



Agenda

EXECUTIVE COMMITTEE

THURSDAY, November 7, 2019

4:00 p.m.

Conference Room

128 Sun Street, Suite 101, Salinas, California

CALL TO ORDER

ROLL CALL

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

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 3, 2019 Meeting](#)
 - A. Committee Discussion
 - B. Public Comment
 - C. Recommended Committee Action – Approval
2. [September 2019 Claims and Financial Reports](#)
 - A. Receive a report from Finance and Administration Manager Ray Hendricks
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Forward to the Board and Recommend Approval
3. [A Resolution Approving the Allocation of Cash Balances for Fiscal Year 2018-19, and Supplemental Appropriation for Pay Down of CalPERS Unfunded Actuarial Liability](#)
 - 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. [Update on the City of Salinas' One Year Notice of Intent to Withdrawal from the Joint Powers Agreement with the Salinas Valley Solid Waste Authority](#)
 - A. Receive verbal report from General Manager/CAO Patrick Mathews
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – None; Informational Only

FUTURE AGENDA ITEMS

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

CLOSED SESSION

Receive public comment from audience before entering into closed session:

6. Pursuant to **Government Code Section 54956.8** to confer with legal counsel and real property negotiators General Manager/CAO Patrick Mathews, Asst. GM/Ops Manager Cesar Zuñiga, Finance and Administration Manager Ray Hendricks, and General Counsel Roy C. Santos, concerning the possible terms and conditions of acquisition, lease, exchange or sale of **1)** Salinas Valley Solid Waste Authority Property, APNs 003-051-086 and 003-051-087, located at 135-139 Sun Street, Salinas, CA: **2)** APN 002-021-005, located at 356 W. Market St., Salinas, CA: **3)** APN 002-021-006, located at 346 W. Market St., Salinas, CA: **4)** APN 002-021-007, located at 330 W. Market St., Salinas, CA: and **5)** APN 002-021-008, located at 320 W. Market St., Salinas, CA
7. Pursuant to **Government Code Section 54957 (b)** to consider the Performance Evaluation of the General Manager/Chief Administrative Officer Patrick Mathews for 2019.

RECONVENE

ADJOURNMENT

This meeting agenda was posted at the Salinas Valley Solid Waste Authority office at 128 Sun Street, Suite 101, Salinas, on **Thursday, October 31, 2019**. The Executive Committee will next meet in regular session on **Thursday, December 5, 2019, 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 3, 2019**

CALL TO ORDER

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

COMMITTEE MEMBERS PRESENT

Gloria De La Rosa Vice President
Chris Lopez Alternate Vice President

COMMITTEE MEMBERS ABSENT

Robert Cullen President

STAFF MEMBERS PRESENT

Patrick Mathews, *General Manager/CAO*
Cesar Zuniga, *Assistant General
Manager/Operations Manager*
Ray Hendricks, *Finance and Administration
Manager*
Mandy Brooks, *Resource Recovery Manager*

Brian Kennedy, *Engineering and
Environmental Compliance Manager*
Erika J. Trujillo, *Clerk of the Board*
Roy C. Santos, *General Counsel
(Via Telephone)*

GENERAL MANAGER AND DEPARTMENT MANAGER COMMENTS

(4:04) General Manager/CAO Mathews commented on the tour given to the staff from Fresh Express visiting from Florida of the Johnson Canyon Landfill and the De-Packaging machine. Finance and Administration Manager Hendricks informed the Committee that the surplus allocation for fiscal year 2018-19 will be presented to the Committee at the November meeting. Engineering and Environmental Compliance Manager Kennedy informed the Committee that the Johnson Canyon Landfill Module VII has been completed. Resource Recovery Manager Brooks commented on the press release that was distributed regarding the De-Packager system starting to operate.

DIRECTOR COMMENTS

(4:07) None

COMMITTEE COMMENTS

(4:07) None

PUBLIC COMMENT

(4:07) None

CONSIDERATION ITEMS

1. Minutes of September 5, 2019 Meeting

(4:08)

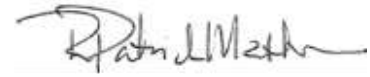
Committee Discussion: None

Public Comment: None

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

ITEM NO. 1

Agenda Item



General Manager/CAO

R. Santos by E.T.

General Counsel

2. August 2019 Claims and Financial Reports

(4:08) Finance and Administration Manager Hendricks presented an overview on the current Authority Finances, indicating that revenues are ahead compared to last year and expenses are comparable to last year.

Committee Discussion: None

Public Comment: None

Committee Action: Alternate Vice President Lopez made a motion to forward to the Board recommending approval as presented. Vice President De La Rosa seconded the motion. The motion passed; 2-0

3. Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2019

(4:13) Finance and Administration Manager Hendricks presented a brief report on the annual financial audit conducted by McGilloway, Ray, Brown & Kaufman. He provided the Committee with a copy of the Governance letter submitted by McGilloway, Ray, Brown & Kaufman, indicating once again the Authority did not receive a management letter. The report demonstrated that the Authority's continues to maintain a positive net position. The Authority will once again apply for the Certificate of Achievement for Excellence in Financial Reporting award. Mr. Hendricks introduced Sukhdev Singh, CPA, with McGilloway, Ray, Brown & Kaufman. (4:17) Mr. Singh provided a clean opinion of the Authority's finances commending staff for their work. He indicated that there were no difficulties while working with management, that all accounting standards where met, and that the timelines where met early.

Committee Discussion: The Committee discussed the report.

Public Comment: None

Committee Action: Alternate Vice President Lopez made a motion to forward to the Board recommending approval as presented. Vice President De La Rosa seconded the motion. The motion passed; 2-0

4. Consideration of Personnel Allocations for South County Facilities and Environmental Control Systems

(4:26) Assistant General Manager/Operations Manager Zuñiga provided a report on the increases seen in trip counts and tonnage since the establishment of the staffing levels for each of the Authorities South County facilities; Jolon Road Transfer Station has seen a 71% increase in trips and 16% increase in tonnage; Johnson Canyon Landfill has seen a 41% increase in trip and 22% increase in tonnage; and HHW has seen a 56% increase in customers and 43% increase in tonnage. He also indicated that since the establishment of the staffing levels the Authority has gone from one closed landfill to three with the amount of regulatory compliance responsibilities and maintenance requirements significantly increasing. Mr. Zuñiga reviewed the accidents and injuries and overtime/compensation time averages seen during fiscal year 2018-19. He discussed the personnel allocations requested and the cost for each position; one Solid Waste Tech I/II, one Heavy Equipment Operator, one Scale House Cashier, and one Diversion Worker I/II.

Committee Discussion: The Committee discussed the report requesting a three-year comparison in overtime/comp time hours per pay period.

