



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

## **ITEM NO. 12**

### **FINANCIAL MANAGEMENT COMMITTEE AGENDA**

**Monday, December 16, 2024 at 11:00 AM**

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

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

- FM1. Call to Order**
- FM2. Roll Call**
- FM3. Public Forum**
- FM4. Disbursements for November 2024**  
(The Committee will review the List of Disbursements.)
- FM5. Treasurer's Reports for November 2024**  
(The Committee will review the Treasurer's Report.)
- FM6. First Quarter Expense Summary, Fiscal Year 2024/2025**  
(The Committee will review the FY 2024/2025 first quarter expenses.)
- FM7. Review of Internal Controls and Fraud Prevention Policy**  
(The Committee will review the Policy.)
- FM8. Review of Purchasing Policy**  
(The Committee will review the Policy.)
- FM9. Review Other Post-Employment Benefits Analysis**  
(The Committee will review the analysis.)
- FM10. 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](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

Agenda Explanation  
East Bay Dischargers Authority  
Financial Management Committee  
December 16, 2024

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  
Monday, January 13, 2025 at 11:00 am**

**ITEM NO. FM4 DISBURSEMENTS FOR NOVEMBER 2024**

Disbursements for the month of November totaled \$619,874.71.

Reviewed and Approved by:

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Angela Andrews, Chair                      Date  
Financial Management Committee

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Jacqueline T. Zipkin                      Date  
Treasurer

**EAST BAY DISCHARGERS AUTHORITY**

**List of Disbursements**

**November 2024**

Check #	Payment Date	Invoice #	Vendor Name	Description	Invoice Amount	Disbursement Amount
26627	11/15/2024	3024071	REGIONAL MONITORING PROGRAM C/O SFEI	SEMI-ANNUAL PARTICIPANT FEE - 2024 BUDGET	158,696.50	158,696.50
26635	11/30/2024	352539	CITY OF HAYWARD	HEPS O&M AND HYPO FOR FECAL CONTROL - JUL-SEP	128,359.49	128,359.49
26646	11/30/2024	003147	UNION SANITARY DISTRICT	UEPS O&M, PG&E, FM MAINTENANCE - SEP	65,737.29	65,737.29
26625	11/15/2024	221222	MEYERS NAVE	LEGAL SERVICES - NUTRIENTS PERMIT	35,113.00	35,113.00
26622	11/15/2024	398003	CITY OF SAN LEANDRO	MDF O&M, EFFLUENT MONITORING, FM MAINTENANCE - SEP	33,780.42	33,780.42
26626	11/15/2024	SW240200771	PETERSON POWER SYSTEMS	HEPS GENERATOR RADIATOR REPLACEMENT	23,981.85	23,981.85
26641	11/30/2024	7020	ORO LOMA SANITARY DISTRICT	OLEPS O&M, ADMIN BUILDING, SKYWEST - AUG	20,805.65	20,805.65
26644	11/30/2024	17638	REGIONAL GOVERNMENT SERVICES	MANAGEMENT AND ADMINISTRATIVE SERVICES	17,123.65	17,123.65
26620	11/15/2024	8626	CASA	MEMBERSHIP RENEWAL	10,030.00	10,030.00
26636	11/30/2024	2709	CROPPER ROWE LLP	AUDITING SERVICES	10,000.00	10,000.00
26638	11/30/2024	S490002	GSE CONSTRUCTION	OLEPS WET WELL GATE REPAIR	9,317.48	9,317.48
26643	11/30/2024	12789	REDWOOD PUBLIC LAW, LLP	LEGAL SERVICES - OCT	8,981.50	8,981.50
26629	11/15/2024	2024250106304	THATCHER COMPANY OF CA, INC	SODIUM BISULFITE - DELIVERED 10/11/2024	7,609.96	7,609.96
26631	11/30/2024	57770	CALCON	MDF SERVICE CALLS	1,320.20	3,160.60
	11/30/2024	57772	CALCON	OLEPS SERVICE CALLS	1,320.20	
	11/30/2024	57771	CALCON	OPS CENTER SERVICE CALL	520.20	
26640	11/30/2024	221221	MEYERS NAVE	LEGAL SERVICES - BRINE PROJECT	2,613.84	2,613.84
26624	11/15/2024	6483	CSDA	CSDA MEMBERSHIP RENEWAL	1,834.00	1,834.00
26645	11/30/2024	4246-0445-5568-7627	U.S. BANK	PURCHASING CARD EXPENSES	1,420.08	1,420.08
26621	11/15/2024	52205705	CITY OF HAYWARD	EMPLOYEE BENEFIT PROGRAMS - NOV	1,377.18	1,377.18
26632	11/30/2024	724396	CALTEST	LAB TESTING SERVICES - OCT	782.32	782.32
26628	11/15/2024	CD_000951438	RINGCENTRAL INC	DIGITAL PHONE SERVICE	210.24	210.24
26634	11/30/2024	8445	CAYUGA INFORMATION SYSTEMS	IT SERVICES	210.00	210.00
26642	11/30/2024	532788	R-COMPUTER	MDF UPS TOWERS	208.26	208.26
26623	11/15/2024	57208	COMPUTER COURAGE	WEBSITE HOSTING	150.00	150.00
26639	11/30/2024	10420	MBC CUSTODIAL SERVICES INC	JANITORIAL SERVICES - OCT	130.00	130.00
26637	11/30/2024	44777800001	EBMUD	ADMIN WATER SERVICE	101.44	101.44
26619	11/07/2024	NEW ACCOUNT	EAST BAY DISCHARGERS AUTHORITY	FREMONT BANK ACCOUNT DEPOSIT	100.00	100.00
26630	11/20/2024	NEW ACCOUNT	EAST BAY DISCHARGERS AUTHORITY	REISSUE CHECK FOR FREMONT BANK ACCOUNT	100.00	100.00
26633	11/30/2024	4227591-CAL	CALTRONICS	COPIER USAGE AND MAINTENANCE	88.81	88.81
26619	11/18/2024	--	EAST BAY DISCHARGERS AUTHORITY	VOID CHECK	(100.00)	(100.00)
					<b>541,923.56</b>	<b>541,923.56</b>

**EAST BAY DISCHARGERS AUTHORITY**  
**List of Disbursements**  
**November 2024**

Check #	Payment Date	Invoice #	Vendor Name	Description	Invoice Amount	Disbursement Amount
<b>ELECTRONIC PAYMENTS</b>						
	11/12/2024	100000017710544	CALPERS	HEALTH PREMIUMS - NOV	7,788.47	7,788.47
	11/06/2024	100000017676322	CALPERS	PENSION CONTRIBUTION, CLASSIC 10/16 - 31/2024	5,877.93	5,877.93
	11/22/2024	100000017708470	CALPERS	PENSION CONTRIBUTION, CLASSIC 11/01 - 15/2024	5,877.93	5,877.93
	11/22/2024	6463566	MISSION SQUARE	DEFERRED COMPENSATION CONTRIBUTION 11/15/2024	2,115.22	2,115.22
	11/07/2024	6976247	MISSION SQUARE	DEFERRED COMPENSATION CONTRIBUTION 10/31/2024	2,115.22	2,115.22
	11/26/2024	1002368906	STATE COMPENSATION INSURANCE FUND	WORKERS COMPENSATION PREMIUM - NOV	893.00	893.00
	11/26/2024	51048304397166	AT&T	MDF TELEPHONE SERVICE	280.83	280.83
	11/05/2024	2411236486	INTERMEDIA.NET INC	EMAIL EXCHANGE HOSTING	91.36	91.36
	11/26/2024	9977649608	VERIZON WIRELESS	WIRELESS PHONE SERVICES - OCT	63.79	63.79
<b>TOTAL ELECTRONIC PAYMENTS</b>					<b>25,103.75</b>	<b>25,103.75</b>
<b>PAYROLL</b>						
	11/27/2024		ADP, LLC	PAYROLL PERIOD: 11/16-30/2024	28,081.36	28,081.36
	11/14/2024		ADP, LLC	PAYROLL PERIOD: 11/01-15/2024	24,569.36	24,569.36
	11/08/2024		ADP, LLC	PAYROLL FEES, 10/16-31/2024	105.74	105.74
	11/22/2024		ADP, LLC	PAYROLL FEES, 11/01-15/2024	90.94	90.94
<b>TOTAL PAYROLL</b>					<b>52,847.40</b>	<b>52,847.40</b>
<b>TOTAL DISBURSEMENTS</b>					<b>619,874.71</b>	<b>619,874.71</b>

