



**BOARD OF DIRECTORS
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 - 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

Notice of Time Change

**FINANCE/ADMINISTRATION
COMMITTEE MEETING**

Tuesday, June 27, 2017

9:30 a.m.

Notice is hereby given that the Finance/Administration Committee Meeting of the Board of Directors has been rescheduled from 10:00 a.m. to 9:30 a.m. The meeting will be held in the Training Resource Center of the Administration Building, 375 - 11th Street, Oakland, California.

Dated: June 22, 2017

A handwritten signature in black ink, reading 'Rischa S. Cole', is written over a horizontal line.

Rischa S. Cole
Secretary of the District



**BOARD OF DIRECTORS
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 – 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

**AGENDA
Finance/Administration Committee
Tuesday, June 27, 2017
9:30 a.m.
Training Resource Center**

(Committee Members: Directors Patterson {Chair}, Coleman and Mellon)

ROLL CALL:

PUBLIC COMMENT: The Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

DETERMINATION AND DISCUSSION:

1. Annual Update on Employees' Retirement System (Skoda)
2. Monthly Investment Transactions Report (Skoda)
3. Water Theft Penalty Ordinance and Guarantee Deposits (Hong)

ADJOURNMENT:

Disability Notice

If you require a disability-related modification or accommodation to participate in an EBMUD public meeting please call the Office of the Secretary (510) 287-0404. We will make reasonable arrangements to ensure accessibility. Some special equipment arrangements may require 48 hours advance notice.

Document Availability

Materials related to an item on this Agenda that have been submitted to the EBMUD Board of Directors within 72 hours prior to this meeting are available for public inspection in EBMUD's Office of the Secretary at 375 11th Street, Oakland, California, during normal business hours, and can be viewed on our website at www.ebmud.com.

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: June 22, 2017

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: Annual Update on Employees' Retirement System

SUMMARY

The Finance/Administration Committee will receive an update on the Employees' Retirement System (Retirement System) at the June 27th Finance/Administration Committee meeting. The update will include information requested at the May 23, 2017 Board meeting regarding pension funding level, the assumed rate of return used to calculate that ratio, and the District's contribution rates. The Retirement Board is responsible for both the pension and health benefits systems; this memo addresses only the pension system.

DISCUSSION

The Retirement System's pension funding ratio, shown in the table below, has been increasing and is approaching the levels prior to the economic downturn. The funded ratio is currently 71.4 percent. The increase has occurred concurrent with a reduction in the assumed rate of return from 8.25 percent to 7.25 percent. The District's pension contribution rate has risen over the same time period and has recently declined from its ten-year peak to 36.81 percent. As reported at the end of fiscal year 2016, the largest U.S. public pension plans have an average funding level between 70 and 75 percent, as compared to the Retirement System's 71.4 percent.

10-Year History of Pension Funded Ratio		
<i>Report as of Fiscal Year Ended (FYE)</i>	<i>Reported in Fiscal Year (FY)</i>	<i>Ratio (%)</i>
2016	2017	71.4
2015	2016	71.9
2014	2015	68.9
2013	2014	66.6
2012	2013	65.6
2011	2012	66.0
2010	2011	65.6
2009	2010	65.1
2008	2009	72.4
2007	2008	73.4

The table below shows funding levels for a selection of other California agencies' most recently available funding ratios in comparison to the Retirement System's ratio. Note also that some agencies have issued pension obligation bonds which increase the funding ratio but has the impact of increasing the annual expenses of the agency. Pension obligation bonds are not a recommended best practice of the Government Finance Officers Association, which has issued an advisory against their use.

Agency Name	Actuarial Funding Ratio (%)
Contra Costa Water District	88.2
Sacramento County	*87.3
Contra Costa County	*84.5
Alameda County	*78.1
<i>EBMUD</i>	71.4
San Joaquin County	66.2
CalSTRS	63.7
Merced County	*55.8

*Includes Pension Obligation Bonds

A pension system's funded ratio at a given date is affected by two factors: the system's estimated obligation to make payments over the following 30-year period and the value of the system's assets. In any fiscal year, the Retirement System's actuary, Segal and Associates, calculates as of the fiscal year end the system's annual obligation to make payments to members and retirees. This liability is calculated by the actuary based on the benefit provisions of the plan, demographic assumptions, and statistics characterizing the system's members (such as ages, mortality rates, and other factors). The actuary also estimates key economic assumptions, including the assumed rate of return, or investment return, which is projected based on discussions with investment consultants and adjusted for the 30-year length of the term being considered. These assumptions are recommended by the actuary for adoption by the Retirement System Board before being incorporated into the analysis. Among the calculations performed by the actuary is the funded ratio at the end of the fiscal year. This is calculated by taking the present value of the annual 30-year estimated obligation at the assumed investment return, and then expressing this figure as a percentage of the system's asset value.

The Retirement System's pension funding level has shown an increasing trend since it was reported as of Fiscal Year End (FYE) 2009. At the beginning of the decade, between FYE 2008 and FYE 2009, the pension funded ratio declined significantly, reflecting the depressed value of the system's assets during the economic downturn. The funded ratios remained essentially level in the next few years as the actuarial assumptions adopted were made more conservative,

including the assumed investment return discussed below. Since FYE 2009 the funded ratio has increased and is now approaching its prior level, generally reflecting sound investment earnings, and higher contributions recommended by the actuary and paid by the District.

The fact that the Retirement System pension's funded ratio is trending upward is notable given that the Retirement Board has conservatively assumed a decreasing assumed investment return, as shown in the table below. As reported at the end of fiscal year 2016, the largest U.S. public pension plans have an assumed rate of return of 7.50 percent, which is higher than the Retirement System's 7.25 percent.

