



Agenda

EXECUTIVE COMMITTEE

THURSDAY, November 2, 2017

4:00 p.m.

Conference Room

128 Sun Street, Suite 101, Salinas, California

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 at the discretion of the Chair.

CONSIDERATION ITEMS

1. [Minutes of October 5, 2017 Meeting](#)
 - A. Committee Discussion
 - B. Public Comment
 - C. Recommended Committee Action – Approval
2. [September 2017 Claims and Financial Reports](#)
 - A. Receive a report from Finance and Administration Manager Ray Hendricks
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Forward to the Board and Recommend Approval
3. [A Resolution Approving the Allocation of Cash Balances for Fiscal Year 2016-17, and Supplemental Appropriation from CIP 9527 – JC Module 7 Engineering and Construction](#)
 - A. Receive a report from Finance and Administration Manager Ray Hendricks
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Forward to the Board and Recommend Approval

PRESENTATIONS

4. [Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017](#)
 - A. Receive a report from Finance and Administration Manager Ray Hendricks
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Accept Report

FUTURE AGENDA ITEMS

5. [Future Agenda Items – View Ahead Calendar](#)

CLOSED SESSION

Receive public comment from audience before entering into closed session:

6. Pursuant to **Government Code Section 54956.8** to confer with General Counsel and real property negotiators General Manager/CAO Patrick Mathews, Asst. General Manager/Operation Manager Cesar Zuniga, and Legal Counsel, concerning the possible terms and conditions of acquisition, lease, exchange or sale of 1) Salinas Valley Solid Waste Authority Property, APNs 003-051-086 and 003-051-087, located at 135-139 Sun Street, Salinas, CA, and 2) Harrison Rd & Sala Rd, Salinas, CA 93907, APN 113-091-017
7. Pursuant to **Government Code Section 54957.6** to provide instruction to General Manager/CAO Patrick Mathews to negotiate salaries and benefits with SVSWA employees - management and non-management.
8. Pursuant to **Government Code Section 54957 (b)** to consider the Performance Evaluation of the General Manager/Chief Administrative Officer Patrick Mathews.

RECONVENE

ADJOURNMENT

This meeting agenda was posted at the Salinas Valley Solid Waste Authority office at 128 Sun Street, Suite 101, Salinas, on **Thursday, October 26, 2017**. The Executive Committee will next meet in regular session on **Thursday, December 7, 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.salinasvalleyrecycles.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
October 05, 2017**

DRAFT

CALL TO ORDER

President Salinas called the meeting to order at 4:00 p.m.

Committee Members Present

Simón Salinas	President
Robert Cullen	Vice President
Gloria De La Rosa	Alternate Vice President

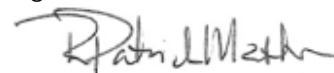
Staff Members Present

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

Elia Zavala, *Contracts and Grants Analyst*
Erika J. Trujillo, *Clerk of the Board*
Thomas Bruen, *General Counsel*
(via telephone)

ITEM NO. 1

Agenda Item



General Manager/CAO

N/A

General Counsel

GENERAL MANAGER AND DEPARTMENT MANAGER COMMENTS

(4:01) General Manager Mathews provided the members with the articles "Surprise OCC price drop seen as latest sign China is serious about new trade policy" and "China's trade policies make dent in stock prices of top companies" from *Waste Dive* for their review.

COMMITTEE COMMENTS

Director Cullen reported on the phone call he received from the Authorities Finance Auditors. He also informed staff that Richard Casey, resident of King City, contacted him requesting the review of his lease with the Authority for the excess land at the Jolon Road Transfer Station, and commended what the Authority on the improvements done since the takeover of the operations at the Jolon Road Transfer Station.

PUBLIC COMMENT

None

CONSIDERATION ITEMS

1. Minutes of September 7, 2017, Meeting

(4:07)

Public Comment: None

Committee Action: Alternate Vice President De La Rosa made a motion to approve the minutes as presented. Vice President Cullen seconded the motion. The motion passed unanimously; 3-0.

2. August 2017 Claims and Financial Reports

(4:08) Finance and Administration Manager Hendricks provided a report on the current Authority finances, indicating that finances are trending and are comparable to last year.

Public Comment: None

Committee Discussion: The Committee discussed the report.

Committee Action: Vice President Cullen made a motion to forward to the Board recommending approval. Alternate Vice President De La Rosa seconded the motion. The motion passed unanimously; 3-0

3. A Resolution Approving Supplemental Appropriation of \$379,335 for Monterey Bay Air Resources Board FY18 AB2766 Motor Vehicle Emission Reduction Grant Program

(4:11) Finance and Administration Manager Hendricks provided a report on the awarded grant to the Authority from the Monterey Bay Air Resources Board that would allow the purchase of two new Compressed Natural Gas (CNG) transfer trucks. He indicated that if the Board accepts the awarded grant funds a request for proposals will be released and the results will be presented to the Board for approval. Mr. Hendricks reported that the Authority has received over \$1.8 million in awarded grant funds in the last couple of months.

Public Comment: None

Committee Discussion: The Committee discussed the report commending staff for the awarded grants.

Committee Action: Vice President De La Rosa made a motion to forward the report to the Board of Directors recommending approval. President Cullen seconded the motion. The motion passed; 3-0

FUTURE AGENDA ITEMS

4. Agenda Items – View Ahead

(4:16) The committee reviewed the future agenda items with General Manager/CAO Mathews noting the Audit report, Board policy updates, and the benefits and salaries negotiations with management and non-management employees are all scheduled for the regular Board of Directors November meeting.

ADJOURNMENT

(4:20) 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: November 2, 2017

From: C. Ray Hendricks, Finance and Administration Manager

Title: September 2017 Claims and Financial Reports

RECOMMENDATION

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

DISCUSSION & ANALYSIS

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

Results of Operations (Consolidated Statement of Revenues and Expenditures)

For the month of September 2017, operating revenues exceeded expenditures by \$729,308. Fiscal year 2017-2018 to date operating revenue exceeded expenditures by \$822,848.

Revenues (Consolidated Statement of Revenues and Expenditures)

After three months of the fiscal year, (25.00% of the fiscal year), revenues total \$5,473,389 or 29.8% of the total annual revenues forecast of \$18,364,750. September Tipping Fees totaled \$1,223,889 and for the year to date totaled \$3,715,405 or 30.6% of the forecasted total of \$12,158,750.

Operating Expenditures (Consolidated Statement of Revenues and Expenditures)

As of September 30, (25.00% of the fiscal year), year-to-date operating expenditures total \$4,650,541. This is 27.8% of the operating budget of \$16,720,000.

Capital Project Expenditures (Consolidated Grant and CIP Expenditures Report)

For the month of September 2017, capital project expenditures totaled \$37,844. \$21,833 of the total was for Long Range Facility Needs EIR.

The FY 2017-18 Capital Improvement Projects Budget is approved with carryovers by the Board separate from the Operating Budget. The Capital Improvement Projects Budget was continued from the October meeting and will be presented to the Board at the November meeting.

Claims Checks Issued Report

The Authority's Checks Issued Report for the month of September 2017 is attached for review and acceptance. September disbursements total \$1,057,416.60 of which

\$621,620.93 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 September 2017.

Vendor	Service	Amount
VISION RECYCLING INC	MONTHLY GREENWASTE & WOODWASTE PROCESSING	75,204.44

Cash Balances

The Authority's cash position increased \$1,022,943.88 during September to \$22,827,026.26. Most of the cash balance is restricted, committed, or assigned as shown below. FY 2016-17 Cash surpluses have not been allocated as of September 30, 2017:

Restricted by Legal Agreements:

CERBT - OPEB Trust	\$ 438,000.00
Johnson Canyon Closure Fund	3,917,139.32
State & Federal Grants	151,344.11
BNY - Bond 2014A Payment	-
BNY - Bond 2014B Payment	-
BNY - Sub Pmt Cap One 2014 Eq Lease	-
GEO Deposit (CEQA)	(2,271.47)

Funds Held in Trust:

Central Coast Media Recycling Coalition	70,925.97
Employee Unreimbursed Medical Claims	2,349.80

Committed by Board Policy:

Undesignated Fund Surplus at 06-30-2017	3,949,367.12
AB939 Services	314,701.50
Designated for Capital Projects Reserve	1,138,128.87
Designated for Environmental Impairment Reserve	593,903.31
Designated for Operating Reserve	593,903.31
Expansion Fund (South Valley Revenues)	8,258,861.61
Salinas Rate Stabilization Fund	24,324.06

Assigned by Budget

Assigned for Capital Projects	3,788,389.82
-------------------------------	--------------

Available for Operations	(412,041.07)
--------------------------	--------------

Total	<u>\$ 22,827,026.26</u>
-------	-------------------------

ATTACHMENTS

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



Salinas Valley Solid Waste Authority

Consolidated Grant and CIP Expenditure Report

For Period Ending September 30, 2017

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
Fund 180 - Expansion Fund							
180 9804 Long Range Facility Needs EIR	0	14,950	16,115	0.0 %	(16,115)	0	(16,115)
180 9805 Harrison Road	0	0	0	0.0 %	0	0	0
180 9806 Long Range Financial Model	0	0	0	0.0 %	0	0	0
180 9807 GOE Autoclave Final Project	0	0	0	0.0 %	0	0	0
Total Fund 180 - Expansion Fund	0	14,950	16,115	0.0 %	(16,115)	0	(16,115)
Fund 211 - State Grants							
211 9206 HHW HD25-15-0003	0	542	602	0.0 %	(602)	0	(602)
211 9209 Tire Derived Aggregate 5-15-0004	0	0	1,533	0.0 %	(1,533)	0	(1,533)
211 9213 Tire Amnesty 2017-18	62,832	0	0	0.0 %	62,832	0	62,832
211 9214 Organics Program 2016-17	1,341,865	0	0	0.0 %	1,341,865	0	1,341,865
211 9247 Cal Recycle - CCPP	0	0	2,401	0.0 %	(2,401)	0	(2,401)
211 9251 Cal Recycle - 2015-16 CCPP	0	925	5,288	0.0 %	(5,288)	6,282	(11,570)
211 9252 Cal Recycle - 2016-17 CCPP	61,955	0	0	0.0 %	61,955	0	61,955
Total Fund 211 - State Grants	1,466,652	1,467	9,824	0.7 %	1,456,828	6,282	1,450,546
Fund 216 - Reimbursement Fund							
216 9802 Autoclave Demonstration Unit	0	0	0	0.0 %	0	0	0
216 9804 Long Range Facility Needs EIR	0	6,883	6,883	0.0 %	(6,883)	0	(6,883)
Total Fund 216 - Reimbursement Fund	0	6,883	6,883	0.0 %	(6,883)	0	(6,883)
Fund 800 - Capital Improvement Projects Fund							
800 9103 Closed Landfill Revenue Study	0	0	0	0.0 %	0	0	0
800 9316 CH Corrective Action Program	0	0	0	0.0 %	0	0	0
800 9319 CH LFG System Improvements	0	0	0	0.0 %	0	0	0
800 9401 LR LFG Replacement	0	13,341	15,010	0.0 %	(15,010)	241	(15,252)
800 9402 LFG Well Replacement	30,000	0	0	0.0 %	30,000	0	30,000
800 9501 JC LFG System Improvements	0	0	0	0.0 %	0	0	0



