



Extend Commercial Paper Liquidity Agreements

Finance/Administration Committee

March 26, 2024

Water CP Liquidity Agreements

- Commercial Paper Notes (Water Series) program consists of two subseries – Subseries A-1 and A-2
- Covenants require liquidity facilities that can be drawn upon in an amount at least equal to the principal of CP notes outstanding
- Current liquidity providers are Sumitomo Mitsui Banking Corporation (“SMBC”) and Bank of America, N.A. (“BANA”)

Subseries	CP Outstanding	Provider	Liquidity Facility	Current Fee	Term End
A-1	\$144 million	SMBC	Standby Letter of Credit	0.30%	May 6, 2024
A-2	\$137 million	BANA	Revolving Credit Agreement	0.29%	June 28, 2024

CP = Commercial Paper; Water CP = Commercial Paper Notes (Water Series)

Proposed Agreement Extensions

- Favorable terms and pricing in today's liquidity market have been negotiated to extend expiration dates of the existing agreements

Subseries	Agreement	Amount	Term End	Fee	Annual Cost
A-1	SMBC LOC	\$144 million	May 4, 2029 (5-year term)	0.32% (AA+/Aa1 tier)	\$460,800
A-2	BANA RCA	\$137 million	June 28, 2028 (4-year term)	0.32% (AA/Aa2 tier)	\$438,400

- Ongoing planned pay-down of Water CP will reduce Annual Cost

Extension vs. Substitution

- Extending current agreements has been determined to be more cost-effective than the alternative of substituting a new liquidity facility
- SMBC and BANA's proposals are very competitive in comparison to recent liquidity agreements procured by other peer agencies
- Upfront transaction costs are estimated at \$55,000 for an extension and \$170,000 for a substitution reflective of the simplicity or complexity of required documentation
- A new bank is unlikely to propose a low enough annual fee (below 0.30%) to offset the higher upfront costs of a substitution

Next Steps

- Board consideration to authorize the execution of a Second Amendment to the SMBC LOC, Third Amendment to the BANA RCA, and related Fee Agreements at its March 26, 2024 meeting

Questions?





Applicant Project Process Improvement Update

Finance/Administration Committee

March 26, 2024

Agenda

- Background
- Applicant Project Process Improvement Updates
- Regulations Modifications
- Next Steps

Background

- In May 2023, the District had an internal workshop and identified areas that could be simplified.
- Several improvements implemented significantly reduced application timelines.
- Additional improvements are being implemented to further improve process.

Applicant Project Process Improvements Update

Priority Areas	Goals	Impacts/Benefits	Estimated Completion
Regulations Governing Water Service	<ul style="list-style-type: none"> Revise regulations to increase clarity and support new development trend. 	<ul style="list-style-type: none"> Estimated time savings up to 16 weeks. 	April 2024
Water Conservation Review	<ul style="list-style-type: none"> Eliminate review of water fixtures specifications sheets. 	<ul style="list-style-type: none"> Estimated time savings of 4 hours. 	Completed
Private Fire Hydrant Modeling	<ul style="list-style-type: none"> Eliminate modeling of customers' side of private fire hydrants. 	<ul style="list-style-type: none"> Estimated time savings up to 8 weeks. 	Completed
Customer Service	<ul style="list-style-type: none"> Add staff to improve processing time. 	<ul style="list-style-type: none"> Reduced processing times by 10 weeks. 	Completed
Online water service application	<ul style="list-style-type: none"> Improve customer interface, adding guidance when filling out an application. 	<ul style="list-style-type: none"> Estimated time savings up to 4 hours. 	Completed

Applicant Project Process Improvements Update

Priority Areas	Goals	Impacts/Benefits	Estimated Completion
Websites	<ul style="list-style-type: none"> Improve navigation for new applications within www.ebmud.com. Update New Business Office information pages to improve clarity. 	<ul style="list-style-type: none"> Improve customer experience. 	September 2024
General Work Order System	<ul style="list-style-type: none"> Replace General Work Order system. 	<ul style="list-style-type: none"> Improve internal process. 	2027
Infrastructure Tracker Project	<ul style="list-style-type: none"> Improve user interface, reduce data entry, update for better workflow management. 	<ul style="list-style-type: none"> Free up staff resource to support other application reviews. 	TBD
Reduce Duplicate Data Entry	<ul style="list-style-type: none"> Identify all systems utilized in processing an application and eliminate data duplication. 	<ul style="list-style-type: none"> Improve efficiency. 	TBD

