

MINUTES

Tuesday, May 24, 2022

**East Bay Municipal Utility District
Board of Directors
375 Eleventh Street
Oakland, California**

Special Meeting

President Doug A. Linney called to order the Special Meeting of the Board of Directors in the Boardroom at 9:31 a.m. The Board met in workshop session to receive updates to the Key Performance Indicators, Fiscal Years (FY) 2022 and 2023 Mid-Cycle Budget, and proposed FY 2023 Rates, Charges, Fees and Regulations not subject to Proposition 218.

ROLL CALL

Directors John A. Coleman, Andy Katz, Lesa R. McIntosh, Frank Mellon, William B. Patterson, Marguerite Young, and President Doug A. Linney were present at roll call.

Staff participants included General Manager Clifford C. Chan, General Counsel Derek T. McDonald, Director of Finance Sophia D. Skoda, Manager of Budget Samuel A. Feldman-Crough, Principal Management Analyst Richard C. Lou, Executive Assistant II Robyn S. Johnson, and Secretary of the District Rischa S. Cole.

PUBLIC COMMENT

There was no public comment.

DISCUSSION

- Filed with the Board was a presentation entitled, "Fiscal Year 2022 & Fiscal Year 2023 Long-Term Financial Stability, Key Performance Indicator Update and Mid-Cycle Budget Workshop," dated May 24, 2022.

General Manager Clifford C. introduced the workshop and Director of Finance Sophia D. Skoda acknowledged the staff that developed the workshop presentation, the outgoing Budget Manager, and the interim Budget Managers, and reviewed the workshop agenda.

Manager of Budget Samuel A. Feldman-Crough presented proposed updates to the Key Performance Indicators (KPIs) for each goal in the District's Strategic Plan for FY23 and FY24. Updates to KPIs for the Long-Term Water Supply goal primarily reflect continued progress to secure long-term water supplies, increase conservation, and further develop water recycling. Updates to KPIs for the Water Quality and Environmental Protection, Long-Term Infrastructure Investment, and Long-Term Financial Stability goals are almost entirely cleanup changes as the KPIs remain aligned to the strategies and goals in the Strategic Plan. Updates to KPI language for the Customer and Community Services and Workforce Planning and Development goals are primarily for formatting and to clarify phrasing. Board members commented on the proposed updates to the phrasing regarding water shutoffs under the Customer and Community Services

goal and the updated KPI related to employee training under the Workforce Planning and Development goal. General Manager Clifford C. Chan confirmed messaging regarding shutoffs and implementation of flow restrictors, which is scheduled to begin in 2023, would clarify these actions are not linked to the COVID-19 pandemic. Staff was asked to consider including an additional KPI for training and certification requirements for Human Resources staff. General Manager Clifford C. Chan explained the KPI for employee training was updated to ensure each employee completes all required training in addition to completing an average of 30 hours of training for self and/or professional development and Interim Director of Human Resources Winnie A. Anderson reviewed ten years of training data for Human Resources technicians, clerks, and analysts. There was additional discussion and staff was asked to provide written recommendations on training requirements for Human Resources staff and information on training programs available to all employees. Staff was also asked to consider discontinuing the use of the term “minorities” in Strategy 4: Recruitment under the Workforce Planning and Development goal. General Manager Clifford C. Chan said staff would discuss the request to discontinue use of the term “minorities” during the update on the District’s Diversity, Equity and Inclusion Strategic Plan at the Legislative/Human Resources Committee meeting on June 14, 2022.

Next, Mr. Feldman-Crough provided an update on the FY22 and FY23 Mid-Cycle Budget including FY22 year-end projections for the Water and Wastewater Systems. Revenues for the Water System are expected to exceed the budget by \$16 million or 2 percent while total operating expenses are expected to use the full budgeted amount of \$535.6 million. Revenues for the Wastewater System are expected to exceed the budget by \$4.9 million or 3 percent while total operating expenses are expected to use the full budgeted amount of \$116.6 million.

- Director McIntosh left the meeting at 10:04 a.m. and returned at 10:05 a.m.

He reviewed staffing changes already approved in the FY23 budget and requests for additional positions in the FY23 Staffing Plan which would assist with processing requests for public records and support efforts in the Office of Diversity, Equity and Culture. Seven existing Limited-Term (LT) drought positions in the FY23 Staffing Plan will be activated as of July 1, 2022 to assist with increased drought-related activities. Staff is recommending the Board consider approving three additional LT drought positions for the Public Affairs Office. Pay and equity modifications affecting 144 positions and totaling \$1.03 million will be absorbed in existing budgets.

