



Executive Committee Agenda

Wednesday, November 2, 2011

12:00 p.m.

Authority Conference Room

128 Sun Street, Suite 101, Salinas California 93901

CALL TO ORDER

President	Gloria De La Rosa (City of Salinas)
Vice President	Fernando Armenta (County of Monterey)
Alternate Vice President	Elizabeth Silva (City of Gonzales)

GENERAL MANAGER COMMENTS

DEPARTMENT MANAGER COMMENTS

COMMITTEE MEMBER COMMENTS

PUBLIC COMMENTS

Receive public communications from audience on items which are not on the agenda. Members of the public may comment on scheduled agenda items as the Committee considers them. Speakers are limited to three minutes.

CONSIDERATION ITEMS

1. [Minutes of October 7, 2011](#)
2. [September 2011 Claims and Financial Reports](#)
 - A. Receive a report from Finance Manager Roberto Moreno
 - B. Committee Discussion
 - C. Public Comment
 - D. Committee Action – Recommendation to the Board
3. [Audited Financial Statements for the Year-ended June 30, 2011](#)
 - A. Receive a report from Finance Manager Roberto Moreno
 - B. Committee Discussion
 - C. Public Comment
 - D. Committee Action – Recommendation to the Board
4. [Financing for Wheel Loader](#)
 - A. Receive a report from Finance Manager Roberto Moreno
 - B. Committee Discussion
 - C. Public Comment
 - D. Committee Action – Recommendation to the Board

5. **Fiscal Year 2012-13 Budget Development Policies**
 - A. Receive a report from Finance Manager Roberto Moreno
 - B. Committee Discussion
 - C. Public Comment
 - D. Committee Action – Recommendation to the Board

FUTURE AGENDA ITEMS

6. **Agenda Items – View Ahead**

ADJOURNMENT

This special meeting agenda was posted at the Salinas Valley Solid Waste Authority office at 128 Sun Street, Suite 101, Salinas, on **Friday, October 28, 2011**. 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.svswwa.org.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meeting, please contact the Clerk of the Authority at 831-775-3000. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II)

Elia Zavala, Clerk of the Board

MINUTES OF SPECIAL MEETING
SALINAS VALLEY SOLID WASTE AUTHORITY
EXECUTIVE COMMITTEE MEETING
October 7, 2011

draft

CALL TO ORDER

Vice President Armenta called the meeting to order at 12:00 p.m.

Committee Members Present

Gloria De La Rosa President, *arrived after roll call*
Fernando Armenta Vice President
Liz Silva Alternate Vice President

Staff Members Present

Patrick Mathews, General Manager/CAO
Jose Gamboa, Assistant General Manager
Roberto Moreno, Finance Manager
Susan Warner, Diversion Manager

Rose Gill, Administrative Manager
Elia Zavala, Clerk of the Board
Thomas Bruen, General Counsel (*via telephone*)

ITEM NO. 1

Agenda Item

T. Bruen by ez

General Counsel Approval



General Manager/CAO

GENERAL MANAGER COMMENTS

Vice President Armenta was invited to a Conversion Technologies Forum in San Jose on December 6-7.

DEPARTMENT MANAGER COMMENTS

Assistant General Manager Gamboa stated that the Authority was invited to host a webinar on the transfer station operations, due to its recent award from the Solid Waste Association of North America.

PUBLIC COMMENT

None

CONSIDERATION ITEMS

1. Meeting Minutes August 31, 2011

Public Comment: None

Committee Action: The minutes were approved by consensus of the Committee.

2. July and August 2011 Claims and Financial Report

Finance Manager Moreno provided a report. He mentioned that cash drops significantly in August due to large annual payments that occur at the beginning of the fiscal year.

Public Comment: None

Committee Comment: The Committee discussed the Authority finances and provided suggestions on the report format.

Committee Action: Vice President Armenta made a motion to recommend to the Board approval of the report. Alternate Vice President Silva seconded the motion. The motion passed unanimously.

3. Recology Services for FY 2010-2011

Finance Manager Moreno provided a report.

Public Comment: None

Committee Comment: The Committee reviewed the current contract terms and the payments issued during the fiscal year.

Committee Action: Vice President Armenta made a motion to recommend to the Board approval of the report. Alternate Vice President Silva seconded the motion. The motion passed unanimously.

4. FY 2012-13 Budget Development Policies

Finance Manager Moreno provided a report and requested Committee input for the preparation of budget development policies.

Public Comment: None

Committee Comment: The Committee discussed the report and expressed support for considering the following items in preparation of the FY 2012-13 Budget process:

1. A two-year budget
2. Equalized green waste rates for all users
3. Utilizing landfill gas royalties from the Ameresco projects for capital improvement projects and/or reserves and not for operational expenses
4. Allocation of fixed costs to users through a service fee, which would reduce tipping fees
5. Extending the Recology agreements and earmarking that revenue
6. Developing a service-based revenue model beginning 2012-13

Committee Action: The Committee received the report and provided input.

COMMITTEE MEMBER COMMENTS

Vice President Armenta suggested that staff look into ways to highlight the Authority’s recognition received from SWANA.

FUTURE AGENDA ITEMS

5. Agenda Items - View Ahead

The Committee reviewed the future agenda items.

CLOSED SESSION

President De La Rosa adjourned the meeting to closed session to discuss the following:

6. Pursuant to **Government Code Section 54956.9 (b)** to confer with legal counsel on threatened or anticipated litigation - Claim against Salinas Valley Solid Waste Authority by Recology Waste Solutions regarding Density Bonus
7. Pursuant to **Government Code Section 54957.6** to provide instruction to General Manager/CAO to negotiate salaries and benefits with SVSWA employees.

RECONVENE

President De La Rosa reconvened the meeting with no reportable action taken in closed session.

ADJOURNMENT

President De La Rosa adjourned the meeting.

ATTEST: _____
Elia Zavala, Clerk of the Board

APPROVED: _____
Gloria De La Rosa, President



**SALINAS VALLEY
SOLID WASTE AUTHORITY**

Report to the Executive Committee

ITEM NO. 2

Finance Manager/Controller-Treasurer

N/A

Legal Counsel

General Manager/CAO

Date: November 2, 2011
From: Roberto Moreno, Finance Manager
Title: September 2011 Claims and Financial Reports

RECOMMENDATION

Staff recommends acceptance of the September 2011 Claims and Financial Reports.

BACKGROUND

The following information is provided so that the Board can review the financial standing of the Authority at the end of September 2011.

Cash Balances

The Authority's cash position increased \$85,705.58 during September to \$21,768,119.59 much of which is restricted as shown below:

Restricted by legal agreements:	
Crazy Horse Closure Fund	\$ 9,351,519.37
Johnson Canyon Closure Fund	2,228,619.58
Bond debt service reserve	2,820,700.00
State Grants	38,558.02
Restricted by Board policy:	
Expansion Fund (South Valley Revenues)	7,126,853.46
Salinas Transportation Surcharge	118,212.90
Salinas Rate Stabilization Fund	47,415.03
Funds held in trust:	
Central Coast Media Recycling Coalition	73,545.88
Employee Unreimbursed Medial Claims	4,707.96
Unrestricted - Assigned	
Operations and Capital Projects	(42,012.61)
	<u>\$ 21,768,119.59</u>

The unrestricted portion of the Authority's funds is typically negative at this time of the year due to the principal and interest payments on the 2002 Revenue Bonds and the City of Salinas Installment Purchase for Crazy Horse Landfill which are made at the beginning of the year. The unrestricted portion of Authority funds will increase throughout the year as revenues exceed expenditures.

Results of Operations

For the month of September 2011, operating revenues exceeded expenditures by \$613,056. Year to date expenditures exceeded revenue by \$339,913.

Revenues

For the month of September 2011, revenues totaled \$1,273,375. As of September 30, revenues total \$3,885,731 of which \$3,803,217 (97.9%) is from tipping fees. Total revenues stand at 25.5% of the estimated revenues of \$15,250,291 with 25% of the fiscal year gone by.

Operating Expenditures

For the month of September 2011, operating expenditures totaled \$660,319. As of September 30, year-to-date expenditures total \$4,225,644. This is 28.44% of the operating appropriations of \$14,860,698.

Capital Project Expenditures

For the month of September 2011, the Authority's capital expenditures totaled \$560,338 out of a budget of \$14,363,433.

\$537,761 of this was for the Crazy Horse Landfill closure project.

Claims Checks Issued Report

The Authority's Checks Issued Report for the month of September 2011 is presented for review and acceptance. The September claims checks issued total \$1,235,577.20 of which \$284,181.19 was paid from the payroll checking account for payroll and payroll related benefits. Other major payments were as follows:

<u>Vendor</u>	<u>Amount</u>	<u>Services</u>
International Lining Technology	365,526.00	CHLF Closure Liner Installation
Coast Oil Company, LLC	55,562.61	Fuel
Vision Recycling	53,809.54	August organics hauling and processing
Waste Management, Inc.	53,448.71	BFI Waste delivered to Madison Ln August 2011
City of Gonzales	41,666.66	Hosting fees for August and September
Manuel Perea Trucking, Inc.	40,665.60	CHLF Closure - August contract labor and hauling

ATTACHMENTS

- September 2011 Consolidated Statement of Revenues and Expenditures
- September 2011 Consolidated CIP Expenditures Report
- September 2011 Checks Issued Report



Salinas Valley Solid Waste Authority
Consolidated Statement of Revenues and Expenditures
For Period Ending September 30, 2011

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
Revenue Summary							
Tipping Fees - Solid Waste	10,556,000	933,088	2,874,583	21.64%	7,681,417		7,681,417
Tipping Fees - Surcharge	450,000	40,961	122,762	27.28%	327,238		327,238
Tipping Fees - Diverted Materials	995,600	77,256	245,043	24.61%	750,557		750,557
Tipping Fees - South Valley	2,243,300	186,943	560,829	25.00%	1,682,471		1,682,471
Charges for Services	117,000	0	0	0.00%	117,000		117,000
Sales of Materials	429,500	28,256	36,933	8.60%	392,567		392,567
Investment Earnings	273,000	1,872	-19,672	-7.21%	292,672		292,672
Grants	185,891	5,000	64,923	34.93%	120,968		120,968
Miscellaneous/Other	0	0	330	0.00%	-330		-330
Total Revenue	15,250,291	1,273,375	3,885,731	25.48%	11,364,560	0	11,364,560
Expense Summary							
Administration	2,306,094	159,120	499,134		1,806,960	167,129	330,071
Resource Recovery	2,434,290	150,461	346,247	14.22%	2,088,043	872,420	497,241
Scalehouse Operations	327,409	21,144	66,810	20.41%	260,599	9,523	251,076
Transfer Stations Operations	2,577,650	250,233	645,356	25.04%	1,932,294	640,645	-238
Landfill Operations	3,089,411	46,430	512,118	16.58%	2,577,293	1,824,501	3,524
Environmental Control Systems	708,344	32,931	106,165	14.99%	602,179	359,080	86,685
Debt Service - Interest	2,090,600	0	1,056,281	50.53%	1,034,319	136,900	897,419
Debt Service - Principal	1,049,200	0	993,531	94.69%	55,669	55,649	20
Closure Set-Aside	277,700	0	0	0.00%	277,700	0	277,700
Total Expense	14,860,698	660,319	4,225,644	28.44%	10,635,054	4,065,845	6,569,208
Revenue Over/(Under) Expenses	389,593	613,056	-339,913	-87.25%	729,506		



Salinas Valley Solid Waste Authority

Sept 2011 Consolidated CIP Expenditure Report

For Period Ending September 30, 2011

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
CIP's Funded From Operations							
130 9913 CH LFG to Energy Pilot	13,599	6,656	9,536	70.1%	4,062	-	4,062
150 9010 JC Roadway Improvements	2,291,923	-	-	0.0%	2,291,923	-	2,291,923
150 9018 JC Resource Management Park	27,670	-	-	0.0%	27,670	2,209	25,461
150 9255 JC LFG System Improvement	6,500	-	-	0.0%	6,500	6,500	-
170 9012 Work St Transfer Station	116,524	-	4,461	3.8%	112,063	-	112,063
170 9199 Sun St. Transfer Station	-	2,430	2,430	0.0%	(2,430)	207	(2,637)
Total CIP's Funded From Operations	2,456,216	9,086	16,428	0.7%	2,439,788	8,916	2,430,872
CIP's Funded From Crazy Horse Closure Funds							
131 9227 CH Landfill Closure	325,863	-	(1,350)	-0.4%	327,213	-	327,213
131 9301 CH Closure Preparation	146,591	908	8,924	6.1%	137,667	180	137,487
131 9302 CH PH 1A Leachate Recirculation	63,996	4,561	5,758	9.0%	58,238	25,023	33,215
131 9303 CH PH 1B Site Prep Work	342,543	63,879	163,905	47.8%	178,638	47,821	130,817
131 9304 CH PH 1C Bench Preparation	170,444	6,103	40,434	23.7%	130,011	35	129,976
131 9305 CH PH 1D Liner Termination	42,998	4,330	6,777	15.8%	36,221	10,000	26,221
131 9306 CH PH 1E Liner Placement	6,150,100	420,436	457,127	7.4%	5,692,973	4,660,916	1,032,057
131 9307 CH PH 1F Winterization	22,500	330	330	1.5%	22,170	-	22,170
131 9308 CH PH 2A Module 1	314,000	-	-	0.0%	314,000	-	314,000
131 9309 CH PH 2B Lower Access Road	35,000	-	-	0.0%	35,000	-	35,000
131 9310 CH PH 2C Remaining LF Prep	404,000	1,527	1,527	0.4%	402,473	13,665	388,808
131 9311 CH PH 2D Liner Placement	268,000	-	-	0.0%	268,000	-	268,000
131 9312 CH PH 2E Complete Liner Work	929,000	-	-	0.0%	929,000	-	929,000
131 9313 CH Closure Equipment Purchases	72,233	483	5,426	7.5%	66,807	-	66,807
131 9314 CH Closure Quality Assurance	662,631	28,801	83,610	12.6%	579,021	199,307	379,714
131 9315 CH Closure Contingency	463,307	6,405	8,366	1.8%	454,941	-	454,941
Total CIP's Funded From Crazy Horse Closure Funds	10,413,206	537,761	780,834	7.5%	9,632,372	4,956,946	4,675,426



Salinas Valley Solid Waste Authority

Sept 2011 Consolidated CIP Expenditure Report

For Period Ending September 30, 2011

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
CIP's Funded From Expansion Funds							
180 9003 CR3 Pilot Project Studies	103,687	135	2,313	2.2%	101,375	5,848	95,527
180 9021 Autoclave CEQA	147,775	-	-	0.0%	147,775	5,000	142,775
180 9801 Ameresco LFG Equipment	376,000	-	-	0.0%	376,000	-	376,000
Total CIP's Funded From Expansion Funds	627,462	135	2,313	0.4%	625,150	10,848	614,302
CIP's Funded From Grants							
105 9019 Biodiesel Fuel Station	45,459	5,698	25,187	55.4%	20,272	-	20,272
Total CIP's Funded From Grants	45,459	5,698	25,187	55.4%	20,272	-	20,272
CIP's Funded From Reimbursements							
216 9022 Gasifier CEQA	821,090	7,658	7,658	0.9%	813,432	10,598	802,834
Total CIP's Funded From Reimbursements	821,090	7,658	7,658	0.9%	813,432	10,598	802,834
Grand Total CIP Expenditures	14,363,433	560,338	832,420	5.8%	13,531,014	4,987,308	8,543,706

Salinas Valley Solid Waste Authority

Checks Issued Report for 9/1/2011 to 9/30/2011

Check #	Name	Check Date	Amount	Check Total
8386	CITY OF GONZALES GONZALES HOSTING FEES FY 11/12	9/7/2011	20,833.33	20,833.33
8387	CITY OF SALINAS SS TS MODIFIED SITE REVIEW APPLICATION	9/7/2011	627.12	627.12
8388	A-1 SWEEPING SS TS YARD & EXERIOR SWEEPING AUGUST 2011	9/14/2011	774.00	774.00
8389	AEP - ASSOCIATION OF ENVIRONMENTAL PROFESSIONALS MONTEREY BAY CHAPTER 2011-2012 DUES	9/14/2011	140.00	140.00
8390	ANNE MARIE HUNTER SEPT 2011 RECYCLERAMA PRODUCTION011-12	9/14/2011	925.71	925.71
8391	AON RISK INSURANCE SERVICES WEST, INC . Additional Premium for FY 2010-11	9/14/2011	14,872.00	14,872.00
8392	APPLIED INDUSTRIAL TECHNOLOGIES - CA LLC CH CLOSURE GEOTEXTILE	9/14/2011	5,581.30	5,581.30
8393	AT&T SERVICES INC HHW & SS SCALE HOUSE PHONE SERVICES THRU 08.23.11 SS ADM 831770102355 PH SERV THRU 08.14.11 HHW & SS SCALE HOUSE PHONE SERVICES THRU 08.23.11	9/14/2011	163.37 505.87 75.00	744.24
8394	BAKER CORP CH 21K GAL SAFETY VAPOR TANK AUG 2011	9/14/2011	1,050.00	1,050.00
8395	BECK'S SHOE STORE, INC. SS TS SAFETY SHOES FOR RG	9/14/2011	164.86	164.86
8396	BLANCA LAGUNAS PR SEMINAR MEAL REIMBURSEMENT TA#2011-0826BL	9/14/2011	41.21	41.21
8397	BRANDY ELLEN ACEVEDO 08.24 & 08.31.11 RECYCLERAMA	9/14/2011	152.89	152.89
8398	BULOS FRANCIS SALIBA 08.24 & 08.31.11 RECYCLERAMA	9/14/2011	152.89	152.89
8399	CALIFORNIA HIGHWAY ADOPTION CO. HWY 101 LITTER ABATEMENT FY AUGUST 2011	9/14/2011	550.00	550.00
8400	CDW LOGISTICS HARD DRIVE FOR LASERFICHE SERVER Printer MAINTENANCE KIT	9/14/2011	129.93 300.11	430.04
8401	CITY OF SALINAS STORM WATER DEVELOPMENT STANDARDS	9/14/2011	165.00	165.00
8402	CITY OF SALINAS SS STORM WATER INSPECTION 08.03.11	9/14/2011	228.48	228.48

Salinas Valley Solid Waste Authority

Checks Issued Report for 9/1/2011 to 9/30/2011

Check #	Name	Check Date	Amount	Check Total
8403	CLINTON HENDRICKS TA#2011-0921 TA#2011-0921 TA#2011-0921 TA#2011-0921 TA#2011-0921 TA#2011-0921	9/14/2011	205.40 460.08 144.00 65.23 45.00 80.00	999.71
8404	COAST COUNTIES TRUCK & EQUIPMENT CO. #16096 BLANK KEY #16096 LUBE, OIL, FUEL, WATER & AIR FILTERS #16096 TORQUE ARM ASSEMBLY 150 AM CIRCUIT BREAKER TRK #001 7WAY POCKET BOOT, 2 RECEPTACLE, BAT/CABLE TRK 003 PRESSURE SENSOR	9/14/2011	21.03 77.52 278.53 40.70 55.00 106.53	579.31
8405	COAST OIL COMPANY, LLC CH CLOSURE FUEL USAGE 08.31.11 SS TS BIO-DIESEL FUEL USAGE THRU 08.31.11	9/14/2011	1,544.90 20,331.66	21,876.56
8406	CSC OF SALINAS/YUMA 20 2-WIRE HYDR HOSE, JIC HOSE ENDS, CRIMP CHGS	9/14/2011	231.27	231.27
8407	ENVIRONMENTAL COMPLIANCE ALERT ENVIRONMENTAL COMPLIANCE ALERT SUBSCRIPTION	9/14/2011	299.00	299.00
8408	FERGUSON ENTERPRISES INC CH CLOSURE SUPPLY 4 TEST BALL	9/14/2011	60.02	60.02
8409	GEOLOGIC ASSOCIATES, INC. NR CH GROUNDWATER MONITORING & REPORTING JULY 2011	9/14/2011	274.00	274.00
8410	GOLDEN STATE TRUCK & TRAILER REPAIR #20080 REPLCD BUCKET BUSHINGS, PINS & SHIMS, SUBFR 16096, 16094, TRK002 5 TIRES CH CAT D6R REPLACED AIR FILTERS CH HONDA MOTOR FIXED ON TRAILER CH PS9000 CAM LOCK FITTING, 3 HOSE CLAMPS CH PS9000REPLACED WIRES TO STARTER & BATTERY CABLE CH REPLACED HOSE ON TRUCK SS LID ARM PLACED BACK ON RAIL & NEW BOLTS RO001 REPLACED BROKEN CABLE RO001SPEED SENSOR WIRE REPAIRED TRK003 DPF SYSTEM SERVICE CALL TRK003 PRESSURE SENSOR REPLACED	9/14/2011	8,600.00 1,940.88 230.00 303.94 75.17 1,416.75 235.00 185.00 143.00 220.00 225.00 260.00	13,834.74
8411	**Void**	9/14/2011	-	-
8412	GREEN RUBBER - KENNEDY AG, LP CH FACILITY MAINTENANE PARTS CH SUPPLIES 22 COUPLING SLIP PVC'S CH COUPLINGS, SADDLE PVC'S, 90 ELL, PAINT, GLOVE	9/14/2011	76.75 133.71 579.81	790.27
8413	GUERITO JC PORTABLE TOILET SERVICE AUGUST 2011 SS PORTABLE TOILET SERVICE AUGUST 2011	9/14/2011	110.00 220.00	330.00
8414	Hatch Mott MacDonald Holdings, Inc. SS TRUCK TURNING ANALYSIS AUG 2011 SS TS PROF TRAFFIC ENGINEER SERV AUG 2011	9/14/2011	757.20 1,673.00	2,430.20

