

The background of the slide is an aerial photograph of a large dam and reservoir. The dam is a long, curved concrete structure with a central spillway where water is cascading down. The reservoir is a deep blue body of water in the upper half of the image. The surrounding landscape is lush green with trees and some developed areas with roads and parking lots. The text is overlaid on a semi-transparent white rounded rectangle in the center of the image.

The Cost of Water: A Look at How EBMUD Sets Budget and Rates

December 10, 2020

Meet the EBMUD Panelists



Clifford Chan
General Manager



Sophia Skoda
Director of Finance



Jeanne Chase
Manager of Budget



Richard Lou
Principal Management
Analyst



David Mercado
Principal Management
Analyst

Agenda



- EBMUD Overview
- Budget Review
- Water Rates
- Water Bill Review
- FY22 and FY23 Budget and Rates Schedule
- Questions

Where Your Water Comes From



Sierra Nevada Mountains

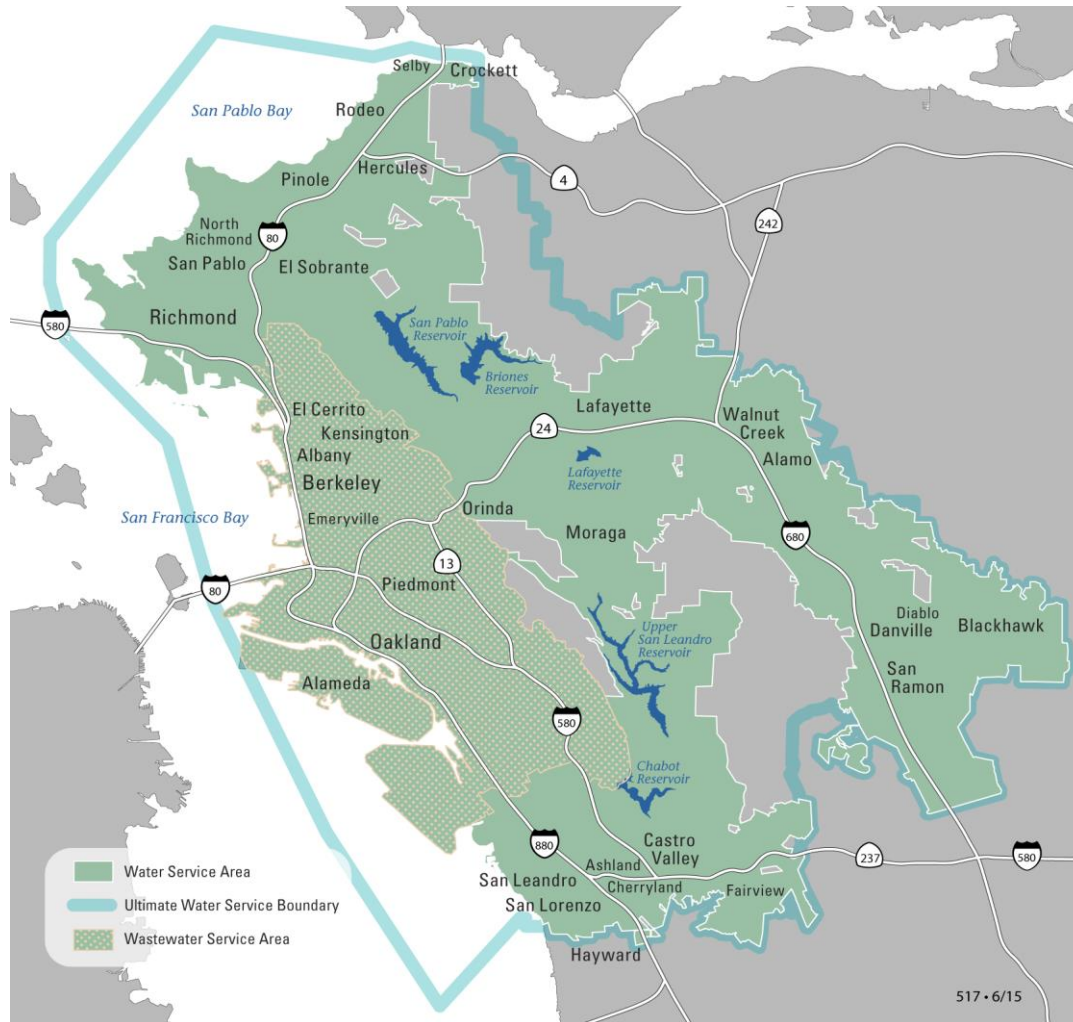


Pardee Reservoir



Mokelumne Aqueducts

Customers Served



Water: 1.4 Million Served

Raw Water System

5 Local Reservoirs

Treatment System

6 Water Treatment Plants

Distribution System

- 4,200 Miles of Pipeline
- 122 Pressure Zones
- 164 Reservoirs

Wastewater: 685,000 Served

- Wastewater Treatment Plant processes 50 million gallons per day (MGD); up to 320 MGD during rainfall
- 29 miles of sewer interceptors
- 3 Wet Weather Facilities

