



**SUPPLEMENTAL MATERIAL
WAS ADDED TO THE
EXECUTIVE COMMITTEE
October 1, 2020
AGENDA PACKET**

Pertaining to the following Scheduled Items:

9/30/2020

ITEM No. 3 COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. Governance Letter from McGilloway, Ray Brown, Kaufman & Accountants Consultants
2. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020

ITEM No. 4 OPPORTUNITY FOR REGIONAL FRANCHISE PROCUREMENT INFORMATION

1. Power Point Presentation

The "*Supplemental Materials*" have been added to the end of its corresponding agenda item in the agenda packet.



Agenda

EXECUTIVE COMMITTEE

THURSDAY, October 1, 2020

4:00 p.m.

Zoom Meeting ID No. **820 3129 1921**

Passcode: **979628**

Please Read Important Notice on Page 2

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 SEPTEMBER 3, 2020 MEETING**
 - A. Committee Discussion
 - B. Public Comment
 - C. Recommended Committee Action – Approval
2. **AUGUST 2020 CLAIMS AND FINANCIAL REPORTS**
 - A. Receive report from Ray Hendricks, Finance and Administration Manager
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Forward to the Board and Recommend Approval
3. **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020**
 - A. Receive Report from Ray Hendricks, Finance and Administration Manager
 - B. Board Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Forward to the Board and Recommend Approval
4. **OPPORTUNITY FOR REGIONAL FRANCHISE PROCUREMENT INFORMATION**
 - A. Receive Report from Patrick Mathews, General Manager/CAO
 - B. Board Discussion
 - C. Public Comment
 - D. Recommended Committee Action – None; Informational Only
5. **UPDATE ON THE SUN STREET TRANSFER STATION RELOCATION PROJECT AND 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 Report from Rob Cullen, President and Patrick Mathews, General Manager/CAO
 - B. Board Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Provide Input and Direction

FUTURE AGENDA ITEMS**6. FUTURE AGENDA ITEMS – VIEW AHEAD CALENDAR****CLOSED SESSION**

Receive public comment from audience before entering 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 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)** Republic Services Property, APNs 261-051- 007, located at 1120 Madison Lane, Salinas, California
8. Pursuant to **Government Code Section 54957 (b)** to consider the Performance Evaluation of the General Manager/Chief Administrative Officer Patrick Mathews for 2020.

RECONVENE**ADJOURNMENT****Important Notice**

Due to State, County and local orders and recommendations on protocols to contain the spread of COVID-19, all of the Committee members will be attending remotely from various locations. Members of the public interested in observing the meeting may do so online at <https://svswa.org/live-stream-meetings/> or on our YouTube channel <https://www.youtube.com/user/svswa831>.

To make a general public comment, or comment on a specific item on the agenda, you may do so by submitting your comment via email by 2 p.m. on Thursday, October 1, 2020 to the Clerk of the Board at comment@svswa.org. Comments should be limited to 250 words or less. Every effort will be made to read your comment into the record, but some comments may not be read due to time limitations. Comments received via e-mail after 2 p.m. will be made part of the record if received prior to the end of the meeting. To assist the Clerk in identifying the agenda item relating to your public comment please indicate in the Subject Line, the item number (i.e. Item No. 10).

To make a general comment or to comment on a specific agenda item as it is being heard, you may do so by participating via ZOOM. Join with computer audio at:

<https://us02web.zoom.us/j/82031291921?pwd=Szk5bk4yNUxabnBHeTZKVfdrMIR5UT09>. When you are ready to make a public comment, please Raise your Hand or Participate by phone by dialing any of the numbers listed below and entering the meeting ID number and passcode:

| | | |
|---|------------------|---|
| +1 669 900 9128 | +1 253 215 8782 | +1 346 248 7799 |
| +1 301 715 8592 | + 1 312 626 6799 | + 1 646 558 8656 |
| Enter Meeting ID: 820 3129 1921 # | | Passcode: 979628 |
| To Raise your Hand press *9 | | To Mute and Unmute yourself press *6 |

Based on guidance from the California Department of Public Health and the California Governor's Officer, in order to minimize the spread of the COVID 19 virus by maintaining appropriate social distancing with a 6-foot distance between individuals and the limited space available there will be no observation room available for the public.

This meeting agenda was posted at the Salinas Valley Solid Waste Authority office at 128 Sun Street, Suite 101, Salinas, on **Friday, September 25, 2020**. The Executive Committee will next meet in regular session on **Thursday, November 5, 2020, 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
September 3, 2020**

128 Sun Street, Suite 101, Salinas CA

(All Executive Committee members and several staff attended remotely from various locations)

CALL TO ORDER

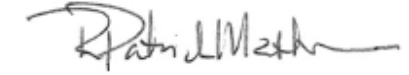
President Cullen called the meeting to order at 4:01.

COMMITTEE MEMBERS PRESENT *(Via Teleconference)*

| | |
|-------------------|--------------------------|
| Robert Cullen | President |
| Chris Lopez | Alternate Vice President |
| Gloria De La Rosa | Vice President |

ITEM NO. 1

Agenda Item



General Manager/CAO

Roy Santos by E.T.

General Counsel

STAFF MEMBERS PRESENT *(At location)*

Patrick Mathews, General Manager/CAO
Manager/Operations Manager
Erika J. Trujillo, Clerk of the Board
Cesar Zuñiga, Asst. General
Manager/Operation Manager
Rosie Ramirez, Administrative Assistant

(Via Teleconference)

Ray Hendricks, Finance and Administration
Manager
Mandy Brooks, Resource Recovery Manager
Brian Kennedy, Engineering and
Environmental Compliance Manager
Michelle Sassano, General Counsel

MEETING COMMENTS

(4:02) President Cullen announced that public comment can be submitted via email at comment@svswa.org, live via Zoom by clicking on the raise hand button, and via telephone by pressing *9 to raise hand.

GENERAL MANAGER AND DEPARTMENT MANAGER COMMENTS

(4:02) General Manager/CAO Mathews commented on the following:

- The need to extend the leasing agreement for the Authority Administration building.
- The meeting attended by Mrs. Brooks and himself with the Farm Bureau, Grower Shippers Association, and Measure to improve to begin engaging the Agriculture industry regarding Senate Bill 1383 rules and regulations that will impact their industry. As well as, the legislative issues of the rights to haul organic wastes.
- Options on the continued expansion of the organics program such as potential joint project with the Monterey Regional Waste Management District relative to anaerobic digestion and partnership with a recovery vendor who recovers mixed waste to further expand the Organics program beyond composting.

COMMITTEE COMMENTS

(4:08) Vice President De La Rosa indicated that the City of Salinas would be contacting President Cullen to set up a meeting. Alternate Vice President Lopez commented on a meeting he attended in which he expressed his concerns with CalRecycles regarding meeting mandates deadlines. He commented on the importance of continuing to be cautious as COVID-19 is still a threat. Mr. Lopez inquired about the possibility of discussing the fire debris with the full Board, requesting that staff obtains and provides further information regarding the possibility of offering assistance to those impacted by the fires.

PUBLIC COMMENT

(4:11) President Cullen reminded the public to submit their comments to comments@svswa.org or to raise their hand to verbally provide a comment.

(4:12) None

CONSIDERATION ITEMS

(4:17) Clerk of the Board Trujillo indicated there was a correction needed under staff present removing Monica Ambriz Human Resource Supervisor and adding Rosie Ramirez, Administrative Assistant.

1. Minutes of August 6, 2020 Meeting

Committee Discussion: None

Public Comment: None

Committee Action: Alternate Vice President Lopez made a motion to approve the minutes with the correction. Vice President De La Rosa seconded the motion. The motion passed unanimously: 3-0.

2. July 2020 Claims and Financial Reports

(4:19) Finance and Administration Manager Hendricks presented a report on the Authority finances. He indicated for the month of July both revenues and expenditures were over the projection compared to last year. He indicated staff will monitor the expenditures closely.

Committee Discussion: The Committee discussed the report.

Public Comment: None

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

3. A Resolution Approving the Grants and Capital Improvement Projects Budget for Fiscal Year 2020-21

(4:27) Finance and Administration Manager Hendricks indicated this item is a routine item. He provided an overview of the Post Closure Funds, Other Funds, and Capital Improvement Funds being carried over. He indicated that the staff is requesting \$500,000 in funds from the 2019-20 fund balance for groundwater wells for the Johnson Canyon Landfill (\$250,000) and the Jolon Road Transfer Station (\$50,000), as well as \$200,000 for the Jolon Road Transfer station improvements in order to repair the entrance road to the facility..

(4:31) President Cullen reminded the public to submit their comments to comments@svswa.org or raise their hand related to this item.

Committee Discussion: The Committee discussed the report.

Public Comment: None

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

4. Update on the Sun Street Transfer Station Relocation Project

(4:33) General Manager/CAO Mathews reported that Republic Services has rejected the offer for the Authority to purchase any of the Madison Lane Transfer Station. They indicated might be interested in a lease opportunity, however, that is conditioned on an Engineered Needs

Assessment currently being conducted by a consultant. Mr. Mathews indicated that at request of the City Managers Group he has joined their meetings along with the City of Salinas City Manager Corpuz to discuss the City of Salinas One Year Notice of Intent to Withdrawal as well as the Relocation Project. He indicated the City Managers Group's goal is to help facilitate a resolution between the Authority and the City of Salinas.

Committee Discussion: Vice President De La Rosa indicated City of Salinas City Manager Corpuz will be contacting President Cullen to schedule a meeting.

(4:39) President Cullen reminded the public that submit a comment it can be submitted via email at comment@svswa.org, live via Zoom by clicking on the raise hand button, and via telephone by pressing *9 to raise hand.

Public Comment: None

Committee Action: None

5. 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

(4:41) President Cullen commented the request from City Managers Group for the City of Salinas City Manager to assist in facilitating the meeting between Republic Services and the Authority regarding the Relocation Project. He indicated the City Managers Group is staying very well briefed on what it is going on.

Committee Discussion: None

Public Comment: None

Committee Action: None

FUTURE AGENDA ITEMS

6. Future Agenda Items – View Ahead Calendar

(4:46) The Committee discussed the view ahead.

CLOSED SESSION

(4:55) President Cullen indicated there is no information for the Closed Session item, therefore there is 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 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) Republic Services Property, APNs 261-051-005, 007, and 019, located at 1120 Madison Lane, Salinas, California.~~

Public Comment: None

ADJOURNMENT

(4:56) President Cullen adjourned the meeting.

APPROVED: _____
Robert Cullen, 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: October 01, 2020

From: C. Ray Hendricks, Finance and Administration Manager

Title: August 2020 Claims and Financial Reports

RECOMMENDATIONS

Staff requests that the Executive Committee recommends acceptance of the August 2020 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 August 31, 2020. The following are highlights of the Authority's financial activity for the month of August.

Results of Operations (Consolidated Statement of Revenues and Expenditures)
For the month of August 2020, operating expenditures exceeded revenues by \$1,412,806. This is due to the debt service payments made twice a year in August and February.

Revenues (Consolidated Statement of Revenues and Expenditures)

| | August 2020 Budget | August 2020 Actual | Over/(Under) Budget 2020 |
|-----------------------------------|-----------------------|-----------------------|-----------------------------|
| Tipping Fees - Solid Waste | 1,234,013 | 1,319,872 | 85,859 |
| Tipping Fees - Diverted Materials | 238,522 | 336,650 | 98,128 |
| Total Revenue | 1,846,783 | 2,018,242 | 171,459 |

Solid Waste revenues for August were \$85,859 or 7.0% over budgeted amounts. Diverted Material revenues for August were \$98,128 or 41.1% over budgeted amounts. August total revenue was 171,459 or 9.3% over budgeted amounts.

| | August 2020 YTD Budget | August 2020 YTD Actual | Over/(Under) YTD Budget |
|-----------------------------------|---------------------------|---------------------------|----------------------------|
| Tipping Fees - Solid Waste | 2,431,737 | 2,772,157 | 340,420 |
| Tipping Fees - Diverted Materials | 451,951 | 638,322 | 186,371 |
| Total Revenue | 3,629,891 | 4,161,698 | 531,807 |

Solid Waste revenues year to date as of August were \$340,420 or 14.0% over budgeted amounts. Diverted Material revenues year to date as of August were \$186,371 or 41.2% over budgeted amounts. Year to date total revenue as of August was 531,807 or 14.7% over budgeted amounts.

Operating Expenditures (Consolidated Statement of Revenues and Expenditures)
As of August 31, 2020 (16.6% of the fiscal year), year-to-date operating expenditures totaled \$4,602,054. This is 24.0% of the operating budget of \$19,137,200.

Capital Project Expenditures (Consolidated Grant and CIP Expenditures Report)
For the month of August 2020, capital project expenditures totaled \$160,898. \$42,177 was for JC LFG System Improvements. \$37,394 was for Crazy Horse Postclosure Maintenance. \$27,736 was for Jolon Road Transfer Station Improvements. \$27,272 was for Organics Program.

Claims Checks Issued Report

The Authority's Checks Issued Report for the month of August 2020 is attached for review and acceptance. August disbursements total \$1,288,037.58 of which \$516,604.01 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 August 2020.

| Vendor | Services | Amount |
|------------------|----------------------------|--------------|
| Vision Recycling | June Greenwaste Processing | \$140,499.59 |

Cash Balances

The Authority's cash position decreased \$1,580,121.25 during August to \$29,998,358.41. Most of the cash balance is restricted, held in trust, committed, or assigned as shown below. The debt principal and interest payments totaling \$2,474,619.91 on August 1, 2020 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 | 4,911,833.54 |
| State & Federal Grants | (246,933.04) |
| BNY - Bond 2014A Payment | - |
| BNY - Bond 2014B Payment | - |

Funds Held in Trust:

| | |
|---|-----------|
| Central Coast Media Recycling Coalition | 54,707.07 |
| Employee Unreimbursed Medical Claims | 11,774.16 |

Committed by Board Policy:

| | |
|---|--------------|
| AB939 Services | (11,808.14) |
| Undesignated Reserves | 4,371,712.80 |
| Designated for Capital Projects Reserve | 4,459,671.56 |
| Designated for Environmental Impairment Reserve | 1,651,462.97 |
| Designated for Operating Reserve | 1,401,462.97 |
| Expansion Fund (South Valley Revenues) | 8,632,489.96 |

Assigned for Post Closure and Capital Improvements

| | |
|------------------------------|--------------|
| Crazy Horse Post Closure | 1,010,067.30 |
| Lewis Road Post Closure | 255,763.93 |
| Jolon Road Post Closure | 146,773.25 |
| Capital Improvement Projects | 7,020,899.12 |

Available for Operations: (3,671,519.04)

| | |
|-------|----------------------|
| Total | <u>29,998,358.41</u> |
|-------|----------------------|

ATTACHMENTS

1. August 2020 Consolidated Statement of Revenues and Expenditures
2. August 2020 Consolidated Grant and CIP Expenditures Report
3. August 2020 Checks Issued Report

Salinas Valley Solid Waste Authority
Consolidated Statement of Revenues and Expenditure
For Period Ending August 31, 2020

| | 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 | 13,700,000 | 1,319,872 | 2,772,157 | 20.2 % | 10,927,843 | 0 | 10,927,843 |
| Tipping Fees - Surcharge | 1,267,200 | 126,701 | 282,999 | 22.3 % | 984,201 | 0 | 984,201 |
| Tipping Fees - Diverted Materials | 2,680,200 | 336,650 | 638,322 | 23.8 % | 2,041,878 | 0 | 2,041,878 |
| AB939 Service Fee | 2,815,000 | 227,750 | 455,500 | 16.2 % | 2,359,500 | 0 | 2,359,500 |
| Charges for Services | 131,800 | 6,613 | 12,064 | 9.2 % | 119,736 | 0 | 119,736 |
| Sales of Materials | 360,000 | 656 | 656 | 0.2 % | 359,344 | 0 | 359,344 |
| Gas Royalties | 290,000 | 0 | 0 | 0.0 % | 290,000 | 0 | 290,000 |
| Investment Earnings | 400,000 | 0 | 0 | 0.0 % | 400,000 | 0 | 400,000 |
| Grants/Contributions | 0 | 0 | 0 | 0.0 % | 0 | 0 | 0 |
| Total Revenue | 21,644,200 | 2,018,242 | 4,161,699 | 19.2 % | 17,482,501 | 0 | 17,482,501 |
| <u>Expense Summary</u> | | | | | | | |
| Executive Administration | 470,000 | 23,933 | 52,441 | 11.2 % | 417,559 | 71,420 | 346,139 |
| Administrative Support | 439,400 | 27,036 | 71,864 | 16.4 % | 367,536 | 124,676 | 242,860 |
| Human Resources Administration | 224,400 | 11,493 | 22,901 | 10.2 % | 201,499 | 9,065 | 192,434 |
| Clerk of the Board | 196,000 | 10,763 | 18,772 | 9.6 % | 177,228 | 7,085 | 170,143 |
| Finance Administration | 781,100 | 46,035 | 116,785 | 15.0 % | 664,315 | 7,230 | 657,085 |
| Operations Administration | 548,400 | 20,658 | 50,869 | 9.3 % | 497,531 | 11,652 | 485,879 |
| Resource Recovery | 972,700 | 65,290 | 122,999 | 12.6 % | 849,701 | 5,788 | 843,913 |
| Marketing | 75,600 | 0 | 3,088 | 4.1 % | 72,512 | 67,500 | 5,012 |
| Public Education | 225,300 | 25,173 | 28,261 | 12.5 % | 197,039 | 87,792 | 109,247 |
| Household Hazardous Waste | 837,200 | 35,821 | 67,137 | 8.0 % | 770,064 | 11,156 | 758,908 |
| C & D Diversion | 447,200 | 0 | 0 | 0.0 % | 447,200 | 0 | 447,200 |
| Organics Diversion | 1,465,500 | 10,984 | 24,374 | 1.7 % | 1,441,126 | 9,731 | 1,431,395 |
| Diversion Services | 24,000 | 3,900 | 5,700 | 23.8 % | 18,300 | 18,300 | 0 |
| JR Transfer Station | 634,600 | 29,848 | 74,423 | 11.7 % | 560,177 | 87,193 | 472,984 |

Salinas Valley Solid Waste Authority
Consolidated Statement of Revenues and Expenditure
For Period Ending August 31, 2020

| | 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 | 165,100 | 10,092 | 19,259 | 11.7 % | 145,841 | 26 | 145,815 |
| SS Disposal Operations | 1,114,000 | 76,744 | 299,187 | 26.9 % | 814,813 | 160,450 | 654,363 |
| SS Transfer Operations | 1,276,000 | 108,599 | 179,772 | 14.1 % | 1,096,228 | 490,052 | 606,176 |
| SS Recycling Operations | 790,500 | 55,105 | 92,947 | 11.8 % | 697,553 | 993 | 696,560 |
| JC Landfill Operations | 3,113,200 | 207,302 | 513,035 | 16.5 % | 2,600,165 | 672,083 | 1,928,082 |
| JC Recycling Operations | 434,700 | 27,674 | 56,683 | 13.0 % | 378,017 | 31,541 | 346,476 |
| Johnson Canyon ECS | 311,500 | 24,675 | 30,729 | 9.9 % | 280,771 | 125,310 | 155,461 |
| Sun Street ECS | 134,000 | 9,373 | 11,322 | 8.4 % | 122,678 | 21 | 122,656 |
| Debt Service - Interest | 1,366,800 | 704,620 | 704,620 | 51.6 % | 662,180 | 0 | 662,180 |
| Debt Service - Principal | 1,770,000 | 1,770,000 | 1,770,000 | 100.0 % | 0 | 0 | 0 |
| Closure Set-Aside | 320,000 | 30,529 | 64,215 | 20.1 % | 255,785 | 0 | 255,785 |
| Cell Construction Set-Aside | 1,000,000 | 95,402 | 200,672 | 20.1 % | 799,328 | 0 | 799,328 |
| Total Expense | 19,137,200 | 3,431,048 | 4,602,054 | 24.0 % | 14,535,146 | 1,999,065 | 12,536,081 |
| Revenue Over/(Under) Expenses | 2,507,000 | (1,412,806) | (440,355) | -17.6 % | 2,947,355 | (1,999,065) | 4,946,420 |

Salinas Valley Solid Waste Authority

Consolidated CIP Expenditure Report

For Period Ending August 31, 2020

| | 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 | 715,184 | 37,394 | 104,824 | 14.7 % | 610,360 | 162,732 | 447,628 |
| Total Fund 131 - Crazy Horse Closure Fund | 1,114,684 | 37,394 | 104,824 | 9.4 % | 1,009,860 | 162,732 | 847,128 |
| <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 | 275,450 | 8,340 | 54,878 | 19.9 % | 220,571 | 68,094 | 152,477 |
| Total Fund 141 - Lewis Road Closure Fund | 310,450 | 8,340 | 54,878 | 17.7 % | 255,571 | 68,094 | 187,477 |
| <u>Fund 161 - Jolon Road Closure Fund</u> | | | | | | | |
| 161 9604 JR Postclosure Maintenance | 307,019 | 7,413 | 160,245 | 52.2 % | 146,773 | 19,252 | 127,521 |
| Total Fund 161 - Jolon Road Closure Fund | 307,019 | 7,413 | 160,245 | 52.2 % | 146,773 | 19,252 | 127,521 |
| <u>Fund 180 - Expansion Fund</u> | | | | | | | |
| 180 9804 Long Range Facility Needs EIR | 335,395 | 0 | 0 | 0.0 % | 335,395 | 0 | 335,395 |
| 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 | 0 | 463,783 |
| <u>Fund 211 - Grants</u> | | | | | | | |
| 211 9214 Organics Program 2016-17 | 52,679 | 12,887 | 15,154 | 28.8 % | 37,525 | 1,520 | 36,005 |
| 211 9220 Tire Amnesty 2019-20 | 72,084 | 0 | 0 | 0.0 % | 72,084 | 0 | 72,084 |
| 211 9247 Cal Recycle - CCPP | 41,628 | 0 | 0 | 0.0 % | 41,628 | 0 | 41,628 |
| 211 9256 Cal Recycle - 2018-19 CCPP | 4,839 | 0 | 740 | 15.3 % | 4,099 | 0 | 4,099 |
| 211 9257 Cal Recycle - 2019-20 CCPP | 21,170 | 550 | 550 | 2.6 % | 20,620 | 0 | 20,620 |
| Total Fund 211 - Grants | 192,400 | 13,437 | 16,444 | 8.5 % | 175,955 | 1,520 | 174,436 |

Salinas Valley Solid Waste Authority

Consolidated CIP Expenditure Report

For Period Ending August 31, 2020

| | 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 | 55,394 | 0 | 0 | 0.0 % | 55,394 | 1,495 | 53,899 |
| 800 9105 Concrete Grinding | 45,000 | 0 | 0 | 0.0 % | 45,000 | 0 | 45,000 |
| 800 9107 Scale House Software Upgrade | 100,000 | 0 | 0 | 0.0 % | 100,000 | 0 | 100,000 |
| 800 9108 Emergency Generators | 200,000 | 0 | 0 | 0.0 % | 200,000 | 0 | 200,000 |
| 800 9214 Organics Program 2016-17 | 727,767 | 14,385 | 15,844 | 2.2 % | 711,923 | 22,469 | 689,454 |
| 800 9501 JC LFG System Improvements | 179,177 | 42,177 | 42,192 | 23.5 % | 136,985 | 19,872 | 117,113 |
| 800 9506 JC Litter Control Barrier | 31,971 | 8,055 | 10,499 | 32.8 % | 21,472 | 203 | 21,269 |
| 800 9507 JC Corrective Action | 225,000 | 0 | 0 | 0.0 % | 225,000 | 0 | 225,000 |
| 800 9509 JC Groundwater Well | 250,000 | 0 | 0 | 0.0 % | 250,000 | 0 | 250,000 |
| 800 9526 JC Equipment Replacement | 1,089,462 | 0 | 0 | 0.0 % | 1,089,462 | 0 | 1,089,462 |
| 800 9527 JC Module Engineering and Constr | 1,241,950 | 1,960 | 1,960 | 0.2 % | 1,239,990 | 0 | 1,239,990 |
| 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 | 308,399 | 27,736 | 27,736 | 9.0 % | 280,663 | 0 | 280,663 |
| 800 9602 JR Equipment Purchase | 120,000 | 0 | 0 | 0.0 % | 120,000 | 0 | 120,000 |
| 800 9603 JR Well Replacement | 150,000 | 0 | 0 | 0.0 % | 150,000 | 0 | 150,000 |
| 800 9701 SSTS Equipment Replacement | 464,468 | 0 | 0 | 0.0 % | 464,468 | 0 | 464,468 |
| 800 9703 SSTS Improvements | 10,934 | 0 | 0 | 0.0 % | 10,934 | 0 | 10,934 |
| Total Fund 800 - Capital Improvement Projects Fund | 7,418,459 | 94,314 | 98,231 | 1.3 % | 7,320,227 | 44,039 | 7,276,189 |
| Total CIP Expenditures | 10,128,355 | 160,898 | 434,623 | 4.3 % | 9,693,731 | 295,637 | 9,398,094 |

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| 25363 | ASBURY ENVIRONMENTAL SERVICES HHW HAULING & DISPOSAL | 8/7/2020 | 175.00 | 175.00 |
| 25364 | ASSOCIATION OF PUBLIC TREASURERS OF THE UNITED STATES AND CANA ANNUAL MEMBERSHIP | 8/7/2020 | 159.00 | 159.00 |
| 25365 | AT&T SERVICES INC JC TELEPHONE SERVICES | 8/7/2020 | 405.56 | 405.56 |
| 25366 | BC LABORATORIES, INC CH LAB WATER ANALYSIS | 8/7/2020 | 1,833.40 | 1,833.40 |
| 25367 | BRYAN EQUIPMENT JC ORGANICS MAINTENANCE | 8/7/2020 | 120.92 | 120.92 |
| 25368 | CSC OF SALINAS/YUMA SS VEHICLE & EQUIPMENT MAINTENANCE | 8/7/2020 | 326.30 | 326.30 |
| 25369 | CUTTING EDGE SUPPLY JC EQUIPMENT & VEHICLE MAINTENANCE | 8/7/2020 | 2,727.18 | 2,727.18 |
| 25370 | DOUGLAS NOLAN SCHOOL ASSEMBLY PROGRAM | 8/7/2020 | 3,250.00 | 3,250.00 |
| 25371 | FRESNO OXYGEN JC FACILITY MAINTENANCE | 8/7/2020 | 443.23 | 443.23 |
| 25372 | GFOA - GOVERNMENT FINANCE OFFICERS ASSOCIATION GFOA - TRAINING REGISTRATION | 8/7/2020 | 245.00 | 245.00 |
| 25373 | GOLDEN STATE TRUCK & TRAILER REPAIR ALL SITES EQUIPMENT & VEHICLE MAINTENANCE | 8/7/2020 | 13,276.16 | 13,276.16 |
| 25374 | GONZALES ACE HARDWARE ALL SITES FACILITY & VEHICLE MAINTENANCE SUPPLIES | 8/7/2020 | 238.67 | 238.67 |
| 25375 | GRAINGER SS VEHICLE MAINTENANCE | 8/7/2020 | 3,877.93 | 3,877.93 |
| 25376 | GREEN RUBBER - KENNEDY AG, LP SS & JC FACILITY MAINTENANCE SUPPLIES | 8/7/2020 | 682.76 | 682.76 |
| 25377 | MISSION LINEN SUPPLY ALL SITES UNIFORMS | 8/7/2020 | 299.13 | 299.13 |
| 25378 | NEW PIG CORPORATION SS FACILITY MAINTENANCE | 8/7/2020 | 365.75 | 365.75 |
| 25379 | OFFICE DEPOT ALL SITES OFFICE SUPPLIES | 8/7/2020 | 537.06 | 537.06 |
| 25380 | PENINSULA MESSENGER LLC ALL SITES COURIER SERVICES | 8/7/2020 | 742.00 | 742.00 |
| 25381 | PRICILLIA RODRIGUEZ SS HAULING SERVICES | 8/7/2020 | 6,131.73 | 6,131.73 |
| 25382 | QUINN COMPANY ALL SITES EQUIPMENT & VEHICLE MAINTENANCE | 8/7/2020 | 3,676.85 | 3,676.85 |
| 25383 | SALINAS NEWSPAPERS, INC. EXECUTIVE ADMIN SUBSCRIPTIONS | 8/7/2020 | 158.19 | 158.19 |

