

MINUTES

Tuesday, June 9, 2020

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

Special Meeting

President Marguerite Young called to order the Special Meeting of the Board of Directors at 9:34 a.m. She announced that due to COVID-19 and in accordance with Alameda County Health Order 20-11 (issued May 18, 2020), and with the Governor's Executive Order N-29-20 which suspends portions of the Brown Act, this meeting would be conducted via teleconference only. In compliance with said orders, a physical location was not being provided for this meeting. The Board met in workshop session to receive an update on collecting Water System fixed charges on property tax bills. This item was originally scheduled to be presented as part of the Long-Term Financial Stability, 2020 Strategic Plan Update, and FY20/21 Mid-Cycle Budget Workshop held on May 26, 2020; however due to time constraints it was held over to June 9, 2020.

ROLL CALL

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

Staff participants included General Manager Alexander R. Coate, General Counsel Craig S. Spencer, Director of Finance Sophia D. Skoda, and Secretary of the District Rischa S. Cole.

PUBLIC COMMENT

Addressing the Board was Eric Larsen, President, AFSCME Local 444 who commented on the scenarios presented by staff as part of the FY21 year-end projection information during the May 26, 2020 workshop.

DISCUSSION

- Filed with the Board was a presentation entitled "Long-Term Financial Stability, Strategic Plan Update and Mid-Cycle Budget Workshop No. 2," dated June 9, 2020.

General Manager Alexander R. Coate introduced the workshop and said it is a continuation of the May 26, 2020 workshop. Director of Finance Sophia D. Skoda presented an overview of the authority, various requirements and potential issues with collecting Water System fixed charges on property tax bills. She explained the District's authority to collect these charges on the property tax bill is in the California Health and Safety Code and multiple requirements would be imposed on the process from the Health and Safety Code, Proposition 218, the Municipal Utility District Act, and various contract law principles. She highlighted the reasons to consider and potential benefits of collecting on the property tax bill; potential impacts to various customer classes;

potential impacts from removing fixed charges from the EBMUD bill for water customers only; billing, procedural and implementation challenges; the numerous, additional layers of legal requirements that would be imposed on the process; other California agencies that collect water charges on the property tax bill; and California Health and Safety Code requirements and the process for collecting the District's Wet Weather Facilities Charge on the property tax bill. She reviewed sample property tax bills from Lafayette (east of hills), Berkeley (west of hills), and Piedmont (west of hills), to demonstrate how adding a new fixed charge of \$350 would impact the total cost of each bill.

Board Discussion


Board members discussed the information presented and Ms. Skoda responded to Board questions regarding potential impacts or benefits to low-income customers and non-property owners; potential revenue from collecting unpaid water charges on the tax bill; the ability for cities to collect fixed sewer service charges on the property tax bill; potential effects on conservation; and the status of the District's efforts to work with the cities of Berkeley, Emeryville and Oakland to offer a discount on their sewer service charge similar to the District's Customer Assistance Program. While the Board expressed interest in this option, they requested that staff postpone pursuing collecting Water System fixed charges on property tax bills at this time. The Board requested additional information on the following:

- Provide an analysis of the additional revenue that would be collected if a subset of customers continue to not pay their bills
- Revisit fixed versus variable charges during the District's next Cost of Service study
- Monitor potential federal legislation regarding deductibility of fixed charge on property taxes and on potential loss of revenue
- Examine issues with potentially moving all wastewater charges (EBMUD and e.g. Oakland) to the property tax bill.
- In early 2021, send letters to the cities of Oakland and Berkeley to prompt conversation about the District's request and expectation for the cities to implement a Customer Assistance Program discount for their sewer service charges; and the impending 2023 expiration date for the agreements between the District and the cities to collect the cities' sewer service charges on the EBMUD bill.

ADJOURNMENT

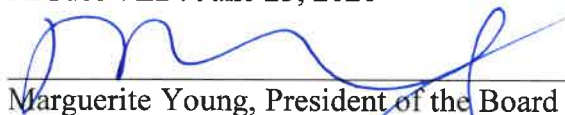
President Young adjourned the Special Meeting at 10:31 a.m.

SUBMITTED BY:



Rischa S. Cole, Secretary of the District

APPROVED: June 23, 2020



Marguerite Young, President of the Board