



NOTICE: Pursuant to the Governor's Executive Orders N-25-20 and N-29-20, the Financial Management Committee meeting scheduled below will be accessible via Zoom video conferencing. Members of the public may participate in the meeting through the Zoom platform or phone number below.

- Zoom link: <https://us02web.zoom.us/j/88966767938>
- Telephone dial-in: 1(669) 900-6833, meeting ID #889 6676 7938

ITEM NO. 10

FINANCIAL MANAGEMENT COMMITTEE AGENDA

Tuesday, April 13, 2021

10:30 A.M.

**East Bay Dischargers Authority
2651 Grant Avenue, San Lorenzo, CA 94580**

Committee Members: Toy (Chair); Duncan

- FM1. Call to Order**
- FM2. Roll Call**
- FM3. Public Forum**
- FM4. List of Disbursements for March 2021**
(The Committee will review the List of Disbursements for the month of March 2021.)
- FM5. Treasurer's Report for March 2021**
(The Committee will review the Treasurer's Report for the month of March 2021.)
- FM6. Pension Fund Status Update**
(The Committee will review the status of the Authority's pension plan.)
- FM7. Draft Budget Review**
(The Committee will discuss the draft FY 2021/2022 budget.)
- FM8. Reserve Policy Considerations**
(The Committee will discuss options related to establishing an Authority reserve policy.)
- FM9. Adjournment**

Any member of the public may address the Committee at the commencement of the meeting on any matter within the jurisdiction of the Committee. This should not relate to any item on the agenda. Each person

Agenda Explanation
East Bay Dischargers Authority
Financial Management Committee
April 13, 2021

addressing the Committee should limit their presentation to three minutes. Non-English speakers using a translator will have a time limit of six minutes. Any member of the public desiring to provide comments to the Committee on any agenda item should do so at the time the item is considered. Oral comments should be limited to three minutes per individual or ten minutes for an organization. Speaker's cards will be available and are to be completed prior to speaking.

In compliance with the Americans with Disabilities Act of 1990, if you need special assistance to participate in an Authority meeting, or you need a copy of the agenda, or the agenda packet, in an appropriate alternative format, please contact the Administrative Assistant at (510) 278-5910 or juanita@ebda.org. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the Authority staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

In compliance with SB 343, related writings of open session items are available for public inspection at East Bay Dischargers Authority, 2651 Grant Avenue, San Lorenzo, CA 94580. For your convenience, agenda items are also posted on the East Bay Dischargers Authority website located at <http://www.ebda.org>.

**The next Financial Management Committee meeting is scheduled on
Tuesday, May 18, 2021 at 10:30 a.m.**

EAST BAY DISCHARGERS AUTHORITY
Cash Disbursement
March 2021

CHECKS (SORTED BY AMOUNT)

Check #	Payment Date	Invoice #	Vendor Name	Description	Invoice Amount	Disbursement Amount
25123	03/31/2021	3625	CSRMA	PLP DEDUCTIBLE RECOVERY, DOL: 04/15/2020	100,000.00	100,000.00
25122	03/31/2021	3021071	REGIONAL MONITORING PROGRAM C/O SFEI	QUARTERLY PARTICIPANT FEE FOR THE RMP 2021 BUDGET	62,009.50	62,009.50
25089	03/15/2021	381654	CITY OF SAN LEANDRO	O&M - JAN	29,199.14	29,199.14
25116	03/31/2021	002704	UNION SANITARY DISTRICT	O&M - FEB	22,768.89	22,768.89
25115	03/31/2021	6423	ORO LOMA SANITARY DISTRICT	O&M - FEB	12,519.92	12,519.92
25130	03/31/2021	11399999	BROWN & CALDWELL	ENGINEERING SERVICES - BRINE ASSESSMENT	10,919.56	10,919.56
25127	03/31/2021	49020991	UNIVAR	SODIUM BISULFITE - DELIVERED 03/12/2021	5,059.60	10,730.78
25127	03/31/2021	49041237	UNIVAR	SODIUM BISULFITE - DELIVERED 03/24/2021	5,671.18	
25125	03/31/2021	2021020251	MEYERS NAVE	LEGAL SERVICES - FEB	9,312.40	9,312.40
25131	03/31/2021	162577	ENVIRONMENTAL SCIENCE ASSOCIATES	FIRST MILE PROJECT WORK ORDER NO. 1	5,477.50	6,475.00
25131	03/31/2021	162603	ENVIRONMENTAL SCIENCE ASSOCIATES	HAYWARD FEASIBILITY STUDY WORK ORDER NO. 2	997.50	
25104	03/15/2021	48992206	UNIVAR	SODIUM BISULFITE - DELIVERED 02/26/2021	5,894.68	5,894.68
25103	03/15/2021	EA06-0121	EOA, INC	NPDES PERMIT REISSUANCE ASSISTANCE	5,365.45	5,365.45
25098	03/15/2021	17235	PACIFIC ECORISK	CHRONIC AND ACUTE TOXICITY TESTING	4,726.00	4,726.00
25095	03/15/2021	0196054	CAROLLO ENGINEERS	ENGINEERING SERVICES - WORK ORDER NO. 1	3,430.50	3,430.50
25106	03/15/2021	161821	ENVIRONMENTAL SCIENCE ASSOCIATES	FIRST MILE PROJECT WORK ORDER NO. 1	3,235.00	3,235.00
25119	03/31/2021	48481	CALCON	COMMUNICATION SYSTEM UPGRADE	1,411.29	2,524.89
25119	03/31/2021	48482	CALCON	HEPS SERVICE CALLS	540.00	
25119	03/31/2021	48483	CALCON	OLEPS SERVICE CALLS	573.60	
25093	03/15/2021	Dec-20	DEBORAH QUINN	ACCOUNTING SERVICES - DEC	2,351.25	2,351.25
25121	03/31/2021	00013.11-4	LARRY WALKER ASSOCIATES	PROFESSIONAL SERVICES - WORK ORDER NO. 2	411.00	2,261.50
25121	03/31/2021	00013.12-4	LARRY WALKER ASSOCIATES	PROFESSIONAL SERVICES - WORK ORDER NO. 3	1,850.50	
25088	03/15/2021	499566	VANTAGEPOINT	ICMA DEFERRED COMPENSATION FOR PAY PERIOD ENDED 03/15/2021	1,917.94	1,917.94
25114	03/31/2021	507228	VANTAGEPOINT	ICMA DEFERRED COMPENSATION FOR PAY PERIOD ENDED 03/31/2021	1,917.94	1,917.94
25132	03/31/2021	619601	CALTEST	LAB TESTING SERVICES - FEB	1,842.80	1,842.80
25090	03/15/2021	52205709	CITY OF HAYWARD	BENEFIT PREMIUMS - MAR	1,330.77	1,330.77
25128	03/31/2021	4661	BAY PLANNING COALITION	ANNUAL MEMBERSHIP DUES	1,100.00	1,100.00
25108	03/15/2021	21019	NORTH BAY PENSIONS LLC	ACTUARIAL SERVICES FOR GASB 75 OPEB REPORTING	1,000.00	1,000.00
25105	03/15/2021	370101	E&M ELECTRIC & MACHINERY, INC	CITECT SCADA	985.00	985.00
25107	03/15/2021	SI155265	WATSON MARLOW, INC	OLEPS WET WELL HYPO SYSTEM	844.97	844.97
25102	03/15/2021	4246044555687620	US BANK	PURCHASING CARD EXPENSES	818.73	818.73
25129	03/31/2021	369991	E&M ELECTRIC & MACHINERY, INC	HISTORIAN DATABASE AND DREAM REPORT SOFTWARE	770.00	770.00
25092	03/15/2021	1746192-20	SCIF	WORKERS COMPENSATION PREMIUM - MAR	631.25	631.25
25099	03/15/2021	8259	CAYUGA INFORMATION SYSTEMS	IT SERVICES - JAN	472.50	472.50