Salinas Valley Solid Waste Authority

Checks Issued Report for 9/1/2011 to 9/30/2011

Check #	Name	Check Date	Amount	Check Total
8415	HDR ENGINEERING, INC REVIEW/SELECTION OF CEQA VENDOR THRU 08.27.11	9/14/2011	6,201.90	6,201.90
8416	HERTZ EQUIPMENT RENTAL CORPORATION CH TRENCHER RENTAL 08.24.11 - 08.29.11	9/14/2011	1,834.51	1,834.51
8417	HOPE SERVICES DIVERSION & LITTER ABATEMENT LABORERS AUG 2011 DIVERSION & LITTER ABATEMENT LABORERS AUG 2011 JC & SS MATTRESS RECYLING 08.23.11	9/14/2011	5,894.28 5,403.09 371.70	11,669.07
8418	INTERNATIONAL LINING TECHNOLOGY CH LINER INSTALL CONST CONTRACT 08.11	9/14/2011	365,526.00	365,526.00
8419	IVY CONTRERAS SEPT 2011 RECYCLERAMA PRODUCTION	9/14/2011	1,081.17	1,081.17
8420	J. S. COLE CO. 2006 CAT 938G II WHA 08.15.11 - 08.22.11 EQUIPMENT RENTAL 2006 CAT CS563E THUR 8.21.11	9/14/2011	4,751.60 4,525.50	9,277.10
8421	JENNY MITCHELL Mileage and lunch for Dia del trabajdor	9/14/2011	27.55	27.55
8422	KARL A. HATTENDORF Biodiesel Tank- Hose and Reel	9/14/2011	5,698.09	5,698.09
8423	MANUEL PEREA TRUCKING, INC. CH CONTRACT LABOR SERVICES 08.22-08.31.11	9/14/2011	20,332.80	20,332.80
8424	MIKE BAKER 08.24 & 08.31.11 RECYCLERAMA	9/14/2011	181.54	181.54
8425	MONTEREY AUTO SUPPLY INC TRK 003 L/F TIRE REPAIRED/AFTER HOURS SERVICE CALL	9/14/2011	140.00	140.00
8426	MONTEREY BAY UNIFIED AIR POLLUTION CONTROL BOARD LR FLARE PERMIT, HYDRO CARBON & FUEL ANALYSIS FEES	9/14/2011	2,837.00	2,837.00
8427	MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY MRWPCA & CITY COLLECTION FEE 08.31.11-09.24.11	9/14/2011	24.03	24.03
8428	MONTEREY SANITARY SUPPLY, INC. Janitorial Supplies 08.26.11	9/14/2011	16.05	16.05
8429	NETPIPE INTERNET SERVICES INTERNET SERVICE SEPT 2011	9/14/2011	300.00	300.00
8430	NEXTEL COMMUNICATIONS Cell Phone Service AUG 2011 Cell Phone Service AUG 2011 Cell Phone Service AUG 2011 Cell Phone Service AUG 2011 Cell Phone Service AUG 2011	9/14/2011	45.00 45.00 63.82 120.03 132.16	406.01

Salinas Valley Solid Waste Authority

Checks Issued Report for 9/1/2011 to 9/30/2011

Check #	Name	Check Date	Amount	Check Total
8431	OFFICE DEPOT 2 EA Toner Business Cards Scalehouse supplies BALL PT PENS Office Supplies	9/14/2011	159.99 76.18 9.96 66.67	312.80
8432	ORCHARD SUPPLY HARDWARE LLC CH CLOSURE SUPPLIES 2 FEMALE ADAPTERS BLK OX, GALV NIPPLES & 45 ELLS CH CLOSURE SUPPLIES - BULK NAILS CH TUBE TO REPAIR PIPING LEAK CH WATER TRUCK KEY gadgets for office water cooler SS SHOP TOWELS & EZ REACHER TOOLS	9/14/2011	14.70 44.22 7.31 7.75 4.30 11.07 102.30	191.65
8433	PACIFIC GAS AND ELECTRIC COMPANY ADM 7424129017-5 ELECTRIC SERVICE THRU 08.25.11 CH 2301916789-1 ELEC SER THRU 08.24.11 HHW & SS TS ELECTRIC SERVICE THRU 08.24.11 HHW & SS TS ELECTRIC SERVICE THRU 08.24.11	9/14/2011	1,060.44 3,604.86 157.03 884.06	5,706.39
8434	PARADIGM SOFTWARE, LLC PARADIGM SOFTWARE TRAINING RH TA # 2011-0921	9/14/2011	400.00	400.00
8435	PURE WATER BOTTLING JC BOTTLED WATER SERVICE 09.11	9/14/2011	14.75	14.75
8436	QUINN COMPANY/ALTA LIFT #20080 2 ELEMENT ASSYMBLIES #20080 FITTINGS, SEALS, WASHERS, SPACERS, BOLTS, E #20080 WASHERS, SEALS, PINS, SPACERS, BOLTS, ETC 140H BELT CH EXCAVATOR ELEMENT CH EXCAVATOR ELEMENT ASSEMBLY TRK001 FLAME TEMP SENSOR REPLACED & LABOR	9/14/2011	106.68 1,742.52 809.06 61.02 70.79 53.12 956.94	3,800.13
8437	RBF CONSULTING JC QUARTERLY SURVEYING JULY 2011	9/14/2011	5,672.00	5,672.00
8438	RECOLOGY WASTE SOLUTIONS, INC JC DIVERSION ASST , JULY 2011	9/14/2011	7,859.00	7,859.00
8439	REPUBLIC SERVICES #471 ADM OFFICE TRASH CART SERVICE SEPT 2011	9/14/2011	57.60	57.60
8440	SCS FIELD SERVICES CH GROUNDWATER CAP JULY 2011 CH LEACHATE OP, MAIN & REPORTING JULY, 2011 CH LFG OPERATION, MAIN & REPORTING JULY 2011 JC LEACHATE OP, MAIN & REPORTING JULY, 2011 JC LFG OP, MAIN & REPORTING JULY 2011 LR LFG OPS, MAIN & REPORTING JULY, 2011	9/14/2011	1,695.33 1,279.33 3,993.00 2,051.75 2,534.83 2,696.16	14,250.40
8441	STAFF-IT GROUP INC SS CONTRACT LABORERS WEEK ENDING 08.07.11 SS CONTRACT LABORERS WEEK ENDING 08.14.11 SS CONTRACT LABORERS WEEK ENDING 08.21.11	9/14/2011	1,359.60 1,080.75 1,555.13	3,995.48
8442	UNITED RENTALS, INC CH TRENCHER RENTAL 8/23/11	9/14/2011	568.16	568.16

Salinas Valley Solid Waste Authority

Checks Issued Report for 9/1/2011 to 9/30/2011

Check #	Name	Check Date	Amount	Check Total
8443	US BANK CORPORATE PAYMENT SYSTEM	9/14/2011		
	Super Shuttle		21.24	
	PAPE MATERIAL HANDLING, INC - WATER TRUCK RENTAL		1,449.93	
	Annual Communications Meeting - Mo. Coast B Co.		1,012.81	
	Don Pepes: Board Meeting Supplies for EC Meeting		54.28	
	CHEVRON ACME CAR WASH - INT/EXT WASH & CLEAN		35.95	
	ALPHA GLASS - WINDSHIELD REPLACEMENT		145.00	
	AMAZON.COM - XEROX DOCUMATE 262I COLOR SCANNER		691.44	
	APPLE I-TUNES PHTON FLASH WEB BROWSER		4.99	
	Basic Foods: Board Meeting Supplies		57.63	
	La Plaza Bakery		45.00	
	O'REILLY AUTO PARTS		37.37	
	Smart & Final: CH Supplies		37.42	
	ENVIRO SAFETY PROD - VESTS, HARD HATS, GLASSES		199.74	
	FRED PRYOR CAREER TRACK		199.00	
	FRED PRYOR CAREER TRACK		199.00	
	HBR.ORG GUIDE TO GETTING THE RIGHT WORK DONE		19.95	
	HR TRAINING CENTER		219.00	
	HUGHESNET.COM JC SCALE HOUSE INTERNET AUG 2011		79.99	
	INTERMEDIA EXCHANGE SERVICE AUG 2011		238.80	
	Smart & Final		33.79	
	HILTON SAN FRANCISCO TA#2011-0814 ROBERTO MORENO		173.37	
	LOG ME IN 5 PRO YEARLY SUBSCRIPTIONS		199.75	
	NAHMMA: Membership Renewal		75.00	
	NAHMMA: Membership Renewal for DR		175.00	
	Nextiva: Annual Service HR Fax Line		59.40	
	OIL CAN HENRY'S F150 SERVICED		203.46	
	HILTON SAN FRANCISCO TA#2011-0814 ROBERTO MORENO		55.86	
	Michael's Grill & Taqueria		423.00	
	Home Depot: Flourecent Lamps		21.45	
	HomeDepot: Light Bulbs & Replacement Door Locks		25.61	
	Sharefile: FTP Site AUG 2011		32.95	
	SOUTHWEST AIR TICKET REFUND CZ		(15.54)	
	SOUTHWEST AIRLINES - LINER MEETING CZ		369.40	
	SWANA WEBINAR-PUBLIC PERCEPTION OF CT		115.00	
	SOUTHWEST AIRLINES CH LINER MTG		369.40	
	GRAND SIERRA RESORT CH LINER MTG		77.97	
	COURTYARD MARRIOTT CH LINER MTG		277.98	
	MINETA SAN JOSE AIRPORT		30.00	
	MINETA SAN JOSE AIRPORT CH LINER MTG		45.00	
	YELLOW CAB CH LINER MTG		15.38	
	SALINAS VALLEY CHAMBER OF COMMERCE		30.00	
	UNITED AIR - TICKET CHANGE REFUND EG & JM		(43.62)	
	UNITED AIR TICKET REFUND JM		(43.62)	
	Oreilly Auto Parts		71.81	
	VISION RECYCLING - MULCH		97.42	
				7,623.76
8444	**Void**	9/14/2011	-	-
8445	**Void**	9/14/2011	-	-
8446	**Void**	9/14/2011	-	-
8447	**Void**	9/14/2011	-	-

Salinas Valley Solid Waste Authority

Checks Issued Report for 9/1/2011 to 9/30/2011

Check #	Name	Check Date	Amount	Check Total
8448	VALLEY PACIFIC PETROLEUM SERVICES, INC. SS TS DIESEL FUEL USAGE THRU 08.31.11	9/14/2011	577.64	577.64
8449	VECTOR ENGINEERING INC CH CONSTRUCTION MGMT SERVICES THRU 08.26.11	9/14/2011	17,767.30	17,767.30
8450	VERIZON WIRELESS SERVICES, LLC Cell Phone Service AUG 2011 Cell Phone Service JULY 2011 Cell Phone Service AUG 2011	9/14/2011	76.02 162.26 0.68	238.96
8451	WASTE MANAGEMENT INC JOLON ROAD OPERATIONS AUG 2011	9/14/2011	55,213.12	55,213.12
8452	WASTE MANAGEMENT/JOLON TRANSFER Transfer Station Operations	9/14/2011	1,576.73	1,576.73
8453	WEST COAST RUBBER RECYCLING, INC 49.125 CY IF TIRE DERIVED AGGREGATE	9/14/2011	2,211.31	2,211.31
8454	WESTERN EXTERMINATOR COMPANY EXTERMINATOR CONTROL SS RODENT CONTROL AUG 2011	9/14/2011	50.00 216.50	266.50
8455	ADMANOR, INC MEDIA CAMPAIGN AUG 2011	9/19/2011	467.77	467.77
8456	ADVANCED ENERGY STRATEGIES, INC CH ENGINEERING CONSULTATION, 08.01-08.15.11	9/19/2011	6,655.63	6,655.63
8457	AUTO AG ELECTRIC SYSTEMS, INC CH FUEL WAGON 12V MARINE BATTERY	9/19/2011	122.42	122.42
8458	COAST OIL COMPANY, LLC CH DIESEL FUEL USAGE 09.01.11	9/19/2011	1,416.03	1,416.03
8459	CRESCO EQUIPMENT RENTALS HYDRAULIC HAMMER 08.11 - 08.15.11	9/19/2011	4,117.68	4,117.68
8460	CSC OF SALINAS/YUMA SS MAIN EQ MAIN SUP - 2 MALE PIPE TO MALE JIC	9/19/2011	7.11	7.11
8461	CYBER-SCRIBER WEBSITE DESIGN ANNUALLY SERVER MAINTENANCE FEE FY 2011-2012	9/19/2011	720.00	720.00
8462	DAVE S. DEERING SS TS Custodial Services 09.14.11	9/19/2011	495.00	495.00
8463	DAVID ROEL ADVANCE TA#2011-0925DR DAVID ROEL ADVANCE TA#2011-0925DR DAVID ROEL ADVANCE TA#2011-0925DR DAVID ROEL	9/19/2011	90.00 275.00 48.00	413.00
8464	DON CHAPIN INC CH WATER TRUCK USAGE 07.25.11 - 08.30.11	9/19/2011	6,796.80	6,796.80

Salinas Valley Solid Waste Authority

Checks Issued Report for 9/1/2011 to 9/30/2011

Check #	Name	Check Date	Amount	Check Total
8465	EDWIN OCAPAN MEALS PER DIEM TA#2011-0925EO	9/19/2011	275.00	275.00
8466	FERGUSON ENTERPRISES INC CH CLOSURE SUPPLIES	9/19/2011	92.64	92.64
8467	GOLDEN STATE TRUCK & TRAILER REPAIR #20080 CUTTING BLADES ROTATED #20080 HOSE TIGHTENED TO FIX LEAK CH BOBCAT TO SALINAS TO REPAIR CLUTCH CH PS9000 2 STEEL SIDE STEPS & WELDING CH PS9000 BLASTED, SEALED & BEDLINED TANK CH PS9000 FLANGE REPLACED CH ROLLER FINISHED KEYS DUPLICATED AT COAST COUNTY RO001 R/S HYDRAULIC RAM FITTING REPLACED TRK002 NEW PULLY REPLACED ON ENGINE X3 LEFT INNER TIRE PATCHED	9/19/2011	300.00 142.00 390.00 795.31 4,576.41 427.70 4,550.00 147.00 187.00 140.00 134.30	11,789.72
8468	**Void**	9/19/2011	-	-
8469	GREEN RUBBER - KENNEDY AG, LP CH CLOSURE PS 9000 MAINTENANCE SUPPLIES	9/19/2011	75.19	75.19
8470	HERTZ EQUIPMENT RENTAL CORPORATION CH BACKHOE RENTAL 09.12.11 CH RAMMER RENTAL THRU 09.14.11	9/19/2011	482.63 1,036.56	1,519.19
8471	J. S. COLE CO. CH 2006 CAT 140H EQUIP RENTAL THRU 09.02.11 CH 2006 D6R XLII EQUIP RENTAL THRU 09.04.11	9/19/2011	6,680.50 8,189.00	14,869.50
8472	LAMAR BROS TIRE SERVICE, INC. CUSTOMER TIRE REPAIRED PUNCTURED AT SS TS	9/19/2011	72.00	72.00
8473	ORCHARD SUPPLY HARDWARE LLC HHW DEPOSITS LETTERS & NUMBERS OXO BOTTLE OPENER	9/19/2011	28.59	28.59
8474	PACIFIC CREST ENGINEERING INC CH EARTHWORK TESTING SERVICES AUG 2011	9/19/2011	3,774.30	3,774.30
8475	PACIFIC GAS AND ELECTRIC COMPANY CH 8548167169-2 ELEC SER THRU 08.24.11	9/19/2011	189.90	189.90
8476	PAPE MATERIAL HANDLING, INC CH EQUIP MAIN SUPPLIES	9/19/2011	58.19	58.19
8477	PITNEY BOWES GLOBAL Postage Machine Quarterly Lease THRU 12.31.11 Property Tax Invoice	9/19/2011	292.59 26.31	318.90
8478	QUINN COMPANY/ALTA LIFT #20080 12 EACH BOLTS & NUTS #20080 ELECTRONIC CODES REPAIRED #20080 SEALS, PINS, BUSHING, BOSS RODS, ETC CH EQUIP MAIN SUPPLIES - FILTERS	9/19/2011	86.24 439.00 1,410.20 66.00	2,001.44

Salinas Valley Solid Waste Authority

Checks Issued Report for 9/1/2011 to 9/30/2011

Check #	Name	Check Date	Amount	Check Total
8479	RECOLOGY WASTE SOLUTIONS, INC JC DIVERSION ASST AUG 2011	9/19/2011	7,859.00	7,859.00
8480	SAN BENITO SUPPLY, CONSTRUCTION, CONCRETE & QUARRY CH CLOSURE HAUL DIRT TO JC ENDING 08.27.11	9/19/2011	4,109.84	4,109.84
8481	SCS FIELD SERVICES CH NR LEACHATE OP, MAIN & REPORT JULY 2011 CH NR LFG OPS, MAIN & REPORT JULY 2011 JC NR LEACHATE OPS, MAIN & REPORT JULY 2011 JC NR LFG OPS, MAIN & REPORT JULY 2011 LR NR LFG OPS, MAIN & REPORT JULY 2011	9/19/2011	3,021.85 5,793.54 2,168.17 168.50 468.23	11,620.29
8482	SHARPS SOLUTIONS, LLC 3 EA 38 GAL REGULATED WASTE CONTAINERS	9/19/2011	160.00	160.00
8483	STAFF-IT GROUP INC SS CONTRACT LABORERS THRU 08.28.11	9/19/2011	1,711.88	1,711.88
8484	THOMAS M BRUEN LEGAL SERVICES RENDERED, AUG 2011 LEGAL SERVICES RENDERED, AUG 2011	9/19/2011	200.00 2,925.00	3,125.00
8485	UNITED RENTALS, INC CH BACKHOE RENTAL THRU 09.15.11	9/19/2011	329.94	329.94
8486	US BANK CORPORATE PAYMENT SYSTEM ALASKA AIRLINES TA#2011-0925EO NAHMMA TA#2011-0925DR ALASKA AIRLINES TA#2011-0925DR DAVID ROEL NAHMMA TA#2011-0925EO	9/19/2011	268.40 410.00 268.40 410.00	1,356.80
8487	VISION RECYCLING JC ORGANICS PROCESSING AUG 2011 SS TS HAULING SERVICES AUG 2011	9/19/2011	44,449.54 9,360.00	53,809.54
8488	WASTE MANAGEMENT INC BFI WASTE DELIVERED TO MADISON LN AUGUST, 2011	9/19/2011	53,448.71	53,448.71
8489	WESTERN EXTERMINATOR COMPANY STORAGE CONTAINER RODENT CONTROL AUG 2011	9/19/2011	51.50	51.50
8490	WHITSON ENGINEERS CH SURVEYING CONSULTING SERVICES, AUG 2011	9/19/2011	7,259.50	7,259.50
8491	WRIGHT EXPRESS FINANCIAL SERVICES CORPORATION Unleaded Fuel Expenses AUG 2011 Unleaded Fuel Expenses AUG 2011 Unleaded Fuel Expenses AUG 2011 Unleaded Fuel Expenses AUG 2011	9/19/2011	121.39 208.24 1,574.18 215.42	2,119.23
8492	AFLAC FSA SERVICE FEES SEPT 2011 FSA SERVICE FEES SEPT 2011 FSA SERVICE FEES SEPT 2011 FSA SERVICE FEES SEPT 2011 FSA SERVICE FEES SEPT 2011 FSA SERVICE FEES SEPT 2011	9/28/2011	8.00 6.00 6.00 12.00 12.00 6.00	50.00
8493	ANNE MARIE HUNTER 09.15.11 RECYCLERAMA PRODUCTION SERVICES	9/28/2011	925.71	925.71

