and upgrading necessary water infrastructure. The significant capital expenditures in the proposed budget include \$3.0MM for the Reservoirs 1 and 2 pump station upgrades project, \$1.5MM for Operations planned capital, \$1.0MM for interagency water transfer projects, and \$1.0MM for Software Application upgrades.

In FY 2027, staffing levels are projected to increase to 63 Full-Time Equivalent (FTEs) from the 61 FTEs budgeted in FY 2026. A new Business Administrator/Information Technology (IT) Coordinator position will be added to provide supervision of the IT consultant. Additionally, a Facility Maintenance position will be added to focus exclusively on the operational and maintenance needs of the Mesa Water Education and Career Center.

In addition, four Limited-Term positions will be added in FY 2027 – two positions to support the Enterprise Resource Planning upgrade efforts, one position to assist with recruitment activities, and one position to help with backflow program demands.

FINANCIAL IMPACT

The FY 2027 Budget funds the Board’s objectives and supports the Board’s goals set out in Mesa Water’s Strategic Plan.



ATTACHMENTS

Attachment A: Proposed Fiscal Year 2027 Budget

Attachment B: District Memberships

Attachment C: Board Conferences and Seminars

Attachment D: Community Outreach



MesaWater
DISTRICT®

**OPERATING
BUDGET**

FISCAL YEAR 2027

Mesa Water District | Costa Mesa, California


MesaWater.org

Dedicated to Satisfying Our Community's Water Needs



PROPOSED BUDGET FISCAL YEAR 2027

Dedicated to Satisfying our Community's Water Needs

1965 Placentia Avenue, Costa Mesa, CA 92627
MesaWater.org  949.631.1200



MESA WATER'S VISION:

To be a top performing public water agency



MESA WATER'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.



Mesa Water's Eight Strategic Goals:

| | | | |
|--|--|---|---|
| <i>Provide an abundant, local, reliable and safe water supply.</i> | <i>Perpetually renew and improve our infrastructure.</i> | <i>Be financially responsible and transparent.</i> | <i>Increase public awareness of Mesa Water.</i> |
| <i>Attract, develop and retain skilled employees.</i> | <i>Provide excellent customer service.</i> | <i>Actively participate in regional and statewide water issues.</i> | <i>Practice continual business improvement.</i> |



BOARD OF DIRECTORS

Marice H. DePasquale

President, Division III

Shawn Dewane

Vice President, Division V

Jim Atkinson

Director, Division IV

Fred R. Bockmiller, P.E.

Director, Division I

James R. Fisler

Director, Division II

June 10, 2026

On behalf of the Mesa Water District (Mesa Water®) Board of Directors, I am pleased to present the approved budget for Fiscal Year (FY) 2027.

Mesa Water operates with a perpetual agency philosophy that requires a scheduled, systematic review of its long-range financial plan and goals. As such, Mesa Water's Strategic Plan includes the goal of being financially responsible and transparent, while providing its customers with an abundant, local, reliable and safe water supply. The District also continually invests in and maintains its infrastructure, which pumps, treats and delivers nearly five billion gallons of drinking water each year to residential and business customers.

In FY 2027, Mesa Water anticipates operating revenues of \$66.9MM, with \$42.7MM in operating expenses. Planned capital expenditures total \$10.5MM and financial obligations for the payment of principal and interest on debt are \$4.7MM.

Mesa Water is currently undertaking \$70MM in essential water system upgrades, including improvements to its wells, reservoirs and pipelines - as part of its Capital Improvement Program Renewal (CIPR), funded through Certificates of Participation. FY 2027 marks the seventh year of this program, which supports the District's key objective of providing an abundant, local, reliable and safe water supply to ratepayers at an affordable price.

Local groundwater is Mesa Water's most valuable source of water, due to its high quality and lower cost compared to water imported from the Colorado River and Northern California. The Mesa Water Reliability Facility (MWRF) fulfills the District's long-standing goal of serving 100 percent local, reliable supplies to its customers. In FY 2027, the MWRF is expected to supply 2,365 acre-feet of water, or 15 percent of the District's potable water service. Local groundwater supplies, when compared with imported water, have lower energy costs and a reduced carbon footprint.

In FY 2027, the District will incur some fixed costs for imported water, which serves as Mesa Water's emergency backup supply. Furthermore, Orange County Water District (OCWD), the agency that manages the Orange County groundwater basin, is increasing the basin replenishment cost by \$17 per acre foot, or 2.4 percent. It is anticipated that OCWD's rates will continue to increase annually over the next several years.

In FY 2027, Mesa Water will continue its focus on essential services and capital and technology improvements that will provide efficiency and productivity gains. The capital improvements will focus on reservoir and pump station upgrades.

Providing an abundance of local, reliable, clean, safe water.

1965 Placentia Avenue Costa Mesa, CA 92627

MesaWater.org



In December 2023, Mesa Water conducted a public hearing and notification process to adopt a five-year rate adjustment. The third and fourth calendar years of that rate and fee structure are scheduled to take effect in FY 2027, ensuring that Mesa Water continues to provide high-quality water for its customers, carries out orderly capital infrastructure replacement, and continually improves its technological and operational efficiency.

Budget decisions are based on detailed analysis of the District's management, technology and operational practices. Mesa Water periodically benchmarks its performance compared to other agencies to ensure that customers receive full value for the rates charged, and Mesa Water remains one of the most efficient water agencies in Orange County. More information about Mesa Water and its finances, strategic objectives and goals can be found at [MesaWater.org](https://www.MesaWater.org).

I consider it a privilege to serve on the Mesa Water Board of Directors to advocate for water, our most precious asset, which is key to our quality of life and the economic development of our vibrant community. We look forward to continuing to provide 100% local, reliable, clean, safe water now and for generations to come.

Sincerely,

A handwritten signature in blue ink, reading "Marice H. DePasquale".

Marice H. DePasquale
Mesa Water District
President, Board of Directors

DRAFT

Providing an abundance of local, reliable, clean, safe water.

1965 Placentia Avenue Costa Mesa, CA 92627

[MesaWater.org](https://www.MesaWater.org)

Mesa Water District
Fiscal Year 2027 Budget

Date: June 10, 2026

To: Mesa Water District Board of Directors

FISCAL YEAR 2027 BUDGET MESSAGE

I am pleased to present the Fiscal Year (FY) 2027 budget for Mesa Water District (Mesa Water®), beginning July 1, 2026 and ending June 30, 2027.

I would like to express my appreciation to the members of the Board of Directors (Board) for your confidence in Mesa Water's management team as well as your review, advice, suggestions and policy direction during the budgeting process. This document reflects the time you spent considering and analyzing the District's financial well-being and role in this community. I would also like to thank staff for their contributions and participation in the development of the FY 2027 budget.

Our mission statement is "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." Mesa Water's strategic plan fulfills the District's mission through eight equal and important strategic goals. Mesa Water provides safe, high-quality water that meets or surpasses all Federal and State drinking water standards. The enhanced Mesa Water Reliability Facility (MWRf) allows the District to provide a 100 percent local and reliable, high-quality and cost-effective water supply for our service area for decades to come.

Organizational Priorities

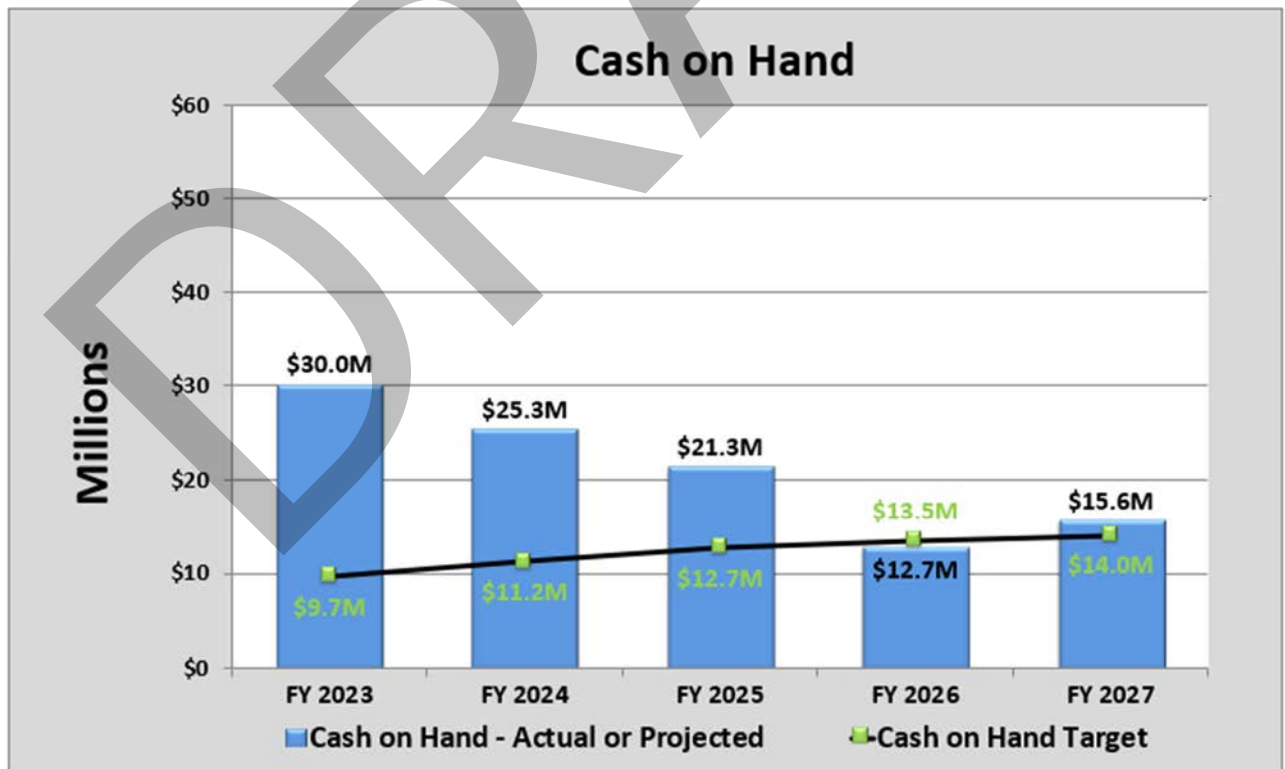
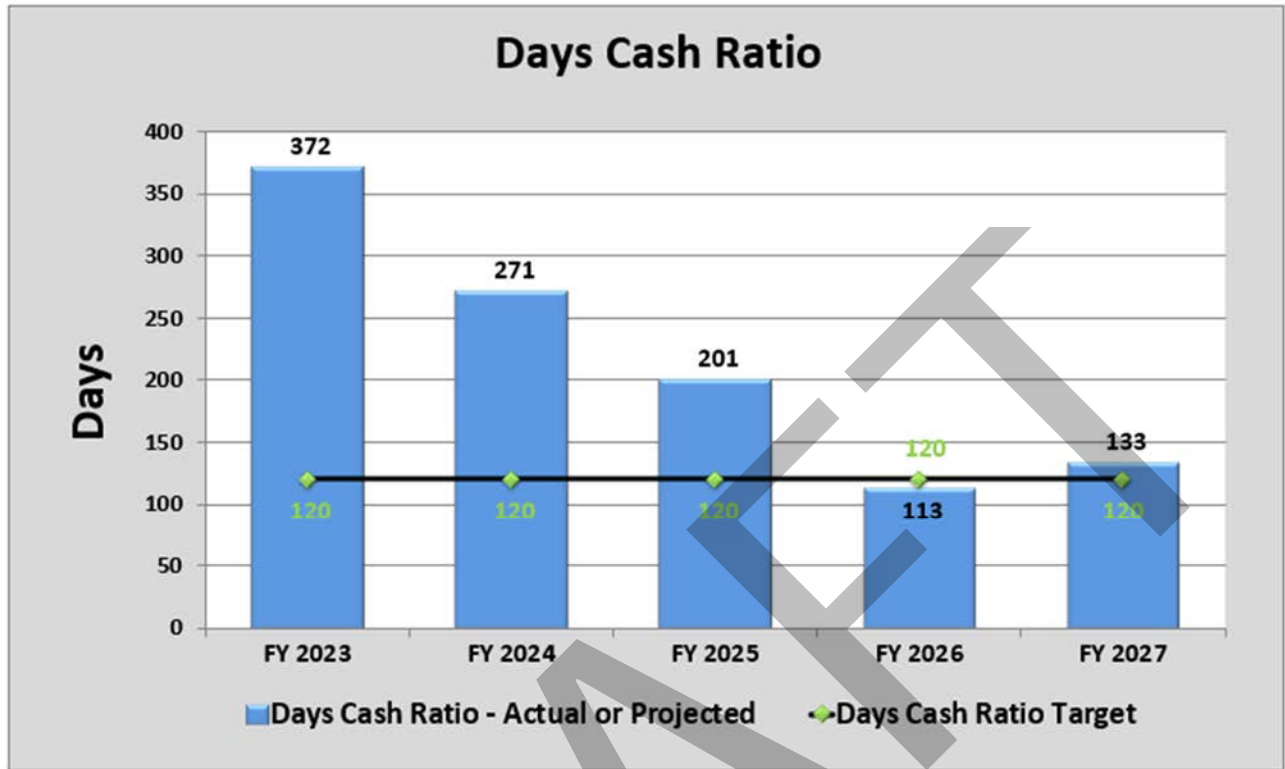
In 2023, Mesa Water's Board reaffirmed the long-range financial plan and adopted multi-year rate increases from Calendar Year 2024 through 2028. In addition, the Board continued its credit worthiness goal as defined by Fitch, Standard & Poor's and other credible rating agencies. The goal is to continue to maintain Mesa Water's strong AAA credit rating. The Board continues to further measure the District's credit-worthiness at the end of each fiscal year by using the Days Cash Ratio, Cash on Hand, and debt coverage metrics. The Days Cash Ratio is defined as total cash available divided by Operating Expenses per days and is a measurement of an agency's ability to meet known and unanticipated expenses. The Days Cash Ratio goal for FY 2027 is 120 days and the Cash on Hand goal is \$14.0 MM.

With Mesa Water's last debt issuance in June 2020, the Fitch agency issued a AAA credit rating. For this same debt issuance, Standard & Poor's also issued a AAA rating. Subsequently, in the winter of 2025, Fitch reaffirmed AAA the rating for the 2017 and 2020 debt issuance. Mesa Water is continuing to work on maintaining a strong AAA credit rating from all rating agencies.

The FY 2027 budget meets both the Days Cash Ratio goal of 120 days and Cash on Hand goal of \$14.0 MM, with a budgeted Days Cash Ratio of 133 days and a budgeted Cash on Hand amount of \$15.6 MM.

Fitch reviews many factors to qualify for their highest rating, one of which is debt service coverage. Fitch awards its highest score for a coverage of 2.0 or greater, while S&P awards its highest score at 1.6 or above. Mesa Water's calculated debt service coverage per the FY 2027 budget is 5.3.

Mesa Water District
Fiscal Year 2027 Budget



Mesa Water District
Fiscal Year 2027 Budget

Mesa Water’s Strategic Plan

The following eight goals are reflected in the FY 2027 budget:

1. Provide an abundant, local, reliable and safe water supply.
2. Perpetually renew and improve our infrastructure.
3. Be financially responsible and transparent.
4. Increase public awareness of Mesa Water.
5. Attract, develop and retain skilled employees.
6. Provide excellent customer service.
7. Actively participate in regional and statewide water issues.
8. Practice continual business improvement.

Revenues

Mesa Water has budgeted 15,726 acre feet of potable water production and 872 acre feet of recycled water (total of 16,598 acre feet) for FY 2027, compared to 15,678 acre feet of potable water production and 870 acre feet of recycled water (total of 16,548 acre feet) budgeted for FY 2026.

Changes by major category of Operating Revenues are summarized below:

| | FY 2026 Budget | FY 2027 Budget |
|---------------------------------|---------------------|---------------------|
| Operating Revenues: | | |
| Water Consumption Sales | \$39,650,317 | \$42,419,811 |
| Water Sales - Interagency | - | \$816,530 |
| Monthly Meter Service Charge | 9,179,511 | 9,726,911 |
| Capital Charge | 9,484,778 | 11,810,919 |
| Recycled Water Sales | 1,585,822 | 1,598,738 |
| Concessions from Gov. Agencies | - | - |
| Other Charges and Services | 400,000 | 475,000 |
| TOTAL OPERATING REVENUES | \$60,300,428 | \$66,883,909 |

Mesa Water’s FY 2027 Operating Revenues are budgeted at \$66.9 MM compared to \$60.3 MM in the FY 2026 budget. Additionally, the FY 2027 budget includes revenues based upon the third and fourth calendar year of rate increases in potable water consumption rates, monthly meter service charges

Mesa Water District
Fiscal Year 2027 Budget

and annual capital meter charge from the multi-year rate schedule adopted in 2023 as detailed below:

ADOPTED SCHEDULE OF RATE CHANGES

| | 1/1/2026 | 1/1/2027 | 1/1/2028 |
|----------------------------------|---|----------|----------|
| Per Unit* (CCF): | Usage Charge Rate | | |
| Potable | \$6.38 | \$6.83 | \$7.30 |
| Meter Size: | Bi-monthly Meter Basic Charge Rate | | |
| 5/8" | \$38.75 | \$41.47 | \$44.37 |
| Potable Water Meter Size: | Annual Capital Meter Charge Rate | | |
| 5/8" | \$231.00 | \$284.00 | \$340.00 |

*One unit equals 100 cubic feet or 748 gallons.

