



ITEM NO. 10

FINANCIAL MANAGEMENT COMMITTEE AGENDA

Wednesday, March 19, 2025

12:30 PM

**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 February 2025**
(The Committee will review the List of Disbursements.)
- FM5. Treasurer's Reports for February 2025**
(The Committee will review the Treasurer's Report.)
- FM6. Second Quarter Expense Summary, Fiscal Year 2024/2025**
(The Committee will review the FY 2024/2025 second quarter expenses.)
- FM7. CalPERS Pension Fund Status Update**
(The Committee will review the status of the Authority's pension plan.)
- FM8. CERBT Fund Status Update**
(The Committee will review the status of the Authority's OPEB trust.)
- FM9. Preliminary Budget Considerations**
(The Committee will provide feedback to staff on considerations for the FY 2025/2026 Budget.)
- FM10. Motion Authorizing the General Manager to Approve an Engagement of Legal Services with Duane Morris LLP for Specialized Legal Services**
(The Committee will consider the motion.)
- FM11. 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

Agenda Explanation
East Bay Dischargers Authority
Financial Management Committee
March 17, 2025

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.

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**Next Scheduled Financial Management Committee is
Monday, April 14, 2025**

EAST BAY DISCHARGERS AUTHORITY
List of Disbursements
February 2025

Check #	Payment Date	Invoice #	Vendor Name	Description	Invoice Amount	Disbursement Amount
26715	02/28/2025	7062	ORO LOMA SANITARY DISTRICT	OLEPS O&M, ADMIN BUILDING, SKYWEST - NOV	25,852.90	51,561.95
26715	02/28/2025	7072	ORO LOMA SANITARY DISTRICT	OLEPS O&M, ADMIN BUILDING, SKYWEST - DEC	25,709.05	
26706	02/14/2025	3159	UNION SANITARY DISTRICT	UEPS O&M, PG&E, FM MAINTENANCE - DEC	41,420.26	41,420.26
26702	02/14/2025	3451	LAVWMA	FY 2023/2024 FINAL INVOICE	37,246.33	37,246.33
26711	02/28/2025	399676	CITY OF SAN LEANDRO	MDF O&M, EFFLUENT MONITORING, FM MAINTENANCE - DEC	25,166.11	25,166.11
26698	02/14/2025	INV-0000431549	BLACKBAUD	FE NXT ACCTG SOFTWARE SUBSCRIPTION	14,987.10	14,987.10
26718	02/28/2025	18054	REGIONAL GOVERNMENT SERVICES	MANAGEMENT AND ADMINISTRATIVE SERVICES	9,820.77	9,820.77
26697	02/14/2025	NO. 3	AZYURA	WATERBITS HOSTING, REPORTING AND DATA MANAGEMENT	8,750.00	8,750.00
26717	02/28/2025	13894	REDWOOD PUBLIC LAW, LLP	LEGAL SERVICES	5,920.44	5,920.44
26707	02/28/2025	20210105.02	ASCENT ENVIRONMENTAL, INC	CONSULTING SERVICES - CARGILL CEQA	3,656.25	3,656.25
26708	02/28/2025	58386	CALCON	OPS CENTER SCADA O&M MANUAL & NETWORK SECURITY	1,962.00	2,644.00
26708	02/28/2025	58387	CALCON	SKYWEST TROUBLESHOOT PLC POND VALVE ISSUE	682.00	
26712	02/28/2025	JUL-DEC 2024	LINDA M. ADAMS	HEALTH PREMIUM REIMBURSEMENT	2,365.80	2,365.80
26703	02/14/2025	222964	MEYERS NAVE	LEGAL SERVICES - BRINE PROJECT	2,345.00	2,345.00
26714	02/28/2025	JUL-DEC 2024	MICHAEL S. CONNOR	HEALTH PREMIUM REIMBURSEMENT	1,700.16	1,700.16
26699	02/14/2025	52205708	CITY OF HAYWARD	EMPLOYEE BENEFIT PROGRAMS - FEB	1,377.18	1,377.18
26719	02/28/2025	0916255	VINCENT ELECTRIC MOTOR CO	HEPS EFFLUENT PUMP REPLACEMENT	1,045.00	1,045.00
26700	02/14/2025	398790	CITY OF SAN LEANDRO	MDF CUPA ANNUAL HAZARDOUS MATERIALS & WASTE FEE	804.00	804.00
26709	02/28/2025	727048	CALTEST	LAB TESTING SERVICES	653.24	653.24
26705	02/14/2025	4246-0445-5568-7627	U.S. BANK	PURCHASING CARD EXPENSES	652.64	652.64
26713	02/28/2025	12029	MBC CUSTODIAL SERVICES INC	JANITORIAL SERVICES - FEB	208.00	338.00
26713	02/28/2025	12057	MBC CUSTODIAL SERVICES INC	JANITORIAL SERVICES - JAN	130.00	
26704	02/14/2025	CDE_001026719	RINGCENTRAL INC	DIGITAL PHONE SERVICE	210.79	210.79
26716	02/28/2025	3107091610	PITNEY BOWES INC	DIGITAL MAILING SYSTEM QUARTERLY LEASE CHARGE	150.55	150.55
26701	02/14/2025	57694	COMPUTER COURAGE	WEBSITE HOSTING	150.00	150.00
26710	02/28/2025	43000006-CAL	CALTRONICS	COPIER USAGE AND MAINTENANCE	142.59	142.59
					213,108.16	213,108.16
				ELECTRONIC PAYMENTS		
	02/10/2025	100000017800607	CALPERS	HEALTH PREMIUMS - FEB	8,319.94	8,319.94
	02/03/2025	100000017769788	CALPERS	PENSION CONTRIBUTION, CLASSIC 1/16 - 31/2025	5,877.93	5,877.93
	02/19/2025	100000017797507	CALPERS	PENSION CONTRIBUTION, CLASSIC 2/01 - 15/2025	5,877.93	5,877.93
	02/04/2025	6267814	MISSION SQUARE	DEFERRED COMPENSATION CONTRIBUTION 1/31/2025	2,281.89	2,281.89
	02/19/2025	6603275	MISSION SQUARE	DEFERRED COMPENSATION CONTRIBUTION 2/15/2025	2,281.89	2,281.89
	02/19/2025	1002368909	STATE COMPENSATION INSURANCE FUND	WORKERS COMPENSATION PREMIUM - JAN	893.00	893.00
	02/18/2025	51048304397166	AT&T	MDF TELEPHONE SERVICE	403.73	403.73

