

MINUTES

Tuesday, February 9, 2021

**East Bay Municipal Utility District
Board of Directors
375 Eleventh Street
Oakland, California
Virtual**

Special Meeting

President Doug A. Linney called to order the Special Meeting of the Board of Directors at 9:02 a.m. He announced that due to COVID-19 and in accordance with the latest Alameda County Health Order, and with the Governor's Executive Order N-29-20 which suspends portions of the Brown Act, this meeting will be conducted remotely. In compliance with said orders, a physical location was not provided for this meeting. These measures will only apply during the period in which state or local public health officials have imposed or recommended social distancing. The Board met in workshop session to discuss 2020 highlights for the District's Customer Assistance Program (CAP), COVID-19 impacts on District customers, an implementation plan for an alternative to water shutoffs, and redesign of the District's Customer Support Program. The workshop also discussed District efforts to collaborate with community groups to address homelessness, work with the cities of Berkeley, Emeryville, and Oakland to implement a CAP component on the cities' sewer service charges, a strategy to increase CAP enrollment, and next steps to ensure the long-term success of the CAP.

ROLL CALL

Directors John A. Coleman, Andy Katz, Lesa R. McIntosh, Frank Mellon, William B. Patterson, Marguerite Young, and President Doug A. Linney were present at roll call. All Directors participated remotely.

Staff participants included General Manager Clifford C. Chan, General Counsel Craig S. Spencer, Manager of Customer and Community Services Andrew L. Lee, Customer Services Manager Latrice F. King, Customer Services Manager Teri Dean Alderson, Manager of Water Conservation Alice E. Towey, Special Assistant to the General Manager Kelly A. Zito, Assistant to the General Manager Janetta M. Johnson, and Secretary of the District Rischa S. Cole.

PUBLIC COMMENT

There was no public comment.

DISCUSSION

- Filed with the Board was a presentation entitled, "2021 Customer Assistance Program Workshop," dated February 9, 2021.

General Manager Clifford C. Chan introduced the workshop, highlighted key areas to be discussed, and said the District's CAP has seen record growth since January 2020. Manager of Customer and Community Services Andrew L. Lee introduced the workshop agenda and presenters. He said 2020

was a challenging year for customers and businesses impacted by the COVID-19 pandemic and that during this time, the District added approximately 1,300 participants to the CAP.

Customer Services Manager Latrice F. King reviewed 2020 CAP highlights and the targeted goals discussed during the January 2020 CAP Workshop. She highlighted District CAP income eligibility requirements which are based on Housing and Urban Development standards and the bill credits provided for CAP participants. The District determined that approximately 33,000 households are eligible to participate in the CAP. Increased efforts to reach these households resulted in a 19 percent increase in program participation. In 2020, the District shifted resources to support the increase in program participation as staff processed over 6,800 CAP applications and enrolled 2,730 first-time program participants. Ms. King reviewed a map that showed approximately 85 percent of CAP applicants and enrollees are in or within 0.5 miles of disadvantaged communities and how this information is used for targeted CAP outreach. In 2020, she reported CAP expenditures were \$2.6 million and 2021 expenditures are estimated to exceed \$3 million. Currently, it costs the District approximately \$336,000 to fund every 1,000 new CAP participants. She said annual District costs would be approximately \$10 million if CAP participation reached its proposed target of 33,000 eligible households.

Customer Services Manager Teri Dean Alderson reviewed the District's early response to the COVID-19 pandemic which included suspending water service shutoffs, restoring water service to customers with active accounts, increased outreach efforts, and additional resources to support increased CAP participation. She highlighted 2020 delinquency trends for single-family residential, multi-family residential, and non-residential accounts and reported that as of December 2020, there were 7,863 single-family residential and 769 non-residential accounts delinquent for more than 100 days which was more than double the number of accounts in 2019. Over 500 accounts were in this status for the first time and 159 accounts have not made a payment since March 2020. Ms. Alderson said staff is carefully monitoring and tracking this data as these customers would be most impacted when the governor rescinds the emergency declaration regarding water service shutoffs.

Manager of Water Conservation Alice E. Towey presented an update on the District's redesigned Customer Support Program (CSP). The updated CSP is comprised of financial programs including the CAP; education and outreach; water use management; and partnerships with local community groups and key stakeholders. The program is designed to be more customer-centric, proactive and responsive to customer needs, flexible, innovative, and equitable. She reviewed the various financial and water conservation-specific programs currently available to customers; plans for expanded outreach and education efforts; planned public-private partnerships for select water conservation projects; and potential future initiatives that will be discussed in more detail at the February 23 Long-Term Water Supply Workshop. Other areas of customer support include the District's lead testing program; community support referrals; CAP application assistance and an online CAP application scheduled to launch in 2021. Ms. Towey discussed the non-rate revenue used to maintain the current CAP which is currently amounts to approximately \$4 million, potential new revenue sources, and potential grant funding to support water use management. She said the redesigned CSP will require additional funding and two staff members will need to be reassigned to administer the program.

Next, Ms. Towey discussed the District's alternatives to water service shutoffs. In December 2020, the Board adopted a resolution authorizing staff to develop an implementation plan to incorporate flow restrictors into the District's payment collection process as an alternative to water service shutoffs. Staff engaged key stakeholders and community partners in developing the proposed

implementation plan which will have to conform to the Municipal Utility District Act and Propositions 26 and 218. The implementation plan would require Board adoption of a new regulation; updates to existing District policies and rates and charges; and revisions to administrative procedures. She reviewed the proposed communication strategy, operational considerations, program administration, and potential financial impacts to customers and the District. To minimize the District's financial exposure, the implementation plan includes increased outreach, the redesigned CSP, lien authority to collect from owner-occupied properties, third-party collections for renter-occupied properties, and potential state and federal utility rate assistance. Ms. Towey said staff will continue collaborating with community partners on the overall CSP and the implementation plan. She explained that flow restrictors would only be used as a last option in the payment collection process and that they will not be used while the governor's emergency declaration regarding water service shutoffs is in effect. Once the emergency declaration is rescinded, staff will conduct extensive outreach before implementing flow restrictors into the payment collection process. The timeline for including flow restrictors in the District's payment collection process is approximately six months following the rescission of the governor's emergency declaration regarding water service shutoffs.

