



**Agenda**  
**EXECUTIVE COMMITTEE**  
**THURSDAY, June 1, 2017**  
**4:00 p.m.**

Conference Room  
128 Sun Street, Suite 101, Salinas, California

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**CALL TO ORDER**

**ROLL CALL**

President	Simón Salinas (County of Monterey)
Vice President	Robert Cullen (City of King)
Alternate Vice President	Gloria De La Rosa (City of Salinas)

**GENERAL MANAGER AND DEPARTMENT MANAGER COMMENTS**

**COMMITTEE MEMBER COMMENTS**

**PUBLIC COMMENTS**

Receive public communications from audience on items which are not on the agenda. Speakers are limited to three minutes.

**CONSIDERATION ITEMS**

1. [Minutes of May 4, 2017 Meeting](#)
  - A. Committee Discussion
  - B. Public Comment
  - C. Recommended Committee Action – Approval
2. [April 2017 Claims and Financial Reports](#)
  - A. Receive a report from Finance Manager Ray Hendricks
  - B. Committee Discussion
  - C. Public Comment
  - D. Recommended Committee Action – Forward to the Board for Approval
3. [A Resolution Approving the Agreement to Participate in the California Public Employees Retirement System \(CalPERS\) Prefunding Plan: California Employers' Retiree Benefit Trust \(CERBT\), to Prefund Other Post-Employment Benefits \(OPEB\) and Designating Certain Positions the Delegation of Authority to Request OPEB Disbursements](#)
  - A. Receive a report from Finance Manager Ray Hendricks
  - B. Committee Discussion
  - C. Public Comment
  - D. Recommended Committee Action – Forward to the Board for Approval
4. [A Resolution Establishing the Investment Policy](#)
  - A. Receive a report from Finance Manager Ray Hendricks
  - B. Committee Discussion
  - C. Public Comment
  - D. Recommended Committee Action – Forward to the Board for Approval
5. [A Resolution Approving Disposal and Service Fees Effective July 1, 2017](#)
  - A. Receive a report from Finance Manager Ray Hendricks
  - B. Committee Discussion

- C. Public Comment
- D. Recommended Committee Action – Forward to the Board for Approval

**6. Authority's Personnel Organizational Structure**

- A. Receive a report from General Manager/CAO Patrick Mathews
- B. Committee Discussion
- C. Public Comment
- D. Recommended Committee Action – Provide Input

**FUTURE AGENDA ITEMS**

**7. Future Agenda Items – View Ahead Calendar**

**ADJOURNMENT**

This meeting agenda was posted at the Salinas Valley Solid Waste Authority office at 128 Sun Street, Suite 101, Salinas, on **Thursday, May 25, 2017**. The Executive Committee will next meet in regular session on **Thursday, August 3, 2017, at 4:00 p.m.** Staff reports for the Authority Executive Committee meetings are available for review at 128 Sun Street, Suite 101, Salinas, California 93901, Phone 831-775-3000 and at [www.salinavalleyrecycles.org](http://www.salinavalleyrecycles.org).

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meeting, please contact Erika J. Trujillo, Clerk of the Board, at 831-775-3000. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II)

**MINUTES OF MEETING  
SALINAS VALLEY SOLID WASTE AUTHORITY  
EXECUTIVE COMMITTEE  
May 4, 2017**

**DRAFT**

**CALL TO ORDER**

President Salinas called the meeting to order at 4:04 p.m.

**Committee Members Present**

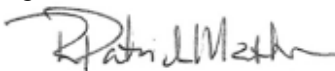
Simón Salinas                      President  
Gloria De La Rosa              Alternate Vice President

**Staff Members Present**

Patrick Mathews, *General Manager/CAO*  
Cesar Zuniga, *Asst. General Manager/  
Operations Manager*  
Ray Hendricks, *Finance Manager*

**ITEM NO. 1**

Agenda Item



General Manager/CAO

**N/A**

General Counsel

Mandy Brooks, *Resource Recovery Manager*  
Erika J. Trujillo, *Clerk of the Board*

**GENERAL MANAGER AND DEPARTMENT MANAGER COMMENTS**

(4:05) General Manager/CAO Mathews reported that the Long-Term Facility Needs Project Regulatory Scoping meeting was conducted on Tuesday, May 2. He reminded the committee that the Public Information Meetings will begin in the upcoming week. Finance Manager Hendricks reported a calculation error was found on the Disposal and Services fee schedule that was approved by the Board at the March meeting. He explained the error was under the AB939 section and is currently working with the waste haulers to adjust their rate package. He informed the committee a public hearing will be held at the June Board meeting to correct the error. Resource Recovery Manager Brooks reported on the distribution of the public information material in the Salinas Californian and El Sol newspapers this week, with distribution in the Monterey County Weekly next week. She also informed the committee of the Citizens Advisory Group meeting held on April 25, with the attendance of three new members and two of the four reappointed members.

**COMMITTEE COMMENTS**

Director De La Rosa reported she has been doing public outreach by going door to door in the surrounding business around the Sun Street Transfer Station to inform them of the upcoming public information meetings. She stated Supervisor Alejo and herself will be attending the May 8, public information meeting. She went on to thank the Authority staff for the well-organized clean up event held at the Natividad Creek Park on Earth Day.

**PUBLIC COMMENT**

None

**CONSIDERATION ITEMS**

**1. Minutes of April 6, 2017, Meeting**

(4:13)

**Public Comment:**                      None

**Committee Action:**                      Alternate Vice President De La Rosa made a motion to approve the minutes as presented. President Salinas seconded the motion. The motion passed unanimously; 2-0.

## **2. March 2017 Claims and Financial Reports**

(4:14) Finance Manager Hendricks provided a report on the current Authority finances. He noted that there is a slight increase in expenditures. However, due to the storms there has been a substantial increase in tonnage and revenues. This would cover a budget adjustment, if necessary, but we are tracking if we can get through the fiscal year without any further budget adjustments.

**Public Comment:** None

**Committee Discussion:** The Committee discussed the report.

**Committee Action:** Alt Vice President De La Rosa made a motion to forward to the Board for approval. Alternate Vice President Salinas seconded the motion. The motion passed unanimously; 2-0

## **3. Update on the Construction and Demolition Processing Program**

(4:16) Assistant General Manager/Operations Manager Zuñiga presented three options available to process construction and demolition received at the Authority's facilities. He detailed the options and explained the pros and cons for each.

**Public Comment:** None

**Committee Discussion:** The Committee discussed the presentation inquiring about deadlines f.

**Committee Action:** By consensus, the Committee directed staff to forward the report to the Board of Directors at the May meeting.

## **FUTURE AGENDA ITEMS**

### **4. Agenda Items – View Ahead**

(4:34) The committee reviewed the future agenda items and discussed the upcoming Strategic Planning Retreat scheduled for July 24.

## **ADJOURNMENT**

(4:41) President Salinas adjourned the meeting.

APPROVED: \_\_\_\_\_  
Simón Salinas, President

ATTEST: \_\_\_\_\_  
Erika J. Trujillo, Clerk of the Board



## Report to the Executive Committee

### ITEM NO. 2

Finance Manager/Controller-Treasurer

General Manager/CAO

N/A

General Counsel

**Date:** June 1, 2017  
**From:** Ray Hendricks, Finance Manager  
**Title:** April 2017 Claims and Financial Reports

### RECOMMENDATION

Staff recommends acceptance of the April 2017 Claims and Financial Reports.

### DISCUSSION & ANALYSIS

Please refer to the attached financial reports and checks issued report for the month of April for a summary of the Authority's financial position as of April 30, 2017. Following are highlights of the Authority's financial activity for the month of April.

#### Results of Operations (Consolidated Statement of Revenues and Expenditures)

For the month of April 2017, FY 2016-17 operating revenues exceeded expenditures by \$884,951. Year to Date operating revenues exceeded expenditures by \$4,428,375. A portion of this amount is allocated for the \$2,084,000 in new CIPs approved to be funded in FY 2016-17.

#### Revenues (Consolidated Statement of Revenues and Expenditures)

After ten months of the fiscal year, (83.33% of the fiscal year), revenues total \$16,847,241 or 94.9% of the total annual revenues forecast of \$17,745,600. April Tipping Fees totaled \$1,099,534 and for the year to date totaled \$11,132,672 or 95.6% of the forecasted total of \$11,645,600.

#### Operating Expenditures (Consolidated Statement of Revenues and Expenditures)

As of April 30, (83.33% of the fiscal year), year-to-date operating expenditures total \$12,418,865. This is 76.9% of the operating budget of \$16,148,000.

#### Capital Project Expenditures (Consolidated Grant and CIP Expenditures Report)

For the month of April 2017, capital project expenditures totaled \$28,446. \$8,518 of the total was for SSTS Equipment Replacement.

#### Claims Checks Issued Report

The Authority's Checks Issued Report for the month of April 2017 is attached for review and acceptance. April disbursements total \$861,903.74 of which \$413,614.37 was paid from the payroll checking account for payroll and payroll related benefits.

Following is a list of vendors paid more than \$50,000 during the month of April 2017.

Vendor	Service	Amount
CA STATE BOARD OF EQUALIZATION	QTRLY PAYMENT	67,059.50

#### Cash Balances

The Authority's cash position increased \$992,609.59 during April to \$20,882,876.49. Most of the cash balance is restricted, committed, or assigned as shown below:

#### Restricted by Legal Agreements:

Johnson Canyon Closure Fund	\$ 3,784,173.63
State & Federal Grants	70,818.09
BNY - Bond 2014A Payment	-
BNY - Bond 2014B Payment	-
BNY - Sub Pmt Cap One 2014 Eq Lease	-
GEO Deposit (CEQA)	(12,642.56)

#### Funds Held in Trust:

Central Coast Media Recycling Coalition	91,407.78
Employee Unreimbursed Medical Claims	(1,128.64)

#### Committed by Board Policy:

AB939 Services	743,194.68
Designated for Capital Projects Reserve	1,018,128.87
Designated for Environmental Impairment Reserve	593,903.31
Designated for Operating Reserve	593,903.31
Expansion Fund (South Valley Revenues)	7,918,034.06
Salinas Rate Stabilization Fund	24,324.06

#### Assigned by Budget

Assigned for Capital Projects	3,420,911.12
Assigned for OPEB	291,400.00

<u>Available for Operations</u>	2,346,448.78
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Total	<u>\$ 20,882,876.49</u>
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## **ATTACHMENTS**

1. April 2017 Consolidated Statement of Revenues and Expenditures
2. April 2017 Consolidated Grant and CIP Expenditures Report
3. April 2017 Checks Issued Report



# Salinas Valley Solid Waste Authority

## Consolidated Statement of Revenues and Expenditure

### For Period Ending April 30, 2017

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
<b><u>Revenue Summary</u></b>							
Tipping Fees - Solid Waste	11,645,600	1,099,534	11,132,672	95.6 %	512,928	0	512,928
Tipping Fees - Surcharge	1,751,000	156,535	1,546,505	88.3 %	204,495	0	204,495
Tipping Fees - Diverted Materials	1,434,400	210,761	1,704,801	118.9 %	(270,401)	0	(270,401)
AB939 Service Fee	2,228,900	185,742	1,857,420	83.3 %	371,480	0	371,480
Charges for Services	124,500	11,657	72,728	58.4 %	51,772	0	51,772
Sales of Materials	309,500	33,379	215,710	69.7 %	93,790	0	93,790
Gas Royalties	220,000	0	142,835	64.9 %	77,165	0	77,165
Investment Earnings	31,700	55,318	132,351	417.5 %	(100,651)	0	(100,651)
Grants/Contributions	0	0	0	0.0 %	0	0	0
Other Non-Operating Revenue	0	10,426	42,218	0.0 %	(42,218)	0	(42,218)
<b>Total Revenue</b>	<b>17,745,600</b>	<b>1,763,352</b>	<b>16,847,241</b>	<b>94.9 %</b>	<b>898,359</b>	<b>0</b>	<b>898,359</b>
<b><u>Expense Summary</u></b>							
Executive Administration	430,500	23,235	263,808	61.3 %	166,692	671	166,021
Administrative Support	508,290	30,616	358,354	70.5 %	149,936	16,655	133,281
Human Resources Administration	366,360	23,415	282,634	77.1 %	83,726	3,234	80,491
Clerk of the Board	184,050	9,299	120,110	65.3 %	63,940	2,266	61,674
Finance Administration	631,750	26,955	419,911	66.5 %	211,839	2,534	209,305
Operations Administration	325,900	24,602	223,535	68.6 %	102,365	3,165	99,200
Resource Recovery	829,450	53,203	608,212	73.3 %	221,238	14,901	206,337
Marketing	75,000	9,731	50,564	67.4 %	24,436	24,436	0
Public Education	203,700	11,421	98,982	48.6 %	104,718	57,804	46,914
Household Hazardous Waste	734,700	38,048	486,574	66.2 %	248,126	10,626	237,500
C & D Diversion	139,000	0	70,863	51.0 %	68,137	0	68,137
Organics Diversion	796,200	44,622	583,634	73.3 %	212,566	207,136	5,431
Diversion Services	19,000	0	12,283	64.6 %	6,717	4,192	2,525



# Salinas Valley Solid Waste Authority

## Consolidated Statement of Revenues and Expenditure

### For Period Ending April 30, 2017

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
Scalehouse Operations	542,150	38,815	415,885	76.7 %	126,265	8,644	117,621
JR Transfer Station	411,300	17,637	326,505	79.4 %	84,795	3,729	81,066
JR Recycling Operations	98,000	11,638	63,404	64.7 %	34,596	0	34,596
ML Transfer Station	265,000	35,226	296,265	111.8 %	(31,265)	0	(31,265)
SS Disposal Operations	859,100	77,641	704,663	82.0 %	154,437	15,148	139,288
SS Transfer Operations	1,071,000	95,205	834,194	77.9 %	236,806	19,015	217,791
SS Recycling Operations	536,600	28,733	365,823	68.2 %	170,777	0	170,777
JC Landfill Operations	2,411,400	169,549	1,698,054	70.4 %	713,346	140,823	572,522
JC Recycling Operations	370,800	17,981	212,165	57.2 %	158,635	1,074	157,561
Crazy Horse Postclosure Maintenance	552,100	23,449	415,141	75.2 %	136,959	41,417	95,541
Lewis Road Postclosure Maintenance	202,200	4,962	136,799	67.7 %	65,401	18,391	47,010
Johnson Canyon ECS	283,700	6,832	179,663	63.3 %	104,037	44,171	59,866
Jolon Road Postclosure Maintenance	194,450	1,002	154,686	79.6 %	39,764	5,086	34,678
Sun Street ECS	162,700	7,305	102,880	63.2 %	59,820	8,105	51,715
Debt Service - Interest	1,653,300	0	1,653,122	100.0 %	178	0	178
Debt Service - Principal	1,052,300	0	1,052,293	100.0 %	7	0	7
Closure Set-Aside	238,000	47,279	227,859	95.7 %	10,141	0	10,141
Total Expense	16,148,000	878,400	12,418,865	76.9 %	3,729,135	653,225	3,075,910
Revenue Over/(Under) Expenses	1,597,600	884,951	4,428,375	277.2 %	(2,830,775)	(653,225)	(2,177,551)





# Salinas Valley Solid Waste Authority

## Consolidated Grant and CIP Expenditure Report

### For Period Ending April 30, 2017

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
<b>Fund 180 - Expansion Fund</b>							
180 9804 Long Range Facility Needs EIR	531,664	4,084	72,446	13.6 %	459,218	431,371	27,847
180 9805 Harrison Road	75,000	0	76,250	101.7 %	(1,250)	0	(1,250)
180 9806 Long Range Financial Model	95,000	0	34,739	36.6 %	60,261	21,316	38,945
180 9807 GOE Autoclave Final Project	100,000	0	0	0.0 %	100,000	0	100,000
<b>Total Fund 180 - Expansion Fund</b>	<b>801,664</b>	<b>4,084</b>	<b>183,435</b>	<b>22.9 %</b>	<b>618,229</b>	<b>452,687</b>	<b>165,542</b>
<b>Fund 211 - State Grants</b>							
211 9206 HHW HD25-15-0003	23,870	3,494	6,017	25.2 %	17,853	6,022	11,830
211 9208 Tire Amnesty 2015-16	23,193	0	10,190	43.9 %	13,004	1,100	11,904
211 9209 Tire Derived Aggregate 5-15-0004	66,373	0	0	0.0 %	66,373	0	66,373
211 9247 Cal Recycle - CCPP	95,345	0	33,337	35.0 %	62,008	0	62,008
211 9248 Cal Recycle - 2014-15 CCPP	19,517	217	18,762	96.1 %	755	0	755
<b>Total Fund 211 - State Grants</b>	<b>228,299</b>	<b>3,710</b>	<b>68,306</b>	<b>29.9 %</b>	<b>159,992</b>	<b>7,122</b>	<b>152,870</b>
<b>Fund 216 - Reimbursement Fund</b>							
216 9802 Autoclave Demonstration Unit	141,499	0	2,054	1.5 %	139,445	0	139,445
216 9804 Long Range Facility Needs EIR	274,569	3,383	45,938	16.7 %	228,631	227,988	643
<b>Total Fund 216 - Reimbursement Fund</b>	<b>416,067</b>	<b>3,383</b>	<b>47,991</b>	<b>11.5 %</b>	<b>368,076</b>	<b>227,988</b>	<b>140,088</b>
<b>Fund 800 - Capital Improvement Projects Fund</b>							
800 9103 Closed Landfill Revenue Study	31,769	0	0	0.0 %	31,769	0	31,769
800 9316 CH Corrective Action Program	253,000	0	0	0.0 %	253,000	0	253,000
800 9319 CH LFG System Improvements	116,500	0	0	0.0 %	116,500	0	116,500
800 9401 LR LFG Replacement	67,500	222	4,654	6.9 %	62,846	1,218	61,628
800 9502 JC Flare Station Improvements	274,996	0	274,996	100.0 %	0	0	0
800 9506 JC Litter Control Barrier	50,000	4,891	4,891	9.8 %	45,109	17,343	27,765
800 9507 JC Corrective Action	100,000	0	0	0.0 %	100,000	0	100,000
800 9508 JC Drainage Modifications	35,000	0	0	0.0 %	35,000	0	35,000