Setting the assumed investment return rate is one of the more critical parts of managing the Retirement System as it directly affects required contribution rates. As such, the question of whether the assumed rate of return should be lowered and, if so, how low it should be, is a regular question being considered. The Retirement Board reviews the assumed rate of return biannually and makes adjustments as recommended by the plan's actuary.

For indicative purposes, and considering the current status of the Retirement System, each further decrease of 0.25 percent in the interest rate assumption would correspond to approximately a 3 percent increase in the District's contribution rate. A phase-in over several years of such a decrease could attenuate the impact on the District's contribution rate.

Investment Return Assumption		
<i>Report as of FYE</i>	<i>Reported in FY</i>	<i>Rate (%)</i>
2016	2017	7.25
2015	2016	7.50
2014	2015	7.50
2013	2014	7.75
2012	2013	7.75
2011	2012	8.00
2010	2011	8.00
2009	2010	8.25
2008	2009	8.25
2007	2008	8.25

The Retirement System investment return assumption has been lowered to ensure it remains conservative, recognizing that high earning levels have over time become more difficult to achieve. The Retirement System's actuary has ensured that the system's assumption remains reasonable. For example, the actuary recommended lowering the rate this year based in part on data collected by the National Association of State Retirement Administrators (NASRA) and also

on reviews of assumptions held by California public sector retirement systems. Based on the actuary's recommendation, this year the Retirement System Board approved lowering the investment return assumption to 7.25 percent.

The District's pension contribution rates over the past ten years are shown in the following table.

District Pension Contribution Rates			
<i>Report as of FYE</i>	<i>Reported & Adopted FY</i>	<i>Effective FY</i>	<i>Contribution (% of payroll)</i>
2016	2017	2018	36.81
2015	2016	2017	36.57
2014	2015	2016	36.93
2013	2014	2015	38.24
2012	2013	2014	38.36
2011	2012	2013	34.46
2010	2011	2012	32.91
2009	2010	2011	31.80
2008	2009	2010	27.24
2007	2008	2009	24.96

Recent years' rates are materially lower than the ten-year peaks which were effective in fiscal years 2014 and 2015. The annual pension contribution is proposed by the actuary with the goal of fully funding the pension system's liabilities while keeping rates as level as possible over the long term. The actuaries take into account a wide variety of factors including those discussed above such as the benefit provisions of the plan, plan membership, available assets, and economic and demographic assumptions, as well as amortization of outstanding underfunded and overfunded liabilities over specified periods of time. The increase effective in fiscal year 2014, for example, resulted from changes in many assumptions including decreasing the investment return assumption, changing the mortality assumption to anticipate longer life expectancies, and amending the assumption to reflect conversion of unused sick leave hours to years of service.

SDS:DB

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: June 22, 2017

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: Monthly Investment Transactions Report

SUMMARY

On April 25, 2017, the Finance/Administration Committee reviewed and the Board adopted the updated Investment Policy 4.07. The updated policy included, among other things, changes to the reporting requirements to more explicitly align with relevant Government Code sections. Based on these changes, staff will present monthly transaction reports for the Finance/Administration Committee to review and for the Board to consider each month. The April and May 2017 reports are being submitted for Board consideration because the May 23, 2017 Finance/Administration Committee meeting was cancelled. This item will be reviewed with the Finance/Administration Committee on June 27, 2017.

DISCUSSION

District staff has traditionally presented its investment transactions in the "Quarterly Reports on Investments" presented with other Controller's reports. The quarterly report is reviewed by the Finance/Administration Committee approximately six weeks after the end of each quarter, following all recordings taking place. The report includes information about the portfolio, such as maturity and yield, but also the transactions for the preceding three months.

To more closely align with relevant Government Code section requirements, the Board approved through the updated investment policy, staff's proposal to produce monthly transaction reports. These reports include transactions generated by Treasury staff (buys, sales, deposits, withdrawals) as well as transactions that happen as a feature of the securities held (interest, calls, matured).

These transactions are reported in a summary table that also includes the net non-investment transactions from the consolidated banking account of the District to fully capture the changes to the District's portfolio. Transactions details are also summarized in additional tables that separate interest transactions from others to more clearly detail all activity during the month.

This item supports Strategy 3 of the District's Strategic Plan Long-Term Financial Stability goal to ensure integrity, accountability and transparency in financial management.


Attachments

Monthly Investment Transactions Report
April 2017

This report is presented to the Board pursuant to Government Code Section 53607 and in accordance with the District's Investment Policy 4.07.

The attached report details transactions in the District's portfolio as follows:

- **Monthly Investment Transactions Summary** **Page 1**
- **Monthly Investment Activity** **Page 2**
 - Buys **Page 3**
 - Deposits **Page 4**
 - Matured **Page 5**
 - Calls **Page 6**
 - Sales **Page 7**
 - Withdrawals **Page 8**
- **Monthly Interest Activity** **Page 9**
 - Interest Received (Transferred to Wells Fargo) **Page 10**
 - Interest Received (Reinvested) **Page 11**



Approved by: Sophia D. Skoda, Finance Director



Date

SDS:DSK:MH

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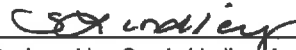
EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Transactions Summery
April 2017


