



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

375 - 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

Notice of Time and Location Change

FINANCE/ADMINISTRATION COMMITTEE MEETING

Tuesday, February 23, 2021

8:00 a.m.

****Virtual****

Notice is hereby given that the Tuesday, February 23, 2021 Finance/Administration Committee Meeting of the Board of Directors has been rescheduled from 10:00 a.m. to 8:00 a.m.

Due to COVID-19 and in accordance with the most recent Alameda County Health Order, and with the Governor's Executive Order N-29-20 which suspends portions of the Brown Act, **this meeting will be conducted via webinar or teleconference only**. In compliance with said orders, a physical location will not be provided for this meeting. These measures will only apply during the period in which state or local public health officials have imposed or recommended social distancing.

Dated: February 18, 2021



Rischa S. Cole

Secretary of the District

This page is intentionally left blank.



**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, February 23, 2021
8:00 a.m.
Virtual**

Location

Due to COVID-19 and in accordance with the most recent Alameda County Health Order, and with the Governor's Executive Order N-29-20 which suspends portions of the Brown Act, **this meeting will be conducted via webinar and teleconference only**. In compliance with said orders, a physical location will not be provided for this meeting. These measures will only apply during the period in which state or local public health officials have imposed or recommended social distancing.

*Committee Members William B. Patterson {Chair}, John A. Coleman and Andy Katz
will participate via webinar or teleconference*

***** 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. Fiscal Year 2021 Semi-Annual Budget Performance Report (Skoda)
2. Monthly Investment Transactions Report (Skoda)
3. Semi-Annual Internal Audit Report (Gardin)
4. Invitation to Apply for a Water Infrastructure Finance and Innovation Act Loan (Skoda)

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
Tuesday, February 23, 2021
8:00 a.m.

EBMUD public Board meetings will be conducted via Zoom.
Board committee meetings are recorded, and live-streamed on the District's website.

Please visit this page beforehand to familiarize yourself with Zoom.
<https://support.zoom.us/hc/en-us/articles/201362193-Joining-a-Meeting>

Online

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

Webinar ID: 924 3316 2059

Passcode: 282322

By Phone

Telephone: 1 669 900 6833

Webinar ID: 924 3316 2059

Passcode: 282322

International numbers available: <https://ebmud.zoom.us/j/92433162059>

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.

If you wish to provide public comment please:

- 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
- The Secretary will call each speaker in the order received
- 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
- Each speaker is allotted 3 minutes to speak; the Committee Chair has the discretion to amend this time based on the number of speakers
- The Secretary will keep track of time and inform each speaker when his/her allotted time has concluded

To observe the Finance/Administration Committee Meeting,
please visit: <https://www.ebmud.com/about-us/board-directors/board-meetings/>

This page is intentionally left blank.

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: February 18, 2021

MEMO TO: Board of Directors

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

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

SUBJECT: Fiscal Year 2021 Semi-Annual Budget Performance Report

SUMMARY

The attached Semi-Annual Budget Performance Report for the period ending December 31, 2020 includes information on revenues, operating expenses, major capital cash flow expenditures, and year-end projections for each enterprise. This item will be presented at the February 23, 2021 Finance/Administration Committee meeting.

DISCUSSION

Six-Month Budget Performance

Total Water System revenues were \$410.0 million (106 percent of the six-month budget), and operating expenses were \$197.2 million (86 percent of the six month budget). Water consumption of 172.9 million gallons per day (MGD) through December was higher compared to the same period last year at 167.0 MGD. Of the total revenue, Water Charges represented \$343.6 million or 107 percent of the six-month budget. Lower Interest Income revenue at 24 percent of the six-month budget was partially offset by other revenue sources that were above budget including System Capacity Charges, Power Sales, and Property Taxes.

Total Wastewater System revenues were \$75.0 million (104 percent of the six-month budget), and operating expenses were \$46.4 million (96 percent of the six-month budget). Of the total revenue, Treatment Charges and Permit Fee revenues were \$40.8 million or 99 percent of the six-month budget. Lower Interest Income revenue at 10 percent of the six-month budget was offset by other revenue sources that were above budget including Resource Recovery and Wastewater Capacity Fees (WCF).

Year-End Projection

Based on year-end projections, strategies have been identified which focus on increasing cash-funded capital and reducing the amount of planned borrowing during Fiscal Year (FY) 2021. Revenues are projected to be four percent above budget and operations expenses are anticipated to

be eight percent less than budget. Debt service expenditures are anticipated to be essentially on budget with a planned pay down of a portion of outstanding commercial paper.

As no new debt is planned to be issued this fiscal year, capital spending is projected to be 100 percent cash-funded in FY21 from a combination of projected positive year-end net revenues and a drawdown of available reserves of up to \$52 million. This averts the planned issuance of \$160 million in new debt. Not issuing debt in FY21 helps bring down the rate increases needed for FY22 and FY23. Cash funding capital in FY21 reduces the projected FY22 and FY23 debt service budget in each year by about \$9.25 million compared to issuing the bonds; this strategy also increases the District's debt service coverage allowing the District to remain nimble given uncertainties associated with economic recovery from the pandemic and the possibility of drought. These prudent actions support fair and reasonable rates for customers in FY22 and FY23 and beyond as part of a cautious, realistic, and flexible approach to budgeting, and support the District's long-term financial stability efforts.

Water Charges revenue is projected to be five percent above budget. Billed consumption is trending at 150 MGD and the budget is based on 143 MGD. Other revenue sources are projected to be at or above budget with the exception of Interest Income due to significantly lower short-term interest rates than assumed when the budget was developed in 2019.

Unlike the Water System, the Wastewater System budget planned to cash-fund the entire capital program in FY21. Projected Wastewater System year-end net revenues and expense savings including cash-funded capital are estimated to be above budget. Total Wastewater System revenues are projected to be one percent above budget while total expenses (operations, debt service and cash-funded capital) are projected to be four percent less than budget. Revenues are projected to be above budget primarily for Resource Recovery and WCF. Higher Resource Recovery revenue is driven by a conservative approach to budgeting as revenues are driven by market demand. WCF Capacity Charges revenue above budget is due to continued high levels of building activity in the SD-1 service area. Operations expense is projected to be one percent less than budgeted and debt service expenditures are anticipated to be essentially on budget with the planned pay down of a portion of commercial paper.

CCC:SDS:JMC

Attachment



**E B EAST BAY
MUNICIPAL UTILITY DISTRICT**

**Fiscal Year
2021
Semi-Annual
Budget
Performance**





FY21 SEMI-ANNUAL BUDGET PERFORMANCE

This report details the Water and Wastewater Systems six month budget performance for Fiscal Year 2021 (FY21) ending on December 31, 2020. This report includes an analysis of operating revenues and expenditures compared to a six month budget, a summary of major capital cash flow expenses and year-end projections. Below is a brief summary of each system's budget performance.

Water System Overview

- **Revenues:** Total revenues were \$410.0 million or \$22.0 million greater than the six month budget.
- **Operating Expenses:** Total operating expenses and commitments were \$197.2 million or \$32.1 million less than the six month budget.
- **Capital Cash Flow Expenses:** Total capital cash flow spending was \$166.0 million or -\$26.8 million less than the six month budget.
- **Year-end Projection:** Based on year-end projections, strategies have been identified which focus on increasing cash-funded capital and reducing the amount of planned borrowing during Fiscal Year (FY) 2021. Revenues are projected to be four percent above budget and operations expenses are anticipated to be eight percent less than budget. Debt service expenditures are anticipated to be essentially on budget with a planned pay down of a portion of outstanding commercial paper. As no new debt is planned to be issued this fiscal year, capital spending is projected to be 100 percent cash-funded in FY21 from a combination of projected positive year-end net revenues and a drawdown of available reserves of up to \$52 million. This averts the planned issuance of \$160 million in new debt. Cash funding capital in FY21 reduces the projected FY22 and FY23 debt service budget in each year and also increases the District's debt service coverage. These prudent actions support long-term financial stability efforts.

Wastewater System Overview

- **Revenues:** Total revenues were \$75.0 million or \$2.8 million greater than the six month budget.
- **Operating Expenses:** Total operating expenses and commitments were \$46.4 million or \$1.8 million less than the six month budget.
- **Capital Cash Flow Expenses:** Total capital cash flow spending was \$19.7 million or \$3.3 million less than the six month budget.
- **Year-end Projection:** Based on year-end projections, 100 percent cash-funded capital will continue as planned. In addition, there is no planned new debt issuance for capital. Projected net revenue after cash funding capital is anticipated to be above budget.

