



## Legislation Text

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**File #:** 23-166, **Version:** 1

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Adopt a Resolution to Approve and Authorize the City Manager to Execute a Sewer Agency Charge Billing and Collection Agreement with East Bay Municipal Utility District to Conduct Sewer Utility Commercial Account Billing Services for 10 Years, Effective July 1, 2023, Providing for Continuation of Billing Services for the City's Commercial Sewer Accounts for Approximately \$40,000 Each Year Budgeted in Account 593-51-002-5830

### **COUNCIL PRIORITY**

- Fiscal Sustainability

### **SUMMARY**

The East Bay Municipal Utility District (EBMUD) has been providing service to the City of collecting business sewer charges on their water bills. The agreement was initiated in 2003 and last renewed in 2013. If approved, this new agreement would be largely in the same form for another 10 years.

### **RECOMMENDATIONS**

Staff recommends the City Council adopt a resolution to approve and authorize the City Manager to execute a 10-year agreement with East Bay Municipal Utility District (EBMUD) for continuation of commercial sewer billing services.

### **BACKGROUND**

The City of San Leandro Water Pollution Control Plant provides sewer collection and processing services to about 1,300 businesses. EBMUD bills these users on their water bill and passes the collected revenue onto the City. This generates approximately \$2.4 million in revenue annually. EBMUD charges a fee for this service based on their cost of billing, which currently is about \$40,000 annually, or about 1.7% of total revenue received.

### **Analysis**

The proposed scope of services is a cost-effective way of billing commercial customers. EBMUD handles all the billing activities including sending invoices and collecting and processing payments. Alternatively, the City could bill customers directly, but this would result in a net increase in costs as staffing costs would be greater than EBMUD's fee.

### **Previous Actions**

- On November 18, 2002, by Resolution No. 2002-159, the City Council approved a Sewer Service Charge Billing and Collection Agreement effective July 1, 2003.
- On December 17, 2012, by Resolution No. 2012-130, a six-month extension was granted.

- On June 3, 2013, by Resolution No. 2013-081, the City Council approved a 10-year renewal of the agreement

### **Financial Impacts**

The total cost of this 10-year agreement will vary based on the formula defined in the agreement, which is a percentage of EBMUD's billing costs. It is currently approximately \$40,000 per year and will increase over time as EBMUD's costs rise with inflation. However, the cost as a percentage of revenue is expected to stay the same or decrease.

Sufficient funds for this service are included in the Water Pollution Control Fund annual budget. The costs are booked in 593-51-002-5830.

This Council action will not impact fund balance because there will be funds available in the FY 2023-24 and FY 2024-25 proposed budget.

### **Attachments**

**Attachment A:** Resolution for Billing Agreement with EBMUD

**Attachment B:** Sewer Agency Charge Collection and Billing Agreement with East Bay Municipal Utility District

### **PREPARED BY:**

Hayes Morehouse, Water Pollution Control Manager, Public Works Department