EAST BAY DISCHARGERS AUTHORITY
Cash Disbursement
March 2021

Check #	Payment Date	Invoice #	Vendor Name	Description	Invoice Amount	Disbursement Amount
25126	03/31/2021	39199	BA MORRISON	HVAC SERVICE - HEPS	390.00	390.00
25109	03/15/2021	Feb-21	EVERARDO OROZCO LANDSCAPE MANAGEMENT	LANDSCAPING SERVICES - FEB	375.00	375.00
25091	03/15/2021	510 278-5910	AT&T	TELEPHONE SERVICE - ADMIN BUILDING	332.13	332.13
25113	03/15/2021	10110000001	EBMUD	WATER & SEWER, MDF DEC-FEB	268.96	268.96
25100	03/15/2021	208841128	ORKIN	PEST CONTROL SERVICES - MDF	200.00	200.00
25118	03/31/2021	510-483-0439	AT&T	TELEPHONE SERVICE - MDF	197.71	197.71
25096	03/15/2021	1017658376	PITNEY BOWES INC	POSTAGE METER SUPPLIES	185.70	185.70
25094	03/15/2021	9874511495	VERIZON WIRELESS	WIRELESS PHONE SERVICES	182.13	182.13
25124	03/31/2021	14074	TOWN & COUNTRY	JANITORIAL SERVICES - MAR	165.00	165.00
25097	03/15/2021	3104603011	PITNEY BOWES INC	QUARTERLY LEASING CHARGE FOR DIGITAL MAILING SYSTEM	162.96	162.96
25111	03/15/2021	47276	COMPUTER COURAGE	WEBSITE HOSTING - MAR	150.00	150.00
25117	03/31/2021	44777800001	EBMUD	WATER & SEWER, ADMIN JAN-MAR	120.83	120.83
25133	03/31/2021	3214399	CALTRONICS	COPIER USAGE AND MAINTENANCE	72.77	72.77
25101	03/15/2021	006M3299	HARRINGTON INDUSTRIAL PLASTICS LLC	OLEPS WET WELL HYPO SYSTEM	68.33	68.33
25112	03/15/2021	039231690X210304	DIRECTV	AT&T BUNDLE DISCOUNT	36.99	36.99
25120	03/31/2021	9875302888	VERIZON WIRELESS	MODEM FOR SCADA 02/11 - 03/10/2021	22.70	22.70
25110	03/15/2021	3193240	CALTRONICS	COPIER SUPPLIES	12.00	12.00
TOTAL CHECK PAYMENTS						310,299.57
ELECTRONIC PAYMENTS						
	03/04/2021	5105948980-0	PG&E	GAS & ELECTRIC SERVICE	36,564.63	36,564.63
	03/09/2021	100000016339709	CALPERS	HEALTH PREMIUMS - MAR	6,907.08	6,907.08
	03/17/2021	100000016336482	CALPERS	PENSION CONTRIBUTION, CLASSIC 03/01 - 15/2021	4,457.14	4,457.14
	03/02/2021	100000016289917	CALPERS	PENSION CONTRIBUTION, CLASSIC 02/16 - 28/2021	4,355.14	4,355.14
	03/11/2021		WELLS FARGO	CLIENT ANALYSIS SERVICE CHARGE	78.08	78.08
TOTAL ELECTRONIC PAYMENTS						52,362.07
PAYROLL						
	03/30/2021		ADP, LLC	PAYROLL PERIOD: 03/16-31/2021	22,133.34	22,133.34
	03/12/2021		ADP, LLC	PAYROLL PERIOD: 03/01-15/2021	19,541.93	19,541.93
	03/05/2021	575446333	ADP, LLC	PAYROLL FEES, PERIOD: 02/16-28/2021	85.60	85.60
	03/19/2021	576278487	ADP, LLC	PAYROLL FEES, PERIOD: 03/01-15/2021	72.35	72.35
TOTAL PAYROLL						41,833.22
TOTAL DISBURSEMENTS						404,494.86

