



EAST BAY DISCHARGERS AUTHORITY  
2651 Grant Avenue  
San Lorenzo, CA 94580-1841  
(510) 278-5910  
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*A Joint Powers Public Agency*

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 link or phone number below.

- Zoom link: <https://us02web.zoom.us/j/82261534447>
- Telephone dial-in: 1(669) 900-6833, meeting ID #822 6153 4447

### **ITEM NO. 13**

## **FINANCIAL MANAGEMENT COMMITTEE AGENDA**

**Monday, July 12, 2021**

**10:00 A.M.**

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

**Committee Members: Duncan (Chair); Andrews**

**FM1. Call to Order**

**FM2. Roll Call**

**FM3. Public Forum**

**FM4. List of Disbursements for June 2021**

(The Committee will review the List of Disbursements for the month of June 2021.)

**FM5. Preliminary Treasurer's Report for June 2021**

(The Committee will review the Treasurer's Report for the month of June 2021.)

**FM6. Draft Emergency Reserve Policy**

(The Committee will review and provide feedback on the draft policy.)

**FM7. CERBT Disbursement**

(The Committee will receive an update on planned disbursements from the Authority's trust for other post-employment benefits.)

**FM8. Motion Authorizing the General Manager to Make an Additional Discretionary Payment to Reduce the Unfunded Accrued Liability of the Authority's Pension Plan**

(The Committee will consider the motion.)

**FM9. Adjournment**

Agenda Explanation  
East Bay Dischargers Authority  
Financial Management Committee  
July 12, 2021

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 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 Juanita Villasenor at [juanita@ebda.org](mailto:juanita@ebda.org) or (510) 278-5910. 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  
Monday, September 20, 2021 at 10:00 a.m.**



