

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: March 8, 2018

MEMO TO: Board of Directors

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

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

SUBJECT: Long-Term Financial Stability Workshop No. 2 – Shut-offs, Water Use Efficiency, and New Assistance Programs and Partnerships

SUMMARY

The Board of Directors Long-Term Financial Stability Workshop No. 2 scheduled for March 13, 2018 is a continuation of a series of workshops focused on long-term financial stability and low-income customer assistance. Workshop No. 1 was held on November 28, 2017, and highlighted the District's long-term financial planning tools and reviewed an affordability analysis of the District's water and wastewater services. The workshop concluded that while affordability is a concern for some District customers, for the vast majority of customers, water and wastewater services are affordable. Several recommended improvements for addressing actual and perceived affordability include redesigning the bill statement to better reflect District versus non-District charges and working with cities on implementing the District's Customer Assistance Program (CAP) or similar assistance program for sewer collection charges.

Workshop No. 2 will highlight the District's shut-off practices and statistics, and the various forms of assistance the District provides to its customers to maintain water service and avoid shut-offs. The remainder of the workshop will respond to Board inquiries regarding potential options for modifying shut-off practices, increased water efficiency efforts, and new District initiatives to support low-income customers.

DISCUSSION

Board members and customers have expressed concern about water shut-offs, particularly how the District's shut-off procedures might impact low-income customers. The Board asked about several potential options for revising the District shut-off practices. To provide context for discussion of these options, a review of the District's delinquent account process, shut-off statistics, and shut-off prevention guidelines and procedures is provided below.

Delinquent Process

Generally, accounts are billed bi-monthly and customers must pay all charges by the due date indicated on the water bill, which is 15 days after the bill is generated. Overdue action

commences on an account when payment of the bill has not been received by the time the next bill is sent by the District, generally 60 days after the customer receives the first bill. Customers may avoid the overdue collection process by: 1) paying the delinquent charges in full; or 2) paying a portion of the delinquent amount to reduce the previous balance to below \$25. If a customer is unable to pay and avoid further delinquent action, the District offers payment options to prevent service termination:

1. The customer may request an extension of the period of time to pay the bill; or
2. The customer may request that the delinquent amount be amortized over a time period not to exceed 12 months and agree to enter into a payment plan with the District.

If no payment plan is established, and the delinquent amount is \$25 or greater, the account progresses in the overdue process and notices are sent to the customer of record of the pending action to terminate service due to non-payment. A disconnect for non-payment (DNP) field order is generated to turn-off the service if the account remains delinquent and the overdue balance is \$50.00 or greater.

Generally, customers have at least 93 days from receipt of the bill with the amount due to secure payment and/or contact the District to make payment arrangements. If no action is taken by the customer, a final attempt to collect payment at the door is administered before service is terminated for non-payment. Accounts not paid after service is terminated or without a payment plan are referred to a collection agency generally within 35 days.

During all stages of the delinquent process, customers are informed about the District's CAP. Throughout the delinquent process, customers are also instructed to call the District if they have questions concerning any notices, want to setup a payment plan, or need further information regarding CAP assistance. Customers that take proactive action to contact the District prior to service termination are more likely to maintain water service. Of those customers that receive a 48 notice of impending shut-off, 92 percent contact the District. If the customer enters into a payment plan and pays in accordance to schedule, the delinquent process is suspended. Additionally, customers not satisfied with the outcome of the resolution may appeal to the Customer Service Manager.

Shut-Off Statistics

The District issues over two million customer bills per year, of which approximately 12 percent become delinquent. The District follows a standard delinquency process to inform customers of the status of their account, action needed to avoid service shut-off, and District services available if they experience difficulty paying their bill. As these accounts advance closer to service termination, the number of delinquencies significantly decreases. For Fiscal Year 2017 (FY17), 99.5 percent of all bills were paid or had established a District payment plan to avoid service shut-off. As a result of District assistance programs and services, a very small number (0.5 percent) of delinquent bills or 10,952 out of 2,008,562 bills in FY17 resulted in service shut-off.

Shut-offs happen for a variety of reasons: late or no payment, traveling, forgot to pay, financial difficulties, customer moved, bill abandonment, etc. The District writes-off approximately 2.7 percent of delinquent accounts each year. These accounts all proceeded through the delinquent, shut-off and collection processes with no resolution from the customer prior to write-off. Over the past four fiscal years (FY14 - FY17), residential account shut-offs have declined by more than 18 percent and shut-offs of CAP accounts by 25 percent. Shut-offs for customers enrolled in CAP represent 2.8 percent of all shut-offs. On average, over 76 percent of accounts that are shut-off have only one shut-off and generally do not have repeat shut-offs during the year. These results are influenced, in part, by District practices put in place to assist all customers, including our low-income customers, to maintain water service.

District Assistance for Shut-Off Prevention

Though a large majority of customers are able to keep their bills current, a very small subset of customers has difficulty paying their bill and keeping water service on. Our low-income customers are especially affected because they are already experiencing affordability challenges with the rapidly rising Bay Area costs. To assist these customers, the District continues to provide a diverse set of programs to help customers, especially low-income customers, with assistance on their water bill. Reference the “Attachment” for a sample list of programs offered.

Specific District programs that assist customers avoid shut-off and maintain water service are outlined below.

