



Agenda

EXECUTIVE COMMITTEE

THURSDAY, November 1, 2018

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 4, 2018 Meeting](#)
 - A. Committee Discussion
 - B. Public Comment
 - C. Recommended Committee Action – Approval
2. [September 2018 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 Supplemental Appropriation the Allocation of Cash Balances for Fiscal Year 2017-18, and Supplemental Appropriation for Pay Down of CalPERS Unfunded Actuarial Liability and Monterey County Litter Abatement Program](#)
 - 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
4. [October Strategic Planning Retreat Report](#)
 - A. Receive a verbal update from General Manager/CAO Patrick Mathews
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Provide Input, Forward to the Board, and Recommend Approval

5. [Update on Draft Collaboration Memorandum of Understanding \(MOU\) Between Salinas Valley Solid Waste Authority \(Authority\) And Monterey Regional Waste Management District \(District\)](#)
 - A. Receive a verbal update from General Manager/CAO Patrick Mathews
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – None; Informational Only

PRESENTATIONS

6. [Cost Options for Processing Construction & Demolition, Wood, and Organics](#)
 - A. Receive a report from Asst. GM/Operations Manager Cesar Zuñiga
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Provide Input and Forward to the Board

FUTURE AGENDA ITEMS

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

CLOSED SESSION

Receive public comment from audience before entering into closed session:

8. Pursuant to **Government Code Section 54957 (b)** to consider the Performance Evaluation of the General Manager/Chief Administrative Officer Patrick Mathews.
9. Pursuant to **Government Code Section 54956.8** to confer with legal counsel and real property negotiators General Manager/CAO Patrick Mathews, Asst. GM/Ops Manager Cesar Zuñiga, Finance and Administration Manager Ray Hendricks, and Legal Counsel Tom Bruen, 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, California: and 2) Waste Management, Inc Property, APNs 261-051-005, 007, and 019, located at 1120 Madison Lane, Salinas, California.

RECONVENE

ADJOURNMENT

This meeting agenda was posted at the Salinas Valley Solid Waste Authority office at 128 Sun Street, Suite 101, Salinas, on **Friday, October 26, 2018**. The Executive Committee will next meet in regular session on **Thursday, December 6, 2018, 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 Executive Committee to provide direction 35.102-35.104 ADA Title II)

**MINUTES OF MEETING
SALINAS VALLEY SOLID WASTE AUTHORITY
EXECUTIVE COMMITTEE
October 4, 2018**

DRAFT

CALL TO ORDER

Vice President Cullen called the meeting to order at 4:01 p.m.

COMMITTEE MEMBERS PRESENT

Simon Salinas President
Rob Cullen Vice President


STAFF MEMBERS PRESENT

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

Brian Kennedy, *Engineer*
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

(4:02) General Manager/CAO Mathews commented on the attendance of Asst. General Manager Zuñiga, Engineer and Environmental Compliance Manager Kennedy, and himself to the SWANA Managing Compost Course.

COMMITTEE COMMENTS

(4:03) None

PUBLIC COMMENT

(4:03) None

CONSIDERATION ITEMS

1. Minutes of September 6, 2018, Meeting

(4:04)

Public Comment: None

Committee Discussion: None

Committee Action: Vice President Cullen made a motion to approve the minutes as presented. President Salinas seconded the motion. The motion passed unanimously: 2-0.

2. August 2018 Claims and Financial Reports

(4:04) Finance and Administration Manager Hendricks provided a report on the Authority's 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. President Salinas seconded the motion. The motion passed; 2-0

3. A Resolution Approving Supplemental Appropriation of \$21,782 for CalRecycle's Beverage Container Recycling City/County Payment Program 2017-18

(4:05) Finance and Administration Manager Hendricks provided a report explaining the grant funding process, the awarded amounts per member agency, and the requirements to comply with the grant. He detailed the breakdown of the proposed expenditure and amounts of the funding, informing the Committee that since the City of Salinas has decided to administer their Waste Haulers Franchise Agreements the Authority would no longer be managing their funds for the CalRecycle's Beverage Container Recycling City/County Payment Program.

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. President Salinas seconded the motion. The motion passed; 2-0

PRESENTATION

4. Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2018

(4:08) Finance and Administration Manager Hendricks presented a report and provided the Committee with a copy the Governance Letter submitted by McGilloway, Ray Brown & Kaufman, whom conducted the annual financial audit for the Authority. Mr. Hendricks indicated that once again the Authority did not receive a management letter. The report demonstrated that the Authority's net position went from a deficit to a positive net position.

(4:15) Patricia Kaufman, with McGilloway, Ray Brown & Kaufman, provided a clean opinion of the Authority's finances. She stated that they had no difficulties working with management, that all timelines were met, that all accounting standards were met, and the Authority should once again apply for the Certificate of Achievement for Excellence in Financial Reporting award.

Committee Discussion: The Committee discussed the report.

Public Comment: None

Committee Action: Vice President Cullen made a motion to forward to the Board recommending approval. Vice President Cullen seconded the motion.

5. Update on Draft Collaboration Memorandum of Understanding (MOU) Between Salinas Valley Solid Waste Authority (Authority) And Monterey Regional Waste Management District (District)

(4:27) General Manager/CAO Mathews reported that the meeting with the stakeholders has been scheduled for November 13, 2018. He indicated that the financial models for the proposed projects are completed but can't be formulated until the project description is completed.

Committee Discussion: The Committee discussed the report.

Public Comment: None

Committee Action: None; Informational Only

FUTURE AGENDA ITEMS

6. Future Agenda Items

(4:56) The Committee reviewed the future items.

CLOSED SESSION

(4:57) General Manager/CAO Mathews reported that there was no need to enter into closed session.

7. Pursuant to **Government Code Section 54956.8** to confer with legal counsel and real property negotiators General Manager/CAO Patrick Mathews, Asst. GM/Ops Manager Cesar Zuñiga, Finance and Administration Manager Ray Hendricks, and Legal Counsel Tom Bruen, 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, California: and 2) Waste Management, Inc Property, APNs 261-051-005, 007, and 019, located at 1120 Madison Lane, Salinas, California.

ADJOURNMENT

(4:58) Vice President Cullen adjourned the meeting.

APPROVED: _____
Simón Salinas, President

ATTEST: _____
Erika J. Trujillo, Clerk of the Board



Report to the Executive Committee

ITEM NO. 2

Finance and Administration
Manager/Controller-Treasurer

General Manager/CAO

N/A

General Counsel

Date: November 1, 2018

From: C. Ray Hendricks, Finance and Administration Manager

Title: September 2018 Claims and Financial Reports

RECOMMENDATIONS

Staff recommends acceptance of the September 2018 Claims and Financial Reports.

DISCUSSION & ANALYSIS

Please refer to the attached financial reports and checks issued report for the month of August for a summary of the Authority's financial position as of September 30, 2018. 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 2018, operating revenues exceeded expenditures by \$985,953. Fiscal year 2018-19 to date operating expenditures exceeded revenues by \$228,081.

Revenues (Consolidated Statement of Revenues and Expenditures)

After three months of the fiscal year, (25% of the fiscal year), revenues total \$5,692,760 or 28.9% of the total annual revenues forecast of \$19,720,275. September Tipping Fees totaled \$1,215,513 and for the year to date totaled \$3,868,611, or 30.5% of the forecasted total of \$12,672,500.

