

EAST BAY DISCHARGERS AUTHORITY POLICY

POLICY NUMBER: 1.8

NAME OF POLICY: Finance – Emergency Reserves

LAST REVISED: November 18, 2021

PREVIOUSLY REVISED: NA

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.

POLICY: Each member of the EBDA Joint Powers Authority is financially responsible for its share of EBDA's expenses and liabilities, as laid out in EBDA's Amended and Restated Joint Exercise of Powers Agreement (JPA). As such, the Member Agencies serve as a financial backstop for EBDA, and it is key to EBDA's continued efficacy that EBDA be able to efficiently access Member Agency funds in the event of an emergency.

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 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

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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.

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.