Customer Assistance Program (CAP)

Over the years CAP has evolved and offers a 50 percent discount off the standard bimonthly service charge and home water use in each eligible household or homeless shelter, up to 1,050 gallons per person per month of flow charges. The District’s program provides higher income eligibility than many other state and federal assistance programs which set income eligibility at 200 percent of the federal poverty level. In addition, a 35 percent discount is provided to offset wastewater service charges. Overall CAP participation increased 61 percent since 2012 and funding increased by over 126 percent, from \$973,000 to \$2.2 million in FY18.

Payment Plans

Customers unable to pay their bill and who are not eligible for assistance through CAP may also make arrangements to pay their bill over an extended period of time and through smaller incremental amounts. Payment plans allow customers to make reasonable smaller payments to help them “catch up” on overdue bills, and stop a disconnection order in progress.

On average, the District authorizes over 38,000 payment plans annually which represent approximately five percent (16,000) of all residential accounts. Short-term payment extensions of less than 30 days are the most common, and represent 71 percent of all payment plans with the majority of customers paying in accordance with their agreement. Long-term payment plans greater than 30 days represent 29 percent of all payment plans.

In 2016, the District extended the repayment period for payment plans from six months up to twelve months as a result of customer affordability concerns. Customers on long-term payment plans are required to pay their monthly plan amount in addition to keeping current on payment of any new billed amounts.

Same Day Service Restoral

Customers who are shut-off can contact the District to arrange same day service restoral. More than 70 percent of customers pay to have their water service restored within 24 hours or less of shut-off. Eight percent pay within 3-5 days and five percent pay between 6-12 days. The remaining 17 percent of customers pay at some point beyond twelve days or do not pay. Of these accounts, four percent remain off, move, or otherwise terminate service with the District, and eight percent self-restore service without the District's permission.

Medical and Special Needs Assistance

Delinquent customers who have special medical needs with medical certification are reviewed on a case-by-case basis to avoid service interruption and may enter into a twelve month payment plan to maintain water service. Customers experiencing unexpected life situations and unable to pay their water bill are encouraged to contact the District for assistance.

Third Party Notification

The District also offers a third party notification process which is helpful for seniors. Elderly or disabled customers may enroll in the District's third party notification service where a friend or relative can be notified to intervene in advance prior to any District action to shut-off the account due to non-payment.

Multi-Family Lien Program

Pursuant to MUD Act Section 12811.1, the District implemented a lien program on January 1, 2011, to prevent the termination of service for tenants of master-metered, multi-family residences (MFR). Under the lien program, when a MFR account is delinquent and the charges amount to \$100 or more, the District places a lien on the property rather than terminating service. If the delinquent amount remains unpaid, the District transfers the amount on to property tax rolls and the owner of the MFR is required to pay the delinquent amount as part of their property tax payment. Over 2,300 liens totaling \$1,882,453 are filed annually and over 400 accounts totaling over \$1,400,000 are transferred to property tax rolls.

The MUD Act also allows the tenant of a single-family dwelling, where the owner is the customer of record and the account has become delinquent, to sign on for service to avoid termination of service. The tenant does not become responsible for the delinquent amount, but becomes the customer of record moving forward.

Deposit Assistance/Deferrals

The District may require a deposit from customers signing on for service who have an unsatisfactory payment history with the District. Deposits for high risk accounts minimize the financial risk assumed by the District, help keep write-off amounts low, and are standard industry practice. While the District does not charge deposits when customers initially establish service, it may charge a deposit where a customer fails to provide the required information when establishing an account.

The District has recently modified its deposit collection practices to address affordability concerns. More specifically, the District now allows installment payments for security deposits. Also, if a customer has recently been approved for CAP, the deposit will be adjusted to reflect the CAP discount, thereby reducing the deposit. A deposit may also be deferred and the customer provided a warning in lieu of a deposit, if the customer enters into a payment plan and complies with its terms. A security deposit may also be applied to offset the balance due on an account if the customer is in jeopardy of service disconnection. These modifications have thus far been effective and staff continues to monitor the customer deposit process for further improvements. Guarantee deposits remain an effective long-term District practice to reduce unpaid bills and help keep delinquency rates low.

Almost 5,000 accounts per year are required to submit deposits. Typically, deposits are required when the customer had a bankruptcy or write-off, bankruptcy filing, a history of water theft, or when the customer demonstrates a non-satisfactory payment history resulting in ongoing overdue activity including shut-off actions. A preliminary review indicates that at least 20 percent of the deposits paid are applied to the final bill upon closure of an account and 15 percent are applied to unpaid debt prior to write-off to recover uncollectible revenue. The remaining deposits are refunded to the customer after a year or retained until satisfactory pay history is maintained.

Purpose of Utility Shut-Offs

Delinquent accounts are costly due to additional administrative, field, and collection costs. Shut-offs are an effective mechanism to encourage payment for District services provided. As a public agency, the District is responsible for providing safe, reliable water and wastewater services and collecting from its customers appropriate fees to recover costs in accordance with the MUD Act and Water Service Regulations Governing Service to Customers, as well as Proposition 218 and other laws governing rates/charges. While the MUD Act authorizes the District to offer a temporary CAP, it does not include any language granting the District the authority to offer more permanent forms of assistance to low-income customers, such as a permanent moratorium on water shut-offs. Moreover, a permanent moratorium on shut-offs for low-income customers would allow those customers to stop paying yet continuing to receive water service. This could be considered a violation of Proposition 218, as the non-paying low-income customers would be receiving a subsidy as their costs are borne by other paying customers.

