



BOARD OF DIRECTORS

MEETING HIGHLIGHTS

Thursday, May 16, 2013



Partnership with Hope Services Continues

Since 2007, Hope Services has been a partner of the Authority – first providing materials processing and maintenance services and later, in 2009, adding mattress and box spring recycling services. At this meeting, the Board approved continuing this partnership for these services.

Citizens Advisory Group – Implementation Plan

The Board approved the implementation plan for the formation of the Citizens Advisory Group (CAG). The group would consist of one (1) appointee from each Board member to serve a two (2)-year term. ***Each Board member is expected to make its appointment at the June 20 SVSWA Board meeting***, with the first meeting tentatively scheduled to occur in July.

Comprehensive Study on Solid Waste Management in Monterey County – Update

Staff presented the draft Request for Proposals and cost allocation for Board review presented by the Monterey Bay Area Managers' Group at the April 30 joint meeting. ***The Board was asked to provide additions/deletions or amendments to the existing language by late May or early June to incorporate into the Authority's response.*** At this time, staff has not heard if all the County cities and Monterey Regional Waste Management District have agreed to this study.

Strategic Plan Progress Report

Staff reported on the accomplishments to date on the strategic plan goals and objectives. At this meeting, the Board approved the establishment of a new revenue collection model that helped complete, Goal A - Develop and Implement a Sustainable Finance Plan.

Refinancing – Next Steps

To receive optimal savings, staff presented three key steps that need to occur before starting the refinancing process:

- 1) Adopt proposed fees to maintain a 1.40x debt coverage ratio
- 2) Obtain a rescission of the County's Notice of Intent to Withdraw
- 3) Re-approval of the Waste Delivery Agreements by each member agency

Fiscal Year 2013-14 Fees & Rates

The development of a sustainable finance plan has been the top priority for the Authority over the past three (3) years, since the adoption of the Authority's Strategic Plan in August 2010. The Board unanimously approved an AB939 fee which will generate \$1.7 million. This allows the Authority to end its dependence on \$2 million of revenue from importing waste previously used to balance the budget. Approval took place after sending 90,000 direct mailings to each residence and business in the Salinas Valley, holding a public hearing in March where comments were received from only one (1) member of the public and 25 comments via telephone, and holding meetings with stakeholders. The AB939 service fee is imposed on the local waste haulers based on the actual tonnage received in the previous year. The current tipping fee at transfer stations and landfills will remain the same. This change is effective July 1, 2013.

Financial Report for Month Ended March 2013

Revenue collected	\$ 11,701,523 (72.35% of Estimated Revenue)
Expenditures for operations	\$ 10,979,072 (68.14% of Operating Budget)
Expenditures for capital projects	\$ 311,020 (CH Closure Project accounted for \$304,832)
Cash balance (unrestricted)	\$ 1,186,528
Cash balance (restricted)	\$ 12,117,374

REDUCE

REUSE

RECYCLE

"To manage Salinas Valley solid waste as a resource, promoting sustainable, environmentally sound and cost effective practices through an integrated system of waste reduction, reuse, recycling, innovative technology, customer service, and education."



ITEM NO. 9

STRATEGIC PLAN UPDATE

May 16, 2013

Develop and Implement a Sustainable Finance Plan

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OBJECTIVE	BY	STATUS	UPDATE
1. Request Joint meeting with the County Board of Supervisors before the end of March 2013 to discuss its membership in the JPA. (P-Armenta/PP-DeLaRosa)	Jan 29	DONE	Meeting held on April 30
2. Recommend for Board action how to use South Valley monies (e.g., capital projects, continue to build up, pay off debt). (Finance)	Feb 21	Done	Presented on 2/21/13
3. Report the impact of different scenarios on the Capital Improvement Plan (e.g., Sun St. vs. Work St., conversion technology, operations status quo, the county remaining a JPA member). (Finance/GM)	Feb 21	Done	Presented on 2/21/13 Action scheduled for 5/16/13
4. Present options for a rate model . (Finance)	Feb 21	Done	Options presented on 2/21/13
5. Determine the rate model for 2013-2014 (i.e., either status quo or new). (Board of Directors)	Apr 18	Delayed	Action scheduled for 5/16/13