**ITEM NO. FM5 TREASURER'S REPORT FOR NOVEMBER 2024**

The cash balance as of November 30, 2024 is \$4,597,058.59. EBDA's LAIF balance is \$1,329,432.28, and the average monthly effective yield for November is 4.477%. EBDA's CAMP balance is \$1,603,784.99, and CAMP's 7-day yield is 4.79%.

**Approval is recommended.**

**EAST BAY DISCHARGERS AUTHORITY**

**TREASURER'S REPORT**

**November 2024**

FUND	FUND DESCRIPTION	BEGINNING CASH BALANCE	DEBITS (INCREASE)	CREDITS (DECREASE)	ENDING CASH BALANCE
12	OPERATIONS & MAINTENANCE	\$ 1,967,362	\$ 100	\$ 388,206	\$ 1,579,257
13	PLANNING & SPECIAL STUDIES	\$ 579,490	\$ -	\$ 193,810	\$ 385,680
14	RECLAMATION O & M (SKYWEST)	\$ 69,600	\$ -	\$ 1,946	\$ 67,653
15	BRINE ACCEPTANCE	\$ 136,690	\$ -	\$ 2,614	\$ 134,076
31	RENEWAL & REPLACEMENT	\$ 2,456,885	\$ 6,807	\$ 33,299	\$ 2,430,392
<b>TOTALS</b>		<b>\$ 5,210,026</b>	<b>\$ 6,907</b>	<b>\$ 619,875</b>	<b>\$ 4,597,059</b>

Ending Balance per STR \$ 4,597,059

Nov-24

12/11/2024

## SUPPLEMENTAL TREASURER'S REPORT

DATE	TRANSACTION	RECEIPT	DISBURSEMENT CHECKING	PAYROLL	LAIF	CAMP	WELLS FARGO CHECKING BALANCE	WELLS FARGO PAYROLL BALANCE	FREMONT CHECKING BALANCE	LAIF BALANCE	CAMP BALANCE	TOTAL CASH
10/31/24	BALANCE						2,205,348.93	78,267.10		1,329,432.28	1,596,978.04	5,210,026.35
11/01/24	DIVIDENDS	6,806.95				6,806.95	2,205,348.93	78,267.10		1,329,432.28	1,603,784.99	5,216,833.30
11/05/24	ELECTRONIC BILL PAY		91.36				2,205,257.57	78,267.10		1,329,432.28	1,603,784.99	5,216,741.94
11/06/24	ELECTRONIC BILL PAY		5,877.93				2,199,379.64	78,267.10		1,329,432.28	1,603,784.99	5,210,864.01
11/07/24	ELECTRONIC BILL PAY		2,115.22				2,197,264.42	78,267.10		1,329,432.28	1,603,784.99	5,208,748.79
11/08/24	PAYROLL FEES			105.74			2,197,264.42	78,161.36		1,329,432.28	1,603,784.99	5,208,643.05
11/12/24	ELECTRONIC BILL PAY		7,788.47				2,189,475.95	78,161.36		1,329,432.28	1,603,784.99	5,200,854.58
11/14/24	PAYROLL			24,569.36			2,189,475.95	53,592.00		1,329,432.28	1,603,784.99	5,176,285.22
11/14/24	VOID CHECK 26619		0.00				2,189,475.95	53,592.00		1,329,432.28	1,603,784.99	5,176,285.22
11/15/24	DISBURSEMENT		272,783.15				1,916,692.80	53,592.00		1,329,432.28	1,603,784.99	4,903,502.07
11/20/24	DISBURSEMENT		100.00				1,916,592.80	53,592.00		1,329,432.28	1,603,784.99	4,903,402.07
11/21/24	DEPOSIT	100.00					1,916,592.80	53,592.00	100.00	1,329,432.28	1,603,784.99	4,903,502.07
11/22/24	PAYROLL FEES			90.94			1,916,592.80	53,501.06	100.00	1,329,432.28	1,603,784.99	4,903,411.13
11/22/24	ELECTRONIC BILL PAY		2,115.22				1,914,477.58	53,501.06	100.00	1,329,432.28	1,603,784.99	4,901,295.91
11/22/24	ELECTRONIC BILL PAY		5,877.93				1,908,599.65	53,501.06	100.00	1,329,432.28	1,603,784.99	4,895,417.98
11/26/24	ELECTRONIC BILL PAY		63.79				1,908,535.86	53,501.06	100.00	1,329,432.28	1,603,784.99	4,895,354.19
11/26/24	ELECTRONIC BILL PAY		893.00				1,907,642.86	53,501.06	100.00	1,329,432.28	1,603,784.99	4,894,461.19
11/26/24	ELECTRONIC BILL PAY		280.83				1,907,362.03	53,501.06	100.00	1,329,432.28	1,603,784.99	4,894,180.36
11/27/24	PAYROLL			28,081.36			1,907,362.03	25,419.70	100.00	1,329,432.28	1,603,784.99	4,866,099.00
11/30/24	DISBURSEMENT		269,040.41				1,638,321.62	25,419.70	100.00	1,329,432.28	1,603,784.99	4,597,058.59
	<b>TOTAL</b>	<b>6,906.95</b>	<b>567,027.31</b>	<b>52,847.40</b>	<b>-</b>	<b>6,806.95</b>						
	<b>CURRENT BALANCE</b>						<b>1,638,321.62</b>	<b>25,419.70</b>	<b>100.00</b>	<b>1,329,432.28</b>	<b>1,603,784.99</b>	<b>4,597,058.59</b>

Reconciliation - 11/30/2024

① Bank Statement Balance	\$ 1,942,929.63
Less: Outstanding Checks	<u>304,608.01</u>
	<u>\$ 1,638,321.62</u>
② Payroll Bank Statement	\$ 25,419.70
③ Fremont Bank	\$ 100.00
④ LAIF Statement	\$ 1,329,432.28
⑤ CAMP Statement	\$ 1,610,187.65
Less: Accrual Income Dividend	<u>6,402.66</u>
	<u>\$ 1,603,784.99</u>

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 FIRST QUARTER EXPENSE SUMMARY, FISCAL YEAR 2024/2025**

**Recommendation**

Approve the First Quarter Expense Summary for Fiscal Year 2024/2025.

**Strategic Plan Linkage**

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

**Background**

The First Quarter Expense Summary for FY 2024/2025 is attached for the Committee's review. Expenses are presented by Program and by Account Code. These categories have been grouped to provide an overview of Authority expenses. The tables include discussion of particular items that varied significantly (>10%) from the budget.

