

ALAMEDA COUNTY WATER DISTRICT

43885 So. Grimmer Boulevard
Fremont, CA 94538

FINANCE & ADMINISTRATION COMMITTEE

AGENDA

Tuesday, July 18, 2023

3:00 p.m.

ACCESSIBLE PUBLIC MEETINGS: Upon request, ACWD will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request at least 72 hours before the meeting to the District Secretary, ACWD, 43885 S. Grimmer Blvd., Fremont, CA 94538, or to gina.markou@acwd.com stating your name, mailing address, phone number, and brief description of the requested materials and preferred alternative format or auxiliary aid or service.

MEMBERS OF THE PUBLIC MAY PARTICIPATE IN THIS MEETING IN PERSON AT THE DISTRICT OFFICE LOCATED AT 43885 SOUTH GRIMMER BOULEVARD, FREMONT OR VIA WEBINAR OR TELECONFERENCE.

TO PARTICIPATE VIA WEBINAR, USE THE FOLLOWING LINK: <https://us02web.zoom.us/j/83229934459?pwd=eVZ4ejBkWE5vQWtaNFdHRTJmTWplZz09> (PASSCODE: **094289**). TO MAKE COMMENTS OR ASK QUESTIONS DURING THE MEETING, “RAISE YOUR HAND” OR USE THE CHAT OR Q&A FEATURE IN THE ZOOM APP AT ANY TIME, OR UNMUTE AND SPEAK WHEN INVITED.

TO PARTICIPATE VIA TELECONFERENCE, CALL ANY OF THE FOLLOWING PHONE NUMBERS: 1-669-900-9128 OR 1-346-248-7799 OR 1-301-715-8592 FOLLOWED BY **832 2993 4459**. TO MAKE COMMENTS OR ASK QUESTIONS DURING THE MEETING, TYPE *9 ON YOUR DIAL PAD TO “RAISE” OR “LOWER” YOUR “HAND” AT ANY TIME, OR TYPE *6 TO MUTE OR UNMUTE AND SPEAK WHEN INVITED.

THIS AGENDA AND ALL ACCOMPANYING MATERIALS CAN BE VIEWED ON THE ALAMEDA COUNTY WATER DISTRICT WEBSITE AT: www.acwd.org.

1. California Employers’ Retiree Benefit Trust Fund Account Update
Presenter: Darren Lathrop, CalPERS Customer Outreach and Support Manager

2. COVID Status Update

Presenter: Amy Reeve, Human Resources and Risk Manager

3. Budget Report

Presenter: Sydney Oam, Financial Analysis Supervisor

4. Public Comments

CERBT Account Update

Alameda County Water District

Darren Lathrop
Customer Outreach and Support Manager

CalPERS IRC Section 115 Trust Funds

California Employers' Retiree Benefit Trust (CERBT - OPEB)

- Voluntarily prefund non-pension, other post-employment benefits (OPEB)
- Established 2007
- 606 employer participants
- ~\$17B assets
- 3 Investment Portfolio choices

California Employers' Pension Prefunding Trust (CEPPT - Pension)

- Voluntarily prefund required pension contributions
- Established 2019
- 89 employer participants
- ~\$136M assets
- 2 Investment Portfolio choices

OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by MacLeod Watts, Inc.

Valuation Date	06/30/2019	06/30/2021
Total Participants (Active + Retirees w/ Benefits + Retirees w/o Benefits = Total)	203 + 211 + 0 = 414	216 + 214 + 0 = 430
Present Value of Benefits (PVB)	\$70,216,096	\$72,623,239
Total OPEB Liability (TOL)	\$59,110,370	\$61,270,819
Valuation Assets	\$30,817,949	\$47,491,773
Net OPEB Liability (NOL)	\$28,292,421	\$13,779,046
Actuarially Determined Contribution (ADC)	\$3,407,540 (fye 2021)	\$2,919,114 (fye 2023)
Normal Cost	\$1,203,748 (fye 2021)	\$1,282,945 (fye 2023)
Amortization of Net OPEB Liability	\$2,184,732 (fye 2021)	\$1,619,840 (fye 2023)
Projected Retiree Premiums (Pay-Go Cost)	\$2,919,531 (fye 2023)	\$2,659,611 (fye 2024)
Implicit Rate Subsidy Credit	\$710,594 (fye 2023)	\$725,859 (fye 2024)
CERBT Asset Allocation Strategy	Strategy 1	Strategy 1
Discount Rate	6.50%	6.50%

