



Office of the City Manager

CONSENT CALENDAR
June 4, 2013

To: Honorable Mayor and Members of the City Council
From:  Christine Daniel, City Manager
Submitted by: Andrew Clough, 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, 2013 to June 30, 2023 for an amount not to exceed \$5.5 million.

FISCAL IMPACTS OF RECOMMENDATION

The projected expense for FY 2014 is \$410,550 and \$312,650 is included in the Proposed Sewer Fund budget (830-5503-432-3038), with the balance to be requested in the first amendment to the FY 2014 Annual Appropriations Ordinance. Funding for the remaining contract term is subject to appropriation in future fiscal years.

The projected 10-year cost is:

Cost Component	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	
Billing & Collection Services	\$385,350	\$404,618	\$424,848	\$446,091	\$468,395	
Share of CIS Cost	\$25,200	\$50,400	\$50,400	\$50,400	\$50,400	
TOTAL	\$410,550	\$455,018	\$475,248	\$496,491	\$518,795	
						10-YR
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
Billing & Collection Services	\$491,815	\$516,406	\$542,226	\$569,337	\$597,804	\$4,846,891
Share of CIS Cost	\$50,400	\$50,400	\$50,400	\$50,400	\$50,400	\$478,800
TOTAL	\$542,215	\$566,806	\$592,626	\$619,737	\$648,204	\$5,325,691

Total costs include \$4,200 per month beginning in January 2014 for the City's share of the East Bay Municipal Utility District's (EBMUD) cost to install their new customer information system (CIS). This will increase the current cost from approximately 3¢ to 3.5¢ for every dollar collected. A contingency is included over the 10-year term, for a total not to exceed amount of \$5.5 million.

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, 2012 that the existing agreement will expire on June 30, 2013. 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.

BACKGROUND

EBMUD has provided the City with billing and collection services for sewer charges for over 30 years. Council authorized the City Manager to enter into a 10-year agreement with EBMUD to perform sewer service fee billing and collection services in August 1981 (Resolution No. 50,821). A new 10-year agreement with EBMUD was authorized in October 1997 (Resolution No. 59,236), which expanded the services provided by EBMUD to include the billing and collection of sewer service fees from residential customers with 1 to 4 units based upon their water consumption. The agreement was extended by 3 years in May 2007 (Resolution No. 63,698), and another 3 years in April 2010 (Resolution No. 64,850).

Prior to 1997, the City billed residential (single-family to 4 units) customers a flat, per unit, fee for sewer service. The fee was billed directly by the City to the customer, or included on the annual property tax bill. Billing residential customers for sewer fees on their annual property tax resulted in large fluctuations in revenue over the course of the year, with the County remitting the bulk of the revenue in 2 large payments: December and mid-April. Collecting sewer fees using the EBMUD bills results in a steady revenue stream with EBMUD remitting monthly the sewer fees they collect on the City's behalf.

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

Danielle Habr, Acting Administrative & Fiscal Services Manager, Public Works, 981-6317
Debra Ward, Associate Management Analyst, Public Works, 981-6305

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 830) to pay for the billing and collection services performed by EBMUD.

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, 2013 to June 30, 2023 for an amount not to exceed \$5.5 million