**Discussion**

At the end of the first quarter, EBDA's spending is just slightly over budget, with 29% spent at 25% through the year. Because a significant portion of EBDA's budget is made up of annual fees (e.g., BACWA dues and Water Research Foundation), several of which are paid in the first quarter, higher expenditures at this point in the year are expected. Staff also notes that in response to the need to control effluent fecal coliform, expenditures for sodium hypochlorite (hypo) for disinfection were higher than expected this quarter. As we have entered cooler weather, staff has been able to decrease hypo, and we will continue to track this line item closely.

# East Bay Dischargers Authority

## EXPENSE SUMMARY BY PROGRAM

FY 2024/2025 THROUGH SEPTEMBER 30, 2024 (25% of YEAR)

	YTD Expenses	Budget	Revenues Cargill, Grant, & Skywest	Variance	% of Budget	Explanations for Variance Over 10%
<b>O&amp;M EFFLUENT DISPOSAL</b>						
General Administration	\$392,029	\$1,571,346		(\$1,179,317)	25%	
Outfall & Forcemains	\$20,255	\$220,000		(\$199,745)	9%	Billing expected to catch up to services next quarter.
Marina Dechlor Facility	\$66,562	\$310,000		(\$243,438)	21%	
Oro Loma Pump Station	\$135,326	\$650,000		(\$514,674)	21%	
Hayward Pump Station	\$48,732	\$194,000		(\$145,268)	25%	
Union Pump Station	\$135,234	\$465,000		(\$329,766)	29%	
Bay & Effluent Monitoring	\$429,000	\$772,494		(\$343,494)	56%	BACWA annual dues paid this quarter and higher sodium hypochlorite was used for disinfection than anticipated.
<b>TOTAL O&amp;M EFFLUENT DISPOSAL</b>	<b>\$1,227,138</b>	<b>\$4,182,840</b>	<b>\$0</b>	<b>(\$2,955,702)</b>	<b>29%</b>	
<b>SPECIAL PROJECTS</b>						
NPDES Permit Fees	\$0	\$707,899		(\$707,899)	0%	Invoice received in Q2.
NPDES Permit Issues	\$35,113	\$100,000		\$35,113	35%	Delayed billing for expenses incurred related to the Nutrients Permit Reissuance.
Regional Monitoring Program	\$141,892	\$293,778		(\$151,886)	48%	Semi-annual fees paid.
Alternative Monitoring and Reporting	\$16,805	\$33,609		(\$16,805)	50%	Semi-annual fees paid.
Nutrient Surcharge	\$270,608	\$270,608		\$0	100%	Annual fees paid.
Air Toxics Pooled Emissions Study	\$80,880	\$80,797		\$83	100%	Annual fees paid.
Water Research Foundation	\$28,015	\$28,494		(\$479)	98%	Annual fees paid.
Nature-Based Solutions Study	\$0	\$200,000		(\$200,000)	0%	
Biosolids Feasibility Study	\$0	\$100,000		(\$100,000)	0%	
Bruce Wolfe Memorial	\$1,000	\$1,000		\$0	100%	Annual fees paid.
<b>TOTAL SPECIAL PROJECTS</b>	<b>\$574,313</b>	<b>\$1,816,185</b>	<b>\$0</b>	<b>(\$1,141,872)</b>	<b>32%</b>	
<b>TOTAL AGENCY-FUNDED PROGRAMS</b>	<b>\$1,801,451</b>	<b>\$5,999,025</b>	<b>\$0</b>	<b>(\$4,197,574)</b>	<b>30%</b>	
<b>WATER RECYCLING</b>						
Skywest Golf Course	\$12,287	\$36,000	\$10,803	(\$34,516)	34%	
<b>TOTAL WATER RECYCLING</b>	<b>\$12,287</b>	<b>\$36,000</b>	<b>\$10,803</b>	<b>(\$34,516)</b>	<b>34%</b>	
<b>BRINE ACCEPTANCE</b>						
Brine Acceptance	\$12,646	\$200,000	\$12,646	(\$200,000)	6%	All work performed is reimbursed by Cargill.
<b>TOTAL BRINE ACCEPTANCE</b>	<b>\$12,646</b>	<b>\$200,000</b>	<b>\$12,646</b>	<b>(\$200,000)</b>	<b>6%</b>	
<b>TOTAL ALL PROGRAMS</b>	<b>\$1,826,383</b>	<b>\$6,235,025</b>	<b>\$23,449</b>	<b>(\$4,432,090)</b>	<b>29%</b>	

# East Bay Dischargers Authority

## PRELIMINARY EXPENSE SUMMARY BY ACCOUNT

FY 2024/2025 THROUGH SEPTEMBER 30, 2024 (25% OF YEAR)

	YTD Expenses	Budget	Revenues Cargill, Grant, & Skywest	Variance	% of Budget	Explanations for Variance Over 10%
4010 - Salary	\$162,671	\$684,820	\$6,387	(\$528,536)	23%	
4020 - Benefits	\$83,412	\$315,100		(\$231,688)	26%	
4030 - Commissioner Compensation	\$7,833	\$45,000		(\$37,167)	17%	
4070 - Insurance	\$41,906	\$88,000		(\$46,094)	48%	Several annual policies paid this quarter.
4080 - Memberships & Subscriptions	\$154,978	\$170,528		(\$15,550)	91%	BACWA annual dues paid this quarter.
4100 - Supplies, Variable	\$166,388	\$380,000		(\$213,612)	44%	Higher sodium hypochlorite was used for disinfection than anticipated.
4100 - Supplies, Fixed	\$875	\$12,000		(\$11,125)	7%	Deferred replacement of several computers.
4110 - Contract Services	\$22,564	\$78,898		(\$56,334)	29%	
4120 - Professional Services	\$300,462	\$1,070,297	\$11,182	(\$781,016)	27%	
4140 - Rents & Fees	\$278,260	\$984,787		(\$706,527)	28%	
4141 - NPDES Fines	\$0	\$9,000		(\$9,000)	0%	Reserve funds in case of enforcement.
4150 - Maintenance & Repair	\$144,395	\$897,000	\$5,004	(\$757,609)	16%	
4160 - Monitoring	\$207,964	\$564,595	\$875	(\$357,506)	37%	Regional Monitoring Program fees paid semi-annually.
4170 - Travel	\$2,399	\$18,000		(\$15,601)	13%	Additional travel will take place later in the year.
4191 - Utility, Variable	\$251,683	\$917,000		(\$665,317)	27%	
4200 - Acquisitions & Other	\$591	\$0		\$591		Budgeted Skywest capital funds were spent on Skywest O&M.
<b>TOTAL ALL ACCOUNTS</b>	<b>\$1,826,383</b>	<b>\$6,235,025</b>	<b>\$23,449</b>	<b>(\$4,432,090)</b>	<b>29%</b>	

**ITEM NO. FM7 REVIEW OF INTERNAL CONTROLS AND FRAUD PREVENTION POLICY**

**Recommendation**

Review the Authority's existing policy and provide direction to staff.

**Strategic Plan Linkage**

- 3. Financial:** Develop financial strategies and practice sound fiscal management to ensure wise use of ratepayers' resources.

**Background**

In 2019, Authority staff began a process of reviewing and updating the Authority's Financial Management System Policy and Procedure Manual, adopting each section as a stand-alone Authority Policy, and moving procedures to separate staff documents.

On June 20, 2019, the Commission adopted an Internal Controls and Fraud Prevention Policy. Internal Controls and Fraud Prevention was a new policy that had not been part of the prior manual.

This Policy is reviewed annually. No changes to the Policy were proposed during the 2023 review.

**Discussion**

EBDA's financial consultant, RGS, has significant experience developing and implementing financial policies for other public agencies, as well as investigating and following-up on financial misconduct allegations at other agencies. At staff's request, RGS has reviewed the Internal Controls and Fraud Prevention Policy and recommended adding depth and detail to it. The proposed policy is attached, along with the previously adopted policy. Changes are not tracked in the new draft given the extensive nature of the re-write. Following Committee feedback, staff will bring the amended policy to the Commission for approval.