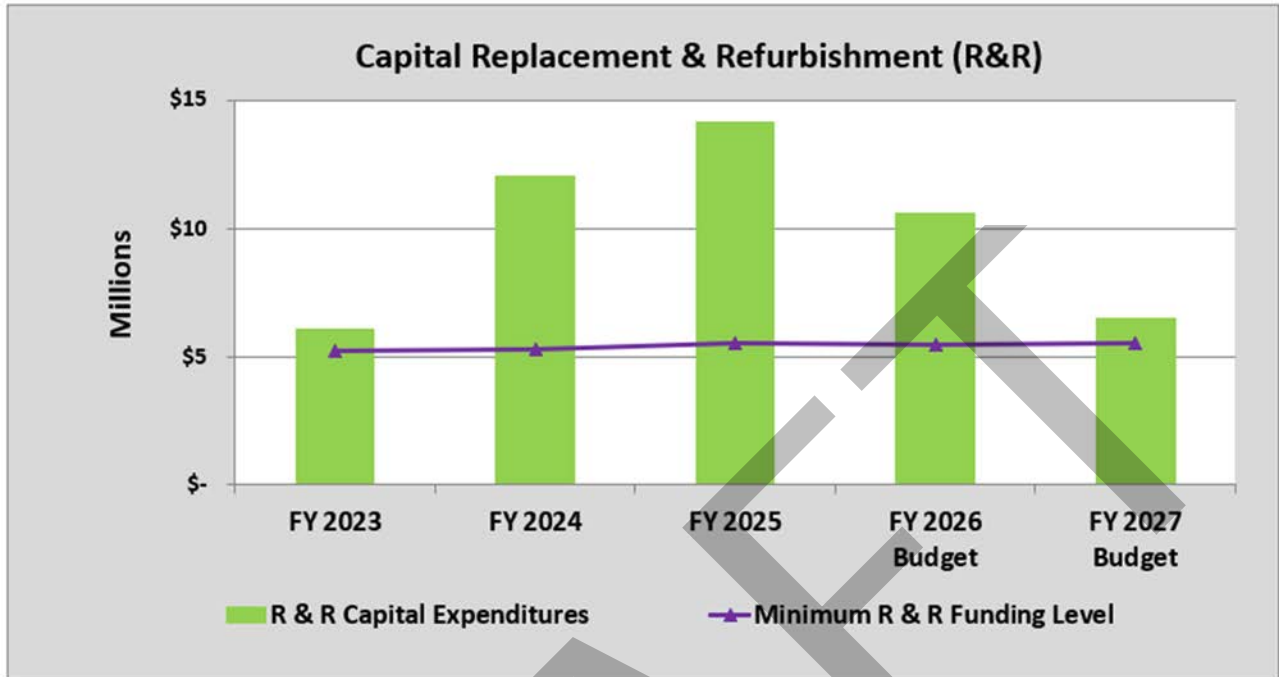
Due to fluctuation of development activity revenue and general economic conditions, revenues related to development activity are budgeted based on an eight-year rolling historical average. Mesa Water expects this method to reduce volatility in budgeting development revenues.

Capital Projects

The FY 2027 capital budget includes expenditures of \$10.4 MM representing a 21.7 percent decrease from the FY 2026 budget of \$13.4 MM. This is part of a multi-year, \$70 MM, Capital Improvement Program Renewal (CIPR) that has been approved by the Board. The CIPR was funded by a Certificates of Participation issuance in June of 2020. Mesa Water’s Strategic Plan Goal #2 is “Perpetually renew and improve our infrastructure.” The District has a "perpetual agency" philosophy and has adopted a long-range plan to manage, maintain and develop its infrastructure.

To further ensure the District’s ability to rely solely upon locally sourced groundwater, construction of two new wells was completed in FY 2024. Funds from the Certificates of Participation will also be used for finalizing an upgrade for our reservoirs. Additional Capital Construction will include new pipelines and replacement of end-of-life pipelines, CIS and ERP system upgrades, a SCADA asset management program, a local supply improvement project, interagency water transfer projects, and scheduled annual replacements of hydrants, valves and meters.

Mesa Water District
Fiscal Year 2027 Budget



Expenses

Included in the expense budget are several items which reflect the goals of Mesa Water's Strategic Plan:

1. In FY 2027, Mesa Water will continue maintaining and updating Mesa Water's Computerized Maintenance Management System (CMMS) and streamlining core business processes facilitated through the business improvement process. These projects contribute to Strategic Plan Goal #8 "Practice continual business improvement."
2. During FY 2027, Mesa Water will continue conducting outreach to its key audiences, consisting of customers (ratepayers); community members (residents, organizations, and businesses); Federal, State, County and City elected officials; industry colleagues at OC municipalities, water districts and special districts; media; and current and former Mesa Water staff and Board members. This outreach includes facilitating clear, concise and constant communications; producing publications about Mesa Water and water; and managing Mesa Water's social media program. Mesa Water plans to conduct ongoing constituent relations activities, including community sponsorships, participating in community events, and giving tours of the MWRF to provide water education and information about programs and services, capital improvements projects and the related benefits. These items contribute to the District's Strategic Plan Goals #4 "Increase public awareness of Mesa Water," and #6 "Provide excellent customer service."
3. Lastly, the District will continue its government relations work including legislative affairs and advocacy activities for issues that may impact Mesa Water and its constituents. These items contribute primarily to the District's Strategic Plan Goals #4 "Increase public awareness of Mesa Water" and #7 "Actively participate in regional and statewide water issues," and secondarily to Goals #3 "Be financially responsible and transparent," #5 "Attract, develop and retain skilled employees," and #6 "Provide excellent customer service."

Mesa Water District
Fiscal Year 2027 Budget

Mesa Water’s FY 2027 Operating Expenses are budgeted at \$42.7 MM compared to \$41.1 MM in the FY 2026 budget, an increase of 3.8 percent in Operating Expenses. Changes by major category of Operating Expenses are summarized below:

| | FY 2026 Budget | FY 2027 Budget | % Change |
|---------------------------------|---------------------|---------------------|-------------|
| Operating Expense: | | | |
| Imported Sources of Supply | \$569,500 | \$611,200 | 7.3% |
| Basin Managed Water | - | - | 0.0% |
| Clear Water | 11,795,981 | 12,166,350 | 3.1% |
| Amber Water | 3,078,873 | 3,366,720 | 9.4% |
| Recycled Water | 886,530 | 915,600 | 3.3% |
| Transmission and Distribution | 10,056,011 | 9,999,856 | -0.6% |
| General and Administrative | 14,757,255 | 15,663,710 | 6.1% |
| TOTAL OPERATING EXPENSES | \$41,144,150 | \$42,723,436 | 3.8% |

Economic and Policy Issues

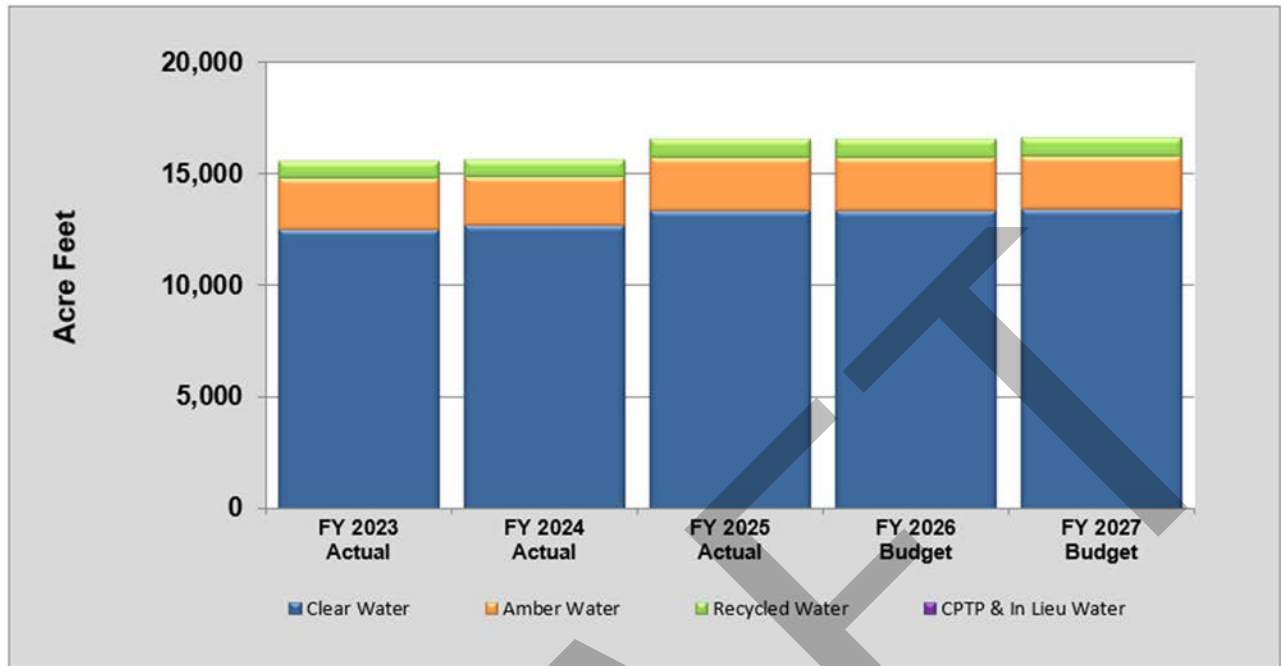
Imported water is higher in cost per acre foot in comparison to clear or amber water, with additional imported fixed costs charged to Mesa Water regardless of the amount of water purchased. Costs detailed below are comprised of (water production) operating expenses:

| Water Source | FY 2027 Budgeted Average Cost per Acre Foot |
|---------------------------|---|
| Clear Water | \$911 |
| Amber Water (MWRF) | \$1,424 |
| Imported Water | \$1,528/\$1,420 |
| Recycled Water | \$1,050 |

During FY 2027, Mesa Water expects Orange County Water District (OCWD) to maintain the Basin Pumping Percentage (BPP) at 85 percent of total potable supply. The Replenishment Assessment (RA) acre foot charge by OCWD is expected to increase from \$711 to \$728 due to increased O&M costs and increased import water purchases.

The MWRF Improvements Project was completed in FY 2013, and the MWRF was fully operational in FY 2014. In FY 2027, the MWRF is budgeted to run at an approximate capacity of 2,365 acre feet, complementing clear water production to achieve 100 percent locally-sourced water supplies. With the MWRF, Mesa Water has eliminated the need to purchase imported water in almost all circumstances. The following is a summary of budgeted sources of water for FY 2027:

Mesa Water District
Fiscal Year 2027 Budget



Staffing Levels

Staffing levels are projected to increase by 2 Full-Time Employees (FTEs), from 61 to 63 FTEs, in addition to four Limited-Term positions. A new Business Administrator/Information Technology Coordinator position will be added to provide direct supervision of the Information Technology Consultants. Additionally, a Facilities Maintenance position will be created to focus exclusively on the operational and maintenance needs of the Mesa Water Education Center.

The four Limited-Term positions include a Financial Control Specialist and an Accounting Specialist to support Enterprise Resource Planning upgrade efforts, a Senior Human Resources Specialist to assist with expanded recruitment activities, and a Water Quality Technician to support increased backflow program demands resulting from the Customer Information System upgrade.

Conclusion

Mesa Water continues to thrive as an organization. The budget demonstrates Mesa Water's commitment to meeting its financial and strategic goals. The District's Board and staff continue a tradition of innovation with ideas and methods for accomplishing the 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.

Sincerely,

Paul E. Shoenberger, P.E.
Mesa Water District, General Manager



Fiscal Year 2027 Budget

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Fiscal Year 2027 Budget

Comparative Statement of Revenues, Expenses, and Changes in Net Position

| | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|--|---------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | |
| Water consumption sales (incl. Interagency) | \$ 31,008,095 | \$ 36,652,026 | \$ 39,650,317 | \$ 43,236,341 |
| Monthly meter service charge | 7,513,123 | 8,395,253 | 9,179,511 | 9,762,911 |
| Capital charge | 5,890,411 | 7,701,345 | 9,484,778 | 11,810,919 |
| Recycled water sales | 1,228,365 | 1,446,842 | 1,585,822 | 1,598,738 |
| Concessions from gov. agencies (incl. CPTP) | - | - | - | - |
| Other charges and services | 554,479 | 680,332 | 400,000 | 475,000 |
| TOTAL OPERATING REVENUES | 46,194,473 | 54,875,798 | 60,300,428 | 66,883,909 |
| OPERATING EXPENSES: | | | | |
| Imported Water Fixed Costs | 370,528 | 363,510 | 569,500 | 611,200 |
| Basin Managed Water | - | - | - | - |
| Clear water cost | 10,134,301 | 11,502,945 | 11,795,981 | 12,166,350 |
| Amber water cost | 2,637,395 | 2,997,912 | 3,078,873 | 3,366,720 |
| Recycled water | 754,579 | 824,967 | 886,530 | 915,600 |
| Transmission and distribution | 9,532,836 | 9,797,921 | 10,056,011 | 9,999,856 |
| General and administrative | 10,656,440 | 12,791,844 | 14,757,255 | 15,663,710 |
| TOTAL OPERATING EXPENSES | 34,086,080 | 38,279,099 | 41,144,150 | 42,723,436 |
| OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION | 12,108,393 | 16,596,699 | 19,156,278 | 24,160,473 |
| Depreciation and amortization | (6,545,617) | (7,602,048) | (7,000,000) | (7,850,000) |
| OPERATING INCOME | 5,562,777 | 8,994,652 | 12,156,278 | 16,310,473 |
| NONOPERATING REVENUES / (EXPENSES): | | | | |
| Investment earnings (incl. unrealized) | 3,185,572 | 2,524,351 | 100,000 | 100,000 |
| Interest expense - long-term debt | (2,279,086) | (2,062,779) | (1,958,375) | (1,958,375) |
| Gain (Loss) on sale/disposition of capital assets, net | - | - | (25,000) | (25,000) |
| Impairment of capital assets & termination of lease | - | - | - | - |
| Other non-operating, net | 1,733 | 21,679 | (10,000) | (10,000) |
| NONOPERATING REVENUES / (EXPENSES): | 908,220 | 483,252 | (1,893,375) | (1,893,375) |
| INCOME BEFORE CAPITAL CONTRIBUTIONS | 6,470,996 | 9,477,903 | 10,262,903 | 14,417,098 |
| CAPITAL CONTRIBUTIONS: | | | | |
| Capacity and installation charges | 448,150 | 626,213 | 965,000 | 860,000 |
| Capital Grants (includes LRP) | 356,568 | 385,509 | 15,000 | 15,000 |
| Developers and others | 1,502,735 | 858,382 | 850,000 | 860,000 |
| TOTAL CAPITAL CONTRIBUTIONS | 2,307,453 | 1,870,104 | 1,830,000 | 1,735,000 |
| CHANGE IN NET POSITION | \$ 8,778,449 | \$ 11,348,007 | \$ 12,092,903 | \$ 16,152,098 |