Salinas Valley Solid Waste Authority

Checks Issued Report for 9/1/2011 to 9/30/2011

Check #	Name	Check Date	Amount	Check Total
8494	BRANDY ELLEN ACEVEDO 09.15.11 RECYCLERAMA	9/28/2011	151.94	151.94
8495	BULOS FRANCIS SALIBA 09.15.11 RECYCLERAMA	9/28/2011	151.94	151.94
8496	CALIFORNIA WATER SERVICE 135 SUN ST & IRR WATER SERVICES THRU 09.15.11	9/28/2011	386.65	386.65
8497	CITY OF GONZALES GONZALES HOSTING FEES SEPTEMBER 2011	9/28/2011	20,833.33	20,833.33
8498	COAST COUNTIES TRUCK & EQUIPMENT CO. #16094 OIL, FULE, AIR, WATER, CRANKCASE FILTERS TRK 002 GP SENSOR TRK 002 PULLY ASSEMBLY	9/28/2011	386.98 37.31 40.24	464.53
8499	COAST OIL COMPANY, LLC BIO-DIESEL USAGE THRU 09.27.11 CH CLOSURE FUEL USAGE 09.14.11	9/28/2011	31,516.54 2,169.51	33,686.05
8500	CYBER-SCRIBER WEBSITE DESIGN Website Revisions Added tabbed content on CT Page	9/28/2011	134.75	134.75
8501	DAVE S. DEERING 09.12.11-09.15.11 DEHUMIDIFIER/TURBO DRYERS	9/28/2011	1,095.00	1,095.00
8502	DENNIS DONOHUE 09.15.11 BD MTG STIPEND	9/28/2011	100.00	100.00
8503	ELIZABETH SILVA 09.15.11 BD MTG STIPEND	9/28/2011	100.00	100.00
8504	EVERGREEN OIL INC ABOP Services 09.02.11	9/28/2011	90.00	90.00
8505	FEDEX Overnight Shipments Overnight Shipments	9/28/2011	56.31 166.36	222.67
8506	FERNANDO ARMENTA 08.18.11 BD MTG STIPEND	9/28/2011	200.00	200.00
8507	FIRST ALARM First Alarm Service OCT - DEC 2011 First Alarm Service OCT - DEC 2011	9/28/2011	144.00 102.00	246.00
8508	FIRST NIGHT MONTEREY, INC Sponsorship Harvest Festival	9/28/2011	3,000.00	3,000.00
8509	GLORIA DE LA ROSA 08.31.11 EXEC COMM STIPEND	9/28/2011	300.00	300.00
8510	HD SUPPLY CONSTRUCTION SUPPLY, LTD BRANCH #6186 10 ROLLS OF 140NC 15' X 360' 5400 SF MIRAFI	9/28/2011	485.89	485.89
8511	IVY CONTRERAS 09.15.11 RECYCLERAMA & PRODUCTION SERVICE	9/28/2011	1,076.27	1,076.27

Salinas Valley Solid Waste Authority

Checks Issued Report for 9/1/2011 to 9/30/2011

Check #	Name	Check Date	Amount	Check Total
8512	JYL LUTES 09.15.11 BD MTG STIPEND	9/28/2011	100.00	100.00
8513	LOUIS RICHARD CALCAGNO 09.15.11 BD MTG STIPEND	9/28/2011	100.00	100.00
8514	MANDY BROOKS FINAL REIMBURSEMENT TA#2011-0912 FINAL REIMBURSEMENT TA#2011-0912 FINAL REIMBURSEMENT TA#2011-0912	9/28/2011	23.30 19.40 23.00	65.70
8515	MANUEL PEREA TRUCKING, INC. CH CLOSURE LABOR HOURS THRU 09.15.11	9/28/2011	20,332.80	20,332.80
8516	MCGILLOWAY, RAY, BROWN & KAUFMAN AUDIT FY 2010-11 PROCESS BILLING #3	9/28/2011	6,475.00	6,475.00
8517	MIKE BAKER 09.15.11 RECYCLERAMA	9/28/2011	171.58	171.58
8518	MONTEREY COUNTY BUSINESS COUNCIL Monterey County Business Council	9/28/2011	25.00	25.00
8519	MONTEREY COUNTY BUSINESS COUNCIL MONTEREY REGIONAL ECONOMIC FORUM TA#2011-1028	9/28/2011	95.00	95.00
8520	NEXIS PARTNERS, LLC SS ADM RENT & COMMON AREAS OCTOBER 2011 SS ADM RENT & COMMON AREAS OCTOBER 2011	9/28/2011	7,194.00 1,515.00	8,709.00
8521	OFFICE DEPOT PUSH PINS, MASKING TAPE	9/28/2011	43.77	43.77
8522	QUINN COMPANY/ALTA LIFT #20080 MAIN SUPPLIES - WASHER, SPACER, & BOLT	9/28/2011	20.39	20.39
8523	RICHARD J. PEREZ 09.15.11 BD MTG STIPEND	9/28/2011	100.00	100.00
8524	ROBERT CULLEN 09.15.11 BD MTG STIPEND	9/28/2011	100.00	100.00
8525	SALINAS HOLIDAY PARADE OF LIGHTS Salinas Holiday Parade of Lights	9/28/2011	50.00	50.00
8526	SHAHRAM FARAHMAND Shahram Farahmand/Turf Club Catering	9/28/2011	899.02	899.02
8527	STAFF-IT GROUP INC SS CONTRACT LABORERS ENDING 09.04.11	9/28/2011	1,369.50	1,369.50
8528	STURDY OIL COMPANY 3 EA TRUCK & TRAILER WASH/STEAM 3 EA TRUCK & TRAILER WASH/STEAM 3 EA TRUCK & TRAILER WASH/STEAM	9/28/2011	125.00 125.00 125.00	375.00
8529	SWANA 1 YEAR MEMBERSHIP RENEWAL	9/28/2011	333.00	333.00
8530	VALLEY PACIFIC PETROLEUM SERVICES, INC. SS TS DIESEL FUEL USAGE THRU 09.14.11	9/28/2011	598.64	598.64

Salinas Valley Solid Waste Authority

Checks Issued Report for 9/1/2011 to 9/30/2011

Check #	Name	Check Date	Amount	Check Total
8531	WILLIAM H. FARREL REVIEW/SELECTION OF CEQA VENDOR, AUGUST 2011	9/28/2011	1,400.00	1,400.00
8532	YOLANDA TENYUQUE 09.15.11 BD MTG STIPEND	9/28/2011	100.00	100.00
	Subtotal			<u>951,396.01</u>
	Payroll Disbursements			284,181.19
	Total			<u><u>1,235,677.20</u></u>




**SALINAS VALLEY
SOLID WASTE AUTHORITY**

Report to the Executive Committee

ITEM NO. 3


Finance Manager/Controller-Treasurer

N/A
Legal Counsel


General Manager/CAO

Date: November 2, 2011
From: Roberto Moreno, Finance Manager
Title: Audited Financial Statements for the year ended June 30, 2011

RECOMMENDATION

Staff recommends that the Executive Committee accept the Audited Financial Statements.

STRATEGIC PLAN RELATIONSHIP

This agenda item is a routine annual operational item.

FISCAL IMPACT

This item has no fiscal impact of its own. It does report the results of the fiscal year's operations.

DISCUSSION & ANALYSIS

For the fiscal year ended June 30, 2011, the Authority reported a Change in Net Assets (Net Income) of \$186,674. The Net Income would have been \$1,034,691 had the Authority not written-off \$848,017 in capitalized costs related to the search for a new landfill on Highway 198. This is the second year in a row with positive net income.

While the Authority's landfill operating costs have diminished to their lowest level, postclosure maintenance will be increasing, as the three closed landfills will now have to be monitored and maintained in an environmentally sound manner for at least the next 30 years.

Staff encourages the Board to review the Management's Discussion and Analysis section, beginning on Page 3 of the financial statements. It provides a concise review of the financial statements.

BACKGROUND

The Authority's financial statements were audited by McGilloway, Ray, Brown & Kaufman. The audit of the financial statements is an annual requirement.

The auditors provided an "unqualified 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 our financial operations met all internal controls. This is the third year in a row that we did not receive a management letter. Typically a management letter is issued when the auditors feel that internal controls could be improved.

ATTACHMENT(S)

1. Basic Financial Statements for the fiscal year ended June 30, 2011 (as a separate document)

**SALINAS VALLEY
SOLID WASTE AUTHORITY**

Salinas, California



BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

SALINAS VALLEY SOLID WASTE AUTHORITY

BASIC FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2011



PREPARED BY

THE AUTHORITY'S FINANCE DIVISION

Roberto Moreno
Finance Manager/Treasurer

J.D. Black, Accountant
Ray Hendricks, Business Services Supervisor
Christine Casey, Accounting Technician

AUDITORS

McGilloway, Ray, Brown & Kaufman
Accountants and Consultants
379 W. Market Street
Salinas, CA 93901

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"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 26, 2011

President and Board of the Salinas Valley Solid Waste Authority:

We are pleased to submit the Salinas Valley Solid Waste Authority's (Authority) Basic Financial Statements for the fiscal year ended June 30, 2011. 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.

The Authority's financial statements have been audited by McGilloway, Ray, Brown & Kaufman, a firm of licensed, certified public accountants. 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, 2011, 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. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Authority's financial statements for the fiscal year ended June 30, 2011, 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 eastern portion of Monterey County, to provide solid waste transfer and 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 Board of Supervisors, and one City Council member from Gonzales, Greenfield, King City, and Soledad.

Operating Results

Generally Accepted Accounting Principles require that depreciation, estimated closure costs and estimated postclosure 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 \$2,783,869 and a positive change in net assets of \$186,674 for the fiscal year ended June 30, 2011.

As part of its adopted policy, the Authority does not set aside funds for postclosure maintenance. Per agreement with the California Integrated Waste Management Board, dated June 19, 1998, the Authority has pledged future revenue to cover the cost of postclosure maintenance. Authority tipping fees are not expected to cover the accrual of postclosure expenses in the current period. At June 30, 2011 the Authority has accrued postclosure liabilities totaling \$13,364,687 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. Closure liabilities of \$11,625,267 are fully funded at June 30, 2011.

The Authority's tipping fees are set at an amount sufficient to provide for operations, closure set-aside requirements, postclosure maintenance on a pay-as-you-go basis, capital requirements and debt service on bonds issued for capital replacement. Authority's tipping fees are not expected to recover depreciation expense.

The Statement of Cash Flows for the fiscal year ended June 30, 2011, provides a detailed reconciliation of the Authority's decrease in cash of \$99,120 to \$8,668,999.

Cash Management Policies and Practices

The Authority invests all idle funds daily. In accordance with the provisions of California Government Code Section 53600 et seq, an investment and cash management policy is adopted annually by the Board of Directors of the Salinas Valley Solid Waste Authority.

Investment income includes changes in the fair value of investments. Calculation of gains and losses in fair value of investments is unrealized and only measures the fair value at a point in time. Increases in fair value of \$30,043 during the current year, however, do not necessarily represent trends that will continue. During the fiscal year ended June 30, 2011 the Authority's investment earnings were \$233,542, a decrease \$56,218 over the previous year.

Risk Management

The Authority purchases commercial insurance for general liability, automobile liability, pollution liability, public official's bonds and property damage. Additional information on the Agency's risk management activity can be found in Note 14 of the financial statements.

Financial Management

The Authority carefully monitors its rates. On July 1, 2010, the tipping fee increased \$1.00 to \$63.00 per ton and the \$6.00 per ton surcharge imposed on Salinas franchise waste was reduced by \$1.00 to \$5.00 per ton to pay for the cost of direct hauling to Johnson Canyon Landfill. Due to continued decreases in tonnage, tipping fees are expected to increase annually. Management is, therefore, looking into a new Rate Model that would not be as heavily impacted by changes in tonnage.

Summary

The Authority's operating expenses have been reduced to their lowest point. However, due to decreasing tonnage leading to decreased revenues, the Authority has not been able to benefit from the reduced operating expenses.

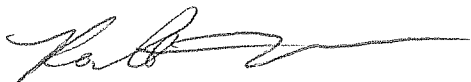
The deficit Net Assets is expected to diminish over time now that Crazy Horse landfill is closed.

During FY 2011-12 staff will be working on developing a new rate model that can address the decreases in tonnage and provide sufficient revenue for operating expenses as well as for capital expenditures.

Acknowledgements

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 J. D. Black, Accountant, and Ray Hendricks, Business Services Supervisor, without whom this presentation would not be possible. I would also like to thank the Authority's auditors McGilloway, Ray, Brown & Kaufman. It is the combined effort of all participants that resulted in the issuance of this document.

Respectfully submitted,



Roberto Moreno
Finance Manager/Treasurer

SALINAS VALLEY SOLID WASTE AUTHORITY



List of Principal Officials

As of June 30, 2011

Gloria De La Rosa, City of Salinas
President

Fernando Armenta, County of Monterey
Vice President

Liz Silva, City of Gonzales
Alternate Vice President

Lou Calcagno, County of Monterey
Board Member

Dennis Donahue, City of Salinas
Board Member

Robert Cullen, City of King City
Board Member

Yoland Teneyuque, City of Greenfield
Board Member

Jyl Lutes, City of Salinas
Board Member

Richard Perez, City of Soledad
Board Member

R. Patrick Mathews
General Manager/CAO

Jose Gamboa
Assistant General Manager

Thomas M. Bruen
General Counsel

Roberto Moreno
Finance Manager/Treasurer

Susan Warner
Diversion Manager

Rose Gill
Administrative Manager

INDEPENDENT AUDITOR'S REPORT

The Honorable Board
of the Salinas Valley Solid
Waste Authority
State of California

We have audited the accompanying basic financial statements of Salinas Valley Solid Waste Authority (Authority) as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinion on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, 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

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.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements. The introductory section 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

October 26, 2011

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

This analysis of the Salinas Valley Solid Waste Authority's (Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's net assets increased \$186,674 (1.8%) to a deficit of \$10,236,591.
- Operating revenues decreased \$1,065,031 (6.6%), as the result of no longer receiving some one-time revenues.
- Tons landfilled decreased 2,870 tons (1.1%) during the year from 253,553 tons in fiscal year 2009-10 to 250,683 tons in fiscal year 2010-11.
- Operating expenses decreased \$875,737 (6.7%) to \$12,286,695 due primarily to decreases in one-time and temporary expenses.
- The Authority's total long term debt decreased by \$987,766 to \$38,246,228.
- The Authority began contracting with Waste Management for the use of their Madison Lane Transfer Station which has reduced costs associated with waste hauling to Johnson Canyon Landfill and made Republic Services of Salinas more efficient.
- The closure of Crazy Horse Landfill is underway and expected to be completed by June 2012. This is the single largest project of the Authority since being formed in 1997.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are 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 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 Assets includes all of the Authority's assets and liabilities and 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 of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. 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.

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. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations and investments. It also provides answers to such questions as where did the cash come from, what was the cash used for, and what was the change in the cash balance during the reporting period.

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Required Supplementary Information

In addition to the basic financial statements, this report also presents certain Required Supplementary Information that presents the funding progress of the Authority's retirement plan.

FINANCIAL STATEMENTS ANALYSIS

Statement of Net Assets

Net assets are a good indicator of the Authority's financial position. At the end of this fiscal year, the Authority had a net deficit of \$10,236,591 which is a deficit reduction of \$186,674.

The following is the condensed Statement of Net Assets for the fiscal years ended June 30, 2011 and 2010:

Salinas Valley Solid Waste Authority Condensed Statement of Net Assets June 30, 2011 and 2010				
	2011	2010	Change	% Change
Assets:				
Current Assets	\$ 20,544,545	\$ 10,503,063	\$ 10,041,482	95.6%
Other Assets	6,506,762	16,863,093	(10,356,331)	-61.4%
Capital Assets, Net	28,685,264	29,788,712	(1,103,448)	-3.7%
 Total Assets	 55,736,571	 57,154,868	 (1,418,297)	 -2.5%
 Liabilities:				
Current Liabilities	14,381,420	4,562,203	9,819,217	215.2%
Long-term Liabilities	51,591,742	63,015,930	(11,424,188)	-18.1%
 Total Liabilities	 65,973,162	 67,578,133	 (1,604,971)	 -2.4%
 Net Assets:				
Invested in Capital Assets, Net of Related Debt	(9,560,964)	(9,445,282)	(115,682)	1.2%
Restricted	2,820,700	2,820,700	-	0.0%
Unrestricted	(3,496,328)	(3,798,683)	302,355	-8.0%
 Total Net Assets/(Deficit)	 \$ (10,236,592)	 \$ (10,423,265)	 \$ 186,673	 -1.8%

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

The changes in Current Assets and Other Assets is the result of restricted cash being moved from Other Assets to Current Assets in order to match the Closure Payable being moved from Long-term Liabilities to Current Liabilities. This is the result of the Crazy Horse closure project which is to be completed within one year. The \$2,820,700 in restricted net assets represents the bond reserve that cannot be spent until 2031 when the revenue bonds mature. Unrestricted net assets are a deficit of \$3,496,328. The total net deficit is due primarily to the deficit of \$9,560,964 in Invested in Capital Assets, Net of Related Debt. This is the result of capital assets depreciating at a faster rate than the related debt is being paid. \$51,987,342 of the long-term liabilities is scheduled to be paid with future revenues over the next 30 years.

Statement of Revenues, Expenses and Changes in Net Assets

The following is the Condensed Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2011 and 2010.

The Authority's activities increased net assets by \$186,673. Key elements of this change are as follows:

Salinas Valley Solid Waste Authority
Condensed Statement of Revenues, Expenses and Changes In Net Assets
For the years ended June 30, 2011 and 2010

	2011	2010	Change	% change
Operating Revenues	\$ 15,070,564	\$ 16,135,595	\$ (1,065,031)	-6.6%
Operating Expenses	<u>12,286,695</u>	<u>13,162,433</u>	<u>(875,738)</u>	-6.7%
Operating Income (Loss)	2,783,869	2,973,162	(189,293)	-6.4%
Non-operating Revenues	383,335	333,438	49,897	15.0%
Loss on Disposition of Assets	(848,017)	-	(848,017)	
Non-operating Expenses	(2,132,513)	(2,177,895)	45,382	-2.1%
Change in Net Assets/(Deficit)	186,674	1,128,705	(942,031)	-83.5%
Net Assets/(Deficit) - Beginning	<u>(10,423,266)</u>	<u>(11,551,970)</u>	<u>1,128,704</u>	-9.8%
Net Assets/(Deficit) - Ending	<u>\$ (10,236,592)</u>	<u>\$ (10,423,265)</u>	<u>\$ 186,673</u>	-1.8%

Operating revenues decreased \$1,065,031 (6.6%) primarily due to one-time changes in certain revenues. In FY 2009-10 the Authority received \$512,877 in tipping fees from Waste Management for prior year underreported tipping fees at Madison Lane Transfer Station. That revenue was no longer received in FY 2010-11. In FY 2009-10 the Authority received \$331,658 in Rates Stabilization Fees from the City of Salinas for reimbursing Republic Services for an additional route due to the additional driving distance to Johnson Canyon Landfill when Crazy Horse Landfill closed.