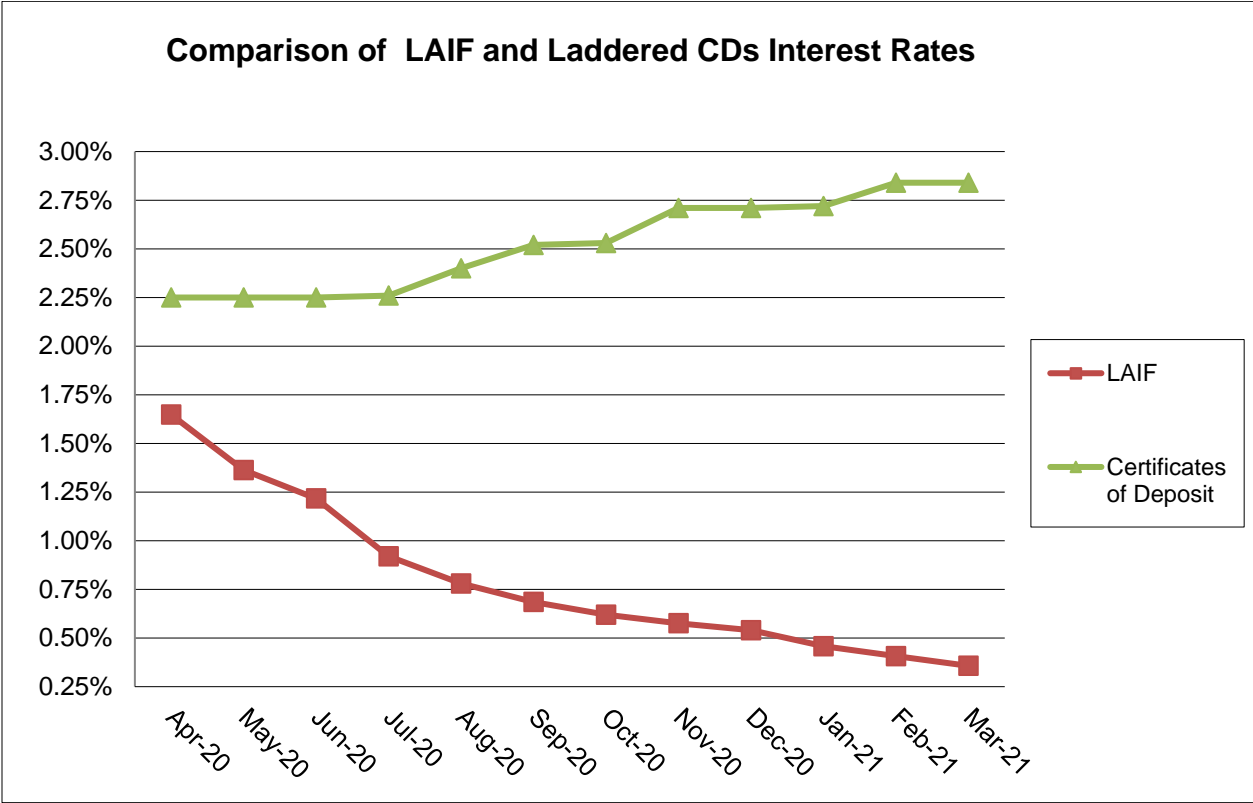
ITEM NO. FM5 TREASURER'S REPORT FOR MARCH 2021

The beginning cash balance on March 1, 2021 was \$3,196,128.28. The ending cash balance on March 31, 2021 was \$2,880,943.82. Total receipts for the month were \$89,310.40 and disbursements totaled \$404,494.86.

EBDA currently has a three-pronged investment approach that includes laddered CDs, Local Agency Investment Fund (LAIF), and Wells Fargo accounts. As directed by the Financial Management Committee, funds are currently being transferred to the Authority's checking account and/or LAIF as CDs mature. Staff will continue to work with the Committee on investment strategy.

Current market value of EBDA's CD investment portfolio is \$100,232.52. The average annual yield of the CDs is 2.84%. EBDA's LAIF balance is \$2,254,438.51 and the interest rate for March was 0.36%.

Approval is recommended.



**EAST BAY DISCHARGERS AUTHORITY
TREASURER'S REPORT**

MARCH 31, 2021

FUND	DESCRIPTION	BEGINNING CASH BALANCE	DEBITS (INCREASE)	CREDITS (DECREASE)	ENDING CASH BALANCE
12	OPERATIONS & MAINTENANCE	902,484.36	67,882.51	200,698.64	769,668.23
13	PLANNING & SPECIAL STUDIES	(30,603.65)	21,427.78	99,783.81	(108,959.68)
14	RECLAMATION O & M (SKYWEST)	134,889.15		101,286.12	33,603.03
31	RENEWAL & REPLACEMENT	2,189,358.42	0.11	2,726.29	2,186,632.24
TOTALS		3,196,128.28	89,310.40	404,494.86	2,880,943.82

