

Update on Employee Retirement System

Finance/Administration Committee
June 27, 2017

Agenda



- Administration
- Investment Management
- Actuarial Valuation

- Current Members

- | | |
|-------------------------|------------------|
| – EBMUD Board Member | Frank Mellon |
| – EBMUD Board Member | Marguerite Young |
| – Employee Board Member | Doug Higashi* |
| – Employee Board Member | Tim McGowan** |
| – Retiree Board Member | Lisa Ricketts** |

* re-elected in 2017

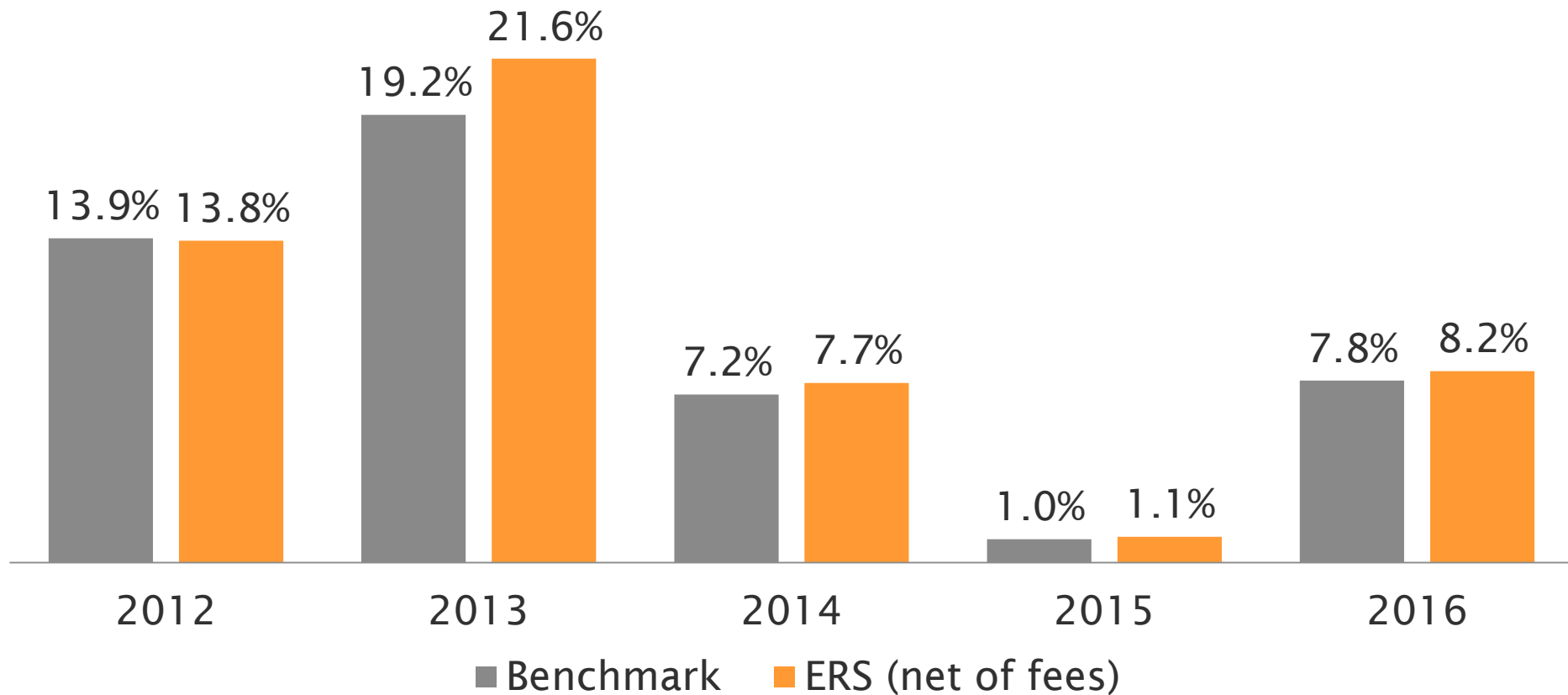
** re-elected/appointed in 2016

- Adjustments
 - Cost of living
 - 3.0%, effective July 1, 2017
 - Prorated for FY17 retirees
 - Assumed rate of return
 - Reduced from 7.50% to 7.25%

