

Proposed Budget Overview for EBMUD Water and Wastewater | \$2.3 Billion

REBUILD:

Renew. Reinvest. Ready.

The EBMUD \$2.3 billion budget protects the East Bay's extensive water system that serves 1.4 million people every day and a wastewater system that serves 685,000 people.

Our mission to deliver reliable water and wastewater services shapes the financial priorities of the proposed FY 2020 and 2021 budget, which ensures long-term fiscal health and focuses on:

Investments to maintain and upgrade aging infrastructure

- EBMUD's system is vast and nearly a century old. Our focus today is maintaining infrastructure (pipelines, reservoirs, pumping plants and treatment facilities) reaching from the Sierra Nevada foothills to San Francisco Bay.
- Continued investment in infrastructure is necessary so EBMUD can keep providing high quality and reliable water and wastewater service.

Long-term financial stability

- The budget is based on prudent assumptions including projected water sales that consider today's reality of reduced water use.



- The plan also strives to reduce long-term debt by paying for more capital investments with cash. By limiting debt, more money is available to respond to and recover from future emergencies.

Where the money comes from

The EBMUD water and wastewater systems are primarily funded through water and wastewater treatment charges paid by customers.

Other revenue sources for water are system capacity charges and new meter fees, property taxes, reimbursements from partner agencies, interest from investments and hydropower sales. For wastewater, other revenues include wet weather facility charges, resource recovery fees and property taxes.

Proposed rates and fees

EBMUD is proposing rate increases for its water and wastewater service charges over a two-year period starting on July 1, 2019 and July 1, 2020, respectively. If adopted, charges for water service would increase 6.5% in the first year and an additional 6.25% in the second year. As a result of a 2019 cost of service study, some wastewater rates and charges for FY2020 will decrease and some will increase. For FY2021 the rates would increase an additional 4%.

To review the impact to customer bills, please visit ebmud.com/rates

The EBMUD Budget

The proposed EBMUD budget covers expenses for operations (day-to-day operating costs include energy, chemicals, fuel, computers, and employee salaries); capital improvements for construction projects; and debt service which pays for interest and principal on bonds.

Where does each water rate dollar go?



55¢ Infrastructure improvements and supplemental water supply

Cash funding and repayment of bonds that pay for long-term investments in pipes, reservoirs, dams and other infrastructure.

29¢ Water service

Storage, treatment and delivery of high-quality water to homes and businesses; day-to-day maintenance of water supply and distribution systems; planning and engineering for future water supply; recycled water and meter reading.

7¢ Administration

Human resources, finance, information technology and other internal support services.

4¢ Customer service

Meter reading, water conservation programs, public information, school outreach, billing services, call center and additional services to customers.

3¢ Natural resource management and protections

Environmentally sound management of 58,000 acres of watershed lands, operation of public recreation facilities and fisheries programs.

2¢ Regulatory compliance

Programs that ensure EBMUD meets or surpasses all governmental regulations and required drinking water standards.

= \$1 Total

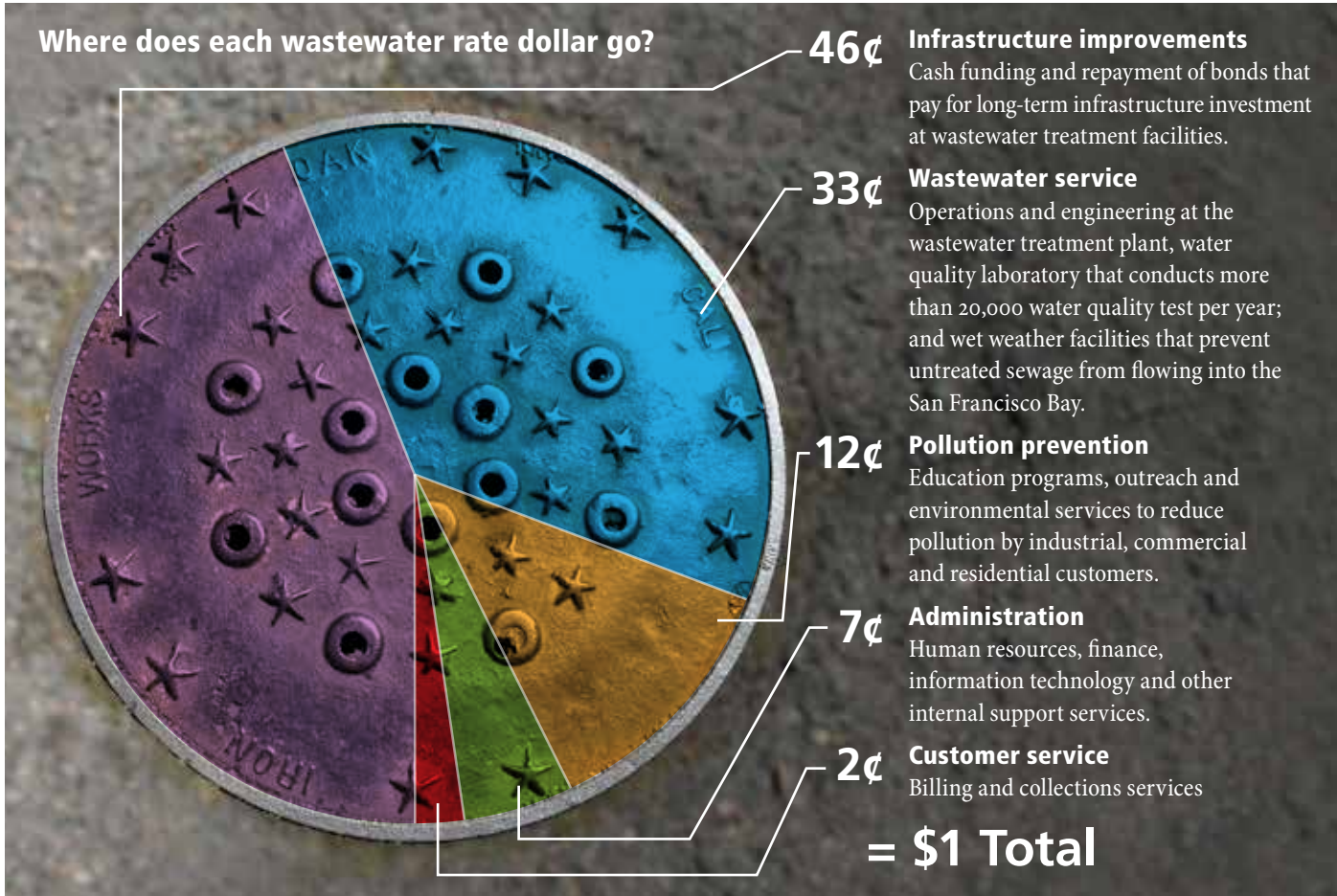
Spotlight:

A surge in infrastructure

Today, we face a generational challenge to ensure our community's water and wastewater systems will serve us into the next century. EBMUD is focused on rebuilding the pipelines that deliver water to your home, and doubling the replacement rate in the next five years. EBMUD is also upgrading distribution tanks, pump stations, and wastewater treatment facilities that discharge safe, clean water and protect the San Francisco Bay. EBMUD is committed to providing the highest level of services while keeping rates as low as possible as we undertake the vital work needed to rebuild this system.

This proposed budget would fund over \$800 million of capital improvements:

- **\$110 million:** Provide additional crews to replace 20 miles of distribution pipeline per year by FY21 in Oakland, El Cerrito, Berkeley, Orinda and Lafayette.
- **\$110 million:** Replace large water transmission pipelines and small laterals to customers; maintain and upgrade large aqueducts that deliver water from the Sierra foothills to the Bay Area.
- **\$170 million:** Improve water quality and enhance reliability of treatment plants, pumping plants and neighborhood reservoirs by rehabilitating three pumping plants and three neighborhood reservoirs per year. Following installation of new ozone treatment systems at Sobrante and Upper San Leandro (USL) Water Treatment Plants in FY19-20, EBMUD will implement extensive improvements over the next five years at Walnut Creek, USL,



Sobrante and Orinda Water Treatment Plants. Seismic improvements to Briones Reservoir Tower and the Lafayette Tower are to be completed in the next two years.

- **\$30 million:** Replace outdated computer and instrumentation systems with modern platforms to allow 24/7 water quality reporting to the state; and update financial, management and human resources systems.

- **\$70 million:** Rehabilitate large sewer interceptors and pumping stations, improving resource recovery facilities over the next five years and improve necessary infrastructure at the Wastewater Treatment Plant.



EBMUD Budget

Budget process

The process to adopt new rates for the water and wastewater system is a public process subject to Proposition 218. EBMUD is a not for profit agency.

Key to our core mission is ensuring fair and reasonable water and wastewater rates for the people and businesses of the East Bay.

Below is the schedule for budget workshops and meetings held at the EBMUD Administrative Office, 375 11th Street in Oakland. The public is invited to attend.

Evaluate	Develop		Review & Approve			Implement
Oct, Nov, Dec	Jan, Feb	March	April	May	June	July
Evaluate budget goals and current factors; begin development of budget	Develop capital improvement program, operating budget and water and wastewater rates Budget workshop #1: January 22, 2019	Proposed budget presented to Board Budget workshop #2: March 26, 2019	Notify public of proposed rates via Proposition 218 notice, social media, website, bill insert, community briefings	Continued public outreach General Managers Report and Recommendation: May 14, 2019	Board discussion, review, adoption Public hearing: June 11, 2019	Implement rates fees and charges, operating and capital budget

Mission

To manage the natural resources with which the District is entrusted; to provide reliable, high quality water and wastewater services at fair and reasonable rates for the people of the East Bay; and to preserve and protect the environment for future generations.

To achieve our mission, we:

- Operate 24 hours a day, every day, to deliver healthy drinking water, and to protect San Francisco Bay.
- Conduct more than 20,000 laboratory tests each year to ensure safe drinking water.
- Maintain 4,200 miles of pipelines and 300 water storage, pumping and treatment facilities.
- Protect 58,000 acres of watershed lands in the East Bay and Sierra foothills.
- Support healthy fish populations in the Mokelumne River.
- Invest in recycled water, conservation and groundwater programs to sustain water supplies.
- Produce hydropower from Pardee Dam and generate green energy from wastewater.
- Champion sustainability through resource recovery and pollution prevention.

Contact us

Up-to-date information about EBMUD's budget and rates, including EBMUD's Proposition 218 public notice, is available at ebmud.com/rates. Please contact EBMUD at 1-866-403-2683 with any questions or comments or visit ebmud.com.



EBMUD has a proud history of providing high-quality drinking water for 1.4 million customers in Alameda and Contra Costa counties. The District's award-winning wastewater treatment protects San Francisco Bay and serves 685,000 customers.

East Bay Municipal Utility District

Toll Free: 1-866-403-2683
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