EBMUD Infrastructure



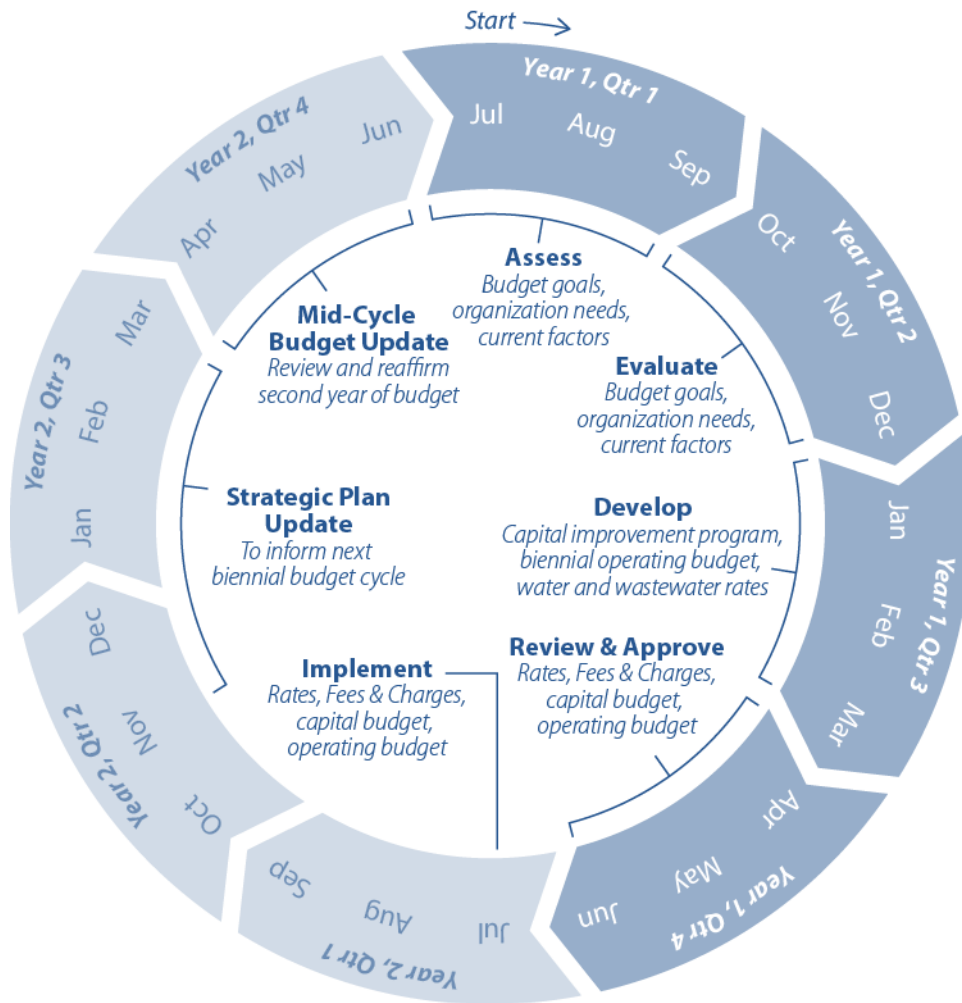
Replacement Value
of \$15 Billion



24/7 Operations Around the Clock Service



The Budget Development Process is Continuous



- Occurs over several months
- Culminates in June with a public hearing
- Board of Directors considers adoption of the proposed budget and rates

The Budget Process Begins

Strategic Plan Process



Costs in the Budget



Operations	+	Debt Service	+	Capital	=	Annual Budget
Day-to-day costs of providing water and wastewater services -Staff costs -Electricity & chemicals -Equipment & vehicles -Insurance & claims -Information technology -Security		Interest and principal on bonds issued to pay for capital investments in infrastructure		Funding for long lived capital projects upgrading treatment plants: -Staff costs -Consultant costs for planning and design -Construction supplies and materials		