Public Comment: None

Committee Action: Alternate Vice President Lopez made a motion to forward to the Board for consideration with the addition of a three-year

overtime/compensation time comparison. Vice President De La Rosa seconded the motion. The motion passed; 2-0

5. Update on the City of Salinas' One Year Notice of Intent to Withdrawal for the Joint Powers Agreement with the Salinas Valley Solid Waste Authority

(4:41) General Manager/CAO Mathews provided a report on the letter received by City of Salinas City Manager dated September 20, 2019. He indicated the concern for the Authority with the letter are the statement that an Authority public facility is not welcomed within the City limits. Mr. Mathews referred back to the independent public survey conducted in November 2017 that identified the demand for a public facility within the city limits was very high. He commented on the financial burden of two to three million dollars a year the City of Salinas would bear if it withdrawals and the impact it would cause on the rate payers. Mr. Mathews expressed his desire for a solution and need for a collaborative partner within the City of Salinas Administration as current City of Salinas Council members have expressed their support of a public facility within the City limits.

Committee Discussion: Alternate Vice president Lopez expressed his concern on the City of Salinas decision to not support a public facility within the City limits. He inquired about the City of Salinas intent to work collaboratively with the Authority to help identify a location for a public facility. Vice President De La Rosa indicated that all property identified within the City of Salinas is an opportunity zone and there are no locations within the City limits for a public facility.

Public Comment: None

Committee Action: Alternate Vice President Lopez made a motion to forward Item No. 5 to the Board for discussion. Vice President De La Rosa seconded the motion. The motion passed; 2-0

FUTURE AGENDA ITEMS

6. Future Agenda Items

(4:54) The Committee reviewed the future agenda items.

CLOSED SESSION

(4:57) General Manager/CAO Mathews reported that there was no need to enter into closed session as there was information to discuss related to Item No. 7.



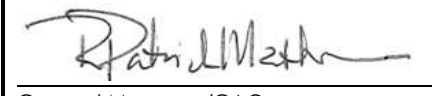
- 7.** Pursuant to ~~Government Code Section 54956.8~~ to confer with legal counsel and real property negotiators General Manager/CAO Patrick Mathews, Asst. GM/Ops Manager Cesar Zuñiga, Finance and Administration Manager Ray Hendricks, and General Counsel Roy C. Santos, concerning the possible terms and conditions of acquisition, lease, exchange or sale of ~~1)~~ Salinas Valley Solid Waste Authority Property, APNs 003-051-086 and 003-051-087, located at 135-139 Sun Street, Salinas, CA; ~~2)~~ APN 002-021-005, located at 356 W. Market St., Salinas, CA; ~~3)~~ APN 002-021-006, located at 346 W. Market St., Salinas, CA; ~~4)~~ 5APN 002-021-007, located at 330 W. Market St., Salinas, CA; and ~~5)~~ APN 002-021-008, located at 320 W. Market St., Salinas, CA

ADJOURNMENT

(5:01) Vice President De La Rosa adjourned the meeting.

APPROVED: _____
Robert Cullen, President

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

 <p>Report to the Executive Committee</p>	<p align="center">ITEM NO. 2</p>
<p>Date: November 07, 2019</p> <p>From: C. Ray Hendricks, Finance and Administration Manager</p> <p>Title: September 2019 Claims and Financial Reports</p>	<div data-bbox="1089 178 1518 273">  </div> <div data-bbox="1089 273 1518 336"> <p>Finance and Administration Manager/Controller/Treasurer</p> </div> <div data-bbox="1089 336 1518 430">  </div> <div data-bbox="1089 430 1518 493"> <p>General Manager/CAO</p> </div> <div data-bbox="1089 493 1518 577"> <p align="center">N/A</p> </div> <div data-bbox="1089 577 1518 640"> <p>General Counsel</p> </div>

RECOMMENDATIONS

Staff requests that the Executive Committee recommends acceptance of the September 2019 Claims and Financial Reports.

DISCUSSION & ANALYSIS

Please refer to the attached financial reports and checks issued report for the month of September for a summary of the Authority's financial position as of September 30, 2019. 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 2019, operating revenues exceeded expenditures by \$1,043,376. Fiscal year 2019-20 to date operating revenues exceeded expenditures by \$460,802.

Revenues (Consolidated Statement of Revenues and Expenditures)

After three months of the fiscal year, (25.00% of the fiscal year), revenues total \$6,094,579 or 29.9% of the total annual revenues forecast of \$20,369,805. September Tipping Fees totaled \$1,326,466 or 32.1% of the forecasted total of \$13,015,000.

Operating Expenditures (Consolidated Statement of Revenues and Expenditures)

As of September 30, 2019 (25.00% of the fiscal year), year-to-date operating expenditures totaled \$5,633,777. This is 30.9% of the operating budget of \$18,234,000.

Capital Project Expenditures (Consolidated CIP Expenditures Report)

For the month of September 2019, capital project expenditures totaled \$766,994. \$614,143 was for the JC Module 7 Engineering and Construction. \$123,139 was for the Organics Program. \$22,140 was for Crazy Horse Postclosure Maintenance.

Claims Checks Issued Report

The Authority's Checks Issued Report for the month of September 2019 is attached for review and acceptance. September disbursements total \$1,544,091.05 of which \$453,510.49 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 2019.

Vendor	Services	Amount
Wood Brothers, Inc.	Module 7 Construction	\$514,129.36
United Rentals, Inc.	2013 Wheel Loader & Routine Equipment Rental	\$92,980.24
Geosyntec Consultants, Inc.	Module 7 Construction CQA	\$71,011.54

Cash Balances

The Authority's cash position increased \$407,936.16 during September to \$27,887,980.51. Most of the cash balance is restricted, held in trust, committed, or assigned as shown below. The debt principal and interest payments totaling \$2,645,332.36 on September 1, 2019 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	4,593,286.67
State & Federal Grants	(77,609.02)
BNY - Bond 2014A Payment	-
BNY - Bond 2014B Payment	-

Funds Held in Trust:

Central Coast Media Recycling Coalition	112,444.41
Employee Unreimbursed Medical Claims	4,942.55

Committed by Board Policy:

AB939 Services	67,969.80
Undesignated Reserves	2,939,153.40
Designated for Capital Projects Reserve	3,089,712.87
Designated for Environmental Impairment Reserve	1,148,432.29
Designated for Operating Reserve	1,148,432.29
Expansion Fund (South Valley Revenues)	8,464,790.89

Assigned for Post Closure and Capital Improvements

Crazy Horse Post Closure	828,090.44
Lewis Road Post Closure	217,278.31
Jolon Road Post Closure	107,007.36
Capital Improvement Projects	6,411,929.55

Available for Operations:

(1,167,881.30)

Total

27,887,980.51

ATTACHMENTS

1. September 2019 Consolidated Statement of Revenues and Expenditures
2. September 2019 Consolidated CIP Expenditures Report
3. September 2019 Checks Issued Report

