

Amendment to EBMUD Retirement System Ordinance (No. 40) - Section 21 Second Reading

Board of Directors

May 14, 2019

Updates to Ordinance No. 40



- Section 21 provides for an optional modification of a member's retirement allowance to provide an actuarially equivalent allowance for a surviving beneficiary.
- Actuarially assumed rate of return is used to:
 - calculate the optional beneficiary allowance in Section 21,
 - cash-outs, and
 - posting of interest to employee accounts

Updates to Ordinance No. 40



- Plan actuary recommended a change to actuarially assumed rate of return at the September 20, 2018 Retirement Board meeting as part of their 2018 Annual Actuarial Valuation.
- The Retirement Board adopted the proposed rate at the September 20, 2018 meeting.

Updates to Ordinance No. 40



- IRS regulations require that the actuarial assumptions used to determine optional forms of benefits be specified in the Retirement Ordinance.
- The proposed update to the Retirement Ordinance (Section 21) ensures language is consistent with the change adopted by the Retirement Board on September 20, 2018.

Updates to Ordinance No. 40



- Steps to finalize adoption of Retirement Ordinance amendment
 - First reading, April 23, 2019
 - Second reading and vote to adopt, May 14, 2019
 - The Ordinance amendment must be placed in newspaper for 2 successive weeks
 - Adoption of Ordinance amendment will take effect 30 days after the vote to adopt.
 - Staff will publish and distribute copies of the revised Ordinance by June 30, 2019.

GM's Report on Water and Wastewater Schedule of Rates and Charges, Capacity Charges and Other Fees and Setting Public Hearing Date

Board of Directors
May 14, 2019

Agenda



- Budget and rates calendar
- Prop 218 rates and charges
- Other fees, charges, and regulations
- Next steps

Budget and Rates Calendar



Budget Workshop #1

January 22, 2019

Budget Workshop #2

- Biennial Budget FY20 & FY21
- FY20 & FY21 Prop 218 rates and charges

March 26, 2019

Mail Proposition 218 Notice

April 26, 2019

Board Meeting

- GM's report on rates & charges

May 14, 2019

Board Meeting

- Public hearing on rates and charges
- Board consideration of budget and rates

June 11, 2019

FY20 Rates & Charges Effective

July 1, 2019

Prop 218 Rates and Charges

FY20 and FY21 Rates Developed from Proposed Budget and COS Study



- Increase in Rate Revenue Requirement for FY20 and FY21 Proposed Biennial Budget:
 - FY20: 6.5%, FY21: 6.25% for Water
 - FY20: 4.0%, FY21: 4.0% Wastewater
- Proposed Rates from Cost of Service (COS) Study
 - Water rates increase 6.5%/6.25%
 - 2019 Wastewater COS results in some FY20 wastewater rates and charges decreasing and other increasing, with additional increase of 4% for FY21
- Consistent with Board Policy and Proposition 218
- Schedule L – Drought Rate Surcharges remains in effect in the unlikely event of a water shortage
 - Stage 0: 0% drought surcharge

Water and Wastewater System FY20 & FY21 Proposed Rate Increases



	Proposed		Projected		
	FY20	FY21	FY22	FY23	FY24
Water	6.5%	6.25%	5.0%	5.0%	5.0%
Wastewater	4.0%*	4.0%	4.0%	4.0%	4.0%

*FY20 Wastewater rate and charges changes from COS study result in some rates and charges decreasing and others increasing. Overall revenue from rates is 4% higher than under FY19 current rates.

Monthly Water and Wastewater Impacts – Average SFR



	FY19 Current	FY20 Proposed	Change		FY21 Proposed	Change	
Water – 8 Ccf/mo	\$56.12	\$59.74	\$3.62	6.5%	\$63.47	\$3.73	6.2%
Wastewater* – 6 Ccf/mo	\$21.95	\$22.15	\$0.20	0.9%	\$23.02	\$0.87	3.9%

*Wastewater treatment charges collected on the water bill; does not include Wet Weather Facilities Charge collected on property tax bill. Typical homeowners who pay the wastewater treatment charges and the Wet Weather Facilities Charge will see an increase in their annual charges of 2.7% in FY20 and 4.0% in FY21.