Termination of service for non-payment of delinquent accounts is practiced by almost all utilities and serves as an essential tool for maintaining the financial health of the organization. According

to the District's financial advisor, the financial health of a utility depends on the consistent receipt of revenues for services rendered. Rating agencies rely on the public utility's development and maintenance of adequate billing and collection measures when evaluating a utility issuer's credit quality. Rating agencies (i.e., Fitch, Moody's and Standard & Poor's) consider the existence of policies regarding the termination of service for unpaid accounts and a utility's practice of acting on those policies to terminate service when necessary as factors in determining credit strength in their rating methodologies, and consequently, the public utility's creditworthiness in issuing bonds. In addition, rating agencies also look at collection policies that regularly track the rate of timely payment receipts and enforce penalties against late payers or terminate service for non-payment as strengths in determining the credit rating of the public utility. The District's low delinquency rates of 0.5 percent and uncollectible revenue of 0.23 percent has contributed to the District's high bond credit ratings of AAA. Changes to the District's service termination policies could adversely affect the District's high bond credit ratings.

A review of other agencies identified several water agencies which had temporarily suspended shut-offs for a variety of reasons. These agencies indicated that there was a marked effect on overall bill payment as highlighted below.

- In 2016, Seattle Public Utilities which provides service to 1.3 million customers suspended shut-offs for six months during a billing system transition. Customer debt more than tripled when shut-offs were suspended from \$1.54 million to \$5.03 million in five months. After shut-offs had been reinstated, past due debt decreased to \$2.61 million.
- In 2015, in the City and County of Baltimore, water bill errors and estimated reads slowed shut-offs. Due to a weak economy, delinquencies reached approximately \$40 million. Baltimore enforces shut-offs prior to placing a property in tax sale to collect delinquent property taxes and other unpaid charges owed to the city which are liens against the property and can eventually lead to foreclosure proceedings on the property.
- In the 1980's, the City of New York, the largest U.S. municipal water system with eight million customers, ceased shutting off service due to technical system issues. Tens of thousands did not pay their water bill and the city accrued a customer debt of about \$600 million. The city resumed some termination of services for non-payment in 2005.
- The City of Detroit Water and Sewage Department had \$90 million in bad debt with a high delinquency rate of almost 50 percent for residential accounts. In February 2014, the City had the lowest number of shut-offs and in March 2014, experienced the highest number of delinquencies. The City has subsequently resumed terminations of service for non-payment.

The above examples cited are city-owned utilities with multiple revenue sources. The District is a municipal utility whose primary revenue source is customer bill payments.

Shut-Off Considerations

The following considerations respond to Board inquiries about potential changes to the District's shut-off practices.

Expand Liens to Single-Family Households for Low-Income Customers

As discussed above, the District implemented a lien program to avoid termination of service for tenants of multi-family residences. The lien authority provided in the MUD Act is limited, but may be construed to allow the District to place a lien on a single-family residence where the tenant has incurred water service charges and the property owner is the customer of record. Thus, the lien program could be expanded to allow the District to place a lien on a property occupied by a tenant and where the property owner is the customer of record responsible for paying the delinquent amount.

While expanding the lien program could prevent service termination for some tenants of a single-family residence, doing so is not recommended. First, for the majority of single-family residences which are rentals, the tenant is the customer of record, rather than the property owner. The MUD Act does not allow placing a lien for costs incurred by a tenant who is the customer of record on the property owner's tax bill. For instances where the landlord is the customer of record and is delinquent, the tenant may already avoid service termination by becoming the customer of record without incurring the delinquent charges owed by the property owner. Adding the lien fees and charges to the landlord's property tax bill may make it more difficult for the property owner to pay their property tax bill and therefore they may be subject to foreclosure of their property. Additionally, expanding the lien program in this manner has the potential to place the District in the middle of landlord and tenant disputes and will require additional District resources to process, file, and manage the liens. Therefore, expanding liens to single-family households for low-income customers is not recommended.

Interventions to Shut-Offs: Flow Restrictors

An unconventional alternative to disconnection is the installation of a device that restricts water flow at a customer's residence. Water flow can be restricted to a fraction of the normal rate (e.g., one gallon per minute) and allows enough water for basic drinking and sanitation needs. However, taking normal showers or toilet flushing is very time consuming and the use of more than one water fixture at a time may be precluded. Additionally, there may be issues associated with very low-water flow and clogging pipes and sewage systems. Flow restriction results in additional District expense estimated at \$300 to install and remove each device which would be passed on to the customer. Non-compliant customers may also attempt to remove the device which would result in a water theft occurrence and potential water theft penalty charge. In addition to the above, some customers may opt for the inconvenience of the low flow and avoid paying a water bill. This approach is very uncommon. Staff identified one very small agency with 2,200 customers in the State of Washington that uses flow restrictors for non-paying customers who have a long history of bad debt and refusal to cooperate with the utility. For the above reasons, the use of flow restrictors

is not recommended as it results in additional District and customer expense and does not guarantee payment.

Intervention for Elderly, Infants, and Medical Shut-Offs

Staff works with delinquent customers who may have a special need on a case-by-case basis to address their situation. This is current practice and allows the representative flexibility when assisting customers. For these reasons, it is recommended to continue this practice.