**POLICY NUMBER:** 1.5

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**NAME OF POLICY:** Finance – Internal Controls and Fraud Prevention

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**PROPOSED REVISION:** TBD

**PREVIOUSLY REVISED:** June 20, 2019; May 16, 2013

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**PURPOSE:** The purpose of the Internal Controls and Fraud Prevention Policy is to ensure that EBDA's financial assets, its supplies, equipment, and capital assets, and its intangible assets are safeguarded to the best extent possible. The policy guides the Authority's commitment to the deterrence, detection, and correction of misconduct and dishonesty. The discovery, reporting, and documentation of such acts provides a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal where appropriate, the referral to law enforcement agencies when warranted by the facts, and the recovery of assets.

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**POLICY:** It is the policy of the Authority to implement internal controls including financial controls so that assets are protected and the risk of opportunities to commit fraud are managed and mitigated through careful adherence to policies, procedures, practices, and best practices common to public agencies.

The impacts of misconduct and dishonesty can be far-reaching. The Authority must be prepared to manage these risks and their potential impact in a professional manner. The impact of misconduct and dishonesty may include:

- Financial loss
- Costs of investigation
- Loss of employees
- Damage to relationships with vendors and contractors
- Damage to employee morale
- Litigation
- Negative publicity
- Damage to the reputation of the Authority, Member Agencies, Commissioners and employees
- Loss of public confidence

Staff of the Authority shall maintain a practice of regularly assessing controls and adapting to changes in the service delivery environment to mitigate areas of risk. While the staff size of the Authority is relatively small, it is important to maintain a separation of duties in financial matters and other security measures while providing transparency of Authority

official actions and financial information. Internal controls will be implemented with consideration of the cost of implementation.

Authority controls include:

- Multiple sign-offs on finance-related transactions
- Separation of duties where possible and to the extent possible
- Submission of the Authority's annual Financial Statements to review, examination, and audit by an independent financial audit firm experienced in the audit of governmental records
- Implementation of auditor recommendations for internal controls, to the extent possible
- Limited staff access to financial system data entry, but full view-access to reports
- Secured check stock
- Purchasing card spending limits and monthly reconciliation
- Adherence to the Authority's Purchasing Policy
- Limited staff ability to initiate banking transfers
- Careful credential management and password requirements
- *Implementation of best practices in production, review, and oversight:*
  - Periodic physical inventory (Renewal & Replacement Fund)
  - Production of regular accounting, financial, and budget reports
  - Monthly Treasurer's Reports
  - Timely posting of transactions to the general ledger
  - Timely reconciliation of all bank accounts to the Authority' accounting records

#### Definition of Misconduct and Dishonesty

For purposes of this policy, misconduct and dishonesty include but are not limited to:

- Theft or other misappropriation of supplies, equipment, assets, and resources of the Authority, Member Agencies, or others with whom the Authority has a business relationship
- Misstatement and other irregularities in public records, including the misstatement of the results of operations
- Wrongdoing
- Forgery
- Alteration of documents

#### Responsibility and Reporting

It is the responsibility of every Authority employee to immediately report suspected misconduct or dishonesty to the General Manager, or, in the event of suspected misconduct by the General Manager, to the Authority's General Counsel. Due to the

important yet sensitive nature of the suspected violations, effective professional follow up is necessary. Employees should not perform investigations or otherwise follow up on their own. All relevant matters, including suspected but unproven matters, should be referred to the General Manager or General Counsel as per the instructions above.

Any reprisal against any employee or other reporting individual because that individual, in good faith, reported a suspected violation is strictly forbidden (see also Personnel Policy, Section XX).

### Responsibility and Authority for Follow-Up and Investigations

The General Manager has the primary responsibility for all investigations involving the Authority. The General Manager may request the assistance of General Counsel. In some instances, outside public or private investigative services may be engaged.

Designated members of the investigative team will have:

- Free and unrestricted access to all records
- The authority to examine, copy and/or remove all or any portion of contents of files, desks, cabinets and other storage facilities (whether in electronic or other form) without the prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of the investigative or related follow up procedures

All investigations of alleged wrongdoing will be conducted in accordance with applicable laws and Authority procedures. Investigative or other follow-up activity will be conducted without regard to the suspected individual's position or level of authority, or relationship with the Authority.

### Procedures for Reported Incidents

Care will be taken in the follow-up of suspected misconduct and dishonesty to avoid acting on incorrect or unsupported accusations, to avoid alerting suspected individuals that a follow-up and/or investigation is underway, and to avoid making statements which could adversely affect the Authority, its employees, or other parties.

Accordingly, the general procedures for follow-up and investigation of reported incidents are as follows:

1. Employees and others must immediately report all factual details as indicated above under Policy.
2. The General Manager has the responsibility to follow up and, if appropriate, investigate all reported incidents.
3. All records related to the reported incident will be secured as appropriate and retained wherever they reside.

4. No communication with the suspected individual(s) or organization(s) should occur while the matter is under investigation.
5. The General Manager will also determine whether the matter should be brought to the attention of the Authority's independent auditors.
6. The General Manager is authorized to obtain special counsel to the Authority for legal advice at any time throughout the course of an investigation or other follow up activity on any matter related to the report, investigation or other follow up activity on any matter related to the report, investigation steps, proposed disciplinary action or any anticipated litigation.
7. Neither the existence nor the results of investigations or other follow-up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively.
8. All inquiries from an attorney or any other contacts from outside of the Authority, including those from other law enforcement agencies or from the employee(s) under investigation, should be referred to the General Manager.



**POLICY NUMBER:** 1.5

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**NAME OF POLICY:** Finance – Internal Controls and Fraud Prevention

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**LAST REVISED:** June 20, 2019

**PREVIOUSLY REVISED:** 05/16/13

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**PURPOSE:** The purpose of the Internal Controls Policy is to ensure that EBDA assets, including financial, capital, and intangible, are safeguarded to the best extent possible. While the staff size of the Authority is relatively small, it is important to maintain segregation of duties and other security measures while providing transparency of financial information.

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**POLICY:** It is the policy of the Authority to implement internal financial controls so that assets are protected and incidents of fraud are mitigated.

Adopted controls include:

- Multiple sign-offs on finance-related transactions
- Timely posting of transactions to the general ledger
- Periodic physical inventory (Renewal & Replacement Fund)
- Annual independent financial audit
- Periodic replacement of independent external auditors
- Implement auditor recommendations for internal controls, to the extent possible
- Limited staff access to making banking transactions
- Timely reconciliation of all bank accounts
- Limited staff access to financial system data entry, but full view-access to reports
- Secured check stock
- Individual and guarded system logins and passwords
- Purchasing card spending limits and monthly reconciliation
- Monthly Treasurers Reports to Commission

Internal controls will be implemented with consideration of the cost of implementation.

## ITEM NO. FM8 REVIEW OF PURCHASING POLICY

### Recommendation

Review the Authority's Purchasing Policy and provide input to staff.

### Strategic Plan Linkage

- 3. Financial:** Develop financial strategies and practice sound fiscal management to ensure wise use of ratepayers' resources.

### Background

Prior to the adoption of the Authority's Amended and Restated Joint Powers Agreement (JPA), the JPA stated that, "The affirmative vote of four members of the Commission shall be required to: [...] Award, modify or accept work under any contract (including but not limited to contracts for the acquisition or construction of any building, works or improvements for the Phase I Project) in excess of \$10,000." The Commission and the Member Agencies determined that it was appropriate to remove that level of detail from the Amended and Restated JPA, with the agreement that the rules governing procurement would be captured in the Authority's Purchasing Policy ("Purchasing Policy").

