

For Immediate Release

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EBMUD APPROVES MODEST BUDGET AND RATE INCREASES

A 3.75 percent rate increase proposed for water and wastewater customers in 06 and 07

OAKLAND -- The East Bay Municipal Utility District today approved a \$530 million water and wastewater budget for FY06 and proposed a \$560 million water and wastewater budget for FY07.

Although the budget will continue to support EBMUD's aggressive pace for restoring and upgrading the 81-year-old District's infrastructure and fund major water recycling efforts and supplemental water supply projects, the District's Board of Directors approved only modest rate increases for water and wastewater customers over the next two years. Both water and wastewater rates will increase 3.75 percent overall each year.

That means an average single-family residential customer using 270 gallons of water a day will pay \$28.99 a month in FY06, a dollar more than they currently pay. The same customer will pay \$30 in FY07, \$1.01 more than they will pay in FY06. The water bill for the typical multi-family customer using 1,230 gallons of water a day will increase 3.4 percent in FY06 and 3.7 percent in FY07. Commercial and industrial customers will see a 3.6 percent increase in their bills this year and a 3.5 percent increase in FY07.

More

BUDGET (2)

Wastewater customers will pay 3.75 percent more each of the next two years. The District has a new fee, the San Francisco Bay Residential Pollution Prevention Fee, which will further EBMUD's efforts to prevent residential pollutants from reaching the bay. The fee for residential wastewater customers is 7 cents-a-month in FY06 and 9 cents-a-month in FY07. Residential wastewater customers' monthly bills would increase 52 cents in FY06 and 48 cents in FY07 under this proposal.

EBMUD has 1.3 million water customers in Alameda and Contra Costa counties and 640,000 wastewater customers along the eastern shore of the San Francisco Bay from Berkeley to Alameda.

Budget and rates are effective July 1 of both years.

Specifically, this budget will finance a five-year Capital Improvement Program that includes the District's \$415 million funding share of the Freeport Regional Water Project. That critical project is scheduled for completion in 2010 and will provide up to 100 million gallons of water a day during dry years for EBMUD customers and 85 million gallons a day for Sacramento County Water Agency customers each year.

EBMUD's capital budgeting plan includes continued funding for the 10-year Seismic Improvement Program, which like the Freeport project, will be completed within this capital budget cycle. In addition, work on the San Pablo Dam seismic improvements (\$50 million), Lamorinda water system improvements (\$20 million) and wastewater plant digester improvements (\$40 million) will be funded.

EBMUD also will invest heavily in water recycling, with \$79 million going to recycled water projects in the San Ramon Valley, Oakland, Alameda and other areas in the District.

More

BUDGET (3)

The District's rate increases are triggered by many factors, including skyrocketing health care costs, retirement system increases, rising chemical supply costs and wastewater's loss of \$2.3 million in property tax revenue to the state in FY05 and FY06.

These challenges notwithstanding, EBMUD is still on track with its critical priorities - improving infrastructure, meeting water quality demands and attaining a supplemental water supply for times of drought. And the District is vigilant in protecting the San Francisco Bay and maintaining stable rates.

This is possible due to a number of factors, including the use of technology to save money and other efficiencies. But key is the District's sound financial status. The District has an excellent bond rating based on its solid long-term planning, and continues to use the favorable rates that result from that rating to refinance old debt at a more favorable rate for savings. That approach saved the District's ratepayers more than \$2 million in this budget.

"The long-term planning and resourcefulness continues to put EBMUD in the forefront as a service agency," said William B. Patterson, president of the EBMUD Board of Directors. "Even during these tough times the District is faring well because of this stewardship."

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