Salinas Valley Solid Waste Authority

Consolidated Statement of Revenues and Expenditure

For Period Ending September 30, 2019

	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	13,015,000	1,326,466	4,179,460	32.1 %	8,835,540	0	8,835,540
Tipping Fees - Surcharge	1,421,775	115,445	353,261	24.8 %	1,068,514	0	1,068,514
Tipping Fees - Diverted Materials	2,236,430	227,596	724,267	32.4 %	1,512,163	0	1,512,163
AB939 Service Fee	2,733,000	227,750	683,250	25.0 %	2,049,750	0	2,049,750
Charges for Services	130,800	22,065	34,968	26.7 %	95,832	0	95,832
Sales of Materials	267,800	26,278	47,357	17.7 %	220,443	0	220,443
Gas Royalties	265,000	72,016	72,016	27.2 %	192,984	0	192,984
Investment Earnings	300,000	0	0	0.0 %	300,000	0	300,000
Grants/Contributions	0	0	0	0.0 %	0	0	0
Other Non-Operating Revenue	0	0	0	0.0 %	0	0	0
Total Revenue	20,369,805	2,017,616	6,094,579	29.9 %	14,275,226	0	14,275,226
<u>Expense Summary</u>							
Executive Administration	476,600	30,128	88,055	18.5 %	388,545	98,936	289,609
Administrative Support	414,100	37,405	118,759	28.7 %	295,341	127,373	167,968
Human Resources Administration	208,400	16,819	46,904	22.5 %	161,496	11,955	149,541
Clerk of the Board	178,600	12,697	41,237	23.1 %	137,363	5,836	131,528
Finance Administration	754,900	46,613	159,031	21.1 %	595,869	39,723	556,146
Operations Administration	486,200	32,744	91,062	18.7 %	395,138	6,168	388,971
Resource Recovery	952,300	70,165	199,035	20.9 %	753,265	8,460	744,805
Marketing	75,000	4,377	10,102	13.5 %	64,898	61,193	3,705
Public Education	226,100	3,955	16,490	7.3 %	209,610	124,924	84,685
Household Hazardous Waste	855,800	64,103	154,226	18.0 %	701,574	224,911	476,663
C & D Diversion	136,000	0	0	0.0 %	136,000	0	136,000
Organics Diversion	1,307,200	8,479	25,030	1.9 %	1,282,170	992,965	289,205
Diversion Services	24,000	3,900	7,650	31.9 %	16,350	16,100	250

Salinas Valley Solid Waste Authority
Consolidated Statement of Revenues and Expenditure
For Period Ending September 30, 2019

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
JR Transfer Station	568,800	48,356	135,678	23.9 %	433,122	149,085	284,038
JR Recycling Operations	160,700	8,875	27,611	17.2 %	133,089	3,728	129,361
SS Disposal Operations	1,133,600	106,851	308,239	27.2 %	825,361	230,982	594,380
SS Transfer Operations	1,188,500	95,065	291,834	24.6 %	896,666	548,265	348,401
SS Recycling Operations	698,600	39,822	130,612	18.7 %	567,988	130,874	437,114
JC Landfill Operations	2,858,800	176,182	590,437	20.7 %	2,268,363	1,225,080	1,043,283
JC Recycling Operations	428,000	22,694	77,940	18.2 %	350,060	47,159	302,902
Johnson Canyon ECS	355,600	15,077	43,048	12.1 %	312,552	183,487	129,066
Sun Street ECS	161,100	1,400	15,626	9.7 %	145,474	66,578	78,896
Debt Service - Interest	1,452,400	0	747,670	51.5 %	704,730	0	704,730
Debt Service - Principal	1,897,700	0	1,897,663	100.0 %	37	0	37
Closure Set-Aside	285,000	30,416	96,275	33.8 %	188,725	0	188,725
Cell Construction Set-Aside	950,000	98,116	313,565	33.0 %	636,435	0	636,435
Total Expense	18,234,000	974,240	5,633,777	30.9 %	12,600,223	4,303,781	8,296,442
Revenue Over/(Under) Expenses	2,135,805	1,043,376	460,802	21.6 %	1,675,003	(4,303,781)	5,978,784

Salinas Valley Solid Waste Authority

Consolidated CIP Expenditure Report

For Period Ending September 30, 2019

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
<u>Fund 131 - Crazy Horse Closure Fund</u>							
131 9316 CH Corrective Action Program	253,000	0	0	0.0 %	253,000	0	253,000
131 9319 CH LFG System Improvements	146,500	0	0	0.0 %	146,500	0	146,500
131 9321 CH Postclosure Maintenance	560,000	22,140	131,547	23.5 %	428,453	192,531	235,922
Total Fund 131 - Crazy Horse Closure Fund	959,500	22,140	131,547	13.7 %	827,953	192,531	635,422
<u>Fund 141 - Lewis Road Closure Fund</u>							
141 9402 LR LFG Well Replacement	35,000	0	0	0.0 %	35,000	0	35,000
141 9403 LR Postclosure Maintenance	235,000	5,412	53,181	22.6 %	181,819	72,778	109,041
Total Fund 141 - Lewis Road Closure Fund	270,000	5,412	53,181	19.7 %	216,819	72,778	144,041
<u>Fund 161 - Jolon Road Closure Fund</u>							
161 9604 JR Postclosure Maintenance	260,000	2,160	152,993	58.8 %	107,007	21,628	85,379
Total Fund 161 - Jolon Road Closure Fund	260,000	2,160	152,993	58.8 %	107,007	21,628	85,379
<u>Fund 180 - Expansion Fund</u>							
180 9804 Long Range Facility Needs EIR	335,395	0	0	0.0 %	335,395	335,395	0
180 9806 Long Range Financial Model	28,388	0	0	0.0 %	28,388	0	28,388
180 9807 GOE Autoclave Final Project	100,000	0	0	0.0 %	100,000	0	100,000
Total Fund 180 - Expansion Fund	463,783	0	0	0.0 %	463,783	335,395	128,388
<u>Fund 211 - Grants</u>							
211 9214 Organics Program 2016-17	243,264	26,419	64,285	26.4 %	178,979	162,882	16,097
211 9220 Tire Amnesty 2019-20	90,000	0	0	0.0 %	90,000	0	90,000
211 9247 Cal Recycle - CCPP	60,456	0	0	0.0 %	60,456	3,660	56,796
211 9253 Cal Recycle - 2017-18 CCPP	13,575	0	1,363	10.0 %	12,212	0	12,212
211 9256 Cal Recycle - 2018-19 CCPP	21,848	0	1,100	5.0 %	20,748	550	20,198
Total Fund 211 - Grants	429,143	26,419	66,748	15.6 %	362,395	167,092	195,303