Details on revenues, operating expenses and commitments, major capital cash flow expenditures and year-end projections for each system are provided in the following pages.

Numbers in tables reflect rounding.



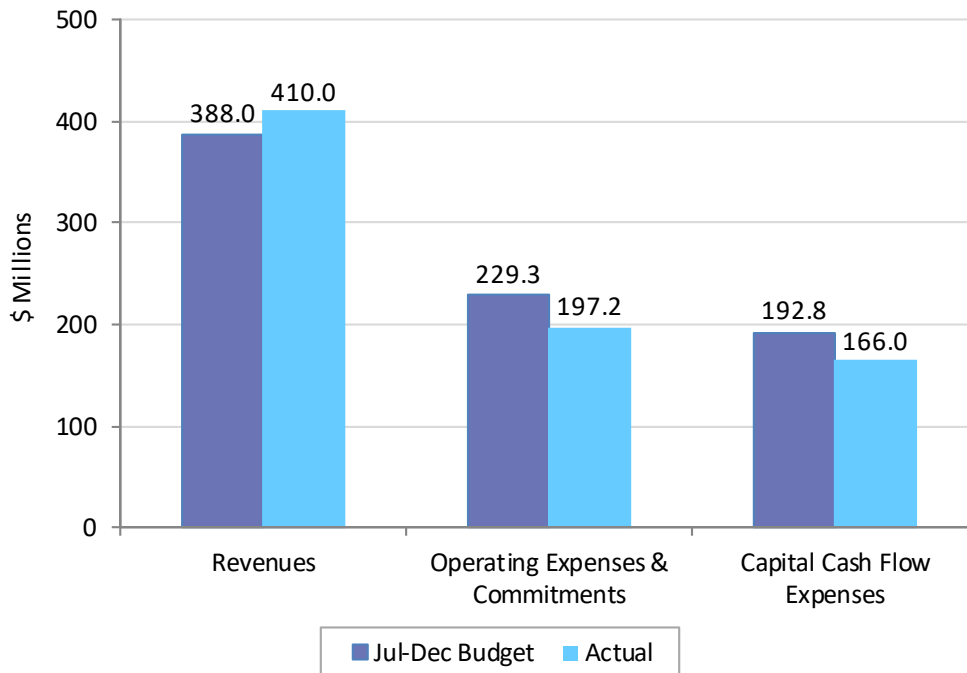
FY21 SEMI-ANNUAL BUDGET PERFORMANCE

WATER SYSTEM

Summary of Revenues and Expenses

The following charts compare the first six months' actuals to a six month budget for revenues, operating expenses and commitments, and capital cash flow expenses.

- Revenues totaled \$410.0 million or 106 percent of the six month budget.
- Operating expenses and commitments totaled \$197.2 million or 86 percent of the six month budget.
- Capital cash flow expenses totaled \$166.0 million or 86 percent of the six month budget.



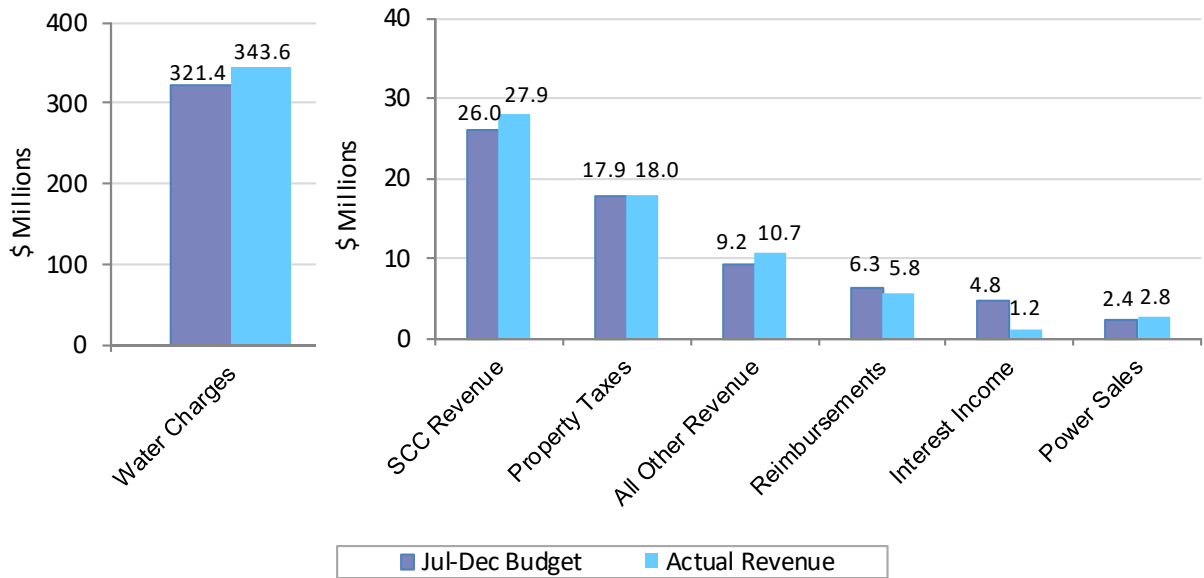
Water System Summary				
Revenues and Expenses (\$ Millions)				
	Jul-Dec Budget	Actuals	Over / (Under)	%
Revenues	388.0	410.0	22.0	106%
Operating Expenses & Commitments	229.3	197.2	(32.1)	86%
Capital Cash Flow Expenses	192.8	166.0	(26.8)	86%



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

Water System Revenues

The following charts show the various sources of revenue compared to a six month budget. The combined revenues for the first six months were \$410.0 million which represents 106 percent of the six month budget of \$388.0 million. Details of the major revenue variances are shown on the following page.



Water System Revenues (\$ Millions)				
	Jul-Dec Budget	Actuals	Over / (Under)	%
Water Charges	321.4	343.6	22.2	107%
SCC Revenue	26.0	27.9	1.9	107%
Property Taxes	17.9	18.0	0.1	101%
All Other Revenue	9.2	10.7	1.5	116%
Reimbursements	6.3	5.8	(0.5)	92%
Interest Income	4.8	1.2	(3.6)	24%
Power Sales	2.4	2.8	0.4	117%
Total Revenues	388.0	410.0	22.0	106%



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

Major revenue variances were:

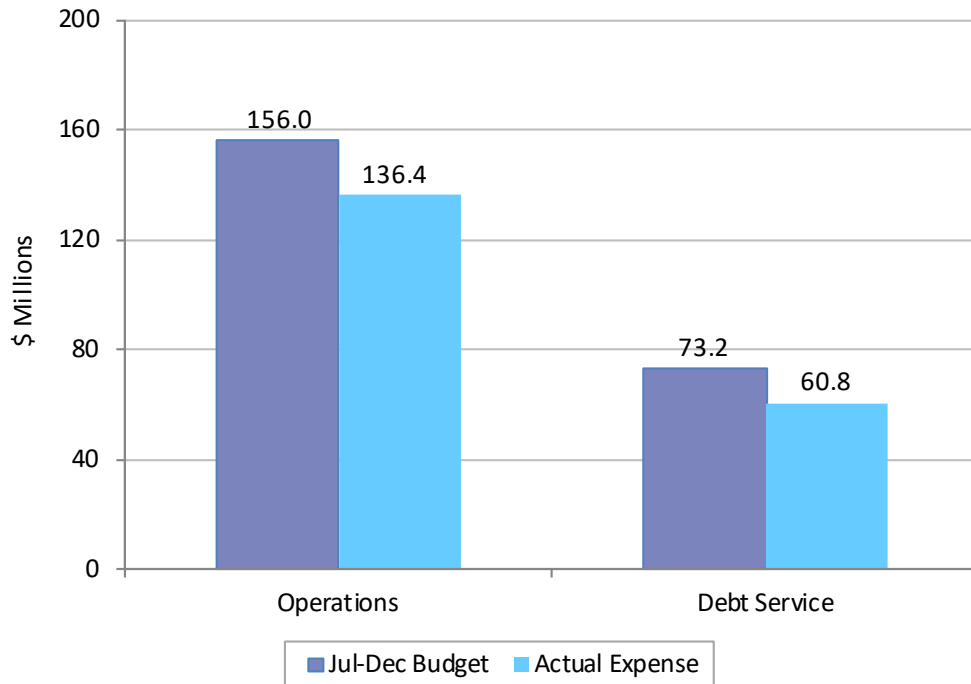
- **Water Charges** were \$343.6 million which is 107 percent of the six month budget. Water consumption through December was 172.9 million gallons per day (MGD) as compared to 167.0 MGD for the same period last year. Budgeted average daily water consumption for the first six months is 163.5 MGD, and summer month consumption is generally higher due to outdoor watering.
- **System Capacity Charges (SCC)** revenue was \$27.9 million which is 107 percent of the six month budget. SCC revenue could potentially decrease in the second half of FY21 since developers were notified that the Board is considering a possible decrease in the SCC rates for FY22.
- **All Other Revenues** were \$10.7 million which is 116 percent of the six month budget due to higher lease revenue from recent additional telecommunication leases.
- **Interest Income** was \$1.2 million which is 24 percent of the six month budget due to short term interest rates under 0.3 percent which is 10 times lower than the interest rate that was assumed when the budget was developed in 2019.
- **Power Sales** were \$2.8 million which is 117 percent of the six month budget but still within the normal variation in revenue during the first half of a normal year.