**EAST BAY DISCHARGERS AUTHORITY**  
**Cash Disbursement**  
**June 2021**

**CHECKS (SORTED BY AMOUNT)**

Check #	Payment Date	Invoice #	Vendor Name	Description	Invoice Amount	Disbursement Amount
25245	06/30/2021	11412010	BROWN & CALDWELL	ENGINEERING SERVICES - BRINE ASSESSMENT	64,865.60	64,865.60
25210	06/15/2021	382764	CITY OF SAN LEANDRO	O&M - APR	33,262.87	33,262.87
25232	06/30/2021	382917	CITY OF SAN LEANDRO	O&M - MAY	33,087.44	33,087.44
25233	06/30/2021	002736	UNION SANITARY DISTRICT	O&M - MAY	31,378.51	31,378.51
25246	06/30/2021	165142	ENVIRONMENTAL SCIENCE ASSOCIATES	FIRST MILE PROJECT WORK ORDER NO. 1	21,375.41	28,387.14
25246	06/30/2021	165153	ENVIRONMENTAL SCIENCE ASSOCIATES	HAYWARD FEASIBILITY STUDY WORK ORDER NO. 2	7,011.73	
25214	06/15/2021	0002723	UNION SANITARY DISTRICT	O&M - APR	27,277.55	27,277.55
25211	06/15/2021	6460	ORO LOMA SANITARY DISTRICT	O&M - MAY	18,466.27	18,466.27
25226	06/15/2021	11410519	BROWN & CALDWELL	ENGINEERING SERVICES - BRINE ASSESSMENT	9,348.37	16,558.33
25226	06/15/2021	11410551	BROWN & CALDWELL	ENGINEERING SERVICES - TRANSPORT SYSTEM	7,209.96	
25238	06/30/2021	FB11171	CAROLLO ENGINEERS	ENGINEERING SERVICES - WORK ORDER NO. 3	15,325.00	15,325.00
25247	06/30/2021	6/29/2021	AZYURA	WATERBITS CUSTOMIZATION SERVICES	7,500.00	7,500.00
25250	06/30/2021	032	CURRIE ENGINEERS	HEPS MCC CONSTRUCTION MANAGEMENT	7,348.25	7,348.25
25242	06/30/2021	EA06-0421	EOA, INC	NPDES PERMIT REISSUANCE ASSISTANCE	6,913.86	6,913.86
25243	06/30/2021	49250403	UNIVAR	SODIUM BISULFITE - DELIVERED 06/24/2021	3,689.09	6,852.57
25243	06/30/2021	49227166	UNIVAR	SODIUM BISULFITE - DELIVERED 06/15/2021	3,163.48	
25224	06/15/2021	49198475	UNIVAR	SODIUM BISULFITE - DELIVERED 06/01/2021	5,781.70	5,781.70
25220	06/15/2021	FB10102	CAROLLO ENGINEERS	ENGINEERING SERVICES - WORK ORDER NO. 3	5,506.00	5,506.00
25235	06/30/2021	Mar-21	DEBORAH QUINN	ACCOUNTING SERVICES - MAR	4,970.63	4,970.63
25217	06/15/2021	48888	CALCON	HEPS WET WEATHER PROGRAMMING	2,800.80	4,947.66
25217	06/15/2021	48887	CALCON	OLEPS PROGRAMMING AND SERVICE CALL	1,201.86	
25217	06/15/2021	49100	CALCON	OPS CENTER CORRECTED HISTORIAN ISSUES	540.00	
25217	06/15/2021	48886	CALCON	OPS CENTER SCADA PROGRAMMING	405.00	
25218	06/15/2021	Feb-21	DEBORAH QUINN	ACCOUNTING SERVICES - FEB	4,826.25	4,826.25
25222	06/15/2021	17463	PACIFIC ECORISK	CHRONIC AND ACUTE TOXICITY TESTING	4,726.00	4,726.00
25252	06/30/2021	751040	SOUTHERN COUNTIES LUBRICANTS LLC	DYED DIESEL FUEL FOR OLEPS	4,334.73	4,334.73
25241	06/30/2021	2021050465	MEYERS NAVE	LEGAL SERVICES - MAY	2,997.30	2,777.30
25241	06/30/2021	2021050233	MEYERS NAVE	LEGAL SERVICES - APR	(220.00)	
25209	06/15/2021	551988	VANTAGEPOINT	ICMA DEFERRED COMPENSATION FOR PAY PERIOD ENDED 06/15/	2,025.24	2,025.24
25231	06/30/2021	559287	VANTAGEPOINT	ICMA DEFERRED COMPENSATION FOR PAY PERIOD ENDED 06/30/	2,025.24	2,025.24
25248	06/30/2021	622278	CALTEST	LAB TESTING SERVICES - MAY	1,842.80	1,842.80
25212	06/15/2021	52205712	CITY OF HAYWARD	BENEFIT PREMIUMS - JUNE	1,340.58	1,370.01
25212	06/15/2021	347619	CITY OF HAYWARD	BENEFIT PREMIUMS - ADJUSTMENT	29.43	