Salinas Valley Solid Waste Authority

Consolidated CIP Expenditure Report

For Period Ending September 30, 2019

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
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
<u>Fund 800 - Capital Improvement Projects Fund</u>							
800 9104 Organics System Expansion Study	143,841	0	0	0.0 %	143,841	5,000	138,841
800 9105 Concrete Grinding	20,000	0	0	0.0 %	20,000	0	20,000
800 9106 Waste Composition Study	29,543	0	0	0.0 %	29,543	29,543	0
800 9107 Scale House Software Upgrade	100,000	0	0	0.0 %	100,000	0	100,000
800 9214 Organics Program 2016-17	850,000	96,720	107,694	12.7 %	742,306	135,150	607,156
800 9501 JC LFG System Improvements	79,177	0	0	0.0 %	79,177	0	79,177
800 9506 JC Litter Control Barrier	61,343	0	0	0.0 %	61,343	0	61,343
800 9507 JC Corrective Action	225,000	0	0	0.0 %	225,000	0	225,000
800 9526 JC Equipment Replacement	643,708	0	0	0.0 %	643,708	94,710	548,998
800 9527 JC Module 7 Engineering and Construction	2,674,088	614,143	1,472,768	55.1 %	1,201,321	873,930	327,390
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	108,399	0	0	0.0 %	108,399	0	108,399
800 9603 JR Well Replacement	100,000	0	0	0.0 %	100,000	0	100,000
800 9701 SSTS Equipment Replacement	413,858	0	0	0.0 %	413,858	0	413,858
800 9703 SSTS Improvements	10,934	0	0	0.0 %	10,934	0	10,934
Total Fund 800 - Capital Improvement Projects Fund	7,678,826	710,863	1,580,462	20.6 %	6,098,365	1,138,332	4,960,032
Total CIP Expenditures	10,382,814	766,994	1,984,931	19.1 %	8,397,883	1,927,757	6,470,126

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2019 to 9/30/2019

Check #	Name	Check Date	Amount	Check Total
23345	A-7 AUSTIN, LTD AP CHECKS	9/5/2019	277.16	277.16
23346	ADMANOR, INC CCRMC - MEDIA CAMPAIGN SVR MARKETING/BRANDING	9/5/2019	15,130.85 4,376.74	19,507.59
23347	AON RISK INSURANCE SERVICES WEST, INC . WORKER'S COMP PREMIUMS	9/5/2019	16,201.90	16,201.90
23348	BAUDVILLE, INC EMPLOYEE RECOGNITION AWARDS	9/5/2019	1,358.08	1,358.08
23349	DLT SOLUTIONS LLC AUTOCAD ANNUAL LICENSE RENEWAL	9/5/2019	1,891.40	1,891.40
23350	FULL STEAM STAFFING LLC ALL SITES DIVERSION WORKERS & CONTRACT LABOR	9/5/2019	777.11	777.11
23351	GOLDEN STATE TRUCK & TRAILER REPAIR ALL SITES EQUIPMENT AND VEHICLE MAINTENANCE	9/5/2019	890.95	890.95
23352	GONZALES ACE HARDWARE JC FACILITY MAINTENANCE SUPPLIES	9/5/2019	2.68	2.68
23353	KING CITY HARDWARE INC. JC FACILITY MAINTENANCE	9/5/2019	29.99	29.99
23354	MANUEL PEREA TRUCKING, INC. ALL SITES HAULING SERVICES	9/5/2019	750.00	750.00
23355	MISSION LINEN SUPPLY ALL SITES UNIFORMS	9/5/2019	112.56	112.56
23356	MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY SS MRWPCA & SEWER SERVICES	9/5/2019	1,228.85	1,228.85
23357	PACIFIC GAS AND ELECTRIC COMPANY ALL SITES ELECTRICAL SERVICES	9/5/2019	11,290.39	11,290.39
23358	PHILIP SERVICES CORP MONTHLY HHW DISPOSAL & DISPOSAL SUPPLIES	9/5/2019	13.00	13.00
23359	QUINN COMPANY ALL SITES EQUIPMENT AND VEHICLE MAINTENANCE	9/5/2019	10,764.59	10,764.59
23360	ROSALINDA RAMIREZ WEEK 1 - BUDDY LUNCH WEEK 2 - BUDDY LUNCH WEEK 3 - BUDDY LUNCH WEEK 4 - BUDDY LUNCH	9/5/2019	38.00 38.00 38.00 38.00	152.00
23361	SALINAS NEWSPAPERS, INC. ADM NEWSPAPER SUBSCRIPTION	9/5/2019	150.82	150.82
23362	SCS FIELD SERVICES ALL SITES ROUTINE ENGINEERING SERVICES	9/5/2019	5,395.00	5,395.00

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Check #	Name	Check Date	Amount	Check Total
23363	SKINNER EQUIPMENT REPAIR, INC. ALL SITES EQUIPMENT & VEHICLE MAINTENANCE	9/5/2019	2,202.67	2,202.67
23364	SOUTHERN COUNTIES OIL CO., A CA LIMITED PARTNERSHIP ALL SITES EQUIPMENT & VEHICLE FUEL	9/5/2019	5,896.11	5,896.11
23365	US COMPOSTING COUNCIL US COMPOSTING COUNCIL ANNUAL MEMBERSHIP	9/5/2019	150.00	150.00
23366	AMERICAN SUPPLY CO. ALL SITES JANITORIAL SUPPLIES	9/13/2019	276.73	276.73
23367	AON RISK INSURANCE SERVICES WEST, INC . BUSINESS AUTO INSURANCE	9/13/2019	1,422.00	1,422.00
23368	ASBURY ENVIRONMENTAL SERVICES HHW DISPOSAL	9/13/2019	160.00	160.00
23369	ASSOCIATED REBAR, INC. ORGANICS CONSTRUCTION SUPPLIES	9/13/2019	335.03	335.03
23370	BARTEL ASSOCIATES, LLC GASB 68 ACTUARIAL SERVICES GASB 75 ACTUARIAL SERVICES	9/13/2019	1,300.00 2,000.00	3,300.00
23371	BRADLEY TANKS, INC. REFUNDING CREDIT BALANCE ON ACCOUNT	9/13/2019	21,321.27	21,321.27
23372	CALIFORNIA SURVEYING & DRAFTING SUPPLY INC JC SPECIAL DEPARTMENT SUPPLIES	9/13/2019	2,189.85	2,189.85
23373	CARLON'S FIRE EXTINGUISHER SALES & SERVICE ADMINISTRATION FIRE EXTINGUISHERS	9/13/2019	128.45	128.45
23374	COAST COUNTIES TRUCK & EQUIPMENT CO. SS VEHICLE MAINTENANCE SUPPLIES	9/13/2019	1,455.69	1,455.69
23375	CSC OF SALINAS/YUMA ALL SITES VEHICLE MAINTENANCE	9/13/2019	188.31	188.31
23376	CUTTING EDGE SUPPLY SS EQUIPMENT MANAGEMENT	9/13/2019	1,611.73	1,611.73
23377	DOUGLAS NOLAN SCHOOL ASSEMBLY PROGRAM	9/13/2019	1,750.00	1,750.00
23378	EAST BAY TIRE CO. ALL SITES VEHICLE MAINTENANCE	9/13/2019	331.93	331.93
23379	FERGUSON ENTERPRISES INC #795 CH FACILITY MAINTENANCE ORGANICS CONSTRUCTION SUPPLIES	9/13/2019	1,052.07 5,687.94	6,740.01
23380	FULL STEAM STAFFING LLC TEMPORARY LABOR	9/13/2019	3,492.09	3,492.09
23381	GEOLOGIC ASSOCIATES, INC. JC MODULE VII ENGINEER CONSULTING	9/13/2019	6,251.75	6,251.75