Portfolio	Beginning Balance*	Monthly Transaction Activity	Monthly Interest Activity	Ending Balance
001 - Water System Consolidated	358,433,173.44	29,850,000.00	44,882.87	388,328,056.31
007 - Wastewater Consolidated	67,930,799.82	8,500,000.00	10,447.89	76,441,247.71
049 - Ferc Partnership	2,000,000.00	-	-	2,000,000.00
009 - BACWA	3,417,600.00	(300,000.00)	-	3,117,600.00
015 - DERWA	1,800,000.00	(50,000.00)	-	1,750,000.00
002 - FRWA	2,150,000.00	-	-	2,150,000.00
014 - IICP	150,500.00	-	-	150,500.00
010 - UMRWA	64,000.00	-	-	64,000.00
003 - Employees Retirement	3,656,741.99	(1,189,000.00)	16,208.27	2,483,950.26
065 - Water S2008A DSRF	3,279,539.29	-	626.58	3,280,165.87
068 - Water 2010A DSRF	9,261,776.40	-	814.29	9,262,590.69
099 - Wells Fargo**	40,670,547.78	(15,621,180.33)	454,368.04	25,503,735.49
Total	492,814,678.72	21,189,819.67	527,347.94	514,531,846.33


* Portfolio balance presented at face value.


**Wells Fargo's month-end available balance per bank statement. Gross amount; not allocated by fund and not included in balances above.



 Approved by: D. Scott Klein, Controller


 Reviewed by: Sandy Lindley, Accounting Supervisor


 Prepared by: Matt Houck, Accounting Technician


 Date


 Date


 Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2017

Portfolio	Non-Investment Transactions*	Buys	Deposits	Matured	Calls	Sales	Withdrawals	Net Transaction Activity
001 - Water System Consolidated	-	-	32,550,000.00	(2,700,000.00)	-	-	-	29,850,000.00
007 - Wastewater Consolidated	-	-	8,500,000.00	-	-	-	-	8,500,000.00
049 - Ferc Partnership	-	-	-	-	-	-	-	-
009 - BACWA	-	-	-	(300,000.00)	-	-	-	(300,000.00)
015 - DERWA	-	-	-	-	-	-	(50,000.00)	(50,000.00)
002 - FRWA	-	-	-	-	-	-	-	-
014 - IICP	-	-	-	-	-	-	-	-
010 - UMRWA	-	-	-	-	-	-	-	-
003 - Employees Retirement	-	-	7,108,000.00	-	-	-	(8,297,000.00)	(1,189,000.00)
065 - Water S2008A DSRF	-	-	-	-	-	-	-	-
068 - Water 2010A DSRF	-	-	-	-	-	-	-	-
Investment Activity Total	-	-	48,158,000.00	(3,000,000.00)	-	-	(8,347,000.00)	36,811,000.00
099 - Wells Fargo	21,189,819.67	-	(48,158,000.00)	3,000,000.00	-	-	8,347,000.00	(15,621,180.33)
Total	21,189,819.67	-	-	-	-	-	-	21,189,819.67

*Non-investment transactions are net receipts and expenditures in Wells Fargo resulting from activities other than investment and interest transactions detailed in this report.


 Approved by: Dari Barzel, Treasury Manager

6/15/17
 Date
06/13/17
 Date


 Reviewed by: Damien Charley, Principal Management Analyst



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Buys										

*No Transaction this Period

0.00	0.00	0.00	0.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Deposits										
001 - Water System Consolidated	CAMP CA Asset Mgmt Program	CAMP MM	CAMP6035	04/27/2017	04/27/2017	N/A	27,000,000.00	27,000,000.00	0.00	27,000,000.00
001 - Water System Consolidated	CAMP CA Asset Mgmt Program	CAMP MM	CAMP6035	04/11/2017	04/11/2017	N/A	5,500,000.00	5,500,000.00	0.00	5,500,000.00
001 - Water System Consolidated	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	04/28/2017	04/28/2017	N/A	50,000.00	50,000.00	0.00	50,000.00
007 - Wastewater Consolidated	CAMP CA Asset Mgmt Program	CAMP MM	CAMP6035	04/11/2017	04/11/2017	N/A	8,500,000.00	8,500,000.00	0.00	8,500,000.00
003 - Employees Retirement	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1005	04/06/2017	04/06/2017	N/A	3,563,000.00	3,563,000.00	0.00	3,563,000.00
003 - Employees Retirement	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1005	04/21/2017	04/21/2017	N/A	3,545,000.00	3,545,000.00	0.00	3,545,000.00

48,158,000.00	48,158,000.00	0.00	48,158,000.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Matured										
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLB 1.32 4/10/2017	313378SM4	04/10/2017	04/10/2017	04/10/2017	2,700,000.00	2,700,000.00	0.00	2,700,000.00
009 - BACWA	Federal Agency Issues Coupon	FHLB 1.32 4/10/2017	313378SM4	04/10/2017	04/10/2017	04/10/2017	300,000.00	300,000.00	0.00	300,000.00

3,000,000.00	3,000,000.00	0.00	3,000,000.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Calls										

*No Transaction this Period

0.00 0.00 0.00 0.00



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Sales										

*No Transaction this Period

0.00 0.00 0.00 0.00



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Withdrawals										
015 - DERWA	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	04/28/2017	04/28/2017	N/A	50,000.00	50,000.00	0.00	50,000.00
003 - Employees Retirement	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1005	04/26/2017	04/26/2017	N/A	8,297,000.00	8,297,000.00	0.00	8,297,000.00

8,297,000.00	8,297,000.00	0.00	8,297,000.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
April 2017