Salinas Valley Solid Waste Authority

Consolidated Grant and CIP Expenditure Report

For Period Ending September 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 9506 JC Litter Control Barrier	50,000	0	0	0.0 %	50,000	0	50,000
800 9507 JC Corrective Action	0	0	0	0.0 %	0	0	0
800 9508 JC Drainage Modifications	0	0	0	0.0 %	0	0	0
800 9509 JC Groundwater Wells	0	1,203	1,203	0.0 %	(1,203)	0	(1,203)
800 9510 JC LFG System (Vertical Wells)	60,000	0	0	0.0 %	60,000	0	60,000
800 9511 JC LFG System (Horizontal Wells)	30,000	0	0	0.0 %	30,000	0	30,000
800 9526 JC Equipment Replacement	50,000	0	0	0.0 %	50,000	0	50,000
800 9527 JC Module 7 Engineering and Cons	540,000	0	0	0.0 %	540,000	0	540,000
800 9528 JC Roadway Improvements	0	0	0	0.0 %	0	0	0
800 9529 JC Leachate Handling Sys	0	0	0	0.0 %	0	0	0
800 9601 JR Transfer Station Improvements	84,000	0	0	0.0 %	84,000	0	84,000
800 9602 JR Equipment Purchase	0	0	0	0.0 %	0	0	0
800 9701 SSTS Equipment Replacement	300,000	0	56,154	18.7 %	243,846	0	243,846
Total Fund 800 - Capital Improvement Proje	1,144,000	14,544	72,368	6.3 %	1,071,632	241	1,071,391
Total CIP Expenditures	2,610,652	37,844	105,190	4.0 %	2,505,462	6,523	2,498,939



Salinas Valley Solid Waste Authority

Consolidated Statement of Revenues and Expenditure

For Period Ending September 30, 2017

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
<u>Revenue Summary</u>							
Tipping Fees - Solid Waste	12,158,750	1,223,889	3,715,405	30.6 %	8,443,345	0	8,443,345
Tipping Fees - Surcharge	1,803,000	173,312	531,836	29.5 %	1,271,164	0	1,271,164
Tipping Fees - Diverted Materials	1,442,700	200,383	622,126	43.1 %	820,574	0	820,574
AB939 Service Fee	2,309,800	193,308	579,924	25.1 %	1,729,876	0	1,729,876
Charges for Services	124,500	0	0	0.0 %	124,500	0	124,500
Sales of Materials	244,000	49,113	71,139	29.2 %	172,861	0	172,861
Gas Royalties	220,000	(68,866)	(68,866)	-31.3 %	288,866	0	288,866
Investment Earnings	62,000	5,783	16,855	27.2 %	45,145	0	45,145
Grants/Contributions	0	0	0	0.0 %	0	0	0
Other Non-Operating Revenue	0	49	4,969	0.0 %	(4,969)	0	(4,969)
Total Revenue	18,364,750	1,776,971	5,473,389	29.8 %	12,891,361	0	12,891,361
<u>Expense Summary</u>							
Executive Administration	444,250	33,894	85,435	19.2 %	358,815	1,274	357,541
Administrative Support	535,850	44,736	120,822	22.5 %	415,028	110,735	304,293
Human Resources Administration	371,000	15,515	41,293	11.1 %	329,707	3,053	326,654
Clerk of the Board	170,750	15,934	44,228	25.9 %	126,522	3,083	123,439
Finance Administration	691,450	62,546	160,722	23.2 %	530,728	6,519	524,209
Operations Administration	464,900	34,404	84,879	18.3 %	380,021	2,443	377,578
Resource Recovery	809,650	84,025	191,773	23.7 %	617,877	7,302	610,575
Marketing	75,000	8,472	9,117	12.2 %	65,883	59,636	6,247
Public Education	226,500	3,216	13,365	5.9 %	213,135	109,826	103,309
Household Hazardous Waste	782,600	47,600	119,366	15.3 %	663,234	26,818	636,416
C & D Diversion	140,000	0	38,090	27.2 %	101,910	81,910	20,000
Organics Diversion	796,200	75,204	147,811	18.6 %	648,389	648,389	0
Diversion Services	18,000	0	1,600	8.9 %	16,400	0	16,400



Salinas Valley Solid Waste Authority

Consolidated Statement of Revenues and Expenditure

For Period Ending September 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	531,950	61,123	134,514	25.3 %	397,436	12,903	384,533
JR Transfer Station	346,600	30,995	78,847	22.7 %	267,753	17,079	250,674
JR Recycling Operations	153,700	11,074	22,170	14.4 %	131,530	0	131,530
ML Transfer Station	265,000	0	47,095	17.8 %	217,905	217,905	0
SS Disposal Operations	713,600	72,524	229,261	32.1 %	484,339	43,830	440,509
SS Transfer Operations	1,082,700	103,834	336,507	31.1 %	746,193	5,646	740,547
SS Recycling Operations	693,100	54,885	119,539	17.2 %	573,561	62,431	511,130
JC Landfill Operations	2,376,550	147,227	474,969	20.0 %	1,901,581	252,080	1,649,501
JC Recycling Operations	383,800	25,212	52,931	13.8 %	330,869	0	330,869
Crazy Horse Postclosure Maintenance	610,200	39,529	102,493	16.8 %	507,707	174,987	332,720
Lewis Road Postclosure Maintenance	227,200	15,699	59,285	26.1 %	167,915	75,638	92,277
Johnson Canyon ECS	311,300	15,459	34,227	11.0 %	277,073	133,361	143,712
Jolon Road Postclosure Maintenance	214,350	4,939	122,736	57.3 %	91,614	20,790	70,824
Sun Street ECS	186,300	13,654	29,943	16.1 %	156,357	99,353	57,004
Debt Service - Interest	1,619,100	0	816,418	50.4 %	802,682	0	802,682
Debt Service - Principal	1,229,900	0	852,068	69.3 %	377,832	0	377,832
Closure Set-Aside	248,500	25,963	79,040	31.8 %	169,460	0	169,460
Total Expense	16,720,000	1,047,663	4,650,541	27.8 %	12,069,459	2,176,992	9,892,467
Revenue Over/(Under) Expenses	1,644,750	729,308	822,848	50.0 %	821,902	(2,176,992)	2,998,894

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2017 to 9/30/2017

Check #		Check Date	Amount	Check Total
18988	FULL STEAM STAFFING LLC JC CONTRACT LABOR	9/6/2017	705.60	705.60
18989	ACE HARDWARE CORPORATION LR FLARE INSTALL	9/7/2017	264.60	264.60
18990	ADMANOR, INC CCRMC MARKETING MEDIA CAMPAIGN - MARKETING	9/7/2017	15,108.46 4,864.00	19,972.46
18991	AECOM TECHNICAL SERVICES, INC. PROJECT DESIGN AND CEQA SERVICES	9/7/2017	20,650.17	20,650.17
18992	ASBURY ENVIRONMENTAL SERVICES MONTHLY HHW USED OIL HAULING & DISPOSAL	9/7/2017	160.00	160.00
18993	AT&T SERVICES INC MONTHLY TELEPHONE SERVICE	9/7/2017	355.81	355.81
18994	BC LABORATORIES, INC ALL SITES WATER LAB ANALYSIS	9/7/2017	30.00	30.00
18995	CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS CSMFO - CHAPTER EVENT	9/7/2017	40.00	40.00
18996	CALIFORNIA WATER SERVICE SSTS & JR WATER SERVICE	9/7/2017	290.82	290.82
18997	CLINTON HENDRICKS FOUNDATION OF LABOR RELATIONS - TRAVEL REIMBURSEMENT	9/7/2017	670.82	670.82
18998	COAST COUNTIES TRUCK & EQUIPMENT CO. SSTS EQUIPMENT MAINTENANCE	9/7/2017	11.14	11.14
18999	CSC OF SALINAS/YUMA SSTS EQUIPMENT MAINTENANCE	9/7/2017	5.56	5.56
19000	CULTURAL COMMITTEE OF SALINAS EL GRITO SPONSORSHIP	9/7/2017	1,500.00	1,500.00
19001	DOUGLAS NOLAN ROCK STEADY JUGGLING SCHOOL ASSEMBLY PROGRAM	9/7/2017	2,500.00	2,500.00
19002	ENRIQUE CARRILLO JR. SSTS, JC & JR VEHICLE MAINTENANCE	9/7/2017	2,835.00	2,835.00
19003	ERIKA TRUJILLO CSDA CONFERENCE: PER DIEM	9/7/2017	217.00	217.00
19004	ERNEST BELL D. JR ADMIN, SSTS & JC JANITORIAL SERVICES	9/7/2017	3,412.00	3,412.00
19005	ERNEST KIM LEONARDICH CH FACILITY MAINTENANCE	9/7/2017	642.50	642.50
19006	FERGUSON ENTERPRISES INC #795 LR FLARE INSTALL SUPPLIES	9/7/2017	39.08	39.08