Moratoriums on Shut-Offs

The District does not have the authority to offer permanent forms of assistance to low-income customers such as a permanent moratorium on shut-offs. Permanent shut-off moratoriums are not standard industry practice and though it allows customers to maintain water service, may expose the District to Proposition 218 challenges as the District cannot provide free water at the expense of other customers. As stated earlier in this report, the financial health of a utility depends on the consistent and timely receipt of revenues and the enforcement of termination of service for non-payment. Placing moratoriums on shut-offs may trigger a reassessment of the District's credit ratings and may result in lower credit ratings, increases in cost of debt, and higher rates for all customers. For these reasons, this option is not recommended.

Shut-Off Key Performance Indicators

To ensure customers are notified well in advance of an impending shut-off and are educated on the options available, several key performance indicators have been established to measure efforts to support customer assistance in maintaining water service.

1. Ensure all customers are notified in writing and with an automated telephone contact 48 hours in advance of shut-off.
2. Provide all customers who are subject to shut-off with CAP information and the opportunity to request a payment plan to avoid service termination.
3. Evaluate shut-off guidelines annually and track and monitor shut-offs to evaluate the effectiveness of the District's customer assistance programs.

Water Use Efficiency

The District's water conservation program initiatives include a portfolio of services designed to meet the unique needs of our diverse customer base, including master-metered customers and renters (i.e., multi-family tenants, property managers, senior housing, and low-income) that do not receive a water bill, to support customers' efforts to use water efficiently. Water conservation services provide incentives, water use audits, and consumer outreach to engage customers and the community. A concerted effort is ongoing to reach low-income multi-unit complexes with self-service tools, on-site audits, device direct installation, and educational programs as outlined below:

- **High Water Use Assistance** - When visiting households for an overdue bill, field representatives may investigate and identify high water use and provide information on available conservation services.
- **My Water Report** - Provide home water management tools and online access to District conservation services including high use (leak) alerts and savings tips. CAP participants with use greater than 25 gallons per day receive a home water report and MFR premises were recently added to the program in January 2017.
- **Home Water Works Calculator** - Provide tips for single- and multi-family (tenant) customers to learn how they use water (and energy) in their home and tips to manage their water and energy use.
- **Water Use/Leak Detection Audits** - Provide direct customer interactions to promote water-efficient behavior and hardware installations. For the past year, audits have focused outreach on MFR complexes and CAP participants.
- **Device Distribution** - Provide customers with free water-efficient devices. The District continues to partner with city and community-based organizations, non-profits, and other service providers to expand device distribution among harder-to-reach customer sectors that may not necessarily have a direct water account with the District. These include MFR, low-income, and senior housing. In 2017, more than 600 customers received free water (and energy) audits and device installation services including faucet aerators and high-efficiency shower heads through District community partnerships.
- **Pacific Gas and Electric Energy Savings Assistance (ESA) Program** - Provide EBMUD customers with energy- and water-saving direct installation services including faucet aerators, low-flow shower heads, and thermostatic shower shut-off valves. In 2017, the ESA program provided 20,492 water saving devices to nearly 7,400 low-income single-family, multi-family and mobile home residents within the EBMUD service area.

Community Partnerships and New Assistance Programs

The District also enlists the support of several non-profit social service agencies (St. Vincent de Paul, Oakland Housing Resource Center, Salvation Army, Seasons of Sharing, Catholic Charities, Richmond Housing Authority, and Alameda & Contra Costa Housing Authority) that may provide additional financial assistance beyond what the District can provide. These agencies have the contacts and outreach capability to reach a larger network and provide a holistic approach to assisting those in need.

Additional partnership programs developed this past year to support low-income assistance are described below.

- **EBMUD Water Lifeline - Donation/Emergency Relief Program**
Through partnership with St. Vincent de Paul of Alameda County, a new program – “EBMUD Water Lifeline” – is now available to accept voluntary monetary donations to fund an emergency relief program for qualifying EBMUD customers. Low-income customers who experience an unexpected life situation (death of family member, loss of job, medical issue, etc.) and are unable to pay their bill can request assistance. When the District has exhausted all means of assistance, EBMUD Water Lifeline can provide additional support for CAP eligible customers to avoid disruption of service. The program will launch for customer donations in March 2018 and more information will be presented at the workshop.
- **Senior Assistance Foundation Eastbay (SAFE) – Senior Assistance**
Staff collaborated with SAFE to connect District partnering non-profit agencies. The agencies are working together to identify additional funding resources to support senior assistance programs.
- **Lava Mae - Mobile Hygiene Stations**
Staff worked with the City of Oakland and a non-profit agency called Lava Mae to assist with the configuration of a water and wastewater services and the permit process for the mobile hygiene stations for low-income and homeless areas. The stations provide free hygiene and lavatory services to disadvantaged areas. Lava Mae began operations in February 2018 at two areas in Oakland.
- **California Emerging Technology Fund (CETF)**
The CETF provides free computers and reduced internet services for low-income customers. Though these services are not directly related to or part of the District’s core business, these services may provide important additional access to services. CETF flyers are available at the District’s counter at the Administration Building and, through District efforts, have been distributed to several other social service agencies.

NEXT STEPS

Following the conclusion of all workshops, staff will develop a plan and schedule of the modifications to be initiated. The remaining workshop on the state’s Low-Income Rate Assistance (LIRA) efforts and EBMUD’s Customer Assistance programs will be scheduled after the State publishes its anticipated LIRA report and additional information on state initiatives is available. Staff will continue discussions with cities that include sewer service charges on EBMUD’s bill to establish a CAP for sewer charges and update the Board on the progress.