Portfolio	Total Interest Received	Interest Transferred to Wells Fargo*	Net Interest Activity (Reinvested)**
001 - Water System Consolidated	430,786.20	(385,903.33)	44,882.87
007 - Wastewater Consolidated	60,442.54	(49,994.65)	10,447.89
049 - Ferc Partnership	3,827.54	(3,827.54)	-
009 - BACWA	7,696.49	(7,696.49)	-
015 - DERWA	2,420.66	(2,420.66)	-
002 - FRWA	4,114.88	(4,114.88)	-
014 - IICP	288.59	(288.59)	-
010 - UMRWA	121.90	(121.90)	-
003 - Employees Retirement	16,208.27	-	16,208.27
065 - Water S2008A DSRF	626.58	-	626.58
068 - Water 2010A DSRF	814.29	-	814.29
Interest Transactions Total	527,347.94	(454,368.04)	72,979.90
099 - Wells Fargo	-	454,368.04	454,368.04
Total	527,347.94	-	527,347.94

*Coupon and other interest received; reinvestment unavailable.

**Coupon and other interest payments reinvested in specific portfolio.

Approved by: D. Scott Klein, Controller

Reviewed by: Sandy Lindley, Accounting Supervisor

Prepared by: Matt Houck, Accounting Technician

Date

Date

Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
April 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Interest Received (Transferred to Wells Fargo)										
001 - Water System Consolidated	Federal Agency Issues Coupon	FNMA 1.1 10/29/2018-16	3135G0G64	04/29/2017	04/29/2017	10/29/2018	0.00	0.00	110,000.00	110,000.00
001 - Water System Consolidated	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	04/13/2017	04/13/2017	N/A	0.00	0.00	89,564.58	89,564.58
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 10/28/2019-17	3134GARP1	04/28/2017	04/28/2017	10/28/2019	0.00	0.00	30,000.00	30,000.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 10/28/2021-17	3134GASR6	04/28/2017	04/28/2017	10/28/2021	0.00	0.00	20,675.00	20,675.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC 0.75 10/27/2017	3134G7V24	04/27/2017	04/27/2017	10/27/2017	0.00	0.00	18,750.00	18,750.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLB 1.32 4/10/2017	313378SM4	04/10/2017	04/10/2017	04/10/2017	0.00	0.00	17,820.00	17,820.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 10/26/2018-17	3134GASM7	04/26/2017	04/26/2017	10/26/2018	0.00	0.00	16,781.25	16,781.25
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 10/28/2021-17	3134GASC9	04/28/2017	04/28/2017	10/28/2021	0.00	0.00	14,800.00	14,800.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 7/27/2021-17	3134G9L47	04/27/2017	04/27/2017	07/27/2021	0.00	0.00	12,500.00	12,500.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FNMA Step 7/26/2019-17	3136G3F67	04/26/2017	04/26/2017	07/26/2019	0.00	0.00	10,937.50	10,937.50
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 10/28/2019-17	3134GAUR3	04/28/2017	04/28/2017	10/28/2019	0.00	0.00	9,375.00	9,375.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 10/28/2021-17	3134GASK1	04/28/2017	04/28/2017	10/28/2021	0.00	0.00	9,000.00	9,000.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 7/27/2021-17	3134G9K63	04/27/2017	04/27/2017	07/27/2021	0.00	0.00	7,950.00	7,950.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FNMA Step 10/28/2019-16	3136G3E43	04/28/2017	04/28/2017	10/28/2019	0.00	0.00	6,562.50	6,562.50
001 - Water System Consolidated	Federal Agency Issues Coupon	FNMA Step 7/26/2019-17	3134G9J24	04/26/2017	04/26/2017	07/26/2019	0.00	0.00	4,687.50	4,687.50
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 1/25/2019-17	3134G9Y43	04/25/2017	04/25/2017	01/25/2019	0.00	0.00	4,500.00	4,500.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 10/28/2019-17	3134GASN5	04/28/2017	04/28/2017	10/28/2019	0.00	0.00	2,000.00	2,000.00
Sub Total										385,903.33
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FNMA 1.03 10/26/2018	3136G2PN1	04/26/2017	04/26/2017	10/26/2018	0.00	0.00	25,750.00	25,750.00
007 - Wastewater Consolidated	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	04/13/2017	04/13/2017	N/A	0.00	0.00	19,244.65	19,244.65
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLMC Step 7/26/2019-17	3134G9J24	04/26/2017	04/26/2017	07/26/2019	0.00	0.00	2,812.50	2,812.50
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FNMA Step 7/26/2019-17	3136G3F67	04/26/2017	04/26/2017	07/26/2019	0.00	0.00	2,187.50	2,187.50
Sub Total										49,994.65
049 - Ferc Partnership	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	04/13/2017	04/13/2017	N/A	0.00	0.00	3,827.54	3,827.54
Sub Total										3,827.54
009 - BACWA	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	04/13/2017	04/13/2017	N/A	0.00	0.00	4,808.99	4,808.99
009 - BACWA	Federal Agency Issues Coupon	FHLB 1.32 4/10/2017	313378SM4	04/10/2017	04/10/2017	04/10/2017	0.00	0.00	1,980.00	1,980.00
009 - BACWA	Federal Agency Issues Coupon	FNMA 1.1 10/29/2018-16	3135G0G64	04/29/2017	04/29/2017	10/29/2018	0.00	0.00	907.50	907.50
Sub Total										7,696.49
015 - DERWA	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	04/13/2017	04/13/2017	N/A	0.00	0.00	2,420.66	2,420.66
Sub Total										2,420.66
002 - FRWA	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	04/13/2017	04/13/2017	N/A	0.00	0.00	4,114.88	4,114.88
Sub Total										4,114.88
014 - IICP	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	04/13/2017	04/13/2017	N/A	0.00	0.00	288.59	288.59
Sub Total										288.59
010 - UMRWA	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	04/13/2017	04/13/2017	N/A	0.00	0.00	121.90	121.90
Sub Total										121.90
								0.00	0.00	454,368.04
										454,368.04



