

**ITEM NO. 10**

**FINANCIAL MANAGEMENT COMMITTEE AGENDA**

**Wednesday, February 14, 2024**

**8:00 AM**

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

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

**FM1. Call to Order**

**FM2. Roll Call**

**FM3. Public Forum**

**FM4. Disbursements for January 2024**

 (The Committee will review the Lists of Disbursements.)

**FM5. Treasurer's Report for January 2024**

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

**FM6. Insurance Program Review**

 (The Committee will review changes from the Authority’s insurance providers.)

**FM7. State Controller’s Special District Financial Transactions Report Fiscal Year 2022/2023**

 (The Committee will review the report submitted to the State Controller’s Office.)

**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 is**

**Wednesday, March 20, 2024 at 8:00 am**

# Item No. FM4 Disbursements for January 2024

Disbursements for the month of January totaled $315,913.53.

Reviewed and Approved by:

Fred Simon, Chair Date

Financial Management Committee

Jacqueline T. Zipkin Date

Treasurer

# Item No. FM5 Treasurer’s Report for January 2024

The cash balance as of January 31, 2024 is $3,345,105.99.EBDA’s LAIF balance is $1,285,144.77, and the average monthly effective yield for January is 4.012%. EBDA’s CAMP balance is $1,533,386.34, and CAMP’s 7-day yield is 5.53%.

**Approval is recommended.**

# Item No. FM6 Insurance Program Review

**Recommendation**

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

**Strategic Plan Linkage**

1. **Financial:** Develop financial strategies and practice sound fiscal management to ensure wise use of ratepayers’ resources.
	1. Proactively manage expenditures to stay within adopted budget.

**Background**

The Authority is a member of the California Sanitation Risk Management Authority JPA (CSRMA). CSRMA offers shared risk and group purchase programs to its members. The shared risk programs, which include Pooled Liability and Workers’ Compensation, are member owned and operated. Interest-earning funds are placed on deposit with CSRMA, where they are used to pay claims and related expenses. Funds not spent or reserved are refunded to members through retrospective rating adjustments and dividend payments. In addition, members have access to an array of group purchase programs including primary insurance, auto physical damage, and storage tank programs.

**Discussion**

Pooled Liability Program (PLP)

The Authority participates in the Pooled Liability Program (PLP), which provides members with third-party liability coverage specifically designed to meet the exposures faced by the wastewater industry. The PLP, which renewed on December 31, 2023, provides members with General, Auto, Errors and Omissions, Employment Practices, and Excess Liability coverages. The CSRMA Executive Board approved the renewal with the total coverage limits in the PLP at $25,750,000. The reinsurance agreements now include PFAS and Cyber exclusions. In addition, the CSRMA Board recently implemented the Employment Practices Liability (EPL) Deductible Reduction Incentive Program. Members who meet the eligibility requirements will maintain their EPL deductible at $25,000. Total costs for the PLP program increased by 11.07%, due to many factors including increased exposures (i.e., payroll, miles of line, and covered autos), loss development in the PLP, and re/insurance market conditions. While the program premiums increased overall, the cost for individual members varies based on changes in exposure. As shown in the summary table below, EBDA’s PLP premium decreased for 2024. PLP participants will not receive a dividend this year due to minimum threshold requirements in CSRMA's Dividend Policy & Procedure.

Property Program

The CSRMA Property Program 2023/2024 renewal costs increased by 39%. In July 2021, CSRMA implemented a pooled layer for the Property Program funded by program participants in response to the hardening insurance market. Catastrophic events, inflation, and increased costs to rebuild/replace damaged structures are driving property insurance rate increases.

Additional CSRMA Coverage

Additional coverages afforded by CSRMA to the Authority include:

* Public Entity Vehicle Physical Damage Program – Physical damage coverage for the Authority owned vehicle. Premium increase due to vehicle change.
* Pollution Liability Program – Third-party pollution legal liability and clean-up for above ground storage tank exposure at OLEPS.
* Public Official Bond Program – Surety bonds for the General and Operations & Maintenance Managers.

Workers’ Compensation

The Authority does not participate in the CSRMA Workers’ Compensation Program due to the minimum premium requirement of $15,000. Instead, the Authority purchases workers’ compensation coverage through the State Compensation Insurance Fund.

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| --- | --- | --- |
| **Insurance Program** | **2024 Cost** | **Change from 2023** |
| Pooled Liability | $38,176 | -$11,833 |
| Property | $38,412 | $10,916 |
| Public Entity Vehicle Physical Damage | $308 | $215 |
| Pollution Liability Program | $722 | -- |
| Public Official Bond Program – 3 years | $4,376 | -- |
| Workers’ Comp | $10,536 | $816 |

**Item No. FM7 State Controller’s Special District Financial Transactions Report Fiscal Year 2022/2023**

**Recommendation**

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

**Strategic Plan Linkage**

1. **Financial:** Develop financial strategies and practice sound fiscal management to ensure wise use of ratepayers’ resources.

**Background**

The Special District Financial Transactions Report is required to be submitted each year to the State Controller’s Office (SCO) by January 31. The report is prepared in conformance with requirements set by the SCO and submitted electronically.

**Discussion**

While this report is consistent with the Authority’s audited financial statements and provides no new information, it is attached for the Committee’s review and knowledge of what has been submitted.