Monthly Single Family Residential Customer Impacts – Water



	SFR Use (Ccf)	FY19 Bill*	Proposed FY20 Bill*	Change	Proposed FY21 Bill*	Change
25 th Percentile	4	\$39.67	\$42.23	6.5%	\$44.87	6.3%
50 th Percentile	6	\$47.19	\$50.23	6.4%	\$53.37	6.3%
75 th Percentile	10	\$66.46	\$70.76	6.5%	\$75.17	6.2%
95 th Percentile	24	\$152.12	\$161.98	6.5%	\$172.03	6.2%
Average SFR Use**	8	\$56.12	\$59.74	6.5%	\$63.47	6.2%

*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

Water – Flow Charges



Flow Charges	FY19 Current	FY20 Proposed	Change	FY21 Proposed	Change
Single Family Residential					
Tier 1 up to 7 CCF	\$3.76	\$4.00	6.4%	\$4.25	6.3%
Tier 2 7 CCF to 16 CCF	\$5.17	\$5.51	6.6%	\$5.85	6.2%
Tier 3 over 16 CCF	\$6.83	\$7.27	6.4%	\$7.72	6.2%
Multi-Family Residential	\$5.31	\$5.66	6.6%	\$6.01	6.2%
Commercial/Industrial	\$5.29	\$5.63	6.4%	\$5.98	6.2%
Non Potable (Recycled)	\$4.12	\$4.39	6.6%	\$4.66	6.2%
Elevation Surcharge					
Pressure Zone 2	\$0.76	\$0.81	6.6%	\$0.86	6.2%
Pressure Zone 3	\$1.58	\$1.68	6.3%	\$1.79	6.5%

Water – Service Charges



		FY19 Current	FY20 Proposed	Change	FY21 Proposed	Change
Private Fire Service Charge						
	4"	\$127.85	\$136.16	6.5%	\$144.67	6.3%
	6"	\$249.92	\$266.16	6.5%	\$282.80	6.3%
	8"	\$396.39	\$422.16	6.5%	\$448.55	6.3%
Water Service Charge						
Single Family Residential	5/8" & 3/4"	\$24.63	\$26.23	6.5%	\$27.87	6.3%
Multi-Family Residential	2"	\$106.36	\$113.27	6.5%	\$120.35	6.3%
Other	4"	\$320.13	\$340.94	6.5%	\$362.25	6.3%

Monthly Single Family Residential Customer Impacts – Wastewater



Wastewater Treatment Charge*	Use (Ccf)	FY19 Bill**	Proposed FY20 Bill**	Change	Proposed FY21 Bill**	Change
Single Family Residential Avg	6	\$21.95	\$22.15	0.9%	\$23.02	3.9%
Single Family Residential Max	9	\$25.55	\$25.96	1.6%	\$26.98	3.9%

*The District also collects an annual Wet Weather Facilities Charge from all properties connected to the wastewater system

**Bill includes \$0.20 per month SF Bay Pollution Prevention Fee for residential customers

- In 2019, EBMUD performed a wastewater cost of service study of the wastewater rates that resulted in minor adjustments in the wastewater rates by customer class

Non-Residential Wastewater Treatment Rates



Wastewater Treatment Charge*	FY19 Current per CCF	FY20 Proposed per CCF	Change	FY21 Proposed per CCF	Change
Restaurants	\$5.47	\$5.83	6.6%	\$6.06	3.9%
Hotels	\$3.96	\$4.19	5.8%	\$4.36	4.1%
Hospitals	\$2.42	\$2.57	6.2%	\$2.68	4.3%
Retail/Office	\$2.73	\$2.83	3.7%	\$2.94	3.9%

*The District also collects an annual Wet Weather Facilities Charge from all properties connected to the wastewater system. Bill includes \$5.48 per month SF Bay Pollution Prevention Fee for non-residential customers.

- In 2019, EBMUD performed a wastewater cost of service study of the wastewater rates that resulted in minor adjustments in the wastewater rates by customer class

Wet Weather Facilities Charge



	FY19 Current	FY20 Proposed	Change	FY21 Proposed	Change
Small Lot 0 - 5,000 sq. ft.	\$103.74	\$111.24	7.2%	\$115.70	4.0%
Medium Lot 5,001 - 10,000 sq. ft.	\$162.06	\$173.78	7.2%	\$180.74	4.0%
Large Lot >10,000 sq. ft.	\$370.44	\$397.20	7.2%	\$413.10	4.0%

