This brief is being provided to inform the board, staff, and public of the details of an agenda item that requires no action from the board. The President of the Board will provide board members, staff, and the public the opportunity to ask questions about this topic when this agenda item is announced.

**Date:** 21 January 2022

**Originator:** General Manager

**Purpose of Brief:** Informational Briefing – Rate Study Update

**Supporting Documents Included:**

Att. A.Rate Study Final Report (Draft)

Att. B. Debt Service Rates

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1. **Overview:**

Hansford Consulting is close to finishing the basic study and analysis. Att. A is a draft of the final rate study for Board Review. Catherine asked that we get this draft before the board so that you have ample time to review before the next Rate Study meeting (TBD). While there is not intent to do a detailed review before our January 21 meeting, please familiarize yourselves with the organization and structure of the study. Catherine with join the meeting on-line to answer any questions and talk to the road ahead for the next phase of the study.

1. **Debt or No Debt:**

The draft rate study incorporates an option for the District to borrow money for capital projects and infrastructure improvement, based on the assumption that we will need the high elevation water tank and water reclamation facility within the next 5 years. The rates in the basic document include the capacity to service that debt (payments). As a result, this capacity is a significant portion of the proposed new rates. As the study recommends potentially significant increases in rates, partly to service debt, Att. B. Debt Service Rates, is provided to show the impact of removing debt service from recommended rates. This is not a decision point now, but we felt it was important for all Board Members to understand the impact of debt service as they review the draft package. Catherine will be able to answer questions during our meeting.

1. **Summary**

Fully understanding the results and impact of the rate study will be critically important as we move this initiative forward. The rate study report is a complex and professional document, and we wanted the board to have ample time to review, as questions, and comment as we move forward. No decisions are on the table at this time.