

**ITEM NO. 12**

**FINANCIAL MANAGEMENT COMMITTEE AGENDA**

**Monday, April 17, 2023**

**8:00 A.M.**

**East Bay Dischargers Authority**

**2651 Grant Avenue, San Lorenzo, CA 94580**

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

**FM1. Call to Order**

**FM2. Roll Call**

**FM3. Public Forum**

**FM4. Disbursements for March 2023**

 (The Committee will review the List of Disbursements.)

**FM5. Treasurer's Report for March 2023**

 (The Committee will review the Treasurer’s Report.)

**FM6. Draft Budget Review**

(The Committee will discuss the draft FY 2023/2024 budget.)

**FM7. Resolution to Adopt the Updated Records Retention Schedule**

(The Committee will consider the resolution.)

**FM8. 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 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 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>.

**Next Scheduled Financial Management Committee:**

**Monday, May 15, 2023 at 8:00 a.m.**

# Item No. FM4 Disbursements for March 2023

Disbursements for the month of March were a total of $321,389.74.

Reviewed and Approved by:

Fred Simon, Chair Date

Financial Management Committee

Jacqueline T. Zipkin Date

Treasurer

# Item No. FM5 Treasurer’s Report for March 2023

The beginning cash balance on March 1, 2023 was $4,386,663.57. Total receipts for the month were $49,198.14 and disbursements totaled $321,389.74, bringing the cash balance to $4,114,471.97 at March 31.EBDA’s LAIF balance is $2,801,535.05 and the average monthly effective yield for March was 2.831%.

EBDA currently has a two-pronged investment approach that includes Local Agency Investment Fund (LAIF) and traditional bank accounts.

**Approval is recommended.**

**Item No. FM6 Draft Budget Review**

**Recommendation**

This information is for the Committee’s information only, and 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.

Driving factors and considerations for the FY 2023/2024 budget were discussed with the Financial Management Committee in March 2023.

**Discussion**

The Draft FY 2023/2024 Budget is presented in the following format:

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

Outside revenues are shown in a separate column to more accurately represent the portion of the budget that the Member Agencies and LAVWMA will be responsible for. This includes revenues associated with the EPA grant for Nature Based Solutions, the Skywest water recycling project, and the Cargill brine project.

Overall, agency expenses are projected to increase by 12%, as compared to the FY 2022/2023 budget. Details of changes by line item are provided in the attached budget tables. As discussed with the Committee last month, the increases are driven by a 4.9% cost of living adjustment for salaries, an 8.8% increase in National Pollutant Discharge Elimination System (NPDES) Permit Fees, significant increases in chemical costs (100% for sodium hypochlorite and 25% for sodium bisulfite), delayed implementation of the permit amendment for chlorine residual, and increases in PG&E rates.

It is important to note that the chemical and energy rate increases, along with wet weather use patterns, have already increased costs this fiscal year beyond the FY 2022/2023 budget of $125,000. As discussed in February, as a result of this year’s wet weather and the delay in implementation of the new chlorine residual limit, the actual expense for FY 2022/2023 will be closer to $275,000. The 25% unit-cost increase for SBS next fiscal year will add further to the increase. Wet weather and PG&E rate increases have also led to the following expected cost overruns:

|  |  |  |  |
| --- | --- | --- | --- |
| **Budget Element** | **FY 2022/2023 Budget** | **FY 2022/2023 Projected Actual** | **FY 2023/2024 Proposed Budget** |
| SBS | $125,000 | $275,000 | $350,000 |
| Diesel | $24,000 | $52,000 | $50,000 |
| UEPS Energy | $265,000 | $336,000 | $336,000 |
| OLEPS Energy | $325,000 | $373,000 | $373,000 |

Therefore, though staff is showing an 18% budget increase overall for Operations & Maintenance (O&M) versus last year’s budget, the increase over actual O&M spending is likely to be much lower. Staff notes that EBDA’s budget is generally structured to account for wet weather. In dry years like the last several, EBDA returns unspent funds to the member agencies and LAVWMA. In fiscal years 2018/2019 through 2021/2022, credits back to the agencies ranged from $100,000 to $950,000. The table below illustrates the differences in spending between wet and dry years, using diesel as an example. However, historically conservative budgeting for wet weather was still insufficient to account for the storms the agencies faced this wet season. Therefore, as shown, staff is recommending that the budget be adjusted to reflect this “new normal” in terms of wet weather potential. Any funds that remain unspent if the storms do not materialize next year would be returned to the agencies.