EAST BAY DISCHARGERS AUTHORITY
List of Disbursements
February 2025

Check #	Payment Date	Invoice #	Vendor Name	Description	Invoice Amount	Disbursement Amount
	02/05/2025	2502301198	INTERMEDIA.NET INC	EMAIL EXCHANGE HOSTING	91.36	91.36
	02/18/2025	6104939545	VERIZON WIRELESS	WIRELESS PHONE SERVICE	63.79	63.79
				TOTAL ELECTRONIC PAYMENTS	26,091.46	26,091.46
				PAYROLL		
	02/27/2025		ADP, LLC	PAYROLL PERIOD: 2/16-28/2025	27,675.02	27,675.02
	02/13/2025		ADP, LLC	PAYROLL PERIOD: 2/01-15/2025	24,463.02	24,463.02
	02/07/2025		ADP, LLC	PAYROLL FEES, 1/16-31/2025	105.74	105.74
	02/21/2025		ADP, LLC	PAYROLL FEES, 2/01-15/2025	90.94	90.94
	02/26/2025		ADP, LLC	PAYROLL FEES, TAX REPORTING	27.80	27.80
				TOTAL PAYROLL	52,362.52	52,362.52
				TOTAL DISBURSEMENTS	291,562.14	291,562.14

ITEM NO. FM5 TREASURER'S REPORT FOR FEBRUARY 2025

The cash balance as of February 28, 2025 is \$5,262,474.96. EBDA's LAIF balance is \$1,344,893.94, and the average monthly effective yield for February is 4.333%. EBDA's CAMP balance is \$1,622,883.38, and CAMP's 7-day yield is 4.48%.

Approval is recommended.

EAST BAY DISCHARGERS AUTHORITY

TREASURER'S REPORT

February 2025

FUND	FUND DESCRIPTION	BEGINNING CASH BALANCE	DEBITS (INCREASE)	CREDITS (DECREASE)	ENDING CASH BALANCE
12	OPERATIONS & MAINTENANCE	\$ 2,020,597	\$ 459,476	\$ 278,598	\$ 2,201,476
13	PLANNING & SPECIAL STUDIES	\$ 315,546	\$ 205,960	\$ -	\$ 521,506
14	RECLAMATION O & M (SKYWEST)	\$ 55,888	\$ 9,000	\$ 4,117	\$ 60,771
15	BRINE ACCEPTANCE	\$ 128,479	\$ -	\$ 6,001	\$ 122,478
31	RENEWAL & REPLACEMENT	\$ 2,352,842	\$ 6,249	\$ 2,846	\$ 2,356,244
TOTALS		\$ 4,873,352	\$ 680,685	\$ 291,562	\$ 5,262,475
Ending Balance per STR					\$ 5,262,475