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| 25384 | SCS FIELD SERVICES ALL SITES ROUTINE ENGINEERING SERVICES | 8/7/2020 | 22,835.00 | 22,835.00 |
| 25385 | SHARPS SOLUTIONS, LLC HHW HAULING & DISPOSAL | 8/7/2020 | 200.00 | 200.00 |
| 25386 | SOUTH COUNTY NEWSPAPER ANNUAL SUBSCRIPTION | 8/7/2020 | 49.70 | 49.70 |
| 25387 | SOUTHERN COUNTIES OIL CO., A CA LIMITED PARTNERSHIP ALL SITES BIODIESEL FUEL | 8/7/2020 | 10,821.08 | 10,821.08 |
| 25388 | **VOID** | 8/7/2020 | - | - |
| 25389 | **VOID** | 8/7/2020 | - | - |
| 25390 | **VOID** | 8/7/2020 | - | - |
| 25401 | STRATEGIC GOVERNMENT RESOURCES, INC. SUPERVISING COURSES REGISTRATION | 8/7/2020 | 203.00 | 203.00 |
| 25402 | VALERIO VARELA JR SS VEHICLE MAINTENANCE | 8/7/2020 | 200.00 | 200.00 |
| 25403 | VALLEY FABRICATION, INC. JC FACILITY MAINTENANCE SUPPLIES | 8/7/2020 | 742.73 | 742.73 |
| 25404 | ADMANOR, INC CCRMC - MEDIA CAMPAIGN | 8/7/2020 | 6,346.67 | 6,346.67 |
| 25405 | ALESHIRE & WYNDER, LLP JUNE LEGAL SERVICES | 8/7/2020 | 6,375.50 | 6,375.50 |
| 25406 | AMERICAN SUPPLY CO. JANITORIAL SUPPLIES | 8/7/2020 | 46.35 | 46.35 |
| 25407 | ASBURY ENVIRONMENTAL SERVICES ABOP MATERIAL RECYCLING | 8/7/2020 | 175.00 | 175.00 |
| 25408 | ASSOCIATED REBAR, INC. ORGANICS PROJECT REBAR SUPPLIES | 8/7/2020 | 12,475.00 | 12,475.00 |
| 25409 | AT&T SERVICES INC MONTHLY TELEPHONE SERVICE | 8/7/2020 | 694.73 | 694.73 |
| 25410 | CALIFORNIA LIVE FLOORS, INC, SS VEHICLE MAINTENANCE PARTS | 8/7/2020 | 17,155.66 | 17,155.66 |
| 25411 | DOUGLAS NOLAN SCHOOL ASSEMBLY PROGRAM | 8/7/2020 | 6,250.00 | 6,250.00 |
| 25412 | GEOLOGIC ASSOCIATES, INC. MONTHLY GROUNDWATER MONITORING SERVICES SOLID WASTE CONSULTING SERVICES | 8/7/2020 | 11,063.50 10,968.00 | 22,031.50 |
| 25413 | GUARDIAN SAFETY AND SUPPLY, LLC JC SAFETY SUPPLIES | 8/7/2020 | 1,344.18 | 1,344.18 |
| 25414 | SCALES UNLIMITED JR SCALE MAINTENANCE | 8/7/2020 | 741.00 | 741.00 |

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| 25415 | SKINNER EQUIPMENT REPAIR, INC. JC EQUIPMENT MAINTENANCE | 8/7/2020 | 491.86 | 491.86 |
| 25416 | SOUTHERN COUNTIES OIL CO., A CA LIMITED PARTNERSHIP ALL SITES VEHICLE & EQUIPMENT FUEL | 8/7/2020 | 1,969.66 | 1,969.66 |
| 25417 | STERICYCLE, INC HHW DISPOSAL | 8/7/2020 | 16,429.10 | 16,429.10 |
| 25418 | WESTERN EXTERMINATOR COMPANY SS VECTOR CONTROL | 8/7/2020 | 287.50 | 287.50 |
| 25419 | CH2M HILL, INC ENGINEERING SERVICES | 8/11/2020 | 588.73 | 588.73 |
| 25420 | HERC RENTALS INC. ROLLER RENTAL DE-PACKAGER PAD | 8/11/2020 | 966.35 | 966.35 |
| 25421 | HOME DEPOT ALL SITES FACILITY MAINTENANCE SUPPLIES | 8/11/2020 | 914.59 | 914.59 |
| 25422 | ISCO MACHINERY, INC. JC EQUIPMENT RENTAL D6T | 8/11/2020 | 2,082.50 | 2,082.50 |
| 25423 | KELLY-MOORE PAINT COMPANY INC. SS FACILITY PAINT | 8/11/2020 | 176.53 | 176.53 |
| 25424 | MISSION LINEN SUPPLY JR UNIFORM CLEANING | 8/11/2020 | 43.11 | 43.11 |
| 25425 | MONTEREY COUNTY HEALTH DEPARTMENT MO.CO. QUARTERLY REGIONAL FEE | 8/11/2020 | 30,507.57 | 30,507.57 |
| 25426 | OFFICE DEPOT OFFICE SUPPLIES | 8/11/2020 | 357.41 | 357.41 |
| 25427 | PACIFIC TRUCK PARTS, INC JC EQUIPMENT MAINTENANCE SUPPLIES | 8/11/2020 | 718.95 | 718.95 |
| 25428 | PINNACLE MEDICAL GROUP, INC. A PROFESSIONAL CORPORATION PRE-EMPLOYMENT SCREENING | 8/11/2020 | 75.00 | 75.00 |
| 25429 | SOLEDAD TIRE & WHEEL SERVICE, INC. JR VEHICLE TIRE REPAIR | 8/11/2020 | 98.00 | 98.00 |
| 25430 | STERICYCLE, INC JUNE HHW DISPOSAL SUPPLIES JUNE HHW DISPOSAL | 8/11/2020 | 1,041.00 16,096.55 | 17,137.55 |
| 25431 | US BANK CORPORATE PAYMENT SYSTEM COSTCO: (2) HP LAPTOPS AMAZON: BOARD MEETING SUPPLIES AMAZON: COVID 19 FACEMASKS AMAZON: SS SAFETY SUPPLIES AMAZON: SS SAFETY SUPPLIES AMAZON: SS SPECIAL DEPT SUPPLIES ARLO NETGEAR: CHLF OPERATIONS ATT.COM: MONTHLY INTERNET SERVICES QUEST DIAGNOSTICS: COVID ANTIBODY TEST LUGIS: EMPLOYEE RECOGNITION EXPERIAN SMART BUSINESS: CREDIT REPORT FED EX: MAILING SUPPLIES HARBOR FREIGHT: JC FACILITY SUPPLIES HARBOR FREIGHT TOOLS: HHW OPS TOOLS | 8/11/2020 | 1,332.81 184.96 1,146.50 76.37 209.72 143.88 19.98 43.23 129.30 635.47 149.85 4.91 227.28 21.70 | |

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| | HI-VIS SUPPLY: SAFETY SUPPLIES | | 306.90 | |
| | HOME DEPOT: RR GARDEN SUPPLIES | | 190.12 | |
| | HOME DEPOT: RR LAPTOP BAGS | | 168.74 | |
| | RELEVANT INDUSTRIAL: CH FACILITY MAINTENANCE | | 1,643.51 | |
| | SCOTT EQUIPMENT: IDLE BEARING | | 499.58 | |
| | IIMC: VIRTUAL INSTITUTE SESSION | | 150.00 | |
| | IMPRINT: SVR OPS GEAR | | 784.35 | |
| | INDEED: RECRUITMENT SERVICES | | 135.00 | |
| | ATT: JC INTERNET SERVICE | | 70.00 | |
| | LOWES: DW MAX TOOL COMBO SET | | 545.16 | |
| | MEMBERSHIP REGISTRATION REFUND | | (727.95) | |
| | INTERMEDIA: MONTHLY EXCHANGE SERVER HOSTING | | 380.69 | |
| | PRINTERCOPIERSANDMORE.COM: REPAIR ADM PRINTER | | 102.63 | |
| | QUEST DIAGNOSTICS: ANTI BODY TESTING | | 129.30 | |
| | QUEST DIAGNOSTICS: ANTI BODY TESTING | | 129.30 | |
| | RELEVANT INDUSTRIAL: REPLACEMENT LOUVER | | 45.73 | |
| | AMAZON.COM: REPLACEMENT RADIOS | | 274.56 | |
| | AMAZON: SAFETY SUPPLIES | | 65.13 | |
| | SMART N FINAL: SSTS & JC SUPPLIES | | 35.96 | |
| | AMAZON: SS FACILITY SUPPLIES | | 62.88 | |
| | SOLUTIONS PEST & LAWN: VECTOR CONTROL | | 384.52 | |
| | AMAZON: VECTOR CONTROL SUPPLIES | | 146.47 | |
| | TROOPER BAY: EIN ID NUMBERS | | 20.46 | |
| | SOLUTIONS PEST & LAWN: VECTOR CONTROL | | 881.57 | |
| | VISTA PRINT: ADM OFFICE SUPPLIES | | 229.39 | |
| | ZOOM: MONTHLY SUBSCRIPTION | | 14.99 | |
| | ZOOM: MONTHLY SUBSCRIPTION | | 8.71 | |
| | ZOOM: MONTHLY SUBSCRIPTION | | 29.98 | |
| | | | | 11,033.64 |
| 25432 | **VOID** | 8/11/2020 | - | |
| 25433 | **VOID** | 8/11/2020 | - | - |
| 25434 | **VOID** | 8/11/2020 | - | - |
| 25435 | **VOID** | 8/11/2020 | - | - |
| 25436 | **VOID** | 8/11/2020 | - | - |
| 25437 | VISION RECYCLING INC | 8/11/2020 | | |
| | ORGANICS PROCESSING JUNE | | 124,663.79 | |
| | ORGANICS PROCESSING DECEMBER ADJ. | | 15,835.80 | |
| | | | | 140,499.59 |
| 25438 | ZIG AUTO PARTS DISTRIBUTING - A CALIFORNIA CORP. | 8/11/2020 | | |
| | SS VEHICLE MAINTENANCE SUPPLIES | | 13.98 | |
| | | | | 13.98 |
| 25439 | US BANK CORPORATE PAYMENT SYSTEM | 8/11/2020 | | |
| | AT&T: INTERNET SERVICE | | 86.46 | |
| | CABLE WHOLESALE: SAFETY SUPPLIES COVID | | 707.73 | |
| | SMART&FINAL: EMPLOYEE RECOGNITION | | 749.20 | |
| | AMAZON: SAFETY SUPPLIES - FACE COVERINGS | | 392.92 | |
| | FEDEX: WORM AWARDS | | 47.16 | |
| | EBAY: SAFETY SUPPLIES - FOGGER | | 917.48 | |
| | PURE HYDROGEN: FOGGER SOLUTION | | 512.56 | |
| | KIRBY MFG: MIXER DELIVERY | | 1,208.15 | |
| | UPS STORE: NEW HIRE FINGERPRINTING | | 57.00 | |
| | AMAZON: SECURITY SYSTEM REPLACEMENT ANTENNAS | | 434.98 | |
| | ALPHA AUTO: SIDE STEPS FOR VEHICLE | | 500.00 | |
| | LANDSEND: SAFETY SUPPLIES | | 637.09 | |

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| | HARBOR FREIGHT TOOLS: UTILITY TRUCK TOOLS | | 410.74 | |
| | AMAZON: WIFI ANTENNA FOR JC | | 190.54 | |
| | LOWES: SHOP SUPPLIES WORK BENCH | | 255.63 | |
| | | | | 7,107.64 |
| 25440 | **VOID** | 8/11/2020 | - | - |
| 25440 | **VOID** | 8/11/2020 | - | - |
| 25441 | A & G PUMPING, INC ALL SITES PORTABLE TOILETS | 8/13/2020 | 464.63 | 464.63 |
| 25442 | A-7 AUSTIN, LTD FINANCE DEPT SUPPLIES | 8/13/2020 | 221.02 | 221.02 |
| 25443 | AGRI-FRAME, INC JC ORGANICS MAINTENANCE JR VEHICLE MAINTENANCE | 8/13/2020 | 49.88 288.92 | 338.80 |
| 25444 | AMERICAN SUPPLY CO. ALL SITES JANITORIAL SUPPLIES | 8/13/2020 | 3,538.82 | 3,538.82 |
| 25445 | BC LABORATORIES, INC CH LAB WATER ANALYSIS | 8/13/2020 | 4,437.24 | 4,437.24 |
| 25446 | CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION CMTA ANNUAL MEMBERSHIP | 8/13/2020 | 95.00 | 95.00 |
| 25447 | COAST COUNTIES TRUCK & EQUIPMENT CO. SSTS VEHICLE MAINTENANCE | 8/13/2020 | 423.24 | 423.24 |
| 25448 | CSC OF SALINAS/YUMA ALL SITES VEHICLE MAINTENANCE | 8/13/2020 | 120.84 | 120.84 |
| 25449 | EMILE ESTASSI JR PAVING REPAIRS | 8/13/2020 | 27,736.00 | 27,736.00 |
| 25450 | ENRIQUE CARRILLO JR. ALL SITES TIRE REPAIR | 8/13/2020 | 5,446.04 | 5,446.04 |
| 25451 | FIRST ALARM JC SECURITY SERVICES | 8/13/2020 | 35.00 | 35.00 |
| 25452 | FULL STEAM STAFFING LLC SS & JC CONTRACT LABOR | 8/13/2020 | 14,639.73 | 14,639.73 |
| 25453 | GOLDEN STATE TRUCK & TRAILER REPAIR ALL SITES EQUIPMENT & VEHICLE MAINTENANCE | 8/13/2020 | 32.40 | 32.40 |
| 25454 | GONZALES ACE HARDWARE ALL SITES FACILITY & VEHICLE MAINTENANCE | 8/13/2020 | 36.87 | 36.87 |
| 25455 | GONZALES TIRE & AUTO SUPPLY ALL SITES FACILITY SUPPLIES | 8/13/2020 | 832.85 | 832.85 |
| 25456 | **VOID** | 8/13/2020 | - | - |
| 25457 | HD SUPPLY CONSTRUCTION SUPPLY, LTD BRANCH #6186 JC FACILITY MAINTENANCE SUPPLIES | 8/13/2020 | 865.70 | 865.70 |

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| 25458 | HOPE SERVICES SS LITTER ABATEMENT | 8/13/2020 | 14,664.72 | 14,664.72 |
| 25459 | ISCO INDUSTRIES INC CH FACILITY MAINTENANCE | 8/13/2020 | 2,097.04 | 2,097.04 |
| 25460 | KING CITY HARDWARE INC. JR FACILITY MAINTENANCE | 8/13/2020 | 22.26 | 22.26 |
| 25461 | MAESTRO HEALTH FSA SERVICE FEES | 8/13/2020 | 150.00 | 150.00 |
| 25462 | MANUEL PEREA TRUCKING, INC. ALL SITES HAULING SERVICES | 8/13/2020 | 300.00 | 300.00 |
| 25463 | MISSION LINEN SUPPLY ALL SITES UNIFORMS | 8/13/2020 | 198.13 | 198.13 |
| 25464 | MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT LR, JC & CH AIR BOARD FEES | 8/13/2020 | 23,813.00 | 23,813.00 |
| 25465 | MONTEREY COUNTY HEALTH DEPARTMENT SS PERMIT FEES | 8/13/2020 | 2,769.00 | 2,769.00 |
| 25466 | OFFICE DEPOT ALL SITES OFFICE SUPPLIES | 8/13/2020 | 240.69 | 240.69 |
| 25467 | PACIFIC GAS AND ELECTRIC COMPANY MONTHLY ELECTRICAL SERVICES | 8/13/2020 | 10,738.16 | 10,738.16 |
| 25468 | PRICILLIA RODRIGUEZ SS HAULING SERVICES | 8/13/2020 | 6,248.33 | 6,248.33 |
| 25469 | PROBUILD COMPANY LLC JC ORGANICS MAINTENANCE | 8/13/2020 | 558.87 | 558.87 |
| 25470 | R&B COMPANY LANDFILL GAS CONSTRUCTION SUPPLIES | 8/13/2020 | 4,374.65 | 4,374.65 |
| 25471 | SCS FIELD SERVICES ALL SITES REMOTE MONITORING ENGINEERING SERVICES | 8/13/2020 | 925.00 | 925.00 |
| 25472 | SOUTHERN COUNTIES OIL CO., A CA LIMITED PARTNERSHIP ALL SITES BIODIESEL FUEL | 8/13/2020 | 9,341.03 | 9,341.03 |
| 25473 | TELCO BUSINESS SOLUTIONS MONTHLY NETWORK SUPPORT | 8/13/2020 | 245.35 | 245.35 |
| 25474 | TRI-COUNTY FIRE PROTECTION, INC. JC SAFETY SUPPLIES | 8/13/2020 | 352.97 | 352.97 |
| 25475 | US BANK CORPORATE PAYMENT SYSTEM FREDPRYOR.COM: ANNUAL SUBSCRIPTION HARBOR FREIGHT TOOLS: HHW OPS TOOLS FREDPRYOR.COM: ANNUAL SUBSCRIPTION US COMPOST COUNCIL: ANNUAL MEMBERSHIP | 8/13/2020 | 199.00 884.41 199.00 415.00 | 1,697.41 |
| 25476 | VALERIO VARELA JR ALL SITES VEHICLE & EQUIPMENT MAINTENANCE | 8/13/2020 | 2,100.00 | 2,100.00 |
| 25477 | WEST COAST RUBBER RECYCLING, INC JC TIRE DIVERSION | 8/13/2020 | 1,950.00 | 1,950.00 |

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| 25478 | ALFRED STEPHEN WOOD JR FENCE REPLACEMENT | 8/20/2020 | 4,900.00 | 4,900.00 |
| 25479 | BARTEL ASSOCIATES, LLC ACTUARIAL SERVICES | 8/20/2020 | 1,400.00 | 1,400.00 |
| 25480 | BC LABORATORIES, INC CH LAB WATER ANALYSIS | 8/20/2020 | 2,896.36 | 2,896.36 |
| 25481 | CITY OF GONZALES JC WATER SERVICES MONTHLY HOSTING FEE | 8/20/2020 | 102.76 20,833.33 | 20,936.09 |
| 25482 | CITY OF SALINAS (ENVIRONMENTAL COMPLIANCE BUREAU) STORMWATER INSPECTION | 8/20/2020 | 242.29 | 242.29 |
| 25483 | COAST COUNTIES TRUCK & EQUIPMENT CO. SS VEHICLE MAINTENANCE | 8/20/2020 | 27.28 | 27.28 |
| 25484 | DATAFLOW BUSINESS SYSTEMS INC. MONTHLY COPIER MAINTENANCE | 8/20/2020 | 29.60 | 29.60 |
| 25485 | DON CHAPIN INC ORGANIC PAD CEMENT | 8/20/2020 | 18,558.28 | 18,558.28 |
| 25486 | DUNCAN DISTRIBUTION CO. LLC. JC ORGANICS BLOWER CONNECTION SYSTEM | 8/20/2020 | 219.80 | 219.80 |
| 25487 | EAST BAY TIRE CO. SS VEHICLE MAINTENANCE | 8/20/2020 | 181.28 | 181.28 |
| 25488 | FULL STEAM STAFFING LLC ALL SITES CONTRACT LABOR | 8/20/2020 | 16,089.70 | 16,089.70 |
| 25489 | GOLDEN STATE TRUCK & TRAILER REPAIR ALL SITES EQUIPMENT & VEHICLE MAINTENANCE | 8/20/2020 | 5,587.78 | 5,587.78 |
| 25490 | GONZALES ACE HARDWARE ALL SITES FACILITY & VEHICLE MAINTENANCE | 8/20/2020 | 100.64 | 100.64 |
| 25491 | GONZALES TIRE & AUTO SUPPLY SS VEHICLE MAINTENANCE | 8/20/2020 | 60.74 | 60.74 |
| 25492 | GRAINGER JC VEHICLE MAINTENANCE | 8/20/2020 | 477.35 | 477.35 |
| 25493 | GREEN RUBBER - KENNEDY AG, LP JC MAINTENANCE SUPPLIES | 8/20/2020 | 1,529.73 | 1,529.73 |
| 25494 | HD SUPPLY CONSTRUCTION SUPPLY, LTD BRANCH #6186 JC MAINTENANCE SUPPLIES | 8/20/2020 | 867.34 | 867.34 |
| 25495 | HOME DEPOT ALL SITES FACILITY MAINTENANCE SUPPLIES | 8/20/2020 | 1,865.90 | 1,865.90 |
| 25496 | HRN PERFORMANCE SOLUTIONS PERFORMANCE PRO ADD LICENSE | 8/20/2020 | 100.00 | 100.00 |
| 25497 | KANTOLA TRAINING SOLUTIONS LLC EMPLOYEE TRAINING | 8/20/2020 | 118.50 | 118.50 |
| 25498 | KING CITY HARDWARE INC. JR FACILITY MAINTENANCE | 8/20/2020 | 8.69 | 8.69 |

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| 25499 | KISKIS & ASSOCIATES ANNUAL DOT PROGRAM | 8/20/2020 | 978.00 | 978.00 |
| 25500 | MISSION LINEN SUPPLY ALL SITES UNIFORMS | 8/20/2020 | 198.13 | 198.13 |
| 25501 | NEXIS PARTNERS, LLC MONTHLY ADMIN BUILDING RENT | 8/20/2020 | 9,212.00 | 9,212.00 |
| 25502 | OFFICE DEPOT ALL SITES OFFICE SUPPLIES | 8/20/2020 | 41.50 | 41.50 |
| 25503 | PACIFIC GAS AND ELECTRIC COMPANY CNG VEHICLE FUEL | 8/20/2020 | 7,424.56 | 7,424.56 |
| 25504 | PINNACLE MEDICAL GROUP, INC. A PROFESSIONAL CORPORATION HHW - TYPE III BI-ANNUAL EXAM | 8/20/2020 | 274.00 | 274.00 |
| 25505 | PURE WATER BOTTLING ALL SITES WATER SERVICE | 8/20/2020 | 411.55 | 411.55 |
| 25506 | QUINN COMPANY ALL SITES EQUIPMENT & VEHICLE MAINTENANCE | 8/20/2020 | 1,967.63 | 1,967.63 |
| 25507 | REPUBLIC SERVICES #471 TRASH & RECYCLING SERVICES | 8/20/2020 | 78.25 | 78.25 |
| 25508 | ROSSI BROS TIRE & AUTO SERVICE ALL SITES VEHICLE AND EQUIPMENT MAINTENANCE | 8/20/2020 | 2,920.03 | 2,920.03 |
| 25509 | **VOID** | 8/20/2020 | - | - |
| 25510 | SCALES UNLIMITED JC SCALE MAINTENANCE | 8/20/2020 | 1,421.50 | 1,421.50 |
| 25511 | SCATCO CONCRETE PUMPING INC ORGANICS PAD CONCRETE PUMPING | 8/20/2020 | 1,130.00 | 1,130.00 |
| 25512 | SCS FIELD SERVICES ALL SITES NON-ROUTINE ENVIRONMENTAL SERVICES | 8/20/2020 | 5,813.75 | 5,813.75 |
| 25513 | SHARPS SOLUTIONS, LLC HHW HAULING & DISPOSAL | 8/20/2020 | 120.00 | 120.00 |
| 25514 | SHIELDS MAGNETICS MAGNETS FOR NAIL COLLECTION | 8/20/2020 | 15,756.00 | 15,756.00 |
| 25515 | SOLID WASTE ASSOCIATION OF NORTH AMERICA SWANA MEMBERSHIP RH | 8/20/2020 | 253.00 | 253.00 |
| 25516 | SOUTHERN COUNTIES OIL CO., A CA LIMITED PARTNERSHIP ALL SITES BIODIESEL FUEL | 8/20/2020 | 9,678.95 | 9,678.95 |
| 25517 | SPRINT NEXTEL ALL SITES CELL PHONE | 8/20/2020 | 330.75 | 330.75 |
| 25518 | VALERIO VARELA JR ALL SITES VEHICLE & EQUIPMENT MAINTENANCE | 8/20/2020 | 7,275.00 | 7,275.00 |
| 25519 | VEGETABLE GROWERS SUPPLY, INC. JC SAFETY SUPPLIES | 8/20/2020 | 819.51 | 819.51 |

Salinas Valley Solid Waste Authority
Checks Issued Report for 8/1/2020 to 8/31/2020

| Check # | Name | Check Date | Amount | Check Total |
|---------|---|------------|------------------------|-------------|
| 25520 | VOSTI'S INC JC EQUIPMENT MAINTENANCE | 8/20/2020 | 203.31 | 203.31 |
| 25521 | WESTERN EXTERMINATOR COMPANY ALL SITES EXTERMINATOR SERVICES | 8/20/2020 | 431.50 | 431.50 |
| 25522 | AT&T SERVICES INC ALL SITES TELEPHONE SERVICES | 8/27/2020 | 375.98 | 375.98 |
| 25523 | AUTOZONE LLC. JC VEHICLE MAINTENANCE VEHICLE PARTS RETURN | 8/27/2020 | 1,601.98 (267.49) | 1,334.49 |
| 25524 | **VOID** | 8/27/2020 | - | - |
| 25525 | CALIFORNIA HIGHWAY ADOPTION CO. LITTER SERVICES | 8/27/2020 | 550.00 | 550.00 |
| 25526 | CALIFORNIA WATER SERVICE SS & JRTS WATER SERVICES | 8/27/2020 | 1,243.02 | 1,243.02 |
| 25527 | CLARK PEST CONTROL, INC ADMIN PEST CONTROL | 8/27/2020 | 93.00 | 93.00 |
| 25528 | COMCAST MONTHLY INTERNET SERVICE | 8/27/2020 | 285.95 | 285.95 |
| 25529 | CSC OF SALINAS/YUMA ALL SITES VEHICLE MAINTENANCE | 8/27/2020 | 615.65 | 615.65 |
| 25530 | FEDEX OVERNIGHT SHIPMENT | 8/27/2020 | 26.50 | 26.50 |
| 25531 | GEOLOGIC ASSOCIATES, INC. JC CONSULTING ENGINEERING SERVICES | 8/27/2020 | 1,960.00 | 1,960.00 |
| 25532 | GOLDEN STATE TRUCK & TRAILER REPAIR ALL SITES EQUIPMENT & VEHICLE MAINTENANCE | 8/27/2020 | 473.00 | 473.00 |
| 25533 | GONZALES ACE HARDWARE ALL SITES FACILITY & VEHICLE MAINTENANCE JC FACILITY IMPROVEMENTS SS EQUIPMENT MAINTENANCE | 8/27/2020 | 45.69 66.84 8.62 | 121.15 |
| 25534 | **VOID** | | | |
| 25535 | GREEN VALLEY INDUSTRIAL SUPPLY, INC JC LITTER FENCE SUPPLIES | 8/27/2020 | 230.24 | 230.24 |
| 25536 | HD SUPPLY CONSTRUCTION SUPPLY, LTD BRANCH #6186 ORGANICS CONSTRUCTION SUPPLIES | 8/27/2020 | 1,446.86 | 1,446.86 |
| 25537 | HERC RENTALS INC. SS EQUIPMENT RENTAL | 8/27/2020 | 110.07 | 110.07 |
| 25538 | IRON HORSE MOTORSPORTS, LLC 2021 KAWASAKI MULE | 8/27/2020 | 14,010.15 | 14,010.15 |
| 25539 | ISCO INDUSTRIES INC ALL SITES HOSE CLAMPS | 8/27/2020 | 10,053.24 | 10,053.24 |

