

APPROVED
**MINUTES OF THE ALAMEDA COUNTY WASTE
MANAGEMENT AUTHORITY MEETING
OF THE
PROGRAMS AND ADMINISTRATION COMMITTEE**

Thursday, February 8, 2018

9:00 A.M.

**StopWaste Offices
1537 Webster Street
Oakland, CA 94612
510-891-6500**

Members Present:

County of Alameda	Keith Carson
Castro Valley Sanitary District	Dave Sadoff
City of Livermore	Bob Carling
City of Newark	Mike Hannon
City of Oakland	Dan Kalb
Oro Loma Sanitary District	Shelia Young
City of Pleasanton	Jerry Pentin
City of San Leandro	Deborah Cox

Absent:

City of Berkeley	Jesse Arreguin
City of Dublin	Don Biddle
City of Fremont	Vinnie Bacon
City of Union City	Lorin Ellis

Staff Present:

Wendy Sommer, Executive Director
Pat Cabrera, Administrative Services Director
Tom Padia, Deputy Executive Director
Todd High, Finance Manager
Arliss Dunn, Clerk of the Board

Others Present:

David Alvey, Maze & Associates (teleconference)

1. Convene Meeting

Chair Dave Sadoff called the meeting to order at 9:04 a.m.

2. Public Comments

There were none.

3. Approval of the Draft Minutes of January 11, 2018 (Pat Cabrera)

APPROVED

Board member Carling made the motion to approve the draft minutes of January 11, 2018. Board member Cox seconded and the motion carried 6-0 (Ayes: Carling, Carson, Cox, Hannon, Sadoff, Young. Nays: None. Abstain: None. Absent: Arreguin, Bacon, Biddle, Carson, Ellis, Kalb, Pentin).

4. Fiscal Year 2016-17 Audit Report (Todd High)

Staff recommends that the Programs and Administration Committee review and forward the FY 16-17 audit report to the Waste Management Authority Board for acceptance and filing.

Todd High provided an overview of the staff report and introduced David Alvey, Maze & Associates, attending via teleconference. Mr. Alvey was available to answer any questions. A link to the staff report is available here: [FY2016-17-Audit-Report.pdf](#). Mr. High recognized the efforts of Nisha Patel, Accountant, for her work in keeping the agency financials in order.

Board member Young asked for clarification on the percentages of pension funding. Ms. Cabrera stated that the agency is 108% funded for the OPEB (Other Post-Employment Benefits) and was 75.8% funded for the pension liability. Board member Pentin stated that he is alarmed about the significant increase in the pension liability since 2015. Mr. High responded that the CalPERS assets fund projected 7.5% growth but did not achieve any growth thus resulting in a higher pension liability. Ms. Cabrera stated that the Multi-year Fiscal Forecast will include a proposal to pay down the unfunded liability.

Board member Hannon congratulated staff on a clean audit and inquired about the outstanding loan that was written off in the Revolving Loan Fund. Mr. High stated that the company, Woodmill Recycling, was sued by a vendor which ultimately caused the company to file for bankruptcy. Board member Hannon inquired about how to reconcile the \$800,000 increase in salaries for FY 16/17 versus the "salary savings" assertion in the fiscal forecast. Mr. High stated that the September 2017 retirement salaries were included in the audit while the fiscal forecast includes the salary savings since the retirements. Board member Hannon inquired about the one-half of sick leave conversion to service credit benefit. Ms. Cabrera stated that this benefit was part of the benefits package that the agency received when joining the CalPERS risk pool. Board member Hannon stated that he is concerned that this benefit could increase the post retirement liability. Ms. Cabrera stated that she is not sure about the average number of sick leave hours converted at the recent retirements but will find out and report back to the Board. Board member Hannon inquired about the discount rates for the pension funds and inquired about the current CalPERS discount rate. Mr. High stated that the discount rate for the OPEB Trust is at 7%. It is a more conservative fund and has been less volatile and has tended to outperform the pension fund. Mr. High added the current CalPERS rate is 7.375%. Board member Hannon inquired about the Post-Employment Health Care Benefits package. Mr. High stated that once vested, employees hired prior to January 1, 2007 can retire at or after age 50 and can continue their health coverage and their eligible dependents health coverage. The agency pays the monthly premiums. Ms. Cabrera stated that it would be very difficult to rescind this benefit for those who are currently eligible. She added that in January, 2007, the agency adopted a revised vesting provision that aligns with the prevailing state plan which requires that an employee must be employed at least ten years to receive 50% of the post-retirement health benefit, and twenty years to receive 100%.

Board member Pentin made the motion to forward the FY 16-17 audit report to the Waste Management Authority Board for acceptance and filing. Board member Hannon seconded and the motion carried 7-0 (Ayes: Carling, Carson, Cox, Hannon, Pentin, Sadoff, Young. Nays: None. Abstain: None. Absent: Arreguin, Bacon, Biddle, Ellis, Kalb).

APPROVED

5. Multi-year Fiscal Forecast (Wendy Sommer & Pat Cabrera)

This item is for information only.

Wendy Sommer provided a prelude to the presentation. Pat Cabrera provided an overview of the staff report and presented a PowerPoint presentation. A link to the report and the presentation is available here: [Multi-Year-Fiscal-Forecast-02-08-18.pdf](#)

Board member Pentin inquired whether the agency can terminate the contract with CalPERS once we are 100% funded. Ms. Cabrera stated that it is not a simple process and CalPERS provides an annual termination cost. Termination does not eliminate the agency's obligation to pay required contributions to CalPERS to fund benefits accrued prior to termination. Ms. Cabrera added this is the reason we would want to make a payment to the unfunded liability to keep the ongoing cost at a reasonable rate. Board member Hannon thanked staff for an excellent report and commended Ms. Sommer for closely and consistently monitoring the budget. Ms. Sommer stated that it is a joint effort with staff. Board member Hannon inquired about the rate of amortization for the pension plan. Mr. High stated that the current rate of amortization is thirty years but CalPERS is looking at moving to twenty years. Board member Hannon stated that most cities are looking at moving to a twenty year amortization and inquired if staff have looked at the cost of doing so. Ms. Cabrera stated that funding the plan at 90% resolves that issue; however, when we make the payment we will also evaluate the cost of moving to twenty year amortization. Board member Pentin thanked staff for their stewardship over the agency's financials and stated his support for making a payment towards the unfunded liability. Chair Sadoff inquired about the anticipated payment amount from NextERA. Ms. Sommer stated that we are anticipating receiving a payment of \$1.2 million but the state department of Fish and Wildlife is still reviewing the legal documents. Chair Sadoff stated his support for making a payment towards the unfunded liability and supports staff presenting the item as an amendment to the budget.

6. Member Comments

Chair Sadoff thanked the Board of Supervisors for proclaiming February 10, 2018 Cliff Burton Day. Cliff Burton was the original bassist for Metallica and was born in Castro Valley.

7. Adjournment

The meeting adjourned at 9:44 a.m.