Investment Management



Annualized Investment Returns

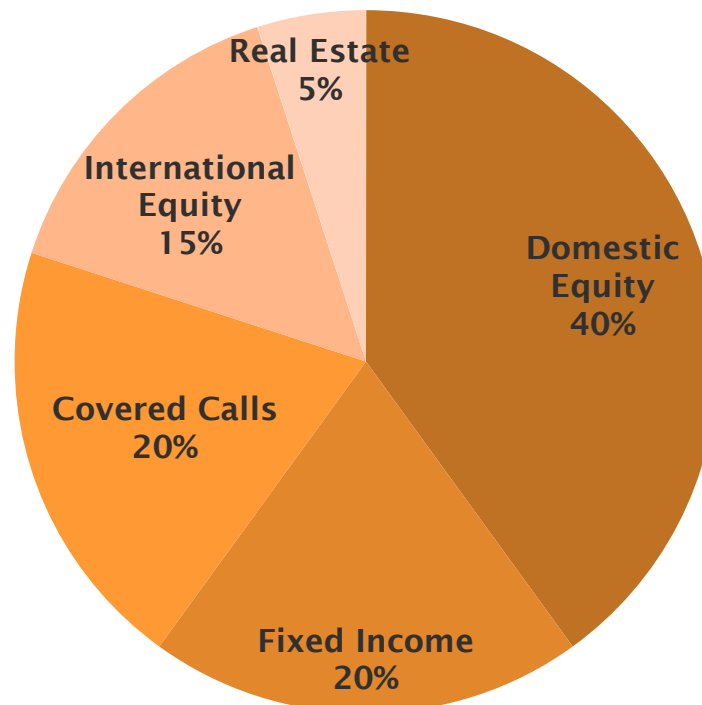


Investment Management



- 2016 Year-End Portfolio Value ~\$1.49b
 - 2016 increase ~\$105m

Strategic Policy Allocation



- Environmental, Social, Governance (ESG)
 - Training sessions and discussions through 2016
 - Investment policy changes in January 2017
 - Mission Statement
 - Investment Beliefs
 - ESG Investment Goal
 - Implementation to-date
 - Review of proxy voting
 - Joining CERES

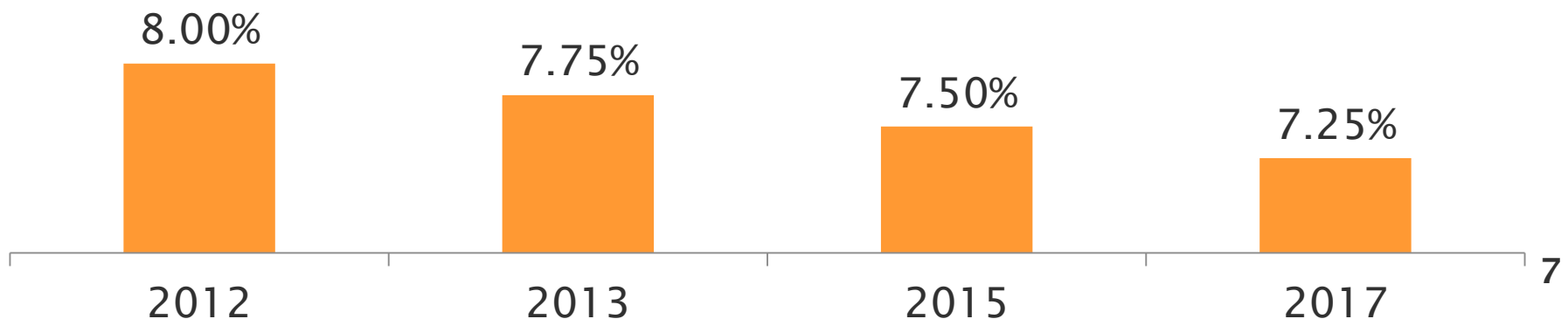
Actuarial Valuation



– 2016 Actuarial Experience Study

- Quadrennial look at assumptions
 - Mortality tables
 - Payroll changes
 - Economic environment
 - Medical Care costs
 - Other factors