Fiscal Year 2027 Budget

FY 2027 (Budget) Departmental Statement of Revenues, Expenses, and Changes in Net Position

| | Consolidated (All Depts) | General (000), (020) | Board (100) | Office of the GM (200) | Business Process & Information Technology (250) | Water Ops (3XX) | Engineering (400) | Customer Services (500) | Financial Services (600) | Public Affairs & Water Education (700) | Administrative Services (800) | Human Resources (850) | External Affairs (900) |
|--|--------------------------|----------------------|---------------------|------------------------|---|------------------------|-----------------------|-------------------------|--------------------------|--|-------------------------------|-----------------------|------------------------|
| OPERATING REVENUES: | | | | | | | | | | | | | |
| Water consumption sales | \$ 43,236,341 | \$ 43,236,341 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Monthly meter service charge | 9,762,911 | 9,762,911 | - | - | - | - | - | - | - | - | - | - | - |
| Monthly meter service charge | 11,810,919 | 11,810,919 | - | - | - | - | - | - | - | - | - | - | - |
| Recycled water sales | 1,598,738 | 1,598,738 | - | - | - | - | - | - | - | - | - | - | - |
| Concessions from gov. agencies (incl. CPTP) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other charges and services | 475,000 | 475,000 | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL OPERATING REVENUES | 66,883,909 | 66,883,909 | - | - | - | - | - | - | - | - | - | - | - |
| OPERATING EXPENSES: | | | | | | | | | | | | | |
| Imported and Basin Managed water costs | 611,200 | - | - | - | - | 611,200 | - | - | - | - | - | - | - |
| Clear water cost | 12,166,350 | - | - | - | - | 12,166,350 | - | - | - | - | - | - | - |
| Amber water cost | 3,366,720 | - | - | - | - | 3,366,720 | - | - | - | - | - | - | - |
| Recycled water | 915,600 | 915,600 | - | - | - | - | - | - | - | - | - | - | - |
| Transmission and distribution | 9,999,856 | - | - | - | - | 8,252,901 | 1,746,955 | - | - | - | - | - | - |
| General and administrative | 15,663,710 | - | 656,953 | 1,905,075 | 3,913,037 | - | - | 824,960 | 3,084,731 | 1,887,037 | 1,295,042 | 1,337,935 | 758,940 |
| TOTAL OPERATING EXPENSES | 42,723,436 | 915,600 | 656,953 | 1,905,075 | 3,913,037 | 24,397,171 | 1,746,955 | 824,960 | 3,084,731 | 1,887,037 | 1,295,042 | 1,337,935 | 758,940 |
| OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION | 24,160,473 | 65,968,309 | (656,953) | (1,905,075) | (3,913,037) | (24,397,171) | (1,746,955) | (824,960) | (3,084,731) | (1,887,037) | (1,295,042) | (1,337,935) | (758,940) |
| Depreciation and amortization | (7,850,000) | (7,850,000) | - | - | - | - | - | - | - | - | - | - | - |
| OPERATING INCOME / (LOSS) | 16,310,473 | 58,118,309 | (656,953) | (1,905,075) | (3,913,037) | (24,397,171) | (1,746,955) | (824,960) | (3,084,731) | (1,887,037) | (1,295,042) | (1,337,935) | (758,940) |
| NONOPERATING REVENUES / (EXPENSES): | | | | | | | | | | | | | |
| Investment earnings | 100,000 | 100,000 | - | - | - | - | - | - | - | - | - | - | - |
| Interest expense - long-term debt | (1,958,375) | (1,958,375) | - | - | - | - | - | - | - | - | - | - | - |
| Loss on sale/disposition of capital assets, net | (25,000) | (25,000) | - | - | - | - | - | - | - | - | - | - | - |
| Loss on abandonment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other non-operating, net | (10,000) | (10,000) | - | - | - | - | - | - | - | - | - | - | - |
| NONOPERATING REVENUES / (EXPENSES): | (1,893,375) | (1,893,375) | - | - | - | - | - | - | - | - | - | - | - |
| INCOME BEFORE CAPITAL CONTRIBUTIONS | 14,417,098 | 56,224,934 | (656,953) | (1,905,075) | (3,913,037) | (24,397,171) | (1,746,955) | (824,960) | (3,084,731) | (1,887,037) | (1,295,042) | (1,337,935) | (758,940) |
| CAPITAL CONTRIBUTIONS: | | | | | | | | | | | | | |
| Capacity and installation charges | 860,000 | 860,000 | - | - | - | - | - | - | - | - | - | - | - |
| Capital grants (includes LRP) | 15,000 | 15,000 | - | - | - | - | - | - | - | - | - | - | - |
| Developers and others | 860,000 | 860,000 | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL CAPITAL CONTRIBUTIONS | 1,735,000 | 1,735,000 | - | - | - | - | - | - | - | - | - | - | - |
| CHANGE IN NET POSITION (2027 Budget) | \$ 16,152,098 | \$ 57,959,934 | \$ (656,953) | \$ (1,905,075) | \$ (3,913,037) | \$ (24,397,171) | \$ (1,746,955) | \$ (824,960) | \$ (3,084,731) | \$ (1,887,037) | \$ (1,295,042) | \$ (1,337,935) | \$ (758,940) |
| CHANGE IN NET POSITION (2026 Budget) | \$ 12,092,903 | \$ 52,350,523 | \$ (609,288) | \$ (2,139,730) | \$ (3,020,000) | \$ (24,024,290) | \$ (1,476,075) | \$ (815,636) | \$ (2,880,242) | \$ (2,138,262) | \$ (1,234,178) | \$ (1,095,908) | \$ (824,011) |



Fiscal Year 2027 Budget

FY 2026 (Budget) Departmental Statement of Revenues, Expenses, and Changes in Net Position

| | Consolidated (All Depts) | General (000), (020) | Board (100) | Office of the GM (200) | Business Process & Information Technology (250) | Water Ops (3XX) | Engineering (400) | Customer Services (500) | Financial Services (600) | Public Affairs & Water Education (700) | Administrative Services (800) | Human Resources (850) | External Affairs (900) |
|--|--------------------------|----------------------|---------------------|------------------------|---|------------------------|-----------------------|-------------------------|--------------------------|--|-------------------------------|-----------------------|------------------------|
| OPERATING REVENUES: | | | | | | | | | | | | | |
| Water consumption sales | \$ 39,650,317 | \$ 39,650,317 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Monthly meter service charge | 9,179,511 | 9,179,511 | - | - | - | - | - | - | - | - | - | - | - |
| Monthly meter service charge | 9,484,778 | 9,484,778 | - | - | - | - | - | - | - | - | - | - | - |
| Recycled water sales | 1,585,822 | 1,585,822 | - | - | - | - | - | - | - | - | - | - | - |
| Concessions from gov. agencies (incl. CPTP) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other charges and services | 400,000 | 400,000 | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL OPERATING REVENUES | 60,300,428 | 60,300,428 | - | - | - | - | - | - | - | - | - | - | - |
| OPERATING EXPENSES: | | | | | | | | | | | | | |
| Imported and Basin Managed water costs | 569,500 | - | - | - | - | 569,500 | - | - | - | - | - | - | - |
| Clear water cost | 11,795,981 | - | - | - | - | 11,795,981 | - | - | - | - | - | - | - |
| Amber water cost | 3,078,873 | - | - | - | - | 3,078,873 | - | - | - | - | - | - | - |
| Recycled water | 886,530 | 886,530 | - | - | - | - | - | - | - | - | - | - | - |
| Transmission and distribution | 10,056,011 | - | - | - | - | 8,579,936 | 1,476,075 | - | - | - | - | - | - |
| General and administrative | 14,757,255 | - | 609,288 | 2,139,730 | 3,020,000 | - | - | 815,636 | 2,880,242 | 2,138,262 | 1,234,178 | 1,095,908 | 824,011 |
| TOTAL OPERATING EXPENSES | 41,144,150 | 886,530 | 609,288 | 2,139,730 | 3,020,000 | 24,024,290 | 1,476,075 | 815,636 | 2,880,242 | 2,138,262 | 1,234,178 | 1,095,908 | 824,011 |
| OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION | 19,156,278 | 59,413,898 | (609,288) | (2,139,730) | (3,020,000) | (24,024,290) | (1,476,075) | (815,636) | (2,880,242) | (2,138,262) | (1,234,178) | (1,095,908) | (824,011) |
| Depreciation and amortization | (7,000,000) | (7,000,000) | - | - | - | - | - | - | - | - | - | - | - |
| OPERATING INCOME / (LOSS) | 12,156,278 | 52,413,898 | (609,288) | (2,139,730) | (3,020,000) | (24,024,290) | (1,476,075) | (815,636) | (2,880,242) | (2,138,262) | (1,234,178) | (1,095,908) | (824,011) |
| NONOPERATING REVENUES / (EXPENSES): | | | | | | | | | | | | | |
| Investment earnings | 100,000 | 100,000 | - | - | - | - | - | - | - | - | - | - | - |
| Interest expense - long-term debt | (1,958,375) | (1,958,375) | - | - | - | - | - | - | - | - | - | - | - |
| Loss on sale/disposition of capital assets, net | (25,000) | (25,000) | - | - | - | - | - | - | - | - | - | - | - |
| Loss on abandonment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other non-operating, net | (10,000) | (10,000) | - | - | - | - | - | - | - | - | - | - | - |
| NONOPERATING REVENUES / (EXPENSES): | (1,893,375) | (1,893,375) | - | - | - | - | - | - | - | - | - | - | - |
| INCOME BEFORE CAPITAL CONTRIBUTIONS | 10,262,903 | 50,520,523 | (609,288) | (2,139,730) | (3,020,000) | (24,024,290) | (1,476,075) | (815,636) | (2,880,242) | (2,138,262) | (1,234,178) | (1,095,908) | (824,011) |
| CAPITAL CONTRIBUTIONS: | | | | | | | | | | | | | |
| Capacity and installation charges | 965,000 | 965,000 | - | - | - | - | - | - | - | - | - | - | - |
| Capital grants (includes LRP) | 15,000 | 15,000 | - | - | - | - | - | - | - | - | - | - | - |
| Developers and others | 850,000 | 850,000 | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL CAPITAL CONTRIBUTIONS | 1,830,000 | 1,830,000 | - | - | - | - | - | - | - | - | - | - | - |
| CHANGE IN NET POSITION (2026 Budget) | \$ 12,092,903 | \$ 52,350,523 | \$ (609,288) | \$ (2,139,730) | \$ (3,020,000) | \$ (24,024,290) | \$ (1,476,075) | \$ (815,636) | \$ (2,880,242) | \$ (2,138,262) | \$ (1,234,178) | \$ (1,095,908) | \$ (824,011) |
| CHANGE IN NET POSITION (2025 Budget) | \$ 5,295,983 | \$ 41,064,368 | \$ (522,196) | \$ (1,911,288) | \$ - | \$ (23,042,126) | \$ (939,085) | \$ (997,933) | \$ (2,023,786) | \$ (1,483,663) | \$ (3,269,892) | \$ (752,796) | \$ (825,620) |



**Fiscal Year 2027 Budget
Capital Expenditures Summary**

| Description | FY 2026 Budget | FY 2027 Budget |
|---|-----------------------------|-----------------------------|
| WELLS: | | |
| Croddy/Chandler Pipeline Construction | 649,425 | - |
| Croddy/Chandler Pavement | | 1,073,155 |
| RESERVOIRS: | | |
| Reservoirs 1 and 2 Pump Station Upgrades Project | 9,250,000 | 3,332,267 |
| DISTRIBUTION: | | |
| Pipeline Integrity Testing Program | 237,500 | 333,560 |
| Local Ground Water Supply Improvement Plan | 229,000 | 678,000 |
| Cathodic Protection Rehabilitation | | 54,125 |
| Interagency Water Transfer Project | 103,125 | 1,029,212 |
| ROUTINE OPERATIONS: | | |
| Operations Routine Capital (Hyd., Valves, Meters, etc.) | 1,118,000 | 1,456,800 |
| NON-ROUTINE OPERATIONS: | | |
| Operations Non-Routine Capital (Vehicles, Other) | 53,400 | 76,700 |
| Neptune Meter Project | 250,000 | 431,250 |
| Well 12 and 14 Power Supply Reliability | | 709,000 |
| SCADA Asset Replacement Project | 137,500 | 96,000 |
| DISTRICT FACILITIES: | | |
| MWRF | 250,400 | 132,900 |
| MWEC | 154,250 | - |
| Landscaping | | 54,250 |
| INFORMATION TECHNOLOGY: | | |
| IT Upgrades | 15,000 | 102,000 |
| MISC: | | |
| CIS | 615,800 | 242,250 |
| ERP | 328,200 | 675,000 |
| Total Capital | <u>\$ 13,391,600</u> | <u>\$ 10,476,469</u> |



**Fiscal Year 2027 Budget
Pro Forma Statement of Cash Flows**

| | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|---|----------------------|----------------------|----------------------|----------------------|
| <i>CASH FLOWS FROM OPERATING ACTIVITIES:</i> | | | | |
| Operating Income | \$ 5,562,777 | \$ 8,994,652 | \$ 12,156,278 | \$ 16,310,473 |
| Adjustments | | | | |
| Depreciation | 6,545,617 | 7,602,048 | 7,000,000 | 7,850,000 |
| Changes in assets & liabilities | (886,967) | 1,110,572 | 1,415,000 | 1,535,000 |
| OPEB Trust Contribution | (110,000) | - | - | - |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 11,111,426 | 17,707,271 | 20,571,278 | 25,695,473 |
| <i>CASH FLOWS FROM CAPITAL & FINANCING ACTIVITIES:</i> | | | | |
| Acquisition and construction of capital assets | (12,604,244) | (14,649,195) | (13,391,600) | (10,476,469) |
| Proceeds from 2020 COPS | 11,327,187 | 8,511,504 | 4,248,752 | - |
| Principal Paid on long-term debt | (3,605,000) | (3,835,000) | (4,050,000) | (2,055,000) |
| Interest Paid on long-term debt | (3,243,450) | (3,063,200) | (2,871,450) | (2,668,950) |
| Proceeds from capacity and installation charges | 448,150 | 626,213 | 965,000 | 860,000 |
| Proceeds from capital grant | 356,568 | 385,509 | 15,000 | 15,000 |
| NET CASH PROVIDED BY CAPITAL & FINANCING ACTIVITIES | (7,320,789) | (12,024,169) | (15,084,298) | (14,325,419) |
| <i>CASH FLOWS FROM INVESTING ACTIVITIES:</i> | | | | |
| Investment earnings | 3,187,305 | 2,546,030 | 65,000 | 65,000 |
| Investments | (11,987,500) | (12,220,000) | (13,260,000) | (13,847,550) |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | (8,800,195) | (9,673,970) | (13,195,000) | (13,782,550) |
| NET INCREASE IN CASH & CASH EQUIVALENTS | (5,009,558) | (3,990,868) | (7,708,020) | (2,412,496) |
| CASH & INVESTMENTS - beginning of year | 30,270,754 | 25,261,196 | 20,408,732 | 18,000,711 |
| CASH & INVESTMENTS - end of year | \$ 25,261,196 | \$ 21,270,329 | \$ 12,700,712 | \$ 15,588,215 |



Fiscal Year 2027 Budget

Water Data

Water Revenue Data

Revenue

| | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|----------------------------|----------------------|----------------------|----------------------|----------------------|
| All Potable Water Revenue | \$ 31,008,095 | \$ 36,652,026 | \$ 39,650,317 | \$ 43,236,341 |
| Recycled Water Revenue | 1,228,365 | 1,446,842 | 1,585,822 | 1,598,738 |
| Total Water Revenue | \$ 32,236,460 | \$ 38,098,868 | \$ 41,236,139 | \$ 44,835,079 |

Acre Feet Sold

| | | | | |
|------------------------|---------------|---------------|---------------|---------------|
| Potable | 13,982 | 14,636 | 14,737 | 14,782 |
| Recycled | 785 | 847 | 870 | 872 |
| Total Acre Feet | 14,767 | 15,483 | 15,607 | 15,654 |

Revenue Per Acre Foot

| | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <i>Potable</i> | \$ 2,218 | \$ 2,504 | \$ 2,691 | \$ 2,925 |
| <i>Recycled</i> | \$ 1,565 | \$ 1,708 | \$ 1,823 | \$ 1,833 |
| Total Revenue Per Acre Foot | \$ 2,183 | \$ 2,461 | \$ 2,642 | \$ 2,864 |

Water Cost Data

Cost

| | | | | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Imported and Basin Managed Water | \$ 370,528 | \$ 363,510 | \$ 569,500 | \$ 611,200 |
| Clear Water | 10,134,301 | 11,502,945 | 11,795,981 | 12,166,350 |
| Amber Water | 2,637,395 | 2,997,912 | 3,078,873 | 3,366,720 |
| Total Potable Water | 13,142,225 | 14,864,367 | 15,444,354 | 16,144,270 |
| Recycled Water | 754,579 | 824,967 | 886,530 | 915,600 |
| Total Water Cost | \$ 13,896,804 | \$ 15,689,334 | \$ 16,330,884 | \$ 17,059,870 |

Acre Feet Produced

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Imported and Basin Managed Water | - | - | - | - |
| Clear Water | 12,647 | 13,319 | 13,326 | 13,361 |
| Clear & Imported and Basin Managed Water | 12,647 | 13,319 | 13,326 | 13,361 |
| Amber Water | 2,213 | 2,349 | 2,352 | 2,365 |
| Total Potable Water | 14,860 | 15,668 | 15,678 | 15,726 |
| Recycled | 785 | 847 | 870 | 872 |
| Total Acre Feet | 15,645 | 16,515 | 16,548 | 16,598 |

Cost Per Acre Foot

| | | | | |
|--|---------------|---------------|---------------|-----------------|
| <i>Imported Water (Variable Costs)</i> | \$ 1,233 | \$ 1,326 | \$ 1,462 | \$ 1,474 |
| <i>Clear Water</i> | \$ 801 | \$ 864 | \$ 885 | \$ 911 |
| <i>Amber Water</i> | \$ 1,192 | \$ 1,276 | \$ 1,309 | \$ 1,424 |
| <i>Recycled</i> | \$ 961 | \$ 974 | \$ 1,019 | \$ 1,050 |
| Total Cost Per Acre Foot | \$ 888 | \$ 950 | \$ 987 | \$ 1,028 |

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Imported Water Variable Costs per Acre Foot | \$1,209/1,256 | \$1,256/1,395 | \$1,395/1,528 | \$1,528/1,420 |
|---|---------------|---------------|---------------|---------------|



