


EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 22, 2025

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager 

FROM: Andrew L. Lee, Director of Customer and Community Services 

SUBJECT: Follow-up to March 25, 2025 Board Meeting on Single-Family Residential Arrearage Management Program

This memorandum provides additional information requested by the Board at the March 25, 2025 Board meeting on the Single-Family Residential (SFR) Arrearage Management Program.

DISCUSSION

Provide the Number of SFR Customers with Arrearages that are Eligible for the Customer Assistance Program (CAP)

The District does not have data to determine the total number of customers in arrears that may be eligible for CAP. Unless a customer applies for CAP and submits their household income, the District would not be able to determine if they meet income criteria for CAP eligibility. Based on analysis conducted by overlaying the United States 2020 Census Block Group Data for household income and SFR customers in arrears for greater than 100 days, staff estimates approximately 40 percent (6,024 households) of this customer segment could meet CAP income thresholds. Currently, there are approximately 702 CAP customers that are in arrears.

Of the 2,693 Customers that are in Arrears, Provide the Number that Have Not Paid Since COVID

As of April 2025, there are 176 accounts that have not made a payment since the start of the COVID pandemic, of which, 81 accounts were closed and written off to third-party collections.

Provide a Graph of the Arrearage and Delinquency Numbers by Ward

The breakdown of the arrearage delinquency numbers for tenant- and owner-occupied SFR accounts over 100 days delinquent by ward is displayed in Attachment 1.

Provide Information on the Number of SFR Customers that are Living Below Federal Poverty Level

Based on the adjusted 2020 United States Census Block Group Data, the District serves a total of 578,590 households (334,083 SFR and 225,407 Multi-Family Residential customers). Note that the number of multi-family residential customers represents approximately 30,000 accounts. The data indicates that approximately 138,000 (24%) of these households may be living below 200 percent of the federal poverty level (FPL). However, the District is unable to determine the exact number of households living below 200 percent of the FPL and paying a water bill directly to the District.

Improve Outreach for Customers that are Delinquent on Their Bills

In October 2024, the District conducted a Delinquent-Nonpayment Engagement Study (Study) with a local community-based organization (CBO) to test different communication styles for engaging customers with past due bills. A random sample of approximately 500 delinquent accounts were selected to receive various messaging from “stern” messages that included notification of the potential installation of a flow restrictor, to “empathetic” messages that offered additional support and resources from a local CBO. The purpose of the study was to identify the most effective tone and message to communicate with customers regarding their overdue bills. The study concluded that customers were more responsive to stern messages. Approximately, 67 percent of the 148 customers who received “stern” messages, responded to make a payment or set up a payment plan. Only 11 out of the 146 customers who received the empathetic messages made direct contact with the CBO to seek assistance.

The District is working with research staff at the University of California at Los Angeles’s Luskin Center for Innovation to review our messaging and outreach materials to recommend how to better engage customers who have past due bills. Additionally, the District is exploring other outreach strategies to further engage customers who are non-responsive to outreach efforts by partnering with local CBOs to host in-person bill assistance for customers with past due bills, specifically targeting areas that have high numbers of customers in arrears.

Consider Auto Enrollment in CAP and Allow Customers 30 Days to Provide Documentation

The Municipal Utility District Act (MUD Act) allows the District to provide relief for customers unable to pay their bills in full. To determine a customer’s ability to pay their bills in full, the District reviews and approves completed CAP applications, which includes proof of income. Without proof of a customer’s eligibility, the District cannot enroll a customer in CAP, as that would be a direct violation of MUD Act Section 12811.2.

Consider Applying Retroactive CAP Benefits for New Customers with Past Due Bills

MUD Act Section 12811.2 allows the District to provide temporary relief for customers who are determined to be needy and financially unable to pay their bills in full. Therefore, the District provides CAP benefits to customers upon verification of income requirements submitted by the customer during the application review process. CAP applications are processed within one to three business days. Once approved, CAP enrollment is applied to the account they submitted their application for (effective the last meter read cycle), thus allowing customers to receive benefits for water usage prior to the approval date.

