



AGENDA REPORT

TO: Steven Falk
Interim City Administrator

FROM: G. Harold Duffey
Director, Oakland Public
Works

SUBJECT: Sewer Agency Charge Billing and
Collection Agreement with East Bay
Municipal Utility District (EBMUD)

DATE: April 3, 2023

City Administrator Approval

Date: Apr 20, 2023

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Enter Into A Ten Year Agreement With East Bay Municipal Utility District (EBMUD) For Sewer Service Charges, Billing And Collection Services, By And Between East Bay Municipal Utility District (EBMUD) And The City Of Oakland From July 1, 2023 To June 30, 2033.

EXECUTIVE SUMMARY

Approval of the proposed resolution would allow East Bay Municipal Utilities District (EBMUD) to continue to provide to the City of Oakland (City) sewer and service charges, billing, and collections services for a period of ten (10) years through June 30, 2033.

BACKGROUND / LEGISLATIVE HISTORY

Since 1968, the City has assessed a Sewer Service Charge on properties connected to Oakland's sanitary sewer collection system. This charge provides funding for the maintenance, repair, relocation, construction, reconstruction, and operation of the City's sewer facilities. Since that time, EMBUD provided billing and collection services on behalf of the City by including the Sewer Service Charge on customer's bi-monthly water bill.

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 established a new rate tier calculation system and the City and EBMUD entered into a new agreement for billing and collection services through July 1, 2007 (**Attachment A**).

On June 12, 2007, the City Administrator approved Amendment # 1 to the agreement to extend its term for three (3) years from July 1, 2007, to July 1, 2010 (**Attachment B**). On July 1, 2010, the City Administrator approved Amendment # 2 to the agreement and extended the term for three (3) more years from July 1, 2010 to July 1, 2013 (**Attachment C**).

City Council
May 2, 2023

On June 4, 2013, the Oakland City Council adopted Resolution No. 84424 C.M.S., authorizing EBMUD to perform the billing and collection agreement for ten (10) years from July 1, 2013, to June 30, 2023 (**Attachment D**). On December 15, 2020, the Oakland City Council passed Resolution No. 88465 C.M.S. to authorize the City Administrator to execute Amendment #1 to the Billing and Collection Agreement in order to implement the Customer Assistance Program, which provides a rate reduction to the Sewer Service Fee to assist low-income homeowners (**Attachment E**).

The proposed new ten-year term to the Sewer Agency Charge Billing and Collection Agreement stipulates that EBMUD will continue to provide billing and collections services and maintain the Customer Assistance Program, through June 30, 2033 (**Attachment F**).

ANALYSIS AND POLICY ALTERNATIVES

The new ten-year term to Sewer Service Charges, Billing and Collection Agreement retains the current formulas to calculate the City's prorated share of EBMUD's actual billing and collection costs for another ten years, from July 1, 2023 to June 30, 2033.

The proposed ten-year agreement to the Sewer Service Charges, Billing and Collection Agreement between the City and EBMUD will do the following:

- Extend the term of the agreement by ten years from July 1, 2023 to June 30, 2033.
- Extend the current calculation methodology to calculate the City's prorated share of EBMUD's actual billing and collection expenses from July 1, 2023 through June 30, 2033.

The City does not currently have the ability to perform the billing and collection function for the Sewer Services Fee. Establishing this capability would require a significant upfront investment to create this billing system. However, should the City decide to terminate the Agreement, it must provide EBMUD a 90-day notice. Therefore, extending this Agreement would not limit the City's ability to pursue other options for revenue collection in a timely manner.

This agreement EBMUD and the City advances two Citywide Priorities - by enshrining the Customer Assistance Program the agreement supports the City's efforts to promote **Housing Security**, and the Sewer Service Charge funds collected help the City to meet its goal of providing **Vibrant, Sustainable Infrastructure**.

FISCAL IMPACT

There is no fiscal impact as the rate structure is the same as the previous billing and collection agreement, and pursuant to Resolution No 84424 C.M.S. the billing fees have been appropriated in both the current fiscal year and the next biennial budget. The billing fees are deducted from the revenue received in Fund 3100 – Sewer Services Fund. Revenues from Sewer Service Charge are deposited into the Sewer Service Charge Fund 3100, Engineering and Construction Administration Organization 30211, Sewer Service Charge Account number 45113. The revenue is expected to increase to approximately \$73,000,000 in fiscal year 2023-24 and approximately \$77,000,000 in fiscal year 2024-25.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

This action is exempt from the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080(b)(8) and CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges) because CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of meeting operating expenses or obtaining funds for capital projects, necessary to maintain service within existing service areas.

COORDINATION

Oakland Public Works has coordinated with Office of the City Attorney, City Administrator's Office, and Finance Department – Revenue Division on the preparation of this report and resolution.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic impacts associated with this report. Ongoing management of the current billing agreement costs the City less than \$2.3 million per year, this includes the cost of 9 full-time equivalent (FTE) employees and the associated equipment to fulfill this service for the City. The estimated cost to purchase a new standalone billing system for the City would be in the range of \$25-30 million, therefore staff recommend the City continue to leverage EBMUD's existing billing system.

Environmental: The Sewer Services Charge is used to maintain and rehabilitate the sanitary sewer collection system and reduce the number of sanitary sewer overflows to improve environmental quality.

Race & Equity: This billing and collection agreement will make permanent the Customer Assistance Program which provides low-income homeowners a 35 percent discount on the Sewer Services Charge.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council adopt a resolution authorizing the City Administrator to enter into a ten year agreement with East Bay Municipal Utility District (EBMUD) for Sewer Service Charges, Billing and Collection services, by and between East Bay Municipal Utility District (EBMUD) and the City of Oakland from July 1, 2023 to June 30, 2033.

For questions regarding this report, please contact Tom Morgan, Agency Administrative Manager, at 510-238-7953 or tmorgan@oaklandca.gov.

Respectfully submitted,



G. HAROLD DUFFEY
Director, Oakland Public Works

Prepared by: Tom Morgan
Agency Administrative Manager
Bureau of Administration, Public Works

Attachments (4):

Attachment A - Sewer Service Charge & Collection Agreement of December 12, 1997

Attachment B - Amendment #1 to Sewer Service Charge Billing & Collection Agreement of December 12, 1997

Attachment C - Amendment #2 to Sewer Service Charge Billing & Collection Agreement of December 12, 1997

Attachment D - Sewer Service Charge & Collection Agreement of June 4, 2013

Attachment E – Amendment #1 to Sewer Service Charge & Collection Agreement of June 4, 2013

Attachment F – New Draft SEWER AGENCY CHARGE BILLING AND COLLECTION AGREEMENT