Feb-25

3/5/2025

SUPPLEMENTAL TREASURER'S REPORT

DATE	TRANSACTION	RECEIPT	DISBURSEMENT CHECKING	PAYROLL	PAYROLL TRANSFER	FREMONT	LAIF	CAMP	WELLS FARGO CHECKING BALANCE	WELLS FARGO PAYROLL BALANCE	FREMONT CHECKING BALANCE	LAIF BALANCE	CAMP BALANCE	TOTAL CASH
01/31/25	BALANCE								1,891,808.09	19,915.65	100.00	1,344,893.94	1,616,634.34	4,873,352.02
02/03/25	DIVIDENDS	6,249.04						6,249.04	1,891,808.09	19,915.65	100.00	1,344,893.94	1,622,883.38	4,879,601.06
02/03/25	ELECTRONIC BILL PAY		5,877.93						1,885,930.16	19,915.65	100.00	1,344,893.94	1,622,883.38	4,873,723.13
02/03/25	ELECTRONIC BILL PAY		2,281.89						1,883,648.27	19,915.65	100.00	1,344,893.94	1,622,883.38	4,871,441.24
02/04/25	DEPOSIT - CSL	179,484.55							2,063,132.82	19,915.65	100.00	1,344,893.94	1,622,883.38	5,050,925.79
02/05/25	ELECTRONIC BILL PAY		91.36						2,063,041.46	19,915.65	100.00	1,344,893.94	1,622,883.38	5,050,834.43
02/05/25	PAYROLL TRANSFER				100,000.00				1,963,041.46	119,915.65	100.00	1,344,893.94	1,622,883.38	5,050,834.43
02/07/25	DEPOSIT - CITY OF HAYWARD	494,943.49							2,457,984.95	119,915.65	100.00	1,344,893.94	1,622,883.38	5,545,777.92
02/07/25	PAYROLL FEES			105.74					2,457,984.95	119,809.91	100.00	1,344,893.94	1,622,883.38	5,545,672.18
02/10/25	ELECTRONIC BILL PAY		8,319.94						2,449,665.01	119,809.91	100.00	1,344,893.94	1,622,883.38	5,537,352.24
02/13/25	PAYROLL			24,463.02					2,449,665.01	95,346.89	100.00	1,344,893.94	1,622,883.38	5,512,889.22
02/14/25	DISBURSEMENT		107,943.30						2,341,721.71	95,346.89	100.00	1,344,893.94	1,622,883.38	5,404,945.92
02/18/25	ELECTRONIC BILL PAY		403.73						2,341,317.98	95,346.89	100.00	1,344,893.94	1,622,883.38	5,404,542.19
02/18/25	ELECTRONIC BILL PAY		63.79						2,341,254.19	95,346.89	100.00	1,344,893.94	1,622,883.38	5,404,478.40
02/19/25	ELECTRONIC BILL PAY		5,877.93						2,335,376.26	95,346.89	100.00	1,344,893.94	1,622,883.38	5,398,600.47
02/19/25	ELECTRONIC BILL PAY		2,281.89						2,333,094.37	95,346.89	100.00	1,344,893.94	1,622,883.38	5,396,318.58
02/19/25	ELECTRONIC BILL PAY		893.00						2,332,201.37	95,346.89	100.00	1,344,893.94	1,622,883.38	5,395,425.58
02/21/25	PAYROLL FEES			90.94					2,332,201.37	95,255.95	100.00	1,344,893.94	1,622,883.38	5,395,334.64
02/24/25	WIRE TRANSFER - FREMONT					1,000,000.00			1,332,201.37	95,255.95	1,000,100.00	1,344,893.94	1,622,883.38	5,395,334.64
02/26/25	DEPOSIT	8.00							1,332,209.37	95,255.95	1,000,100.00	1,344,893.94	1,622,883.38	5,395,342.64
02/26/25	PAYROLL FEES			27.80					1,332,209.37	95,228.15	1,000,100.00	1,344,893.94	1,622,883.38	5,395,314.84
02/27/25	PAYROLL			27,675.02					1,332,209.37	67,553.13	1,000,100.00	1,344,893.94	1,622,883.38	5,367,639.82
02/28/25	DISBURSEMENT		105,164.86						1,227,044.51	67,553.13	1,000,100.00	1,344,893.94	1,622,883.38	5,262,474.96
	TOTAL	680,685.08	239,199.62	52,362.52	100,000.00			6,249.04						
	CURRENT BALANCE								1,227,044.51	67,553.13	1,000,100.00	1,344,893.94	1,622,883.38	5,262,474.96