The Purchasing Policy was adopted in December 2020 and then amended in December 2023. The Policy is reviewed annually to determine whether any changes are warranted. The Amended and Restated JPA requires unanimous approval of any changes to the Purchasing Policy.

### Discussion

Staff is proposing revisions to the Purchasing Policy for the Committee's review and consideration. A tracked change version of the Purchasing Policy is attached for review and discussion. The proposed changes are primarily editorial and are proposed for clarity.

Staff is proposing to update the thresholds for procurement of construction projects. In 2020, the Commission approved Resolution 20-29, which adopted informal bidding policies and procedures pursuant to public the California Uniform Public Construction Cost Accounting Act or "CUPCCA" (California Public Contract Code Section 22000 et seq). Public agencies that adopt CUPCCA may award or perform public projects at higher bid thresholds than the \$15,000 default threshold. The thresholds authorized under CUPCCA are amended from time to time. AB 2192, adopted last session, will increase the CUPCCA thresholds as of January 1, 2025. Staff is proposing to modify the thresholds in the Authority's Policy accordingly. The Policy also includes language automatically adjusting the dollar thresholds, should the values in the relevant government code section change again.

Additionally, staff has proposed language documenting the fact that the Authority will follow applicable procurement guidelines and requirements when utilizing federal funds. This provision will apply as EBDA procures a consultant to assist with the next phase of

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the First Mile Horizontal Levee Project under the Funding Agreement proposed in Item No. RA7.

Following Committee feedback, staff will bring the amended policy to the Commission for approval.

POLICY NUMBER: 1.7

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NAME OF POLICY: Finance – Purchasing

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PROPOSED REVISION: TBD

PREVIOUSLY REVISED: October 19, 2023; December 17, 2020

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**PURPOSE:** ~~Policy Regarding the Procurement of Supplies, Equipment, and Supplies, Services, including and Contracts for Construction Projects~~

**A.** ~~The purpose of the Procurement Policy is to provide a set of policies and procedures that comply with applicable federal, state, local, and general laws and regulations to promote cost-effective procurement of goods and services. In the event the provisions of this policy directly conflict with federal, state, or local law, the latter shall govern.~~

**B.** ~~The underlying tenant of this Policy is to make good use of public resources by making purchasing decisions that reflect the Authority's commitment to the cost-effective procurement of goods and services, and contracts for construction projects by upholding the fundamental tenets of public procurement, including fairness, honesty, transparency, and accountability.~~

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**POLICY:**

**I. AUTHORITY CONTRACTS WITH OUTSIDE CONTRACTORS, VENDORS, AND CONSULTANTS**

**A. Procurement of ~~Equipment, Supplies, Goods~~ and Services**

~~See also I.F. General Federal Procurement Guidelines if utilizing any Federal Funds.~~

1. ~~Purchases and Contracts of \$25,000 or Less.~~ If the ~~estimated~~-cost of the ~~equipment, supplies, goods~~ and services is less than \$5,000, the General Manager will attempt to secure the best value for the Authority, but need not solicit quotes, bids, or proposals.

2. ~~Purchases and Contracts of \$5,001 to \$25,000.~~ If the ~~estimated~~-cost of the ~~goods~~ is between \$5,000~~1~~ and \$10,000, the General Manager will solicit informal quotes, bids, or proposals from at least two ~~(2) contractors, vendors, or consultants (Sources)vendors/consultants~~. If the estimated cost exceeds \$10,000, but is \$25,000 or less, the General Manager will solicit informal quotes, bids, or proposals from at least three ~~(3) contractors, vendors, or consultantsSources~~. For all purchases or contracts for ~~equipment, suppliesgoods,~~ or services ~~at or below~~which do not exceed \$25,000, the

General Manager may award the contract or purchase order, without ~~further~~ approval by the Commission.

32. Purchases and Contracts of More than \$25,000. When the estimated cost of ~~equipment or supplies~~goods exceeds \$25,000, the General Manager will solicit formal written bids/proposals through means and methods which he or she determines to be most cost-effective, and which may include advertisement in a newspaper of general circulation in the Authority's service area or utilization of an online bid solicitation service in common use by California public procurement professionals.

When the estimated cost of services exceeds \$25,000 ~~or more~~, the General Manager will solicit informal proposals through means and methods which he or she determines to be most cost-effective, including requests for proposals (RFP) or requests for qualifications (RFQ). With the exception of contracts for services procured pursuant to California Government Code Section 4525 et seq., all services contracts shall be awarded to the proposer(s) that offer the best value to the Authority, which is defined as the overall combination of quality, price, and other elements of a proposal that, when considered together, provide the greatest overall benefit to the Authority in response to the requirements described in the solicitation documents.

All contracts in an amount exceeding \$25,000 shall be submitted to the Commission for approval.

43. Qualifications Based Solicitations. Pursuant to California Government Code Section 4525 et seq. ~~(the Mini Brooks Act)~~, the Authority will use qualifications-based competitive proposal procedures for the procurement of services from the following professions: architecture~~al~~, landscape architecture~~al~~, engineering, environmental services (but, not where the scope of work consists of planning services), land surveying, or construction project management, ~~services~~ regardless of the contract value. Under this method, proposals will be evaluated based upon qualifications and demonstrated competence.

## **B. Procurement of Construction Projects**

1. California Uniform Public Construction Cost Accounting Act. The Authority has opted in to the California Uniform Public Construction Cost Accounting Act (California Public Contract Code Section 22000 et seq., the "Act"). Pursuant to the Act, projects for the construction, reconstruction, erection, alteration, renovation, improvement, demolition, repair work, painting, or repainting of Authority-owned, leased, or operated facilities will be procured as follows:

a. Projects of \$~~6075,000~~ ~~(or the current threshold set forth in California Public Contract Code Section 22032(a))~~ or less may be let by negotiated contract or purchase order, or performed by the Authority's own employees by force account.

b. Projects of \$~~200~~220,000 ~~(or the current threshold set forth in California Public Contract Code Section 22032(b))~~ or less may be let by informal procedures set forth in the Authority's informal bidding resolution and in the Act.

c. Projects of more than \$~~200~~220,000 ~~(or the current threshold set forth in California Public Contract Code Section 22032(c))~~ will be let by formal bidding procedures set forth in the Act.

d. If the amounts set forth in California Public Contract Code Section 22032(c) are amended subsequent to the Commission's approval of this Policy, then, in that event, the amounts set forth in California Public Contract Code Section 22032(c) shall be used by the Authority.

2. Maintenance Work. The Authority may, but is not required to, use the procedures set forth in this section I.B. Procurement of Construction Projects for maintenance work, which includes routine, recurring, and usual work for the preservation or protection of any Authority-owned or operated facility for its intended purposes, minor repainting, resurfacing of streets and highways of less than 1 inch, landscape maintenance, and work to keep, operate, and maintain Authority-owned water, power, or waste disposal systems.