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2017 to 9/30/2017

Check #		Check Date	Amount	Check Total
19007	FIRST ALARM QUARTERLY ALL SITES ALARM SERVICE	9/7/2017	333.00	333.00
19008	FIRST NIGHT MONTEREY, INC GREENFIELD HARVEST FESTIVAL SPONSORSHIP	9/7/2017	2,000.00	2,000.00
19009	FULL STEAM STAFFING LLC JC, SSTS & JR CONTRACT LABOR	9/7/2017	7,974.04	7,974.04
19010	GOLDEN STATE TRUCK & TRAILER REPAIR SSTS EQUIPMENT MAINTENANCE	9/7/2017	10,021.62	10,021.62
19011	GONZALES ACE HARDWARE JRTS FACILITY MAINTENANCE	9/7/2017	53.00	53.00
19012	GRAINGER LR FLARE INSTALL SUPPLIES	9/7/2017	488.86	488.86
19013	GREEN RUBBER - KENNEDY AG, LP ALL SITES SUPPLIES	9/7/2017	288.60	288.60
19014	GREEN VALLEY INDUSTRIAL SUPPLY, INC LR LFG INSTALL SUPPLIES JRTS FACILITY MAINTENANCE	9/7/2017	124.13 185.48	309.61
19015	GUARDIAN SAFETY AND SUPPLY, LLC SSTS SAFETY SUPPLIES	9/7/2017	126.45	126.45
19016	GUERITO ALL SITES PORTABLE TOILETS	9/7/2017	1,028.00	1,028.00
19017	HD SUPPLY CONSTRUCTION SUPPLY, LTD BRANCH #6186 CH FACILITY MAINTENANCE	9/7/2017	153.80	153.80
19018	HERC RENTALS INC. LR LFG INSTALL EQUIPMENT RENTAL	9/7/2017	213.04	213.04
19019	INFINITY STAFFING SERVICES, INC. SSTS CONTRACT MAINTENANCE	9/7/2017	1,161.00	1,161.00
19020	JENNY MITCHELL CRRRA CONFERENCE TRANSPORTATION	9/7/2017	9.10	9.10
19021	MARTA M. GRANADOS FY17-18 BD MEETING INTERPRETER	9/7/2017	180.00	180.00
19022	MAURY R. TRELEVEN CRRRA CONFERENCE LODGING REIMBURSEMENT	9/7/2017	375.00	375.00
19023	MCGILLOWAY, RAY, BROWN & KAUFMAN FINANCE AUDIT SERVICES	9/7/2017	2,152.50	2,152.50
19024	MONTEREY COUNTY SHERIFF'S OFFICE JR ANNUAL ALARM PERMIT	9/7/2017	30.00	30.00
19025	OFFICE DEPOT OFFICE SUPPLIES	9/7/2017	410.42	410.42

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2017 to 9/30/2017

Check #		Check Date	Amount	Check Total
19026	QUINN COMPANY ALL SITES EQUIPMENT MAINTENANCE	9/7/2017	1,952.21	1,952.21
19027	SCALES UNLIMITED SS & JC SCALE MAINTENANCE	9/7/2017	2,606.00	2,606.00
19028	STURDY OIL COMPANY SSTS EQUIPMENT MAINTENANCE	9/7/2017	868.63	868.63
19029	TRI-COUNTY FIRE PROTECTION, INC. SSTS SAFETY SERVICES	9/7/2017	77.02	77.02
19030	TRUCKSIS ENTERPRISES INCORPORATED SCHOOL RECYCLING REVIEW FLIERS	9/7/2017	287.10	287.10
19031	VALLEY PACIFIC PETROLEUM SERVICES, INC. JC EQUIPMENT MAINTENANCE	9/7/2017	4,736.64	4,736.64
19032	WRIGHT EXPRESS FINANCIAL SERVICES CORPORATION ALL SITES VEHICLE FUEL	9/7/2017	2,223.05	2,223.05
19033	AT&T SERVICES INC MONTHLY TELEPHONE SERVICE	9/14/2017	324.18	324.18
19034	BANK OF NEW YORK FINANCE BANK SERVICE FEE	9/14/2017	1,250.00	1,250.00
19035	BECKS SHOES AND REPAIR JC SAFETY SUPPLIES	9/14/2017	204.30	204.30
19036	CALIFORNIA HIGHWAY ADOPTION CO. MONTHLY HIGHWAY LITTER CLEANUP SERVICES	9/14/2017	550.00	550.00
19037	CALPELRA NEGOTIATIONS SIMULATION AND STRATEGY ANNUAL CONFERENCE REGISTRATION	9/14/2017	375.00 757.00	1,132.00
19038	CARDLOCK FUELS SYSTEM, INC. ALL SITES FUEL	9/14/2017	16,560.04	16,560.04
19039	CUTTING EDGE SUPPLY JC & JR EQUIPMENT MAINTENANCE	9/14/2017	1,518.63	1,518.63
19040	DEBORAH L CUTLER SSTS EQUIPMENT MAINTENANCE	9/14/2017	200.00	200.00
19041	DLT SOLUTIONS LLC AUTOCAD LICENSE RENEWALS	9/14/2017	1,744.67	1,744.67
19042	EAST BAY TIRE CO. JC EQUIPMENT AND VEHICLE MAINTENANCE	9/14/2017	460.41	460.41
19043	EDGES ELECTRICAL GROUP, LLC LR FLARE INSTALL SUPPLIES	9/14/2017	19.96	19.96
19044	FULL STEAM STAFFING LLC ALL SITES CONTRACT LABOR	9/14/2017	7,639.39	7,639.39

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2017 to 9/30/2017

Check #		Check Date	Amount	Check Total
19045	GEOLOGIC ASSOCIATES, INC. ALL SITE GROUNDWATER MONITORING SERVICES	9/14/2017	21,435.54	21,435.54
19046	GOLDEN STATE TRUCK & TRAILER REPAIR JC EQUIPMENT MAINTENANCE	9/14/2017	6,455.11	6,455.11
19047	**VOID**	9/14/2017	-	-
19048	GONZALES ACE HARDWARE JC FACILITY MAINTENANCE	9/14/2017	12.80	12.80
19049	GONZALES TIRE & AUTO SUPPLY ALL SITES EQUIPMENT MAINTENANCE	9/14/2017	350.35	350.35
19050	GRAINGER LRLF FLARE INSTALL SUPPLIES	9/14/2017	54.88	54.88
19051	GREEN RUBBER - KENNEDY AG, LP JC MAINTENANCE SUPPLIES	9/14/2017	122.44	122.44
19052	GUARDIAN SAFETY AND SUPPLY, LLC SSTS SAFETY SUPPLIES	9/14/2017	278.61	278.61
19053	HD SUPPLY CONSTRUCTION SUPPLY, LTD BRANCH #6186 HHW DEPARTMENT SUPPLIES	9/14/2017	49.15	49.15
19054	HERC RENTALS INC. SS EQUIPMENT RENTAL	9/14/2017	203.21	203.21
19055	HOME DEPOT ALL SITES FACILITY SUPPLIES	9/14/2017	3,007.59	3,007.59
19056	**VOID**	9/14/2017	-	-
19057	**VOID**	9/14/2017	-	-
19058	**VOID**	9/14/2017	-	-
19059	INTERSTATE BATTERIES SSTS EQUIPMENT MAINTENANCE	9/14/2017	92.72	92.72
19060	JOHNSON ASSOCIATES JC EQUIPMENT MAINTENANCE	9/14/2017	43.65	43.65
19061	KING CITY HARDWARE INC. JRTS FACILITY MAINTENANCE	9/14/2017	84.06	84.06
19062	NEXTEL OF CALIFORNIA, INC SCALEHOUSE, SS & JR CELL PHONE SERVICES	9/14/2017	311.62	311.62
19063	OFFICE DEPOT ADMIN OFFICE SUPPLIES	9/14/2017	622.52	622.52

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2017 to 9/30/2017

Check #	Check Date	Amount	Check Total
19064	PENINSULA MESSENGER LLC ALL SITES COURIER SERVICES	9/14/2017 620.00	620.00
19065	PITNEY BOWES GLOBAL POSTAGE MACHINE ANNUAL LEASE	9/14/2017 308.87	308.87
19066	QUINN COMPANY ALL SITES EQUIPMENT MAINTENANCE	9/14/2017 5,672.16	5,672.16
19067	SALINAS NEWSPAPERS, INC. HR RECRUITMENT ADVERTISING	9/14/2017 534.02	534.02
19068	SHARPS SOLUTIONS, LLC MONTHLY SHARPS HAULING DISPOSAL	9/14/2017 240.00	240.00
19069	STURDY OIL COMPANY ALL SITES EQUIPMENT MAINTENANCE SUPPLIES	9/14/2017 890.38	890.38
19070	UNITED RENTALS (NORTHWEST), INC CH EQUIPMENT RENTAL	9/14/2017 92.33	92.33
19071	US BANK CORPORATE PAYMENT SYSTEM HARBOR FREIGHT TOOLS: LR FACILITY MAINTENANCE VERSADESK: ADJUSTABLE DESKS(8) AMAZON: ADMIN OFFICE SUPPLIES AMAZON: ADMINISTRATION OFFICE SUPPLIES ABM PARKING: ANNUAL COMMUNICATIONS MEETING PARKING GOTO MEETING: ANNUAL SUBSCRIPTION LUCID SOFTWARE: ANNUAL REPORT SOFTWARE GRANITE CONSTRUCTION: SS NPDES IMPROVEMENTS LA PLAZA BAKERY & CAFE: AUGUST BOARD MEETING BLR - ROOT CAUSE ANALYSIS WEBINAR BLR WEBINAR-ACTIVE SHOOTER WEBINAR REGISTRATION SMART & FINAL: BOARD MEETING REFRESHMENTS SAFEWAY: BOARD MEETINGS REFRESHMENTS SAFEWAY: BOARD MEETINGS REFRESHMENTS ACE HARDWARE: LR MAINTENANCE CA CPA EDUCATION: ANNUAL CPA WEBCASTS REGISTRATION MOUNTAIN MIKE'S PIZZA: CAG WORKSHOP MEAL THE PERFECT WATER: CH MAINTENANCE TRAVELOCITY: TRAINING LODGING EXPERIAN: NEW ACCOUNTS CREDIT CHECKS CROWN AWARDS: EMPLOYEE OF THE YEAR AWARD TROPHY CSDA: CONFERENCE & CERTIFICATION PROGRAM CVS: BATTERIES FOR RESOURCE RECOVERY PRIUS CVS: EMPLOYEE COMMUNICATION DINNER CVS: SAFETY AWARD PROGRAM CARDS BASIC FOODS: JC SUPPLIES SMART & FINAL: EC MEETING WATCO: LR FLARE INSTALL SUPPLIES TIRE & WHEEL: FLAT REPAIR HARBOR FREIGHT: SSTS MAINTENANCE HR MANAGERS MANDATORY TRAINING OCEAN BEACH HOTEL: LODGING FOR CONFERENCE BASIC FOODS: BOARD RETREAT SUPPLIES AMAZON.COM: JR & JC SAFETY SUPPLIES HUGHES: JR & JC SCALEHOUSE MONTHLY INTERNET SERVICE AMAZON.COM: JC & JR SAFETY SUPPLIES MURCAL INC: LR MAINTENANCE SUPPLIES	9/14/2017 76.46 2,910.42 9.97 63.25 3.00 288.00 50.00 2,373.01 128.11 149.00 139.00 29.75 45.59 45.59 21.46 795.00 39.33 422.20 134.93 207.80 33.19 575.00 19.64 105.95 423.80 78.60 34.36 226.01 20.00 10.91 124.95 183.80 2.15 472.47 343.22 284.62 459.06	