# Salinas Valley Solid Waste Authority

## Consolidated Grant and CIP Expenditure Report

### For Period Ending April 30, 2017

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
800 9509 JC Groundwater Wells	150,000	1,241	9,967	6.6 %	140,033	2,365	137,668
800 9510 JC LFG System (Vertical Wells)	30,000	0	0	0.0 %	30,000	0	30,000
800 9511 JC LFG System (Horizontal Wells)	30,000	0	24,679	82.3 %	5,321	0	5,321
800 9526 JC Equipment Replacement	80,900	0	0	0.0 %	80,900	0	80,900
800 9527 JC Module 7 Engineering and Cons	350,000	0	0	0.0 %	350,000	0	350,000
800 9528 JC Roadway Improvements	2,218,937	0	0	0.0 %	2,218,937	0	2,218,937
800 9529 JC Leachate Handling Sys	55,531	0	0	0.0 %	55,531	0	55,531
800 9601 JR Transfer Station Improvements	82,000	0	74,338	90.7 %	7,662	6,300	1,362
800 9602 JR Equipment Purchase	556,454	2,397	526,251	94.6 %	30,202	734	29,469
800 9701 SSTs Equipment Replacement	191,260	8,518	138,634	72.5 %	52,626	0	52,626
800 9702 SSTs NPDES Improvements	12,062	0	0	0.0 %	12,062	0	12,062
<b>Total Fund 800 - Capital Improvement Proje</b>	<b>4,685,909</b>	<b>17,269</b>	<b>1,058,411</b>	<b>22.6 %</b>	<b>3,627,498</b>	<b>27,960</b>	<b>3,599,539</b>
<b>Total CIP Expenditures</b>	<b>6,131,939</b>	<b>28,446</b>	<b>1,358,143</b>	<b>22.1 %</b>	<b>4,773,796</b>	<b>715,757</b>	<b>4,058,039</b>

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 4/1/2017 to 4/30/2017**

Check #	Name	Check Date	Amount	Check Total
18091	ADMANOR, INC SVR MEDIA CAMPAIGNS CCRMC MARKETING HHW GRANT MEDIA CAMPAIGN TIRE AMNESTY MEDIA - IN-KIND	4/6/2017	12,308.47 4,433.78 3,493.70 1,993.75	22,229.70
18092	ALLEN BROTHERS OIL INC. JC VEHICLE MAINTENANCE	4/6/2017	231.00	231.00
18093	ALMARED, INC. SSTS VEHICLE MAINTENANCE HHW VEHICLE SUPPLIES	4/6/2017	9,901.90 182.32	10,084.22
18094	AT&T SERVICES INC TELEPHONE SERVICES	4/6/2017	500.82	500.82
18095	BC LABORATORIES, INC CH WATER SAMPLE TESTING	4/6/2017	2,551.00	2,551.00
18096	BECKS SHOES AND REPAIR JC SAFETY GEAR	4/6/2017	185.09	185.09
18097	CALIFORNIA SOCIETY OF CPAS CALCPA MEMBERSHIP	4/6/2017	410.00	410.00
18098	CDW GOVERNMENT SCALEHOUSE OFFICE SUPPLIES	4/6/2017	485.01	485.01
18099	COAST COUNTIES TRUCK & EQUIPMENT CO. SSTS VEHICLE MAINTENANCE	4/6/2017	1,313.88	1,313.88
18100	CSC OF SALINAS/YUMA SSTS VEHICLE MAINTENANCE EQUIPMENT	4/6/2017	2,411.91	2,411.91
18101	DOUGLAS NOLAN SCHOOL ASSEMBLY PROGRAM	4/6/2017	8,250.00	8,250.00
18102	EAST BAY TIRE CO. JC EQUIPMENT MAINTENANCE	4/6/2017	10,966.24	10,966.24
18103	FERGUSON ENTERPRISES INC #795 JCLF FACILITY MAINTENANCE	4/6/2017	343.82	343.82
18104	FIRST ALARM FACILITY ALARM SERVICE	4/6/2017	1,495.94	1,495.94
18105	FULL STEAM STAFFING LLC ALL SITES CONTRACT LABOR	4/6/2017	4,609.67	4,609.67
18106	GEOLOGIC ASSOCIATES, INC. CH GROUNDWATER MONITORING	4/6/2017	427.00	427.00
18107	GOLDEN STATE TRUCK & TRAILER REPAIR ALL SITES VEHICLE MAINTENANCE	4/6/2017	2,593.33	2,593.33
18108	GONZALES ACE HARDWARE JC VEHICLE MAINTENANCE	4/6/2017	21.05	21.05

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 4/1/2017 to 4/30/2017**

Check #	Name	Check Date	Amount	Check Total
18109	GRAINGER SSTS FACILITY MAINTENANCE	4/6/2017	99.60	99.60
18110	GREEN RUBBER - KENNEDY AG, LP JC, JR & SSTS FACILITY	4/6/2017	99.83	99.83
18111	GUARDIAN SAFETY AND SUPPLY, LLC JC SAFETY SUPPLIES	4/6/2017	110.33	110.33
18112	HOME DEPOT ALL SITES FACILITY SUPPLIES	4/6/2017	1,214.58	1,214.58
18113	MANUEL PEREA TRUCKING, INC. EQUIPMENT TRANSPORTATION SERVICES	4/6/2017	250.00	250.00
18114	MANUEL TINAJERO CH & LR LANDSCAPING SERVICES	4/6/2017	900.00	900.00
18115	MARTA M. GRANADOS FY16-17 BD MEETING INTERPRETER	4/6/2017	180.00	180.00
18116	OFFICE DEPOT ADMIN OFFICE SUPPLIES	4/6/2017	128.27	128.27
18117	SALINAS PUMP CO JC FACILITY MAINTENANCE	4/6/2017	1,283.34	1,283.34
18118	SCS ENGINEERS JC LFG ENGINEERS SERVICES	4/6/2017	942.00	942.00
18119	SCS FIELD SERVICES ALL SITES ROUTINE ENVIRONMENTAL	4/6/2017	802.00	802.00
18120	SKINNER EQUIPMENT REPAIR, INC. JC VEHICLE MAINTENANCE	4/6/2017	1,283.66	1,283.66
18121	STURDY OIL COMPANY SSTS VEHICLE MAINTENANCE	4/6/2017	1,438.59	1,438.59
18122	TOYOTA MATERIAL HANDLING HHW EQUIPMENT MAINTENANCE	4/6/2017	157.31	157.31
18123	WILLDAN FINANCIAL SERVICES BOND CONTINUING DISCLOSURE SERVICES	4/6/2017	1,600.00	1,600.00
18124	AMERICAN SUPPLY CO. SSTS JANITORIAL SUPPLIES	4/13/2017	205.23	205.23
18125	BECKS SHOES AND REPAIR SSTS SAFETY SHOES	4/13/2017	180.46	180.46
18126	CALIFORNIA WATER SERVICE JR WATER SERVICE	4/13/2017	139.99	139.99
18127	CARDLOCK FUELS SYSTEM, INC. ALL SITES FUEL	4/13/2017	11,604.13	11,604.13

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 4/1/2017 to 4/30/2017**

Check #	Name	Check Date	Amount	Check Total
18128	COAST COUNTIES TRUCK & EQUIPMENT CO. SSTS VEHICLE MAINTENANCE	4/13/2017	204.40	204.40
18129	COSTCO WHOLESALE REPLACEMENT HHW COMPUTER ADMINISTRATION EMPLOYEE RECOGNITION-SSTS	4/13/2017	1,105.02 172.32	1,277.34
18130	CSC OF SALINAS/YUMA SSTS FACILITY MAINTENANCE	4/13/2017	78.19	78.19
18131	EAST BAY TIRE CO. JC VEHICLE MAINTENANCE	4/13/2017	786.49	786.49
18132	EDGES ELECTRICAL GROUP, LLC JRTS FACILITY MAINTENANCE	4/13/2017	214.34	214.34
18133	EXPRESS SAFETY INC SSTS SAFETY GEAR	4/13/2017	497.06	497.06
18134	FIRST ALARM SSTS ALARM SERVICES	4/13/2017	105.00	105.00
18135	GEOLOGIC ASSOCIATES, INC. CH, LR, JR, & ENGINEERING SERVICES	4/13/2017	18,902.25	18,902.25
18136	GOLDEN STATE TRUCK & TRAILER REPAIR ALL SITES VEHICLE MAINTENANCE	4/13/2017	14,634.39	14,634.39
18137	**VOID**	4/13/2017	-	-
18138	GONZALES ACE HARDWARE JC FACILITY MAINTENANCE	4/13/2017	8.64	8.64
18139	L.L. BEAN, INC. EMPLOYEE WORK GEAR	4/13/2017	3,760.25	3,760.25
18140	MALLORY CO. INC HHW SAFETY SUPPLIES	4/13/2017	1,673.40	1,673.40
18141	NCM ODOR CONTROL SSTS FACILITY MAINTENANCE	4/13/2017	11,737.20	11,737.20
18142	NEXTEL OF CALIFORNIA, INC CELL PHONE SERVICE	4/13/2017	322.59	322.59
18143	ONE STOP AUTO CARE/V & S AUTO CARE, INC ENGINEER VEHICLE MAINTENANCE	4/13/2017	83.29	83.29
18144	RONNIE G. REHN SSTS SAFETY SUPPLIES	4/13/2017	87.80	87.80
18145	SALINAS NEWSPAPERS, INC. LEGAL POSTINGS	4/13/2017	442.72	442.72
18146	SCS FIELD SERVICES CH MONTHLY DATA SERVICE ALL SITES ROUTINE ENVIRONMENTAL	4/13/2017	350.00 700.00	1,050.00

**Salinas Valley Solid Waste Authority**

**Checks Issued Report for 4/1/2017 to 4/30/2017**

<b>Check #</b>	<b>Name</b>	<b>Check Date</b>	<b>Amount</b>	<b>Check Total</b>
18147	SHARPS SOLUTIONS, LLC HHW HAULING & DISPOSAL	4/13/2017	160.00	160.00
18148	SKINNER EQUIPMENT REPAIR, INC. JC VEHICLE MAINTENANCE	4/13/2017	1,518.71	1,518.71
18149	STURDY OIL COMPANY VEHICLE MAINTENANCE	4/13/2017	2,905.23	2,905.23
18150	TOMMY DIAZ DOT MEDICAL CARD RENEWAL	4/13/2017	150.00	150.00
18151	A & G PUMPING, INC JRTS PORTABLE TOILET	4/25/2017	105.74	105.74
18152	ALLEN BROTHERS OIL INC. JC VEHICLE MAINTENANCE	4/25/2017	154.61	154.61
18153	AMERICAN SUPPLY CO. ALL SITES JANITORIAL SUPPLIES	4/25/2017	948.25	948.25
18154	ARATA EQUIPMENT COMPANY SSTS VEHICLE MAINTENANCE	4/25/2017	4,008.20	4,008.20
18155	ASBURY ENVIRONMENTAL SERVICES HHW HAULING & DISPOSAL	4/25/2017	160.00	160.00
18156	AT&T SERVICES INC HHW PHONE SERVICES	4/25/2017	311.14	311.14
18157	AUTOZONE LLC. JC VEHICLE MAINTENANCE	4/25/2017	145.89	145.89
18158	BECKS SHOES AND REPAIR SSTS SAFETY GEAR	4/25/2017	185.09	185.09
18159	CALIFORNIA WATER SERVICE SSTS WATER SERVICE	4/25/2017	901.70	901.70
18160	CARDLOCK FUELS SYSTEM, INC. ALL SITES FUEL	4/25/2017	34,320.42	34,320.42
18161	CHICO COMMUNITY PUBLISHING, INC. OUTREACH & ED FOR LTFN PROJECTS	4/25/2017	6,766.38	6,766.38
18162	CITY OF GONZALES JC HOSTING FEE JC UTILITY -WATER	4/25/2017	20,833.33 89.39	20,922.72
18163	COAST COUNTIES TRUCK & EQUIPMENT CO. SSTS VEHICLE MAINTENANCE	4/25/2017	1,196.09	1,196.09
18164	COUNTY OF MONTEREY JC NOTICE OF DETERMINATION FEE	4/25/2017	2,266.25	2,266.25
18165	CSC OF SALINAS/YUMA JR & SSTS VEHICLE MAINTANCE	4/25/2017	291.75	291.75

**Salinas Valley Solid Waste Authority**

**Checks Issued Report for 4/1/2017 to 4/30/2017**

<b>Check #</b>	<b>Name</b>	<b>Check Date</b>	<b>Amount</b>	<b>Check Total</b>
18166	CUTTING EDGE SUPPLY JC EQUIPMENT MAINT	4/25/2017	262.45	262.45
18167	DENTONI'S WELDING WORK'S INC. SSTS EQUIPMENT MAINTENANCE	4/25/2017	1,296.02	1,296.02
18168	DOUGLAS NOLAN SCHOOL ASSEMBLY PROGRAM	4/25/2017	1,250.00	1,250.00
18169	EAST BAY TIRE CO. JC EQUIPMENT MAINTENANCE	4/25/2017	764.68	764.68
18170	EDGES ELECTRICAL GROUP, LLC SSTS FACILITY MAINTENANCE	4/25/2017	117.86	117.86
18171	EXPRESS SAFETY INC SSTS SAFETY GEAR	4/25/2017	102.03	102.03
18172	FIRST ALARM ALL SITES ALARM SERVICES	4/25/2017	165.00	165.00
18173	FULL STEAM STAFFING LLC JC & SSTS CONTRACTED LABOR	4/25/2017	3,894.04	3,894.04
18174	GEOLOGIC ASSOCIATES, INC. GROUNDWATER MONITORING	4/25/2017	1,669.50	1,669.50
18175	GOLDEN STATE TRUCK & TRAILER REPAIR ALL SITES VEHICLE MAINTENANCE	4/25/2017	20,286.13	20,286.13
18176	**VOID**	4/25/2017	-	-
18177	**VOID**	4/25/2017	-	-
18178	GONZALES ACE HARDWARE JC FACILITY MAINTENANCE	4/25/2017	134.78	134.78
18179	GONZALES TIRE & AUTO SUPPLY JC VEHICLE MAINTENANCE	4/25/2017	1,110.31	1,110.31
18180	GRAINGER JR & SSTS FACILITY MAINTENANCE	4/25/2017	935.58	935.58
18181	GREEN RUBBER - KENNEDY AG, LP JC & SSTS FACILITY MAINT	4/25/2017	194.60	194.60
18182	GUERITO SITES PORTABLE TOILET SERVICES	4/25/2017	1,028.00	1,028.00
18183	HOPE SERVICES SSTS CONTRACT LABOR	4/25/2017	12,332.33	12,332.33
18184	INTERNATIONAL PUBLIC MANAGEMENT ASSOCIATION - HR ADMIN TRAINING	4/25/2017	278.00	278.00

**Salinas Valley Solid Waste Authority**

**Checks Issued Report for 4/1/2017 to 4/30/2017**

<b>Check #</b>	<b>Name</b>	<b>Check Date</b>	<b>Amount</b>	<b>Check Total</b>
18185	JOSE RAMIRO URIBE SSTS VEHICLE MAINTENANCE	4/25/2017	115.00	115.00
18186	JULIO GIL CH SITE SIGN	4/25/2017	654.22	654.22
18187	KETTLE CREEK CORPORATION REPLACEMENT STICKERS FOR GONZALES CART CORRALS	4/25/2017	216.65	216.65
18188	KING CITY HARDWARE INC. JR FACILITY MAINTENANCE	4/25/2017	248.16	248.16
18189	MANUEL PEREA TRUCKING, INC. JR FACILITY MAINTENANCE	4/25/2017	485.40	485.40
18190	MARK E. FETZER ALL SITES TRAINING	4/25/2017	1,254.00	1,254.00
18191	MARTA M. GRANADOS FY16-17 BD MEETING INTERPRETER	4/25/2017	180.00	180.00
18192	MASKELL PIPE & SUPPLY, INC JC MAINT SUPPLIES	4/25/2017	792.23	792.23
18193	NEXIS PARTNERS, LLC ADMIN BUILDING MAINTENANCE FEES	4/25/2017	9,212.00	9,212.00
18194	OFFICE DEPOT HHW, RR & ADMIN OFFICE SUPPLIES	4/25/2017	2,202.90	2,202.90
18195	PARADIGM SOFTWARE, LLC HHW REPLACEMENT COMPUTER INSTALL	4/25/2017	600.00	600.00
18196	PENINSULA MESSENGER LLC BANK COURIER SERVICES	4/25/2017	620.00	620.00
18197	PHILIP SERVICES CORP HHW DISPOSAL SERVICES	4/25/2017	1,973.00	1,973.00
18198	PINNACLE MEDICAL GROUP PRE EMPLOYMENT EXAM	4/25/2017	75.00	75.00
18199	PITNEY BOWES - POSTAGE ADMIN POSTAGE LEASE	4/25/2017	297.07	297.07
18200	PROBUILD COMPANY LLC SSTS FACILITY MAINTENANCE	4/25/2017	84.83	84.83
18201	PURE WATER BOTTLING ALL SITES POTABLE WATER SERVICE	4/25/2017	539.55	539.55
18202	RONNIE G. REHN JC, SSTS, CH FACILITY MAINTENANCE SUPPLIES	4/25/2017	391.95	391.95
18203	ROSSI BROS TIRE & AUTO SERVICE SSTS VEHICLE MAINTENANCE	4/25/2017	2,104.12	2,104.12