- In 2019, EBMUD performed a wastewater cost of service study of the wastewater rates that resulted in minor adjustments to the Wet Weather Facilities Charge
- Wet Weather Facilities Charge is collected on the property tax bill for residential and non-residential parcels connected to the wastewater system, except for public agencies and other exempt parcels, where it is collected on the water bill

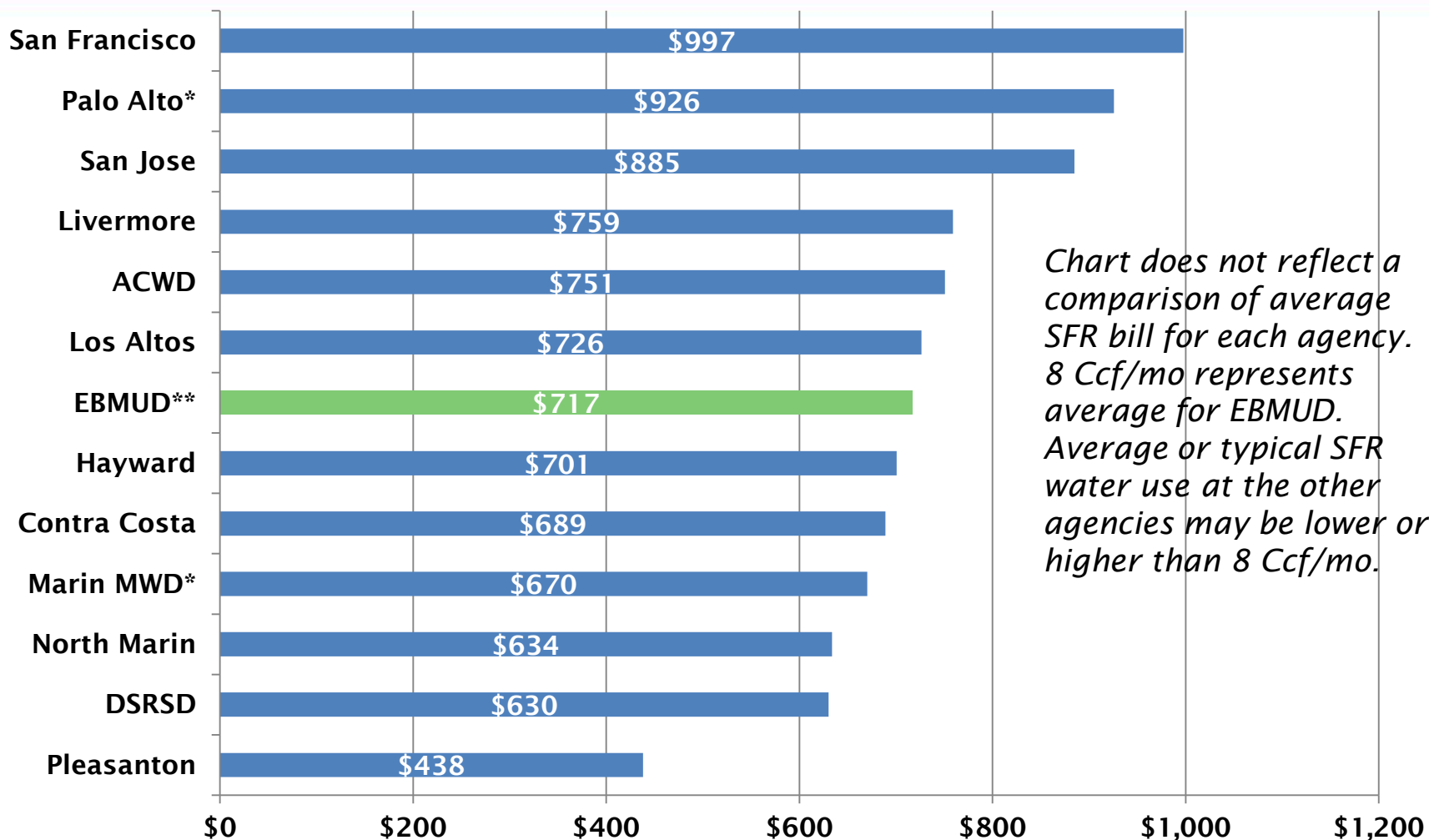
Agency Comparison Consideration



- Based on recent District average single family residential use of 8 CCF/month (200 gpd)
 - Down from pre-drought historic average of 10 CCF/month (250 gpd)
- Average use varies by agency
 - Housing density,
 - Climate variation, and
 - Demographics
 - Schedule for rate changes vary agency