For FY 2011-12 this fee was no longer received since Republic Services no longer had to haul to Johnson Canyon due to the use of Madison Lane Transfer Station.

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Operating expenses decreased \$875,738 (6.7%) due primarily to decreases of \$430,746 in the compaction incentive and \$284,605 for hauling reimbursement to Johnson Canyon Landfill. The compaction incentive for Johnson Canyon Landfill had a decrease of \$187,983. The other \$242,763 decrease was for settlement of the previous year's disputed compaction incentive for Crazy Horse Landfill which closed in May 2008. The decrease of \$187,983 was the result of no longer reimbursing Republic Services for hauling waste to Johnson Canyon Landfill once the Authority started using Madison Lane Transfer Station.

The single biggest expense for the year was the \$2,880,316 paid to Recology Waste System for operation of the Johnson Canyon landfill, diversion services and air space conservation adjustment.

The \$2,132,513 in non-operating expenses is interest paid on the Authority's long term debt.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year, the Authority had \$28.7 million invested in capital assets, primarily in landfills as summarized below. During this fiscal year the Authority added \$248,575 in capital assets and recorded depreciation expense of \$496,779. Additional information on the Authority's capital assets can be found in Note 6 on page 17 of this report.

Salinas Valley Solid Waste Authority
Condensed Statement of Capital Assets
For the years ended June 30, 2011 and 2010

	2011	2010
Land	\$ 42,600	\$ 42,600
Buildings	456,484	456,484
Improvements other than buildings	53,421,755	53,220,780
Equipment	2,217,056	2,217,056
Construction in progress	203,317	1,010,961
	<u>56,341,212</u>	<u>56,947,881</u>
Accumulated Depreciation	<u>(27,655,948)</u>	<u>(27,159,169)</u>
Totals	<u>\$ 28,685,264</u>	<u>\$ 29,788,712</u>

Long-Term Debt

At the end of this fiscal year, the Authority had \$38.2 million in long-term debt as shown below. No new debt was incurred during this fiscal year. Principal payments of \$1,001,030 were paid on the debt. Additional information on the Authority's long-term debt can be found in Note 8 on page 18 of this report.

Standard & Poor's Corporation assigned the revenue bonds a rating of "AAA". Moody's Investors Service assigned the same bonds a rating of "Aaa".

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Salinas Valley Solid Waste Authority
Condensed Statement of Long-Term Debt
For the years ended June 30, 2011 and 2010

	2011	2010
Revenue Bonds, Series 2002	\$ 35,010,000	\$ 35,910,000
Bond Discount	(278,528)	(291,791)
Installment Purchase Agreement	3,514,756	3,615,785
Total Long-Term Debt	\$ 38,246,228	\$ 39,233,994

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. For FY 2011-12 management is anticipating tonnage to remain constant. The tipping fees were not increased and also remain constant at \$64.00 per ton. The 2011-12 budget is balanced.

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 you have questions about this report or need additional financial information, please contact the Authority's Finance Department, at the Salinas Valley Solid Waste Authority, P.O. Box 2159, Salinas, California 93902-2159.

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2011

With Comparative Totals as of June 30, 2010

	2011	2010
Assets		
Current Assets		
Cash and Investments	\$ 8,668,999	\$ 8,768,119
Restricted Cash	10,156,429	-
Accounts Receivable, Net	1,695,160	1,629,134
Interest Receivable	23,957	105,810
Total Current Assets	20,544,545	10,503,063
Noncurrent Assets		
Deferred Charges	1,459,656	1,529,164
Restricted Cash	5,047,106	15,333,929
Capital Assets, Net	28,685,264	29,788,712
Total Noncurrent Assets	35,192,026	46,651,805
Total Assets	55,736,571	57,154,868
Liabilities		
Current Liabilities		
Accounts Payable	1,199,971	1,654,497
Wages Payable	191,971	180,685
Accrued Leave	323,105	280,948
Deferred Revenue	77,518	2,419
Interest Payable	846,515	864,424
Closure Payable	10,290,540	-
Postclosure Payable - Current	402,620	578,200
Installment Purchase Agreement	109,180	101,030
Bonds Payable - Current	940,000	900,000
Total Current Liabilities	14,381,420	4,562,203
Long Term Liabilities		
OPEB Liability	97,900	46,500
Closure Payable	1,334,727	12,015,007
Postclosure Payable	12,962,067	12,721,459
Installment Purchase Agreement	3,405,576	3,514,755
Bonds Payable, Net	33,791,472	34,718,209
Total Long Term Liabilities	51,591,742	63,015,930
Total Liabilities	65,973,162	67,578,133
Net Assets		
Invested in Capital Assets, Net of Related Debt	(9,560,964)	(9,445,282)
Restricted for Debt Service	2,820,700	2,820,700
Unrestricted	(3,496,328)	(3,798,683)
Total Net Assets	\$ (10,236,592)	\$ (10,423,265)

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR FISCAL YEAR ENDED JUNE 30, 2011
With Comparative Totals for fiscal year ended June 30, 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Charges for Services	\$ 14,621,695	\$ 15,612,328
Sales of Materials	433,359	405,466
Operating Grants and Contributions	15,510	117,801
	<u>15,070,564</u>	<u>16,135,595</u>
Operating Expenses		
Personnel Services	3,697,152	3,273,906
Contractual Services	1,136,289	1,561,532
Operating Contracts	4,422,103	5,326,363
Supplies	361,401	319,130
Insurance	189,062	216,358
Building Rent	99,310	96,814
Taxes and Permits	685,116	733,494
Utilities	160,573	155,503
Depreciation	496,778	482,624
Amortization	69,508	69,508
Closure/Postclosure Maint.	641,333	556,332
Hazardous Waste	171,496	174,899
Other	156,574	195,970
	<u>12,286,695</u>	<u>13,162,433</u>
Total Operating Expenses	<u>12,286,695</u>	<u>13,162,433</u>
Operating Income (Loss)	<u>2,783,869</u>	<u>2,973,162</u>
Non-Operating Revenues (Expenses)		
Investment Earnings	233,542	289,760
Other Non-Operating Revenue	149,793	43,677
Loss on Disposition of Capital Assets	(848,017)	-
Interest Expense	(2,132,513)	(2,177,895)
	<u>(2,597,195)</u>	<u>(1,844,458)</u>
Total Non-Operating Revenues (Expenses)	<u>(2,597,195)</u>	<u>(1,844,458)</u>
Change in Net Assets	<u>186,674</u>	<u>1,128,704</u>
Total Net Assets - Beginning	<u>(10,423,266)</u>	<u>(11,551,970)</u>
Total Net Assets - End of Year	<u>\$ (10,236,592)</u>	<u>\$ (10,423,266)</u>

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2011
With Comparative Totals for fiscal year ended June 30, 2010

	2011	2010
Cash Flows from Operating Activities:		
Receipts from Customer and Users	\$ 15,004,542	\$ 15,897,168
Payments to Suppliers	(8,802,504)	(10,306,472)
Payments to Employees	(3,592,304)	(3,138,959)
Net Cash Provided by Operating Activities	2,609,734	2,451,737
Cash Flows from Non-Capital Financing Activities:		
Other Non-Operating Revenue/(Expense)	224,892	(4,999)
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(241,346)	(2,630,417)
Principal paid on Capital Debt	(1,001,030)	(953,489)
Interest paid on Capital Debt	(2,137,159)	(2,184,761)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,379,535)	(5,768,667)
Cash Flows from Investing Activities:		
Interest Received	285,352	319,667
Increase (Decrease) in Fair Value of Investments	30,043	34,527
Transfer (to) from Restricted Cash	130,394	3,601,840
Net Cash Provided by Investing Activities	445,789	3,956,034
Net Increase (Decrease) in Cash and Cash Equivalents	(99,120)	634,105
Cash and Cash Equivalents at Beginning of Year	8,768,119	8,134,014
Cash and Cash Equivalents at End of Year	\$ 8,668,999	\$ 8,768,119
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ 2,783,869	\$ 2,973,162
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	496,778	482,623
Amortization	69,508	69,508
(Increase) Decrease in Accounts Receivable	(66,026)	(238,427)
(Increase) Decrease in Prepaid Expenses	-	15,529
Increase (Decrease) in Accounts Payable	(454,526)	(747,573)
Increase (Decrease) in Wages Payable	11,286	53,066
Increase (Decrease) in Accrued Leave	42,157	35,381
Increase (Decrease) in OPEB Payable	51,400	46,500
Increase (Decrease) in Closure/Postclosure Payable	(324,712)	(238,032)
Total Adjustments to Net Income	(174,135)	(521,425)
Net Cash Provided by Operating Activities	\$ 2,609,734	\$ 2,451,737

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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 City (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 a unified and coordinated solid waste management for the members.

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.

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. The Authority follows all applicable pronouncements of the Governmental Accounting Standards Board as well as certain pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors, issued on or before November 30, 1989. The Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

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 assets. Operating statements present increases (revenues) and decreases (expenses) in net total assets. The financial statements distinguish operating revenue and expenses from nonoperating 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 nonoperating 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, money market mutual funds, 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, 2011

1. **Summary of Significant Accounting Policies (continued):**

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, and BNY, 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.

Capital Assets: 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. Capital assets are recorded at cost or, if donated, fair value at the date of donation. 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 increase in net assets. Depreciation of capital assets is computed using the straight-line method 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

Depletion and depreciation of the Authority's landfill sites has been provided over the estimated remaining capacity of its landfills. 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.

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.

Restricted Cash: Restricted cash of the Authority represent bond proceeds legally required by the Authority's bond covenants and trust indenture to be set aside for debt service and 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.

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1. **Summary of Significant Accounting Policies (continued):**

Net Assets: The financial statements utilize a net asset presentation. Net assets are categorized as:

Invested in Capital Assets, Net of Related Debt - This component of net assets 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 invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of constraints placed on the use of net assets 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 assets restricted by enabling legislation.

Unrestricted - This component of net assets consists of net assets that do not meet the definition of *Invested in Capital Assets, Net of Related Debt* or *Restricted*.

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.

Amortization: Premium, discount and issue costs on long-term debt are amortized on the straight-line 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 and amortized to expense based on the cell capacity used in each year. Landfill expenses also include accruals for landfill closure and postclosure care costs based on the landfill capacity used in each year.

Compensated Absences: Authority employees accumulate unused vacation and sick leave within certain limitations. Accumulated Paid Time Off (PTO) 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 on the statement of net assets as current liabilities.

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.

Date of Management Review: Management has evaluated subsequent events thru October 26, 2011, the date which these financial statements were available to be issued.

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2. Cash and Investments:

Cash and Cash Equivalents: The bank balance and carrying value of the Authority's cash and cash equivalents, including restricted balances, at June 30, 2011 were as follows:

Cash and Investments	\$	8,668,999
Restricted Cash		15,203,535
Total	\$	23,872,534

The Authority's cash and investments at June 30, 2011, were held as follows:

Cash managed by the Authority's Treasurer	\$	214,784
Investments managed by the Authority's Treasurer		20,837,050
Investments managed by the Fiscal Agent		2,820,700
Investments Subtotal		23,657,750
Total	\$	23,872,534

The Authority follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures. 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. Investments shown at fair value are for information only to assess the actual value if the Authority were to liquidate the investments before maturity. The Authority intends to hold all investments to maturity.

The Authority participates in the Local Authority Investment Fund (LAIF), an investment pool managed by the State of California. At June 30, 2011, LAIF had invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. These Structured Notes and Asset-Backed Securities are subject to market risk as a result of changes in interest rates.

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. The investments in LAIF and AIG are considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3. 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. Funds held by Bank of New York (BNY) the Fiscal Agent of the 2002 Revenue Bonds are held in the Trustee's name, BNY, for the benefit of the Authority. This custodial credit risk exists due to the requirements of the bond indenture.

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2. Cash and Investments (continued):

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Local Agency Investment Fund (LAIF) managed by the State Treasurer, representing 80.7% of the investment portfolio, is not rated. Investments in money market funds are limited by Government Code Section 53601 to those that have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

AIG Matched Funding was rated A- and A3 by Standard and Poor's Rating Group and Moody's Investor's Service, respectively.

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 and those made by Bank of New York (BNY). The investment in LAIF, representing 80.7% of the portfolio is not considered a concentrated risk. The BNY investment, the bond reserve represents 11.9% of the investment portfolio and exceeds 5% of the Authority's investment portfolio. The investment is made in accordance with the Indenture of Trust of the 2002 Revenue Bonds and is invested in U.S. Treasuries Money Market Fund and, therefore, does represent a concentration of credit risk. The Rabobank Certificates of Deposit represents 7.4% of the portfolio. They are fully collateralized at 110% of value.

The Authority was in compliance with these limitations at June 30, 2011. At June 30, 2011 certain individual investments exceeded 5% of the total investment portfolio (including cash and cash equivalents) as follows:

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Investment Type	Fair Value	Investment Maturities			
		0-6 Mths	6-12 Mths	1-5 years	over 5 years
State of California					
Local Agency Investment Fund	\$ 19,087,050	\$ -	\$ 19,087,050	\$ -	\$ -
Bank of New York					
JP Morgan US Treasury Plus Premier #392	2,820,700	2,820,700			
Rabobank Certificates of Deposit	1,750,000			1,750,000	
	<u>\$ 23,657,750</u>	<u>\$ 2,820,700</u>	<u>\$ 19,087,050</u>	<u>\$ 1,750,000</u>	<u>\$ -</u>

3. Accounts Receivable:

Accounts receivable and the related allowance for doubtful accounts at June 30, 2011 are summarized as follows:

Billed Receivables:

Adjusted Tipping Fee Accounts Receivable	\$ 1,323,520
Franchise Administration	29,250
A&S Metals - Sales of Recycling Material	5,720
City of Capitola - CCRMC Dues	5,000
Ecology Action	22,010
ECS - Sales of E-Waste	16,839
HHW Sharps Revenue	113
Pacific Coast Recycling - Sales of Metal	42,044
Plasco Reimbursement	7,975
Recology - Diversion Revenue Sharing	8,315
Recology Contract Receivables	156,560
Tire Distribution Systems - Invoice Refund	492
Employees' Flexible Spending Account	7,020
Intergovernmental Grants Receivable	<u>83,537</u>
Total Accounts Receivable	1,708,395
Allowance for Doubtful Accounts	<u>(13,235)</u>
	<u>\$ 1,695,160</u>

4. Deferred Charges (Bond Issuance Costs):

The Authority incurred bond issuance costs of \$2,085,228 in connection with the issuance of the Revenue Bonds, Series 2002. The issuance costs are being amortized over 30 years, the life of the 2002 Revenue Bonds, at an annual amortization expense of \$69,508. The following is a summary of unamortized bond issuance costs at June 30, 2011, reported on the Statement of Net Assets as deferred charges:

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	2010	Increases	Decreases	2011
Revenue Bonds, Series 2002	\$ 1,529,164	\$ -	\$ (69,508)	\$ 1,459,656

5. Restricted Cash:

Cash and investments of \$15,203,535 are recorded as restricted assets at June 30, 2011.

Cash and investments of \$12,382,835 are restricted by the California Integrated Waste Management Board for the eventual closure of the landfills.

Cash and investments of \$2,820,700 held by the fiscal agent are restricted to cover expenses of debt service.

6. Capital Assets:

The changes in capital assets of the Authority for the year ended June 30, 2011 are summarized as follows:

	2010	Increases	Decreases	2011
Business-type activities				
Nondepreciable assets:				
Land	\$ 42,600	\$ -	\$ -	\$ 42,600
Construction in Progress	1,010,961	47,600	(855,244)	203,317
Total nondepreciable assets	1,053,561	47,600	(855,244)	245,917
Depreciable Assets:				
Buildings	456,484	-	-	456,484
Other Improvements	53,220,780	200,975	-	53,421,755
Machinery and Equipment	2,217,056	-	-	2,217,056
Total depreciable assets	55,894,320	200,975	-	56,095,295
Less Accumulated Depreciation	(27,159,169)	(496,779)	-	(27,655,948)
Total Depreciable Assets, Net	28,735,151	(295,804)	-	28,439,347
Total Capital Assets, Net	\$ 29,788,712	\$ (248,204)	\$ (855,244)	\$ 28,685,264

Construction in progress at June 30, 2011, consists of \$203,317 in costs associated with various landfill projects.

7. Annual Leave Liability:

Employees are eligible to receive their entire unused annual leave balance upon termination, or can elect to be paid annually for a maximum of fifteen days of annual leave, depending on years of service. At June 30, 2011, the liability for this accrued leave is \$323,105.

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8. Long Term Liabilities:

The following is a summary of long term liabilities for the fiscal year ended June 30, 2011:

	June 30, 2010	Increases	Decreases	June 30, 2011	Due Within One year
Long Term Debt:					
2002 Revenue Bonds	\$ 35,910,000	\$ -	\$ 900,000	\$ 35,010,000	\$ 940,000
Bond Discount	(291,791)	-	(13,264)	(278,527)	-
Installment Purchase Agreement	3,615,785	-	101,030	3,514,755	109,180
Long term Debt Subtotal	<u>39,233,994</u>	<u>-</u>	<u>987,766</u>	<u>38,246,228</u>	<u>1,049,180</u>
Other Long Term Liabilities:					
Post Employment Benefits	46,500	51,400		97,900	-
Closure Payable	12,015,007	406,711	796,451	11,625,267	-
Post Closure Payable	13,299,659	234,622	169,594	13,364,687	-
Total Long Term Liabilities	<u>\$ 64,595,160</u>	<u>\$ 692,733</u>	<u>\$ 1,953,811</u>	<u>\$ 63,334,082</u>	<u>\$ 1,049,180</u>

Revenue Bonds, Series 2002

On May 15, 2002, the Authority issued Revenue Bonds, Series 2002 in the amount of \$39,845,000 to finance capital improvement projects, refund the Authority's 1997 Revenue Bonds, payoff a portion of the Crazy Horse installment purchase agreement and provide capitalized interest and a debt service reserve fund. Maximum annual debt service is \$2,756,524, including interest at 5.56% for 30 years. The annual debt service requirements are as follows:

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Fiscal year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 940,000	\$ 1,814,554	\$ 2,754,554
2013	985,000	1,769,954	2,754,954
2014	1,035,000	1,721,524	2,756,524
2015	1,085,000	1,667,203	2,752,203
2016	1,150,000	1,604,344	2,754,344
2017-2021	6,805,000	6,959,209	13,764,209
2022-2026	8,845,000	4,923,122	13,768,122
2027-2031	11,485,000	2,274,431	13,759,431
2032	2,680,000	70,350	2,750,350
	<u>\$ 35,010,000</u>	<u>\$ 22,804,691</u>	<u>\$ 57,814,691</u>

8. Long Term Liabilities (continued):

Installment Purchase Agreement

The Authority purchased Crazy Horse Sanitary Landfill from the City of Salinas for \$8,000,000. On August 12, 1997, the Authority and the City entered into an installment purchase agreement. The installment payments to the City were \$701,244 per year, including interest at 7.91% for 30 years.