3. Other Statutorily Authorized Methods. Alternative methods of procurement for construction project delivery may be utilized if authorized by state law and in full compliance with all applicable requirements. A common examplesuch as of an alternative is thea design-build method that combines architectural and engineering services with construction into a single contract. ~~approach, may be utilized if authorized by state law and in full compliance with all applicable requirements.~~

### **C. Contractor Pre-Qualification and Task Order-Based Contracts**

The Authority may solicit qualifications, ~~and~~ hourly rates, ~~and~~ expenses information from contractors for the purpose of establishing and maintaining ~~creating~~ a pre-qualified roster of contractors for a range of projects. The General Manager may then recommend to the Commission the for approval of a task order-based contract with anyeach contractor appearing on the deemed pre-qualified roster. Each task order-based contract shall have a total not-to-exceed dollar amountvalue. When a particular project arises, if the estimated cost is \$~~7560~~7560,000 or less, the General Manager may issue a task order to the contractor most qualified for the work from the pre-qualified roster. If the estimated cost is greater than \$~~7560~~7560,000 and less than \$~~2200~~2200,000, the General Manager may follow the process outlined in Section I.B.1.b, or he or she may solicit bids from pre-qualified firms. Following selection, the General Manager may issue a task order to the lowest bidder, without further approval by the Commission, as long as the total value of all task orders issued under that contract is less than the Commission-approved not-to-exceed dollar value. Staff ~~shall~~would inform the Commission of all task orders over \$25,000.

### **D. Consultant Pre-Qualification and Task Order-Based Contracts**

The Authority may solicit qualifications, ~~and~~ hourly rates, and expenses information from consultants for the purpose of ~~establishing~~ creating a pre-qualified roster of consultants for a range of services and projects. The General Manager may then recommend to the Commission ~~for approval~~ of a task order-based contract with ~~any each~~ consultant appearing on the deemed pre-qualified roster. Each task order-based contract shall have a total not-to-exceed dollar amountvalue. When a particular consulting need or project arises, if the estimated cost is \$25,000 or less, the General Manager may issue a task order to the consultant most qualified for the work from the pre-qualified roster. If the estimated cost is greater than \$25,000, the General Manager may follow the process outlined in Section I.A. ~~32~~, or he or she may solicit proposals from pre-qualified firms. Following selection, the General Manager may issue a task order to the most qualified firm, without further approval by the Commission, as long as the total value of all task orders issued under that contract is less than the Commission-approved not-to-exceed dollar amountvalue. Staff ~~shall~~ would inform the Commission of all task orders over \$25,000.

#### **E. Sole Source**

Regardless of the estimated cost of the procurement, the Authority is not required to follow the processes detailed in this Policy when procuring ~~materials, equipment, supplies, goods~~ or services for which there exists only a sole source of supply.

#### **F. General Federal Procurement Guidelines.**

Federal Grant Procurement Standards will be observed by the Authority. When utilizing federal funds, all grant procurement and related expenditures must adhere to the procurement guidelines found in the Code of Federal Regulations (CFR) Title 2-Grants and Agreements, Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards. Such procurement standards in the Uniform Guidance (UG) are covered in paragraphs 200.317 to 200.327. The regulations require that procurement activities be performed in an equitable and competitive manner to promote equal treatment, efficiency, and economy in federal grant activities. To ensure objective contractor performance and eliminate an unfair competitive advantage, contractors must be excluded from competing for such procurements if they develop or draft grant applications or contract specifications, requirements, statements of work, invitations for bids, and/or requests for proposals.

The Authority shall follow the guidelines carefully to avoid suspension or revocation of federal assistance. The Authority shall follow all procurement guidelines and requirements as directed by the granting agency providing federal funds.

#### **GF. Rental or Leasing of Equipment**

If the total rental or lease payments due under a rental or lease agreement are \$25,000 or less, the General Manager will follow the procedure in Section I.A.1. If the total rental or lease payments due under a rental or lease agreement are over \$25,000, the General Manager will follow the procedure in Section I.A.2.



**HG. Reporting**

The General Manager will report to the Commission on all written contracts entered into under the General Manager's authority.

**IH. Contract Extensions**

Commission approval is required for extension of contracts or purchase orders beyond one (1) year where the cost of the extension is estimated to be greater than \$25,000.

**J. Minority Business Enterprises and/ Women's Business Enterprises Policy**

The Authority recognizes the value of diversity, and it is the intention of the Authority to create a level playing field on which Minority Business Enterprises and Women's Business Enterprises can compete fairly for contracts and subcontracts.

**KJ. Splitting Procurements Prohibited**

The Authority will not ~~arbitrarily~~ split purchases into smaller segments or partial orders to remain below the authorized dollar threshold for formal solicitation in an effort to take advantage of informal solicitation procedures or otherwise avoid requirements of this Policy.

**II. AUTHORITY CONTRACTS WITH MEMBER AGENCIES FOR WORK BY MEMBER AGENCY EMPLOYEES****A. Contracts with Member Agencies**

The Authority has entered into contracts with its member agencies for the operation and routine maintenance of Authority Facilities and additional tasks, as requested by the Authority. Work performed pursuant to contracts between the Authority and its member agencies will conform to the East Bay Dischargers Authority Amended and Restated Joint Exercise of Powers Agreement, this Policy, and the respective contract. In particular, each member agency contract will require the member agency to indemnify the Authority against all losses that may arise out of the performance of the work. Furthermore, the Authority will require the member agency to maintain insurance in such types and amounts as the Authority may from time to time establish, and to name~~ing~~ the Authority and the member agencies as additional insureds.

**B. Operations and Maintenance Manager Determination**

Consistent with the above referenced contracts with the member agencies, the Authority's Operations and Maintenance Manager may authorize one or more member agencies to perform work on Authority Facilities when he or she determines that the member agency or agenc(ies) can perform such work more cost effectively than a non-member agency contractor~~if the work were let to contract by the Authority.~~



### III. COOPERATIVE PROCUREMENTS WITH MEMBER AGENCIES

To foster greater economy and efficiency, the Authority may avail itself of joint procurements and assignment of existing contract rights ("piggybacking") with its member agencies.

### IV. PURCHASE OR LEASE OF REAL PROPERTY

Any contract for the purchase of real property must be submitted to and approved by the Commission. Any lease or sublease of real property, including any renewal or extension of an existing lease or sublease, for which the ~~annual rent or lease payments total an amount is~~ greater than \$25,000 annually, must be submitted to and approved by the Commission. For any lease or sublease of real property, including any renewal or extension of an existing lease, for which the annual rents ~~total an amount is~~ \$25,000 or less, the General Manager may approve and execute the lease, sublease, renewal, or extension, without further approval by the Commission.

### V. GENERAL MANAGER SIGNATURE AUTHORITY

#### A. Signature Authority Generally

Except as otherwise described in this Policy, the General Manager is authorized to expend funds, issue purchase orders, and sign contracts for procurements and activities for ~~equipment, supplies, goods and for professional or other services~~ for amount where the cost is that do not exceed \$25,000 or less.

#### B. Change Orders and Amendments Generally

The General Manager is authorized to issue change orders or amendments where the ~~amount cost~~ is \$25,000 or less without further Commission approval, so long as such change order or amendment would not result in a total contract amount value of greater than \$25,000. The Commission reserves to itself the right to approve all amendments to contracts previously approved by the Commission.

The General Manager is authorized to administer all contracts on behalf of the Authority.

### VI. EMERGENCY CONTRACTS

#### A. Competitively Bid Emergency Contracts

The General Manager has been authorized by the Commission to take all necessary and proper measures in emergency conditions to keep the Authority Facilities in operation. The Authority's practice is to competitively solicit contracts for emergency services in advance of any emergency, consistent with the California Governor's Office of Emergency Services (CalOES) and Federal Emergency Management Agency (FEMA) reimbursement requirements.

#### B. Non-Competitively Bid Emergency Contracts

In the event the Authority does not have a current contract for emergency services and the emergency conditions do not permit a delay resulting from a formal competitive solicitation process, the General Manager is authorized to make emergency purchases without giving notice for bids or proposals and to enter into such contracts without prior Commission approval. The General Manager will promptly report on the reasons and necessity for proceeding without a competitive solicitation to the Commission as required by Public Contract Code Section 22050 et seq.