Operating Expenditures (Consolidated Statement of Revenues and Expenditures)

As of September 30, (25% of the fiscal year), year-to-date operating expenditures total \$5,920,841. This is 31.4% of the operating budget of \$18,860,000.

Capital Project Expenditures (Consolidated Grant and CIP Expenditures Report)

For the month of September 2018, capital project expenditures totaled \$114,547. \$70,337 was for the Organics Program at Johnson Canyon. \$37,883 was for the Johnson Canyon Landfill Module 7 Engineering and Construction.

Claims Checks Issued Report

The Authority's Checks Issued Report for the month of September 2018 is attached for review and acceptance. September disbursements total \$961,771.42 of which \$439,461.17 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 2018.

Vendor	Services	Amount
VISION RECYCLING INC	Greenwaste & C&D Processing for SS & JC	\$95,955.68
PHILIP HERNANDEZ (COAST TO VALLEY RESTORATION)	Organics Concrete Pad Installation at JC	\$67,150.00
WASTE MANAGEMENT INC	Salinas Franchise Waste Transportation	\$64,270.83

Cash Balances

The Authority's cash position increased \$1,065,733.35 during September to \$26,808,453.65. Most of the cash balance is restricted, held in trust, committed, or assigned as shown below. The debt principal and interest payments totaling \$2,790,380 on August 1, 2018 substantially reduced cash available for operations. This will be recovered over the next few months from profitable operations.

Restricted by Legal Agreements:

Johnson Canyon Closure Fund	4,235,614.78
State & Federal Grants	(179,162.67)
BNY - Bond 2014A Payment	-
BNY - Bond 2014B Payment	-
BNY - Sub Pmt Cap One 2014 Eq Lease	-
GEO Deposit (CEQA)	(16,064.59)

Funds Held in Trust:

Central Coast Media Recycling Coalition	116,636.74
Employee Unreimbursed Medical Claims	5,223.08

Committed by Board Policy:

AB939 Services	630,193.30
Undesignated Reserves	2,461,953.72
Designated for Capital Projects Reserve	2,109,746.21
Designated for Environmental Impairment Re	861,776.73
Designated for Operating Reserve	861,776.73
Expansion Fund (South Valley Revenues)	8,307,636.36
Salinas Rate Stabilization Fund	24,324.06

Assigned by Budget:

Assigned for Capital Projects	8,892,433.08
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Available for Operations:	(1,503,633.88)
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Total	<u>26,808,453.65</u>
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ATTACHMENTS

1. September 2018 Consolidated Statement of Revenues and Expenditures
2. September 2018 Consolidated Grant and CIP Expenditures Report
3. September 2018 Checks Issued Report



Salinas Valley Solid Waste Authority

Consolidated Statement of Revenues and Expenditure

For Period Ending September 30, 2018

	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	12,672,500	1,215,513	3,868,611	30.5 %	8,803,889	0	8,803,889
Tipping Fees - Surcharge	1,849,550	156,537	522,741	28.3 %	1,326,809	0	1,326,809
Tipping Fees - Diverted Materials	2,029,525	154,956	514,437	25.3 %	1,515,088	0	1,515,088
AB939 Service Fee	2,319,700	193,308	579,924	25.0 %	1,739,776	0	1,739,776
Charges for Services	144,000	7,949	26,706	18.5 %	117,294	0	117,294
Sales of Materials	265,000	42,235	69,794	26.3 %	195,206	0	195,206
Gas Royalties	240,000	70,394	70,394	29.3 %	169,606	0	169,606
Investment Earnings	200,000	6,483	24,003	12.0 %	175,997	0	175,997
Other Non-Operating Revenue	0	15,962	16,150	0.0 %	(16,150)	0	(16,150)
Total Revenue	19,720,275	1,863,337	5,692,760	28.9 %	14,027,515	0	14,027,515
<u>Expense Summary</u>							
Executive Administration	453,600	28,048	83,881	18.5 %	369,719	4,162	365,557
Administrative Support	433,100	26,971	116,119	26.8 %	316,981	134,577	182,404
Human Resources Administration	201,100	15,208	46,660	23.2 %	154,440	1,047	153,393
Clerk of the Board	175,400	10,548	39,877	22.7 %	135,523	3,205	132,318
Finance Administration	777,400	49,271	168,928	21.7 %	608,472	8,237	600,235
Operations Administration	466,100	29,943	96,547	20.7 %	369,553	11,331	358,221
Resource Recovery	928,200	62,893	204,062	22.0 %	724,138	4,597	719,541
Marketing	75,000	3,795	7,570	10.1 %	67,430	63,725	3,705
Public Education	228,500	3,988	15,091	6.6 %	213,409	73,056	140,352
Household Hazardous Waste	811,600	36,461	120,390	14.8 %	691,210	51,128	640,082
C & D Diversion	150,000	19,147	19,147	12.8 %	130,853	130,853	0
Organics Diversion	1,037,900	76,809	147,784	14.2 %	890,116	760,216	129,900
Diversion Services	10,000	0	1,950	19.5 %	8,050	0	8,050
JR Transfer Station	506,300	30,245	114,552	22.6 %	391,748	63,558	328,190



Salinas Valley Solid Waste Authority

Consolidated Statement of Revenues and Expenditure

For Period Ending September 30, 2018

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
JR Recycling Operations	173,400	7,456	26,692	15.4 %	146,708	3,212	143,496
ML Transfer Station	500,000	78,765	179,413	35.9 %	320,587	373,304	(52,717)
SS Disposal Operations	1,067,200	57,733	267,835	25.1 %	799,365	180,207	619,158
SS Transfer Operations	1,207,900	67,871	289,363	24.0 %	918,537	373,013	545,524
SS Recycling Operations	768,500	50,006	156,035	20.3 %	612,465	93,437	519,028
JC Landfill Operations	2,734,400	144,961	566,678	20.7 %	2,167,722	686,559	1,481,163
JC Recycling Operations	395,700	19,155	67,305	17.0 %	328,395	17,170	311,225
Crazy Horse Postclosure Maintenance	546,600	7,020	85,079	15.6 %	461,521	178,058	283,463
Lewis Road Postclosure Maintenance	243,400	3,064	45,034	18.5 %	198,366	79,995	118,371
Johnson Canyon ECS	333,300	11,991	39,472	11.8 %	293,828	140,133	153,695
Jolon Road Postclosure Maintenance	241,800	3,820	129,605	53.6 %	112,195	19,428	92,767
Sun Street ECS	191,500	6,202	12,679	6.6 %	178,821	55,109	123,712
Debt Service - Interest	1,550,600	0	796,764	51.4 %	753,836	0	753,836
Debt Service - Principal	2,383,200	0	1,993,616	83.7 %	389,584	0	389,584
Closure Set-Aside	268,300	26,015	82,712	30.8 %	185,588	0	185,588
Total Expense	18,860,000	877,384	5,920,841	31.4 %	12,939,159	3,509,319	9,429,841
Revenue Over/(Under) Expenses	860,275	985,953	(228,081)	-26.5 %	1,088,356	(3,509,319)	4,597,675