Reconciliation - 2/28/2025

① Bank Statement Balance	\$1,341,089.37
Less: Outstanding Checks	114,044.86
	<u>\$1,227,044.51</u>
② Payroll Bank Statement	\$ 67,553.13
③ Fremont Bank	\$1,000,100.00
Less: Outstanding Checks	-
	<u>\$1,000,100.00</u>
④ LAIF Statement	\$1,344,893.94
⑤ CAMP Statement	\$1,628,500.96
Less: Accrual Income Dividend	5,617.58
	<u>\$1,622,883.38</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 SECOND QUARTER EXPENSE SUMMARY, FISCAL YEAR 2024/2025

Recommendation

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

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 Second 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 second quarter, EBDA's spending is just slightly over budget, with 54% spent at 50% 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 half of the fiscal year, 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. 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 DECEMBER 31, 2024 (50% of YEAR)

	YTD Expenses	Budget	Revenues Cargill, Grant, & Skywest	Variance	% of Budget	Explanations for Variance Over 10%
O&M EFFLUENT DISPOSAL						
General Administration	\$762,069	\$1,571,346		(\$809,277)	48%	
Outfall & Force mains	\$49,595	\$220,000		(\$170,405)	23%	Billing expected to catch up to services next quarter.
Marina Dechlor Facility	\$123,277	\$310,000		(\$186,723)	40%	
Oro Loma Pump Station	\$229,558	\$650,000		(\$420,442)	35%	This year has been relatively dry, and budget assumes more electricity for pumping.
Hayward Pump Station	\$89,590	\$194,000		(\$104,410)	46%	
Union Pump Station	\$241,186	\$465,000		(\$223,814)	52%	
Bay & Effluent Monitoring	\$587,136	\$772,494		(\$185,358)	76%	BACWA annual dues paid for FY and higher sodium hypochlorite was used for disinfection than anticipated.
TOTAL O&M EFFLUENT DISPOSAL	\$2,082,412	\$4,182,840	\$0	(\$2,100,428)	50%	
SPECIAL PROJECTS						
NPDES Permit Fees	\$695,490	\$707,899		(\$12,409)	98%	Annual fees paid.
NPDES Permit Issues	\$36,268	\$100,000		\$36,268	36%	Expenses associated with Nutrients Watershed Permit. Petition is now in abeyance.
Regional Monitoring Program	\$141,892	\$293,778		(\$151,886)	48%	
Alternative Monitoring and Reporting	\$16,805	\$33,609		(\$16,805)	50%	
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%	Costs will be incurred later in the fiscal year. All costs will be reimbursed by EPA.
Biosolids Feasibility Study	\$0	\$100,000		(\$100,000)	0%	Costs will be incurred later in the fiscal year.
Bruce Wolfe Memorial	\$1,000	\$1,000		\$0	100%	Annual fees paid.
TOTAL SPECIAL PROJECTS	\$1,270,958	\$1,816,185	\$0	(\$445,227)	70%	
TOTAL AGENCY-FUNDED PROGRAMS	\$3,353,370	\$5,999,025	\$0	(\$2,645,655)	56%	
WATER RECYCLING						
Skywest Golf Course	\$22,656	\$36,000	\$23,513		63%	High cost of sodium hypochlorite, equipment repairs made at the golf course
TOTAL WATER RECYCLING	\$22,656	\$36,000	\$23,513		63%	
BRINE ACCEPTANCE						
Brine Acceptance	\$28,813	\$200,000	\$28,813			All work performed is reimbursed by Cargill.
TOTAL BRINE ACCEPTANCE	\$28,813	\$200,000	\$28,813			
TOTAL ALL PROGRAMS	\$3,404,838	\$6,235,025	\$52,325	(\$2,882,513)	54%	

East Bay Dischargers Authority

EXPENSE SUMMARY BY ACCOUNT

FY 2024/2025 THROUGH DECEMBER 31, 2024 (50% OF YEAR)