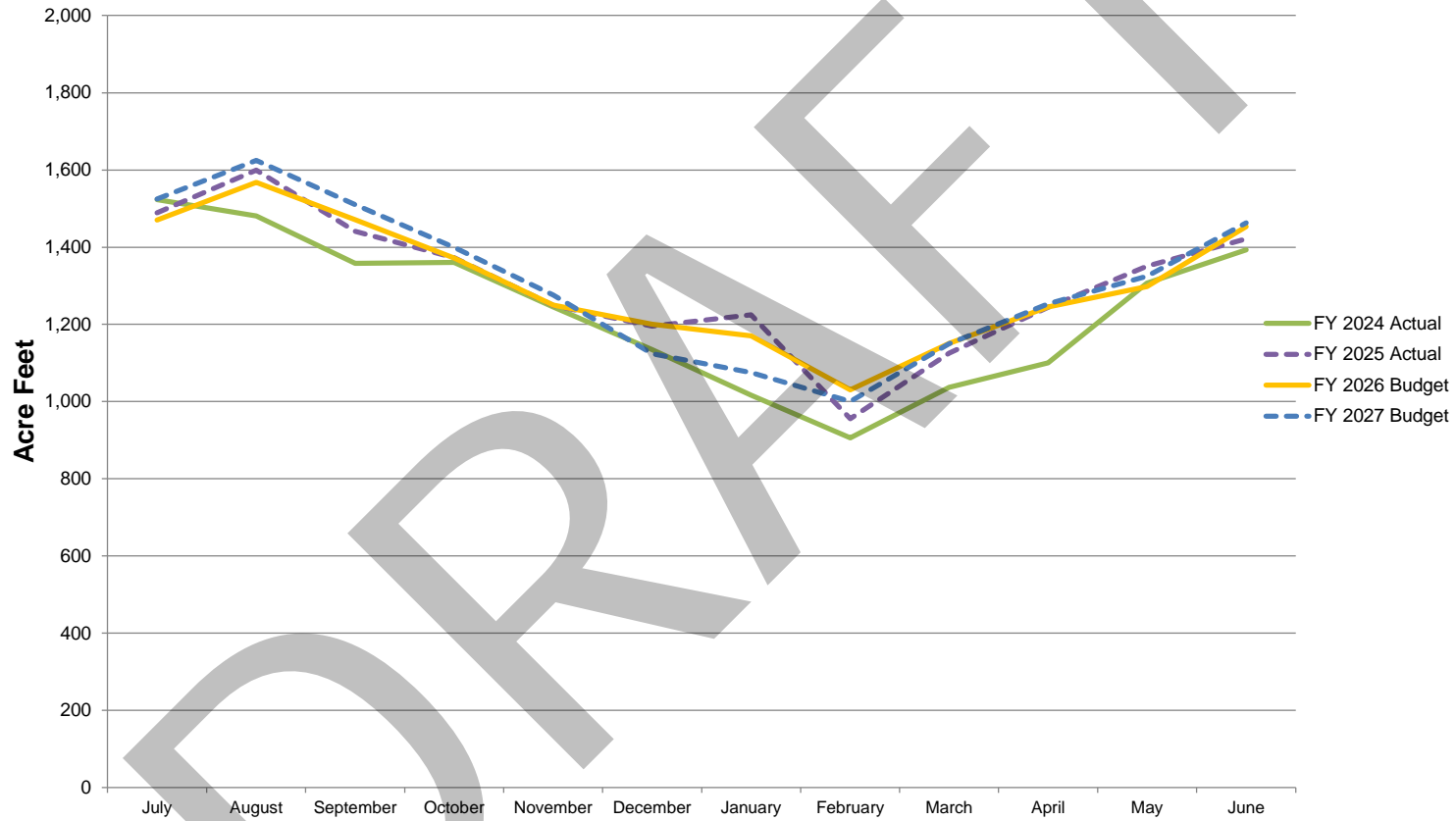
**Fiscal Year 2027 Budget
Water Supply Components**

| | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|---|----------------------|----------------------|----------------------|----------------------|
| Clear Water Costs | | | | |
| Basin Replenishment Assessment | \$ 7,891,790 | \$ 9,176,653 | \$ 9,474,786 | \$ 9,726,444 |
| Utilities Pumping | 1,490,750 | 1,642,511 | 1,540,991 | 1,657,406 |
| Treatment/ Labor and Materials | 751,761 | 683,781 | 780,204 | 782,500 |
| Total Clear Water Costs | \$ 10,134,301 | \$ 11,502,945 | \$ 11,795,981 | \$ 12,166,350 |
| Amber Water Costs | | | | |
| Basin Replenishment Assessment | \$ 1,380,912 | \$ 1,602,380 | \$ 1,672,272 | \$ 1,721,720 |
| Utilities Pumping | 643,507 | 610,237 | 575,000 | 750,000 |
| Treatment/ Labor and Materials | 612,976 | 785,295 | 831,601 | 895,000 |
| Total Amber Water Costs | \$ 2,637,395 | \$ 2,997,912 | \$ 3,078,873 | \$ 3,366,720 |
| Imported Water Fixed Costs | | | | |
| Readiness to Serve - Total Charge | \$ 1,558 | \$ 1,875 | \$ 2,500 | \$ 2,000 |
| Capacity Charge | - | - | - | - |
| Choice Charges | 40,616 | 55,077 | 55,000 | 64,100 |
| Retail Meter Charge - Total Charge | 329,772 | 360,269 | 375,000 | 386,100 |
| Shared Pipeline Maintenance Costs | 31,582 | 29,609 | 125,000 | 140,000 |
| Total Imported Water Fixed Costs | \$ 403,528 | \$ 446,830 | \$ 557,500 | \$ 592,200 |
| Retail Meter Charge - Per Meter (\$) | 14.25 | 14.75 | 15.25 | 15.70 |
| Basin Pumping Percentage | 85% | 85% | 85% | 85% |



Fiscal Year 2027 Budget

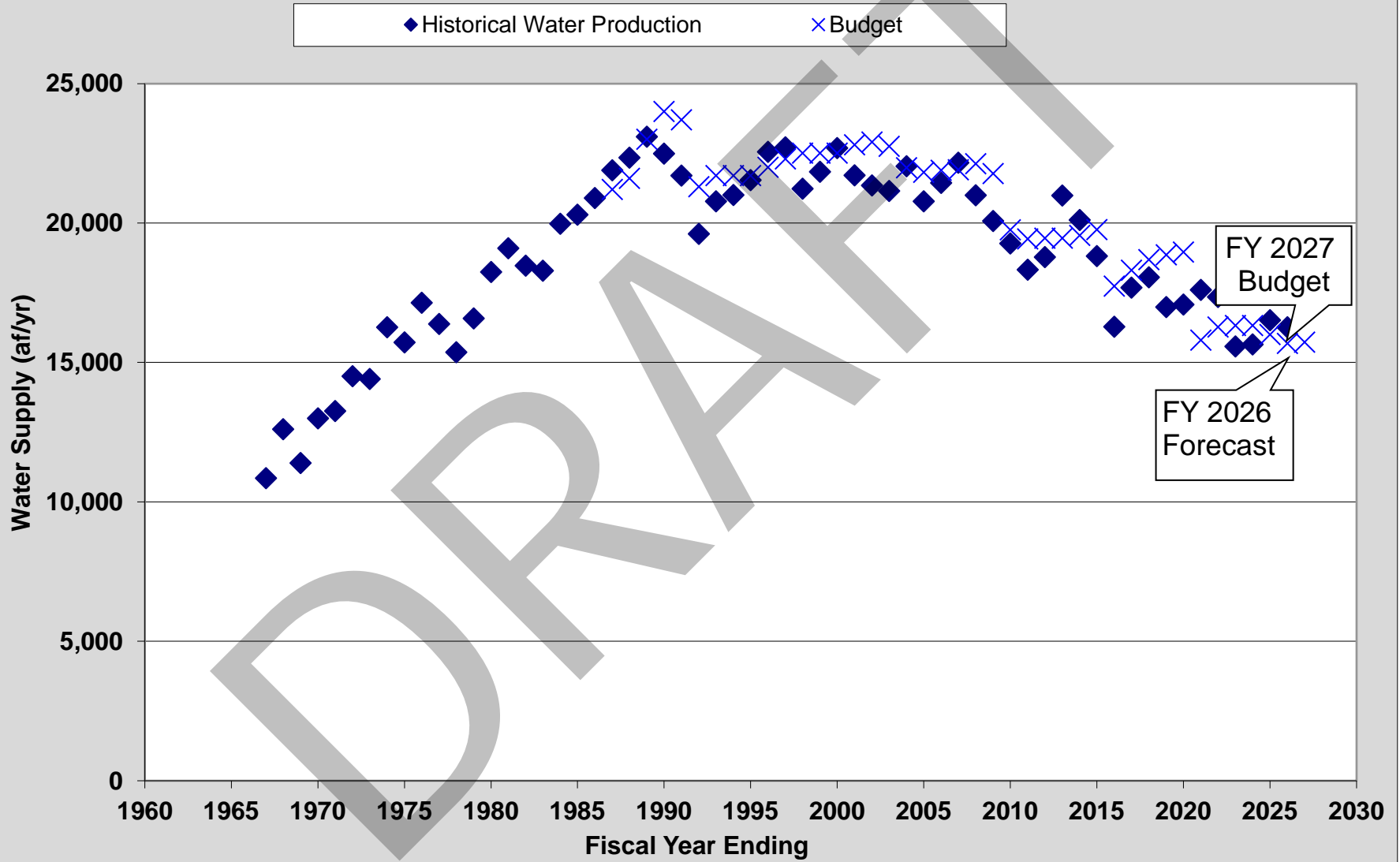
Production of Potable Water in Acre Feet, Monthly 4-Year Trend Analysis



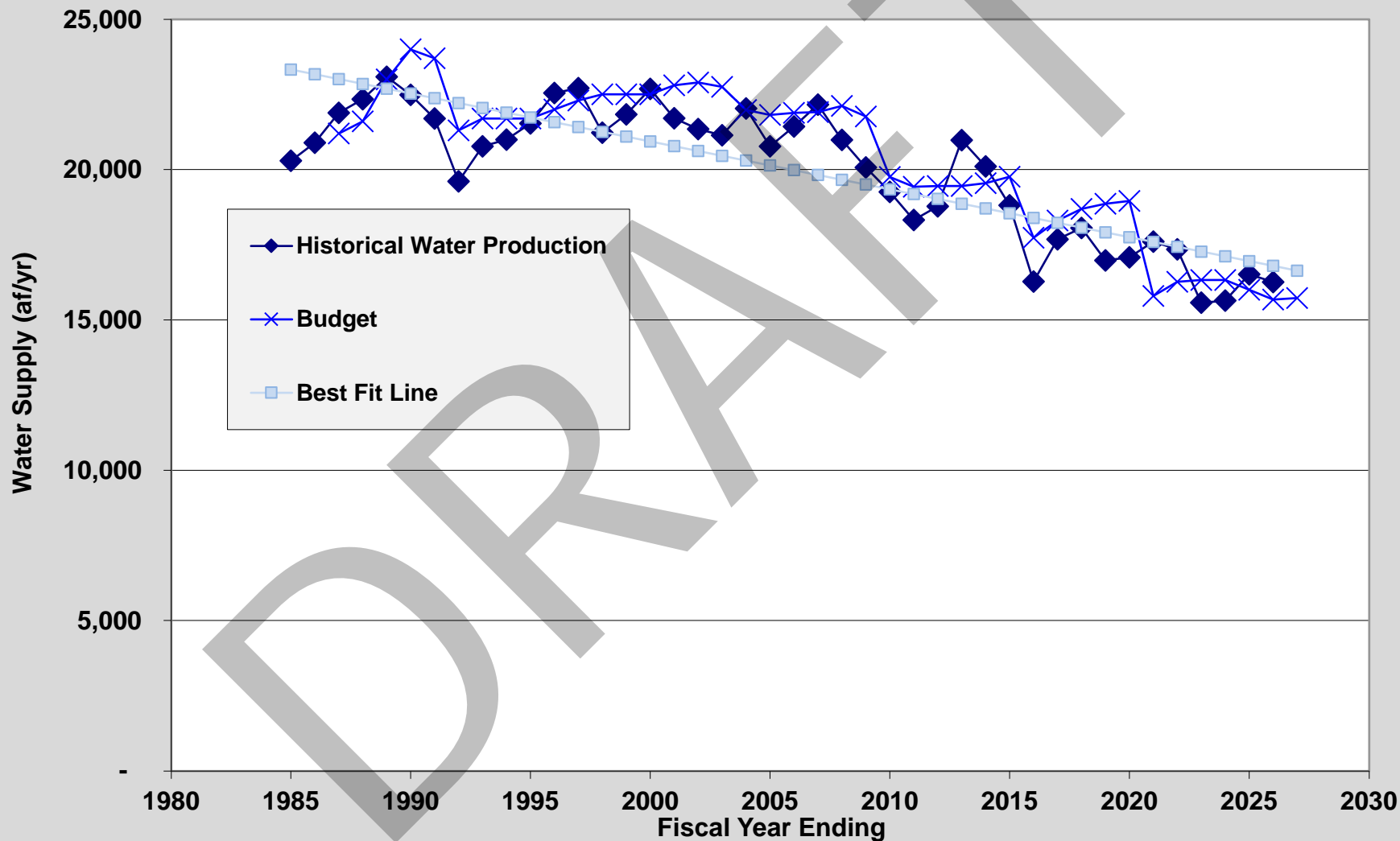
Water Production in Acre Feet

| | July | August | September | October | November | December | January | February | March | April | May | June | Total |
|----------------|---------|---------|-----------|---------|----------|----------|---------|----------|---------|---------|---------|---------|----------|
| FY 2024 Actual | 1,522.6 | 1,480.9 | 1,357.8 | 1,360.3 | 1,244.9 | 1,134.6 | 1,016.5 | 906.1 | 1,036.9 | 1,100.2 | 1,306.6 | 1,393.0 | 14,860.4 |
| FY 2025 Actual | 1,488.8 | 1,599.6 | 1,441.1 | 1,372.9 | 1,248.9 | 1,195.1 | 1,225.0 | 955.2 | 1,125.2 | 1,244.0 | 1,350.5 | 1,421.4 | 15,667.7 |
| FY 2026 Budget | 1,470.0 | 1,568.0 | 1,471.0 | 1,372.0 | 1,250.0 | 1,200.0 | 1,170.0 | 1,030.0 | 1,151.0 | 1,245.0 | 1,298.0 | 1,453.0 | 15,678.0 |
| FY 2027 Budget | 1,525.0 | 1,625.0 | 1,510.0 | 1,400.0 | 1,276.0 | 1,124.0 | 1,075.0 | 1,000.0 | 1,150.0 | 1,253.0 | 1,325.0 | 1,463.0 | 15,726.0 |

Fiscal Year 2027 Budget Water Supply Needs (Historical and Projected)

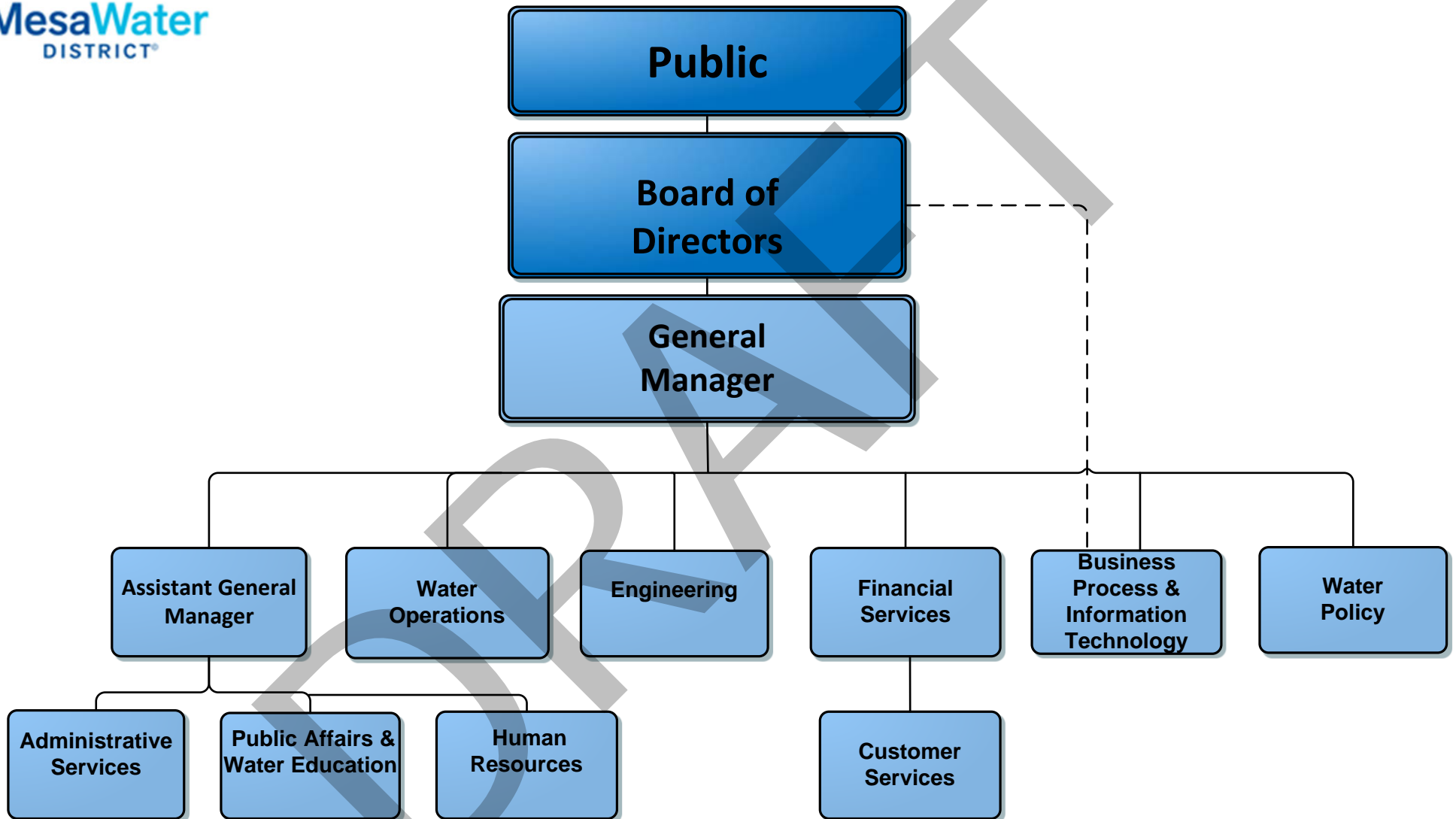


Fiscal Year 2027 Budget Water Supply Needs (Historical and Projected)