Salinas Valley Solid Waste Authority
Checks Issued Report for 8/1/2020 to 8/31/2020

| Check # | Name | Check Date | Amount | Check Total |
|---------|--|------------|---|-------------|
| 25540 | KING CITY HARDWARE INC. JR FACILITY MAINTENANCE | 8/27/2020 | 4.70 | 4.70 |
| 25541 | MALLORY CO. INC HHW SAFETY SUPPLIES | 8/27/2020 | 633.76 | 633.76 |
| 25542 | MANUEL PEREA TRUCKING, INC. SS VEHICLE MAINTENANCE | 8/27/2020 | 281.19 | 281.19 |
| 25543 | MISSION LINEN SUPPLY ALL SITES UNIFORMS | 8/27/2020 | 155.02 | 155.02 |
| 25544 | MONTEREY COUNTY SHERIFF'S OFFICE JR ALARM PERMIT | 8/27/2020 | 30.00 | 30.00 |
| 25545 | OFFICE DEPOT ALL SITES OFFICE SUPPLIES | 8/27/2020 | 329.88 | 329.88 |
| 25546 | ONE STOP AUTO CARE/V & S AUTO CARE, INC ADM VEHICLE MAINTENANCE | 8/27/2020 | 45.05 | 45.05 |
| 25547 | QUINN COMPANY ALL SITES EQUIPMENT & VEHICLE MAINTENANCE JC EQUIPMENT MAINTENANCE | 8/27/2020 | 1,155.08 2,610.64 | 3,765.72 |
| 25548 | R&B COMPANY JC LFG PVC SUPPLIES | 8/27/2020 | 21,224.73 | 21,224.73 |
| 25549 | ROSSI BROS TIRE & AUTO SERVICE JC EQUIPMENT MAINTENANCE | 8/27/2020 | 427.85 | 427.85 |
| 25550 | SOUTHERN COUNTIES OIL CO., A CA LIMITED PARTNERSHIP ALL SITES BIODIESEL FUEL | 8/27/2020 | 12,510.95 | 12,510.95 |
| 25551 | ULINE, INC. HHW FACILITY MAINTENANCE | 8/27/2020 | 1,228.51 | 1,228.51 |
| 25552 | US BANK CORPORATE PAYMENT SYSTEM VISION: COMPOST AND MULCH FOR JARDIN EL SOL HARBOR FREIGHT: AIR IMPACT WRENCH AMAZON: ALARM SYSTEM SOLAR PANEL AMAZON: VEHICLE SAFETY KITS AMAZON: BATTERIES FOR FLOOD LIGHTS AMAZON.COM: COIN COUNTER NORTHERN TOOLS: COMPRESSOR CONSTANT CONTACT: RR OUTREACH E- NEWSLETTER COSTCO: ANNUAL MEMBERSHIP RENEWAL EXPERIAN: CREDIT CHECKS AMAZON: SS FACILITY MAINTENANCE COMPLIANCE SIGNS.COM: EQUIPMENT SIGNS GROCERY OUTLET: RR GARDEN SUPPLIES EDUWHERE: HHW TRAINING REGISTRATION HOME DEPOT: SUPPLIES FOR JARDIN EL SOL ATT: JC INTERNET AMAZON: SS FACILITY MAINTENANCE HARBOR FREIGHT: OPS TOOLS INTERMEDIA: MONTHLY EXCHANGE SERVER HOSTING ACE HARDWARE: ORGANICS PAD CONSTRUCTION SUPPLIES OFFICE OF WATER PROGRAMS: QISP RENEWAL AMAZON: REPLACEMENT LIGHT FIXTURES LANDS END: SAFETY GEAR 4INPRINT: EMPLOYEE SAFETY SUPPLIES PURE HYDROGEN PEROXIDE: SAFETY SUPPLIES ARLO NETGEAR: CH FACILITY MAINTENANCE | 8/27/2020 | 100.51 396.80 87.38 179.63 65.96 88.94 693.98 225.00 60.00 49.95 127.06 149.46 27.96 130.00 198.40 70.00 103.78 87.38 380.69 27.24 190.00 311.34 73.20 305.73 205.03 19.98 | |

Salinas Valley Solid Waste Authority
Checks Issued Report for 8/1/2020 to 8/31/2020

| Check # | Name | Check Date | Amount | Check Total |
|---------|--|------------|------------------------------|---------------------|
| | AMAZON: SURGE PROTECTOR FOR LF FLARE | | 163.86 | |
| | SURVEY MONKEY: CUSTOMER SURVEYS | | 99.00 | |
| | HARBOR FREIGHT: SS SMALL TOOLS | | 122.30 | |
| | IIMC: WEBINAR SESSION | | 50.00 | |
| | IIMC: WEBINAR SESSION | | 50.00 | |
| | IIMC: WEBINAR SESSION | | 50.00 | |
| | AMAZON: SS FACILITY MAINTENANCE | | 192.06 | |
| | ZOOM: ONLINE MEETINGS | | 29.98 | |
| | | | | 5,112.60 |
| 25553 | **VOID** | 8/27/2020 | - | - |
| 25554 | **VOID** | 8/27/2020 | - | - |
| 25555 | **VOID** | 8/27/2020 | - | - |
| 25556 | US COMPOSTING COUNCIL US COMPOST COUNCIL ANNUAL MEMBERSHIP | 8/27/2020 | 850.00 | 850.00 |
| 25557 | VALERIO VARELA JR ALL SITES VEHICLE & EQUIPMENT MAINTENANCE CONCRETE PAD CONSTRUCTION SS FACILITY MAINTENANCE | 8/27/2020 | 1,287.00 200.00 300.00 | 1,787.00 |
| 25558 | VALLEY FABRICATION, INC. JC ORGANICS FACILITY MAINTENANCE | 8/27/2020 | 121.86 | 121.86 |
| 25559 | WASTE ZERO INC. BULK ORDER LITTER BAGS | 8/27/2020 | 21,371.49 | 21,371.49 |
| 25560 | WEST COAST RUBBER RECYCLING, INC ALL SITES TIRE DIVERSION | 8/27/2020 | 1,950.00 | 1,950.00 |
| 25561 | WRIGHT EXPRESS FINANCIAL SERVICES CORPORATION ALL SITES FUEL | 8/27/2020 | 1,828.72 | 1,828.72 |
| | | | | <u>1,828.72</u> |
| | Subtotal | | | 771,433.57 |
| | Payroll Disbursements | | | 516,604.01 |
| | Grand Total | | | <u>1,288,037.58</u> |



Report to the Executive Committee

ITEM NO. 3

Finance and Administration
Manager/Controller-Treasurer

General Manager/CAO

N/A

Legal Counsel

Date: October 1, 2020

From: C. Ray Hendricks, Finance and Administration Manager

Title: Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2020

RECOMMENDATION

Staff requests that the Executive Committee recommends that the Board of Directors review and accept the report.

STRATEGIC PLAN RELATIONSHIP

This agenda item is a routine annual operational item.

FISCAL IMPACT

This item has no fiscal impact but does reflect continuing year-over-year improvements in the Authority's Net Position. It reports the results of the 2019-20 fiscal year's operations.

DISCUSSION & ANALYSIS

The Authority's Comprehensive Annual Financial Report was audited by McGilloway, Ray, Brown & Kaufman. The audit of the financial statements is an annual requirement.

The auditors provided an "unmodified opinion," meaning that they took no exception to any of the numbers. The auditors also informed us that there is no management letter for this past fiscal year, meaning that the Authority's financial operations met all internal controls requirements. Typically, a management letter is issued when the auditors feel that internal controls should be improved.

For the fiscal year ended June 30, 2020, the Authority adopted the following pronouncement of the Governmental Accounting Standards Board (GASB):

Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"

Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance"

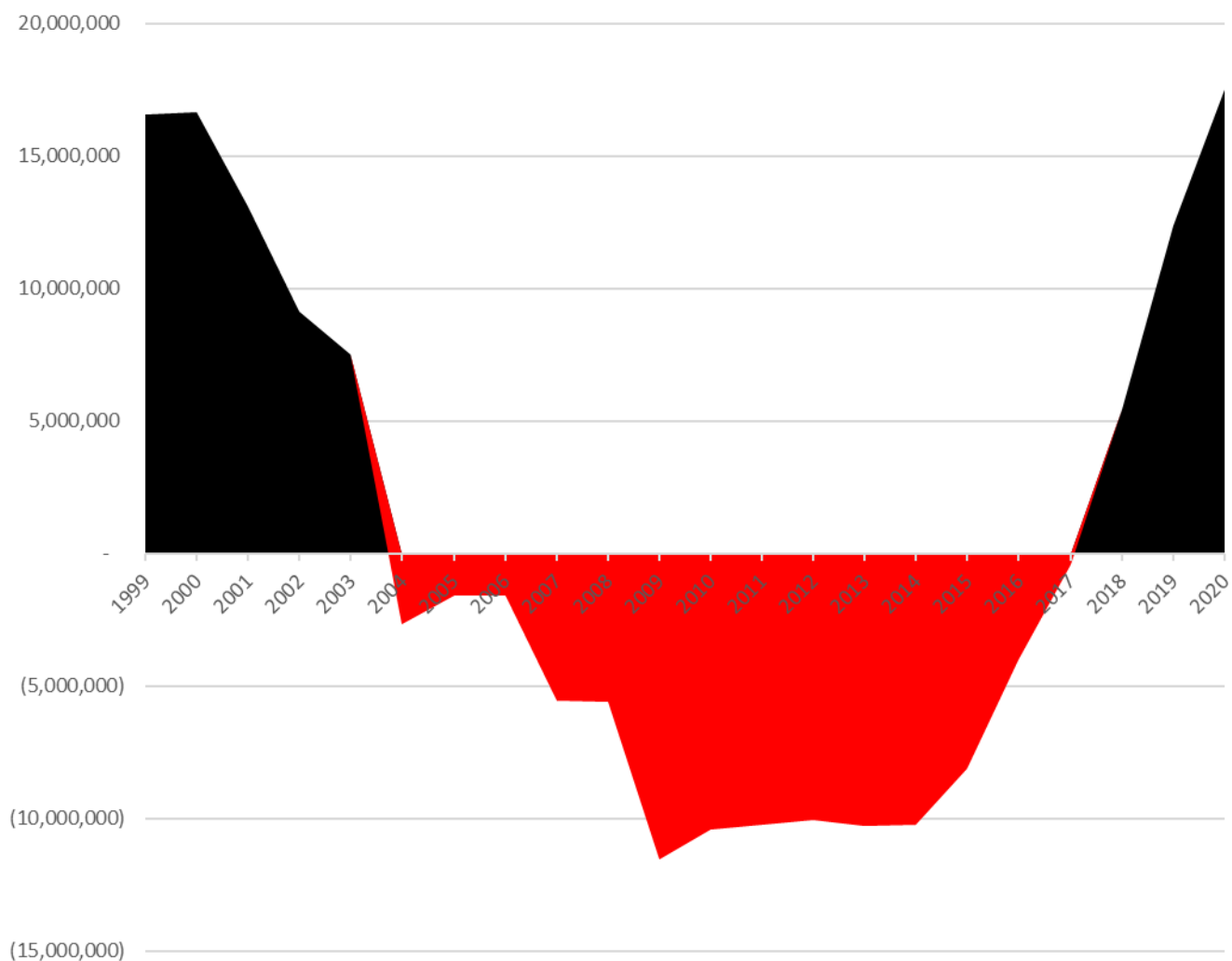
While these pronouncements are effective for our fiscal year ending June 30, 2020, they have a negligible effect on our financials. Statement 88 requires additional disclosures for our debt but has no financial impact. Statement No. 95 postponed the effective date of all pending pronouncements by a year due to Covid-19.

The Comprehensive Annual Financial Report contains information about the Authority's finances in accordance with Governmental Accounting Standards. We highly encourage the Board to read the Management Discussion and Analysis, which provides a summary of the Authority's finances. In this staff report, staff wishes to address the two most important numbers from the financial statements, the Net Position, and the Change in Net Position.

Net Position of \$17,519,444

The Net Position improved to \$17,519,444. This is an improvement of \$5,142,356 from a net position of \$12,377,088 in FY 2018-19.

The chart below shows the Authority's year ending net position since 1999.



Following are the key items affecting the Authority's net position:

- 1997 – Authority was formed with a contribution of capital (landfills) from the County and the purchase of Crazy Horse Landfill from Salinas.
- 2001 – Began expedited depreciation of Crazy Horse Landfill to prepare for original 2004 closure date.
- 2002 - \$40M Bond Issue - (\$2.5 million closing cost). Money was used to fund Capital Improvements necessary over the next several years necessary to rectify legacy violations and underfunded facility improvements.

- 2003 – Lewis Road Closure - Write off remaining assets. Closure Post-Closure Expense Catch Up
- 2007 - Jolon Road Closure - Write off remaining assets. Closure Post-Closure Expense Catch Up
- 2009 - Crazy Horse Closure - Write off remaining assets. Closure Post-Closure Expense Catch Up
- 2015 – Bond Refunding, beginning of staff run operations at Johnson Canyon, and first Substantial Tonnage Increase in 10 years.
- 2017 – Beginning of staff run operations at Jolon Road Transfer Station.

Positive Change in Net Position of \$5,142,356

Key elements of these year-over-year changes are as follows:

The Authority's activities increased the net position to \$17,519,444. Key elements of this change are as follows:

Operating revenues increased \$78,147 (0.3%) as the result of increases to the AB939 and organics processing fees, which resulted in \$825,416 in increased revenues. Solid Waste Tipping Fees increased by \$25,569. Sales of Materials decreased by \$81,003. The transportation surcharge decreased \$288,630 due to a reduction of tons transferred within the Authority system. Tipping Fees related to Soil and Biosolids decreased \$311,754 due to higher than normal tonnages during FY 2018-19. Other Diversion Tipping Fees and Charges for services decreased \$91,451

Operating expenses increased by \$1,234,580 (7.6%) to \$17,571,720. The \$914,722 increase in personnel services is primarily due to adjustments to post-employment benefits liabilities as well as paydowns of the liabilities in the amount of are \$417,598, as well as an increase to leave liabilities of \$199,271 due partly to additional leave required by the Families First Coronavirus Act. The remaining \$297,853 is due to increased staffing allocations required to safely operate our facilities. Other expenditures necessary to operate the facilities decreased by \$144,235.

Closure/Post-Closure Maintenance Expenses increased \$403,850. Post-closure maintenance expenses for Crazy Horse Canyon Landfill were \$621,224. Post-closure maintenance expenses for Lewis Road Landfill were \$560,499, due largely to an adjustment of 365,949 in the remaining liability. Post-closure maintenance expenses for Jolon Road Landfill were \$121,853. For the active Johnson Canyon Landfill, Closure and Post-closure Liabilities are expensed as a percentage of capacity used at the landfill. FY 2019-20 expenses for post-closure were \$66,689. Closure expenses were \$428,641.

BACKGROUND

The Authority's financial statements are presented on a full accrual basis similar to a business. The Authority's financial statements are audited by McGilloway, Ray, Brown & Kaufman. The audit of the financial statements is an annual requirement.

ATTACHMENT(S)

1. Governance letter from McGilloway, Ray, Brown & Kaufman (To be distributed as soon as it becomes available)
2. Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020 (To be distributed as soon as it becomes available)



2511 Garden Road
Suite A180
Monterey, CA 93940
831-373-3337
Fax 831-373-3437

379 West Market Street
Salinas, CA 93901
831-424-2737
Fax 831-424-7936

3478 Buskirk Avenue
Suite A1000
Pleasant Hill, CA 94523
831-373-3337
Fax 831-373-3437

To the Board of Directors
Salinas Valley Solid Waste Authority
Salinas, California

We have audited the financial statements of Salinas Valley Solid Waste Authority (the Authority) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 10, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1, Significant Accounting Policies, to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the FY 2019-20. The Authority implemented GASB No. 88 “*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*” and updated the Long-term Debt Note as per the requirements. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Authority’s financial statements were:

Management’s estimate of the allowance for doubtful accounts is based on historical collections and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of landfills is depreciated based on units-of-consumption. Units-of-consumption depreciation rates are determined annually for the operating landfill at Johnson Canyon. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of depreciation other than landfill cells is based on the straight-line method over the estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Gerald C. Ray, CPA | Patricia M. Kaufman, CPA, CGMA | Jesus Montemayor, CPA | Smriti Shrestha, CPA

Management's estimate of closure and postclosure maintenance costs are based on studies performed by the Authority's engineers annually and submitted to the California Integrated Waste Management Board and the Regional Water Control Board annually. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferrals are based on an amount actuarially determined in accordance with the parameters of GASB Statement 68. We evaluated the key factors and assumptions used to develop the deferred inflows and outflows of resources and determined that it is reasonable in relation to the financial statements.

Management's estimate of the net OPEB liability and related deferrals are based on an amount actuarially determined in accordance with the parameters of GASB Statement 75. We evaluated the key factors and assumptions used to develop the deferred inflows and outflows of resources and determined that it is reasonable in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of Landfill Closure and Postclosure Requirements in Note 10 to the financial statements

The disclosure of Pension Plan in Note 12 to the financial statements –GASB Statement 68, *Accounting Valuation Report*, with the measurement date of June 30, 2019.

The disclosure of Other Post-Employment Benefit (OPEB) Plan in Note 13 to the financial statements - GASB Statement 75, *Accounting Valuation Report*, with the measurement date of June 30, 2019.

The disclosure of Commitments & Contingencies in Note 13 to the financial statements

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule of "Adjusting Journal Entries Report" summarizes the proposed material adjusting journal entries. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 1, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Report on Required Supplementary Information

We applied certain limited procedures to the Management’s Discussion and Analysis, the schedule of the Authority’s proportionate share of the net pension liability and related ratios as of measurement date – cost sharing defined benefit pension plan, the schedule of statutorily required employer contributions pension plan, the schedule of changes in the Authority’s net OPEB liability and related ratios as of measurement date, and the schedule of employer OPEB contributions, which are required supplementary information (RSI) that supplements the basic financial statements.

Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Report on Other Information

We were not engaged to report on the introductory section and the statistical section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.



McGilloway, Ray, Brown & Kaufman
Salinas California
October 1, 2020

| | |
|----------------|--|
| Client: | <i>217498 - Salinas Valley Solid Waste Authority</i> |
| Period Ending: | <i>6/30/2020</i> |
| Trial Balance: | <i>1.05 - Database</i> |
| Workpaper: | <i>1.07 - Adjusting Journal Entries Report</i> |

Adjusting Journal Entries JE # 1

To record the capital asset and adjust the related net investment in capital assets.

| | | | |
|------------------|---|---------------|---------------|
| 16300-170 | Fixed Assets - Other Improvements | 16,300 | |
| 16400-150 | Fixed Assets - Machinery and Equipment | 28,230 | |
| 35000-150 | Fund Balance | 28,230 | |
| 35000-170 | Fund Balance | 16,300 | |
| 35100-150 | Invested in Capital Assets, Net of Related Debt | | 28,230 |
| 35100-170 | Invested in Capital Assets, Net of Related Debt | | 16,300 |
| 6-3710-63592-170 | Facility Maintenance | | 16,300 |
| 6-5500-62290-150 | Other Repair & Maintenance Supplies | | 28,230 |
| Total | | 89,060 | 89,060 |
| | | | |
| | Total Adjusting Journal Entries | 89,060 | 89,060 |

SALINAS VALLEY SOLID WASTE AUTHORITY

Monterey County, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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INTRODUCTORY SECTION



"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"

October 1, 2020

President and Board of the Salinas Valley Solid Waste Authority:

We are pleased to submit the Salinas Valley Solid Waste Authority's (Authority) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. These statements combined with other information are analyzed in the narrative section called Management's Discussion and Analysis (MD&A). The MD&A provides financial highlights and interprets the financial reports by analyzing trends and by explaining changes, fluctuations, and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the Authority.

This report consists of management's representations concerning the financial position of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the management of the Authority has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

McGilloway, Ray, Brown & Kaufman, an independent firm of certified public accountants, has audited the Authority's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2020, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

Reporting Entity

On January 1, 1997, the Salinas Valley Solid Waste Authority was created through a joint powers agreement among the cities of Salinas, Gonzales, Greenfield, King City, and Soledad, and the unincorporated area of the eastern portion of Monterey County, to provide waste recovery and solid waste disposal services to the member cities, and the unincorporated area in the eastern and southern portion of the county. The Authority is governed by a nine-member board consisting of three members of the Salinas City Council, two members of the Monterey County Board of Supervisors, and one City Council member each from the cities of Gonzales, Greenfield, King City, and Soledad.

Operating Results

GAAP require that depreciation, estimated closure costs, and estimated post-closure maintenance costs be charged as a current expense. These expenses are allocated over the estimated remaining capacity of the landfills within the Authority's disposal system. Based on these requirements, the Salinas Valley Solid Waste Authority reports operating income of \$5,325,495 and an increase in net position of \$5,142,356 for the fiscal year ended June 30, 2020.

As part of its adopted financial policies, the Authority does not set aside funds for post-closure maintenance. Per the agreement with the California Integrated Waste Management Board, dated June 19, 1998, the Authority has pledged future revenue to cover the cost of post-closure maintenance. The Authority's tipping fees are not expected to cover the accrual of post-closure expenses in the current period. At June 30, 2020, the Authority has accrued post-closure liabilities totaling \$16,346,235 which will be paid out of future revenues over the next 30 years.

The Authority's policy is to set aside funds for closure costs. As of June 30, 2019, \$4,847,619 has been set aside as required by CalRecycle. Closure liabilities are \$4,127,389 which are fully funded at June 30, 2020.

The Authority's tipping fees are set at an amount sufficient to provide for operations, closure set-aside requirements, post-closure maintenance on a pay-as-you-go basis, capital requirements, and debt service on bonds issued for capital replacement. The Authority's tipping fees are not expected to recover depreciation expense, though Capital Replacement Budgets function to provide a portion of depreciated asset replacement costs.

The Statement of Cash Flows for the fiscal year ended June 30, 2020, provides a detailed reconciliation of the Authority's cash, which increased \$2,756,713 from \$28,954,251 to \$31,710,964.

Financial Management

The Authority carefully monitors its charges for services. Tonnage has increased significantly due to increased economic activity and reduced markets for recycled materials. Increases in disposal tonnage have allowed the Authority to not increase solid waste tipping fees since July 1, 2016, when the tipping fee increased \$1.50 to \$68.50 per ton. Effective July 1, 2013 the Board adopted an AB939 Fee, which generated \$2.73 million during the year ended June 30, 2020. This revenue is guaranteed for funding of non-landfill related AB 939 programs regardless of tonnage received. This will reduce the fluctuations in revenue due to changes in tonnage.

CalPERS UAL Paydown

During FY 2018-19, the Authority used FY 2017-18 cash surpluses to pay off its entire \$1.1 million in Unfunded Actuarial Liability (UAL) for its retirement plan, saving the Authority over \$1 million in interest payments over the scheduled amortization through 2045. CalPERS implemented a reduction of the discount rate from 7.25% to 7.00% in its June 30, 2018 actuarial. This change created an unfunded liability of \$323,766, which was paid off during fiscal year 2019-20, saving the Authority \$209,177 over the scheduled amortization through 2034. CalPERS has reported investment returns of 6.7% for fiscal year ended June 30, 2019, and 4.7% for June 30, 2020. This will result in estimated unfunded liabilities of \$240,000, which will be due beginning FY 2021-22. Additionally, any future gains or losses in investments from CalPERS, or changes in assumptions, will affect our funded status going forward. The Authority will continue to allocate funds in its budget to continue to pay off changes in this liability in the shortest reasonable time frame possible.

Bond Issue 2014

On January 28, 2014, the Authority completed a refunding of the revenue bonds issued in 2002 and refinancing of the Crazy Horse Canyon Landfill installment purchase agreement with the City of Salinas. The refunding revenue bonds total \$31,390,000. The refunding bonds were sold in two series, Series 2014A and Series 2014B. Series 2014A, totaling \$27,815,000, refunded the Series 2002 revenue bonds and Series 2014B, totaling \$3,575,000, refinanced the Crazy Horse Canyon Landfill installment purchase agreement.

The maximum annual debt service is \$3,137,000 including interest at varying rates up to 5.50%. The final interest and principal payment on the bonds is scheduled for August 1, 2031.

Expansion Fund

The “Expansion Fund” was established to collect proceeds from the sale of outside waste, pay costs associated with increased tonnage generated by outside waste, and pay the costs related to locating and permitting a new landfill site, and other long-term expansion costs. Over the term of the revised agreement with South Valley Disposal, revenue from the sale of outside waste was \$23.18 million, with costs estimated at \$4.9 million to operate Crazy Horse, \$1.8 million for landfill cell liners at Johnson Canyon, \$2.2 million in closure costs set-asides, and \$1.8 million in taxes and fees. In addition to money allocated to CIPs related to expansion and conversion technologies, and investment earnings, the Board of Directors decided to use a portion of these funds for operations during the Great Recession until the economy recovered in order to avoid tipping fee increases. At June 30, 2020, the Expansion Fund had unrestricted net position of \$8,632,490.

Summary

Benefitting from continued better than expected economic activity, the Authority increased its net position by \$5,142,356 and ended the year with a Net Position of \$17,519,444. With principal payments to the 2014 Bonds, the Net Position is expected to continue to improve, allowing the Authority to set aside reserves and possibly continue to prefund some of its long-term liabilities.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Salinas Valley Solid Waste Authority for its CAFR for the year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. Salinas Valley Solid Waste Authority has received this award every year beginning with fiscal year ending June 30, 2014.

I would like to take this opportunity to thank the members of the Salinas Valley Solid Waste Authority's Board of Directors for their interest and support in the financial operations of the Authority. It is the responsible and progressive manner in which business is conducted that makes the Authority successful. I would also like to extend special recognition to the Authority staff for their day-to-day involvement in the operations. In addition, I would like to offer special thanks to Ernesto Natera (Business Services Supervisor), Linda Vasquez (Accounting Technician), and Salma Sandoval (Accounting Technician), without whom this presentation would not be possible. I would also like to thank the Authority's auditors McGilloy, Ray, Brown & Kaufman. It is the combined effort of all participants that resulted in the issuance of this document.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'C. Ray Hendricks', with a long horizontal line extending to the right.