**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 4/1/2017 to 4/30/2017**

Check #	Name	Check Date	Amount	Check Total
18204	**VOID**	4/25/2017	-	-
18205	SALINAS VALLEY CHAMBER OF COMMERCE EARTH DAY MIXER - SPONSORSHIP	4/25/2017	300.00	300.00
18206	SHARPS SOLUTIONS, LLC HHW DISPOSAL	4/25/2017	120.00	120.00
18207	SKINNER EQUIPMENT REPAIR, INC. JC EQUIPMENT MAINTENANCE	4/25/2017	325.67	325.67
18208	STURDY OIL COMPANY SSTS VEHICLE MAINTENANCE	4/25/2017	925.00	925.00
18209	THOMAS M BRUEN LEGAL SERVICES MARCH	4/25/2017	2,697.18	2,697.18
18210	UNITED RENTALS (NORTHWEST), INC SSTS EQUIPMENT RENTAL	4/25/2017	311.36	311.36
18211	VISION RECYCLING INC GREEN WASTE PROCESSING	4/25/2017	44,621.92	44,621.92
18212	WASTE MANAGEMENT INC MADISON LANE TRANSFER SERVICES	4/25/2017	35,226.15	35,226.15
18213	WESTERN EXTERMINATOR COMPANY FACILITY VECTOR CONTROL	4/25/2017	369.50	369.50
18214	WESTERN TRAILER COMPANY SSTS VEHICLE MAINTENANCE	4/25/2017	3,453.18	3,453.18
DFT2016987	CA STATE BOARD OF EQUALIZATION QUARTERLY BOE PAYMENT	4/25/2017	67,059.50	67,059.50
				<u>67,059.50</u>
	SUBTOTAL			448,289.37
	PAYROLL DISBURSEMENTS			<u>413,614.37</u>
	GRAND TOTAL			<u><u>861,903.74</u></u>



## Report to the Executive Committee

ITEM NO. 3

Finance Manager/Controller-Treasurer

General Manager/CAO

N/A

General Counsel

**Date:** June 1, 2017

**From:** Ray Hendricks, Finance Manager

**Title:** A Resolution Approving the Agreement to Participate in the California Public Employees Retirement System (CalPERS) Prefunding Plan: California Employers' Retiree Benefit Trust (CERBT), to Prefund Other Post-Employment Benefits (OPEB) and Designating Certain Positions the Delegation of Authority to Request OPEB Disbursements

### RECOMMENDATION

Staff recommends that the Executive Committee support approval of this item.

### STRATEGIC PLAN RELATIONSHIP

This item does not directly relate to the strategic plan. However, funding Other Post-Employment Benefits (OPEB) through the California Employers' Retiree Benefit Trust (CERBT) will allow the Authority to increase the discount rate used, thus reducing this long-term liability.

### FISCAL IMPACT

The Authority began budgeting and designating funds for OPEB in FY 2015-16. Currently, the Authority has \$291,400 reserved, and has budgeted \$146,100 in FY 2017-18 to fund the total annual required contributions.

### DISCUSSION & ANALYSIS

#### Election to Participate in the California Employers' Retiree Benefit Trust (CERBT)

An OPEB trust is established in compliance with Internal Revenue Code Section 115 and has the following characteristics: 1) employer contributions are irrevocable; 2) assets provide benefits to retirees and beneficiaries in accordance with the terms of the plan; and 3) assets are legally protected from creditors of the employer or the plan administrator.

Entering an investment management agreement with an OPEB trust provider will allow the Authority to make long-term investments to match its long-term obligation to provide health benefits to retirees. Because professionally-managed long-term investments can be expected to earn a higher rate of return than the short-term investments held by the Authority, establishing and funding an OPEB trust should result in a lower total cost to the Authority for providing retiree healthcare benefits.

CERBT is an IRS Section 115 trust - set up to receive employer contributions that will prefund the OPEB liability for retirees and their beneficiaries. Established in 2007, the CERBT is currently used by over 500 California public agencies to prefund their OPEB liabilities.

The CERBT delivers a diversified investment portfolio, consisting of public market securities, offered to employers in the form of three asset allocation strategies. The three strategies provide a range of expected investment rate of return and corresponding investment return volatility so that employers can match the risk of their portfolio with the liquidity needs of their OPEB plan.

## CERBT asset allocation strategies

	Strategy 1	Strategy 2	Strategy 3
Expected Long Term Rate of Return <small>(General Inflation Rate Assumption of 2.75%)</small>	7.28%	6.73%	6.12%
Standard Deviation of Expected Returns	11.74%	9.32%	7.14%

The lowest return has the lowest volatility, and the highest return has the highest volatility. This is due to the type of investments that each plan is in. As the chart below shows, the lower return/volatile investments have a higher percentage invested in treasury inflation protected securities.

## CERBT asset class target allocations

Asset Classification	Investment Management	Strategy 1	Strategy 2	Strategy 3
Global Equity	Passive MSCI All Country World Index	57%	40%	24%
Fixed Income	Active Barclays Capital Long Liability Index	27%	39%	39%
Global Real Estate (REITs)	Passive FTSE EPRA/NAREIT Developed Liquid Index	8%	8%	8%
Treasury Inflation Protected Securities (TIPS)	Passive Barclays Capital Global Real: US TIPS Index	5%	10%	26%
Commodities	Active S&P GSCI Total Return Index	3%	3%	3%

The CERBT is a self-funded, not-for-profit trust fund in which participating employers pay for all administrative and investment expenses. The fee rate may vary from year to year and may be changed without prior notice. Over the 10 years that the CERBT has been in operation, the fee rate has ranged from 0.02% to 0.15% of assets held in an employer's account. Currently, annual CERBT expenses are 0.10% of the assets held.

Staff recommends that the Board adopt a resolution approving the Agreement and Election of the Salinas Valley Solid Waste Authority to Prefund Other Post-Employment Benefits through CalPERS, approve the Delegation of Authority to Request Disbursements, and authorize the General Manager or his designees to take any additional actions necessary to participate in the CERBT program.

### Actuarial Valuation and OPEB Funding Policy

Unlike the Authority's pension plans with CalPERS, the Board is responsible for managing the funding policy of the OPEB plan – how much and when to contribute to pay for benefits.

Our last valuation, for FY 2015-16 estimates our unfunded actuarial accrued liability (UAAL) at \$739,000. This is the pay as you go balance with estimated average returns of 4%. Until the Authority begins to fund OPEB through a trust, this liability will continue to increase.

Using the CERBT allows the Authority to take advantage of higher return rates. The following is based on the June 30, 2015 actuarial, and will be re-evaluated in FY 2017-18. Because the actuary can assume that the OPEB trust will be held in a diversified portfolio of long-term investments and earn a significantly higher rate of return than the Authority's cash pool, a higher discount rate can be used, thus the UAAL will be lower than in the pay-as-you-go scenario:

- A discount rate of 7.25%, based on the long-term expected rate of return of CERBT #1, would reduce our liability to \$439,000.
- A discount rate of 6.75%, based on the long-term expected rate of return of CERBT #2, would reduce our liability to \$472,000.
- A discount rate of 6.25%, based on the long-term expected rate of return of CERBT #3, would reduce our liability to \$509,000

### **BACKGROUND**

The Authority provides the contractually minimum PERS medical benefits to retirees. To be eligible, the retiree must have retired directly from the Authority, attained a minimum age of 50, and have earned at least 5 years of CalPERS service or a disability retirement. The benefit consists of part of the premium payments for medical insurance. The benefit is paid monthly directly to CalPERS when health insurance premiums are paid, and generally ceases upon the death of the retiree or voluntary exit from PERS sponsored health care insurance programs.

Unlike the expenses associated with pension benefits, the Authority has historically chosen to pay its OPEB expenses as they come due (the monthly reimbursements) rather than as they are earned.

Payment of OPEB expenses as they come due, rather than as they are earned, results in the accumulation of an unfunded and growing liability for the future benefits. To estimate that liability, and to calculate the annual contribution required to pay down that liability over a specified amortization period (the annual required contribution, or ARC), the Authority's actuary prepares an OPEB valuation report every two years.

The Authority's last OPEB valuation, as of June 30, 2015, estimated a UAAL of \$739,000 and projected an ARC of \$146,100 for FY 2016/17. Recognizing the potential benefit of paying down the OPEB UAAL over time, the Authority Board approved the budget and designation of funds for Other Post-Employment Benefits (OPEB) beginning in FY 2015-16. Currently, the Authority has \$291,400 designated for OPEB reserve, and has budgeted \$146,100 in FY 2017-18 to fund the total annual required contributions.

**ATTACHMENT(S)**

1. Draft Resolution- Election and Disbursement to CalPERS & OPEB Funding
2. OPEB Actuarial Valuation as of June 30, 2015
3. CalPERS OPEB Prefunding Agreement
4. CalPERS Delegation of Authority to Request Disbursements

## RESOLUTION NO. 2017 -

### **A RESOLUTION APPROVING THE AGREEMENT TO PARTICIPATE IN THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS) PREFUNDING PLAN: CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST (CERBT), TO PREFUND OTHER POST-EMPLOYMENT BENEFITS (OPEB) AND DESIGNATING CERTAIN POSITIONS THE DELEGATION OF AUTHORITY TO REQUEST OPEB DISBURSEMENTS**

**WHEREAS** the Salinas Valley Solid Waste Authority provides medical benefits to retirees known as other post-employment benefits (OPEB) and currently funds its OPEB expenses on a "pay-as-you-go" basis; and,

**WHEREAS** the Board desires to prefund other post-employment benefits (OPEB) expenses by establishing an OPEB trust which would allow the Authority to invest its OPEB assets in higher-yielding investments; and,

**WHEREAS**, to establish an OPEB trust with CalPERS, the Board must approve entering an agreement with CalPERS entitled "Agreement and Election of Salinas Valley Solid Waste Authority to Prefund Other Post-Employment Benefits through CalPERS"; and,

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Salinas Valley Solid Waste Authority that the General Manager or his designee is authorized to execute the Agreement and Election of Salinas Valley Solid Waste Authority to Prefund Other Post-Employment Benefits through CalPERS, a copy of which is attached to this resolution as Exhibit A; and,

**BE IT FURTHER RESOLVED** by the Board of Directors of the Salinas Valley Solid Waste Authority that the General Manager/CAO and Finance Manager/Treasurer/Controller are the designated delegates with the authority to request on behalf of the Salinas Valley Solid Waste Authority disbursements from the Other Post Employment Prefunding Plan and to certify as to the purpose for which the disbursed funds will be used; and,

**BE IT FURTHER RESOLVED** by the Board of Directors of the Salinas Valley Solid Waste Authority that the General Manager/CAO, or his designee, is authorized to take any additional actions necessary to participate in the CalPERS CERBT program.

**PASSED AND ADOPTED** by the Board of Directors of the Salinas Valley Solid Waste Authority at the regular meeting duly held on the 15<sup>th</sup> day of June 2017 by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

---

Simon Salinas, President

ATTEST:

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Erika Trujillo, Clerk of the Board



**BARTTEL**  
ASSOCIATES, LLC

**SALINAS VALLEY SOLID WASTE AUTHORITY  
RETIREE HEALTHCARE PLAN**

June 30, 2015 Actuarial Valuation  
Final Results

**Bartel Associates, LLC**  
Joseph R. D'Onofrio, Assistant Vice President  
Matthew Childs, Senior Actuarial Analyst  
Katherine Moore, Associate Actuary  
**February 17, 2016**

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## BENEFIT SUMMARY

■ Eligibility	<ul style="list-style-type: none"><li>Retire directly from the Authority (service or disability)</li><li>Board members not eligible</li></ul>																																													
■ Retiree Medical Benefit	<ul style="list-style-type: none"><li>PEMHCA minimum using 5% unequal method</li><li>Authority joined PEMHCA in 2004</li></ul> <table><tr><td></td><td>PEMHCA</td><td>Years</td><td>Unequal</td><td>Authority</td></tr><tr><td></td><td>Minimum</td><td>In</td><td>Method</td><td>Retiree</td></tr><tr><td><u>Year</u></td><td><u>Amount</u></td><td><u>PEMHCA</u></td><td><u>Percent</u></td><td><u>Contribution</u></td></tr><tr><td>2015</td><td>\$122</td><td>11</td><td>55%</td><td>\$ 67.10</td></tr><tr><td>2016</td><td>125</td><td>12</td><td>60%</td><td>75.00</td></tr><tr><td>2017</td><td>128</td><td>13</td><td>65%</td><td>83.20</td></tr><tr><td>2018</td><td>134</td><td>14</td><td>70%</td><td>93.80</td></tr><tr><td>↓</td><td>↓</td><td>↓</td><td>↓</td><td>↓</td></tr><tr><td>2024</td><td>175</td><td>20</td><td>100%</td><td>175.00</td></tr></table> <ul style="list-style-type: none"><li>PEMHCA minimum after 2016 determined by CalPERS based on increase in the medical care component of CPI-U, 2.63% for 2017 (actual 2015 medical care CPI) and 4.5% assumed per year starting with 2018</li></ul>		PEMHCA	Years	Unequal	Authority		Minimum	In	Method	Retiree	<u>Year</u>	<u>Amount</u>	<u>PEMHCA</u>	<u>Percent</u>	<u>Contribution</u>	2015	\$122	11	55%	\$ 67.10	2016	125	12	60%	75.00	2017	128	13	65%	83.20	2018	134	14	70%	93.80	↓	↓	↓	↓	↓	2024	175	20	100%	175.00
	PEMHCA	Years	Unequal	Authority																																										
	Minimum	In	Method	Retiree																																										
<u>Year</u>	<u>Amount</u>	<u>PEMHCA</u>	<u>Percent</u>	<u>Contribution</u>																																										
2015	\$122	11	55%	\$ 67.10																																										
2016	125	12	60%	75.00																																										
2017	128	13	65%	83.20																																										
2018	134	14	70%	93.80																																										
↓	↓	↓	↓	↓																																										
2024	175	20	100%	175.00																																										



February 17, 2016

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## BENEFIT SUMMARY

■ Surviving Spouse Benefit	<ul style="list-style-type: none"> <li>Retiree medical benefit paid to surviving spouse of retiree who elected CalPERS joint &amp; survivor payment option</li> <li>Retiree benefit paid to spouse of active employee who died while eligible to retire receiving CalPERS survivor benefit</li> </ul>
■ PEMHCA Administration Fee	<ul style="list-style-type: none"> <li>0.32% of retiree premium for 2015/16</li> <li>Paid by Authority and included with OPEB costs</li> </ul>
■ Other OPEB	<ul style="list-style-type: none"> <li>No Authority contribution for dental, vision, life insurance, or Medicare Part B premium</li> </ul>



February 17, 2016

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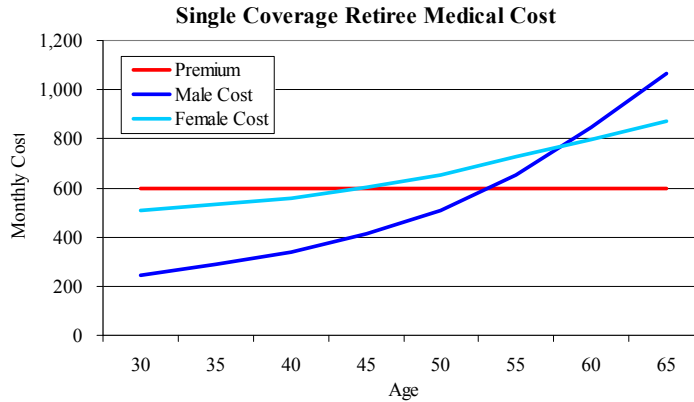




## BENEFIT SUMMARY

### ■ Implied Subsidy

- Retirees pay blended medical premiums rather than expected medical costs by age and gender
- Active premiums subsidize non-Medicare eligible retiree medical costs (“implied subsidy”)



- Implied subsidy required by Actuarial Standards of Practice for actuarial valuations after 3/31/15
- Implied subsidy included with valuation results



February 17, 2016

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## FUNDING POLICY

### ■ Funding Policy

- Benefit payments made from Authority assets
- No current prefunding in OPEB trust

### ■ Authority Pay-As-You-Go Costs (Financial Statement)

<u>Fiscal Year</u>	<u>PayGo</u>
2014/15	\$800
2013/14	800
2012/13	580



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## PARTICIPANT SUMMARY

### Participant Statistics

Participants	6/30/09	6/30/12	6/30/15
■ Actives			
• Elected Coverage	34	35	43
• Waived Coverage	<u>0</u>	<u>0</u>	<u>1</u>
• Total	34	35	44
• Average Age	40.9	42.8	44.6
• Average Service	2.4	4.9	5.7
• Average Pay	\$61,637	\$64,329	\$60,540
• Total Payroll (000's)	2,096	2,252	2,664
■ Service Retirees			
• Elected Coverage	0	1	2
• Waived Coverage	<u>1</u>	<u>1</u>	<u>3</u>
• Total	1	2	5
• Average Age	63.7	66.5	65.1
• Average Retirement Age	62.7	64.2	62.1