Recent Changes in the Assumed Rate of Return



Actuarial Valuation



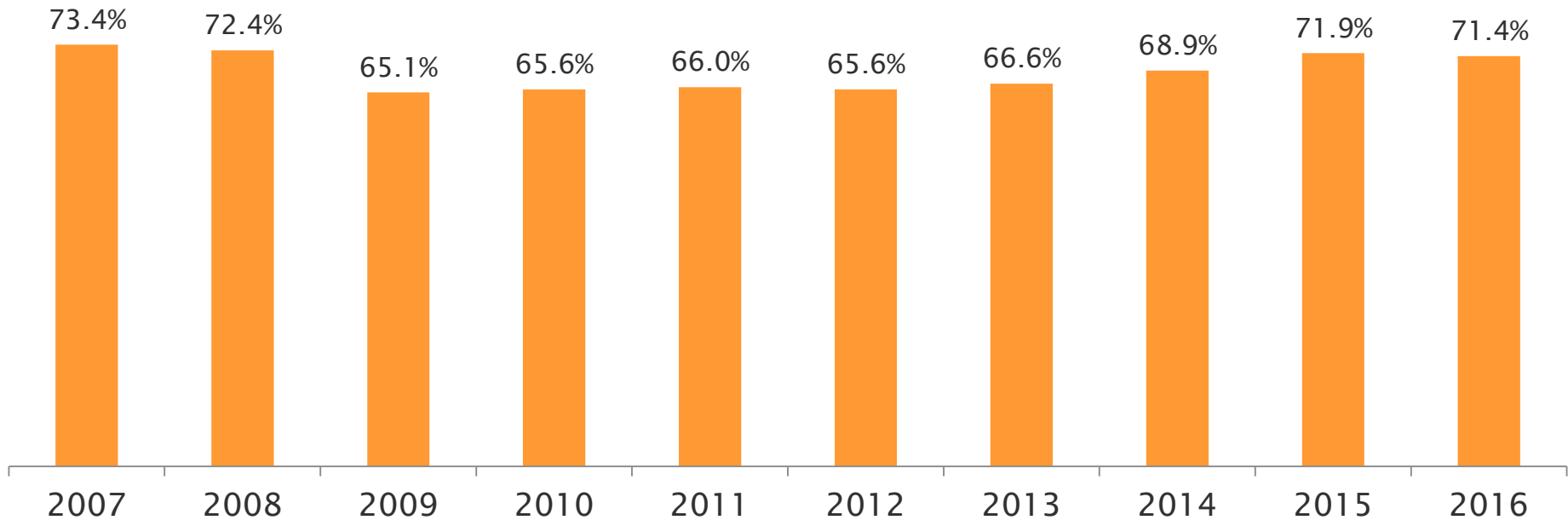
- Key Data (as of Fiscal Year End 2016)

- Total Market Value \$1.418 billion
- Total Valuation Value \$1.452 billion
- Funding Ratio (Pension) 71.4%
- District Contribution Rates (Pension)
 - 1980 Plan 37.92%
 - 2013 Plan 31.30%
 - Combined 36.81%