On August 28, 2002, principal of \$3,470,438 was paid to the City reducing the outstanding balance on the installment purchase agreement to \$4,168,269. The installment payments to the City are reduced to \$385,097 per year, including interest at 7.91% for the remaining 27 years. At June 30, 2011, the remaining balance due was \$3,514,756. The annual debt service requirements are as follows:

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Fiscal year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 109,180	\$ 275,917	\$ 385,097
2013	117,988	267,109	385,097
2014	127,506	257,591	385,097
2015	137,792	247,306	385,098
2016	148,907	236,190	385,097
2017-2021	945,310	980,176	1,925,486
2022-2026	1,393,279	532,207	1,925,486
2027-2028	534,794	42,852	577,646
	<u>\$ 3,514,756</u>	<u>\$ 2,839,348</u>	<u>\$ 6,354,104</u>

9. Unamortized Bond Discount:

The 2002 Revenue Bonds were sold at a discount of \$397,895. The discount is being amortized over the life of the bond issue (30 years) at an annual rate of \$13,264. The following is a summary of the 2002 Revenue Bonds unamortized discount at June 30, 2011:

	<u>2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>2011</u>
Revenue Bonds, Series 2002	\$ 291,791	\$ -	\$ (13,264)	\$ 278,527

Total bonded debt outstanding at June 30, 2011 net of the unamortized bond discount is as follows:

Bonds payable	\$ 35,010,000
Less unamortized bond discount	<u>(278,527)</u>
Net bonds payable	<u>\$ 34,731,473</u>

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 City, and the eastern and southern portions of the unincorporated area of the 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 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

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financial assurance mechanism for corrective action for the Jolon Road, Johnson Canyon and Crazy Horse Landfills. The State found 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 balance sheet 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, 2011 is presented as follows:

	Johnson Canyon	
Permitted Capacity (cu. yd.)	10,512,141	100%
Cumulative Capacity Used (cu. yd.)	(1,644,776)	16%
Remaining Capacity (cu. yd.)	8,867,365	84%

System Capacity

As of June 30, 2011, the Authority has 88% of its revised system capacity remaining. System capacity is based on the capacity of the one active landfill, Johnson Canyon. During the fiscal year ended June 30, 2011, the Authority landfilled a total of 250,683 tons of solid waste. As of June 30, 2011 the Authority has 29 years remaining landfill capacity.

10. Landfill Closure and Postclosure Requirements (continued):

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. It has capacity to the year 2040 based on the assumption that the goal of 75% is reached by the year 2015. The site capacity estimates and closure and postclosure costs were revised as part of the permit process.

Closed Landfills

Crazy Horse Landfill closed on May 31, 2009. It is now undergoing the closure process.

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Jolon Road Landfill is accepting waste only as a transfer station. The landfill was completed in October 2007. No refuse is being landfilled on this site.

Lewis Road Landfill is a closed landfill. No refuse is being landfilled on this site.

Closure and Postclosure Maintenance Costs

Estimated closure and postclosure maintenance costs and amounts set-aside for closure as of June 30, 2011, are presented as follows:

	June 30, 2011				
	Total	Crazy Horse	Johnson Canyon	Lewis Road	Jolon Road
Estimated:					
Closure Cost	\$18,819,145	\$10,290,540	\$ 8,528,605	\$ -	\$ -
Postclosure Maintenance Cost	<u>\$15,915,913</u>	<u>\$10,547,913</u>	<u>\$ 3,024,571</u>	<u>\$ 1,153,858</u>	<u>\$ 1,189,571</u>
Expense (Income):					
Closure	\$ 406,711	\$ 109,772	\$ 296,939	\$ -	\$ -
Postclosure Maintenance	<u>234,622</u>	<u>104,435</u>	<u>105,306</u>	<u>12,751</u>	<u>12,130</u>
Total Expense (Income)	<u>\$ 641,333</u>	<u>\$ 214,207</u>	<u>\$ 402,245</u>	<u>\$ 12,751</u>	<u>\$ 12,130</u>
Outstanding Liability:					
Closure	\$11,625,267	\$10,290,540	\$ 1,334,727	\$ -	\$ -
Postclosure Maintenance	<u>13,364,687</u>	<u>10,547,913</u>	<u>473,345</u>	<u>1,153,858</u>	<u>1,189,571</u>
Total Liability	<u>\$24,989,954</u>	<u>\$20,838,453</u>	<u>\$ 1,808,072</u>	<u>\$ 1,153,858</u>	<u>\$ 1,189,571</u>
Assets Set-Aside for Closure-Cash	<u>\$12,337,795</u>	<u>\$10,156,429</u>	<u>\$ 2,181,366</u>	<u>\$ -</u>	<u>\$ -</u>
Cash over/(under) Closure Liability	<u>\$ 712,528</u>	<u>\$ (134,111)</u>	<u>\$ 846,639</u>	<u>\$ -</u>	<u>\$ -</u>

10. Landfill Closure and Postclosure Requirements (continued):

Johnson Canyon Landfill estimated closure costs increased \$84,442 as a result of the CalRecycle inflation factor of 1.0%. After taking into account the capacity used at the landfill, the Authority recognized a closure expense of \$296,939 for Johnson Canyon.

Johnson Canyon Landfill estimated postclosure costs increased \$29,946 as a result of the CalRecycle inflation factor of 1.0%. After taking into account the remaining capacity of the landfill, the Authority recognized a postclosure expense of \$105,306.

The postclosure maintenance liability of \$13,364,687 will be funded from future revenues as expenditures take place.

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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 \$351,161 as of June 30, 2011. 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:

Effective July 1, 2004, the Authority entered into a contract with the California Public Employees' Retirement System (CalPERS) for the provision of retirement benefits under the Public Employees' Retirement Law. The total pension expense for the fiscal year was \$383,979 which included normal costs, annual amortization of prior service costs and Employer Paid Member Contributions.

Public Employees Retirement System

Plan Description The Authority's defined benefit pension Miscellaneous Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The Authority selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 Q Street – Sacramento, CA 95811.

12. Retirement Programs (continued):

The Authority entered into a contract with CalPERS effective July 1, 2004, to provide 2% at 55 for Local Miscellaneous Members. All CalPERS participant benefits vest after five years of service. Miscellaneous employees under CalPERS who retire at or after age 55 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount that varies from 2% at age 55 to a maximum 2.418% at age 63, of the single highest year's salary for each year of credited service.

Funding Policy Active plan members are required to contribute 7% of their annual covered salary. Effective January 1, 2010 the Authority began contributing the 7% as Employer Paid Member

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Contributions. The Authority is also required to contribute an actuarially determined rate. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-11 was 9.373% for miscellaneous employees of annual covered payroll. The contribution requirements of the plan members are established by State statute and employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost For fiscal year 2010-11, the Authority's annual pension cost of \$383,979 was equal to the Authority's required and actual contributions of \$221,004 and \$162,975 as Employer Paid Member Contributions. In addition, the employees contributed \$9,870 from their earnings on a pre-tax basis. The required contribution for fiscal year 2010-11 was determined as part of the original actuarial valuation using the Entry Age Actuarial Cost Method with the contributions determined as a percent of pay. The actuarial assumption included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members, and (c) 3.25% payroll growth.

Both (a) and (b) include an inflation component of 3.0%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short term volatility in the market value of investments spreading the unrealized and realized gain/(loss) over a 15 year period (smoothed market value). CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of assumed future payroll on a closed basis. All pension costs are paid upon receipt of invoices.

Trend Information – Following is the three-year trend information for CalPERS:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 167,804	100%	\$ -
6/30/2010	216,332	100%	-
6/30/2011	383,979	100%	-

The Authority has less than 100 active members; therefore, it is required to participate in a risk pool.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents the risk pool multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

13. Postemployment Healthcare Plan:

Plan Description and Funding Policy

The Authority participates in an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. Employees who retire directly from the Authority under the California Public Employee's Retirement System (CalPERS) at the minimum age of 50 with at least 5 years of CalPERS service (or disability) are eligible to receive up to \$105/month for medical insurance premiums paid to CalPERS. This same benefit may continue to a surviving spouse depending on the retirement plan election. Currently, there is one retiree from the Authority. This retiree declined this benefit. CalPERS issues a publicly available financial report that includes

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, P.O. Box 942701, Sacramento, CA 94229-2701.

Annual OPEB Costs and Net OPEB Obligation

The Authority funds the payment of current retirees health costs on a pay-as-you go basis. For the fiscal year ended June 30, 2011, the Authority's pay-as-you-go contribution for health care benefits for retirees are \$0. There were no retirees on the health insurance.

The Authority's annual Other Post Employment Benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Authority's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation (NOO) for the year ended June 30, 2011 and June 30, 2010 are as follows:

	June 30, 2011	June 30, 2010
Annual required contribution	\$ 49,400	\$ 46,500
Payments made	-	-
Interest on net OPEB obligation	2,000	-
Annual OPEB expense	51,400	46,500
Contribution made	-	-
Increase in OPEB obligation	51,400	46,500
Net OPEB obligation - beginning of year	46,500	-
Net OPEB obligation - end of year	\$ 97,900	\$ 46,500

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$84,600. The covered payroll (annual payroll of active employees covered by the plan) was \$2,096,000 and the ratio of the UAAL to the covered payroll was 4.0%. The plan has no segregated assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include

13. Postemployment Healthcare Plan (continued):

assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first

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year of including this information in the financial report, the data presented is limited.

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the actuarial cost method used is Entry Age Normal (EAN) cost method. Under the EAN cost method, the plan's Normal Cost is developed as a level percent of payroll throughout the participants' working lifetime. Entry age is based on current age minus years of service. The Actuarial Accrued Liability (AAL) is the cumulative value on the valuation date of prior Normal Cost. For the retirees, the AAL is the present value of all projected benefits. The Unfunded AAL is being amortized as a level dollar closed 30 year basis, as a level percent of payroll with a remaining amortization period at June 30, 2011 for 29 years. GASB 45 requires the interest rate to represent the underlying expected return for the source of funds used to pay benefits. The actuarial methods and assumptions included 4.5% interest rate, representing the long term expected rate of return on the Authority's pooled investments. Annual inflation assumed to increase at 3% per annum and Aggregate Payroll assumed to increase at 3.25% per annum. The study also used assumptions for the salary merit and longevity increases, and demographic assumptions such as mortality withdrawal, and disability based on CalPERS 1997-2002 Experience Study. Retirement assumption was also based on CalPERS 1997-2002 Experience Study of the Miscellaneous Plan 2.0% at 55 years, with expected retirement age of approximately 62.78.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

14. Commitments and Contingencies:

Recology Waste Systems Long-Term Contract

On October 23, 2003, the Authority entered into a revised long-term contract with Norcal Waste Systems (Norcal) for the operation of scalehouses Sun Street Transfer Station and diversion services. Norcal has since become Recology Waste Systems (Recology), All of these services are provided based on a minimum flat monthly fee along with additional fees based on tonnages/quantities processed at each of the sites and landfill compaction. The Authority has taken over several of the operations. The basic contract terms, at June 30, 2011, were as follows:

<u>Contract</u> <u>Ending Date</u>	<u>Service</u>	<u>Basic</u> <u>Annual Fee</u>	<u>Future Minimum</u> <u>Contractual</u> <u>Amount</u>
12/31/2013	Johnson Canyon Landfill Basic Facility Fee	\$ 1,916,904	\$ 4,792,260

14. Commitments and Contingencies (continued):

For the fiscal year ended June 30, 2011, the Authority paid Recology \$2,880,316 for operations of Johnson Canyon landfills, diversion services, excess tonnage, and air space conservation adjustment.

USA Waste Long-Term Contract

As part of the Settlement Agreement and Release on the Jolon Road litigation, the Authority

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

entered into an Amended and Restated Operating Agreement for the Jolon Road Transfer Station. The initial term of this Amended Agreement commenced on June 3, 2004 and ends on September 1, 2016, however, it may be extended for up to three (3) additional one-year renewal terms. Effective June 30, 2011, the base compensation consists of a fuel component of \$3,004 and a non-fuel component of \$52,209. The base compensation is adjusted annually on the anniversary date of the Amended Agreement based on changes in the Retail On-Highway Diesel Prices and Consumer Price Index. The basic contract terms at June 30, 2011, were as follows:

<u>Ending Date</u>	<u>Service</u>	<u>Annual Fee</u>	<u>Contractual Amount</u>
9/1/2016	Jolon Road Transfer Station	\$ 662,557	\$ 3,423,169

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. Monthly lease payments for the first five years are \$6,540. The minimum monthly rent will increase to \$7,194 on January 1, 2012. The lease has an option to extend for two five-year periods.

The future minimum lease payments through December 2016 are as follows:

<u>Ended June 30</u>	<u>Amount</u>
2012	\$ 82,401
2013	86,328
2014	86,328
2015	86,328
2016	86,328
2017	43,165
	<u>\$ 470,878</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, 2009 the Authority has purchased worker's compensation insurance through the Zurich American Insurance Company for its employees. The Authority has the following commercial insurance policies:

14. Commitments and Contingencies (continued):

<u>Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Pollution liability	\$10,000,000	\$ 25,000
General liability	2,000,000	-
Automobile liability	1,000,000	25,000
Property damage	2,106,214	10,000

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 NOTES TO BASIC FINANCIAL STATEMENTS
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Public Officials/Employment practices	1,000,000	10,000/25,000
Excess Liability	2,000,000	10,000

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.

15. Restricted Net Assets:

At June 30, 2011, the statement of net assets reports restricted net assets of \$2,820,700. None of the net assets are restricted by enabling legislation. This amount is the debt service reserve which cannot be used until the bonds are paid in full in 2031.

16. Net Deficit:

Deficit Invested in Capital Assets, Net of Related Debt

The deficit of \$9,560,964 Invested in Capital Assets, Net of Related Debt is the result of the Authority issuing 30-year debt to purchase and improve assets that depreciated at a much faster rate than the debt is being repaid. Three of the Authority's landfills are closed and fully depreciated, however, the debt associated with those assets will not be paid in full until 2032.

Unrestricted Net Deficit

The deficit of \$3,496,327 in Unrestricted Net Deficit is the result of accrued operating expenses such as postclosure that will be paid from future revenues. Per Board policy tipping fees are set at an amount such that postclosure maintenance is funded on a pay-as-you-go basis. Thus far \$13,364,687 in operating expenses has accrued as a liability which will be funded over the next 30 years from tipping fees. This is in accordance with the Pledge of Revenue that is part of the Financial Assurances agreement between the Authority and CalRecycle.

17. Bond Rate Covenant:

Pursuant to the Master Indenture of the Revenue Bonds, Series 2002, the Authority has agreed to 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. The calculation comes out to 147%.

SALINAS VALLEY SOLID WASTE AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2011

Required Supplementary Information

California Public Employees' Retirement System
 Schedule of Funding Progress

Miscellaneous 2% at 55 Risk Pool

Actuarial Valuation Date	(a) Actuarial Accrued Liability- (AAL) Entry Age	(b) Actuarial Value of Assets	(a-b) Unfunded AAL (UAAL)	(b/a) Funded Ratio	© Covered Payroll	[(a-b)/c] UAAL as a Percentage of Covered Payroll
6/30/2005	\$ 2,891,460,651	\$ 2,588,713,000	\$ 302,747,651	89.5%	\$ 755,046,679	40.1%
6/30/2006	\$ 2,754,396,608	\$ 2,492,226,176	\$ 262,170,432	90.5%	\$ 699,897,835	37.5%
6/30/2007	\$ 2,611,746,790	\$ 2,391,434,447	\$ 220,312,343	91.6%	\$ 665,522,859	33.1%
6/30/2008	\$ 2,780,280,768	\$ 2,547,323,278	\$ 232,957,490	91.6%	\$ 688,606,681	33.8%
6/30/2009	\$ 3,104,798,222	\$ 2,758,511,101	\$ 346,287,121	88.8%	\$ 742,981,488	46.6%

Since the Authority has less than 100 active members it is required to participate in a risk pool. The above data is for the Miscellaneous 2% at 55 Risk Pool which the Authority participates in.

Prior to July 1, 2004 the Authority's employees were covered with the City of Salinas under a separate contract with the California Public Employees' Retirement System (CALPERS) retirement plan. There is no outstanding liability from that plan to the Authority.

SALINAS VALLEY SOLID WASTE AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2011

Postemployment Health Insurance Benefits Plan
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) - Entry Age (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
6/30/2009	\$ 84,600	\$ -	\$ 84,600	0.00%	\$ 2,096,000	4.04%
6/30/2010	-	-	-	-	-	-

Note: Fiscal year 2010 was the year of implementation of GASB No. 45 and the Authority elected to implement prospectively, therefore, prior year comparative data is not available. The Authority is required to have a valuation triennially.



**SALINAS VALLEY
SOLID WASTE AUTHORITY**

Report to the Executive Committee

ITEM NO. 4

Finance Manager/Controller-Treasurer

N/A
Legal Counsel

General Manager/CAO

Date: November 2, 2011
From: Roberto Moreno, Finance Manager
Title: Financing of Wheel Loader

RECOMMENDATION

Staff recommends that the Executive Committee approve the lease-purchase financing of the Wheel Loader for consideration by the Board.

STRATEGIC PLAN RELATIONSHIP

The recommended action helps support Objective No. 1 – Develop a Sustainable Finance Plan, by preserving working capital.

FISCAL IMPACT

The use of lease-purchase financing allows the Authority to preserve \$115,128 out of the \$225,000 budget for Sun Street Equipment Purchases.

DISCUSSION & ANALYSIS

On October 20, the Board approved purchasing a Caterpillar 950K Wheel Loader from Quinn at a cost of \$348,301.88. It will be used at the Sun Street Transfer Station. In order to purchase the equipment outright the budget would need a supplemental appropriation of \$123,400 to the current budget of \$225,000 for Sun St. Equipment purchase.

Staff has obtained a very favorable tax-exempt financing rate from Rabobank which will allow the Authority to be able to also purchase a transfer tractor and trailer in the near future and stay within the \$225,000 annual budget for equipment purchases. A three-year lease-purchase of \$350,000 could be financed at 2.97%. Monthly payment would be \$9,156.42 (\$109,877.04 annually).

In order to finance the purchase on a tax-exempt basis the attached sample documents need to be approved by Resolution. The documents are currently undergoing legal review and will be completely filled-in for the Board meeting. Since the equipment has to be manufactured there is ample time to put the financing in place.

The Executive Committee is asked to review the financing proposal and make a recommendation to the Board.

BACKGROUND

Rabobank provided the following financing options:

Customer: Salinas Valley Solid Waste Authority

Asset Financed: CAT 950K Wheel Loader
Amount Financed: \$350,000

Payments: Monthly payments in arrears (following advance/down payment)
Advance Payment: \$35,000
Net Amount Financed: \$315,000

3 year term option
Interest Rate: 2.97%
Payment: \$9,156.42

4 year term option
Interest Rate: 3.08%
Payment: \$6,983.46

5 year term option
Interest Rate: 3.34%
Payment: \$5,707.86

Subject to verification of eligibility for tax-exempt financing

ATTACHMENT(S)

1. Resolution
2. Rabobank Financing Documents

RESOLUTION NO. 2011 -

A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY AUTHORIZING THE EXECUTION OF A LEASE-PURCHASE AGREEMENT, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS IN CONNECTION WITH THE ACQUISITION OF A WHEEL LOADER

WHEREAS, the Salinas Valley Solid Waste Authority (the "Authority") is a public agency duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the Authority desires to provide for financing in the approximate amount of \$348,301.88 for the acquisition of a wheel loader (the "Property"); and

WHEREAS, Rabobank (the "Corporation") has proposed a cost-effective three-year lease-purchase arrangement at a 2.97% interest rate;

NOW, THEREFORE, it is resolved by the Board of Directors of the Salinas Valley Solid Waste Authority as follows:

SECTION 1. Installment Sale Agreement. The President of the Board of Directors or a designee in writing is hereby authorized to enter into an Installment Sale Agreement (the "Installment Sale") with the Corporation to finance the Property, subject to approval as to form by the Authority's legal counsel.

SECTION 2. Attestations. The Secretary of the Board or other appropriate Authority officer is hereby authorized and directed to attest the signature of the President of the Board of Directors or of such other person or persons as may have been designated by the President of the Board of Directors, and to affix and attest the seal of the Authority, as may be required or appropriate in connection with the execution and delivery of the Installment Sale.

SECTION 3. Other Actions. The President of the Board of Directors and other officers of the Authority are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and deliver any and all documents, agreements and certificates which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution and the Installment Sale. Such actions are hereby ratified, confirmed and approved.

SECTION 4. Qualified Tax-Exempt Obligations. The Installment Sale is hereby designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Authority, together with all subordinate entities of the Authority, do not reasonably expect to issue during the calendar year in which the Installment Sale is issued more than \$10,000,000 of obligations which it could designate as "qualified tax-exempt obligations" under Section 265(b) of the Code.

SECTION 5. Reimbursement of Prior Expenditures. The Authority declares its official intent to be reimbursed from the proceeds of the Installment Sale approved hereby for a maximum principal amount of \$348,301.88 of Property expenditures occurring no earlier than sixty days prior to the adoption of this Resolution. All reimbursed expenditures will be capital expenditures as defined in Section 1.150-1(b) of the Federal Income Tax Regulations.