The MUD Act does not prohibit offering retroactive CAP benefits to new customers with overdue bills, as long as a customer can meet the two requirements: 1) inability to pay, and 2) income eligibility. While it is feasible to offer retroactive CAP benefits to new program enrollees, it would pose a financial and administrative burden on the District and raises issues and concerns surrounding equity for all CAP customers. For example, offering retroactive benefits to new CAP customers with a past due balance would create an inequitable situation for new CAP customers without a past due balance who may not have known about CAP previously and will question why were not given retroactive benefits. This creates an unfair burden for customers who have been paying their bills in full and on time, despite potentially being CAP eligible during that timeframe.

The District will further investigate the financial and administrative burden to implement retroactive CAP benefits and discuss the findings at a future Finance/Administration Committee meeting.

Consider Implementing a Voluntary Contribution Program Using an “Opt-Out” Approach

There are no specific MUD Act provisions that would prohibit the District from collecting voluntary contributions from customers on their water bills.

While existing laws would not prohibit the District from collecting voluntary contributions, definitive authorization in the collection and allocation of voluntary contributions specifically for CAP would be helpful. Currently, Assembly Bill (AB) 532 (Ransom) grants express authority to public urban retail water suppliers "upon approval by the supplier's governing body, [to] seek and use voluntary contributions of funds from its ratepayers and others to support a water rate assistance program for its ratepayers." The bill allows voluntary contributions of funds to be sought "on a water bill or through any other legal means" and specifies that these funds shall not be considered public funds. No method of how a water supplier may seek voluntary contributions is specified in the bill.

The District is investigating the feasibility and timeline to implement a voluntary program and will discuss the findings at a future Finance/Administration Committee meeting.

Evaluate if Language is an Issue of Non-Payment or Lack of Responsiveness

The District's billing and outreach materials are available in multiple languages (Spanish, Chinese, Vietnamese, Tagalog, Korean, and Farsi) to meet the needs of our diverse customer base. The District's Contact Center is also staffed with bilingual representatives to offer customer support in the following languages: Spanish, Cantonese, Mandarin, and Vietnamese. Language has not been reported by customers as a barrier to accessing District resources or information to address their past due bills.

Establish Criteria for Shutoff/Flow Restrictor Installation for Customers Who Default on Their Payments After a Flow Restrictor has been Installed

When a customer misses a payment or a payment has been returned after a flow restrictor has been removed, the billing system automatically triggers a payment default. The payment default generates a shutoff order. To minimize the number of potential shutoffs as a result of a payment default, Field Services staff will revisit the property to deliver a 48-hour notice informing the customer of the impending shutoff. Through this process, the customer will also be informed of actions they can take, giving the customer another opportunity to avoid a water shutoff. These actions include:

- Contacting the District to pay the full past-due balance, or
- Establishing a second payment plan, which requires the customer to pay an acceptable portion of the past-due balance to avoid the shutoff.
- Requesting to establish a second payment plan. This option is available to customers who can demonstrate a specific hardship (e.g., job loss, a medical emergency, or other serious unforeseen circumstances) that prevented them from meeting the terms of the initial payment plan.

As of April 2025, there are 1,021 customers that have had their flow restrictor removed after establishing a payment plan where the customer committed to making monthly payments in addition to their current water bill. Of this total, 355 accounts have defaulted on their payment plan. For these accounts, the District will only proceed with water service shutoffs if the customer remains unresponsive or refuses to take the necessary actions to address their past due balance.

Provide Number of SFR Tenant-Occupied Accounts

It is estimated that 56,888 out of 334,083 (17%) SFR accounts are tenant-occupied based on customer billing data and third-party property records. This determination is made by comparing each account's service address to its mailing address, which is the same method used to conduct Proposition 218 mailings.

Provide Information on Notices to be Courteous to Staff and Seek Our Support to Address the
Customers' Arrearage

The District's outreach materials for delinquent accounts have been updated to include language that encourages respectful interactions with District employees. These outreach materials also include information regarding the District's various support programs for customers experiencing financial difficulties.

Explain How Other Charges Collected on Behalf of Cities are Distributed

The District provides billing and collection services on behalf of the cities of Oakland, Emeryville, and Berkeley for their sewer collection charges to SFR customers. These services are authorized through formal agreements that allow the District to continue administering these functions. Under the terms of these agreements, each sewer agency reimburses the District for its proportionate share of billing and collection costs. If a partial payment is collected, it is prorated and distributed among water, wastewater, and the respective agencies' charges. These agencies receive their proportionate shares monthly.