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
April 2017

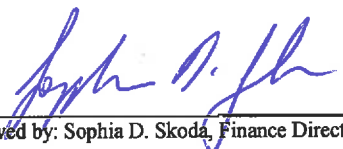
Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Interest Received (Reinvested)										
001 - Water System Consolidated	CAMP CA Asset Mgmt Program	CAMP MM	CAMP6035	04/28/2017	04/28/2017	N/A	0.00	0.00	44,882.87	44,882.87
007 - Wastewater Consolidated	CAMP CA Asset Mgmt Program	CAMP MM	CAMP6035	04/28/2017	04/28/2017	N/A	0.00	0.00	10,447.89	10,447.89
003 - Employees Retirement	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1005	04/14/2017	04/14/2017	N/A	0.00	0.00	16,208.27	16,208.27
065 - Water S2008A DSRF	Money Market Mutual Funds	Dreyfus MM	MM6999	04/04/2017	04/04/2017	N/A	0.00	0.00	626.58	626.58
068 - Water 2010A DSRF	Money Market Mutual Funds	Dreyfus MM	MM2642	04/04/2017	04/04/2017	N/A	0.00	0.00	814.29	814.29
							0.00	0.00	72,979.90	72,979.90

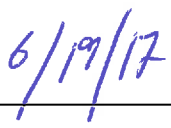
Monthly Investment Transactions Report
May 2017

This report is presented to the Board pursuant to Government Code Section 53607 and in accordance with the District's Investment Policy 4.07.

The attached report details transactions in the District's portfolio as follows:

- **Monthly Investment Transactions Summary** **Page 1**
- **Monthly Investment Activity** **Page 2**
 - Buys **Page 3**
 - Deposits **Page 4**
 - Matured **Page 5**
 - Calls **Page 6**
 - Sales **Page 7**
 - Withdrawals **Page 8**
- **Monthly Interest Activity** **Page 9**
 - Interest Received (Transferred to Wells Fargo) **Page 10**
 - Interest Received (Reinvested) **Page 11**


Approved by: Sophia D. Skoda, Finance Director


Date

SDS:DSK:MH

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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Transactions Summary
May 2017


Portfolio	Beginning Balance*	Monthly Transaction Activity	Monthly Interest Activity	Ending Balance
001 - Water System Consolidated	388,328,056.31	(104,378,256.31)	38,485.69	283,988,285.69
007 - Wastewater Consolidated	76,441,247.71	(23,400,147.71)	9,185.87	53,050,285.87
049 - Ferc Partnership	2,000,000.00	-	-	2,000,000.00
009 - BACWA	3,117,600.00	-	-	3,117,600.00
015 - DERWA	1,750,000.00	2,000,000.00	-	3,750,000.00
002 - FRWA	2,150,000.00	-	-	2,150,000.00
014 - IICP	150,500.00	-	-	150,500.00
010 - UMRWA	64,000.00	-	-	64,000.00
003 - Employees Retirement	2,483,950.26	(1,326,000.00)	-	1,157,950.26
065 - Water S2008A DSRF	3,280,165.87	-	892.58	3,281,058.45
068 - Water 2010A DSRF	9,262,590.69	-	1,159.87	9,263,750.56
099 - Wells Fargo**	25,503,735.49	11,845,078.54	329,772.18	37,678,586.21
Total	514,531,846.33	(115,259,325.48)	379,496.19	399,652,017.04

* Portfolio balance presented at face value.

**Wells Fargo's month-end available balance per bank statement. Gross amount; not allocated by fund and not included in balances above.


 Approved by: D. Scott Klein, Controller


 Reviewed by: Sandy Lindley, Accounting Supervisor


 Prepared by: Matt Houck, Accounting Technician

6-15-17
 Date

6/15/17
 Date


6-15-17
 Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
May 2017

Portfolio	Non-Investment Transactions*	Buys	Deposits	Matured	Calls	Sales	Withdrawals	Net Transaction Activity
001 - Water System Consolidated	-	-	-	(8,193,000.00)	-	-	(96,185,256.31)	(104,378,256.31)
007 - Wastewater Consolidated	-	-	-	(500,000.00)	(4,000,000.00)	-	(18,900,147.71)	(23,400,147.71)
049 - Ferc Partnership	-	-	-	-	-	-	-	-
009 - BACWA	-	-	-	-	-	-	-	-
015 - DERWA	-	-	2,000,000.00	-	-	-	-	2,000,000.00
002 - FRWA	-	-	-	-	-	-	-	-
014 - IICP	-	-	-	-	-	-	-	-
010 - UMRWA	-	-	-	-	-	-	-	-
003 - Employees Retirement	-	-	7,076,000.00	-	-	-	(8,402,000.00)	(1,326,000.00)
065 - Water S2008A DSRF	-	-	-	-	-	-	-	-
068 - Water 2010A DSRF	-	-	-	-	-	-	-	-
Investment Activity Total	-	-	9,076,000.00	(8,693,000.00)	(4,000,000.00)	-	(123,487,404.02)	(127,104,404.02)
099 - Wells Fargo	(115,259,325.48)	-	(9,076,000.00)	8,693,000.00	4,000,000.00	-	123,487,404.02	11,845,078.54
Total	(115,259,325.48)	-	-	-	-	-	-	(115,259,325.48)

*Non-investment transactions are net receipts and expenditures in Wells Fargo resulting from activities other than investment and interest transactions detailed in this report.