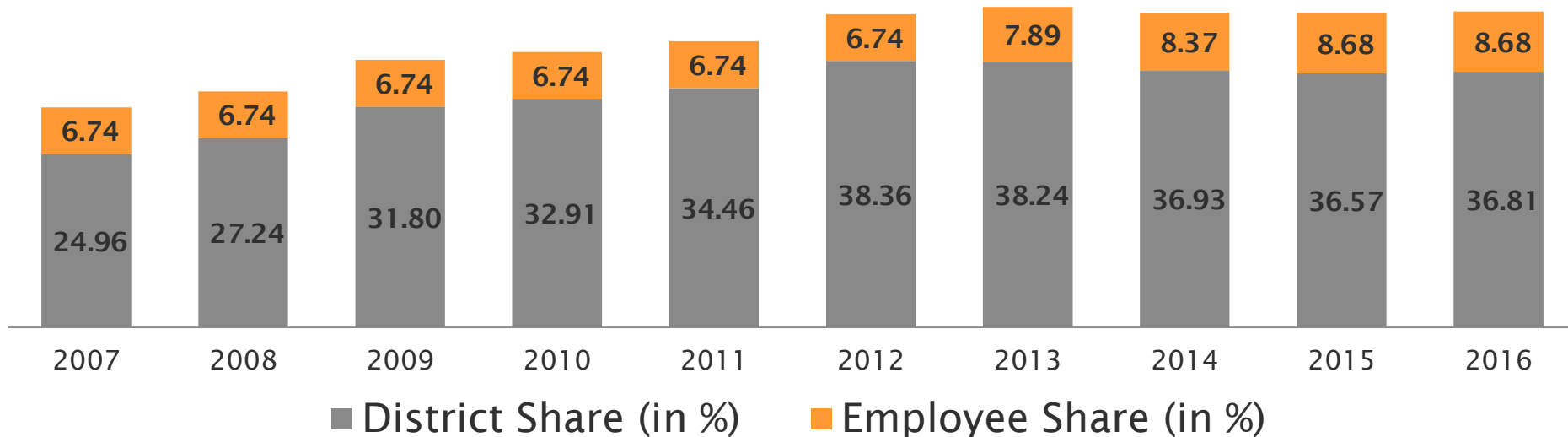
Actuarial Valuation



Funded Ratio Pension Only (data as of June 30 of year shown)



Historical Contribution Rates Pension Only (data as of June 30 of year shown)



• *Before 2014, 1980 tier only*

• *Starting 2015, 1980 & 2013 tiers combined*

- Administration
 - Extensive training and education
 - ESG primary focus
- Investment Management
 - Performance above benchmark, even net of fees
- Actuarial Valuation
 - Continued decrease of assumed rate
 - Increasing funding ratio



EAST BAY MUNICIPAL UTILITY DISTRICT

Water Theft Penalty Ordinance and Guarantee Deposits

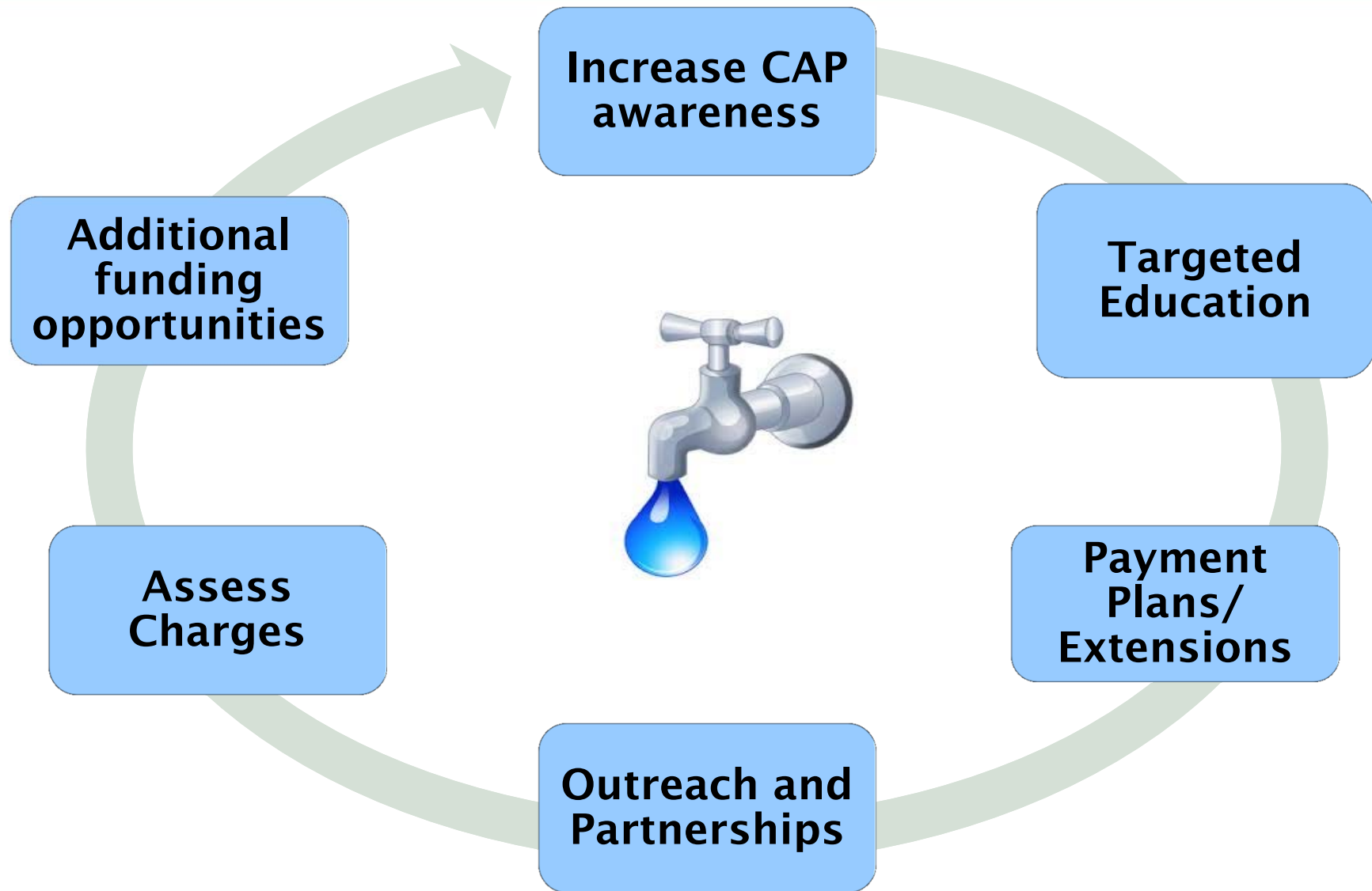
**Finance/Administration Committee
June 27, 2017**