C. Ray Hendricks
Finance and Administration Manager/Treasurer/Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Salinas Valley Solid Waste Authority
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



List of Principal Officials

As of June 30, 2020

Robert Cullen, City of King
President

Gloria De La Rosa, City of Salinas
Vice President

Chris Lopez, County of Monterey
Alternate Vice President

Christie Cromeenes, City of Salinas
Board Member

Marisela Lara, City of Soledad
Board Member

John M. Phillips, County of Monterey
Board Member

Elizabeth Silva, City of Gonzales
Board Member

Andrew Tipton, City of Greenfield
Board Member

John Villegas, City of Salinas
Board Member

R. Patrick Mathews
General Manager/
Chief Administrative Officer

Roy Santos
General Counsel

Mandy Brooks
Resource Recovery Manager

C. Ray Hendricks
Finance and Administration Manager/
Treasurer/Controller

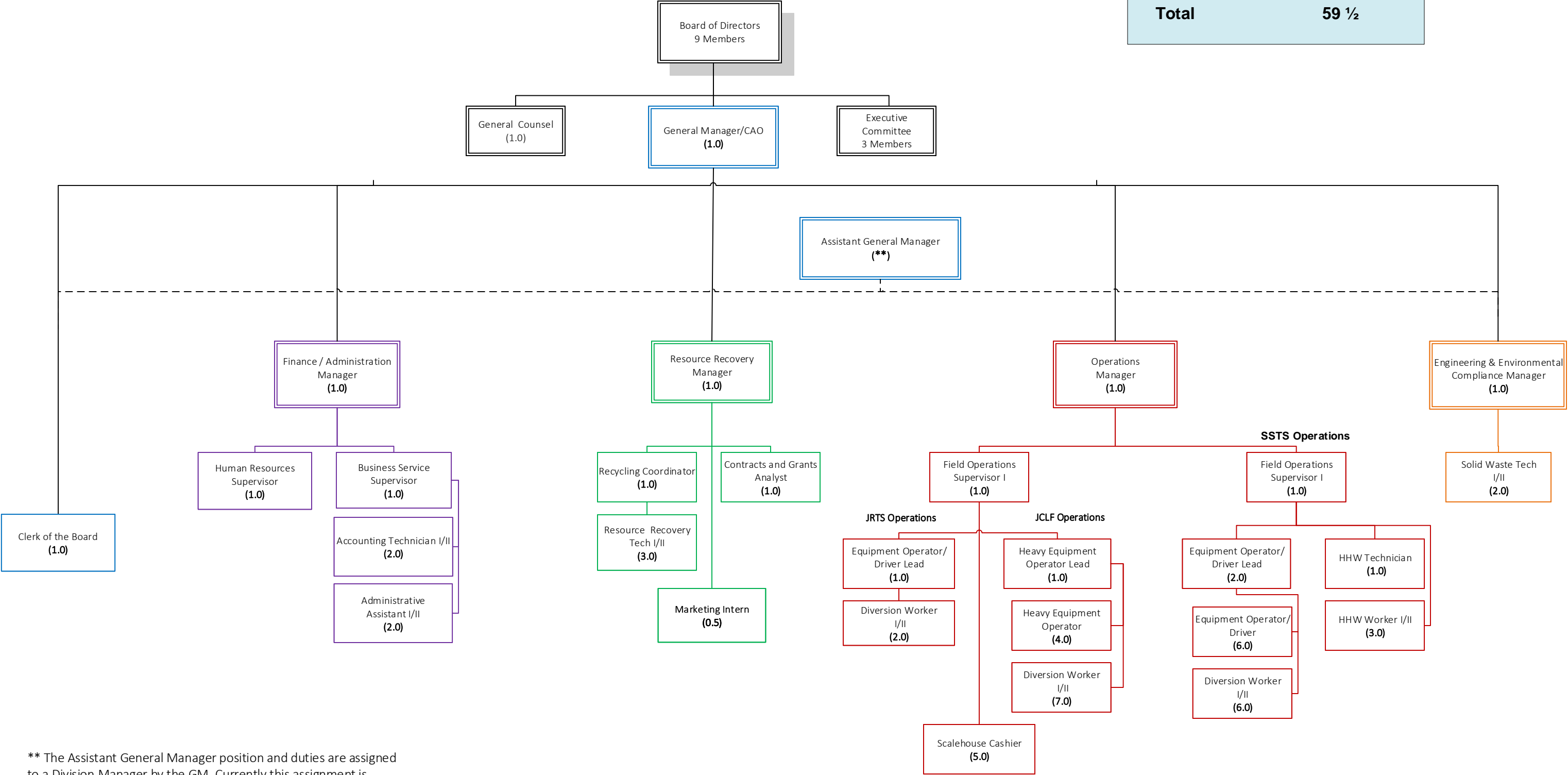
Brian Kennedy
Engineering and Environmental
Compliance Manager

Cesar Zuniga
Assistant General Manager/
Operations Manager

Salinas Valley Solid Waste Authority
Organizational Chart

Effective Date: December 1, 2019

| | |
|--------------------------|------|
| Executive Administration | 2 |
| Finance & Administration | 7 |
| Resource Recovery | 6 ½ |
| Operations | 41 |
| Engineering | 3 |
| <hr/> | |
| Total | 59 ½ |



** The Assistant General Manager position and duties are assigned to a Division Manager by the GM. Currently this assignment is being held by the Operations Manager.

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Directors
of the Salinas Valley Solid
Waste Authority
Salinas, California

Report on the Financial Statements

We have audited the accompanying financial statements of Salinas Valley Solid Waste Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Gerald C. Ray, CPA | Patricia M. Kaufman, CPA, CGMA | Jesus Montemayor, CPA | Smriti Shrestha, CPA

Sarita C. Shannon, CPA | Whitney Ernest, CPA | Devvyn MacBeth, CPA | Sukhdev Singh, CPA |
Laura Armbruster, CPA | Rose Maxwell, CPA

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Salinas Valley Solid Waste Authority as of June 30, 2020, and the respective changes in financial position and cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of Authority's proportionate share of the net pension liability and related ratios as of measurement date – cost sharing defined benefit pension plan, the schedule of statutorily required employer contributions pension plan, the schedule of changes in the Authority's net OPEB liability and related ratios as of measurement date, and the schedule of employer OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



McGilloway, Ray, Brown & Kaufman
Salinas, California
October 1, 2020

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Introduction

This section of the Salinas Valley Solid Waste Authority (Authority) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and comparative analysis of the financial activities of the Authority for the fiscal years ended June 30, 2020 and June 30, 2019. Please consider the information presented here in conjunction with the basic financial statements that immediately follow, along with the letter of transmittal, and other portions of this CAFR.

For the fiscal year ended June 30, 2020, the Authority adopted the following pronouncements of the Governmental Accounting Standards Board (GASB):

- Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"
- Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance"

Financial Highlights

- The Authority's net position increased \$5,142,356 to \$17,519,444.
- Operating revenues increased \$78,147 (0.3%) as the result of increase to the AB939 and organics processing fees.
- Waste landfilled decreased slightly by 1,407 tons (-.6%) from 226,386 tons in fiscal year 2018-19 to 224,979 tons in fiscal year 2019-20 as the result of initial loss in activity due to shutdowns related to Covid-19.
- Operating expenses increased by \$1,234,580 (7.6%) to \$17,571,720 due primarily to increases in personnel services needed to safely operate the facilities, as well as an increase of \$125,649 in depreciation and an increase of \$403,849 in Closure/Post-Closure Maintenance Expenses.
- The Authority's total liabilities decreased by \$2,548,813 to \$51,460,643.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CAFR, which is comprised of three components: 1) Management Discussion and Analysis (this document), 2) Basic Financial Statements, and 3) Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements for further information and analysis.

Basic Financial Statements

The Basic Financial Statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine the Authority's credit worthiness and whether the Authority has successfully recovered all its costs through its user fees and other charges.

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

The final required Financial Statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations and investments.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to fully understand the data provided in the financial statements.

Required Supplementary Information

In addition to the basic financial statements, a CAFR also provides Required Supplementary Information that presents the funding progress of the Authority's retirement plan.

FINANCIAL STATEMENTS ANALYSIS

Statement of Net Position

The Statement of Net Position is a good indicator of the Authority's financial position. At the end of this fiscal year, the Authority closed with a net position of \$17,519,444, which is an increase of \$5,142,356 from the prior year net position of \$12,377,088.

The following is the condensed Statement of Net Position for the fiscal years ended June 30, 2020 and 2019:

| Salinas Valley Solid Waste Authority Condensed Statement of Net Position June 30, 2020 and 2019 | | | | |
|---|---------------|---------------|--------------|----------|
| | 2020 | 2019 | Change | % Change |
| Assets | | | | |
| Current Assets | \$ 29,370,079 | \$ 28,293,095 | \$ 1,076,984 | 3.8% |
| Other Assets | 4,847,619 | 4,497,012 | 350,607 | 7.8% |
| Capital Assets, Net | 33,736,669 | 31,238,688 | 2,497,981 | 8.0% |
| Total Assets | 67,954,367 | 64,028,795 | 3,925,572 | 6.1% |
| Deferred Outflows of Resources | 1,741,060 | 2,410,103 | (669,043) | -27.8% |
| Liabilities | | | | |
| Current Liabilities | 4,729,438 | 5,284,278 | (554,840) | -10.5% |
| Long-term Liabilities | 46,731,205 | 48,725,178 | (1,993,973) | -4.1% |
| Total Liabilities | 51,460,643 | 54,009,456 | (2,548,813) | -4.7% |
| Deferred Inflows of Resources | 715,340 | 52,354 | 662,986 | 1266.4% |
| Net Position | | | | |
| Net Investment in | | | | |
| Capital Assets | 6,082,771 | 1,564,130 | 4,518,641 | -288.9% |
| Restricted | 761,858 | 858,720 | (96,862) | -11.3% |
| Unrestricted | 10,674,815 | 9,954,238 | 720,577 | 7.2% |
| Total Net Position | \$ 17,519,444 | \$ 12,377,088 | \$ 5,142,356 | 41.5% |

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Statement of Revenues, Expenses and Changes in Net Position

The following is the Condensed Statement of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2020 and 2019.

| Salinas Valley Solid Waste Authority Condensed Statement of Revenues, Expenses and Changes in Net Position For the years ended June 30, 2020 and 2019 | | | | |
|---|---------------------|----------------------|--------------------|----------------|
| | 2020 | 2019 | Change | % Change |
| Operating Revenues | | | | |
| Charges for Services | \$22,243,106 | \$ 22,094,564 | \$ 148,542 | 0.7% |
| Sales of Materials | 574,275 | 655,378 | (81,103) | -12.4% |
| Operating Grants and Contributions | 79,834 | 69,126 | 10,708 | 15.5% |
| Total Operating Revenues | <u>22,897,215</u> | <u>22,819,068</u> | <u>78,147</u> | <u>0.3%</u> |
| Operating Expenses | <u>17,571,720</u> | <u>16,337,140</u> | <u>1,234,580</u> | <u>7.6%</u> |
| Operating Income | <u>5,325,495</u> | <u>6,481,928</u> | <u>(1,156,433)</u> | <u>-17.8%</u> |
| Non-operating Revenues | | | | |
| Investment Earnings | 674,151 | 732,658 | (58,507) | -8.0% |
| Other Non-operating Revenue | - | 108,786 | (108,786) | -100.0% |
| Total Non-operating Revenues | <u>674,151</u> | <u>841,444</u> | <u>(167,293)</u> | <u>-19.9%</u> |
| Non-operating Expenses | | | | |
| Interest Expense | (1,294,539) | (1,382,565) | 88,026 | -6.4% |
| Loss on Disposition of Capital Assets | - | (26,942) | 26,942 | 100.0% |
| Total Non-operating Expenses | <u>(1,294,539)</u> | <u>(1,409,507)</u> | <u>114,968</u> | <u>-8.2%</u> |
| Income Before Capital Contribution | 4,705,107 | 5,913,865 | (1,208,758) | -20.4% |
| Capital Contribution | 437,249 | 1,014,415 | (577,166) | -56.9% |
| Change in Net Position | 5,142,356 | 6,928,280 | (1,785,924) | -25.8% |
| Total Net Position - Beginning of Year | <u>12,377,088</u> | <u>5,448,808</u> | <u>6,928,280</u> | <u>-127.2%</u> |
| Net Position - Ending of Year | <u>\$17,519,444</u> | <u>\$ 12,377,088</u> | <u>\$5,142,356</u> | <u>41.5%</u> |

The Authority's activities increased the net position \$5,142,356 to \$17,519,444. Key elements of this change are as follows:

Operating revenues increased \$78,147 (0.3%) as the result of increases to the AB939 and organics processing fees, which resulted in \$825,416 in increased revenues. Solid Waste Tipping Fees increased by \$25,569. Sales of Materials decreased by \$81,003. The transportation surcharge decreased \$288,630 due to a reduction of tons transferred within the Authority system. Tipping Fees related to Soil and Biosolids decreased \$311,754 due to higher than normal tonnages during FY 2018-19. Other Diversion Tipping Fees and Charges for services decreased \$91,451.

Operating expenses increased by \$1,234,580 (7.6%) to \$17,571,720. The \$914,722 increase in personnel services is primarily due to adjustments to post employment benefits liabilities as well as paydowns of the liabilities in the amount of are \$417,598, as well as an increase to leave liabilities of \$199,271 due partly to additional leave required by the Families First Coronavirus Act. The remaining \$297,853 is due to increased staffing allocations required to safely operate our facilities. Other expenditures necessary to operate the facilities decreased by \$144,235. Depreciation increased \$125,649. Closure/Post-Closure Maintenance Expenses increased \$403,849.

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Postclosure maintenance expenses for Crazy Horse Canyon Landfill were \$621,224. Postclosure maintenance expenses for Lewis Road Landfill were \$560,499, due largely to an adjustment of \$365,949 in the remaining liability. Postclosure maintenance expenses for Jolon Road Landfill were \$121,853. For the active Johnson Canyon Landfill, Closure and Postclosure Liabilities are expensed as a percentage of capacity used at the landfill. FY 2019-20 expenses for postclosure were \$66,689. Closure expenses were \$428,641.

Investment earnings decreased by \$58,507 due to lower returns on the investments.

Other non-operating revenue decreased by \$108,786. June 30, 2019, other nonoperating revenue was for insurance reimbursement.

The \$1,294,539 in non-operating expenses is for interest paid on the Authority's long-term debt.

Capital contribution grants of \$437,249 in FY 2019-20 are mostly for equipment and continued construction of a new composting facility. The facility began operations in June 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the Authority had \$33,736,669 invested in capital assets, primarily in landfills as summarized below. During this fiscal year, the Authority added \$8,124,654 in capital assets and recorded a depreciation expense of \$1,883,763. Additional information on the Authority's capital assets can be found in Note 6.

Salinas Valley Solid Waste Authority
Condensed Statement of Capital Assets
For the years ended June 30, 2020 and 2019

| | 2020 | 2019 |
|-----------------------------------|----------------------|----------------------|
| Land | \$ 188,621 | \$ 188,621 |
| Buildings | 378,569 | 378,569 |
| Improvements other than buildings | 61,270,019 | 55,519,980 |
| Equipment | 10,763,648 | 8,622,846 |
| Construction in progress | 233,813 | 3,742,910 |
| Total Capital Assets | 72,834,670 | 68,452,926 |
| Accumulated Depreciation | (39,098,001) | (37,214,238) |
| Net Capital Assets | <u>\$ 33,736,669</u> | <u>\$ 31,238,688</u> |

Long-Term Debt

At the end of this fiscal year, the Authority had \$27.89 million in long-term debt as shown below. No new debt was incurred during the fiscal year. Principal payments of \$2,060,579 were paid on the debt. Additional information on the Authority's long-term debt can be found in Note 8. Standard & Poor's Corporation (S&P) upgraded the revenue bonds a rating to "AA".

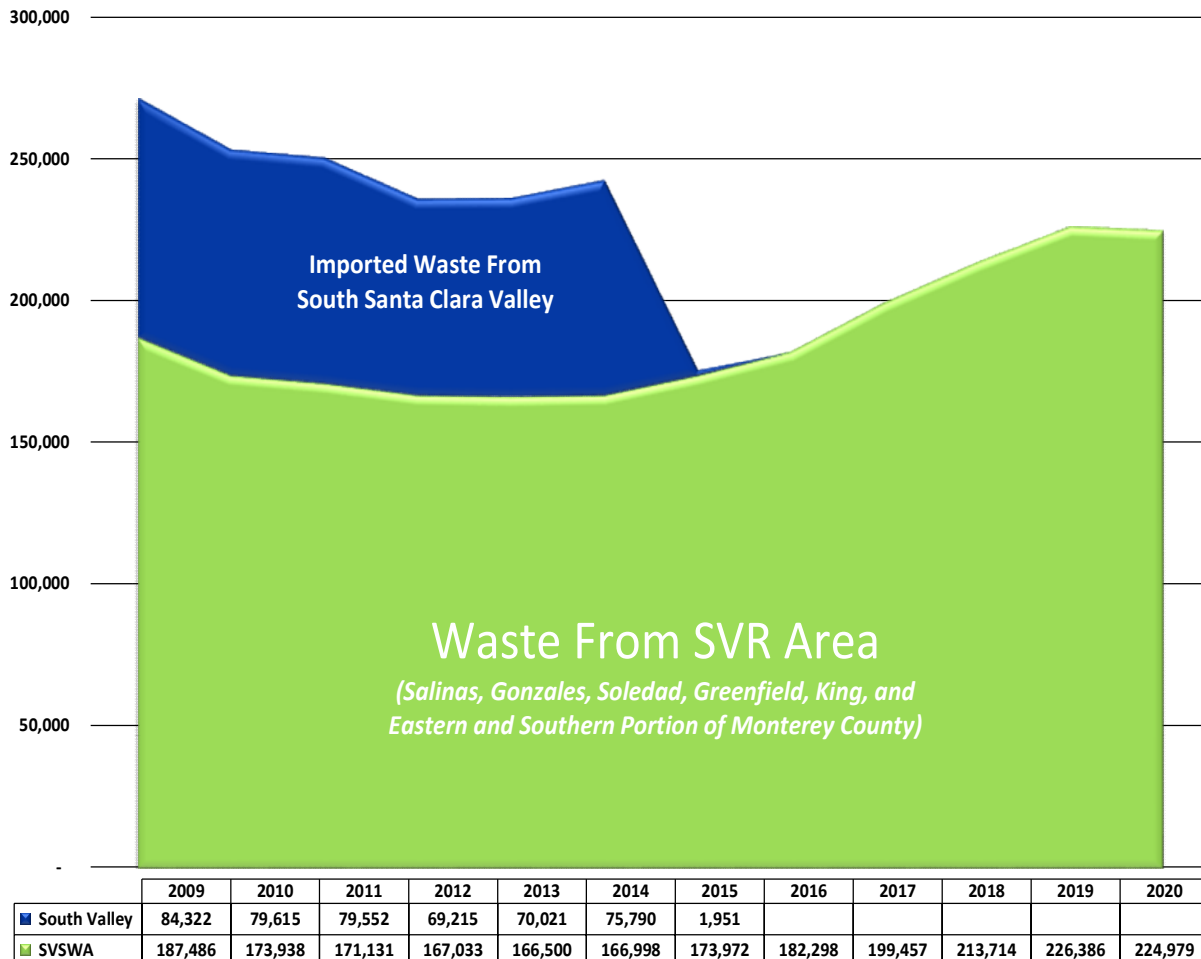
SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Salinas Valley Solid Waste Authority
Condensed Statement of Long-Term Debt
For the years ended June 30, 2020 and 2019

| | 2020 | 2019 |
|--|----------------------|----------------------|
| 2014A (AMT) Refunding Revenue Bond | \$ 25,075,000 | \$ 26,405,000 |
| 2014B (Taxable) Refunding Revenue Bond | 1,580,000 | 1,935,000 |
| 2014 Refunding Revenue Bond Premium | 1,235,193 | 1,398,109 |
| Equipment Lease Payable | - | 212,663 |
| Total | <u>\$ 27,890,193</u> | <u>\$ 29,950,772</u> |

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The Authority's operations are dependent on the amount of solid waste that is received at the landfills. A recession can have a drastic effect on solid waste tonnage, as is shown from 2006 to 2012 when the Great Recession led to a 25% decrease in landfilled tonnage. Tonnage remained largely unchanged from 2012 to 2014 and began an upward trend in 2015. In 2020 the Authority landfilled 224,979 tons. Management has conservatively budgeted 200,000 tons during 2020-21 with the tipping fee remaining at \$68.50 per ton. The 2020-21 budget is balanced.



SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If there are any questions about this report or need additional financial information, please contact the Authority's Finance Department, at the Salinas Valley Solid Waste Authority, 128 Sun Street, Suite 101, Salinas, California 93901.

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2020
With Comparative Totals as of June 30, 2019

| | <u>2020</u> | <u>2019</u> |
|--|-----------------------------|-----------------------------|
| Assets | | |
| Current Assets | | |
| Cash and Cash Equivalent | \$ 26,776,985 | \$ 24,387,438 |
| Restricted Cash and Cash Equivalents | 86,360 | 69,801 |
| Receivables, Net | 2,266,009 | 3,458,931 |
| Accrued Interest Receivable | 109,852 | 179,435 |
| Prepaid Expenses | 130,873 | 197,490 |
| Total Current Assets | <u>29,370,079</u> | <u>28,293,095</u> |
| Noncurrent Assets | | |
| Restricted Cash and Cash Equivalents | 4,847,619 | 4,497,012 |
| Capital Assets, Net | 33,736,669 | 31,238,688 |
| Total Noncurrent Assets | <u>38,584,288</u> | <u>35,735,700</u> |
| Total Assets | <u>67,954,367</u> | <u>64,028,795</u> |
| Deferred Outflows of Resources | | |
| Deferred Outflows related to Pension Liabilities | 1,325,590 | 1,970,309 |
| Deferred Outflows related to OPEB Liabilities | 179,176 | 163,580 |
| Deferred Loss on Refunding of Bonds | 236,294 | 276,214 |
| Total Deferred Outflows of Resources | <u>1,741,060</u> | <u>2,410,103</u> |
| Total Assets and Deferred Outflows of Resources | <u><u>\$ 69,695,427</u></u> | <u><u>\$ 66,438,898</u></u> |

The accompanying notes are an integral part of this financial statement

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2020
With Comparative Totals as of June 30, 2019
(Continued)

| | 2020 | 2019 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | \$ 1,102,596 | \$ 1,722,241 |
| Wages Payable | 293,319 | 211,775 |
| Accrued Leave | 189,156 | 65,165 |
| Interest Payable | 580,731 | 615,485 |
| Equipment Lease Payable | - | 212,663 |
| Bonds Payable - Current | 1,928,751 | 1,847,916 |
| Unearned Revenues | 26,009 | 35,423 |
| Postclosure Payable - Current Portion | 608,876 | 573,610 |
| Total Current Liabilities | <u>4,729,438</u> | <u>5,284,278</u> |
| Long Term Liabilities | | |
| Accrued Leave | 556,247 | 480,967 |
| Bonds Payable, Net | 25,961,442 | 27,890,193 |
| Closure Payable | 4,127,389 | 3,698,748 |
| Postclosure Payable, Less Current Portion | 15,737,359 | 15,214,707 |
| Net OPEB Liability | 297,789 | 458,621 |
| Net Pension Liability | 50,979 | 981,942 |
| Total Long Term Liabilities | <u>46,731,205</u> | <u>48,725,178</u> |
| Total Liabilities | <u>51,460,643</u> | <u>54,009,456</u> |
| Deferred Inflows of Resources | | |
| Deferred Inflows related to Pension Liabilities | 606,730 | 52,354 |
| Deferred Inflows related to OPEB Liabilities | 108,610 | - |
| Total Deferred Inflows of Resources | <u>715,340</u> | <u>52,354</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>52,175,983</u> | <u>54,061,810</u> |
| Net Position | | |
| Net Investment in Capital Assets | 6,082,771 | 1,564,130 |
| Restricted for Grants | 41,628 | 60,456 |
| Restricted for Closure Reserve | 720,230 | 798,264 |
| Unrestricted | 10,674,815 | 9,954,238 |
| Total Net Position | <u>17,519,444</u> | <u>12,377,088</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 69,695,427</u> | <u>\$ 66,438,898</u> |

The accompanying notes are an integral part of this financial statement

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for fiscal year ended June 30, 2019

| | 2020 | 2019 |
|--|-----------------------------|-----------------------------|
| Operating Revenues | | |
| Charges for Services | \$ 22,243,106 | \$ 22,094,564 |
| Sales of Materials | 574,275 | 655,378 |
| Operating Grants and Contributions | 79,834 | 69,126 |
| Total Operating Revenues | <u>22,897,215</u> | <u>22,819,068</u> |
| Operating Expenses | | |
| Personnel Services | 6,885,626 | 5,970,904 |
| Contractual Services | 3,051,057 | 2,966,255 |
| Operating Contracts | 1,759,573 | 1,804,703 |
| Supplies | 900,096 | 994,240 |
| Insurance | 81,765 | 147,171 |
| Building Rent | 110,894 | 110,544 |
| Taxes and Permits | 555,550 | 543,388 |
| Utilities | 162,765 | 138,454 |
| Depreciation | 1,883,763 | 1,758,114 |
| Closure/Postclosure Maintenance | 1,798,906 | 1,395,057 |
| Hazardous Waste | 198,142 | 182,101 |
| Other | 183,583 | 326,209 |
| Total Operating Expenses | <u>17,571,720</u> | <u>16,337,140</u> |
| Operating Income | <u>5,325,495</u> | <u>6,481,928</u> |
| Non-Operating Revenues (Expenses) | | |
| Investment Earnings | 674,151 | 732,658 |
| Insurance Reimbursements | - | 108,786 |
| Interest Expense | (1,294,539) | (1,382,565) |
| Loss on Disposition of Capital Assets | - | (26,942) |
| Net Non-Operating Expenses | <u>(620,388)</u> | <u>(568,063)</u> |
| Income Before Capital Contribution | 4,705,107 | 5,913,865 |
| Capital Contribution | 437,249 | 1,014,415 |
| Change in Net Position | 5,142,356 | 6,928,280 |
| Total Net Position - Beginning of Year | <u>12,377,088</u> | <u>5,448,808</u> |
| Total Net Position - End of Year | <u><u>\$ 17,519,444</u></u> | <u><u>\$ 12,377,088</u></u> |

The accompanying notes are an integral part of this financial statement

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for Fiscal Year Ended June 30, 2019

| | 2020 | 2019 |
|--|----------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Receipts from Customers and Users | \$ 24,080,723 | \$21,402,099 |
| Payments to Suppliers | (8,368,800) | (7,069,333) |
| Payments to Employees | (6,404,497) | (6,976,021) |
| Net Cash Provided by Operating Activities | <u>9,307,426</u> | <u>7,356,745</u> |
| Cash Flows from Capital and Related Financing Activities: | | |
| Capital Grants Proceeds | 437,249 | 1,014,415 |
| Acquisition and Construction of Capital Assets | (4,381,744) | (3,795,468) |
| Insurance Proceeds Received for Property Destruction | - | 108,786 |
| Principal Paid on Capital Debt | (1,897,663) | (2,383,139) |
| Interest Paid on Capital Debt | (1,452,289) | (1,550,434) |
| Net Cash Used in Capital and Related Financing Activities | <u>(7,294,447)</u> | <u>(6,605,840)</u> |
| Cash Flows from Investing Activities: | | |
| Interest Received | 642,537 | 577,053 |
| Increase in FMV of LAIF Investment | 101,197 | 97,176 |
| Net Cash Provided by Investing Activities | <u>743,734</u> | <u>674,229</u> |
| Net Increase in Cash and Cash Equivalents and Restricted Cash | 2,756,713 | 1,425,134 |
| Cash and Cash Equivalents at Beginning of Year | 28,954,251 | 27,529,117 |
| Cash and Cash Equivalents at End of Year | <u>\$ 31,710,964</u> | <u>\$28,954,251</u> |
| Unrestricted Cash and Investments | \$ 26,776,985 | \$24,387,438 |
| Restricted Cash and Investments | 4,933,979 | 4,566,813 |
| | <u>\$ 31,710,964</u> | <u>\$28,954,251</u> |
| Reconciliation of Operating Income to Net Cash | | |
| Provided by Operating Activities: | | |
| Operating Income | <u>\$ 5,325,495</u> | <u>\$ 6,481,928</u> |
| Adjustments to Reconcile Net Income to Net Cash | | |
| Provided by Operating Activities: | | |
| Depreciation | 1,883,763 | 1,758,114 |
| (Increase) Decrease in Accounts Receivable | 1,192,922 | (1,357,515) |
| (Increase) Decrease in Prepaid Expenses | 66,617 | 13,865 |
| Increase (Decrease) in Accounts Payable | (619,645) | 869,949 |
| Increase (Decrease) in Wages Payable | 81,544 | (9,444) |
| Increase (Decrease) in Accrued Leave | 199,271 | (2,323) |
| Increase (Decrease) in Unearned Revenue | (9,414) | (59,454) |
| Increase (Decrease) in Closure/Postclosure Payable | 986,559 | 654,975 |
| Increase (Decrease) in OPEB Liabilities and related deferrals | (67,818) | (29,959) |
| Increase (Decrease) in Pension Liabilities and related deferrals | 268,132 | (963,391) |
| Total Adjustments to Net Income | <u>3,981,931</u> | <u>874,817</u> |
| Net Cash Provided by Operating Activities | <u>\$ 9,307,426</u> | <u>\$ 7,356,745</u> |
| Noncash Investing, Capital and Financing Activities | | |
| Amortization of Bond Premium | <u>\$ 162,916</u> | <u>\$ 166,877</u> |

The accompanying notes are an integral part of this financial statement

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. **Summary of Significant Accounting Policies:**

Financial Reporting Entity: The Salinas Valley Solid Waste Authority (Authority) is a joint exercise of powers authority, created pursuant to an agreement dated as of January 1, 1997, (the "Authority Agreement") among the County of Monterey and the cities of Salinas, Gonzales, Greenfield, Soledad and King (the "Members"). The Authority was established to acquire and manage the landfill assets of each member, ensure long-term landfill capacity of the Authority service area and provide unified and coordinated solid waste management for the member agencies.