Salinas Valley Solid Waste Authority

Consolidated Grant and CIP Expenditure Report

For Period Ending September 30, 2018

	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	352,431	0	7,762	2.2 %	344,669	0	344,669
180 9806 Long Range Financial Model	55,620	1,337	3,776	6.8 %	51,844	23,459	28,385
180 9807 GOE Autoclave Final Project	100,000	0	0	0.0 %	100,000	0	100,000
Total Fund 180 - Expansion Fund	508,051	1,337	11,538	2.3 %	496,513	23,459	473,054
Fund 211 - Grants							
211 9213 Tire Amnesty 2017-18	21,032	3,600	3,936	18.7 %	17,096	0	17,096
211 9214 Organics Program 2016-17	1,146,717	70,337	79,387	6.9 %	1,067,330	83,984	983,346
211 9216 AB2766 Motor Vehicle Emission Re	379,335	0	0	0.0 %	379,335	0	379,335
211 9247 Cal Recycle - CCPP	72,858	301	301	0.4 %	72,557	0	72,557
211 9252 Cal Recycle - 2016-17 CCPP	26,196	1,089	2,849	10.9 %	23,347	0	23,347
Total Fund 211 - Grants	1,646,139	75,327	86,473	5.3 %	1,559,666	83,984	1,475,682
Fund 216 - Reimbursement Fund							
216 9802 Autoclave Demonstration Unit	141,499	0	0	0.0 %	141,499	0	141,499
216 9804 Long Range Facility Needs EIR	180,062	0	0	0.0 %	180,062	0	180,062
Total Fund 216 - Reimbursement Fund	321,560	0	0	0.0 %	321,560	0	321,560
Fund 800 - Capital Improvement Projects Fu							
800 9103 Closed Landfill Revenue Study	24,831	0	0	0.0 %	24,831	0	24,831
800 9104 Organics System Expansion Study	19,010	0	0	0.0 %	19,010	0	19,010
800 9105 Concrete Grinding	120,000	0	0	0.0 %	120,000	0	120,000
800 9106 Waste Composition Study	150,000	0	0	0.0 %	150,000	0	150,000
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	5,000	0	0	0.0 %	5,000	0	5,000
800 9402 LFG Well Replacement	30,000	0	0	0.0 %	30,000	0	30,000
800 9506 JC Litter Control Barrier	61,343	0	6,963	11.4 %	54,380	0	54,380



Salinas Valley Solid Waste Authority

Consolidated Grant and CIP Expenditure Report

For Period Ending September 30, 2018

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
800 9507 JC Corrective Action	225,000	0	0	0.0 %	225,000	0	225,000
800 9508 JC Drainage Modifications	200,000	0	0	0.0 %	200,000	0	200,000
800 9510 JC LFG System (Vertical Wells)	30,234	0	0	0.0 %	30,234	0	30,234
800 9511 JC LFG System (Horizontal Wells)	30,063	0	0	0.0 %	30,063	0	30,063
800 9526 JC Equipment Replacement	130,900	0	0	0.0 %	130,900	0	130,900
800 9527 JC Module 7 Engineering and Cons	4,933,506	37,883	82,893	1.7 %	4,850,613	38,632	4,811,981
800 9528 JC Roadway Improvements	2,218,937	0	0	0.0 %	2,218,937	0	2,218,937
800 9601 JR Transfer Station Improvements	83,399	0	0	0.0 %	83,399	0	83,399
800 9603 JC Well Replacement	75,000	0	0	0.0 %	75,000	0	75,000
800 9701 SSTs Equipment Replacement	222,575	0	0	0.0 %	222,575	25,313	197,262
800 9703 SSTs Improvements	41,014	0	0	0.0 %	41,014	0	41,014
Total Fund 800 - Capital Improvement Proje	8,970,312	37,883	89,856	1.0 %	8,880,456	63,945	8,816,510
Total CIP Expenditures	11,446,062	114,547	187,866	1.6 %	11,258,195	171,388	11,086,807

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2018 to 9/30/2018

Check #	Name	Check Date	Amount	Check Total
21113	OFFICE DEPOT ALL SITES OFFICE SUPPLIES	9/12/2018	3,503.43	3,503.43
21114	**VOID**	9/12/2018	-	-
21115	PHILIP HERNANDEZ CONCRETE PAD INSTALLATION AT JC	9/12/2018	67,150.00	67,150.00
21116	SWANA CALIFORNIA GOLD RUSH CHAPTER SWANA COMPOSITING REGISTRATION: PATRICK MATHEWS	9/12/2018	1,199.00	1,199.00
21117	A & G PUMPING, INC JRTS PORTABLE TOILETS	9/18/2018	211.65	211.65
21118	ALWAYS TOWING & RECOVERY, INC SS VEHICLE MAINTENANCE	9/18/2018	350.00	350.00
21119	AMERICAN SUPPLY CO. ALL SITES JANITORIAL SUPPLIES	9/18/2018	139.86	139.86
21120	AON RISK INSURANCE SERVICES WEST, INC . WORKER'S COMP	9/18/2018	17,164.00	17,164.00
21121	AT&T INTERNET SERVICES JC INTERNET SERVICE	9/18/2018	70.00	70.00
21122	AT&T MOBILITY FINANCE INTERNET SERVICE	9/18/2018	43.23	43.23
21123	BANK OF NEW YORK FINANCE SERVICE FEES	9/18/2018	1,250.00	1,250.00
21124	BARTEL ASSOCIATES, LLC FINANCE ACTUARIAL SERVICES	9/18/2018	1,280.00	1,280.00
21125	BC LABORATORIES, INC ALL SITES LAB WATER ANALYSIS	9/18/2018	1,626.86	1,626.86
21126	CARDLOCK FUELS SYSTEM, INC. SS, JC & JR FUEL	9/18/2018	31,028.99	31,028.99
21127	CH2M HILL, INC LONG RANGE FINANCIAL MODEL	9/18/2018	1,337.00	1,337.00
21128	CITY OF GONZALES JC WATER SERVICES MONTHLY HOSTING FEE	9/18/2018	95.51 20,833.33	20,928.84
21129	COAST COUNTIES TRUCK & EQUIPMENT CO. SSTS VEHICLE MAINTENANCE	9/18/2018	349.50	349.50
21130	CONCERN: EMPLOYEE ASSISTANCE PROGRAM CONCERN EAP ANNUAL INVOICE	9/18/2018	4,100.00	4,100.00
21131	CUTTING EDGE SUPPLY JC & SS EQUIPMENT MAINTENANCE	9/18/2018	1,255.07	1,255.07
21132	D-LUX SCREEN PRINTING INC RR-RECYCLING LABELS	9/18/2018	1,034.80	1,034.80