Background

May 9th Planning Committee Presentation included the following overview:

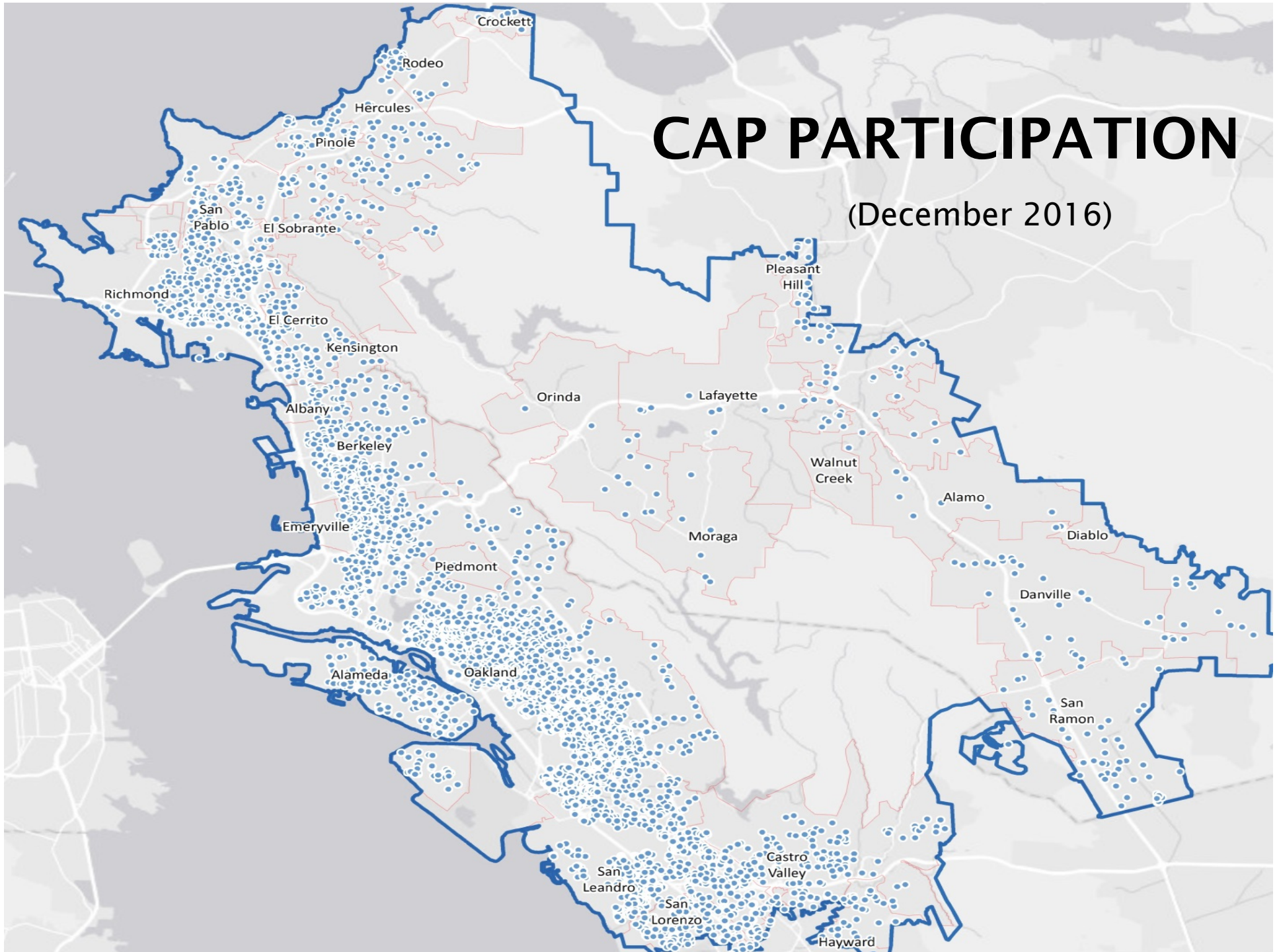
- Customer Assistance Program (CAP) Growth
- CAP Household Eligibility within the District
- Impact for Suspension of Turn-Offs
- Low-Income Outreach/Education Efforts
- Water Theft and Deposit Options