### **C. Ratification**

Commission ratification is required for any emergency contract where the cost exceeds \$25,000 and will be obtained as soon as it is practicable to do so.

### **VII. WAIVER**

The Commission may suspend or waive the requirements of this Policy in any instance when the Commission deems it in the best interest of the Authority to do so.

## ITEM NO. FM9 REVIEW OTHER POST-EMPLOYMENT BENEFITS ANALYSIS

### Recommendation

Review Foster and Foster's analysis of the other post-employment benefits (OPEB) and provide direction to staff.

### Strategic Plan Linkage

4. **Sustained Organization:** Sustain a functional, productive, resilient organization to ensure EBDA can strive to achieve its Mission and Vision.
  - b. Provide professional development opportunities and competitive pay and benefits to attract and retain high caliber staff.

### Background

As part of approving revisions to EBDA's Compensation Plan on June 18, 2024, the Commission approved a change in retiree medical coverage from:

*“contribut[ing] up to a maximum of \$502 per month for EBDA retirees and their eligible dependents enrolled in the employer sponsored health plan. The fixed employer contribution includes the PEMHCA [Public Employees' Medical and Hospital Care Act] minimum. The minimum qualification for retiree health benefits is five years of continual employment.”*

To:

*“... EBDA will issue a quarterly reimbursement to the retiree for eligible medical premiums less the required PEMHCA employer contribution paid directly to CalPERS.*

*Employees hired before January 1, 2013 who retire from EBDA with a minimum of five (5) years of service:*

- *Up to 100% of Kaiser one-party member rate, including PEMHCA rate*

*Employees hired on or after January 1, 2013 who retire from EBDA with a minimum of (10) years of CalPERS service and at least (5) years at EBDA:*

- *Up to 50% of Kaiser one-party member rate, increasing 5% for each additional year of CalPERS service, up to 100% at 20 years.”*

As part of the Commission's deliberation on the proposed changes, staff noted the near-term actual cost in benefits of moving from the current PEMHCA-only system to a plan covering the premium would be \$678 per month. For FY 2024/2025, this amount was expected to be completely offset by a change in Medicare eligibility for a retiree's spouse.

Staff did not realize, however, that there were procedural requirements that needed to be met prior to the approval of other post-employment benefit (OPEB) changes. Specifically, under Government Code §7507(b), local legislative bodies, including the Commission, who wish to make changes to public retirement plan benefits or OPEB, must meet the

following requirements:

1. **Obtain an Actuarial Impact Report:** Secure the services of an actuary to provide a statement of the actuarial impact upon future annual costs, including normal cost and any additional accrued liability, before authorizing changes in public retirement plan benefits or OPEB.
2. **Make the Future Costs Section of the Actuary's Report Public:** The future costs of changes in retirement benefits or other postemployment benefits, as determined by the actuary, shall be made public at a public meeting at least two (2) weeks prior to the adoption of any changes in public retirement plan benefits or OPEB.
3. **Actuary's Presence During Second Public Meeting:** If the future costs of the proposed changes to the public retirement plan benefits or OPEB exceed .05% of the future annual costs of the existing benefits, an actuary must be present to provide information (as needed) at the public meeting at which the adoption of the public retirement plan benefits or OPEB is being considered.
4. **Written Acknowledgement by the person with the responsibilities of a Chief Executive Officer (CEO) at the Commission:** If there is an adoption of a benefit change related to public retirement plan benefits or OPEB, the person with the responsibilities of a CEO in the entity providing the benefit, shall acknowledge in writing that they understand the current and future cost of the benefits as determined by the actuary.

No changes to OPEB payments to EBDA retirees had yet been made when this issue was discovered. Retirees will continue to receive benefits consistent with the prior language until such time as the Commission re-approves the new benefit.

### **Discussion**

Staff engaged [Foster and Foster Actuaries and Consultants](#) to perform the actuarial assessment of the new OPEB benefits. A letter summarizing their analysis is attached. While the actual cost of benefits next year is expected to be negligible, the actuarial analysis illustrates that there is a long-term cost to the proposed change. For next year, the Actuarially Defined Contribution (ADC) to fully fund the trust goes from \$26,040 to \$73,116 – an increase of \$47,076. Staff notes that the ADC is paid annually, but that it is likely to fluctuate year to year as asset performance and premium costs vary.

Per Policy 1.2 Finance - Other Post-Employment Benefits (OPEB), EBDA's funded ratio target for the OPEB trust shall be 80% or higher. Over the past several years, EBDA's trust has been over 100% funded, and the Authority has taken annual disbursements to cover benefits. The Commission will review the Policy and funding target this Spring. Following that review, an appropriate disbursement or payment for this year can be estimated to achieve the desired funding target.

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Because EBDA is a small agency with very few active staff and retirees, any changes in individuals' status can significantly affect EBDA's costs. The Benefit Projection graph in Foster and Foster's analysis illustrates recent fluctuations and projections under the existing and new benefits schemes. The decrease in 2025 is the result of participants becoming eligible for Medicare.

EBDA's actuary will be present at the December 19 Commission meeting to answer any questions on the attached analysis. Pending direction from the Commission, consideration of the new benefits will be placed on the January 2025 Commission agenda, and EBDA's actuary would once again be present, consistent with Government Code §7507(b).

December 12, 2024

Jacqueline Zipkin  
General Manager  
**East Bay Dischargers Authority**  
2651 Grant Ave.  
San Lorenzo, CA 94580-1841

**Re: Proposed Retiree Medical Plan Benefit Change**

Dear Ms. Zipkin:

East Bay Dischargers Authority (Authority) has requested that Foster & Foster provide an actuarial opinion regarding the impact of proposed changes related to retiree healthcare benefits in order to comply with California Government Code Section 7507. Section 7507 requires governmental agencies:

- Obtain an actuarial statement of the impact of retiree healthcare benefit changes on future annual costs, including the Normal Cost and the Actuarial Accrued Liability, before authorizing the benefit change.
- Provide this information at a public meeting at least two weeks prior to the adoption of the benefit change. The adoption of the benefit change should not be placed on a consent calendar.
- Have the actuary present at the public meeting if the future annual costs of the benefit change exceed 0.5% of the future annual costs of the current plan.
- Have an Authority representative with the responsibilities of chief executive officer acknowledge in writing that he or she understands the future annual cost impact of the benefit change.

**Current Benefits**

The Authority provides healthcare benefits to its retirees through CalPERS PEMHCA<sup>1</sup> program. The Authority pays retiree and their eligible dependent premiums up to \$502/month<sup>2</sup>. In addition, two retirees are entitled to full reimbursement of their Kaiser medical premiums for as long as the retiree or surviving spouse lives. An administrative support specialist is a part-time position eligible for prorated benefits.

**Proposed Benefits**

*Current Retirees and Employees hired on or prior to 1/1/2013 (Tier 1)*

Employees who retire directly from the Authority with at least 5 years of Authority service are eligible for benefits. The cap will change to 100% of the PEMHCA Kaiser Region 1 Basic single premium. For 2023, the cap is \$913.74/month. Benefits for the two retirees that are entitled to full reimbursement of their Kaiser medical premiums will not change.

*Current and Future Employees<sup>3</sup> hired after 1/1/2013 (Tier 2)*

Employees who retire directly from the Authority with at least 5 years of Authority service and at least 10 years of CalPERS service are eligible for benefits. The Authority cap is a percentage of the PEMHCA Kaiser Region 1 Basic single premium. The percentage is based on years of CalPERS service including service earned with other CalPERS agencies. For service and disability retirees, the percentage starts at 50% with 10 years of CalPERS service, increasing 5% for each additional year of CalPERS service, and reaches 100% after 20 years of CalPERS service. An administrative support specialist is eligible for prorated benefits.