**EAST BAY DISCHARGERS AUTHORITY**  
**Cash Disbursement**  
**June 2021**

Check #	Payment Date	Invoice #	Vendor Name	Description	Invoice Amount	Disbursement Amount
25213	06/15/2021	52205711	CITY OF HAYWARD	BENEFIT PREMIUMS - MAY	1,330.77	1,330.77
25237	06/30/2021	00013.11-7	LARRY WALKER ASSOCIATES	PROFESSIONAL SERVICES - WORK ORDER NO. 2	826.25	826.25
25216	06/15/2021	1746192-20	SCIF	WORKERS COMPENSATION PREMIUM - JUN	631.25	631.25
25223	06/15/2021	4246044555687620	US BANK	PURCHASING CARD EXPENSES	594.54	594.54
25239	06/30/2021	8288	CAYUGA INFORMATION SYSTEMS	IT SERVICES	472.50	472.50
25228	06/15/2021	S353002	GSE CONSTRUCTION	REPAIRS & MAINTENANCE - FORCE MAIN	460.00	460.00
25227	06/15/2021	May-21	EVERARDO OROZCO LANDSCAPE MANAGEMEN	LANDSCAPING SERVICES - MAY	375.00	375.00
25229	06/15/2021	O258323	R&B COMPANY	REPAIRS & MAINTENANCE SUPPLIES	216.21	349.74
25229	06/15/2021	O232282	R&B COMPANY	REPAIRS & MAINTENANCE TOOL	71.01	
25229	06/15/2021	O244739	R&B COMPANY	REPAIRS & MAINTENANCE TOOL	62.52	
25215	06/15/2021	510 278-5910	AT&T	TELEPHONE SERVICE - ADMIN BUILDING	339.87	339.87
25244	06/30/2021	1062266	ALPHA ANALYTICAL LABORATORIES	LAB SAMPLES FOR SKYWEST	55.00	275.00
25244	06/30/2021	1062802	ALPHA ANALYTICAL LABORATORIES	LAB SAMPLES FOR SKYWEST	55.00	
25244	06/30/2021	1063645	ALPHA ANALYTICAL LABORATORIES	LAB SAMPLES FOR SKYWEST	55.00	
25244	06/30/2021	1064950	ALPHA ANALYTICAL LABORATORIES	LAB SAMPLES FOR SKYWEST	55.00	
25244	06/30/2021	1065265	ALPHA ANALYTICAL LABORATORIES	LAB SAMPLES FOR SKYWEST	55.00	
25251	06/30/2021	10110000001	EBMUD	WATER & SEWER, MDF APR-JUN	268.96	268.96
25230	06/15/2021	48046	COMPUTER COURAGE	WEBSITE HOSTING - JUNE	150.00	232.50
25230	06/15/2021	48033	COMPUTER COURAGE	GENERAL WEBSITE UPDATES	82.50	
25225	06/15/2021	0521-20	BEECHER ENGINEERING, INC	OLEPS ELECTRICAL UPGRADE	200.00	200.00
25234	06/30/2021	510-483-0439	AT&T	TELEPHONE SERVICE - MDF	198.11	198.11
25221	06/15/2021	3104764742	PITNEY BOWES INC	QUARTERLY LEASING CHARGE FOR DIGITAL MAILING SYSTEM	177.60	177.60
25240	06/30/2021	15424	TOWN & COUNTRY	JANITORIAL SERVICES - JUNE	165.00	165.00
25219	06/15/2021	9880950048	VERIZON WIRELESS	WIRELESS PHONE SERVICES	157.08	157.08
25249	06/30/2021	3270157	CALTRONICS	COPIER USAGE AND MAINTENANCE	64.80	64.80
25236	06/30/2021	9881734461	VERIZON WIRELESS	MODEM FOR SCADA	22.02	44.74
25236	06/30/2021	9879585829	VERIZON WIRELESS	MODEM FOR SCADA	16.83	
25236	06/30/2021	9879585830	VERIZON WIRELESS	MODEM FOR SCADA	5.89	
<b>TOTAL CHECK PAYMENTS</b>						<b>349,520.66</b>
<b>ELECTRONIC PAYMENTS</b>						
	06/03/2021	5105948980-0	PG&E	GAS & ELECTRIC SERVICE	27,077.53	27,077.53
	06/08/2021	100000016433918	CALPERS	HEALTH PREMIUMS - JUNE	6,907.08	6,907.08
	06/02/2021	100000016391055	CALPERS	PENSION CONTRIBUTION, CLASSIC 05/16 - 31/2021	4,521.26	4,521.26