Low Income Assistance Approach

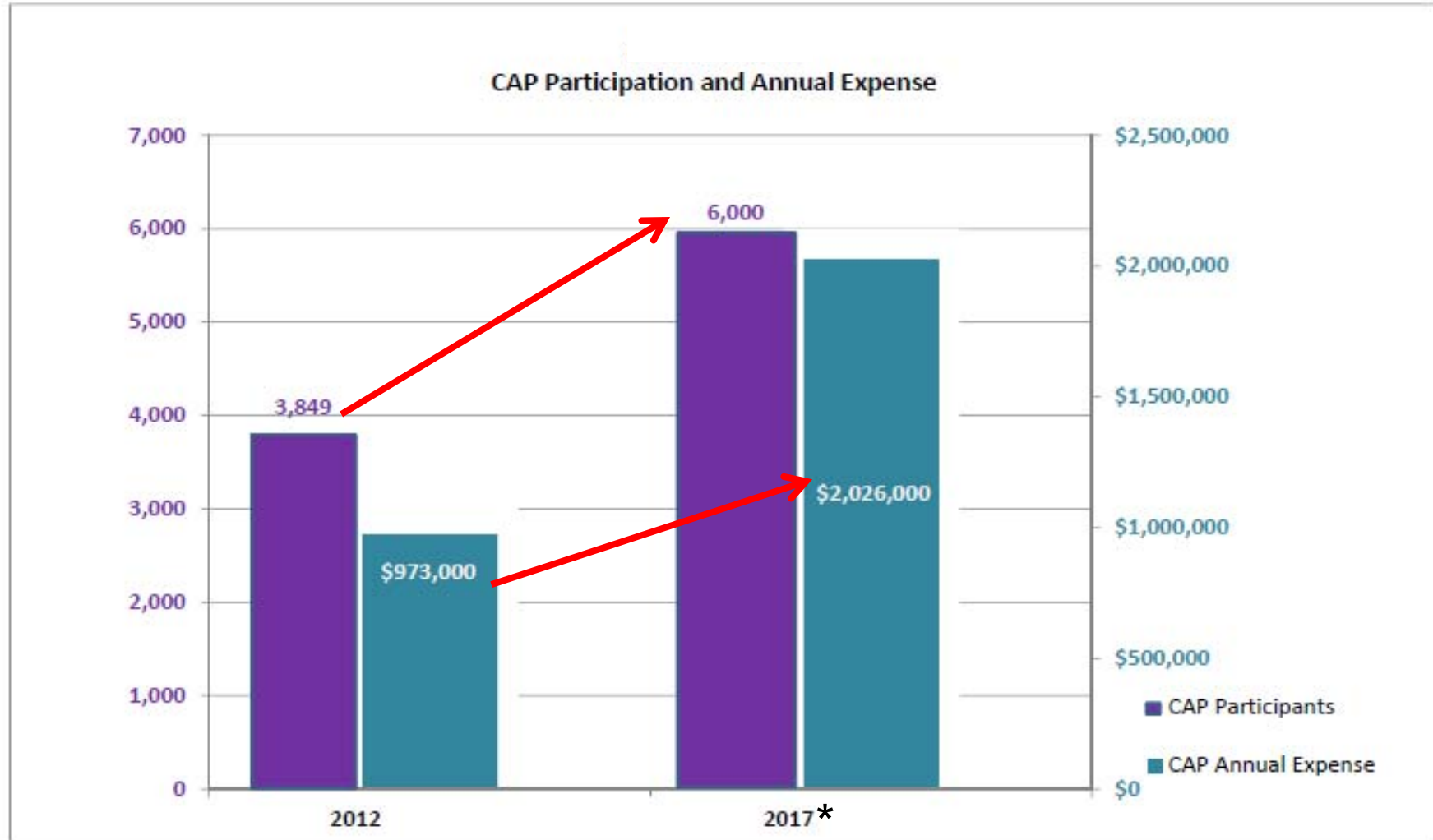


CAP PARTICIPATION

(December 2016)



CAP Growth (last 5 years)



* as of May 31, 2017

Topic Areas

- Water Theft Penalty Ordinance
- Guarantee Deposits
 - Automatic CAP
Enrollment/Retroactive
 - Low-Income Delinquent Shut Offs

Sample Bill with Water Theft Penalty



EBMUD 1-866-40-EBMUD

EAST BAY MUNICIPAL UTILITY DISTRICT

YOUR ACCOUNT NO. IS: 12345678001

Next Read Date is 05/02/2017

Your Payment is Due by 03/23/2017

Delivering reliable, high quality water takes financial stewardship.
Learn how EBMUD reinvests in our water and wastewater systems to better serve you.
Visit ebmud.com/stewardship.

[EBMUD Home Page](#)

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[Rates & Charges](#)

[Contact Info](#)



Jane Doe
1234 JENKINS WAY
RICHMOND, CA 94806-1734

Bill Date: 03/08/17

Billing Period

From
12/30/16

To
3/1/17

For: 1234 Jenkins Way
Private Residence

PREVIOUS CHARGES AND CREDITS

PREVIOUS AMOUNT DUE
LATE PAYMENT PENALTY

WATER CHARGES - EBMUD

WATER SERVICE CHARGE
WATER FLOW CHARGE 11 UNIT @3.16
WATER THEFT PENALTY

AMOUNT

TOTAL

352.04
5.28

357.32

41.38
34.76
1,000.00

76.14
1,000.00

PLEASE SEE REVERSE SIDE
FOR BILLING EXPLANATION

Please Pay This Amount Now Due

1,433.46

Water Theft Penalty Ordinance

- Adopted by the Board April 28, 2015
- Penalty for illegal use of water
- Majority of theft: illegal service restoration
- 347 occurrences (227 charged)