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## PARTICIPANT SUMMARY

### Participant Reconciliation

Participants	Actives	Retirees			
		Service	Disabled	Survivors	Total
■ June 30, 2012	35	2	0	0	2
• Terminations	(2)	-	-	-	-
• New Retirees	(3)	3	0	0	3
• Deaths with Survivor	(0)	(0)	(0)	0	-
• Deaths without Survivor	(0)	(0)	(0)	(0)	(0)
• New Hires	14	-	-	-	-
■ June 30, 2015	44	5	0	0	5



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### ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2012 Valuation	June 30, 2015 Valuation
■ Valuation Date	<ul style="list-style-type: none"> <li>• June 30, 2012</li> <li>• 2012/13, 2013/14 &amp; 2014/15 ARCs</li> </ul>	<ul style="list-style-type: none"> <li>• June 30, 2015</li> <li>• 2015/16 &amp; 2016/17 ARCs</li> <li>• 2017/18 ARC to be determined per GASB 75</li> </ul>
■ Discount Rate	<ul style="list-style-type: none"> <li>• 4.25%</li> <li>• Benefit payments currently made from Authority's assets</li> </ul>	<ul style="list-style-type: none"> <li>• 4.00%</li> <li>• Benefit payments currently made from Authority's assets</li> </ul>
■ PEMHCA Minimum Increases	<ul style="list-style-type: none"> <li>• 4.50% after 2013</li> </ul>	<ul style="list-style-type: none"> <li>• 2017 PEMHCA minimum amount of \$128 per month estimated from 2.63% medical care CPI from 2014 to 2015</li> <li>• 4.50% after 2017</li> </ul>
■ CalPERS Service	<ul style="list-style-type: none"> <li>• Authority hire date for funding entry age</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS Authority service for entry age</li> </ul>



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### ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2012 Valuation	June 30, 2015 Valuation
■ Mortality, Retirement, Termination, Disability, Merit Pay	<ul style="list-style-type: none"> <li>• CalPERS 1997-2007 Experience Study</li> <li>• Mortality improvement projection Scale AA</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2011 Experience Study</li> <li>• Mortality Improvement Scale MP-2014 modified to converge to ultimate mortality improvement rates in 2022</li> </ul>
■ Participation at Retirement	<ul style="list-style-type: none"> <li>• Actives - 70% participate at retirement</li> <li>• Current and future waived retirees under age 65 - 20% participate after age 65</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
■ PEMHCA Administration Fee	<ul style="list-style-type: none"> <li>• 0.25% of retiree premium</li> </ul>	<ul style="list-style-type: none"> <li>• 0.32% of retiree premium</li> </ul>



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## VALUATION RESULTS

### Actuarial Obligations

Actuarial Obligations	<u>6/30/12 Valuation</u>		<u>6/30/15 Valuation</u>	
	Actual 6/30/12	Projected 6/30/15	Actual 6/30/15	Projected 6/30/16
■ <b>Discount Rate</b>	4.25%	4.25%	4.00%	4.00%
■ <b>Present Value of Benefits</b>				
• Actives	\$739,000	n/a	\$1,778,800	n/a
• Retirees	<u>34,000</u>	<u>n/a</u>	<u>154,700</u>	<u>n/a</u>
• Total	773,000	\$871,500	1,933,500	\$2,002,000
■ <b>Actuarial Accrued Liability</b>				
• Actives	212,300	n/a	584,700	n/a
• Retirees	<u>34,000</u>	<u>n/a</u>	<u>154,700</u>	<u>n/a</u>
• Total	246,200	445,300	739,400	871,500
■ <b>Actuarial Value of Assets</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
■ <b>Unfunded AAL</b>	246,200	445,300	739,400	871,500
■ <b>Normal Cost</b>	52,800	58,200	111,300	114,900
■ <b>Pay-As-You-Go Cost</b>	800	2,900	8,600	12,900



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## VALUATION RESULTS

### Estimated Actuarial Gains & Losses

Actuarial Gains & Losses	AAL
■ <b>6/30/12 Actuarial Accrued Liability</b>	\$246,200
■ <b>6/30/15 Projected Actuarial Accrued Liability</b>	445,300
■ <b>Experience Losses (Gains)</b>	
• Actual versus expected PEMHCA minimum	(30,100)
• Demographic & other	(7,000)
■ <b>Assumption Changes</b>	
• CalPERS Authority service for entry age	13,100
• CalPERS demographic assumptions	(2,000)
• Projected mortality improvement	32,800
• PEMHCA administrative fees	2,100
• Discount rate	<u>26,700</u>
■ <b>Total Changes</b>	35,600
■ <b>6/30/15 Cash Subsidy Actuarial Accrued Liability</b>	480,900
• Implied Subsidy	<u>258,500</u>
■ <b>6/30/15 Actual Actuarial Accrued Liability</b>	739,400



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## VALUATION RESULTS

### Annual Required Contributions (ARC)

Annual Required Contribution	<u>6/30/12 Valuation</u>			<u>6/30/15 Valuation<sup>1</sup></u>	
	2012/13	2013/14	2014/15	2015/16	2016/17
■ <b>Discount Rate</b>	4.25%	4.25%	4.25%	4.00%	4.00%
■ <b>ARC - \$</b>					
• Normal Cost	\$52,800	\$54,600	\$56,300	\$111,300	\$114,900
• UAAL Amortization	<u>10,700</u>	<u>13,900</u>	<u>17,500</u>	<u>34,800</u>	<u>42,600</u>
• Total ARC	63,600	68,500	73,800	146,100	157,500
■ <b>Projected Payroll (000s)</b>	2,325	2,401	2,479	2,750	2,840
■ <b>ARC - %</b>					
• Normal Cost	2.3%	2.3%	2.3%	4.0%	4.0%
• UAAL Amortization	<u>0.5%</u>	<u>0.6%</u>	<u>0.7%</u>	<u>1.3%</u>	<u>1.5%</u>
• Total ARC	2.7%	2.9%	3.0%	5.3%	5.5%
■ <b>UAAL Amort Years</b>	27	26	25	24	23

<sup>1</sup> Accounting information for 2017/18 will be determined under GASB 75.



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## VALUATION RESULTS

### Benefit Payment Projection

Fiscal Year	Cash Subsidy			Implied Subsidy	Total Payment
	Current Actives	Current Retirees	Total Cash		
2015/16	\$ 200	\$ 1,800	\$ 2,000	\$ 6,600	\$ 8,600
2016/17	800	2,000	2,800	10,100	12,900
2017/18	1,600	2,200	3,800	12,100	15,900
2018/19	2,600	2,500	5,100	17,200	22,300
2019/20	3,900	3,000	6,900	24,100	31,000
2020/21	5,500	3,300	8,800	19,500	28,300
2021/22	7,400	3,700	11,100	28,800	39,900
2022/23	9,600	4,100	13,700	31,500	45,200
2023/24	12,600	4,400	17,000	34,600	51,600
2024/25	15,100	4,700	19,800	34,500	54,300
PVB <sup>2</sup>	1,158,900	98,600	1,257,500	676,000	1,933,500

<sup>2</sup> Present Value of Benefits for all years, including those after the 10 years shown. The Present Value of Benefits is the discounted value of future expected Authority benefit payments using the valuation discount rate of 4.00%.



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## VALUATION RESULTS

### Actuarial Obligations - Implied Subsidy Estimate

**June 30, 2015 - 4.00% Discount Rate**

Actuarial Obligations	Cash Subsidy	Implied Subsidy	Authority Cost
<b>■ Present Value of Benefits</b>			
• Actives	\$1,158,900	\$619,900	\$1,778,800
• Retirees	<u>98,600</u>	<u>56,100</u>	<u>154,700</u>
• Total	1,257,500	676,000	1,933,500
<b>■ Actuarial Accrued Liability</b>			
• Actives	382,300	202,400	584,700
• Retirees	<u>98,600</u>	<u>56,100</u>	<u>154,700</u>
• Total	480,900	258,500	739,400
<b>■ Plan Assets</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>■ Unfunded Actuarial Accrued Liability</b>	480,900	258,500	739,400
<b>■ Normal Cost</b>	73,100	38,200	111,300
<b>■ Pay-As-You-Go Cost</b>	2,000	6,600	8,600



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## VALUATION RESULTS

### Annual Required Contribution (ARC) - Implied Subsidy Estimate

**2015/16 Fiscal Year - 4.00% Discount Rate**

Annual Required Contribution	Cash Subsidy	Implied Subsidy	Authority Cost
<b>■ ARC - \$</b>			
• Normal Cost	\$73,100	\$38,200	\$111,300
• UAAL Amortization	<u>22,600</u>	<u>12,200</u>	<u>34,800</u>
• Total ARC	95,700	50,400	146,100
<b>■ Projected Payroll (000's)</b>	2,750	2,750	2,750
<b>■ ARC - %</b>			
• Normal Cost	2.7%	1.4%	4.0%
• UAAL Amortization	<u>0.8%</u>	<u>0.4%</u>	<u>1.3%</u>
• Total ARC	3.5%	1.8%	5.3%



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## VALUATION RESULTS

### Contribution and Unfunded Liability Projection

**4.00% Discount Rate**

(Amounts in 000's)

Fiscal Year End	Actuarial Contribution			Authority Contribution				Unfunded AAL	
	ARC	Projected Payroll	ARC % Pay	Cash Subsidy	Implied Subsidy	Trust Funding	Total Contrib	BOY UAAL	UAAL/ Pay
2016	\$146	\$2,750	5.3%	\$ 2	7	\$0	\$ 9	\$ 739	27%
2017	158	2,840	5.5%	3	10	0	13	871	31%
2018	170	2,932	5.8%	4	12	0	16	1,008	34%
2019	184	3,027	6.1%	5	17	0	22	1,151	38%
2020	199	3,126	6.4%	7	24	0	31	1,297	41%
2021	215	3,227	6.7%	9	19	0	28	1,444	45%
2022	233	3,332	7.0%	11	29	0	40	1,603	48%
2023	253	3,440	7.4%	14	31	0	45	1,761	51%
2024	276	3,552	7.8%	17	35	0	52	1,925	54%
2025	301	3,668	8.2%	20	34	0	54	2,093	57%



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## VALUATION RESULTS

### Estimated Net OPEB Obligation (NOO) Projection

Estimated NOO (Amounts in 000's)	Audit 2012/13	Audit 2013/14	Audit 2014/15	Est 2015/16	Est 2016/17
■ <b>Discount Rate</b>	4.25%	4.25%	4.25%	4.00%	4.00%
■ <b>NOO at Beginning of Year</b>	\$159.0	\$221.9	\$289.0	\$360.8	\$495.8
■ <b>Annual OPEB Cost</b>					
• Annual Required Contribution	63.6	68.5	73.8	146.1	157.5
• Interest on NOO	6.8	9.4	12.3	14.4	19.8
• NOO Adjustment	(6.9)	(10.0)	(13.5)	(17.0)	(24.2)
• Annual OPEB Cost	63.5	67.9	72.6	143.5	153.1
■ <b>Contributions<sup>3</sup></b>					
• Benefit Payments Outside Trust	0.6	0.8	0.8	2.0	2.8
• Implied Subsidy Payments	0.0	0.0	0.0	6.6	10.1
• Trust Funding	0.0	0.0	0.0	0.0	0.0
• Total Contributions	0.6	0.8	0.8	8.6	12.9
■ <b>NOO at End of Year</b>	221.9	289.0	360.8	495.8	636.0
■ <b>NOO Amortization Years</b>	27	26	25	24	23
■ <b>NOO Amortization Factor</b>	22.91	22.17	21.41	21.26	20.45

<sup>3</sup> Estimated contributions for years after 2014/15. Estimated PEMHCA administration expenses are included with estimated cash benefit payments. Estimated items other than the ARC must be revised when actual contributions are known.



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## VALUATION RESULTS

### CERBT OPEB Trust Prefunding Sensitivity<sup>4</sup>

June 30, 2015

(Amounts in 000's)

■ Investment Strategy	CERBT #1	CERBT #2	CERBT #3	PayGo
■ Discount Rate	7.25%	6.75%	6.25%	4.00%
■ Present Value of Benefits	\$916	\$1,015	\$1,129	\$1,934
■ Funded Status 6/30/15				
• Actuarial Accrued Liability	439	472	509	739
• Actuarial Value of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
• Unfunded AAL	439	472	509	739
■ ARC 2015/16				
• Normal Cost	\$ 60	\$ 66	\$ 72	\$ 111
• UAAL Amortization <sup>5</sup>	<u>29</u>	<u>30</u>	<u>31</u>	<u>35</u>
• Total ARC	89	96	103	146
• ARC % of Payroll	3.3%	3.5%	3.7%	5.3%

<sup>4</sup> Bartel Associates is not an investment advisor and cannot recommend specific OPEB trusts. CERBT funds are shown for illustrative purposes only.

<sup>5</sup> 24-year amortization of Unfunded AAL.



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## VALUATION RESULTS

### CERBT Fund Investment Strategy<sup>6</sup>

■ CERBT Investment Strategy	CERBT #1	CERBT #2	CERBT #3
■ Public Equity	57%	40%	24%
■ Fixed Income	27%	39%	39%
■ REITs	8%	8%	8%
■ TIPS	5%	10%	26%
■ Commodities	<u>3%</u>	<u>3%</u>	<u>3%</u>
■ Total	100%	100%	100%
■ Standard Deviation	11.74%	9.32%	7.14%
■ Long-Term Expected Net Real Return	4.53%	3.98%	3.37%
■ Long-Term Inflation Assumption	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
■ Long-Term Expected Net Nominal Return	7.53%	6.98%	6.37%
■ Recommended Discount Rate	7.25%	6.75%	6.25%
■ Margin for Adverse Deviation	0.28%	0.23%	0.12%

<sup>6</sup> Standard Deviation and Long-Term Expected Net Real Return provided by CalPERS. Long-Term Inflation Assumption is Bartel Associates' assumption.



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## **High Cost Health Coverage Excise Tax<sup>7</sup>**

- Patient Protection and Affordable Care Act (PPACA) enacted in March 2010 imposed a tax on high cost medical coverage (“Cadillac Tax”)
- Excise tax of 40% beginning in 2020 applied to healthcare costs exceeding annual dollar thresholds<sup>8</sup>
  - \$10,200 for self-only coverage and \$11,850 for individuals aged 55 to 64
  - \$27,500 for non-self-only coverage and \$30,950 for individuals aged 55 to 64<sup>9</sup>
  - 2018 limits subject to increase if benchmark plan’s 2018 premiums are more than 55% higher than 2010 premiums<sup>10</sup>
  - Thresholds will increase for 2019 with CPI + 1%
  - Thresholds will increase for 2020 and later years with CPI
  - Age/gender adjustment if employer’s demographics are substantially different from national workforce

<sup>7</sup> The Consolidated Appropriations Act of 2016 signed into law on 12/18/15 delayed the effective date of the excise tax from 1/1/18 to 1/1/20 and changed it from a nondeductible tax to a deductible tax. Employers should consult with their healthcare providers, tax advisors, and legal counsel regarding the applicability of PPACA enacted taxes.

<sup>8</sup> Effective starting with taxable year beginning on or after 1/1/18 of entity liable for tax. Healthcare costs are premiums for fully-insured plans.

<sup>9</sup> Higher thresholds for self and non-self coverage apply if majority of employees are engaged in high risk professions, including law enforcement officers and employees in fire protection activities.

<sup>10</sup> Benchmark plan is Federal Employees Health Benefits Plan (FEHBP) Blue Cross and Blue Shield Standard Option.



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## **High Cost Health Coverage Excise Tax**

- Plans not currently subject to tax may become subject in future as medical CPI is expected to outpace general CPI
- Paid by insurers for fully insured plans and by employer or TPA for self-insured plans
- GASB 75 and Actuarial Standards of Practice require taxes and assessments expected to be imposed on benefit payments be included in valuations<sup>11</sup>
- Valuation assumes excise tax is added to premium and the additional cost borne by retiree

<sup>11</sup> GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” adopted in June 2015 and revised Actuarial Standard of Practice No. 6, “Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions” adopted in May 2014.



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## OPEB Accounting Changes

- OPEB Accounting:
  - GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” approved by GASB Board on June 2, 2015
  - Replaces GASB 45
  - Effective for fiscal years beginning after 6/15/17 (2018 for Authority)
- Major Issues:
  - Net OPEB Liability (UAAL) on balance sheet
  - Expense calculation disconnected from contribution calculation
  - Discount rate is expected trust rate of return when assets sufficient to pay benefits
  - Discount rate is 20-year high-quality municipal bond rate when assets not sufficient
  - Immediate recognition of Total OPEB Liability (AAL) for plan changes
  - Deferred recognition of changes in Total OPEB Liability for gains and losses and assumption changes over average active and inactive average future working lifetime
  - Recognition of investment gains and losses over 5 years
  - Disclosure of asset allocation and expected real rates of return for each asset class
  - Entry age normal cost method
  - Biennial actuarial valuations



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## ACTUARIAL CERTIFICATION

This report presents the Salinas Valley Solid Waste Authority Retiree Healthcare Plan (“Plan”) June 30, 2015 actuarial valuation. The purpose of this valuation is to:

- Determine the Governmental Accounting Standards Board Statement Nos. 43 and 45 June 30, 2015 Benefit Obligations,
- Determine the Plan’s June 30, 2015 Funded Status, and
- Calculate the 2015/16 and 2016/17 Annual Required Contributions.