**EAST BAY DISCHARGERS AUTHORITY**  
**Cash Disbursement**  
**June 2021**

Check #	Payment Date	Invoice #	Vendor Name	Description	Invoice Amount	Disbursement Amount
	06/18/2021	100000016430347	CALPERS	PENSION CONTRIBUTION, CLASSIC 06/01 - 15/2021	4,521.26	4,521.26
	06/11/2021		WELLS FARGO	CLIENT ANALYSIS SERVICE CHARGE	23.17	23.17
<b>TOTAL ELECTRONIC PAYMENTS</b>						<b>43,050.30</b>
<b>PAYROLL</b>						
	06/29/2021		ADP, LLC	PAYROLL PERIOD: 06/16-30/2021	25,327.12	25,327.12
	06/14/2021		ADP, LLC	PAYROLL PERIOD: 06/01-15/2021	19,736.36	19,736.36
	06/04/2021	581249691	ADP, LLC	PAYROLL FEES, PERIOD: 05/16-31/2021	85.60	85.60
	06/18/2021	582023443	ADP, LLC	PAYROLL FEES, PERIOD: 06/01-15/2021	72.35	72.35
<b>TOTAL PAYROLL</b>						<b>45,221.43</b>
<b>TOTAL DISBURSEMENTS</b>						<b>437,792.39</b>

**ITEM NO. FM5 PRELIMINARY TREASURER'S REPORT FOR JUNE 2021**

The beginning cash balance on June 1, 2021 was \$3,698,045.72. The ending cash balance on June 30, 2021 was \$3,393,358.21. Total receipts for the month were \$133,104.88 and disbursements totaled \$437,792.39. EBDA's LAIF balance is \$2,256,901.46 and the interest rate for June was 0.26%.

EBDA currently has a two-pronged investment approach that includes Local Agency Investment Fund (LAIF) and traditional bank accounts. Staff will work with the Committee on investment strategy going forward.

**Approval is recommended.**

**EAST BAY DISCHARGERS AUTHORITY**  
**PRELIMINARY**  
**TREASURER'S REPORT**  
**JUNE 30, 2021**

FUND	DESCRIPTION	BEGINNING CASH BALANCE	DEBITS (INCREASE)	CREDITS (DECREASE)	ENDING CASH BALANCE
12	OPERATIONS & MAINTENANCE	1,289,734.51	71,245.59	289,534.33	1,071,445.77
13	PLANNING & SPECIAL STUDIES	357,265.22	61,859.18	139,708.10	279,416.30
14	RECLAMATION O & M (SKYWEST)	38,201.77		1,001.71	37,200.06
31	RENEWAL & REPLACEMENT	2,012,844.22	0.11	7,548.25	2,005,296.08
<b>TOTALS</b>		<b>3,698,045.72</b>	<b>133,104.88</b>	<b>437,792.39</b>	<b>3,393,358.21</b>



