



# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** David Ferguson  
Interim Director, Public  
Works

**SUBJECT:** Amendment No.1 to the Sewer  
Service Charges, Billing and  
Collection Agreement, EBMUD and  
the City of Oakland

**DATE:** December 1, 2020

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City Administrator Approval 

Date: Dec 8, 2020

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## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Execute Amendment No. 1 To The Sewer Service Charges, Billing And Collection Agreement Of July 1, 2013, By And Between East Bay Municipal Utility District (EBMUD) And The City Of Oakland For A Term Of Two And A Half Years From January 1, 2021 To June 30, 2023 In Order To Implement Customer Assistance Program Providing Sewer Service Fee Rate Reduction For Low-Income Households.**

## **EXECUTIVE SUMMARY**

Council's action would authorize the City Administrator to execute an amendment to the Sewer Service Charges, Billing and Collection Agreement of July 1, 2013 with East Bay Municipal Utilities District (EBMUD). This amendment would implement the Customer Assistance Program (CAP) to give low-income Oaklanders a 35% discount on the Sewer Services Fee per EBMUD current CAP program for low-income household who qualify. The CAP will be phased in over several years and is anticipated to be fully implemented in Fiscal Year 2023-24 with an annual estimated cost of \$676,095 to the General Purpose Fund.

## **BACKGROUND / LEGISLATIVE HISTORY**

Since 1968, the City has implemented a Sewer Service Charge on properties connected to Oakland's sanitary sewer collection system. This charge provides funding for the maintenance and capital repair, relocation, construction, reconstruction and operation of the City's sanitary sewer system. On June 11, 1968, the Oakland City Council adopted Resolution No. 24268 C.M.S., authorizing EBMUD to perform the billing and collection of the City's Sewer Service Charges. On October 31, 1997, EBMUD terminated its 1968 billing and collection agreement as a result of establishing a new rate tier calculation system and proposed a new agreement for billing and collection services through July 1, 2007.

City Council  
December 15, 2020

On June 12, 2007, Amendment # 1 was approved by the City Administrator and extended the term of the agreement for three (3) years from July 1, 2007 to July 1, 2010. On July 1, 2010, Amendment # 2 was approved by the City Administrator and extended the term of the agreement three (3) more years from July 1, 2010 to July 1, 2013.

On June 4, 2013, the City entered into a ten-year term agreement to the Sewer Service Charges, Billing and Collection that extended the term of the agreement through June 30, 2023, (see **Attachment A**).

### **ANALYSIS AND POLICY ALTERNATIVES**

Implementation of this program will help thousands of low-income Oakland homeowners by reducing the bi-monthly sewer service fee on their EBMUD utility bill by up to 35% incrementally over the next three and one-half years. In January 1, 2021, the bi-monthly charge will be \$84.06. With this program in place, the fee would be reduced to \$54.64. EBMUD's CAP is fully implemented and there are currently 3,830 households in Oakland participating. That number reached a high of 4,456 households earlier in 2020.

Proposition 218 prohibits any group of ratepayers from subsidizing another group of ratepayers, therefore any subsidy given to low-income ratepayers must be reimbursed to the Sewer Services Fund from the General Purpose Fund (GPF).

There is an appropriation in the current fiscal year's budget of \$112,000 in the General Purpose Fund. This equates to implementing 30% of the full discount of 35%, or a 10.5% discount on the Sewer Service Fee. The City Administrator will include a provision in the agreement that allows the City to reduce or eliminate the subsidy in the event of a Fiscal Emergency.

EBMUD offers a Customer Assistance Program (CAP) to help pay a portion of the water bill for qualified low-income residential customers and eligible homeless shelters. The program details are identified below:

#### **Residential Dwelling Units**

- Eligible customers may qualify for 50 percent off of the standard bimonthly service charge and 50 percent off of the home water use in each eligible household, up to a maximum of 1,050 gallons per person per month.
- A 35 percent discount on EBMUD wastewater service charge and flow charges collected will be applied to the account.

#### **Homeless Shelters**

- Eligible customers may qualify for 50 percent off of the meter charge (based on meter size), and 50 percent off of the water usage per client, up to a maximum of 1,050 gallons per person per month.
- A 35 percent discount on EBMUD wastewater service charge and flow charges collected will be applied to the homeless shelter account.