The report provides information intended for reporting under GASB 43 and 45, but may not be appropriate for other purposes. Information provided in this report may be useful to the Authority for the Plan’s financial management. Future valuations may differ significantly if the Plan’s experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions, participant data, and asset information provided by the Authority as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASB 43 and 45. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

Joseph R. D’Onofrio, FSA, EA, MAAA, FCA  
Assistant Vice President  
Bartel Associates, LLC  
February 17, 2016

Katherine Moore, ASA, MAAA  
Associate Actuary  
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February 17, 2016



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## PREMIUMS

### **2015 PEMHCA Monthly Premiums** Northern California

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	\$728.65	\$1,457.30	\$1,894.49	\$445.38	\$890.76	\$1,336.14
Anthem HMO Traditional	838.48	1,676.96	2,180.05	445.38	890.76	1,336.14
Blue Shield Access+	804.34	1,608.68	2,091.28	352.63	705.26	1,057.89
Blue Shield NetValue	753.82	1,507.64	1,959.93	352.63	705.26	1,057.89
Kaiser	716.98	1,433.96	1,864.15	295.51	591.02	886.53
UnitedHealthcare	677.35	1,354.70	1,761.11	267.41	534.82	802.23
Anthem EPO	656.08	1,312.16	1,705.81	n/a	n/a	n/a
PERS Choice	656.08	1,312.16	1,705.81	339.47	678.94	1,018.41
PERS Select	646.35	1,292.70	1,680.51	339.47	678.94	1,018.41
PERSCare	725.54	1,451.08	1,886.40	368.76	737.52	1,106.28



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## PREMIUMS

### **2016 PEMHCA Monthly Premiums** Northern California

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	\$839.10	\$1,678.20	\$2,181.66	n/a	n/a	n/a
Anthem HMO Traditional	964.91	1,929.82	2,508.77	n/a	n/a	n/a
Blue Shield Access+	879.96	1,759.92	2,287.90	n/a	n/a	n/a
Blue Shield NetValue	895.17	1,790.34	2,327.44	n/a	n/a	n/a
Kaiser	755.27	1,510.54	1,963.70	\$297.23	\$594.46	\$891.69
UnitedHealthcare	794.80	1,589.60	2,066.48	320.98	641.96	962.94
Anthem EPO	795.57	1,591.14	2,068.48	n/a	n/a	n/a
PERS Choice	795.57	1,591.14	2,068.48	366.38	732.76	1,099.14
PERS Select	727.47	1,454.94	1,891.42	366.38	732.76	1,099.14
PERSCare	886.15	1,772.30	2,303.99	408.04	816.08	1,224.12



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## PARTICIPANT STATISTICS

### **Medical Plan Participation** Non-Waived Participants

Medical Plan	June 30, 2012			June 30, 2015		
	Actives	Retirees		Actives	Retirees	
		< 65	≥ 65		< 65	≥ 65
Blue Shield Access+	6%	0%	0%	5%	0%	0%
PERS Choice	77%	0%	100%	44%	0%	100%
PERS Select	17%	0%	0%	35%	0%	0%
PERSCare	0%	0%	0%	16%	100%	0%
Total	100%	0%	100%	100%	100%	100%



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## PARTICIPANT STATISTICS

### Active Medical Coverage

Medical Plan	Single	2-Party	Family	Waived	Total
Blue Shield Access+			2		2
PERS Choice	2	3	14		19
PERS Select	4	3	8		15
PERSCare	1	2	4		7
Waived				1	1
Total	7	8	28	1	44

Election %	16%	19%	65%		
Waived %				2%	



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## PARTICIPANT STATISTICS

### Retiree Medical Coverage Under Age 65

Medical Plan	Single	2-Party	Family	Waived	Total
Blue Shield Access+					0
PERS Choice					0
PERS Select					0
PERSCare		1			1
Waived				1	1
Total	0	1	0	1	2

Election %	0%	100%	0%		
Waived %				50%	



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## PARTICIPANT STATISTICS

### **Retiree Medical Coverage** **Age 65 & Over**

Medical Plan	Single	2-Party	Family	Waived	Total
Blue Shield Access+					0
PERS Choice		1			1
PERS Select					0
PERSCare					0
Waived				2	2
Total	0	1	0	2	3

Election %	0%	100%	0%		
Waived %				66%	



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## PARTICIPANT STATISTICS

### **Actives by Age and Authority Service** **June 30, 2015**

Age	Authority Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	1							1
25-29			1					1
30-34	2	1	2	1				6
35-39	1	3	3	3				10
40-44	1		4	2				7
45-49	1		3					4
50-54		1	4					5
55-59	3		2	1				6
60-64	1		1	1				3
≥ 65				1				1
Total	10	5	20	9	0	0	0	44



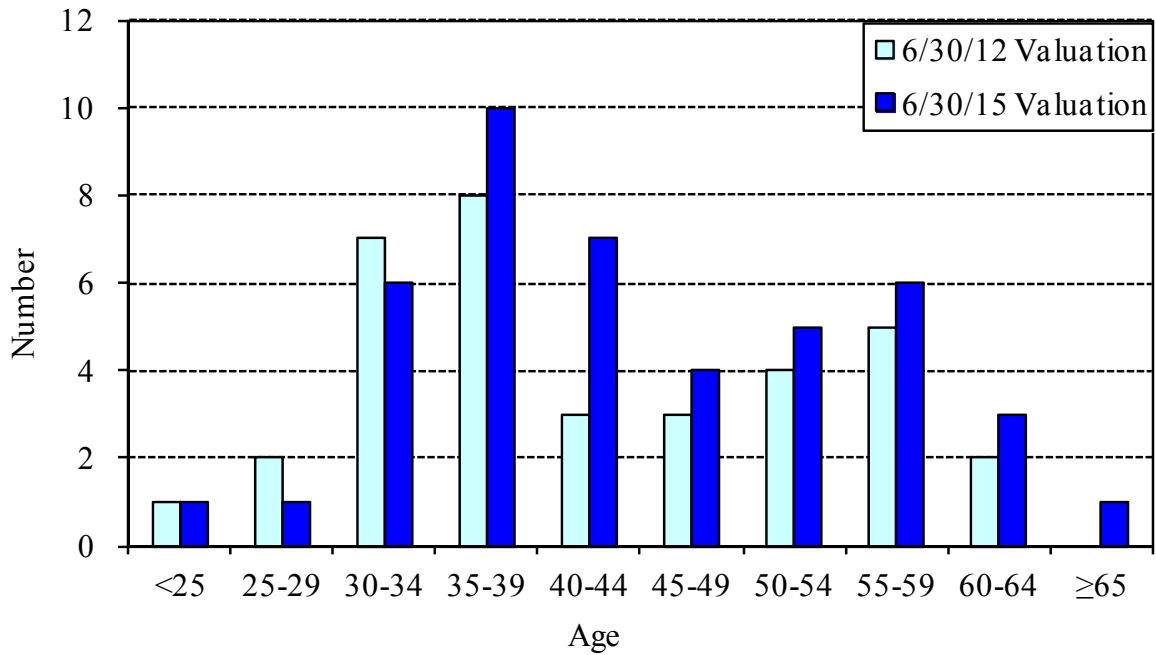
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## PARTICIPANT STATISTICS

### Active Age Distribution



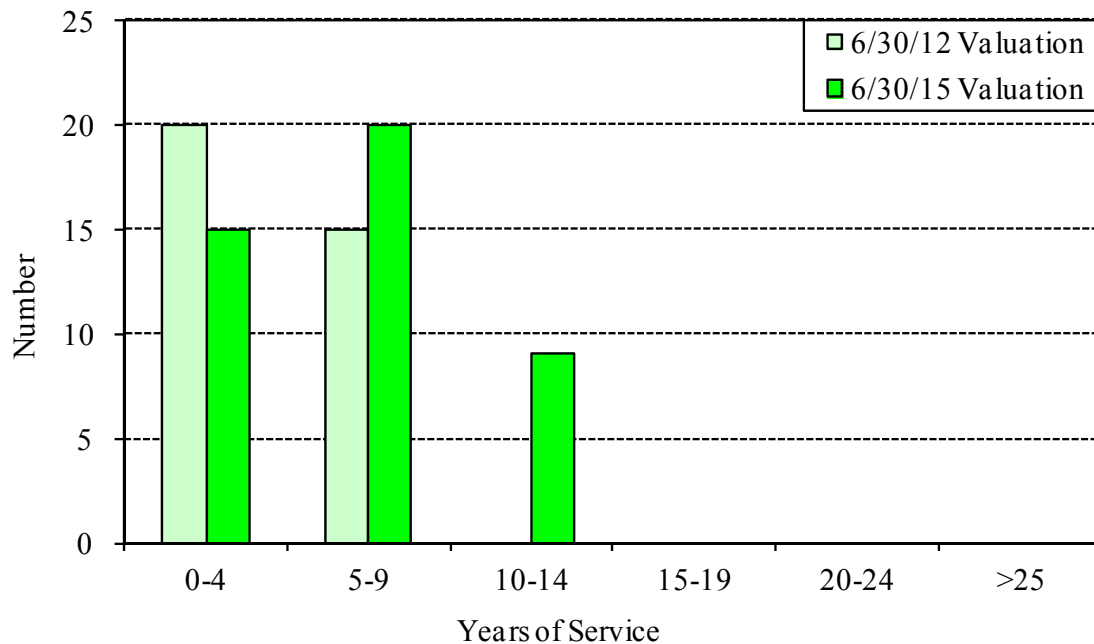
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## PARTICIPANT STATISTICS

### Active Service Distribution



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## PARTICIPANT STATISTICS

### Retiree Healthcare Coverage by Age Group

Age	Single	2-Party	Family	Waived	Total
Under 50					
50-54					
55-59		1			1
60-64				1	1
65-69		1		2	3
70-74					
75-79					
80-85					
85 & Over					
Total	0	2	0	3	5

Average Age	n/a	64.5	n/a	65.6	65.1
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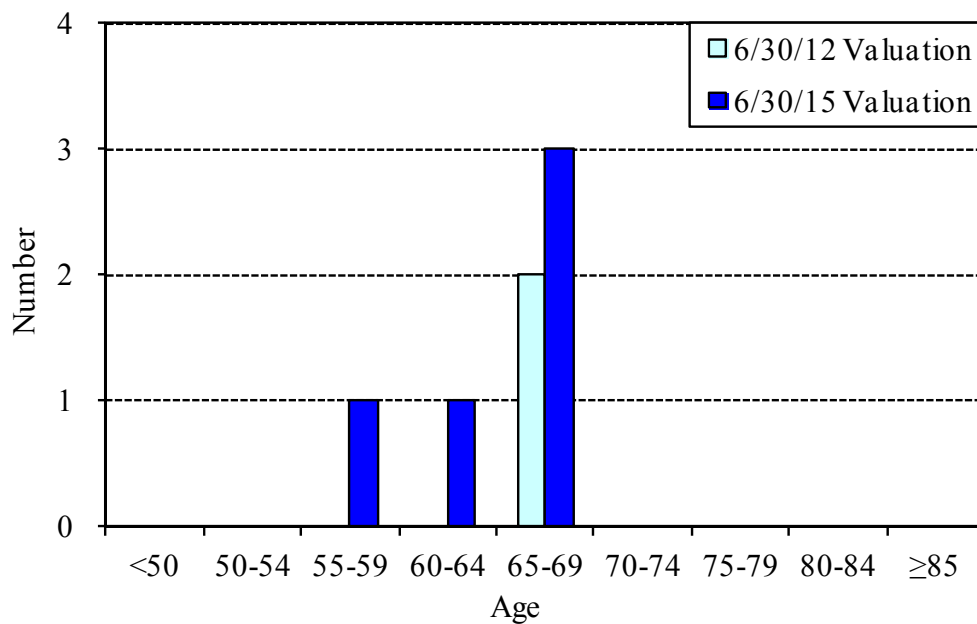
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## PARTICIPANT STATISTICS

### Retiree Age Distribution



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## ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2012 Valuation	June 30, 2015 Valuation
■ Valuation Date	<ul style="list-style-type: none"> <li>• June 30, 2012</li> <li>• 2012/13, 2013/14 &amp; 2014/15 ARCs</li> <li>• ARC calculated as of beginning of the year with interest to end of year</li> <li>• No lag period</li> </ul>	<ul style="list-style-type: none"> <li>• June 30, 2015</li> <li>• 2015/16 &amp; 2016/17 ARCs</li> <li>• 2017/18 ARC to be determined per GASB 75</li> <li>• ARC calculated as of beginning of the year with interest to end of year</li> <li>• No lag period</li> </ul>
■ Funding Policy	<ul style="list-style-type: none"> <li>• Pay-as-you-go funding</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
■ Discount Rate	<ul style="list-style-type: none"> <li>• 4.25%</li> <li>• Benefit payments currently made from Authority's assets</li> </ul>	<ul style="list-style-type: none"> <li>• 4.00%</li> <li>• Benefit payments currently made from Authority's assets</li> </ul>
■ General Inflation	<ul style="list-style-type: none"> <li>• 3% annually</li> <li>• Basis for aggregate payroll and discount rate assumptions</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>



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## ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2012 Valuation	June 30, 2015 Valuation
■ Aggregate Payroll Increases	<ul style="list-style-type: none"> <li>• 3.25% annually</li> <li>• Inflation plus 0.25%</li> <li>• For Normal Cost calculation and UAAL amortization</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
■ Merit Payroll Increases	<ul style="list-style-type: none"> <li>• CalPERS 1997-2007 Experience Study</li> <li>• Added to aggregate payroll increase assumption for Normal Cost calculation</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2011 Experience Study</li> <li>• Added to aggregate payroll increase assumption for Normal Cost calculation</li> </ul>
■ PEMHCA Minimum Increases	<ul style="list-style-type: none"> <li>• 4.50% after 2013</li> </ul>	<ul style="list-style-type: none"> <li>• 2017 PEMHCA minimum amount of \$128 per month estimated from 2.63% medical care CPI from 2014 to 2015</li> <li>• 4.50% after 2017</li> </ul>



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# ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2012 Valuation	June 30, 2015 Valuation																											
■ Medical Trend	<ul style="list-style-type: none"> <li>n/a</li> </ul>	<table> <tr> <th>Cal Year</th><th colspan="2">Increase from Prior Year</th></tr> <tr> <th></th><th>Non-Medicare</th><th>Medicare</th></tr> <tr> <td>2015</td><td colspan="2">Premiums</td></tr> <tr> <td>2016</td><td colspan="2">Premiums</td></tr> <tr> <td>2017</td><td>7.0%</td><td>7.2%</td></tr> <tr> <td>2018</td><td>6.5%</td><td>6.7%</td></tr> <tr> <td>2019</td><td>6.0%</td><td>6.1%</td></tr> <tr> <td>2020</td><td>5.5%</td><td>5.6%</td></tr> <tr> <td>2021+</td><td>5.0%</td><td>5.0%</td></tr> </table>	Cal Year	Increase from Prior Year			Non-Medicare	Medicare	2015	Premiums		2016	Premiums		2017	7.0%	7.2%	2018	6.5%	6.7%	2019	6.0%	6.1%	2020	5.5%	5.6%	2021+	5.0%	5.0%
Cal Year	Increase from Prior Year																												
	Non-Medicare	Medicare																											
2015	Premiums																												
2016	Premiums																												
2017	7.0%	7.2%																											
2018	6.5%	6.7%																											
2019	6.0%	6.1%																											
2020	5.5%	5.6%																											
2021+	5.0%	5.0%																											
■ Mortality, Termination, Disability	<ul style="list-style-type: none"> <li>CalPERS 1997-2007 Experience Study</li> <li>Mortality improvement projection Scale AA</li> </ul>	<ul style="list-style-type: none"> <li>CalPERS 1997-2011 Experience Study</li> <li>Mortality Improvement Scale MP-2014 modified to converge to ultimate mortality improvement rates in 2022</li> </ul>																											



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# ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2012 Valuation	June 30, 2015 Valuation																											
■ Service Retirement	<ul style="list-style-type: none"> <li>CalPERS 1997-2007 Experience Study</li> </ul> <table> <tr> <th>CalPERS</th><th>Misc</th><th>ERA</th></tr> <tr> <td>CalPERS Hire Age</td><td>35</td><td></td></tr> <tr> <td>CalPERS Benefit</td><td>2%@55</td><td>59.4</td></tr> </table>	CalPERS	Misc	ERA	CalPERS Hire Age	35		CalPERS Benefit	2%@55	59.4	<ul style="list-style-type: none"> <li>CalPERS 1997-2011 Experience Study</li> </ul> <table> <tr> <th>CalPERS</th><th>Misc</th><th>ERA</th></tr> <tr> <td>CalPERS Hire Age</td><td>35</td><td></td></tr> <tr> <td>Hired &lt; 1/1/13</td><td>2%@55</td><td>59.8</td></tr> <tr> <td>Hired ≥ 1/1/13</td><td></td><td></td></tr> <tr> <td>➤ Classic Member</td><td>2%@55</td><td>59.8</td></tr> <tr> <td>➤ New Member</td><td>2%@62</td><td>60.9</td></tr> </table>	CalPERS	Misc	ERA	CalPERS Hire Age	35		Hired < 1/1/13	2%@55	59.8	Hired ≥ 1/1/13			➤ Classic Member	2%@55	59.8	➤ New Member	2%@62	60.9
CalPERS	Misc	ERA																											
CalPERS Hire Age	35																												
CalPERS Benefit	2%@55	59.4																											
CalPERS	Misc	ERA																											
CalPERS Hire Age	35																												
Hired < 1/1/13	2%@55	59.8																											
Hired ≥ 1/1/13																													
➤ Classic Member	2%@55	59.8																											
➤ New Member	2%@62	60.9																											
■ Participation at Retirement	<ul style="list-style-type: none"> <li>Actives - 70% participate at retirement</li> <li>Current and future waived retirees under age 65 - 20% participate after age 65</li> <li>Surviving spouse - Same as retiree</li> </ul>	<ul style="list-style-type: none"> <li>Same</li> </ul>																											



