



**AGENDA
BILL
Item 6.A**

**2027-2031 Utility Rate
Structure—First Review**

DATE SUBMITTED:	June 16, 2026	MEETING DATE:	June 24, 2026
TO: BOARD OF COMMISSIONERS	FROM: Jenny Signs, Finance Manager		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. Rate Structure Scenarios		
TYPE OF ACTION REQUESTED	RESOLUTION ☐	FORMAL ACTION/ MOTION ☐	INFORMATIONAL/ OTHER ☒

BACKGROUND / EXPLANATION OF IMPACT

During the regularly scheduled Board meeting on June 10, 2026, the Board requested the evaluation of three rate design scenarios for the Water Utility Fund. As a result of that discussion, the Board directed staff to proceed with designing a rate structure for the next five years in which the current design (Base = 0 - 600 cubic feet, Tier 1 = 601 – 2,500 cubic feet, and Tier 2 = greater than 2,500 cubic feet) was revised to reflect a change in consumption levels (Base = 0 - 600 cubic feet, Tier 1 = 601 – 1,800 cubic feet, and Tier 2 = greater than 1,800 cubic feet).

As part of the District's ongoing long-term financial planning efforts, staff have evaluated several policy-based financial scenarios for both the Water Utility Fund and the Sewer Utility Fund. The analysis provides options for contingency reserve funding and whether to continue contributions to the capital surplus fund, and associated rate impacts for fiscal years 2027 – 2031. The attached materials summarize the financial implications of each scenario and highlight key differences related to contingency reserve funding, capital planning, cash position targets, and future needs. The discussion goal will be that the Board provide direction regarding reserve funding objectives and preferred financial planning assumptions for incorporation into the final rate structure.

FISCAL IMPACT

The scenarios presented have varying impacts on future utility revenues, reserve balances, debt service coverage ratios, and customer rates.

APPLICABLE EFFECTIVE UTILITY MANAGEMENT ATTRIBUTE(S)

Financial Viability

Customer Satisfaction

RECOMMENDED BOARD ACTION

None.

PROPOSED MOTION

Not applicable.