



**BOARD OF DIRECTORS
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

Notice of Time Change

**FINANCE/ADMINISTRATION
COMMITTEE**

Tuesday, May 27, 2025

9:30 a.m.

Boardroom

375 11th Street

Oakland, CA 94607

Notice is hereby given that the Tuesday, May 27, 2025 Finance/Administration Committee meeting of the Board of Directors has been rescheduled from 10:00 a.m. to 9:30 a.m. The meeting will be held in the Administration Building Boardroom at 375 11th Street, Oakland, California.

Dated: May 22, 2025



Rischa S. Cole

Secretary of the District

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**BOARD OF DIRECTORS
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 – 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

**AGENDA
Finance/Administration Committee
Tuesday, May 27, 2025
9:30 a.m.
Boardroom
375 11th Street
Oakland, CA 94607**

Committee Members: Directors Valerie D. Lewis {Chair}, Andy Katz, and Jim Oddie

***** Please see appendix for public participation instructions*****

ROLL CALL:

PUBLIC COMMENT: The Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

DETERMINATION AND DISCUSSION:

1. Monthly Investment Transactions Report (Skoda)
2. District Revenues, Expenses and Reserve Balances (Skoda)
3. Annual Investment Policy Review (Skoda)
4. Revisions to District Policies (Gardin)
5. External Auditor Request for Proposal (Skoda)
6. Semi-Annual Internal Audit Report (Gardin)

ADJOURNMENT:

Disability Notice

If you require a disability-related modification or accommodation to participate in an EBMUD public meeting, please call the Office of the Secretary (510) 287-0404. We will make reasonable arrangements to ensure accessibility. Some special equipment arrangements may require 48 hours advance notice.

Document Availability

Materials related to an item on this Agenda that have been submitted to the EBMUD Board of Directors within 72 hours prior to this meeting are available for public inspection in EBMUD's Office of the Secretary at 375 11th Street, Oakland, California, during normal business hours, and can be viewed on our website at www.ebmud.com.



Finance/Administration Committee Meeting

*EBMUD Board committee meetings will be conducted in person and accessible via Zoom.
These meetings are live streamed on the District's website.*

Online*

<https://ebmud.zoom.us/j/92433162059?pwd=emM4YjRrQTJtK3M0NnAxTDRoVzh5Zz09>

Webinar ID: 924 3316 2059

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By Phone*

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Webinar ID: 924 3316 2059

Passcode: 282322

International numbers available: <https://ebmud.zoom.us/u/kjdx0Kd06>

*To familiarize yourself with Zoom, please visit <https://support.zoom.us/hc/en-us/articles/201362193-Joining-a-Meeting>

Providing public comment - *The EBMUD Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.*

- Each speaker is allotted 3 minutes to speak; the Board President has the discretion to amend this time based on the number of speakers
- The Secretary will track time and inform each speaker when the allotted time has concluded
- Comments on **non-agenda items** will be heard at the beginning of the meeting
- Comments on **agenda items** will be heard when the item is up for consideration
- The Secretary will call each speaker in the order received

In person

- Fill out and submit a blue speaker card which is available in the meeting room

Via Zoom

- Use the raise hand feature in Zoom to indicate you wish to make a public comment
<https://support.zoom.us/hc/en-us/articles/205566129-Raising-your-hand-in-a-webinar>
 - If you participate by phone, press *9 to raise your hand
- When prompted by the Secretary, please state your name, affiliation if applicable, and topic

Submitting written comments or materials

- Email written comments or other materials for the Board of Directors to SecOffice@ebmud.com
- Please indicate the meeting date and agenda item number or non-agenda item in the subject of the email. Contact information is optional.
- **Please email by 4 p.m. the day prior to the scheduled regular meeting;** written comments and other materials submitted to the Board of Directors will be filed in the record.

To view the livestream of Board meetings, please visit:

<https://www.ebmud.com/about-us/board-directors/board-meetings/>

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 22, 2025

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager *CCC*

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: Monthly Investment Transactions Report

SUMMARY

In accordance with Policy 4.07 – Investments, staff prepares a monthly transactions report for the Finance/Administration Committee to review and for the Board to consider each month. The Committee will review the April 2025 report at the May 27, 2025 Finance/Administration Committee meeting.

DISCUSSION

Pursuant to Policy 4.07, staff prepares a monthly report of investment transactions (buys, sales, deposits, withdrawals) as well as transactions that occur as a feature of the securities held (interest, calls, maturities). Information on portfolio performance, balances, and other factors is presented in the quarterly investment report.

In April 2025, the portfolio increased from \$552.3 million to \$581.5 million. Net transactions increased the total by \$28.3 million. Interest received added approximately \$857,000 to the portfolio. Deposits into short-term liquidity funds totaled \$51.3 million, and the District withdrew \$53.8 million. The District did not purchase any securities, and no securities matured. No securities were called or sold. Net transactions at the District's commercial bank resulted in an increase of approximately \$30.8 million.

NEXT STEPS

This item will be brought to the Board for consideration at its May 27, 2025 meeting.

CCC:SDS:rlh

Attachment: April 2025 Monthly Investment Transactions Report


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Monthly Investment Transactions Report
April 2025

This report is presented to the Board pursuant to Government Code Section 53607 and in accordance with the District's Investment Policy 4.07.

The attached report details transactions in the District's portfolio as follows:

- **Monthly Investment Transactions Summary** **Page 1**
- **Monthly Investment Activity** **Page 2**
 - Buys Page 3
 - Deposits Page 4
 - Matured Page 5
 - Calls Page 6
 - Sales Page 7
 - Withdrawals Page 8
- **Monthly Interest Activity** **Page 9**
 - Interest Received (Transferred to Wells Fargo) Page 10
 - Interest Received (Reinvested) Page 11


Sophia Skoda (May 7, 2025 17:05 PDT)
Approved by: Sophia D. Skoda, Finance Director

05/07/2025

Date

SDS:KM:SLS



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Transactions Summary
April 2025

Portfolio	Beginning Balance*	Monthly Net Transaction Activity	Monthly Interest Activity	Ending Balance
001 - Water System Consolidated	412,549,950	(8,000,000)	419,558	404,969,509
007 - Wastewater Consolidated	96,727,221	(2,000,000)	146,341	94,873,562
049 - Ferc Partnership	2,187,411	-	24,107	2,211,518
009 - BACWA	2,474,620	-	27,271	2,501,890
015 - DERWA	1,093,708	-	12,052	1,105,760
002 - FRWA	1,093,708	-	12,052	1,105,760
014 - IICP	164,605	-	1,814	166,419
010 - UMRWA	69,995	-	772	70,767
003 - Employees Retirement	3,124,108	7,517,000	115,131	10,756,239
099 - Wells Fargo**	32,802,191	30,821,107	98,213	63,721,512
Total	552,287,517	28,338,107	857,312	581,482,935

* Portfolio balance presented at face value.

**Wells Fargo's month-end available balance per bank statement. Gross amount; not allocated by fund and not included in balances above.
 A portion of the balance in Wells Fargo is swept to a money market fund to increase investment earnings.

Sherry Sarcos
 Prepared by: Sherry Sarcos, Accounting Technician

05/06/2025
 Date

Kevin Ma
 Reviewed by: Kevin Ma, Accounting Supervisor

05/06/2025
 Date

David Glasser
 Approved by: David Glasser, Controller

05/06/2025
 Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2025

Portfolio	Buys	Deposits	Matured	Calls	Sales	Withdrawals	Non-Investment Transactions*	Net Transaction Activity
001 - Water System Consolidated	-	24,000,000	-	-	-	(32,000,000)	-	(8,000,000)
007 - Wastewater Consolidated	-	6,000,000	-	-	-	(8,000,000)	-	(2,000,000)
049 - Ferc Partnership	-	-	-	-	-	-	-	-
009 - BACWA	-	-	-	-	-	-	-	-
015 - DERWA	-	-	-	-	-	-	-	-
002 - FRWA	-	-	-	-	-	-	-	-
014 - IICP	-	-	-	-	-	-	-	-
010 - UMRWA	-	-	-	-	-	-	-	-
003 - Employees Retirement	-	21,277,000	-	-	-	(13,760,000)	-	7,517,000
Investment Activity Total	-	51,277,000	-	-	-	(53,760,000)	-	(2,483,000)
099 - Wells Fargo	-	(51,277,000)	-	-	-	53,760,000	28,338,107	30,821,107
Total	-	-	-	-	-	-	28,338,107	28,338,107

*Non-investment transactions are net receipts and expenditures in Wells Fargo resulting from activities other than investment and interest transactions detailed in this report.



Reviewed by: Steven Goodman-Leibof, Principal Mgmt Analyst

05/07/2025

Date



Approved by: Robert L. Hannay, Treasury Manager

05/07/2025

Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2025

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
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Buys

No Transactions this Period



EAST BAY MUNICIPAL UTILITY DISTRICT
 Monthly Investment Activity
 April 2025

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Deposits										
001 - Water System Consolidated	Money Market Mutual Funds	Federated MM	GOFXX	4/21/2025	4/21/2025	N/A	8,000,000	8,000,000	-	8,000,000
001 - Water System Consolidated	Money Market Mutual Funds	Morgan Stanley MM	MVRXX	4/21/2025	4/21/2025	N/A	8,000,000	8,000,000	-	8,000,000
001 - Water System Consolidated	Money Market Mutual Funds	State Street MM	GVMXX	4/21/2025	4/21/2025	N/A	8,000,000	8,000,000	-	8,000,000
					Total		24,000,000			
007 - Wastewater Consolidated	Money Market Mutual Funds	Federated MM	GOFXX	4/21/2025	4/21/2025	N/A	2,000,000	2,000,000	-	2,000,000
007 - Wastewater Consolidated	Money Market Mutual Funds	Morgan Stanley MM	MVRXX	4/21/2025	4/21/2025	N/A	2,000,000	2,000,000	-	2,000,000
007 - Wastewater Consolidated	Money Market Mutual Funds	State Street MM	GVMXX	4/21/2025	4/21/2025	N/A	2,000,000	2,000,000	-	2,000,000
					Total		6,000,000			
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	4/25/2025	4/25/2025	N/A	5,609,000	5,609,000	-	5,609,000
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	4/23/2025	4/23/2025	N/A	10,041,000	10,041,000	-	10,041,000
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	4/11/2025	4/11/2025	N/A	5,627,000	5,627,000	-	5,627,000
					Total		21,277,000			
099 - Wells Fargo	Cash	WELLS FARGO Cash	CASH2017	4/30/2025	4/30/2025	N/A	30,919,321	30,919,321	-	30,919,321
					Total		30,919,321			
							82,196,321	82,196,321	-	82,196,321



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2025

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
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Matured

No Transactions this Period



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2025

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
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Calls

No Transactions this Period



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2025

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
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Sales

No Transactions this Period



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
April 2025

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Withdrawals										
001 - Water System Consolidated	Local Government Investment	P CAMP LGIP	CAMP6035	4/3/2025	4/3/2025	N/A	8,000,000	8,000,000	-	8,000,000
001 - Water System Consolidated	Money Market Mutual Funds	Morgan Stanley MM	MVRXX	4/2/2025	4/2/2025	N/A	12,000,000	12,000,000	-	12,000,000
001 - Water System Consolidated	Money Market Mutual Funds	State Street MM	GVMXX	4/2/2025	4/2/2025	N/A	12,000,000	12,000,000	-	12,000,000
					Total		32,000,000			
007 - Wastewater Consolidated	Local Government Investment	P CAMP LGIP	CAMP6035	4/3/2025	4/3/2025	N/A	2,000,000	2,000,000	-	2,000,000
007 - Wastewater Consolidated	Money Market Mutual Funds	Morgan Stanley MM	MVRXX	4/2/2025	4/2/2025	N/A	3,000,000	3,000,000	-	3,000,000
007 - Wastewater Consolidated	Money Market Mutual Funds	State Street MM	GVMXX	4/2/2025	4/2/2025	N/A	3,000,000	3,000,000	-	3,000,000
					Total		8,000,000			
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	4/29/2025	4/29/2025	N/A	13,760,000	13,760,000	-	13,760,000
					Total		13,760,000			
							53,760,000	53,760,000	-	53,760,000



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
April 2025

Portfolio	Total Interest Received	Interest Transferred to Wells Fargo*	Net Interest Activity (Reinvested)**
001 - Water System Consolidated	419,558	-	419,558
007 - Wastewater Consolidated	182,686	(36,345)	146,341
049 - Ferc Partnership	24,107	-	24,107
009 - BACWA	32,163	(4,892)	27,271
015 - DERWA	20,825	(8,773)	12,052
002 - FRWA	21,571	(9,518)	12,052
014 - IICP	5,224	(3,410)	1,814
010 - UMRWA	5,808	(5,035)	772
003 - Employees Retirement	145,370	(30,240)	115,131
Interest Transactions Total	857,312	(98,213)	759,098
099 - Wells Fargo	-	98,213	98,213
Total	857,312	-	857,312

*Coupon and other interest received; reinvestment unavailable.

**Coupon and other interest payments reinvested in specific portfolio.

Sherry Sarcos

 Prepared by: Sherry Sarcos, Accounting Technician

05/06/2025

 Date

Kevin Ma

 Reviewed by: Kevin Ma, Accounting Supervisor

05/06/2025

 Date

David Glasser

 Approved by: David Glasser, Controller

05/06/2025

 Date



EAST BAY MUNICIPAL UTILITY DISTRICT
 Monthly Interest Activity
 April 2025

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Interest Received (Transferred to Wells Fargo)										
007 - Wastewater Consolidated	Cash	WELLS FARGO Cash	CASH2017	4/1/2025	4/1/2025	N/A	-	-	36,345	36,345
								Total		36,345
003 - Employees Retirement	Cash	WELLS FARGO Cash	CASH2017	4/1/2025	4/1/2025	N/A	-	-	30,240	30,240
								Total		30,240
002 - FRWA	Cash	WELLS FARGO Cash	CASH2017	4/1/2025	4/1/2025	N/A	-	-	9,518	9,518
								Total		9,518
009 - BACWA	Cash	WELLS FARGO Cash	CASH2017	4/1/2025	4/1/2025	N/A	-	-	4,892	4,892
								Total		4,892
010 - UMRWA	Cash	WELLS FARGO Cash	CASH2017	4/1/2025	4/1/2025	N/A	-	-	5,035	5,035
								Total		5,035
014 - IICP	Cash	WELLS FARGO Cash	CASH2017	4/1/2025	4/1/2025	N/A	-	-	3,410	3,410
								Total		3,410
015 - DERWA	Cash	WELLS FARGO Cash	CASH2017	4/1/2025	4/1/2025	N/A	-	-	8,773	8,773
								Total		8,773
							-	-	98,213	98,213

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 22, 2025

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager *CCC*

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: District Revenues, Expenses and Reserve Balances

SUMMARY

At the March 25, 2025 Finance/Administration Committee, committee members asked about the District's inflows and outflows of cash throughout the year. This memorandum provides a summary of the major drivers of cash flows and reserve balances. The District's primary sources of revenues (cash inflows) are water and wastewater customer charges, property taxes, connections and capacity fees, and bond proceeds. The District's primary expenditures are payroll, accounts payables payments, contractor progress payments, and debt service. Many expenditures, like payroll and debt service payments, are predictable. This item will be presented at the May 27, 2025 Finance/Administration Committee meeting.

DISCUSSION

Cash Inflows

The District's largest source of revenue is from regular daily receipts of water and wastewater charges from customers. The District also receives a share of property tax revenues, connection/capacity fees, power sales revenues, and other miscellaneous revenue sources. Periodically, the District receives large inflows of cash when it issues bonds for capital projects. More information on the primary cash inflow sources is provided below.

Water and Wastewater Charges

Water and wastewater customer charges account for approximately 60 percent of the District's annual revenue. These charges are received daily and are relatively stable, though there is seasonality to the revenue stream with higher revenue from water sales in the summer months. Daily collections can vary widely ranging from \$1.5 million to \$5.5 million per day.

Property Taxes

The District receives a portion of the county-collected property tax within its service area. In Fiscal Year (FY) 2024, the District received \$61.5 million in property taxes split between

Alameda and Contra Costa counties, which are predominantly received in December and March/April.

Connection and Capacity Fees

The District collects System Capacity Charges for the Water System and Wastewater Capacity Fees for the Wastewater System. These fees are collected when a new customer joins the system or when an existing connection is expanded. This revenue source is highly variable as it is dependent on local development, which has been slowing down statewide over the past several years. The District received close to \$30 million from these charges in 2024, down from nearly \$48 million in 2023.

Bond Proceeds

The District has been making capital investments in its aging infrastructure for the last decade and has issued bonds every one to two years as reimbursement for capital expenditures paid for with cash. These are typically the largest single inflows in any given year. Bond proceeds are included in budget projections and are a key funding source for the District’s capital plans. This year’s bond sales will result in inflow to the District of \$305 million.

Summary of Revenue Sources and Frequency of Receipt

Revenue	Approximate Amounts	Frequency
Customer Payments	\$1.5 to \$5.5 million/day	Daily
Property Taxes	\$61.5 million annually	Payments received in March/April and December
Connection/Capacity Fees	\$30 million annually	Daily as projects are completed
Bond Proceeds	As budgeted	Depends on timing of sale

Cash Outflows

The majority of District expenses are predictable and consistent. Given this predictability, staff developed processes to ensure there is sufficient liquidity available when these expenses come due. Capital spending remains the largest source of variability and particularly busy months can lead to declines in the District’s cash balance. The Treasury team works with other departments to ensure large one off and variable capital spending are identified in advance of the cash needs so that Treasury staff can invest on appropriate timelines.

Payroll

Employee salaries and benefits represent one of the largest expenses for the District. In FY 2024, total District labor costs were just under \$500 million. The District’s biweekly payroll is around \$16 million comprising salaries, pension contributions and payroll taxes. Payroll payments are consistent and predictable. In addition to the biweekly payroll, the District also pays benefit providers such as Kaiser, Sutter, and Delta Dental on a monthly basis.

Accounts Payable

Each week, the District sends out payments on Wednesday and Friday. Each batch of payables is comprised of both electronic payments in the form of automated clearing house payments that go out immediately and paper checks that are mailed to the recipients. Total weekly payments can fluctuate and have historically ranged from \$4 million to \$15 million.

Construction Contractor Payments

The District has several very large capital projects currently underway. The District sends out contractor progress payments on the third Friday of each month. In FY 2025, the payments ranged between \$12 million and \$20 million. The Treasury team works with the Engineering Department on payment dates to ensure that cash is available in the District’s bank account.

Debt Service

Debt service payments are generally made twice a year and are the two largest single payments that the District makes. Prior to June 1 and December 1 of each year, the District makes its debt service payments to its bond trustee who makes the payments on the designated dates. The June 1 payment is for both principal and interest and was approximately \$160 million in calendar year 2024 while the December 1 payment is for interest only and was approximately \$65 million in calendar year 2024.

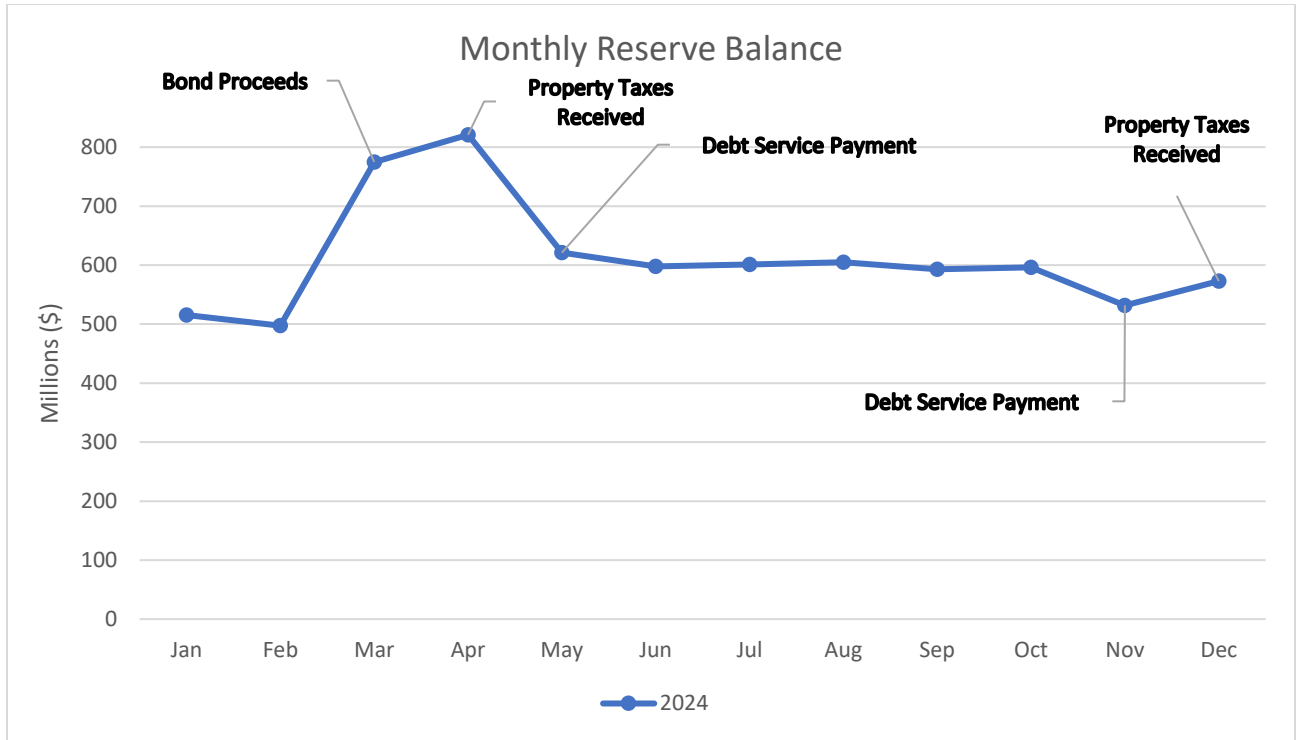
Summary of Expense Sources and Frequency of Payment

Expense	Approximate Amounts	Frequency
Payroll	\$16 million	Every two weeks
Accounts Payable	\$4-15 million/week	Wednesday and Friday each week
Contractor progress payments	\$12-20 million	Every third Friday of the month
Debt Service principal and interest	\$160 million	June 1
Debt Service interest only	\$65 million	December 1

Reserve Balances

The District keeps the invested portfolio generally stable from month to month, with the exception of months in which debt service are paid (decreasing the balance) or when bonds are issued (increasing the balance). Typically, the portfolio will fluctuate between about -3 percent to +5 percent between months, while the months in which debt service are paid balances drop about 25 percent around the June 1 payment and 11 percent for the December payment.