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# **ACTUARIAL ASSUMPTIONS**

Assumption	June 30, 2012 Valuation	June 30, 2015 Valuation
■ Medical Plan at Retirement	• Current plan election	• Same
■ Medical Claims Costs 2016	• Sample estimated monthly claims costs	
	Northern California - Non-Medicare Eligible	
■ CalPERS Service	• Authority hire date for funding entry age	• CalPERS Authority service for entry age



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# **ACTUARIAL ASSUMPTIONS**

Assumption	June 30, 2012 Valuation	June 30, 2015 Valuation														
■ PEMHCA Administration Fee	<ul style="list-style-type: none"><li>0.25% of retiree premium for 2012/13+</li></ul>	<ul style="list-style-type: none"><li>0.32% of retiree premium for 2015/16</li><li>0.32% of retiree premium for 2016/17 and later years - 5-year average through 2015/16:<table><tr><td><u>Year</u></td><td><u>Admin Fee</u></td></tr><tr><td>2011/12</td><td>0.36%</td></tr><tr><td>2012/13</td><td>0.25%</td></tr><tr><td>2013/14</td><td>0.33%</td></tr><tr><td>2014/15</td><td>0.34%</td></tr><tr><td>2015/16</td><td><u>0.32%</u></td></tr><tr><td>5-Year Ave</td><td>0.32%</td></tr></table></li></ul>	<u>Year</u>	<u>Admin Fee</u>	2011/12	0.36%	2012/13	0.25%	2013/14	0.33%	2014/15	0.34%	2015/16	<u>0.32%</u>	5-Year Ave	0.32%
<u>Year</u>	<u>Admin Fee</u>															
2011/12	0.36%															
2012/13	0.25%															
2013/14	0.33%															
2014/15	0.34%															
2015/16	<u>0.32%</u>															
5-Year Ave	0.32%															
■ PPACA High Cost Plan Excise Tax	<ul style="list-style-type: none"><li>n/a</li></ul>	<ul style="list-style-type: none"><li>Assume excise tax added to premium and cost borne by retiree</li></ul>														



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## ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2012 Valuation	June 30, 2015 Valuation
■ Marital Status at Retirement	<ul style="list-style-type: none"> <li>Actives:                             <ul style="list-style-type: none"> <li>Covered - based on current coverage election</li> <li>Waived - 80% married</li> </ul> </li> <li>Retirees - based on spouse information if provided</li> </ul>	<ul style="list-style-type: none"> <li>Same</li> </ul>
■ Medicare	<ul style="list-style-type: none"> <li>n/a</li> </ul>	<ul style="list-style-type: none"> <li>100%</li> <li>Everyone eligible for Medicare will elect Part B coverage</li> </ul>
■ Spouse Age	<ul style="list-style-type: none"> <li>Current actives - males 3 years older than females</li> <li>Current retirees - males 3 years older than females if spouse birth date not provided</li> </ul>	<ul style="list-style-type: none"> <li>Same</li> </ul>



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## ACTUARIAL METHODS

Method	June 30, 2015 Valuation
■ Cost Method	<ul style="list-style-type: none"> <li>Entry Age Normal</li> <li>Normal Cost is a level percentage of payroll</li> </ul>
■ Amortization Method	<ul style="list-style-type: none"> <li>Level percent of payroll</li> </ul>
■ Amortization Period for ARC & NOO	<ul style="list-style-type: none"> <li>30-year fixed (closed) period for projected 6/30/09 UAAL for 2009/10 ARC</li> <li>24-year fixed (closed) period for projected 6/30/15 UAAL for 2015/16 ARC</li> <li>Amortization period decreases by one year each fiscal year</li> <li>When amortization period reaches 15 years, experience gains and losses will be amortized over fixed (closed) 15-year periods and plan and assumption changes will be amortized over fixed (closed) 20-year periods</li> </ul>
■ Implied Subsidy	<ul style="list-style-type: none"> <li>Implied subsidy included for non-Medicare eligible retirees</li> </ul>



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## ACTUARIAL METHODS

Method	June 30, 2015 Valuation
<p>■ Future New Entrants</p>	<ul style="list-style-type: none"> <li>• Valuation Results - Closed group, no new hires for first year ARC</li> <li>• Projections and subsequent year ARCs:               <ul style="list-style-type: none"> <li>➢ Simplified open group projection</li> <li>➢ Total active pay increased in accordance with aggregate payroll assumption</li> <li>➢ New hires assumed to have the same Normal Cost percentage as current actives</li> <li>➢ No additional retirees from new hires over the 10-year projection period</li> </ul> </li> </ul>



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## DEFINITIONS

<p>■ GASB 45 Accrual Accounting</p>	<ul style="list-style-type: none"> <li>• Project future employer-provided benefit cash flow for current active employees and current retirees</li> <li>• Discount projected cash flow to valuation date using discount rate and actuarial assumptions to determine present value of benefits (PVB)</li> <li>• Discount rate is expected long-term return on plan assets</li> <li>• Allocate PVB to past, current, and future periods</li> <li>• Normal Cost is portion of PVB allocated to current fiscal year</li> <li>• Actuarial cost method used for valuation is Entry Age Normal Cost method which determines Normal Cost as a level percent of payroll</li> <li>• Actuarial Accrued Liability (AAL) is portion of PVB allocated to prior service with the employer</li> <li>• Unfunded AAL (UAAL) is AAL less Plan Assets</li> <li>• Assets must be in segregated and restricted trust to be considered Plan Assets for GASB 45</li> </ul>
<p>■ PayGo Cost</p>	<ul style="list-style-type: none"> <li>• Cash subsidy is employer pay-as-you-go benefit payments for retirees</li> <li>• Implied subsidy is difference between actual cost of retiree benefits and retiree premiums subsidized by active employee premiums</li> </ul>



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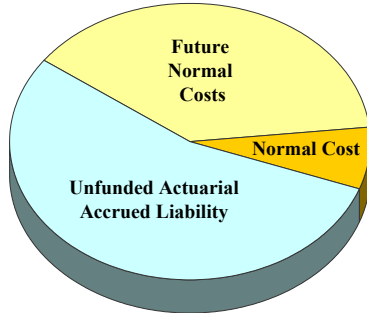
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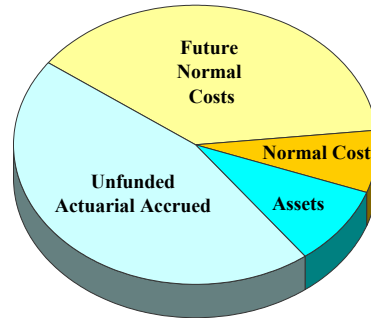
## DEFINITIONS

### Present Value of Benefits

**Present Value of Benefits  
(Without Plan Assets)**



**Present Value of Benefits  
(With Plan Assets)**



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## DEFINITIONS

<p>■ Annual Required Contribution (ARC)</p>	<ul style="list-style-type: none"> <li>● GASB 45 contribution is Normal Cost plus amortization of: <ul style="list-style-type: none"> <li>➢ Initial UAAL and AAL for plan, assumption, and method changes</li> <li>➢ Experience gains and losses (difference between actual experience and that expected from assumptions)</li> <li>➢ Contribution gains and losses (difference between ARC and actual contributions)</li> </ul> </li> </ul>
<p>■ Net OPEB Obligation (NOO)</p>	<ul style="list-style-type: none"> <li>● NOO is accumulated amounts expensed but not funded</li> <li>● Net OPEB Asset if amounts funded exceed those expensed</li> </ul>
<p>■ Annual OPEB Cost (AOC)</p>	<ul style="list-style-type: none"> <li>● Expense for current period including: <ul style="list-style-type: none"> <li>➢ ARC</li> <li>➢ Interest on NOO</li> <li>➢ Adjustment of NOO</li> </ul> </li> <li>● Adjustment of NOO prevents double counting of expense since ARCs include amortization of prior contribution gains and losses previously expensed</li> </ul>



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## DEFINITIONS

### ■ Terminology Used in Report

- AAL - Actuarial Accrued Liability
- AOC - Annual OPEB Cost
- ARC - Annual Required Contribution
- BOY - Beginning of Fiscal Year
- EAN - Entry Age Normal Cost Method
- GASB 45 - Governmental Accounting Standards Board Statement No. 45
- GASB 75 - Governmental Accounting Standards Board Statement No. 75
- NOO - Net OPEB Obligation
- OPEB - Other (than pensions) Post Employment Benefits
- PVB - Present Value of Projected Benefits
- UAAL - Unfunded Actuarial Accrued Liability



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## DEFINITIONS



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**CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST PROGRAM ("CERBT")**

**AGREEMENT AND ELECTION  
OF**

---

(NAME OF EMPLOYER)

**TO PREFUND OTHER POST-EMPLOYMENT  
BENEFITS THROUGH CalPERS**

WHEREAS (1) Government Code Section 22940 establishes in the State Treasury the Annuitants' Health Care Coverage Fund for the prefunding of health care coverage for annuitants (Prefunding Plan); and

WHEREAS (2) The California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control and power over the administration and investment of the Prefunding Plan (sometimes also referred to as CERBT), the purposes of which include, but are not limited to (i) receiving contributions from participating employers and establishing separate Employer Prefunding Accounts in the Prefunding Plan for the performance of an essential governmental function (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the Prefunding Plan and to pay for health care costs or other post-employment benefits in accordance with the terms of participating employers' plans; and

WHEREAS (3) \_\_\_\_\_  
(NAME OF EMPLOYER)

(Employer) desires to participate in the Prefunding Plan upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the Prefunding Plan upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Other Post-Employment Benefits (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The Prefunding Plan is a trust fund that is intended to perform an essential governmental function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer defined benefit plan as defined in Governmental Accounting Standards Board (GASB) Statements for Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB Standards) consisting of an aggregation of single-employer plans, with pooled administrative and investment functions;



NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Representation and Warranty

Employer represents and warrants that it is a political subdivision of the State of California or an entity whose income is excluded from gross income under Section 115 (1) of the Internal Revenue Code.

B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the Prefunding Plan by adopting this Agreement and filing with the CalPERS Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to:       CalPERS  
  CERBT (OPEB)  
  P.O. Box 1494  
  Sacramento, CA 95812-1494

Filing in person, deliver to:       CalPERS Mailroom  
  CERBT (OPEB)  
  400 Q Street  
  Sacramento, CA 95811

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both CalPERS and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

(4) The Board shall institute such procedures and processes as it deems necessary to administer the Prefunding Plan, to carry out the purposes of this Agreement, and to maintain the tax exempt status of the Prefunding Plan. Employer agrees to follow such procedures and processes.

### C. Other Post-Employment Benefits (OPEB) Cost Reports and Employer Contributions

(1) Employer shall provide to the Board an OPEB cost report on the basis of the actuarial assumptions and methods prescribed by the Board. Such report shall be for the Board's use in financial reporting, and shall be prepared at least as often as the minimum frequency required by applicable GASB OPEB Standards. This OPEB cost report may be prepared as an actuarial valuation report or, if the employer is qualified under GASB OPEB Standards, may be prepared as an Alternative Measurement Method (AMM) report.

- (a) Unless qualified under GASB OPEB Standards, to provide an AMM report, Employer shall provide to the Board an actuarial valuation report. Such report shall be for the Board's use in financial reporting, and shall be prepared at least as often as the minimum frequency required by GASB OPEB Standards, and shall be:
  - 1) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;
  - 2) prepared in accordance with generally accepted actuarial practice and GASB OPEB Standards; and,
  - 3) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.
- (b) If qualified under GASB OPEB Standards, Employer may provide to the Board an AMM report. Such report shall be for the Board's use in financial reporting, shall be prepared at least as often as the minimum frequency required by GASB OPEB Standards, and shall be:
  - 1) affirmed by Employer's external auditor, or by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board, to be consistent with the AMM process described in GASB OPEB Standards;
  - 2) prepared in accordance with GASB OPEB Standards; and,
  - 3) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.

(2) The Board may reject any OPEB cost report for financial reporting purposes submitted to it, but shall not unreasonably do so. In the event that the Board

determines, in its sole discretion, that the OPEB cost report is not suitable for use in the Board's financial statements or if Employer fails to provide a required OPEB cost report, the Board may obtain, at Employer's expense, an OPEB cost report that meets the Board's financial reporting needs. The Board may recover from Employer the cost of obtaining such OPEB cost report by billing and collecting from Employer or by deducting the amount from Employer's account in the Prefunding Plan.

(3) Employer shall notify the Board of the amount and time of contributions which contributions shall be made in the manner established by the Board.

(4) Employer contributions to the Prefunding Plan may be limited to the amount necessary to fully fund Employer's actuarial present value of total projected benefits, as supported by the OPEB cost report for financial reporting purposes acceptable to the Board. As used throughout this document, the meaning of the term "actuarial present value of total projected benefits" is as defined in GASB OPEB Standards. If Employer's contribution causes its assets in the Prefunding Plan to exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board may refuse to accept the contribution.

(5) No contributions are required. Contributions can be made at any time following the effective date of the Agreement provided that Employer has first complied with the requirements of Paragraph C.

#### D. Administration of Accounts, Investments, Allocation of Income

(1) The Board has established the Prefunding Plan as an agent plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions, under the terms of which separate accounts are maintained for each employer so that the Employer's assets will provide benefits only under the Employer's post-employment benefit plan(s).

(2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the Prefunding Plan (Employer's Prefunding Account).

(3) Employer's Prefunding Account assets may be aggregated with prefunding account assets of other employers and may be co-invested by the Board in any asset classes appropriate for a Section 115 Trust.

(4) The Board may deduct the costs of administration of the Prefunding Plan from the investment income or Employer's Prefunding Account in a manner determined by the Board.

(5) Investment income shall be allocated among participating employers and posted to Employer's Prefunding Account as determined by the Board but no less frequently than annually.

(6) If Employer's assets in the Prefunding Plan exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board, in compliance with applicable accounting and legal requirements, may return such excess to Employer.

#### E. Reports and Statements

(1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.

(2) The Board shall prepare and provide a statement of Employer's Prefunding Account at least annually reflecting the balance in Employer's Prefunding Account, contributions made during the period and income allocated during the period, and such other information as the Board determines.

#### F. Disbursements

(1) Employer may receive disbursements not to exceed the annual premium and other costs of post-employment healthcare benefits and other post-employment benefits as defined in GASB OPEB Standards.

(2) Employer shall notify CalPERS in writing in the manner specified by CalPERS of the persons authorized to request disbursements from the Prefunding Plan on behalf of Employer.

(3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board. The Board may require that Employer certify or otherwise establish that the monies will be used for the purposes of the Prefunding Plan.

(4) Requests for disbursements that satisfy the requirements of paragraphs (2) and (3) will be processed monthly.

(5) CalPERS shall not be liable for amounts disbursed in error if it has acted upon the written instruction of an individual authorized by Employer to request disbursements. In the event of any other erroneous disbursement, the extent of CalPERS' liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.

(6) No disbursement shall be made from the Prefunding Plan which exceeds the balance in Employer's Prefunding Account.

#### G. Costs of Administration

Employer shall pay its share of the costs of administration of the Prefunding Plan, as determined by the Board.

#### H. Termination of Employer Participation in Prefunding Plan

(1) The Board may terminate Employer's participation in the Prefunding Plan if:

- (a) Employer gives written notice to the Board of its election to terminate;
- (b) The Board finds that Employer fails to satisfy the terms and conditions of this Agreement or of the Board's rules or regulations.

(2) If Employer's participation in the Prefunding Plan terminates for any of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the Prefunding Plan, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D.

(3) After Employer's participation in the Prefunding Plan terminates, Employer may not make contributions to the Prefunding Plan.

(4) After Employer's participation in the Prefunding Plan terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After the Employer's participation in the Prefunding Plan terminates, the governing body of the Employer may request either:

- (a) A trustee to trustee transfer of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such transfer unless the Board determines that the transfer will satisfy applicable requirements of the Internal Revenue Code, other law and accounting standards, and the Board's fiduciary duties. If the Board determines that the transfer will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the transfer. The amount to be transferred shall be the amount in the Employer's Prefunding Account as of the date of the transfer (the "transfer date") and shall include investment earnings up to an investment earnings allocation date preceding the transfer date. In no event shall the investment earnings allocation date precede the transfer date by more than 150 days.
- (b) A disbursement of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such disbursement unless the Board determines that, in compliance with the Internal Revenue Code, other law and accounting standards, and the Board's fiduciary duties, all of Employer's obligations for payment of post-employment health care benefits and other post-employment benefits and reasonable administrative costs of the Board have been satisfied. If the Board determines that the disbursement will satisfy these requirements, the

Board shall then have one hundred fifty (150) days from the date of such determination to effect the disbursement. The amount to be disbursed shall be the amount in the Employer's Prefunding Account as of the date of the disbursement (the "disbursement date") and shall include investment earnings up to an investment earnings allocation date preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement date by more than 150 days.