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2017 to 9/30/2017

Check #	Check Date	Amount	Check Total
CENTRAL ELECTRIC COMPANY: LR FLARE INSTALL SUPPLIES		70.58	
SUPPLYHOUSE: LR FLARE INSTALL SUPPLY		3,069.90	
RELEVANT SOLUTIONS: LR LFG REPLACEMENT SUPPLIES		445.67	
INTERMEDIA: MONTHLY EMAIL EXCHANGER SERVER		329.64	
CONSTANT CONTACT: MARKETING MEDIA		108.00	
PRECISION ROLLER: ADMIN OFFICE SUPPLIES		37.63	
GONZALES SHELL: JC EQUIPMENT MAINTENANCE		5.47	
ACE HARDWARE: LR MAINTENANCE		5.80	
DELLA-ROSE DELI: BOAR RETREAT MEAL		13.70	
DELLA-ROSE DELI: BOARD RETREAT MEALS		153.71	
OCEAN BEACH: RR RETREAT SUPPLIES		491.22	
SOUTHWEST AIRLINES: AIRFARE FOR SWANA CONF (3)		1,361.88	
CALPERS CONFERENCE REGISTRATION		394.58	
SKILLPATH SEMINARS: TRAINING REGISTRATION		134.25	
TRANSPORTATION TO HOTEL FOR CRRR CONFERENCE		20.40	
CRRR: ZERO WASTE PRINCIPLES AND PRACTICES EXAM		150.00	
			18,122.03
19072 **VOID**	9/14/2017	-	-
19073 **VOID**	9/14/2017	-	-
19074 **VOID**	9/14/2017	-	-
19075 **VOID**	9/14/2017	-	-
19076 **VOID**	9/14/2017	-	-
19077 **VOID**	9/14/2017	-	-
19078 VALLEY PACIFIC PETROLEUM SERVICES, INC.	9/14/2017		
JC EQUIPMENT MAINTENANCE		143.37	
JC EQUIPMENT MAINTENANCE		121.08	
			264.45
19079 A & G PUMPING, INC	9/21/2017		
JR PORTABLE TOILET SERVICE		105.83	
			105.83
19080 ADMANOR, INC	9/21/2017		
CCRMC MARKETING		12,220.97	
			12,220.97
19081 AIR TOXICS LTD	9/21/2017		
JC FACILITY MAINTENANCE		474.00	
			474.00
19082 AMERICAN SUPPLY CO.	9/21/2017		
ALL SITES CUSTODIAL SUPPLIES		124.33	
			124.33
19083 ASSOCIATION OF ENVIRONMENTAL PROFESSIONALS	9/21/2017		
ANNUAL MEMBERSHIP (2)		300.00	
			300.00
19084 BRIGID MCGRATH MASSIE	9/21/2017		
STAFF DEVELOPMENT RETREAT		985.00	
			985.00

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2017 to 9/30/2017

Check #		Check Date	Amount	Check Total
19085	CARDLOCK FUELS SYSTEM, INC. SSTS DIESEL	9/21/2017	11,935.98	11,935.98
19086	CITY OF GONZALES MONTHLY HOSTING FEE	9/21/2017	20,833.33	20,833.33
19087	COAST COUNTIES TRUCK & EQUIPMENT CO. SSTS VEHICLE MAINTENANCE	9/21/2017	1,064.11	1,064.11
19088	DON CHAPIN INC CH FACILITY MAINTENANCE	9/21/2017	1,214.50	1,214.50
19089	GFOA - GOVERNMENT FINANCE OFFICERS ASSOCIATION ANNUAL GAAP TRAINING ANNUAL GAAP UPDATE	9/21/2017	135.00 150.00	285.00
19090	GOLDEN STATE TRUCK & TRAILER REPAIR JC EQUIPMENT MAINTENANCE SSTS VEHICLE MAINTENANCE & SUPPLIES	9/21/2017	2,183.45 5,827.08	8,010.53
19091	GONZALES ACE HARDWARE JRTS & JC FACILITY MAINTENANCE	9/21/2017	161.67	161.67
19092	JOHNSON ASSOCIATES SSTS EQUIPMENT MAINTENANCE	9/21/2017	126.00	126.00
19093	JULIO GIL ADMIN VEHICLE MAINTENANCE	9/21/2017	273.88	273.88
19094	L. A. HEARNE COMPANY CH FACILITY MAINTENANCE -WINTERIZATION	9/21/2017	232.74	232.74
19095	MANUEL PEREA TRUCKING, INC. HAULING TRANSPORTATION	9/21/2017	300.00	300.00
19096	MONTEREY REGIONAL COMPLIANCE SERVICES MRCS - DOT PULL NOTICE	9/21/2017	888.00	888.00
19097	NETPIPE INTERNET SERVICES MONTHLY NETWORK SERVICES	9/21/2017	225.00	225.00
19098	NEXIS PARTNERS, LLC MONTHLY ADMIN BUILDING RENT - COMMON AREA MONTHLY ADMIN BUILDING RENT	9/21/2017	2,018.00 7,194.00	9,212.00
19099	PITNEY BOWES - POSTAGE ADMIN POSTAGE METER	9/21/2017	680.89	680.89
19100	ROSSI BROS TIRE & AUTO SERVICE SSTS VEHICLE MAINTENANCE	9/21/2017	1,684.43	1,684.43
19101	SOUTH COUNTY NEWSPAPER SOUTH COUNTY YELLOW PAGE ADS	9/21/2017	429.00	429.00
19102	VALLEY TROPHIES & DETECTORS EMPLOYEE NAME BADGES	9/21/2017	270.94	270.94

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2017 to 9/30/2017

Check #		Check Date	Amount	Check Total
19103	BARTEL ASSOCIATES, LLC GASB 68 ACTUARIAL CONSULTING SERVICES	9/28/2017	1,200.00	1,200.00
19104	BECKS SHOES AND REPAIR ALL SITES SAFETY SUPPLIES	9/28/2017	408.59	408.59
19105	CARDLOCK FUELS SYSTEM, INC. ALL SITES FUEL	9/28/2017	9,019.08	9,019.08
19106	CORIX WATER PRODUCTS CH FACILITY MAINTENANCE	9/28/2017	24.04	24.04
19107	EAGLE STAR SECURITY SSTS SECURITY SERVICES	9/28/2017	6,957.00	6,957.00
19108	EAST BAY TIRE CO. HHW EQUIPMENT MAINTENANCE	9/28/2017	295.57	295.57
19109	ERNEST BELL D. JR ADMIN, SSTS & JC JANITORIAL SERVICES	9/28/2017	2,400.00	2,400.00
19110	FULL STEAM STAFFING LLC JC, SSTS & JRTS CONTRACT LABOR	9/28/2017	13,929.84	13,929.84
19111	GOLDEN STATE TRUCK & TRAILER REPAIR ALL SITES EQUIPMENT AND VEHICLE MAINTENANCE	9/28/2017	2,093.21	2,093.21
19112	GONZALES ACE HARDWARE JC FACILITY MAINTENANCE	9/28/2017	2.15	2.15
19113	GRANITE ROCK CO/PAVEX CHLF FACILITY MAINTENANCE	9/28/2017	79.75	79.75
19114	GREEN RUBBER - KENNEDY AG, LP JRTS FACILITY MAINTENANCE	9/28/2017	280.11	280.11
19115	HD SUPPLY CONSTRUCTION SUPPLY, LTD BRANCH #6186 SSTS FACILITY MAINTENANCE	9/28/2017	92.85	92.85
19116	HOPE SERVICES SSTS CONTRACT LABOR	9/28/2017	12,971.77	12,971.77
19117	MANUEL TINAJERO SSTS LANDSCAPING MAINTENANCE	9/28/2017	1,500.00	1,500.00
19118	PEOPLE READY INC. JC CONTRACT LABOR JC CONTRACT LABOR	9/28/2017	1,695.62 964.89	2,660.51
19119	QUINN COMPANY JC EQUIPMENT MAINTENANCE	9/28/2017	10,648.33	10,648.33
19120	**VOID**	9/28/2017	-	-
19121	R&B COMPANY JRTS FACILITY MAINTENANCE	9/28/2017	3,244.48	3,244.48

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2017 to 9/30/2017

Check #	Check Date	Amount	Check Total
19122 ROBERT BIXBY ASSOCIATES, INC. SSTS EQUIPMENT MAINTENANCE	9/28/2017	383.47	383.47
19123 ROSSI BROS TIRE & AUTO SERVICE SSTS VEHICLE MAINTENANCE	9/28/2017	25.00	25.00
19124 SCS FIELD SERVICES ALL SITES ROUTINE ENGINEERING SERVICES NON-ROUTINE ENGINEERING SERVICES	9/28/2017	23,535.00 6,812.27	30,347.27
19125 SIMPLIFY COMPLIANCE LLC ACTIVE SHOOTER TRAINING	9/28/2017	10.00	10.00
19126 SOUTH COUNTY NEWSPAPER MARKETING INTERN NEWSPAPER AD	9/28/2017	304.00	304.00
19127 STURDY OIL COMPANY SSTS VEHICLE MAINTENANCE	9/28/2017	155.03	155.03
19128 UNITED RENTALS (NORTHWEST), INC SSTS EQUIPMENT RENTAL	9/28/2017	1,004.36	1,004.36
19129 VALLEY FABRICATION, INC. SSTS FACILITY MAINTENANCE	9/28/2017	389.43	389.43
19130 VALLEY TROPHIES & DETECTORS NAME PLATE FOR NEW HIRE PALOMA	9/28/2017	15.84	15.84
19131 VISION RECYCLING INC MONTHLY GREENWASTE AND WOODWASTE PROCESSING	9/28/2017	75,204.44	75,204.44
19132 WRIGHT EXPRESS FINANCIAL SERVICES CORPORATION ALL SITES VEHICLE FUEL	9/28/2017	2,278.10	2,278.10
Subtotal			435,795.67
Payroll Disbursements			621,620.93
Grand Total			1,057,416.60



Report to the Executive Committee

ITEM NO. 3

Finance Manager/Controller-Treasurer

General Manager/CAO

N/A

Legal Counsel

Date: November 2, 2017

From: C. Ray Hendricks, Finance and Administration Manager

Title: A Resolution Approving the Allocation of Cash Balances for Fiscal Year 2016-17, and Supplemental Appropriation for CIP 9527 – JC Module 7 Engineering and Construction

RECOMMENDATION

Staff encourages that the Executive Committee recommend adoption of the resolution.