The Authority is governed by a nine member governing board, consisting of three members of the Salinas City Council, two members of the Monterey County Board of Supervisors, and one City Council member each from the cities of Gonzales, Greenfield, King City and Soledad. Pursuant to the Authority Agreement, the affirmative vote of at least one member of the Authority Board who is a member of the Salinas City Council is required to approve Board actions.

Accounting Principles: The accounting policies of the Authority conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountant (AICPA).

Basis of Presentation: The financial activities of the Authority are accounted for in a single enterprise fund that reports the operations of the solid waste system, which is financed primarily by tipping fees. The solid waste system includes landfills, transfer stations, and resource recovery facilities located in Monterey County. Solid waste collection services are provided by local municipalities and private companies.

Basis of Accounting: The Authority's single enterprise fund is accounted for using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when they are incurred.

Measurement Focus: The Authority's single enterprise fund is accounted for on a cost of service or "economic resources" measurement focus. This means that assets and all activities are included on the statement of net position. Operating statements present increases (revenues) and decreases (expenses) in net total assets. The financial statements distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to residents and customers for waste collection and disposal and the revenues from the sale of processed waste materials. Operating expenses include the cost of waste disposal and recycling services, administrative expenses, closure and post closure maintenance, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Budgets: The Authority adopts an annual operating budget as a financial plan for the year, pursuant to the legal requirements of the Authority's bond documents. The budget is adopted by the governing Board as an operating plan and budgetary basis financial statements are not presented because there is no legal requirement to report budgetary basis financial information.

Cash and Cash Equivalents: Cash and cash equivalents consist of petty cash, deposits in non-interest bearing checking accounts, public investment money market accounts, and investments with Local Authority Investment Fund (LAIF) managed by the State of California. Deposits in LAIF are generally available for withdrawal by the Authority on a next day basis and are therefore considered cash equivalents.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

For purposes of determining cash equivalents, the Authority has defined its policy concerning the treatment of short-term investments to include investments with a maturity of three months or less when purchased as cash equivalents if management does not plan to reinvest the proceeds. Short-term investments that management intends to rollover into similar investments are considered part of the investment portfolio and are classified as investments.

Investments: Investments consisted of deposits in open end, money market mutual funds and deposits with the LAIF, an investment pool with restricted withdrawals, which is restricted for debt service. All investments are stated at fair value.

Accounts Receivable: Accounts receivable are composed primarily of monthly billings for tipping fees, services, and contractual amounts receivables. All accounts receivable are uncollateralized.

The Authority sets aside an allowance for uncollectible accounts based on an analysis of those accounts considered to be uncollectible at year-end. Accounts receivable are reported net of the allowance for uncollectible accounts.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Restricted Cash: Restricted cash of the Authority represent funds required to be set-aside for the eventual closure of the landfills under state law. Restricted resources are used first to fund expenses incurred for restricted purposes.

Capital Assets: Capital assets which include property, plant, equipment, and landfills are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Expenses, which materially extend the useful life of existing assets, are capitalized. Certain costs for professional services and interest associated with the acquisition and construction of capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of capital assets other than landfill cells is computed using the straight-line method, beginning the following fiscal year, over the estimated useful lives of the assets, which are summarized as follows:

| | |
|--------------------|-------------|
| Buildings | 20-40 years |
| Other Improvements | 4-50 years |
| Equipment | 5-10 years |

Landfill cells are depreciated/amortized based on units of consumption. Units-of-consumption depreciation rates are determined annually for our operating landfill at Johnson Canyon. The rates are based on estimates provided by our engineers and accounting personnel and consider the information provided by airspace surveys, which are performed at least annually. Significant changes in our estimates could materially increase our landfill depletion rates, which could have a material adverse effect on our financial condition and results of operations. In addition, by the time a landfill stops accepting waste that landfill must be fully depreciated. This may lead to larger amounts of depreciation charged at the end of the landfill's life for projects capitalized in those latter years.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Compensated Absences: Authority employees accumulate Paid Time Off (PTO) which is payable to employees upon termination or retirement at the pay rate on that date. The Authority accrues unused PTO, and related taxes and benefits payable within one year on the statement of net position as current liabilities.

Public Employees Retirement System: The Authority offers 2 retirement plans to its employees. Employees hired before January 1, 2013 are members of the CalPERS Classic Plan and employees hired after January 1, 2013 are members of the California Public Employees' Pension Reform Act Plan (PEPRA Plan).

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expenses, information about the fiduciary net position of the Salinas Valley Solids Waste Authority's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS finance office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 12 for the CalPERS Classic Plan disclosures.

Post-employment Benefits Other than Pensions: The Authority's net Other Post-Employment Benefits (OPEB) Obligation is recognized as a long-term liability in the Statement of Net Position, the amount is actuarially determined. The Authority offers health benefits to retirees under age 65 as well as their qualified dependents, as required by state law. The Authority joined The California Employer's Retiree Benefit Trust (CERBT) in 2017 to prefund its OPEB liability. Its initial cash contribution to the plan was \$438,000. For future contributions, the Authority will use the annual required contribution (ARC) of the employer, which is expected to prefund all unfunded liabilities by 2040.

Deferred Outflows and Inflows of Resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Pensions - for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CalPERS Public Employees Retirement System (CalPERS) and additions to/deductions from CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) - For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Loss on Refunding - the item that qualifies in this category is the deferred loss on refunding reported in the Statement of Net Position (deferred outflow). Deferred charges, resulting from the carrying value of refunded debt and its reacquisition price, are deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

Net Position: The statement of net position reports all financial and capital resources. Net position represents total assets and deferred outflows of resources less liabilities and deferred inflow of resources. There are three components of net position.

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent, related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are no net positions restricted by enabling legislation.

Unrestricted - This component of net position consists of net position that do not meet the definition of net investment in capital assets or restricted.

Operating Revenue Recognition: Revenue from tipping fees is recognized when the service is provided for customers using the Authority's facilities. Credit customers are billed monthly and non-credit customers pay at the transfer station, landfill, or resource recovery facility.

Grants: In the normal course of operations, the Authority receives funds from state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

Restricted and Unrestricted Resources: When both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

Amortization: Premium, discount and insurance on long-term debt are amortized on the effective interest rate method over the life of the related debt issues.

Landfill Expenses: Landfill expenses include the cost to design and construct landfill cells on property permitted and approved as a landfill site. The design and construction costs for each cell are recorded as capital assets. Landfill expenses also include accruals for landfill closure and post closure care costs based on the landfill capacity used in each year.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Comparative Prior Year Financial Information: Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's prior year financial statements, from which this selected financial data was derived.

New Accounting Pronouncements: The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

- | | | |
|------------------|---|---|
| Statement No. 88 | <i>"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"</i> | The provisions of this statement are effective for reporting periods beginning after June 15, 2019. The Authority has implemented this pronouncement for the fiscal year 2019-20. |
| Statement No. 95 | <i>"Postponement of the Effective Dates of Certain Authoritative Guidance"</i> | The provisions of this statement are effective immediately. The Authority has implemented this pronouncement for the fiscal year 2019-20. |

Future Accounting Pronouncements: GASB Statements listed below will be implemented in future financial statements:

- | | | |
|------------------|--|---|
| Statement No. 84 | <i>"Fiduciary Activities"</i> | The provisions of this statement are effective for reporting periods beginning after December 15, 2019. |
| Statement No. 87 | <i>"Leases"</i> | The provisions of this statement are effective for reporting periods beginning after June 15, 2021. |
| Statement No. 89 | <i>"Accounting for Interest Cost Incurred before the End of a Construction Period"</i> | The provisions of this statement are effective for reporting periods beginning after December 15, 2020. |
| Statement No. 90 | <i>"Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61"</i> | The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. |
| Statement No. 91 | <i>"Conduit Debt Obligations"</i> | The provisions of this Statement are effective for reporting periods beginning after December 15, 2021. |
| Statement No. 92 | <i>"Omnibus 2020"</i> | The provisions of this Statement are effective for reporting periods beginning after June 15, 2021. |
| Statement No. 93 | <i>"Replacement of Interbank Offered Rates"</i> | The provisions of this Statement are effective for reporting periods beginning after June 15, 2020. |

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

| | | |
|------------------|---|---|
| Statement No. 94 | <i>"Public-Private and Public-Public Partnerships and Availability Payments Arrangements"</i> | The provisions of this Statement are effective for reporting periods beginning after June 15, 2022. |
| Statement No. 96 | <i>"Subscription-Based Information Technology Arrangements"</i> | The provisions of this Statement are effective for reporting periods beginning after June 15, 2022. |
| Statement No. 97 | <i>"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"</i> | The provisions of this Statement are effective for reporting periods beginning after June 15, 2021. |

2. Cash and Investments:

Cash and Investments: The bank balance and carrying value of the Authority's cash and investments, including restricted balances, at June 30, 2020 were as follows:

| | |
|---------------------------------|----------------------|
| Cash and Cash Equivalents | |
| Unrestricted Cash | \$ 26,776,985 |
| Restricted Cash | 4,933,979 |
| Total Cash and Cash Equivalents | <u>\$ 31,710,964</u> |

The Authority's cash and investments at June 30, 2020, were held as follows:

| | |
|--|----------------------|
| Cash managed by the Authority's Treasurer | \$ 1,060,288 |
| Investments managed by the Authority's Treasurer | 30,650,676 |
| Total Cash and Investments | <u>\$ 31,710,964</u> |

The Authority's investment policy conforms to state law (Government Code Sections 53601 through 53659). The investment of bond proceeds is governed by the specific Indenture of Trust. The investment policy is reviewed annually. The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Investment in State Investment Pool (LAIF): The Authority participates in the California Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF is a special fund of the California State Treasury through which local governments may pool investments. At June 30, 2020, the total fair value amount invested by all public agencies in LAIF is \$101,607,078,218 and managed by the State Treasurer. Of that amount, 3.37% is invested in medium-term and short-term structured notes and asset-back securities. No amounts were invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Disclosures Related to Fair Value Measurement: The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

At June 30, 2020, the Authority had no leveled investments. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Accordingly, the Authority's measured fair value of its proportionate share in these types of investments is based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

Custodial Credit Risk: Custodial credit risk is defined as the risk that the Authority may not recover the securities held by another party in the event of a financial failure. The Authority's investment policy for custodial credit risk requires all investment securities to be held in the Authority's name by a third party safekeeping institution. All deposits with financial institutions are considered fully insured or collateralized pursuant to the custodial credit risk categories of GASB Statement No. 3. According to the investment policy investment of bond proceeds are restricted by the provisions of relevant bond documents.

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

The LAIF managed by the State Treasurer, representing 100% of the investment portfolio, is not rated.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The Authority's investment policy addresses the concentration of credit risk by limiting the maximum amount that may be invested in certain investments and in any one issuer, except for investments in LAIF. The investment in LAIF Account, representing 100%, of the portfolio are not considered a concentrated risk

The Authority was in compliance with these limitations at June 30, 2020. At June 30, 2020, certain individual investments exceeded 5% of the total investment portfolio (including cash and cash equivalents) as follows:

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

| Investment Type | Investment Maturities | | | | % of Total |
|------------------------------|-----------------------|----------------------|---------------------|---------------------|---------------|
| | Fair Value | 0-6 Mths | 6-12 Mths | 1-5 years | |
| State of California | | | | | |
| Local Agency Investment Fund | \$ 30,650,676 | \$ 20,505,302 | \$ 5,670,375 | \$ 4,474,999 | 100.0 |
| | <u>\$ 30,650,676</u> | <u>\$ 20,505,302</u> | <u>\$ 5,670,375</u> | <u>\$ 4,474,999</u> | <u>100.0</u> |

Interest Rate Risk: The Salinas Valley Solid Waste Authority uses the State of California's Local Agency Fund as its primary investment vehicle. LAIF spreads investments over various maturities minimizes the risk of portfolio depreciation due to a rise in interest rates. The table above shows the distribution of the Authority's portion of LAIF investments by maturity.

3. Receivables:

Receivables and the related allowance for doubtful accounts at June 30, 2020, are summarized as follows:

| | |
|--------------------------------------|---------------------|
| Tipping Fee Accounts Receivable | \$ 1,683,524 |
| Intergovernmental Grants Receivable | 319,846 |
| Sales of Recycling Materials | 93,259 |
| LFG Gas Royalties | 70,940 |
| Insurance Premium Refund | 64,803 |
| Franchise Administration | 16,385 |
| Employees' Flexible Spending Account | 12,971 |
| Grazing Lease | 6,500 |
| Vision Recycling Fuel | 2,230 |
| WM JR Electricity | 2,021 |
| Refund Payment | 1,948 |
| Total Receivables | 2,274,427 |
| Allowance for Doubtful Accounts | (8,418) |
| Total Receivables, Net | <u>\$ 2,266,009</u> |

4. Loss on Bonds Refunding:

The Authority had a loss on the refunding of the Series 2002 Revenue Bonds, which is a deferred outflow of resources.

Deferred Outflows of Resources balances for the year ended June 30, 2020 were as follows:

| | June 30, 2019 | Increases | Decreases | June 30, 2020 |
|--|-------------------|-------------|-------------------|-------------------|
| Loss on Refunding of Bonds: | | | | |
| 2014A (AMT) Refunding Revenue Bonds | \$ 261,038 | \$ - | \$(34,588) | \$ 226,450 |
| 2014B (Taxable) Refunding Revenue Bond | 15,176 | - | (5,332) | 9,844 |
| | <u>\$ 276,214</u> | <u>\$ -</u> | <u>\$(39,920)</u> | <u>\$ 236,294</u> |

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The loss is amortized using the effective interest rate method as principal payments are made and is attributed to each of the refunding series of bonds, as follows.

| Fiscal Year Ended June 30, | 2014A (AMT) Refunding Revenue Bond | 2014B (Taxable) Refunding Revenue Bond | Total |
|-------------------------------|---------------------------------------|---|-------------------|
| 2021 | \$ 32,754 | \$ 4,232 | \$ 36,986 |
| 2022 | 30,826 | 3,087 | 33,913 |
| 2023 | 28,800 | 1,888 | 30,688 |
| 2024 | 26,667 | 637 | 27,304 |
| 2025 | 24,124 | - | 24,124 |
| 2026-2030 | 74,387 | - | 74,387 |
| 2031-2032 | 8,892 | - | 8,892 |
| | <u>\$ 226,450</u> | <u>\$ 9,844</u> | <u>\$ 236,294</u> |

5. Restricted Cash:

Cash and investments of \$4,933,979 are recorded as restricted assets at June 30, 2020.

Cash and investments of \$4,847,619 are restricted by the California Integrated Waste Management Board for the closure of Johnson Canyon Landfill.

Cash and investments of \$8,268 are restricted by the Flexible Spending Arrangement for employees' pay out-of-pocket health and child care costs.

Cash and investments of \$78,092 are restricted by agreement with the Central Coast Recycling Media Coalition. These funds are to be used for the Tri-County public/private cooperative marketing and advertising projects.

6. Capital Assets:

The changes in capital assets of the Authority for the year ended June 30, 2020, are summarized as follows:

| | June 30, 2019 | Increases | Decreases | June 30, 2020 |
|-------------------------------|----------------------|---------------------|----------------------|---------------------|
| Nondepreciable assets: | | | | |
| Land | \$ 188,621 | \$ - | \$ - | \$ 188,621 |
| Construction in Progress | 3,742,910 | 233,813 | (3,742,910) | 233,813 |
| Total nondepreciable assets | <u>3,931,531</u> | <u>233,813</u> | <u>(3,742,910)</u> | <u>422,434</u> |
| Depreciable Assets: | | | | |
| Buildings | 378,569 | - | - | 378,569 |
| Other Improvements | 55,519,980 | 5,750,039 | - | 61,270,019 |
| Machinery and Equipment | 8,622,846 | 2,140,802 | - | 10,763,648 |
| Total depreciable assets | <u>64,521,395</u> | <u>7,890,841</u> | <u>-</u> | <u>72,412,236</u> |
| Less Accumulated Depreciation | <u>(37,214,238)</u> | <u>(1,883,763)</u> | <u>-</u> | <u>(39,098,001)</u> |
| Total Depreciable Assets, Net | <u>27,307,157</u> | <u>6,007,078</u> | <u>-</u> | <u>33,314,235</u> |
| Total Capital Assets, Net | <u>\$ 31,238,688</u> | <u>\$ 6,240,891</u> | <u>\$(3,742,910)</u> | <u>\$33,736,669</u> |

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The accumulated depreciation by major class is summarized as follows:

| | June 30, 2019 | Increases | Decreases | June 30, 2020 |
|-------------------------|------------------------|-----------------------|-------------|------------------------|
| Buildings | \$ (320,752) | \$ (16,263) | \$ - | \$ (337,015) |
| Other Improvements | (32,011,403) | (895,390) | - | (32,906,793) |
| Machinery and Equipment | (4,882,083) | (972,110) | - | (5,854,193) |
| Total | <u>\$ (37,214,238)</u> | <u>\$ (1,883,763)</u> | <u>\$ -</u> | <u>\$ (39,098,001)</u> |

7. Accrued Leave:

Employees are eligible to receive their entire unused paid time off upon separation, or can elect to be paid annually for a maximum of fifteen days of annual leave, depending on years of service. At June 30, 2020, the liability for this accrued leave is \$745,403.

The changes in accrued leave of the Authority for the year ended June 30, 2020, are summarized as follows:

| | June 30, 2019 | Increases | Decreases | June 30, 2020 |
|---------------|-------------------|-------------------|--------------------|-------------------|
| Accrued Leave | | | | |
| Current | \$ 65,165 | \$ 137,635 | \$ (13,644) | \$ 189,156 |
| Noncurrent | 480,967 | 111,543 | (36,263) | 556,247 |
| Total | <u>\$ 546,132</u> | <u>\$ 249,178</u> | <u>\$ (49,907)</u> | <u>\$ 745,403</u> |

8. Long Term Liabilities:

The following is a summary of long term liabilities for the fiscal year ended June 30, 2020:

| | June 30, 2019 | Increases | Decreases | June 30, 2020 | Due Within One year |
|---|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Direct Borrowings and Placements: | | | | | |
| 2014A (AMT) Refunding | | | | | |
| Revenue Bonds | \$ 26,405,000 | \$ - | \$ (1,330,000) | \$ 25,075,000 | \$ 1,400,000 |
| 2014B (Taxable) Refunding | | | | | |
| Revenue Bonds | 1,935,000 | - | (355,000) | 1,580,000 | 370,000 |
| 2014 Revenue Bonds | | | | | |
| Original Issue Premium | 1,398,109 | - | (162,916) | 1,235,193 | 158,751 |
| Equipment Lease Payable | 212,663 | - | (212,663) | - | - |
| Total Direct Borrowings and Placements | 29,950,772 | - | (2,060,579) | 27,890,193 | 1,928,751 |
| Post Employment Benefits | 1,440,563 | - | (1,091,795) | 348,768 | - |
| Closure Payable | 3,698,748 | 428,641 | - | 4,127,389 | - |
| Postclosure Payable | 15,788,317 | 649,046 | (91,128) | 16,346,235 | 608,876 |
| Total Long Term Liabilities | <u>\$ 50,878,400</u> | <u>\$ 1,077,687</u> | <u>\$ (3,243,502)</u> | <u>\$ 48,712,585</u> | <u>\$ 2,537,627</u> |

SALINAS VALLEY SOLID WASTE AUTHORITY
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The annual debt service requirements for long term debt are as follows:

| Fiscal Year Ended June 30, | Direct Borrowings and Placements | | |
|-------------------------------|----------------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2021 | \$ 1,770,000 | \$ 1,366,699 | \$ 3,136,699 |
| 2022 | 1,855,000 | 1,278,956 | 3,133,956 |
| 2023 | 1,950,000 | 1,185,730 | 3,135,730 |
| 2024 | 2,050,000 | 1,086,791 | 3,136,791 |
| 2025 | 2,155,000 | 982,000 | 3,137,000 |
| 2026-2030 | 11,665,000 | 3,044,663 | 14,709,663 |
| 2031-2032 | 5,210,000 | 290,400 | 5,500,400 |
| | <u>\$ 26,655,000</u> | <u>\$ 9,235,239</u> | <u>\$ 35,890,239</u> |

On January 28, 2014, the Authority issued Alternative Minimum Taxable bonds (Series 2014A) with a par value of \$27,815,000. These refunding revenue bonds were sold for \$30,069,049. This resulted in an original issue premium of \$2,254,049 meaning the bonds sold at 108.10% of the par value. The purpose of the bond's issuance was to currently refund the refunded Series 2002 revenue bonds. The balance of the Series 2002 bonds refunded was \$33,050,000. The Series 2014A bonds bear an interest rate of between 5% and 5.5% with varying annual principal payments beginning August 1, 2017 and semi-annual interest payments beginning August 1, 2014. The final principal and interest payment is due August 1, 2031.

In order to fully refund the Series 2002 revenue bonds, the Authority made a debt service fund contribution of \$848,859 and a debt service reserve fund contribution of \$2,829,714. Unamortized Series 2002 bond issuance costs were \$252,002 at the date of refunding.

Additionally, on January 28, 2014, the Authority issued Taxable bonds (Series 2014B) with a par value of \$3,575,000. These bonds were sold at par. The purpose of the issuance of these bonds was to refund the Authority's 1997 Installment Purchase Agreement. The balance of the 1997 Installment Purchase Agreement refunded was \$3,287,588. The Series 2014B bonds bear an interest rate of between 0.990% and 4.841% with varying annual principal payments beginning August 1, 2014 and semi-annual interest payments beginning August 1, 2014. The final principal and interest payment is due August 1, 2023.

The Bonds have been fully spent. The Bonds are limited obligations of the Authority payable solely from certain pledged Net Revenues of the System, which generally consist of tipping fees, service charges, user charges and income received by the Authority in connection with the operation of the System, less the Maintenance and Operating Costs.

The Series 2014A Bonds maturing after August 1, 2025, are subject to optional redemption by the Authority on or after August 1, 2024, prior to their respective maturity dates. The Series 2014B Bonds are not subject to optional redemption prior to maturity.

The principal of the Bonds and interest accrued become due and payable if punctual payment of principal or interest is not made on any Bond held by the Authority, the Authority files a petition seeking reorganization under federal bankruptcy laws, or if the Authority does not meet the conditions of the Bond for 30 days after being given notice by the trustee. If the Bonds become due and payable, any overdue installments are subject to 12% annual interest.

SALINAS VALLEY SOLID WASTE AUTHORITY
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The annual debt service requirements for the 2014A (AMT) Refunding Revenue Bond are as follows:

| 2014A (AMT) Refunding Revenue Bond Fiscal Year Ended June 30, | Direct Borrowings and Placements | | |
|--|----------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2021 | \$ 1,400,000 | \$ 1,303,125 | \$ 2,703,125 |
| 2022 | 1,470,000 | 1,231,375 | 2,701,375 |
| 2023 | 1,545,000 | 1,156,000 | 2,701,000 |
| 2024 | 1,630,000 | 1,076,625 | 2,706,625 |
| 2025 | 2,155,000 | 982,000 | 3,137,000 |
| 2026-2030 | 11,665,000 | 3,044,663 | 14,709,663 |
| 2031-2032 | 5,210,000 | 290,400 | 5,500,400 |
| | <u>\$25,075,000</u> | <u>\$ 9,084,188</u> | <u>\$34,159,188</u> |

The annual debt service requirements for the 2014B (Taxable) Refunding Revenue Bond are as follows:

| 2014B (Taxable) Refunding Revenue Bond Fiscal Year Ended June 30, | Direct Borrowings and Placements | | |
|--|----------------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2021 | \$ 370,000 | \$ 63,574 | \$ 433,574 |
| 2022 | 385,000 | 47,581 | 432,581 |
| 2023 | 405,000 | 29,730 | 434,730 |
| 2024 | 420,000 | 10,166 | 430,166 |
| | <u>\$ 1,580,000</u> | <u>\$ 151,051</u> | <u>\$ 1,731,051</u> |

Equipment Lease Payable: The Equipment Lease is a capital lease for certain landfill equipment in the amount of \$3,670,000 for a term of 5 years. The first interest and principal payment was due June 30, 2015. The interest rate for this capital lease is 3.08%. The equipment under this capital lease is included in machinery and equipment. Amortization of this equipment is included in depreciation expense. Equipment lease was paid-off during the FY 2019-20.

Post-Employment Benefits: The Post-Employment Benefits includes Retirement Program as required by GASB Statement No. 68 (see Note 12) and Other Post Employee Benefits as required by GASB Statement No. 75 – for more detail see Note 12 and 13, respectively.

Closure and Postclosure Payable: The amounts accrued for Closure Payable and Postclosure Payable are mandated by the California Department of Resources, Recycling, and Recovery. This is the estimated liability for closing and maintaining for 30 years after closure the landfills of the Salinas Valley Solid Waste Authority.

9. Unamortized Bond Premium:

The refunding bonds Series 2014A was sold at a premium of \$2,254,049. The premium is being amortized over the life of the bond issue.

The following is a summary of the 2014 Revenue Bonds unamortized premium at June 30, 2020:

| | June 30, 2019 | Increases | Decreases | June 30, 2020 |
|----------------------------|------------------|-----------|--------------|------------------|
| Revenue Bonds, Series 2014 | \$1,398,109 | \$ - | \$ (162,916) | \$1,235,193 |

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Total bonded debt outstanding at June 30, 2020 net of the unamortized bond premium is as follows:

| | |
|------------------------------------|---------------|
| Bonds payable | \$ 26,655,000 |
| Add unamortized bond issue premium | 1,235,193 |
| | <hr/> |
| Net bonds payable | \$ 27,890,193 |
| | <hr/> <hr/> |

10. Landfill Closure and Postclosure Requirements:

The Salinas Valley Solid Waste Authority operates a solid waste disposal system serving the waste shed of the cities of Salinas, Gonzales, Greenfield, Soledad and King, and the eastern and southern portions of the unincorporated area of Monterey County. The system currently consists of one active landfill (Johnson Canyon), two transfer stations (Sun Street and Jolon Road) and three closed landfills (Lewis Road, Jolon Road, and Crazy Horse).

The landfills are regulated by the California Department of Resources, Recycling, and Recovery (CalRecycle) which requires the Authority to set-aside funds annually for landfill closure and to fund postclosure maintenance for at least 30 years after closure. On June 19, 1998, the CalRecycle, approved the Authority's financial assurance mechanisms for closure and postclosure maintenance for the Authority's four landfills. Since then, the CalRecycle and the Authority have agreed to the financial assurance mechanism for corrective action for the Jolon Road, Johnson Canyon, Lewis Road, and Crazy Horse Landfills. The State found that the Enterprise Fund and Pledge of Revenue Agreement met the requirements of Title 27 of the California Code of Regulations and Federal Title 40 regulations. Under the terms of these agreements the Authority is to annually set-aside funds for the closure of the landfills. The postclosure maintenance and corrective action costs will be funded on a pay-as-you go basis when they are actually incurred and are secured by a pledge of revenue.