Finally, Mr. Feldman-Crough discussed FY23 budget appropriations for the Water and Wastewater Systems approved by the Board in the FY22 and FY23 biennial budget in June 2021 and expected impacts on FY23 revenues and expenses from the drought. Staff prepared a drought contingency budget totaling \$33.3 million which if approved, would increase total appropriations for the Water System for FY23 from the Board approved \$969.4 million to \$1,002.7 million. Staff expects baseline operating and debt service expenses to be manageable within the budget and reports capital appropriations remain sufficient for FY23. There are no expected changes to Wastewater System appropriations in FY23 which total \$175.7 million and staff expects baseline operating and debt service expenses to be manageable within the budget and reports capital appropriations remain sufficient. The 4 percent rate increases approved by the Board for the Water and Wastewater Systems will be implemented on July 1, 2022. He highlighted charts displaying annual charges for single-family residential water and wastewater bills effective July 1; budgeted and projected water sales for FY22 and FY23; and FY23 revenue projections for the Water and Wastewater Systems. Director of Finance Sophia D. Skoda responded to questions from the Board and clarified the District is not offsetting increased labor costs for the Water and Wastewater

Systems with vacancy savings and that if the governor imposes a statewide mandatory 15 percent reduction in water use, the District will cover the estimated \$10 million to \$15 million decrease in FY23 revenues with reserve funds.

Principal Management Analyst Richard C. Lou presented the proposed updates to rates, charges, fees, and regulations that are not subject to Proposition 218. Mr. Lou reminded the Board the SCC schedule was updated based on calculations and methodology in the 2021 SCC study and the Wastewater Capacity Fees (WCF) schedule was updated based on calculations and methodology in the 2019 SCC study. In FY23, SCC increases range from 2.2 percent to 4.6 percent and WCF increases range from 3.3 percent to 3.8 percent in comparison to FY22 rates. The FY23 single-family residential WCF will increase 3.5 percent or from \$2,850 to \$2,950. He reviewed changes to SCC single-family, multi-family and non-residential rates by region as well as proposed updates to the Account Establishment Charges (Schedule B); Special Services Charges (Schedule C); Installation Charges: Water Service, Private Fire Service, Public Fire Hydrant, Water Main Extension (Schedules D, E, F, and G); the Public Records Act fee schedule; Recreation Use fees; Water Service Regulations; and Wastewater Fees: Interceptor Connection Review (Wastewater Schedules H). There was considerable Board discussion regarding the Water SCC and the Board asked for information summarizing the methodology used to calculate the SCC, changes that are driving proposed SCC increases, and an explanation for the differences in the increases in charges between the three SCC regions.

Director of Finance Sophia D. Skoda discussed new state laws that focus on increasing home production to meet Regional Housing Needs Allocation (RHNA) goals. The District is experiencing peaks in its applicant project workload as cities and counties in the service area seek to expedite projects to maintain compliance with the RHNA and avoid fines. Ms. Skoda reviewed alternatives for meeting peak applicant project workloads and accelerate the timeline to complete applicant projects including using LT positions to complete the work; contracting the design services; allowing applicants to design portions of their projects (with modified rates/charges) with District review and approval; implementing a combination of the alternatives above; and/or consider other options. These alternatives may require new rates and charges and staff would discuss plans with union leadership before implementing any of these alternatives. The Board discussed the information presented, alternatives to help decrease the District's current turnaround time for completing applicant projects, and proactive outreach to cities. The Board requested staff proactively reach out to the development community and non-governmental organizations regarding updates to District fees, rates, and charges and to develop ideas to coordinate with cities and inform builders on the District's new or upgraded service requirements. In conclusion, Ms. Skoda summarized the workshop discussion and said at its June 14 meeting, the Board will be asked to affirm the FY23 rates and amendments to add the drought contingency budget to the FY23 budget; approve changes to the FY23 Staffing Plan; and conduct a public hearing and consider adopting the updated rates, charges, fees, and regulations that are not subject to Proposition 218.

ADJOURNMENT

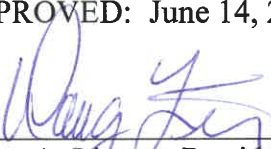
President Linney adjourned the Special Meeting at 11:17 a.m.

SUBMITTED BY:



Rischa S. Cole, Secretary of the District

APPROVED: June 14, 2022



Doug A. Linney, President of the Board

W:\Board of Directors - Meeting Related Docs\2022 Special Mtg Minutes\052422 Fin Stability-KPI-Mid Cycle Budget workshop minutes.docx