The portfolio balance generally follows a similar pattern each year. The chart below shows the balance of the portfolio each month for calendar year 2024.





CCC:SDS:sgl

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 22, 2025

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager 

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Annual Investment Policy Review

SUMMARY

Recommend approval of Policy 4.07 – Investments to renew existing delegation of authority for the management of investments on behalf of the District and Joint Powers Authorities to the Director of Finance, as the Treasurer of the District, and their delegates. Policy 4.07 was last revised on May 28, 2024 and there are no changes required to the policy at this time. This item will be presented at the May 27, 2025 Finance/Administration Committee meeting.

DISCUSSION

It is the District's practice to present a statement of investment policy to the Board for their consideration annually at a public meeting, as permitted under Section 53646 of the California Government Code. Staff reviewed the District's Policy 4.07 to ensure continued compliance with the Government Code; incorporated the District's mission, values, and policies; and also provided guidance and a framework for the investment process.

In August 2023, the District's policy was submitted to the California Municipal Treasurer's Association (CMTA) for their review and certification. A review panel of three CMTA members who are municipal investment professionals working at public agencies around California scored the policy; the policy received a passing score and is now considered certified by the CMTA. Following the CMTA review, the policy was updated to incorporate the recommendations made by the review committee. The revised policy was approved under Resolution No. 35398-24 on May 28, 2024. Since last year, staff reviewed changes in federal and state legislation that might affect the District's investment and concluded that no changes to the policy are needed for compliance.

Due to the in-depth review that took place in the prior year and the lack of legislative changes that would affect the policy, staff recommends approving the policy in its current form with no changes since last year.

Annual Investment Policy Review
Finance/Administration Committee
May 22, 2025
Page 2

NEXT STEPS

This item will be brought to the Board for consideration at its May 27, 2025 meeting.

CCC:SDS:sgl

Attachment: Policy 4.07

I:\Sec\2025 Board Related Items\Committees 2025\052725 Finance Ctte\FIN - Investment Policy Annual Review.docx



Policy 4.07R

EFFECTIVE 28 MAY 24

SUPERSEDES 23 MAY 23

INVESTMENTS

IT IS THE POLICY OF THE EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Invest District funds and funds managed by the District on behalf of its Joint Powers Authorities (JPAs) in compliance with investment criteria for safety, liquidity, yield, and diversification as set forth herein. Investments shall be in securities with a range of maturities to provide adequate security and liquidity to pay demands when due while providing a risk-adjusted market rate of return on investments that takes into consideration the cash flow needs of the District and its JPAs.

Authority Section 53600 et. seq. of the California Government Code (Government Code) and Chapter 6, Article 7 of the Municipal Utility District Act (M.U.D. Act) govern the investment of idle monies of the District. Section 53635 of the Government Code defines how investments are to be handled for Joint Powers Authorities.

Delegation of Authority The authority and responsibility to invest idle monies of the District are delegated by the Board to the Director of Finance as the Treasurer. The Director of Finance may designate individual staff to carry out his/her responsibilities under this policy.

No Bond Proceeds The investment of bond proceeds is specifically defined in individual bond indenture documents and is not included in this policy. This exemption also applies to funds held at the Trustee in Principal, Interest, Debt Service Reserve, or other accounts for the purpose of servicing the bonds.

Ethics and Conflicts of Interest Officers and employees involved in the investment process shall:

- refrain from personal business activity that could conflict with proper execution of the District's investment program, or which could impair their ability to make impartial investment decisions on behalf of the District,
- disclose any material financial interest in financial institutions that conduct business with the District,
- disclose material personal financial/investments that are related to or could reasonably be affected by the performance of the District's investments,
- refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the District's investments, and
- comply with the District's Conflict of Interest Code, Procedure 418 - Gifts, Personal Loans and Personal Benefit Interests, Procedure 601 - Conflict of Interest Disqualification Procedure, and District Procedure 447 - Vendor Interactions and Procurement Integrity

Investment Criteria and Objectives Criteria for selecting investments shall:

- adhere to the prudent investor standard, described in Section 53600.3 of the Government Code as follows: "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of

a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency," **and**

- conform with the Government Code and the M.U.D. Act, **and**
- align with District policies, mission and values, **and**
- have the following objectives, in order of priority:
 1. *Safety* – The District's ability to recover principal and interest. Investments shall be made that will seek to ensure the preservation of principal and interest and to minimize risk to the greatest extent possible. It is the primary duty of the Treasurer to protect, preserve and maintain cash and investments on behalf of the District.
 2. *Liquidity* – The District's ability to have cash available when needed to support expenditure cycles and budgetary objectives.
 3. *Yield* – The District's ability to provide a risk-adjusted market rate of return on the District's investments while conforming to the safety and liquidity criteria above.
 4. *Diversification* – The District's ability to maintain an investment portfolio that includes a range of security types. In order to accomplish this, each Investment Option shall have defined limits on maximum share of the portfolio, single issuer and single issue holdings; and maturity, rating and other restrictions where applicable.

**Environmental,
Social and
Governance
Factors**

It is the intent of the District to align its investment decisions with its policies, mission, and values. Safety, liquidity, yield and diversification are the District's primary investment objectives. The District will also consider sound Environmental, Social and Governance (ESG) factors and objectives in its investment process, subject to the prudent investor standard.

Maturity

The weighted average maturity of the portfolio shall not exceed 900 days.

**Rating Agencies
and Rating
Requirements**

As outlined below, some Investment Options have rating requirements. In that context, Rating Agencies is defined as:

- Standard & Poor's Financial Services (S&P),
- Moody's Investors Service (Moody's), and
- Fitch Ratings (Fitch), only.

Ratings requirements:

- are provided using the S&P scale and should be read as "or equivalent" to other Rating Agencies scales. Rating Agencies scales are included for reference in Exhibit 1,
- apply at the time of purchase only, with subsequent downgrades below requirement levels or the assignment of negative watch or outlook prompting a case-by-case evaluation of the investment, and
- only apply to the Rating Agencies rating the security.

**Investment
Options**

The District is able to purchase investments in the instruments listed in this section as allowed and defined under Section 53600 et. seq. of the Government Code, Chapter 6, Article 7 of the M.U.D. Act, Board Resolutions, and via this policy. Percentage limitations, where indicated, apply at the time of purchase. As used in this section, the term "Portfolio" refers to all investable funds covered by this policy.

1. United States Treasury Obligations

- Maximum Share of Portfolio: Unlimited
- Maximum Issuer Limit: n/a
- Maximum Issue Limit: n/a
- Maximum Maturity: Not to exceed five (5) years from the settlement date
- Minimum Rating: n/a
- Other Restrictions: none

2. United States Government Agencies Obligations

Under this subsection, only obligations issued by the following agencies are permitted:

- o Federal Agricultural Mortgage Corporation (FAMC)
- o Federal Farm Credit Bank (FFCB)
- o Federal Home Loan Bank (FHLB)
- o Federal Home Loan Mortgage Corporation (FHLMC)
- o Federal National Mortgage Association (FNMA)
- Maximum Share of Portfolio: Unlimited
- Maximum Issuer Limit: 40% of the Portfolio
- Maximum Issue Limit: n/a
- Maximum Maturity: Not to exceed five (5) years from the settlement date
- Minimum Rating: n/a
- Other Restrictions: none

3. State of California, Local Agency Investment Fund (LAIF)

- Maximum Share of Portfolio: as determined by the State Treasurer and in accordance with Section 16429.1 of the Government Code
- Maximum Issuer Limit: n/a
- Maximum Issue Limit: n/a
- Maximum Maturity: n/a
- Minimum Rating: n/a
- Other Restrictions: none

4. Local Government Investment Pools

Under this subsection, only obligations of the following agencies are permitted:

- California Asset Management Program (CAMP)
- Investment Trust of California (CalTRUST)
- Maximum Share of Portfolio: 40% of the Portfolio
- Maximum Issuer Limit: 20% of the Portfolio
- Maximum Issue Limit: n/a
- Maximum Maturity: n/a
- Minimum Rating: Ratings of AAAm for stable net asset value funds and AA category or higher for floating net asset value funds by at least one Rating Agency
- Other Restrictions: none

The District will review each Pool's disclosure documents annually to assess the suitability of the fund's holdings. These documents, along with the other criteria above, including the rating restriction, will be used to determine the suitability to receive Portfolio funds.

5. Money Market Mutual Funds

Under this subsection, only Money Market Mutual Funds with stable, non-floating net asset value are permitted:

- Maximum Share of Portfolio: 20% of the Portfolio
- Maximum Fund Limit: 5% of Money Market Mutual Fund's assets
- Maximum Issue Limit: n/a
- Maximum Maturity: n/a
- Minimum Rating: AAAm by at least two Rating Agencies
- Other Restrictions: none

The District will request from each Money Market Mutual Fund, prior to investing and on an annual basis after investing, documents which provide details on the operations of the fund. These documents, along with the other criteria above, including the rating restriction, will be used to determine the suitability to receive Portfolio funds.

6. Certificates of Time Deposit

Under this subsection, only investments in selected depositories, using one or more private sector entity, in compliance with and as authorized under Government Code Section 53601.8 are permitted.

- Maximum Share of Portfolio: 20% of the Portfolio when added together with Negotiable Certificates of Deposit
- Maximum Issuer Limit: applicable maximum FDIC deposit insurance coverage limit
- Maximum Issue Limit: n/a
- Maximum Maturity: Not to exceed one (1) year from the settlement date
- Minimum Rating: AA- by at least one Rating Agency
- Other Restrictions:
 - Investment in local branches within the District, whenever possible.

7. Negotiable Certificates of Deposit

- Maximum Share of Portfolio: 20% of the Portfolio when added together with Certificates of Time Deposits
- Maximum Issuer Limit: applicable maximum FDIC deposit insurance coverage limit
- Maximum Issue Limit: 10% of issue
- Maximum Maturity: Not to exceed five (5) years from the settlement date
- Minimum Rating: AA- by all Rating Agencies
- Other Restrictions:
 - o Issued by banks with total deposits of one billion dollars (\$1,000,000,000) or more.

8. Commercial Paper

- Maximum Share of Portfolio: 20% of the Portfolio
- Maximum Issuer Limit: 5% of the portfolio
- Maximum Issue Limit: n/a
- Maximum Maturity: Not to exceed 270 days from the settlement date
- Minimum Rating: A-1+ from at least one Rating Agency
- Other Restrictions:
 - o Issued by an entity that is, at the time of purchase:
 - organized and operating in the United States as a general corporation, with total assets exceeding \$500,000,000 and debt (other than commercial paper) rated A or better by at least one Rating Agency ; or
 - is organized within the United States as a special purpose corporation, trust, or limited liability company, with program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond, **and** has commercial paper that is rated A-1+ by at least one Rating Agency.

9. Medium Term Corporate Notes

- Maximum Share of Portfolio: 20% of the Portfolio
- Maximum Issuer Limit: 5% of the Portfolio
- Maximum Issue Limit: 5% of original issue amount
- Maximum Maturity: Not to exceed 5 years from the settlement date
- Minimum Rating: AA- from at least one Rating Agency, and not lower than A by any Rating Agency
- Other Restrictions:
 - o Issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

10. Repurchase Agreements

- Maximum Share of Portfolio: 20% of the Portfolio
- Maximum Issuer Limit: n/a
- Maximum Issue Limit: n/a
- Maximum Maturity: Not to exceed 270 days from the settlement date
- Minimum Rating: n/a
- Other Restrictions:
 - o Collateral may only be in any securities authorized in items 1, or 2
 - o A Master Repurchase Agreement must be on file with the District
 - o Security must be marked to market on a daily basis and delivered to the District's custodial bank at a market value of at least 102%

Funds on deposit at the District's commercial bank may be invested in overnight repurchase agreements through a sweep program.

11. Municipal Obligations

Under this subsection, only registered obligations of the following agencies are permitted:

- o The State of California
- o Any local agency within the State of California

- Municipal Bonds:
 - o Maximum Share of Portfolio: 20% of the Portfolio when added together with Municipal Notes
 - o Maximum Issuer Limit: 5% of the Portfolio
 - o Maximum Issue Limit: 10% of original issue amount
 - o Maximum Maturity: Not to exceed five (5) years or with a put provision within five (5) years of settlement date
 - o Minimum Rating: AA- or equivalent by at least one Rating Agency, and not lower than A by any Rating Agency
 - o Other Restrictions: none

- Municipal Notes:
 - o Maximum Share of Portfolio: 20% of the Portfolio together with Municipal Bonds
 - o Maximum Issuer Limit: 5% of the Portfolio
 - o Maximum Issue limit: 10% of original issue amount
 - o Maximum Maturity: n/a
 - o Minimum Rating: Notes maturing within 365 days must have a rating of SP-1+ from at least one Rating Agency
 - o Other Restrictions: none

Zero or Negative Market Rates

As authorized under Section 53601.6 and at the discretion of the Director of Finance or its designees, investments can be made "in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates." Those investment may also then be held until their maturity dates. This provision sunsets January 1, 2026.

Investment Placement

Investment placement shall be determined by, but not limited to, continual evaluation and projection of market conditions, interest rate trends, cash flow needs, economic data, yield curves, and interest rate forecasts. Additionally, for investments purchased or sold in the secondary market, best efforts will be made to obtain at least three quotations from Purchasing Entities (as defined below) or to obtain timely and verifiable third-party market pricing data for the investment in question. The combination of these factors shall determine where, in what denomination, and for what maturity investments are made.

Selling Securities Prior To Maturity

When selling securities prior to maturity, principal losses are only allowable either:

- if the sale of securities is necessary to meet payment obligations,
 - to comply with this policy, while considering the impact of the sale(s), or
 - if the proposed sale is to be made in conjunction with a purchase and the proposed sale in combination with the subsequent purchase can enhance the Portfolio's yield.
-

Collateral

Securities placed with agents of depository shall at all times be maintained as specified in District Resolution 33232-01 in one or more trust companies, State or national banks located within California, the Federal Reserve Bank, or with any state or national bank located in any city designated as a federal reserve city by the Board of Governors of the Federal Reserve System, and to take from any such banks or trust companies receipts for securities so deposited. Requests for Collateral substitution and releases are subject to the Treasurer's written approval.

Portfolio Performance

The Portfolio will seek to attain a risk-adjusted market rate of return that takes into consideration the cash flow needs of the District. As a result, portfolio performance will be measured using common market indicators. Those may include, but are not limited to: the Federal funds rate, short-term government obligations rates, and other market rates that reflect the mix of securities in the Portfolio.

Purchasing Entities

Investments will be purchased from either:

- Primary Dealers as designated by the Federal Reserve Bank of New York,
- National or California State Chartered Banks,
- Federal or California Chartered Savings Institution,
- Broker-Dealers registered with the State of California, **or**
- Issuers of securities eligible for purchase by the District.

In addition, these institutions must:

- be registered by the Securities and Exchange Commission (SEC),
- be members in good standing of the Financial Industry Regulatory Authority (FINRA), **and**
- provide audited financial statements to the District annually.

The District shall maintain a current eligible list of established dealers, brokers, banks and savings and loan associations with which securities trading and placement of funds are authorized.

Additionally, to be placed on the eligible list, individuals need to certify in writing that they have read, understood, and agree to comply with this policy, where applicable, by completing and filing with the District the 'Certification of Compliance with Investment Policy' included in this policy as Exhibit 2.

Eligibility may be revoked at any time, in the District's sole discretion, for any reason, including but not limited to, failure to meet the above requirements.

**Trade
Confirmations and
Settlements**

The District shall comply with the following:

1. To protect against potential losses by collapse of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all Securities purchased from dealers and brokers shall be held in safekeeping by the District's custodial bank, a national bank, a State chartered bank or trust company, established for this purpose as someone other than the selling party of the security. Securities purchased will be covered by a trust or safekeeping receipt in a manner that establishes the District's ownership. All transactions require delivery of the security prior to payment for the security (delivery vs. payment).
 2. To ensure a high degree of internal control, all trade confirmations shall be received directly and reviewed for conformity to the original transaction by an individual other than the person originating the transaction. Any discrepancies will be brought to the attention of the Treasurer.
-

**Review And
Reporting
Requirements**

On a monthly basis, in accordance with Section 53607 of the Government Code, the Treasurer shall prepare and submit a report listing investment transactions to the General Manager and the Board of Directors.

On a quarterly basis, in accordance with Section 53646 of the Government Code, the Treasurer may prepare and submit a report to the General Manager and the Board of Directors. If rendered, the report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the District, and provide an investment summary by security type, percent of the portfolio, investment yield and the remaining period of investment to maturity.

On an annual basis, in accordance with Section 53646 of the Government Code, an investment policy may be presented to the Board for consideration at a public meeting. In conjunction with the investment policy consideration, the Board shall also annually review the delegation of its authority for the management of investments to the Treasurer.

**Performance
Review And
Internal Control**Office of Internal Audit

The Office of Internal Audit will periodically audit the investment portfolio to evaluate the effectiveness of the District's investment program as well as its compliance with the Investment Policy. These audits will supplement the annual review by the District's external auditors.

Finance Department

The Treasurer has established and maintains an internal control structure designed to ensure that funds covered under this policy are protected from loss, theft, fraud, or misuse.

The Treasurer will review the investment portfolio monthly for compliance with the Investment Policy and make recommendations for changes and improvements where warranted.

Authority

Resolution No. 33019-96 on December 10, 1996
Amended by Resolution No. 33134-99 on January 26, 1999
Amended by Resolution No. 33232-01 on January 9, 2001
Amended by Resolution 33287-02 on January 22, 2002
Amended by Resolution 33350-03 on February 25, 2003
Amended by Resolution 33390-04 on January 27, 2004
Amended by Resolution 33464-05 on February 22, 2005
Amended by Resolution 33516-06 on January 24, 2006
Amended by Resolution 33585-07 on March 13, 2007
Approved by Resolution 33658-08, February 26, 2008
Approved by Resolution 33702-09, February 24, 2009
Approved by Resolution 33752-10, January 26, 2010
Approved by Resolution 33792-10, November 23, 2010
Approved by Resolution 33871-12, April 24, 2012
Approved by Resolution 33920-13, March 26, 2013
Reaffirmed by Motion 056-14, March 25, 2014
Approved by Resolution 34027-15, April 28, 2015
Approved by Resolution 34079-16, April 26, 2016
Approved by Resolution 35033-17, April 25, 2017
Approved by Resolution 35083-18, April 24, 2018
Approved by Resolution 35137-19, April 23, 2019
Approved by Resolution 35174-20, April 28, 2020
Approved by Resolution 35220-21, April 27, 2021
Approved by Resolution 35290-22, May 24, 2022
Approved by Resolution 35346-23, May 23, 2023
Approved by Resolution 35398-24, May 28, 2024

References

EBMUD Conflict of Interest Code
Procedure 418 – Gifts, Personal Loans and Personal Benefit Interests
Procedure 447 – Vendor Interactions and Procurement Integrity
Procedure 601 – Conflict of Interest Disqualification Procedure

**EXHIBIT 1
RATING AGENCIES' SCALES**

For purposes of Investment Policy 4.07 the term "Rating Agencies" is defined as: Standard & Poor's Financial Services (S&P), Moody's Investors Service (Moody's), and Fitch Ratings (Fitch).

Ratings requirements are provided using the S&P scale and should be read as "or equivalent" to other Rating Agencies scales. The equivalencies are provided in the tables below.

EXAMPLE

Investment Option 6, Certificates of Time Deposits, shows:

"Minimum Rating: AA- by at least one Rating Agency"

This requirement should be read as:

"Minimum Rating: AA- *or equivalent* by at least one Rating Agency."

To determine the equivalent rating in the table below, find the AA- rating under the S&P column and read across the row to find the Moody's equivalent rating of Aa3 and the Fitch equivalent rating of AA-. Accordingly, a Certificate of Time Deposit is equivalent as an investment if it is rated AA- by S&P, Aa3 by Moody's, or AA- by Fitch.

INVESTMENT-GRADE RATING SCALES

LONG-TERM DEBT		
S&P	MOODY'S	FITCH
AAA	Aaa	AAA
AA+	Aa1	AA+
AA	Aa2	AA
AA-	Aa3	AA-
←Minimum rating required for District investments		
A+	A1	A+
A	A2	A
A-	A3	A-
BBB+	Baa1	BBB+
BBB	Baa2	BBB
BBB-	Baa3	BBB-

SHORT-TERM DEBT		
S&P	MOODY'S	FITCH
A-1+	P-1	F1+
←Minimum rating required for District investments		
A-1	-	F1
A-2	P-2	F2
A-3	P-3	F3

MONEY MARKET FUNDS		
S&P	MOODY'S	FITCH
AAAm	Aaa-mf	AAAf
←Minimum rating required for District investments		
AAm	Aa-mf	AAf
Am	A-mf	Af
BBBm	Baa-mf	BBBf

STABLE NAV LGIPs		
S&P	MOODY'S	FITCH
AAAm	Aaa-mf	AAAf
AAm	Aa-mf	AAf
Am	A-mf	Af
BBBm	Baa-mf	BBBf

←Minimum rating required for District investments

FLOATING NAV LGIPs		
S&P	MOODY'S	FITCH
AAAf	Aaa-mf	AAAf
AAf	Aa-mf	AAf
Af	A-mf	Af
BBBf	Baa-mf	BBBf

←Minimum rating required for District investments

EXHIBIT 2
East Bay Municipal Utility District
Certification of Compliance with Investment Policy

The East Bay Municipal Utility District (the District), under Policy 4.07 (the Investment Policy), requires that securities trading and placement of funds be conducted only with eligible Purchasing Entities. The Investment Policy also specifies that the District must obtain written certification that eligible Purchasing Entities have read, understood, and agree to comply with the Investment Policy, where applicable. This certification is necessary to be included on an approved list of Purchasing Entities that are eligible to conduct investment transactions with the District. The District has no obligation to enter into securities trading and/or placement of funds transactions with any or all Purchasing Entities on the list. The District retains the sole and exclusive discretion to determine with which of the Purchasing Entities, if any, to engage in individual investment transactions. Eligibility may be revoked at any time, at the District's sole discretion, for any reason, including but not limited to, failure to meet the requirements of the policy and this exhibit.