Closure costs are determined and funded annually based on landfill capacity used. Although postclosure maintenance costs will be paid near or after the date that the landfills stop accepting waste, the Authority reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each Statement of Net Position date.

Postclosure maintenance costs are based on the level of service required to protect the environment during the postclosure period. These include the cost of equipment and facilities, such as leachate collection systems and final cover maintenance. Postclosure care costs extend over a 30 year period of time. For this reason, it is likely there will be unforeseen repair or replacement costs during the postclosure period. Some of these variances are due to changes in technologies, changes in operational conditions and physical changes at the landfills. Estimated current costs of closure and postclosure care are evaluated annually as required by Generally Accepted Accounting Principles (GAAP). The results of the annual evaluation can increase or decrease closure and postclosure costs depending on the various components here described.

The system estimated capacity at June 30, 2020 is presented as follows:

| | <u>Johnson Canyon</u> |
|------------------------------------|-------------------------|
| Permitted Capacity (cu. yd.) | 12,566,162 |
| Cumulative Capacity Used (cu. yd.) | <u>(3,280,937)</u> |
| Remaining Capacity (cu. yd.) | <u><u>9,285,225</u></u> |

System Capacity: As of June 30, 2020, the Authority has 73.89% of its system capacity remaining. System capacity is based on the capacity of the one active landfill, Johnson Canyon. During the fiscal year ended June 30, 2020, the Authority landfilled a total of 224,980 tons of solid waste. As of June 30, 2020 the Authority has 32 years remaining landfill capacity.

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Johnson Canyon Landfill: On February 1, 2008, Johnson Canyon was granted a revised permit by the California Integrated Waste Management Board increasing its landfill capacity. The site capacity estimates and closure and postclosure costs were revised as part of the permit process. Johnson Canyon Landfill has capacity to the year 2052 based on remaining capacity and current in-place density per 2020 calculations.

Closed Landfills: Crazy Horse Landfill was closed on May 31, 2009 and received closure certification from CalRecycle in January 2017. Jolon Road Landfill is accepting waste only as a transfer station. The landfill was closed in October 2007. Lewis Road Landfill is a closed landfill. No refuse is being landfilled at any of these sites.

Closure and Postclosure Maintenance Costs: Estimated closure and postclosure maintenance costs and amounts set-aside for closure as of June 30, 2020, are presented as follows:

| | Total | Crazy Horse | Johnson Canyon | Lewis Road | Jolon Road |
|-------------------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| Estimated: | | | | | |
| Closure Cost | \$ 15,808,118 | \$ - | \$ 15,808,118 | \$ - | \$ - |
| Postclosure Maintenance Cost | 18,163,569 | 12,239,095 | 2,459,489 | 1,878,523 | 1,586,462 |
| Total Estimated | <u>\$ 33,971,687</u> | <u>\$ 12,239,095</u> | <u>\$ 18,267,607</u> | <u>\$ 1,878,523</u> | <u>\$ 1,586,462</u> |
| Expense (Income): | | | | | |
| Closure | \$ 428,641 | \$ - | \$ 428,641 | \$ - | \$ - |
| Postclosure Maintenance | 1,370,265 | 621,224 | 66,689 | 560,499 | 121,853 |
| Total Expense (Income) | <u>\$ 1,798,906</u> | <u>\$ 621,224</u> | <u>\$ 495,330</u> | <u>\$ 560,499</u> | <u>\$ 121,853</u> |
| Outstanding Liability: | | | | | |
| Closure | \$ 4,127,389 | \$ - | \$ 4,127,389 | \$ - | \$ - |
| Postclosure Maintenance | 16,346,235 | 12,239,095 | 642,155 | 1,878,523 | 1,586,462 |
| Total Liability | <u>\$ 20,473,624</u> | <u>\$ 12,239,095</u> | <u>\$ 4,769,544</u> | <u>\$ 1,878,523</u> | <u>\$ 1,586,462</u> |
| Assets Set-Aside for Closure-Cash | <u>\$ 4,847,619</u> | <u>\$ -</u> | <u>\$ 4,847,619</u> | <u>\$ -</u> | <u>\$ -</u> |
| Cash over/(under) Closure Liability | <u>\$ 720,230</u> | <u>\$ -</u> | <u>\$ 720,230</u> | <u>\$ -</u> | <u>\$ -</u> |

Crazy Horse Landfill estimated postclosure costs increased \$216,408 as a result of the revised CalRecycle inflation factor of 101.8%. Current year postclosure expenditures were \$404,816.

Johnson Canyon Landfill estimated closure costs increased \$428,641 as a result of the revised CalRecycle inflation factor of 101.8%.

Johnson Canyon Landfill estimated postclosure costs increased \$66,689 as a result of the CalRecycle inflation factor of 101.8% and recalculation.

Lewis Road Landfill estimated postclosure costs increased \$365,949 as a result of a revised estimate for the long-term post closure expense approved by CalRecycle. Current year postclosure expenditures were \$194,550.

Jolon Road Landfill estimated postclosure costs decreased \$91,128 as a result of the revised CalRecycle inflation factor of 101.8% and a reduction in the amount of years required for the pledge of revenue. Current year postclosure expenditures were \$212,981.

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The postclosure maintenance liability of \$16,346,235 will be funded from future revenues as expenditures take place.

11. Deferred Compensation Plan:

Effective July 1, 2004, the Authority established a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Small Business Job Protection Act of 1996 requires the establishment of a trust or similar vehicle to ensure that the assets of the deferred compensation plans under the Internal Revenue Code Section 457 are protected and used exclusively for the benefit of plan participants and/or their beneficiaries. All employees are eligible to participate through voluntary salary reduction. The Authority's adopted Plan Document includes the provision for such a Trust. The existence of the trust does little to change the Plan structure except to add a layer of protection for money set aside for the employee against claims of the Employer's creditors.

The Authority's deferred compensation plan is administered by the ICMA Retirement Corporation. The ICMA Deferred Compensation plan has a balance of \$1,126,912 as of June 30, 2020. Since these funds are held by the ICMA Retirement Corporation under a trust arrangement for the benefit of the employees, these funds are not reported on the financial statements.

12. Retirement Programs:

A. General Information about the Pension Plan

Plan Description: All qualified employees are eligible to participate in the Authority's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The Authority selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members or beneficiaries. The Authority entered into a contract with CalPERS effective July 1, 2004 to provide 2% at 55 annual retirement benefits for Local Miscellaneous Members. The California Public Employees' Pension Reform Act (PEPRA) was approved in 2012. It provides a 2% at 62 annual retirement benefit for employees hired after January 1, 2013. All CalPERS participant pension benefits vest after five years of service. Once vested, the plan provides an annual pension at retirement using the following calculation. The employee's final eligible compensation, multiplied by the percentage that corresponds to the employee's age at retirement, multiplied by the number of years of service in the system.

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The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | Miscellaneous | |
|---|---------------------------|-----------------------------|
| | Classic | PEPRA |
| Hire date | *Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2% @ 55 | 2.0% at 62 |
| Benefit vesting schedule | 5 years service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-63 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 1.426%-2.418% | 1.000% to 2.500% |
| Required employee contribution rates | 7.00% | 6.750% |
| Required employer contribution rates | 10.221% | 6.985% |
| Required Payment of Unfunded Liability | \$61,284 | \$1,108 |

**Plan is closed to new members. Miscellaneous members that were CalPERS participants before January 1, 2013, with no break of service over six months, may continue in the plan.*

Contributions: Section 20814(c) of the California Public Employee's Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The CalPERS contract was amended effective July 2, 2018 to include a 1% cost sharing for classic local miscellaneous members. Employees began paying 1% of the required employer contribution rate in addition to the 7% required employee contribution rate.

The Authority's contributions were as follows:

| | Fiscal Year Paid |
|---------------|-------------------|
| | 2019/20 |
| Misc. Classic | \$ 220,439 |
| Misc. PEPRA | 108,868 |
| | <u>\$ 329,307</u> |

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020, the Authority reported net pension liabilities for its proportionate share of the net pension liability as follows:

| | Fiscal Year Ended |
|--------------------------------|-------------------|
| | June 30, 2020 |
| Authority's Miscellaneous Plan | \$ 50,979 |
| Total Net Pension Liability | <u>\$ 50,979</u> |

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The Authority's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Authority's proportion of the net pension liability was based on a projections of the Authority's long-term share of contributions to the pension plans relative to the projected contributions for all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability as of June 30, 2020 and 2019 were follow:

| | Percentage Share of Risk | | Change: |
|---------------------------------|--------------------------|-----------|---------------------|
| | 6/30/2020 | 6/30/2019 | Increase/(Decrease) |
| Measurement date | 6/30/2019 | 6/30/2018 | |
| Percentage of Plan (PERF C) NPL | 0.00050% | 0.01019% | -0.00969% |

For the year ended June 30, 2020, the Authority recognized pension expense of \$597,438. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 3,540 | \$ 274 |
| Changes in assumption | 2,431 | 862 |
| Net differences between projected and actual earnings on plan investments | - | 891 |
| Change in employer's proportion | 112,560 | 604,703 |
| Differences between the employer's contributions and the employer's proportionate share of contributions | 877,752 | - |
| Pension contributions subsequent to measurement date | 329,307 | - |
| Total | <u>\$ 1,325,590</u> | <u>\$ 606,730</u> |

\$329,307 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will recognized as a reduction of the net pension liability in the year ended June 30, 2021. Recognition of amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended June 30, | |
|---------------------|-------------------|
| 2021 | \$ 216,194 |
| 2022 | 120,610 |
| 2023 | 52,569 |
| 2024 | 180 |
| Total | <u>\$ 389,553</u> |

Actuarial Methods and Assumptions Used to Determine Pension Liability: The total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019.

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Total pension liability was based on the following actuarial assumptions:

| | |
|----------------------------------|---|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Actuarial Assumptions | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table* | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

*The Mortality table used was developed based on CalPERS' specific date. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of the scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Changes of Assumptions: There were no changes in the discount rate for the PERF C, which remained at 7.15%.

Discount Rate: The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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The expected real rates of return by asset class per the CalPERS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019 were as follows:

| Asset Class* | Assumed Asset Allocation | Real Return Years 1-10** | Real Return Years 1-10*** |
|------------------|--------------------------|--------------------------|---------------------------|
| Global equity | 50.00% | 4.80% | 5.98% |
| Fixed income | 28.00 | 1.00 | 2.62 |
| Inflation assets | - | 0.77 | 1.81 |
| Private equity | 8.00 | 6.30 | 7.23 |
| Real assets | 13.00 | 3.75 | 4.93 |
| Liquidity | 1.00 | - | (0.92) |

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

**An expected inflation of 2.00% used for this period

***An expected inflation of 2.92% used for this period

Amortization of Deferred Outflows and Deferred Inflows of Resources: The Net Difference Between Projected and Actual Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over the remaining amortization periods. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience and Changes of Assumptions are amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan determined as of the beginning of the related measurement period. The EARSL for PERF C for the June 30, 2019 measurement date is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of all active employees) by 140,593 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Authority's proportionate share of the net pension liability for each Plan, calculated using the discount rate of 7.15%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Discount Rate | | |
|-----------------------|---------------|----------------|---------------|
| | 6.15% | 7.15% | 8.15% |
| | (1% Decrease) | (Current Rate) | (1% Increase) |
| Measurement date | | June 30, 2019 | |
| Fiscal Year End | | June 30, 2020 | |
| Net Pension Liability | \$ 1,235,286 | \$ 50,979 | \$ (926,583) |

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Pension Plan Fiduciary Net Positions: Detailed information about each plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Subsequent Events: There were no subsequent events that would materially affect the results presented in this disclosure.

13. Other Post Employment Benefit (OPEB):

A. General Information about the OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes.

For this report, the following timeframes are used:

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2019 |
| Measurement Date | June 30, 2019 |
| Measurement Period | July 1, 2018 to June 30, 2019 |

Plan Description: The Authority joined the Public Employees' Medical & Hospital Care Act (PEMHCA) in 2004. It is an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS). PEMHCA governs health care provided to employees and retirees under health care plans administered by CalPERS. All public agencies providing health care to their active employees through CalPERS PEMHCA plans are also required to offer health care under those plans to their retirees.

OPEB Trust: The Authority joined The California Employers' Retiree Benefit Trust (CERBT) in 2017 to prefund its OPEB liability. CERBT is an agent multiple employer defined plan for other post-employment benefits administered by CalPERS. The Plan includes participating employers of the State of California and public agencies. CalPERS is governed by a 13-member Board of Administration (the Board); two elected by CalPERS members, one elected by retired members of CalPERS, two appointed by the Governor, one public representative appointed jointly by the Speaker of the Assembly and Senate Rules Committee, and four ex-officio members: State Treasurer, State Controller, Director of California Department of Human Resources, and Designee of the State Personal Board. The Board is responsible for the management and control of CalPERS, including the exclusive control of the administration and investments of the Plan.

The plan information is as follows:

| <u>Fiscal Year End</u> | <u>June 30, 2020</u> |
|-----------------------------------|-------------------------|
| Plan Type | Agent Multiple Employer |
| OPEB Trust | Yes |
| Special Funding Situations | No |
| Nonemployer Contributing Entities | No |

Benefits Provided: PEHMCA provides employees who retire directly from the Authority after five years of service a cash subsidy for monthly medical insurance premiums. Employees with 20 years of service with the Authority that do not retire directly from the Authority can request benefits later. Benefits are also paid to the surviving spouse of retirees who elected CalPERS joint and survivor payment options, as well as spouses of an active employee who died while eligible to retire receiving

SALINAS VALLEY SOLID WASTE AUTHORITY
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CalPERS survivor's benefit. The Minimum Employer Contribution amount is prescribed by Government Code Section 22892 of the PEMHCA. It was originally established as a specific dollar value with specified increases from calendar years 2004 through 2008. Starting in calendar year 2009, the calculated adjustments are based upon the medical care component of the Consumer Price Index-Urban (CPI-U). The Authority opted for the unequal method of distribution when it joined in 2004. Using this method, the Authority pays a percentage of the contribution, with the percentage paid increasing by 5% each year. The minimum amount in 2020 is \$139 per month, of which the Authority pays 80% or \$111. The Authority is scheduled to pay the full minimum amount in 2024.

Employees Covered: As of the June 30, 2019 measurement date, the following current and former employees were covered by the benefit terms under the PEMHCA Plan:

| June 30, 2020 Fiscal Year End June 30, 2019 Measurement Date June 30, 2018 Valuation Date | Number of Covered Participants |
|---|--------------------------------------|
| Inactive Employees Currently Receiving Benefit Payments | 4 |
| Inactive Employees Entitled to but not yet Receiving Benefit Payments | 3 |
| Actives Employees | 51 |
| Total Employees | 58 |

Contributions: In 2017, the Authority joined CERBT to prefund it's OPEB liability. The Authority will use the annual required contribution (ARC) of the employer for the future contributions, which is expected to prefund all unfunded liabilities by 2040. The cash contributions to this fund during the fiscal year ended June 30, 2020 were \$150,000. Authority payments for retired benefits, net investment earnings of the plan, and the estimated implied subsidy was \$29,176 resulting in total payments of \$179,176.

B. OPEB Liabilities, OPEB Expenses, and Deferred Outflows/Inflows of Resources Related to OPEB

As of June 30, 2020, the authority reported net OPEB liability as follows:

| Fiscal Year Ended Measurement Date | June 30, 2020 June 30, 2019 |
|---------------------------------------|--------------------------------|
| Total OPEB Liability (TOL) | \$ 919,724 |
| Fiduciary Net Position (FNP) | 621,935 |
| Total Net OPEB Liability | \$ 297,789 |
| Funded status (FNP/TOL) | 67.6% |

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Changes in the OPEB Liability: The changes in the net OPEB liability for the Authority Plan are as follows:

| Changes in Net OPEB Liability | Total OPEB Liability (a) | Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|-----------------------------------|--------------------------|----------------------------|------------------------------|
| Balance at June 30, 2019 | | | |
| (Measurement Date June 30, 2018) | \$ 905,849 | \$ 447,228 | \$ 458,621 |
| Service Cost | 98,324 | - | 98,324 |
| Interest | 54,628 | - | 54,628 |
| Changes of Benefit Terms | - | - | - |
| Actual versus Expected Experience | (112,552) | - | (112,552) |
| Changes of Assumptions | (4,645) | - | (4,645) |
| Employer Contributions | - | 155,690 | (155,690) |
| Employee Contributions | - | - | - |
| Net Investment Income | - | 41,131 | (41,131) |
| Benefit Payments | (21,880) | (21,880) | - |
| Administrative Expenses | - | (234) | 234 |
| Net Changes | 13,875 | 174,707 | (160,832) |
| Balance at June 30, 2020 | | | |
| (Measure Date June 30, 2019) | \$ 919,724 | \$ 621,935 | \$ 297,789 |

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the fiscal year ended June 30, 2020, the Authority recognized OPEB expense of \$111,358. As of the fiscal year ended June 30, 2020, the Authority reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|-------------------------------|
| Net Differences Between Projected and Actual Earnings on Plan Investments | \$ - | \$ 1,604 |
| Differences Between Expected and Actual Experience | - | 102,765 |
| Changes of Assumptions | - | 4,241 |
| Employer Contributions after Measurement Date | 179,176 | - |
| Total | \$ 179,176 | \$ 108,610 |

Deferred outflows of resources in the amount of \$179,176 related to contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

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| <u>Year Ended June 30,</u> | |
|----------------------------|---------------------|
| 2021 | \$ (10,100) |
| 2022 | (10,100) |
| 2023 | (10,098) |
| 2024 | (12,070) |
| 2025 | (10,191) |
| Thereafter | <u>(56,051)</u> |
| Total | <u>\$ (108,610)</u> |

Recognition of Deferred Outflows and Deferred Inflows of Resources: To smooth market volatility, gains and losses related to changes in total OPEB liability and fiduciary net position are recognized over five years. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

Actuarial Methods and Assumptions Used to Determine the OPEB Liability: The Authority's net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

| | |
|--|--|
| Fiscal Year End | June 30, 2020 |
| Measurement Date | June 30, 2019 |
| Valuation Date | June 30, 2019 |
| Discount Rate | 5.5% at June 30, 2019 |
| Long-Term Expected | 5.5% at June 30, 2018 |
| Rate of Return on Assets | Expected Authority contributions to keep sufficient plan assets to pay all benefits from trust |
| General Inflation | 2.75% annually |
| Mortality, Retirement, Disability, Termination | CalPERS 1997-2015 Experience Study |
| Mortality Improvement | Post-retirement mortality projected fully generational with Scale MP-2019 |
| Salary Increases | Aggregate - 3% annually |
| Medical Trend | Merit - CalPERS 1997-2015 Experience Study |
| | Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 |
| | Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 |
| PEMHCA Minimum Increases | 4.25% annually |
| Healthcare Participation | Actives & surviving spouses: |
| | * Covered - 70% |
| | * Waived - 70% |
| | Retirees & surviving spouses: |
| | * Covered - 100% |
| | * Waived < 65-n/a |
| | * Waived ≥ 65 - 0% |

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| | |
|--------------------------|--|
| Changes of assumptions | Mortality improvement scale was updated to Scale MP-2019 |
| Changes of benefit terms | None |

Discount Rate: The discount rate used to measure the total OPEB liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Expected Long Rate of Return: The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Measurement Date | 6/30/19 | |
|--|------------------|----------------|
| CERBT Investment Strategy #3 | Target | Expected Real |
| Asset Class | Asset Allocation | Rate of Return |
| Global Equity | 22% | 4.82% |
| Fixed Income | 49% | 1.47% |
| TIPS | 16% | 1.29% |
| REITS | 8% | 3.76% |
| Commodities | 5% | 0.84% |
| Assumed Long-Term Rate of Inflation | | 2.75% |
| Expected Long-Term Net Rate of Return, Rounded | | 5.50% |

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (5.5%) in measuring the Net OPEB Liability.

| | Discount Rate | | |
|--------------------|---------------|----------------|---------------|
| | (1% Decrease) | (Current Rate) | (1% Increase) |
| | 4.50% | 5.50% | 6.50% |
| Net OPEB Liability | \$ 452,309 | \$ 297,789 | \$ 173,120 |

Medical Trend Sensitivity Analysis: The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

| | Healthcare Trend | | |
|--------------------|------------------|-----------------|---------------|
| | (1% Decrease) | (Current Trend) | (1% Increase) |
| Net OPEB Liability | \$ 146,672 | \$ 297,789 | \$ 492,414 |

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14. Concentrations:

The Authority received 63.75% of its Charges for Services (tipping fees) from two haulers: Republic Services and Waste Management. These two haulers comprised approximately \$1,343,383, (79.80%) of accounts receivable balances at June 30, 2020. A major reduction in revenue from any of the above sources may have a significant effect on the future operations of the Authority.

Under the Waste Delivery Agreements that support the Revenue Bonds and under the Joint Powers Agreement, establishing the Authority, each member agency is required to direct all garbage to Authority facilities. They do this by means of the Franchise Agreements with their respective haulers. Republic Services, serving the City of Salinas, and Waste Management serving Unincorporated Monterey County and the City of King, are required to bring their garbage and yard waste to Authority facilities.

15. Commitments and Contingencies:

Lease Obligations: On October 19, 2006, the Authority entered into a ten year lease commencing January 1, 2007, for office space at 128 Sun Street in Salinas. The lease was extended for three years on February 18, 2016, and an additional two years on June 20, 2019. Effective January 1, 2012, the current monthly lease payments are \$7,194.

The future minimum lease payments through December 2021 are as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|----------------------------|-------------------|
| 2021 | \$ 86,328 |
| 2022 | 43,164 |
| | <u>\$ 129,492</u> |

Risk Management: The Authority is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. Effective July 1, 2020, the Authority purchased worker's compensation insurance through the State Compensation Insurance Fund for its employees. The Authority has the following commercial insurance policies:

| <u>Coverage</u> | <u>Detail</u> | <u>Limits</u> | <u>Deductible</u> |
|--|----------------|---------------|-------------------|
| Environmental Impairment Liability | Per Occurrence | \$ 10,000,000 | \$ 25,000 |
| Property Insurance | Aggregate | 9,654,434 | 100,000 |
| Environmental Excess Liability | Per Occurrence | 5,000,000 | - |
| Earthquake | Per Occurrence | 3,932,102 | 50,000 |
| General Liability | Per Occurrence | 1,000,000 | - |
| | Aggregate | 2,000,000 | - |
| Commercial Auto | Per Occurrence | 1,000,000 | 1,000 |
| Public Officials and Employment Practice Liability | Each Act | 1,000,000 | 10,000 |
| Crime | Each Act | 1,000,000 | 5,000 |
| Cyber | Aggregate | 1,000,000 | 5,000 |
| Workers Compensation | - | 1,000,000 | - |

There have been no significant reductions in any insurance coverage, nor have there been any insurance related settlements that exceeded insurance coverage during the past three fiscal years.

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Corrective Action Plan: The California Code of Regulations requires landfill owners and operators to demonstrate the availability of financial resources to conduct corrective action activities for all known or reasonably foreseeable releases of contaminants from the disposal facility affecting water quality.

The Authority has conducted studies to determine the site remediation cost to mitigate those releases. These cost estimates are incorporated into the Final Closure and Postclosure Maintenance Plan for each of the landfills. These amounts have been reviewed and approved by CalRecycle and the Regional Water Quality Control Board.

The estimated cost of capital improvements and operations and maintenance costs to mitigate a potential release of contaminants at the Authority landfills is estimated as follows:

| Landfill - Action | Capital Improvement | Operations & Maintenance | Contingency | Total |
|--------------------------|---------------------|--------------------------|-------------|--------------|
| Johnson Canyon | \$ 451,320 | \$ 383,469 | \$ - | \$ 834,789 |
| Crazy Horse | 3,525,007 | 7,979,809 | - | 11,504,816 |
| Jolon Road | - | 1,578,144 | - | 1,578,144 |
| Lewis Road | 132,960 | 244,898 | 37,927 | 415,785 |
| Total Corrective Actions | \$ 4,109,287 | \$10,186,320 | \$ 37,927 | \$14,333,534 |

The capital improvements costs are one-time costs. The maintenance costs are the total estimated cost ranging from 16 years for Lewis Road to 62 years for Johnson Canyon. If there should be a release at one of the landfill sites, the Authority would have to spend up to the amounts shown on capital improvements. If the capital improvements have to be completed, the Authority would be obligated to spend the maintenance amounts shown on the table for maintenance of the improvements.

These amounts have not been recorded as a liability because while some releases are possible, they are not considered probable or if they are considered probable, they are not sufficiently measurable.

City of Salinas Notice of Intent to Withdraw from the Joint Powers Agreement: On December 6, 2018, the City of Salinas (the “City”) issued a notice of intention to withdraw from the Joint Powers Agreement (the “Agreement”) between the City of Gonzales, the City of Greenfield, the City of King, the City of Soledad, and the County of Monterey, (collectively “the Authority”). Pursuant to Section 19 of the Joint Powers Agreement, the notice serves as a one-year notice. The City’s notice of intent to withdraw as a member of the Authority merely served as notice to the Authority and its remaining members, and triggered a one-year period during which the Authority would be required to take action to reflect the changed membership status. The one-year term has passed without any further action from the City. However, Authority and City representatives are working on finding a resolution to the notice.

The City understands and acknowledges its obligation to continue paying its share of the 2014 Bonds as regularly scheduled and agrees to continue paying its share of the obligation after withdrawal from the Authority, should withdrawal actually occur. In addition, the City understands and acknowledges its obligation to pay its share of the Authority’s legacy costs as further described in Section 19(a) of the Agreement. If the City actually withdraws from the Authority arrangements must be made to meet this obligation.

SALINAS VALLEY SOLID WASTE AUTHORITY
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COVID-19: In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the Authority is not reasonably estimable at this time. The Authority Board chose to make no changes to the fees for FY 2020-21 in order to minimize impacts to the residents in our service area. While there has been an initial decrease in solid waste tonnage received, it is still trending ahead of the budgeted tonnage. This is due to the Authority budgeting revenues conservatively in order to ensure it meets its projections if there is a recession. Additionally, the Authority deferred hiring/contracting for the new organics sorting operation while it fully assesses the long-term impacts, if any, from the ongoing pandemic. The Authority's Debt Coverage Ratio for FY 2020-21 is budgeted at 178%, which is well above the required 115% in our Bond Rate Covenants.

16. Related Parties:

The Authority entered into a MOU with the City of Gonzales for mitigation issues for hosting the landfill, under this agreement, the Authority will pay the City \$20,833 per month commencing on the date of closure of the Crazy Horse landfill until the initial landfill expansion is entirely filled up by disposed solid waste.

Monterey County Environmental Health serves as the Local Enforcement Agency (LEA) for CalRecycle. They are empowered by CalRecycle to implement programs, locally designated activities, and has primary responsibility for ensuring the correct operation and closure of solid waste facilities. The Authority paid Monterey County Environmental Health \$67,687 in LEA permit fees for its facilities and an additional \$109,399 for its share of \$496,060 in Regional Fees, which are allocated by the percent of total annual county-wide tonnage disposed. After deduction of individual facility permit fees, the Regional Fees are used to fund the LEA's Load Checking Response Program, Illegal Dumping Response and Prosecution, Legislative Development, AB 939 Administration, Diversion/Recycling Programs, and other LEA related services. Total payments to Monterey County Environmental Health during FY 2019-20 were \$177,086.