ARC:SH:dlb

Attachment

Customer Assistance Programs and Services

Service	Commercial	Single Family Premise	Multi-Family Premise (Landlord account)	Low Income Customers (medical, senior)
Customer Support/Advocacy	✓	✓	✓	✓
<u>Bill management:</u> Customer Assistance Program Payment Ext/Plans (up to 12 months) Medical Needs Assistance <i>Deposit Deferral - New</i> <i>Emergency Relief - New</i>	✓	✓ ✓ ✓	✓ ✓	✓ ✓ ✓ ✓ ✓
<u>Community Support Referrals:</u> (SVDP, CC, Oakland Housing Resource, Richmond Housing Authority, etc.) 3rd Party Notification		✓		✓ ✓
<u>Water Use Efficiency:</u> Water Audit Rebates, Free Devices My Water Report	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓
Leak Adjustments	✓	✓	✓	✓
PAYS On Bill Financing	✓	✓	✓	✓



EAST BAY MUNICIPAL UTILITY DISTRICT

Long Term Financial Stability Workshop #2

Shut-Offs, Water Efficiency, Program Enhancements

March 13, 2018

Agenda



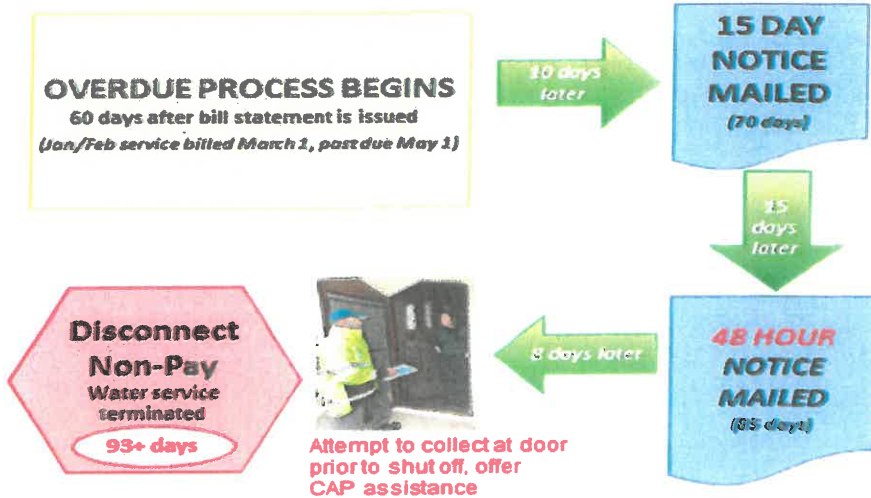
- Background
- Shut-Offs
 - Delinquent Process, Statistics
 - Prevention Assistance, Considerations, KPI's
- Water Use Efficiency
- Program Enhancements - Partnerships
- Conclusion - Next Steps

2

Delinquent Process



Effective process for customer notification prior to Shut-Off.

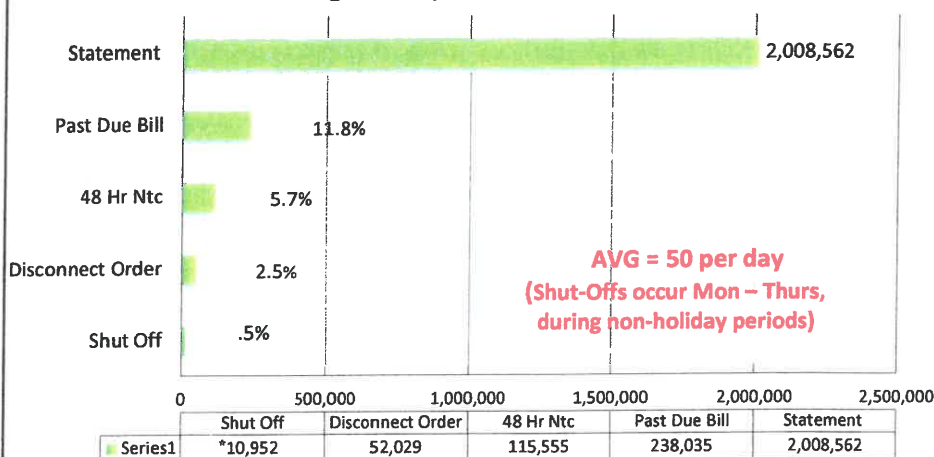


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Delinquencies FY17



All Single-Family Residential Statements



* Represents approximately 8,100 accounts

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Programs for Low-Income Customers



Service	Commercial	Multi-Family Premise (Landlord account)	Single-Family Premise	Low-Income Customers (medical, senior) own or rent
Customer Support/Advocacy	✓	✓	✓	✓
Bill Management:				
• Customer Assistance Program	✓	✓	✓	✓
• Payment Ext/Plans (up to 12 months)	---	✓	✓	✓
• Medical Needs Assistance	---	---	✓	✓
• Deposit Deferral - New	---	---	---	✓
• Emergency Relief - New	---	---	---	✓
Community Support Referrals:				
• (SUDP, CC, Oakland Housing Resource, Richmond Housing Authority, etc.)	---	---	✓	✓
• 3rd Party Notification	---	---	---	✓
Water Use Efficiency:				
• Water Audit	✓	✓	✓	✓
• Rebates, Free Devices	✓	✓	✓	✓
• My Water Report	✓	✓	✓	✓
Leak Adjustments	✓	✓	✓	✓
PAYS On Bill Financing	✓	✓	✓	✓ 5

CAP Eligibility – One of the Most Generous in the State



EBMUD CAP eligibility is higher than Federal Poverty Guidelines and therefore more customers are eligible

Household Size	EBMUD CAP Income	
1	\$41,750	
2	\$41,750	
3	\$46,950	
4	\$52,150*	

* \$4,150 for each additional family member

CAP - One of the Highest Discounts in the State



How we help!