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2018 to 9/30/2018

Check #	Name	Check Date	Amount	Check Total
21133	DOUGLAS NOLAN ROCK STEADY JUGGLING SCHOOL ASSEMBLY PROGRAM	9/18/2018	2,750.00	2,750.00
21134	EAST BAY TIRE CO. SS EQUIPMENT MAINTENANCE	9/18/2018	418.00	418.00
21135	ELIA ZAVALA AGODA.COM: CONFERENCE LODGING	9/18/2018	261.55	261.55
21136	ERNESTO NATERA TRAINING: PER DIEM	9/18/2018	108.00	108.00
21137	FULL STEAM STAFFING LLC SS, JC & JR CONTRACT LABOR	9/18/2018	7,190.64	7,190.64
21138	GEOLOGIC ASSOCIATES, INC. JC ENGINEERING SERVICES	9/18/2018	20,507.75	20,507.75
21139	GOLDEN STATE TRUCK & TRAILER REPAIR SS, JC & JR VEHICLE MAINTENANCE	9/18/2018	3,377.18	3,377.18
21140	GONZALES ACE HARDWARE JC VEHICLE MAINTENANCE	9/18/2018	173.60	173.60
21141	GRAINGER JC FACILITY MAINTENANCE	9/18/2018	1,318.86	1,318.86
21142	GREEN RUBBER - KENNEDY AG, LP JC & SS FACILITY MAINTENANCE	9/18/2018	1,274.80	1,274.80
21143	GUERITO MONTHLY PORTABLE TOILET SERVICE	9/18/2018	1,028.00	1,028.00
21144	GUILLERMINA GUTIERREZ REIMBURSEMENT OFFICE SUPPLIES	9/18/2018	34.31	34.31
21145	HD SUPPLY CONSTRUCTION SUPPLY, LTD BRANCH #6186 CH FACILITY MAINTENANCE JC SAFETY SUPPLIES	9/18/2018	851.06 66.80	917.86
21146	HOPE SERVICES SSTS LITTER ABATEMENT	9/18/2018	13,590.01	13,590.01
21147	INFINITY STAFFING SERVICES, INC. SS & JC CONTRACT LABOR	9/18/2018	3,444.00	3,444.00
21148	JOHNSON ASSOCIATES JC EQUIPMENT MAINTENANCE	9/18/2018	654.41	654.41
21149	KING CITY CHAMBER OF COMMERCE & AGRICULTURE KING CITY CHAMBER COMMUNITY REOURCE SPONSORSHIP	9/18/2018	75.00	75.00
21150	KING CITY HARDWARE INC. JRTS FACILITY MAINTENANCE	9/18/2018	105.56	105.56
21151	LUIS AGUILERA BUDDY LUNCH - WEEK 3	9/18/2018	36.00	36.00
21152	LUIS AGUILERA BUDDY LUNCH - WEEK 1	9/18/2018	36.00	36.00

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2018 to 9/30/2018

Check #	Name	Check Date	Amount	Check Total
21153	LUIS AGUILERA BUDDY LUNCH - WEEK 2	9/18/2018	36.00	36.00
21154	LUIS AGUILERA BUDDY LUNCH - WEEK 4	9/18/2018	36.00	36.00
21155	MANUEL PEREA TRUCKING, INC. JR EQUIPMENT RENTAL SS EQUIPMENT RENTAL	9/18/2018	350.00 200.00	550.00
21156	MANUEL TINAJERO JC LANDSCAPING SERVICES	9/18/2018	2,250.00	2,250.00
21157	MARTA M. GRANADOS 2018-19 INTERPRETING SERVICES: PUBLIC MEETINGS	9/18/2018	180.00	180.00
21158	MCMASTER-CARR SUPPLY COMPANY SS FACILITY MAINTENANCE	9/18/2018	502.92	502.92
21159	METECH RECYCLING, INC. RR E-WASTE HAULING	9/18/2018	987.10	987.10
21160	MONTEREY AUTO SUPPLY INC SS VEHICLE MAINTENANCE	9/18/2018	200.45	200.45
21161	MONTEREY BAY OFFICE PRODUCTS ADMIN EQUIPMENT MAINTENANCE	9/18/2018	355.06	355.06
21162	MONTEREY COUNTY SHERIFF'S OFFICE JR ALARM PERMIT	9/18/2018	30.00	30.00
21163	MONTEREY NEWSPAPERS PARTNERSHIP RECRUITMENT: 2 POSITIONS	9/18/2018	1,545.58	1,545.58
21164	MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY SS SEWER FEES	9/18/2018	33.12	33.12
21165	NEXIS PARTNERS, LLC MONTHLY ADMIN BUILDING RENT	9/18/2018	9,212.00	9,212.00
21166	SPRINT NEXTEL SS & JR CELL PHONE SERVICES	9/18/2018	259.22	259.22
21167	OFFICE DEPOT ALL SITES OFFICE SUPPLIES	9/18/2018	795.85	795.85
21168	ONE STOP AUTO CARE/V & S AUTO CARE, INC VEHICLE MAINTENANCE	9/18/2018	991.93	991.93
21169	PACIFIC GAS AND ELECTRIC COMPANY ALL SITES ELECTRICAL SERVICES	9/18/2018	8,519.56	8,519.56
21170	PENINSULA MESSENGER LLC ALL SITES COURIER SERVICES	9/18/2018	638.00	638.00
21171	PINNACLE MEDICAL GROUP NEW HIRE PHYSICAL	9/18/2018	75.00	75.00
21172	PURE WATER BOTTLING ALL SITES BOTTLED WATER	9/18/2018	360.90	360.90

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2018 to 9/30/2018

Check #	Name	Check Date	Amount	Check Total
21173	QUINN COMPANY SS, JC & JR EQUIPMENT MAINTENANCE	9/18/2018	15,832.02	15,832.02
21174	**VOID**	9/18/2018	-	-
21175	**VOID**	9/18/2018	-	-
21176	RAMON N VALLEJO New Hire Backgrounds	9/18/2018	114.00	114.00
21177	REPUBLIC SERVICES #471 OFFICE MONTHLY WASTE DISPOSAL	9/18/2018	74.36	74.36
21178	RODOLFO RAMIREZ AYALA SS, JC & JR VEHICLE MAINTENANCE	9/18/2018	1,260.00	1,260.00
21179	ROSSI BROS TIRE & AUTO SERVICE SS, JC & JR VEHICLE MAINTENANCE	9/18/2018	2,468.80	2,468.80
21180	**VOID**	9/18/2018	-	-
21181	SALINAS NEWSPAPERS, INC. RECRUITMENT ADS LEGAL NOTICES	9/18/2018	1,711.30 249.13	1,960.43
21182	SCS FIELD SERVICES JC, CH & LR ENGINEERING SERVICES	9/18/2018	925.00	925.00
21183	SHARPS SOLUTIONS, LLC HHW HAULING & DISPOSAL	9/18/2018	200.00	200.00
21184	SHRED-IT US JV LLC. ADMIN SHREDDING SERVICES	9/18/2018	75.08	75.08
21185	SKINNER EQUIPMENT REPAIR, INC. JC & JR EQUIPMENT MAINTENANCE	9/18/2018	389.29	389.29
21186	SWANA CALIFORNIA GOLD RUSH CHAPTER SWANA COMPOSTING EXAM: PATRICK M.	9/18/2018	250.00	250.00
21187	TERRY KERSHNER VEHICLE REPAIR	9/18/2018	350.00	350.00
21188	TOYOTA MATERIAL HANDLING HHW EQUIPMENT MAINTENANCE	9/18/2018	752.01	752.01
21189	ULINE, INC. SS FACILITY MAINTENANCE	9/18/2018	217.34	217.34
21190	UNITED RENTALS (NORTHWEST), INC JR EQUIPMENT RENTAL	9/18/2018	484.62	484.62
21191	VALLEY FABRICATION, INC. JC ORGANICS CONSTRUCTION	9/18/2018	3,186.60	3,186.60