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

Water System Operating Expenses and Commitments

The following charts depict the operating expenses and commitments compared to a six month budget. Operations and Debt Service totaled \$197.2 million which is 86 percent of the six month budget of \$229.3 million.



Water System Operating Expenses & Commitments (\$ Millions)				
	Jul-Dec Budget	Actuals	Over / (Under)	%
Operations	156.0	136.4	(19.6)	87%
Debt Service	73.2	60.8	(12.4)	83%
Total Operating	229.3	197.2	(32.0)	86%

The major variances in spending are attributable to:

- **Operations**
 - Lower than planned spending due to the recruitment lead time to fill vacancies which was offset by increased overtime and benefit costs than budgeted; lower use of contract services postponed due to COVID and increased energy costs primarily for water production due to a PG&E price increase and demand; higher than budgeted offset for the administration of capital which decrease operating expense by a like amount; and unspent contingency.



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

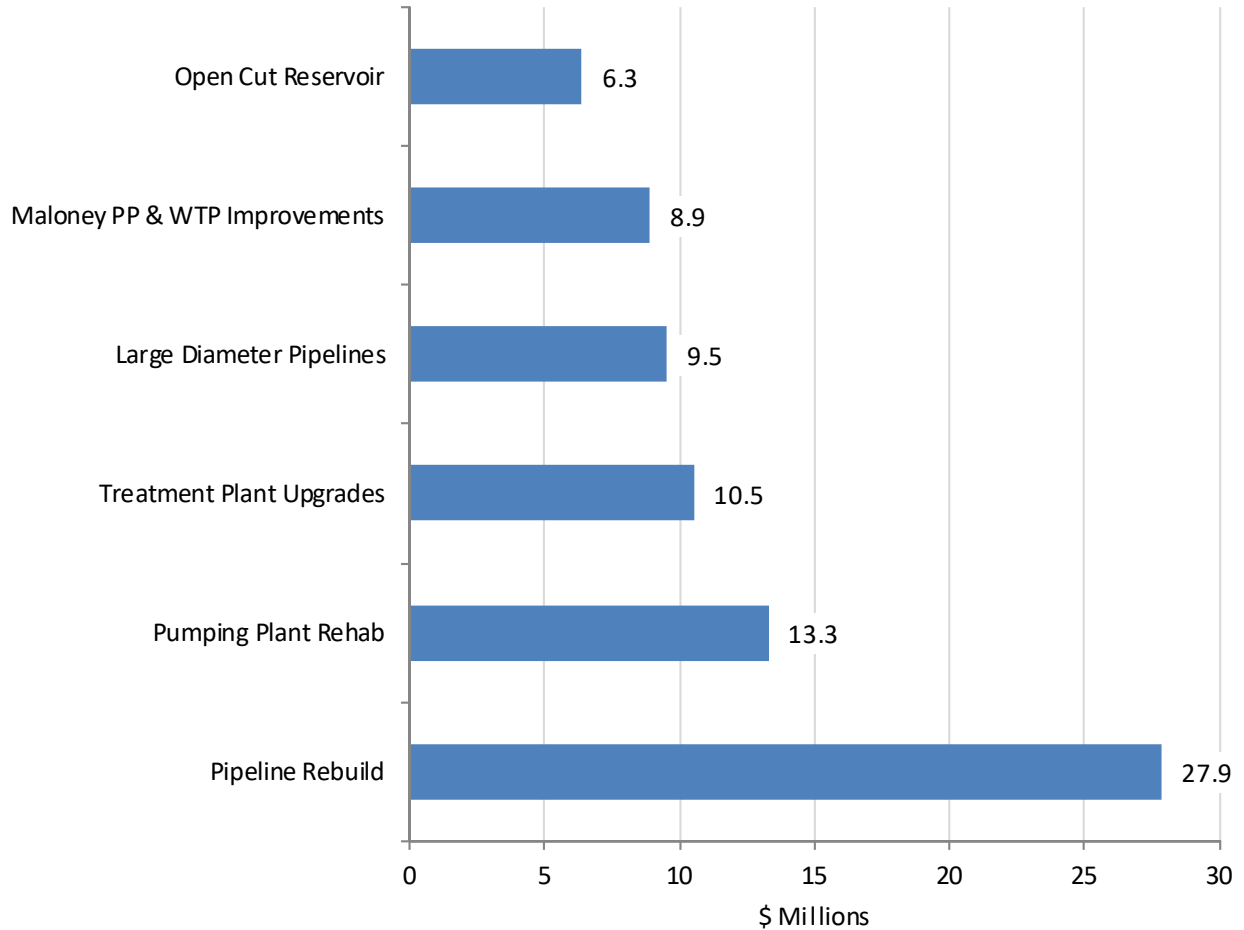
- **Debt Service**
 - Expenses are 83 percent of the six month budget due to lower interest rates than assumed in the budget, less commercial paper interest expenses resulting from the pay-down of commercial paper in FY20, and less bond interest expense because of no new debt issuance as planned.



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

Water System Capital Cash Flow Expenses

The following chart illustrates the capital cash flow spending for major capital projects. Capital cash flow expenditures totaled \$166.0 million. Of this amount, direct capital project costs totaled \$137.5 million and the remaining \$28.6 million represents administration of capital expense.





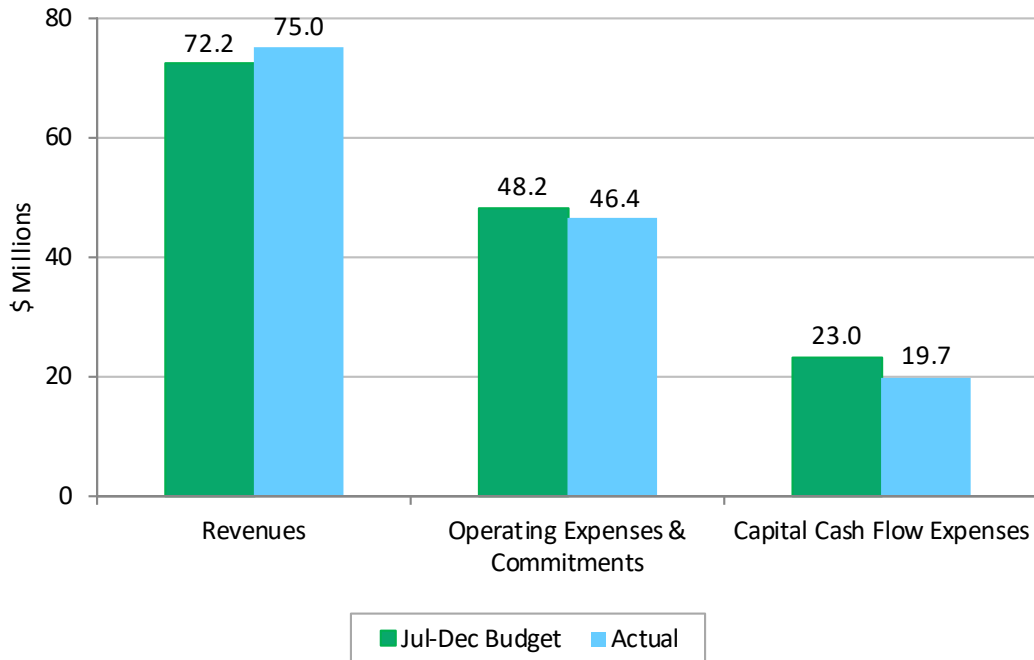
FY21 SEMI-ANNUAL BUDGET PERFORMANCE

WASTEWATER SYSTEM

Summary of Revenues and Expenses

The following charts compare the six month actuals to a six month budget for revenues, operating expenses and commitments, and capital cash flow expenses.