Please complete the sections below, sign and return this completed form if you wish to be considered for inclusion on the approved list of Purchasing Entities eligible to conduct investment transactions with the District. Please send completed form:

via mail, to:
Steven Goodman-Leibof
East Bay Municipal Utility District
375 11th Street, MS809
Oakland, CA 94607

and electronically, to:
steven.goodman-leibof@ebmud.com

A. Entity Name _____

- B.** My entity is a: (choose all that apply, **at least one must be checked for eligibility**)
- Primary Dealer as designated by the Federal Reserve Bank of New York
 - National or California State Chartered Bank
 - Federal or California Chartered Savings Institution
 - Broker-Dealer registered with the State of California

AND

I certify that my entity is: (**both must be checked for eligibility**)

- registered by the Securities and Exchange Commission (SEC)
- a member in good standing of the Financial Industry Regulatory Authority (FINRA)

- C.** My entity is an:
- issuer of securities eligible for purchase by the District

- D.** My entity:
- participates in the District's Contract Equity Program

- E.** I have provided:
- Audited Financial Statements

I certify that I have read, understood, and agree to comply where applicable with the District's Investment Policy.

Print Name _____

Sign Name _____

Title _____

Date _____

EXHIBIT 3
East Bay Municipal Utility District
Investment Policy Quick Reference Table

The following is a summary of Investment Options and a few of their requirements. Full details on each Investment Option can be found in the main body of the Investment Policy on pages 2 through 5.

Investment Option	Maximum Share of Portfolio	Minimum Rating at purchase	Maximum Maturity at settlement	Additional Limitations
United States Treasury Obligations	100%	n/a	5 years	see page 2, Item 1
United States Government Agencies Obligations	100%	n/a	5 years	see page 3, Item 2
State of California, Local Agency Investment Fund	per Government Code	n/a	n/a	see page 3, Item 3
Local Government Investment Pools - Stable Net Asset Value	40%	AAAm	n/a	see page 4, Item 4
Local Government Investment Pools - Floating Net Asset Value		AA-f		
Money Market Mutual Funds	20%	AAAm	n/a	see page 3, Item 5
Certificates of Time Deposit	20%	AA-	1 year	see page 3-4, Item 6
Negotiable Certificates of Deposit		AA-	5 years	see page 4, Item 7
Commercial Paper	20%	A-1+	270 days	see page 4, Item 9
Medium Term Corporate Notes	20%	AA-	5 years	see page 4, Item 9
Repurchase Agreements	20%	n/a	270 days	see page 5, Item 10
Municipal Obligations	20%	AA-	5 years	see page 5, Item 11

EXHIBIT 4
Glossary of Investment Terms Used in the Policy

This Glossary is for informational purposes only and is not intended to modify any of the terms of this Investment Policy, the Government Code, or the M.U.D. Act.

AVERAGE MATURITY	A calculation that expresses the average maturity of an investment portfolio using each investment's maturity weighted by the size of that investment in the portfolio.
BROKER	A broker brings buyers and sellers together and is compensated for his/her service.
CERTIFICATE OF DEPOSIT (CD)	A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CDs are typically negotiable.
COLLATERAL	Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.
COMMERCIAL PAPER (CP)	Short-term unsecured promissory notes.
CUSTODIAN	A bank or other financial institution that keeps custody of stock certificates and other assets.
DEALER	A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.
DELIVERY VS. PAYMENT (DVP)	Delivery of securities with a simultaneous exchange of money for the securities.
DIVERSIFICATION	An investment principle designed to spread the risk in a portfolio by dividing investments among different sectors, industries and companies.
GOVERNMENT SECURITIES	Obligations of the U.S. Government and its agencies and instrumentalities.
INTEREST	The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.
LIQUIDITY	The speed and ease with which an investment can be converted to cash.
MATURITY	The date upon which the principal or stated value of an investment becomes due and payable.
MEDIUM TERM NOTES (MTN)	Debt securities issued by a corporation or depository institution with a remaining maturity ranging from nine months to five years.
MONEY MARKET MUTUAL FUNDS	An investment company that pools money from investors and invest in a variety of short-term money market instruments.
NET ASSET VALUE (NAV)	A per-share valuation of a mutual fund based on total assets minus total liabilities.
PRIMARY DEALER	A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight.
PRINCIPAL	The face value or par value of an investment.
RATE OF RETURN	The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.
RISK (INVESTMENT RISK)	The probability that an actual investment return outcome will differ from an expected return outcome.
RISK-ADJUSTED RETURN	The return on investment relative to the amount of risk taken over a given period of time (e.g. if two or more investments have the same return over a given time period, the one that has the lowest risk will


	have the better risk-adjusted return).
REPURCHASE AGREEMENT	The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities back at a later date at a specified price that includes interest for the buyer's holding period.
SAFEKEEPING	Storage and protection of a customer's financial assets, valuables, or documents, provided as a service by an institution serving as Agent or Custodian and, where control is delegated by the customer.
SECONDARY MARKET	A market made for the purchase and sale of outstanding issues following the initial distribution.
SETTLEMENT DATE	The date when the security is delivered in exchange for the corresponding payment.
TREASURY BILLS	A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.
TREASURY BONDS	Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years from date of issue.
TREASURY NOTES	Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years from date of issue.
U. S. GOVERNMENT AGENCY SECURITIES	Debt securities issued by U.S. Government sponsored enterprises and federally related institutions.
U.S. TREASURY SECURITIES	Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States.
YIELD	The annual rate of return on a debt investment expressed as a percentage.


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EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 22, 2025

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager 

FROM: Barry N. Gardin, Internal Auditor Supervisor 

SUBJECT: Revisions to District Policies

SUMMARY

To ensure District operations and business practices remain consistent with Board objectives and priorities, the District reviews policies every two years to determine whether organizational, regulatory, or other changes have occurred which necessitate their modification. If policy modifications are warranted, they are forwarded to the Board for consideration and approval. Prior to being forwarded to the Board, all proposed modifications are reviewed for input from the Senior Management Team, the District's represented groups, and the General Counsel's Office.

This memorandum summarizes modifications to 12 policies being submitted to the Board for consideration and approval. These policies will be discussed at the May 27, 2025 Finance/Administration Committee meeting.

DISCUSSION

Staff propose changes to the following District policies.

1. Policy 2.05 – Employee Discipline

This policy was modified to specify that discharge cannot be made for discriminatory reasons.

2. Policy 4.05 – Establishing System Capacity Charges

This policy was modified to clarify the objective, provide background, describe the cost basis, clarify SCC fund use restrictions, provide the conditions for SCC credits, specify requirement to conform with all applicable legal requirements, add references, and eliminate procedural elements.

3. Policy 4.12 – Purchasing and Materials Management

This policy was modified to incorporate the best interest of the District as a consideration for alternative acquisitions and affirmatively state that the District will not contract with suppliers on the State Department or Treasury Department sanctions list.

4. Policy 4.14 – Reimbursement of Director Expenses

This policy was modified to clarify reimbursement authorization requirements; provide Board members with the authority to travel within their allotted budget; provide the Board President with the authority to approve expenses that exceed the allotted budget; raise the reimbursement pre-authorization threshold; incorporate standards for travel and expense cancellations; and stipulate requirements for annual travel planning.

5. Policy 4.21 – Land and Conservation/Mitigation Credit Sales – Use of Funds

This policy was modified to clarify the objective, update guidelines for disposal of surplus real property, and update the reference for the Watershed Master Plan.

6. Policy 6.06 – Equal Employment Opportunity (EEO)

This policy was modified to add definitions, include discipline as a consideration in determining EEO discrimination, include reproductive rights as a category in protected groups, and remove duplicative language.

7. Policy 6.13 – Training and Development

This policy was modified to update language and expand the concept of continuous learning and include employee development, advancement activities, and initiatives.

8. Policy 7.01 – Aqueduct and Distribution Pipeline Rights-of-Way Maintenance

This policy was modified to prohibit unauthorized non-District vehicles parking anywhere on the District rights-of-way and incorporate minor edits for clarification.

9. Policy 7.08 – Residences – District-Owned

This policy was modified to specify operating need as a consideration in the residency program selection process.

10. Policy 7.09 – Workplace Safety and Health

This policy was modified to incorporate response requirements for reporting and documenting potential incidents of workplace violence, expand training requirements,

include accessibility accommodations, and require development of a Workplace Violence Prevention Plan in accordance with the California Labor Code 6401.9.

11. Policy 7.12 – Weather Modification

This policy was modified to incorporate social, environmental, and economic impacts as considerations in conducting weather modification activities.

12. Policy 9.06 – Bay-Delta Protection

This policy was modified to identify agency stakeholders who have undertaken efforts to minimize and mitigate adverse impacts to the bay and delta natural resources and codify the District's intent to support legislation initiatives that will lead to improvements in water quality and reliability.

UNION NOTIFICATION

Employee Relations reviewed all the policy changes to determine the necessity for union review and, as deemed necessary, reviewed the changes that affect wages, hours, and working conditions with the represented groups.

FISCAL IMPACT

These policy changes have no identified fiscal impact.

NEXT STEPS

These policies will be brought to the Board for consideration at its May 27, 2025 meeting.

CCC:BNG

Attachments: Policies 2.05, 4.05, 4.12, 4.14, 4.21, 6.06, 6.13, 7.01, 7.08, 7.09, 7.12, and 9.06

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Policy 2.05R

EFFECTIVE [27 MAY 25](#)
~~[28 OCT 14](#)~~

SUPERSEDES [28 OCT 14](#)
~~[11 OCT 05](#)~~

EMPLOYEE DISCIPLINE

IT IS THE POLICY OF EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Expect all employees to maintain high standards for job performance, cooperation, efficiency, safety, honesty and integrity in the performance of their work with the District and take disciplinary action up to and including discharge when justified by an employee's job performance or conduct.

Civil Service Employees

All civil service employees may be subject to disciplinary action up to and including discharge from employment for cause and after due process. Each disciplinary case will be considered on an individual basis, taking into account relevant factors including the nature and severity of the offense, the employee's work performance and conduct, length of service with the District and the employee's response to charges.

Civil Service Exempt Employees

Probationary civil service and employees who are exempt from the District's civil service pursuant to the Municipal Utility District Act are "at will" employees, and may be discharged for any [non-discriminatory](#) reason, without prior notice and without the right of appeal. Nothing in this policy is intended to alter the "at will" employment status of the District's probationary and civil service-exempt employees.

Authority

Resolution 20,573, September 8, 1961
As amended by Resolution No. 33498-05, dated October 11, 2005
As amended by Resolution No. 34005-14, dated October 28, 2014
[As amended by Resolution No. XXXXX-25, dated May 27, 2025](#)
Municipal Utility District Act § 12161



Policy 2.05

EFFECTIVE 27 MAY 25

SUPERSEDES 28 OCT 14

EMPLOYEE DISCIPLINE

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Municipal Utility District Act § 12161



Policy 4.05R

EFFECTIVE [27 MAY 25](#)
~~[26 SEP 17](#)~~

SUPERSEDES [26 SEP 17](#)
~~[14 OCT 08](#)~~

ESTABLISHING SYSTEM CAPACITY CHARGES ~~FINANCING FACILITIES TO SERVE APPLICANTS FOR NEW SERVICES~~

IT IS THE POLICY OF EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Establish charges to recover the reasonable and proportional costs to provide capacity in the District's existing and future water system facilities to serve new customers or to serve expanded use by existing customers.

~~Require applicants for new water service to pay their share of the cost of water system facilities, including existing District system-wide and regional system facilities, and an allocation of the capital costs for future water supply projects.~~

Background

The System Capacity Charge (SCC) was established in 1983 to recover the proportional share of the costs of capital facilities necessary to provide capacity for new and expanded water system use. The SCC helps to fund the District's water system capital improvement program, including the payment of debt service and funding for future water supply facilities to meet long-term increases in future use.

System Capacity Charge Basis

The SCC recovers a proportional and reasonable share of the costs of existing facilities and of future water supply facilities needed to serve a premise based on projected average annual water demand for service(s) to that premise. The SCC is collected from all applicants for new water service or when there is a change in use of existing water service at a premise.

The three components of the SCC for potable water service are:

- 1) System-Wide Buy-In: recovers a proportional allocation of District costs for existing water system-wide facilities;
- 2) Regional Buy-In: recovers a proportional allocation of District costs for existing facilities that service specific regions; and
- 3) Future Water Supply: recovers a proportional allocation of District costs for planning and constructing future water supply projects to serve new or upsized connections.

For nonpotable/recycled water service, the only applicable component of the SCC is the Future Water Supply component.

Restrictions

SCCs collected must be expended for the purpose for which the charges are collected and cannot exceed the estimated proportional and reasonable cost of receiving service through the District's existing and future water system facilities.

Establishing System Capacity
Charges~~Financing Facilities to Serve~~
~~Applicants for New Services~~

NUMBER 4.05
PAGE NO.: 2
EFFECTIVE DATE 27 MAY 25
~~26 SEP 17~~

System Capacity
Credit

Consistent with this policy, a credit may be provided when new services provided to a premise replace one or more existing or prior services provided to that premise. The credit will be based on the SCC previously paid for service at the premise (if any), the historical water usage at the premise, or other standard values as specified in the District's most recent adopted Schedule of Rates, Charges and Fees. The SCC credit cannot be applied to a standby meter, fire service meter, or in the case of a combination standard and fire service meter, the portion of the meter oversized for the private fire protection system. Additional limitations to the application of SCCs credits may be specified in the District's most recent adopted Schedule of Rates, Charges and Fees.

Regulatory Basis

The SCC will be implemented consistent with applicable legal requirements to allow the recovery of proportionate capacity-related costs of new connections to the water system.

Components of
the System
Capacity Charges

~~The District maintains System Capacity Charges (SCC) for new water services in the major SCC regions and the additional SCC subregions.~~

~~Customers must pay their share of the costs to provide water service. The three components of the SCC for standard potable service are:~~

- ~~1) System Wide Buy-In: existing District system facilities excluding supplemental supplies;~~
- ~~2) Regional Buy-In: existing District regional facilities; and~~
- ~~3) Future Water Supply: an allocation of the capital costs for future water supply projects.~~

Method of
Calculation

~~The District uses two methods to determine the amount to be charged under each of these three components—the “Buy-In” method and the “Incremental Cost” method.~~

Buy-In Method

~~The Buy-In method requires new customers to buy into their share of existing facilities that have been built and sized to accommodate their water demand by paying an amount for the investment made by existing ratepayers in the facilities. The Buy-In method is used to determine the two component costs—System Wide and Regional Buy-In components of the SCC. Nonpotable/recycled water customers do not pay the System Wide and Regional Buy-In components of the SCC.~~

System Wide Buy-In Component

~~The first component of the SCC requires new customers entering into the system pay a share of the investments made by existing ratepayers for the District's system water facilities. By depositing collected revenues for the System Wide Buy-In component into the District's general fund, existing ratepayers are reimbursed for investments made over time on system-wide facilities, including the payment of debt service and funding of capital projects.~~

Regional Buy-In Component

~~The second component for the SCC requires new customers to pay the share of investments made by existing ratepayers for regional facilities constructed to provide service to each of the SCC regions. Collected revenues provide funding for the regional facilities, including the payment of debt service and funding of capital projects. When the cost to provide service to a new growth area vastly exceeds the regional facility costs of the adjacent SCC region, special SCC additional subregions are created to recover the costs of the regional investments made to extend water service to the new growth area.~~

Incremental Cost Method

~~The incremental cost method is used to determine the amount new customers must pay for future water supply capital projects pursued by the District to specifically accommodate the demands of new water services. The District uses this method to determine the third SCC component, the Future Water Supply Component.~~

Future Water Supply Component

~~New customers for potable and nonpotable/recycled water are required to pay their share of the costs for the future water supply facilities. Initial funding for the future water supply facilities will come from debt financing. Repayment of the debt is to be paid from the Future Water Supply component of the SCC, assessed and collected from new service connection applicants.~~

**System Capacity
Charges Program
Management**

~~The SCC program will be managed to ensure funds collected under the program are expended for the authorized purpose and do not exceed the cost of providing water service.~~

~~The following five points govern the management of the SCC program:~~

- ~~1) Accounting: SCC revenues and disbursements are to be accounted for in one or more separate accounts apart from other Water System receipts and disbursements.~~
- ~~2) Future Water Supply Disbursements: Disbursements from the Future Water Supply component of the SCC will be limited to the debt service on future water supply projects that have been allocated to serve new connections. During times of development slowdowns, payment for all or a portion of Future Water Supply debt service may be made from Water System reserves. These payments will be repaid from Future Water Supply revenues received from new applicants.~~

- ~~3) **System-Wide and Regional Buy-In Disbursements:** During any fiscal year, disbursements from the Buy-In components of the SCC account to reimburse the Water System General Fund will be limited to the amount collected from the System-Wide and the Regional Buy-In components of any SCC collected from new connections.~~
- ~~4) **Future Water Supply Projects:** During the capital budget review process, an analysis of each SCC-funded future water supply project must be provided to determine whether:~~
- ~~• The facilities are appropriate to meet the expected need;~~
 - ~~• There is reasonable confidence that potential hook-ups of new applicants from the proposed facility will realistically occur as planned; and~~
 - ~~• The costs of the facilities allocated to new development can be recovered from SCC charges.~~
- ~~5) **System-Wide and Regional Projects:** Costs of existing District facilities shall also be updated as part of the biennial budget process to reflect the replacement cost of the existing water system. This update will be the basis of the System-Wide and Regional Buy-In components of the calculation of the SCC.~~

System Capacity
Charge Rate
Setting

~~The costs of the existing water system facilities, the future water supply facilities, and any other costs allocated to new development that will be identified and charged to the SCC must be filed with the Secretary of the District and available to the public ten days prior to any action by the Board of Directors to levy a new or increased SCC.~~

Authority

Motion No. 93-074, May 11, 1993
As amended by Resolution No. 33687-08, October 14, 2008
As amended by Resolution No. 35061-17, September 26, 2017
[As amended by Resolution No. XXXXX-25, May 27, 2025](#)

References

[Government Code Section 66013 \[limitations on capacity fees\]](#)
[Government Code Section 66324 \[accessory dwelling units\]](#)
[Government Code Section 66338 \[junior accessory dwelling units\]](#)
[Proposition 26 \(Cal. Const., art. XIII C, sec. 1\(e\)\)](#)
[Water and Wastewater System Schedules of Rates and Charges, Capacity Charges, and Other Fees](#)



Policy 4.05

EFFECTIVE 27 MAY 25

SUPERSEDES 26 SEP 17

ESTABLISHING SYSTEM CAPACITY CHARGES

IT IS THE POLICY OF EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Establish charges to recover the reasonable and proportional costs to provide capacity in the District's existing and future water system facilities to serve new customers or to serve expanded use by existing customers.

Background

The System Capacity Charge (SCC) was established in 1983 to recover the proportional share of the costs of capital facilities necessary to provide capacity for new and expanded water system use. The SCC helps to fund the District's water system capital improvement program, including the payment of debt service and funding for future water supply facilities to meet long-term increases in future use.

System Capacity Charge Basis

The SCC recovers a proportional and reasonable share of the costs of existing facilities and of future water supply facilities needed to serve a premise based on projected average annual water demand for service(s) to that premise. The SCC is collected from all applicants for new water service or when there is a change in use of existing water service at a premise.

The three components of the SCC for potable water service are:

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- 2) Regional Buy-In: recovers a proportional allocation of District costs for existing facilities that service specific regions; and
- 3) Future Water Supply: recovers a proportional allocation of District costs for planning and constructing future water supply projects to serve new or upsized connections.

For nonpotable/recycled water service, the only applicable component of the SCC is the Future Water Supply component.

Restrictions

SCCs collected must be expended for the purpose for which the charges are collected and cannot exceed the estimated proportional and reasonable cost of receiving service through the District's existing and future water system facilities.

System Capacity Credit

Consistent with this policy, a credit may be provided when new services provided to a premise replace one or more existing or prior services provided to that premise. The credit will be based on the SCC previously paid for service at the premise (if any), the historical water usage at the premise, or other standard values as specified in the District's most recent adopted Schedule of Rates, Charges and Fees. The SCC credit cannot be applied to a standby meter, fire service meter, or in the case of a combination standard and fire service meter, the portion of the meter oversized for the private fire protection system. Additional limitations to the application of SCCs credits may be specified in the District's most recent adopted Schedule of Rates, Charges and Fees.

Establishing System Capacity Charges

NUMBER 4.05

PAGE NO.: 2

EFFECTIVE DATE 27 MAY 25

Regulatory Basis The SCC will be implemented consistent with applicable legal requirements to allow the recovery of proportionate capacity-related costs of new connections to the water system.

Authority Motion No. 93-074, May 11, 1993
As amended by Resolution No. 33687-08, October 14, 2008
As amended by Resolution No. 35061-17, September 26, 2017
As amended by Resolution No. XXXXX-25, May 27, 2025

References Government Code Section 66013 [limitations on capacity fees]
Government Code Section 66324 [accessory dwelling units]
Government Code Section 66338 [junior accessory dwelling units]
Proposition 26 (Cal. Const., art. XIII C, sec. 1(e))
Water and Wastewater System Schedules of Rates and Charges, Capacity Charges, and Other Fees



Policy 4.12R

EFFECTIVE [27 MAY 25](#)
~~[24 JAN 23](#)~~

SUPERSEDES [24 JAN 23](#)
~~[27 SEP 22](#)~~

PURCHASING AND MATERIALS MANAGEMENT

IT IS THE POLICY OF THE EAST BAY MUNICIPAL UTILITY DISTRICT TO:

1. Procure all materials, supplies, equipment, and secure general services for the District's use so as to receive maximum value for each dollar expended consistent with ultimate use, product quality, and supplier performance. In doing so, [the District shall](#):
 - a. Provide a fair and impartial competitive environment.
 - b. Provide equal opportunities to all qualified suppliers in accordance with applicable law and District Policy 6.09 (Contractors' Compliance with Equal Employment Opportunity).
 - c. Take proactive action to locate and encourage equitable participation by all businesses in the competitive bidding [and contract procurement](#) processes of the District in accordance with District Policy 6.08 (Contract Equity Program).
 - d. Seek the participation of local, diverse and Small Business Enterprises in all District bidding processes.
 - e. Pursue alternative acquisition procedures in situations where competitive bidding would be unavailing ~~or would not produce advantage and advertisement for competitive proposals would thus be undesirable, impractical, or impossible,~~ [or not in the best interest of the District and its rate payers](#), as determined by Purchasing in consultation with the Office of General Counsel.
 - f. Endeavor to adhere to the principles of sustainability in the acquisition of materials and supplies, as prescribed in District Policy 7.05 (Sustainability and Resilience).
 - g. ~~Make every reasonable effort n~~ [Not to](#) contract with any suppliers [s](#) on the Federal [State](#) debarment list or Department of the Treasury sanctions list.
 - h. Make efforts to procure materials, equipment, and supplies that have sustainable characteristics such as being sourced locally, made with recycled or renewable materials, being non-polluting, or having a reduced carbon footprint.
 - i. ~~Promote Practice~~ [Practice](#) financial stewardship by obtaining materials that are most suited for the intended purpose and do not have unnecessary equipment, properties, or requirements.
2. Balance the need for material availability with the fiscal responsibility to effectively and responsibly manage inventory investment.
3. Dispose, auction, or competitively bid surplus equipment, damaged goods, scrap, excess, and obsolete materials [s](#) and supplies in a manner that minimizes environmental impacts and ~~will~~ [yields](#) the highest monetary return for the District.
4. Provide District-wide supply-chain management support [and logistics](#), including the warehousing and distribution of materials and equipment.
5. Provide uniform methods and procedures for receiving and opening bids for materials, supplies, equipment, services, or construction projects.
6. Place the authority and responsibility with the Manager of Purchasing to administer and coordinate this ~~P~~ [p](#)olicy.