Organizational Chart FY 2027 Budget





**Fiscal Year 2027 Budget
Personnel Summary**

| | FY 2024 Budget | FY 2025 Budget | FY 2026 Budget | FY 2026 Budget |
|---|-------------------|-------------------|-------------------|-------------------|
| OFFICE OF THE GENERAL MANAGER | | | | |
| Executive Office | 2 | 2 | 3 | 3 |
| Information Technology | 0 | 0 | 0 | 1 |
| TOTAL DISTRICT MANAGEMENT | 2 | 2 | 3 | 4 |
| ADMINISTRATIVE SERVICES | | | | |
| Administrative Services | 5 | 5 | 6 | 6 |
| TOTAL ADMINISTRATIVE SERVICES/IT | 5 | 5 | 6 | 6 |
| HUMAN RESOURCES | | | | |
| Human Resources | 2 | 2 | 2 | 2 |
| TOTAL HUMAN RESOURCES | 2 | 2 | 2 | 2 |
| CUSTOMER SERVICES | | | | |
| Customer Service | 4 | 3 | 3 | 3 |
| TOTAL CUSTOMER SERVICE | 4 | 3 | 3 | 3 |
| ENGINEERING | | | | |
| Engineering | 4 | 4 | 4 | 4 |
| TOTAL ENGINEERING | 4 | 4 | 4 | 4 |
| FINANCIAL SERVICES | | | | |
| Financial Services | 6 | 6 | 8 | 8 |
| TOTAL FINANCIAL SERVICES | 6 | 6 | 8 | 8 |
| WATER POLICY | | | | |
| Water Policy | 1 | 1 | 1 | 1 |
| TOTAL WATER POLICY | 1 | 1 | 1 | 1 |
| PUBLIC AFFAIRS | | | | |
| Public Affairs | 2 | 3 | 4 | 4 |
| Conservation | 1 | 1 | 1 | 1 |
| TOTAL PUBLIC AFFAIRS | 3 | 4 | 5 | 5 |
| WATER OPERATIONS | | | | |
| Supervision/Support | 8 | 8 | 8 | 8 |
| Distribution | 10 | 10 | 10 | 10 |
| Production | 4 | 4 | 4 | 4 |
| Water Quality | 2 | 2 | 2 | 2 |
| Field Services | 5 | 5 | 5 | 6 |
| TOTAL WATER OPERATIONS | 29 | 29 | 29 | 30 |
| TOTAL PERSONNEL | 56 | 56 | 61 | 63 |

Notes:

- Five elected officials serve on Mesa Water's Board of Directors.
- Interns and Limited-Term not included in above figures:

| | | | | |
|--------------|-----|-----|-----|---|
| Limited-Term | 2 | 1 | 2 | 6 |
| Interns | 0.5 | 0.5 | 0.5 | 1 |



**Fiscal Year 2027 Budget
Labor and Benefits Summary**

| Category | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Labor | \$7,110,958 | \$7,423,763 | \$8,551,420 | \$9,098,820 |
| FICA / Medicare | 553,714 | 572,348 | 621,317 | 662,639 |
| Workers Comp | 197,717 | 228,400 | 254,075 | 266,584 |
| Flex Credits | 1,442,714 | 1,637,824 | 1,958,400 | 2,073,600 |
| LTD/Life Insurance/EAP | 61,495 | 69,236 | 65,324 | 70,221 |
| Benefits Other | 326,884 | 357,050 | 509,185 | 575,066 |
| Retirement | 2,498,279 | 3,089,296 | 2,270,000 | 2,340,000 |
| Total | \$12,191,762 | \$13,377,917 | \$14,229,721 | \$15,086,930 |

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**Fiscal Year 2027 Budget
COP Coverage Ratios**

| | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| Revenues | | | | |
| Operating Revenue | \$ 46,194,473 | \$ 54,875,798 | \$ 60,300,428 | \$ 66,883,909 |
| Capacity and Installation Charges | 448,150 | 626,213 | 965,000 | 860,000 |
| Non-Operating Revenue | 3,542,140 | 2,909,860 | 115,000 | 115,000 |
| Total Revenues | 50,184,763 | 58,411,871 | 61,380,428 | 67,858,909 |
| Expenses (Excluding Depreciation Expense) | | | | |
| Operating Expenses | 34,086,080 | 38,279,099 | 41,144,150 | 42,723,436 |
| Income available for debt service | \$ 16,098,683 | \$ 20,132,773 | \$ 20,236,278 | \$ 25,135,473 |
| Annual Debt Service, Senior Debt | \$ 4,282,250 | \$ 4,332,000 | \$ 4,355,250 | \$ 2,157,750 |
| Coverage Ratio, Senior Debt | 376% | 465% | 465% | 1165% |
| Annual Debt Service, Subordinated Debt | \$ 2,566,200 | \$ 2,566,200 | \$ 2,566,200 | \$ 2,566,200 |
| Coverage Ratio, Total Debt | 235% | 292% | 292% | 532% |

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**Fiscal Year 2027 Budget
Designated Fund Levels**

| | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET | TARGET DAYS |
|---|-------------------|-------------------|-------------------|-------------------|----------------|
| Customer & Development Deposits | \$ 2,850,000 | \$ 2,000,000 | \$ 1,570,000 | \$ 1,365,000 | N/A |
| Capital Replacement Fund | 11,204,813 | 6,685,420 | 421,961 | 177,154 | N/A |
| Other Funds | | | | | |
| Administrative & General Fund (Target 10 days) | 933,865 | 1,048,742 | 1,127,237 | 1,170,505 | 10 - 25 |
| Catastrophe Fund (Target 30 days) | 2,801,596 | 3,146,227 | 563,618 | 3,511,515 | 30 - 180 |
| | 3,735,461 | 4,194,970 | 1,690,855 | 4,682,020 | 40 - 205 |
| Liquidity Funds | | | | | |
| Operating Funds (Target 50 days) | 4,669,326 | 5,243,712 | 5,636,185 | 5,852,526 | 50 - 150 |
| Rate Stabilization Funds (Target 30 days) | 2,801,596 | 3,146,227 | 3,381,711 | 3,511,515 | 30 - 75 |
| Total Liquidity Funds (Target 80 days total) | 7,470,922 | 8,389,939 | 9,017,896 | 9,364,041 | 80 - 225 |
| Total Cash - Designated Funds | \$ 25,261,196 | \$ 21,270,329 | \$ 12,700,712 | \$ 15,588,215 | N/A |

| | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|
| Operating Expense | \$ 34,086,080 | \$ 38,279,099 | \$ 41,144,150 | \$ 42,723,436 |
| Cash per Day | \$ 93,387 | \$ 104,874 | \$ 112,724 | \$ 117,051 |
| Days Cash Ratio Actual/Estimate | 271 | 201 | 113 | 133 |
| Days Cash Ratio Target | 120 | 120 | 120 | 120 |

Fund Descriptions:

Customer & Development Deposits - Monies held on behalf of Mesa Water's customers as required for their utility account or as cash bonds for development projects.

Capital Replacement Fund - Used for the replacement of capitalized assets when they reach the end of their useful lives. The target level of the fund shall be \$10 million. The maximum will be based on Mesa Water's Asset Management Plan.

Administrative & General Fund - One of the two capital funds used to fund certain major general, administrative and overhead projects. It is intended to fund (or partially fund) offices, fixtures, furnishings, vehicles and equipment on a pay-as-you-go basis. The target level will equal 10 days of Mesa Water's budgeted total operating expenses and the maximum will be 25 days.

Catastrophe Fund - Used to begin repair of the water system after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged or insurance claims are being processed. The target level will equal 30 days of Mesa Water's budgeted total operating expenses and the maximum will be 180 days. The FY 2026 Budget balance of \$563,618 is currently at 5 days.

Operating Fund - Used for unanticipated operating expenses. This fund is designated to maintain working capital for current operations and to meet routine cash flow needs. The target level will equal 50 days of Mesa Water's budgeted total operating expenses and the maximum will be 150 days.

Rate Stabilization Fund - Used to provide flexibility to the Board of Directors when establishing rates such as absorbing temporary rate fluctuations or for one time expenditures. The target level of this fund shall be 30 days of the annual operating budget and the maximum shall be 75 days.



Fiscal Year 2027 Budget

District Overview

Mesa Water District (Mesa Water®) was formed on January 1, 1960, pursuant to Sections 33200 et. seq., of the California Water Code, which was designated as the Costa Mesa District Merger Law. The general provisions of this law called for the consolidation of four predecessor agencies: the Newport Heights Irrigation District; the Fairview County Water District; the Newport Mesa County Water District; and the City of Costa Mesa Water Department.

Mesa Water is located in Orange County, California, and provides water to most of Costa Mesa, parts of Newport Beach, and some unincorporated areas of Orange County, including John Wayne Airport. The District serves 110,000 residents in an 18-square-mile area through approximately 25,000 metered accounts.

Potable water is produced from Mesa Water's groundwater wells. The District purchases non-potable, or recycled water, from the Orange County Water District (OCWD).

Due to the District's improved Mesa Water Reliability Facility (MWRF), Mesa Water meets 100 percent of its community's water needs with locally-sourced supplies. Mesa Water also has a 100 percent reliable back-up supply of imported water, if needed, from the Municipal Water District of Orange County (MWDOC).

The District's revenues result solely from its activities as a water utility and Mesa Water receives no tax revenues of any kind.

A five-person Board of Directors (Board), whose members serve overlapping four-year terms, governs Mesa Water. Each Director is elected by and represents one of five geographic divisions of approximately equal population within the District's service area. The Board elects one of its members to serve as President and another to serve as Vice President. The Board appoints the General Manager, District Secretary, Assistant District Secretary, District Treasurer, and Assistant District Treasurer. The General Manager is responsible for the day-to-day operations and administration of Mesa Water in accordance with the Board's policies.



Fiscal Year 2027 Budget

Major Revenue Descriptions

Water Sales Revenue

Usage Charge (potable and recycled) – This is the rate charged per unit (one hundred cubic feet or ccf) to customers based on actual consumption. Mesa Water has a uniform volumetric rate structure, which means all water use is charged at the same per-unit rate. For the first six months of the FY 2027 budget, the potable rate is \$6.38 per ccf, and the recycled rate is \$4.09 per ccf; and, for the second six months of the FY 2027 budget, the potable rate is \$6.83 per ccf, and the recycled rate is budgeted at \$4.38 per ccf. Mesa Water's Board adopts water rates by resolution. In FY 2024, the Board adopted a multi-year rate resolution with rate increases each year through FY 2028. Usage charges are intended to cover the cost of treating and delivering water to Mesa Water's customers. The budget for this revenue source is based on estimated water sales which have remained consistent due to Mesa Water's service area being substantially built-out. The FY 2027 acre feet sales budgeted for both potable and recycled water are listed on page 6.

Construction Water Revenues – This revenue is for the use of temporary hydrant meters used during construction. The revenue includes both the daily rental rate for the meter, and the per-unit charge which is charged at the same rate as the potable water rate based on the Board's resolution. This revenue source is dependent solely on construction activity and is less predictable than other water revenue sources.

Fireline Revenues – This revenue is primarily from the stand-by charge for fireline services. Also, use of water other than for firefighting is charged at the same rate as the potable water rate based on the Board's resolution. As Mesa Water's service area is substantially built-out, this revenue source remains relatively consistent year-to-year.

Basic Charge – This charge is assessed per billing period (bi-monthly) and is a set charge based on meter size. This revenue source is intended to cover fixed charges such as financial obligations, customer service, public outreach, and administrative support, per the Board's resolution. This revenue source is increasing, primarily due to the multi-year rate increase adopted by the Board in FY 2024. As Mesa Water's service area is substantially built-out, there is limited growth in service connections.



Fiscal Year 2027 Budget

Major Revenue Descriptions, Continued

Non-Water Sales Revenue

Other Operating Revenues – These revenues include costs related to Mesa Water's operations as a water utility that are not directly related to water sales. The major revenue sources in this category are: delinquent fees, new service establishment fees, and concessions from government agencies.

Delinquent fees are a result of the delinquent payment activity from customers. This revenue source has historically increased slightly from year-to-year. The Board periodically reviews the delinquent fees to ensure full cost recovery.

The new service establishment fee is charged when a new customer establishes an account with Mesa Water. The fee is intended to recover the costs associated with setting up a new account. This fee amount is reviewed periodically to ensure full cost recovery.

Non-Operating Revenues and Capital Contributions – The revenues under this category include interest earned on Mesa Water's funds as well as development-related revenues such as capacity charges, inspection fees, plan check fees, and installation fees. The budget for interest earnings are based upon forecasted cash balances during the year as well as anticipated interest earnings from the State of California Local Agency Investment Fund (LAIF), and Mesa Water's investment portfolio. Mesa Water elected to budget a low rate of return on its investments in FY 2026 based on current and anticipated market conditions.

Fund Description

Mesa Water reports its activities as a single enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of Mesa Water is that the cost of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales and service charges), capital grants, and similar funding. Monies are set aside in designated funds for specific purposes based on Board policy or in reserve accounts as required by debt agreements. A listing and description of designated funds can be found on page 15.



Fiscal Year 2027 Budget

Basis of Accounting

Accounting basis determines when transactions and economic events are reflected in the financial statements and the budget. Mesa Water prepares its audited financial statements and budgets on the accrual basis of accounting in which revenues are recognized in the accounting period when earned and expenditures are recorded in the accounting period when incurred. Mesa Water's budget and financial statements are consistent with Generally Accepted Accounting Principles (GAAP).

Budget Control and Revisions

Although Mesa Water is not legally required to adopt a budget, the Board annually adopts a fiscal year budget following a series of public meetings. This budget authorizes and provides the basis for reporting, control of financial operations, and accountability.

Mesa Water's budget is prepared on an annual basis using estimates and financial projections for the following fiscal year that meet the priorities and needs of the District.

A quarterly review of the Comparative Statement of Revenue, Expenses and Change in Net Position is conducted and reviewed by the Board's Finance Committee and Mesa Water management and staff. A monthly review of capital expenditures is conducted by the Board of Directors and Mesa Water staff.



Fiscal Year 2027 Budget
Departmental Budgets

| | Dept. 000 - General, Page 1 of 2 | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|--|-------------------|-------------------|-------------------|-------------------|
| | REVENUE: | | | | |
| 40100 | Usage Charge - Potable Water | \$ 30,396,707 | \$ 36,329,374 | \$ 39,500,317 | \$ 42,334,811 |
| 40105 | Interagency Water Sales | - | - | - | 816,530 |
| 40149 | Accrued Water Sales | 579,372 | 255,656 | - | - |
| 40170 | Construction Water Revenues | 32,016 | 66,996 | 150,000 | 85,000 |
| | TOTAL POTABLE CONSUMPTION REVENUES | 31,008,095 | 36,652,026 | 39,650,317 | 43,236,341 |
| 40600 | Basic Charge - Domestic | 6,688,109 | 7,546,131 | 8,304,934 | 8,816,653 |
| 40650 | Basic Charge - Fire Line | 825,014 | 849,122 | 874,577 | 946,258 |
| | TOTAL BASIC CHARGE REVENUES | 7,513,123 | 8,395,253 | 9,179,511 | 9,762,911 |
| 40700 | Capital Charge - Domestic | 5,890,411 | 7,701,345 | 9,484,778 | 11,810,919 |
| | TOTAL CAPITAL CHARGE REVENUES | 5,890,411 | 7,701,345 | 9,484,778 | 11,810,919 |
| 40260 | Usage Charge - Recycled Water | 1,228,365 | 1,446,842 | 1,585,822 | 1,598,738 |
| | TOTAL RECYCLED CONSUMPTION REVENUES | 1,228,365 | 1,446,842 | 1,585,822 | 1,598,738 |
| 45700 | Coastal Pumping Trns Pgm (CPTP) | - | - | - | - |
| 45710 | Intergovernmental - State | - | - | - | - |
| 45720 | Intergovernmental - Federal | - | - | - | - |
| | TOTAL CONCESSIONS FROM GOV'T AGENCIES | - | - | - | - |
| 45100 | New Service Establishment Fee | 41,320 | 40,140 | 45,000 | 40,000 |
| 45105 | LAFCO Surcharge | - | - | - | - |
| 45110 | Delinquent Fees | 257,377 | 272,939 | 200,000 | 225,000 |
| 45115 | Loss Recovery | 51,846 | 10,556 | 10,000 | 10,000 |
| 45120 | Cross Connection Testing Fee | - | - | 5,000 | 5,000 |
| 45130 | Plan Check Fees | 208,806 | 331,423 | 115,000 | 165,000 |
| 45300 | Insurance reimbursement | - | - | - | - |
| 45305 | OC-44 HB contract revenue | 82,305 | (388) | 5,000 | 5,000 |
| 45505 | Sale of brass and scrap | 13,776 | 16,014 | 5,000 | 5,000 |
| 45515 | Other operating revenue | 49,865 | 25,771 | 15,000 | 20,000 |
| 62190 | Write-Off Bad Debt Exp | (150,816) | (16,123) | - | - |
| | TOTAL OTHER CHARGES AND SERVICES | 554,479 | 680,332 | 400,000 | 475,000 |
| | TOTAL OPERATING REVENUES | 46,194,473 | 54,875,798 | 60,300,428 | 66,883,909 |