CERBT Account Summary

As of June 30, 2023	Strategy 1
Initial contribution <small>(6/27/2012)</small>	\$1,121,368
Additional contributions	\$51,751,099
Disbursements	(\$23,310,749)
CERBT expenses	(\$276,526)
Investment earnings	\$16,954,697
Total assets	\$46,239,889
Money-weighted annualized net rate of return <small>(6/27/2012 – 6/30/2023 = 11 Years)</small>	5.95%

CERBT agreement effective date: 5/30/2012

Cash Flow Summary by Fiscal Year

Fiscal Year	Contributions	Disbursements	Cumulative Net Contributions	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets	Fiscal Year Net Rate of Return	Cumulative Net Rate of Return
2011-12	\$1,121,368	\$0	\$1,121,368	\$24,025	(\$11)	\$1,145,382	-	-
2012-13	\$7,500,692	\$0	\$8,622,059	\$836,332	(\$10,777)	\$9,447,615	12.39%	12.79%
2013-14	\$1,753,290	\$0	\$10,375,349	\$2,587,578	(\$25,107)	\$12,937,821	18.58%	15.98%
2014-15	\$3,950,000	(\$2,080,555)	\$12,244,794	\$2,561,523	(\$41,530)	\$14,764,787	-0.16%	8.35%
2015-16	\$4,079,000	(\$2,277,611)	\$14,046,183	\$2,696,965	(\$56,471)	\$16,686,677	0.75%	5.69%
2016-17	\$3,972,000	(\$2,234,372)	\$15,783,811	\$4,780,454	(\$74,208)	\$20,490,056	10.47%	6.96%
2017-18	\$6,261,900	(\$2,277,750)	\$19,767,961	\$6,808,544	(\$97,651)	\$26,478,854	7.80%	7.16%
2018-19	\$4,779,000	(\$2,260,775)	\$22,286,186	\$8,663,648	(\$123,497)	\$30,826,337	6.13%	6.94%
2019-20	\$5,657,555	(\$2,436,259)	\$25,507,482	\$9,919,248	(\$154,602)	\$35,272,128	3.47%	6.27%
2020-21	\$4,557,493	(\$3,117,559)	\$26,947,416	\$20,741,629	(\$193,040)	\$47,496,005	27.49%	9.49%
2021-22	\$4,595,724	(\$3,210,768)	\$28,332,372	\$14,018,274	(\$236,485)	\$42,114,161	-13.06%	5.89%
2022-23	\$4,644,446	(\$3,415,100)	\$29,561,718	\$16,954,697	(\$276,526)	\$46,239,889	6.36%	5.95%

Funded Status Comparison

Measurement Date	Total OPEB Liability	CERBT Assets	Funded Status
6/30/2009	\$32,915,000	\$3,496,000	11%
6/30/2011	\$41,565,000	\$5,639,000	14%
6/30/2013	\$46,519,000	\$9,448,000	20%
6/30/2015	\$51,066,000	\$14,765,000	29%
6/30/2017	\$51,861,000	\$21,002,000	40%
6/30/2019	\$59,110,370	\$30,817,949	52%
6/30/2021	\$61,270,819	\$47,491,773	78%

CERBT Employer Funded Status by Strategy

Funded Status (TOL)	Strategy 1	Strategy 2	Strategy 3	Total
0-25%	62	49	31	142
26-50%	43	29	17	89
51-75%	59	30	15	104
76-100%	75	10	8	93
> 100%	133	30	15	178
Total	372	148	86	606

Funded status based on Employers' most recent OPEB Cost Reports submitted as of 6/30/2023. *76 superfunded employers