Authority

Adopted by Resolution No. 27809, July 27, 1976
Amended by Resolution No. 33178-99, November 23, 1999
Amended by Resolution No. 33523-06, March 28, 2006
Amended by Resolution No. 33941-13, September 24, 2013
Amended by Resolution No. 34052-15, September 22, 2015
Amended by Resolution No. 35061-17, September 26, 2017
Amended by Resolution No. 35315-22, September 27, 2022
Amended by Resolution No. 35335-23, January 24, 2023
[Amended by Resolution No. XXXXX-25, May 27, 2025](#)

References

Public Utilities Code (Municipal Utility District Act) Section 12752)
Graydon vs Pasadena Redevelopment Agency (1980) 104 Cal.App.3d 631
Policy 6.08 – Contract Equity Program
Policy 6.09 – Contractors' Compliance with Equal Employment Opportunity
Policy 7.05 – Sustainability and Resilience
Procedure 415 – Emergency Purchases
Procedure 425 – Fair Market Price Purchases
Procedure 431 – Purchase of Materials and Supplies Covered by the Municipal
Utility District Act (MUD Act)
Procedure 452 – Supplier Selection For Material and Supplies Purchases



Policy 4.12

EFFECTIVE 27 MAY 25

SUPERSEDES 24 JAN 23

PURCHASING AND MATERIALS MANAGEMENT

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 - b. Provide equal opportunities to all qualified suppliers in accordance with applicable law and District Policy 6.09 (Contractors' Compliance with Equal Employment Opportunity).
 - c. Take proactive action to locate and encourage equitable participation by all businesses in the competitive bidding and contract procurement processes of the District in accordance with District Policy 6.08 (Contract Equity Program).
 - d. Seek the participation of local, diverse and Small Business Enterprises in all District bidding processes.
 - e. Pursue alternative acquisition procedures in situations where competitive bidding would be unavailing, impossible, or not in the best interest of the District and its rate payers, as determined by Purchasing in consultation with the Office of General Counsel.
 - f. Endeavor to adhere to the principles of sustainability in the acquisition of materials and supplies, as prescribed in District Policy 7.05 (Sustainability and Resilience).
 - g. Not contract with any suppliers on the Federal State debarment list or Department of the Treasury sanctions list.
 - h. Make efforts to procure materials, equipment, and supplies that have sustainable characteristics such as being sourced locally, made with recycled or renewable materials, being non-polluting, or having a reduced carbon footprint.
 - i. Practice financial stewardship by obtaining materials that are most suited for the intended purpose and do not have unnecessary equipment, properties, or requirements.
2. Balance the need for material availability with the fiscal responsibility to effectively and responsibly manage inventory investment.
3. Dispose, auction, or competitively bid surplus equipment, damaged goods, scrap, excess, and obsolete materials and supplies in a manner that minimizes environmental impacts and yields the highest monetary return for the District.
4. Provide District-wide supply-chain management support and logistics, including the warehousing and distribution of materials and equipment.
5. Provide uniform methods and procedures for receiving and opening bids for materials, supplies, equipment, services, or construction projects.
6. Place the authority and responsibility with the Manager of Purchasing to administer and coordinate this policy.

Authority

Adopted by Resolution No. 27809, July 27, 1976
Amended by Resolution No. 33178-99, November 23, 1999
Amended by Resolution No. 33523-06, March 28, 2006
Amended by Resolution No. 33941-13, September 24, 2013
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Policy 6.09 – Contractors' Compliance with Equal Employment Opportunity
Policy 7.05 – Sustainability and Resilience
Procedure 415 – Emergency Purchases
Procedure 425 – Fair Market Price Purchases
Procedure 431 – Purchase of Materials and Supplies Covered by the Municipal
Utility District Act (MUD Act)
Procedure 452 – Supplier Selection For Material and Supplies Purchases



Policy 4.14R

EFFECTIVE [27 MAY 25](#)
~~22 NOV 22~~
SUPERSEDES [22 NOV 22](#)
~~24 MAR 20~~

REIMBURSEMENT OF DIRECTOR EXPENSES

IT IS THE POLICY OF THE EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Reimburse Directors as provided in the Municipal Utility District (~~MUD~~) Act, Public Utilities Code Section 11908.1, for reasonable, actual and necessary expenses that are incurred in the performance of duties authorized or requested by the Board.

Purpose and Scope

EBMUD reimburses Directors for reasonable, actual and necessary expenses incurred in the performance of duties authorized or requested by the Board. Each Director is encouraged to participate in outside activities and organizations that further the interests of the District. Expenses incurred by Directors in connection with such activities are reimbursable, when authorized in advance or subsequently approved by the Board President. Directors will not receive personal gain or incur personal loss for their activities.

Reimbursable Expenses

Directors are eligible for the reimbursement of expenses incurred in connection with attendance as a representative of the District at events such as conferences and association meetings. Reimbursable expenses include:

- Travel;
- Lodging;
- Meals;
- Technology Expenses; and
- Other related expenses incurred in the performance of official District business in accordance with the *Guidelines for Reimbursement of Board of Director Expenses*, attached to this policy.

Authorization of Reimbursement Authorized Expenses

Reimbursement of Director expenses must be approved as follows:

- The President of the Board of Directors will pre-authorize or approve Reimbursable ~~e~~ Expenses incurred by fellow Directors ~~in connection with attendance as a representative of the District at meetings, associations and other groups and will approve travel and other related expenses incurred in the performance of official District business.~~
- The Vice President of the Board of Directors will approve expenses incurred by the Board President, and in the President's absence, may approve expenses incurred by fellow Directors.
- In the absence of both the President and Vice President, the Immediate Past President who currently sits on the Board may also approve expenses incurred by fellow Directors, including the President and Vice President. ~~In the absence of the President and/or Vice President, the Immediate Past President may also approve expenses of fellow Directors including the President and Vice President.~~

-
- Any expense that does not meet the criteria for reimbursement specified in this Policy must be approved by the Board in a public meeting before it is incurred.
 - Under no circumstance may any Director be authorized to approve their own expenses. ~~Reimbursable Director expenses will be reasonable, and in accordance with the guidelines attached to this policy.~~
-

Rules Applicable to Reimbursable Expenses

The following rules apply to Reimbursable Expenses:

- Directors will exercise responsible fiscal management in incurring expenses as required by Policy 6.04, Ethics of the EBMUD Board of Directors. All expenses must be reasonable and necessary, and Directors will exercise prudence in all expenditures.
- Reimbursable Expenses will be incurred and reimbursed in accordance with the *Guidelines for Reimbursement of Board of Director Expenses*, attached to this Policy.
- Each Director must use government and group rates offered by a transportation or lodging provider, when available.
- EBMUD does not provide credit cards to Directors. Upon incurring expenses, Directors will submit a reimbursement request, accompanied by evidence of payment of such expenses that will meet the District's requirements.
- ~~Each Director may be reimbursed for attendance at only one conference per year, unless the Director's attendance at a conference is necessary because the Director serves on a joint powers authority, regional committee or other body required to meet at the conference.~~
- Each Director will be reimbursed for attendance at conferences as long as there are funds available in the Director's allotted travel budget for the fiscal year. The Board President has the authority to approve reimbursement for conference expenditures that may exceed the Director's allotted travel budget for the fiscal year, based on factors such as whether the Director has an official role at the conference (e.g., serving as a panelist), the Director's recent and planned budget utilization, and the status of the remaining travel budget for the Board.
- Upon return from any conference attended on behalf of the District, a Director shall file with the Secretary of the District a written report on the Director's activities at the conference (e.g., what was learned at the conference that may be helpful to the Board or the District and what meetings or sessions the Director attended).
 - The Secretary shall send a copy of the report to the Board President.
 - A Director shall not be eligible for reimbursement until they have filed the report with the Secretary.
- At the next Board meeting, following attendance at a conference or meeting for which a Director has received expense reimbursement, the

Director shall briefly report on the meeting. If multiple Directors attended, a joint report may be made.

Authority

Resolution No. 32874-94, August 9, 1994
Amended by Resolution No. 33414-04, March 23, 2004
Amended by Resolution No. 33471-05, April 26, 2005
Amended by Resolution No. 33661-08, March 11, 2008
Amended by Resolution No. 33756-10, February 23, 2010
Amended by Resolution No. 33919-13, March 26, 2013
Amended by Resolution No. 33923-13, April 9, 2013
Amended by Resolution No. 35061-17, September 26, 2017
Amended by Resolution No. 35168-20, March 24, 2020
Amended by Resolution No. 35325-22, November 22, 2022
[Amended by Resolution No. XXXXX-25, May 27, 2025](#)

References

Government Code Section 53232.2
[Government Code Section 53232.3](#)
Public Utilities Code Section 11908.1
IRS Publication 463 – Travel, Entertainment, Gift and Car Expenses
Policy 6.04 – Ethics of the EBMUD Board of Directors
[Resolution No. 35000-16 dated August 9, 2016](#)
[Resolution No. 35428-24 dated November 26, 2024](#)

[EBMUD District Vehicle Guidelines](#)
[EBMUD Board of Directors Governance Manual](#)

GUIDELINES FOR REIMBURSEMENT OF BOARD OF DIRECTOR EXPENSES

PURPOSE – These guidelines are used to reimburse Board of Directors (Director) for actual, reasonable and necessary expenses while engaged in official District business, as provided in MUD Act Section 11908.1, pursuant to Policy 4.14.

Internal Revenue Service (IRS) Requirement

The District operates under an Accountable Plan, as defined in Internal Revenue Service Regulations 1.62.2. An Accountable Plan is one in which expense reimbursements are not taxable income, not wages, and not included as income. To be an Accountable Plan (according to the IRS), your employer's reimbursement or allowance arrangement must include the following rules:

- Your expenses must have a business connection - that is, you must have been paid or incurred deductible expenses while performing services as a 'Director of the District'.
- You must adequately account to your employer for these expenses within a reasonable period of time.
- You must return any excess reimbursement or allowance within a reasonable period of time.

Reasonable Period of Time: The definition of reasonable period of time depends on the facts and circumstances of your situation. However, regardless of the facts and circumstances of your situation, actions that take place within the times specified in the following list will be treated as taking place within a reasonable period of time.

~~• You receive an advance within 30 days of the time you have an expense.~~

- You adequately account for your expenses within 60 days after they were paid or incurred.
- You return any excess reimbursement within 120 days after the expense was paid or incurred.
- You are given a periodic statement (at least quarterly) that asks you to either return or adequately account for outstanding advances and you comply within 120 days of the statement.

Authorization

Reimbursable Expenses That Require Prior Authorization

- Conferences, seminars, or similar training courses requiring either a registration fee or overnight lodging costing ~~\$200~~^{\$400} or more.
- Travel to destinations in excess of 150 miles from the Director's normal place of work or for overnight lodging of more than one night related to business travel.
- Travel advances and/or prepayment of business expenses that require submission to the Office of the Secretary.

- [Use of international data or telecommunications plans while traveling for non-District related purposes to remain in contact and available for District related communications.](#)

Note: The Board President approves all prior authorization requests from Directors. The Board Vice President approves all prior authorization requests from the Board President, and in the President's absence, may approve [fellow Director's](#) authorization requests. In the absence of the President and/or the Vice President, the Immediate Past President [who currently sits on the Board](#) may also approve authorization requests [including requests from the President or Vice President](#). Any expenses incurred without prior written approval will not be reimbursed unless it is an emergency related to District business.

[Prior to the beginning of each fiscal year, the Secretary will provide the Board with a draft calendar of conferences and activities for the fiscal year that may require reimbursable lodging, registration or airfare. By June 10 of each year, each Director shall provide the Secretary with a written forecast of the Director's planned event attendance for the fiscal year. The written forecast can include conferences or activities that were not on the draft calendar provided by the Secretary. The Secretary will submit the written forecasts to the Board President for review and approval. During the fiscal year, Directors can submit requests to participate in additional conferences or activities for the Board President's consideration.](#)

Reimbursable Expenses That Do Not Require Prior Authorization

- Conference, seminar or similar training registration fees costing less than ~~\$200~~[100](#).
 - One day travel less than 150 miles from the Director's normal place of work.
 - Training with no registration fee or overnight stay.
 - Business meetings or District sponsored events:
 - Regular, adjourned regular, and special meetings of the Board.
 - Board committee meetings (as a member or alternate at the request of the committee chairperson) whether standing or ad hoc.
 - Seminars, and non-District meetings or functions when attending as a representative of the Board.
 - Other services rendered as a Director.
 - Typical reimbursed monthly expenses:
 - Meals – Refer to meals section.
 - Mileage – Refer to use of private owned vehicles section.
 - Tolls – No receipt required.
 - Parking – Receipt required.
 - Monthly internet charges – Reviewed and approved by Chief Information Officer. Expenses must be submitted within six months of being incurred or expense payment being made.
-

Qualifications

Director business expenses are reimbursed or paid directly by the District provided they are ordinary, necessary, reasonable, and within the scope of District business for the individual requesting reimbursement. Expenses must meet the following general qualifications:

- Expenses incurred must comply with the provisions of this policy and all expenses must be properly authorized.
- Expenses and business purpose to the District must be adequately documented and explained. Reimbursement of actual expenses requires submission of receipts for all expenses except per diem reimbursement for luggage handling and housekeeping tipping, or reimbursement of bridge tolls.

Allowable Expenses

Registration Fees

- Registration fees incurred to participate in conferences, training courses or other similar activities directly related to District business or interests are reimbursable.

Meals

Reimbursement for meals requires an itemized receipt and is limited to the IRS approved per diem rate for the area of travel. Per diem rates are subject to change at any time. The IRS approved per diem rate will be disbursed in whole dollar amounts to approximate 20 percent for breakfast, 30 percent for lunch, and 50 percent for dinner. Current per diem rates can be reviewed at the U.S. General Services Administration website, [GSA Home](#). Click the link to "Per Diem Lookup".

Meal expenses (breakfast, lunch, or dinner) are reimbursable for Directors under these specified conditions:

- For one-day training, conferences, seminars, meetings, and trips.
- Business meal costs incurred must be reasonable, necessary and at appropriate locations. You must include the names of participants (if being claimed for reimbursement), and the specific business purpose of the meal. Food may be provided at on-site gatherings such as ward events.

It is the Director's responsibility to make necessary arrangements with the host for special dietary requirements. If the Director's special dietary needs request is denied by the host, the Director should receive a meal reimbursement for that meal. The Director is required to provide written details from the host indicating the special dietary needs request cannot be fulfilled.

Car Rentals

Car rentals are only approved if public transportation is not reasonably available in the area of travel. Car rentals should be for compact or mid-sized models without upgrades for one or two persons sharing transportation. For three or more persons, or as required to meet District business needs, a larger model may be rented.

The District may contract with a vehicle rental company as a preferred provider. Such a preferred provider will offer governmental rates to Directors for all travel and will not offer liability or collision insurance to Directors on District business because the District is self-insured.

Use of Privately Owned Vehicles

Reimbursement for mileage expenses incurred shall be determined as follows:

- Local and long-distance travel shall be reimbursed at the authorized IRS rate per mile.
- Long distance travel - Mileage expenses shall be based upon direct mileage between destinations as determined from established tables of highway distances.
- Directors are personally responsible to pay all traffic citations, parking tickets and any resulting towing or impound charges.
- Mileage to and from the airport and parking at the airport. A receipt is required for cabs, ride-sharing, shuttle service or airport parking.

Note: The mileage reimbursement, plus related enroute expenses per Director, shall not exceed the corresponding lowest quoted round-trip airfare plus an allowance of \$50 covering avoided costs from Oakland, San Francisco, Sacramento or San Jose to the terminal point nearest the point of destination. Lowest quoted round-trip airfare [represents the fare for a direct flight \(for in state travel\), during normal business hours and](#) must be documented through services such as Expedia, Travelocity and Orbitz [or similar travel website](#). Questions regarding “in lieu” fare levels can be verified with the Secretary of the District in advance of travel.

Use of District Fleet Vehicles

[A Director may request use of a District fleet vehicle for travel in connection with attendance as a representative of the District at events. The Director should submit a request to the Office of the Secretary as far in advance as possible but no later than 72 hours before their travel date. The Director will operate the fleet vehicle in accordance with all vehicle laws and District vehicle guidelines. The Director will be responsible for refueling the fleet vehicle in accordance with District vehicle guidelines prior to returning it to the District. The Director will be reimbursed for refueling the fleet vehicle.](#)

[Directors are personally responsible to pay all traffic citations, parking tickets and any resulting towing or impound charges in a timely manner.](#)

Lodging

[Lodging expenses are limited to the GSA per diem rates. The rate may be exceeded if staying at the conference hotel. Lodging expenses must be reasonable. When possible, rates should not exceed the maximum group rates published for the conference.](#) Lodging expenses will be reimbursed only when overnight absence from the Director’s home is required. An itemized receipt must be ~~attached to~~[included with](#) the Expense Report. Overnight lodging is not authorized for conferences or seminars that are within the service area without specific advance written approval from the Board President.

Note: If double, deluxe, suite, or other premium-cost accommodations are requested, reimbursement will be at the [GSA per diem rate](#) ~~standard rate for single room occupancy~~. The receipt should be annotated to show the “standard single” rate if the cost of the accommodations exceeds that rate.

Government, corporate or conference rates must be requested, when available, and used if these rates are less than otherwise posted rates.

Transient Occupancy Tax (TOT)

When reserving a hotel reservation for a stay in City of Rancho Mirage, San Francisco and Sacramento cities and counties, complete the TOT exemption form. When you check in, show the hotel staff the form, show them your District ID and sign the TOT exemption form. Exemption forms are found on the Travel and Expense (T&E) [Splashpad page](#).

Airline Fares

Each airline ticket purchased must be at the lowest fare consistent with the business purpose. The District does not reimburse the costs of travel agent fees incurred for the purpose of purchasing airlines tickets. Directors traveling by air for business have the option to reserve and purchase airline tickets on the Internet using their personal credit card and documenting the available fare options that reasonably meet the business purpose.

The following travel service websites are available to research and book reservations:

- Expedia.com
- Travelocity.com
- Orbitz.com
- Travelzoo.com
- Kayak.com

Other travel websites may also be used. Not all airlines are affiliated with these travel service websites, including Southwest, Jet Blue, ATA, etc. Therefore, those airline websites should also be reviewed for cost comparisons for available flights.

After locating the lowest airfare consistent with the business purpose of the trip, if the airfare is greater than \$250 the Director must provide the information from the website(s) (travel service website and, where used, specific airline website) indicating the alternative options available, in addition to the option ticketed. That documentation must show the lowest fare available for the business trip and must accompany the Expense Report for reimbursement or payment to the District.

Miscellaneous

- Internet Access at the hotel or conference center for business use and access to District Information systems.
- Limits on gratuities are described below:

- Business meals – 185 percent of the total cost of the meal for an individual or as automatically charged by the restaurant for a group business meal when substantiated by an itemized receipt.
 - Taxi [or rideshare](#) – 10 percent of the cost of taxi [or rideshare](#) fares.
 - Luggage handling and housekeeping – limited to the IRS per diem rate for the area.
 - Laundry services are only reimbursed when travel extends beyond five business days.
 - Minor purchases are reimbursable up to \$500 for non-stock/non-repetitive supplies, or materials that cannot be procured economically through normal channels due to time or the value of the purchase.
-

Unauthorized Expenses

Meals

- Meal allowances are not paid for meals enroute by air when food is provided by the airline, included with the conference registration, or otherwise provided. (Snacks and continental breakfasts such as rolls, juice and coffee shall not be considered meals.)
- Business discussions during mealtime between Directors, and a Director and employees do not constitute a business meal eligible for reimbursement.
- Alcoholic beverages are not reimbursed except for specific events with prior written approval of the Board President.

Car Rental Insurance and Citations

Directors should not purchase, nor shall the District reimburse the cost of liability or collision insurance as the District is self-insured. Insurance authorized by the Director at the time of rental will not be reimbursed. In the event of an accident while using a rental car, refer the car rental agency to the [District's Risk Management Division](#).

Directors are personally responsible for paying all traffic citations, parking tickets and resulting towing or impound charges in a timely manner.

Airline Fares

Directors will not be reimbursed for the following airline fees:

- Upgraded seating such as first-class, business class, or economy plus
 - When a Director prefers to use a higher class than the economy ticket for reimbursement, the Director must pay the incremental cost of the airfare and provide documentation that shows the incremental cost.
- Early Bird check-in
- Frequent flyer miles or rewards programs
- Cancellation protection or insurance

- Additional travel insurance or premiums

Any requests for a particular airline or routing which results in higher fares will not be reimbursed. The additional costs of airline fares will be the responsibility of the Director.

Miscellaneous

The District provides a cell phone allowance or District cell phones for business related telephone expenses. The District does not provide any additional reimbursement for business or non-business related telephone expenses.