Promote the Authority's Role and Value as a Resource Recovery Agency

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OBJECTIVE	BY	STATUS	UPDATE
1. Create a new TV and radio ad campaign to promote our new logo and name (Salinas Valley Recycles). (Asst GM/Admin Manager)	Jun 30	<i>On Target</i>	Working with AdManor and marketing committee. Timeline may be pushed back due to recent flyer distribution.
2. Create at least two news releases related to the Authority's role as a resource recovery agency. (Asst GM/Admin Manager)	Jun 30	<i>On Target</i>	Working with AdManor to create news releases.
3. Post at least one post per week on Facebook with a tip or information related to the Authority's role as a resource recovery agency. (Admin Manager)	Jul 15	DONE	Admin staff is posting a weekly tip on Facebook.

Achieve 75% Diversion by 2015

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OBJECTIVE	BY	STATUS	UPDATE
1. Ensure that GOE completes its engineering and at least 30% of the plans and specs studies for the Autoclave Project. (Diversion)	Jun 30	Delayed	GOE formulating plans for a demonstration unit.
2. Conduct six home composting public workshops. (Diversion)	Jun 30	On Target	Five of six have been completed.
3. Increase by at least 2% the amount of recycling and tonnage diverted at Authority facilities. (Ops Superintendent)	Jul 15	On Target	Polystyrene is the latest addition to items accepted at the Sun Street Materials Recovery Center.
4. Ensure that the USDA Methane Digester Grant is completed. (Diversion)	Sep 15	On Target	Anaerobic digester will be completed the week of May 13.

Enhance Existing Facilities, Equipment and Public Services

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OBJECTIVE	BY	STATUS	UPDATE
1. Complete the Crazy Horse Landfill closure construction. (GM/Engineer)	June 30	On Target	The landfill cover system with the leak detection task to be complete by June 30, 2013. Other items are nearing completion.
2. Obtain a commitment for county, state and federal funding to reconstruct the Regional Landfill Truck Route. (GM/Board)	Jul 1	On Target	Road improvement engineering study underway by Authority Engineer.
3. Present for Board action a recommendation for an Equipment Replacement Program. (Ops Superintendent)	Jul 15	On Target	Develop an Excel list containing replacement dates.
4. Present for Board action an in-house Environmental Control System Operations Plan, resulting in sufficient cost savings and including a budget. (Ops Superintendent)	Jul 15	On Target	Working with Solid Waste Tech and Engineer to determine what portions of the ECS can provide in-house.

Enhance Existing Facilities, Equipment and Public Services

6	OBJECTIVE	BY	STATUS	UPDATE
	5. Update the Storm Water Pollution Prevention Plan for all landfills to comply with new regulations. (Engineer)	Oct 31	On Target	The new regulations are anticipated to be adopted later this year. The plans will be revised a few months after regulations are adopted.
	6. Apply for a Tire Derived Aggregate Grant for the Johnson Canyon Landfill Gas Collection System. (Diversion)	Jul 15	Done	Received \$85,208 Grant from CalRecycle
	7. Present for Board action the Salinas Area Material Recovery Center Siting and Land Swap/Acquisition Plan. (GM/Diversion/Engineer)	Sep 30	On Target	The City is currently reviewing.
	8. Identify and recommend for Board direction how to use existing closed landfills for public benefit and potential revenue. (Management)	TBD	On Target	Work started on gathering some ideas.