Mar-21

4/7/21

SUPPLEMENTAL TREASURERS REPORT

DATE	TRANSACTION	RECEIPT	DISBURSEMENT CHECKING	DISBURSEMENT PAYROLL	PAYROLL TRANSFER	LAIF TRANSFER	CD TRANSFER	CD INTEREST & EXPENSES	WELLS FARGO CHECKING BALANCE	WELLS FARGO PAYROLL BALANCE	LAIF BALANCE	WELLS FARGO CERTIFICATES OF DEPOSIT	TOTAL CASH
03/01/21	BALANCE								779,807.30	9,412.58	2,254,438.51	152,469.89	3,196,128.28
03/02/21	DEPOSIT - CVSAN	89,310.29							869,117.59	9,412.58	2,254,438.51	152,469.89	3,285,438.57
03/02/21	ELECTRONIC BILL PAY		4,355.14						864,762.45	9,412.58	2,254,438.51	152,469.89	3,281,083.43
03/04/21	CD TRANSFER						(50,871.56)		915,634.01	9,412.58	2,254,438.51	101,598.33	3,281,083.43
03/04/21	ELECTRONIC BILL PAY		36,564.63						879,069.38	9,412.58	2,254,438.51	101,598.33	3,244,518.80
03/05/21	DIVIDEND	0.11						0.11	879,069.38	9,412.58	2,254,438.51	101,598.44	3,244,518.91
03/05/21	PAYROLL FEES			85.60					879,069.38	9,326.98	2,254,438.51	101,598.44	3,244,433.31
03/08/21	PAYROLL TRANSFER				24,000.00				855,069.38	33,326.98	2,254,438.51	101,598.44	3,244,433.31
03/09/21	ELECTRONIC BILL PAY		6,907.08						848,162.30	33,326.98	2,254,438.51	101,598.44	3,237,526.23
03/11/21	ANALYSIS FEE		78.08						848,084.22	33,326.98	2,254,438.51	101,598.44	3,237,448.15
03/12/21	PAYROLL			19,541.93					848,084.22	13,785.05	2,254,438.51	101,598.44	3,217,906.22
03/16/21	DISBURSEMENT		64,177.38						783,906.84	13,785.05	2,254,438.51	101,598.44	3,153,728.84
03/17/21	ELECTRONIC BILL PAY		4,457.14						779,449.70	13,785.05	2,254,438.51	101,598.44	3,149,271.70
03/19/21	PAYROLL FEES			72.35					779,449.70	13,712.70	2,254,438.51	101,598.44	3,149,199.35
03/22/21	PAYROLL TRANSFER				20,000.00				759,449.70	33,712.70	2,254,438.51	101,598.44	3,149,199.35
03/30/21	PAYROLL			22,133.34					759,449.70	11,579.36	2,254,438.51	101,598.44	3,127,066.01
03/31/21	DISBURSEMENT		246,122.19						513,327.51	11,579.36	2,254,438.51	101,598.44	2,880,943.82
	TOTAL	89,310.40	362,661.64	41,833.22	44,000.00	-	(50,871.56)	0.11					
	CURRENT BALANCE								513,327.51	11,579.36	2,254,438.51	101,598.44	2,880,943.82
									①	②	③	④	
	Reconciliation												
	① Per Bank Statement @ 03/31/21	\$ 761,800.95											
	Less: Outstanding Checks	248,473.44											
		\$ 513,327.51											
	② Per Bank Statement @ 03/31/21	\$ 11,579.36											
	③ Per LAIF Statement @ 03/31/21	\$ 2,254,438.51											
	④ Per Treasurer's Report @ 03/31/21	\$ 101,598.44											
	Fair Market Value Increase/Decrease	(1,365.92)											
	Per Investment Statement @ 3/31/21	\$ 100,232.52											

The Supplemental Treasurer's Report is prepared monthly by the General Manager. It also serves as EBDA's cash and investments reconciliation.

CD PORTFOLIO

Institution	Description	Purchase Date	Maturity Date	Estimated Annual Yield	Quantity	Current Market Value
CITIBANK NA	CITIBANK NA CD SIOUX FALLS SD ACT/365 FDIC INSD CPN 2.900% DUE 05/24/21 DTD 05/23/18 FC 11/23/18 CUSIP 17312QM22	5/23/2018	5/24/2021	2.88%	50,000	50,213.50
CITIBANK NA Total						50,213.50
MORGAN STANLEY BK NA	MORGAN STANLEY BK NA CD SALT LAKE CTY UT ACT/365 FDIC INSD CPN 2.800% DUE 04/05/21 DTD 04/05/18 FC 10/05/18 CUSIP 61747MS69	4/5/2018	4/5/2021	2.79%	50,000	50,019.00
MORGAN STANLEY BK NA Total						50,019.00
Grand Total						100,232.50
Average Estimated Annual Yield						2.84%
Cash & Sweep Balances						0.02
Snapshot Market Value on March 31, 2021						100,232.52

ITEM NO. FM6 PENSION FUND STATUS UPDATE

Recommendation

This information is for the Committee to review and provide direction to staff.

Background

The Authority participates in the California Public Employees' Retirement System (CalPERS) for its pension benefits. In 2019, the Authority adopted Other Post-Employment Benefit (OPEB) and Pension Funding Policies, including target funding levels of 80% and 95%, respectively. The Authority made lump sum pre-payments to both funds in 2020, prior to the effective date of the Amended and Restated Joint Powers Agreement (JPA), with the intention of reaching these targets. The Additional Discretionary Payment (ADP) made to the Authority's pension fund in 2020 was \$645,000.

This report provides information on the status of the Authority's pension fund.

Discussion

The Authority's projected funded status as of June 30, 2021 is 92.3%. As noted above, the 2020 payment was calculated based on reaching a target of 95% funded. However, the actual rate of return for the fund over the past year was approximately 4.5%, as opposed to the 7% rate of return CalPERS had projected. The table below summarizes the current status.

	As of June 30, 2019	Projected June 30, 2021
Accrued Liability	\$ 4,751,432	\$ 5,182,557
Plan's Market Value of Assets	\$ 3,827,649	\$ 4,781,213
Unfunded Accrued Liability (UAL)	\$ 923,783	\$ 389,956
Funded Ratio	80.6%	92.3%

Taking into account the FY 2019/2020 rate of return of 4.50%, and assuming 7.00% returns in FY 2020/2021 and FY 2021/2022, the Authority's CalPERS actuary estimates that an ADP of \$133,500 would be required to reach the 95% funding target. If the Commission desires to make such a payment to reach the target, several options exist for sourcing the funds, including combinations of the following:

- As suggested by Commissioner Lamnin last month, the disbursements the Authority plans to take from the California Employers' Retiree Benefit Trust (CERBT) for actual OPEB expenditures could be used to fund a portion of the pension ADP. Staff expects to receive approximately \$67,000 in disbursements, or about half of the recommended ADP.

- Staff expects actual expenses for FY 2020/2021 to be lower than budgeted. In lieu of returning unspent funds to the Member Agencies as credits on their FY 2021/2022 payments, the Authority could hold over a portion of unspent funds and dedicate those toward the ADP.
- The Authority could include the ADP in the FY 2021/2022 budget. Pending discussion on this item, no ADP has been included in the draft budget presented in Item No. FM7.

Because any payment would be made after CalPERS' April 15 deadline for reflection in FY 2021/2022 actuarial reports, if the Authority elects to make another ADP, the result would be reflected in the Authority's FY 2022/2023 report.

ITEM NO. FM7 DRAFT BUDGET REVIEW

Recommendation

For the Committee's information only; no action is required.

Background

The Authority's Amended and Restated JPA states the following:

The Commission will adopt an annual or biennial budget for the ensuing Fiscal Year(s) prior to July 1. The budget will include sufficient detail to constitute a fiscal control guideline, specify cash flow requirements from each Agency, grant reimbursements, and cash receipts and expenditures to be made for Operation and Maintenance Costs, Planning and Special Studies Costs, and Capital Costs for the Facilities, and other necessary and appropriate expenditures.