✓ 50% Water Discount

✓ 35% Wastewater Discount

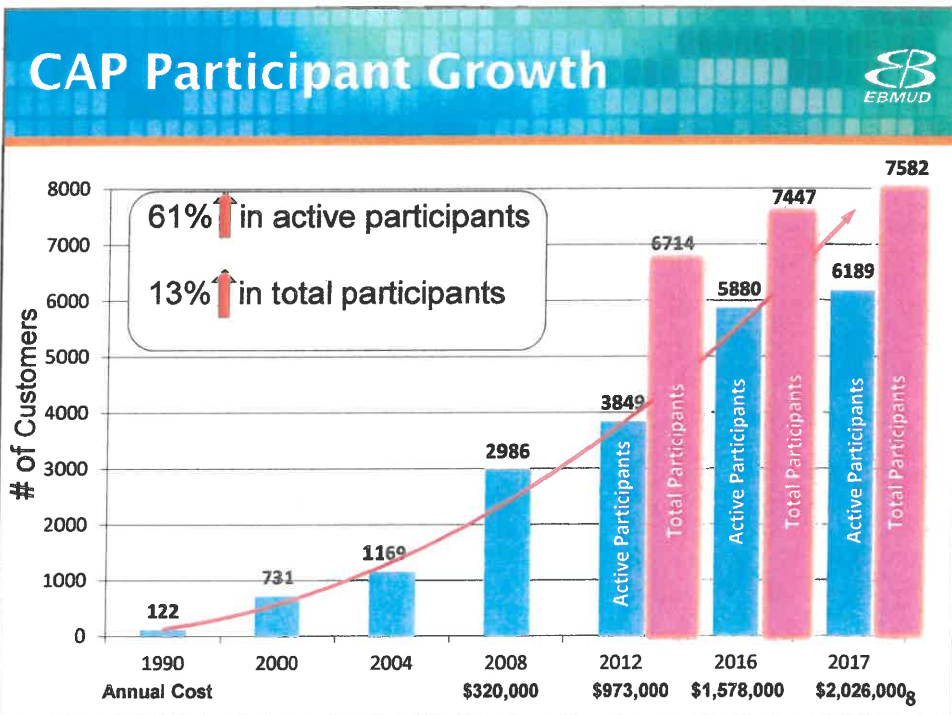
✗ Sewer Discount (City)

Temporary assistance

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For: 1234 Pipeline St Private Residence		Bill Date: 02/22/18 Billing Period: From 12/18/17 To 01/15/18
	AMOUNT	TOTAL
PREVIOUS CHARGES AND CREDITS		
PREVIOUS AMOUNT DUE	160.57	
FULL PAYMENT - 01/04/18	160.57	0.00
WATER CHARGES - EBMUD		
WATER SERVICE CHARGE	45.20	
WATER FLOW CHARGE 8 UNITS @ \$1.45	20.72	
CUSTOMER ASSISTANCE PROGRAM CREDIT	-52.95	32.95
WASTEWATER CHARGES - EBMUD		
WASTEWATER TREATMENT CHARGE SF BAY	34.54	
POLLUTION PREVENTION FEE	0.00	
CUSTOMER ASSISTANCE PROGRAM CREDIT	-13.11	21.83
EBMUD Total Charges		\$ 54.78
CITY OF OAKLAND SEWER SERVICE		77.16
PLEASE SEE REVERSE SIDE FOR BILLING EXPLANATION		131.94