STRATEGIC PLAN RELATIONSHIP

This is a routine annual financial item.

FISCAL IMPACT

This item designates cash balances at 06-30-2017. A supplemental appropriation of \$2,610,000 will be made to CIP 9527 – JC Module 7 Engineering and Construction using cash balances at 06-30-2017 prior to allocation to designated reserves in accordance to Board policy.

(continued to next page)

DISCUSSION & ANALYSIS

To determine the cash balance at 06-30-2017, the total of cash and investments at 06-30-2017 was reduced by the funds held by legal agreements, committed by Board policy, held in trust, or previously assigned by Board direction. Calculations are as follows:

Cash Balance at 06-30-2017	<u>\$ 22,202,633.71</u>
<u>Restricted By Legal Agreement</u>	
Closure Fund	3,838,099.32
State Grants Fund	56,236.73
Reimbursement Fund	9,097.86
<u>Fund Held in Trust</u>	
CCRMC Trust	73,437.91
Employee FSA Trust	(635.87)
<u>Committed by Board Policy</u>	
Expansion Fund	7,891,759.71
AB939 Fund Balance	241,387.97
Rate Stabilization Fund	24,324.06
Designated for Capital Projects Reserve	1,018,128.87
Designated for Operating Reserve	593,903.31
Designated for Environmental Impairment Reserve	593,903.31
<u>Assigned by Budget</u>	
Assigned for CIP	3,622,223.41
Assigned for OPEB	<u>291,400.00</u>
Total Available for Surplus Allocation	<u>\$ 3,949,367.12</u>

While the future direction that the Board takes regarding expanding waste reduction activities and projects greatly impacts the amount of garbage placed in the landfill, it is important to ensure that there is adequate funding when the construction of the cell is necessary.

Preliminary engineering work has begun to determine the future expansion pattern, and estimate the cost of each cell. However, internal estimates for the next cell are \$3.5 million. At our current fill rate, the next cell will need to begin construction during the FY 2019-20.

During the FY 2016-17 CIP budget process, CIP 9527 was created with a \$50,000 budget to initiate preliminary engineering. The Board approved supplemental appropriation in the amount of \$300,000 from the FY 2015-16 surplus prior to allocation of funds to the designated reserves. An additional \$540,000 was included in the FY 2017-18 budget. Assigning an addition \$2,610,000 to this CIP brings the balance for this project to \$3.5 million.

Using the allocation percentage approved by the Board, after adjusting the balance for the supplemental CIP appropriations, fund balances are designated as follows:

Total Available for Surplus Allocation	\$ 3,949,367.12
Fund CIP 9527 - JC Module 7 Engineering and Construction	<u>(2,610,000.00)</u>
Adjusted Allocation Amount	<u>1,339,367.12</u>
Designated for Reserves	
Designated for Capital Projects Reserve	803,620.27
Designated for Operating Reserve	267,873.42
Designated for Environmental Impairment Reserve	<u>267,873.42</u>
Total Surplus Allocation	<u>\$ 1,339,367.12</u>

Following is a summary of the reserve balances at 11-16-2017, followed by a brief analysis.

<u>Designated for Capital Projects Reserve</u>	
Balance at 06-30-2017	\$ 1,018,128.87
Partial Repayment of Reserve Loan from Jolon Road	\$ 120,000.00
FY 2016-17 Surplus Allocation	<u>803,620.27</u>
Ending Balance	<u>\$ 1,941,749.14</u>

During the FY 2016-17 budget process, to minimize the rate increase, the Board elected to use the CIP reserves to partially fund the Jolon Road Equipment Purchases needed to begin staff run operations at Jolon Road Transfer Station on September 1, 2016. The loan of \$398,581 will be repaid from the Jolon Road operating fund over the next few years. The first payment was included in the FY 2017-18 Budget.

<u>Designated for Operating Reserve</u>	
Balance at 06-30-2017	\$ 593,903.31
FY 2016-17 Surplus Allocation	<u>267,873.42</u>
Ending Balance	<u>\$ 861,776.73</u>

The Operating Reserve goal is 15% of the Operations Budget. The \$861,777 balance is 5.2% of the \$16,720,000 FY 2017-18 Operations Budget.

Designated for Environmental Impairment Reserve

Balance at 06-30-2017	\$	593,903.31
FY 2016-17 Surplus Allocation		<u>267,873.42</u>
Ending Balance	\$	<u>861,776.73</u>

The Authority entered into financial assurance agreements for Corrective Action with CalRecycle. The agreements identify specific dollar amounts for which the Authority is potentially liable. Below is a table showing the engineer's calculations of the Authority's potential liability for site remediation (corrective action).

<u>As of June 30, 2017</u>	<u>Capital Improvements</u>	<u>Maintenance</u>	<u>Contingency</u>	<u>Total</u>
Johnson Canyon	\$ 426,126	\$ 362,063	\$ -	\$ 788,189
Crazy Horse	3,328,231	7,534,354	-	10,862,585
Jolon Road	-	1,490,048	-	1,490,048
Lewis Road	<u>125,538</u>	<u>231,227</u>	<u>35,810</u>	<u>392,575</u>
Total Corrective Actions	<u>\$ 3,879,895</u>	<u>\$ 9,617,692</u>	<u>\$ 35,810</u>	<u>\$ 13,533,397</u>

* Maintenance period covers up to 30 years

The above amounts represent the worst case scenario if all the sites were to have a release, which is very unlikely.

Under the financial assurance agreements with CalRecycle, the Authority has covenanted that it will provide the necessary funding if and when required. This means that the Authority would increase rates as necessary to cover the above expenses. However, it is highly unlikely that all three sites would need corrective action at the same time. The funding goal is the Capital Improvement costs at Crazy Horse, the highest of the three sites. The \$861,777 balance is 25.9% of the \$3.33 million funding goal.

BACKGROUND

On April 17, 2014, the Board approved the updated financial policies. Section 3 (Fund Balance/Reserves) of this document designates how fund balance will be allocated.

1. Operating Reserves (20%)
2. Capital Projects Reserves (60%)
3. Environmental Impairment Reserves (20%)

Any allocation outside of the prescribed methodology or transfers between reserves must be approved by the Board.

ATTACHMENT(S)

1. Resolution 2017-
2. Exhibit A - Allocation of Cash Balances for FY 2016-17 Sheet
3. Resolution 2014-11

RESOLUTION NO. 2017 –

A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY APPROVING THE ALLOCATION OF CASH BALANCES FOR FISCAL YEAR 2016-17 AND SUPPLEMENTAL APPROPRIATION FOR CIP 9527 – JC MODULE 7 ENGINEERING AND CONSTRUCTION

WHEREAS, the Board of Directors of the Salinas Valley Solid Waste Authority approved the revised financial policies by adoption of Resolution No. 2014-11; and,

WHEREAS, the Fiscal Year 2016-17 fund balance is to be allocated as follows: Operating Reserves (20%), Capital Projects Reserves (60%), and Environmental Impairment Reserves (20%); and,

WHEREAS, the allocation of funds for the future construction of the next cell at Johnson Canyon Landfill are necessary; and,

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Salinas Valley Solid Waste Authority, that the allocation of cash balances for FY 2016-17, attached hereto and marked "Exhibit A" is hereby approved; and,

BE IT FURTHER RESOLVED, that a Supplemental Appropriation for CIP 9527 – JC Module 7 Engineering and Construction in the amount of \$2,610,000 is hereby approved; and,

BE IT FURTHER RESOLVED, that the General Manager/CAO is hereby authorized to implement the budget in accordance with the Authority's financial policies.

PASSED AND ADOPTED by the Board of Directors of the Salinas Valley Solid Waste Authority at a regular meeting duly held on the 16th day of November 2017, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ATTEST:

Simon Salinas, President

Erika J. Trujillo, Clerk of the Board

Exhibit A

Total Available for Surplus Allocation	\$ 3,949,367.12
Fund CIP 9527 - JC Module 7 Engineering and Construction	<u>(2,610,000.00)</u>
Adjusted Allocation Amount	<u>1,339,367.12</u>
Designated for Reserves	
Designated for Capital Projects Reserve	803,620.27
Designated for Operating Reserve	267,873.42
Designated for Environmental Impairment Reserve	<u>267,873.42</u>
Total Surplus Allocation	<u>\$ 1,339,367.12</u>

RESOLUTION NO. 2014 - 11

A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY ADOPTING THE REVISED FINANCIAL POLICIES

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SALINAS VALLEY SOLID WASTE AUTHORITY, that the Financial Policies attached hereto as Exhibit "A" are hereby adopted.