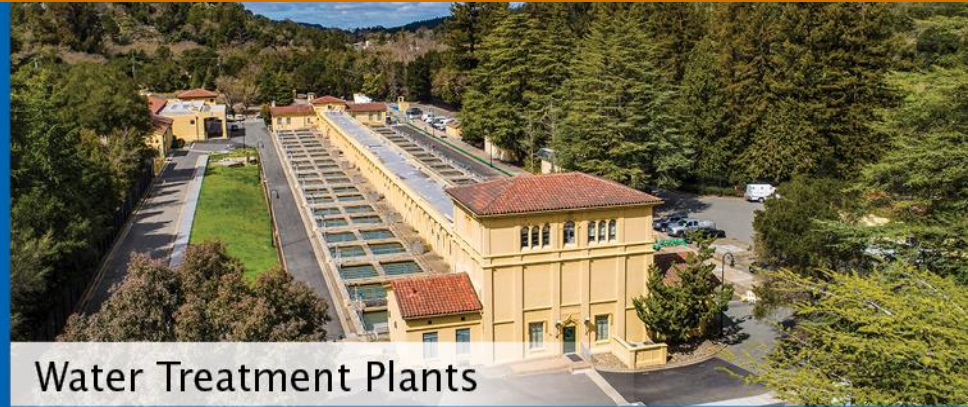
The water system budget for fiscal year 2021

\$315.4 million	+	\$217.7 million	+	\$385.5 million	=	\$918.6 million
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Capital Improvement Program (CIP) Drivers and Priorities



Critical Improvements Completed



Water Treatment Plants



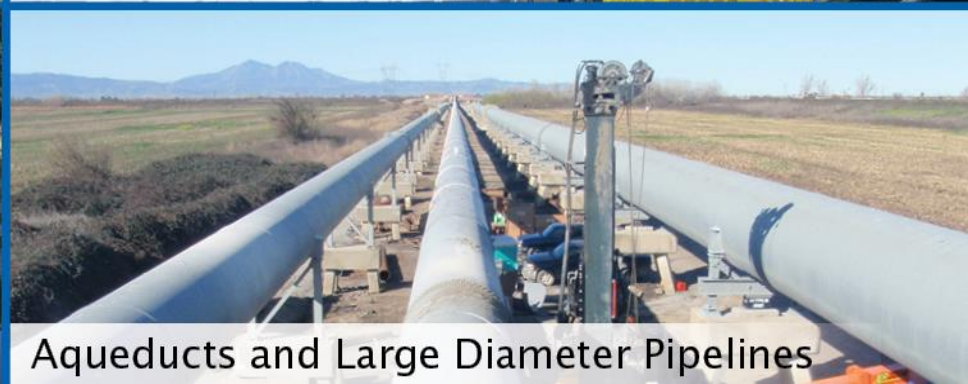
Neighborhood Reservoirs



Pumping Plants



Dam and Outlet Towers



Aqueducts and Large Diameter Pipelines

Where does each water rate dollar go?



Where does each water rate dollar go?



55¢ Infrastructure improvements and supplemental water supply

29¢ Water service
(Storage, treatment and delivery, maintenance, engineering)