17. Net Position:

Net position represents total assets and deferred outflows of resources less liabilities and deferred inflows of resources. Designations of unrestricted net position represents the Authority Board of Director's intention for the use of resources. The net position amounts at June 30, 2020 were as follows:

| | |
|---|---------------|
| Net Investment in Capital Assets | \$ 6,082,771 |
| Restricted: | |
| Restricted for Grants | 41,628 |
| Restricted for Closure Reserve | 720,230 |
| Total Restricted | 761,858 |
| Unrestricted | |
| Designated | |
| Designated for Capital Projects Reserve | 4,459,672 |
| Designated for Operations Reserve | 1,401,463 |
| Designated for Environmental Impairment Reserve | 1,651,463 |
| | 7,512,598 |
| Undesignated | 3,162,217 |
| Total Unrestricted | 10,674,815 |
| Total Net Position | \$ 17,519,444 |

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18. Bond Rate Covenant:

Pursuant to the Master Indenture of the Revenue Bonds, Series 2014, the Authority has agreed, at all times while any of the Bonds remain outstanding, to set fees and charges and manage operations so as to yield Net Revenues during the fiscal year equal to at least one hundred fifteen percent (115%) of the bond's annual debt service for the fiscal year.

This calculation is based on Net Revenues as described in the Master Indenture. The calculation is based on operating income increased by investment earnings on all funds other than bond project funds and reduced by postclosure expense, depreciation and amortization, all non-cash items. At June 30, 2020, the calculation is 283%.

Net revenue available for debt service for the year ended June 30, 2020, is determined as follows:

Salinas Valley Solid Waste Authority
Debt Service Coverage Ratio Calculations
Fiscal year ended June 30, 2020

| | |
|---|---------------------|
| Revenues | |
| Operating revenues | \$ 22,897,215 |
| Interest not on Project funds | 674,151 |
| Revised Revenues | <u>23,571,366</u> |
| Maintenance and Operations Costs | |
| GAAP Operating Expenses | 17,571,720 |
| Less the following items per Master Indenture | |
| Postclosure maintenance | (1,370,265) |
| Closure | (428,641) |
| Depreciation | (1,883,763) |
| Add Postclosure liability being paid | |
| Crazy Horse | 404,816 |
| Lewis Road | 194,550 |
| Jolon Road | <u>212,981</u> |
| Revised Maintenance and Operations Expenses per Master Indenture | <u>14,701,398</u> |
| Net Revenues | <u>\$ 8,869,968</u> |
| Debt Service on 2014 Bond | <u>\$ 3,134,015</u> |
| Debt Service Coverage Ratio | 283% |
| Debt Service Coverage Required | 115% |

19. Subsequent Events:

Management has evaluated subsequent events through October 1, 2020, the date which these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SALINAS VALLEY SOLID WASTE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

Schedule of the Authority's Proportionate Share of the Net Pension Liability
and Related Ratios as of Measurement Date
Cost Sharing Defined Benefit Pension Plan
Last 10 Years^

| | Fiscal Year End | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | <u>06/30/20</u> | <u>06/30/19</u> | <u>06/30/18</u> | <u>06/30/17</u> | <u>06/30/16</u> | <u>06/30/15</u> |
| Measurement Date | 6/30/2019 | 6/30/2018 | 06/30/17 | 06/30/16 | 06/30/15 | 06/30/14 |
| Authority's proportion of the net pension liability | 0.000500% | 0.010190% | 0.01112% | 0.01054% | 0.00947% | 0.01078% |
| Authority's proportionate share of the net pension liability | \$50,979 | \$981,942 | \$1,102,446 | \$ 912,076 | \$ 649,956 | \$670,697 |
| Authority's covered payroll* | \$ 3,715,429 | \$3,546,721 | \$3,334,650 | \$ 2,992,877 | \$2,691,705 | \$2,418,312 |
| Authority's proportionate share of the net pension liability as a percentage of covered payroll | 1.37% | 27.69% | 33.06% | 30.47% | 24.15% | 27.73% |
| Plan's fiduciary net position as a percentage of the plan's total pension liability | 75.26% | 72.56% | 73.31% | 74.06% | 78.40% | 79.82% |

^ Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

* For the year ending on the measurement date.

SALINAS VALLEY SOLID WASTE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

Schedule of Statutorily Required Employer Contributions
Pension Plan
Last 10 Years[^]

| Fiscal year ended: | <u>06/30/20</u> | <u>06/30/19</u> | <u>06/30/18</u> | <u>06/30/17</u> | <u>06/30/16</u> | <u>06/30/15</u> |
|-------------------------------------|--------------------|----------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 329,307 | \$ 342,983 | \$ 315,704 | \$ 296,695 | \$ 220,619 | \$ 285,581 |
| Contributions in relation to the | | | | | | |
| actuarially determined contribution | <u>329,307</u> | <u>1,431,107</u> | <u>388,865</u> | <u>358,695</u> | <u>250,906</u> | <u>285,581</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$(1,088,124)</u> | <u>\$ (73,161)</u> | <u>\$ (62,000)</u> | <u>\$ (30,287)</u> | <u>\$ -</u> |
| Authority's covered payroll * | <u>\$3,949,211</u> | <u>\$ 3,715,429</u> | <u>\$3,546,721</u> | <u>\$3,334,650</u> | <u>\$2,992,877</u> | <u>\$2,691,705</u> |
| Contributions as a percentage of | | | | | | |
| covered payroll | 8.34% | 38.52% | 10.96% | 10.76% | 8.38% | 10.61% |

[^] Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

* For the fiscal year ended on the date shown.

SALINAS VALLEY SOLID WASTE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

Schedule of Changes in the Authority's Net OPEB Liability
and Related Ratios as of Measurement Date

Last 10 Years[^]

| Measurement Date | Fiscal Year End | | |
|--|----------------------|----------------------|----------------------|
| | 06/30/20 06/30/19 | 06/30/19 06/30/18 | 06/30/18 06/30/17 |
| Changes in total OPEB liability | | | |
| Service cost | \$ 98,324 | \$ 95,460 | \$ 93,000 |
| Interest | 54,628 | 47,675 | 41,000 |
| Actual benefits payments | (21,880) | (17,286) | (14,000) |
| Actual and expected experience difference | (112,552) | - | - |
| Changes in benefits terms | - | - | - |
| Changes in assumption | (4,645) | - | - |
| Net changes in total OPEB liability | 13,875 | 125,849 | 120,000 |
| Total OPEB liability - beginning | 905,849 | 780,000 | 660,000 |
| Total OPEB liability - ending | <u>\$ 919,724</u> | <u>\$ 905,849</u> | <u>\$ 780,000</u> |
| Changes in plan fiduciary net position | | | |
| Expected return | \$ - | \$ - | \$ - |
| Employer contributions | 155,690 | 455,464 | - |
| Nonemployer contributing entity contribution | - | - | - |
| Employee contributions | - | - | - |
| Net investment income | 41,131 | 9,405 | - |
| Benefit payments | (21,880) | (17,286) | - |
| Administrative expenses | (234) | (355) | - |
| Net changes in plan fiduciary net position | 174,707 | 447,228 | - |
| Plan fiduciary net position - beginning | 447,228 | - | - |
| Plan fiduciary net position - ending | <u>\$ 621,935</u> | <u>\$ 447,228</u> | <u>\$ -</u> |
| Net OPEB liability | | | |
| Total OPEB liability | \$ 919,724 | \$ 905,849 | \$ 780,000 |
| Plan fiduciary net position | 621,935 | 447,228 | - |
| Net OPEB liability | 297,789 | 458,621 | 780,000 |
| Net OPEB liability funded percentage | 67.6% | 49.4% | 0.0% |
| Covered payroll * | \$4,098,596 | \$3,546,721 | \$3,334,650 |
| Net OPEB liability as a percent of covered payroll | 7.27% | 12.93% | 23.39% |

[^] Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

* For the year ending on the measurement date.

SALINAS VALLEY SOLID WASTE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

Schedule of Employer OPEB Contributions
Last 10 Years^

| Contributions for the fiscal year ended: | <u>06/30/20</u> | <u>06/30/19</u> | <u>06/30/18</u> |
|---|--------------------|--------------------|---------------------|
| Actuarially determined contribution | \$ 137,800 | \$ 133,700 | \$ 149,000 |
| Contributions in relation to the actuarially determined contribution | <u>179,176</u> | <u>155,690</u> | <u>455,000</u> |
| Contribution deficiency (excess) | <u>\$ (41,376)</u> | <u>\$ (21,990)</u> | <u>\$ (306,000)</u> |
| Authority's covered payroll * | \$3,949,211 | \$4,098,596 | \$ 3,546,721 |
| Contributions as a percentage of covered-employee payroll | 4.54% | 3.80% | 12.83% |

^ Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

* For the fiscal year ended on the date shown.

STATISTICAL SECTION (unaudited)

SALINAS VALLEY SOLID WASTE AUTHORITY

Index to Statistical Section (unaudited)

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the Authority's overall financial health.

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Financial Trends - These schedules contain information to help the reader understand how the Authority's financial performance and well-being have changed over time.

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| Changes in Net Position..... | 47 |
| Operating Revenue by Source | 48 |
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Revenue Capacity - These schedules contain information to help the reader assess the Authority's most significant local revenue source.

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Debt Capacity - These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.

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Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

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Salinas Valley Solid Waste Authority
Net Position (unaudited)
Last Ten Years
(accrual basis of accounting)

| Description | 6/30/2011 | 6/30/2012 | 6/30/2013 | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 | 6/30/2018 | 6/30/2019 | 6/30/2020 |
|----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|---------------------------|----------------------------|-----------------------------|----------------------------|
| Net investment in capital assets | \$ (9,560,964) | \$ (8,493,008) | \$ (8,341,693) | \$ (6,400,056) | \$ (6,007,513) | \$ (4,921,464) | \$ (3,830,703) | \$ (2,956,872) | \$ 1,564,130 | \$ 6,082,771 |
| Restricted | 2,820,700 | 3,438,482 | 3,419,936 | 426,877 | 1,101,582 | 1,101,436 | 1,028,150 | 956,776 | 858,720 | 761,858 |
| Unrestricted | (3,496,327) | (5,024,860) | (5,342,702) | (4,265,137) | (3,200,369) | (220,656) | 2,398,199 | 7,448,904 | 9,954,238 | 10,674,815 |
| Total Net Position | <u><u>\$(10,236,591)</u></u> | <u><u>\$(10,079,386)</u></u> | <u><u>\$(10,264,459)</u></u> | <u><u>\$(10,238,316)</u></u> | <u><u>\$(8,106,300)</u></u> | <u><u>\$(4,040,684)</u></u> | <u><u>\$(404,354)</u></u> | <u><u>\$ 5,448,808</u></u> | <u><u>\$ 12,377,088</u></u> | <u><u>\$17,519,444</u></u> |

Note: The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 34 in fiscal year 2003.

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Changes in Net Position (unaudited)
Last Ten Years
(accrual basis of accounting)

| Description | 6/30/2011 | 6/30/2012 | 6/30/2013 | (As Restated) 6/30/2014 | (As Restated) 6/30/2015 | (As Restated) 6/30/2016 | (As Restated) 6/30/2017 | (As Restated) 6/30/2018 | 6/30/2019 | 6/30/2020 |
|---|------------------------|------------------------|------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------|----------------------|
| Changes in Net Position: | | | | | | | | | | |
| Operating Revenues | \$ 15,070,564 | \$ 15,273,792 | \$ 15,980,945 | \$ 18,263,037 | \$ 16,803,429 | \$ 18,452,380 | \$ 20,914,630 | \$ 22,566,955 | \$ 22,819,068 | \$ 22,897,215 |
| Operating Expenses | 11,720,409 | 12,554,260 | 12,837,292 | 13,245,635 | 11,139,153 | 11,672,645 | 14,432,350 | 14,079,124 | 14,579,026 | 15,687,957 |
| Depreciation and amortization | 566,286 | 698,156 | 1,359,411 | 1,412,742 | 1,180,131 | 1,228,692 | 1,419,953 | 1,611,744 | 1,758,114 | 1,883,763 |
| Operating income(loss) | <u>2,783,869</u> | <u>2,021,376</u> | <u>1,784,242</u> | <u>3,604,660</u> | <u>4,484,145</u> | <u>5,551,043</u> | <u>5,062,327</u> | <u>6,876,087</u> | <u>6,481,928</u> | <u>5,325,495</u> |
| Non-operating revenues (expenses) | | | | | | | | | | |
| Interest income | 233,541 | 52,658 | 39,180 | 28,013 | 36,631 | 64,248 | 95,624 | 303,212 | 732,658 | 674,151 |
| Gain(loss) on disposition of capi | (848,017) | - | - | - | - | - | - | - | (26,942) | - |
| Interest expense | (2,132,513) | (2,085,322) | (2,026,114) | (1,724,013) | (1,557,530) | (1,549,675) | (1,521,621) | (1,482,988) | (1,382,565) | (1,294,539) |
| Capital Grant income | - | - | - | - | - | - | - | - | 1,014,415 | 437,249 |
| Other revenue(expense), net | 149,793 | 168,493 | 17,619 | - | - | - | - | 167,367 | 108,786 | - |
| Cost of bond issuance | - | - | - | (561,881) | - | - | - | - | - | - |
| Total non-operating revenues (expense), net | <u>(2,597,196)</u> | <u>(1,864,171)</u> | <u>(1,969,315)</u> | <u>(2,257,881)</u> | <u>(1,520,899)</u> | <u>(1,485,427)</u> | <u>(1,425,997)</u> | <u>(1,012,409)</u> | <u>446,352</u> | <u>(183,139)</u> |
| Changes in net position | <u>\$ 186,673</u> | <u>\$ 157,205</u> | <u>\$ (185,073)</u> | <u>\$ 1,346,779</u> | <u>\$ 2,963,246</u> | <u>\$ 4,065,616</u> | <u>\$ 3,636,330</u> | <u>\$ 5,863,678</u> | <u>\$ 6,928,280</u> | <u>\$ 5,142,356</u> |
| Net assets by component: | | | | | | | | | | |
| Net Investment in capital assets | \$ (9,560,964) | \$ (8,493,008) | \$ (8,341,693) | \$ (6,400,056) | \$ (6,007,513) | \$ (4,921,464) | \$ (3,830,703) | \$ (2,956,872) | \$ 1,564,130 | \$ 6,082,771 |
| Restricted for debt service | 2,820,700 | 2,820,700 | 2,820,700 | - | - | - | - | - | - | - |
| Restricted for grants | - | 112,906 | 196,309 | 69,427 | 61,684 | 95,345 | 76,499 | 72,858 | 60,456 | 41,628 |
| Restricted per lease agreement | - | - | - | - | 242,326 | - | - | - | - | - |
| Restricted for closure reserve | - | 504,876 | 402,927 | 357,450 | 797,572 | 1,006,091 | 951,651 | 883,918 | 798,264 | 720,230 |
| Unrestricted | <u>(3,496,327)</u> | <u>(5,024,860)</u> | <u>(5,342,702)</u> | <u>(4,265,137)</u> | <u>(3,200,369)</u> | <u>(220,656)</u> | <u>2,398,199</u> | <u>7,448,904</u> | <u>9,954,238</u> | <u>10,674,815</u> |
| Total Net Position | <u>\$ (10,236,591)</u> | <u>\$ (10,079,386)</u> | <u>\$ (10,264,459)</u> | <u>\$ (10,238,316)</u> | <u>\$ (8,106,300)</u> | <u>\$ (4,040,684)</u> | <u>\$ (404,354)</u> | <u>\$ 5,448,808</u> | <u>\$ 12,377,088</u> | <u>\$ 17,519,444</u> |

Note: The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 34 in fiscal year 2003.

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Operating Revenue by Source (unaudited)
Last Ten Years
(accrual basis of accounting)

| Fiscal Year | Charges for Services | Sales of Materials | Operating Grants and Contributions | Total Operating Revenues |
|-------------------------|----------------------------|--------------------------|--|--------------------------------|
| 06/30/11 | \$ 14,621,695 | \$ 433,359 | \$ 15,510 | \$ 15,070,564 |
| 06/30/12 | 14,654,565 | 419,613 | 199,614 | 15,273,792 |
| 06/30/13 | 15,438,514 | 392,958 | 149,473 | 15,980,945 |
| (As Restated) 6/30/2014 | 17,552,203 | 594,054 | 116,780 | 18,263,037 |
| (As Restated) 6/30/2015 | 16,103,054 | 583,734 | 116,641 | 16,803,429 |
| (As Restated) 6/30/2016 | 17,685,519 | 618,784 | 148,077 | 18,452,380 |
| (As Restated) 6/30/2017 | 20,201,840 | 646,673 | 66,117 | 20,914,630 |
| (As Restated) 6/30/2018 | 21,532,600 | 701,566 | 332,789 | 22,566,955 |
| 06/30/19 | 22,094,564 | 655,378 | 69,126 | 22,819,068 |
| 06/30/20 | 22,243,106 | 574,275 | 79,834 | 22,897,215 |

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Operating Expense by Activity (unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

| Fiscal Year | Personnel Services | Contractual Services | Operating Contracts | Supplies | Insurance | Building Rent | Taxes and Permits | Utilities | Closure/ Postclosure Maintenance | Hazardous Waste | Other | Total Operating Expenses |
|-------------------------|-----------------------|-------------------------|------------------------|-----------|------------|------------------|----------------------|------------|--|--------------------|------------|--------------------------------|
| 6/30/2011 | \$ 3,697,152 | \$ 1,136,289 | \$4,422,103 | \$361,401 | \$ 189,062 | \$ 99,310 | \$ 685,116 | \$ 160,573 | \$ 641,333 | \$ 171,496 | \$ 156,574 | \$ 11,720,409 |
| 6/30/2012 | 3,593,200 | 1,390,036 | 4,804,124 | 382,533 | 220,868 | 99,606 | 742,681 | 133,416 | 897,535 | 173,359 | 116,902 | 12,554,260 |
| 6/30/2013 | 3,763,121 | 1,454,029 | 4,783,575 | 454,034 | 219,004 | 104,508 | 728,267 | 137,788 | 712,257 | 192,176 | 288,533 | 12,837,292 |
| (As Restated) 6/30/2014 | 4,089,204 | 1,666,686 | 4,737,350 | 488,034 | 238,921 | 104,658 | 736,419 | 138,820 | 639,510 | 172,520 | 233,513 | 13,245,635 |
| (As Restated) 6/30/2015 | 4,093,952 | 1,714,543 | 3,313,514 | 687,375 | 287,724 | 105,070 | 610,254 | 146,427 | (267,617) | 202,715 | 245,196 | 11,139,153 |
| 6/30/2016 | 4,805,714 | 1,795,961 | 2,164,435 | 687,779 | 318,293 | 191,594 | 597,266 | 141,808 | 476,570 | 220,294 | 272,931 | 11,672,645 |
| 6/30/2017 | 5,148,507 | 2,210,991 | 2,015,999 | 697,561 | 178,486 | 116,045 | 520,155 | 131,476 | 2,944,468 | 202,372 | 266,290 | 14,432,350 |
| (As Restated) 6/30/2018 | 5,924,325 | 2,517,115 | 2,038,226 | 808,707 | 128,141 | 184,777 | 528,695 | 130,160 | 1,234,202 | 208,637 | 376,139 | 14,079,124 |
| 6/30/2019 | 5,970,904 | 2,966,255 | 1,804,703 | 994,240 | 147,171 | 110,544 | 543,388 | 138,454 | 1,395,057 | 182,101 | 326,209 | 14,579,026 |
| 6/30/2020 | 6,885,626 | 3,051,057 | 1,759,573 | 900,096 | 81,765 | 110,894 | 555,550 | 162,765 | 1,798,906 | 198,142 | 183,583 | 15,687,957 |

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Revenue Base (unaudited)
Last Ten Fiscal Years

| Fiscal Year | Solid Waste Landfilled (tons) |
|----------------|----------------------------------|
| 6/30/2011 | 250,683 |
| 6/30/2012 | 236,248 |
| 6/30/2013 | 236,521 |
| 6/30/2014 | 242,788 |
| 6/30/2015 | 175,923 |
| 6/30/2016 | 182,298 |
| 6/30/2017 | 199,457 |
| 6/30/2018 | 213,714 |
| 6/30/2019 | 226,386 |
| 6/30/2020 | 224,979 |

Data Source: Salinas Valley Solid Waste Authority Finance Division - CalRecycle Worksheet for Johnson Canyon Landfill

Salinas Valley Solid Waste Authority
Revenue Rates (unaudited)
Last Ten Fiscal Years

| Tipping Fees | <u>6/30/2011</u> | <u>6/30/2012</u> | <u>6/30/2013</u> | <u>6/30/2014</u> | <u>6/30/2015</u> | <u>6/30/2016</u> | <u>6/30/2017</u> | <u>6/30/2018</u> | <u>6/30/2019</u> | <u>6/30/2020</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Tipping Fee | \$ 64 | \$ 64 | \$ 67 | \$ 67 | \$ 67 | \$ 67 | \$ 69 | \$ 69 | \$ 69 | \$ 69 |
| Surcharge on Salinas franchise waste | 5 | 5 | 8 | 11 | 14 | 17 | 17 | 18 | 18 | 18 |
| AB939 Fee (1) | - | - | - | 12 | 12 | 15 | 11 | 11 | 10 | 12 |

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Principal Customers (unaudited)
Current Fiscal Year and Nine Years Ago

| Customer | 6/30/2020 | |
|--------------------------------|----------------|---------------------|
| | Tons Processed | Percentage of Total |
| Republic Services of Salinas | 75,419 | 25.93% |
| Republic Services Madison Lane | 71,861 | 24.71% |
| Rural Dispose-All | 19,690 | 6.77% |
| City of Soledad | 10,510 | 3.61% |
| King City Disposal | 10,488 | 3.61% |
| City of Greenfield | 9,180 | 3.16% |
| Tri-Cities Disposal | 6,294 | 2.16% |
| City of Gonzales | 4,926 | 1.69% |
| Henningsen Construction | 4,536 | 1.56% |
| Goodwill Central Coast | 2,218 | 0.76% |
| All Other Customers | 75,688 | 26.03% |
| Total Tons for All Customers | 290,810 | 100.00% |

| Customer | 6/30/2011 | |
|--|----------------|---------------------|
| | Tons Processed | Percentage of Total |
| Republic Services Of Salinas | 81,578 | 28.83% |
| Recology South Valley | 79,545 | 28.11% |
| Waste Management - Madison Lane | 48,523 | 17.15% |
| Waste Management - Jolon Road | 16,785 | 5.93% |
| City Of Soledad | 10,657 | 3.77% |
| Rural Dispose-All | 7,916 | 2.80% |
| City Of Greenfield | 7,071 | 2.50% |
| City of Gonzales | 3,743 | 1.32% |
| Tri-Cities Disposal | 2,330 | 0.82% |
| Correctional Training Facility Soledad | 2,139 | 0.76% |
| All Other Customers | 22,669 | 8.01% |
| Total Tons for All Customers | 282,956 | 100.00% |

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Ratio of Outstanding Debt (unaudited)
Last Ten Fiscal Years

| FYE | Revenue Bonds, Series 2002 | Installment Purchase Agreement | 2014 Series A Bonds Payable | 2014 Series A Bonds Premium | 2014 Series B Bonds Payable | Eq Lease Payable | Total | | |
|----------------------|-------------------------------|--------------------------------------|--------------------------------|-----------------------------------|--------------------------------|---------------------|---------------|----------------------|-------------------------------------|
| | | | | | | | Total (1) | Per Capita (2) | As a Share of Personal Income |
| 6/30/2011 | \$ 35,010,000 | \$ 3,514,756 | \$ - | \$ - | \$ - | \$ - | \$ 38,524,756 | 91 | 0.22% |
| 6/30/2012 | 34,070,000 | 3,405,575 | - | - | - | - | 37,475,575 | 88 | 0.20% |
| 6/30/2013 | 33,085,000 | 3,287,588 | - | - | - | - | 36,372,588 | 85 | 0.19% |
| (Restated) 6/30/2014 | - | - | 27,815,000 | 2,254,049 | 3,575,000 | 3,670,000 | 37,314,049 | 87 | 0.19% |
| (Restated) 6/30/2015 | - | - | 27,815,000 | 2,064,718 | 3,260,000 | 3,327,721 | 36,467,439 | 84 | 0.17% |
| 6/30/2016 | - | - | 27,815,000 | 1,895,470 | 2,940,000 | 2,462,960 | 35,113,430 | 81 | 0.18% |
| 6/30/2017 | - | - | 27,815,000 | 1,734,012 | 2,615,000 | 1,735,668 | 33,899,680 | 77 | 0.14% |
| 6/30/2018 | - | - | 27,670,000 | 1,564,986 | 2,280,000 | 985,802 | 32,500,788 | 75 | 0.13% |
| 6/30/2019 | - | - | 26,405,000 | 1,398,109 | 1,935,000 | 212,663 | 29,950,772 | 69 | N/A |
| 6/30/2020 | - | - | 25,075,000 | 1,235,193 | 1,580,000 | - | 27,890,193 | N/A | N/A |

(1) Data Source: Salinas Valley Solid Waste Authority Finance Division

(2) Amount of debt divided by population as provided by U.S. Census Bureau - see Demographic Statistics on page 56

Salinas Valley Solid Waste Authority
Pledged-Revenue Coverage (unaudited)
Last Ten Fiscal Years

| Description | 6/30/2011 | 6/30/2012 | 6/30/2013 | 6/30/2014 | (As Restated) 6/30/2015 | (As Restated) 6/30/2016 | (As Restated) 6/30/2017 | (As Restated) 6/30/2018 | 6/30/2019 | 6/30/2020 |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------|---------------------|
| Operating Income | \$ 2,783,869 | \$ 2,021,376 | \$ 1,784,242 | \$ 3,604,660 | \$ 4,484,145 | \$ 5,551,043 | \$ 5,062,327 | \$ 6,876,087 | \$ 6,481,928 | \$ 5,325,495 |
| Investment Earnings | 233,541 | 52,658 | 39,180 | 28,013 | 36,631 | 64,248 | 95,624 | 303,212 | 732,658 | 674,151 |
| Closure/Postclosure Expense | 641,333 | 897,535 | 712,257 | 639,510 | (267,617) | 476,570 | 2,944,468 | 1,234,202 | 1,395,057 | 1,798,906 |
| Crazy Horse Postclosure | - | - | - | - | - | - | - | - | (394,277) | (404,816) |
| Lewis Rd Postclosure | (134,012) | (135,362) | (103,497) | (97,684) | (115,654) | (76,393) | (188,946) | (175,649) | (174,286) | (194,550) |
| Jolon Rd Postclosure | (35,581) | (21,935) | (29,946) | (29,657) | (34,437) | (19,870) | (162,615) | (168,022) | (171,518) | (212,981) |
| Depreciation and Amortization | 566,286 | 698,156 | 1,359,411 | 1,412,742 | 1,180,131 | 1,228,692 | 1,419,953 | 1,611,744 | 1,758,114 | 1,883,763 |
| Total | <u>\$ 4,055,436</u> | <u>\$ 3,512,428</u> | <u>\$ 3,761,647</u> | <u>\$ 5,557,584</u> | <u>\$ 5,283,200</u> | <u>\$ 7,224,290</u> | <u>\$ 9,170,811</u> | <u>\$ 9,681,574</u> | <u>\$ 9,627,676</u> | <u>\$ 8,869,968</u> |
| Annual Debt Service | <u>\$ 2,753,091</u> | <u>\$ 2,753,092</u> | <u>\$ 2,754,954</u> | <u>\$ 2,879,137</u> | <u>\$ 1,920,876</u> | <u>\$ 1,908,648</u> | <u>\$ 1,907,820</u> | <u>\$ 2,051,271</u> | <u>\$ 3,135,978</u> | <u>\$ 3,134,015</u> |
| Coverage Percentage | 147% | 128% | 137% | 193% | 275% | 379% | 481% | 472% | 307% | 283% |
| Required Percentage | 115% | 115% | 115% | 115% | 115% | 115% | 115% | 115% | 115% | 115% |

Salinas Valley Solid Waste Authority
Demographic Statistics (unaudited)
Last Ten Fiscal Years

| Monterey County, CA | | | | |
|---------------------|-----------------------------|-------------------|------------------------------------|---|
| Year | Unemployment Rate (1) | Population (2) | Personal Income (000) (3) | Personal Income Per Capita (4) |
| 6/30/2011 | 10.8% | 421,898 | 17,678,701 | 41,958 |
| 6/30/2012 | 10.0% | 426,762 | 18,496,346 | 43,411 |
| 6/30/2013 | 8.5% | 429,123 | 19,233,171 | 44,851 |
| 6/30/2014 | 7.1% | 431,344 | 19,889,054 | 46,109 |
| 6/30/2015 | 6.8% | 433,898 | 21,623,627 | 49,836 |
| 6/30/2016 | 6.1% | 435,232 | 19,164,943 | 44,034 |
| 6/30/2017 | 5.5% | 437,907 | 23,819,797 | 54,395 |
| 6/30/2018 | 4.2% | 435,594 | 24,477,179 | 56,193 |
| 6/30/2019 | 4.7% | 434,061 | N/A | N/A |
| 6/30/2020 | 14.4% | N/A | N/A | N/A |

Sources:

- (1) California Employment Development Department; Labor Market Info Division
- (2) U.S. Census Bureau
- (3) U.S. Department of Commerce, Bureau of Economic Analysis (in thousands)
- (4) U.S. Department of Commerce, Bureau of Economic Analysis

Salinas Valley Solid Waste Authority
Number of Businesses, Number of Employees, and Third Quarter Payroll by Size Category (Private Industry)
Classified by North American Industry Classification System (NAICS) Codes for Metropolitan Statistical Areas (MSAs) (unaudited)

| MSA and Industry | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------|-------------|-------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|
| SALINAS MSA | | | | | | | | | |
| Total | | | | | | | | | |
| No. of Businesses | 11,228 | 11,671 | 10,999 | 12,160 | 12,265 | 12,634 | 12,681 | 13,373 | 13,648 |
| No. of Employees | 152,610 | 156,491 | 157,647 | 168,905 | 170,541 | 172,205 | 173,386 | 178,592 | 181,536 |
| Payroll (in thousands) | \$1,414,398 | \$1,454,338 | \$604,797 | \$1,798,240 | \$1,744,449 | \$1,848,669 | \$1,868,529 | \$1,939,943 | \$2,030,132 |
| Agriculture | | | | | | | | | |
| No. of Businesses | 529 | 532 | 540 | 546 | 539 | 520 | 530 | 548 | 557 |
| No. of Employees | 58,401 | 60,673 | 62,874 | 66,033 | 67,029 | 66,347 | 67,159 | 69,481 | 70,231 |
| Payroll (in thousands) | \$448,534 | \$472,663 | \$520,761 | \$557,753 | \$596,901 | \$658,994 | \$675,089 | \$702,286 | \$722,652 |
| Utilities | | | | | | | | | |
| No. of Businesses | 20 | 21 | 21 | 22 | 20 | 20 | 20 | 21 | 23 |
| No. of Employees | 557 | 868 | 872 | 763 | 789 | 784 | 804 | 788 | 803 |
| Payroll (in thousands) | \$14,754 | \$19,317 | \$21,089 | \$183,131 | \$20,427 | \$21,753 | \$22,014 | \$21,481 | \$23,302 |
| Construction and Mining | | | | | | | | | |
| No. of Businesses | 824 | 787 | 825 | 857 | 886 | 914 | 951 | 1,042 | 1,066 |
| No. of Employees | 3,997 | 4,673 | 4,823 | 5,080 | 5,538 | 6,067 | 6,416 | 6,538 | 6,888 |
| Payroll (in thousands) | \$51,117 | \$58,685 | \$62,188 | \$65,513 | \$75,409 | \$91,161 | \$94,666 | \$94,772 | \$108,057 |

(1) Data are confidential if there are fewer than 3 businesses in a category or one employer makes up 80 percent or more of the employment in a category.