	YTD Expenses	Budget	Revenues Cargill, Grant, & Skywest	Variance	% of Budget	Explanations for Variance Over 10%
4010 - Salary	\$314,787	\$684,820	\$6,563	(\$376,596)	45%	
4020 - Benefits	\$150,222	\$315,100		(\$164,878)	48%	
4030 - Commissioner Compensation	\$19,833	\$45,000		(\$25,167)	44%	
4070 - Insurance	\$83,793	\$88,000	\$5,000	(\$9,207)	90%	Annual policy premiums paid in first half of year.
4080 - Memberships & Subscriptions	\$167,052	\$170,528		(\$3,476)	98%	BACWA annual dues paid for FY.
4100 - Supplies, Variable	\$281,462	\$380,000		(\$98,538)	74%	More sodium hypochlorite was used for disinfection than anticipated.
4100 - Supplies, Fixed	\$2,166	\$12,000		(\$9,834)	18%	Deferred replacement of several computers.
4110 - Contract Services	\$25,210	\$78,898		(\$53,688)	32%	Some contract services have been billed to capital projects.
4120 - Professional Services	\$408,045	\$1,070,297	\$27,247	(\$689,499)	36%	Nutrients permit legal fees less than budgeted, no costs incurred for nature-based solutions or biosolids study this fiscal year to date.
4140 - Rents & Fees	\$977,724	\$984,787	\$1,500	(\$8,563)	99%	Annual fees paid.
4141 - NPDES Fines	\$0	\$9,000		(\$9,000)	0%	Reserve funds in case of enforcement.
4150 - Maintenance & Repair	\$306,622	\$897,000	\$10,516	(\$600,893)	33%	This year has been relatively dry, and budget assumes more electricity for pumping.
4160 - Monitoring	\$254,011	\$564,595	\$1,500	(\$312,084)	45%	
4170 - Travel	\$5,584	\$18,000		(\$12,416)	31%	Additional travel will take place later in the year.
4191 - Utility, Variable	\$407,130	\$917,000		(\$509,870)	44%	
4210 - Other	\$1,197	\$0		\$1,197	0%	Various fees charged (ADP, Benefit Programs, Bank)
TOTAL ALL ACCOUNTS	\$3,404,838	\$6,235,025	\$52,325	(\$2,882,513)	54%	

ITEM NO. FM7 CALPERS PENSION FUND STATUS UPDATE

Recommendation

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

Strategic Plan Linkage

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

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 Exercise of 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. This report provides information on the current status of the Authority’s pension fund.

Discussion

As noted above, the 2020 payment was calculated based on reaching a target of 95% funded. June 30, 2023 represents the most recent formal valuation; EBDA’s CalPERS actuary has provided projected values for June 30, 2025.

	Actuarial Valuation as of June 30, 2023	Projected June 30, 2025 (assuming 6.80% rate of return)
Accrued Liability	\$5,499,031	\$6,049,400
Plan’s Market Value of Assets	\$4,707,411	\$5,303,500
Unfunded Accrued Liability (UAL)	\$791,620	\$745,900
Funded Ratio	85.6%	87.7%

Because rates of return are quite volatile at the moment, staff does not recommend making an additional discretionary payment this year. EBDA’s required Employer Unfunded Accrued Liability (UAL) Contribution Amount for FY 2025/2026 is \$44,426. The FY 2025/2026 Employer Normal Cost is 14.18%. EBDA does not subsidize employee contributions.

Though most of the Authority’s retirees and staff are CalPERS’ “Classic” Plan members, EBDA also has a PEPRA (Public Employees’ Pension Reform Act) pension fund. As of June 30, 2023, the required UAL payment for that fund is \$252 and the funded ratio was 91.8%.

ITEM NO. FM8 CERBT FUND STATUS UPDATE

Recommendation

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

Strategic Plan Linkage

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

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. This report provides information on the current funded status of the Authority’s CERBT Fund for OPEB liabilities.

Discussion

As part of the analysis of revised benefits that were approved by the Commission in January 2025, the Authority’s actuary, Foster & Foster, provided the following estimates based on a June 30, 2023 actuarial valuation:

CERBT Account Summary as of June 30, 2023	
Accrued Actuarial Liability	\$948,828
Accumulated assets in the CERBT fund	\$686,189
Net OPEB Liability	\$262,639
Funded Ratio	72%
Current Asset Allocation Strategy Selection	CERBT Strategy 1

The Authority’s Actuarial Determined Contribution (ADC), taking into account normal cost and the amortized cost of the unfunded liability, is \$73,116. For the past three years, the Authority has taken disbursements from the CERBT account to reimburse the Authority for retiree medical payments, including subsidized premiums. The Commission previously recommended that the Authority “true up” at the end of each fiscal year to reach the intended funding target, taking into consideration disbursements.

This year's disbursement would be approximately \$45,482 for retiree health reimbursements made by the Authority, including the implicit subsidy allowed by CalPERS. Because the Funded Ratio is currently below the Authority's target, staff is recommending foregoing a reimbursement this year. The Committee may consider recommending that the Authority contribute the difference between the ADC and the disbursement amount, or \$27,634.

Staff will continue to monitor and report on the funding status each year and recommend to the Commission disbursement and/or contribution amounts required to approach the funding target.

ITEM NO. FM9 PRELIMINARY BUDGET CONSIDERATIONS

Recommendation

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

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 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.