Jun-21

7/7/21

# 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
06/01/21	BALANCE								1,371,791.91	17,030.25	2,256,901.46	52,322.10	3,698,045.72
06/01/21	DEPOSIT - CARGILL	19,227.02							1,391,018.93	17,030.25	2,256,901.46	52,322.10	3,717,272.74
06/02/21	ELECTRONIC BILL PAY		4,521.26						1,386,497.67	17,030.25	2,256,901.46	52,322.10	3,712,751.48
06/03/21	ELECTRONIC BILL PAY		27,077.53						1,359,420.14	17,030.25	2,256,901.46	52,322.10	3,685,673.95
06/04/21	PAYROLL FEES			85.60					1,359,420.14	16,944.65	2,256,901.46	52,322.10	3,685,588.35
06/08/21	CD TRANSFER						(50,723.78)		1,410,143.92	16,944.65	2,256,901.46	1,598.32	3,685,588.35
06/08/21	ELECTRONIC BILL PAY		6,907.08						1,403,236.84	16,944.65	2,256,901.46	1,598.32	3,678,681.27
06/09/21	DIVIDEND	0.11						0.11	1,403,236.84	16,944.65	2,256,901.46	1,598.43	3,678,681.38
06/10/21	PAYROLL TRANSFER				20,000.00				1,383,236.84	36,944.65	2,256,901.46	1,598.43	3,678,681.38
06/11/21	ANALYSIS FEE		23.17						1,383,213.67	36,944.65	2,256,901.46	1,598.43	3,678,658.21
06/14/21	PAYROLL			19,736.36					1,383,213.67	17,208.29	2,256,901.46	1,598.43	3,658,921.85
06/15/21	DISBURSEMENT		129,596.23						1,253,617.44	17,208.29	2,256,901.46	1,598.43	3,529,325.62
06/18/21	ELECTRONIC BILL PAY		4,521.26						1,249,096.18	17,208.29	2,256,901.46	1,598.43	3,524,804.36
06/18/21	PAYROLL FEES			72.35					1,249,096.18	17,135.94	2,256,901.46	1,598.43	3,524,732.01
06/22/21	PAYROLL TRANSFER				28,000.00				1,221,096.18	45,135.94	2,256,901.46	1,598.43	3,524,732.01
06/29/21	PAYROLL			25,327.12					1,221,096.18	19,808.82	2,256,901.46	1,598.43	3,499,404.89
06/23/21	DEPOSIT - HAYWARD	83,892.58							1,304,988.76	19,808.82	2,256,901.46	1,598.43	3,583,297.47
06/25/21	DEPOSIT - CARGILL	29,985.17							1,334,973.93	19,808.82	2,256,901.46	1,598.43	3,613,282.64
06/30/21	DISBURSEMENT		219,924.43						1,115,049.50	19,808.82	2,256,901.46	1,598.43	3,393,358.21

<b>TOTAL</b>	<b>133,104.88</b>	<b>392,570.96</b>	<b>45,221.43</b>	<b>48,000.00</b>	<b>-</b>	<b>(50,723.78)</b>	<b>0.11</b>		<b>1,115,049.50</b>	<b>19,808.82</b>	<b>2,256,901.46</b>	<b>1,598.43</b>	<b>3,393,358.21</b>
<b>CURRENT BALANCE</b>									①	②	③	④	

Reconciliation

① Per Bank Statement @ 06/30/21	\$ 1,339,005.48
Less: Outstanding Checks	223,955.98
	\$ 1,115,049.50
② Per Bank Statement @ 06/30/21	\$ 19,808.82
③ Per LAIF Statement @ 06/30/21	\$ 2,256,901.46
④ Per Treasurer's Report @ 06/30/21	\$ 1,598.43
Fair Market Value Increase/Decrease	(1,598.42)
Per Investment Statement @ 6/30/21	\$ 0.01

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

## **ITEM NO. FM6 DRAFT EMERGENCY RESERVE POLICY**

### **Recommendation**

Review Draft Authority Emergency Reserve Policy and provide direction to staff.

### **Background**

Over the past several years, 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 had recommended that the Commission consider one, consistent with industry guidelines and best practices. Suggested reserve amounts were calculated based on maintaining three months of operating and maintenance expenses, funds sufficient to cover the Authority's annual NPDES permit fee, and the Authority's responsibility for transport system repairs in the event of a failure. The intent of the Reserve Policy concept as initially proposed was to address several issues – cashflow management, access to funds in an emergency, and rate stabilization (planning for and preventing Member Agency rate impacts associated with emergency funding requests from EBDA).

Several Commissioners noted a preference for retaining funds in the Member Agencies' accounts rather than EBDA's to provide greater flexibility and investment opportunities. After consideration and discussion over several meetings, the Financial Management Committee recommended that the Authority pursue a "hybrid" approach, whereby Member Agencies would have the option to hold reserve funds for EBDA in their own accounts or to deposit those funds with EBDA.