**Fiscal Year 2027 Budget
Departmental Budgets**

| | Dept. 000 - General, Page 2 of 2 | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|---|----------------------|----------------------|----------------------|----------------------|
| | | | | | |
| | TOTAL OPERATING REVENUES (previous page) | 46,194,473 | 54,875,798 | 60,300,428 | 66,883,909 |
| | <i>Recycled Water Costs</i> | | | | |
| 50200 | Recycled Water Costs | 754,579 | 824,967 | 886,530 | 915,600 |
| | TOTAL RECYCLED WATER COSTS | 754,579 | 824,967 | 886,530 | 915,600 |
| | | | | | |
| | <i>DEPRECIATION AND AMORTIZATION</i> | | | | |
| 70100 | Amortization & Depreciation | 6,545,617 | 7,602,048 | 7,000,000 | 7,850,000 |
| | TOTAL AMORTIZATION AND DEPRECIATION | 6,545,617 | 7,602,048 | 7,000,000 | 7,850,000 |
| | | | | | |
| | <i>INVESTMENT EARNINGS</i> | | | | |
| 46105 | Interest earned OC Investment Pool | 687 | 479 | - | - |
| 46110 | Change fair value | 926,876 | 619,784 | (150,000) | (150,000) |
| 46120 | Interest Earned - Funds Under District Control | 257,687 | 200,406 | 150,000 | 150,000 |
| 46125 | Realized Gain/Loss on Investments | 2,000,322 | 1,703,683 | 100,000 | 100,000 |
| | TOTAL INVESTMENT EARNINGS | 3,185,572 | 2,524,351 | 100,000 | 100,000 |
| | | | | | |
| | <i>INTEREST EXPENSE</i> | | | | |
| 76115 | 2009 / 2020 COPs Interest Expense | 2,566,200 | 2,566,200 | 2,566,200 | 2,566,200 |
| 76120 | 2010 / 2017 COPs Interest Expense | 624,677 | 441,073 | 305,250 | 305,250 |
| 76150 | Interest Expense | 9,783 | 9,428 | 8,500 | 8,500 |
| 76130 | 2009 / 2017 COPs Deferred Amount | 129,393 | 97,045 | 129,395 | 129,395 |
| 76815 | 2009 / 2020 Premium Amort Expense | (481,577) | (481,577) | (481,580) | (481,580) |
| 76820 | 2010 / 2017 COPs Premium Amortization | (569,390) | (569,390) | (569,390) | (569,390) |
| | TOTAL INTEREST EXPENSE | 2,279,086 | 2,062,779 | 1,958,375 | 1,958,375 |
| | | | | | |
| | <i>OTHER NON-OPERATING</i> | | | | |
| 46805 | Loss on Disposal of Equipment | - | - | (25,000) | (25,000) |
| 46810 | Non Operating Revenue | 6,133 | 31,369 | 25,000 | 25,000 |
| 76800 | Non Operating Expense | (4,400) | (7,150) | (25,000) | (25,000) |
| 76805 | COPS Trustee Expense | - | (2,540) | (10,000) | (10,000) |
| | TOTAL OTHER NON-OPERATING | 1,733 | 21,679 | (35,000) | (35,000) |
| | | | | | |
| | TOTAL NON-OPERATING REVENUES/EXPENSE | 908,220 | 483,252 | (1,893,375) | (1,893,375) |
| | | | | | |
| | <i>CAPITAL CONTRIBUTIONS</i> | | | | |
| 48115 | Capacity Charge Completed Projects | 307,516 | 459,255 | 750,000 | 650,000 |
| 48125 | Installation Fees Completed Projects | 36,721 | (7,352) | 115,000 | 85,000 |
| 48135 | Inspection Fees Completed Projects | 103,913 | 174,311 | 100,000 | 125,000 |
| 48200 | MWD Local Resource Prog - MWRF | 356,568 | 385,509 | - | - |
| 48205 | Utility Rebate - Water Operations | - | - | 15,000 | 15,000 |
| 48300 | Contributions from Developers | 1,502,735 | 858,382 | 850,000 | 860,000 |
| | TOTAL CAPITAL CONTRIBUTIONS | 2,307,453 | 1,870,104 | 1,830,000 | 1,735,000 |
| | | | | | |
| | Department Total | \$ 42,109,950 | \$ 48,802,139 | \$ 52,350,523 | \$ 57,959,934 |



Fiscal Year 2027 Budget
Departmental Budgets

| | Dept. 100 - Governance | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| | PAYROLL EXPENSES: | | | | |
| 60115 | Labor Taxes | \$ 15,525 | \$ 15,786 | \$ 16,937 | \$ 18,635 |
| 60120 | Labor Workers Comp | 39,810 | 2,165 | 2,419 | 2,661 |
| 60130 | Labor Directors Fee | 202,928 | 206,354 | 221,400 | 243,600 |
| 60205 | Benefits LTD/Life/EAP | 385 | 447 | 532 | 557 |
| 60215 | Benefits Other | 90,622 | 115,621 | 164,000 | 167,500 |
| 60220 | Benefits Flex Credits | 35,198 | 122,530 | 144,000 | 144,000 |
| | Total Payroll | 384,467 | 462,904 | 549,288 | 576,953 |
| | EXPENSES (NON-PAYROLL) | | | | |
| 61100 | Election Fees | - | - | - | 25,000 |
| 62115 | Staff Development & Conferences | 25,753 | 35,600 | 30,000 | 35,000 |
| 62125 | Department Admin | 13,072 | 11,508 | 30,000 | 20,000 |
| | Total | 38,824 | 47,108 | 60,000 | 80,000 |
| | Department Total | \$ 423,292 | \$ 510,012 | \$ 609,288 | \$ 656,953 |

| | Dept. 200 - Office of the General Manager | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|---|---------------------|---------------------|---------------------|---------------------|
| | PAYROLL EXPENSES: | | | | |
| 60100 | Labor Regular | \$ 487,611 | \$ 510,798 | \$ 877,369 | \$ 917,892 |
| 60105 | Labor Non-Regular | 31,271 | 77,757 | - | - |
| 60110 | Labor Vacation | 56,003 | 41,363 | - | - |
| | Labor Subtotal | 574,885 | 629,917 | 877,369 | 917,892 |
| 60115 | Labor Taxes | 28,931 | 33,559 | 46,537 | 49,724 |
| 60120 | Labor Workers Comp | 5,296 | 7,268 | 11,206 | 11,767 |
| 60205 | Benefits LTD/Life/EAP | 3,065 | 3,522 | 5,130 | 5,246 |
| 60210 | Benefits CalPERS | 295,766 | 342,057 | 275,000 | 285,000 |
| 60215 | Benefits Other | 20,261 | 21,383 | 33,588 | 46,046 |
| 60220 | Benefits Flex Credits | 52,256 | 69,334 | 86,400 | 86,400 |
| | Total Payroll | 980,460 | 1,107,042 | 1,335,230 | 1,402,075 |
| | EXPENSES (NON-PAYROLL) | | | | |
| 61110 | Regulatory Compliance/Permits | 2,922 | 421 | 3,000 | 3,000 |
| 62115 | Staff Development & Conferences | 6,250 | 19,699 | 20,000 | 15,000 |
| 62125 | Department Admin | 10,677 | 7,062 | 12,000 | 10,000 |
| 62130 | Dues and Subscriptions | 85,346 | 109,167 | 130,000 | 131,165 |
| 63100 | Support Services | 603,248 | 642,825 | 426,500 | 50,000 |
| 63105 | Legal Services | 382,477 | 409,880 | 213,000 | 300,000 |
| | Total | 1,090,920 | 1,189,054 | 804,500 | 509,165 |
| | Department Total | \$ 2,071,380 | \$ 2,296,095 | \$ 2,139,730 | \$ 1,911,240 |

| | Dept. 250 - Business Process & Information Technology | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|--|---------------------|---------------------|---------------------|---------------------|
| | PAYROLL EXPENSES: | | | | |
| 60100 | Labor Regular | \$ - | \$ - | \$ - | \$ 78,530 |
| 60105 | Labor Non-Regular | - | - | - | - |
| 60110 | Labor Vacation | - | - | - | - |
| | Labor Subtotal | - | - | - | 78,530 |
| 60115 | Labor Taxes | - | - | - | 6,008 |
| 60120 | Labor Workers Comp | - | - | - | 1,048 |
| 60205 | Benefits LTD/Life/EAP | - | - | - | 822 |
| 60210 | Benefits CalPERS | - | - | - | 15,000 |
| 60215 | Benefits Other | - | - | - | 3,229 |
| 60220 | Benefits Flex Credits | - | - | - | 14,400 |
| | Total Payroll | - | - | - | 119,037 |
| | EXPENSES (NON-PAYROLL) | | | | |
| 62105 | Computer Maint/Licensing | 269,716 | 523,736 | 800,000 | 700,000 |
| 62145 | General Supplies | 11,585 | 15,528 | 15,000 | 15,000 |
| 62175 | Telecom/Network | 257,853 | 323,136 | 425,000 | 400,000 |
| 62180 | Tools & Equipment | 1,887 | 8,660 | 15,000 | 5,000 |
| 63100 | Support Services - IT | 923,760 | 1,311,622 | 1,765,000 | 1,561,000 |
| 63110 | Support Services - BP | - | - | - | 1,113,000 |
| | Total | 1,464,801 | 2,182,682 | 3,020,000 | 3,794,000 |
| | Department Total | \$ 1,464,801 | \$ 2,182,682 | \$ 3,020,000 | \$ 3,913,037 |



**Fiscal Year 2027 Budget
Departmental Budgets**

| | Dept. 3XX - Water Costs | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-----------|---|-------------------|-------------------|-------------------|-------------------|
| | IMPORTED/BASIN MANAGED WATER EXPENSES | | | | |
| 50100-320 | Imported Water Fixed Costs | \$ 367,693 | \$ 362,507 | \$ 557,500 | \$ 602,200 |
| 50105-320 | Imported Water Variable Costs | - | - | - | - |
| 50115-320 | Basin Managed Water | - | - | - | - |
| 50130-320 | Chemicals and Treatment | - | - | - | - |
| 50180-320 | Utilities - Imported | 2,577 | 1,003 | 2,000 | 2,000 |
| 60100-320 | Labor Import | - | - | - | - |
| 62165-320 | Parts and Materials - Import | 258 | - | 5,000 | 2,000 |
| 63100-320 | Support Services - Import | - | - | 5,000 | 5,000 |
| | Total Imported / Basin Managed Water Costs | 370,528 | 363,510 | 569,500 | 611,200 |
| | | | | | |
| 50110-320 | In-Lieu Water | - | - | - | - |
| | Total In-Lieu Water Costs | - | - | - | - |
| | | | | | |
| | CLEAR WATER EXPENSES | | | | |
| 50130-310 | Chemicals - Clear | 333,785 | 382,302 | 456,704 | 465,000 |
| 50150-310 | Basin Replenishment Assessment - Clear | 7,891,790 | 9,176,653 | 9,474,786 | 9,726,444 |
| 50180-310 | Utilities - Clear | 1,490,750 | 1,642,511 | 1,540,991 | 1,657,406 |
| 60100-310 | Labor Clear | - | - | - | - |
| 62165-310 | Parts and Materials - Clear | 155,913 | 144,304 | 100,000 | 150,000 |
| 63100-310 | Support Services - Clear | 262,063 | 157,175 | 223,500 | 167,500 |
| | Total Clear Water Costs | 10,134,301 | 11,502,945 | 11,795,981 | 12,166,350 |
| | | | | | |
| | AMBER WATER EXPENSES | | | | |
| 50130-330 | Chemicals - Amber | 443,676 | 576,951 | 553,101 | 620,000 |
| 50150-330 | Basin Replenishment Assessment - Amber | 1,380,912 | 1,602,380 | 1,672,272 | 1,721,720 |
| 50180-330 | Utilities - Amber | 643,507 | 610,237 | 575,000 | 750,000 |
| 60100-330 | Labor Amber | - | - | - | - |
| 62165-330 | Parts and Materials - Amber | 49,598 | 69,190 | 70,000 | 50,000 |
| 63100-330 | Support Services - Amber | 119,702 | 139,154 | 208,500 | 225,000 |
| | Total Amber Water Costs | 2,637,395 | 2,997,912 | 3,078,873 | 3,366,720 |



**Fiscal Year 2027 Budget
Departmental Budgets**

| | Dept. 300 - Water Operations | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | PAYROLL EXPENSES: | | | | |
| 60100 | Labor Regular | \$ 2,776,350 | \$ 2,852,873 | \$ 3,501,974 | \$ 3,618,254 |
| 60105 | Labor Non-Reg | 273,149 | 407,552 | - | - |
| 60110 | Labor Vacation | 230,976 | 234,506 | - | - |
| | <i>Labor Subtotal</i> | 3,280,475 | 3,494,931 | 3,501,974 | 3,618,254 |
| 60115 | Labor Taxes | 274,612 | 289,725 | 266,708 | 276,292 |
| 60120 | Labor Workers Comp | 123,319 | 180,449 | 193,688 | 200,737 |
| 60125 | Labor Temporary | - | - | 25,000 | 15,000 |
| 60205 | Benefits LTD/Life/EAP | 31,278 | 35,932 | 28,672 | 29,512 |
| 60210 | Benefits CalPERS | 1,118,052 | 1,407,480 | 850,000 | 865,000 |
| 60215 | Benefits Other | 103,407 | 110,212 | 145,069 | 153,401 |
| 60220 | Benefits Flex Credits | 771,283 | 831,916 | 864,000 | 892,800 |
| 60990 | Payroll jobs WIP | (411,054) | (587,598) | (175,675) | (596,095) |
| | Total Payroll | 5,291,373 | 5,763,046 | 5,699,436 | 5,454,901 |
| | EXPENSES (NON-PAYROLL) | | | | |
| 50130 | Chemicals T&D | 35,834 | 45,504 | 35,000 | 35,000 |
| 61110 | Regulatory Compliance/Permits | 254,900 | 204,113 | 295,000 | 250,000 |
| 62115 | Staff Development & Conferences | 23,078 | 33,308 | 35,000 | 30,000 |
| 62125 | Department Administration | 16,972 | 13,846 | 10,000 | 10,000 |
| 62135 | Facilities improvements | 9,591 | 13,154 | 25,000 | 15,000 |
| 62140 | Fuel | 120,132 | 101,091 | 125,000 | 175,000 |
| 62145 | General Supplies | 6,050 | 7,072 | 10,000 | 10,000 |
| 62155 | Leasing/ Equipment Rental | - | 2,385 | 25,000 | 5,000 |
| 62160 | Other Agency Cost Reimbursement | 2,468 | 2,845 | - | 5,000 |
| 62165 | Parts & Materials | 721,233 | 707,773 | 750,000 | 700,000 |
| 62180 | Tools & Equipment | 5,586 | 52 | - | - |
| 62185 | Utilities | 287,675 | 133,330 | 220,000 | 245,000 |
| 63100 | Support Services | 1,435,263 | 1,397,116 | 1,400,500 | 1,343,000 |
| 63990 | Capitalized G&A Contra - T&D | (22,127) | (24,724) | (50,000) | (25,000) |
| | Total | 2,922,689 | 2,636,865 | 2,880,500 | 2,798,000 |
| | Department Total | \$ 8,214,062 | \$ 8,399,912 | \$ 8,579,936 | \$ 8,252,901 |

| | Dept. 400 - Engineering | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|---------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | PAYROLL EXPENSES: | | | | |
| 60100 | Labor Regular | \$ 579,749 | \$ 535,627 | \$ 788,120 | \$ 786,263 |
| 60105 | Labor Non-Reg | 48,241 | 57,942 | - | - |
| 60110 | Labor Vacation | 57,427 | 54,334 | - | - |
| | <i>Labor Subtotal</i> | 685,416 | 647,902 | 788,120 | 786,263 |
| 60115 | Labor Taxes | 47,468 | 43,078 | 55,371 | 54,866 |
| 60120 | Labor Workers Comp | 6,807 | 8,610 | 10,278 | 10,232 |
| 60125 | Labor Temporary | 1,081 | 46,170 | - | - |
| 60205 | Benefits LTD/Life/EAP | 5,483 | 5,726 | 5,752 | 5,744 |
| 60210 | Benefits CalPERS | 200,033 | 220,017 | 225,000 | 205,000 |
| 60215 | Benefits Other | 18,560 | 16,926 | 32,384 | 35,319 |
| 60220 | Benefits Flex Credits | 105,232 | 108,298 | 144,000 | 144,000 |
| 60990 | Capital Labor/Benefit Contra | (190,543) | (193,330) | (232,830) | (177,469) |
| | Total Payroll | 879,537 | 903,398 | 1,028,075 | 1,063,955 |
| | EXPENSES (NON-PAYROLL) | | | | |
| 62115 | Staff Development & Conferences | 3,260 | 10,187 | 10,000 | 10,000 |
| 62125 | Department Admin | 1,895 | 518 | 6,000 | 6,000 |
| 62145 | General Supplies | 480 | 265 | 2,000 | 2,000 |
| 63100 | Support Services | 496,564 | 518,341 | 495,000 | 710,000 |
| 63990 | Capitalized G&A Contra | (62,962) | (34,700) | (65,000) | (45,000) |
| | Total | 439,237 | 494,611 | 448,000 | 683,000 |
| | Department Total | \$ 1,318,774 | \$ 1,398,009 | \$ 1,476,075 | \$ 1,746,955 |

| | Transmission and Distribution | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|--|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | Transmission and Distribution Grand Total | \$ 9,532,836 | \$ 9,797,921 | \$ 10,056,011 | \$ 9,999,856 |