 Approved by: Darl Barzel, Treasury Manager

6/15/17
 Date
06/15/17
 Date


 Reviewed by: Damien Charlety, Principal Management Analyst



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
May 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Buys										

No Transaction this Period

0.00	0.00	0.00	0.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
May 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Deposits										
003 - Employees Retirement	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1005	05/18/2017	05/18/2017	N/A	3,526,000.00	3,526,000.00	0.00	3,526,000.00
003 - Employees Retirement	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1005	05/05/2017	05/05/2017	N/A	3,550,000.00	3,550,000.00	0.00	3,550,000.00
015 - DERWA	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	05/31/2017	05/31/2017	N/A	2,000,000.00	2,000,000.00	0.00	2,000,000.00
							9,076,000.00	9,076,000.00	0.00	9,076,000.00



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
May 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Matured										
001 - Water System Consolidated	Medium Term Notes	Apple Inc 1.05 5/5/2017	037833AM2	05/05/2017	05/05/2017	05/05/2017	4,548,000.00	4,548,000.00	0.00	4,548,000.00
001 - Water System Consolidated	Medium Term Notes	Berkshire Hathaway 1.6 5/15/2017	084664BS9	05/15/2017	05/15/2017	05/15/2017	525,000.00	525,000.00	0.00	525,000.00
001 - Water System Consolidated	Medium Term Notes	Berkshire Hathaway 1.6 5/15/2017	084664BS9	05/15/2017	05/15/2017	05/15/2017	1,000,000.00	1,000,000.00	0.00	1,000,000.00
001 - Water System Consolidated	Municipal Bonds	Univ of California 0.966 5/15/2017	91412GPY5	05/15/2017	05/15/2017	05/15/2017	2,000,000.00	2,000,000.00	0.00	2,000,000.00
001 - Water System Consolidated	Municipal Bonds	Moreno Valley CA PFA 1 5/1/2017	61685PDQ8	05/01/2017	05/01/2017	05/01/2017	120,000.00	120,000.00	0.00	120,000.00
007 - Wastewater Consolidated	Municipal Bonds	University of California 0.934 5/15/2017	91412GWT8	05/15/2017	05/15/2017	05/15/2017	500,000.00	500,000.00	0.00	500,000.00
							8,693,000.00	8,693,000.00	0.00	8,693,000.00



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
May 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Calls										
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLMC Step 5/24/2019-16	3134G9PW1	05/24/2017	05/24/2017	05/24/2019	4,000,000.00	4,000,000.00	0.00	4,000,000.00

4,000,000.00	4,000,000.00	0.00	4,000,000.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
May 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Sales										

No Transaction this Period

0.00	0.00	0.00	0.00
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EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
May 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Withdrawals										
001 - Water System Consolidated	CAMP CA Asset Mgmt Program	CAMP MM	CAMP6035	05/19/2017	05/19/2017	N/A	6,000,000.00	6,000,000.00	0.00	6,000,000.00
001 - Water System Consolidated	CAMP CA Asset Mgmt Program	CAMP MM	CAMP6035	05/19/2017	05/19/2017	N/A	73,185,256.31	73,185,256.31	0.00	73,185,256.31
007 - Wastewater Consolidated	CAMP CA Asset Mgmt Program	CAMP MM	CAMP6035	05/19/2017	05/19/2017	N/A	18,900,147.71	18,900,147.71	0.00	18,900,147.71
001 - Water System Consolidated	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	05/31/2017	05/31/2017	N/A	2,000,000.00	2,000,000.00	0.00	2,000,000.00
003 - Employees Retirement	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1005	05/26/2017	05/26/2017	N/A	8,402,000.00	8,402,000.00	0.00	8,402,000.00
001 - Water System Consolidated	LAIF Local Government Investment Pool	LAIF LGIP	LGIP1001	05/25/2017	05/25/2017	N/A	15,000,000.00	15,000,000.00	0.00	15,000,000.00
							117,487,404.02	117,487,404.02	0.00	117,487,404.02





EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
May 2017


Portfolio	Total Interest Received	Interest Transferred to Wells Fargo*	Net Interest Activity (Reinvested)**
001 - Water System Consolidated	290,886.99	(252,401.30)	38,485.69
007 - Wastewater Consolidated	84,056.75	(74,870.88)	9,185.87
049 - Ferc Partnership	-	-	-
009 - BACWA	2,500.00	(2,500.00)	-
015 - DERWA	-	-	-
002 - FRWA	-	-	-
014 - IICP	-	-	-
010 - UMRWA	-	-	-
003 - Employees Retirement	-	-	-
065 - Water S2008A DSRF	892.58	-	892.58
068 - Water 2010A DSRF	1,159.87	-	1,159.87
Interest Transactions Total	379,496.19	(329,772.18)	49,724.01
099 - Wells Fargo	-	329,772.18	329,772.18
Total	379,496.19	-	379,496.19

*Coupon and other interest received; reinvestment unavailable.

