

MINUTES

Tuesday, November 28, 2017

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

Special Meeting

President Lesa R. McIntosh called to order the Special Meeting of the Board of Directors at 8:33 a.m. in the Training Resource Center. The Board met in workshop session to receive a presentation on the District's water system long-term financial planning tool and customer bill affordability.

ROLL CALL

Directors John A. Coleman, Doug Linney, Frank Mellon, Marguerite Young, and President Lesa R. McIntosh were present at roll call. Director Andy Katz arrived at 8:46 a.m. and Director William B. Patterson arrived at 8:48 a.m.

Staff present included General Manager Alexander R. Coate, General Counsel Craig S. Spencer, Director of Finance Sophia D. Skoda, Manager of Customer and Community Services Sherri A. Hong, Special Assistant to the General Manager Alison A. Kastama, and Secretary of the District Rischa S. Cole.

DISCUSSION

- Filed with the Board were the following: 1) Presentation entitled "Long-Term Financial Stability Workshop – Long-term financial planning tool/Affordability of EBMUD bill"; 2) Speaker notes from Service Worker Project for Affordable Water and Utilities (SWPAUW) representative TJ Hardamon; 3) Speaker notes from SWPAUW representative Megan Terry; 4) Speaker notes from SWPAUW representative Crystal Huang; 5) Memorandum dated November 27, 2017 to "EBMUD Water Board, General Manager Alexander Coate & Customer Service Director Sherri Hong" from SWPAUW representative Connor Ruby regarding the 50 page staff report for the Long-Term Financial Sustainability Project; 6) Mock EBMUD water bill for fictitious customer "Florence Waters"; 7) Water Service Fee Comparison for the Panoramic Building at 1321 Mission Street in San Francisco; 8) Presentation entitled, "Second Street Studios, San Jose, CA"; and 9) Letter dated November 27, 2017 from Contra Costa County Board Supervisor John Gioia to Alexander Coate urging EBMUD to consider lowering its System Capacity Charge fee for specialized "micro housing" for the homeless population.

General Manager Alexander R. Coate announced that staff would present information for consideration and discussion regarding EBMUD's new water system long-term financial planning tool which includes a review of System Capacity Charges (SCC) and customer bill affordability. As part of the affordability discussion, the presentation will cover the District's rate structure, EBMUD billing practices, and billing for outside agencies (city and agency sewer collection service charges). Other EBMUD areas that impact affordability such as the Customer Assistance Program (CAP), bill payment program, customer deposits, delinquent payment and shutoff processes will be reviewed in subsequent workshops scheduled in 2018.

Director of Finance Sophia D. Skoda reviewed the District's new 20-year water system financial planning tool. She highlighted the data sources, policy parameters and planning factors that make up the tool and described the tool's ability to demonstrate how changes to one or more of the planning factors impact rates and revenue requirements. There was also discussion and examples provided showing how the tool can be used to model the financial effects of drought. Staff's analysis concluded that the District's financial goals can be met barring a major change to what is assumed for inflation and labor costs. A similar tool being developed for wastewater will assess the long-term impact of addressing nutrients in wastewater. Next, Ms. Skoda provided an overview of the structure and methodology of the District's System Capacity Charge (SCC). In January 2018, the District is planning to conduct a pilot to evaluate how micro unit projects (single occupancy, small footprint, low water use) should be addressed in the SCC by evaluating water use of micro units and their impact on the District's water infrastructure. The information obtained will be included in an SCC cost of service (COS) update planned for 2020.

Ms. Skoda and Manager of Customer and Community Services Sherri A. Hong discussed affordability of District water and wastewater services for customers. Staff reviewed several scenarios to assess affordability and determined that while some customers may experience difficulty paying, District services are affordable for the majority of customers. Ms. Hong reviewed single family residential billing statistics, including the number of bills that result in shutoffs. Ms. Skoda then reviewed elements of the District's current billing approach that may impact customers' perceptions of the District's rates and fees. She reviewed the pros and cons of several options to revise current billing practices which could help reduce the financial burden of District services for low-income customers and improve customers' perceptions of rates and fees. Based on analysis of the options presented, in the near-term, staff recommends working with agencies on implementing the District's CAP for sewer collection charges, redesigning the billing statement to better highlight charges, continuing the search for other cost-effective billing alternatives as more customers move to receiving bills online, continuing with the advanced metering infrastructure pilot, and exploring opportunities to better serve low-income customers.

PUBLIC COMMENT

- Addressing the Board were the following: 1) Patrick Kennedy, Panoramic Interests, commented on the District's SCC and asked the Board to direct staff to set a retroactive date of January 1, 2018 for projects that qualify for a reduced SCC and to set a 500 square foot threshold for these reduced charges; 2) Tylyn Hardamon, SWPAUW representative, commented on water affordability and asked the Board to place a moratorium on water shutoffs; 3) Megan Terry, SWPAUW representative, commented on the human right to water and asked the Board to place a moratorium on water shutoffs; 4) Crystal Huang, SWPAUW representative, commented on SWPAUW's previous appearances before the Board and asked the Board to place a moratorium on water shutoffs; 5) Mat-T Scott, SWPAUW representative, commented on water affordability and asked the Board to place a moratorium on water shutoffs for customers at or below the poverty level, institute reasonable payment plans, cancel arrears for customers at or below 300 percent of the poverty level, eliminate fees for customers at or below 200 percent of the poverty level, and to stop collecting deposits on accounts with one failure to pay; 6) Rachel Scheibe, SWPAUW representative, commented on customer bill affordability and asked the Board to extend the length of payment plans, stop charging deposits, and consider implementing a community advisory committee on low-income customer issues; 7) Anthony Brown, SWPAUW representative,

commented on the information contained on presentation slide #25 and water affordability; 8) Billy Bakker, SWPAUW representative, commented on his experience calling EBMUD Customer Service staff on behalf of low-income customers; and 9) Kenneth Gibson commented on rate affordability and fixed charges on District water bills.

DISCUSSION

The Board discussed the information presented and staff answered questions regarding the micro unit pilot, information contained on presentation slide #25, the data presented on the District's CAP, the various billing options presented, and alternatives to further assist low-income customers. The Board expressed support for the micro unit pilot and asked that during the pilot, staff take into consideration that the homeless population includes families in addition to single people and to also consider the water efficiency of the overall development project when calculating the SCC. The Board also expressed support for the options staff presented to redesign the billing statement, promote monthly payment mechanisms to customers, and to work with agencies on implementing the District's CAP for sewer collection charges. The Board requested the following:

- A memo detailing the guidelines for micro units;
- The debt service coverage ratios for other local agencies;
- Adjustments to presentation slide #25 to accurately reflect CAP eligible customer income (at or below \$60,500 – the CAP income limit for family of six), and a similar chart for each city with a median household income below \$75,000;
- Determine if it is possible to rely on the analysis contained in the prior COS study to justify changes to the current rate structure without a full COS update;
- Consider how a monthly bill could inform customers of a leak sooner;
- Consider retroactive approval on CAP applications and payment plans;
- Provide data on average length of payment plans and criteria; and
- A review of the Northgate Terrace Apartments in Oakland as background research for future updates to the SCC.

ADJOURNMENT


President McIntosh adjourned the Special Meeting at 11:37 a.m.

SUBMITTED BY:



Rischa S. Cole, Secretary of the District

APPROVED: December 12, 2017



William B. Patterson, Vice-President of the Board