SECTION 6. Effect. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Board of Directors of the Salinas Valley Solid Waste Authority at the regular meeting duly held on the 17th day of November 2011 by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

Gloria De La Rosa, President

ATTEST:

Elia Zavala, Clerk of the Board

DOCUMENTATION INSTRUCTIONS

The instructions listed below should be followed when completing the enclosed documentation. Documentation completed improperly will delay funding. If you have any questions regarding the instructions or the documentation, please call us.

I. EQUIPMENT LEASE PURCHASE AGREEMENT

EXCEPT AS NOTED, ALL SIGNATURES MUST BE BY THE PERSON OR PERSONS AUTHORIZED IN LESSEE'S RESOLUTION.

1. Description of Equipment

- Type in complete equipment description
- Type the location where the equipment will be located after delivery/installation.

2. Terms and Conditions

- Sign and type name and title
- Another individual must attest the signature

3. Certificate of Clerk or Secretary

- Date, sign and type in name and title

4. Opinion of Counsel

- Lessee's legal counsel must sign, date and type in their name, the name of the firm, address and telephone number.

5. Exhibit A - Payment Schedule

- Sign and type name and title

6. Tax Designation and Covenants

- Initial the appropriate blanks on Item #2 and Item #3
- Date, sign and type in name and title
- Another individual must attest the signature
- Clerk or secretary must date, sign and type in title

7. Acceptance Certificate

- Date, sign and type name and title

II. 8038 - IRS FORM

- In Box 2, type employer identification number
- Sign and type name and title

III. CERTIFICATE OF INSURANCE

- Attach a written certificate (binder) of proof of insurance with **Rabobank, N.A. and/or Its Assigns** as "loss payee" and "additional insured"
- This certificate MUST be an original certificate

IV. ADDITIONAL DOCUMENTATION THAT MUST BE SENT TO: Rabobank, N.A.

- Resolution of governing body approving the purchase of the equipment and the resolution ratifying the financing.
(Note: If the purchase resolution and financing were done in one resolution that is sufficient.)
- Original vendor invoice (if applicable)
- Copy of title/MSO listing Rabobank, N.A. /or Its Assigns as 1st lienholder (if applicable)
- First payment check (if applicable)

ALL DOCUMENTATION SHOULD BE RETURNED TO:

Lease Processing Center

Rabobank, N.A.
1111 Old Eagle School Road
Wayne, PA 19087



Equipment Lease Purchase Agreement

LENDER/LESSOR: **Rabobank, N.A.**

1111 Old Eagle School Road, Wayne, PA 19087

DATED: _____, 20____

LESSEE	Full Legal Name			Phone Number
	DBA Name (if any)			
	Billing Address	City	State	Zip

EQUIPMENT INFORMATION	Quantity	Model No.	Serial Number	Description (Attach Separate Schedule If Necessary)
Equipment Location (if not same as above)				City State Zip

VENDOR	Vendor Name		
	Address		
	City	State	Zip

RENTAL PAYMENTS	Rental Payment Periods:	Rental Payments shall be made in accordance with Section 4.01 and the Schedule of Rental Payments attached hereto as Exhibit A.
	<input type="checkbox"/> Monthly	
	<input type="checkbox"/> Quarterly	
	<input type="checkbox"/> Semiannually	
	<input type="checkbox"/> Annually	

TERMS & CONDITIONS

THE TERMS AND CONDITIONS OF THIS AGREEMENT SET FORTH ON THE FOLLOWING PAGES, INCLUDING ANY EXHIBITS ATTACHED HERETO, SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HERE. IN WITNESS OF, Lessor and Lessee have caused this Agreement to be executed in their name by their duly authorized representatives as of the date written above.

LESSOR	Lessor
	RABOBANK, N.A.
	Signature
	Title
Lease Number	

LESSEE SIGNATURE	Lessee
	Signature
	Title
	(Seal)
	Attest
	Title

(Terms and Conditions continued on the reverse side of this Agreement.)

CERTIFICATE OF CLERK OR SECRETARY OF LESSEE

I, the undersigned, do hereby certify that the officer of Lessee who execute the foregoing Agreement on behalf of Lessee and whose genuine signature appears thereon, is the duly qualified and acting officer of Lessee as stated beneath his or her signature and has been authorized to execute the foregoing Agreement on behalf of Lessee.

SIGNATURE _____ TITLE _____ DATE _____

OPINION OF COUNSEL	As legal counsel of Lessee, I have examined (a) the Agreement, which, among other things provides for the sale to and purchase by the Lessee of the Equipment, (b) an executed counterpart of the ordinance or resolution of Lessee which, among other things, authorizes Lessee to execute the Agreement and (c) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions. Based on the foregoing, I am of the following opinions: (1) Lessee is a public body corporate and politic, duly organized and existing under the laws of the State, and has a substantial amount of one or more of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) police power; (2) Lessee has the requisite power and authority to purchase the Equipment and to execute and deliver the Agreement and to perform its obligations under the Agreement; (3) the Agreement and the other documents either attached thereto or required therein have been duly authorized, approved and executed by and on behalf of Lessee, and the Agreement is a valid and binding obligation of Lessee enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization or other laws affecting creditor's rights generally; (4) the authorization, approval and execution of the Agreement and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, public bidding laws and all other applicable state and federal laws; and (5) there is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Agreement or the security interest of Lessor or its assigns, as the case may be, in the Equipment. All capitalized terms herein shall have the same meanings as in the Agreement. Lessor, its successors and assigns, and any counsel rendering an opinion on the tax-exempt status of the interest components of Rental Payments are entitled to rely on this opinion.			
	Signature	Date		
	Name	Phone Number		
	Address	City	State	Zip

ARTICLE I

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Agreement" means this Equipment Lease Purchase Agreement and any other schedule, exhibit or escrow agreement made a part hereof by the parties hereto, together with any amendments to the Agreement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commencement Date" is the date when the term of this Agreement and Lessee's obligation to pay rent commence, which date shall be the earlier of (i) the date on which the Equipment is accepted by Lessee in the manner described in Section 5.01, or (ii) the date on which sufficient moneys to purchase the Equipment are deposited by Lessor for that purpose with an escrow agent.

"Equipment" means the property described on the front of this Agreement, and all replacements, substitutions, repairs, restorations, modifications, attachments, accessions, additions and improvements thereof or thereto.

"Event of Default" means an Event of Default described in Section 12.01.

"Issuance Year" is the calendar year in which the Commencement Date occurs.

"Lease Term" means the Original Term and all Renewal Terms, but ending on the occurrence of the earliest event specified in Section 3.02.

"Lessee" means the entity described as such on the front of this Agreement, its successors and its assigns.

"Lessor" means the entity described as such on the front of this Agreement, its successors and its assigns.

"Maximum Lease Term" means the Original Term and all Renewal Terms through the Renewal Term including the last Rental Payment date set forth on the Payment Schedule.

"Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award.

"Original Term" means the period from the Commencement Date until the end of the fiscal year of Lessee in effect at the Commencement Date.

"Payment Schedule" means the schedule of Rental Payments and Purchase Price set forth on Exhibit A.

"Purchase Price" means the amount set forth on the Payment Schedule as the Purchase Price for the Equipment.

"Renewal Terms" means the optional renewal terms of this Agreement, each having a duration of one year and a term co-extensive with Lessee's fiscal year.

"Rental Payment Period" means the period beginning on the day a Rental Payment is due and ending the day before the next Rental Payment is due. The first Rental Payment Period shall begin on the Commencement Date in all cases. If Rental Payment Periods are monthly, subsequent Rental Payment Periods shall begin on the same day of each month after the Commencement Date. If Rental Payment Periods are quarterly, subsequent Rental Payment Periods shall begin on the same day of each third month after the Commencement Date. If Rental Payment Periods are semiannual, subsequent Rental Payment Periods shall begin on the same day of each sixth month after the Commencement Date. If Rental Payment Periods are annual, subsequent Rental Payment Periods shall begin on the anniversary of the Commencement Date in each year. If the Commencement Date is the 29th, 30th, or 31st day of a month, any subsequent Rental Payment Period that would otherwise begin on the 29th, 30th or 31st of a month that does not include such a date shall begin on the last day of the month.

"Rental Payments" means the basic rental payments payable by Lessee pursuant to Section 4.01.

"State" means the state in which Lessee is located.

"Vendor" means the manufacturer of the Equipment as well as the agents or dealers of the manufacturer from whom Lessor purchased or is purchasing the Equipment, as listed on the front of this Agreement.

ARTICLE II

Section 2.01. Representations and Covenants of Lessee. Lessee represents, warrants and covenants for the benefit of Lessor as follows:

(a) Lessee is a municipal corporation and political subdivision duly organized and existing under the constitution and laws of the State. Lessee will do or cause to be done all things to preserve and keep in full force and effect its existence as a body corporate and politic. Lessee is a political subdivision of the State within the meaning of Section 103(a) of the Code or a constituted authority authorized to issue obligations on behalf of a state or local governmental unit within the meaning of the regulations promulgated pursuant to said Section of the Code.

(b) Lessee is authorized under the constitution and laws of the State to enter into this Agreement and the transaction contemplated hereby and to perform all of its obligations hereunder.

(c) Lessee has been duly authorized to execute and deliver this Agreement by proper action and approval of its governing body at a meeting duly called, regularly convened and attended throughout by a requisite majority of the members thereof or by other appropriate official approval.

(d) This Agreement constitutes the legal, valid and binding obligation of the Lessee enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(e) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the Commencement Date.

(f) Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current fiscal year to make the Rental Payments scheduled to come due during the Original Term and to meet its other obligations for the Original Term, and such funds have not been expended for other purposes.

(g) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic.

(h) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the acquisition by Lessee of the Equipment hereunder.

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against or affecting the Lessee, nor to the best knowledge of the Lessee is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Agreement

or any other document, agreement or certificate which is used or contemplated for use in the consummation of the transactions contemplated by this Agreement or materially adversely affect the financial condition or properties of Lessee.

(j) All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the Lessee of this Agreement or in connection with the carrying out by the Lessee of its obligations hereunder have been obtained.

(k) The entering into and performance of this Agreement or any other document or agreement contemplated hereby to which the Lessee is or is to be a party will not violate any judgment, order, law or regulation applicable to the Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest of other encumbrance on any assets of the Lessee or the Equipment pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which the Lessee is a party or by which it or its assets may be bound, except as herein provided.

(l) The Equipment described in this Agreement is essential to the function of the Lessee or to the service Lessee provides to its citizens. The Lessee has an immediate need for, and expects to make immediate use of, substantially all the Equipment, which need is not temporary or expected to diminish in the foreseeable future. The Equipment will be used by Lessee only for the purpose of performing one or more of Lessee's governmental or proprietary functions consistent with the permissible scope of Lessee's authority and will not be used in the trade or business of any other entity or person.

(m) Lessee will comply with all applicable provisions of the Code, including without limitation Sections 103 and 148 thereof, and the applicable regulations of the Treasury Department to maintain the exclusion of the interest components of Rental Payments from gross income for purposes of federal income taxation.

(n) Lessee has never failed to appropriate or otherwise make available funds sufficient to pay rental or other payments coming due under any lease purchase, installment sale or other similar agreement.

Section 2.02. Certification as to Arbitrage. Lessee hereby represents as follows:

(a) The estimated total costs of the Equipment will not be less than the total principal portion of the Rental Payments.

(b) The Equipment has been ordered or is expected to be ordered within six months of the Commencement Date, and the Equipment is expected to be delivered and installed, and the Vendor fully paid, within one year of the Commencement Date.

(c) Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Rental Payments, or (ii) that may be used solely to prevent a default in the payment of the Rental Payments.

(d) The Equipment has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Rental Payments.

(e) To the best of our knowledge, information and belief, the above expectations are reasonable.

ARTICLE III

Section 3.01. Lease of Equipment. Lessor hereby demises, leases and lets the Equipment to Lessee, and Lessee rents, leases and hires the Equipment from Lessor, in accordance with the provisions of this Agreement, for the Lease Term. The Original Term of this Agreement shall commence on the Commencement Date and shall terminate on the last day of Lessee's current fiscal year. The Lease Term may be continued at the end of the Original Term or any Renewal Term for an additional Renewal Term up to the Maximum Lease Term; provided, however, that at the end of the Original Term and at the end of each Renewal Term until the Maximum Lease Term has been completed, Lessee shall be deemed to have continued this Agreement for the next Renewal Term unless Lessee shall have terminated this Agreement pursuant to Section 3.04 or Section 10.01. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Rental Payments shall be as provided in the Payment Schedule.

Section 3.02. Termination of Lease Term. The Lease Term shall terminate upon the earliest of any of the following events:

(a) the expiration of the Original Term or any Renewal Term and the nonrenewal of this Agreement in the event of nonappropriation of funds pursuant to Section 3.04;

(b) the exercise by Lessee of the option to purchase the Equipment under Article X and payment of the Purchase Price and all amounts payable in connection therewith;

(c) a default by Lessee and Lessor's election to terminate this Agreement under Article XII; or

(d) the payment by Lessee of all Rental Payments authorized or required to be paid by Lessee hereunder during the Maximum Lease Term.

Section 3.03. Continuation of Lease Term. Lessee currently intends, subject to Section 3.04, to continue the Lease Term through the Original Term and all of the Renewal Terms and to pay the Rental Payments hereunder. Lessee reasonably believes that legally available funds in an amount sufficient to make all Rental Payments during the Original Term and each of the Renewal Terms can be obtained. The responsible financial officer of Lessee shall do all things lawfully within his or her power to obtain and maintain funds from which the Rental Payments may be made, including making provision for such Rental Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of Lessee and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. Notwithstanding the foregoing, the decision whether or not to budget or appropriate funds or to extend this Agreement for any Renewal Term is solely within the discretion of the then current governing body of Lessee.

Section 3.04. Nonappropriation. Lessee is obligated only to pay such Rental Payments under this Agreement as may lawfully be made from funds budgeted and appropriated for that purpose during Lessee's then current fiscal year. In the event sufficient funds shall not be appropriated or are not otherwise legally available to pay the Rental Payments required to be paid in the next occurring Renewal Term, as set forth in the Payment Schedule, this Agreement shall be deemed to be terminated at the end of the then current Original Term or Renewal Term. Lessee agrees to deliver written notice to Lessor of such termination at least 90 days prior to the end of the then current Original Term or Renewal Term, but failure to give such notice shall not extend the Lease Term beyond such Original Term or Renewal Term. If this Agreement is terminated in accordance with this Section, Lessee agrees, at Lessee's cost and expense, to peaceably deliver the Equipment to Lessor at the location or locations specified by Lessor.

ARTICLE IV

Section 4.01. Rental Payments. Lessee shall pay Rental Payments, exclusively from legal-ly available funds, in lawful money of the United States of America to Lessor on the dates and in the amounts set forth on the Payment Schedule. Any Rental Payment not received on or before its due date shall bear interest at the rate of 18% per annum or the maximum amount permitted by law, whichever is less, from its due date. As set forth on the Payment Schedule, a portion of each Rental Payment is paid as, and represents payment of, interest.

Section 4.02. Rental Payments to Constitute a Current Expense of Lessee. The obligation of Lessee to pay Rental Payments hereunder shall constitute a current expense of Lessee, and do not constitute a mandatory payment obligation of Lessee in any fiscal year beyond the then current fiscal year of Lessee. Lessee's obligation hereunder shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of Lessee.

Section 4.03. Rental Payments To Be Unconditional. EXCEPT AS PROVIDED IN SECTION 3.04, THE OBLIGATIONS OF LESSEE TO MAKE RENTAL PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING WITHOUT LIMITATION ANY FAILURE OF THE EQUIPMENT TO BE DELIVERED OR INSTALLED, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE EQUIPMENT OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

ARTICLE V

Section 5.01. Delivery, Installation and Acceptance of the Equipment. Lessee shall order the Equipment, cause the Equipment to be delivered and installed at the location specified on the front of this Agreement and pay any and all delivery and installation costs in connection therewith. When the Equipment has been delivered and installed, Lessee shall immediately accept the Equipment and evidence said acceptance by executing and delivering to Lessor an acceptance certificate acceptable to Lessor. After it has been installed, the Equipment will not be moved from the location specified on the front of this Agreement without Lessor's consent, which consent shall not be unreasonably withheld.

Section 5.02. Enjoyment of Equipment. Lessee shall peaceably and quietly have and hold and enjoy the Equipment during the Lease Term, without suit, trouble or hindrance from Lessor, except as otherwise expressly set forth in this Agreement.

Section 5.03. Right of Inspection. Lessor shall have the right at all reasonable times during regular business hours to enter into and upon the property of Lessee for the purpose of inspecting the Equipment.

Section 5.04. Use and Maintenance of the Equipment. Lessee will not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Agreement. Lessee shall obtain all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Lessee shall comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative or judicial body; provided that Lessee may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest of Lessor in and to the Equipment or its interest or rights under this Agreement. Lessee agrees that it will, at Lessee's own cost and expense, maintain, preserve and keep the Equipment in good repair, working order and condition. If requested to do so by Lessor, Lessee will enter into a maintenance contract for the Equipment with Vendor. LESSOR SHALL HAVE NO RESPONSIBILITY TO SERVICE, MAINTAIN, REPAIR OR MAKE IMPROVEMENTS OR ADDITIONS TO THE EQUIPMENT. LESSEE SHALL MAKE ALL CLAIMS FOR SERVICE OR MAINTENANCE SOLELY TO THE VENDOR AND SUCH CLAIMS WILL NOT AFFECT LESSEE'S OBLIGATION TO MAKE ALL REQUIRED RENTAL PAYMENTS.

ARTICLE VI

Section 6.01. Title to the Equipment. During the Lease Term, title to the Equipment shall vest in Lessee, subject to the rights of Lessor under this Agreement; provided that title shall thereafter immediately and without any action by Lessee vest in Lessor, and Lessee shall immediately surrender possession of the Equipment to Lessor upon (a) any termination of this Agreement other than termination pursuant to Section 10.01, or (b) the occurrence of an Event of Default. It is the intent of the parties hereto that any transfer of title to Lessor pursuant to this Section shall occur automatically without the necessity of any bill of sale, certificate of title or other instrument of conveyance. Lessee shall, nevertheless, execute and deliver any such instruments as Lessor may request to evidence such transfer. Lessee irrevocably designates, makes, constitutes and appoints Lessor and its assignee as Lessee's true and lawful attorney (and agent in-fact) with power, at such time of termination or times thereafter as Lessor in its sole and absolute discretion may determine, in Lessee's or Lessor's or such assignee's name, to endorse the name of Lessee upon any bill of sale, document, instrument, invoice, freight bill, bill of lading or similar document relating to the Equipment in order to vest title in Lessor and transfer possession to Lessor.

Section 6.02. Security Interest. To secure the payment of all of Lessee's obligations under this Agreement, Lessor retains a security interest constituting a first lien on the Equipment and proceeds therefrom. Lessee agrees to execute such additional documents, in form satisfactory to Lessor, that Lessor deems necessary or appropriate to establish and maintain its security interest. Lessee agrees that financing statements may be filed with respect to the security interest in the Equipment.

Section 6.03. Personal Property. Lessor and Lessee agree that the Equipment is and will remain personal property. The Equipment will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to such real estate or any building thereon. Upon the request of Lessor, Lessee will, at Lessee's expense, furnish a waiver of any interest in the Equipment from any party having an interest in any such real estate or building.

ARTICLE VII

Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee shall keep the Equipment free and clear of all liens, charges and encumbrances, except those cre-

ated under this Agreement. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Equipment will be exempt from all taxes and other similar charges. If the use, possession or acquisition of the Equipment is found to be subject to taxation in any form, Lessee will pay all taxes and governmental charges lawfully assessed or levied against or with respect to the Equipment. Lessee shall pay all utility and other charges incurred in the use and maintenance of the Equipment. Lessee shall pay such taxes and charges as the same become due; provided that, with respect to any such taxes and charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments that accrue during the Lease Term.