### **Discussion**

As part of the Fiscal Year 2021/2022 Budget, the Commission approved moving from quarterly billing of the Member Agencies to semi-annual billing. This change was intended to address EBDA's cashflow challenges associated with large annual bills. Staff will be monitoring to determine whether semi-annual billing sufficiently resolves the issue and will recommend modifications as needed. The question of reserves, therefore, is now focused on emergency funding access and rate stabilization rather than cashflow.

Staff is proposing the attached draft Emergency Reserve Policy, building on the hybrid model recommended by the Committee. Under the proposed policy, each Member Agency would be required to either hold or deposit a defined amount for use by EBDA in an emergency, when expenses exceed EBDA's available funds. The proposed amount was calculated based on the \$1.25M that the EBDA agencies will share responsibility for in the event of a force main failure, however its use would not be restricted to force main repairs. The allocation is based on the fixed cost allocation

factors from the Amended and Restated Joint Powers Agreement, which are used for the allocation of capital costs.

It is staff's understanding that at the current time, all Member Agencies plan to designate an EBDA line item in their own reserve fund rather than depositing funds into an EBDA reserve fund. This hybrid policy leaves open the possibility of EBDA holding reserve funds in the future if any Member Agency decides it is in their interest. Staff believes that having funds set aside for an EBDA emergency, whether in Agencies' accounts or EBDA's, will streamline request processes during the potentially chaotic aftermath of a disaster and ensure that EBDA has the required funds to perform immediate emergency repairs.

# EAST BAY DISCHARGERS AUTHORITY POLICY

**POLICY NUMBER:** 1.8

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**NAME OF POLICY:** Finance – Emergency Reserves

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**LAST REVISED:** TBD

**PREVIOUSLY REVISED:** NA

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**PURPOSE:** The purpose of the Finance – Emergency Reserves Policy is to ensure that EBDA will reliably and expeditiously be able to access funds in the event of an emergency.

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**POLICY:** It is the policy of the Authority that each Member Agency and LAVWMA shall retain in its reserves sufficient assets to provide emergency funding to EBDA in the event that the Authority's required expenditures exceed available funds. Such a request may be made, for example, if significant emergency repairs to Authority infrastructure are required as a result of an unforeseen event such as an earthquake.

Section 10(c)(5) of EBDA's Amended and Restated Joint Powers Agreement (JPA) governs "Allocation of Costs of Repairing Failure of the Transport System," and states:

"Depending on the extent of the Failure, it is likely that the Authority will not have sufficient funds in its reserve to pay for the repairs or abandonment and will require funds from the financially responsible Agencies, based on the allocations set forth above, in advance of performing any repair or abandonment. The Authority need not exhaust its reserve before requiring advance payment as described in this subsection."

Similarly, the Amended and Restated Master Agreement with LAVWMA states:

LAVWMA is responsible for its share of costs for any capital project that is intended to replace or repair any EBDA facility, except those costs specifically associated with UEPS, HEPS and their associated force main sections, as well as facilities owned by the City of San Leandro.

To ensure that EBDA can rapidly and effectively address a Failure of the Transport System or any other emergency affecting EBDA infrastructure for which expenses exceed available funds, each Member Agency and LAVWMA commits to providing EBDA with access to the Agency's share of \$1,250,000 within 30 days of the Authority's request.

## EAST BAY DISCHARGERS AUTHORITY POLICY

Agencies' shares of the emergency funding shall be derived based on JPA Schedule B (Fixed Costs) as follows:

Agency Allocations					
San Leandro	O.L.S.D.	C.V.S.D.	Hayward	U.S.D.	LAVWMA
13.74%	19.14%	10.30%	14.72%	42.10%	26.10%
\$ 126,923	\$ 176,806	\$ 95,146	\$ 135,976	\$ 388,899	\$ 326,250

The above allocations govern reserve requirements. Actual costs will be allocated per the appropriate schedule, depending on the asset(s) affected. Revenues from federal or state sources, when available, will also be used to offset Member Agencies' obligations during an actual emergency.