OPEB Liabilities and Market Value of Assets

Agency Type	Aggregate TOL	Aggregate MVA	Agency Type Funded Level
Cities and Towns	\$5.8B	\$2.6B	45%
Counties	\$4.2B	\$2.8B	66%
Courts	\$496M	\$104M	21%
Fire	\$763M	\$342M	45%
Other Special Districts	\$1.308B	\$1.306B	99.8%
Sanitation	\$520M	\$394M	76%
Schools	\$16.9B	\$1.8B	11%
Transportation	\$291M	\$197M	68%
Water	\$1.6B	\$1.2B	79%

Data based on Employers' most recent OPEB Cost Reports submitted as of 6/30/2023.

CERBT Water District Employers by TOL

TOL Range	Value of CERBT Assets	# of Employers	Average Funded %
<\$1M	\$12M	22	97%
\$1M - \$50M	\$469M	74	72%
\$51M - \$100M	\$89M	2	77%
>\$100M	\$662M	3	84%

Data based on Employers' most recent OPEB Cost Reports submitted as of 6/30/2023.

OPEB & Pension Plan Costs Short Term Future

- Capital market assumptions are less optimistic
 - Expected returns are lower
 - Expected volatility is higher
- Asset balances are lower
- Funded statuses are down

CERBT Portfolio Options

Portfolios	CERBT Strategy 1		CERBT Strategy 2		CERBT Strategy 3	
	2018	2022	2018	2022	2018	2022
Capital Market Assumptions as of	2018	2022	2018	2022	2018	2022
Expected Return	7.59%	6.0%	7.01%	5.5%	6.22%	5.0%
Standard Deviation	11.83%	12.1%	9.24%	9.9%	7.28%	8.4%

CERBT Portfolio Details

Asset Classification	Benchmark	CERBT OPEB Strategy 1	CERBT OPEB Strategy 2	CERBT OPEB Strategy 3	Target Range
Global Equity	MSCI All Country World Index IMI (Net)	49%	34%	23%	±5%
Fixed Income	Bloomberg Long Liability Index (CERBT) Bloomberg US Aggregate Bond Index (CEPPT)	23%	41%	51%	±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Index (Net)	20%	17%	14%	±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg US TIPS Index, Series L	5%	5%	9%	±3%
Commodities	S&P GSCI Total Return Index	3%	3%	3%	±3%
Cash	91-Day Treasury Bill	0%	0%	0%	+2%

CERBT Time-weighted Investment Returns

Periods Ended May 31, 2023

CERBT OPEB	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$14,299,729,705	-2.12%	0.47%	2.74%	-4.10%	5.21%	4.51%	5.66%	4.75%
Benchmark		-2.14%	0.39%	2.58%	-4.30%	5.00%	4.26%	5.32%	4.36%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,791,521,936	-2.14%	0.64%	0.93%	-4.65%	2.58%	3.58%	4.59%	5.87%
Benchmark		-2.15%	0.59%	0.81%	-4.80%	2.42%	3.40%	4.29%	5.60%
CERBT Strategy 3 (Inception January 1, 2012)	\$771,161,081	-2.10%	0.82%	-0.28%	-4.82%	0.98%	2.91%	3.69%	4.39%
Benchmark		-2.11%	0.78%	-0.37%	-4.94%	0.86%	2.78%	3.40%	4.13%
CERBT Total	\$16,862,412,722								

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

Total Participation Cost Fee Rate

- All-inclusive cost of participation
 - CERBT: 10 basis points (bps) fee on asset balance
 - Combines administrative, custodial, and investment fees
 - Self-funded, not-for-profit
 - Zero cost to join and setup account

Asset Value on Deposit*	All-Inclusive Fee Rate	Annual Cost
\$1,000,000	10 Basis Points (0.10%)	\$1,000

*Asset values shown assume the amount is deposited on the first day of a 12-month calendar year and remains constant the entire 12 months ending on the last day with the exact same amount. No investment gains/losses, or contribution additions/withdrawals are experienced at any time during the 12 months.

There are **no** additional fees of any kind. No set-up, joining, renewal, contribution, disbursement, termination fees. No minimum contribution amount.