Travel and Expense Authorization

Travel and Expense Authorizations:

- Must be completed in Elsie for reimbursement of expenses before the expense is incurred unless these guidelines specifically state otherwise.
 - Must be completed by each Director for all travel and approved by the Board President.
 - Travel and Expense Authorizations become a public record upon submission to the District for payment.
-

Processing Travel & Expense Authorizations

Director

- [Receives permission from the Board President or designee to attend a conference, seminar, or training course.](#)
- Requests Secretary of the District to complete Travel and Expense Authorization in Elsie before expenses are incurred.
- Provides copies of the conference, seminar or training course schedule/agenda to include with the Travel and Expense Authorization.
- Provides written justification stating business purpose for the expense to include with the Travel and Expense Authorization.
- Completes the local TOT exemption form for lodging in California at time of check in if available in that city.

Office of the Secretary

- Prepares Travel and Expense Authorization in Elsie, attaches the required documentation and written request from the Director and obtains approval from the Board President.
- Reviews and approves use of the District Purchase Card for travel and business related expenses and direct travel-related expense payments for up to the total approval amounts shown on Travel and Expense Authorization for transactions requiring payment via purchase/credit card.
- Determines the “reasonableness” of expenses eligible for reimbursement based on time and location of travel, duration of trip and purpose of travel.

- Enters Travel and Expense Authorization with supporting documentation and approvals in Elsie for processing by the Accounting Division.

Board President

- Reviews and approves Travel and Expense Authorization for reasonableness and forwards it to the Office of the Secretary.

Board Vice President

- Reviews and approves, for the Board President and all other Directors in the President's absence, Travel and Expense Authorization for reasonableness and forwards it to the Office of the Secretary.

Immediate Past President (who currently sits on the Board)

- In the absence of the Board President and/or the Vice President, reviews and approves for the President, Vice President or other Director's Travel and Expense Authorization for reasonableness and forwards it to the Office of the Secretary.

Accounting Division

- Accounts Payable (AP) staff, under the direction of the Controller, audits Travel and Expense Authorizations submitted for compliance with procedures.
- Prepares direct travel-related expense payments for up to the total approval amounts shown on the Travel and Expense Authorization for transactions requiring payment by check.

Expense Report

Expense Reports must always be completed by each Director for reimbursement of any business expense after the expense is incurred unless these guidelines specifically state otherwise. All Expense Reports must include adequate documented explanations of the business purpose of the expenses. Expense Reports become a public record upon submission to the District for payment.

Processing Expense Report

Director

- Submits Expense Report and supporting receipts to the Office of the Secretary. Do not include any personal information such as personal credit card information, bank account information, home address or personal phone numbers.
- Always ~~check~~ [use the most current version of the form in the Forms Shop](#) ~~for the current form. This form is updated to~~ [which will](#) include current mileage reimbursement rates, regulatory and processing changes.
- The Director incurring the expense cannot approve their own Expense Report.
- Information in the Expense Report must be authorized in writing (e.g., via email) by the Director incurring the expense

Office of the Secretary

- Reviews Expense Report and attachments.

- Sends Expense Report to the Board President for approval.
- Enters Expense Report with supporting documentation and approvals in Elsie for processing by the Accounting Division.

Board President

- Reviews Expense Report for approval after expenses are incurred to determine the need, appropriateness, and reasonableness of each item of expense.
- Sends approved Expense Report to Office of the Secretary for final review before Office of the Secretary enters Expense Report with supporting documentation and approvals into Elsie.

Board Vice President

- Reviews and approves Expense Report for the Board President and all other Directors in the President's absence after expenses are incurred to determine the need, appropriateness, and reasonableness of each item of expense.
- Sends approved Expense Report to Office of the Secretary for final review before entering in Elsie.

Immediate Past President ([who currently sits on the Board](#))

- In the Board President and/or Vice President's absence, reviews and approves Expense Report of the President, Vice President or other Directors after expenses are incurred to determine the need, appropriateness, and reasonableness of each item of expense.
- Sends approved Expense Report to Office of the Secretary for final review before entering in Elsie.

Accounting Division

- Audits all Expense Reports for compliance with procedures.
- Returns incomplete Expense Reports to the Office of the Secretary with a request for adjustment or explanation.
- Advises Office of the Secretary when reimbursement is available for distribution to Director.

Prepayment of Expenses

~~Directors requesting prepayment of expenses for a business trip are required to submit their requests to the Secretary of the District at least ten (10) working days prior to their scheduled departure date or event.~~

~~If the District issued a prepayment of expenses, a copy of the Travel and Expense Authorization must be attached to the request. In order to account for prepaid expenses, Expense Reports must be submitted within 15 working days of completion of the business trip.~~

For periodic expenses when a Travel and Expense Authorization is not required (tolls, BART fares, personal car mileage, etc.) an Expense Report should be submitted [by the 10th day of the month but no later than 30 days following the expenditure](#)~~within six months~~.

If the Director chooses not to purchase an airline ticket, the information regarding the ticket selection should be sent to the Secretary of the District who will purchase the ticket at the request of the Director. The charge for the amount of the ticket will be recorded as a prepaid expense to be cleared by a subsequent approved Expense Report.

Cancellations

When traveling on District business, the Director must be reasonably certain that they will be able to complete the trip. Canceling a trip [or participation in a local event, training, or seminar that does not require airfare or lodging](#) for personal reasons [or "good cause"](#) must be approved by the Board President and may result in the Director being responsible for any non-refundable costs. Where possible, another Director may be substituted with the approval of the Board President. If a substitution needs to be made, notify the Secretary's Office [as soon as reasonably possible](#) and copy the Board President.

[Good cause shall include, but not be limited to, a director's illness, family emergency, or schedule conflict directly related to the business and interests of the District.](#)

Business and Personal Combined

Any Director who wishes to combine personal and business travel should consult with the Secretary of the District who in consultation with the Controller [prior to the trip](#) will determine a reasonable allocation of costs. Any cost variance in airfare, car rental, or lodging must be clearly identified on the Travel and Expense Authorization. Charges to accommodate personal preferences will not be reimbursed. Use of frequent flyer miles will not be reimbursed. All other expense reimbursement rules apply.

Report to Board

~~At the next Board Meeting, the Director will make an oral or written presentation to the Board after business travel outside of the District service area or meetings attended at the District's expense are completed. If multiple Directors attended, a joint report may be made.~~

Substantiation of Travel Expenses

Travel expenses shall be substantiated by any of the following sources:

- Board meeting minutes
- Certification of committee attendance signed by the committee chair
- Verification of attendance at authorized meetings and functions signed by the Board President



Policy 4.14

EFFECTIVE 27 MAY 25

SUPERSEDES 22 NOV 22

REIMBURSEMENT OF DIRECTOR EXPENSES

IT IS THE POLICY OF THE EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Reimburse Directors as provided in the Municipal Utility District Act, Public Utilities Code Section 11908.1, for reasonable, actual and necessary expenses that are incurred in the performance of duties authorized or requested by the Board.

Purpose and Scope

EBMUD reimburses Directors for reasonable, actual and necessary expenses incurred in the performance of duties authorized or requested by the Board. Each Director is encouraged to participate in outside activities and organizations that further the interests of the District. Expenses incurred by Directors in connection with such activities are reimbursable, when authorized in advance or subsequently approved by the Board President. Directors will not receive personal gain or incur personal loss for their activities.

Reimbursable Expenses

Directors are eligible for the reimbursement of expenses incurred in connection with attendance as a representative of the District at events such as conferences and association meetings. Reimbursable expenses include:

- Travel;
 - Lodging;
 - Meals;
 - Technology Expenses; and
 - Other related expenses incurred in the performance of official District business in accordance with the *Guidelines for Reimbursement of Board of Director Expenses*, attached to this policy.
-

Authorization of Reimbursement

Reimbursement of Director expenses must be approved as follows:

- The President of the Board of Directors will pre-authorize or approve Reimbursable Expenses incurred by fellow Directors.
- The Vice President of the Board of Directors will approve expenses incurred by the Board President, and in the President's absence, may approve expenses incurred by fellow Directors.
- In the absence of both the President and Vice President, the Immediate Past President who currently sits on the Board may also approve expenses incurred by fellow Directors, including the President and Vice President.
- Any expense that does not meet the criteria for reimbursement specified in this Policy must be approved by the Board in a public meeting before it is incurred.

- Under no circumstance may any Director be authorized to approve their own expenses.
-

Rules Applicable to Reimbursable Expenses

The following rules apply to Reimbursable Expenses:

- Directors will exercise responsible fiscal management in incurring expenses as required by Policy 6.04, Ethics of the EBMUD Board of Directors. All expenses must be reasonable and necessary, and Directors will exercise prudence in all expenditures.
 - Reimbursable Expenses will be incurred and reimbursed in accordance with the *Guidelines for Reimbursement of Board of Director Expenses*, attached to this Policy.
 - Each Director must use government and group rates offered by a transportation or lodging provider, when available.
 - EBMUD does not provide credit cards to Directors. Upon incurring expenses, Directors will submit a reimbursement request, accompanied by evidence of payment of such expenses that will meet the District's requirements.
 - Each Director will be reimbursed for attendance at conferences as long as there are funds available in the Director's allotted travel budget for the fiscal year. The Board President has the authority to approve reimbursement for conference expenditures that may exceed the Director's allotted travel budget for the fiscal year, based on factors such as whether the Director has an official role at the conference (e.g., serving as a panelist), the Director's recent and planned budget utilization, and the status of the remaining travel budget for the Board.
 - Upon return from any conference attended on behalf of the District, a Director shall file with the Secretary of the District a written report on the Director's activities at the conference (e.g., what was learned at the conference that may be helpful to the Board or the District and what meetings or sessions the Director attended).
 - The Secretary shall send a copy of the report to the Board President.
 - A Director shall not be eligible for reimbursement until they have filed the report with the Secretary.
 - At the next Board meeting, following attendance at a conference or meeting for which a Director has received expense reimbursement, the Director shall briefly report on the meeting. If multiple Directors attended, a joint report may be made.
-

Authority

Resolution No. 32874-94, August 9, 1994
Amended by Resolution No. 33414-04, March 23, 2004
Amended by Resolution No. 33471-05, April 26, 2005
Amended by Resolution No. 33661-08, March 11, 2008
Amended by Resolution No. 33756-10, February 23, 2010
Amended by Resolution No. 33919-13, March 26, 2013
Amended by Resolution No. 33923-13, April 9, 2013

Reimbursement of Director Expenses

NUMBER 4.14

PAGE NO.: 3

EFFECTIVE DATE: 27 MAY 25

Amended by Resolution No. 35061-17, September 26, 2017
Amended by Resolution No. 35168-20, March 24, 2020
Amended by Resolution No. 35325-22, November 22, 2022
Amended by Resolution No. XXXXX-25, May 27, 2025

References

Government Code Section 53232.2
Government Code Section 53232.3
Public Utilities Code Section 11908.1
IRS Publication 463 – Travel, Entertainment, Gift and Car Expenses
Policy 6.04 – Ethics of the EBMUD Board of Directors
Resolution No. 35000-16 dated August 9, 2016
Resolution No. 35428-24 dated November 26, 2024
EBMUD District Vehicle Guidelines
EBMUD Board of Directors Governance Manual

GUIDELINES FOR REIMBURSEMENT OF BOARD OF DIRECTOR EXPENSES

PURPOSE – These guidelines are used to reimburse Board of Directors (Director) for actual, reasonable and necessary expenses while engaged in official District business, as provided in MUD Act Section 11908.1, pursuant to Policy 4.14.

Internal Revenue Service (IRS) Requirement

The District operates under an Accountable Plan, as defined in Internal Revenue Service Regulations 1.62.2. An Accountable Plan is one in which expense reimbursements are not taxable income, not wages, and not included as income. To be an Accountable Plan (according to the IRS), your employer's reimbursement or allowance arrangement must include the following rules:

- Your expenses must have a business connection - that is, you must have been paid or incurred deductible expenses while performing services as a 'Director of the District'.
- You must adequately account to your employer for these expenses within a reasonable period of time.
- You must return any excess reimbursement or allowance within a reasonable period of time.

Reasonable Period of Time: The definition of reasonable period of time depends on the facts and circumstances of your situation. However, regardless of the facts and circumstances of your situation, actions that take place within the times specified in the following list will be treated as taking place within a reasonable period of time.

- You adequately account for your expenses within 60 days after they were paid or incurred.
 - You return any excess reimbursement within 120 days after the expense was paid or incurred.
 - You are given a periodic statement (at least quarterly) that asks you to either return or adequately account for outstanding advances and you comply within 120 days of the statement.
-

Authorization

Reimbursable Expenses That Require Prior Authorization

- Conferences, seminars, or similar training courses requiring either a registration fee or overnight lodging costing \$200 or more.
- Travel to destinations in excess of 150 miles from the Director's normal place of work or for overnight lodging of more than one night related to business travel.
- Travel advances and/or prepayment of business expenses that require submission to the Office of the Secretary.
- Use of international data or telecommunications plans while traveling for non-District related purposes to remain in contact and available for District related communications.

Note: The Board President approves all prior authorization requests from Directors. The Board Vice President approves all prior authorization requests from the Board President, and in the President's absence, may approve fellow Directors' authorization requests. In the absence of the President and/or the Vice President, the Immediate Past President who currently sits on the Board may also approve authorization requests including requests from the President or Vice President. Any expenses incurred without prior written approval will not be reimbursed unless it is an emergency related to District business.

Prior to the beginning of each fiscal year, the Secretary will provide the Board with a draft calendar of conferences and activities for the fiscal year that may require reimbursable lodging, registration or airfare. By June 10 of each year, each Director shall provide the Secretary with a written forecast of the Director's planned event attendance for the fiscal year. The written forecast can include conferences or activities that were not on the draft calendar provided by the Secretary. The Secretary will submit the written forecasts to the Board President for review and approval. During the fiscal year, Directors can submit requests to participate in additional conferences or activities for the Board President's consideration.

Reimbursable Expenses That Do Not Require Prior Authorization

- Conference, seminar or similar training registration fees costing less than \$200.
- One day travel less than 150 miles from the Director's normal place of work.
- Training with no registration fee or overnight stay.
- Business meetings or District sponsored events:
 - Regular, adjourned regular, and special meetings of the Board.
 - Board committee meetings (as a member or alternate at the request of the committee chairperson) whether standing or ad hoc.
 - Seminars, and non-District meetings or functions when attending as a representative of the Board.
 - Other services rendered as a Director.
- Typical reimbursed monthly expenses:
 - Meals – Refer to meals section.
 - Mileage – Refer to use of private owned vehicles section.
 - Tolls – No receipt required.
 - Parking – Receipt required.
 - Monthly internet charges – Reviewed and approved by Chief Information Officer. Expenses must be submitted within six months of being incurred or expense payment being made.

Qualifications

Director business expenses are reimbursed or paid directly by the District provided they are ordinary, necessary, reasonable, and within the scope of District business

for the individual requesting reimbursement. Expenses must meet the following general qualifications:

- Expenses incurred must comply with the provisions of this policy and all expenses must be properly authorized.
- Expenses and business purpose to the District must be adequately documented and explained. Reimbursement of actual expenses requires submission of receipts for all expenses except per diem reimbursement for luggage handling and housekeeping tipping, or reimbursement of bridge tolls.

Allowable Expenses

Registration Fees

- Registration fees incurred to participate in conferences, training courses or other similar activities directly related to District business or interests are reimbursable.

Meals

Reimbursement for meals requires an itemized receipt and is limited to the IRS approved per diem rate for the area of travel. Per diem rates are subject to change at any time. The IRS approved per diem rate will be disbursed in whole dollar amounts to approximate 20 percent for breakfast, 30 percent for lunch, and 50 percent for dinner. Current per diem rates can be reviewed at the U.S. General Services Administration website, [GSA Home](#). Click the link to "Per Diem Lookup".

Meal expenses (breakfast, lunch, or dinner) are reimbursable for Directors under these specified conditions:

- For one-day training, conferences, seminars, meetings, and trips.
- Business meal costs incurred must be reasonable, necessary and at appropriate locations. You must include the names of participants (if being claimed for reimbursement), and the specific business purpose of the meal. Food may be provided at on-site gatherings such as ward events.

It is the Director's responsibility to make necessary arrangements with the host for special dietary requirements. If the Director's special dietary needs request is denied by the host, the Director should receive a meal reimbursement for that meal. The Director is required to provide written details from the host indicating the special dietary needs request cannot be fulfilled.

Car Rentals

Car rentals are only approved if public transportation is not reasonably available in the area of travel. Car rentals should be for compact or mid-sized models without upgrades for one or two persons sharing transportation. For three or more persons, or as required to meet District business needs, a larger model may be rented.

The District may contract with a vehicle rental company as a preferred provider. Such a preferred provider will offer governmental rates to Directors for all travel and will not offer liability or collision insurance to Directors on District business because the District is self-insured.

Use of Privately Owned Vehicles

Reimbursement for mileage expenses incurred shall be determined as follows:

- Local and long-distance travel shall be reimbursed at the authorized IRS rate per mile.
- Long distance travel - Mileage expenses shall be based upon direct mileage between destinations as determined from established tables of highway distances.
- Directors are personally responsible to pay all traffic citations, parking tickets and any resulting towing or impound charges.
- Mileage to and from the airport and parking at the airport. A receipt is required for cabs, ride-sharing, shuttle service or airport parking.

Note: The mileage reimbursement, plus related enroute expenses per Director, shall not exceed the corresponding lowest quoted round-trip airfare plus an allowance of \$50 covering avoided costs from Oakland, San Francisco, Sacramento or San Jose to the terminal point nearest the point of destination. Lowest quoted round-trip airfare represents the fare for a direct flight (for in state travel), during normal business hours and must be documented through services such as Expedia, Travelocity and Orbitz or similar travel website. Questions regarding "in lieu" fare levels can be verified with the Secretary of the District in advance of travel.

Use of District Fleet Vehicles

A Director may request use of a District fleet vehicle for travel in connection with attendance as a representative of the District at events. The Director should submit a request to the Office of the Secretary as far in advance as possible but no later than 72 hours before their travel date. The Director will operate the fleet vehicle in accordance with all vehicle laws and District vehicle guidelines. The Director will be responsible for refueling the fleet vehicle in accordance with District vehicle guidelines prior to returning it to the District. The Director will be reimbursed for refueling the fleet vehicle.

Directors are personally responsible to pay all traffic citations, parking tickets and any resulting towing or impound charges in a timely manner.

Lodging

Lodging expenses are limited to the GSA per diem rates. The rate may be exceeded if staying at the conference hotel. Lodging expenses will be reimbursed only when overnight absence from the Director's home is required. An itemized receipt must be included with the Expense Report. Overnight lodging is not authorized for conferences or seminars that are within the service area without specific advance written approval from the Board President.

Note: If double, deluxe, suite, or other premium-cost accommodations are requested, reimbursement will be at the GSA per diem rate. The receipt should be annotated to show the "standard single" rate if the cost of the accommodations exceeds that rate.

Government, corporate or conference rates must be requested, when available, and used if these rates are less than otherwise posted rates.

Transient Occupancy Tax (TOT)

When reserving a hotel reservation for a stay in City of Rancho Mirage, San Francisco and Sacramento cities and counties, complete the TOT exemption form. When you check in, show the hotel staff the form, show them your District ID and sign the TOT exemption form. Exemption forms are found on the Travel and Expense (T&E) [Splashpad page](#).

Airline Fares

Each airline ticket purchased must be at the lowest fare consistent with the business purpose. The District does not reimburse the costs of travel agent fees incurred for the purpose of purchasing airlines tickets. Directors traveling by air for business have the option to reserve and purchase airline tickets on the Internet using their personal credit card and documenting the available fare options that reasonably meet the business purpose.

The following travel service websites are available to research and book reservations:

- Expedia.com
- Travelocity.com
- Orbitz.com
- Travelzoo.com
- Kayak.com

Other travel websites may also be used. Not all airlines are affiliated with these travel service websites, including Southwest, Jet Blue, ATA, etc. Therefore, those airline websites should also be reviewed for cost comparisons for available flights.

After locating the lowest airfare consistent with the business purpose of the trip, if the airfare is greater than \$250 the Director must provide the information from the website(s) (travel service website and, where used, specific airline website) indicating the alternative options available, in addition to the option ticketed. That documentation must show the lowest fare available for the business trip and must accompany the Expense Report for reimbursement or payment to the District.

Miscellaneous

- Internet Access at the hotel or conference center for business use and access to District Information systems.
- Limits on gratuities are described below:
 - Business meals – 18 percent of the total cost of the meal for an individual or as automatically charged by the restaurant for a group business meal when substantiated by an itemized receipt.
 - Taxi or rideshare – 10 percent of the cost of taxi or rideshare fares.
 - Luggage handling and housekeeping – limited to the IRS per diem rate for the area.

- Laundry services are only reimbursed when travel extends beyond five business days.
 - Minor purchases are reimbursable up to \$500 for non-stock/non-repetitive supplies, or materials that cannot be procured economically through normal channels due to time or the value of the purchase.
-

Unauthorized Expenses

Meals

- Meal allowances are not paid for meals enroute by air when food is provided by the airline, included with the conference registration, or otherwise provided. (Snacks and continental breakfasts such as rolls, juice and coffee shall not be considered meals.)
- Business discussions during mealtime between Directors, and a Director and employees do not constitute a business meal eligible for reimbursement.
- Alcoholic beverages are not reimbursed except for specific events with prior written approval of the Board President.

Car Rental Insurance and Citations

Directors should not purchase, nor shall the District reimburse the cost of liability or collision insurance as the District is self-insured. Insurance authorized by the Director at the time of rental will not be reimbursed. In the event of an accident while using a rental car, refer the car rental agency to the District's Risk Management Division.

Directors are personally responsible for paying all traffic citations, parking tickets and resulting towing or impound charges in a timely manner.

Airline Fares

Directors will not be reimbursed for the following airline fees:

- Upgraded seating such as first-class, business class, or economy plus
 - When a Director prefers to use a higher class than the economy ticket for reimbursement, the Director must pay the incremental cost of the airfare and provide documentation that shows the incremental cost.
- Early Bird check-in
- Frequent flyer miles or rewards programs
- Cancellation protection or insurance
- Additional travel insurance or premiums

Any requests for a particular airline or routing which results in higher fares will not be reimbursed. The additional costs of airline fares will be the responsibility of the Director.