Please see (**Attachment B**) showcasing the current brochure highlighting the program. Please direct yourself to the following webpage for more information regarding the program:  
<https://www.ebmud.com/customers/billing-questions/financial-assistance/customer-assistance-program/>.

**FISCAL IMPACT**

EBMUD bills bi-monthly single-family residential customers a flat fee on behalf of the City of Oakland for sewer collection services. Only single-family residential customers and homeless shelters are qualified to be participants of the EBMUD Customer Assistance Program (CAP). During Fiscal Year (FY) 2020-21, there are currently 3,830 CAP households that reside in the City of Oakland with a high enrollment of 4,456 households. The estimated fiscal impact to the City for the CAP households if the 35% discount was applied is as follows:

**\$84.06 (bi-monthly) X 0.35 X 6 (billing cycles) X 3,830 (CAP customers) = \$676,095**

At full implementation with the current participation of 3,830 households, this program will have an estimated annual cost of \$676,095. The City has agreed to a phased-in approach which will see the discount start at 30% for the remainder of this fiscal year and reach full implementation in the subsequent 3 fiscal years. The table below provides a breakdown of the estimated cost per fiscal year.

**Table 1: Program Cost Summary**

FY	Rate *	Discount	% of Discount	Participants	
				3,830	4,456
20-21	\$84.06	\$29.42	30%	\$ 101,411	\$ 117,986**
21-22	\$85.32	\$29.86	60%	\$ 411,710	\$ 479,002
22-23	\$87.88	\$30.76	80%	\$ 565,492	\$ 657,919
23-24	\$90.52	\$31.68	100%	\$ 728,006	\$ 846,996
* Assumes rate increase of 1.6% as of January 1, 2021 and 3% CPI thereafter.					
** Half-year					

Approval of this Resolution will authorize the City Administrator, or designee, to execute an amendment to the Sewer Service Charges, Billing and Collection Agreement to implement the EBMUD CAP program. Funding for the first six (6) months of the program (\$112,000) is available in the current year budget in the General Purpose Fund (1010), Director’s Organization (30111), DP300 Administrative Project (1000010) and will be transferred to a new project number (TBD) upon adoption of this resolution.

Additionally, funding for the subsequent fiscal years has not been identified and is contingent upon the adoption of the Biennial Budget and will be provided by the General Purpose Fund.

### **PUBLIC OUTREACH / INTEREST**

If the City Council approves implementation of the CAP program, outreach will be conducted to ensure that information about the program reaches those who need it most. EBMUD has fully implemented their CAP discount and those participants will automatically be enrolled in this program. Additionally, we will conduct further outreach to reach the most underserved populations in the City as discussed in the Race & Equity section below.

### **COORDINATION**

This report was prepared in coordination with the City Attorney's Office, the Department of Race and Equity, and the City Administrator's Office.

**Economic:** The CAP program will require significant resources from the General Purpose Fund reducing the amount available for other City programs.

**Environmental:** No environmental impact.

**Race & Equity:** As the CAP program is implemented, there will be community outreach through Council offices, community groups, and faith groups to reach the most underserved populations in the City. We will work with the Department of Race and Equity to identify the best strategy to get the information to residents who qualify but may not have access to the internet.

The program has the potential to help address disparities linked to indicators on Median Income and Poverty by providing a 35% discount in sewage bills to Oakland residents impacted by these indicators and disparities in Financial Health.

### **ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt Resolution Authorizing the City Administrator to Execute Amendment No. 1 to the Sewer Service Charges, Billing and Collection Agreement of July 1, 2013, by and Between East Bay Municipal Utility District (EBMUD) and the City of Oakland for a Term of Two and a Half Years from January 1, 2021 to June 30, 2023 in order to Implement Customer Assistance Program providing Sewer Service Fee Rate Reduction for Low-Income Households.

For questions regarding this report, please contact Tom Morgan, Agency Administrative Manager, at 510-238-7953.

Respectfully submitted,



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DAVID FERGUSON  
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Reviewed by:  
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Prepared by:  
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Bureau of Administration, Public Works

Attachments (2):

- A: EBMUD Billing Agreement
- B: Customer Assistance Program (CAP) Brochure