- Revenues totaled \$75.0 million or 104 percent of the six month budget.
- Operating expenses and commitments totaled \$46.4 million or 96 percent of the six month budget.
- Capital cash flow expenses totaled \$19.7 million or 86 percent of the six month budget.



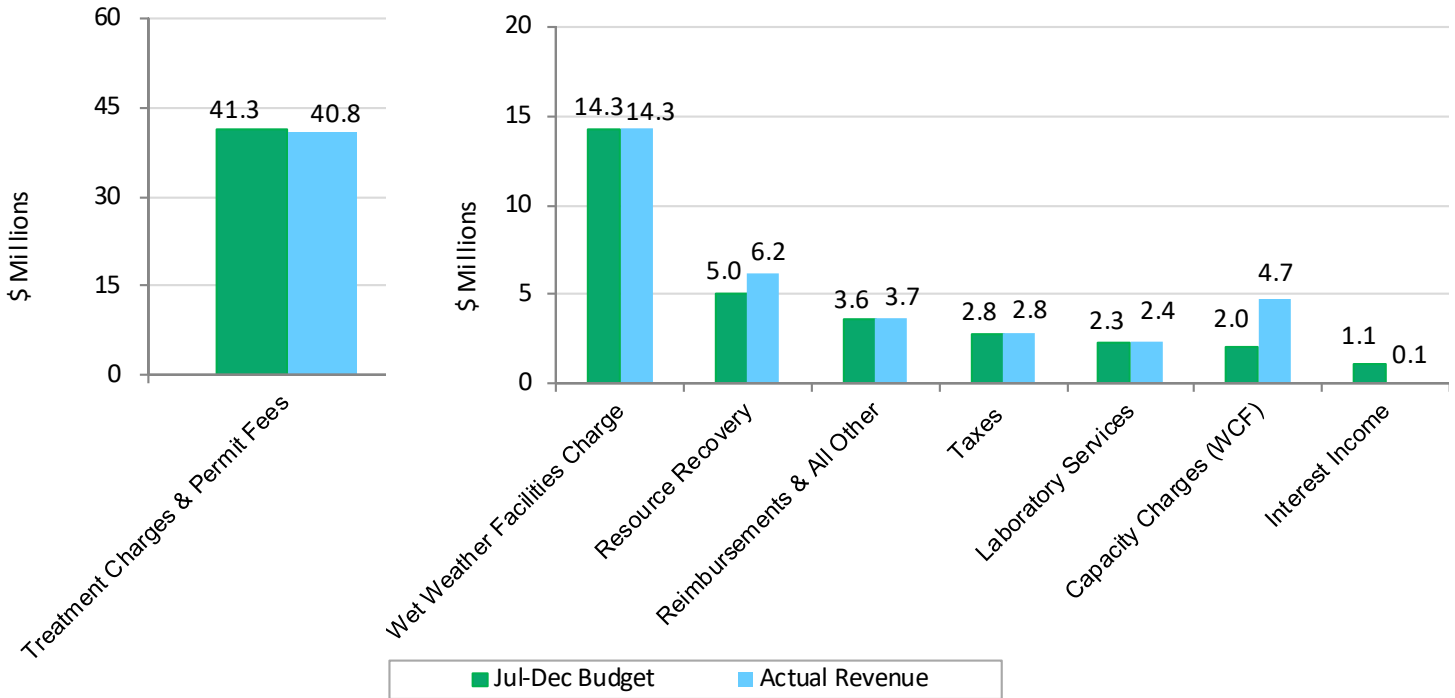
Wastewater System Summary Revenues and Expenses (\$ Millions)				
	Jul-Dec Budget	Actuals	Over / (Under)	%
Revenues	72.2	75.0	2.8	104%
Operating Expenses & Commitments	48.2	46.4	(1.8)	96%
Capital Cash Flow Expenses	23.0	19.7	(3.3)	86%



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

Wastewater System Revenues

The following charts show the various sources of revenue compared to a six month budget. The combined revenues for the first six months were \$75.0 million which is 104 percent of the six month budget of \$72.2 million. Details of the major revenue variances are shown on the following page.



Wastewater System Revenues (\$ Millions)				
	Jul-Dec Budget	Actuals	Over / (Under)	%
Treatment Chrgs. & Permit Fees	41.3	40.8	(0.5)	99%
Wet Weather Facilities Charge	14.3	14.3	(0.0)	100%
Resource Recovery	5.0	6.2	1.2	125%
Reimbursements & All Other	3.6	3.7	0.1	103%
Taxes	2.8	2.8	0.0	100%
Laboratory Services	2.3	2.4	0.1	106%
Capacity Charges (WCF)	2.0	4.7	2.7	237%
Interest Income	1.1	0.1	(0.9)	10%
Total Revenues	72.2	75.0	2.8	104%



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

Major revenue variances were:

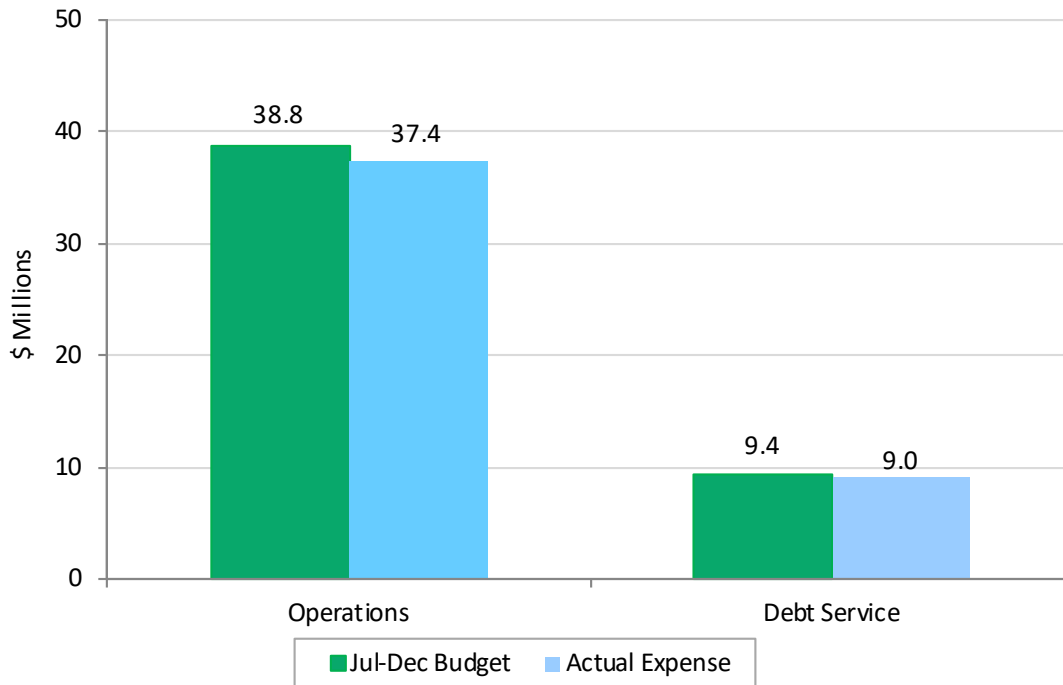
- **Resource Recovery** revenue totaled \$6.2 million which is 125 percent of the six month budget due to a conservative approach to budgeting as revenue is driven by market demand.
- **Capacity Charges (WCF)** revenue was \$4.7 million which is 237 percent of the six month budget due to continued building activity in the SD-1 portion of the service area. WCF revenue could potentially decrease in the second half of FY21 since developers were notified that the Board is considering a possible decrease in the WCF rates for FY22.
- **Interest Income** was \$0.1 million which is 10 percent of the six month budget due to short term interest rates under 0.3 percent which is 10 times lower than the interest rate that was assumed when the budget was developed in 2019.