7¢ Administration

4¢ Customer service

3¢ Natural resource management and protections

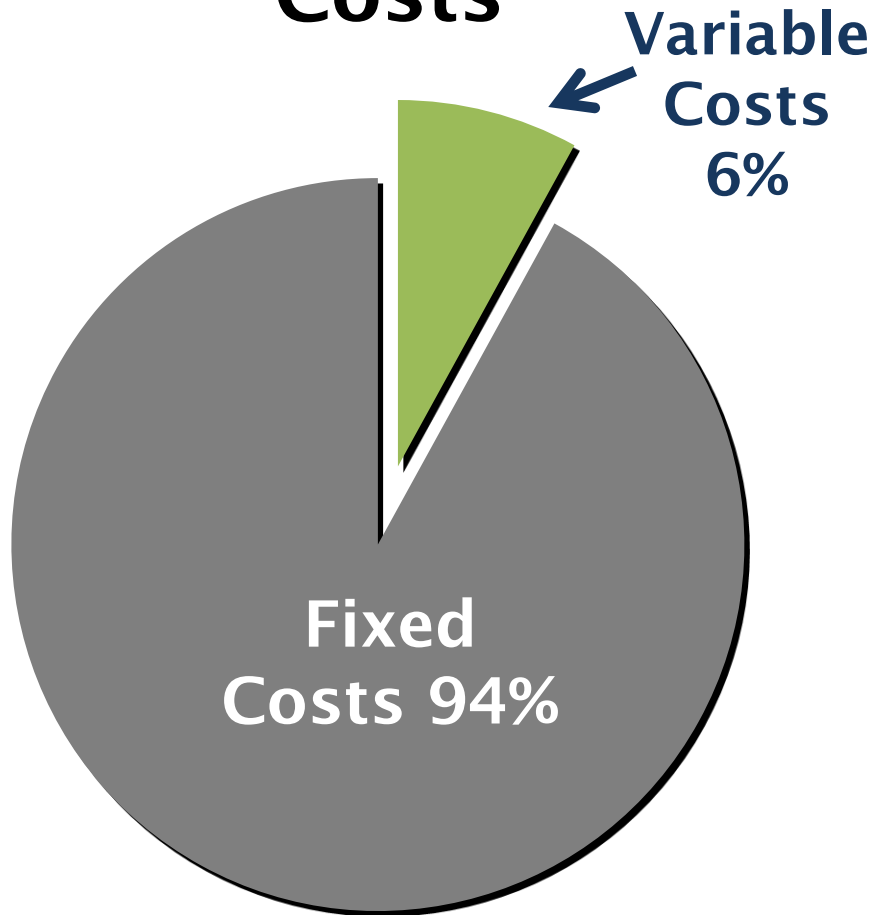
2¢ Regulatory compliance

= \$1 Total

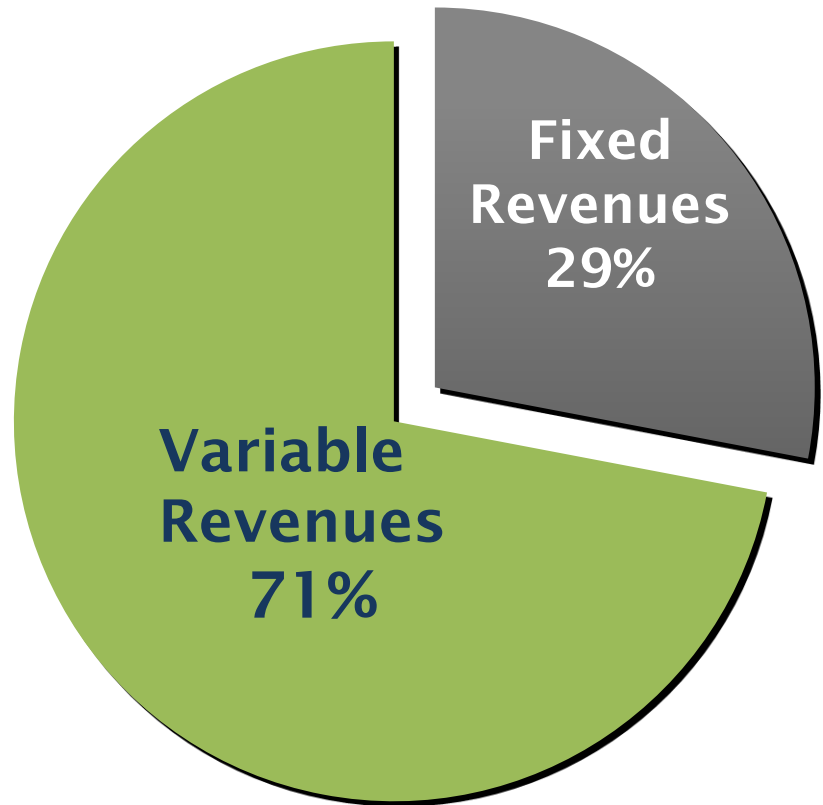
Our Operations Costs Are Fixed Our Revenues Are Not



Costs



Revenues



Rates are Based on Cost of Service



Operating and capital expenditures are planned to ensure reliable 24/7 service

- Revenue from water and wastewater rates fund these expenditures
- As a non-profit public agency, **rates can only cover the cost of providing service**

Rates must follow Proposition 218 requirements

- Governs property-related charges such as water and wastewater rates
- Imposes numerous procedural and substantive requirements
- Revenues from rates may not exceed the cost of providing water and wastewater services

Rates are based on Cost of Service

- Expenses are allocated to customers based on use and use characteristics consistent with Proposition 218 requirements and industry standards