A complete draft budget for FY 2025/2026 will be presented for the Committee's consideration in April 2025, with a goal of Commission adoption in May 2025.

Discussion

Staff expects the FY 2025/2026 to be very similar to the FY 2024/2025 budget total, with slight increases as discussed below. Staff notes the following considerations:

- Labor and benefits assumptions are presented for the Personnel Committee's review in Item No. P6. Staff is assuming a 2.4% cost of living adjustment for salaries. Overall, salary and benefits costs are expected to increase by approximately 6%.
- The State Water Resources Control Board is currently expecting to increase National Pollutant Discharge Elimination System (NPDES) Permit Fees by 1.5%. This is significantly less than the 8.8% and 11.8% increases implemented in prior years. The SWRCB continues refining their fee schedule each year until August, and fee increases could go up or down in that time. Staff is assuming the 2% for now and will keep the Commission apprised of changes.
- As discussed with the Committee last month, the Authority's Pooled Liability and Property Insurance premiums are increasing by 20% and 9%, respectively.
- PG&E costs are expected to continue to increase.
- As noted in Item No. FM6, use of sodium hypochlorite (hypo) for disinfection has

increased over the past year as staff works to prevent fecal coliform exceedances. Given that the cost of the chemical has also been rising, staff plans to increase EBDA's hypo budget for next year.

- Staff is not recommending any new Special Studies at this time.

ITEM NO. FM10 MOTION AUTHORIZING THE GENERAL MANAGER TO APPROVE AN ENGAGEMENT OF LEGAL SERVICES WITH DUANE MORRIS LLP FOR SPECIALIZED LEGAL SERVICES

Recommendation

Approve the motion authorizing an engagement of legal services with Duane Morris LLP.

Strategic Plan Linkage

1. **Regulatory Compliance:** Proactively meet or exceed regulatory requirements for protection of the environment and public health.
 - a. Represent EBDA and the Member Agencies' interests by preemptively engaging in development of emerging regulations and permits and advocating for reasonable, science-based decisions.
 - b. Maintain consistent compliance with EBDA's National Pollutant Discharge Elimination System (NPDES) Permit.
3. **Financial:** Develop financial strategies and practice sound fiscal management to ensure wise use of ratepayers' resources.
 - b. Identify and manage opportunities for revenue generation.

Background

EBDA first selected Meyers Nave in March 2010 through a competitive bidding process to replace its retiring General Counsel. In addition to General Counsel services, Meyers Nave assisted EBDA with other legal expertise, including on issues related to NPDES compliance and CEQA and contractual matters related to the proposed Cargill project.

In March 2024, the Authority's General Counsel, Eric Casher, departed Meyers Nave and became a partner at Redwood Public Law. At that time, the Commission approved an engagement with Redwood Public Law enabling Mr. Casher to continue serving as General Counsel through his new firm.

At the same time, the Commission also approved a Letter of Engagement with Meyers Nave for specialized legal services related to NPDES permitting. Specifically, Meyers Nave's regulatory team, led by Greg Newmark, continued advising EBDA on the Cargill project as well as on reissuance of the Nutrients Watershed Permit. The same Meyers Nave team also supported BACWA in the Nutrients Watershed Permit negotiation, providing synergy and the ability to spread costs over multiple agencies.

Discussion

Greg Newmark informed EBDA staff that he was leaving Meyers Nave to become a partner at Duane Morris, LLP, effective February 18, 2025. To ensure consistency and minimal rework, and to ensure that EBDA can take advantage of Mr. Newmark's expertise going forward, staff is recommending that the Commission approve the attached Letter of Engagement with Duane Morris for continued support on Cargill contractual matters, the Nutrients Watershed Permit and associated petition filed by EBDA with the State

Water Resources Control Board, and other NPDES issues as may arise. Meyers Nave attorneys will continue to advise on California Environmental Quality Act (CEQA)-related matters on the Cargill project. Staff notes that all work related to Cargill is fully reimbursable.

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March 6, 2025

Jackie Zipkin, P.E.
General Manager
East Bay Dischargers Authority
2651 Grant Ave.
San Lorenzo, CA 94580

Re: Letter of Representation and Waiver of Conflicts of Interest

Dear Jackie:

I am pleased to announce that as of February 18, 2025, I have become a partner in the law firm of Duane Morris LLP (“Duane Morris” or “Firm”). Duane Morris comprises over 900 lawyers who provide a full range of legal services to clients on a national and international basis. For the convenience of our clients, the Firm, which is headquartered in Philadelphia, has offices in New York, London, Singapore, Chicago, Washington, DC, San Diego, San Francisco, Boston, Miami, Houston and Atlanta, as well as in Delaware, New Jersey, and Vietnam.