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

Wastewater System Operating Expenses and Commitments

The following charts depict the operating expenses and commitments compared to a six month budget. Operations and Debt Service totaled \$46.4 million which is 96 percent of the six month budget of \$48.2 million.



Wastewater System Operating Expenses & Commitments (\$ Millions)				
	Jul-Dec Budget	Actuals	Over / (Under)	%
Operations	38.8	37.4	(1.4)	96%
Debt Service	9.4	9.0	(0.4)	95%
Total Operating	48.2	46.4	(1.9)	96%

The major variances in spending are attributable to:

- **Operations**
 - Lower than planned spending due to the recruitment lead time to fill vacancies which was offset by increased overtime and benefit costs than budgeted; lower contract spending for inflow investigations in community sewer systems due to delayed payment of outstanding bills; higher than planned spending for various operational costs such as chemicals which is offset by delayed billing for Water System administrative charges; higher than budgeted offset for the administration of capital which decreases operating expense by a like amount; and unspent contingency.



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

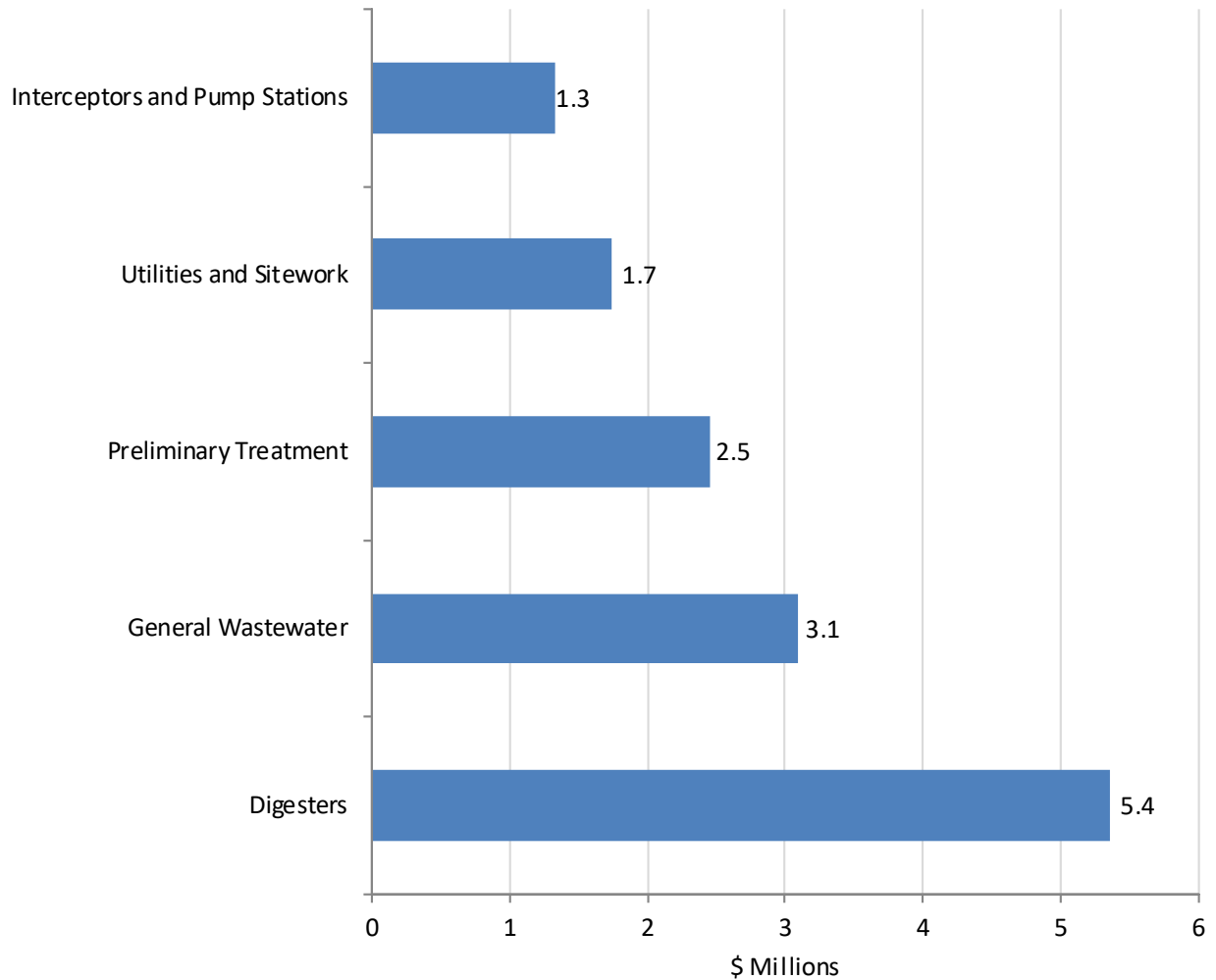
- **Debt Service**
 - Expenses are 95 percent of the six month budget due to less commercial paper interest expenses resulting from the pay-down of commercial paper in FY20 and lower rates than assumed in the budget.



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

Wastewater System Capital Cash Flow Expenses

The following chart illustrates the capital cash flow spending for major capital projects. Capital cash flow expenditures totaled \$19.7 million. Of this amount, direct capital project costs totaled \$17.9 million and the remaining \$1.9 million represents administration of capital expense.





FY21 SEMI-ANNUAL BUDGET PERFORMANCE

Year-end Projection

The first part of this report compared budget performance based on the first six months of the fiscal year. Looking forward, this section details the year-end projections based on the annual budget for the Water and Wastewater Systems.

Water System

Based on year-end projections, strategies have been identified which focus on increasing cash-funded capital and reducing the amount of planned borrowing during FY21. Revenues are projected to be four percent above budget and operations expenses are anticipated to be eight percent less than budget. Debt service expenditures are anticipated to be essentially on budget with a planned pay down of a portion of outstanding commercial paper. As no new debt is planned to be issued this fiscal year, capital spending is projected to be 100 percent cash-funded in FY21 from a combination of projected positive year-end net revenues and a drawdown of available reserves of up to \$52 million. This averts the planned issuance of \$160 million in new debt. Not issuing debt in FY21 helps bring down the rate increases needed for FY22 and FY23. Cash funding capital in FY21 reduces the projected FY22 and FY23 debt service budget in each year by about \$9.25 million per year compared to issuing the bonds; this strategy also increases the District's debt service coverage allowing us to remain nimble given uncertainties associated with economic recovery from the pandemic and the possibility of drought. These prudent actions support fair and reasonable rates for customers in FY22 and FY23 and beyond as part of a cautious, realistic, and flexible approach to budgeting and support the District's long-term financial stability efforts.

Details of the variances are discussed below.

Revenues

- Water Charges revenue is projected to be above budget at five percent. Water sales are trending at 150 MGD by year-end while the budget was based on 143 MGD.
- SCC revenue is projected to be slightly above budget assuming there is a decline in the second half of the fiscal year as some project applications are postponed to FY22 in anticipation of lower SCC rates.
- Other revenue sources when combined are higher but are partially offset by lower revenue for Interest Income. Interest earnings are low due to much lower short term interest rates. These earnings are anticipated to decrease in the second half of the fiscal year as more of the investments are made with lower rates than assumed in the budget when it was developed in 2019.

Expenses

- Operations expense is projected to be less than budget primarily due to the recruitment lead time to fill vacancies which is offset by increased overtime and benefit costs than budgeted; higher than budgeted reimbursements for the administration of capital which decrease operating expense by a like amount; and unspent contingency.
- Debt Service expense is projected to be essentially on budget. The debt service projection includes a planned commercial paper pay down using savings from lower commercial paper interest and no new debt issuance in FY21.



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

- Cash-funded capital of \$197.0 million is included in the budget. The year-end projection is to cash-fund 100 percent of capital for a total of \$303.3 million. Projected revenues above budget and operations savings combined with available cash reserves enable the ability to fund all capital spending with cash instead of borrowing.

The following table shows the year-end projection for the Water System.

