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## EBMUD Considers Suspending Mandatory Water Conservation and Raising Rates

By *Sophie Braccini*

On Tuesday, April 14, the East Bay Utility District's (EBMUD) Board of Directors was scheduled to hear a staff recommendation to suspend the Drought Management Program requiring severe mandatory water conservation and to adopt a significant two-year rate increase. The rate increase could be effective either July 1 or at the end of September. At press time the meeting had not taken place, below is the update of the April 14th meeting.

As it does each April, EBMUD receives a report defining water reserves for the rest of the year. The combination of a 13% drop in water consumption from last year, and a more acceptable level of precipitation have replenished reserves to a level that now allows the agency to loosen its policy on restricting water usage. This year, storms have delivered 85% of average precipitation to-date. While this performance is better than last year, it will leave the agency far from the 600,000 acre feet of maximum water storage. The reserves should exceed 445,000 acre feet in September, a level that's historically caused EBMUD to ask for voluntary conservation from its users, not mandatory.

John Coleman, the EBMUD Board member representing Lafayette, among other cities, explained his position. "I plan to ask for the end of mandatory rationing in July," said Coleman, "users have shown a tremendous amount of responsibility and now that we have improved reserves we need to reward them."

The passage from mandatory to voluntary rationing means a drop in revenue for the agency, since financial penalties are only associated with mandatory reductions. Coleman persists in favoring an early breather for users in spite of the potential loss of revenue. "The difference in revenue will be from \$2 to \$3 million," he says, "we have a \$35 million reserve that I helped establish, we should use it and not penalize our clients." "We will probably reach a normal level in our reserves," says Charles Hardy, EBMUD Communication Director, "but we've had two very dry years and we can only assume what the summer usage is going to be, so the mandatory reduction could be maintained until the end of September when we get our final reserve assessment."

Knowing when to end a mandatory reduction can be tricky, especially considering that a big drop in water usage has negatively impacted EBMUD's revenues. "We used to consume 240 millions gallons a day," explained Coleman, "through voluntary reduction, it dropped to 210 million gallons a day and our intention was to get that figure to 195 gallons a day with mandatory reductions." The level ultimately reached 165 million gallons a day, a level that significantly impacted EBMUD revenues.

"There are different elements that explain this result," said Hardy, "the drop in construction was a big factor." When EBMUD staff recognized the significant drop in revenue, staff first proposed a Herculean rate increase of 21%. "Since this first proposal, cost reduction measures have been put into place including a hiring freeze, cut backs in travel, and reducing special event sponsorships," says Coleman. In his April 9th memo to the Board, Dennis Diemer, EBMUD General Manager proposed a 7.5% overall increase to the water rates (when compared to non-drought rates) and another 7.5% for next year.

"The increase will be higher for single family users," adds Hardy, "they do not appear to be paying their fair share compared to commercial users." The staff

proposal under consideration this week was 8.7% for single-family residential, 7.9% for multi-family, 5.2% for commercial and 4.9% for industrial users.

Long term water supply plan up for public review:

EBMUD has been studying the district long term water supply needs through 2040 and has identified a wide range of alternatives to satisfy these needs. It includes among other projects the conservation of our existing supplies, an aggressive water recycling program, a regional desalinization project and several groundwater storage projects. The draft environmental impact report of the plan is currently available for public comment until May 4th. It can be viewed and downloaded from the website [www.ebmud.com](http://www.ebmud.com). Comments can be mailed to Thomas Francis at [tfrancis@ebmud.com](mailto:tfrancis@ebmud.com)

## **EBMUD Drops the Drought Sophie Braccini – update April 14 2009**

The Board of Directors of the East Bay Municipal Utility District today unanimously decided to suspend the drought surcharge in place since August 1<sup>st</sup> of 2008. The return to a normal rate structure will be effective July 1, 2009. Rates will increase by an average of 7.5% for two years; a final decision on budget cuts will be made by the Board in the coming weeks.

The April 14<sup>th</sup> meeting started with General Manager Dennis Diemer presenting the latest water estimates. These estimates were better than expected, "It's our wettest drought on record," he said. The alternative presented to the Board was to either end the drought in July or at the end of September (the normal "water year.")

Some Directors felt uneasy about stopping the drought surcharge in July. The drought rate system adds-on to the bill of the users who do not meet the water reduction target. Director William Patterson (Oakland) was concerned with the loss of revenue that will result of return to the previous rate structure, while Director Lesa MacIntosh (San Pablo, Richmond) wondered if consumers would continue to conserve water once the District stops surcharging.

Both Board Directors representing Lamorinda, Katy Foulkes for Orinda and Moraga, and John Coleman for Lafayette, supported a suspension of the surcharge on July 1<sup>st</sup>. Coleman explained that the reserves were replenish enough and that it was time to reward customers for their big efforts; Foulkes asked if it wouldn't be cheating customer to apply drought rates when in fact the drought is over.

The drought surcharge will be suspended effective July 1<sup>st</sup> and customers will see the change on their September bill. At the same time a general rate increase will take effect, with an 8.7% raise for single family residents, 7.9% for multiple family residents, 5.2% for commercial users and 4.9% for industrial users. The higher rate for single family users reflects the greater level of service required.

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