Section 7.02. Insurance. At its own expense, Lessee shall maintain (a) casualty insurance insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks reasonably required by Lessor in an amount at least equal to the then applicable Purchase Price of the Equipment, (b) liability insurance that protects Lessor from liability in all events in form and amount satisfactory to Lessor, and (c) workers' compensation coverage as required by the laws of the State; provided that, with Lessor's prior written consent, Lessee may self-insure against the risks described in clauses (a) and (b). All insurance proceeds from casualty losses shall be payable as hereinafter provided. Lessee shall furnish to Lessor certificates evidencing such coverage throughout the Lease Term. All such casualty and liability insurance shall be with insurers that are acceptable to Lessor, shall name Lessor as a loss payee and an additional insured, respectively, and shall contain a provision to the effect that such insurance shall not be cancelled or modified materially without first giving written notice thereof to Lessor at least ten days in advance of such cancellation or modification. All such casualty insurance shall contain a provision making any losses payable to Lessee and Lessor, as their respective interests may appear.

Section 7.03. Advances. In the event Lessee shall fail to either maintain the insurance required by this Agreement, pay the taxes or charges required to be paid by it under this Agreement or keep the Equipment in good repair and working order, Lessor may, but shall be under no obligation to, purchase the required policies of insurance and pay the cost of the premiums thereof, pay such taxes and charges and maintain and repair the Equipment and pay the cost thereof. All amounts so advanced by Lessor shall become additional rent for the then current Original Term or Renewal Term. Lessee agrees to pay such amounts with interest thereon from the date paid at the rate of 12% per annum or the maximum permitted by law, whichever is less.

Section 7.04. Financial Information. Lessee will annually provide Lessor with current financial statements, budgets, proofs of appropriation for the ensuing fiscal year and such other financial information relating to the ability of Lessee to continue this Agreement as may be requested by Lessor.

Section 7.05. Release and Indemnification. To the extent permitted by law, Lessee shall indemnify, protect and hold harmless Lessor from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of cause thereof, and expenses in connection therewith (including, without limitation, counsel fees and expenses and any federal income tax and interest and penalties connected therewith imposed on interest received) arising out of or as the result of (a) the entering into this Agreement, (b) the ownership of any item of the Equipment, (c) the manufacturing, ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any item of the Equipment, (d) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury or death to any person or (e) the breach of any covenant herein or any material misrepresentation contained herein. The indemnification arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the Lease Term for any reason.

ARTICLE VIII

Section 8.01. Risk of Loss. Lessee assumes, from and including the Commencement Date, all risk of loss of or damage to the Equipment from any cause whatsoever. No such loss of or damage to the Equipment nor defect therein nor unfitness or obsolescence thereof shall relieve Lessee of the obligation to make Rental Payments or to perform any other obligation under this Agreement.

Section 8.02. Damage, Destruction and Condemnation. If (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty, or (b) title to, or the temporary use of, the Equipment or any part thereof or the interest of Lessee or Lessor in the Equipment or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, Lessee and Lessor will cause the Net Proceeds of any insurance claim or condemnation award to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment, unless Lessee shall have exercised its option to purchase the Equipment pursuant to Section 10.01. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee.

Section 8.03. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01, Lessee shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds, or (b) purchase Lessor's interest in the Equipment pursuant to Section 10.01. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement or after purchasing the Equipment shall be retained by Lessee. If Lessee shall make any payments pursuant to this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article IV.

ARTICLE IX

Section 9.01. Disclaimer of Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OR PURPOSE OF THE EQUIPMENT OR AGAINST INFRINGEMENT, OR ANY OTHER WARRANTY OR REPRESENTATION WITH RESPECT THERETO. IN NO EVENT SHALL LESSOR BE LIABLE FOR ANY ACTUAL, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE EXISTENCE, FURNISHING, FUNCTIONING OR LESSEE'S USE OR MAINTENANCE OF ANY EQUIPMENT OR SERVICES PROVIDED FOR IN THIS AGREEMENT.

Section 9.02. Vendor's Warranties. Lessee may have rights under the contract evidencing

the purchase of the Equipment; Lessee is advised to contact the Vendor for a description of any such rights. Lessor hereby assigns to Lessee during the Lease Term all warranties running from Vendor to Lessor. Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default hereunder, to assert from time to time whatever claims and rights (including without limitation warranties) related to the Equipment that Lessor may have against the Vendor. Lessee's sole remedy for the breach of any such warranty, indemnification or representation shall be against the Vendor, and not against Lessor. Any such matter shall not have any effect whatsoever on the rights and obligations of Lessor with respect to this Agreement, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or availability of such warranties by any Vendor.

ARTICLE X

Section 10.01. Purchase Option. Lessee shall have the option to purchase Lessor's interest in all (but not less than all) of the Equipment, upon giving written notice to Lessor at least 60 (but not more than 180) days before the date of purchase, at the following times and upon the following terms:

(a) On any Rental Payment Date, upon payment in full of the Rental Payments and all other amounts then due hereunder plus the then applicable Purchase Price to Lessor; or

(b) In the event of substantial damage to or destruction or condemnation of substantially all of the Equipment, on the day Lessee specifies as the purchase date in Lessee's notice to Lessor of its exercise of the purchase option, upon payment in full of the Rental Payments and all other amounts then due hereunder plus (i) the Purchase Price designated on the Payment Schedule for such purchase date if such purchase date is a Rental Payment Date or the Purchase Price for the immediately preceding Rental Payment Date if such purchase date is not a Rental Payment Date, and (ii) if such day is not a Rental Payment Date, an amount equal to the portion of the interest component of the Rental Payment scheduled to come due on the following Rental Payment Date accrued from the immediately preceding Rental Payment Date to such purchase date, computed on the basis of a 360-day year of twelve 30-day months.

Upon the exercise of the option to purchase set forth above, title to the Equipment shall be vested in Lessee, free and clear of any claim by or through Lessor.

Section 10.02. Determination of Fair Purchase Price. Lessee and Lessor hereby agree and determine that the Rental Payments hereunder during the Original Term and each Renewal Term represent the fair value of the use of the Equipment and that the amount required to exercise Lessee's option to purchase the Equipment pursuant to Section 10.01 represents, as of the end of the Original Term or any Renewal Term, the fair purchase price of the Equipment. Lessee hereby determines that the Rental Payments do not exceed a reasonable amount so as to place Lessee under a practical economic compulsion to renew this Agreement or to exercise its option to purchase the Equipment hereunder. In making such determinations, Lessee and Lessor have given consideration to (a) the costs of the Equipment, (b) the uses and purposes for which the Equipment will be employed by Lessee, (c) the benefit to Lessee by reason of the acquisition and installation of the Equipment and the use of the Equipment pursuant to the terms and provisions of this Agreement, and (d) Lessee's option to purchase the Equipment.

ARTICLE XI

Section 11.01. Assignment by Lessor. Lessor's interest in, to and under this Agreement and the Equipment may, without notice to or the consent of Lessee, be assigned and reassigned in whole or in part to one or more assignees by Lessor. Lessee hereby appoints Municipal Registrar Services (the "Registrar") as its agent for the purpose of maintaining a written record of each such assignment in form necessary to comply with Section 149(a) of the Code. No such assignment shall be binding on Lessee until the Registrar has received written notice from Lessor of the name and address of the assignee. Lessee agrees to execute all documents, including chattel mortgages or financing statements that may be reasonably requested by Lessor or any assignee to protect its interest in the Equipment and in this Agreement. Lessee shall not have the right to and shall not assert against any assignee any claim, counterclaim, defense, set-off or other right Lessee may from time to time have against Lessor.

Section 11.02. Assignment and Subleasing by Lessee. None of Lessee's right, title and interest in, to and under this Agreement and in the Equipment may be assigned or encumbered by Lessee for any reason, except that Lessee may sublease all or part of the Equipment if Lessee obtains the prior written consent of Lessor and an opinion of nationally recognized counsel in the area of tax exempt municipal obligations satisfactory to Lessor that such subleasing will not adversely affect the exclusion of the interest components of the Rental Payments from gross income for federal income tax purposes. Any such sublease of all or part of the Equipment shall be subject to this Agreement and the rights of the Lessor in, to and under this Agreement and the Equipment.

ARTICLE XII

Section 12.01. Events of Default Defined. Subject to the provisions of Section 3.04, any of the following shall be "Events of Default" under this Agreement:

(a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder at the time specified herein;

(b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 12.01(a), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;

(c) Any statement, representation or warranty made by Lessee in or pursuant to this Agreement or its execution, delivery or performance shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

(d) Any provision of this Agreement shall at any time for any reason cease to be valid and binding on Lessee, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by Lessee or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of Lessor, or Lessee shall deny that

it has any further liability or obligation under this Agreement;

(e) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization or insolvency proceeding; or

(f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator of Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

Section 12.02. Remedies on Default. Whenever any Event of Default exists, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to Lessee, Lessor may declare all Rental Payments and other amounts payable by Lessee hereunder to the end of the then current Original Term or Renewal Term to be due;

(b) With or without terminating this Agreement, Lessor may enter the premises where the Equipment is located and retake possession of the Equipment or require Lessee at Lessee's expense to promptly return any or all of the Equipment to the possession of Lessor at a place specified by Lessor, and sell or lease the Equipment or, for the account of Lessee, sublease the Equipment, holding Lessee liable for the difference between (i) the Rental Payments and other amounts payable by Lessee hereunder plus the then applicable Purchase Price, and (ii) the net proceeds of any such sale, lease or sublease (after deducting all expenses of Lessor in exercising its remedies under this Agreement, including without limitation, all expenses of taking possession, storing, reconditioning and selling or leasing the Equipment and all brokerage, auctioneers' and attorneys' fees); provided that the amount of Lessee's liability under this subparagraph (b) shall not exceed the Rental Payments and other amounts otherwise due hereunder plus the remaining Rental Payments and other amounts payable by Lessee hereunder to the end of the then current fiscal year of Lessee; and

(c) Lessor may take whatever other action at law or in equity may appear necessary or desirable to enforce its rights as the owner of the Equipment.

In addition, Lessee will remain liable for all covenants and indemnities under this Agreement and for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor. Lessor may charge interest on all amounts due to it at the rate of 18% per annum or the maximum amount permitted by law, whichever is less.

Section 12.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article.

ARTICLE XIII

Section 13.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at the addresses on the front of this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party), to any assignee at its address as it appears on the registration books maintained by Lessee.

Section 13.02. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.03. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.04. Entire Agreement. This Agreement constitutes the entire agreement between Lessor and Lessee.

Section 13.05. Amendments. This Agreement may be amended in writing by Lessor and Lessee.

Section 13.06. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.07. Usury. The parties hereto agree that the charges in this Agreement shall not be a violation of usury or other law. Any such excess charge shall be applied in such order as to conform this Agreement to such applicable law.

Section 13.08. Jury Trial Waiver. TO THE EXTENT PERMITTED BY LAW, LESSEE AGREES TO WAIVE ITS RIGHT TO A TRIAL BY JURY.

Section 13.09. Facsimile Documentation. Lessee agrees that a facsimile copy of this Agreement with facsimile signatures may be treated as an original and will be admissible as evidence of this Agreement.

Section 13.10. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 13.11. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

EXHIBIT A

EQUIPMENT LEASE PURCHASE AGREEMENT

Payment Schedule

Rental Payment Number	Rental Payment Amount	Interest Portion	Principal Portion	Purchase Price

--

Signature: _____ Date: _____

Print Name: _____

TAX DESIGNATIONS AND COVENANTS

1. The covenants and designations hereinafter set forth are intended to be, and hereby are, incorporated into the Equipment Lease Purchase Agreement, dated _____, 20____ (the "Agreement"), between Rabobank, N.A. ("Lessor") and _____ ("Lessee"), and except as otherwise defined herein, all terms defined in the Agreement shall have the same meaning herein as in the Agreement. The Commencement Date of the Agreement is or will be in the calendar year 20____ (the "Issuance Year").

2. Bank Qualification. **Lessee initial here if this provision is applicable:** _____
Lessee initial here if this provision is NOT applicable: _____

(a) Lessee hereby designates the Agreement as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code. The aggregate face amount of all tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3)bonds) issued or to be issued by Lessee and all subordinate entities thereof during the Issuance Year, including the Agreement, is not reasonably expected to exceed \$10,000,000.

(b) Lessee hereby covenants that Lessee and all subordinate entities thereof will not issue in excess of \$10,000,000 of "qualified tax-exempt obligations" (including the Agreement but excluding private activity bonds other than qualified 501(c)(3)bonds) during the Issuance Year without first obtaining an opinion of nationally recognized counsel in the area of tax-exempt obligations of state and local governments acceptable to Lessor that the designation of the Agreement as a "qualified tax-exempt obligation" will not be adversely affected.

3. Small Issue Arbitrage Rebate Exception. **Lessee initial here if this provision is applicable:** _____
Lessee initial here if this provision is NOT applicable: _____

(a) Lessee represents and warrants that it is a governmental unit under the laws of the State with general taxing powers; the Agreement is not a private activity bond as defined in Section 141 of the Code; 95% or more of the net proceeds of the Agreement will be used for local governmental activities of Lessee; and the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the Lessee and all subordinate entities thereof during the Issuance Year is not reasonably expected to exceed \$5,000,000.

(b) Lessee hereby covenants that Lessee and all subordinate entities thereof will not issue in excess of \$5,000,000 of tax-exempt bonds (including the Agreement but excluding private activity bonds) during the Issuance Year without first obtaining an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations acceptable to Lessor that the excludability of the interest on the Agreement from gross income for federal tax purposes will not be adversely affected.

LESSEE	Lessee Name _____	
	Signature _____	Date _____
	Title _____	

Attest Signature: _____

Title: _____

(SEAL)

CERTIFICATE OF CLERK OR SECRETARY OF LESSEE

I, the undersigned, do hereby certify that (i) the foregoing Tax Designations and Covenants were adopted and approved by action of the governing body of Lessee at a meeting duly called, regularly convened and attended throughout by the requisite majority of the members thereof, (ii) the officer of Lessee who executed the foregoing Tax Designation and Covenants on behalf of Lessee and whose genuine signature appears thereon is the duly qualified and acting officer of Lessee as stated beneath his or her signature, and (iii) said officer has been authorized to execute the foregoing Tax Designations and Covenants on behalf of Lessee.

SIGNATURE _____ TITLE _____ DATE _____

Rabobank, N.A.
1111 Old Eagle School Road
Wayne, PA 19087

ACCEPTANCE CERTIFICATE

Ladies and Gentlemen:

Re: Equipment Lease Purchase Agreement dated as of _____, 20____,
between Rabobank, N.A., as Lessor, and _____, as Lessee.

In accordance with the Equipment Lease Purchase Agreement (the "Agreement"), the undersigned Lessee hereby certifies and represents to, and agrees with Lessor as follows:

1. All of the Equipment (as such term is defined in the Agreement) has been delivered, installed and accepted on the date hereof.
2. Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.
3. Lessee is currently maintaining the insurance coverage required by **Section 7.02** of the Agreement.
4. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Agreement) exists at the date hereof.

(SEAL)

LESSEE SIGNATURE	Signature _____	Date _____
	Print Name _____	
	Title _____	

08RABOP011v1

EXHIBIT B TO EQUIPMENT LEASE PURCHASE AGREEMENT DATED _____, 20

Equipment Description

LESSOR SIGNATURE	Name of Lessor _____
	Lessor Signature _____ Date _____
	Print Name _____
	Title _____
	Lease Number _____

10PFODC172

Information Return for Tax-Exempt Governmental Obligations

> Under Internal Revenue Code Section 149(e)
> See separate instructions.

Caution: If the issue price is under \$100,000, Use Form 8038-GC

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's Name		2 Issuer's employer identification number (EIN)	
3 Number and street (or P.O. box if mail is not delivered to street address)		4 Report number (For IRS Use Only)	
Room/Suite		6 Date of issue	
5 City, town, or post office, state and ZIP code		8 CUSIP Number	
7 Name of Issue		10 Telephone number of officer or legal representative	
9 Name and title of officer or legal representative whom the IRS may call for more information			

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule	
11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input type="checkbox"/> Other. Describe >	18
19 If obligations are TANs or RANs, check box 19a <input type="checkbox"/> If obligations are BANs, check box 19b <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations (Complete for the entire issue for which this form is being filed)				
	(a) Final Maturity date	(b) Issue Price	(c) Stated redemption price at maturity	(d) Weighted average maturity
21				Years
				(e) Yield
				%

Part IV Use of Proceeds of Bond Issue (including underwriters' discount)	
22 Proceeds used for accrued interest	22
23 Issue price of entire issue (enter amount from line 21, column (b))	23
24 Proceeds used for bond issuance costs (including underwriters' discount)	24
25 Proceeds used for credit enhancement	25
26 Proceeds allocated to reasonably required reserve or replacement fund	26
27 Proceeds used to currently refund prior issues	27
28 Proceeds used to advance refund prior issues	28
29 Total (add lines 24 through 28)	29 \$0.00
30 Nonrefunding proceed of the issue (subtract line 29 from line 23 and enter amount here)	30

Part V Description of Refunded Bonds (Complete this part only for refunding bonds)	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	

Part VI Miscellaneous	
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a
b Enter the final maturity date of the GIC >	
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer > _____ and the date of the issue > _____	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

Signature and Consent > Under the penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative _____ Date _____ Type or print name and title _____

Paid Preparer's Use Only	Preparer's signature >	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code >		EIN	Phone no.

Instructions for Form 8038-G

(Rev. May 2010)



Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Form 8038-G is used by issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150.

Who Must File

IF the issue price (line 21, column (b)) is...	THEN, for tax-exempt governmental obligations issued after December 31, 1986, issuers must file...
--	--

\$100,000 or more	A separate Form 8038-G for each issue
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Less than \$100,000	Form 8038-GC, Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales
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When To File

File Form 8038-G on or before the 15th day of the 2nd calendar month after the close of the calendar quarter in which the bond is issued. Form 8038-G may not be filed before the issue date and must be completed based on the facts as of the issue date.

Late filing. An issuer may be granted an extension of time to file Form 8038-G under Section 3 of Rev. Proc. 2002-48, 2002-37 I.R.B. 531, if it is determined that the failure to file on time is not due to willful neglect. Enter at the top of the form "Request for Relief under Section 3 of Rev. Proc. 2002-48" and attach a letter explaining why Form 8038-G was not submitted to the IRS on time. Also indicate whether the bond issue in question is under examination by the IRS. Do not submit copies of the trust indenture or other bond documents. See *Where To File* below.

Where To File

File Form 8038-G, and any attachments, with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

Private delivery services. You can use certain private delivery services designated by the IRS to meet the "timely

mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following:

- DHL Express (DHL): DHL Same Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

Other Forms That May Be Required

For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the Federal government, use Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate.

For private activity bonds, use Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

For build America bonds (Direct Pay), build America bonds (Tax Credit) and recovery zone economic development bonds, complete Form 8038-B, Information Return for Build America Bonds and Recovery Zone Economic Development Bonds.

For qualified forestry conservation bonds, new clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, qualified school construction bonds, clean renewable energy bonds, Midwestern tax credit bonds, and all other qualified tax credit bonds (except build America bonds), file Form 8038-TC, Information Return for Tax Credit Bonds and Specified Tax Credit Bonds.

Rounding to Whole Dollars

You may show amounts on this return as whole dollars. To do so, drop amounts less than 50 cents and increase amounts from 50 cents through 99 cents to the next higher dollar.

Questions on Filing Form 8038-G

For specific questions on how to file Form 8038-G send an email to the IRS at TaxExemptBondQuestions@irs.gov and put "Form 8038-G Question" in the subject line. In the email include a

description of your question, a return email address, the name of a contact person, and a telephone number.

Definitions

Tax-exempt obligation. This is any obligation, including a bond, installment purchase agreement, or financial lease, on which the interest is excluded from income under section 103.

Tax-exempt governmental obligation. A tax-exempt obligation that is not a private activity bond (see below) is a tax-exempt governmental obligation. This includes a bond issued by a qualified volunteer fire department under section 150(e).

Private activity bond. This includes an obligation issued as part of an issue in which:

- More than 10% of the proceeds are to be used for any private activity business use, **and**
- More than 10% of the payment of principal or interest of the issue is **either (a)** secured by an interest in property to be used for a private business use (or payments for such property) **or (b)** to be derived from payments for property (or borrowed money) used for a private business use.