Water System				
Year-end Projection (\$ Millions)				
	Amended Budget	Year-end Projection	Over / (Under)	%
Water Charges	582.4	612.4	30.0	105%
SCC Revenues	40.0	41.1	1.1	103%
Other	<u>81.4</u>	<u>79.0</u>	<u>(2.4)</u>	<u>97%</u>
Total Revenues	703.8	732.5	28.7	104%
Operations	315.1	289.2	(25.9)	92%
Debt Service	217.7	217.7	(0.0)	100%
Cash-Funded Capital	<u>197.0</u>	<u>303.3</u>	<u>106.3</u>	<u>154%</u>
Total Expenses inc. cash-funded capital	729.8	810.2	80.4	111%
Net Revenues including capital	(26.0)	(77.7)	(51.7)	299%
New Debt Issued for Capital	160.0	0.0	(160.0)	0%



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

Wastewater System

Based on year-end projections, 100 percent cash-funded capital will continue as planned. There is no planned new debt issuance for capital. Projected net revenue after cash funding capital is anticipated to be above budget.

Details of the variances are discussed below.

Revenues

- Revenues are projected to be one percent above budget primarily for Resource Recovery and WCF Capacity Charges. The drivers for these increased revenues are a conservative approach to Resource Recovery budgeting as revenues are driven by market demand and WCF Capacity Charges due to continued high levels of building activity in the SD-1 service area.

Expenses

- Operations expense is projected to be one percent less than budgeted due to the recruitment lead time to fill vacancies which is offset by increased overtime and benefit costs than budgeted; lower contract spending for inflow investigations in community sewer systems; higher than planned spending for various operational costs such as chemicals; higher than budgeted offset for the administration of capital which decreases operating expense by a like amount; and unspent contingency.
- Debt Service expense is projected to be essentially on budget. The debt service projections include a planned extendable commercial paper pay down using savings from lower commercial paper interest in FY21.
- Cash-funded capital of \$46.0 million is included in the budget. The year-end projection is to cash-fund 100 percent of capital for a total of \$40.0 million. Projected revenues above budget and operations savings enable the ability to fund all capital spending with cash as planned resulting in positive net revenues.

The following table shows the year-end projection for the Wastewater System.



FY21 SEMI-ANNUAL BUDGET PERFORMANCE

Wastewater System				
Year-end Projection (\$ Millions)				
	Amended Budget	Year-end Projection	Over / (Under)	%
Treatment Charges & Permits	82.5	82.0	(0.5)	99%
Resource Recovery	10.0	12.0	2.0	120%
Capacity Charges	4.0	6.0	2.0	150%
Other	47.9	46.3	(1.6)	97%
Total Revenues	144.4	146.3	1.9	101%
Operations	78.6	77.7	(0.9)	99%
Debt Service	29.8	29.8	(0.0)	100%
Cash-Funded Capital	46.0	40.0	(6.0)	87%
Total Expenses inc. cash-funded capital	154.4	147.5	(6.9)	96%
Net Revenues including capital	(10.0)	(1.2)	8.8	12%

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: February 18, 2021

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 – Investment Policy, staff prepares a monthly transactions report for the Finance/Administration Committee to review and for the Board to consider each month. The January 2021 report is being submitted to the Board for consideration. This report will be presented at the February 23, 2021 Finance/Administration Committee meeting.

DISCUSSION

Pursuant to Policy 4.07 – Investment Policy, 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 are presented in the quarterly investment report.

In January 2021, the portfolio decreased from \$799.1 million to \$795.4 million. Net transactions decreased the total by \$4.1 million. Interest received added \$0.3 million to the portfolio. Deposits into short-term liquidity funds totaled \$8.4 million and \$11.0 million was withdrawn. The District purchased \$58.6 million in securities and \$16.9 million in securities were called. No securities matured or were sold. Net transactions at the District's commercial bank resulted in a decrease of \$43.3 million.

CCC:SDS:RLH

Attachment

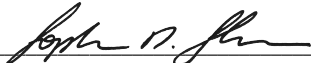
This page is intentionally left blank.

Monthly Investment Transactions Report
January 2021

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


Approved by: Sophia D. Skoda, Finance Director

02/08/2021
Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Transactions Summary
January 2021

Portfolio	Beginning Balance*	Monthly Net Transaction Activity	Monthly Interest Activity	Ending Balance
001 - Water System Consolidated	613,039,642.25	33,500,000.00	13,620.42	646,553,262.67
007 - Wastewater Consolidated	77,836,078.08	8,242,000.00	2,368.80	86,080,446.88
049 - Ferc Partnership	2,000,000.00	-	-	2,000,000.00
009 - BACWA	2,262,600.00	-	-	2,262,600.00
015 - DERWA	1,000,000.00	-	-	1,000,000.00
002 - FRWA	1,000,000.00	-	-	1,000,000.00
014 - IICP	150,500.00	-	-	150,500.00
010 - UMRWA	64,000.00	-	-	64,000.00
003 - Employees Retirement	13,815,744.37	(2,504,000.00)	33,217.49	11,344,961.86
099 - Wells Fargo**	87,948,993.69	(43,308,710.18)	282,210.85	44,922,494.36
Total	799,117,558.39	(4,070,710.18)	331,417.56	795,378,265.77

* 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.

Anjanique Walsh
 Prepared by: Anjanique Walsh, Accounting Technician

Sandy Lindley
 Reviewed by: Sandy Lindley, Accounting Supervisor

Andrea Miller
 Approved by: Andrea M. Miller, Controller

2/4/2021
 Date

2/5/2021
 Date

2/5/2021
 Date



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
January 2021

Portfolio	Buys	Deposits	Matured	Calls	Sales	Withdrawals	Non-Investment Transactions*	Net Transaction Activity
001 - Water System Consolidated	46,000,000.00	-	-	(12,500,000.00)	-	-	-	33,500,000.00
007 - Wastewater Consolidated	12,597,000.00	-	-	(4,355,000.00)	-	-	-	8,242,000.00
049 - Ferc Partnership	-	-	-	-	-	-	-	-
009 - BACWA	-	-	-	-	-	-	-	-
015 - DERWA	-	-	-	-	-	-	-	-
002 - FRWA	-	-	-	-	-	-	-	-
014 - IICP	-	-	-	-	-	-	-	-
010 - UMRWA	-	-	-	-	-	-	-	-
003 - Employees Retirement	-	8,448,000.00	-	-	-	(10,952,000.00)	-	(2,504,000.00)
065 - Water S2008A DSRF	-	-	-	-	-	-	-	-
068 - Water 2010A DSRF	-	-	-	-	-	-	-	-
Investment Activity Total	58,597,000.00	8,448,000.00	-	(16,855,000.00)	-	(10,952,000.00)	-	39,238,000.00
099 - Wells Fargo	(58,597,000.00)	(8,448,000.00)	-	16,855,000.00	-	10,952,000.00	(4,070,710.18)	(43,308,710.18)
Total	-	-	-	-	-	-	(4,070,710.18)	(4,070,710.18)

*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: Damien Charléty, Principal Mgmt Analyst

Date

2/8/2021

Approved by: Robert L. Hannay, Treasury Manager

Date



EAST BAY MUNICIPAL UTILITY DISTRICT
 Monthly Investment Activity
 January 2021

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Buys										
001 - Water System Consolidated	US Treasuries	T-Bill 0 2/18/2021	9127964D8	01/07/2021	01/08/2021	02/18/2021	34,000,000.00	33,996,902.22	0.00	33,996,902.22
001 - Water System Consolidated	Federal Agency Issues Coupon	FHLB 0.09 11/30/2021	3130AKHN9	01/22/2021	01/25/2021	11/30/2021	12,000,000.00	11,998,983.60	1,650.00	12,000,633.60
Total							46,000,000.00			
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FFCB 0.15 5/26/2021	3133ELB60	01/11/2021	01/12/2021	05/26/2021	4,500,000.00	4,501,088.15	862.50	4,501,950.65
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLB 1.75 5/25/2021	3130ABZP4	01/13/2021	01/14/2021	05/25/2021	1,500,000.00	1,509,084.00	3,572.92	1,512,656.92
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FFCB 0.1 11/30/2021	3133EMHS4	01/14/2021	01/15/2021	11/30/2021	1,817,000.00	1,817,000.00	227.13	1,817,227.13
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLB 1.625 11/19/2021	3130AHJY0	01/22/2021	01/25/2021	11/19/2021	2,230,000.00	2,257,753.47	6,643.54	2,264,397.01
007 - Wastewater Consolidated	Federal Agency Issues Coupon	FHLB 3 10/12/2021	3130AF5B9	01/22/2021	01/25/2021	10/12/2021	2,550,000.00	2,602,757.72	21,887.50	2,624,645.22
Total							12,597,000.00			