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2018 to 9/30/2018

Check #	Name	Check Date	Amount	Check Total
21192	VISION RECYCLING INC JC C&D DIVERSION SS GREENWASTE PROCESSING JC GREENWASTE PROCESSING	9/18/2018	19,147.02 55,683.86 21,124.80	95,955.68
21193	WASTE MANAGEMENT INC SALINAS FRANCHISE WASTE TRANSPORTATION	9/18/2018	64,270.83	64,270.83
21194	WRIGHT EXPRESS FINANCIAL SERVICES CORPORATION ALL SITES FUEL	9/18/2018	2,803.34	2,803.34
21195	ACE HARDWARE CORPORATION LR MAINTENANCE SUPPLIES	9/27/2018	27.05	27.05
21196	AMERICAN SUPPLY CO. ALL SITES JANITORIAL SUPPLIES	9/27/2018	29.61	29.61
21197	ARACELI GUTIERREZ WEEK 3 - BUDDY LUNCH	9/27/2018	38.00	38.00
21198	ARACELI GUTIERREZ WEEK 1 - BUDDY LUNCH	9/27/2018	38.00	38.00
21199	ARACELI GUTIERREZ WEEK 4 - BUDDY LUNCH	9/27/2018	38.00	38.00
21200	ARACELI GUTIERREZ WEEK 2 - BUDDY LUNCH	9/27/2018	38.00	38.00
21201	BLUE STRIKE ENVIRONMENTAL SALINAS VALLEY FIESTA DAYS RECYCLING	9/27/2018	3,400.00	3,400.00
21202	CALIFORNIA HIGHWAY ADOPTION CO. LITTER ABATEMENT	9/27/2018	550.00	550.00
21203	CARDLOCK FUELS SYSTEM, INC. SS, JC & JR FUEL	9/27/2018	13,921.32	13,921.32
21204	CLINTON HENDRICKS GFOA GAAP UPDATE	9/27/2018	19.00	19.00
21205	CSC OF SALINAS/YUMA SS & JC EQUIPMENT MAINTENANCE	9/27/2018	384.42	384.42
21206	DLT SOLUTIONS LLC AUTOCAD ANNUAL LICENSE RENEWAL	9/27/2018	1,868.74	1,868.74
21207	ERNESTO NATERA GFOA GAAP UPDATE	9/27/2018	19.00	19.00
21208	EXPRESS SAFETY INC SS SAFETY SUPPLIES	9/27/2018	39.96	39.96
21209	FEDEX OPS ADMIN OVERNIGHT SHIPPING	9/27/2018	76.41	76.41
21210	FULL STEAM STAFFING LLC JC & SS CONTRACT LABOR	9/27/2018	10,353.03	10,353.03
21211	GFOA - GOVERNMENT FINANCE OFFICERS ASSOCIATION ANNUAL GAAP UPDATE	9/27/2018	135.00	135.00

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2018 to 9/30/2018

Check #	Name	Check Date	Amount	Check Total
21212	GOLDEN STATE TRUCK & TRAILER REPAIR SS, JC & JR VEHICLE MAINTENANCE	9/27/2018	8,770.18	8,770.18
21213	GONZALES ACE HARDWARE JC FACILITY MAINTENANCE	9/27/2018	6.04	6.04
21214	GRAINGER HHW SAFETY SUPPLIES	9/27/2018	273.21	273.21
21215	INFINITY STAFFING SERVICES, INC. JC & SS CONTRACT LABOR	9/27/2018	8,077.13	8,077.13
21216	ISCO MACHINERY, INC. JC EQUIPMENT RENTAL	9/27/2018	9,439.20	9,439.20
21217	KING CITY HARDWARE INC. JRTS FACILITY MAINTENANCE	9/27/2018	15.23	15.23
21218	LIEBERT CASSIDY WHITMORE MONTHLY HR LEGAL SERVICES	9/27/2018	148.00	148.00
21219	MARINA POLICE ACTIVITIES LEAGUE COMMUNITY EVENT, SPONSORSHIP	9/27/2018	395.00	395.00
21220	MONICA AMBRIZ TRAINING: PER DIEM	9/27/2018	36.00	36.00
21221	MONTEREY BAY OFFICE PRODUCTS COPIER MAINTENANCE	9/27/2018	401.52	401.52
21222	PROBUILD COMPANY LLC SS & JC FACILITY MAINTENANCE	9/27/2018	4,000.32	4,000.32
21223	QUINN COMPANY SS, JC & JR EQUIPMENT MAINTENANCE	9/27/2018	212.86	212.86
21224	RETURNS R US, INC. PHARMACEUTICAL TAKE-BACK KIT ALLCARE PHARMACY	9/27/2018	450.00	450.00
21225	ROBERTO VILLALPANDO JC FACILITY MAINTENANCE	9/27/2018	850.00	850.00
21226	SAN BENITO SUPPLY, CONSTRUCTION, CONCRETE & QUARRY JR FACILITY MAINTENANCE	9/27/2018	2,482.81	2,482.81
21227	SOCIAL VOCATIONAL SERVICES, INC. JC LITTER ABATEMENT	9/27/2018	4,540.74	4,540.74
21228	SOUTH COUNTY NEWSPAPER ADMIN SUBSCRIPTIONS	9/27/2018	49.70	49.70
21229	TELCO BUSINESS SOLUTIONS MONTHLY NETWORK SUPPORT	9/27/2018	600.00	600.00
21230	THOMAS M BRUEN AUGUST LEGAL SERVICES	9/27/2018	2,925.52	2,925.52