Recommendations for Special Studies and other key variations from the current fiscal year budget were reviewed by the Committee in March 2021.

Discussion

The Draft FY 2021/2022 Budget is presented in the following format:

1. By Program
2. By Account Number
3. Allocation to Member Agencies

Beginning last year, the Commission elected to carry over funds from year to year for Special Studies that are ongoing. Recommendations for this year's carryover were presented last month and are shown in the budget tables. In addition, this year, staff is showing carryover as well as outside revenues in a separate column to more accurately represent the portion of the budget that the Member Agencies and LAVWMA will be responsible for. Revenues associated with the EPA grant for Nature Based Solutions and the Skywest water recycling project are presented. Also as discussed last month, expenses and revenues associated with brine projects are shown as a new separate fund so that they can be more effectively tracked and revenues can be allocated in the future. This includes the Cargill project, as well as fees associated with the Zone 7 Water Agency brine that Dublin San Ramon Services District agreed to pay EBDA as part of the overall agreement with LAVWMA.

Overall, agency expenses are expected to decrease by 5%, or \$311k, as compared to FY 2020/2021. Details of changes by line item are provided in the attached budget tables. The overall decrease is driven by a decrease in Special Studies spending. No new studies are proposed, and some funds will be carried over, as noted.

The agencies' Renewal and Replacement Fund (RRF) contribution remains flat at \$750k. This includes \$330k for ongoing asset management and \$420k in credit to USD to fulfill the annual JPA obligation for UEPS capital. Note that because San Leandro and LAVWMA contributions are specific to certain facilities, they pay their share of RRF expenses at the end of each fiscal year.

Operations & Maintenance (O&M) expenses are expected to be essentially flat relative to last year, with a very slight increase of \$41k. The increase can primarily be attributed to PG&E rate increases. Staff also notes that rather than accounting for the EBDA O&M Manager's labor at each pump station, in this year's budget, all EBDA labor has been moved to General Administration. This makes the labor assumptions consistent for all EBDA positions. The change results in a somewhat higher rate for General Administration, offset by decreases at the pump stations. O&M Manager labor expended on specific capital projects will continue to be billed to the RRF.

As discussed last month, to minimize cash flow issues, staff is recommending that the agencies' contributions to the FY 2021/2022 budget be paid in two semi-annual installments instead of the historical quarterly payments. This issue and recommendation are further discussed in Item No. 8.

Following feedback from the Commission and additional data gathered over the following month, staff will make revisions to this draft budget and bring a final budget to the Commission for consideration in May 2021.

FISCAL YEAR 2021/2022 BUDGET BY PROGRAM

FUND NO	PROGRAM DESCRIPTION	BUDGET FY 21/22	OTHER REVENUES/ CARRYOVER	AGENCY REVENUES	BUDGET FY 20/21	% FY 21/22 to 20/21	\$ Change	Explanations for Changes over \$10,000
12	O&M EFFLUENT DISPOSAL							
12 06	General Administration	\$ 1,333,738	\$ -	\$ 1,333,738	\$ 1,254,759	106%	\$ 78,979	Increases in salaries related to 2% COLA and addition of 0.25 FTE for Admin Assistant. Also, labor for O&M Manager was moved to General Admin.
12 10	Outfall & Force mains	\$ 175,000	\$ -	\$ 175,000	\$ 181,336	97%	\$ (6,336)	
12 14	Marina Dechlor Facility	\$ 481,500	\$ -	\$ 481,500	\$ 506,003	95%	\$ (24,503)	Labor for O&M Manager moved to General Admin.
12 16	Oro Loma Pump Station	\$ 501,000	\$ -	\$ 501,000	\$ 463,920	108%	\$ 37,080	Increase in PG&E rates.
12 18	Hayward Pump Station	\$ 158,000	\$ -	\$ 158,000	\$ 163,336	97%	\$ (5,336)	
12 20	Union Pump Station	\$ 358,000	\$ -	\$ 358,000	\$ 365,336	98%	\$ (7,336)	
12 21	Bay & Effluent Monitoring	\$ 503,382	\$ -	\$ 503,382	\$ 534,550	94%	\$ (31,168)	FY2020/2021 included a one-time startup cost of \$40k for the Laboratory Information Management System.
	TOTAL FUND # 12	\$ 3,510,620		\$ 3,510,620	\$ 3,469,238	101%	\$ 41,382	
13	SPECIAL PROJECTS							
13 36	NPDES Permit Fees	\$ 593,473	\$ -	\$ 593,473	\$ 555,483	107%	\$ 37,990	State Water Board projecting a significant increase in NPDES permit fees.
13 37	NPDES Permit Issues	\$ 100,000	\$ 100,000	\$ -	\$ 200,000	0%	\$ (200,000)	Contingency included for potential fines last year is no longer needed. Unspent funds are being held over for professional services related to permit reissuance.
13 48	Regional Monitoring Program	\$ 280,000	\$ -	\$ 280,000	\$ 280,000	100%	\$ -	
13 49	Nutrient Surcharge	\$ 285,346	\$ -	\$ 285,346	\$ 269,479	106%	\$ 15,867	Increase due to lower supplement from BACWA reserves.
13 53	Water Research Foundation	\$ 26,347	\$ -	\$ 26,347	\$ 25,000	105%	\$ 1,347	
13 63	JPA Legal Support	\$ 10,000	\$ -	\$ 10,000	\$ -	200%	\$ 10,000	Support for drafting administrative appeals policy.
13 68	Brine Project Development	\$ -	\$ -	\$ -	\$ 30,000	0%	\$ (30,000)	
13 69	Strategic Planning	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	0%	\$ (10,000)	External support for EBDA strategic planning effort, carried over.
13 74	Disinfection Master Plan	\$ 45,726	\$ 20,000	\$ 25,726	\$ 40,000	64%	\$ (14,274)	Continuation of expert consultant support for development of a Master Plan to optimize chlorine dosing for consistent control of bacteria in the EBDA system.
13 75	Contingency - Admin Support	\$ -	\$ -	\$ -	\$ 22,245	0%	\$ (22,245)	Removed contingency for extending the 0.5 FTE Administrative Assistant.
13 76	PFAS Sampling	\$ -	\$ -	\$ -	\$ 15,000	0%	\$ (15,000)	Not required. Bay region was exempted from individual sampling requirements in State order.
13 77	Nature-based Solutions	\$ 150,000	\$ 150,000	\$ -	\$ -	0%	\$ -	
13 91	NPDES Testing - CSL	\$ -	\$ -	\$ -	\$ 1,500	0%	\$ (1,500)	
13 92	NPDES Testing - OLSL	\$ -	\$ -	\$ -	\$ 1,500	0%	\$ (1,500)	
13 93	NPDES Testing - HAY	\$ -	\$ -	\$ -	\$ 1,500	0%	\$ (1,500)	
13 94	NPDES Testing - USD	\$ -	\$ -	\$ -	\$ 1,500	0%	\$ (1,500)	
	TOTAL FUND # 13	\$ 1,500,893	\$ 280,000	\$ 1,220,893	\$ 1,453,207	84%	\$ (232,314)	
	TOTAL OPERATING BUDGET	\$ 5,011,513	\$ 280,000	\$ 4,731,513	\$ 4,922,446	96%	\$ (190,933)	
31 99	CONTRIBUTION TO R&R FUND	\$ 750,000	\$ -	\$ 750,000	\$ 750,000	100%	\$ -	Based on Asset Management Plan, sustainable funding level is estimated to be \$330,000 annually. Per the new JPA, EBDA additionally pays \$420,000 annually to Union to address capital needs at that station.
	TOTAL AGENCY FUNDING			\$ 5,481,513	\$ 5,672,446	97%	\$ (190,933)	
	PROGRAMS WITH OTHER FUNDING							
14 00	WATER RECYCLING							
14 80	Skywest	\$ 50,000	\$ 50,000	\$ -	\$ 120,000			Reduction in operations due to closure of the golf course.
	TOTAL FUND # 14	\$ 50,000	\$ 50,000	\$ -	\$ -			
15 00	BRINE ACCEPTANCE							
15 01	Mixed Sea Salt Brine (Cargill)	\$ 200,000	\$ 200,000	\$ -	\$ -			
15 02	Zone 7 Brine (DSRSD)	\$ 70,000	\$ 70,000	\$ -	\$ -			
	TOTAL FUND # 15	\$ 270,000	\$ 270,000	\$ -	\$ -			
	TOTAL EXPENDITURES			\$ 5,481,513	\$ 5,792,446	95%	\$ (310,933)	