58,597,000.00 58,683,569.16 34,843.59 58,718,412.75



EAST BAY MUNICIPAL UTILITY DISTRICT
 Monthly Investment Activity
 January 2021

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Deposits										
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	01/08/2021	01/08/2021	N/A	4,249,000.00	4,249,000.00	0.00	4,249,000.00
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	01/22/2021	01/22/2021	N/A	4,199,000.00	4,199,000.00	0.00	4,199,000.00
Total							8,448,000.00			

8,448,000.00 8,448,000.00 0.00 8,448,000.00



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
January 2021

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

Matured

No Transactions this Period

0.00 0.00 0.00 0.00



EAST BAY MUNICIPAL UTILITY DISTRICT
 Monthly Investment Activity
 January 2021

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Calls										
001 - Water System Consolidated	Medium Term Notes	Apple Inc 2.25 2/23/2021-21	037833BS8	01/28/2021	01/28/2021	02/23/2021	12,500,000.00	12,500,000.00	0.00	12,500,000.00
					Total		12,500,000.00			
007 - Wastewater Consolidated	Medium Term Notes	Apple Inc 2.25 2/23/2021-21	037833BS8	01/28/2021	01/28/2021	02/23/2021	1,355,000.00	1,355,000.00	0.00	1,355,000.00
007 - Wastewater Consolidated	Medium Term Notes	Apple Inc 2.25 2/23/2021-21	037833BS8	01/28/2021	01/28/2021	02/23/2021	3,000,000.00	3,000,000.00	0.00	3,000,000.00
					Total		4,355,000.00			
							16,855,000.00	16,855,000.00	0.00	16,855,000.00



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Investment Activity
January 2021

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

Sales

No Transactions this Period

0.00 0.00 0.00 0.00



EAST BAY MUNICIPAL UTILITY DISTRICT
 Monthly Investment Activity
 January 2021

Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Withdrawals										
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	01/28/2021	01/28/2021	N/A	10,952,000.00	10,952,000.00	0.00	10,952,000.00
					Total		10,952,000.00			

10,952,000.00	10,952,000.00	0.00	0.00
---------------	---------------	------	------



EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
January 2021

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)										
001 - Water System Consolidated	LAIF	LAIF LGIP	LGIP1001	01/22/2021	01/22/2021	N/A	0.00	0.00	93,331.10	93,331.10
001 - Water System Consolidated	Medium Term Notes	Apple Inc 2.25 2/23/2021-21	037833BS8	01/28/2021	01/28/2021	02/23/2021	0.00	0.00	121,090.55	121,090.55
001 - Water System Consolidated	Money Market Mutual Funds	Fidelity Investments MM	MM4022	01/31/2021	01/31/2021	N/A	0.00	0.00	229.34	229.34
								Total		214,650.99
002 - FRWA	LAIF	LAIF LGIP	LGIP1001	01/22/2021	01/22/2021	N/A	0.00	0.00	1,581.46	1,581.46
								Total		1,581.46
007 - Wastewater Consolidated	LAIF	LAIF LGIP	LGIP1001	01/22/2021	01/22/2021	N/A	0.00	0.00	15,061.25	15,061.25
007 - Wastewater Consolidated	Medium Term Notes	Apple Inc 2.25 2/23/2021-21	037833BS8	01/28/2021	01/28/2021	02/23/2021	0.00	0.00	42,192.29	42,192.29
007 - Wastewater Consolidated	Money Market Mutual Funds	Fidelity Investments MM	MM4022	01/31/2021	01/31/2021	N/A	0.00	0.00	59.46	59.46
								Total		57,313.00
009 - BACWA	LAIF	LAIF LGIP	LGIP1001	01/22/2021	01/22/2021	N/A	0.00	0.00	3,579.34	3,579.34
								Total		3,579.34
010 - UMRWA	LAIF	LAIF LGIP	LGIP1001	01/22/2021	01/22/2021	N/A	0.00	0.00	102.03	102.03
								Total		102.03
014 - IICP	LAIF	LAIF LGIP	LGIP1001	01/22/2021	01/22/2021	N/A	0.00	0.00	238.46	238.46
								Total		238.46
015 - DERWA	LAIF	LAIF LGIP	LGIP1001	01/22/2021	01/22/2021	N/A	0.00	0.00	1,581.46	1,581.46
								Total		1,581.46
049 - Ferc Partnership	LAIF	LAIF LGIP	LGIP1001	01/22/2021	01/22/2021	N/A	0.00	0.00	3,164.11	3,164.11
								Total		3,164.11
							0.00	0.00	282,210.85	282,210.85




EAST BAY MUNICIPAL UTILITY DISTRICT
Monthly Interest Activity
January 2021


Portfolio Name	Asset Class	Description	CUSIP/Ticker	Trade Date	Settlement Date	Maturity Date	Face Amount/Shares	Principal	Interest/Dividends	Total
Interest Received (Reinvested)										
001 - Water System Consolidated	Local Government Investment Pool	CalTRUST LGIP	CALTRUST923C	01/29/2021	01/29/2021	N/A	0.00	0.00	968.02	968.02
001 - Water System Consolidated	Local Government Investment Pool	CAMP LGIP	CAMP6035	01/29/2021	01/29/2021	N/A	0.00	0.00	11,723.43	11,723.43
001 - Water System Consolidated	Money Market Mutual Funds	Federated MM	MM3767	01/29/2021	01/29/2021	N/A	0.00	0.00	233.11	233.11
001 - Water System Consolidated	Money Market Mutual Funds	Morgan Stanley IMM	0852	01/29/2021	01/29/2021	N/A	0.00	0.00	695.86	695.86
								Total		13,620.42
003 - Employees Retirement	LAIF	LAIF LGIP	LGIP1005	01/15/2021	01/15/2021	N/A	0.00	0.00	33,217.49	33,217.49
								Total		33,217.49
007 - Wastewater Consolidated	Local Government Investment Pool	CAMP LGIP	CAMP6035	01/29/2021	01/29/2021	N/A	0.00	0.00	2,129.13	2,129.13
007 - Wastewater Consolidated	Money Market Mutual Funds	Federated MM	MM3767	01/29/2021	01/29/2021	N/A	0.00	0.00	60.15	60.15
007 - Wastewater Consolidated	Money Market Mutual Funds	Morgan Stanley IMM	0852	01/29/2021	01/29/2021	N/A	0.00	0.00	179.52	179.52
								Total		2,368.80
							0.00	0.00	49,206.71	49,206.71

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: February 18, 2021

MEMO TO: Board of Directors

THROUGH: Clifford C. Chan, General Manager 

FROM: Barry N. Gardin, Internal Audit Supervisor 

SUBJECT: Semi-Annual Internal Audit Report

INTRODUCTION

This report is prepared in accordance with District Policy 4.24 - Internal Audit, which prescribes that Internal Audit provide the Board with a mid-year update on Internal Audit activities including the results and progress made on the Annual Internal Audit Plan as well as a discussion of any conditions that have warranted unplanned review, evaluation, or investigation during the period. This report provides the status of each of the projects included in the Fiscal Year (FY) 2021 annual internal audit plan as well as an update on completed audits that have precipitated the development of procedural modifications, additional controls, and/or other mitigation efforts being developed in coordination with appropriate staff.

In addition to providing the status of internal audit activities, this mid-year update affords the Board an opportunity to ensure the audit efforts remain aligned with the Board goals, objectives, and priorities, as well as an opportunity to reprioritize audit resources by modifying planned activities to address areas that are of most concern. As prescribed in Policy 4.24, any findings identified during audits and resulting recommendations are reported to the General Manager. This report will be presented at the February 23, 2021 Finance/Administration Committee meeting.

AUDIT ACTIVITIES

During this reporting period no material findings, control weaknesses, risks, or other significant issues requiring Board action or attention have been noted. In accordance with Policy 4.24 any issues requiring immediate attention will be brought, without delay, directly to the Board as warranted.