Recent review found rates to be in full compliance with law

Revenue Requirements Drive Rates



Expenses	FY21 Amounts (\$M)
Operations	\$315.4
Debt Service	217.7
<u>Capital Investment</u>	<u>385.5</u>
Total Expenses	918.6

Revenues	FY21 Amounts (\$M)
Non Water Rate Revenues	\$121.4
Proceeds from Bonds for Capital	<u>188.5</u>
<u>Draw down of Cash Reserves</u>	<u>26.2</u>
Subtotal of Revenues plus Bonds	336.1
Revenue Requirement from Rates (\$918.6-\$336.1)	582.5

Water Rates are Developed Based on Cost of Service

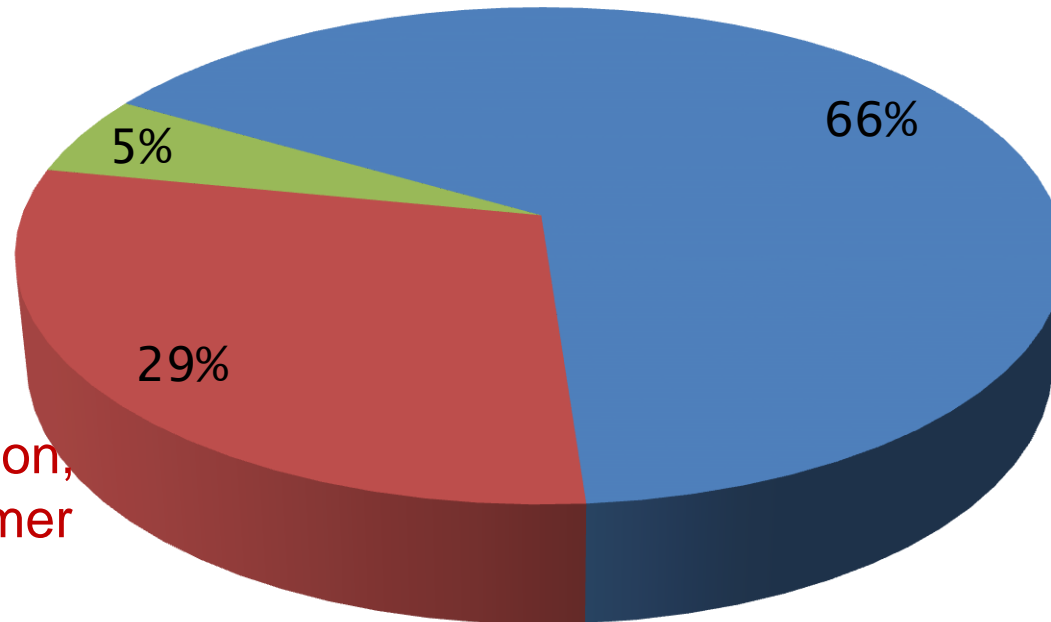


We categorize operating and capital expenditures by:
Flow, Service (Meter) and Elevation
(per American Water Works Association M1)

\$582.5M Rate Revenue FY21

Elevation
distribution
pumping

Service
meter connection,
billing & customer
service, fire
protection



Flow
water supply,
treatment,
storage and
distribution

EBMUD Water Rate Structure – Rate Components*



	Description	Rates for Single Family Residential (SFR)
Water Flow Charge	Charge per hundred cubic feet (CCF) of water used each month	Ranges from \$4.25** to \$7.72*** per CCF per month depending on use
Service Charge	Fixed Monthly Charge to be connected to water system	\$27.87 per month for standard meter size
Elevation Surcharge	Surcharge for additional pumping for higher elevations	Ranges from \$0.86 to \$1.79 per CCF per month depending on elevation

*other rate components for private fire services and drought surcharges

**about 0.6 ¢ per gallon

***about 1 ¢ per gallon

Single Family Residential

Monthly Bill Breakdown – Average Use



Monthly Water Use

8 Units/CCF of use = 6,000 gallons

	FY21 Rate	Quantity	Charge
Service Charge	\$27.87	1	\$27.87
Water Flow Charge			
-Tier 1 Use (1-7 CCF)	\$4.25	7	\$29.75
-Tier 2 Use (8-16 CCF)	\$5.85	1	\$5.85
-Tier 3 Use (16+ CCF)	\$7.72	0	-
Elevation Zone 2*	\$0.86	-	
Elevation Zone 3*	\$1.79	-	
Total Average Monthly Bill			\$63.47