Retirees with less than 5 years of Authority service (and 10 years of CalPERS service if hired after 1/1/2013) are eligible for the PEMHCA minimum benefit only (\$151 for 2023).

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<sup>1</sup> CalPERS medical program: Public Emloyees' Medical and Hospital Care Act.

<sup>2</sup> Assumed to increase by 3% annually in the last actuarial valuation.

<sup>3</sup> All current retirees were hired prior to 1/1/2013.



## Analysis

The impact of the benefit change is calculated based on the June 30, 2023 actuarial OPEB valuation assuming June 30, 2023 effective date for the benefit change.

### *Current Participants*

The table below shows the estimated impact on the Authority's June 30, 2023 Actuarial Obligations and the 2024/25 Actuarially Determined Contribution based on the June 30, 2023 actuarial valuation. Assumptions used in that valuation are summarized in the full actuarial valuation report and include a 6.25% discount rate, which represents the expected long-term net rate of return on OPEB trust assets.

### Impact of Proposed Benefit Change

	Current Benefit	Proposed Benefit	Change	Percent Change
■ <b>Present Value of Projected Benefits (PVB)</b>	\$845,590	\$1,205,240	\$359,650	43%
■ <b>Funded Status</b>				
• Actuarial Accrued Liability (AAL)	691,704	948,828	257,124	37%
• Actuarial Value of Assets (AVA)	<u>686,189</u>	<u>686,189</u>	<u>-</u>	<u>-</u>
• Unfunded Actuarial Accrued Liability (UAAL)	5,515	262,639	257,124	4662%
• Funded Percentage	99%	72%	(27)%	(27)%
■ <b>2024/25 Actuarially Determined Contribution (ADC)</b>				
• Authority Normal Cost	25,343	39,932	14,589	58%
• Amortization of UAAL	<u>697</u>	<u>33,184</u>	<u>32,487</u>	<u>4661%</u>
• Actuarially Determined Contribution	26,040	73,116	47,076	181%
■ <b>Projected Payroll</b>	653,922	653,922	-	-
■ <b>ADC as a Percent of Projected Payroll</b>	4.0%	11.2%	7.2%	181%

The **Present Value of Projected Benefits (PVB)** is the present value of expected benefits for active employees and retirees on the valuation date. If the OPEB trust has assets equal to the PVB, it would be sufficient to pay for all benefits for active employees and retirees on the valuation date if all actuarial assumptions are realized. The proposed benefit change would increase PVB on June 30, 2023 by \$359,650.

The **Actuarial Accrued Liability (AAL)** is the portion of the PVB allocated to past Authority service. This is generally considered the funding target at any point in time. The proposed benefit change would increase the AAL on June 30, 2023 by \$257,124.

The **Actuarial Value of Assets (AVA)** is set to market value of assets.

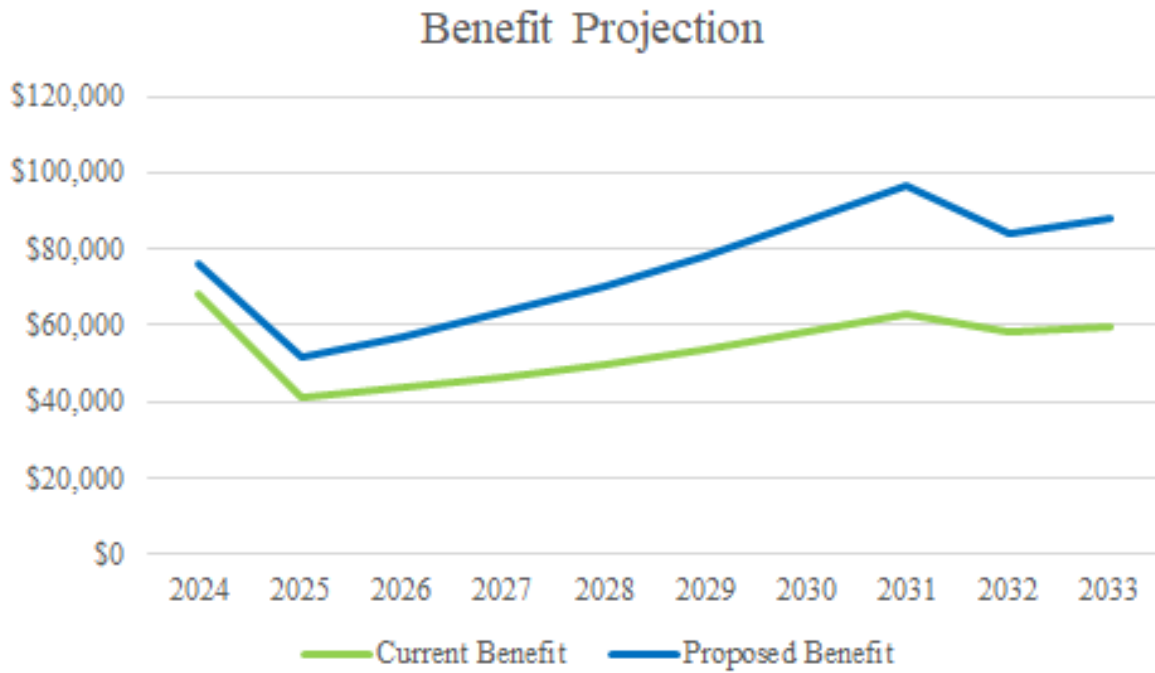
The **Unfunded Actuarial Accrued Liability (UAAL)** is the difference between the AAL and AVA. The proposed benefit change would increase the UAAL by \$257,124, the same change as for the AAL. The **Funded Percentage** is the portion of the AAL that is funded by the AVA. The proposed benefit change would decrease the projected Funded Percentage on June 30, 2023 from 99% to 72%.

The **Actuarially Determined Contribution (ADC)** consists of the Authority Normal Cost plus an amount to amortize the Unfunded Actuarial Accrued Liability. The Normal Cost is the cost of benefits deemed earned or accrued in a given year.

The June 30, 2023 Unfunded Actuarial Accrued Liability was amortized as a level percent of payroll over a fixed 10-year period. The proposed benefit change is expected to increase the Authority's ADC by \$47,076 or 7.2% of projected employee payroll.



We understand the Authority’s intent is to fund these benefits through the CERBT OPEB trust. Funding benefits through the trust means the Authority’s cash outlay for OPEB is measured by the ADC above. The projected impact on benefits paid to retirees is as follows:







### ***Conclusion***

The Authority's actuarial cost would increase due to the proposed benefit changes.

Foster & Foster is not a law firm and we are not qualified to render a legal opinion.

Information provided in this report is for the Authority's management purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the assumptions; changes in assumptions; changes expected as part of the natural progression of the plan; and changes in plan provisions or applicable law. Actuarial models necessarily rely on the use of estimates and are sensitive to changes. Additionally, due to the relatively small number of participants (4 active employees and 6 retirees), future results may vary significantly. Small variations in estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of such measurements.

Our calculations are based on Plan provisions and participant data provided by the Authority and asset information provided by the CERBT as summarized in this letter and our June 30, 2023 actuarial valuation report. We relied on the provided data and did not audit it. We reviewed the participant data for reasonableness.

The project team preparing this report includes Doug Pryor, Kateryna Pryor and Joseph Herm.

This study was conducted using generally accepted actuarial principles and practices. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

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Doug Pryor, ASA, EA, MAAA  
Foster & Foster, Inc.

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Kateryna Pryor, ASA, MAAA  
Foster & Foster, Inc.

c: Juanita Villasenor, East Bay Dischargers Authority

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