Water Bills Calculated for 8 CCF/Mo

Annual Charge for SFR – Effective 7/1/19

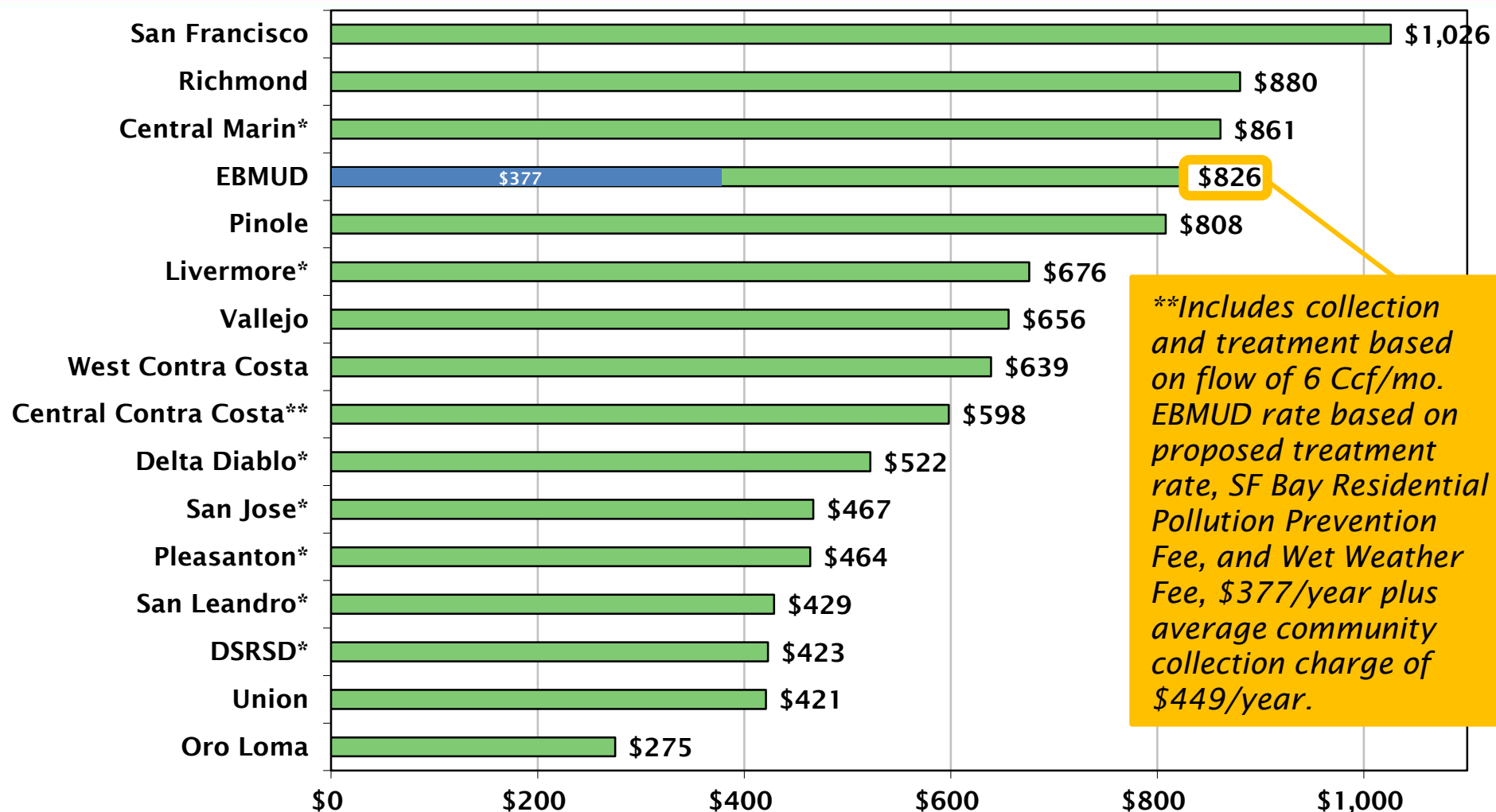


*FY19 rates, possible rate increases for July 2019

**Proposed FY20 rates

Wastewater Bills Calculated for 6 CCF/Mo Discharge

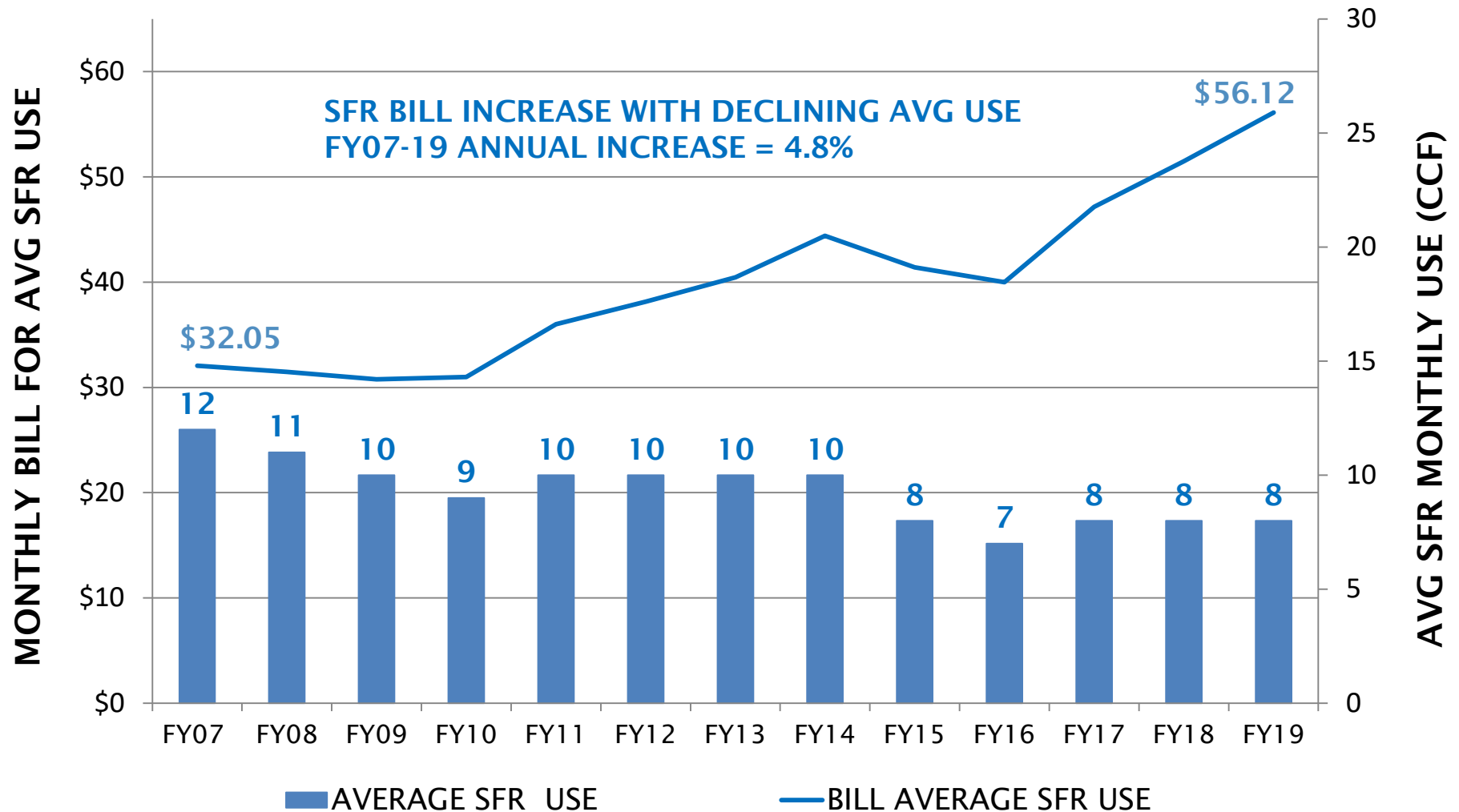
Annual Charge for SFR – Effective 7/1/19



*FY19 rates, possible rate increases for July 2019

**Proposed FY20 rates

Impact of Declining Average Water Use on SFR Bill



Non-Prop 218 Rates:

Capacity Fees

Other Fee Updates

Proposed Water and Wastewater Capacity Charges Increase



- **Water System Capacity Charge (SCC)**
 - No rate changes for FY20
- **Wastewater Capacity Fee (WCF)**
 - 2019 Capacity Fee Study
 - SFR WCF proposed to increase 5.4% from \$2,610 to \$2,750
 - New assessment process for non-residential WCF