(6) After Employer's participation in the Prefunding Plan terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate.

(7) If, for any reason, the Board terminates the Prefunding Plan, the assets in Employer's Prefunding Account shall be paid to Employer after retention of (i) amounts sufficient to pay post-employment health care benefits and other post-employment benefits to annuitants for current and future annuitants described by the employer's current substantive plan (as that term is used in GASB OPEB Standards), and (ii) amounts sufficient to pay reasonable administrative costs of the Board.

(8) If Employer ceases to exist but Employer's Prefunding Plan continues to exist and if no provision has been made by Employer for ongoing payments to pay post-employment health care benefits and other post-employment benefits to annuitants for current and future annuitants, the Board is authorized to and shall appoint a third party administrator to carry out Employer's Prefunding Plan. Any and all costs associated with such appointment shall be paid from the assets attributable to contributions by Employer.

(9) If Employer should breach the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the Prefunding Plan.

## I. General Provisions

### (1) Books and Records.

Employer shall keep accurate books and records connected with the performance of this Agreement. Employer shall ensure that books and records of subcontractors, suppliers, and other providers shall also be accurately maintained. Such books and records shall be kept in a secure location at the Employer's office(s) and shall be available for inspection and copying by CalPERS and its representatives.

### (2) Audit.

- (a) During and for three years after the term of this Agreement, Employer shall permit the Bureau of State Audits, CalPERS, and its authorized

representatives, and such consultants and specialists as needed, at all reasonable times during normal business hours to inspect and copy, at the expense of CalPERS, books and records of Employer relating to its performance of this Agreement.

- (b) Employer shall be subject to examination and audit by the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, during the term of this Agreement and for three years after final payment under this Agreement. Any examination or audit shall be confined to those matters connected with the performance of this Agreement, including, but not limited to, the costs of administering this Agreement. Employer shall cooperate fully with the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, in connection with any examination or audit. All adjustments, payments, and/or reimbursements determined to be necessary by any examination or audit shall be made promptly by the appropriate party.

(3) Notice.

- (a) Any notice, approval, or other communication required or permitted under this Agreement will be given in the English language and will be deemed received as follows:
  - 1. Personal delivery. When personally delivered to the recipient. Notice is effective on delivery.
  - 2. First Class Mail. When mailed first class to the last address of the recipient known to the party giving notice. Notice is effective three delivery days after deposit in a United States Postal Service office or mailbox.
  - 3. Certified mail. When mailed certified mail, return receipt requested. Notice is effective on receipt, if delivery is confirmed by a return receipt.
  - 4. Overnight Delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account, Notice is effective on delivery, if delivery is confirmed by the delivery service.
  - 5. Telex or Facsimile Transmission. When sent by telex or fax to the last telex or fax number of the recipient known to the party giving notice. Notice is effective on receipt, provided that (i) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (ii) the receiving party delivers a written



confirmation of receipt. Any notice given by telex or fax shall be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a nonbusiness day.

6. E-mail transmission. When sent by e-mail using software that provides unmodifiable proof (i) that the message was sent, (ii) that the message was delivered to the recipient's information processing system, and (iii) of the time and date the message was delivered to the recipient along with a verifiable electronic record of the exact content of the message sent.

Addresses for the purpose of giving notice are as shown in Paragraph B.(1) of this Agreement.

- (b) Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger or overnight delivery service.
- (c) Any party may change its address, telex, fax number, or e-mail address by giving the other party notice of the change in any manner permitted by this Agreement.
- (d) All notices, requests, demands, amendments, modifications or other communications under this Agreement shall be in writing. Notice shall be sufficient for all such purposes if personally delivered, sent by first class, registered or certified mail, return receipt requested, delivery by courier with receipt of delivery, facsimile transmission with written confirmation of receipt by recipient, or e-mail delivery with verifiable and unmodifiable proof of content and time and date of sending by sender and delivery to recipient. Notice is effective on confirmed receipt by recipient or 3 business days after sending, whichever is sooner.

#### (4) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of their Agreement shall survive the termination of this Agreement until such time as all amounts in Employer's Prefunding Account have been disbursed.

#### (5) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and



signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

(6) Necessary Acts, Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

A majority vote of Employer's Governing Body at a public meeting held on the \_\_\_\_\_ day of the month of \_\_\_\_\_ in the year \_\_\_\_\_, authorized entering into this Agreement.

Signature of the Presiding Officer: \_\_\_\_\_

Printed Name of the Presiding Officer: \_\_\_\_\_

Name of Governing Body: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Date: \_\_\_\_\_

BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
JOHN SWEDENSKY  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS

The effective date of this Agreement is: \_\_\_\_\_



# DELEGATION OF AUTHORITY TO REQUEST DISBURSEMENTS

## RESOLUTION OF THE

Board of Directors  
(GOVERNING BODY)

## OF THE

Salinas Valley Solid Waste Authority  
(NAME OF EMPLOYER)

The Board of Directors  
(GOVERNING BODY) delegates to the incumbents

in the positions of General Manager/Chief Administration Officer  
(TITLE) and

Finance Manager/Treasurer/Controller  
(TITLE) and/or

authority to request on  
(TITLE)

behalf of the Employer disbursements from the Other Post Employment Prefunding  
Plan and to certify as to the purpose for which the disbursed funds will be used.

By \_\_\_\_\_

Title \_\_\_\_\_

Witness \_\_\_\_\_

Date \_\_\_\_\_



## Report to the Executive Committee

### ITEM NO. 4

Finance Manager/Controller-Treasurer

General Manager/CAO

N/A

General Counsel

**Date:** June 1, 2017  
**From:** Ray Hendricks, Finance Manager  
**Title:** A Resolution Establishing the Investment Policy

### RECOMMENDATION

Staff recommends that the Executive Committee support approval of this item.

### STRATEGIC PLAN RELATIONSHIP

The recommended action is routine in nature. However, it does continue to support the previous goal to Develop and Implement a Sustainable Finance Plan by ensuring that the Authority's monies are invested accordance with State law and sound investment practices.

### FISCAL IMPACT

Due to the current state of the economy investment returns are still low. Interest earnings are no longer a significant part of the Authority's budget. By becoming a more active, but still conservative, participant in the investment market, the Authority should net modestly higher yields resulting in more revenue for the Authority.

### DISCUSSION & ANALYSIS

The investment policy has no changes from the current policy. The Investment Policy allows investment in all investment vehicles permitted by State law. However, in actual practice the funds managed by the Treasurer have historically been invested in the Local Agency Investment Fund (LAIF).

LAIF interest dropped as low as .228% in May 2014. In order to increase returns, staff diversified its investments by investing in collateralized Certificates of Deposit with yields higher than the LAIF rate. Since then, LAIF returns have slowly improved. At the end of April 2017, LAIF was yielding 0.884%. The is higher than the return on the Certificates of Deposits which expire in June 2017. Staff will continue to look for higher yielding investment opportunities that meet the criteria of Safety, Liquidity, and Yield in that order. If investments that meet that criteria are not available, the investments will be added to LAIF.

### BACKGROUND

In order to properly handle the Authority's investments, the Board is asked to adopt the attached Investment Policy. California Government Code Section 53646(a) (2) states that the treasurer or chief fiscal officer of a local agency may render annually to the legislative body of the local agency an investment policy, which the legislative body shall consider at a public meeting. State law further requires the Treasurer or Chief Financial Officer to submit detailed information on all securities, investments, and monies of the Authority on a quarterly basis. The next report is due in July 2017.

### ATTACHMENT(S)

1. Resolution
2. Investment Policy

## RESOLUTION NO. 2017 -

### A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY ESTABLISHING THE INVESTMENT POLICY

**WHEREAS** the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5921 and 53630 et seq.; and

**WHEREAS** the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern and has passed legislation to restrict permissible investments and promote oversight procedures; and

**WHEREAS** it is necessary to establish the policy and guidelines for the Authority to invest public funds in a manner which will provide a high level of safety and security of principal; and

**WHEREAS** the Finance Manager/Treasurer of Salinas Valley Solid Waste Authority shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting; and

**WHEREAS** the Authority's Investment Policy has been developed and presented to this Board on June 15, 2017.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Salinas Valley Solid Waste Authority that it does hereby adopt the attached Investment Policy, marked "Exhibit A," and authorizes and directs the Finance Manager/Treasurer to use said Policy in the investment of Authority funds.

**PASSED AND ADOPTED** by the Board of Directors of the Salinas Valley Solid Waste Authority at the regular meeting duly held on the 15<sup>th</sup> day of June 2017 by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

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Simon Salinas, President

ATTEST:

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Erika Trujillo, Clerk of the Board

## **SALINAS VALLEY SOLID WASTE AUTHORITY INVESTMENT POLICY**

### **PURPOSE**

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment process and to organize and formalize investment-related activities. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The ultimate goal is to enhance the economic status of the Authority while protecting its invested cash.

The investment policies and practices of the Salinas Valley Solid Waste Authority are based on state law and prudent money management. All funds will be invested in accordance with the Authority's Investment Policy and the authority governing investments for local governments as set forth in the California Government Code, Sections 53601 through 53686. The provisions of relevant bond documents restrict the investments of bond proceeds.

### **OBJECTIVE**

The Authority has a fiduciary responsibility to maximize the productive use of all the assets entrusted to its care and to invest and wisely and prudently manage those public funds. As such, the Authority shall strive to maintain the level of investment of all idle funds as near 100% as possible through daily and projected cash flow determinations, investing in those investment vehicles deemed prudent and allowable under current legislation of the State of California and the ordinances and resolutions of of the Salinas Valley Solid Waste Authority.

### **SCOPE**

It is intended that this policy cover all funds and investment activities of the Salinas Valley Solid Waste Authority. This investment policy applies to all Authority transactions involving the financial assets and related activity of all funds. Any additional funds that may be created from time to time shall also be administered with the provisions of this policy and comply with current State Government Code.

The Authority will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

### **AUTHORIZATION**

The Board of Directors has delegated investment authority to the Finance Manager/Treasurer. This delegation is further authorized by Section 53600, et seq. of the Government Code of the State of California, which specifies the various permissible investment vehicles, collateralization levels, portfolio limits, and reporting requirements.

## **GUIDELINES**

Government Code Section 53600.5 states: “When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objective of the trustee shall be to safeguard the principal of funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.”

Simply stated, *safety of principal* is the foremost objective, followed by *liquidity* and *return on investment* (known as yield). Each investment transaction shall seek to first ensure that capital losses are avoided, whether they are from market erosion or security defaults.

1. Government Code Section 53601 authorizes the following investment vehicles:

<u>Permitted Investments/Deposits</u>	<u>Maximum Percentages of Portfolio</u>	<u>Maximum Maturity</u>	<u>Minimum Quality Requirements</u>
U.S. Treasury Obligations	Unlimited	5 Years*	None
U.S. Agencies Obligations <sup>(g)</sup>	Unlimited	5 Years*	None
Certificates of Deposit	Unlimited	5 Years*	None
Negotiable Certificates	30%	5 Years*	None
Bankers Acceptances	40% <sup>b</sup>	180 Days	None
Commercial Paper	25% <sup>c</sup>	270 Days	A-1/P-1/F-1
L.A.I.F.	40 Million <sup>a</sup>	N/A	None
CalTRUST Investment Pool <sup>(h)</sup>	Unlimited	N/A	None
Repurchase Agreements	Unlimited	1 Year	None
Reverse Repurchase Agreements	20%	92 Days	None
Mutual Funds and Money Market			
Mutual Funds	20%	n/a	Multiple <sup>d, e</sup>
Medium Term Notes <sup>f</sup>	30%	5 Years*	“A” rating

\*Maximum term unless expressly authorized by Governing Body and within the prescribed time frame for said approval

(a) Limit set by LAIF Governing Board, not the Government Code.

(b) No more than 30 percent of the agency’s money may be in Bankers’ Acceptances of any one commercial bank.

(c) 10 percent of the outstanding commercial paper of any single corporate issuer.

(d) A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Government Code sections 53601 and 53635.

(e) A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years experience

investing in money market instruments with assets under management in excess of \$500 million.

(f) "Medium-term notes" are defined in Government Code Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating with the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S."

(g) Includes U.S. Government Sponsored Enterprise Obligations

(h) Investment Trust of California dba CalTRUST

2. Criteria for selecting investments, and the order of priority, are:

A) Safety. The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. Investments of the Salinas Valley Solid Waste Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The Authority only invests in those instruments that are considered very safe.

B) Liquidity. This refers to the ability to "cash in" at any moment with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the unexpected need for funds occurs. The Salinas Valley Solid Waste Authority investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements, which might be reasonably anticipated. It is the Authority's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars.

C) Yield. Yield is the potential dollar earnings an investment can provide, and sometimes is described as the rate of return. The Salinas Valley Solid Waste Authority investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Authority's investment risk constraints and the cash flow characteristics of the portfolio.

3. An amount of money deemed sufficient to meet one payroll and two weeks claims shall be maintained in highly liquid investment vehicles such as the State Local Agency Investment Fund, or other similar investment instrument
4. The Authority will attempt to obtain the highest yield obtainable when selecting investments, provided that criteria for safety and liquidity are met. Ordinarily, through a positive yield curve, (i.e., longer term investment rates are higher than those of shorter maturities), the Authority attempts to ladder its maturities to meet anticipated cash maturities that carry a higher rate than is available in the extremely short market of 30 days or less.
5. Most investments are highly liquid, with the exception of certificates of deposit held by banks and savings and loans. Investments in Certificate of Deposit shall be fully insured or collateralized. When insurance is pledged, it shall be through the FDIC. Collateralization shall be in the amount of 110% of principal when government securities are pledged or 150% of principal when backed

by first deeds of trust. Maturities are selected to anticipate cash needs, thereby obviating the need for forced liquidation.

6. When investing in Bankers Acceptances, Treasury Bills and Notes, Government Agency Securities and Commercial Paper, securities for these investments shall be conducted on a delivery-versus-payment basis. Securities are held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts when such delivery directly to the Authority would be impractical.
7. With the exception of Treasury Notes and other government Agency Issues, the maturity of any given investment shall not exceed 1 year.
8. Bond Proceeds shall include any notes, bonds or other instruments issued on behalf of the Salinas Valley Solid Waste Authority for which the members of the Board of Directors serve as the governing body. Should the Salinas Valley Solid Waste Authority elect to issue bonds for any purpose, the Indenture of Trust shall be the governing document specifying allowable investments for the proceeds of the issue as prescribed by law.
9. Investment income shall be shared by all funds on a proportionate ratio of each funds balance to total pooled cash with investment income distributed accordingly on a quarterly basis.
10. Investments in any other vehicle like Repurchase and Reverse Repurchase Agreements shall not be authorized unless the investment is made through the pooled money portfolio of the Local Agency Investment Fund.
11. The Treasurer shall annually render to the Board of Directors for consideration at a public meeting, a statement of investment policy. The Treasurer will also render an investment report to the Board of Directors within 30 days following the end of each calendar quarter. The monthly report shall include type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and monies held by the Salinas Valley Solid Waste Authority. The report shall state compliance with the investment policy or manner in which the portfolio is not in compliance. It shall also include a statement denoting the ability to meet the Authority's expenditure requirement for the next six months or provide an explanation as to why sufficient money shall, or may, not be available.
12. Any State of California legislative action, that further restricts allowable maturities, investment type or percentage allocations, will be incorporated into the Salinas Valley Solid Waste Authority Investment Policy and supersede any and all previous language.
13. Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or that could impair their ability to make impartial decisions.

The basic premises underlying the Authority's investment philosophy are, and will continue to be, to safeguard principal, to meet the liquidity needs of the organization and to return an acceptable yield.

June 15, 2017





## Report to the Executive Committee

### ITEM NO. 5

Finance Manager/Controller-Treasurer

General Manager/CAO

N/A

General Counsel

**Date:** June 1, 2017

**From:** Ray Hendricks, Finance Manager

**Title:** A Resolution Approving the Disposal and Service Fees Effective July 1, 2017

### RECOMMENDATION

Staff requests that the Executive Committee recommends approval of the service fees effective July 1, 2017 to the Board of Directors.

### STRATEGIC PLAN RELATIONSHIP

This is a routine operational item. It does not directly relate to the Board's Strategic Plan.

### FISCAL IMPACT

Approval of the proposed rate schedule will result in no increase in solid waste tipping fees due to an increased projected tonnage, an increase in AB939 fees of \$90,800, and an increase to the Transfer Station Surcharge of \$ .50.

### DISCUSSION & ANALYSIS

#### AB939 Fee Allocation Correction

There was an error in the formulas presented during the March rate hearing for the reallocation of AB939. Following is what was used in the approved rate schedule in March 2017:

	FY 2013-14	FY 2014-15	FY 2015-16	Total Tonnage FY 2014-16	Allocation Percentage	Annual AB939 Fee	Monthly AB939 Fee
Salinas	91,878	91,965	91,518	275,361	63.4%	1,471,169	122,597
Monterey	28,988	29,987	32,367	91,342	21.0%	488,012	40,668
Tri Cities (Combined)	15,071	15,071	15,071	45,213	10.4%	241,559	
Soledad							8,425
Greenfield							7,839
Gonzales							3,866
King City	7,422	7,422	7,422	22,266	5.1%	118,960	9,913
	143,359	144,445	146,378	434,182	100.0%	2,319,700	193,308

Following is the corrected allocation:

	FY 2013-14	FY 2014-15	FY 2015-16	Total Tonnage FY 2014-16	Allocation Percentage	Annual AB939 Fee	Monthly AB939 Fee
Salinas	91,878	91,950	91,518	275,346	63.1%	1,464,696	122,058
Monterey	28,988	30,154	32,367	91,509	21.0%	486,780	40,565
Tri Cities (Combined)	15,071	15,476	16,260	46,807	10.7%	248,989	
Soledad							8,684
Greenfield							8,080
Gonzales							3,985
King City	7,333	7,439	7,643	22,415	5.1%	119,236	9,936
	143,270	145,019	147,788	436,077	100.0%	2,319,700	193,308

The error occurred while allocating the Tri-Cities AB939 rated to the cities. Which was after the analysis of the rates was completed. The impact to the disposal rates remains unchanged to what was presented in March. Following are the March estimates.