**Coupon and other interest payments reinvested in specific portfolio.


 Approved by: D. Scott Klein, Controller


 Reviewed by: Sandy Lindley, Accounting Supervisor


 Prepared by: Matt Houck, Accounting Technician

6/15/17
 Date

6/15/17
 Date

6-15-17
 Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
May 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Interest Received (Transferred to Wells Fargo)										
001 - Water System Consolidated	Medium Term Notes	Apple Inc 1.05 5/5/2017	037833AM2	05/05/2017	05/05/2017	05/05/2017	0.00	0.00	23,744.35	23,744.35
001 - Water System Consolidated	Medium Term Notes	Berkshire Hathaway 1.6 5/15/2017	084664BS9	05/15/2017	05/15/2017	05/15/2017	0.00	0.00	12,200.00	12,200.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLB Step 11/17/2021-17	3130A9UU3	05/17/2017	05/17/2017	11/17/2021	0.00	0.00	7,500.00	7,500.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLB Step 11/23/2020-17	3130A9XU0	05/23/2017	05/23/2017	11/23/2020	0.00	0.00	22,000.00	22,000.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLB Step 11/24/2021-17	3130AA2M9	05/24/2017	05/24/2017	11/24/2021	0.00	0.00	42,291.67	42,291.67
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLB Step 11/28/2018-17	3134GAWZ3	05/28/2017	05/28/2017	11/28/2018	0.00	0.00	10,593.75	10,593.75
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLB Step 5/17/2021-16	3130A7VS1	05/17/2017	05/17/2017	05/17/2021	0.00	0.00	12,500.00	12,500.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC 1 11/28/2018-16	3134GAHA5	05/28/2017	05/28/2017	11/28/2018	0.00	0.00	10,000.00	10,000.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC 1.2 5/23/2019-16	3134GAAR5	05/23/2017	05/23/2017	05/23/2019	0.00	0.00	19,200.00	19,200.00
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 11/22/2019-17	3134GAWK6	05/22/2017	05/22/2017	11/22/2019	0.00	0.00	28,781.25	28,781.25
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 11/23/2020-17	3134GAWW0	05/23/2017	05/23/2017	11/23/2020	0.00	0.00	16,062.50	16,062.50
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 11/26/2019-17	3134GAZN7	05/26/2017	05/26/2017	11/26/2019	0.00	0.00	25,617.78	25,617.78
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLMC Step 8/28/2019-17	3134GAEV2	05/28/2017	05/28/2017	08/28/2019	0.00	0.00	12,250.00	12,250.00
001 - Water System Consolidated	Municipal Bonds	Univ of California 0.966 5/15 91412GPY5		05/15/2017	05/15/2017	05/15/2017	0.00	0.00	9,660.00	9,660.00
Sub Total										252,401.30
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLB 1 5/23/2018-17	3130A86F5	05/23/2017	05/23/2017	05/23/2018	0.00	0.00	9,300.00	9,300.00
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLB Step 5/17/2021-16	3130A7VS1	05/17/2017	05/17/2017	05/17/2021	0.00	0.00	12,500.00	12,500.00
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLMC 1.2 5/23/2019-16	3134GAAR5	05/23/2017	05/23/2017	05/23/2019	0.00	0.00	9,000.00	9,000.00
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLMC Step 5/24/2019-16	3134G9PW1	05/24/2017	05/24/2017	05/24/2019	0.00	0.00	20,000.00	20,000.00
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLMC Step 8/24/2018-17	3134G96M4	05/24/2017	05/24/2017	08/24/2018	0.00	0.00	4,921.88	4,921.88
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLMC Step 8/27/2019-17	3134G97C5	05/27/2017	05/27/2017	08/27/2019	0.00	0.00	1,100.00	1,100.00
007 - Wastewater Consolidated	Municipal Bonds	University Calif Rev Bond 1.91412GPZ2		05/15/2017	05/15/2017	05/15/2018	0.00	0.00	15,714.00	15,714.00
007 - Wastewater Consolidated	Municipal Bonds	University of California 0.934 91412GWT8		05/15/2017	05/15/2017	05/15/2017	0.00	0.00	2,335.00	2,335.00
Sub Total										74,870.88
009 - BACWA	Federal Agency Issues Coupon	FHLB 1 5/23/2018-17	3130A86F5	05/23/2017	05/23/2017	05/23/2018	0.00	0.00	700.00	700.00
009 - BACWA	Federal Agency Issues Coupon	FHLMC 1.2 5/23/2019-16	3134GAAR5	05/23/2017	05/23/2017	05/23/2019	0.00	0.00	1,800.00	1,800.00
Sub Total										2,500.00
							0.00	0.00	329,772.18	329,772.18



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
May 2017

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/ Dividends	Total
Interest Received (Reinvested)										
001 - Water System Consolidated	CAMP CA Asset Mgmt Program	CAMP MM	CAMP6035	05/31/2017	05/31/2017	N/A	0.00	0.00	38,485.69	38,485.69
007 - Wastewater Consolidated	CAMP CA Asset Mgmt Program	CAMP MM	CAMP6035	05/31/2017	05/31/2017	N/A	0.00	0.00	9,185.87	9,185.87
068 - Water 2010A DSRF	Money Market Mutual Funds	Dreyfus MM	MM2642	05/02/2017	05/02/2017	N/A	0.00	0.00	1,159.87	1,159.87
065 - Water S2008A DSRF	Money Market Mutual Funds	Dreyfus MM	MM6999	05/02/2017	05/02/2017	N/A	0.00	0.00	892.58	892.58
							0.00	0.00	49,724.01	49,724.01

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: June 22, 2017

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Sherri A. Hong, Manager of Customer and Community Services *sherri*