You Control Your Participation

Investment portfolio

- 3 investment options
- Choose a strategy based on yield, risk tolerance, and time horizon

Voluntary contributions

- Never required
- Full control of amount and schedule

Reimbursement/Liquidity

- Reimburse current year OPEB expense (Pay-go + Implicit subsidy)
- FYE 2024: \$2,659,611 + \$725,859 = \$3,385,470

Choose OPEB actuary

- Discount rate
- Amortization schedule

Financial Reporting

- CEPPT is reported in compliance with GASB 84
- CERBT provides audited and compliant GASB 74 report in a Schedule of Changes in Fiduciary Net Position (FNP)
 - Published in February each year

CERBT FNP Fiscal Year	Availability
<u>2019-20</u>	Available at <u>https://www.calpers.ca.gov/cerbt</u>
<u>2020-21</u>	
<u>2021-22</u>	

Prefunding Program Employers

627 contracting employers (606 CERBT and 89 CEPPT)



State of California



158 Cities or Towns



10 Counties

82 School Employers



32 Courts



344 Special Districts &
Public Agencies



Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Darren Lathrop	Outreach & Support Manager	Darren.Lathrop@calpers.ca.gov	(916) 795-0751	(916) 291-0391
Lee Lo	Outreach & Support Analyst	Lee.Lo@calpers.ca.gov	(916) 795-4034	(916) 612-4128
Colleen Cain-Herrback	Administration & Reporting Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Robert Sharp	Assistant Division Chief	Robert.Sharp@calpers.ca.gov	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
CEPPT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/ceppt
CERBT4U@calpers.ca.gov - Questions & Document Submittal	www.calpers.ca.gov/cerbt
CERBTACCOUNT@calpers.ca.gov – Access to Online Record Keeping System	www.your-fundaccount.com/calpers/ - Online Record Keeping System

COVID-19 Quarterly Update

July 2023

	Quarter Ending June 30, 2023
Total COVID Cases Since March 2020:	169
Total COVID Cases During the Quarter:	8
Vaccination Rate:	84.62%
Employees in Isolation at Month-end	0
Alameda County Case Rates*	3.1

* Alameda County Public Health Department case rates are new cases per day per 100,000 of population