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23382	GOLDEN STATE TRUCK & TRAILER REPAIR ALL SITES EQUIPMENT AND VEHICLE MAINTENANCE	9/13/2019	8,610.46	8,610.46
23383	GONZALES ACE HARDWARE JC ORGANICS FACILITY MAINTENANCE JC FACILITY MAINTENANCE SUPPLIES ORGANICS CONSTRUCTION SUPPLIES	9/13/2019	36.09 138.03 200.14	374.26
23384	**VOID**	9/13/2019	-	-
23385	GRAINGER CH FACILITY MAINTENANCE ORGANICS CONSTRUCTION SUPPLIES	9/13/2019	83.82 163.39	247.21
23386	GREEN RUBBER - KENNEDY AG, LP CH, SS & JC FACILITY MAINTENANCE	9/13/2019	110.22	110.22
23387	GREEN VALLEY INDUSTRIAL SUPPLY, INC SS FACILITY MAINTENANCE	9/13/2019	353.97	353.97
23388	HD SUPPLY CONSTRUCTION SUPPLY, LTD BRANCH #6186 SS FACILITY MAINTENANCE ORGANICS CONSTRUCTION SUPPLIES	9/13/2019	98.19 6,512.07	6,610.26
23389	HOME DEPOT ALL SITES FACILITY MAINTENANCE	9/13/2019	1,767.29	1,767.29
23390	**VOID**	9/13/2019	-	-
23391	INFINITY STAFFING SERVICES, INC. JR CONTRACT LABOR	9/13/2019	918.94	918.94
23392	KING CITY HARDWARE INC. JC FACILITY MAINTENANCE	9/13/2019	29.53	29.53
23393	MCMASTER-CARR SUPPLY COMPANY SS FACILITY MAINTENANCE	9/13/2019	62.25	62.25
23394	MICHAEL SILVA CH & LR OPS FACILITY SECURITY	9/13/2019	95.78	95.78
23395	MISSION LINEN SUPPLY ALL SITES UNIFORMS	9/13/2019	124.72	124.72
23396	OFFICE DEPOT ALL SITES OFFICE SUPPLIES	9/13/2019	352.58	352.58
23397	OVERHEAD DOOR COMPANY OF SALINAS SS FACILITY MAINTENANCE	9/13/2019	200.00	200.00
23398	PENINSULA MESSENGER LLC ALL SITES COURIER SERVICES	9/13/2019	620.00	620.00
23399	PINNACLE MEDICAL GROUP PRE-EMPLOYMENT PHYSICAL JRTS	9/13/2019	75.00	75.00

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Check #	Name	Check Date	Amount	Check Total
23400	QUINN COMPANY ALL SITES EQUIPMENT AND VEHICLE MAINTENANCE EQUIPMENT PARTS RETURN	9/13/2019	15,915.25 (731.54)	15,183.71
23401	SCOTT JOHNSON SS VEHICLE MAINTENANCE	9/13/2019	58.01	58.01
23402	SKINNER EQUIPMENT REPAIR, INC. ALL SITES EQUIPMENT & VEHICLE MAINTENANCE	9/13/2019	5,064.45	5,064.45
23403	SOUTHERN COUNTIES OIL CO., A CA LIMITED PARTNERSHIP ALL SITES EQUIPMENT & VEHICLE FUEL	9/13/2019	16,758.98	16,758.98
23404	SPRINT NEXTEL SS & JR CELL PHONE SERVICES	9/13/2019	401.15	401.15
23405	STATE TREASURER'S OFFICE LAIF CONFERENCE REGISTRATION	9/13/2019	150.00	150.00
23406	STERICYCLE, INC SHREDDING SERVICE	9/13/2019	173.28	173.28
23407	TELCO BUSINESS SOLUTIONS MONTHLY NETWORK SUPPORT	9/13/2019	242.00	242.00
23408	TRUCKSIS ENTERPRISES INCORPORATED SCHOOL RECYCLING FLYER	9/13/2019	291.70	291.70
23409	ULINE, INC. SS FACILITY MAINTENANCE	9/13/2019	1,726.07	1,726.07
23410	UNITED RENTALS (NORTHWEST), INC EQUIPMENT RENTAL	9/13/2019	932.71	932.71
23411	VALERIO VARELA JR SS VEHICLE MAINTENANCE	9/13/2019	1,000.00	1,000.00
23412	VALLEY TROPHIES & DETECTORS NEW EMPLOYEE OFFICE NAMEPLATE	9/13/2019	15.84	15.84
23413	VEGETABLE GROWERS SUPPLY, INC. JC SAFETY SUPPLIES	9/13/2019	20.38	20.38
23414	WOOD BROTHERS, INC. JC MODULE 7 CONSTRUCTION	9/13/2019	514,129.36	514,129.36
23415	WRIGHT EXPRESS FINANCIAL SERVICES CORPORATION MONTHLY VEHICLE FUEL	9/13/2019	3,036.33	3,036.33
23416	A-7 AUSTIN, LTD FINANCE DEPARTMENT SUPPLIES	9/19/2019	214.16	214.16
23417	AON RISK INSURANCE SERVICES WEST, INC . WORKER'S COMP PREMIUMS	9/19/2019	2,905.00	2,905.00
23418	AT&T SERVICES INC ALL SITES TELEPHONE SERVICES	9/19/2019	4,511.76	4,511.76