Applicant Project Process Improvements Update

Priority Areas	Goals	Impacts/Benefits	Estimated Completion
Encroachment permit process	<ul style="list-style-type: none">Explore benefits of consolidating all encroachment permits to one workgroup.	<ul style="list-style-type: none">Estimated time savings up to 8 weeks.	November 2024
Hydrant/Fire Service/ Dual Service Form	<ul style="list-style-type: none">Investigate ways to improve process with obtaining information from local Fire Marshals for fire flow requirements.	<ul style="list-style-type: none">Estimated time savings up to 8 weeks.	October 2024
System Capacity Charges (SCC)	<ul style="list-style-type: none">Identify ways to improve clarity in how SCC and SCC credit is calculated.	<ul style="list-style-type: none">Assist applicants in budgeting for projects.	Next SCC Study
Main Extensions	<ul style="list-style-type: none">Pilot new administrative process to reduce internal handoffs.	<ul style="list-style-type: none">Reduce processing time.	July 2024

Section 1: Explanation of Terms

Modifications	Explanation
<ul style="list-style-type: none"> Adding new terms - Common Area, Hydrant or Public Fire Hydrant, Lateral, Main, Submeter, Branch Service, Conditional Service, Dual Service, Private Fire Service, Standard Service 	<ul style="list-style-type: none"> Provides clear guidance for applicants during application process.
<ul style="list-style-type: none"> Updating existing terms - Major Facilities, Water Efficiency Requirements, Dwelling Unit; revised Limited Service to include Limited/Low/High Pressure Service 	<ul style="list-style-type: none"> Explains the requirements for obtaining water service.
<ul style="list-style-type: none"> Deleting existing term - Master Meter 	<ul style="list-style-type: none"> Definition is addressed in Section 3 of the Regulations.

Section 2: Applying for Service

Modifications	Explanation
<ul style="list-style-type: none"> Adding new language - payment of costs associated with Encroachment permits 	<ul style="list-style-type: none"> Clarifies applicants' responsibility to pay outside agencies fees.
<ul style="list-style-type: none"> General revision – the Applying for Service section 	<ul style="list-style-type: none"> Clarifies when applicants must apply for water service and aligns section with newly added terms.

Section 3: Standard Service

Modifications	Explanation
<ul style="list-style-type: none">• Revision to existing language - Temporary Construction Services & Installation of Service Connection, Branch Meter, Master Meter, and Service Connection Not at the Principal Frontage	<ul style="list-style-type: none">• Allows the use of an existing service for construction.• Provides flexibility for installing branch services.• Enables developers to plan their projects for the appropriate number of meters.• Decreases the number of short main extensions within infill developments.
<ul style="list-style-type: none">• Adding new subsection- Accessory Dwelling Units (ADUs)	<ul style="list-style-type: none">• Aligns the District's Regulations with Government Code Sections 65852.2 and 65852.22

Section 18: Location of Service

Modification	Explanation
<ul style="list-style-type: none">• Revising existing language - location of where meters are allowed for installation	<ul style="list-style-type: none">• Improves clarity for where District meters can be installed.

Section 23: District Equipment on Customer's Premises

Modification	Explanation
<ul style="list-style-type: none">• Revising existing language - vertical clearance above a District meter box	<ul style="list-style-type: none">• Aligns Regulations with requirements for meter maintenance.

Section 31: Water Efficiency Requirements

Modification	Explanation
<ul style="list-style-type: none">• Adding new language - Water Efficiency Requirements for New Development or Expanded service	<ul style="list-style-type: none">• Explains the type of submeters the District will allow if a submeter is approved for use.

Next Steps

- Modifications to the Regulations will be brought to the Board for consideration at its April 23, 2024 meeting

Questions?