ALAMEDA COUNTY WATER DISTRICT

PRELIMINARY BUDGET REPORT

Month Ending June 30, 2023

Year to Date Percentage 100%

	FY 2022-23			FY 2021-22		
	Year to Date Total	Amended Budget	Percent of Budget	Prior Year to Date Total	Adopted Budget	Percent of Budget
BEGINNING CASH BALANCE	\$ 208,870,136	\$ 202,375,000		\$ 195,300,933	\$ 189,893,000	
REVENUE						
Water Revenue				116,429,461	120,600,000	96.5%
Service Charges	41,677,376	39,193,629	106.3%			
Commodity Charges	70,510,921	74,634,371	94.5%			
Stage Rate Water Revenue	10,258,963	11,281,000	90.9%	2,976,282	-	0.0%
Ground Water Revenue	610,664	577,000	105.8%	442,850	579,000	76.5%
1% Tax Allocation	8,063,370	7,613,000	105.9%	7,309,902	7,360,000	99.3%
State Water Contract Tax	6,349,107	5,924,000	107.2%	6,283,222	6,090,000	103.2%
Interest Revenue	3,128,038	3,720,000	84.1%	3,704,828	2,664,000	139.1%
Facilities Connection Charges - FIF	7,179,130	1,050,000	683.7%	6,413,536	1,980,000	323.9%
Facilities Connection Charges - FRF	4,000,314	590,000	678.0%	3,410,304	1,020,000	334.3%
Customer Jobs Revenue	3,427,994	5,090,000	67.3%	2,516,881	940,000	267.8%
Grants, Reimbursements	5,569,133	8,744,000	63.7%	6,968,919	11,628,000	59.9%
Other Revenue	1,759,490	1,205,000	146.0%	1,330,479	1,208,000	110.1%
TOTAL REVENUE	162,534,501	159,622,000	101.8%	157,786,663	154,069,000	102.4%
EXPENSES						
Source of Supply						
Water Purchases	38,836,295	33,581,000	115.6%	35,459,906	33,263,000	106.6%
Operation of Supply System	8,727,656	10,906,000	80.0%	8,055,778	9,641,000	83.6%
Pumping	2,147,726	2,626,000	81.8%	1,838,008	2,495,000	73.7%
Water Treatment	15,632,483	19,294,000	81.0%	14,724,704	17,334,000	84.9%
Transmission & Distribution	16,529,933	17,881,000	92.4%	15,717,299	14,654,000	107.3%
Customer Accounts	5,318,320	5,948,000	89.4%	4,769,807	5,501,000	86.7%
Administrative & General*	23,103,804	22,933,000	100.7%	25,074,146	22,457,000	111.7%
Expense Projects	4,187,467	5,878,000	71.2%	4,700,289	4,104,000	114.5%
TOTAL EXPENSES	114,483,683	119,047,000	96.2%	110,339,936	109,449,000	100.8%
CAPITAL EXPENDITURES	32,804,627	46,324,000	70.8%	35,081,476	43,655,000	80.4%
CUSTOMER JOBS	3,816,864	4,459,000	85.6%	3,078,207	4,348,000	70.8%
DEBT SERVICE	5,965,137	5,965,000	100.0%	4,848,005	5,479,000	88.5%
TOTAL EXPENSES & CAPITAL EXPENDITURES	157,070,311	175,795,000	89.3%	153,347,623	162,931,000	94.1%
NET OF REVENUE & EXPENSES	5,464,190	(16,173,000)		4,439,040	(8,862,000)	
Debt Proceeds				10,000,000	9,750,000	
Reconciling Time Difference	(1,371,313)			(869,837)		
ENDING CASH BALANCE						
General Fund	134,630,909	120,347,000		135,429,291	125,983,000	
Facilities Improvement Fund (FIF)	77,577,131	65,855,000		73,440,845	64,798,000	
Facilities Renewal Fund (FRF)	754,973	-		-	-	
	\$ 212,963,013	\$ 186,202,000		\$ 208,870,136	\$ 190,781,000	

* Administrative & General includes full CalPERS UAL prepayment (\$5.6m), OPEB UAAL (\$3.1m), pension advanced funding (\$5.6m), and OPEB Normal Cost (\$1.5m)

ALAMEDA COUNTY WATER DISTRICT
PRELIMINARY RESERVE REPORT

Month Ending June 30, 2023

	FY 2022-23			FY 2021-22		
	Year to Date Total	Amended Budget	Bench Mark	Actual 6/30/2022	Adopted Budget	Bench Mark
ENDING CASH BALANCE						
<u>RESERVE:</u>						
Management Retirement Bonus	\$ 1,079,000	\$ 1,079,000	\$ 1,079,000	\$ 1,078,833	\$ 1,157,000	\$ 1,079,000
Emergency	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Operations & Maintenance (O&M)	30,827,000	30,827,000	30,827,000	29,554,931	29,868,000	28,704,000
Capital	15,000,000	14,499,000	14,499,000	14,499,000	76,853,000	14,499,000
Rate Stabilization Reserve	6,616,000	6,616,000	6,616,000	6,423,680	8,105,000	6,424,000
General Fund Reserves	63,522,000	63,021,000	63,021,000	61,556,444	125,983,000	60,706,000
Capital Projects Sinking Fund	54,182,000	54,182,000		66,354,231	-	
Operations Contingency Fund	16,926,909	3,144,000		7,518,616	-	
Total General Fund Balance	134,630,909	120,347,000		135,429,291	125,983,000	
Facilities Improvement Fund Reserve	77,577,131	65,855,000		73,440,845	64,798,000	
Facilities Renewal Fund Reserve	754,973	-		-	-	
Total District	<u>\$ 212,963,013</u>	<u>\$ 186,202,000</u>		<u>\$ 208,870,136</u>	<u>\$ 190,781,000</u>	