|  |  |
| --- | --- |
| **Fiscal Year** | **Actual Diesel Expenditure** |
| 2016/2017 | $ 34,519 |
| 2017/2018 | $ 6,079 |
| 2018/2019 | $ 7,174 |
| 2019/2020 | $ 0 |
| 2020/2021 | $ 4,335 |
| 2021/2022 | $ 5,818 |
| 2022/2023  | $ 51,713 (FY to date) |

No new Special Studies are proposed. An additional $5,000 is recommended to supplement previously allocated funds for the Solar Feasibility Study. This study is currently being conducted by consultant Black & Veatch in partnership with Union Sanitary District. Black & Veatch is evaluating solar and battery storage options for EBDA’s OLEPS, HEPS, and MDF facilities. Upon completion, staff will bring options to the Commission for consideration, and any selected projects would move forward into design as new projects under the Renewal and Replacement Fund. Work on the joint Biosolids Management Strategy will also continue using previously allocated funds. The draft budget also includes $1,000 for EBDA’s continued commitment to funding the Bruce Wolfe Memorial Scholarship, in collaboration with BACWA and the CASA Education Foundation.

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.

Following feedback from the Committee 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 2023.

**Item No. FM7 Resolution to Adopt the Updated Records Retention Schedule**

**Recommendation**

Adopt the resolution approving revisions to the Authority’s Records Retention Schedule.

**Background**

In October 1993, the Authority adopted its Records Management Policy and Records Retention Schedule. The Policy provides guidance for the efficient, economical, and effective controls over the creation, distribution, organization, maintenance, use, and disposition of all Authority records.

In 2021, staff determined that a comprehensive overhaul of the policy was necessary. Staff considered the Secretary of State (SOS)’s Local Government Records Management Guidelines when drafting revisions to the policy, deviating from them slightly at times, for example where staff prefer a longer retention. Updated Policy and Retention Schedules were adopted in February 2021.

**Discussion**

The Authority’s Records Management Policy states that revisions of retention periods shall be submitted for review and approval every five years or when changes are required by law. Senate Bill 807, adopted in late 2021, increased employers’ requirement to retain personnel records from 2 to 4 years. Therefore, staff recommends updating the Records Retention Schedule to conform to current law. A redlined version of the Retention Schedule including this change was reviewed by the Personnel Committee in March 2023. The Committee further recommended extending the retention period for meeting recordings from six to at least nine months. These two changes are reflected in the proposed Schedule for adoption. Redline and clean versions are included for ease of review.

EAST BAY DISCHARGERS COMMISSION

EAST BAY DISCHARGERS AUTHORITY

ALAMEDA COUNTY, CALIFORNIA

RESOLUTION NO. 23-03

INTRODUCED BY

**RESOLUTION APPROVING REVISIONS TO THE AUTHORITY’S RECORDS MANAGEMENT POLICY AND RETENTION SCHEDULE**

**WHEREAS,** the East Bay Dischargers Authority established a Records Management Policy and Records Retention Schedule on October 21, 1993, and

**WHEREAS**, an updated Records Management Policy and Records Retention Schedule was adopted by the Authority on February 18, 2021; and

**WHEREAS,** the Authority has determined that revisions to the Schedule were necessary to comply with current laws and best practices; and

**WHEREAS,** the proposed revisions follow the Secretary of State’s Local Government Records Management Guidelines; and

**WHEREAS,** the revised Retention Schedule has been reviewed and recommended for approval by the Personnel and Financial Management Committees.

**NOW, THEREFORE, BE IT RESOLVED,** the Authority hereby adopts the revisions to the Authority’s Records Retention Schedule, effective April 20, 2023.

SAN LORENZO, CALIFORNIA, APRIL 20, 2023, ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

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| --- | --- | --- |
|  | ATTEST: |  |
| CHAIR |  | GENERAL MANAGER |
| EAST BAY DISCHARGERS AUTHORITY |  | EAST BAY DISCHARGERS AUTHORITY |
|  |  | EX OFFICIO SECRETARY |