- 41% reduction of broken locks and subsequent field work

WARNING!
DO NOT RESTORE YOUR
WATER SERVICE!

WATER THEFT IS A CRIME and under EBMUD's Water Theft Ordinance #365-15, you could be subject to financial penalties!

DO NOT open, or tamper with any residential water meter that has been turned off.

DO NOT have any unauthorized connections to EBMUD's water system.

DO NOT attempt to take water illegally from a public fire hydrant.

ALL of these actions constitute water theft, and could subject you to criminal and/or financial penalties.

EBMUD's **WATER THEFT ORDINANCE** can be found in its entirety on EBMUD's website at www.ebmud.com/water-theft

Under the Water Theft Ordinance, the following penalties apply:

\$1,000 First Violation

\$2,000 Second Violation within 12 months of the prior violation date

\$3,000 Each additional violation within 12 months of the prior violation date

Types of Water Theft

1. Tampering with the meter or service
2. Unauthorized connection (straight connection)
3. Diverts utility service
4. Unauthorized use of water: unlawfully obtaining water through a fire hydrant or use of hydrant meter



District Regulations & Procedures

- Regulations Governing Service
 - Section 7 - Service Through Public Hydrants
 - Section 15 - Discontinuance of Service
 - Section 19 - Use and Resale of Water
 - Section 23 - District Equipment on Customer's Premises
- Schedule of Rates and Charges; Schedule C
- Procedure 112 – Unauthorized Use of Water