Promote & Maintain a High Performance, Efficient & Flexible Workforce

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OBJECTIVE	BY	STATUS	UPDATE
1. Identify and present one new safety strategy to enhance the Safety Program for employees. (Admin Manager)	By-monthly	On Target	Working with Safety Committee. Implemented a new safety suggestion awards program.
2. Develop and present for Board action a formal Succession Policy to include career development. (Admin Manager)	Apr 30	On Target	Completed a draft Succession Plan. Working on additional procedures.
3. Implement and maintain an Authority-wide Enterprise Document Management System , including reviewing and updating, if needed, the record retention policies. (Admin Manager)	Jul 15	On Target	RRS Revision 2 sent for legal review. Finalizing details for upgrade to Laserfiche system.
4. Create and distribute to field personnel a Field Personnel Training Plan. (Admin Manager)	Jul 15	On Target	Partnering with County's training department.
5. Update and present on August 2013 for Board action, the Administrative Procedural Manual. (Admin Manager)	Sep 30 Jul 15	REVISED (date)	Requires a budget of 17K, needs to be revised for budgeting purposes.
6. Align the Workforce Performance Objectives and training requirements with the Strategic Plan. (Admin Manager)	30 after SP Retreat	On Target	SP Objectives to be incorporated into performance evaluations.

Item 9

Refinancing of 2002 Revenue Bonds

Next Steps

May 16, 2013



Refinancing Background

- Authorized in August 2012
 - No additional debt
 - No extension to the timeframe
 - Includes Crazy Horse Installment Purchase
- Held up by County's Notice of Withdrawal
- Waiting on County's Rescission Notice
- Goal is to achieve lowest rates possible
 - Dependent on maintaining A+ credit rating



Maintain A+ Credit Rating

- Set rates to maintain at least 1.40x debt service
- Obtain County Rescission of Withdrawal Notice
- Reapprove Waste Delivery Agreements
- Reapprove Warranties & Representations
- Approve Financial Policy for 1.40x coverage
- Request Credit Rating on Refinancing Bonds



Refinance Savings Option

- Save \$288,000 annually over 19 years
 - \$ 5.4 M total savings

Or

- Frontload the savings
 - \$ 3.7 M total savings over 1st four years
 - Debt payments remain the same thereafter





Staff Recommendation

	Current	Refinance	Difference
Bonds Interest	5.25%	3.46%	1.79%
Remaining yrs.	19	19	-0-
Bond Principal	\$ 33,085,000	\$ 33,085,000	-0-
Bond Payments	\$ 2,755,000	\$ 2,510,000	\$ 245,0000
Crazy Horse IPA Interest	7.91%	3.46%	4.45%
Remaining yrs.	16	16	-0-
IPA Principal	\$ 3,405,576	\$ 3,405,576	\$ -0-
IPA Payments	\$ 385,097	\$ 342,000	\$ 43,097
Total Payments	\$ 3,140,097	\$ 2,852,000	\$ 288,097



Authority Fees

Effective July 1, 2013

May 16, 2013
Board of Directors Meeting



Rate Resolution

- No increase in Tipping Fees
 - Fee remain \$67 per ton
- Increase Transportation Surcharge \$3
 - Surcharge rate will be \$11/ton
- Implement AB939 fee
 - Fees will generate \$1,731,980
 - Authorized by PRC 41901



Debt Coverage Ratio

	2013-14	2014-15	2015-16
Revenues			
Operating revenues	16,140,700	16,140,700	16,544,218
AB939 Service Fee	1,731,980	1,731,980	1,731,980
CPI Increase (2.5% Estimate)		403,518	413,605
Increase in Salinas Transp. Sur. (\$3/ton)		282,000	282,000
Interest not on Project funds	80,200	80,200	80,200
Loss of RSV revenue		(1,159,418)	(2,318,835)
Revised Revenues	<u>17,952,880</u>	<u>17,478,980</u>	<u>16,733,168</u>
Maintenance & Operations Costs			
Budget Operating Expenses	15,950,000	15,950,000	16,348,750
CPI Increase (2.5% Estimate)		398,750	408,719
Reduction of RSV Operation Costs		(146,965)	(293,930)
Savings from SVSWA Operating JCLF		(622,750)	(1,282,900)
Less Debt Service per Master Indenture	<u>(3,141,800)</u>	<u>(3,141,800)</u>	<u>(3,141,800)</u>
Revised M&O Expenses per MI	<u>12,808,200</u>	<u>12,437,235</u>	<u>12,038,839</u>
Net Revenues per bond covenants	<u>5,144,680</u>	<u>5,041,745</u>	<u>4,694,329</u>
Debt Service Coverage Ratio	164%	160%	149%