FISCAL YEAR 2021/2022 BUDGET BY ACCOUNT NUMBER

ACCT NUMBER	ACCT TITLE	BUDGET FY 21/22	OTHER REVENUES/ CARRYOVER	AGENCY REVENUES	BUDGET FY 20/21	% FY 21/22 to 20/21	\$ Change	Explanations for Changes over \$10,000
4010	Salary	586,101		586,101	543,436	108%	\$ 42,665	2% COLA, salary increase for Administration Manager reclassification, and addition of 0.5 FTE Admin Support Specialist. Also, O&M labor was moved from pump stations to General Admin.
4020	Benefits	269,587		269,587	282,582	95%	\$ (12,995)	Medical premiums for retirees decreased due to death and recipients becoming eligible for Medicare. Additionally, because of last year's lump sum payment, the Authority's PERS required payment is lower than previous. Finally, benefits that are based on payroll decreased because of the lower payrate for the Admin Support Specialist.
4030	Commissioner Compensation	45,000		45,000	45,000	100%	\$ -	
4070	Insurance	60,000		60,000	60,000	100%	\$ -	
4080	Memberships & Subscriptions	148,469		148,469	155,677	95%	\$ (7,208)	
4100	Supplies, Fixed	22,000		22,000	24,000	92%	\$ (2,000)	
4100	Supplies, Variable	297,000		297,000	287,000	103%	\$ 10,000	
4110	Contract Services	95,280		95,280	132,320	72%	\$ (37,040)	FY2020/2021 included a one-time startup cost of \$40k for the Laboratory Information Management System.
4120	Professional Services	901,976	390,000	511,976	605,189	85%	\$ (93,213)	Decrease in MA contributions due to more complete accounting of external revenues.
4140	Rents & Fees	1,161,099		1,161,099	1,107,242	105%	\$ 53,857	Increase to NPDES fee.
4141	NPDES Issues	109,000	100,000	9,000	209,000	4%	\$ (200,000)	In FY 2020/2021, this budget was high to reflect possible fines that did not materialize. \$50,000 of those funds are carried over.
4150	Maintenance & Repair	671,500	10,000	661,500	711,500	93%	\$ (50,000)	EBDA O&M labor has been moved to General Admin. Skywest maintenance and repair has also decreased, and offsetting revenue is now reflected.
4160	Monitoring	185,000	15,000	170,000	185,000	92%	\$ (15,000)	Removal of lab fees that are now routed directly to agencies, as well as retirement of Hach WIMS system.
4170	Travel & Training	18,000		18,000	18,000	100%	\$ -	
4190	Utility, Fixed	21,500	5,000	16,500	21,500	77%	\$ (5,000)	
4191	Utility, Variable (PG&E)	660,000		660,000	615,000	107%	\$ 45,000	Increase in PG&E rates.
4200	Acquisitions & Other	80,000	80,000	0	40,000	0%	\$ (40,000)	Decrease in MA contributions due to more complete accounting of external revenues.
SUB TOTAL ALL ACCOUNTS		5,331,513	600,000	4,731,513	5,042,446	94%	\$ (310,933)	
CONTRIBUTION TO R&R FUND		750,000			750,000	100%	\$ -	
TOTAL EXPENDITURES		6,081,513		5,481,513	5,792,446	95%	\$ (310,933)	