Mechanisms and Charges for Enforcement

Action	Current Charge
Turn-off/on Service/trip charge	\$ 45 \$ 45
Pad lock service	\$ 57
Remove meter and plug/unplug service	\$ 394
Re-install service and lateral	\$ 6,200+
Hydrant meter site visit	\$ 217

- The District is able to recover costs of enforcement
- Charges will update in July 2017 when the Board approves the Rates and Charges

Water Theft Penalty Ordinance Options

1. Reduce water theft penalty charges for some types:
 - Hydrant theft (no change)
\$1,000, \$2,000, \$3,000
 - Tampering and lateral diversions
(\$200, \$400, \$800)
2. Eliminate meter tampering; retain lateral diversions and hydrant theft
3. Eliminate Ordinance and retain other charges
4. No change

ORDINANCE NO. 365-15
WATER THEFT PENALTY ORDINANCE

Introduced by Director Coleman ; Seconded by Director Patterson

WHEREAS, California Penal Code section 498 prohibits the theft of utility services, including water; and

WHEREAS, California Penal Code section 624 prohibits every person from willfully damaging, tampering with, or digging up water pipes or waterworks; and

WHEREAS, California Penal Code section 625 prohibits every person who, with intent to defraud or injure, opens or causes to be opened, or draws water from any disconnected utility connection after having been notified that the same has been closed or shut for specific cause, by order of competent authority; and

WHEREAS, any person who violates Penal Code sections 498, 624, or 625 is guilty of a misdemeanor; and

WHEREAS, California Civil Code section 1882 *et seq.* authorizes the East Bay Municipal Utility District (the "District") to bring a civil action for damages against any person who commits, authorizes, solicits, aids, abets, or attempts any of the following acts:

- a. Diverts, or causes to be diverted, utility services by any means whatsoever.
- b. Makes, or causes to be made, any connection or reconnection with property owned or used by the utility to provide utility service without the authorization or consent of the utility.
- c. Prevents any utility meter, or other device used in determining the charge for utility services, from accurately performing its measuring function by tampering or by any other means.
- d. Tamper with any property owned or used by the utility to provide utility services.
- e. Uses or receives the direct benefit of all, or a portion, of the utility service with knowledge of, or reason to believe that, the diversion, tampering, or unauthorized connection existed at the time of the use, or that the use or receipt, was without the authorization or consent of the utility; and

WHEREAS, pursuant to California Civil Code section 1882 *et seq.*, the District may bring a civil action for the unauthorized use of District water; and

WHEREAS, the District's "Regulations Governing Water Service to Customers of the East Bay Municipal Utility District" (the "Regulations"), including Sections 7, 15, 19, and 23, establish

Water Theft Discussion

Committee Action Requested:

- Consideration of Water Theft Penalty Ordinance options
- Discussion

Deposit Considerations

- Payment installments
- Deposit deferral
- Apply deposit if susceptible to turn-off



SECTION 9

GUARANTEE DEPOSITS

Customers are required to pay bills promptly for water service charges and applicable sewer service charges included as part of the District's bill in accordance with Section 13 of these Regulations, and to maintain a payment history satisfactory to the District.

Customers shall be required to pay a guarantee deposit if:

1. They fail to maintain a satisfactory payment history, or
2. They fail to meet minimum requirements of prospective payment responsibility as determined by the District.

The following provisions shall also apply if a guarantee deposit is required:

1. Full payment of any due bills, in addition to the deposit, may be required before granting, continuing or reestablishing service;
2. The deposit shall be in an amount approximately two times the estimated monthly or bimonthly billings, but in no case shall be less than \$50.00;
3. No interest will be paid on deposits; and
4. The guarantee deposit will be credited to the customer's account after he or she has established and maintained a satisfactory payment history for a one-year period. If service is discontinued during this period, the deposit, less the final bill, will be refunded. Any overdue bill may be deducted from the guarantee deposit, and service may be discontinued until the deposit is restored to the original amount.

Next Steps

1	Water Theft Penalty Ordinance Modifications	1st Public Hearing 2nd Public Hearing - Adoption	July 25, 2017 August 8, 2017
2	CAP Modifications – Auto enrollments	Board Long Term Financial Workshop	Fall/Winter 2017
3	Low-Income Shut Offs	Board Long Term Financial Workshop	Fall/Winter 2017