

MINUTES

Wednesday, October 29, 2014

**East Bay Municipal Utility District
Board of Directors
City of Richmond Council Chamber
440 Civic Center Plaza
Richmond, California**

Special Meeting

Director Lesa R. McIntosh called to order the Special Meeting of the Board of Directors at 6:39 p.m. at the City of Richmond Council Chamber, 440 Civic Center Plaza, Richmond, CA. The Board held a special meeting to present information on the District's water supply status, a proposed system of drought rates, and conservation programs and services.

ROLL CALL

Directors Katy Foulkes, Frank Mellon, Lesa McIntosh, and William B. Patterson were present at roll call. President Andy Katz arrived at 6:53 p.m. and Director Doug Linney arrived at 6:56 p.m. Director John A. Coleman was absent.

Staff present included General Manager Alexander R. Coate, General Counsel Jylana Collins, Director of Finance Eric L. Sandler, Operations and Maintenance Manager Eileen M. White, Manager of Water Conservation Richard W. Harris, Treasury Manager Sophia D. Skoda, Special Assistant to the General Manager Cheryl A. Farr, and Secretary of the District Lynelle M. Lewis.

DISCUSSION

- Filed with the Board were the following documents: 1) Presentation entitled "Drought Response and Drought Rates," dated October 29, 2014; and 2) Information sheet entitled "Drought 2014 Board Special Meetings."

Director McIntosh welcomed members of the public, introduced Board members, and provided an overview of the planned presentations. She pointed out that this is the second of four special meetings to present the public with information on EBMUD's response to the ongoing drought, future plans if the drought continues, and to receive feedback on plans for a new drought rate structure. Director McIntosh acknowledged that customers have surpassed the ten percent voluntary reduction goal requested by the District and thanked everyone for their efforts.

Operations and Maintenance Department Manager Eileen M. White presented an overview of the District and statewide water supplies, 2014 drought actions, and water supply planning for 2015. She reported that water year 2014 (October 1, 2013 – September 30, 2014) was one of the driest on record. On January 17, 2014, Governor Jerry Brown declared a Drought State of Emergency for California directing state officials to take all necessary actions to prepare for drought conditions and urged all Californians to take personal action to reduce their water usage by 20 percent. In February 2014, EBMUD asked its customers to voluntarily reduce water use ten

percent until further notice. In April 2014, EBMUD declared a water supply deficiency and acted on the need for supplemental water supply. In August 2014, the District declared a water shortage emergency, adopted outdoor use restrictions, and revised its water year action plan. Ms. White pointed out that while customers are exceeding the voluntary reduction goal, if the drought continues or worsens we may need to ask customers to conserve more. EBMUD will continue to monitor water supply conditions, take more supplemental water supply if conditions continue dry, and continue monitoring customer water use.

Next, Treasury Manager Sophia D. Skoda presented information on the projected financial impacts of the drought. This includes lost revenues from conservation (\$41 million) and the purchase of supplemental water supplies (\$23 million) for a total projected impact of \$64 million. She provided background information on how EBMUD responded in the 2007-2008 drought and lessons learned along with an overview of the current water rate structure. Ms. Skoda reported that EBMUD is considering a new drought rate structure to encourage conservation and share dry year costs fairly among customers. The proposed rate structure has four stages of increasing drought severity. The cost to buy water increases as the stages get more severe and within each stage as households use more water. The proposed structure includes an excessive use penalty for households using more than 60 units of water per month (44,880 gallons) and a credit for very low water use. EBMUD is proposing this new drought rate structure as part of its next fiscal year (2016-2017) budget. The Board will continue seeking public input on drought rates over the next several months and is expected to consider adoption of a new drought rate structure in June 2015, with changes becoming effective in July 2015.

Manager of Water Conservation Richard W. Harris concluded with an overview of water conservation programs and services for indoor, outdoor, and commercial use. These included WaterSmart surveys, water-saving devices, fixture rebates, landscape and irrigation rebates, and hardware changes. He encouraged the audience to visit the water conservation display and speak with staff for additional information.

Addressing the Board were the following persons: 1) Gwen Martin urged the Board to work on reclamation of water, desalinations projects and raise rates; 2) Nick Despota, said that rate structure is fair and does not want to be penalized for conserving, and that the level of incentives and penalties are modest given the seriousness of the drought. Mr. Despota also recommended a bumper sticker or recognition for conspicuous conservation; 3) Ted Anderson, asked about Proposition 1 impacts to EBMUD and urged more conservation; 4) Zoe Roller, inquired about penalties for excessive usage and implementation of stage 3 procedures, and consideration for household size; 5) Texanita Bluitt, urged EBMUD to work with commercial customers, i.e., hospitals, churches, hotels, etc., to provide recycled water; 6) Elly Schmidt-Harper, urged expansion of recycled water, the need to assist low-income families with conserving and consider family size; and 7) Heather Bromfield, urged allocation for household size.

Staff responded to questions/comments raised by the public. Board members gave closing remarks and thanked members of the public for attending and providing input.

ADJOURNMENT


President Katz adjourned the Special Meeting at 8:02 p.m.

SUBMITTED BY:



Lynelle M. Lewis, Secretary of the District

APPROVED: January 13, 2015



Frank Mellon, President of the Board