Miscellaneous

The District provides a cell phone allowance or District cell phones for business related telephone expenses. The District does not provide any additional reimbursement for business or non-business related telephone expenses.

**Travel and
Expense
Authorization**

Travel and Expense Authorizations:

- Must be completed in Elsie for reimbursement of expenses before the expense is incurred unless these guidelines specifically state otherwise.
 - Must be completed by each Director for all travel and approved by the Board President.
 - Travel and Expense Authorizations become a public record upon submission to the District for payment.
-

**Processing Travel
and Expense
Authorizations**

Director

- Receives permission from the Board President or designee to attend a conference, seminar, or training course.
- Requests Secretary of the District to complete Travel and Expense Authorization in Elsie before expenses are incurred.
- Provides copies of the conference, seminar or training course schedule/agenda to include with the Travel and Expense Authorization.
- Provides written justification stating business purpose for the expense to include with the Travel and Expense Authorization.
- Completes the local TOT exemption form for lodging in California at time of check in if available in that city.

Office of the Secretary

- Prepares Travel and Expense Authorization in Elsie, attaches the required documentation and written request from the Director and obtains approval from the Board President.
- Reviews and approves use of the District Purchase Card for travel and business related expenses and direct travel-related expense payments for up to the total approval amounts shown on Travel and Expense Authorization for transactions requiring payment via purchase/credit card.
- Determines the “reasonableness” of expenses eligible for reimbursement based on time and location of travel, duration of trip and purpose of travel.
- Enters Travel and Expense Authorization with supporting documentation and approvals in Elsie for processing by the Accounting Division.

Board President

- Reviews and approves Travel and Expense Authorization for reasonableness and forwards it to the Office of the Secretary.

Board Vice President

- Reviews and approves, for the Board President and all other Directors in the President's absence, Travel and Expense Authorization for reasonableness and forwards it to the Office of the Secretary.

Immediate Past President (who currently sits on the Board)

- In the absence of the Board President and/or the Vice President, reviews and approves for the President, Vice President or other Director's Travel and Expense Authorization for reasonableness and forwards it to the Office of the Secretary.

Accounting Division

- Accounts Payable (AP) staff, under the direction of the Controller, audits Travel and Expense Authorizations submitted for compliance with procedures.
- Prepares direct travel-related expense payments for up to the total approval amounts shown on the Travel and Expense Authorization for transactions requiring payment by check.

Expense Report

Expense Reports must always be completed by each Director for reimbursement of any business expense after the expense is incurred unless these guidelines specifically state otherwise. All Expense Reports must include adequate documented explanations of the business purpose of the expenses. Expense Reports become a public record upon submission to the District for payment.

**Processing
Expense Report**

Director

- Submits Expense Report and supporting receipts to the Office of the Secretary. Do not include any personal information such as personal credit card information, bank account information, home address or personal phone numbers.
- Always use the most current version of the form in the Forms Shop which will include current mileage reimbursement rates, regulatory and processing changes.
- The Director incurring the expense cannot approve their own Expense Report.
- Information in the Expense Report must be authorized in writing (e.g., via email) by the Director incurring the expense

Office of the Secretary

- Reviews Expense Report and attachments.
- Sends Expense Report to the Board President for approval.

- Enters Expense Report with supporting documentation and approvals in Elsie for processing by the Accounting Division.

Board President

- Reviews Expense Report for approval after expenses are incurred to determine the need, appropriateness, and reasonableness of each item of expense.
- Sends approved Expense Report to Office of the Secretary for final review before Office of the Secretary enters Expense Report with supporting documentation and approvals into Elsie.

Board Vice President

- Reviews and approves Expense Report for the Board President and all other Directors in the President's absence after expenses are incurred to determine the need, appropriateness, and reasonableness of each item of expense.
- Sends approved Expense Report to Office of the Secretary for final review before entering in Elsie.

Immediate Past President (who currently sits on the Board)

- In the Board President and/or Vice President's absence, reviews and approves Expense Report of the President, Vice President or other Directors after expenses are incurred to determine the need, appropriateness, and reasonableness of each item of expense.
- Sends approved Expense Report to Office of the Secretary for final review before entering in Elsie.

Accounting Division

- Audits all Expense Reports for compliance with procedures.
- Returns incomplete Expense Reports to the Office of the Secretary with a request for adjustment or explanation.
- Advises Office of the Secretary when reimbursement is available for distribution to Director.

Prepayment of Expenses

For periodic expenses when a Travel and Expense Authorization is not required (tolls, BART fares, personal car mileage, etc.) an Expense Report should be submitted by the 10th day of the month but no later than 30 days following the expenditure.

If the Director chooses not to purchase an airline ticket, the information regarding the ticket selection should be sent to the Secretary of the District who will purchase the ticket at the request of the Director. The charge for the amount of the ticket will be recorded as a prepaid expense to be cleared by a subsequent approved Expense Report.

Cancellations

When traveling on District business, the Director must be reasonably certain that they will be able to complete the trip. Canceling a trip or participation in a local event, training, or seminar that does not require airfare or lodging for personal reasons or “good cause” must be approved by the Board President and may result in the Director being responsible for any non-refundable costs. Where possible, another Director may be substituted with the approval of the Board President. If a substitution needs to be made, notify the Secretary’s Office as soon as reasonably possible and copy the Board President.

Good cause shall include, but not be limited to, a director’s illness, family emergency, or schedule conflict directly related to the business and interests of the District.

Business and Personal Combined

Any Director who wishes to combine personal and business travel should consult with the Secretary of the District who in consultation with the Controller prior to the trip will determine a reasonable allocation of costs. Any cost variance in airfare, car rental, or lodging must be clearly identified on the Travel and Expense Authorization. Charges to accommodate personal preferences will not be reimbursed. Use of frequent flyer miles will not be reimbursed. All other expense reimbursement rules apply.

Substantiation of Travel Expenses

Travel expenses shall be substantiated by any of the following sources:

- Board meeting minutes
- Certification of committee attendance signed by the committee chair
- Verification of attendance at authorized meetings and functions signed by the Board President



Policy 4.21R

EFFECTIVE [27 MAY 25](#)
~~22-MAR-22~~

SUPERSEDES [22 MAR 22](#)
~~26-SEP-17~~

LAND AND CONSERVATION/MITIGATION CREDIT SALES – USE OF FUNDS

IT IS THE POLICY OF THE EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Effectively and efficiently manage, control, and dispose of real property in a manner that complies with legal requirements and maximizes benefit to the District. The District will also utilize funds from the sale of watershed land and conservation/mitigation credits to protect of water quality, biological diversity, and to preserve or enhance the environment, open space and recreation.

Disposal of Surplus Real Property In disposing any surplus real property, the District shall comply with the following:

- ~~Offer any~~ Provide notice of the proposed disposal of the surplus real property ~~for sale to other qualified~~ to public agencies and housing sponsors as required by ~~in accordance with State law~~ the California Surplus Land Act.
- ~~In the event no other qualified public agency expresses an interest in the District's surplus real property, n~~ Notify adjacent property owners by certified mail of the District's intent to dispose of ~~the its surplus real~~ property at least thirty days prior to ~~the marketing of that District-owned surplus real~~ property in the event no qualified public agency or housing sponsor has expressed an interest in the property.
- Offer to sell the surplus real property to the public by a method that will generate the highest net revenue to the District.
- ~~Offer the sale of conservation/mitigation credits from the Oursan Ridge Conservation Bank.~~
- ~~Allocate any funds realized from the sale of District-owned surplus real property as follows:~~

Use of Funds from Sales of Watershed Land ~~Sales and Conservation/Mitigation Credits~~ Sales

Funds received from the sale of any watershed land included in the 1996 East Bay Watershed Master Plan, adopted by Resolution No. 32979-96 (and subsequently updated by Resolution No. 35089-18), any Mokelumne Area watershed land included in the 2008 Mokelumne Watershed Master Plan, which was adopted by Resolution No. 33668-08, and any conservation/mitigation credits ~~from the Oursan Ridge Conservation Bank, adopted by Resolution No. 35014-16,~~ after the Oursan Ridge Conservation Bank ~~E~~ endowment ~~F~~ fund is fully funded, shall be separately accounted for and used for the sole purpose of acquiring similar watershed land necessary or desirable for the protection of water quality and biological diversity, or the preservation or enhancement of habitat, open space and recreational values.

Use of Funds from Non-Watershed Land Sales

Funds received from the sale of any non-watershed land, not included in the East Bay Watershed Master Plan or the Mokelumne Watershed Master Plan, shall be separately accounted for and deposited into the District's general fund.

**Land and Conservation/Mitigation Credit
Sales – Use of Funds**

NUMBER 4.21

PAGE NO.: 2

EFFECTIVE DATE: [22 APR 25](#)

~~22 MAR 22~~

Authority

Resolution No. 30773-83, December 13, 1983
Amended by Resolution No. 33116-98, August 11, 1998
Amended by Resolution No. 33564-06, November 14, 2006
Amended by Resolution No. 33571-06, December 12, 2006
Amended by Resolution No. 35061-17, September 26, 2017
Amended by Resolution No. 35278-22, March 22, 2022
[Amended by Resolution No. XXXXX-25, May 27, 2025](#)
[California Municipal Utility District Act](#)
[California Surplus Land Act](#)



Policy 4.21

EFFECTIVE 27 MAY 25

SUPERSEDES 22 MAR 22

LAND AND CONSERVATION/MITIGATION CREDIT SALES – USE OF FUNDS

IT IS THE POLICY OF THE EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Effectively and efficiently manage, control, and dispose of real property in a manner that complies with legal requirements and maximizes benefit to the District. The District will also utilize funds from the sale of watershed land and conservation/mitigation credits to protect of water quality, biological diversity, and to preserve or enhance the environment, open space and recreation.

Disposal of Surplus Real Property In disposing any surplus real property, the District shall comply with the following:

- Provide notice of the proposed disposal of the property to public agencies and housing sponsors as required by the California Surplus Land Act.
 - Notify adjacent property owners by certified mail of the District’s intent to dispose of the property at least thirty days prior to marketing that property in the event no qualified public agency or housing sponsor has expressed an interest in the property.
 - Offer to sell the property to the public by a method that will generate the highest net revenue to the District.
-

Use of Funds from Sales of Watershed Land and Conservation/Mitigation Credits Funds received from the sale of any watershed land included in the 1996 East Bay Watershed Master Plan, adopted by Resolution No. 32979-96 (and subsequently updated by Resolution No. 35089-18), any Mokelumne Area watershed land included in the 2008 Mokelumne Watershed Master Plan, which was adopted by Resolution No. 33668-08, and any conservation/mitigation credits after endowment fund is fully funded, shall be separately accounted for and used for the sole purpose of acquiring similar watershed land necessary or desirable for the protection of water quality and biological diversity, or the preservation or enhancement of habitat, open space and recreational values.

Use of Funds from Non-Watershed Land Sales Funds received from the sale of any non-watershed land, not included in the East Bay Watershed Master Plan or the Mokelumne Watershed Master Plan, shall be separately accounted for and deposited into the District’s general fund.

Authority Resolution No. 30773-83, December 13, 1983
Amended by Resolution No. 33116-98, August 11, 1998
Amended by Resolution No. 33564-06, November 14, 2006
Amended by Resolution No. 33571-06, December 12, 2006
Amended by Resolution No. 35061-17, September 26, 2017
Amended by Resolution No. 35278-22, March 22, 2022
Amended by Resolution No. XXXXX-25, May 27, 2025
California Municipal Utility District Act
California Surplus Land Act



EQUAL EMPLOYMENT OPPORTUNITY (EEO)

IT IS THE POLICY OF THE EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Ensure equal employment opportunity for all persons in all aspects of employment.

Purpose To provide equal employment opportunity (EEO) for ~~everyone~~all persons on the basis of job-related merit, and ensure fairness in all aspects of the District’s employment practices. This policy is implemented in compliance with state and federal laws and is further detailed in District Procedure 614 ~~implements this policy and sets forth the complaint process and complaint mechanisms, in compliance with state and federal law.~~

Scope This policy prohibits unlawful discrimination, harassment, and retaliation by any ~~supervisor, manager, coworker, and/or District employee, including supervisors, managers, coworkers, as well as by any other~~ third party that comes (e.g., applicants, vendors, customers, members of the public, independent contractors) who come into contact with an employee. ~~This policy prohibits EEO Board members are also prohibited from engaging in~~ discrimination ~~against any job applicant, employee or student/trainee by an employee of the District on the basis of a protected group status. Board members will not discriminate against or harass any person, as or harassment as~~ provided in the Policy 6.04, Ethics of the EBMUD Board of Directors (Policy 6.04), and consistent with this policy as prescribed in this policy. ~~Consistent with,~~ This policy applies to all aspects of employment, including recruitment, hiring, placement, promotion, transfer, training, discipline, and all other terms and in furtherance of, this policy and conditions of employment.

~~Consistent applicable federal and state laws, t~~ The District develops and implements Affirmative Action Programs in a manner that is consistent with applicable federal and state laws. These programs include making inclusive, creative, and comprehensive recruitment, outreach and placement efforts to ensure the Districts workforce reflects the diversity of the labor market, including representation from traditionally marginalized and underrepresented communities. ~~The District uses inclusive and creative recruitment, outreach and placement methods that further the District’s efforts to achieve a diverse workforce composition reflective of the labor market in regards to gender and race/ethnicity.~~ The District uses good faith outreach efforts that are neutral and do not favor, discriminate against, or disparately impact any group. The District also takes affirmative action to employ and advance ~~in~~ employment of qualified protected veterans and individuals with disabilities.

Definitions

Adverse Impact

When the use of a facially neutral policy or selection procedure disqualifies members of a protected class at a substantially higher rate than others.

Adverse Employment Action

Adverse employment action is conduct or an action that materially affects the terms and conditions of the employee’s employment status or is reasonably likely to deter the employee from engaging in a protected activity. Even actions that do not result in a direct loss of compensation may be regarded as an adverse employment action when considered in the totality of the circumstances.

Applicant

An individual who has completed an employment application for a specific, ~~available~~ position at the District.

Complaint

An oral or written allegation of discrimination, harassment, and/or retaliation.

EEO Discrimination

~~EEO discrimination involves making~~ Discrimination in employment decisions based on the basis of an individual’s protected group status, ~~including but not limited to,~~ This includes decisions related to recruitment, hiring, placement, promotion, transfer, training, discipline, working conditions, wage administration, benefits, and policy application. ~~regarding the following aspects of the employment relationship:~~

- ~~Recruitment~~
- ~~Hiring~~
- ~~Placement~~
- ~~Promotion~~
- ~~Transfer~~
- ~~Training~~
- ~~Working terms and~~
- ~~Wage and salary~~
- ~~Employee of policies~~

~~Discrimination includes harassment on the basis of a protected group and~~ Harassment, failure to accommodate ~~a religious practice or provide a reasonable accommodation for a qualified individual with a disability~~ practices, and retaliation, are also considered forms of discrimination.

Employee

An individual selected and/or appointed to a position created and authorized by the Board of Directors and receiving compensation and benefits from the District, including individuals in Board authorized job classifications with the term “intern” in the title.

Independent Contractor

A person that is not an employee of the District and provides goods or services to the District under terms specified in a contract.

Protected Groups

This policy prohibits discrimination or harassment on the basis of race (i.e., racial characteristics including hair style/texture), color, religion, creed, sex, reproductive health decision making, gender, gender identity (including transgender status), gender expression, marital or registered domestic partnership status, age ~~for individuals (forty or older),~~ national origin, ancestry, disability (mental ~~and/or~~ physical), medical condition (cancer ~~and/or~~ genetic characteristics), genetic information, sexual orientation, military and ~~veterans/or~~ veteran status, family or medical leave status, pregnancy (including childbirth, lactation or related medical condition), pregnancy disability leave status, domestic violence victim status, political affiliation, or any other status protected by federal, state and/or local laws.

Retaliation

~~As used in this policy, retaliation is defined as any~~Any adverse employment action taken against an employee ~~because the employee engaged in an activity protected under this policy. Protected activities may include, but are not limited to, for engaging in a protected activity, such as~~ reporting or assisting in reporting ~~suspected~~violations of this policy ~~and/or cooperating in investigations, or proceedings arising out of a violation of this policy. Adverse employment action is conduct or an action that materially affects the terms and conditions of the employee's employment status or is reasonably likely to deter the employee from engaging in a protected activity. Even actions that do not result in a direct loss of compensation may be regarded as an adverse employment action when considered in the totality of the circumstances.~~

Examples ~~of retaliation under this policy include, but are not limited to:~~ include demotion; suspension; ~~reduction in pay;~~ denial of a merit salary increase; failure to hire or consider for hire; refusing to promote or consider for promotion ~~because of reporting a violation of this policy; harassing another employee for filing a complaint; denying employment opportunities because of making a complaint or for cooperating in an investigation; changing someone's work assignments for identifying,~~ harassment or other forms of discrimination in the workplace; treating people differently such as denying an accommodation; or not talking to an employee when otherwise required by job duties, ~~or otherwise excluding the employee from job-related activities because of engagement in activities protected under this policy., or any action that could deter an employee from engaging in protected activities.~~

Student/Trainee

Any District authorized student or trainee who is not compensated by the District but is either paid by a third party or retained by a third party to work at the District in order to gain job experience or academic credit.

Vendor

An employee, owner, or agent of a company that provides goods or services to the District.

Volunteer

Individuals serving as unpaid helpers for various community events. Individuals who volunteer or donate their services, usually on a limited basis, for public service, religious or humanitarian objectives for non-profit organizations that receive their service.

Workplace

The workplace exists where there is a nexus between the behavior and the EEO rights of employees or others (customers, vendors, members of the public, etc.). The workplace may include District facilities and worksites, or off-site locations, outside of the District's facilities, such as off-site meetings and trainings and social functions involving District employees or related to District activities.

Responsibilities

All District Employees

All District employees, including members of the Board of Directors, are expected to report to their supervisor and/or manager, or any supervisor or manager at the District, and/or to the Diversity and Inclusion Office (DIO) any EEO discrimination or workplace harassment ~~which~~that they become aware of.

Supervisors/Managers

Supervisors and managers are required to report any apparent or suspected EEO discrimination, harassment, or retaliation to their supervisor/manager and the DIO within two (2) business days of becoming aware of such conduct. They must also pro-actively monitor their work units for discriminatory or harassing behavior and take appropriate steps to correct any violations of this policy. Supervisors and managers are required to enforce this policy and ensure all employees in their unit are informed about and adhere to this policy~~/or managers are held to a higher reporting standard. They must report to their supervisor and/or manager and the DIO any apparent or suspected EEO discrimination, workplace harassment or retaliation. The report should be made within two (2) business days of the supervisor and/or manager becoming aware of the conduct prohibited by this policy.~~

Supervisors and managers at all levels ~~at all levels~~ act on behalf of the District. A supervisor's A supervisor/manager's duties include monitoring ~~his or her~~their work unit for discriminatory or harassing behavior and taking appropriate steps to stop and correct behavior that violates the District's EEO policy. ~~At the same time, s~~Supervisors/managers must ~~enforce also adhere to~~ this policy ~~as well as adhere to it~~. Each supervisor/manager is expected to familiarize ~~himself or herself~~themselves with the District's policies prohibiting EEO discrimination and harassment, to incorporate them into ~~his or her~~their own workplace conduct, and to inform employees in the work unit to do the same.

Follow-up and Monitoring

Once conduct prohibited by this policy has been reported in a work unit, periodic and regular follow-up by the supervisor/manager or the DIO shall be taken to monitor the workplace for discriminatory or harassing behavior, and to prevent retaliation from occurring. Employees are also responsible for notifying the DIO or supervisors/managers if retaliation occurs.

Remedies

Violations of this policy, regardless of whether an actual law has been violated, will not be tolerated. The District will promptly, thoroughly and fairly investigate every issue that is brought to its attention in this area and will take corrective actions, as appropriate, up to and including termination of employment. The investigation will provide all parties appropriate due process and reach reasonable conclusions based on the evidence collected.

Authority

Resolution 32952-95, December 12, 1995
As amended by Motion 173-01, October 9, 2001
As amended by Resolution 33438-04, September 14, 2004
Reaffirmed by Motion 195-07, November 13, 2007
As amended by Motion 016-09, February 10, 2009
Reaffirmed by Motion 006-11, January 11, 2011
As amended by Resolution 33864-12, January 24, 2012
Reaffirmed by Motion 026-14, February 11, 2014
As amended by Resolution 35029-17, March 28, 2017
As amended by Resolution 35132-19, February 26, 2019
As amended by Resolution 35221-21, April 27, 2021
As amended by Resolution XXXXX-25, May 27, 2025

Title VII, Civil Rights Act of 1964 as amended (42 U.S.C. §2000e et seq.), including The Pregnancy Discrimination Act; The Equal Pay Act of 1963 (29 U.S.C. §206(d) et seq.); The Age Discrimination in Employment Act of 1967 (29 U. S.C. §621 et seq.); Title I of the Americans with Disabilities Act of 1990 (42 U.S.C. §12101 et seq.); The Genetic Information Nondiscrimination Act of 2008; Immigration Reform and Control Act (8 U.S.C. 1101 et seq.); Executive Order 11246; Family and Medical Leave Act ([29 U.S.C. §2601, et seq.](#)); Rehabilitation Act of 1973, Section 503; Uniformed Services Employment and Reemployment Rights Act ([38 U.S.C. §§ 4301–4335](#)); Vietnam Era Veterans' Readjustment Assistance Act ([38 U.S.C. § 4212](#)); California Fair Employment and Housing Act (Gov. Code §12900 et seq.), including the California Family Rights Act ([Gov. Code §12945.2](#)).

References

District Affirmative Action Programs
Policy 2.02 – Accommodation for Individuals with Disabilities in the Workplace
Policy 2.05 – Employee Discipline
Policy 6.04 – Ethics of the EBMUD Board of Directors
Policy 6.07 – Prevention of Workplace Harassment
Procedure 201 – Accommodation for Individuals with Disabilities in the Workplace
Procedure 223 – Discipline
Procedure 614 – Equal Employment Opportunity (EEO) Discrimination, Harassment and Retaliation Complaints, Investigations and Appeals



EQUAL EMPLOYMENT OPPORTUNITY (EEO)

IT IS THE POLICY OF THE EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Ensure equal employment opportunity for all persons in all aspects of employment.