ESTIMATED ANNUAL BILLS TO THE EBDA MEMBER AGENCIES FOR FISCAL YEAR 2021/2022

Rates for various agencies

	San Leandro	O.L.S.D.	C.V.S.D.	Hayward	U.S.D.	LAVWMA
Special Study Rate	13%	18%	6%	30%	33%	varies
Variable Rate	10.0%	15.8%	6.3%	21.4%	46.5%	16.2%
Variable Rate - MAs w/o CSL	-	17.6%	6.9%	23.8%	51.7%	17.7%
Fixed Rate	13.7%	19.1%	10.3%	14.7%	42.1%	26.10%
Fixed Rate - MAs w/o CSL	-	22.2%	11.9%	17.1%	48.8%	-
RRF Rate	varies	22.2%	11.9%	17.1%	48.8%	varies
RMP Rate	5.5%	7.7%	3.1%	36.0%	24.5%	23.3%
Nutrient Rate	7.9%	10.1%	5.5%	16.6%	40.4%	19.5%
NPDES Fee	7.1%	12.1%	6.5%	17.2%	30.6%	26.6%

	San Leandro	O.L.S.D.	C.V.S.D.	Hayward	U.S.D.	LAVWMA	REVENUES	MA Total	Grand Total
O&M									
O&M Fixed Charges w/CSL	\$ 182,782	\$ 254,617	\$ 137,020	\$ 195,818	\$ 560,052	\$ 469,831		\$ 1,330,289	\$ 1,800,120
O&M Fixed Charges w/o CSL	\$ -	\$ 17,730	\$ 9,504	\$ 13,657	\$ 38,973	\$ 12,137		\$ 79,864	\$ 92,000
O&M Variable Charges w/CSL	\$ 43,528	\$ 68,827	\$ 27,145	\$ 92,964	\$ 201,833	\$ 84,204		\$ 434,296	\$ 518,500
O&M Variable Charges w/o CSL	\$ -	\$ 178,643	\$ 70,457	\$ 241,291	\$ 523,863	\$ 85,746		\$ 1,014,254	\$ 1,100,000
Total O&M	\$ 226,309	\$ 519,817	\$ 244,126	\$ 543,730	\$ 1,324,721	\$ 651,918		\$ 2,858,702	\$ 3,510,620
Last year	\$ 245,882	\$ 588,092	\$ 271,530	\$ 571,561	\$ 1,306,509	\$ 485,664		\$ 2,983,574	\$ 3,469,238

Special Projects									
NPDES Permit Fee	\$ 41,840	\$ 71,569	\$ 38,537	\$ 101,848	\$ 181,675	\$ 158,003		\$ 435,471	\$ 593,473
RMP Fee	\$ 15,298	\$ 21,484	\$ 8,553	\$ 100,848	\$ 68,607	\$ 65,209		\$ 214,791	\$ 280,000
Nutrient Fee	\$ 22,554	\$ 28,892	\$ 15,557	\$ 47,307	\$ 115,253	\$ 55,783		\$ 229,563	\$ 285,346
WERF Fee	\$ 2,641	\$ 4,176	\$ 1,647	\$ 5,640	\$ 12,245	\$ -		\$ 26,347	\$ 26,347
Special Studies Fee	\$ 4,101	\$ 5,679	\$ 1,893	\$ 9,464	\$ 10,411	\$ 4,178		\$ 31,548	\$ 35,726
Member Agency Testing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Total Special Projects	\$ 86,435	\$ 131,799	\$ 66,187	\$ 265,108	\$ 388,191	\$ 283,172		\$ 937,721	\$ 1,220,893
Last Year	\$ 113,960	\$ 177,317	\$ 85,711	\$ 305,428	\$ 472,697	\$ 298,095		\$ 1,155,112	\$ 1,453,207

Total Operating Budget \$ 3,796,423 \$ 4,731,513

Programs with Other Funding									
Skywest						\$ 50,000		\$ 50,000	
Mixed Sea Salt Brine (Cargill)						\$ 200,000		\$ 200,000	
Zone 7 Brine (DSRSD)						\$ 70,000		\$ 70,000	
Total Skywest						\$ 320,000		\$ 320,000	
Last Year						\$ 120,000		\$ 120,000	
Total Outside Funding									\$ 320,000

Renewal and Replacement Fund									
RRF Contribution		\$ 166,500	\$ 89,250	\$ 128,250	\$ 366,000	\$ -		\$ 750,000	\$ 750,000
Total RRF	\$ -	\$ 166,500	\$ 89,250	\$ 128,250	\$ 366,000	\$ -		\$ 750,000	\$ 750,000
Total Capital Contribution								\$ 750,000	\$ 750,000

Overall Total for FY 21/22	\$ 312,744	\$ 818,115	\$ 399,563	\$ 937,088	\$ 2,078,912	\$ 935,089	\$ 320,000	\$ 4,546,423	\$ 5,801,513
Total FY 20/21	\$ 359,842	\$ 931,909	\$ 446,491	\$ 1,005,238	\$ 2,145,206	\$ 783,759	\$ 120,000	\$ 4,888,686	\$ 5,792,445

Total for MAs plus LAVWMA \$ 5,481,513

ITEM NO. FM8 RESERVE POLICY CONSIDERATIONS

Recommendation

Provide direction to staff on concepts for the Authority’s Reserve Policy.

Background

Over the past year, the Authority has been going through a process of updating its financial policies. The Authority historically had a comprehensive Financial Management System Policy and Procedures Manual. Each chapter is now being split into policies for consideration and adoption by the Commission, and procedures to be implemented by staff.

The Authority does not currently have a Reserve Policy, and staff recommends that the Commission consider one. Reserves are generally considered the cornerstone of sustainable financial management. The California Special Districts Association (CSDA)’s Special District Reserve Guidelines state the following:

Through prudent reserves, special districts offer taxpayers and ratepayers significant benefits including:

1. Savings to balance budgets
2. Emergency preparedness
3. Stable rates
4. Well-maintained infrastructure
5. Investment in the future

Currently, EBDA operates four funds, as shown in the Treasurer’s Report (Item FM5):

		FY 2020/2021 Budget	Balance as of March 31, 2021
Fund 12	Operations & Maintenance (O&M)	\$ 3,469,238	\$ 769,668.23
Fund 13	Planning & Special Studies (incl. permit fees, etc.)	\$ 1,453,207	\$(108,959.68)
Fund 14	Skywest	\$ 120,000	\$ 33,603.03
Fund 31	Renewal & Replacement Fund (RRF)	\$ 750,000	\$ 2,186,632.24

Funds are comingled in EBDA’s bank accounts. In practical terms, funds retained in Fund 31 (RRF) that are allocated to future projects are used to provide cash flow for operational expenses. Historically, the Authority’s approach had been to maintain a high balance in its RRF that provided a cushion for some level of emergency preparedness and future investment. In the past, staff had been recommending significantly increasing RRF contributions over time. In contrast, over the past several years, the recommended contribution has been \$750,000 – made up of just \$330,000 for asset management needs and a \$420,000 annual commitment to USD for the Union Effluent Pump Station per the JPA. These lower contributions, combined with completion of the large HEPS MCC

project, mean that there is now less of a cushion in the RRF to cover unforeseen events.