This will confirm that we have received your authorization to transfer East Bay Dischargers Authority’s (“EBDA”) files from Meyers Nave, P.C. to Duane Morris. I appreciate your confidence and look forward to continuing our working relationship at Duane Morris in assisting EBDA in connection with 1) administrative proceedings on adoption and appeal of Nutrient Watershed NPDES Permit (“NPDES Matter”) and 2) negotiation of an agreement with Cargill Inc. (“Cargill”) regarding proposed construction of a pipeline from Cargill’s Solar Salt Facility to EBDA’s deep water outfall to allow discharge of brine (“Cargill Pipeline Matter”) (collectively the “Matters”). Of course, Duane Morris will be pleased to assist EBDA with other water law and complex environmental issues as may arise in the future, subject to the Firm’s business intake and conflicts procedures.

As always, our objective is to provide EBDA with timely, cost-effective and highly professional legal services.

DUANE MORRIS LLP

865 SOUTH FIGUEROA STREET, SUITE 3100
LOS ANGELES, CA 90017-5450

PHONE: +1 213 689 7400 FAX: +1 213 689 7401

C:\Users\gnewmark\OneDrive - Duane Morris LLP\Documents\East Bay Dischargers Authority Engagement letter 03062025

Our fees are based on the time spent and the regular hourly rates of each attorney, paralegal and legal assistant performing services on EBDA's behalf. The hourly rates vary from person to person and are adjusted periodically (usually in January each year). We will be glad to provide you with a schedule of rates presently in effect for the lawyers and legal assistants who may be performing work for EBDA, if you so desire.

As we discussed, I will be primarily responsible for handling this Matter. My current hourly rate is \$675. To the extent possible, I will endeavor to have legal assistants, at lower rates, handle appropriate tasks.

EBDA is solely responsible for, and we will bill you for, all disbursements and out-of-pocket expenses made or incurred on EBDA's behalf. These expenses typically include such items as document reproduction, travel expenses, long distance telephone calls, mailing charges, messenger services, and filing fees. Please note, if we anticipate that substantial expenses will be incurred on EBDA's behalf, we will require that you pay the vendor directly and/or we may require a deposit from you in order to cover such expenses.

Our statements will be rendered monthly and are payable within 30 days. In the event that our statements are not timely paid, or that payment terms satisfactory to us are not established, we reserve the right to renegotiate the terms of this engagement, to terminate it and withdraw from this or any representation of EBDA, and/or to pursue our other remedies, including the right to charge you a late fee of up to 1% per month for any statement which has not been paid within 30 days after we sent it to you.

We are happy to discuss our billings with you at any time, expect that you will raise any questions promptly and welcome the opportunity to address any questions you may have.

Occasionally it is either necessary or desirable to disclose a client's name, and furtherance of the interests of the client may also require disclosure. In addition, the Firm would like to be able to identify EBDA on its list of representative clients. EBDA understands and agrees that the Firm may so identify EBDA.

Given the scope of our business and the scope of our client representations through our various offices in the United States and abroad, it is possible that some of our present or future clients have or will have matters (such as transactions, intellectual property matters, disputes, debtor/creditor matters and other matters) adverse to EBDA while we are representing EBDA. We understand that you have no objection to our representation of parties with interests adverse to EBDA and waive any actual or potential conflict of interest as long as those other engagements are not substantially related to our services to EBDA.

We agree, however, that your consent to, and waiver of, such representation shall not apply in any instance where, as a result of our representation of EBDA, we have obtained proprietary or other confidential information of a non-public nature, that, if known to such other client, could be used in any such other matter by such client to EBDA's material disadvantage or potential material disadvantage. By agreeing to this waiver of any claim of conflicts as to

matters unrelated to the subject matter of our services to EBDA, you also agree that we are not obliged to notify you when we undertake such a matter that may be adverse to EBDA.

Duane Morris, primarily through Roger Chari of the Firm's New York office, represents Cargill in commercial financing and other unrelated matters and expects to do so in the future. As required by the applicable ethics rules, this letter confirms that EBDA has been advised of and acknowledges the Firm's representation of Cargill in matters wholly unrelated to the Firm's representation of EBDA in these Matters and waives any actual or potential conflicts of interest that exist or might arise as a result of such representation. In the unlikely event of a dispute between EBDA and Cargill relating to the Cargill Pipeline Matter, Duane Morris will not represent EBDA or Cargill in any associated litigation or other adversarial proceeding (i.e., arbitration). EBDA further acknowledges that it will not use this representation as a basis to seek to disqualify the Firm from representing Cargill in any current engagement or future unrelated engagements. In addition, EBDA agrees that if this waiver were deemed ineffective or were rescinded by operation of law or otherwise, then EBDA's sole remedy would be for us to withdraw from the representation of EBDA.