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2018 to 9/30/2018

Check #	Name	Check Date	Amount	Check Total
21231	US BANK CORPORATE PAYMENT SYSTEM	9/27/2018		
	AMAZON : JC REPAIR SUPPLIES		208.57	
	AMAZON : CH FACILITY MAINTENANCE		801.60	
	LOWES : JC FACILITY MAINTENANCE		822.57	
	GOTO MEETING: ANNUAL SUBSCRIPTION		288.00	
	SUBWAY: BOARD OF DIRECTORS MEETING 8/16/18		77.95	
	WALMART: BOARD OF DIRECTORS MEETING 8/16/18		33.44	
	PUBLIC AGENCY RISK MAN. ASSOCI:CONF. REGISTRATION		350.00	
	COSTCO: OFFICE SUPPLIES		77.98	
	EXPERIAN:CREDIT CHECKS		89.90	
	CSDA: 2018 CONFERENCE REGISTRATION		575.00	
	CSUMB: SUPERVISOR TRAINING		1,080.00	
	CVS: SAFETY PROGRAM		529.75	
	SMART & FINAL: EXECUTIVE COMMITTEE MEETING SNACKS		40.11	
	CONSTANT CONTACT: RR OUTREACH		108.00	
	EXPEDIA: AIRFARE FOR CALPERS CONFERENCE		363.61	
	FACEBOOK: BOOSTED POST FOR TIRE AMNESTY EVENT		2.19	
	GAYLORD OPRYLAND: AIR/HOTEL TRANSPORATION		90.00	
	GRANT WRITING USA: REGISTRATION		455.00	
	INDEED: DIVERSION WORKER RECRUITMENT		48.52	
	HUGHESNET:JC & JR INTERNET SERVICE		171.61	
	ATT:JC INTERNET		246.33	
	COSTCO: OPS ALL SITE OFFICE SUPPLIES		34.63	
	COSTCO: OPS ALL SITE OFFICE SUPPLIES		15.64	
	AMAZON : JRTS VECTOR CONTROL		524.96	
	FEDEX:MAP LAMINATION		20.91	
	INTERMEDIA:MONTHLY EXCHANGE SERVER HOSTING		329.70	
	OAKLAND CON. CENTER: PARKING		210.00	
	OAKLAND MARRIOTT: CONFERENCE LODGING		420.00	
	OAKLAND MARRIOTT: CONFERENCE LODGING		173.52	
	OAKLAND MARRIOTT: TRAINING LODGING		593.52	
	MICROSOFT: OFFICE 365 ANNUAL SUBSCRIPTION		2,475.00	
	PARMA: CONFERENCE LODGING		226.98	
	AMAZON:UPS REPLACEMENT BATTERIES		42.98	
	SAFEWAY: EMPLOYEE COMMUNICATION		29.99	
	SHRM MEMBERSHIP RENEWAL		209.00	
	SMART N FINAL: ADM OFFICE SUPPLIES		21.46	
	HARBOR FRIEGHT : JC FACILITY MAINTENANCE		280.48	
	COSTCO: OPS ALL SITE OFFICE SUPPLIES		34.63	
	SUPERVISOR'S MANDATED TRAINING		29.00	
	AMAZON : SS & JC SUPPLIES		68.58	
	TENN TAXI - TRANSPORTATION TO WASTECON		32.00	
	VISTAPRINT: EMPLOYEE BUSINESS CARDS		38.88	
	ACTION RESEARCH: WORKSHOP REGISTRATION		645.00	
	ACTION RESEARCH: WORKSHOP REGISTRATION		645.00	
				13,561.99
21232	**VOID**	9/27/2018	-	
			-	-
21233	**VOID**	9/27/2018	-	
			-	-
21234	**VOID**	9/27/2018	-	
			-	-
21235	**VOID**	9/27/2018	-	
			-	-
21236	WEST COAST RUBBER RECYCLING, INC	9/27/2018		
	RR TIRE DIVERSION		3,600.00	
				3,600.00

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2018 to 9/30/2018

Check #	Name	Check Date	Amount	Check Total
21237	ZIG AUTO PARTS DISTRIBUTING - A CALIFORNIA CORP. SS VEHICLE MAINTENANCE	9/27/2018	47.41	47.41
	Subtotal			<u>522,310.25</u>
	Payroll Disbursements			439,461.17
	Grand Total			<u><u>961,771.42</u></u>



Report to the Executive Committee

ITEM NO. 3

Finance and Administration Manager,
Controller/Treasurer

General Manager/CAO

N/A

Legal Counsel

Date: November 1, 2018

From: C. Ray Hendricks, Finance and Administration Manager

Title: A Resolution Approving the Allocation of Cash Balances for Fiscal Year 2017-18, and Supplemental Appropriation for pay down of CalPERS Unfunded Actuarial Liability and Monterey County Litter Abatement Program

RECOMMENDATION

Staff requests that the Executive Committee recommends adoption of the resolution.

STRATEGIC PLAN RELATIONSHIP

This is a routine annual financial item.

FISCAL IMPACT

This item designates cash balances at year-end, 06-30-2018. A supplemental appropriation of \$1,003,000 will be made to pay down CalPERS Unfunded Actuarial Liability. An additional supplemental appropriation of \$50,000 will be made to fund half a year of Monterey's County Litter Abatement Program. Both of these supplemental appropriations will be funded using cash balances at 06-30-2018 prior to allocation to designated reserves in accordance with Board policy.

(continued to next page)

DISCUSSION & ANALYSIS

To determine the cash balance at 06-30-2018, the total of cash and investments at 06-30-2018 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 06-30-2018	<u>27,529,117.16</u>
<u>Restricted by Legal Agreement</u>	
JC Closure Fund	4,152,902.48
State Grants	(115,096.27)
Reimbursement Fund	(16,064.59)
<u>Funds Held in Trust</u>	
CCRMC Trust	71,270.34
Employees FSA Trust	5,299.29
<u>Committed by Board Policy</u>	
Expansion Fund	8,287,682.71
AB939 Fund Balance	592,526.80
Designated for Capital Projects Reserve	1,941,749.15
Designated for Operations Reserve	861,776.73
Designated for Environmental Impairment Reserve	861,776.73
<u>Assigned by Budget</u>	
Assigned for Capital Projects	<u>6,768,024.82</u>
Total Available for Surplus Allocation at 06-30-2018	<u>4,117,268.97</u>

The rate stabilization fund was previously used to reimburse Republic for the additional costs of direct hauling to the landfill. This reimbursement provision is no longer in place, since the Authority no longer charges Republic Services a transportation surcharge for direct hauling to the landfill. The \$24,324 remaining in the fund is being included in cash surpluses for reserve allocation.

On September 20, 2018, the Board approved \$1,630,991 in new CIPs to be funded from FY 2017-18 surplus.

Using \$1,003,000 of the remaining fund balance to pay off the Authority's unfunded retirement liability would save the Authority over \$1 million in interest payments over the scheduled amortization through 2045. CalPERS will implement a reduction of the discount rate from 7.25% to 7.00% in its next actuarial. This change will leave an estimated \$200,000 in unfunded liability that the Authority will begin to pay down during fiscal year FY 2019-20. Additionally, any gains or losses in investments from CalPERS, or changes in assumptions, will affect our funded status going forward. The budget will continue to have an allocation to pay off changes in in this liability in the shortest reasonable time frame possible.

After the budget was adopted, Monterey County requested funding for their litter abatement program. The Board supported funding this request. Since the budget had already been adopted, staff committed to assigning reserves to fund this item for half of FY 2018-19. \$50,000 represents half a year of this program. This item will require a rate increase to continue being fully funded starting in FY 2019-20.

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

Total Available for Surplus Allocation at 06-30-2018	4,117,268.97
Supplemental CIPs approved on 09-20-2018	(1,630,991.19)
Payoff of PERS UAL at 06-30-2018	(1,003,000.00)
Monterey County Litter Abatement Program	<u>(50,000.00)</u>
Adjusted Allocation Amount	<u><u>1,433,277.78</u></u>
Capital Projects Reserve	859,966.66
Operations Reserve	286,655.56
Environmental Impairment Reserve	<u>286,655.56</u>
Total Surplus Allocation	<u><u>1,433,277.78</u></u>

Following is a summary of the reserve balances at 11-15-2018, if approved by the Board, followed by a brief analysis.

Designated for Capital Projects Reserve

Balance at 06-30-2018	1,941,749.15
Partial Repayment of Reserve Loan from Jolon Road	167,997.06
FY 2017-18 Surplus Allocation	<u>859,966.66</u>
	<u><u>2,969,712.87</u></u>

During the FY 2016-17 budget process, to minimize the rate increase, the Board elected to use the CIP reserves to fund \$398,581 of the \$600,000 CIP for Jolon Road equipment needed to begin staff run operations at Jolon Road Transfer Station. The remaining amount was funded from budgeted operating surpluses. The FY 2018-19 budget included \$120,000 repayment, and another \$47,997.06 was repaid using remaining unused funds in this CIP. Another \$120,000 of the borrowed amount is scheduled to be paid in FY 2019-20.