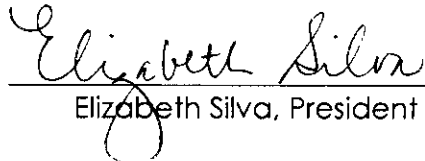
PASSED AND ADOPTED by the Board of Directors of the Salinas Valley Solid Waste Authority at the regular meeting duly held on the 17th day of April 2014 by the following vote:

AYES: BOARD MEMBERS: ARMENTA, BARRERA, CULLEN, DE LA ROSA, LUTES,
PEREZ, RODRIGUEZ, SALINAS, SILVA


NOES: BOARD MEMBERS: NONE

ABSENT: BOARD MEMBERS: MORENO

ABSTAIN: BOARD MEMBERS: NONE


Elizabeth Silva, President

ATTEST:


Elia Zavala, Clerk of the Board

Salinas Valley Solid Waste Authority

Financial Policies

Exhibit A

SUMMARY

The SVSWA Board of Directors recognizes their fiduciary responsibility by virtue of their appointment to the Board. In an effort to promote transparency in the fiscal affairs of the Authority and to promote fiscal accountability, it hereby adopts the following financial policies to guide the Authority's finances:

1. Revenues: The Authority will maintain a revenue system that will assure a reliable, equitable, predictable revenue stream to support Authority services.
2. Expenditures: The Authority shall assure fiscal stability and the effective and efficient delivery of services, through the identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.
3. Fund Balance/Reserves: The Authority shall maintain a fund balance at a level sufficient to protect the Authority's creditworthiness as well as its financial position from unforeseeable occurrences or emergencies.
4. Capital Expenditures and Improvements: The Authority shall annually review the state of its capital assets, setting priorities for its replacement and renovation based on needs, funding, alternatives and availability of resources.
5. Debt: The Authority shall utilize debt financing only to provide needed capital equipment and improvements while minimizing the impact of debt payments on current revenues.
6. Investments: The Authority's cash will be invested in such a manner so as to ensure the absolute safety of principal and interest, meet the liquidity needs of the Authority, and achieve the highest possible yield.
7. Grants: The Authority shall seek, apply for and effectively administer federal, state and foundation grants that address the Authority's current priorities and policy objectives.
8. Closure Funding: The Authority shall properly fund all closure and postclosure costs in accordance with California Integrated Waste Management Board (CIWMB) requirements.
9. Fiscal Monitoring: Authority staff shall prepare and present to the Board regular reports that analyze, evaluate and forecast the Authority's financial performance and economic condition.
10. Accounting, Auditing and Financial Reporting: The Authority's accounting, auditing and financial reporting shall comply with prevailing local, state, and federal regulations, as well as current professional principles and practices as promulgated by authoritative bodies.

Salinas Valley Solid Waste Authority Financial Policies

11. Internal Controls: The Authority shall establish and maintain an internal control structure designed to provide reasonable assurance that Authority assets are safeguarded and that the possibilities for material errors in the Authority's financial records are minimized.
12. Operating Budget: The Authority's operating budget will implement the policy decisions of the Board. It will provide a clear picture of the Authority's resources and their use.
13. Capital Assets: The Authority will capitalize all capital assets in accordance with Generally Accepted Accounting Principles so as to maintain proper control of all capital assets.

Salinas Valley Solid Waste Authority

Financial Policies

1 - REVENUES

The Authority will maintain a revenue system that will assure a reliable, equitable, predictable revenue stream to support Authority services.

A. User Fees

The Authority shall establish and collect fees to recover the costs of handling specific items that benefit only specific users. The Authority Board shall determine the appropriate cost recovery level and establish the fees. Where feasible and desirable, the Authority shall seek to recover full direct and indirect costs. User fees shall be reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary.

B. Tipping Fees

Tipping fees shall be set at levels sufficient to cover operating expenditures, meet debt obligations, provide additional funding for capital improvements, and provide adequate levels of working capital. Tipping Fees are not expected to cover depreciation/depletion.

C. One Time Revenues

One-time revenues shall be used only for one-time expenditures.

D. Revenue Estimates

The Authority shall use a conservative, objective, and analytical approach when preparing revenue estimates. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates, and trends in revenues. This approach should reduce the likelihood of actual revenues falling short of budget estimates during the year and thus avoid mid-year service reductions.

E. Revenue Collection and Administration

The Authority shall pursue to the full extent allowed by state law all delinquent ratepayers and others overdue in payments to the Authority. Since a revenue should exceed the cost of producing it, the Authority shall strive to control and reduce administrative collection costs.

Salinas Valley Solid Waste Authority

Financial Policies

2 - EXPENDITURES

The Authority shall assure fiscal stability and the effective and efficient delivery of services, through the identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.

A. Current Funding Basis

The Authority shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues.

B. Avoidance of Operating Deficits

The Authority shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue estimates are such that an operating deficit (i.e., projected expenditures in excess of projected revenues) is projected at year-end. Corrective actions can include a hiring freeze, expenditure reductions, fee increases, or use of fund balance within the Fund Balance/Reserves Policy. Expenditure deferrals into the following fiscal year, short-term loans, or use of one-time revenue sources shall be avoided to balance the budget.

C. Maintenance of Capital Assets

Within the resources available each fiscal year, the Authority shall maintain capital assets and infrastructure at a sufficient level to protect the Authority's investment, to minimize future replacement and maintenance costs, and to continue current service levels.

D. Periodic Program Reviews

The General Manager shall undertake periodic staff and third-party reviews of Authority programs for both efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternative approaches to service delivery. Programs which are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.

E. Purchasing

The Authority shall make every effort to maximize any discounts offered by creditors/vendors. Staff shall use competitive bidding whenever possible to attain the best possible price on goods and services.

Salinas Valley Solid Waste Authority

Financial Policies

3 - FUND BALANCE/RESERVES

The Authority shall maintain a fund balance at a level sufficient to protect the Authority's creditworthiness as well as its financial position from unforeseeable emergencies.

A. Operating Reserve

The Authority shall strive to maintain an Operating Reserve equal to fifteen percent (15%) of the current year operating expenditures, to provide sufficient reserves for unforeseen occurrences and revenue shortfalls. Operating expenditures for reserve purposes is defined as the total budget less capital project expenditures.

B. Funding the Reserves

After completion of the annual audit, any undesignated fund balance will be allocated to reserves using the following methodology:

1. Operating Reserve (20%)
2. Capital Projects Reserve (60%)
3. Environmental Impairment Reserve (20%)

Any allocation outside of the prescribed methodology or transfers between reserves must be approved by the Board.

C. Capital Projects Reserve

Due to the capital intensive nature of the Authority's landfill operations the Authority will develop a Capital Projects Reserve for the purpose of funding future capital projects and replacement of existing capital infrastructure in accordance with the Capital Improvements Financial Policies. The target amount of the reserve will be based on the capital needs of the Authority.

E. Use of Operating Reserve

The Operating Reserve shall be used only for its designated purpose - emergencies, non-recurring expenditures, or major capital purchases that can not be accommodated through current year savings. Should such use reduce the balance below the appropriate level set as the objective, restoration recommendations will accompany the decision to utilize said reserve.

F. Environmental Impairment Reserve

Salinas Valley Solid Waste Authority

Financial Policies

Due to the potential release of contaminants that exists with all Municipal Solid Waste landfills, the Authority will strive to fund an Environmental Impairment Reserve for the purpose of responding to a release in a timely manner. The funds can also be used for mitigation or corrective action measures required by CalRecycle.

G. Annual Review of Reserves

As part of the annual budget process, the Authority will review the target amount and the status of each of the reserves. This will be taken into account as part of the budget development. The goal is to reach the Operating and Environmental Impairment Reserve amounts within a five year period but in no case later than 10 years.

Salinas Valley Solid Waste Authority

Financial Policies

4 - CAPITAL EXPENDITURES AND IMPROVEMENTS

The Authority shall annually review the state of its capital assets, setting priorities for their replacement and renovation based on needs, funding, alternatives and availability of resources.

A. Capital Improvement Plan

The Authority shall prepare a 10-Year Capital Improvement Plan (CIP) which will detail the Authority's capital needs financing requirements. The CIP will be reviewed and approved every two (2) years before discussions of the operating budget take place. It will include budget financing for the first two years. The CAO will develop guidelines for what projects to include in the CIP. All projects, ongoing and proposed, shall be prioritized based on an analysis of current needs and resource availability. For every capital project, all operation, maintenance and replacement costs shall be fully disclosed. The CIP will be in conformance with and support the Authority's major planning documents and 3-year Strategic Plans..

B. Capital Improvement Budget

The CIP will be the basis for which projects will be included in the following year's budget. Appropriations will be approved annually using the following criteria:

1. Linkage with needs identified in the Authority's planning documents.
2. Cost/benefit analysis identifying all economic or financial impacts of the project.
3. Identification of available funding resources.

CIP funding will be based on the following priorities:

1. Projects that comply with regulatory requirements.
2. Projects that maintain health and safety standards.
3. Projects that maintain and preserve existing facilities.
4. Projects that replace existing facilities that can no longer be maintained.
5. Projects that improve operations.

C. Capital Expenditure Financing

Projects will be financed using the following preferred order:

1. Use current revenues;
2. Use the Capital Projects Reserve;
3. Borrow money through debt issuance.

Debt financing includes revenue bonds, certificates of obligation, lease/purchase agreements, and other obligations permitted to be issued or incurred under California law. Guidelines for assuming debt are set forth in the Debt Policy Statements.

D. Capital Projects Reserve Fund

Salinas Valley Solid Waste Authority

Financial Policies

A Capital Projects Reserve Fund shall be established and maintained to accumulate funds transferred from the undesignated fund balance. This fund shall only be used to pay for non-routine and one-time capital expenditures such as land and building purchases or construction and maintenance projects with a 10-year life. Expenditures from this Fund shall be aimed at protecting the health and safety of residents, employees and the environment, and protecting the existing assets of the Authority.

E. Capital Projects Management

The Authority will fund and manage its capital projects in a phased approach. The project phases will become a framework for appropriate decision points and reporting. The phasing will consist of:

1. Conceptual/schematic proposal
2. Preliminary design and cost estimate
3. Engineering and final design
4. Bid administration
5. Acquisition/construction
6. Project closeout

Each project will have a project manager who will prepare the project proposal, ensure that required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, periodically report project status and track project expenditures.

Salinas Valley Solid Waste Authority

Financial Policies

5 - DEBT

The Authority shall utilize debt financing only to provide needed capital equipment and improvements while minimizing the impact of debt payments on current revenues.

A. Use of Debt Financing

The issuance of long-term debt will be only for the acquisition of land, capital improvements or equipment.

Debt financing is not considered appropriate for current operations, maintenance expenses, or for any recurring purposes.

B. Conditions for Debt Issuance

The Authority may use long-term debt to finance major equipment acquisition or capital project only if it is established through a cost/benefit analysis that the financial and community benefits of the financing exceed the financing costs. Benefits would include, but not be limited to, the following:

1. Present value benefit: The current cost plus the financing cost is less than the future cost of the project.
2. Maintenance value benefit: The financing cost is less than the maintenance cost of deferring the project.
3. Equity benefit: Financing provides a method of spreading the cost of a facility back to the users of the facility over time.
4. Community benefit: Debt financing of the project enables the Authority to meet an immediate community need.

Debt financing will be used only when project revenues or other identified revenue sources are sufficient to service the debt.