**Fiscal Year 2027 Budget
Departmental Budgets**

| | Dept. 500 - Customer Services | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|--------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | <i>PAYROLL EXPENSES:</i> | | | | |
| 60100 | Labor Regular | \$ 226,304 | \$ 196,965 | \$ 288,589 | \$ 303,719 |
| 60105 | Labor Non-Reg | 22,767 | 23,051 | - | - |
| 60110 | Labor Vacation | 19,223 | 22,947 | - | - |
| | <i>Labor Subtotal</i> | 268,293 | 242,963 | 288,589 | 303,719 |
| 60115 | Labor Taxes | 25,214 | 20,719 | 22,078 | 23,251 |
| 60120 | Labor Workers Comp | 2,388 | 2,521 | 3,098 | 3,269 |
| 60125 | Labor Temporary | - | 27,443 | 15,000 | 15,000 |
| 60205 | Benefits LTD/Life/EAP | 3,093 | 3,405 | 2,665 | 3,108 |
| 60210 | Benefits CalPERS | 130,512 | 133,221 | 115,000 | 120,000 |
| 60215 | Benefits Other | 11,675 | 8,711 | 12,806 | 14,313 |
| 60220 | Benefits Flex Credits | 81,790 | 76,315 | 86,400 | 100,800 |
| | Total Payroll | 522,965 | 515,298 | 545,636 | 583,460 |
| | | | | | |
| | <i>EXPENSES (NON-PAYROLL)</i> | | | | |
| 62115 | Staff Development & Conferences | - | - | 2,500 | 5,000 |
| 62125 | Department Admin | 2,959 | 100 | 5,000 | 2,500 |
| 62145 | General Supplies | - | 118 | 1,000 | 3,000 |
| 63100 | Support Services | 148,806 | 191,712 | 261,500 | 231,000 |
| | Total | 151,765 | 191,930 | 270,000 | 241,500 |
| | | | | | |
| | Department Total | \$ 674,730 | \$ 707,228 | \$ 815,636 | \$ 824,960 |



**Fiscal Year 2027 Budget
Departmental Budgets**

| | Dept. 600 - Financial Services | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | <i>PAYROLL EXPENSES:</i> | | | | |
| 60100 | Labor Regular | \$ 692,683 | \$ 596,894 | \$ 1,057,197 | \$ 1,195,803 |
| 60105 | Labor Non-Reg | 54,607 | 51,038 | - | - |
| 60110 | Labor Vacation | 53,728 | 56,584 | - | - |
| | <i>Labor Subtotal</i> | 801,019 | 704,517 | 1,057,197 | 1,195,803 |
| 60115 | Labor Taxes | 59,844 | 51,634 | 77,330 | 85,454 |
| 60120 | Labor Workers Comp | 7,567 | 7,258 | 11,963 | 13,564 |
| 60125 | Labor Temporary | 33,967 | 534,257 | 50,000 | 25,000 |
| 60205 | Benefits LTD/Life/EAP | 6,621 | 5,905 | 8,295 | 9,677 |
| 60210 | Benefits CalPERS | 234,688 | 246,776 | 300,000 | 325,000 |
| 60215 | Benefits Other | 31,094 | 25,924 | 44,157 | 54,033 |
| 60220 | Benefits Flex Credits | 147,536 | 126,007 | 230,400 | 259,200 |
| | Total Payroll | 1,322,335 | 1,702,278 | 1,779,342 | 1,967,731 |
| | <i>EXPENSES (NON-PAYROLL)</i> | | | | |
| 61105 | LAFCO charge | 32,238 | 30,467 | 25,000 | 30,000 |
| 62115 | Staff development & conference expense | 22,738 | 6,327 | 15,000 | 15,000 |
| 62125 | Department administration expense | 11,842 | 2,415 | 10,000 | 10,000 |
| 62145 | General Supplies - Finance | 42,921 | 45,325 | 50,000 | 50,000 |
| 62150 | Liability insurance | 319,386 | 413,662 | 325,000 | 460,000 |
| 63100 | Support Services | 507,618 | 636,034 | 825,900 | 652,000 |
| 63990 | Capitalized G&A Contra - Finance | (316,817) | (9,378) | (150,000) | (100,000) |
| | Total | 619,926 | 1,124,851 | 1,100,900 | 1,117,000 |
| | Department Total | \$ 1,942,261 | \$ 2,827,129 | \$ 2,880,242 | \$ 3,084,731 |



**Fiscal Year 2027 Budget
Departmental Budgets**

| | Dept. 700 - Public Affairs & Water Education | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | <i>PAYROLL EXPENSES:</i> | | | | |
| 60100 | Labor Regular | \$ 209,169 | \$ 293,565 | \$ 562,002 | \$ 579,989 |
| 60105 | Labor Non-Reg | 12,839 | 27,485 | - | - |
| 60110 | Labor Vacation | 10,285 | 21,916 | - | - |
| | <i>Labor Subtotal</i> | 232,293 | 342,967 | 562,002 | 579,989 |
| 60115 | Labor Taxes | 20,790 | 30,294 | 42,993 | 44,370 |
| 60120 | Labor Workers Comp | 2,811 | 6,577 | 7,161 | 7,738 |
| 60125 | Labor Temporary | 27,336 | 30,890 | - | - |
| 60205 | Benefits LTD/Life/EAP | 2,041 | 3,011 | 4,709 | 5,280 |
| 60210 | Benefits CalPERS | 69,245 | 128,072 | 150,000 | 155,000 |
| 60215 | Benefits Other | 7,748 | 10,649 | 24,547 | 26,060 |
| 60220 | Benefits Flex Credits | 50,704 | 73,411 | 144,000 | 158,400 |
| | Total Payroll | 412,969 | 625,871 | 935,412 | 976,837 |
| | | | | | |
| | <i>EXPENSES (NON-PAYROLL)</i> | | | | |
| 62115 | Staff development & conference expense | 3,816 | 6,603 | 9,000 | 9,000 |
| 62125 | Department administration expense | 6,599 | 7,745 | 5,000 | 5,000 |
| 62130 | District memberships and subscriptions | 11,731 | 10,971 | 9,000 | 9,000 |
| 62145 | General Office Supplies/Minor Equipment | 60,435 | 21,286 | 40,000 | 20,000 |
| 63100 | Support Services | 714,005 | 657,978 | 1,139,850 | 861,035 |
| | Total | 796,584 | 704,582 | 1,202,850 | 904,035 |
| | | | | | |
| | Department Total | \$ 1,209,553 | \$ 1,330,453 | \$ 2,138,262 | \$ 1,880,872 |

| | Dept. 900 - Water Policy | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|--------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | <i>PAYROLL EXPENSES:</i> | | | | |
| 60100 | Labor Regular | \$ 172,029 | \$ 141,147 | \$ 214,607 | \$ 202,230 |
| 60105 | Labor Non-Reg | 20,781 | 49,511 | - | - |
| 60110 | Labor Vacation | 14,518 | 14,407 | - | - |
| | <i>Labor Subtotal</i> | 207,328 | 205,064 | 214,607 | 202,230 |
| 60115 | Labor Taxes | 13,503 | 13,065 | 14,383 | 14,339 |
| 60120 | Labor Workers Comp | 2,006 | 2,908 | 2,863 | 2,698 |
| 60205 | Benefits LTD/Life/EAP | 1,540 | 1,826 | 1,387 | 1,335 |
| 60210 | Benefits CalPERS | 97,501 | 109,285 | 80,000 | 80,000 |
| 60215 | Benefits Other | 12,655 | 12,412 | 8,471 | 11,038 |
| 60220 | Benefits Flex Credits | 26,249 | 30,281 | 28,800 | 28,800 |
| | Total Payroll | 360,783 | 374,841 | 350,511 | 340,440 |
| | | | | | |
| | <i>EXPENSES (NON-PAYROLL)</i> | | | | |
| 62115 | Staff Development & Conferences | 24,998 | 18,504 | 15,000 | 15,000 |
| 62125 | Department Admin | 7,363 | 3,937 | 5,000 | 5,000 |
| 62130 | Dues and Subscriptions | 1,942 | 6,838 | 2,000 | 1,500 |
| 62145 | General Supplies | 2,669 | 391 | 1,500 | 500 |
| 63100 | Support Services | 508,957 | 426,157 | 450,000 | 396,500 |
| 63105 | Legal Services | - | - | - | - |
| | Total | 545,930 | 455,827 | 473,500 | 418,500 |
| | | | | | |
| | Department Total | \$ 906,713 | \$ 830,668 | \$ 824,011 | \$ 758,940 |



**Fiscal Year 2027 Budget
Departmental Budgets**

| | Dept. 800 - Administrative Services | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | PAYROLL EXPENSES: | | | | |
| 60100 | Labor Regular | \$ 486,246 | \$ 555,873 | \$ 734,901 | \$ 759,455 |
| 60105 | Labor Non-Reg | 56,716 | 60,612 | - | - |
| 60110 | Labor Vacation | 56,462 | 58,585 | - | - |
| | <i>Labor Subtotal</i> | 599,424 | 675,069 | 734,901 | 759,455 |
| 60115 | Labor Taxes | 46,124 | 51,229 | 55,628 | 58,099 |
| 60120 | Labor Workers Comp | 5,499 | 7,469 | 8,340 | 8,610 |
| 60125 | Labor Temporary | 24,397 | 22,005 | - | - |
| 60205 | Benefits LTD/Life/EAP | 5,666 | 6,658 | 6,027 | 6,055 |
| 60210 | Benefits CalPERS | 254,752 | 330,796 | 175,000 | 180,000 |
| 60215 | Benefits Other | 20,168 | 23,853 | 31,482 | 33,023 |
| 60220 | Benefits Flex Credits | 119,777 | 142,285 | 172,800 | 172,800 |
| | Total Payroll | 1,075,806 | 1,259,365 | 1,184,178 | 1,218,042 |
| | EXPENSES (NON-PAYROLL) | | | | |
| 62105 | Computer Maint/Licensing | (29,186) | 6,045 | - | - |
| 62115 | Staff Development & Conferences | 14,900 | 5,527 | 10,000 | 12,000 |
| 62125 | Department Admin | 2,765 | 1,935 | 8,000 | 10,000 |
| 62145 | General Supplies - IT | 3,946 | 13 | - | - |
| 62170 | Postage/Shipping/Freight | 15,848 | 7,181 | 10,000 | 10,000 |
| 62175 | Telecom/Network | (11,896) | 515 | - | - |
| 63100 | Support Services | 239,453 | 6,644 | 22,000 | 45,000 |
| 63110 | Human Resources Services - Admin | (990) | (2,259) | - | - |
| | Total | 234,839 | 25,601 | 50,000 | 77,000 |
| | Department Total | \$ 1,310,645 | \$ 1,284,966 | \$ 1,234,178 | \$ 1,295,042 |

| | Dept. 850 - Human Resources | FY 2024 ACTUAL | FY 2025 ACTUAL | FY 2026 BUDGET | FY 2027 BUDGET |
|-------|----------------------------------|-------------------|-------------------|---------------------|---------------------|
| | PAYROLL EXPENSES: | | | | |
| 60100 | Labor Regular | \$ 218,622 | \$ 239,543 | \$ 305,261 | \$ 413,085 |
| 60105 | Labor Non-Reg | 19,610 | 16,791 | - | - |
| 60110 | Labor Vacation | 20,663 | 17,744 | - | - |
| | <i>Labor Subtotal</i> | 258,895 | 274,078 | 305,261 | 413,085 |
| 60115 | Labor Taxes | 21,703 | 23,259 | 23,352 | 31,601 |
| 60120 | Labor Workers Comp | 2,215 | 3,176 | 3,059 | 4,260 |
| 60125 | Labor Temporary | - | - | - | 50,000 |
| 60205 | Benefits LTD/Life/EAP | 2,323 | 2,804 | 2,155 | 2,885 |
| 60210 | Benefits CalPERS | 97,730 | 171,591 | 100,000 | 110,000 |
| 60215 | Benefits Other | 10,695 | 11,358 | 12,681 | 31,104 |
| 60220 | Benefits Flex Credits | 52,690 | 57,446 | 57,600 | 72,000 |
| | Total Payroll | 446,251 | 543,711 | 504,108 | 714,935 |
| | EXPENSES (NON-PAYROLL) | | | | |
| 60225 | Benefits OPEB | (29,693) | (57,279) | 75,000 | 80,000 |
| 60230 | Benefit Retiree Expenses | (34,949) | (3,754) | 20,000 | 20,000 |
| 60235 | Benefit Unemployment Insurance | - | 11,129 | 25,000 | 25,000 |
| 62115 | Staff Development & Conferences | 6,223 | 4,730 | 10,000 | 10,000 |
| 62125 | Department Admin | 789 | 2,237 | 10,000 | 5,000 |
| 63110 | Human Resources Services - Admin | 264,446 | 321,837 | 451,800 | 483,000 |
| | Total | 206,815 | 278,901 | 591,800 | 623,000 |
| | Department Total | \$ 653,066 | \$ 822,612 | \$ 1,095,908 | \$ 1,337,935 |



Fiscal Year 2027 Budget

Glossary of Terms

| | |
|--|--|
| Accrual | The recognition of a revenue or expense as it is earned or incurred regardless of when actual cash is received or paid. |
| Acre Foot (AF) | Covers one acre of land in area by one foot in depth and is equal to 325,851 gallons. Supplies a family of four for approximately one year. |
| Amber Water | Water produced from deep groundwater wells that require treatment for color and odor before being entered to the distribution system. |
| Amortization | The periodic expense attributed to the decline in usefulness on an intangible asset or the allocation of bond premium or discount over the life of the bond. |
| Appropriation | An amount of money in the budget authorized by the Board of Directors, for expenditures or obligations within organizational units for specific purposes. |
| Assets | Resources owned or held by the enterprise as a result of past events and from which future economic benefits are expected to flow to the enterprise. |
| Association of California Water Agencies (ACWA) | Association representing nearly 450 public water agencies consisting of municipal, irrigation, county and California water districts, and a number of special purpose agencies. ACWA also represents non-profit and non-public mutual water companies. Members provide the link between local, state and federal water projects, and ultimate water consumers. |
| Basin Pumping Percentage (BPP) | The amount of clear ground water that can be pumped as a percentage of total potable water. This percentage is set each year by Orange County Water District. |
| Budget | The District's fiscal plan detailing proposed revenues and expenditures for a period of time. |
| California Department of Water Resources (CA DWR) | California agency responsible for managing California's water resources. |
| Capacity Charge | Fee imposed when a customer requests a new service connection. Capacity charges are used by the District to pay for infrastructure built to accommodate future development or to plan, design and construct new facilities to support the additional demand placed on the water system by the new connections. |
| Capital | Purchases or projects that exceed Mesa Water's capitalization threshold, which is \$10,000 for non-water infrastructure and \$100 (the installation cost of a 5/8" meter) for water infrastructure. |
| Cash on Hand | Amount of unrestricted cash held by Mesa Water at a given time. |
| CCF | Abbreviation for unit of water sold in hundred cubic feet. Mesa Water sells water in this unit of measure. |



Fiscal Year 2027 Budget

Glossary of Terms

| | |
|--|---|
| Certificates Of Participation (COP) | Form of lease-purchase financing used to construct or acquire capital facilities or equipment. |
| Change in Net Position | The final figure on the Statement of Revenues, Expenses and Change in Net Position report where revenues are netted against expenses. |
| Clear Well Water | Water produced from groundwater wells that require minimal treatment to be released into the distribution system. |
| Coverage Ratio | Ratio of Net Revenues to total annual financial obligations. This is a margin of safety for payment of debt service, reflecting the number of times by which earnings for a period of time exceed debt service payable in such a period. |
| Days Cash Ratio | A ratio of the Cash on Hand divided by the average Operating Expenses less Pass-through water sales to government agencies. |
| Debt Service | Cash required in a given period for payment on interest and principal on outstanding financial obligations. |
| Depreciation | The method of allocating historical costs of capital assets (excluding land) to periods in which the assets are used. |
| Designated Funds | Segregation of assets for special purposes such as asset replacement. |
| Enterprise Fund | A fund established to account for the financing of self-supporting enterprises, such as a utility fund, which render services primarily to the public. |
| Expenses | The amount of assets consumed or services used in the process of earning revenue. |
| Fiscal Year (FY) | The annual accounting period. Mesa Water uses July 1 through June 30. |
| Full Time Equivalent (FTE) | An FTE equals one full-time employee working 2,080 hours per year. |
| GAAP | Generally Accepted Accounting Principles (GAAP) are uniform standards and guidelines that both private and public sectors use to report and record financial information. GAAP establishes a standard manner to measure and categorize accounting transactions to report financial results. Following GAAP provides a reasonable basis to compare financial results of other water or similar agencies. |
| Geographic Information System (GIS) | A system combining computer hardware, software and geographic data for collecting, storing, analyzing and displaying geographically referenced information. |
| In-Lieu Water | Water purchased at the same price as well water when the groundwater basin does not allow for full pumping. |
| Infrastructure | The accumulated pipelines, treatment plants and storage facilities of Mesa Water, including all meters, valves, pumps, hydrants and other appurtenances, whether constructed by Mesa Water or dedicated by private entities. |