Designated for Operations Reserve

Balance at 06-30-2018	861,776.73
FY 2017-18 Surplus Allocation	<u>286,655.56</u>
	<u><u>1,148,432.29</u></u>

The Operating Reserve goal is 15% of the Operations Budget. The \$1,148,433 balance is 6.1% of the \$18,860,000 FY 2018-19 Operations Budget.

Designated for Environmental Impairment Reserve

Balance at 06-30-2018	861,776.73
FY 2017-18 Surplus Allocation	<u>286,655.56</u>
	<u><u>1,148,432.29</u></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>Landfill-Action</u>	<u>Capital Improvements</u>	<u>Maintenance</u>	<u>Contingency</u>	<u>Total</u>
Johnson Canyon	\$ 433,796	\$ 368,580	\$ -	\$ 802,376
Crazy Horse	3,388,139	7,669,973	-	11,058,112
Jolon Road	-	1,516,869	-	1,516,869
Lewis Road	127,798	235,389	36,454	399,641
Total Corrective Actions	<u>\$ 3,949,733</u>	<u>\$ 9,790,811</u>	<u>\$ 36,454</u>	<u>\$ 13,776,998</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 \$1,148,432 balance is 33.9% of the \$3.39 million capital funding goal for Corrective Action at Crazy Horse.

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
2. Exhibit A - Allocation of Cash Balances for FY 2017-18 Sheet
3. Resolution 2014-11

RESOLUTION NO. 2018 –

A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY APPROVING THE ALLOCATION OF CASH BALANCES FOR FISCAL YEAR 2017-18 AND SUPPLEMENTAL APPROPRIATION FOR PAYDOWN OF CALPERS UNFUNDED ACTUARIAL LIABILITY AND MONTEREY COUNTY LITTER ABATEMENT PROGRAM

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 2017-18 fund balance is to be allocated as follows: Operating Reserves (20%), Capital Projects Reserves (60%), and Environmental Impairment Reserves (20%); and,

WHEREAS, the rate stabilization fund is no longer needed; and,

WHEREAS, on September 20, 2018, the Board approved \$1,630,991 in new CIPs to be funded from FY 2017-18 fund balance; and,

WHEREAS, using \$1,003,000 of the remaining fund balance to pay off the Authority's unfunded retirement liability would save the Authority \$1.1 million in interest payments over the scheduled amortization through 2045; and,

WHEREAS, on June 21, 2018, the Board of Directors approved assisting the County of Monterey with funding for its litter abatement program;

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 2017-18, attached hereto and marked "Exhibit A" is hereby approved; and,

BE IT FURTHER RESOLVED, that the rate stabilization fund be closed, and the \$24,324 remaining balance be included in fund balance for reserve allocations; and,

BE IT FURTHER RESOLVED, that a Supplemental Appropriation of \$1,003,000 for paydown of CalPERS unfunded liability is hereby approved; and,

BE IT FURTHER RESOLVED, that a Supplemental Appropriation of \$50,000 for the first six months of funding of Monterey County's litter abatement program is hereby approved; and,

BE IT FURTHER RESOLVED, that the General Manager/CAO is hereby authorized to implement the allocation 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 15th day of November 2018, 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 at 06-30-2018	4,117,268.97
Supplemental CIPs approved on 09-20-2018	(1,630,991.19)
Payoff of PERS UAL at 06-30-2018	(1,003,000.00)
Monterey County Litter Abatement Program	<u>(50,000.00)</u>
Adjusted Allocation Amount	<u>1,433,277.78</u>
Capital Projects Reserve	859,966.66
Operations Reserve	286,655.56
Environmental Impairment Reserve	<u>286,655.56</u>
Total Surplus Allocation	<u>1,433,277.78</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.

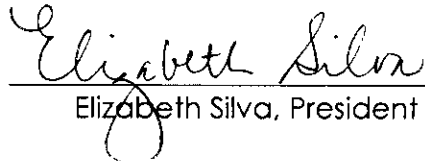
PASSED AND ADOPTED by the Board of Directors of the Salinas Valley Solid Waste Authority at the regular meeting duly held on the 17th day of April 2014 by the following vote:

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.

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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.

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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.

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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

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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.

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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

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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

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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:

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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

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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

ITEM NO. 4

N/A

Finance and Administration Manager,
Controller/Treasurer

General Manager/CAO

N/A

Legal Counsel

Date: November 1, 2018

From: Patrick Mathews, General Manager/CAO

Title: October Strategic Planning Retreat Report

RECOMMENDATION

Staff recommends that the Executive Committee accept this report and recommend approval to the Board of Directors.

STRATEGIC PLAN RELATIONSHIP

The Authority's Strategic Plan is reviewed and re-evaluated every year by the Board at its annual retreat with regular progress updates throughout the year.

FISCAL IMPACT

Funding for the implementation of the specific goals have or will be allocated as part of the annual budget process.

DISCUSSION & ANALYSIS

On October 18, 2018, the Board met to review the current Strategic Plan goals. At that meeting, Critical Path Creation (Strategic Plan Actions) were identified, as outlined in Attachment 1.

Staff is recommending the Strategic Plan reporting be structured for updates based on the new Strategic Plan Actions which will now be provided to the Board on a quarterly basis (Attachment 2). At each quarterly update, the Board and staff may propose and consider additions, deletions and modifications to the Strategic Plan Actions, consistent with the agency's Mission, Vision, Values and Goals as outlined in Attachment 2. The next Strategic Plan Actions Report will be scheduled for the Board's February 21, 2019 meeting with additional action reports scheduled every quarter thereafter.

Staff recommends the Board's annual Strategic planning retreats be scheduled on the date of the Board's October meeting each year and at a time to be determined by consensus of the Board in advance of each retreat. The retreats will focus on team building; review of the Agency's Mission, Vision, Values and Goals; and review and modification of the Strategic Plan Actions for the coming year.

BACKGROUND

In 2007 the Board adopted short and long term goals for the Authority. In 2009, the Board adopted a Mission, Vision and Core Values. In 2010, the Board adopted a three-year Strategic Plan (2010-2013) with six-month objectives. The Board agreed that new goals would be established every three years along with 6-month objectives. The 2013-16 a new set of goals were established for the next Strategic Period which concluded June

2016. The 2016-19 Strategic Plan was developed at the Board's July 13, 2016, retreat and represented the start of a new three-year Strategic Planning period. Progress reports were provided to the Board every month.

On August 17, 2017, the Board approved the restructure of the Strategic Planning process to have one facilitated retreat a year and one facilitated by Authority staff. On February 15, 2018, the Board adopted Resolution No. 2018-07 approving the Strategic Planning sessions to be changed from every January and July to every April and October during the regular scheduled Board meetings.

In lieu of the April updates staff is recommending a minor change in the process to have quarterly updates on Strategic Plan Actions in order to maintain a more fluid document that can be modified and updated more frequently between the annual retreats as Agency needs and changes arise.