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23419	CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS CSMFO ANNUAL CONFERENCE - REGISTRATION	9/19/2019	425.00	425.00
23420	CALIFORNIA WATER SERVICE SS & JR WATER SERVICE	9/19/2019	1,408.40	1,408.40
23421	CALIFORNIA WATER SERVICE SS & JR WATER SERVICE	9/19/2019	126.68	126.68
23422	CITY OF GONZALES JC WATER SERVICES MONTHLY HOSTING FEE	9/19/2019	1,203.34 20,833.33	22,036.67
23423	ERNEST BELL D. JR ADM, SS & JC JANITORIAL SERVICES	9/19/2019	2,600.00	2,600.00
23424	FIRST ALARM ALL SITES SECURITY SERVICES	9/19/2019	1,374.39	1,374.39
23425	GEOLOGIC ASSOCIATES, INC. JC MODULE VII ENGINEER CONSULTING JC MODULE VII & COMPOST POND - LEAK DETECTION	9/19/2019	3,100.00 19,650.00	22,750.00
23426	GUERITO JC & SSTs PORTABLE TOILETS JC & SSTs PORTABLE TOILETS	9/19/2019	688.00 340.00	1,028.00
23427	JULIO GIL SS FACILITY MAINTENANCE	9/19/2019	628.14	628.14
23428	LOUIS MARTINEZ COMPOST OPERATIONS TRAINING COURSE	9/19/2019	259.78	259.78
23429	MAESTRO HEALTH FSA ADMINISTRATION FEE	9/19/2019	150.00	150.00
23430	NEXIS PARTNERS, LLC MONTHLY ADMIN BUILDING RENT	9/19/2019	9,212.00	9,212.00
23431	PACIFIC GAS AND ELECTRIC COMPANY ALL SITES ELECTRICAL SERVICES	9/19/2019	5,672.78	5,672.78
23432	PHILIP SERVICES CORP MONTHLY HHW DISPOSAL MONTHLY HHW DISPOSAL SUPPLIES	9/19/2019	17,314.90 2,832.00	20,146.90
23433	PITNEY BOWES GLOBAL POSTAGE	9/19/2019	415.67	415.67
23434	RAMON N VALLEJO DOJ LIVE SCANS	9/19/2019	114.00	114.00
23435	CALIFORNIA WATER SERVICE DEPOSIT FOR JR WATER METER	9/19/2019	2,400.00	2,400.00
23436	AMERICAN NATIONAL RED CROSS & ITS CONSTITUENT CHAPTERS & BRANCHES CPR RECERTIFICATIONS EMPLOYEE CPR TRAINING	9/26/2019	970.00 790.00	1,760.00

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Check #	Name	Check Date	Amount	Check Total
23437	AMERICAN SUPPLY CO. ALL SITES JANITORIAL SUPPLIES	9/26/2019	380.97	380.97
23438	BECKS SHOES AND REPAIR SS & JC UNIFORMS	9/26/2019	405.73	405.73
23439	BIOENERGY ASSOCIATION OF CALIFORNIA ANNUAL MEMBERSHIP	9/26/2019	2,750.00	2,750.00
23440	CLARK PEST CONTROL, INC ADMIN PEST CONTROL	9/26/2019	93.00	93.00
23441	COAST COUNTIES TRUCK & EQUIPMENT CO. SS VEHICLE MAINTENANCE SUPPLIES	9/26/2019	5,466.39	5,466.39
23442	COASTLINE MARKETING GROUP, INC. WEBSITE MAINTENANCE	9/26/2019	1,875.00	1,875.00
23443	COMCAST ADMIN INTERNET SERVICES	9/26/2019	271.91	271.91
23444	CSC OF SALINAS/YUMA ALL SITES VEHICLE MAINTENANCE	9/26/2019	262.44	262.44
23445	FULL STEAM STAFFING LLC ALL SITES DIVERSION WORKERS & CONTRACT LABOR	9/26/2019	14,948.57	14,948.57
23446	GEOSYNTEC CONSULTANTS, INC. CQA JC MODULE 7	9/26/2019	71,011.54	71,011.54
23447	GOLDEN STATE TRUCK & TRAILER REPAIR ALL SITES EQUIPMENT AND VEHICLE MAINTENANCE	9/26/2019	16,727.25	16,727.25
23448	**VOID**	9/26/2019	-	-
23449	**VOID**	9/26/2019	-	-
23450	GONZALES ACE HARDWARE ALL SITES MAINTENANCE SUPPLIES	9/26/2019	353.10	353.10
23451	**VOID**	9/26/2019	-	-
23452	GRAINGER HHW SAFETY SUPPLIES	9/26/2019	97.15	97.15
23453	GREEN RUBBER - KENNEDY AG, LP ALL SITES FACILITY MAINTENANCE SUPPLIES	9/26/2019	1,301.90	1,301.90
23454	GUARDIAN SAFETY AND SUPPLY, LLC SS SAFETY SUPPLIES	9/26/2019	131.71	131.71
23455	KING CITY HARDWARE INC. JC FACILITY MAINTENANCE	9/26/2019	67.98	67.98

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23456	LIEBERT CASSIDY WHITMORE LEGAL SERVICES	9/26/2019	1,292.00	1,292.00
23457	MISSION LINEN SUPPLY ALL SITES UNIFORMS	9/26/2019	269.81	269.81
23458	MONTEREY AUTO SUPPLY INC SS VEHICLE MAINTENANCE	9/26/2019	23.45	23.45
23459	OFFICE DEPOT ALL SITES OFFICE SUPPLIES	9/26/2019	98.03	98.03
23460	PRICILLIA RODRIGUEZ SS HAULING SERVICES	9/26/2019	4,993.23	4,993.23
23461	PURE WATER BOTTLING ALL SITES BOTTLED WATER	9/26/2019	606.25	606.25
23462	QUINN COMPANY ALL SITES EQUIPMENT AND VEHICLE MAINTENANCE	9/26/2019	4,792.82	4,792.82
23463	REPUBLIC SERVICES #471 ADM BUILDING MONTHLY TRASH SERVICE	9/26/2019	82.22	82.22
23464	RONNIE G. REHN OFFICE KEY DUPLICATION	9/26/2019	247.11	247.11
23465	SCALES UNLIMITED SS & JR SCALE MAINTENANCE	9/26/2019	2,274.00	2,274.00
23466	SCS FIELD SERVICES ALL SITES ENVIRONMENTAL SERVICES NON ROUTINE ALL SITES ROUTINE ENGINEERING SERVICES	9/26/2019	192.50 20,147.50	20,340.00
23467	SHARPS SOLUTIONS, LLC HHW HAULING AND DISPOSAL	9/26/2019	160.00	160.00
23468	SKINNER EQUIPMENT REPAIR, INC. ALL SITES EQUIPMENT & VEHICLE MAINTENANCE	9/26/2019	5,117.93	5,117.93
23469	SOCIAL VOCATIONAL SERVICES, INC. JC LITTER ABATEMENT	9/26/2019	6,298.88	6,298.88
23470	SOLEDAD TIRE & WHEEL SERVICE, INC. JC VEHICLE MAINTENANCE	9/26/2019	583.29	583.29
23471	SOUTHERN COUNTIES OIL CO., A CA LIMITED PARTNERSHIP ALL SITES EQUIPMENT & VEHICLE FUEL	9/26/2019	18,559.50	18,559.50
23472	ULINE, INC. SS VEHICLE SUPPLIES	9/26/2019	201.89	201.89
23473	UNITED RENTALS (NORTHWEST), INC CARPET BLOWER RENTAL	9/26/2019	28.59	28.59
23474	UNITED RENTALS (NORTHWEST), INC JC RENTAL EQUIPMENT	9/26/2019	5,737.05	5,737.05