Agencies are currently billed for budgeted expenses in Funds 12 and 13 on a quarterly basis (i.e. each agency receives a bill each quarter for one-fourth of the annual budget). Agencies receive one bill annually for their share of the Fund 31 approved contribution.

At the end of each fiscal year, unspent funds in Funds 12 and 13 are returned to the member agencies as a credit against their bills for the next fiscal year. Funds are retained for projects in Fund 13 that are ongoing. Unspent funds in Funds 14 and 31 are carried over.

Fund 14 is funded separately by recycled water users (e.g. HARD, City of Hayward) and is likely to be sun-setted as the project is retired in the coming years. Therefore, it is not further discussed in this analysis. The new Brine Acceptance Fund will be similarly segregated.

A graphical summary of EBDA's cash flows is attached to this report, per the Committee's request.

Issues with the current approach include the following:

- **Cashflow:** Because certain large expenses may be incurred before sufficient funds are collected through quarterly billing, it is not unusual for Fund 13 to run negative and have to “borrow” from other funds, particularly Fund 31. Though current staff is not aware of it happening, there is a conceptual risk that if O&M expenses run high, and Fund 31 is kept at a low balance, EBDA could have a shortfall.
- **Access to Emergency Funds:** If EBDA were to incur a large emergency expense (e.g. earthquake repair), EBDA would likely need to request funds from Member Agencies. Timelines for accessing those funds are unclear and may vary, and political will and/or agency ability to provide the funds is uncertain.
- **Rate Instability:** Lack of an established reserve for EBDA increases potential for volatility in year-to-year requests to the members, in addition to increasing the likelihood of emergency requests as noted in the previous bullet.

Discussion

To address the cashflow issue identified above, staff recommends moving from quarterly to semi-annual billing of the Member Agencies, starting with FY 2021/2022. Semi-annual collection aligns with the Sanitary District members' property tax receipts, and it will help EBDA manage some of the large cash outlays for annual bills such as BACWA dues and

NPDES permit fees. Staff will monitor cash flows to evaluate whether semi-annual collection fully addresses the issue. If negative balances continue to be observed, staff may consider recommending annual billing in the future.

To address the other issues identified above, staff recommends adoption of a Reserve Policy. Based on consideration of guidance published by CSDA and Government Finance Officers Association (GFOA), as well as review of Reserve Policies adopted by other Joint Powers Authorities and similar agencies, staff recommends the following reserves:

		EBDA FY 2020/2021	EBDA Strawman Reserve Policy April 2020	
		Budget	Amount	Rationale
Fund 12	Operations & Maintenance	\$ 3,469,238	\$ 867,310	3 months O&M
Fund 13	Planning & Special Studies	\$ 1,453,207	\$ 600,000	NPDES Permit Fee
Fund 31	Renewal & Replacement	\$ 750,000	\$ 1,250,000	EBDA responsibility under JPA
			\$ 2,717,310	

As noted in the table, the rationale for the reserve level in each fund is as follows:

- **Operations & Maintenance:** While a reserve consisting of six months of O&M expenses is generally accepted practice, given EBDA's small size, the predictability of EBDA's O&M expenses, and the ability to use the Member Agencies as a secondary backstop in a true emergency, staff is recommending a three-month reserve.
- **Planning & Special Studies:** The largest and arguably most important annual payment from Fund 13 is the National Pollutant Discharge Elimination System (NPDES) Permit fee. Inability to pay this fee would have significant consequences, and therefore staff recommends keeping the fee amount in reserve.
- **Renewal & Replacement:** As discussed at length during JPA negotiations, the most significant risk to EBDA is failure of the Transport System in an earthquake. In the new JPA, the Member Agencies agreed that in the event of a failure, EBDA would be responsible for the first \$1.25 million in damages. Expenses above that would be the responsibility of the Member Agencies using that segment of pipe. Therefore, to avoid emergency assessments and cash flow shortfalls while waiting for state or federal reimbursements, staff recommends keeping \$1.25 million in EBDA's reserve fund.

Staff is seeking Committee input on these recommended reserve funds, as well as a process for building up and maintaining them. Options for fund creation include:

- EBDA keeping all or a portion of unspent funds each fiscal year instead of crediting them back to the Member Agencies. This process could be repeated each year until the desired reserve levels are achieved.
- Adding a line item for reserves to each annual budget over a period of time to build up the funds.

Alternatively, if there is not consensus among the Commission to establish and maintain EBDA reserve funds, the following alternatives may be considered to address the issues identified:

- Make annual budget more conservative. Cashflow issues and emergency concerns could be partially alleviated by “planning for the worst” in the annual budget and collecting funds accordingly. This approach makes it more difficult to monitor actual fiscal performance, and takes more money out of member agency accounts that likely gets returned to them each year.
- Formalize the policy that member agencies serve as the backstop to EBDA. This is the current default, but formalizing this in the reserve policy elevates it so that it is a conscious decision on the part of all the members and may expedite accessing the funds if/when needed.
- Make it a policy that each Member Agency maintain an EBDA reserve. If the desire is to provide flexibility to the Member Agencies to deploy cash rather than having it idle in EBDA’s account, EBDA could enact a policy requiring each member to set aside funds for EBDA emergencies. This would mitigate the risk that funds would not be available to EBDA in its time of need. This could be coupled with the prior bullet. The Commission could also consider providing the Member Agencies with the option to provide their portion of reserve funds to EBDA or maintain them in their own EBDA set-aside.

EBDA Cash Flow Summary – April 2021