WCF FY20 – Non-Residential Capacity Fee Update



- Recommend creating 3 categories of non-residential strength categories for WCF
 - Replaces current process based on individual business category classifications
 - Based on meter size (up to 1½")
 - Simplifies WCF calculation, increases transparency
 - In most instances results in lower or comparable fee

Strength Category	Proposed FY20 WCF Non-Residential		
	5/8" meter	¾" & 1" meter	1 ½" meter
Low	\$4,090	\$10,760	\$20,960
Medium	\$8,280	\$21,750	\$42,390
High	\$16,210	\$42,610	\$83,020

Other Proposed Updates to Rates, Fees & Charges (Non-Prop 218)



- **Ensuring reasonable fees based on cost recovery**
 - Water Account Establishment (Schedule B)
 - Special Services Charges (Schedule C)
 - Installation Charges: Water Service, Private Fire Service, Public Fire Hydrant, Water Main Extension - continuation of three-year phase-in from FY19 (Schedules D, E, F, and G)
 - Public Records Act and Real Property Use Application Fees
 - Recreation Use Fees
 - Water Service Regulations
 - Wastewater Fees: Industrial Permit, Other, Testing, Resources Recovery, Interceptor Connection Review (Wastewater Schedules B, C, D, E, F, and H)

Other Fees, Charges and Regulations – Water



- Water Fees and Charges

- Account Establishment Fees, Charges for Special Services, Real Property Use Application Fees, Public Records Act Fees, and Recreation Fee increases to reflect District costs (approximately 3%)

- Water Regulations

- Changes to Section 12 – Non-registering and unreadable meters and meter protection: add restriction on customers attaching devices or equipment to District water meters.

Schedules D, E, F and G – Updated Installation Charges



2018 Comprehensive Update

- Resulted in significant fee increases to many installation charges
- Board approved implementing increases gradually over next three years (FY19, FY20, FY21)
 - Minimizes impacts on recent development
- Resulting installation fees are comparable to fees charged by neighboring water utilities

FY20 Schedule D – Standard Meter Install Paved



Standard Meter Install	Current	Phase-In Year 2 Proposed FY20	% Increase
1" Lateral	\$7,100	\$ 8,140	15%
1-1/2" Lateral	\$9,650	\$12,247	27%
2" Lateral	\$9,650	\$12,247	27%
3" Lateral	\$28,748	\$31,534	10%
4" Lateral	\$28,748	\$31,534	10%

Standard installations greater than 4" are charged on an actual cost basis

FY20 Schedule E – Private Fire Service Meter Installation Charges



Private Fire Service Install	Current	Phase-In Year 2 Proposed FY20	% Increase
4" Fire Service	\$22,536	\$25,242	12%
6" Fire Service	\$23,786	\$26,506	11%
8" Fire Service	\$29,699	\$29,344	-1%

Standard installations greater than 8" are charged on an actual cost basis

FY20 Schedule F – Public Fire Hydrant Installation Charges



Fire Hydrant Installation	Current	Phase-In Year 2 Proposed FY20	% Increase
District Installed	\$19,034	\$24,030	26%
Applicant Installed (District materials)	\$3,731	\$3,918	5%

FY20 Schedule G – Main Extension Charges – District Installed (up to 1,000')



Material	Size	Surface	Current Charge per Foot	Phase-In Year 2 Proposed FY20 Charge per Foot	% Increase
Steel	2-Inch Copper	Dirt	\$164	\$203	24%
		Paved	\$254	\$314	24%
	6- & 8-inch	Dirt	\$255	\$315	24%
		Paved	\$344	\$421	22%
	12-inch	Dirt	\$324	\$416	28%
		Paved	\$414	\$523	26%

FY20 Schedule G – Main Extension Charges

– Applicant Installed (over 1,000’)



	Current Charge per Foot	Phase-In Year 2 Proposed FY20 Charge per Foot	% Increase
6- & 8-inch	\$41	\$49	20%
12-inch	\$47	\$57	21%
Basic Charge (one-time fee)	\$4,019	\$4,107	2%

Real Property Use Application Fees



Fees to cover the cost of reviewing/approving use of District property. Four categories of use applications:

- **Title Transfers** – Outright purchase of District's property. Transfers ownership with all the rights to buyer.
- **Easements** – Conveys rights for permanent use of District property. Could include either above or below ground rights or both. New Long Term Easement proposed FY20
- **Leases and Licenses** – Transfers the right to occupy and use District property for specified time; term could range from 1 to 25 years.
- **Permits (entry, encroachment, temporary construction, land use)** – Provide permission for temporary access to District property; term rarely exceeds one year.