Each Member Agency shall have the option to:

- a) deposit its share of funds with EBDA to be managed in an Authority reserve fund, or
- b) to clearly identify within their Agency's capital reserves, a line item for EBDA that is equal to the Agency's allocation.

The Member Agencies and LAVWMA commit to complying with this Policy on an ongoing basis beginning July 1, 2022. On or by August 1 of each year, each Agency retaining funds in its own accounts shall provide EBDA with a statement confirming that an EBDA line item remains allocated in their reserves.

Agencies that do not comply with this Policy are subject to the conflict resolution remedies identified in the JPA and LAVWMA Master Agreement.

**ITEM NO. FM7 CERBT DISBURSEMENT**

**Recommendation**

For the Committee’s information only, and no action is required.

**Background**

The Authority participates in the California Public Employees’ Retirement System (CalPERS) for its pension benefits. In addition, on April 21, 2011, the EBDA Commission approved an agreement with CalPERS to participate in its California Employers Retiree Benefit Trust (CERBT) Fund to pre-fund other post-employment benefits (OPEB) including retiree health. The fund operates much like the CalPERS pension fund in that it is designed to increase the value of employer contributions through investment earnings.

In 2019, the Authority adopted 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 financial status of the Authority’s CERBT fund as of June 30, 2020, is summarized below.

CERBT Account Summary as of June 30, 2020	
Present value of all future benefits	\$875,076
Accumulated assets in the CERBT fund	\$743,350
Portion not yet funded	\$131,726
Funded Ratio	84.9%
Current Asset Allocation Strategy Selection	CERBT Strategy 1

As shown above, based on the Authority’s most recent actuarial valuation, the Authority’s OPEB liability is 84.9% funded, exceeding the target. The estimate on which the lump sum was based underestimated investment earnings, and assumed a higher accrued liability based on a previous actuarial valuation.

The Authority has not previously taken disbursements from its CERBT account. The Commission recommended that the Authority “true up” at the end of each fiscal year to reach the intended funding target, taking into consideration disbursements. Because staff was waiting to see the impact of last year’s lump sum payment, the Authority did not take disbursements for FY 2019/2020.

**Discussion**

Based on the information above, in March 2021, the Committee recommended taking a

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disbursement from the CERBT this year equaling the Authority's FY 2020/2021 OPEB expenditures. Accordingly, the Authority submitted a request for disbursements for \$65,861 on July 2, 2021. The Authority's qualifying OPEB expenditures include expenses paid on behalf of retirees to Kaiser Permanente, CalPERS' medical provider; expenses paid directly to retirees whose contracts included medical benefit stipends, and the implicit rate subsidy. The implicit rate subsidy reflects the benefit to retirees of accessing the Authority's group health insurance plan.

**ITEM NO. FM8 MOTION AUTHORIZING THE GENERAL MANAGER TO MAKE AN ADDITIONAL DISCRETIONARY PAYMENT OF \$65,861 TO REDUCE THE UNFUNDED ACCRUED LIABILITY OF THE AUTHORITY'S PENSION PLAN**

**Recommendation**

Approve a motion authorizing the General Manager to make an Additional Discretionary Payment to the Authority's Pension Plan of \$65,861.

**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.

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%

**Discussion**

At its April 2021 meeting, the Committee recommended allocating the CERBT disbursement discussed in Item No. FM7 to the pension fund as an ADP. Staff is therefore recommending an ADP of \$65,861. This payment would be in addition to EBDA's required annual Unfunded Accrued Liability contribution of \$20,864, which EBDA will pay as a lump sum in July 2021.

Based on the latest actuarial information, staff estimates that this proposed ADP would get the Authority about halfway from its current funding level (92.3%) to its target of 95%. Because the payment will be made after CalPERS' April 15 deadline for reflection in FY 2021/2022 actuarial reports, the impact will be reflected in the Authority's FY 2022/2023 report.