Customer and Community Services Manager Andrew L. Lee discussed the District's work with the cities of Berkeley, Emeryville and Oakland for the cities to implement a customer assistance program component (discount) for their sewer service charges. He reported the City of Emeryville remains unresponsive and that staff is in ongoing discussions with the City of Berkeley with plans to present information on this topic at an upcoming city council meeting. Oakland's city council voted in support of a phased-in discount of 35 percent by 2024 and staff is working with city staff on implementation. Mr. Lee reviewed the District's billing collection agreements with the cities, which expire in 2023 and currently generate approximately \$2.3 million in revenue, and potential impacts if the District decides to discontinue or renew the agreements. Based on Board feedback during the January 26, 2021 Budget Workshop, staff has been scheduling meetings for Board members and elected city officials to discuss this matter, and has been communicating with the cities on their ability to potentially collect sewer service charges on property tax bills. Staff will continue working with the cities to either implement a customer assistance program component or to transition their sewer service charges to property tax bills.

Next, Mr. Lee provided an update on District efforts to address homelessness, as it relates to water needs. Staff has been working with an advocacy group on a framework to allow good Samaritans to share water with homeless encampments without violating District Regulation Section 19 – Use and Resale of Water. Staff is also coordinating with local jurisdictions on a pilot to use fire hydrant meters for temporary water service; extending the pilot program to evaluate water demand for micro-units housing the homeless; and accelerating water service reviews for emergency homeless shelters (in response to COVID-19). The District is accepting and treating wastewater from mobile shower buses serving the homeless; and partnering with cities and faith-based organizations to support navigation facilities. Similar to single-family residential customers, eligible homeless shelters can participate in the District's CAP and receive credits to offset water and wastewater charges. Staff has been working to identify additional eligible homeless shelters for CAP enrollment. Mr. Lee summarized the 2021 CAP priorities and next steps which include: finalizing the implementation plan for alternatives to water service shutoffs; redesigning the CSP; working with community partners to address homelessness; and securing additional resources and developing a sustainable funding strategy for the CAP. He said staff will present proposed funding strategies for review at future Finance/Administration Committee meetings.

- Addressing the Board were the following persons: 1) Juliet Christian-Smith, Senior Program Officer, Water Foundation commented on outreach efforts for the CSP, including outreach on flow restrictors, and funding sources for an expanded CAP; 2) Laura Feinstein, Sustainability and Resilience Policy Director, SPUR commented on additional ways to reach out to the District's low-income or unresponsive customers including collaborating with city, county and state agencies; and 3) Edward Osann, National Resources Defense Council commented on concerns with the District's proposal to have a target flow rate of 0.5 gallons per minute for flow restrictors.

There was considerable Board discussion. Staff and General Manager Clifford C. Chan responded to the comments and concerns from public speakers and Board questions regarding the District's total, annual non-rate revenue; the total amount of arrearage for sewer service charges in the data provided on presentation slide 19; the process for engaging customers when staff visits a property and leaves a door hanger; the District's authority to generate funds from fines, fees and/or liens; clarification on when the District submits accounts to third-party collection agencies; customer eligibility to enroll in the CAP before making payment arrangements; implementing level payment plans; data on barriers, including language barriers, to communicating with unresponsive customers; clarification on how the District measures CAP success; the ability for customers to pay for water service only and not pay the city sewer service charges when paying their bills; and the District's ability to split its charges between property tax bills and customer bills.

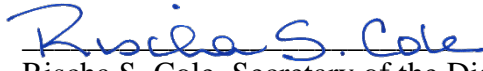
The Board thanked staff for their work and the information presented and requested the following:

- Information on the District's available non-rate revenue to support the CAP program
- Investigate the ability to generate non-rate revenue for CAP funding through various types of fines, excluding late fees
- Information on how other cities collect their sewer service charges (i.e., property tax or direct billing).
- Additional information on private lateral insurance
- A response to the concerns raised by Edward Osann with National Resources Defense Council
- Explore waiving late fees if a customer makes a payment or enters into a payment plan (post-COVID)
- Investigate possible barriers that non-responsive customers face that might improve their responsiveness (e.g., language)
- When visiting a customer property, use a door hanger as an alternative if unable to make direct contact with customer
- Ensure staff has information on the District's financial assistance programs available when visiting a customer property
- Update the pre-installation communication strategy outlined on presentation slide 37 to replace "leave door hanger" with "direct customer contact"
- Consider triggers when flow restrictors will be used
- When developing new agreements with the cities Berkeley, Emeryville and Oakland to collect sewer service charges on EBMUD's bills, consider including language that will allow customers to only pay their water portion of the bill and not the sewer service charges
- Relay the District's concerns to the City of Oakland regarding the fixed nature of the city's sewer service charge

ADJOURNMENT

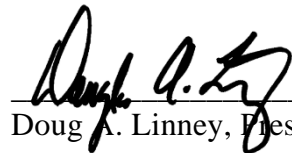
President Linney adjourned the Special Meeting at 11:07 a.m.

SUBMITTED BY:



Rischa S. Cole, Secretary of the District

APPROVED: February 23, 2021



Doug A. Linney, President of the Board

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