C. Debt Structure

The Authority's preference is to issue fixed-rate, long-term debt with level debt service, but variable rate debt or other debt service structure may be considered if an economic advantage is identified for a particular project.

Bond proceeds, for debt service, will be held by an independent bank acting as trustee or paying agent.

Salinas Valley Solid Waste Authority

Financial Policies

The Authority's minimum bond rating objective for all debt issues is a Moody's and Standard & Poor's rating of A (upper medium grade). Credit enhancements will be used to achieve higher ratings when there is an economic benefit.

The Authority may retain the following contract advisors for the issuance of debt:

1. Financial Advisor - To be selected, when appropriate, by negotiation to provide financial analysis and advice related to the feasibility and structure of the proposed debt.
2. Bond Counsel - To be selected by negotiation for each debt issue.
3. Underwriters - To be selected by negotiation or competitive bid for each bond issue based upon the proposed structure for each issue.

D. Call Provisions

Call provisions for bond issues shall be made as short as possible consistent with the lowest interest cost to the Authority. When possible, all bonds shall be callable only at par.

E. Debt Refunding

Authority staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. As a general rule, the present value savings of a particular refunding should exceed 3.5% of the refunded maturities.

F. Interest Earnings

Interest earnings received on the investment of bond proceeds shall be used to assist in paying the interest due on bond issues, to the extent permitted by law.

G. Lease/Purchase Agreements

Over the lifetime of a lease, the total cost to the Authority will generally be higher than purchasing the asset outright. As a result, the use of lease/purchase agreements and certificates of participation in the acquisition of vehicles, equipment and other capital assets shall generally be avoided, particularly if smaller quantities of the capital asset(s) can be purchased on a "pay-as-you-go" basis.

Salinas Valley Solid Waste Authority

Financial Policies

6 - INVESTMENTS

The Authority's cash will be invested in such a manner so as to insure the absolute safety of principal and interest, meet the liquidity needs of the Authority, and achieve the highest possible yield after meeting the first two requirements.

A. Investment Policy

The Authority Treasurer is both authorized and required to promulgate a written Statement of Investment Policy which shall be presented to the Board annually.

B. Interest Earnings

Interest earned from investments shall be distributed to the operating funds from which the money was provided, with the exception that interest earnings received on the investment of bond proceeds shall be attributed and allocated to those debt service funds responsible for paying the principal and interest due on the particular bond issue.

Salinas Valley Solid Waste Authority

Financial Policies

7 - GRANTS

The Authority shall seek, apply for and effectively administer federal, state and foundation grants-in-aid that address the Authority's current priorities and policy objectives.

A. Grant Guidelines

The Authority shall apply, and facilitate the application by others, for only those grants that are consistent with the objectives and high priority needs previously identified by the Board. The potential for incurring ongoing costs, to include the assumption of support for grant-funded positions from local revenues, will be considered prior to applying for a grant.

B. Indirect Costs

The Authority shall recover full indirect costs unless the funding agency does not permit it. The Authority may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant.

C. Grant Review

All grant submittals shall be reviewed for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet the Authority's policy objectives. Departments shall seek Board approval prior to submission of a grant application. Should time constraints under the grant program make this impossible, the department shall obtain approval to submit an application from the CAO and then, at the earliest feasible time, seek formal Board approval. If there are cash match requirements, the source of funding shall be identified prior to application. An annual report on the status of grant programs and their effectiveness shall also be prepared.

D. Grant Program Termination

The Authority shall terminate grant-funded programs and associated positions when grant funds are no longer available unless alternate funding is identified.

Salinas Valley Solid Waste Authority

Financial Policies

8 - CLOSURE FUNDING

The Authority shall properly fund all closure and postclosure costs in accordance with CIWMB requirements.

A. Closure Funding

In accordance with CIWMB requirements, the Authority shall annually set aside sufficient funds to fully fund all accrued closure costs liability. These funds will be held in a separate Closure Fund restricted specifically for this purpose.

B. Postclosure Funding

In accordance with the Financial Assurances, the Authority shall fund postclosure costs from future revenues when those costs are incurred. The Authority will not pre-fund postclosure costs in its operating budget. The Authority has entered into Pledge of Revenue with the CIWMB for this purpose.

C. Closure Funding Calculations

The Authority shall, as part of the budget process, annually recalculate the closure costs on a per ton basis. Funds will be transferred on a monthly basis to the Closure funds based on tonnage land-filled. Post closure expense incurred as a result of current fiscal year solid waste disposal will be recorded as an expense on the Authority's financial statements with a corresponding liability.

Salinas Valley Solid Waste Authority

Financial Policies

9 - FISCAL MONITORING

Authority staff shall prepare and present to the Board regular reports that analyze, evaluate and forecast the Authority's financial performance and economic condition.

A. Financial Status and Performance Reports

Monthly reports comparing expenditures and revenues to current budget, noting the status of fund balances, and outlining any remedial actions necessary to maintain the Authority's financial position shall be prepared for review by the Board.

B. Five-year Forecast of Revenues and Expenditures

A five-year forecast of revenues and expenditures, to include a discussion of major trends affecting the Authority's financial position, shall be prepared in anticipation of the annual budget process. The forecast shall also examine critical issues facing the Authority, economic conditions, and the outlook for the upcoming budget year. The document shall provide insight into the Authority's financial position and alert the Board to potential problem areas requiring attention.

C. Semi-Annual Status Report on Capital Projects

A summary report on the contracts awarded, capital projects completed and the status of the Authority's various capital projects will be prepared at least semi-annually and presented to the Board.

D. Compliance with Board Policy Statements

The Financial Policies will be reviewed annually by the Board and updated, revised or refined as deemed necessary. Policy statements adopted by the Board are guidelines, and occasionally, exceptions may be appropriate and required. However, exceptions to stated policies will be specifically identified, and the need for the exception will be documented and fully explained.

Salinas Valley Solid Waste Authority

Financial Policies

10 - ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

The Authority's accounting, auditing and financial reporting shall comply with prevailing local, state, and federal regulations, as well as current professional principles and practices as promulgated by authoritative bodies.

A. Conformance to Accounting Principles

The Authority's accounting practices and financial reporting shall conform to generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

B. Popular Reporting

In addition to issuing a comprehensive annual financial report (CAFR) in conformity with GAAP, the Authority shall supplement its CAFR with a simpler, "popular" report designed to assist those residents who need or desire a less detailed overview of the Authority's financial activities. This report should be issued no later than six months after the close of the fiscal year.

Salinas Valley Solid Waste Authority

Financial Policies

11 - INTERNAL CONTROLS

The Authority shall establish and maintain an internal control structure designed to provide reasonable assurance that Authority assets are safeguarded and that the possibilities for material errors in the Authority's financial records are minimized.

A. Proper Authorizations

Procedures shall be designed, implemented and maintained to ensure that financial transactions and activities are properly reviewed and authorized.

B. Separation of Duties

Job duties will be adequately separated to reduce, to an acceptable level, the opportunities for any person to be in a position to both perpetrate and conceal errors or irregularities in the normal course of assigned duties.

C. Proper Recording

Procedures shall be developed and maintained that will ensure financial transactions and events are properly recorded and that all financial reports may be relied upon as accurate, complete and up-to-date.

D. Access to Assets and Records

Procedures shall be designed and maintained to ensure that adequate safeguards exist over the access to and use of financial assets and records.

E. Independent Checks

Independent checks and audits will be made on staff performance to ensure compliance with established procedures and proper valuation of recorded amounts.

F. Costs and Benefits

Internal control systems and procedures must have an apparent benefit in terms of reducing and/or preventing losses. The cost of implementing and maintaining any control system should be evaluated against the expected benefits to be derived from that system.

Salinas Valley Solid Waste Authority

Financial Policies

12 - OPERATING BUDGET

The Authority's operating budget will implement the policy decisions of the Board. It will provide a clear picture of the Authority's resources and their use.

A. Budget Format

The budget shall provide a complete financial plan of all Authority funds and activities for the ensuing fiscal year and shall be in such form as the Chief Administrative Officer deems desirable or that the Board may require.

The budget shall begin with a clear general summary of its contents. It shall show in detail all estimated revenues, all carry-over fund balances and reserves, and all proposed expenditures, including debt service, for the ensuing fiscal year.

The total of proposed expenditures shall not exceed the total of estimated revenues plus the un-appropriated fund balance, exclusive of reserves, for any fund.

The budget will be organized on a program/service level format.

The budget development process will include the identification and evaluation of policy options for increasing and decreasing service levels.

B. Estimated Revenues

The Authority will annually update its revenue forecast to enhance the budgetary decision-making process.

In its budget projections, the Authority will attempt to match current expense to current revenue. If it becomes apparent that revenue shortfalls will create a deficit, efforts will be made first to reduce the deficiency through budgetary reductions.

If appropriate reductions are insufficient, the Board may decide, on an exception basis, to use an appropriate existing reserve, which is in excess of minimum reserve requirements.

C. Appropriations

In evaluating the level of appropriations for program enhancements, or reductions, the Authority will apply the following principles in the priority order given:

1. Essential services, which provide for the health and safety of residents will be funded to maintain current dollar levels.
2. The budget will provide for adequate ongoing maintenance of facilities and equipment.
3. Appropriations for program enhancements or reductions will be evaluated on a case-by-case basis rather than across the board.

Salinas Valley Solid Waste Authority

Financial Policies

4. When reductions in personnel are necessary to reduce expenditures, they shall be consistent with the Authority Board's established service level priorities and, when possible, shall be accomplished through normal attrition.
5. Programs, which are self-supported by special revenues or fees, shall be separately evaluated.

Prior to the Authority Board making any supplemental appropriation, the CAO or Finance Manager shall certify that funds in excess of those estimated in the budget are available for appropriation. Any such supplemental appropriations shall be made for the fiscal year by Board action up to the amount of any excess.

Appropriations may be reduced any time during the fiscal year by the Authority Board upon recommendation of the CAO. When appropriation reductions are recommended, the CAO shall provide specific recommendations to the Board, indicating the estimated amount of the reduction, any remedial actions taken, and recommendations as to any other steps to be taken.

The CAO may transfer appropriations between divisions, and division managers may transfer appropriations between programs and accounts within their individual divisions, but only the Board by resolution may appropriate funds from reserves or fund balances.

All appropriations, except for Capital Improvement Program and Grant Programs appropriations, shall lapse at the end of the fiscal year to the extent that they have not been expended or encumbered. An appropriation in the Capital Improvement Program shall continue in force until expended, revised, or cancelled.