Purpose To provide equal employment opportunity (EEO) for everyone, and ensure fairness in all aspects of the District's employment practices. This policy is implemented in compliance with state and federal laws and is further detailed in District Procedure 614.

Scope This policy prohibits unlawful discrimination, harassment, and retaliation by any District employee, including supervisors, managers, coworkers, as well as by any third party (e.g., applicants, vendors, customers, members of the public, independent contractors) who come into contact with an employee. Board members are also prohibited from engaging in discrimination or harassment as provided in the Policy 6.04, Ethics of the EBMUD Board of Directors, and as prescribed in this policy. This policy applies to all aspects of employment, including recruitment, hiring, placement, promotion, transfer, training, discipline, and all other terms and conditions of employment.

The District develops and implements Affirmative Action Programs in a manner that is consistent with applicable federal and state laws. These programs include making inclusive, creative, and comprehensive recruitment, outreach and placement efforts to ensure the Districts workforce reflects the diversity of the labor market, including representation from traditionally marginalized and underrepresented communities. The District uses good faith outreach efforts that are neutral and do not favor, discriminate against, or disparately impact any group. The District also takes affirmative action to employ and advance employment of qualified protected veterans and individuals with disabilities.

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Applicant

An individual who has completed an employment application for a specific position at the District.

Complaint

An oral or written allegation of discrimination, harassment, and/or retaliation.

EEO Discrimination

Discrimination in employment decisions based on an individual's protected group status. This includes decisions related to recruitment, hiring, placement, promotion, transfer, training, discipline, working conditions, wage administration, benefits, and policy application.

Harassment, failure to accommodate religious practices, and retaliation, are also considered forms of discrimination.

Employee

An individual selected and/or appointed to a position created and authorized by the Board of Directors and receiving compensation and benefits from the District, including individuals in Board authorized job classifications with the term "intern" in the title.

Independent Contractor

A person that is not an employee of the District and provides goods or services to the District under terms specified in a contract.

Protected Groups

This policy prohibits discrimination or harassment on the basis of race (i.e., racial characteristics including hair style/texture), color, religion, creed, sex, reproductive health decision making, gender, gender identity (including transgender status), gender expression, marital or registered domestic partnership status, age (forty or older), national origin, ancestry, disability (mental or physical), medical condition (cancer or genetic characteristics), genetic information, sexual orientation, military and/or veteran status, family or medical leave status, pregnancy (including childbirth, lactation or related medical condition), pregnancy disability leave status, domestic violence victim status, political affiliation, or any other status protected by federal, state and/or local laws.

Retaliation

Any adverse employment action taken against an employee for engaging in a protected activity, such as reporting or assisting in reporting violations of this policy or cooperating in investigations.

Examples include demotion, suspension, denial of promotion, harassment, or any action that could deter an employee from engaging in protected activities.

Student/Trainee

Any District authorized student or trainee who is not compensated by the District but is either paid by a third party or retained by a third party to work at the District in order to gain job experience or academic credit.

Vendor

An employee, owner, or agent of a company that provides goods or services to the District.

Volunteer

Individuals serving as unpaid helpers for various community events. Individuals who volunteer or donate their services, usually on a limited basis, for public service, religious or humanitarian objectives for non-profit organizations that receive their service.

Workplace

The workplace exists where there is a nexus between the behavior and the EEO rights of employees or others (customers, vendors, members of the public, etc.). The workplace may include District facilities and worksites, or off-site locations, outside of the District's facilities, such as off-site meetings and trainings and social functions involving District employees or related to District activities.

Responsibilities**All District Employees**

All District employees, including members of the Board of Directors, are expected to report to their supervisor and/or manager, or any supervisor or manager at the District, and/or to the Diversity and Inclusion Office (DIO) any EEO discrimination or workplace harassment that they become aware of.

Supervisors/Managers

Supervisors and managers are required to report any apparent or suspected EEO discrimination, harassment, or retaliation to their supervisor/manager and the DIO within two (2) business days of becoming aware of such conduct. They must also pro-actively monitor their work units for discriminatory or harassing behavior and take appropriate steps to correct any violations of this policy. Supervisors and managers are required to enforce this policy and ensure all employees in their unit are informed about and adhere to this policy.

Supervisors and managers act on behalf of the District. A supervisor/manager's duties include monitoring their work unit for discriminatory or harassing behavior and taking appropriate steps to stop and correct behavior that violates the District's EEO policy. Supervisors/managers must also adhere to this policy. Each supervisor/manager is expected to familiarize themselves with the District's policies prohibiting EEO discrimination and harassment, to incorporate them into their own workplace conduct, and to inform employees in the work unit to do the same.

Follow-up and Monitoring

Once conduct prohibited by this policy has been reported in a work unit, periodic and regular follow-up by the supervisor/manager or the DIO shall be taken to monitor the workplace for discriminatory or harassing behavior, and to prevent retaliation from occurring. Employees are also responsible for notifying the DIO or supervisors/managers if retaliation occurs.

Remedies

Violations of this policy, regardless of whether an actual law has been violated, will not be tolerated. The District will promptly, thoroughly and fairly investigate every issue that is brought to its attention in this area and will take corrective action, as appropriate, up to and including termination of employment. The investigation will provide all parties appropriate due process and reach reasonable conclusions based on the evidence collected.

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As amended by Resolution 35221-21, April 27, 2021
As amended by Resolution XXXXX-25, May 27, 2025

Title VII, Civil Rights Act of 1964 as amended (42 U.S.C. §2000e et seq.), including The Pregnancy Discrimination Act; The Equal Pay Act of 1963 (29 U.S.C. §206(d) et seq.); The Age Discrimination in Employment Act of 1967 (29 U. S.C. §621 et seq.); Title I of the Americans with Disabilities Act of 1990 (42 U.S.C. §12101 et seq.); The Genetic Information Nondiscrimination Act of 2008; Immigration Reform and Control Act (8 U.S.C. 1101 et seq.); Executive Order 11246; Family and Medical Leave Act ([29 U.S.C. §2601, et seq.](#)); Rehabilitation Act of 1973, Section 503; Uniformed Services Employment and Reemployment Rights Act ([38 U.S.C. §§ 4301–4335](#)); Vietnam Era Veterans' Readjustment Assistance Act ([38 U.S.C. § 4212](#)); California Fair Employment and Housing Act (Gov. Code §12900 et seq.), including the California Family Rights Act ([Gov. Code §12945.2](#)).

References

District Affirmative Action Programs
Policy 2.02 – Accommodation for Individuals with Disabilities in the Workplace
Policy 2.05 – Employee Discipline
Policy 6.04 – Ethics of the EBMUD Board of Directors
Policy 6.07 – Prevention of Workplace Harassment
Procedure 201 – Accommodation for Individuals with Disabilities in the Workplace
Procedure 223 – Discipline
Procedure 614 – Equal Employment Opportunity (EEO) Discrimination, Harassment and Retaliation Complaints, Investigations and Appeals



Policy 6.13R

EFFECTIVE [27 MAY 25](#)
~~08-DEC-20~~

SUPERSEDES [08 DEC 20](#)
~~25 JAN 05~~

TRAINING AND DEVELOPMENT

IT IS THE POLICY OF THE EAST BAY MUNICIPAL UTILITY DISTRICT TO:

~~Provide~~ Foster a culture of continuous learning and development across all levels and departments. ~~Provide a wide range of comprehensive~~ training programs, developmental opportunities, ~~information,~~ and ~~other means for~~ resources that empower employees to ~~improve~~ enhance their competencies, knowledge, skills, abilities, and safety awareness. Support employees' efforts to excel in ~~the performance of~~ their current ~~position, and to support employees' preparation for~~ roles while preparing for career advancement within the District. Encourage and facilitate involvement of long-term employees in mentorship.

This policy applies to all employees, including full-time, part-time, and temporary staff, across all departments and levels within the District.

Authority

Resolution No. 32960, January 23, 1996
As amended by Resolution No. 33458-05, January 25, 2005
As amended by Resolution No. 35209-20, December 8, 2020
[As amended by Resolution No. XXXXX-25, May 27, 2025](#)

References

Procedure 616 – Tuition Reimbursement for Employee Education
[Procedure 617 – Performance Plan and Appraisals](#)



Policy 6.13

EFFECTIVE 27 MAY 25

SUPERSEDES 08 DEC 20

TRAINING AND DEVELOPMENT

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This policy applies to all employees, including full-time, part-time, and temporary staff, across all departments and levels within the District.

Authority Resolution No. 32960, January 23, 1996
As amended by Resolution No. 33458-05, January 25, 2005
As amended by Resolution No. 35209-20, December 8, 2020
As amended by Resolution No. XXXXX-25, May 27, 2025

References Procedure 616 – Tuition Reimbursement for Employee Education
Procedure 617 – Performance Plan and Appraisals



Policy 7.01R

EFFECTIVE [24 AUG 21](#)
[27 MAY 25](#)

SUPERSEDES [24 SEP 19](#)
[24 AUG 21](#)

AQUEDUCT AND DISTRIBUTION PIPELINE RIGHTS-OF-WAY MAINTENANCE

IT IS THE POLICY OF EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Maintain the integrity of the raw water aqueducts and the distribution pipeline rights-of-way (fee-owned and easement established) to ensure:

- Safety and reliability of water supply, and the rights and obligations of the District;
- Protection against fire;
- Protection against erosion;
- Protection against flooding;
- Protection against trespassing by individuals, unauthorized access by vehicles and equipment, and unauthorized encroachment; and
- Fast recovery from emergencies.

Rights-of-Way Use Restrictions

Protect against trespassing by use of control measures such as gates across rights-of-way to ensure operational capabilities maintained; property requirements are met; and underground and above-ground facilities are protected.

With prior District approval, allow use of the rights-of-way for public trail purposes by public agencies provided such use will lessen maintenance work performed by the District [and](#) with due regard for District liability, safety of pipelines, and maintenance of access roads. The use of District aqueduct rights-of-way by public agencies ~~may~~[will only](#) be allowed under the terms of a properly authorized written agreement.

Where possible, secure relinquishment of surface rights from their present owners in exchange for other rights requested by those owners where such exchanges are in the best interests of the District.

Prohibit uses incompatible with the District's property rights, operation and maintenance of the aqueducts and distribution pipelines, or that potentially impact the District's assets. These prohibitions generally include but are not limited to:

- Use of District aqueduct or distribution pipeline properties by others as a condition to meet city/county zoning requirements or to obtain any land use permit, approval, or entitlement affecting properties not owned by the District.
 - Third party building or portions of buildings constructed on aqueduct or distribution pipeline property.
 - Unauthorized non-District vehicular parking [anywhere on the District rights-of-way](#). ~~by others over aqueducts or distribution pipelines.~~
 - Interference with gravity drainage of District aqueduct or distribution pipeline property. Drainage facilities shall be provided outside District property to assure adequate drainage is maintained.
-

**Raw Water
Aqueduct Integrity**

Plan for and implement the repair, refurbishment, and replacement of the aqueducts including a secure Delta tunnel.

Ensure that all uses of aqueduct rights-of-way accommodate repairs and future construction of replacement aqueducts, additional aqueducts, and potential improvements to the aqueducts.

Ensure construction from any proposed third-party project that passes under, over, or through a fee-owned or easement established aqueduct right-of-way is evaluated in detail for potential impacts, and mitigations are identified and implemented to the level of no significant impact.

Authority

Resolution No. 14,620, January 26, 1951
As amended by Resolution No. 33027-02, September 24, 2002
As amended by Resolution No. 33443-04, September 28, 2004
As amended by Resolution No. 33564-06, November 14, 2006
As amended by Resolution No. 33780-10, September 14, 2010
As amended by Resolution No. 33871-12, April 24, 2012
As amended by Resolution No. 34059-15, November 24, 2015
As amended by Resolution No. 35156-19, September 24, 2019
As amended by Resolution No. 35243-21, August 24, 2021
[As amended by Resolution No. XXXXX-25, May 27, 2025](#)

References

Policy 9.06 – Bay-Delta Protection
Procedure 718 – Authorized Uses of Pipeline Rights-of-Way



Policy 7.01

EFFECTIVE 27 MAY 25

SUPERSEDES 24 AUG 21

AQUEDUCT AND DISTRIBUTION PIPELINE RIGHTS-OF-WAY MAINTENANCE

IT IS THE POLICY OF EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Maintain the integrity of the raw water aqueducts and the distribution pipeline rights-of-way (fee-owned and easement established) to ensure:

- Safety and reliability of water supply, and the rights and obligations of the District;
- Protection against fire;
- Protection against erosion;
- Protection against flooding;
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With prior District approval, allow use of the rights-of-way for public trail purposes by public agencies provided such use will lessen maintenance work performed by the District and with due regard for District liability, safety of pipelines, and maintenance of access roads. The use of District aqueduct rights-of-way by public agencies will only be allowed under the terms of a properly authorized written agreement.

Where possible, secure relinquishment of surface rights from their present owners in exchange for other rights requested by those owners where such exchanges are in the best interests of the District.

Prohibit uses incompatible with the District's property rights, operation and maintenance of the aqueducts and distribution pipelines, or that potentially impact the District's assets. These prohibitions generally include but are not limited to:

- Use of District aqueduct or distribution pipeline properties by others as a condition to meet city/county zoning requirements or to obtain any land use permit, approval, or entitlement affecting properties not owned by the District.
 - Third party building or portions of buildings constructed on aqueduct or distribution pipeline property.
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-

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Aqueduct Integrity**

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Ensure construction from any proposed third-party project that passes under, over, or through a fee-owned or easement established aqueduct right-of-way is evaluated in detail for potential impacts, and mitigations are identified and implemented to the level of no significant impact.

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Resolution No. 14,620, January 26, 1951
As amended by Resolution No. 33027-02, September 24, 2002
As amended by Resolution No. 33443-04, September 28, 2004
As amended by Resolution No. 33564-06, November 14, 2006
As amended by Resolution No. 33780-10, September 14, 2010
As amended by Resolution No. 33871-12, April 24, 2012
As amended by Resolution No. 34059-15, November 24, 2015
As amended by Resolution No. 35156-19, September 24, 2019
As amended by Resolution No. 35243-21, August 24, 2021
As amended by Resolution No. XXXXX-25, May 27, 2025

References

Policy 9.06 – Bay-Delta Protection
Procedure 718 – Authorized Uses of Pipeline Rights-of-Way



Policy 7.08R

EFFECTIVE [27 MAY 25](#)
~~[22 NOV 22](#)~~

SUPERSEDES [22 NOV 22](#)
~~[28 OCT 14](#)~~

RESIDENCES – DISTRICT-OWNED

IT IS THE POLICY OF EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Protect District-owned facilities and watershed lands from security threats, fire, hunting, vandalism and other encroachments. The District determined that it is necessary and beneficial to have District employees (“employee-residents”) reside on certain District-owned lands. Such employee-residents shall have duties including, but not limited to, responding to emergencies and requests from the public for assistance, providing security for District-owned facilities and lands including prevention from vandalism, and similar duties.

Residency Program

Employees selected to live on District-owned premises shall be required to live in a District residence on District-owned lands as determined by the District, so as to be available to provide the above-described services day or night. The District has exclusive rights to determine the need for ~~each~~ employee residency on District-owned land based on operating needs and ~~to determine which assign~~ employees accordingly ~~shall be selected as employee-residents~~. Employees selected as employee-residents shall execute a tenant agreement containing all terms and conditions of the residency, including reasonable, realistic rent.

Such rent shall be based upon the fair market value of the rent, as well as the size, condition, location of, and access to the residence and other factors that affect rental value such as the availability of potable drinking water, taking into consideration, the value of the resident services provided to the District by the employee-resident.

Authority

Resolution No. 32911-95, February 28, 1995
As amended by Resolution No. 33214-00, July 11, 2000
As amended by Resolution No. 33027-02, September 24, 2002
As amended by Resolution No. 33429-04, June 8, 2004
As amended by Resolution No. 33687-08, October 14, 2008
As amended by Resolution No. 34005-14, October 28, 2014
As amended by Resolution No. 35325-22, November 22, 2022
[As amended by Resolution No. XXXXX-25, May 27, 2025](#)



Policy 7.08

EFFECTIVE 27 MAY 25

SUPERSEDES 22 NOV 22

RESIDENCES – DISTRICT-OWNED

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Residency Program

Employees selected to live on District-owned premises shall be required to live in a District residence on District-owned lands as determined by the District, so as to be available to provide the above-described services day or night. The District has exclusive rights to determine the need for employee residency on District-owned land based on operating needs and assign employees accordingly. Employees selected as employee-residents shall execute a tenant agreement containing all terms and conditions of the residency, including reasonable, realistic rent.

Such rent shall be based upon the fair market value of the rent, as well as the size, condition, location of, and access to the residence and other factors that affect rental value such as the availability of potable drinking water, taking into consideration, the value of the resident services provided to the District by the employee-resident.

Authority

Resolution No. 32911-95, February 28, 1995
As amended by Resolution No. 33214-00, July 11, 2000
As amended by Resolution No. 33027-02, September 24, 2002
As amended by Resolution No. 33429-04, June 8, 2004
As amended by Resolution No. 33687-08, October 14, 2008
As amended by Resolution No. 34005-14, October 28, 2014
As amended by Resolution No. 35325-22, November 22, 2022
As amended by Resolution No. XXXXX-25, May 27, 2025



Policy 7.09R

EFFECTIVE [27 MAY 25](#)
~~[26 JUN 18](#)~~

SUPERSEDES [26 JUN 18](#)
~~[26 JAN 16](#)~~

WORKPLACE SAFETY AND HEALTH

IT IS THE POLICY OF EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Provide employment and work environments that are safe, secure, and healthy for all employees, regardless of job classification or civil service status, to minimize injury and illness, promote public safety, [prevent workplace violence](#), prevent damage to property, plant, or equipment, and ensure compliance with all pertinent federal, state and local safety regulations. The District will implement the following in support of this policy:

Safe and Healthy Practices

Maintain written Required Safety Practices (RSP's) that document methods for employees to mitigate hazards based on federal or state worker safety orders, industry best management practices, and prior District experience.

[Promptly respond to and document reported incidents of potential workplace violence in accordance with Security Protocol 1.5 - Workplace Violence Prevention and Investigation and RSP 6000 – Workplace Violence Prevention Plan.](#)

Integrate safety and long-term health and wellness into business planning, decision making, and daily activities.

Promote effective employee participation through local safety committees and staff meetings.

Identify opportunities for continuous improvement to reduce hazards, decrease health risks, and minimize injuries.

Ensure ~~all~~ contractors, vendors, and visitors comply and adhere to a safe working environment.

Provide employees with health and wellness opportunities and resources.

Training Programs

Provide training ~~using a variety of media and methods~~ to inform [and instruct](#) employees about the requirements of the District's [health and](#) safety program including injury prevention, [and compliance with](#) applicable laws and regulations, and District safety practices. Training will include instruction on [hazard identification, protective measures, personal protective equipment, workplace violence prevention, evacuation plans, meet up points,](#) and other safety measures specific to the [hazards of various District operations and facilities](#) ~~work facility (e.g., water treatment plants, hazardous materials evacuation plans, etc.)~~. [Ensure that all training materials and curriculum are inclusive and accessible to all employees, with language assistance and other accommodations provided as needed and content delivered in a culturally competent manner to accommodate diverse learning styles and backgrounds.](#)

Equipment

Identify, provide, and require the use of personal protective equipment applicable to the hazard(s) presented by the task(s) being performed.

Furnish and use equipment, safety devices, and safeguards that are practicable and effective to render District employment safe and healthy. Require periodic evaluation of safety equipment and devices, as appropriate.

General Safety Compliance

Conduct periodic facility audits, job-site inspections, and job hazard analyses to ensure application of safe and healthy practices.

Enforce compliance with regulatory agency safety orders and District policies and practices, including discipline of employees who violate regulatory agency safety orders or District policies or practices in the performance of their work.

[Establish and implement an effective Workplace Violence Prevention Plan in accordance with California Labor Code 6401.9 to mitigate hazards associated with workplace violence and ensure incidents are promptly reported, investigated, and mitigated.](#)

References

Policy 7.05 Sustainability and Resilience
Policy 7.13 Security
District Injury and Illness Prevention Plan
Required Safety Practices
[Security Protocol 1.5 - Workplace Violence Prevention and Investigation](#)

Authority

Resolution No. 32874-94, August 9, 1994
Amended by Resolution No. 33027-02, September 24, 2002
Amended by Resolution No. 33443-04, September 28, 2004
Amended by Resolution No. 33564-06, November 14, 2006
Amended by Resolution No. 33780-10, September 14, 2010
Amended by Resolution No. 33883-12, June 26, 2012
Amended by Resolution No. 33968-14, March 25, 2014
Amended by Resolution No. 34064-16, January 26, 2016
Amended by Resolution No. 35099-18, June 26, 2018
[Amended by Resolution No. XXXXX-25, May 27, 2025](#)



Policy 7.09

EFFECTIVE 27 MAY 25

SUPERSEDES 26 JUN 18

WORKPLACE SAFETY AND HEALTH

IT IS THE POLICY OF EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Provide employment and work environments that are safe, secure, and healthy for all employees, regardless of job classification or civil service status, to minimize injury and illness, promote public safety, prevent workplace violence, prevent damage to property, plant, or equipment, and ensure compliance with all pertinent federal, state and local safety regulations. The District will implement the following in support of this policy:

Safe and Healthy Practices

Maintain written Required Safety Practices (RSP's) that document methods for employees to mitigate hazards based on federal or state worker safety orders, industry best management practices, and prior District experience.

Promptly respond to and document reported incidents of potential workplace violence in accordance with Security Protocol 1.5 - Workplace Violence Prevention and Investigation and RSP 6000 – Workplace Violence Prevention Plan.

Integrate safety and long-term health and wellness into business planning, decision making, and daily activities.

Promote effective employee participation through local safety committees and staff meetings.

Identify opportunities for continuous improvement to reduce hazards, decrease health risks, and minimize injuries.

Ensure contractors, vendors, and visitors comply and adhere to a safe working environment.

Provide employees with health and wellness opportunities and resources.

Training Programs

Provide training to inform and instruct employees about the requirements of the District's health and safety program including injury prevention, and compliance with applicable laws and regulations, and District safety practices. Training will include instruction on hazard identification, protective measures, personal protective equipment, workplace violence prevention, and other safety measures specific to the hazards of various District operations and facilities. Ensure that all training materials and curriculum are inclusive and accessible to all employees, with language assistance and other accommodations provided as needed and content delivered in a culturally competent manner to accommodate diverse learning styles and backgrounds.