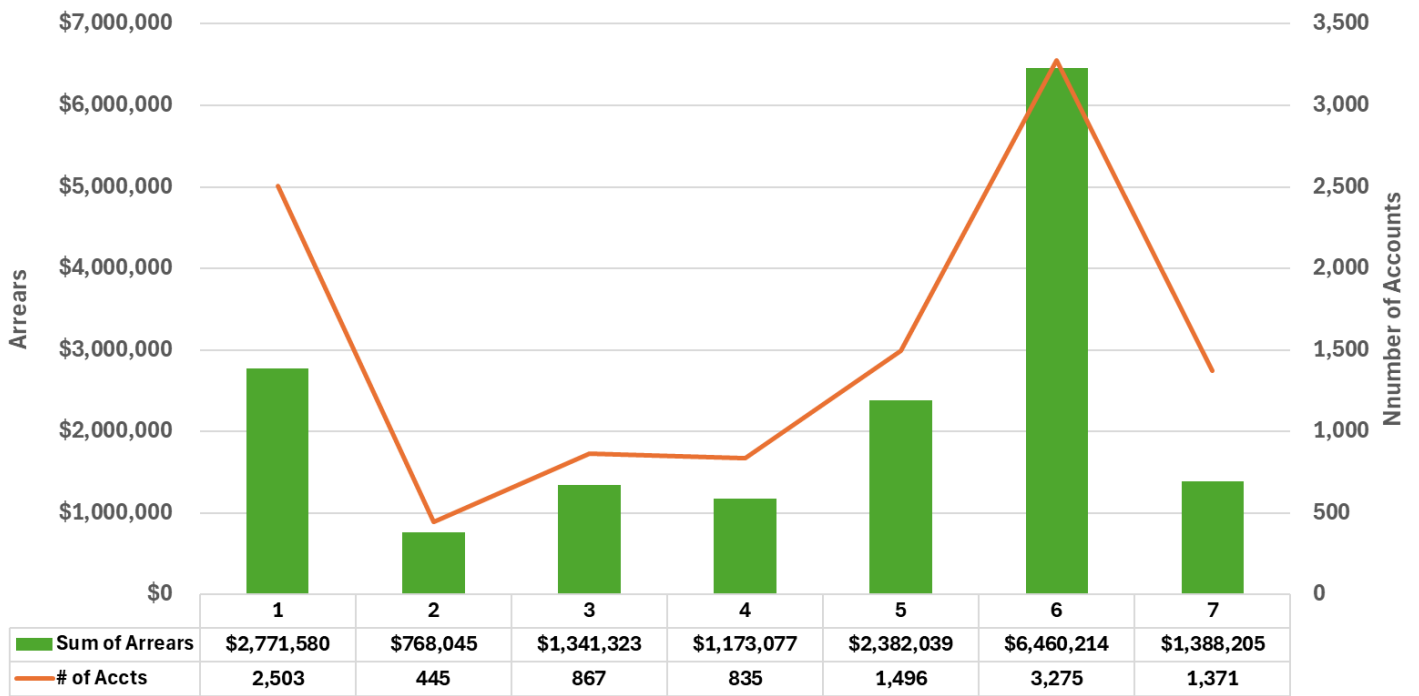
NEXT STEPS

The District will continue to monitor the SFR Arrearage Management Program and will exhaust all available ways to engage and work with customers prior to taking final action to recover delinquent debt.

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Attachment: Breakdown of Arrearage and Delinquency Numbers for Tenant- and Owner-Occupied SFR Accounts over 100 Days Delinquent by Ward

**Breakdown of Arrearage and Delinquency Numbers for
Tenant-Occupied SFR Accounts over 100 Days Delinquent by Ward
(Tenant Occupied - Subject to Flow Restrictor)**



**Breakdown of Arrearage and Delinquency Numbers for
Owner-Occupied SFR Accounts over 100 Days Delinquent by Ward
(Owner Occupied - Subject to Lien)**