SUBJECT: Water Theft Penalty Ordinance and Guarantee Deposits

BACKGROUND

At the May 9, 2017 Planning Committee meeting, staff provided an update on the Customer Assistance Program (CAP) efforts. Topics discussed included CAP growth for the past five years, estimated CAP household eligibility within the District's service area, and District impacts if water service turn-offs were suspended for low-income customers' delinquent accounts. Staff also presented options for changes to the Water Theft Penalty Ordinance and the District's Guarantee Deposits practices to mitigate the impacts of these charges to low-income customers. During public comment, members from the Service Workers Project for Affordable Utilities and Water (SWPAUW) voiced concern regarding the human right to water and the impacts from termination of water service. At the conclusion of the meeting, Planning Committee members expressed concern and directed staff to evaluate adjustments in several potential areas:

- 1) Water Theft Penalty Ordinance
- 2) Guarantee deposits – payment history deposits
- 3) Automatic CAP enrollments and retroactive assistance
- 4) Low-income delinquent account shut-offs

This memo focuses on water theft and guarantee deposits, and will be discussed at the June 27, 2017 Finance/Administration Committee meeting. The remaining two items are complex and require additional evaluation as well as committee discussion time. These items will be included as a part of the long-term financial sustainability discussions planned later in 2017.

DISCUSSION

District Regulations Related to Water Theft

The District has multiple regulations to address water theft related issues. These regulations existed prior to 2015. Section 15 of the regulations allows the District to discontinue water service to customers for noncompliance with regulations including damaging or interfering with the operation of District equipment (Section 23), using water outside of the premises specified in the customer's application for service (Section 19), or using hydrant water for domestic uses (Section 7).

If the District discontinues service pursuant to Section 15, the customer must pay a \$45 disconnection charge and a \$45 charge to restore service, and an additional \$45 service trip charge for any additional trips required to interrupt service following the initial shut-off. See Water and Wastewater System Schedules of Rates and Charges and Fees as of July 1, 2016 ("District Rates"), Schedule C, Section B. If the District locks or plugs the customer's meter pursuant to Section 15, the customer must pay additional charges of \$57 and \$394, respectively.

Section 7 places limits of the use of water obtained from a fire hydrant permit, including prohibitions on use outside the District's service area, or for domestic purposes. Use of water obtained through a hydrant permit in violation of those prohibitions may result in immediate revocation of the permit. If a site visit is required to retrieve the hydrant meter, the customer is required to pay a \$217 site visit charge. District Rates, Schedule C, Section 0.

Water Theft Penalty Ordinance

In 2015, the Board adopted the Water Theft Penalty Ordinance. The ordinance outlined several types of water theft: theft of water through a public hydrant, theft through an illegal connection, and/or theft through unauthorized restoration of service which had been terminated for non-payment. The penalty is based on the frequency of occurrences starting at \$1,000 for the first occurrence and increasing to \$2,000 and \$3,000 for subsequent violations.

From May 2015 – May 2017, there have been 347 incidences of theft, with almost all occurrences resulting from customers tampering with and restoring service connection due to non-payment. In 120 of the 347 incidences, an individual could not be identified and therefore no penalty was assessed. The remaining 227 incidences were charged for water theft with only 34 customers (15%) paying the penalty. For customers experiencing financial difficulty, a payment plan can be established for the penalty, including the outstanding delinquent charges. Unpaid penalties from closed accounts are also written-off and referred to collections.

Although the ordinance has substantially reduced the instances of broken meter locks and restoration of service (a 41 percent reduction compared to the previous eight-month period) and reduced the number of additional field action requests due to tampering, the penalty largely impacts low-income customers. These customers are already experiencing difficulties paying their water bills and once fined, find it difficult to pay the fine, monthly installments for their overdue balance, and their current water bill. This affects their ability to maintain service.

In response to the Planning Committee's request, staff has prepared a range of options to address water theft as outlined below.

- A. Retain the existing water theft administrative penalties of \$1,000, \$2,000, and \$3,000 for hydrant theft only which results in greater water loss. Establish new reduced administrative penalties of \$200, \$400, and \$800 for lateral diversions (unauthorized connection) and meter tampering (restoration of service) and retain the other required charges associated with tampering to obtain/restore service.

- B. Eliminate meter tampering (restoral of service) from the ordinance as there are other mechanisms in place to address tampering. Retain lateral diversions (unauthorized connection) and hydrant use as applicable theft types. Also retain the other required charges associated with tampering to obtain/restore service.
- C. Eliminate the Water Theft Penalty Ordinance in its entirety and retain the other required charges associated with tampering to obtain/restore service.
- D. Make no change to the existing ordinance.

Under all options, the District retains the right found in District regulations, the Penal Code and the Civil Code to bring legal actions to enjoin water theft, recover damages, and refer matters to law enforcement, to protect the District under appropriate circumstances including egregious violations.

Guarantee Deposits - Payment History Deposits

In fall 2016, customers expressed concern that extensive deposits were assessed on delinquent accounts. Following review, staff determined that large deposits were an unintentional result of drought surcharges, excessive use charges, and water theft penalty fees contributing to higher customer bills in 2015. Systems and procedures have been modified to ensure these charges are not included in the system-generated deposit calculations. Additionally, if a customer has recently been approved for CAP, the deposit will be adjusted to reflect the CAP discount, thereby reducing the deposit. Customers are also allowed to make installment payments for deposits. The modifications put in place have been effective and staff will continue to monitor this area. Guarantee deposits have been an effective long-term District practice to minimize bad debt as a result of unpaid bills and thus keep rates low.

NEXT STEPS

Staff will evaluate the remaining two items: 1) automatic CAP enrollments and retroactive assistance and 2) developing a performance indicator(s) to better assist low-income customers and reduce or eliminate low-income turn-offs. These items will be included as a part of the long-term financial sustainability discussions planned later in 2017.

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