*Majority of customers are in Zone 1 which receives water via gravity flow with no elevation charge

Monthly Single Family Residential



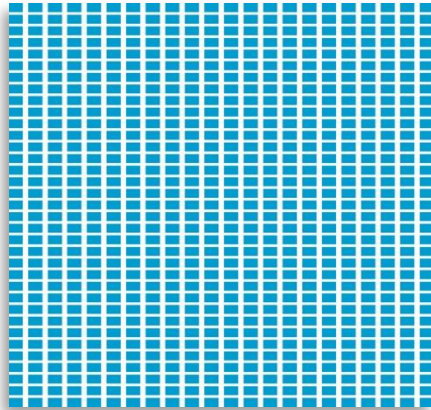
Single Family Customer	Use (CCF)	FY21 Bill*
Low Water Use	4	\$44.87
Average Use**	8	\$63.47
High Water Use	24	\$172.03

1 CCF = 1 Unit = 748 Gallons

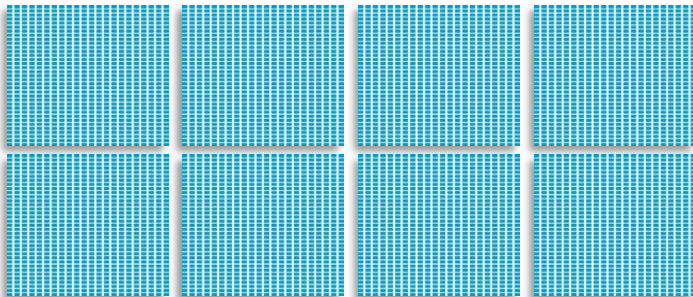
*Bill does not include elevation surcharge paid by customers at higher elevations

**8 CCF/month represents recent average single family residential use, down from 10 CCF/month historic use

A Penny per Gallon



1 CCF (unit) = 748 gallons



Average SFR monthly usage
= 8 units (5,984 gallons)



	FY21 Rate	Quantity	Charge
Service Charge	\$27.87	1	\$27.87
Water Flow Charge			
Tier 1 Use	\$4.25	7	\$29.75
Tier 2 Use	\$5.85	1	\$5.85
Tier 3 Use	\$7.72	0	-
→ Total Monthly Bill			\$63.47
Cost per gallon of water			1¢

EBMUD Bimonthly Bill Includes Charges from EBMUD and Cities



Current **EBMUD** Charges (Bimonthly)

City of Oakland Sewer Service Charge

**EBMUD CHARGES +
CITY OF OAKLAND CHARGES
= TOTAL BILL**

EAST BAY MUNICIPAL UTILITY DISTRICT
1-866-40-EBMUD YOUR ACCOUNT NUMBER: 12345678001

Next Read Date is 04/28/2021
Your Payment is Due by 03/22/2021

Every day, EBMUD customers rely on an underground network of infrastructure that delivers safe and clean water to every East Bay tap, and treats the wastewater from your home. Your rate dollars help maintain and upgrade these vital systems. Thank you for supporting EBMUD, your public, not-for-profit water agency. Learn more at ebmud.com.

Bill Date: 03/05/21
Billing Period (60 Days)
From 1/1/21 To 3/1/21

For: 1234 Pipeline St
Private Residence
Florence Waters
1234 PIPELINE ST
OAKLAND, CA 94606-1234

	AMOUNT	TOTAL
PREVIOUS AMOUNT DUE	224.38	
PREVIOUS PAYMENT - 01/22/21	224.38	0.00
EBMUD - WATER CHARGES		
WATER SERVICE CHARGE	55.74	
WATER FLOW CHARGE 10 UNITS @4.25	42.50	98.24
EBMUD - WASTEWATER CHARGES		
WASTEWATER TREATMENT CHARGE	43.00	
SF BAY POLLUTION PREVENTION FEE	0.40	43.40
PASS THROUGH CHARGES FOR THE CITY OF OAKLAND SEWER SERVICES		84.06
TOTAL CURRENT CHARGES		225.70

METER SIZE	ELEV. Band	METER READINGS Current	METER READINGS Previous	UNITS	CONSUMPTION Gallons	INFORMATION Days	Gall/Day
5/8 inch	1	524	514	10	7,480	60	124
		LAST	YEAR	8	5,984	64	93