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References

Policy 7.05 Sustainability and Resilience
Policy 7.13 Security
District Injury and Illness Prevention Plan
Required Safety Practices
Security Protocol 1.5 - Workplace Violence Prevention and Investigation

Authority

Resolution No. 32874-94, August 9, 1994
Amended by Resolution No. 33027-02, September 24, 2002
Amended by Resolution No. 33443-04, September 28, 2004
Amended by Resolution No. 33564-06, November 14, 2006
Amended by Resolution No. 33780-10, September 14, 2010
Amended by Resolution No. 33883-12, June 26, 2012
Amended by Resolution No. 33968-14, March 25, 2014
Amended by Resolution No. 34064-16, January 26, 2016
Amended by Resolution No. 35099-18, June 26, 2018
Amended by Resolution No. XXXXX-25, May 27, 2025



Policy 7.12R

EFFECTIVE [27 MAY 25](#)
~~11 MAR 08~~

SUPERSEDES [11 MAR 08](#)
~~24 SEP 02~~

WEATHER MODIFICATION

IT IS THE POLICY OF EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Cooperate with other agencies interested in investigating the benefits, cost, and impacts of weather modification technologies, including cloud seeding, to increase precipitation and runoff in the Mokelumne Basin.

The District will conduct weather modification activities, either alone or in partnership with other agencies, when potential increases in water supply and power generation have been identified and determined to be cost effective. These efforts will be conducted in accordance with District Policy 7.05 (Sustainability and Resilience) and take into account social, environmental, and economic effects on all communities served~~Develop programs, including cooperative programs with other agencies, to implement weather modification activities when potential increases in water supply and power generation have been identified, and when determined to be cost-effective and consistent with Policy 7.05, Sustainability and Resilience.~~

Authority

Resolution No. 32911-95, February 28, 1995
As amended by Resolution No. 33027-02 September 24, 2002
As amended by Resolution No. 33661-08, March 11, 2008
[As amended by Resolution No. XXXXX-25, May 27, 2025](#)

References

Policy 7.05 – Sustainability and Resilience
Policy 3.02 – California Environment Quality Act Implementation



Policy 7.12

EFFECTIVE 27 MAY 25

SUPERSEDES 11 MAR 08

WEATHER MODIFICATION

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Authority

Resolution No. 32911-95, February 28, 1995
As amended by Resolution No. 33027-02 September 24, 2002
As amended by Resolution No. 33661-08, March 11, 2008
As amended by Resolution No. XXXXX-25, May 27, 2025

References

Policy 7.05 – Sustainability and Resilience
Policy 3.02 – California Environment Quality Act Implementation



Policy 9.06R

EFFECTIVE [27 MAY 25](#)
~~[27 SEP 22](#)~~

SUPERSEDES [27 SEP 22](#)
~~[23 JUN 20](#)~~

BAY-DELTA PROTECTION

IT IS THE POLICY OF THE EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Support the protection and enhancement of the Sacramento-San Joaquin Delta, San Francisco Bay Estuary and their tributaries, including ecosystem enhancements, water supply reliability, water quality improvement, and water management optimization; support balanced implementation of efforts to improve and manage Bay-Delta sustainability; ensure sustainability efforts are aligned with disadvantaged communities and tribal interests; support the development of science-based wastewater discharge standards; support the development of [science-based](#) water quality and flood protection standards that place a high priority on protecting the Delta ecosystem and the quality and availability of drinking water supplies, consistent with the District's statutory obligations and responsibilities as well as in accordance with the District's mission to manage the natural resources with which the District is entrusted; to provide reliable, high quality water and wastewater services at fair and reasonable rates for the people of the East Bay; and to preserve and protect the environment for future generations.

Bay and Delta Natural Resources

San Francisco Bay and the Sacramento-San Joaquin Delta are magnificent and unique natural resources that sustain a diverse mix of plants, fish, and wildlife, and enhance the quality of life in California.

During the last two centuries, human activities have substantially altered the physical, biological, and ecological characteristics of the Sacramento-San Joaquin Delta. Recurrent levee failures in the Sacramento-San Joaquin Delta are expected due to various factors including seismicity, climate change, sea level rise, subsidence, insufficient maintenance, and erosion. Changes in the ecological function of the Sacramento-San Joaquin Delta have led to species decline, establishment of non-native species populations, and a significant reduction in suitable habitat to meet the required biological needs of migrating fish and wildlife species. In response to these trends, [state, federal, and local agencies have undertaken](#) significant efforts ~~have been undertaken~~ in recent decades to minimize or mitigate adverse impacts on the San Francisco Bay and Sacramento-San Joaquin Delta through levee improvements, habitat restoration, and flow management.

The District conveys 90 percent of its water supply for customers from aqueducts that cross the Sacramento-San Joaquin Delta and has stewardship responsibilities within at least three watersheds tributary to the Sacramento-San Joaquin Delta and to the San Francisco Bay. The District is also a partner in the Freeport Regional Water Authority on the Sacramento River, which enables the District to receive supplies from the Central Valley Project and other sources. The District is also a significant landowner in four Reclamation Districts in the Sacramento-San Joaquin Delta and has direct interest in continued protection of Sacramento-San Joaquin Delta levees that support District infrastructure.

The District discharges treated wastewater into the San Francisco Bay. Over the years, the District has made substantial investments in pollution prevention, capital and operational improvements to its wastewater treatment facilities, and participated in many San Francisco Bay stewardship activities. These efforts have contributed significantly to improving water quality in the San Francisco Bay over recent decades.

The Mokelumne River Chinook salmon population is one of the most robust in the Central Valley and provides a significant contribution to commercial and recreational fisheries in California. The continued success of the District's

management of the lower Mokelumne River and its salmon population is dependent on healthy Sacramento-San Joaquin Delta and San Francisco Bay ecosystems, including migratory pathways that allow for salmonids to migrate successfully to the ocean and return to natal rivers.

Disadvantaged communities and tribal interests have often been disconnected from the regulatory and decision-making process for the Bay and Sacramento-San Joaquin Delta ecosystems. For many, their livelihood and culture are integrated into the health of the San Francisco Bay–Sacramento-San Joaquin Delta. Protection and enhancement of the Sacramento-San Joaquin Delta will benefit from an inclusive process that strives for diversity in all processes and decisions and by promoting environmental justice.

The District, therefore, has an interest in protecting the Sacramento-San Joaquin Delta and San Francisco Bay, and restoring the ecological health and water quality of the San Francisco Bay-Sacramento-San Joaquin Delta System. The District believes that all public agencies whose actions impact the San Francisco Bay-Sacramento-San Joaquin Delta environment have a responsibility to address the effects of their decisions on the San Francisco Bay and Sacramento-San Joaquin Delta. It is the policy of the District to:

- Encourage the development of [science-based](#) water flow and water quality standards needed to protect and enhance habitat quantity and quality to improve native biological diversity and abundance of the San Francisco Bay and Sacramento-San Joaquin Delta;
- Support the balanced implementation of legislative and/or administrative efforts to improve and manage multiple uses of the Sacramento-San Joaquin Delta on a sustainable basis, including levees and infrastructure;
- Support engagement and participation of disadvantaged communities, tribal interests and other stakeholders in formulating, developing, and decision-making processes related to San Francisco Bay–Sacramento-San Joaquin Delta issues;
- Protect and enhance the water quality of the San Francisco Bay through advocacy for science-based wastewater discharge regulation, and continue District pollution prevention and San Francisco Bay stewardship activities; and
- [Support and](#) encourage ~~the implementation of~~ legislation, regulations, ~~and specific projects, and initiatives~~ that will lead to improvements in: water quality; water supply reliability; migratory pathways for native salmonids; climate change resiliency, and ecosystem health. This includes ~~ing~~ efforts sponsored by the District, individually or in cooperation with other organizations, that will ~~result in benefits for the~~ District's customers, and ~~a fair apportionment of~~ [allocates](#) costs [in proportion to the benefit received](#) consistent with a beneficiary pays principle.

Reference

Policy 7.05 – Sustainability and Resilience

Authority

Resolution No. 32191, April 11, 1989
Amended by Resolution No. 32885-94, October 25, 1994
Amended by Resolution No. 33365-03, July 8, 2003
As amended by Resolution No. 33494-05, September 27, 2005
As amended by Resolution No. 33646-07, December 11, 2007
As amended by Resolution No. 33732-09, October 27, 2009
As amended by Resolution No. 33841-11, September 27, 2011
As amended by Resolution No. 35061-17, September 26, 2017
As amended by Resolution No. 35189-20, June 23, 2020
As amended by Resolution No. 35315-22, September 27, 2022
[As amended by Resolution No. XXXXX-25, May 27, 2025](#)



Policy 9.06

EFFECTIVE 27 MAY 25

SUPERSEDES 27 SEP 22

BAY-DELTA PROTECTION

IT IS THE POLICY OF THE EAST BAY MUNICIPAL UTILITY DISTRICT TO:

Support the protection and enhancement of the Sacramento-San Joaquin Delta, San Francisco Bay Estuary and their tributaries, including ecosystem enhancements, water supply reliability, water quality improvement, and water management optimization; support balanced implementation of efforts to improve and manage Bay-Delta sustainability; ensure sustainability efforts are aligned with disadvantaged communities and tribal interests; support the development of science-based wastewater discharge standards; support the development of science-based water quality and flood protection standards that place a high priority on protecting the Delta ecosystem and the quality and availability of drinking water supplies, consistent with the District's statutory obligations and responsibilities as well as in accordance with the District's mission to manage the natural resources with which the District is entrusted; to provide reliable, high quality water and wastewater services at fair and reasonable rates for the people of the East Bay; and to preserve and protect the environment for future generations.

Bay and Delta Natural Resources

San Francisco Bay and the Sacramento-San Joaquin Delta are magnificent and unique natural resources that sustain a diverse mix of plants, fish, and wildlife, and enhance the quality of life in California.

During the last two centuries, human activities have substantially altered the physical, biological, and ecological characteristics of the Sacramento-San Joaquin Delta. Recurrent levee failures in the Sacramento-San Joaquin Delta are expected due to various factors including seismicity, climate change, sea level rise, subsidence, insufficient maintenance, and erosion. Changes in the ecological function of the Sacramento-San Joaquin Delta have led to species decline, establishment of non-native species populations, and a significant reduction in suitable habitat to meet the required biological needs of migrating fish and wildlife species. In response to these trends, state, federal, and local agencies have undertaken significant efforts in recent decades to minimize or mitigate adverse impacts on the San Francisco Bay and Sacramento-San Joaquin Delta through levee improvements, habitat restoration, and flow management.

The District conveys 90 percent of its water supply for customers from aqueducts that cross the Sacramento-San Joaquin Delta and has stewardship responsibilities within at least three watersheds tributary to the Sacramento-San Joaquin Delta and to the San Francisco Bay. The District is also a partner in the Freeport Regional Water Authority on the Sacramento River, which enables the District to receive supplies from the Central Valley Project and other sources. The District is also a significant landowner in four Reclamation Districts in the Sacramento-San Joaquin Delta and has direct interest in continued protection of Sacramento-San Joaquin Delta levees that support District infrastructure.

The District discharges treated wastewater into the San Francisco Bay. Over the years, the District has made substantial investments in pollution prevention, capital and operational improvements to its wastewater treatment facilities, and participated in many San Francisco Bay stewardship activities. These efforts have contributed significantly to improving water quality in the San Francisco Bay over recent decades.

The Mokelumne River Chinook salmon population is one of the most robust in the Central Valley and provides a significant contribution to commercial and recreational fisheries in California. The continued success of the District's management of the lower Mokelumne River and its salmon population is dependent on healthy Sacramento-San Joaquin Delta and San Francisco Bay ecosystems,

including migratory pathways that allow for salmonids to migrate successfully to the ocean and return to natal rivers.

Disadvantaged communities and tribal interests have often been disconnected from the regulatory and decision-making process for the Bay and Sacramento-San Joaquin Delta ecosystems. For many, their livelihood and culture are integrated into the health of the San Francisco Bay–Sacramento-San Joaquin Delta. Protection and enhancement of the Sacramento-San Joaquin Delta will benefit from an inclusive process that strives for diversity in all processes and decisions and by promoting environmental justice.

The District, therefore, has an interest in protecting the Sacramento-San Joaquin Delta and San Francisco Bay, and restoring the ecological health and water quality of the San Francisco Bay-Sacramento-San Joaquin Delta System. The District believes that all public agencies whose actions impact the San Francisco Bay-Sacramento-San Joaquin Delta environment have a responsibility to address the effects of their decisions on the San Francisco Bay and Sacramento-San Joaquin Delta. It is the policy of the District to:

- Encourage the development of science-based water flow and water quality standards needed to protect and enhance habitat quantity and quality to improve native biological diversity and abundance of the San Francisco Bay and Sacramento-San Joaquin Delta;
- Support the balanced implementation of legislative and/or administrative efforts to improve and manage multiple uses of the Sacramento-San Joaquin Delta on a sustainable basis, including levees and infrastructure;
- Support engagement and participation of disadvantaged communities, tribal interests and other stakeholders in formulating, developing, and decision-making processes related to San Francisco Bay–Sacramento-San Joaquin Delta issues;
- Protect and enhance the water quality of the San Francisco Bay through advocacy for science-based wastewater discharge regulation, and continue District pollution prevention and San Francisco Bay stewardship activities; and
- Support and encourage legislation, regulations, projects, and initiatives that will lead to improvements in: water quality; water supply reliability; migratory pathways for native salmonids; climate resiliency, and ecosystem health. This includes efforts sponsored by the District, individually or in cooperation with other organizations, that will benefit District’s customers, and allocates costs in proportion to the benefit received consistent with a beneficiary pays principle.

Reference

Policy 7.05 – Sustainability and Resilience

Authority

Resolution No. 32191, April 11, 1989
Amended by Resolution No. 32885-94, October 25, 1994
Amended by Resolution No. 33365-03, July 8, 2003
As amended by Resolution No. 33494-05, September 27, 2005
As amended by Resolution No. 33646-07, December 11, 2007
As amended by Resolution No. 33732-09, October 27, 2009
As amended by Resolution No. 33841-11, September 27, 2011
As amended by Resolution No. 35061-17, September 26, 2017
As amended by Resolution No. 35189-20, June 23, 2020
As amended by Resolution No. 35315-22, September 27, 2022
As amended by Resolution No. XXXXX-25, May 27, 2025

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 22, 2025

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager *CCC*

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: External Auditor Request for Proposal

SUMMARY

In accordance with Policy 6.04 - Ethics of the EBMUD Board of Directors, the Finance/Administration Committee will interview and recommend an independent auditor to conduct an annual audit of the District's books, records, financial affairs, and periodic single audits of federal funds received by the District. Staff will interview and screen proposals and bring the top two candidates to the Finance/Administration Committee to be interviewed and provide a recommendation to the Board for consideration. This topic will be discussed at the May 27, 2025 Finance/Administration Committee meeting.

DISCUSSION

Lance, Soll, Lunghard, LLP (LSL) currently provides services as the external auditor for the District. These services have been provided under an agreement dated March 26, 2019, between LSL and the District. The agreement covered Fiscal Years (FY) 2021, 2022, and 2023 audits. On January 3, 2024, the District exercised its option to extend the scope of work to include the audits for FY 2024 and FY 2025.

In keeping with best practices, staff will prepare a request for proposals (RFP) to solicit audit services for the District commencing FY 2026, which begins on July 1, 2025. The plan is to have an Audit team in place to begin work in spring 2026. This requires the RFP process to be completed in fall 2025. A tentative schedule for the RFP process is shown below:

Finance/Administration Memo	May 27, 2025
RFP Issue Date	August 18, 2025
RFP Pre-Bid Meeting - RSVP by 9/8/2025	September 15, 2025
RFP Response Deadline	October 10, 2025
Invitational Letter Mailing	October 24, 2025
Panel Interview with Committee and Committee Recommendation to Board	November 2025
Firm Selection Notification	November 2025
Board consideration and approval	January 13, 2026

The Government Finance Officers Association (GFOA) has established Best Practices for selecting Auditing Services as listed below:

- The scope of the independent audit should encompass not only the fair presentation of the basic financial statements, but also the fair presentation of the financial statements of individual funds and component units.
- Governmental entities should require in their audit contracts that the auditors of their financial statements perform their audits in accordance with the audit standards promulgated in the U.S. Government Accountability Office's Government Auditing Standards.
- Governmental entities should enter into multi-year agreements of at least five years in duration when obtaining the services of independent auditors. Multi-year agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year.
- Governmental entities should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements.
- It is recommended that a governmental entity actively seeks the participation of all qualified firms, including the current auditors, if the past performance of the current auditors has proven satisfactory. Where audit firm rotation does not result from this process, governments may consider requesting that senior engagement staff, such as engagement partners and senior managers, be rotated to provide a fresh perspective.
- The audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. Price should not be allowed to serve as the sole criterion for the selection of an independent auditor, rather an independent auditor should have a demonstrated commitment to the state and local government audit practice.

NEXT STEPS


Staff will reach out to audit firms and professional and community organizations to generate interest in the audit assignment. The RFP is expected to be issued by August 18, 2025.


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EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 22, 2025

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager 

FROM: Barry N. Gardin, Internal Auditor Supervisor 

SUBJECT: Semi-Annual Internal Audit Report

SUMMARY

This report is being provided to the Board in accordance with Policy 4.24 – Internal Audit, which fulfills the Internal Audit standard of independence by stipulating that the Internal Auditor: review and obtain Board authorization for planned audit activities; and report the results of audits, investigations, and any other audit-related activities to the Board on a semi-annual basis. The policy also provides Internal Audit with the authority to immediately report any issues or concerns that warrant immediate Board consideration or attention.

In addition to providing an update on internal audit activities, this mid-year update offers the Board an opportunity to provide guidance and input into audit efforts to ensure they remain aligned with the Board's goals, objectives, and priorities as well as an opportunity to reprioritize audit resources by modifying planned activities, as warranted, to address areas that are of most concern. As prescribed in the policy, any findings identified during audits and resulting recommendations are reported to the General Manager. This report will be presented at the May 27, 2025 Finance/Administration Committee meeting.

FISCAL YEAR 2025 (FY 2025) INTERNAL AUDIT ACTIVITIES

During this reporting period, no material findings, control weaknesses, risks, or other significant issues requiring Board action or immediate attention have been noted. As described above per Policy 4.24, any issues requiring immediate attention will be brought, without delay, directly to the Board.

Commuter Subsidy

A review of the transit subsidy program was conducted to determine whether: eligibility requirements are being met; subsidy amounts are being accurately paid; the residual fund balance allowed to be retained by the vendor is not being exceeded; and transit subsidy balances accumulated on Clipper Cards are not exceeding program limits.

The results indicate the program provisions are being complied with; however, the controls to prevent subsidy balances from exceeding the \$300 program limit need to be improved. Approximately \$42,000 in excessive balances was identified. Corrective actions to reduce balances and prevent future occurrences have been initiated by staff.

Material Accountability and Inventory Control

This audit is currently in progress and expected to be completed in the fourth quarter of FY 2025. It includes evaluating the procedures for inventory and material accountability and use. This audit will also entail an assessment of the use of all material which is not accounted for in inventory to determine if materials are being fully accounted for at the appropriate level.

Asset, Inventory, and Material Disposal and Salvage

A review of inventory and material disposal was conducted to determine whether: disposals are properly authorized; surplus inventory and salvageable material (i.e., copper, brass, etc.) with residual value is accurately accounted and remitted for auction/salvage in the best financial interest of the District; and that auction/salvage proceeds are properly remanded to the District in a timely manner.

The results indicate surplus inventory disposal is properly authorized; assets released for auction are accurately accounted for; and both auction and scrap proceeds are properly remanded to the District. Additionally, although no reportable control weakness or finding was identified, the ability to account for copper utilization and salvageable scrap copper can be strengthened to provide greater assurance that copper tubing is efficiently utilized and properly remanded for disposal as required. Analysis conducted during this review indicated inconsistent copper utilization and salvage disposal rates revealing an opportunity to more effectively manage copper utilization and salvage. Procedures to improve the ability to track and account for copper use and disposal will be developed in coordination with staff and subsequently assessed to verify effectiveness.

Accounts Payable and Miscellaneous Payments

This audit is currently in progress and expected to be completed in the fourth quarter of FY 2025. It includes an evaluation of the process used to make payments to confirm that sufficient controls are in place and complied with to ensure payments are adequately supported, properly approved, accurate, appropriate, and properly accounted for.

Water Consumption Accountability and Invoicing

This audit, which is a follow-up and continuation of testing from previous reviews that identified multiple areas of actual or potential loss from unmetered consumption, is expected to be completed in the fourth quarter of FY 2025. It will include a review of the process used to account for water consumption and verify the accuracy of customer invoicing and other fees and

charges. This includes a follow-up of the conditions that can result in water loss previously identified, including water theft and unmetered consumption.

IT (Cybersecurity) Safeguard Implementation

Implementation of IT Security Controls, including the Security Safeguards prescribed by the Center for Internet Security (CIS) Safeguards, has been ongoing since completion of the IT Vulnerability Assessment in 2020. These efforts have included coordination with Information Systems Department on effective safeguard implementation as well as approaches to effectively track and measure progress toward satisfactory implementation and establishing a methodology for evaluating risk.

Due to the evolving nature of the cybersecurity threat environment, and the time since the prior assessment was completed, the FY 2026 Audit Plan will include a Vulnerability Assessment of the District's business systems to determine the status of implementation of CIS Safeguards, the effectiveness of mitigating controls implemented in lieu of safeguards, and any exposure or risks which have not been mitigated.

OTHER AREAS OF CONSIDERATION

No significant or material issues were identified during this period which were deemed to create significant exposure and/or risk to the District such that they required immediate Board attention. However, staff raised concerns pertaining to customer credit balances and appropriate use of resources. One of the issues raised pertained to benefits provided under the Customer Assistance Program. Specifically, a procedural control weakness made it possible for customers to receive benefits at multiple addresses. A modification to the enrollment process to prevent such occurrences has been established. Other issues were or are currently being resolved; so far, no significant or material issues have been identified. Another allegation of impropriety, which was previously reported, is still under review and is expected to be reported to the Board by the fourth quarter of FY 2025.

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