Fiscal Year 2027 Budget

Glossary of Terms

| | |
|--|--|
| Imported Water | Water purchased from Municipal Water District of Orange County (MWDOC). It is transported by an aqueduct system from the Colorado River or the State Water Project. |
| LAFCO | Local Agency Formation Commission. This Commission facilitates constructive changes in governmental structure and boundaries and fosters orderly development and governance within its jurisdiction. |
| Liability | Obligations of the enterprise arising from past events. |
| Local Agency Investment Fund (LAIF) | A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer. |
| Meet and Confer | Labor relations and labor negotiations with different employee groups. |
| Memorandum of Understanding | A document describing agreement or accord reached between two or more parties including each party's rights and responsibilities. |
| Mesa Water Reliability Facility (MWRF) | The facility that is used to treat the amber water pumped by wells from deeper in the groundwater aquifer. |
| Metropolitan Water District (MWD) | A consortium of cities and water districts that provide water usage to water customers in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura counties. |
| Municipal Water District of Orange County (MWDOC) | Regional water wholesaler of imported water that serves retail agencies in Orange County. |
| Non-water Expenses | Expenses associated with operations as a water utility but not directly attributable to the production and distribution of water. |
| Orange County Water District (OCWD) | The agency responsible for managing the Orange County Groundwater Basin in northern and central Orange County that serves cities and water districts. |
| Other Expense | An expense that cannot be associated definitely with operations. |
| Other Income | Revenue from sources other than Mesa Water's principal activities as a water utility. |
| Potable Water | Water that is suitable for drinking. |
| Public Employees Retirement System (PERS) | An agency, multiple-employer, public retirement system to which Mesa Water contributes that acts as a common investment and administrative agent for participating public entities within the State of California. |
| Recycled Water | Non-potable water that is used for irrigation purposes. |
| Replenishment Assessment (RA) | Amount charged on an acre-foot basis for water pumped from the Orange County Groundwater Basin charged by OCWD. |



Fiscal Year 2027 Budget

Glossary of Terms

| | |
|--|---|
| Restricted Reserves | An account used to indicate that a portion of Net Position is legally restricted for a specific purpose or not available for appropriation and subsequent spending. |
| Reservoir | A pond, lake, tank, or basin (natural or engineered) where water is collected and stored. |
| Revenue | The sale of goods or services produced by an entity which usually result in the creation of assets, most often cash or receivables. |
| Statement of Revenues, Expenses and Changes in Net Position | Reports the results of revenues and expenses over a period of time. |
| Supervisory Control and Data Acquisition (SCADA) | The Supervisory Control and Data Acquisition system collects operational data from remote units to monitor and control water systems and facilities throughout the District's service area. |
| Water Production Costs | The costs associated directly with the production and distribution of water into the system. |
| Working Capital | The difference between current assets and current liabilities. Represents the amount available for operations and other expenditures. |



| District Memberships | FY 2027 | Charity Rating |
|--|-------------------|----------------|
| American Water Works Association | \$ 5,233 | 89% |
| Association of California Water Agencies | \$ 30,000 | NR |
| CalDesal | \$ 20,000 | NR |
| California Data Collaborative | \$ 11,000 | NR |
| California Municipal Utilities Association | \$ 6,407 | NR |
| California Policy Center | \$ 12,500 | 88% |
| California Special Districts Association | \$ 10,323 | NR |
| California Water Efficiency Partnership | \$ 2,176 | 100% |
| Community Water Systems Alliance (Cal Mutuals) | \$ 10,000 | NR |
| Costa Mesa Chamber of Commerce | \$ 850 | NR |
| Foundation for Cross Connection Control & Hydraulic Research | \$ 1,000 | NR |
| Independent Special Districts of Orange County | \$ 50 | NR |
| Mountain Counties Water Resources Association | \$ 550 | NR |
| Newport Beach Chamber of Commerce | \$ 590 | NR |
| Orange County Farm Bureau | \$ 100 | NR |
| Orange County Water Association | \$ 250 | NR |
| South Coast Metro Alliance | \$ 395 | NR |
| Southern California Water Coalition | \$ 3,500 | NR |
| Southwest Membrane Operator Association | \$ 400 | NR |
| Urban Water Institute | \$ 5,000 | 45% |
| WateReuse Association | \$ 5,841 | NR |
| Water UCI | \$ 5,000 | NR |
| Total District Memberships | \$ 131,165 | |



| Board Conferences and Seminars | FY 2027 |
|--|------------------|
| ACWA/JPIA Fall Conference | \$ 7,500 |
| ACWA/JPIA Spring Conference | \$ 7,500 |
| ACWA Committee Meetings | \$ 2,000 |
| ACWA DC Conference | \$ 1,000 |
| ACWA Legislative Symposium | \$ 1,000 |
| AWWA ACE Conference | \$ 1,000 |
| CA-NV AWWA Fall Conference | \$ 1,000 |
| CalDesal Annual Conference | \$ 2,000 |
| CALAFCO Annual Conference | \$ 1,000 |
| Colorado River Water Users Association Conference | \$ 1,500 |
| Community Water Systems Alliance/Cal Mutuals Annual Conference | \$ 1,000 |
| CSDA Annual Conference | \$ 1,000 |
| CSDA Legislative Days | \$ 1,000 |
| H2O Women Conference | \$ 1,000 |
| Miscellaneous Conferences & Seminars | \$ 2,000 |
| Urban Water Institute Conferences | \$ 2,500 |
| Water Infrastructure Networking Summit (WINS) Annual Spring Conference | \$ 1,000 |
| Total Board Conferences and Seminars | \$ 35,000 |



| Community Outreach | FY 2027 | Charity Rating |
|--|-------------------|----------------|
| Association of California Water Agencies | \$ 10,500 | NR |
| California Water Efficiency Partnership | \$ 1,000 | 100% |
| Children's Water Education Festival | \$ 6,500 | NR |
| Coastline ROP Student Showcase Scholarship | \$ 500 | NR |
| Community Chats | \$ 15,000 | -- |
| Concerts in the Park | \$ 5,000 | -- |
| Costa Mesa High School & Estancia High School | \$ 3,000 | NR |
| Costa Mesa Chamber of Commerce - Events | \$ 2,000 | NR |
| Costa Mesa Lions (Fish Fry) | \$ 1,500 | NR |
| Ducks Unlimited | \$ 1,300 | 99% |
| Festival of Children Foundation (South Coast Plaza) | \$ 5,000 | 95% |
| Industry Events | \$ 5,000 | NR |
| Institute for Conservation Research & Education | \$ 10,000 | NR |
| KOCI | \$ 5,000 | NR |
| MWDOC Water Policy Forum | \$ 1,350 | NR |
| Newport Beach Chamber of Commerce | \$ 2,000 | NR |
| Newport Mesa Schools Foundation | \$ 5,000 | 95% |
| Orange County Fair | \$ 18,500 | NR |
| Orange County Taxpayers Association | \$ 1,000 | NR |
| Orange County Water Summit | \$ 8,500 | NR |
| Pacific Research Institute | \$ 5,000 | 88% |
| Placentia Library Friends Foundation | \$ 250 | NR |
| Save our Youth | \$ 3,000 | 94% |
| Share Ourselves (SOS) | \$ 10,000 | 82% |
| Segerstrom Center for the Arts (Family Science and Art Festival) | \$ 3,500 | 95% |
| South Orange County Economic Coalition | \$ 1,500 | NR |
| Southern California Water Coalition | \$ 2,000 | NR |
| Southwest Membrane Operator Association | \$ 1,500 | NR |
| Sponsorship Requests | \$ 10,000 | -- |
| Urban Water Institute | \$ 5,000 | 57% |
| Vanguard University | \$ 2,750 | 86% |
| Total Community Outreach | \$ 152,150 | |



*Dedicated to
Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Juan Hernandez, Water Operations Manager
DATE: June 10, 2026
SUBJECT: Supervisory Control and Data Acquisition Support Services

RECOMMENDATION

Approve a contract amendment with Prime Systems Industrial Automation, Inc. for \$75,000 to provide Supervisory Control and Data Acquisition Support Services from July 1, 2026 to June 30, 2027, and authorize execution of the contract.

STRATEGIC PLAN

Goal #1: Provide an abundant, local, reliable and safe water supply.
Goal #2: Perpetually renew and improve our infrastructure.

PRIOR BOARD ACTION/DISCUSSION

None.

DISCUSSION

Through Mesa Water District's (Mesa Water®) competitive bidding process, Prime Systems Industrial Automation, Inc. (Prime Systems) was previously awarded a five-year contract for Supervisory Control and Data Acquisition (SCADA) integration services, which included two optional one-year extensions. The current agreement will expire on June 30, 2026.

Prime Systems has developed extensive knowledge of Mesa Water's SCADA infrastructure, programming architecture, operational processes and ongoing integration projects. This specialized familiarity with the District's systems and operations cannot be easily transitioned to another integrator without introducing significant operational disruption, project delays and inefficiencies.

Mesa Water staff are currently developing a comprehensive SCADA Needs Assessment that will significantly influence the future scope, standards, priorities and long-term direction of the District's SCADA integration program. Maintaining continuity with Prime Systems during this critical planning and evaluation period is important to ensure operational consistency and successful completion of the Needs Assessment project.

Initiating a competitive Request for Bid process prior to completion of the SCADA Needs Assessment could result in an incomplete or inaccurate scope of work for future SCADA integration services. Additionally, transitioning to a new integrator during this process would require substantial onboarding and knowledge transfer efforts, potentially reducing efficiency and impacting the overall quality and effectiveness of the SCADA Needs Assessment.



For these reasons, staff recommends continuing to use Prime Systems through Fiscal Year 2027 and delaying the competitive procurement process until completion of the SCADA Needs Assessment project. This approach will allow the District to develop a more clearly defined and strategic scope for future SCADA integration services while minimizing operational and project-related risks.

FINANCIAL IMPACT

In Fiscal Year 2027, \$75,000 will be budgeted for SCADA Support Services.

ATTACHMENTS

None.



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Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Kurt Lind, Business Administrator
DATE: June 10, 2026
SUBJECT: Customer Information System Support Services

RECOMMENDATION

Approve a contract amendment with Plante Moran for \$63,044 to provide additional support services to complete the implementation of the SpryPoint Customer Information System, and authorize execution of the contract.

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.
Goal #6: Provide excellent customer service.

PRIOR BOARD ACTION/DISCUSSION

At its April 26, 2023 meeting, the Board of Directors (Board) received an Information Item on the Customer Information System.

At its May 24, 2023 meeting, the Board approved a contract with Plante Moran for \$507,400 to provide an independent professional consultant to evaluate, select and implement a Customer Information System.

BACKGROUND

Mesa Water District (Mesa Water®) entered into a Professional Services Agreement with Plante Moran to provide Customer Information System (CIS) Selection and Support Consultant Services. The engagement was structured across five tasks spanning a system assessment and selection phase followed by a full implementation phase.

Tasks 1 through 3 — covering Discovery Evaluation & Fee Status, System Requirements & Specifications, and Request for Proposal Submittal Evaluation & System Selection — were successfully completed in January 2025. Implementation activities under Tasks 4 through 5 — System Selection, System Implementation Oversight, and Post Implementation Support commenced in February 2025.



The original contract totaled \$507,400 for 1,530 hours of consulting services across the following task structure:

| Task ID | Task Description | Hours | Status |
|---------|---|-------|-------------|
| Task 1 | CIS Discovery Evaluation & Fee Status | 316 | Complete |
| Task 2 | CIS System Requirements & Specifications | 142 | Complete |
| Task 3 | RFP Submittal Evaluation & System Selection | 252 | Complete |
| Task 4 | System Implementation Oversight | 700 | Complete |
| Task 5 | Post Implementation Support | 120 | In Progress |

DISCUSSION

Several factors have contributed to the depletion of the original contract budget prior to project completion:

- Increased scope of support: Mesa Water requested an elevated level of consultant involvement throughout the implementation, including a greater number of meetings, working sessions and onsite visits beyond the originally planned level of effort.
- Schedule extension: The CIS go-live date was extended from April 2026 to June 2026, lengthening the overall project duration and adding additional oversight hours under Tasks 4 and 5.
- Post go-live stabilization: Continued support is required following the system go-live to ensure operational stability, data integrity and staff proficiency on the new platform.

Mesa Water has forecasted that the original contract budget will be fully exhausted by the end of May 2026. The requested contract amendment provides the necessary funding of \$63,044 to support a successful go-live and post-implementation stabilization period, bringing the revised total contract value to \$570,444. Staff recommends the Board approve a contract amendment with Plante Moran for \$63,044 to provide additional support services to complete the implementation of the SpryPoint CIS.

FINANCIAL IMPACT

In Fiscal Year 2026, no contingency funds were approved for the CIS; the requested funding will come from Cash on Hand.



ATTACHMENTS

None.

REPORTS:

8. REPORT OF THE GENERAL MANAGER

REPORTS:

9. DIRECTORS' REPORTS AND COMMENTS



*Dedicated to
Satisfying our Community's
Water Needs*

MEMORANDUM

TO: Board of Directors
FROM: Karyn Igar, PE, Principal Engineer
DATE: June 10, 2026
SUBJECT: 2025 Urban Water Management Plan

RECOMMENDATION

This item is presented for information.

STRATEGIC PLAN

Goal #1: Provide a safe, abundant, and reliable water supply.

Goal #4: Increase public awareness about Mesa Water and about water.

Goal #6: Provide outstanding customer service.

Goal #7: Actively participate in regional water issues and statewide water issues.

PRIOR BOARD ACTION

At its June 9, 2016 meeting, the Board of Directors (Board) held a Public Hearing for the 2015 Urban Water Management Plan and adopted Resolution No. 1477 Approving the Adoption of the 2015 Urban Water Management Plan.

At its June 10, 2021 meeting, the Board held a Public Hearing for the 2020 Urban Water Management Plan and adopted Resolution No. 1541 Approving the Adoption of the 2020 Urban Water Management Plan; Resolution No. 1542 Approving the Adoption of the 2020 Water Shortage Contingency Plan; and Resolution No. 1543 Approving an Amendment to the 2015 Urban Water Management Plan.

At its February 9, 2022 meeting, the Board held a Public Hearing for the District's Water Shortage Response and adopted Ordinance No. 33 Making Findings, Adopting the Mesa Water District Water Shortage Response Ordinance Rescinding Ordinance No. 32 and Taking Related Actions.

DISCUSSION

In 1983, the California Legislature enacted the Urban Water Management Planning (UWMP) Act (Act) (Division 6 Part 2.6 of the Water Code §10610 - 10656). The Act states that every urban water supplier that provides water to 3,000 or more customers, or that provides over 3,000 acre-feet of water annually, should make every effort to ensure the appropriate level of reliability in its water system to meet the needs of its various categories of customers during normal, dry and multiple dry years. Mesa Water District (Mesa Water®) has met the requirements of this legislation since the Act's inception.

An UWMP is a comprehensive document that provides an evaluation of a water supplier's reliability over a long-range planning horizon of 20 to 25 years to meet future demands. Since the adoption of Mesa Water's 2015 UWMP, the Department of Water Resources (DWR) has added new requirements to the UWMP reporting process in conformance with state legislation. These



changes included the Water Shortage Contingency Plan (WSCP), drought response stages, a drought risk assessment, and future annual reporting. This 2025 UWMP contains all elements needed to comply with the new requirements of the Act as amended since 2015. The UWMP and WSCP must be updated at least every five years, adopted by the Board at a noticed Public Hearing, and submitted to the DWR by July 1 of the year it is due.

Prior to holding a Public Hearing for adoption of the documents, Mesa Water must make the draft UWMP and WSCP available for public review and provide notification of the availability of the UWMP and WSCP for review to the Cities and Counties it supplies. Staff sent notification letters on April 23, 2026 to the City of Costa Mesa, the City of Newport Beach and the County of Orange and placed an advertisement in the *Los Angeles Times Orange County Edition* on June 6, 2026 and June 13, 2026 to notice a Public Hearing to adopt the UWMP and WSCP on June 24, 2026. The documents were made available on Mesa Water's website on June 5, 2026. Once adopted, the UWMP and WSCP must be submitted to DWR by July 1, 2026.

FINANCIAL IMPACT

In Fiscal Year 2026, \$49,812 is budgeted for the 2025 Urban Water Management Plan and Water Shortage Contingency Plan; \$49,812 has been spent to date.

ATTACHMENTS

None.

**DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT
CODE SECTION 53232.3(D)**

In accordance with CA Government Code 53232.3(d), the following report identifies the meetings for which Mesa Water Directors received expense reimbursement.

Jim Atkinson Meetings Attended

| Reimbursement Date: | Description, Date |
|---------------------|-------------------|
| N/A | |

Fred R. Bockmiller, P.E. Meetings Attended

| Reimbursement Date: | Description, Date |
|---------------------|--|
| 5/14/26 | Meeting with General Manager, 4/7 |
| 5/14/26 | ACWA JPIA Spring Conference, 5/3 – 5/6 |
| 5/14/26 | Meeting with General Manager, 5/12 |

Marice H. DePasquale Meetings Attended

| Reimbursement Date: | Description, Date |
|---------------------|---|
| 5/14/26 | Mesa Water Education Center Event, 4/9 |
| 5/14/26 | Meeting re: Water Issues, 4/28 |
| 5/28/26 | Treatment Plant Tour & Water District Exchange, 4/12 – 4/17 |

Shawn Dewane Meetings Attended

| Reimbursement Date: | Description, Date |
|---------------------|--|
| 5/14/26 | Mesa Water Education Center Event, 4/9 |
| 5/14/26 | Meeting re: Water Issues, 4/28 |
| 5/14/26 | Federal Advocacy Meeting, 5/6 |
| 5/28/26 | Federal Advocacy Meetings, 3/29 – 4/2 |
| 5/28/26 | Meeting with General Manager, 5/19 |

James R. Fisler Meetings Attended

| Reimbursement Date: | Description, Date |
|---------------------|-------------------|
| N/A | |