



Office of the City Manager

CONSENT CALENDAR
May 9, 2023

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Liam Garland, Director, Public Works
 Subject: Agreement: East Bay Municipal Utility District for Sewer Service Billing and Collection

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a sole source agreement and any necessary amendments with the East Bay Municipal Utility District for sewer service billing and collection for the period July 1, 2023 to June 30, 2033, for an amount not to exceed \$6.1 million.

FISCAL IMPACTS OF RECOMMENDATION

The projected expense for FY 2024 is \$511,558. Funding for the remaining contract term is subject to appropriation in future fiscal years.

The projected 10-year cost is:

Cost Component	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
Billing & Collection Services	\$405,894	\$422,129	\$439,015	\$456,575	\$474,838	
Share of CIS Cost	\$50,664	\$50,664	\$50,664	\$50,664	\$50,664	
Low Income/CAP Program	\$55,000	\$57,200	\$59,488	\$61,868	\$64,342	
TOTAL	\$511,558	\$529,993	\$549,167	\$569,107	\$589,844	
						10-YR TOTAL
Billing & Collection Services	\$493,832	\$513,585	\$534,128	\$555,493	\$577,713	\$4,873,203
Share of CIS Cost	\$50,664	\$50,664	\$50,664	\$50,664	\$50,664	\$506,640
Low Income/CAP Program	\$66,916	\$69,593	\$72,376	\$75,271	\$78,282	\$660,336
TOTAL	\$611,412	\$633,842	\$657,169	\$681,429	\$706,659	\$6,040,179

Total costs include \$50,664 per year beginning in January 2024 for the City’s shared cost of the District’s billing and collection operation. A 4% projected escalation is included over the 10-year term for a total not to exceed amount of \$6.1 million.

EBMUD will debit an agreed upon share of billing and collection expenses from collection, customer service and meter-reading activities on the City’s behalf. These expenses are allocated based on the City’s share of revenues collected, share of bills issued and share of meters read by EBMUD.

CURRENT SITUATION AND ITS EFFECTS

EBMUD provides billing and collection services for City of Berkeley sewer service fees for all residential, commercial, and industrial customers, and municipal uses. Sewer fees are collected by EBMUD and remitted to the City on a monthly basis.

EBMUD provided notice to the City on December 28, 2022 that the existing agreement will expire on June 30, 2023. Their intent is to enter into a new agreement using the same formulas to calculate the City's share of billing and collection expenses. EBMUD is proposing a 10-year term with the ability of either party to terminate the agreement with at least 12 months written notice of termination.

In FY 2023, EBMUD began its Customer Assistance Program (CAP) with the goal of providing discounts to qualifying low-income residents for municipal water and wastewater treatment services. Qualification for the CAP follows Housing and Urban Development (HUD) income guidelines for qualifying max gross household income. The CAP limits increase based on the number of persons in a household. A 35 percent discount would be applied to Berkeley's sanitary sewer charges collected on EBMUD's bills for eligible CAP accounts. Customer participation is valid for two years. To continue assistance, applicants must reapply after two years.

BACKGROUND

EBMUD has provided the City with sewer service charge billing and collection services for decades. On August 25, 1981, Council authorized the City Manager to enter into a 10-year agreement with EBMUD to perform sewer service fee billing and collection services (Resolution 50,821-N.S.). On October 28, 1997, Council authorized the City Manager to enter into another 10-year agreement with EBMUD (Resolution # 59,236-N.S.) for sewer charge billing and collection services, and on May 22, 2007 Council authorized the City Manager to extend the agreement by three years (Resolution 63,698-N.S.). The 1997 10-year agreement expanded the services provided by EBMUD to include the billing and collection of sewer service fees from residential customers based upon their water consumption. On April 27, 2010, Council authorized the City Manager to extend the sewer service billing and collection agreement by three years (Resolution 64,850-N.S) and on June 4, 2013, Council entered into a new 10-year agreement with EBMUD for sanitary sewer billing and collection through June 30, 2023 (Resolution 64,184-N.S). Collecting sewer fees via the EBMUD bills result in a steady revenue stream with EBMUD remitting monthly the sewer fees they collect on the City's behalf.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental impacts associated with this agreement. This resolution implements a renewal of an existing administrative billing program and has no inherent environmental sustainability or climate impacts.

RATIONALE FOR RECOMMENDATION

EBMUD has provided sewer billing and collection services for the City of Berkeley for its commercial, industrial, and multi-unit residential customers since the early 1980s. Billing and collecting sewer fees on the EBMUD water bill provides for a low cost, efficient, and effective billing and collection alternative to the City billing customers directly or with their property tax bill.

ALTERNATIVE ACTIONS CONSIDERED

There are no efficient and cost-effective alternatives to using EBMUD as the City's service provider for billing and collecting sewer fees.

CONTACT PERSON

Sean O'Shea, Administrative & Fiscal Services Manager, Public Works, 981-6306
Carisa Lubeck, Senior Management Analyst, Public Works, 981-6304

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

AGREEMENT WITH THE EAST BAY MUNICIPAL UTILITY DISTRICT TO BILL AND COLLECT SEWER SERVICE CHARGES ON BEHALF OF THE CITY

WHEREAS, the East Bay Municipal Utility District (EBMUD) has provided the City with sewer service charges billing and collection services for over 30 years; and

WHEREAS, EBMUD has offered a new 10-year agreement to continue to provide sewer service charges billing and collection; and

WHEREAS, funds are available in the Sewer Fund (Fund 611) to pay for the billing and collection services performed by EBMUD, and funds are available in the General Fund (Fund 011) to pay for the Low Income CAP program.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley authorizes the City Manager to execute a sole source agreement and any amendments with the East Bay Municipal Utility District for sewer service billing and collection for the period July 1, 2023 to June 30, 2033, for an amount not to exceed \$6.1 million.