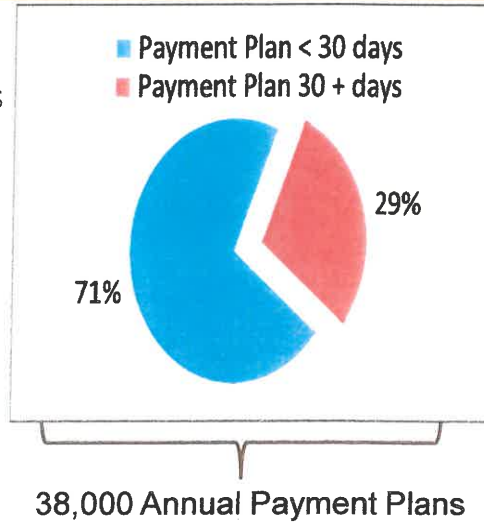
.91 cents per day



Payment Plan Assistance FY17

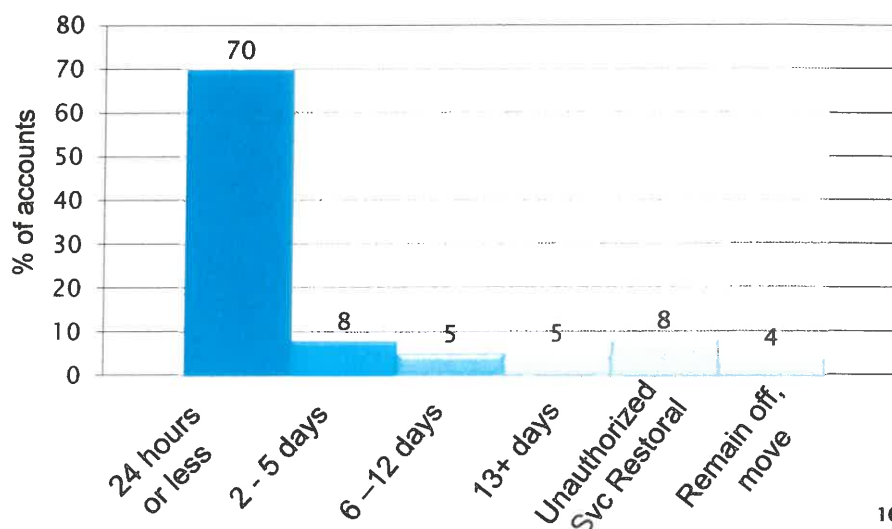


- In 2016 the repayment period for payment plans was extended from 6 months up to 12 months
- Over 92% of customers who receive a 48 hour notice pay or contact EBMUD to avoid shut-off
- Customers are able to request a payment plan *after* shut-off if needed



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Same Day Service Restoral



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Reasons for Shut-Offs



Services are terminated for a variety of reasons:

- Forget to pay
- Traveling
- Wait until shut-off
- Financial
- Landlord/tenant/renter transition
- Move
- No responsible customer

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Shut-Off Rationale



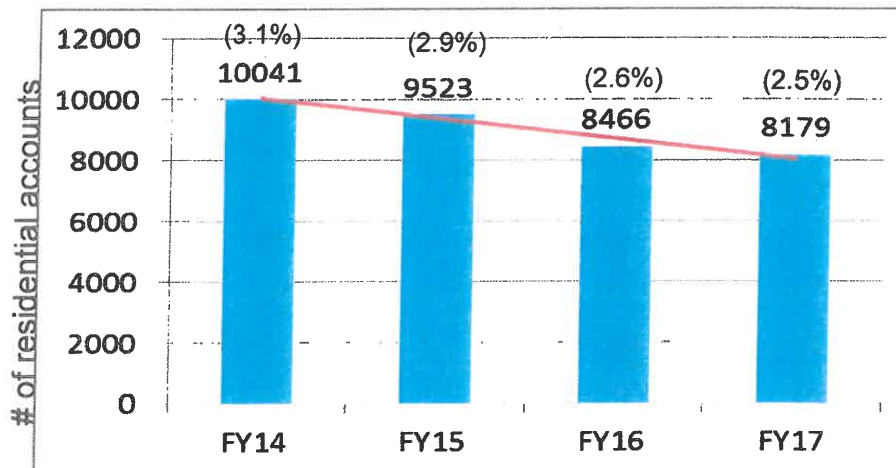
- Mechanism to encourage payment
- Recovers cost of service consistent with MUD Act, District Regulations, and Proposition 218
- Minimizes uncollectible revenue and keeps rates low for all customers
- Criteria used by financial agencies in the evaluation of EBMUD's credit quality
- Supports EBMUD's high credit rating of AAA and ability to borrow at low rates

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Annual Residential Shut-Offs Reduced 18% (FY14 - FY17)



* 328,000 total residential accounts



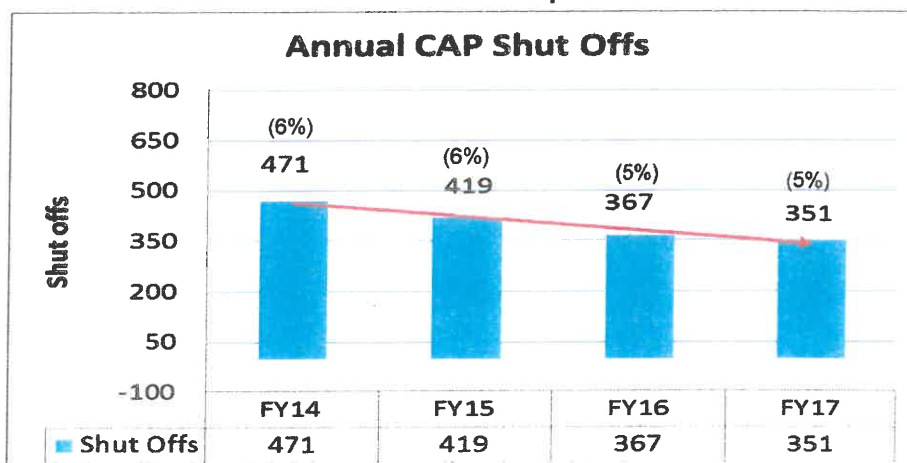
* Our programs help to reduce Shut-Offs by 18%

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Annual CAP Shut-Offs Reduced 25% (FY14 - FY17)



* 7582 Total CAP Participants in FY17



* CAP Shut-Offs reduced 25%

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In Conclusion



- Shut-Offs occur for a variety of reasons and represents a very small % of customers
- The District provides over 90 days prior to terminating service and provides ample notice to allow customers time to pay.
- The District understands low-income customers have difficulty with affordability and provides a number of programs to assist customers to maintain service
- The District has actively reduced the number of Shut-Offs each year (over 18% overall for customers and 25% for low-income customers) and continues to identify programs that benefit customers