PLEASE DETACH AND RETURN THIS PAYMENT STUB WITH CHECK OR MONEY ORDER PAYABLE TO EBMUD
1234 Pipeline St, Oakland, CA 946061234 1/1/21 3/1/21 ACCOUNT NO.: 12345678001

Pay by credit/ATM/e-check for a fee.
Call 1-888-963-0909

Mail payment to:
EBMUD PAYMENT CENTER
PO BOX 1000
OAKLAND CA 94649-0001

TOTAL PREVIOUS 0.00
TOTAL CURRENT 225.70

Please Pay This Amount Now Due **225.70**

Customer Assistance

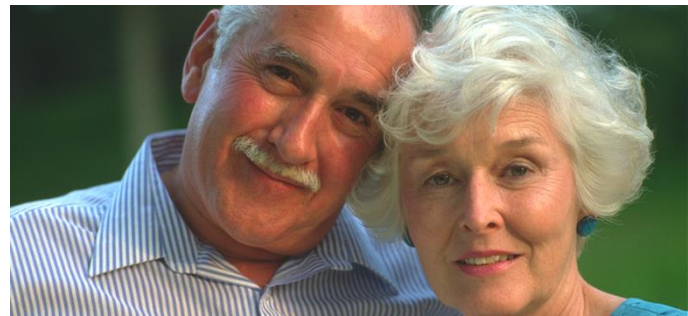


The Customer Assistance Program can assist low-income residential customers by:

- Reducing the bimonthly water service charge by up to 50%
- Reducing home water use charges by up to 50% - up to 1,050 gallons per person, per month
- Reducing the wastewater service charge by up to 35%