Hauler	Service Level	Current Rate	Hauler CPI Increase	Disposal Increase	Franchise Fee Increase	Total Increase*
<b>Republic</b>	<b>32 gal</b>	\$ 24.44	\$ .27	\$ .07	\$ .12	<b>\$ .46</b>
<b>Tri Cities</b>	<b>48 gal</b>	\$ 28.10	\$ .24	\$ .09	\$ .07	<b>\$ .40</b>
<b>WM- County</b>	<b>35 gal</b>	\$ 30.78	\$ .63	\$ .10	\$ .07	<b>\$ .80</b>
<b>WM- King City</b>	<b>35 gal</b>	\$ 29.74	\$ .79	\$ .12	\$ .15	<b>\$ 1.06</b>

The haulers were notified of the error and pending correction prior to their rate hearings. The following table shows City of Salinas, and Tri-Cities rates as they were sent to City Council for approval. As is shown, the disposal increase remains the same as the original estimate, while the hauler CPI is slightly lower than the original estimate. The estimates for Waste Management remain unchanged, since newer information is unavailable.

Hauler	Service Level	Current Rate	Hauler CPI Increase	Disposal Increase	Franchise Fee Increase	Total Increase*
<b>Republic</b>	<b>32 gal</b>	\$ 24.44	\$ .26	\$ .07	\$ .12	<b>\$ .45</b>
<b>Tri Cities</b>	<b>48 gal</b>	\$ 28.10	\$ .19	\$ .09	\$ .06	<b>\$ .34</b>
<b>WM- County</b>	<b>35 gal</b>	\$ 30.78	\$ .63	\$ .10	\$ .07	<b>\$ .80</b>
<b>WM- King City</b>	<b>35 gal</b>	\$ 29.74	\$ .79	\$ .12	\$ .15	<b>\$ 1.06</b>

There are no other changes from the rate schedule approved on March 16, 2017.

## BACKGROUND

The Board approved the FY 2017-18 rates in a Public Hearing on March 16, 2017. While providing information to the haulers for their annual rate increases, a minor error was found in the calculation of the AB939 fees. The haulers were notified of the error. The corrections to the rate schedules were made prior to submitting to the City Councils. The Executive Committee, and the Board were notified of the error at the May meetings. A subsequent hearing was scheduled for the earliest possible date, June 15, 2017.

## ATTACHMENT(S)

1. Resolution and Fee Schedule

## RESOLUTION NO. 2017 –

### A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY APPROVING THE DISPOSAL AND SERVICE FEES EFFECTIVE JULY 1, 2017, RESCINDING RESOLUTION NO. 2017-07

**WHEREAS**, the Board of Directors of the Salinas Valley Solid Waste Authority held a public hearing on March 16, 2017 to review the disposal fees and rates for FY 2017-18; and,

**WHEREAS**, on March 16, 2017 the Authority Board adopted Resolution No. 2017-07 approving the Disposal and Service Fees effective July 1, 2017; and,

**WHEREAS**, an error in the AB939 allocation was subsequently found; and,

**WHEREAS** the Board of Directors of the Salinas Valley Solid Waste Authority held a second public hearing on June 15, 2017 to review the disposal fees and rates for FY 2017-18; and,

**WHEREAS** said AB939 fee will be calculated as the full cost of AB939 services, less offsetting revenue and will be allocated to franchise haulers based upon their proportionate share of landfilled tonnage in the previous three fiscal years; and,

**WHEREAS**, a \$0.50 per ton increase in the Franchise Transportation Surcharge is necessary to pay for the transportation of Franchise Waste; and,

**WHEREAS**, other minor adjustments are necessary to the rate schedule; and,

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Salinas Valley Solid Waste Authority that the Disposal Fees and Rates Schedule attached hereto as "Exhibit A" is hereby approved to become effective July 1, 2017, and Resolution 2017-07 is hereby rescinded; and,

**BE IT FURTHER RESOLVED** that the General Manager/CAO is hereby authorized to make adjustments to the Disposal Fees and Rates Schedule on a case by case basis for recyclable/diverted materials where there is a clear benefit to the Authority or when there is an instance or a situation not covered by the Disposal Fees and Rates Schedule. In such instances, the Board of Directors will be notified at the next scheduled meeting.

**PASSED AND ADOPTED** by the Board of Directors of the Salinas Valley Solid Waste Authority at a meeting duly held on the 17th day of March 2017, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ATTEST:

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Simón Salinas, President

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Erika J. Trujillo, Clerk of the Board

**SALINAS VALLEY SOLID WASTE AUTHORITY****PROPOSED DISPOSAL AND SERVICE FEES**

Effective July 1, 2017

Note: Usefulness and suitability of materials is subject to scale house personnel's discretion.

	Current Fee or Rate	
<u>LANDFILLED MATERIALS</u>		
<u>Franchise Haulers (Class III Solid Waste)</u>	\$	68.50 Per Ton
<u>Self Haul Loads at all Sites</u>		
Minimum charge per load (up to 500 lbs.)	\$	16.00 Per Load
Loads weighing between 501 and 999 lbs.	\$	32.00 Per Load
Loads weighing 1,000 lbs. and above	\$	68.50 Per Ton
<u>Fumigation or Mulch Plastic/Drip Tape - Johnson Canyon only</u>		
Loads weighing 500 lbs. or less	\$	18.75 Per Load
Loads weighing between 501 and 999 lbs.	\$	37.50 Per Load
Loads weighing 1,000 pounds and above	\$	75.00 Per Ton
<u>Nonfriable Asbestos</u>	\$	90.00 Per Ton
Up to 1 cubic yard w/o pre-approval) wetted and double bagged		
<u>Special Handling Charge (in addition to cost per ton) - Johnson Canyon only</u>		
Remediated Soil Handling	\$	100.00 Each
Certified Burials (under 20' trailer)	\$	105.00 Each
Certified Burials (20' and over trailer)	\$	210.00 Each
<u>Special Handling Charge (in addition to cost per ton)</u>		
Unloading Assistance (Per Person, 1 hour minimum)	\$	75.00 Hour
Pull Off / Push Off Assistance	\$	50.00 Each
<u>Tarps</u>	\$	10.00 Each
Untarped Loads	Additional 50% of the Required Fee	
<u>Compost Bins</u>	\$	49.95 Each
<u>*Soil (Loaded by the Customer) - Johnson Canyon</u>	\$	1.00 Per Cubic Yard Up to 500 C.Y.

**AB939 Fees**

AB939 Fees Total	\$	2,319,700	Annual
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Fee is charged to franchise haulers based on prior three years of tonnage:

Fee allocation is as follows:

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>Total Tonnage FYE 2014-16</b>	<b>Allocation Percentage</b>	<b>Annual AB939 Fee</b>	<b>Monthly AB939 Fee</b>
Salinas	91,878	91,950	91,518	275,346	63.1%	1,464,696	122,058
Monterey	28,988	30,154	32,367	91,509	21.0%	486,780	40,565
Tri Cities (Combined)	15,071	15,476	16,260	46,807	10.7%	248,989	
Soledad							8,684
Greenfield							8,080
Gonzales							3,985
King City	7,333	7,439	7,643	22,415	5.1%	119,236	9,936
	<u>143,270</u>	<u>145,019</u>	<u>147,788</u>	<u>436,077</u>	<u>100.0%</u>	<u>2,319,700</u>	<u>193,308</u>

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**PROPOSED DISPOSAL AND SERVICE FEES**

Effective July 1, 2017

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**Current  
Fee or Rate**

**SOURCE SEPARATED DIVERTIBLE MATERIALS**

**Cardboard**

No Charge

**Recyclable plastic and glass containers, aluminum and paper**

No Charge

**Metal including appliances without freon**

No Charge

**Construction and Demolition materials**

Clean Construction & Demolition	\$	58.00	Per Ton
Minimum charge per load (up to 500 lbs.)	\$	14.50	Per Load
Loads weighing between 501 and 999 lbs.	\$	29.00	Per Load
Loads weighing 1,000 lbs. and above	\$	58.00	Per Ton

**Mattresses and box springs (in recyclable condition)**

Mattresses and Box Springs (5 or less)	No Charge
Mattresses and Box Springs (6 or more)	\$ 5.00 Each

**Green waste and Wood**

Minimum charge up to 500 lbs.	\$	10.00	Per Load
Loads weighing between 501 and 999 lbs.	\$	17.00	Per Load
Loads weighing 1,000 lbs. and above	\$	33.50	Per Ton

Wood Stumps (3 feet and over in diameter) & Tree limbs	\$	68.50	Per Ton
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**Green waste Contamination**

Curbside Truck, 2-3.5 cubic yards of contamination	\$	125.00	per load
Curbside Truck, 3.6-6 cubic yards of contamination	\$	210.00	per load
Curbside Truck, more than 6 cubic yards of contamination	\$	255.00	per load

Transfer Truck, 7-8.5 cubic yards of contamination	\$	125.00	per load
Transfer Truck, 8.6-10 cubic yards of contamination	\$	210.00	per load
Transfer Truck, more than 10 yards of contamination	\$	255.00	per load

**Soil and Aggregate (Johnson Canyon Landfill only)**

Clean Fill Dirt (up to 10 c.y. without pre-approval)	\$	14.00	Per Ton
Asphalt (suitable for road base)	\$	1.00	Per Ton
Concrete (suitable for road base - no rebar)	\$	1.00	Per Ton
Concrete with rebar/pipe	\$	10.00	Per Ton

**Biosolids/Alternative Daily Cover (Johnson Canyon Landfill only and subject to pre-approval)**

\$	28.00	Per Ton
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**Tires (without rims only)**

Auto/Light Truck Tires less than 42"	\$	2.00	Each
Auto/Light Truck Tires more than 42"	\$	10.00	Each
Commercial Tires	\$	75.00	Each
Equipment Tires	\$	150.00	Each
Altered Tires (split, sliced, quartered)	\$	68.50	Per Ton

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Effective July 1, 2017

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	Current Fee or Rate	
<b><u>HOUSEHOLD HAZARDOUS WASTE AT COLLECTION FACILITIES</u></b>		
All commercial customers		
Households outside the Authority's service area		
	<b>Minimum charge \$1.50 per lb.</b>	
Absorbent	\$ 1.50	Per Lb.
Absorbent	\$ 8.00	Per Bag
Acids/Bases	\$ 1.50	Per Lb.
Aerosols	\$ 1.25	Per Can
Antifreeze	\$ 1.50	Per Lb.
Environmentally Hazardous Substances (Reactive and Solvents)	\$ 5.00	Per Lb.
Flammable Liquids	\$ 1.50	Per Lb.
Flammable Sludge	\$ 1.50	Per Lb.
Motor Oil - contaminated	\$ 1.50	Per Lb.
Oil Filters (autos and small trucks)	\$ 1.50	Each
Oil Filters (trucks and equipment)	\$ 10.00	Each
Oxidizers	\$ 1.50	Per Lb.
Paint and Paint Related Materials	\$ 1.50	Per Lb.
Pesticides	\$ 1.50	Per Lb.
Toxic Solids	\$ 1.50	Per Lb.
Household Hazardous Waste (HHW) Clean-up Service Fee (1 hour minimum)	\$ 75.00	Per Hour of Labor
Household Hazardous Waste (HHW) Sorting Fee	\$ 25.00	Per customer
<b><u>Appliances and Air Conditioners</u></b>		
Without refrigerant	No Charge	
With refrigerant	\$ 15.00	Each
<b><u>Gas Cylinders (Propane, helium, fire extinguishers only)</u></b>		
Must be empty with valve open		
1 liter	\$ 1.50	Each
5 gallons	\$ 8.00	Each
<b><u>Sharps Disposal (from residences only)</u></b>		
Used needles and lancets (in an approved container)	No Charge	
<b><u>Sharps Containers (for household use)</u></b>		
3 Quart Container	\$ 5.00	Each

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***PROPOSED DISPOSAL AND SERVICE FEES***

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**Current  
Fee or Rate**

**UNIVERSAL WASTE AT HHW COLLECTION FACILITIES**

	Minimum charge \$1.50 per pound		
Batteries			
Alkaline or Rechargeable A, AA, AAA, B, C, D and 6 volt	\$	1.50	Per Lb.
Nickel-Cadmium, Lithium, Silver Oxide-Hydride Cells, Lead Gel Cells, Nickel-Metal, and Lithium			
UPS/Automobile and Light Truck Batteries		No Charge	
CRT (televisions and computer monitors)		No Charge	
Cell Phones		No Charge	
Computers, keyboard and printers		No Charge	
Copiers, mimeographs, facsimile machines		No Charge	
Compact Fluorescent Bulbs	\$	1.50	Per Lb.
Fluorescent Lamps	\$	1.50	Per Lb.
Halogen, High Pressure Sodium Tubes	\$	1.50	Per Lb.
Fluorescent Ballasts (PCB)	\$	2.00	Per Lb.
Kitchen appliances: microwaves, toaster, toaster ovens		No Charge	
Mercury	\$	7.00	Per Lb.
Mercury thermostats, thermometers or switches	\$	1.00	Each
Toner, developer, ink cartridges (office use)	\$	1.50	Per Lb.
Toner and developer (industrial use)	\$	1.50	Per Lb.

**ADMINISTRATIVE & SPECIAL FEES**

FranchiseTransportation Surcharge	\$	17.50	Per Ton
Agenda Packets for Board or Executive Committee	\$	116.00	Annually
Agendas Only	\$	26.00	Annually
Agendas Only for Public Agencies	\$	18.00	Annually
Reproduction of Public Records	\$	0.10	Per Page
Copies of Weight Tags	\$	20.00	Each
Returned Check Fee	\$	25.00	Each
Finance Charge on accounts 30+ Days Past Due	1.5% per mo., 18% annually		
Media duplication for disks, cds, tapes	Actual Cost		
	\$5.00 Min.		Each
Plans & Specifications for Construction Projects	Actual Cost		
	\$15.00 Min.		Per Set
Full Size Plans for Construction Projects	Actual Cost		
	\$15.00 Min		Per Set



## Report to the Executive Committee

**Date:** June 1, 2017  
**From:** Patrick Mathews, General Manager / CAO  
**Title:** Authority's Personnel Organizational Structure

### ITEM NO. 6

N/A

Finance Manager/Controller-Treasurer

N/A

General Counsel

N/A

General Manager/CAO

**A REPORT WILL BE GIVEN  
AT THE MEETING**



**SVR Agenda Items - View Ahead 2017**
**Item No. 7**

	Jun	24-Jul	Aug	Sep	Oct	Nov
<b>A</b>						
1	Minutes	QTE June Cash & Investments	A. Minutes 6/15/17 B. Minutes 724//17	Minutes	Minutes	Minutes
2	Claims/Financials (EC)	<b>RETREAT</b>  <b>STRATEGIC PLAN</b>  <b>6-MONTH OBJECTIVES</b>	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)
3	Member Agencies Activities Report		Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report
4	Contract Amendment & LTFN EIR Qtrly Update (sp)		Strategic Plan Update	Strategic Plan Update	Strategic Plan Update	Strategic Plan Update
5	CERBT - OPEB Funding (EC)		2nd Qtr Tonnage & Diversion Report	New FY Grants & CIP Budget (EC)	LTFN EIR Qtrly Update (sp)	3rd Qtr Tonnage & Diversion Report
6	SVR Facilities Energy Projects (sp)		QTE June Cash & Investments	<b>2016-2017 SVR Annual Report</b>	QTE September Cash & Investments	Fund Balance Reserves (EC)
7	Board Public Outreach Participation (sp)		QTE June Facilities Customer Survey		QTE September Facilities Customer Survey	<b>Audit Report Previous FY (EC)</b>
8	Groundwater Services Agreement		Emergency Plan Expansion Report (sp)		Annual County Used Oil Report	<b>New Officers Nominating Committee</b>
9	FY Investment Policy (EC)		<b>Annual Tonnage &amp; Diversion Performance Report</b>		COI Code updates	<i>GM Evaluation</i>
10	<b>Public Hearing: Fee Sched Amend (EC)</b>		<i>Management and Non-Management MOUs</i>		BD/EC Meetings Schedule	
11	<b>Strategic Plan Update</b>				CAG Annual Report	
12	<b>Social Media Progress Report (sp)</b>				<b>Annual Franchise Haulers Performance Rpt</b>	
13	<b>CEQA Feedback Survey Results (sp)</b>					
14	<b>Debugging Equipment Report (sp)</b>					
15	<b>Organizational Change Discussion (EC Only)</b>					
16						

Consent
Presentation
Consideration
<i>Closed Session</i>
<b>[Other]</b> (Public Hearing, Recognition, Informational, etc.) <b>(EC)</b> Executive Committee <b>(sp)</b> Strategic Plan Item