The Authority will endeavor to budget an appropriated contingency account in all Divisions operating budget equal to one percent of the total Operating Budget to meet changing operational requirements during the fiscal year.

Salinas Valley Solid Waste Authority

Financial Policies

13 - CAPITAL ASSETS

The Authority will capitalize all capital assets in accordance with Generally Accepted Accounting Principles so as to maintain proper control of all capital assets.

A. Overview – The Finance Division will maintain a capital asset management system that will meet external financial reporting requirements and the needs of the Authority in line with these policies.

1. Capital assets are recorded as expenditures in governmental funds at the time the assets are received and the liability is incurred. These assets will be capitalized at cost on the government wide financial statements. Enterprise fixed assets are recorded as assets within the fund when purchased and a liability is incurred.
- i. GASB 34 defines Capital Assets as land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
- ii. GASB 34 defines Infrastructure Assets as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems. Buildings that are an ancillary part of a network of infrastructure assets are included.

The Authority uses the most current edition of GOVERNMENTAL ACCOUNTING, AUDITING, AND FINANCIAL REPORTING (GAAFR) published by the Government Finance Officers Association (GFOA) as its authoritative guide in setting policy and establishing accounting procedures regarding capital assets.

B. Capitalization – Generally all capital assets with an original cost of \$25,000 or more will be capitalized (recorded as an asset on the balance sheet versus expensing the item). Infrastructure Assets with an original cost of \$150,000 or more will be capitalized. This capitalization policy addresses financial reporting, not control. The Authority follows the GFOA recommended practices for establishing capitalization thresholds. Specific capitalization requirements are described as follows:

1. The asset must cost \$25,000 or more.
2. The asset must have a useful life of two (2) or more years.
3. The capitalization threshold is applied to individual units of capital assets rather than groups. For example, ten items purchased for \$10,000 each will not be capitalized even though the total (\$100,000) exceeds the threshold of \$25,000.
4. For purposes of capitalization, the threshold will generally not be applied to components of capital assets. For example a keyboard, monitor and central processing unit purchased as components of a computer system will not be evaluated individually against the capitalization threshold. The entire computer system will be treated as a single asset. The capitalization threshold will be applied to a network if all component parts are required to make the asset

Salinas Valley Solid Waste Authority

Financial Policies

functional.

5. Repairs to existing capital assets will generally not be subject to capitalization unless the repair extends the useful life of the asset. In this case the repair represents an improvement and is subject to the requirements described number 6 below.
6. Improvements to existing capital assets will be presumed by definition to extend the useful life of the related capital asset and therefore will be subject to capitalization if the cost exceeds \$5,000.
7. Capital projects will be capitalized as "construction in progress" until completed. Personal computers will not be capitalized:

C. Leased Assets-

Operating leased assets are usually short term and cancelable at anytime. The recording of an operating lease as a fixed asset is not required because the item is not purchased.

Capital leases will be capitalized if one or more of the following criteria are met and the chance of cancellation is low:

- a. Ownership is transferred by the end of the lease term
- b. The lease contains a bargain purchase option
- c. The lease term is greater than or equal to 75 percent of the asset's service life
- d. The present value of the minimum lease payment is greater than or equal to ninety percent (90%) of the fair market value of the asset at the inception of the lease.

Capital lease items are capitalized at the beginning of the lease period, regardless of when the title transfers. Capital leases are recorded at net present value of lease payments.

- D. Capital Asset Recording - It is the responsibility of the Finance Division to record, monitor and inventory all fixed assets. Each division will assign appropriate staff members to respond to verification, inventories, and filling out the necessary forms for recording transfers, dispositions or retired fixed assets.
- E. Acquisition of Capital Assets - Fixed assets may be acquired through direct purchase, lease-purchase or capital lease, construction, eminent domain, donations, and gifts.

When a capital asset is acquired the funding source will be identified.

If funds are provided by a specific funding source, a record will be made of that specific source such as:

- ❖ Bond Proceeds
- ❖ State Grants

- F. Measuring the Cost and/or Value - Capital assets are recorded at their "historical cost", which is the original cost of the assets. Donations accepted by the Authority will be valued at the fair market value at the time of donation. Costs include purchase price (less discounts) and any other reasonable and necessary costs incurred to place the asset in its intended location and prepare it for service. Costs could include the following:

Salinas Valley Solid Waste Authority

Financial Policies

Sales Tax
Freight charges
Legal and title fees
Closing costs
Appraisal and negotiation fees
Surveying fees
Land-preparation costs
Demolition costs
Relocation costs
Architect and accounting fees
Insurance premiums and interest costs during construction

- G. Establishing Cost in the Absence of Historical Records - According to the GASB 34, an estimate of the original cost is allowable. Standard costing is one method of estimating historical cost using a known average installed cost for a like unit at the estimated date of acquisition. Another recognized method is normal costing wherein an estimate of historical cost is based on current cost of reproduction new indexed by a reciprocal factor of the price increase of a specific item or classification from the appraisal date to the estimated date acquired. When necessary the Authority will use whichever method gives the most reasonable amount based on available information.
- H. Recording Costs Incurred After Acquisition - Expenditures/expenses for replacing a component part of an asset are not capitalized. However, expenditures/expenses that either enhance a capital asset's functionality (effectiveness or efficiency), or that extend a capital asset's expected useful life are capitalized. For example, periodically slurry sealing a street would be treated as a repair (the cost would not be capitalized), while an overlay or reconstruction would be capitalized. Adding a new lane constitutes an addition and would therefore also be capitalized.
- I. Disposition or Retirement of Fixed Assets - It is the Authority's policy that divisions wishing to dispose of surplus, damaged or inoperative equipment must notify the Finance Division.
- The Authority will conduct public auctions, as necessary, for the purpose of disposing of surplus property. Auctions will be conducted by the Finance Division. The original cost less depreciation will then be removed from the Authority's capital asset management system.
- J. Transfer of Assets - The transfer of fixed assets between divisions requires notification to the Finance Department.
- K. Depreciation - In accordance with GASB Statement No. 34 the Authority will record depreciation expense on all capital assets, except for inexhaustible assets.
- The Authority will use straight-line depreciation using the half-year convention or mid month as appropriate. Depreciation will be calculated for half a year in the year of acquisition and the year of disposition. Depreciation will be calculated over the estimated useful life of the asset.
- L. Recommended Lives - The Authority follows GFOA Recommended Practices when establishing recommended lives for capitalized assets. In accordance with GASB 34 the Authority will rely on "general guidelines obtained from professional or industry organizations." In particular the Authority will rely on estimated useful lives published by GFOA. If the life of a particular asset is estimated to be different than these guidelines, it

Salinas Valley Solid Waste Authority

Financial Policies

may be changed. The following is a summary for the estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	20 to 50 years
Improvements	15 to 45 years
Infrastructure	20 to 50 years
Equipment and Machinery	5 to 20 years

- M. Control of Assets – In accordance with GFOA Recommended Practice the Authority will exercise control over the non-capitalized tangible capital-type items by establishing and maintaining adequate control procedures at the division level. The Authority's capitalization threshold of \$5,000 meets financial reporting needs and is not designed for nor particularly suited to maintain control over lower cost capital assets. It is the responsibility of each division to maintain inventories of lower-cost capital assets to ensure adequate control and safekeeping of these assets.
- N. Maintenance Schedules - The Authority shall develop and implement maintenance and replacement schedules with a goal of maximizing the useful life of all assets. The schedules shall include estimates of annual maintenance and/or replacement funding required for each asset.
- O. Maintenance Funding - The Authority shall identify specific sources of funds for the annual maintenance or replacement of each asset. Whenever possible, the maintenance or replacement funding shall be identified from a source other than the Authority General Fund. The Authority shall endeavor to set aside, on an annual basis, one and one-half percent (1½%) of its Operating Budget to provide for on-going maintenance and required replacement of assets that cannot be reasonably funded from other sources.
- Q. Inventorying – The Authority will follow the GFOA recommended practice of performing a physical inventory of its capitalized capital assets, either simultaneously or on a rotating basis, so that all capital assets are physically accounted for at least once every five years.
- R. Tagging – The Authority will tag only moveable equipment with a value of \$5,000 or higher. Rolling stock items will not be tagged. They will be identified by the VIN number. The Finance department will be responsible for tagging equipment.



Report to the Executive Committee

Date: November 2, 2017

From: C. Ray Hendricks, Finance and Administration Manager

Title: Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017

ITEM NO. 4

N/A

Finance Manager/Controller-Treasurer

N/A

General Manager/CAO

N/A

Legal Counsel

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

SVR Agenda Items - View Ahead 2017-18
Item No. 5

Nov	I-Dec	Jan	Feb	Mar	Apr
		Election of Officers			
Minutes	Minutes	Minutes	Minutes	Minutes	Minutes
Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)
Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report
Strategic Plan Update	Strategic Plan Update	QTE December Cash & Investments	New Strategic Plan	Strategic Plan Update	Strategic Plan Update
3rd Qtr Tonnage & Diversion Report	Annual County Used Oil Report	QTE Dec. Facilities Customer Survey	4th Qtr Tonnage & Diversion Report	Public Hearing: Fee Sched Amend	LTFN EIR Qtrly Update (sp)
Fund Balance Reserves (EC)	Updated Succession Plan (EC) (sp)	LTFN EIR Qtrly Update (sp)	FY Preliminary Operating & CIP Budget (EC)	New FY 18-19 Budget	QTE March Cash & Investments
Expand Emergency Preparedness Plan - All Staff (sp)	Update on Recycling Markets	Election of Officers	C&D Recycling Program (EC) (sp)		1st Qtr Facilities Customer Survey
COI Code updates	Self-Funding Programs (EC) (sp)	Board Member Public Outreach Participation (sp)			
Grants/Loans Programs LT & Permanent Facility (sp)	Board Policy Updates (EC)	Mid-Year Budget Adjustments (EC)			
Audit Report Previous FY (EC)	<i>GM Evaluation</i>	4th Qtr Facilities Customer Survey			
RFP Selection of PR Firm for Second Phase Public Outreach Plan (sp)		Annual Employee Survey Results			
New Officers Nominating Committee		Market Research Study Results (sp)			
<i>GM Evaluation (EC)</i>		Strategic Plan Update			
<i>Management and Non-Management MOUs (EC)</i>		STRATEGIC PLAN 6-MONTH OBJECTIVES			
		FY 16-17 Budget Direction (EC)			

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