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Check #	Name	Check Date	Amount	Check Total
23475	UNITED RENTALS (NORTHWEST), INC 2013 WHEEL LOADER - CASE 521F	9/26/2019	86,200.00	86,200.00
23476	UNITED RENTALS (NORTHWEST), INC COMPOST CONSTRUCTION	9/26/2019	81.89	81.89
23477	VALERIO VARELA JR JC ORGANICS FACILITY MAINTENANCE SS & JC FACILITY, EQUIPMENT & VEHICLE MAINTENANCE	9/26/2019	600.00 1,640.50	2,240.50
23478	VERIZON WIRELESS SERVICES JC & RR INTERNET SERVICES	9/26/2019	76.02	76.02
23479	WEST COAST RUBBER RECYCLING, INC TIRE DIVERSION SERVICES	9/26/2019	3,900.00	3,900.00
23480	WESTERN EXTERMINATOR COMPANY SS EXTERMINATOR SERVICE	9/26/2019	358.00	358.00
	Subtotal			<u>1,090,580.56</u>
	Payroll Disbursements			453,510.49
	Grand Total			<u>1,544,091.05</u>



Report to the Executive Committee

ITEM NO. 3

Finance and Administration Manager,
Controller/Treasurer

General Manager/CAO

R. Santos by E.T.

Legal Counsel

Date: November 7, 2019

From: C. Ray Hendricks, Finance and Administration Manager

Title: A Resolution Approving the Allocation of Cash Balances for Fiscal Year 2018-19, and Supplemental Appropriation for Pay Down of CalPERS Unfunded Actuarial Liability

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, 06-30-2019. A supplemental appropriation of \$224,000 will be made to pay down CalPERS Unfunded Actuarial Liability at June 30, 2018. An additional supplemental appropriation of \$1,200,000 was approved by the Board for Capital Improvement Budgets on September 19, 2019. Both of these supplemental appropriations will be funded using cash balances at 06-30-2019 prior to allocation to designated reserves in accordance with Board policy.

(continued to next page)

DISCUSSION & ANALYSIS

To determine the cash balance at 06-30-2019, the total of cash and investments at 06-30-2019 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 06-30-2019	<u>28,954,250.33</u>
<u>Restricted by Legal Agreement</u>	
JC Closure Fund	4,497,011.51
State Grants	(143,983.71)
<u>Funds Held in Trust</u>	
CCRMC Trust	65,014.91
Employees FSA Trust	4,786.25
<u>Committed by Board Policy</u>	
Designated for Capital Projects Reserve	2,969,712.87
Designated for Operations Reserve	1,148,432.29
Designated for Environmental Impairment Reserve	1,148,432.29
Expansion Fund	8,414,580.66
<u>Assigned by Budget</u>	
Assigned for Capital Projects	6,711,109.86
Total Available for Surplus Allocation at 06-30-2019	<u>4,139,153.40</u>

On September 19, 2019, the Board approved \$1,200,000 in new CIPs to be funded from FY 2018-19 surplus.

Using \$224,000 of the remaining fund balance to pay off the Authority's unfunded retirement liability would save the Authority nearly \$150,000 in interest payments over the scheduled amortization through 2034. 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.

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 06-30-2019	4,139,153.40
Supplemental CIPs approved on 09-19-2019	(1,200,000.00)
Payoff of PERS UAL at 06-30-2018	(224,000.00)
Adjusted Allocation Amount	<u>2,715,153.40</u>

Capital Projects Reserve	1,629,092.04
Operations Reserve	543,030.68
Environmental Impairment Reserve	543,030.68
Total Surplus Allocation	<u>2,715,153.40</u>

Following is a summary of the reserve balances at 11-21-2019, if approved by the Board, followed by a brief analysis.

Designated for Capital Projects Reserve

Balance at 06-30-2019	2,969,712.87
Final Repayment of Reserve Loan from Jolon Road	120,000.00
FY 2018-19 Surplus Allocation	1,629,092.04
Ending Balance	<u>4,718,804.91</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 2019-20 budget included the final \$120,000 repayment. Future years will include \$120,000 budget for Capital Equipment so that we can set aside cash (Pay-As-You-Go) to replace the equipment that was bought with this internal loan when it is necessary.

Designated for Operations Reserve

Balance at 06-30-2019	1,148,432.29
FY 2018-19 Surplus Allocation	543,030.68
Ending Balance (Goal \$2.9M)	<u>1,691,462.97</u>

The Operating Reserve goal is 15% of the Operations Budget. The \$1,691,463 balance is 9.3% of the \$18,234,000 FY 2019-20 Operations Budget.

Designated for Environmental Impairment Reserve

Balance at 06-30-2019	1,148,432.29
FY 2018-19 Surplus Allocation	543,030.68
Ending Balance	<u>1,691,462.97</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).

Landfill-Action	Capital			Total
	Improvements	Maintenance	Contingency	
Johnson Canyon	\$ 443,340	\$ 376,688	\$ -	\$ 820,028
Crazy Horse	3,462,678	7,838,712	-	11,301,390
Jolon Road	-	1,550,240	-	1,550,240
Lewis Road	130,609	240,568	37,256	408,433
Total Corrective Actions	<u>\$ 4,036,627</u>	<u>\$ 10,006,208</u>	<u>\$ 37,256</u>	<u>\$ 14,080,091</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 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 \$1,691,463 balance is 48.8% of the \$3.46 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 2018-19 Sheet
3. Resolution 2014-11

RESOLUTION NO. 2019 –

**A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY
APPROVING THE ALLOCATION OF CASH BALANCES FOR FISCAL YEAR 2018-19 AND SUPPLEMENTAL
APPROPRIATION FOR PAYDOWN OF CALPERS UNFUNDED ACTUARIAL LIABILITY**

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 2018-19 fund balance is to be allocated as follows: Operating Reserves (20%), Capital Projects Reserves (60%), and Environmental Impairment Reserves (20%); and,

WHEREAS, on September 19, 2019, the Board approved \$1,200,000 in new CIPs to be funded from FY 2018-19 fund balance; and,

WHEREAS, using \$224,000 of the remaining fund balance to pay off the Authority's unfunded retirement liability would save the Authority nearly \$150,000 in interest payments over the scheduled amortization through 2034;

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 a Supplemental Appropriation of \$224,000 for paydown of CalPERS unfunded liability is hereby approved; and,

BE IT FURTHER RESOLVED, that the General Manager/CAO is hereby authorized and directed by the Salinas Valley Solid Waste Authority 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 21st day of November 2019, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

Robert Cullen, President

ATTEST:

APPROVED AS TO FORM:

Erika J. Trujillo, Clerk of the Board

Roy C. Santos, Authority General Counsel

Exhibit A

Total Available for Surplus Allocation at 06-30-2019	4,139,153.40
Supplemental CIPs approved on 09-19-2019	(1,200,000.00)
Payoff of PERS UAL at 06-30-2018	<u>(224,000.00)</u>
Adjusted Allocation Amount	<u><u>2,715,153.40</u></u>

Capital Projects Reserve	1,629,092.04
Operations Reserve	543,030.68
Environmental Impairment Reserve	<u>543,030.68</u>
Total Surplus Allocation	<u><u>2,715,153.40</u></u>

RESOLUTION NO. 2014 - 11

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

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

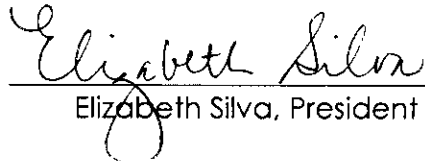
PASSED AND ADOPTED by the Board of Directors of the Salinas Valley Solid Waste Authority at the regular meeting duly held on the 17th day of April 2014 by the following vote:

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


NOES: BOARD MEMBERS: NONE

ABSENT: BOARD MEMBERS: MORENO

ABSTAIN: BOARD MEMBERS: NONE


Elizabeth Silva, President

ATTEST:


Elia Zavala, Clerk of the Board

Salinas Valley Solid Waste Authority Financial Policies

Exhibit A

SUMMARY

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

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

Salinas Valley Solid Waste Authority Financial Policies

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

Salinas Valley Solid Waste Authority

Financial Policies

1 - REVENUES

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

A. User Fees

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

B. Tipping Fees

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

C. One Time Revenues

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

D. Revenue Estimates

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

E. Revenue Collection and Administration

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

Salinas Valley Solid Waste Authority

Financial Policies

2 - EXPENDITURES

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

A. Current Funding Basis

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

B. Avoidance of Operating Deficits

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

C. Maintenance of Capital Assets

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

D. Periodic Program Reviews

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

E. Purchasing

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

Salinas Valley Solid Waste Authority

Financial Policies

3 - FUND BALANCE/RESERVES

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

A. Operating Reserve

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

B. Funding the Reserves

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

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

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

C. Capital Projects Reserve

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

E. Use of Operating Reserve

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

F. Environmental Impairment Reserve

Salinas Valley Solid Waste Authority

Financial Policies

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

G. Annual Review of Reserves

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

Salinas Valley Solid Waste Authority

Financial Policies

4 - CAPITAL EXPENDITURES AND IMPROVEMENTS

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

A. Capital Improvement Plan

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

B. Capital Improvement Budget

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

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

CIP funding will be based on the following priorities:

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

C. Capital Expenditure Financing

Projects will be financed using the following preferred order:

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

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

D. Capital Projects Reserve Fund

Salinas Valley Solid Waste Authority

Financial Policies

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

E. Capital Projects Management

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

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

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

Salinas Valley Solid Waste Authority

Financial Policies

5 - DEBT

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

A. Use of Debt Financing

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

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

B. Conditions for Debt Issuance

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

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

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

C. Debt Structure

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

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

Salinas Valley Solid Waste Authority

Financial Policies

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

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

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

D. Call Provisions

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

E. Debt Refunding

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

F. Interest Earnings

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

G. Lease/Purchase Agreements

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

Salinas Valley Solid Waste Authority

Financial Policies

6 - INVESTMENTS

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

A. Investment Policy

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

B. Interest Earnings

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

Salinas Valley Solid Waste Authority

Financial Policies

7 - GRANTS

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

A. Grant Guidelines

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

B. Indirect Costs

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

C. Grant Review

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

D. Grant Program Termination

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

Salinas Valley Solid Waste Authority

Financial Policies

8 - CLOSURE FUNDING

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

A. Closure Funding

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

B. Postclosure Funding

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

C. Closure Funding Calculations

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

Salinas Valley Solid Waste Authority

Financial Policies

9 - FISCAL MONITORING

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

A. Financial Status and Performance Reports

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

B. Five-year Forecast of Revenues and Expenditures

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

C. Semi-Annual Status Report on Capital Projects

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

D. Compliance with Board Policy Statements

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

Salinas Valley Solid Waste Authority

Financial Policies

10 - ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

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

A. Conformance to Accounting Principles

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

B. Popular Reporting

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

Salinas Valley Solid Waste Authority

Financial Policies

11 - INTERNAL CONTROLS

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

A. Proper Authorizations

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

B. Separation of Duties

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

C. Proper Recording

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

D. Access to Assets and Records

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

E. Independent Checks

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

F. Costs and Benefits

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

Salinas Valley Solid Waste Authority

Financial Policies

12 - OPERATING BUDGET

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

A. Budget Format

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

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

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

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

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

B. Estimated Revenues

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

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

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

C. Appropriations

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

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

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Financial Policies

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

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

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

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

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

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

Salinas Valley Solid Waste Authority

Financial Policies

13 - CAPITAL ASSETS

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

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

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

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

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

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

Salinas Valley Solid Waste Authority

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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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Financial Policies

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

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

Salinas Valley Solid Waste Authority

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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

Date: November 7, 2019

From: Patrick Mathews, General Manager/CAO

Title: Update on the City of Salinas' One Year Notice of Intent to Withdrawal from the Joint Powers Agreement with the Salinas Valley Solid Waste Authority

ITEM NO. 4

N/A

Finance Manager/Controller-Treasurer

N/A

General Manager/CAO

N/A

Legal Counsel

**AN UPDATE WILL BE GIVEN
AT THE MEETING**

SVR Agenda Item - View Ahead 2019 - 2020

Item No. 5

	Nov	Dec	Jan	Feb	Mar	Apr
A		<i>Meeting Tentative</i>	Election of Officers			
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	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report
4	3rd Qtr. Tonnage & Diversion Report	Notice of Completion JCLF MOD VII Construction Project	December 31 Cash & Investments Report	4th Qtr Tonnage & Diversion Report	Public Hearing: Rates & Fee Sched (EC)	March 31 Cash & Investments Report
5	Fund Balance Reserves (EC)	Award of SB1383 & Compost Ops. Contracts	Mid-Year Budget Adjustments (EC)	FY 20-21 Preliminary Budget (EC)	New FY 20-21 Budget (EC)	FY Investment Policy (EC)
6	Annual County Used Oil Report	COS Withdraw Update	4th Qtr Facilities Customer Survey	Board Policy Updates (EC)		
7	PSA w/ for Auditing Services		Annual Employee Survey Results (EC)			
8	CH Land Lease Agreement w/Vision Recycling		FY 20-21 Budget Direction (EC)			
9	Vision Recycling Services Agmt Amendment					
10	Recycling Recognition					
11	Update on the COS Notice of Withdrawal (EC)					
12	New Officers Nominating Committee					
13	<i>Real Property Negotiations (EC)</i>					
14	<i>GM Evaluation (EC)</i>					
15						
16						

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