



For Immediate Release

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Contact: Charles C. Hardy

bus: (510) 287-0141, pager: (510) 437-7491

EBMUD TWO-YEAR BUDGET PROPOSAL RECOMMENDS ONLY MODERATE 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 proposed a \$530 million water and wastewater budget for FY06 and proposed a \$560 million water and wastewater budget for FY07. The District changed to a biennial budget cycle four years ago.

Although the budget would 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 proposes only modest rate increases for water and wastewater customers over the next two years. Both water and wastewater rates would increase 3.75 percent overall each year.

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

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Wastewater customers would pay 3.75 percent more each of the next two years. The District is also recommending a new fee, the San Francisco Bay Residential Pollution Prevention Fee, which would further EBMUD's efforts to prevent residential pollutants from reaching the bay. The proposed 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. Although the budget proposal goes to the Board today, the Board will consider its adoption at its regularly scheduled meeting on June 14. A public hearing on the budget and rates proposal will be held at 2 p.m. at the Board's regularly scheduled meeting on May 24.

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.

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BUDGET (3)

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.

The District's proposed rate increases are triggered by many factors, including the 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 remains 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.

"As we move into FY06 and FY07, we will continue our commitment to provide the highest quality water and wastewater services for our customers while keeping our rates low," said EBMUD General Manager Dennis Diemer. "We're constantly looking for ways to be more efficient and effective and challenging ourselves to be the best in the industry."

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