Similarly, new lawyers frequently join our Firm. These lawyers may have represented parties adverse to EBDA while employed by other law firms or organizations. We assume, consistent with ethical standards, that you have no objection to our continuing representation of EBDA notwithstanding our lawyers' prior professional relationships.

This will also confirm that we are being engaged by, and will represent EBDA, and that we will not represent or be deemed to represent any parent, subsidiary or affiliated persons or entities, officers, directors, members, partners, shareholders or employees of EBDA. Further, there are no third party beneficiaries, intended or otherwise, in regard to our services.

Our present engagement does not include responsibility for review of EBDA's insurance policies to determine the possibility of any insurance coverage in connection with the circumstances of the Matter, for notification of EBDA's insurance carriers about the Matter, or for advice to EBDA about EBDA's disclosure obligations, if any, concerning the Matter under the federal securities laws or any other applicable law. In addition, to the extent applicable, our engagement does not include responsibility for the timely compliance by any U.S. business entity (or an entity registered to do business in the United States) with the U.S. federal Corporate Transparency Act (the "CTA"). As you may be aware, there are a number of challenges to the constitutionality of the CTA that are proceeding at various stages in courts across the country. Reporting entities should be vigilant in monitoring legal developments relating to the CTA. To confirm, however, you have not engaged our Firm to provide any advice or assistance in (a) determining whether the entity is exempt from the CTA's filing requirements; (b) preparing, filing or updating any reports such entity may be required to submit (from time to time) under the CTA, or (c) preparing, filing or updating any reports or similar filings that such entity may be required to submit under any state or local law – including the laws of the state of California, and we shall not provide such advice or assistance unless EBDA requests, and the Firm agrees, in writing, to undertake such an engagement.

It is important that EBDA provides complete and accurate information about the Matter we handle and provides prompt, complete and accurate responses to requests for information from us, so that we can properly and timely perform our work as counsel, and EBDA agrees that we shall rely on such information as provided. Statements we make concerning potential outcomes, legal issues, consequences of various courses of action and the like, reflect our professional judgment at the time but are not guarantees. Similarly, unless specifically stated otherwise, budgets and cost estimates reflect our judgment, based on information available at that time, of the likely costs and expenses reflected therein. Such budgets or estimates are not guarantees regarding the fees and expenses of a matter.

We will maintain the confidences of EBDA and our other clients in accordance with the rules of professional conduct. As a result, though we may have information from other matters or clients that EBDA may find useful or that may relate to your Matter, we will not share with you or use for your benefit that information.

The occasion might arise for us to consult, at our expense, with our Firm's own counsel (our General Counsel, other Firm lawyers working with our General Counsel or outside counsel) regarding our engagement for EBDA. To the extent that we are addressing our own rights or responsibilities, a conflict of interest might be deemed to exist between us and EBDA as to such consultation or resulting communications. EBDA consents to such consultation with our Firm's own counsel, agrees that such communications are subject to the Firm's attorney-client privilege and waives any claim of conflicts of interest based on such consultation.

Unless previously terminated, our representation of EBDA will terminate upon our sending you our final statement for services rendered in this Matter. Following such termination, any otherwise nonpublic information you have supplied to us which is retained by us will be kept confidential in accordance with applicable rules of professional conduct. At your request, your papers and property will be returned to you promptly upon receipt of payment of outstanding fees and costs. Our own files pertaining to the Matter will be retained by the Firm. These Firm files include, for example, Firm administrative records, time and expense reports, personnel and staffing materials, credit and accounting records, and internal lawyers' work products such as drafts, notes and internal memoranda. All such documents retained by the Firm will be transferred to the person responsible for administering our records retention program. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to destroy or otherwise dispose of any such documents or other materials retained by us within a reasonable time after the termination of the engagement.

We work closely with attorneys across the country in the Firm's other offices to provide a wide range of legal services to clients. Additional information regarding the Firm is available on our Web site at www.duanemorris.com. We encourage you to browse the site to learn more about Duane Morris.

Jackie Zipkin, General Manager
March 6, 2025
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DuaneMorris

If the foregoing is acceptable to you, please sign below in the space provided and return it to me. I greatly appreciate the privilege of representing EBDA and look forward to our continued relationship with my new firm.

Sincerely,

DUANE MORRIS LLP



Gregory J. Newmark
Partner

GJN

AGREED & ACCEPTED

EAST BAY DISCHARGERS AUTHORITY

By: __ Jackie Zipkin_____

Title: _General Manager_____

Date: _____

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