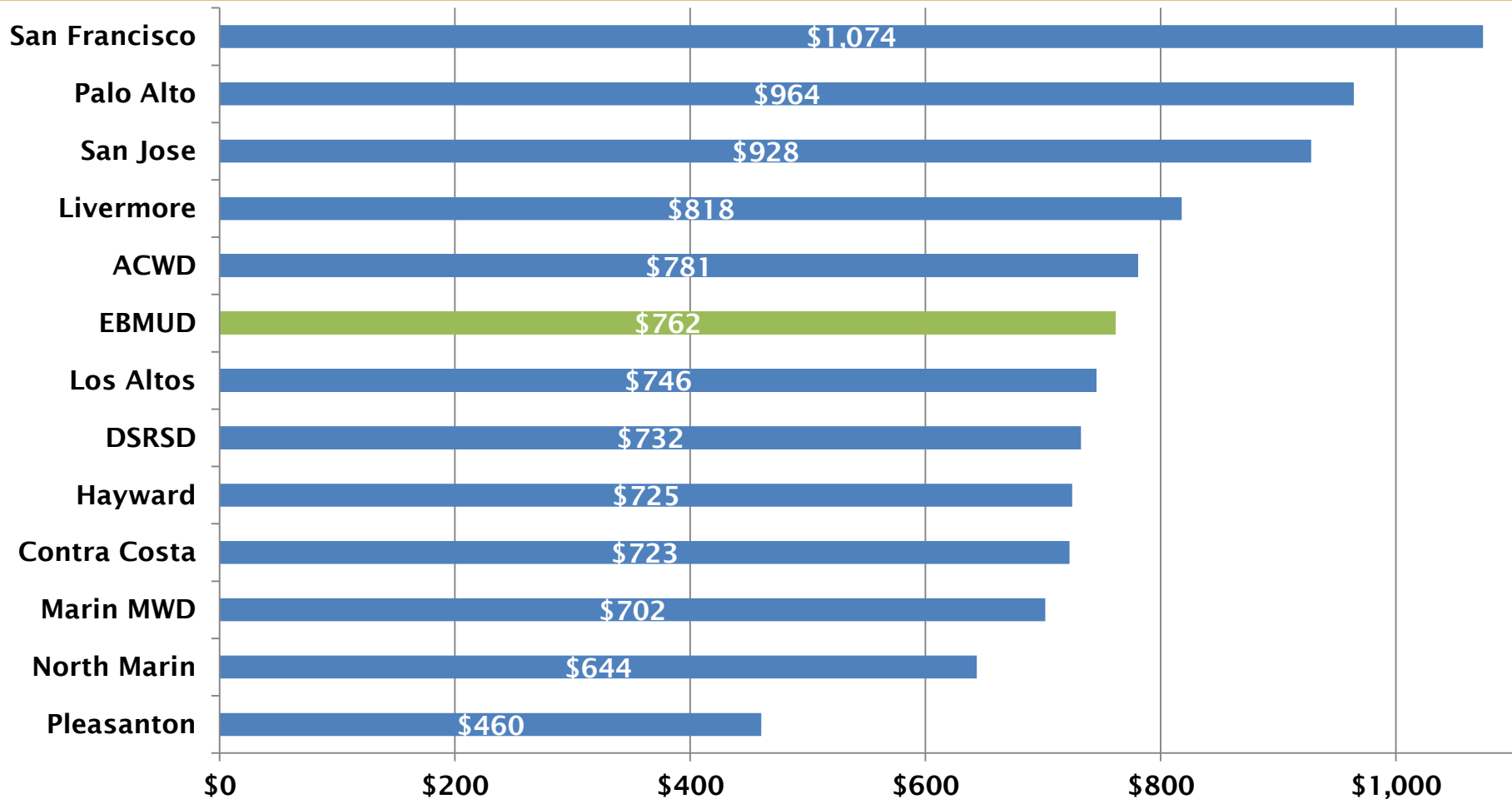
More information: ebmud.com/CAP

- Payment plans or extensions
- Ways to save water and money
- Customer Assistance Program applications available at ebmud.com/CAP



Water Bills Calculated for 8 CCF/Mo

Annual Charge for SFR – Effective 7/1/20



For comparative purposes, the chart displays the average SFR water use based on EBMUD's average SFR water use of 8 ccf/mo. The actual average consumption at other agencies may be lower or higher.

Budget Adoption Schedule



Board Workshop 1 Preliminary budget and rates	January 26, 2021
Board Workshop 2 Recommended budget and rates	March 23, 2021
Budget Workshop 3	April 13, 2021
Prop 218 Notice Mailing	April 23, 2021
File GM Rate Report	May 11, 2021
Public Hearing	June 8, 2021
FY22 Rates Effective	July 1, 2021

Workshop dates may be subject to change. Visit **ebmud.com/rates** for our schedule of workshops and meetings.

Go to ebmud.com/rates



A screenshot of the EBMUD website. The header is dark blue with the EBMUD logo and navigation links: 'CONTACT US', 'JOBS', 'BUSINESS CENTER', 'SITE MAP', and 'STORE'. A search bar is also present. Below the header, a teal banner with a patterned background displays the text 'Budget and rates'. The main content area has a light blue background. On the left, a sidebar contains a breadcrumb trail: 'Home / Customers / Billing questions / Budget and rates'. Below this, a blue box highlights a webinar: 'Webinar: Understanding budget and rates' on Thursday, Dec. 10. On the right, a list of links includes 'Leaks and high bills', 'Understanding your bill', 'Help with your bill', 'Budget and rates', 'Water rates', and 'Wastewater rates'.

Resources

- Biennial Budget in Brief Fiscal Years 2020 and 2021
- Adopted Biennial Budget Fiscal Years 2020 and 2021
- Understanding EBMUD's Water Rates

Check ebmud.com for Upcoming Workshops and Meetings



Search EBMUD...

[Home](#) [Customers](#) [Water](#) [Wastewater](#) [Recreation](#) [About us](#)

Investing with you in mind



Sophia N. Skoda

Sophia Skoda, Director of Finance

[read more](#)

Alerts and outages

Pay your bill

Start service

Trail permits

Rebates

Board meetings

Help with your bill

Report emergency



Manage your account



Budget and rates



Conservation and rebates



Construction and maintenance

Upcoming events

DEC
8

BOARD MEETINGS
Board and Committee Meetings

DEC
10

PUBLIC MEETING
Understanding EBMUD Budget & Rates

DEC
10

PUBLIC MEETING
Understanding EBMUD Budget & Rates

Announcements

Having trouble paying your water bill? EBMUD offers discounts and payment plans for customers in need. Learn more about the Customer Assistance Program and download an application here: ebmud.com/cap

Just how do we go about determining EBMUD rates and building a budget? Find out during our webinar

Tweets by @ebmud



East Bay Municipal Utility District [@ebmud](#)

Sign up for this 100% online career open house to learn about water/wastewater careers on Friday, 12/4! [@Baywork2](#) [@AlamedaCountyWD](#) [@LaneyCollege](#) <https://twitter.com/AlamedaCountyWD/status/1334524375337299968>

Let's Dig into Questions



More information: ebmud.com/rates

Email questions to: RatesandBudget@ebmud.com