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Customer Sentiments



- ✓ *Ms. Bartholomew commented she had been struggling with her bills and the CAP program information will really helped. "You guys made my heart pitter patter, really took the stress off. Christmas came early!"*
- ✓ *Ms. Bradley had a litany of accolades that ended with "Yay for EBMUD!" We prevented her service from interruption and Ms. Bradley needed to speak with someone like CSR Marcy who "uplifted her when she was in need."*
- ✓ *Ms. Frazer was experiencing hardship paying her bill. "The CSR who helped me is AWESOME! Not everyone I contact has compassion. 5 Stars!"*

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Exploring Shut-Offs – Flow Restrictor Intervention



Description & Authority	Implementation Cost & Timeline	Considerations
<ul style="list-style-type: none"> Currently authorized under District regulations; used for excessive use 	<ul style="list-style-type: none"> Staff resources Additional cost to District and customer Can be implemented within 6 months 	<ul style="list-style-type: none"> + Allows use for drinking and cooking - Basic hygiene difficult - Additional customer cost - May cause customer plumbing issues - Increased potential for water theft - Does not guarantee payment

Viable/Not Recommended – This option may not resolve the situation and may contribute to water theft.

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Exploring Expanding Liens to Single-Family



Description & Authority	Implementation Cost & Timeline	Considerations
<ul style="list-style-type: none"> MUD Act currently authorizes liens for master metered multi-family premises and single-family premises where the property is leased and the owner is the account holder 	<ul style="list-style-type: none"> Additional cost and resources required to process the additional liens Requires system enhancements to support effort One year + timeframe 	<ul style="list-style-type: none"> + Allows tenants to maintain water service - Places District in between landlord/tenant disputes - May dis-incentivize tenants from paying rent - Limited applicability - No info on landlord vs. tenant occupied - May result in foreclosure of properties

Viable/Not Recommended – Places District in between landlord/tenant disputes.

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Exploring Shut-Offs – Intervention for Elderly, Infant, Medical Needs



Description & Authority	Implementation Cost & Timeline	Considerations
<ul style="list-style-type: none"> • Provide intervention for shut-offs for elderly, infants, medical needs. • MUD Act authority extends only to prevent shut-off on notification of a licensed physician or surgeon that terminating water service would be life threatening to the customer and the customer is financially unable to pay. 	<ul style="list-style-type: none"> • No implementation is necessary for intervention based on medical notification that termination is life-threatening. 	<ul style="list-style-type: none"> + Authority exists in the MUD Act to prevent shut-offs in life-threatening situations. - MUD Act authority requires financial inability to pay to prevent shut-off in life-threatening situations.

Viable/Recommended – Staff works with customers with special needs and currently evaluates each situation.

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Exploring Moratoriums on Shut-Offs



Description & Authority	Implementation Cost & Timeline	Considerations
<ul style="list-style-type: none"> • Do not shut-off water for delinquent accounts. • No current authority, changes would be needed to the MUD Act and Regulations 	<ul style="list-style-type: none"> • Requires a comprehensive analysis of financial and other impacts • Requires system enhancements to support effort • One year + timeframe 	<ul style="list-style-type: none"> + Allows customers to maintain water service - Based on experiences of others, large scale non-payment of bills is expected. - Could trigger rate payer issues and Prop 218 challenges - Termination of service is key rating consideration; moratorium can result in downgrades, increase cost of debt, and higher rates for all customers

Not Viable/Not Recommended – Financial and legal considerations are significant.

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Proposed Shut-Off Key Performance Indicators



- Notify all customers in writing or automated contact 48 hours in advance of Shut-Off.
- Provide delinquent customers CAP information and opportunity to request a payment plan to avoid service termination.
- Evaluate the effectiveness of Shut-Off guidelines and customer assistance programs annually.



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Water Efficiency Engagement Initiatives



- Online Home Water Use Calculator
- Expanded distribution of WaterSmart Home Survey Kits
- Home Water Reports to CAP customers
- On-Bill Financing Pilot
 - 64 MFR units received plumbing upgrades
- CYES and PG&E device direct installation services



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High Use Alert Outreach

EBMUD

Sample Alerts

Email Alert

WATERSMART SOFTWARE

Text Alert

Embedded in Water Report

Water Report Program: Bimonthly reports, separate from water bill; designed to foster awareness of water use and promote water use efficiency

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EBMUD Water Lifeline

New Program

- Customer and employee voluntary donations
- Emergency Relief Fund exclusive for EBMUD customers
- Administered by St. Vincent De Paul Alameda County
- Assist low-income customers maintain water service

Promotion of EBMUD Water Lifeline at the Oakland Housing Resource Event February 23, 2018

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EBMUD's Water Lifeline Program St. Vincent De Paul of Alameda Cty



If you have a special purpose for your donation, please let us know.

I want my donation to be designated toward:

EBMUD Water Lifeline Donation Program

I want my donation to be dedicated:

In honor of, in memory of, etc.

Please send an acknowledgement to the individual or organization to whom I am dedicating my donation.

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Lava mae – New



- Mobile Hygiene Stations & Community Pop Up Centers
- Assist homeless & disadvantaged communities



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Additional Resources and Collaboration



A Charitable Trust providing financial assistance to non-profits who provide services to low-income seniors

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Next Steps



- Continue discussions with Cities (Oakland, Berkeley and Emeryville) on establishing a sewer CAP program
- Continue to engage in state affordability efforts
- LTFSW Workshop No. 3 – State Low-Income Rate Assistance Program – TBD
- Upon conclusion of all workshops:
 - Establish a plan and schedule of recommendations
 - Evaluate the impacts of pilot programs
 - Board report of the benefits and impacts

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