(2) Data are suppressed because confidential data could be extrapolated if these totals were included.

(3) Data do not include totals for government employment.

(4) Data is reported at September 30 each year.

(5) Data for the mining industry is combined with the construction industry beginning in 2008

(6) Rules instituted by the Federal Bureau of Labor Statistics after September 11, 2001, prohibit state departments of labor or economic security from publicly identifying the names of individual employers.

(7) 2020 Data is not yet available.

Definitions of Terms and Source Notes

<http://www.labormarketinfo.edd.ca.gov/LMID/Size of Business Data.html>

Salinas Valley Solid Waste Authority
Number of Businesses, Number of Employees, and Third Quarter Payroll by Size Category (Private Industry)
Classified by North American Industry Classification System (NAICS) Codes for Metropolitan Statistical Areas (MSAs) (unaudited)

| MSA and Industry | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Manufacturing | | | | | | | | | |
| No. of Businesses | 244 | 248 | 265 | 267 | 259 | 264 | 271 | 289 | 296 |
| No. of Employees | 5,869 | 5,287 | 5,439 | 5,337 | 5,685 | 5,529 | 5,759 | 5,538 | 5,311 |
| Payroll (in thousands) | \$66,066 | \$63,429 | \$59,826 | \$60,774 | \$65,737 | \$69,340 | \$73,079 | \$69,305 | \$71,060 |
| Wholesale Trade | | | | | | | | | |
| No. of Businesses | 377 | 377 | 368 | 411 | 384 | 375 | 366 | 375 | 379 |
| No. of Employees | 5,120 | 5,480 | 5,227 | 4,710 | 5,459 | 5,548 | 5,868 | 5,923 | 5,836 |
| Payroll (in thousands) | \$83,299 | \$88,422 | \$92,922 | \$59,857 | \$94,037 | \$101,499 | \$99,856 | \$101,941 | \$100,277 |
| SALINAS MSA | | | | | | | | | |
| Retail Trade | | | | | | | | | |
| No. of Businesses | 1,200 | 1,195 | 1,175 | 1,358 | 1,199 | 1,212 | 1,188 | 1,199 | 1,193 |
| No. of Employees | 15,530 | 15,812 | 16,144 | 16,969 | 16,366 | 16,356 | 16,241 | 16,684 | 16,671 |
| Payroll (in thousands) | \$122,602 | \$120,195 | \$120,072 | \$114,448 | \$128,116 | \$134,773 | \$134,980 | \$141,741 | \$147,826 |
| Transportation and Warehousing | | | | | | | | | |
| No. of Businesses | 227 | 230 | 239 | 240 | 269 | 266 | 283 | 313 | 329 |
| No. of Employees | 2,715 | 3,085 | 3,309 | 2,814 | 3,907 | 3,817 | 3,493 | 3,352 | 3,531 |
| Payroll (in thousands) | \$36,164 | \$37,895 | \$40,049 | \$26,107 | \$48,726 | \$46,978 | \$45,508 | \$44,062 | \$45,883 |

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- (2) Data are suppressed because confidential data could be extrapolated if these totals were included.
- (3) Data do not include totals for government employment.
- (4) Data is reported at September 30 each year.
- (5) Data for the mining industry is combined with the construction industry beginning in 2008
- (6) Rules instituted by the Federal Bureau of Labor Statistics after September 11, 2001, prohibit state departments of labor or economic security from publicly identifying the names of individual employers.
- (7) 2020 Data is not yet available.

Definitions of Terms and Source Notes

<http://www.labormarketinfo.edd.ca.gov/LMID/Size of Business Data.html>

Salinas Valley Solid Waste Authority
Number of Businesses, Number of Employees, and Third Quarter Payroll by Size Category (Private Industry)
Classified by North American Industry Classification System (NAICS) Codes for Metropolitan Statistical Areas (MSAs) (unaudited)

| MSA and Industry | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Information | | | | | | | | | |
| No. of Businesses | 99 | 102 | 102 | 119 | 84 | 88 | 87 | 93 | 96 |
| No. of Employees | 1,532 | 1,525 | 1,517 | 2,307 | 1,325 | 1,126 | 1,036 | 1,028 | 994 |
| Payroll (in thousands) | \$24,061 | \$23,229 | \$23,947 | \$31,249 | \$23,019 | \$17,431 | \$15,534 | \$14,268 | \$14,254 |
| Finance and Insurance | | | | | | | | | |
| No. of Businesses | 363 | 345 | 333 | 375 | 333 | 354 | 349 | 366 | 363 |
| No. of Employees | 2,528 | 2,480 | 2,235 | 3,711 | 2,247 | 2,354 | 2,430 | 2,514 | 2,442 |
| Payroll (in thousands) | \$43,452 | \$46,190 | \$43,238 | \$50,791 | \$45,027 | \$49,584 | \$51,645 | \$51,634 | \$48,911 |
| Real Estate and Rental and Leasing | | | | | | | | | |
| No. of Businesses | 360 | 369 | 380 | 428 | 387 | 382 | 390 | 421 | 426 |
| No. of Employees | 1,654 | 1,753 | 1,639 | 2,313 | 1,781 | 1,803 | 1,933 | 2,032 | 1,960 |
| Payroll (in thousands) | \$17,044 | \$17,891 | \$18,071 | \$20,400 | \$20,113 | \$22,487 | \$22,408 | \$24,369 | \$24,675 |
| Services | | | | | | | | | |
| No. of Businesses | 7,779 | 6,989 | 7,469 | 6,415 | 7,820 | 7,879 | 8,246 | 8,706 | 8,920 |
| No. of Employees | 52,321 | 54,233 | 54,767 | 50,917 | 60,259 | 60,652 | 62,247 | 64,714 | 66,869 |
| Payroll (in thousands) | \$499,157 | \$502,741 | \$505,549 | \$395,309 | \$567,068 | \$609,620 | \$633,751 | \$674,084 | \$723,235 |

- (1) Data are confidential if there are fewer than 3 businesses in a category or one employer makes up 80 percent or more of the employment in a category.
- (2) Data are suppressed because confidential data could be extrapolated if these totals were included.
- (3) Data do not include totals for government employment.
- (4) Data is reported at September 30 each year.
- (5) Data for the mining industry is combined with the construction industry beginning in 2008
- (6) Rules instituted by the Federal Bureau of Labor Statistics after September 11, 2001, prohibit state departments of labor or economic security from publicly identifying the names of individual employers.
- (7) 2020 Data is not yet available.

Definitions of Terms and Source Notes

<http://www.labormarketinfo.edd.ca.gov/LMID/Size of Business Data.html>

Salinas Valley Solid Waste Authority
 Building Permits - County of Monterey (unaudited)
 Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>New Single Family Residence</u> | <u>Other Residential</u> | <u>Total Residential</u> | <u>Nonresidential</u> | <u>Total All Building Permits</u> |
|------------------------|--|------------------------------|------------------------------|-----------------------|---------------------------------------|
| 6/30/2011 | 71 | 1,655 | 1,726 | 408 | 2,134 |
| 6/30/2012 | 111 | 1,711 | 1,822 | 355 | 2,177 |
| 6/30/2013 | 118 | 1,578 | 1,696 | 522 | 2,218 |
| 6/30/2014 | 119 | 1,958 | 2,077 | 338 | 2,415 |
| 6/30/2015 | 204 | 2,340 | 2,544 | 452 | 2,996 |
| 6/30/2016 | 268 | 2,597 | 2,865 | 478 | 3,343 |
| 6/30/2017 | 892 | 2,076 | 2,968 | 470 | 3,438 |
| 6/30/2018 | 830 | 2,196 | 3,026 | 513 | 3,539 |
| 6/30/2019 | 764 | 1,948 | 2,712 | 554 | 3,266 |
| 6/30/2020 | N/A | N/A | N/A | N/A | N/A |

Data for 6/30/2014 and subsequent years provided by the Monterey County Department of Building Services

Salinas Valley Solid Waste Authority
Housing Stock - County of Monterey (unaudited)
Last Ten Fiscal Years

| <u>Date</u> | <u>Single Family Residential Detached</u> | <u>Single Family Residential Attached</u> | <u>Multiple Two to Four</u> | <u>Multiple Five Plus</u> | <u>Mobile Homes</u> |
|-------------|---|---|---------------------------------|-------------------------------|---------------------|
| 1/1/2011 | 87,355 | 8,902 | 12,388 | 23,593 | 5,672 |
| 1/1/2012 | 87,610 | 8,902 | 12,394 | 23,625 | 5,675 |
| 1/1/2013 | 87,563 | 8,903 | 12,412 | 23,753 | 5,677 |
| 1/1/2014 | 87,723 | 8,910 | 12,494 | 24,005 | 5,685 |
| 1/1/2015 | 87,833 | 8,910 | 12,513 | 24,232 | 5,689 |
| 1/1/2016 | 88,062 | 8,911 | 12,496 | 24,269 | 5,697 |
| 1/1/2017 | 88,326 | 8,888 | 12,550 | 24,334 | 5,723 |
| 1/1/2018 | 88,711 | 8,899 | 12,555 | 24,436 | 5,729 |
| 1/1/2019 | 89,227 | 8,904 | 12,573 | 24,576 | 5,727 |
| 1/1/2020 | 89,107 | 8,933 | 12,661 | 24,742 | 5,727 |

Source:

CA Dept. of Finance - Report E-5 Population and Housing Estimates for Cities, Counties, and the State

Salinas Valley Solid Waste Authority
Operating and Capacity Indicators (unaudited)
Last Ten Fiscal Years

| Fiscal Year | Authority's Employees by Department | | | |
|----------------|-------------------------------------|-------------|------------|-----------|
| | Finance & Administration | Engineering | Operations | Diversion |
| 6/30/2011 | 10 | 2 | 15 | 8 |
| 6/30/2012 | 10 | 1 | 22 | 5 |
| 6/30/2013 | 10 | 1 | 19 | 5 |
| 6/30/2014 | 9 | 1 | 21 | 5 |
| 6/30/2015 | 9 | 1 | 29 | 5 |
| 6/30/2016 | 9 | 1 | 33 | 5 |
| 6/30/2017 | 9 | 1 | 37 | 5 |
| 6/30/2018 | 9 | 2 | 36 | 7 |
| 6/30/2019 | 9 | 2 | 38 | 6 |
| 6/30/2020 | 9 | 3 | 41 | 6 |

| Fiscal Year | Other Operating and Capacity Indicators | | |
|----------------|---|---------------------|-----------------------------------|
| | Authority Area (Square Miles) | Landfill Acreage | Daily Landfill Capacity (tons) |
| 6/30/2011 | 3,280.600 | 943.000 | 1,574.000 |
| 6/30/2012 | 3,280.600 | 943.000 | 1,574.000 |
| 6/30/2013 | 3,280.600 | 943.000 | 1,574.000 |
| 6/30/2014 | 3,280.600 | 943.000 | 1,574.000 |
| 6/30/2015 | 3,280.600 | 943.000 | 1,574.000 |
| 6/30/2016 | 3,280.600 | 943.000 | 1,574.000 |
| 6/30/2017 | 3,280.600 | 943.000 | 1,574.000 |
| 6/30/2018 | 3,280.600 | 943.000 | 1,574.000 |
| 6/30/2019 | 3,280.600 | 943.000 | 1,574.000 |
| 6/30/2020 | 3,280.600 | 943.000 | 1,574.000 |

Source:

Authority Area -

Other data -

U.S. Census Bureau

From Internal Sources

Salinas Valley Solid Waste Authority
Operating and Capacity Indicators
Capital Assets Statistics by Function (unaudited)
Last Ten Fiscal Years

| Function | 6/30/2011 | 6/30/2012 | 6/30/2013 | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 | 6/30/2018 | 6/30/2019 | 6/30/2020 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Finance & Administration | | | | | | | | | | |
| Vehicles | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Computer Equipment | 10 | 10 | 10 | 10 | 9 | 9 | 9 | 9 | 9 | 9 |
| Buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Buildings (square footage) | 6,884 | 6,884 | 6,884 | 6,884 | 6,884 | 6,884 | 6,884 | 6,884 | 6,884 | 6,884 |
| Operations | | | | | | | | | | |
| Vehicles | 12 | 13 | 13 | 14 | 17 | 26 | 26 | 26 | 26 | 27 |
| Machinery & Equipment | | | | | | | | | | |
| Forklifts/Hydraulic Lifts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| Heavy Equipment | 5 | 6 | 6 | 7 | 10 | 13 | 15 | 15 | 15 | 18 |
| Water Truck | 1 | 1 | 1 | 1 | 3 | 4 | 4 | 4 | 4 | 4 |
| Bulldozers | - | - | - | - | 2 | 2 | 2 | 2 | 2 | 3 |
| Computer Equipment | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 10 |
| Fuel Tanks | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Buildings | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Buildings (square footage) | 29,110 | 29,110 | 29,110 | 29,110 | 29,110 | 29,110 | 29,110 | 29,110 | 29,110 | 29,110 |
| Landfills | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Flares | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Site Security Systems | 1 | 1 | 1 | 1 | 1 | 3 | 4 | 4 | 4 | 4 |
| Leachate Systems | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Gas Monitoring Wells | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Water Wells | 48 | 48 | 48 | 48 | 48 | 48 | 48 | 48 | 48 | 48 |
| Water Tanks | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Land (acreage) | 943 | 943 | 943 | 943 | 943 | 943 | 943 | 943 | 943 | 943 |
| Landfill Gas to Energy-Gas Scrubber | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Food Waste De-Packaging System | - | - | - | - | - | - | - | - | 1 | 1 |
| Composting System | - | - | - | - | - | - | - | - | - | 1 |
| Resource Recovery | | | | | | | | | | |
| Vehicles | 3 | 3 | 3 | 3 | 2 | 3 | 4 | 4 | 4 | 4 |
| Computer Equipment | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 |

Data Source: Salinas Valley Solid Waste Authority Finance Division



Report to the Executive Committee

Date: October 1, 2020

From: Patrick Mathews, General Manager/CAO

Title: Opportunity for Regional Franchise
Procurement Information

ITEM NO. 4

N/A

Finance and Administration
Manager/Controller-Treasurer

N/A

General Manager/CAO

N/A

Authority General Counsel

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

ITEM NO. 4

FRANCHISE COLLECTION SERVICES FOR GARBAGE, RECYCLING & ORGANCIS

FUTURE OPPORTUNITIES & OPTIONS

SVSWA Executive Committee: October 1, 2020

Presented By: Patrick Mathews, General Manger/CAO

1

Franchise Background

- ▶ With County's recent franchise extension, all SVSWA member agency agreements now co-terminate on June 30, 2025
- ▶ Presentation of options and timelines requested by Salinas Valley City Managers
- ▶ At termination, most franchise agreements will be 25 years or older since last competitively bid (with exception of County agreement at 15 years)
- ▶ Alignment of termination of all agreements offers one-time opportunity to:
 - Benefit from "Economies of Scale" through a regional vs. individual procurement process
 - Correct any out-of-balance rates to align with current markets
 - Adjust all franchise agreements to be uniform and consistent with current law and legislation
 - Hear potential new service ideas from bidders and the public

2

| Sample Rate Comparison 2020 | | | |
|---|-------------------------------|----------------------------|----------------------------|
| | | 1 Pick-up per Week | |
| | | | |
| <u>RESIDENTIAL</u> | <u>35/48-Gal Trash</u> | <u>64-Gal Trash</u> | <u>96-Gal Trash</u> |
| Waste Management (KC) | 35.87 | 44.96 | 53.20 |
| Waste Management (County) | 38.32 | 60.09 | 75.11 |
| Tri-Cities Disposal | 31.01 | 48.72 | 66.50 |
| Republic Services | 26.76 | 36.97 | 48.83 |
| <u>COMMERCIAL</u> | <u>1-CY Trash</u> | <u>2-CY Trash</u> | <u>3-CY Trash</u> |
| Waste Management (KC)* | 150.75 | 240.86 | 340.91 |
| Waste Management (County)* | 218.10 | 348.96 | 503.79 |
| Tri-Cities Disposal | 186.35 | 301.45 | 436.91 |
| Republic Services** | 310.20 | 372.93 | 441.29 |
| *Includes baseline recycling capacity with added charges for increased capacity | | | |
| ** Recycling service requires added charges not-to-exceed 50% of comparable Trash Service | | | |



3

5 Options for Franchise Services Procurement/Administration

- ▶ **Option 1: Consolidate** and Bid services under single Regional Franchise
 - SVSWA holds agreement and administers with direction of Advisory Committee composed of member agency representatives
- ▶ **Option 2: Collective Bid** with uniform agreements, terms and conditions, but award agreement(s) by individual member agency or groups of agencies
 - Individual member agencies can hold agreements and contract with SVSWA for administration and/or have SVSWA hold agreement(s)
- ▶ **Option 3: Status Quo** Bid of individual, but uniform with agreements, terms and conditions
 - Status quo, individual bidding by member agency(s), no change in current structure other than use of uniform agreements, terms and conditions
- ▶ **Option 4: Extension** of existing agreements independently
 - Consider extending to 2030 to co-terminate with MRWMD agreements and option to bid for county-wide services under above scenarios
- ▶ **Option 5: Municipal Collection** by individual or groups of member agencies
 - Member agencies convert from private to public collections services



4

Option 1: Consolidated Franchise Service Procurement

This option provided for under SVSWA Joint Powers Agreement, if authorized by member agency(s).

SECTION 12 - POWERS AND FUNCTIONS

The Authority shall have any and all powers authorized by law to any of the Parties hereto, and separately to the Authority herein created, relating, but not limited, to the:

- c. Provision of comprehensive solid waste management services, including, but not limited to, **collection**, transfer, disposal, source reduction, recycling, **composting**, and household hazardous waste programs



5

Option 1: Consolidated Franchise Service Procurement

- ▶ Consolidation all franchise agreements into a single Authority-wide franchise agreement with uniform public and commercial services
- ▶ JPA formation anticipated Authority could act as lead agency for franchise services
- ▶ Reduces procurement costs, simplified negotiations
- ▶ Reduces administrative burden on member agencies
- ▶ Formation of member agency Advisory Committee for oversight and direction on administration of agreement
- ▶ Allows for uniformity of service across jurisdictions, and collective coordination of regulatory mandates
- ▶ Consolidated Procurement = economies of scale = better rates



6

Option 2: Collective Franchise Service Procurement

- ▶ Bid all agreements in one procurement process
- ▶ Reduces procurement costs, but requires individual agency negotiations
- ▶ Member agencies would maintain individual agreements
- ▶ Agreement oversight can be through agreement with Authority or handled in-house (current practice)
- ▶ Allows for uniformity of service across jurisdictions, and independent coordination of regulatory mandates
- ▶ Collective Procurement = potential economies of scale = better rates



7

Option 3: Status Quo Franchise Service Procurement

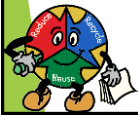
- ▶ Bid agreements through independent procurement processes by jurisdictions or groups of jurisdictions
- ▶ Increased procurement costs and requires individual agency negotiations
- ▶ Member agencies would maintain individual agreements
- ▶ Agreement oversight can be through agreement with Authority or handled in-house (current practice)
- ▶ Allows for uniformity of service across jurisdictions, and independent coordination of regulatory mandates
- ▶ Status Quo Procurement = little or no change in benefit from economies of scale



8

Option 4: Extension of Current Franchise Agreements

- ▶ Extend and negotiate, no rebidding of old agreements
- ▶ Requires individual agency negotiations and extra work to bring all agreements in line with regional programs
- ▶ Member agencies would maintain individual agreements
- ▶ Agreement oversight can be through agreement with Authority or handled in-house (current practice)
- ▶ Allows independent coordination of regulatory mandates
- ▶ Status Quo Agreement Extension = little or no benefit from economies of scale



9

Option 5: Municipal Collection Services

- ▶ Individual member agencies or groups of agencies convert from private to public collection services. Regional examples: Cities of Watsonville and Santa Cruz
- ▶ Requires very careful consideration of significant upfront capital investment and long-range operational economics
- ▶ Consultant services needed for feasibility study to evaluate cost-benefits of public vs. private collection franchising
- ▶ Feasibility study could be done in parallel with procurement and financially compared to Franchise service bids received
- ▶ Allows for complete vertically integrated system and independent coordination of all regulatory mandates



10

Procurement Timelines

| Actions | Timeline | Date |
|---|----------------|-----------|
| Secure each member agency commitment on desired procurement process(es) | 10-12 months | Nov 2022 |
| Hire consultant to assist with procurement process(es) | 3-4 months | Mar 2022 |
| Prepare template Franchise Agreement and Request for Proposal Document(s) (RFP) | 4-6 months | Sept 2022 |
| Issue RFP(s) and receive Proposal(s) | 4-6 months | Mar 2023 |
| Select Franchisee(s) | 4-6 months | Sept 2023 |
| Negotiate final Franchise Agreement(s) | 4-6 months | Mar 2024 |
| Award Franchise Agreement(s) | 3-4 months | July 2024 |
| Start New Franchise Service(s) | 12 months(min) | July 2025 |



11

QUESTIONS & FEEDBACK



12



Report to the Executive Committee

Date: October 1, 2020

From: Robert Cullen, President and Patrick Mathews,
General Manager/CAO

Title: Update on the Sun Street Transfer Station
Relocation Project and 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. 5

N/A

Finance and Administration
Manager/Controller-Treasurer

N/A

General Manager/CAO

N/A

Authority General Counsel

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

| SVR Agenda Item - View Ahead 2020-21 | | | | | | Item No. 6 |
|--------------------------------------|--|--|--------------------|--|-------------------------------------|---|
| | Oct | Nov | Dec | Jan | Feb | Mar |
| A | | | | Election of Officers | | New Hire |
| 1 | Minutes | Minutes | MEETINGS TENTATIVE | Minutes | Minutes | Minutes |
| 2 | Claims/Financials (EC) | Claims/Financials (EC) | | Claims/Financials (EC) | Claims/Financials (EC) | Claims/Financials (EC) |
| 3 | Member Agencies Activities Report | Member Agencies Activities Report | | December 31 Cash & Investments Report | Member Agencies Activities Report | Member Agencies Activities Report |
| 4 | September 30 Cash & Investments Report | 3rd Qtr. Tonnage & Diversion Report | | Member Agencies Activities Report | 4th Qtr. Tonnage & Diversion Report | Public Hearing: Rate & Fee Sched (EC) |
| 5 | BD/EC Meetings Schedule | Fund Balance Reserves (EC) | | 4th Qtr. Facilities Customer Survey | Mid-Year Budget Adjustments (EC) | FY 19-20 Proposed Budget (EC) |
| 6 | Update on Gloria/Iverson Rd. Project | Annual County Used Oil Report | | Annual County Used Oil Report | FY 19-20 Preliminary Budget (EC) | |
| 7 | Audit Report Previous FY (EC) | Recycling Recognition | | Annual Employee Survey Results (EC) | | |
| 8 | Sun St. Transfer Station Relocation Project update (EC) | New Officers Nominating Committee | | Board Policy Updates (EC) | | |
| 9 | Update on the City of Salinas Notice of Withdrawal (EC) | Sun St. Transfer Station Relocation Project update (EC) | | FY 19-20 Budget Direction (EC) | | |
| 10 | <i>GM Evaluation (EC)</i> | Update on the City of Salinas Notice of Withdrawal (EC) | | Sun St. Transfer Station Relocation Project update (EC) | | |
| 11 | <i>Real Property Negotiations</i> | <i>GM Evaluation (EC)</i> | | Update on the City of Salinas Notice of Withdrawal (EC) | | |
| 12 | | <i>Real Property Negotiations</i> | | <i>Real Property Negotiations</i> | | |
| 13 | | | | | | |
| 14 | | | | | | |
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|--|
| Consent |
| Presentation |
| Consideration |
| Closed Session |
| [Other] (Public Hearing, Recognition, Informational, etc.) |
| (EC) Executive Committee |
| (sp) Strategic Plan Item |