ATTACHMENT(S)

1. Facilitator Report of the Strategic Planning Retreat
2. SVSWA Strategic Plan (October 18, 2018 – October 24, 2018)



Report of the Strategic Planning Retreat
October 18, 2018 Gonzales City Council Chambers

In attendance:

County: Simon Salinas, President;
County: John M. Phillips
Salinas: Gloria De La Rose, Alt. Vice-President
Salinas: Tony R. Barrera
Salinas: Kimbley Craig
Gonzales: Elizabeth Silva
King City: Robert S. Cullen, Vice President

General Manager/Chief Administrative Officer Patrick Mathews
Facilitator: Brigid McGrath Massie

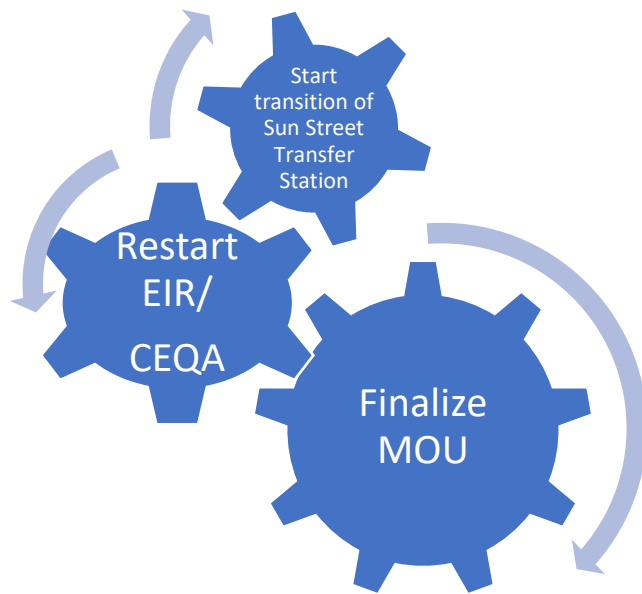
The attendees participated in the following activities:

- **In one sentence, wrote out their main priority to be accomplished at the Retreat.**
- **Took a Quiz concerning the Authority's and the District's operations.**
- **Analyzed and agreed on criteria and priorities.**

Critical Path Creation:

- **Finalize and present to the Boards of the Salinas Valley Solid Waste Authority and the Monterey Regional Waste Management District a Memorandum of Understanding regarding Collaboration and Shared Use of Infrastructure once all stakeholder input is received.**
- **At the November Board meeting, present a new Environmental Impact Report (EIR) Project Description that includes multiple options for the repurposing of Madison Lane Transfer Station.**
- **Restart CEQA-EIR studies as well as the Financial Impact Analysis to analyze collaboration opportunities, closing down of the Sun Street Transfer Station, and the re-purposing of Madison Lane Transfer Station.**

- Identify a potential buyer for Sun Street Transfer Station.



Respectfully submitted,

Brigid McGrath Massie, Facilitator

**SALINAS VALLEY SOLID WASTE AUTHORITY
(SALINAS VALLEY RECYCLES)**

STRATEGIC PLAN

October 18, 2018 – October 24, 2019

Mission

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

Vision

To reduce the amount of waste by promoting individual and corporate responsibility. To recover waste for its highest and best use while balancing rates and services. To transform our business from burying waste to utilizing waste as a resource. To eliminate the need for landfills.

Values

- | | | |
|--------------------|-------------------|--------------------|
| • Innovation | • Efficiency | • Customer Service |
| • Integrity | • Fiscal Prudence | • Community |
| • Public Education | • Resourcefulness | Partnerships |

Strategic Plan Goals

- Select and Implement Facilities (e.g., Salinas Area Materials Recovery Center) and Programs That Lead to Achievement Of At Least 75% Waste Diversion
- Reduce Landfill Disposal Fee Dependence Through Self-Funded Programs and New Revenue Sources
- Promote the Value of SVR Services and Programs to the Community
- Maintain A High Performance and Flexible Workforce

Strategic Plan Actions

- Finalize and present to the Boards of the Salinas Valley Solid Waste Authority and the Monterey Regional Waste Management District a Memorandum of Understanding regarding Collaboration and Shared Use of Infrastructure once all stakeholder input is received.

Developed on 10/18/18 | Completed on

- At the November Board meeting, present a new Environmental Impact Report (EIR) Project Description that includes multiple options for the repurposing of Madison Lane Transfer Station.

Developed on 10/18/18 | Completed on

- Restart CEQA-EIR studies as well as the Financial Impact Analysis to analyze collaboration opportunities, closing down of the Sun Street Transfer Station, and the repurposing of Madison Lane Transfer Station.
Developed on 10/18/18 | Completed on
- Identify a potential buyer for Sun Street Transfer Station.
Developed on 10/18/18 | Completed on



Report to the Executive Committee

Date: November 1, 2018

From: Patrick Mathews, General Manager/CAO

Title: Update on Draft Collaboration Memorandum of Understanding (MOU) Between Salinas Valley Solid Waste Authority (Authority) And Monterey Regional Waste Management District (District)

ITEM NO. 5

N/A

Finance Manager/Controller-Treasurer

N/A

General Manager/CAO

N/A

Legal Counsel

**A VERBAL UPDATE WILL BE GIVEN
AT THE MEETING**



Report to the Executive Committee

Date: November 1, 2018
From: Cesar Zuñiga, Asst. GM/Operations Manager
Title: Cost Options for Processing Construction & Demolition, Wood, and Organics

ITEM NO. 6

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 2018
Item No. 7

	Nov	Dec	Jan	Feb	Mar	Apr
A			Election of Officers			
B			New Hire			
1	Minutes	Minutes	Minutes	Minutes	Minutes	Minutes
2	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)
3	Member Agencies Activities Report	Member Agencies Activities Report	QTE December Cash & Investments (EC)	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report
4	3rd Qtr Tonnage & Diversion Report	Strategic Plan Update	Member Agencies Activities Report/BD Public Outreach Participation (sp)	4th Qtr Tonnage & Diversion Report	Strategic Plan Updae	Strategic Plan Update
5	Fund Balance Reserves (EC)	LTFN EIR Qtrly Update (sp)	Strategic Plan Updae	Strategic Plan Updae	LTFN EIR Qtrly Update (sp)	QTE March Cash & Investments
6	Strategic Plan Approval	<i>GM Evaluation</i>	Mid-Year Budget Adjustments (EC)	FY 19-20 Preliminary Budget (EC)	Public Hearing: Rate & Fee Sched (EC)	1st Qtr Facilities Customer Survey
7	Compost Processing Controls		4th Qtr Facilities Customer Survey		FY 19-20 Proposed Budget (EC)	
8	Module 7 - Plans and Specs		Annual County Used Oil Report			
9	Collaboration MOU w/MRWMD Update (EC)		Public Hearing: CH Organics CEQA			
10	CAG Annual Report		Annual Employee Survey Results (EC)			
11	RFP Waste Characterization Study Services		CH Landfill Organics Lease			
12	Legacy Liabilities Funding Options (sp)		FY 19-20 Budget Direction (EC)			
13	C&D/Wood Waste Recovery Program (EC) (sp)		Board Policy Updates (EC)			
14	New Officers Nominating Committee		<i>GM Evaluation</i>			
15	<i>GM Evaluation (EC)</i>		<i>Real Property Negotiations (EC)</i>			
16	<i>Real Property Negotiations (EC)</i>					
17						

Consent

Presentation

Consideration

Closed Session

[Other] (Public Hearing, Recognition, Informational, etc.)

(EC) Executive Committee

(sp) Strategic Plan Item