Real Property Use Application Fees



Use Type	Current Charge	Proposed FY20 Charge
Fee Title – Property for Sale	\$2,200	\$2,200
Fee Title – Unsolicited	\$12,700	\$13,000
Easement – Utility Type	\$2,200	\$2,200
Easement – Other	\$5,900	\$6,100
Quitclaim – Pipe Abandonment	\$1,100	\$1,100
Quitclaim – Other	\$2,400	\$2,500
Revocable License	\$1,700	\$1,800
Telecomm Lease	\$3,700	\$3,800
Other Lease	\$2,200	\$2,200

Real Property Use Application Fees

(Cont'd)



Use Type	Current Charge	Proposed FY20 Charge
Temporary Construction Easement/Encroachment Permit		
Open Land (no facilities)	\$650	\$660
With Facilities	\$2,300	\$2,400
Property Entry Permits	\$330	\$330
Limited Land Use Permit	\$120	\$120
Information Only	\$140/hr	\$140/hr
Process and Review of Proposals	\$140/hr	\$140/hr
Survey Cost if needed for review	\$150/hr	\$150/hr
Long Term Encroachment Permit	N/A	\$22,000

Other Fees, Charges and Regulations – Wastewater



- **Wastewater Permit, Monitoring and Testing Fees**
 - Increase Permit fees (approximately 4% per year) to reflect District costs.
 - Increase Monitoring and Violation Follow-Up fees (approximately 4% per year) to reflect District costs
 - Update Testing fees (increases and decreases) to reflect District costs.
- **Wastewater Private Sewer Lateral (PSL) Compliance Fees**
 - Increase fees by 4% to 15% per year in FY20 and by up to 5% in FY21 to reflect District costs.

Wastewater Permit, Monitoring and Violation Follow-Up Fees



Description	FY19	Proposed FY20		Proposed FY21	
	Fee	Fee	\$ Incr	Fee	\$ Incr
Wastewater Discharge Permit	\$2,700	\$2,810	\$110	\$2,920	\$110
Estimation Permit	\$1,015	\$1,060	\$45	\$1,110	\$50
Limited Term Discharge Permit	\$2,500	\$2,570	\$70	\$2,670	\$100
Monitoring Fee (per event if required)	\$1,430	\$1,490	\$60	\$1,550	\$60
Violation Follow-Up Stage 1	\$670	\$700	\$30	\$730	\$30
Violation Follow-Up Stage 2	\$1,410	\$1,490	\$80	\$1,550	\$60
Violation Follow-Up Stage 3	\$2,950	\$3,070	\$120	\$3,190	\$120

Wastewater Private Sewer Lateral Compliance Fees



Description	FY19	Proposed FY20		Proposed FY21	
	Fee	Fee	\$ Increase	Fee	\$ Increase
Private Sewer Lateral Compliance Fees - Compliance Certificate	\$250	\$260	\$10	\$270	\$10
Private Sewer Lateral Compliance Fees - Time Extension Certificate	\$100	\$110	\$10	\$110	-
Private Sewer Lateral Compliance Fees - Inspection Reschedule	\$73	\$80	\$7	\$80	-
Private Sewer Lateral Compliance Fees - Extra Lateral or Additional	\$66	\$70	\$4	\$70	-
	\$200	\$210	\$10	\$220	\$10
	\$350	\$370	\$20	\$380	\$10
	\$87	\$100	\$13	\$100	-

Other Fees, Charges and Regulations - Wastewater



• Wastewater Resource Recovery Rates

- Increase some rates for Brine, Sludge, and Solid Organic Materials by 15 to 25%
- Change rates to encourage off-peak deliveries
 - Liquid Organic Material (from \$0.04/gal to **up to** \$0.06/gal)
 - Protein Material (from \$0.08/gal to up to \$0.10/gal)
 - Fats Oil, and Grease (from \$0.08/gal to **up to** \$0.12/gal)

• Wastewater Interceptor Connection Review Inspection

- Fee has not been increased since 2005
- Increase fee from \$4,050 to \$11,500 to reflect District costs.

Recommended Board Action and Next Steps



- File GM Report and Recommendation
- Set Public Hearing for June 11, 2019