FY21 Internal Audit Plan

The FY21 Internal Audit Plan included follow-up testing, evaluation, and compliance with recommendations from previously completed audits. Follow-up reviews include reviewing compliance with procedural controls established to mitigate previously identified risks and/or conditions that resulted in exceptions, as well as an assessment of current conditions.

Inspection Fees – The original review completed in FY19 identified opportunities to improve controls that would prevent the District from being invoiced for costs which are not allowable and for payment of excessive charges.

This follow-up review has been completed and the results will be reported after review and development of recommendations with staff.

Memorandum of Understanding (MOU) Compliance – The original review completed in FY19 revealed that various provisions of the MOU were not being complied with including inappropriate payments for overtime meal allowance, improper fatigue time pay, improper standby pay, and improper shift differential premiums.

This follow-up review has been completed and the results will be reported after review and development of recommendations with staff.

Inventory Control and Materials Management – The original review completed in FY18 identified control weakness that resulted in inaccuracies of material receipts and usage, which resulted in inventory inaccuracies. Also inadequate controls over the accountability of surplus materials deemed for disposal (i.e., scrap) were noted.

This follow-up review is in progress and is expected to be completed during the third quarter of FY21.

Purchasing – The original review completed in FY19 indicated a need to enhance controls and compliance with competitive bid requirements, sole source vendor selection, purchase card use, and ensuring contract equity program participation compliance.

This follow-up will be initiated in the third quarter and completed during the fourth quarter of FY21.

Fleet Administration – The original review completed in FY18 revealed the need to strengthen controls over accountability of vehicle acquisitions, fuel use, and the propriety of take home vehicle assignments.

This follow-up will be initiated in the third quarter and completed during the fourth quarter of FY21.

Consumption Revenue Finding Resolution - This audit was reported in FY19 and resulted in the formation of a working committee consisting of staff from Operations and Maintenance, Customer and Community Services, and Internal Audit, with the objective of developing procedures for addressing each of the areas (i.e., unmetered services, unbilled fire services, consumption on inactive accounts, active accounts with zero consumption) identified during the audit. The initial area of focus has been to analyze and assess unmetered service laterals, which has resulted in follow-up service orders at approximately 400 locations. As the follow-up process in each area is resolved the results will be reported. Resolution for all areas, including recommendations for procedural changes to prevent future occurrences and for back billing, is expected to be completed during the fourth quarter of FY21.

Testing and Hiring (Civil Service Compliance) - Internal Audit will complete an evaluation of compliance with applicable civil service procedures as well as an assessment of consistency of the processes used to advertise, evaluate (i.e., test), select, and hire staff. This review will include an assessment of recruitment efforts, test development, test evaluation, the interview process, and completion of all necessary documentation requirements. This assessment will also consider relevance and appropriateness of testing and evaluation, as well as the efficacy of outreach efforts in meeting the District's workplace diversity goals.

This effort is expected to be completed during the fourth quarter of FY21.

Information Technology (IT) Vulnerability Mitigation - Internal Audit is coordinating with the Information Services Department and the IT consultant (Sure Secure Solutions) on the development of a mitigation plan to address the risks and vulnerabilities reported in the IT Vulnerability Assessment. This effort will include an assessment of the mitigation plan which will entail a determination of the District's compliance with Center for Internet Security critical security controls as well as a determination of the risks that will be fully or partially mitigated. Upon final adoption of the mitigation plan, follow-up testing and evaluation will be scheduled in order to confirm compliance with the actions prescribed.

Due to the nature of this project, these efforts will be reported to the Board in closed session on an ongoing basis.

Ongoing Activities

Business Classification Codes (BCC) – This review from FY20 entailed an evaluation of the accuracy of BCC code designations. Opportunities to improve controls to ensure BCC codes are consistent with the customers' business activity were identified and procedural modifications are being developed in coordination with the appropriate staff.

Applicant and Outside Agency Invoicing and Receivables – This review from FY20, which included an assessment of the procedures used to identify, record, invoice, and collect for the costs of completing applicant paid services revealed opportunities for staff to: improve accountability for expenses, accurately invoice applicants, and collect funds in a more timely manner. Development of additional controls and procedural changes are being developed in coordination with appropriate staff.

Laboratory Services – The scope of this audit from FY20 included an assessment of the procedures and methods used by the District's laboratory to ensure all regulatory standards for transfer, sampling, and documentation are met, as well as verification that required certifications (equipment and methods) are maintained, and an assessment of the efficiency with which laboratory resources are utilized. A determination of the viability of the potential for the District to utilize laboratory capacity and expertise for commercial revenue purposes is also in the scope of this review. Assessment of commercial opportunities is being evaluated and will be reviewed with the appropriate staff.

OTHER AREAS OF CONSIDERATION

In accordance with Policy 4.24, if during this reporting period Internal Audit had discovered or been made aware of possible malfeasance, financial or regulatory irregularities, or other potentially significant issues that could warrant some degree of independent review and/or investigation, Internal Audit staff would have assessed the issue(s) for risk and/or potential exposure and immediately discussed it at the appropriate management level, up to and including the General Manager. If the risk or potential exposure is deemed significant to warrant investigation, the appropriate level of resources would have been allocated and the Board of Directors would have been duly notified. At this time no issues have been raised that warrant Board notification.

CCC:BNG

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: February 18, 2021

MEMO TO: Board of Directors

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

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

SUBJECT: Invitation to Apply for a Water Infrastructure Finance and Innovation Act (WIFIA) Loan

SUMMARY

In early October 2020, the District submitted a Letter of Interest (LOI) for the WIFIA loan program that is administered by the U.S. Environmental Protection Agency (EPA). The LOI stage is a competitive process and is the first step toward obtaining a WIFIA loan. On January 8, 2021, the EPA formally invited the District to submit a full WIFIA loan application based on a review of the District's LOI. The District's next step is to prepare and submit an application. The full process, from application invitation to loan closing, can take a year or more. This item will be presented at the February 23, 2021 Finance/Administration Committee meeting.

DISCUSSION

Since the inception of WIFIA, the District has been monitoring the suitability of the loan program to fund capital projects. With the evolution of the program structure and with U.S. Treasury rates falling, staff believes pursuing a WIFIA loan at this time will be financially beneficial to the District. A WIFIA loan has the potential to provide the District a low-interest, flexible method of borrowing for capital projects.

In early October, the District submitted an LOI to the EPA to demonstrate the District's eligibility, financial creditworthiness, project engineering feasibility, and alignment with WIFIA selection criteria. The LOI acceptance stage is a competitive process and is the first step in pursuing a WIFIA loan. On January 8, 2021, the EPA formally invited the District to apply to the program based on a review of the LOI. The invitation allows for credit assistance up to \$209 million, representing 49 percent of the District's eligible project costs over the next five years. The District's LOI initially requested \$445 million over 10 years. However, the EPA is limiting the duration of projects covered by a single WIFIA loan to five years.

The District's LOI included a broad array of water treatment-related projects, including the Orinda Water Treatment Plant (WTP) Disinfection Improvements Project, the Chemical Safety System Improvements Project, and the Walnut Creek WTP Pretreatment Project. During the application process, staff will work with the EPA to refine the project list according to priorities and preferences of the District and the EPA. Loan proceeds are dispersed on a reimbursement

basis, meaning the District will expend dollars and then be reimbursed with loan proceeds, similar to a State Revolving Fund loan.

The interest rate of a WIFIA loan is based on taxable U.S. Treasury rates at the time of the loan closing. As of February 2, 2021, the District's municipal advisor estimates a WIFIA loan interest rate would be 1.59 percent. This is lower than the District's current revenue bond borrowing cost of about 2.70 percent. Although the relationship between the District's bond rates and U.S. Treasury rates will likely change between now and a future loan closing date, staff anticipates the WIFIA loan rate will be lower than the District's alternative borrowing rates. If the District enters into a WIFIA loan, it would offset some planned borrowing through revenue bonds.

NEXT STEPS

The District will prepare the formal WIFIA application and submit it to the EPA this spring. The EPA will then commence with the underwriting process. Staff will provide updates to the Finance/Administration Committee on the application and underwriting process as the application process progresses.

CCC:SDS:RLH