It also includes a bond, the proceeds of which **(a)** are to be used to make or finance loans (other than loans described in section 141(c)(2)) to persons other than governmental units and **(b)** exceeds the lesser of 5% of the proceeds **or** \$5 million.

Issue price. The issue price of obligations is generally determined under Regulations section 1.148-1(b). Thus, when issued for cash, the issue price is the first price at which a substantial amount of the obligations are sold to the public. To determine the issue price of an obligation issued for property, see sections 1273 and 1274 and the related regulations.

Issue. Generally, obligations are treated as part of the same issue only if they are issued by the same issuer, on the same date, and as part of a single transaction, or a series of related transactions. However, obligations issued during the same calendar year **(a)** under a loan agreement under which amounts are to be advanced periodically (a "draw-down loan") or **(b)** with a term not exceeding 270 days, may be treated as part of the same issue if the obligations are equally and ratably secured under a single indenture or loan agreement and are

issued under a common financing arrangement (for example, under the same official statement periodically updated to reflect changing factual circumstances). Also, for obligations issued under a draw-down loan that meets the requirements of the preceding sentence, obligations issued during different calendar years may be treated as part of the same issue if all of the amounts to be advanced under the draw-down loan are reasonably expected to be advanced within 3 years of the date of issue of the first obligation. Likewise, obligations (other than private activity bonds) issued under a single agreement that is in the form of a lease or installment sale may be treated as part of the same issue if all of the property covered by that agreement is reasonably expected to be delivered within 3 years of the date of issue of the first obligation.

Arbitrage rebate. Generally, interest on a state or local bond is not tax-exempt unless the issuer of the bond rebates to the United States arbitrage profits earned from investing proceeds of the bond in higher yielding nonpurpose investments. See section 148(f).

Construction issue. This is an issue of tax-exempt bonds that meets both of the following conditions:

1. At least 75% of the available construction proceeds are to be used for construction expenditures with respect to property to be owned by a governmental unit or a 501(c)(3) organization, **and**

2. All the bonds that are part of the issue are qualified 501(c)(3) bonds, bonds that are not private activity bonds, or private activity bonds issued to finance property to be owned by a governmental unit or a 501(c)(3) organization.

In lieu of rebating any arbitrage that may be owed to the United States, the issuer of a construction issue may make an irrevocable election to pay a penalty. The penalty is equal to 1½% of the amount of construction proceeds that do not meet certain spending requirements. See section 148(f)(4)(C) and the Instructions for Form 8038-T.

Specific Instructions

Part I—Reporting Authority

Amended return. An issuer may file an amended return to change or add to the information reported on a previously filed return for the same date of issue. If you are filing to correct errors or change a previously filed return, check the *Amended Return* box in the heading of the form.

The amended return must provide all the information reported on the original return, in addition to the new or corrected information. Attach an explanation of the reason for the amended return and write across the top, "Amended Return Explanation."

Line 1. The issuer's name is the name of the entity issuing the obligations, not the name of the entity receiving the benefit of the financing. For a lease or installment sale, the issuer is the lessee or the purchaser.

Line 2. An issuer that does not have an employer identification number (EIN) should apply for one on Form SS-4, Application for Employer Identification Number. This form may be obtained at Social Security Administration offices or by calling 1-800-TAX-FORM (1-800-829-3676). You can also get this form on the IRS website at www.irs.gov. You may receive an EIN by telephone by following the instructions for Form SS-4.

Line 4. This line is for IRS use only. Do not make any entries in this box.

Line 6. The date of issue is generally the date on which the issuer physically exchanges the bonds that are part of the issue for the underwriter's (or other purchaser's) funds. For a lease or installment sale, enter the date interest starts to accrue.

Line 7. If there is no name of the issue, please provide other identification of the issue.

Line 8. Enter the CUSIP (Committee of Uniform Securities Identification Procedure) number of the bond with the latest maturity. If the issue does not have a CUSIP number, write "None."

Lines 9 and 10. Enter the name, title, and telephone number of the officer of the issuer whom the IRS may call for more information. If the issuer wishes to designate a person other than an officer of the issuer (including a legal representative or paid preparer) whom the IRS may call for more information with respect to this return, enter the name, title, and telephone number of such person here.

Note. By authorizing a person other than an authorized officer of the issuer to communicate with the IRS and whom the IRS may call for more information with respect to this return, the issuer authorizes the IRS to communicate directly with the individual listed in line 9 and consents to the disclosure of the issuer's return information to that individual, as necessary, in order to process this return.

Part II—Type of Issue



Elections referred to in Part II are made on the original bond documents, not on this form.

Identify the type of obligations issued by entering the corresponding issue price (see *Issue price* under *Definitions* on page 1). Attach a schedule listing names and EINs of organizations that are to use proceeds of these obligations if different from those of the issuer, include a brief summary of the use and indicate whether or not such user is a governmental or nongovernmental entity.

Line 18. Check the box on this line only if lines 11 through 17 do not apply. Enter a description of the issue in the space provided.

Line 19. If the obligations are short-term tax anticipation notes or warrants (TANs) or short-term revenue anticipation notes or warrants (RANs), check box 19a. If the obligations are short-term bond anticipation notes (BANs), issued with the expectation that they will be refunded with the proceeds of long-term bonds at some future date, check box 19b. Do not check both boxes.

Line 20. Check this box if property other than cash is exchanged for the obligation, for example, acquiring a police car, a fire truck, or telephone equipment through a series of monthly payments. (This type of obligation is sometimes referred to as a "municipal lease.") Also check this box if real property is directly acquired in exchange for an obligation to make periodic payments of interest and principal. **Do not** check this box if the proceeds of the obligation are received in the form of cash, even if the term "lease" is used in the title of the issue.

Part III—Description of Obligations

Line 21. For column (a), the final maturity date is the last date the issuer must redeem the entire issue.

For column (b), see *Issue price* under *Definitions* on page 1.

For column (c), the stated redemption price at maturity of the entire issue is the sum of the stated redemption prices at maturity of each bond issued as part of the issue. For a lease or installment sale, write "N/A" in column (c).

For column (d), the weighted average maturity is the sum of the products of the issue price of each maturity and the number of years to maturity (determined separately for each maturity and by taking into account mandatory redemptions), divided by the issue price of the entire issue (from line 21, column (b)). For a lease or installment sale, enter instead the total number of years the lease or installment sale will be outstanding.

For column (e), the yield, as defined in section 148(h), is the discount rate that, when used to compute the present value of all payments of principal and interest to be paid on the obligation, produces an amount equal to the purchase price, including accrued interest. See Regulations section 1.148-4 for specific rules to compute the yield on an issue. If the issue is a variable rate issue, write "VR" as the yield of the issue. For other than variable rate issues, carry the yield out to four decimal places (for example, 5.3125%). If the issue is a lease or installment sale, enter the effective rate of interest being paid.

Part IV—Uses of Proceeds of Bond Issue

For a lease or installment sale, write "N/A" in the space to the right of the title for Part IV.

Line 22. Enter the amount of proceeds that will be used to pay interest from the date the bonds are dated to the date of issue.

Line 24. Enter the amount of the proceeds that will be used to pay bond issuance costs, including fees for trustees and bond counsel. If no bond proceeds will be used to pay bond issuance costs, enter zero. Do not leave this line blank.

Line 25. Enter the amount of the proceeds that will be used to pay fees for credit enhancement that are taken into account in determining the yield on the issue for purposes of section 148(h) (for example, bond insurance premiums and certain fees for letters of credit).

Line 26. Enter the amount of proceeds that will be allocated to such a fund.

Line 27. Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any other issue of bonds within 90 days of the date of issue.

Line 28. Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any other issue of bonds after 90 days of the date of issue, including proceeds that will be used to fund an escrow account for this purpose.

Part V—Description of Refunded Bonds

Complete this part only if the bonds are to be used to refund a prior issue of tax-exempt bonds. For a lease or installment sale, write "N/A" in the space to the right of the title for Part V.

Lines 31 and 32. The remaining weighted average maturity is determined without regard to the refunding. The weighted average maturity is determined in the same manner as on line 21, column (d).

Line 34. If more than a single issue of bonds will be refunded, enter the date of issue of each issue. Enter the date in an MM/DD/YYYY format.

Part VI—Miscellaneous

Line 35. An allocation of volume cap is required if the nonqualified amount with respect to the issue exceeds \$15 million

but does not exceed the amount which would cause the issue to be private activity bonds.

Line 36. If any portion of the gross proceeds of the issue are or will be invested in a guaranteed investment contract (GIC), as defined in Regulations section 1.148-1(b), enter the amount of the gross proceeds so invested, as well as the final maturity date of the GIC.

Line 37a. Enter the amount of this issue used to fund a loan to another governmental unit, the interest of which is tax-exempt.

Line 39. Check this box if the issue is a construction issue and an irrevocable election to pay a penalty in lieu of arbitrage rebate has been made on or before the date the bonds were issued. The penalty is payable with a Form 8038-T for each 6-month period after the date the bonds are issued. Do not make any payment of penalty in lieu of arbitrage rebate with this form. See Rev. Proc. 92-22, 1992-1 C.B. 736 for rules regarding the "election document."

Line 40. Check this box if the issuer identified a hedge on its books and records in accordance with Regulations sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5). These regulations permit an issuer of tax-exempt bonds to identify a hedge for it to be included in yield calculations for computing arbitrage.

Signature and Consent

An authorized officer of the issuer must sign Form 8038-G and any applicable certification. Also print the name and title of the person signing Form 8038-G. The authorized representative of the issuer signing this form must have the authority to consent to the disclosure of the issuer's return information, as necessary to process this return, to the person(s) that have been designated in Form 8038-G.

Note. If authority is granted in line 9 for the IRS to communicate with a person other than an officer of the issuer, by signing this form, the issuer's authorized representative consents to the disclosure of the issuer's return information, as necessary to process this return, to such person.

Paid Preparer

If an authorized officer of the issuer filled in this return, the paid preparer's space should remain blank. Anyone who prepares the return but does not charge

the organization should not sign the return. Certain others who prepare the return should not sign. For example, a regular, full-time employee of the issuer, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare a return must sign it and fill in the other blanks in the *Paid Preparer's Use Only* area of the return.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature,
- Enter the preparer information, and
- Give a copy of the return to the issuer.

Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws. Section 6109 requires paid preparers to provide their identifying number.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form varies depending on individual circumstances. The estimated average time is:

Learning about the law or the form	2 hr., 41 min.
Preparing, copying, assembling, and sending the form to the IRS	3 hr., 3 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:M:P:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send the form to this office. Instead, see *Where To File* on page 1.

BILLING INFORMATION

PLEASE COMPLETE THIS FORM AND RETURN WITH DOCUMENTS

In order for _____ to properly bill and credit your account, it is necessary that you complete this form and return it with the signed documents.

Billing Name: _____

Billing Address: _____

Attention: _____
(Name of individual who will process payments)

Telephone Number: _____

FEDERAL ID#: _____

Primary Contact Name: _____

Primary Contact Number: _____

INSURANCE INFORMATION

Insurance Agent: _____

Policy Number: _____

Telephone Number: _____

Fax Number: _____

This form completed by: _____
(Name and Title)

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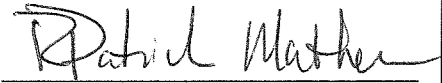
**SALINAS VALLEY
SOLID WASTE AUTHORITY**

Report to the Executive Committee

ITEM NO. 5


Finance Manager/Controller-Treasurer

N/A
Legal Counsel


General Manager/CAO

Date: November 2, 2011
From: Roberto Moreno, Finance Manager
Title: FY 2012-13 Budget Development Policies

RECOMMENDATION

Staff recommends that the Executive Committee approve the attached staff report for consideration by the full Board.

This item was previously discussed with the Executive Committee on October 7. This item will allow staff to proceed with the preparation of the Preliminary Budget for FY 2012-13.

STRATEGIC PLAN RELATIONSHIP

The recommended action supports Goal No. 1 – Develop and Implement a Sustainable Finance Plan, by analyzing the Authority’s operating costs, evaluating the use of South Valley monies, and working toward implementing a Service Based Rate Model, in accordance with the Goals and Objectives developed at the Board Strategic Planning Retreat held on October 21, 2011.

FISCAL IMPACT

Fiscal impacts will be calculated for the items selected by the Board as part of the budget process.

DISCUSSION & ANALYSIS

On October 7, staff presented the Budget Development Policies for FY 2012-13 at which time the Executive Committee provided feedback on the policies. On October 21, the Board held a Strategic Planning Retreat, at which direction was provided for achieving a Sustainable Finance Plan. Based on those two meetings staff has drafted the attached Report to the Board concerning the FY 2012-13 Budget Development Policies.


The Executive Committee is asked to review the board report to ensure that it properly reflects the Committee’s recommendation and the results of the Retreat.

BACKGROUND

This item was presented to the Executive Committee on October 7 for its direction. Based on the direction provided, this item is being presented to the Executive Committee for final review and comment before presenting it to the Board.

ATTACHMENT(S)

- 1. Report to the Board for November 17, 2011

 <p>SALINAS VALLEY SOLID WASTE AUTHORITY</p> <p><i>Report to the Board of Directors</i></p>	D R A F T
	Finance Manager/Controller-Treasurer
	N/A
	Legal Counsel
<p>Date: November 17, 2011</p> <p>From: Roberto Moreno, Finance Manager</p> <p>Title: FY 2012-13 Budget Development Policies</p>	<hr/> General Manager/CAO

RECOMMENDATION

The Executive Committee recommends approval of this item.

This item was discussed with the Executive Committee on October 7 and November 2. Approval will allow staff to proceed with the preparation of the Preliminary Budget for FY 2012-13.

STRATEGIC PLAN RELATIONSHIP

The recommended action supports Goal No. 1 – Develop and Implement a Sustainable Finance Plan, by analyzing the Authority’s operating costs, evaluating the use of South Valley monies, and working toward implementing a Service Based Rate Model in accordance with the Goals and Objectives developed at the Board Strategic Planning Retreat held on October 21, 2011.

FISCAL IMPACT

Fiscal impacts will be calculated for the items selected by the Board as part of the budget process.

DISCUSSION & ANALYSIS

Before beginning work on the 2012-13 Budget, staff would like to get direction from the Board on several policies that will guide the development of a comprehensive, sustainable financial plan for fiscal year 2012-13 and beyond. Following is a summary of the policy choices followed by a detail discussion of each item:

- Should the budget be prepared as a two-year budget?
- Should the green waste rates be equalized for all customers?
- How should royalties from the sale of energy be used?
- Should consideration be given to allocating costs in a more equitable manner?
- Should consideration be given to extending the Recology Landfill Operating Agreement and Recology South Santa Clara Valley Agreement for specified operating and capital improvement needs?
- Should the current rate model be replaced with a new revenue model?

Should the budget be prepared as a two-year (2012-13 and 2013-14) budget?

Based on previous board member comments, staff would like to consider the preparation of a two-year budget (2012-13 & 2013-14) This will save a tremendous amount of work in the second year since only some minor adjustments are needed as opposed to going through the entire budget

Item 5 - ATTACHMENT 1

development process. Staff can therefore be more productive, concentrating on the operations side of the business rather than the administrative side of budgeting and employee negotiations. The two-year budget encourages better long range planning. This is important since some major decisions will be made after 2012-13.

Much of the groundwork for a two-year budget is already in place because many of the operating contracts are multi-year contracts. In order to develop a meaningful two-year budget, a two-year employee Memorandum of Understanding (MOU) is typically needed. Is the Board interested in the development of a two-year budget along with a two-year MOU with the employees?

The Executive Committee recommends preparing a two-year budget and two-year MOU.

Should the green waste rates be equalized for all customers?

Currently all self-haul customers including Tri-Cities customers pay \$36 per ton for green waste while Republic Services of Salinas and Waste Management pay \$16 per ton for green waste. If the rates were to be equalized some customers would get a decrease while others would see an increase. In the end all customers would be paying the same rate. If the Board is interested in pursuing the equalizing of green waste rates, staff will prepare a report detailing the history of green waste rates and the impact on the customers from equalizing the rates. After reviewing the fiscal impact, the Board can decide if it wishes to equalize the rates earlier than July 1, 2011.

The Executive Committee recommends equalizing the green waste rates for all customers.

How should royalties from the sale of energy be used?

In FY 2012-13, royalties from the sale of methane gas to Ameresco for energy production at Johnson Canyon Landfill (JCL) should generate \$258,000 in additional revenue. When energy production begins at Crazy Horse Landfill in 2013-14 that should generate an additional \$250,000 in royalties. Should this revenue be used to balance the budget or be set aside for a specific purpose such as funding the operating reserve, funding capital improvements, etc.? The proper utilization of this new revenue will have an impact on future rates.

According to the Authority's financial policies one-time revenues are to be used for one-time purposes. While the royalties will not be one-time revenues, they are such that they cannot be counted on forever. As methane production decreases over time, the royalties will decrease. Staff recommends that these funds be used to fund the Authority's current unfunded obligations in accordance with the Authority's financial policies. However, the first use will be to reimburse the Expansion Fund for the \$376,000 used to pay for some of the development costs of the JCL energy facility that the Board approved on September 23, 2010.

The Executive Committee recommends using the royalties from the sale of energy in accordance with the financial policies in the order shown:

- Repay the Expansion fund (\$376,000)**
- Fund the Self-Insured Retention Reserves (\$100,000)**
- Fund the Operating Reserve (\$1,800,000)**
- Fund the Capital Projects Reserve (\$???)**

Should consideration be given to allocating costs in a more equitable manor?

As part of the budget development/rate setting process, staff can discuss rate model options for distributing costs back to the users of the services on a more equitable basis. Some of the services that could be considered for reallocation include:

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- Monterey County Regional Fees (County mandate)
- Household Hazardous Waste Services (AB 939 mandate)
- Resource Recovery Services (AB 939 mandate)
- Postclosure maintenance of three closed landfills, including related debt (State mandate)

The Executive Committee recommends considering equitable rate model options for allocating the above program costs.

Should consideration be given to Extending the Recology Landfill Operating Agreement and South Santa Clara Valley Agreement?

The Authority, in its sole discretion, may extend the term of the agreements for up to four (4) additional one year periods. It must provide at least ninety (90) days advance written notice, before the current expiration date of the agreement. The earliest possible termination date of the agreements is December 31, 2013. The two agreements go hand in hand. Since termination of the Recology Landfill Operations Agreement would mean a major change for the Authority, discussions on this topic should begin in the near future.

Implementation of the Autoclave process and/or the Plasco Arc Gasification process will have an impact on Johnson Canyon Landfill operations, up to and including possible early closure. Therefore staff recommends extending the current agreements until decisions are made on the use of conversion technologies.

At the Board Retreat held on October 21, it was decided that staff should report back on the various options for use of the South Valley monies.

The Executive Committee recommends extending the Recology contract and providing options for use of the Expansion Fund monies.

Should a new rate model be implemented?

For FY 2011-12 staff brought forth a new rate model. After numerous discussions, the Board decided not to change the rates or the rate structure but instead to temporarily use the South Santa Clara Valley (South Valley) revenues to help cover operating costs for the 2011-12 fiscal year. Because South Valley revenues are short-term in nature, they should not be relied on to balance the budget into the future. Does the Board wish for staff to bring back the discussions of implementing a new rate model?

At the Board Retreat held on October 21, it was decided that a Board workshop should be held to present options for discussion of the new rate model. Staff would like to begin discussion on this topic sooner than later so that there is sufficient time for stakeholders to provide their input and have a public dialogue about rates and what the ratepayers receive for their money.

The Executive Committee recommends moving forward with a new rate model.

Other Suggestions

If the Board wants staff to consider other options for funding the Authority's operations or other operating changes this is the appropriate time to bring those ideas forward, before the development of the budget.

BACKGROUND

Development of the budget is one of the most time consuming tasks for any government agency. Most government agencies typically prepare an annual budget which has created a “budget season” for most agencies. All agencies that have moved to a two-year budget mention that it has provided more time for staff to work on other priorities besides budgeting. It has also improved the planning process. A two-year budget requires a more deliberate planning of future events.

The development of a two-year budget and a two-year employee MOU has many positive outcomes. One of the main outcomes is that it provides a more stable environment in which to work not only for staff but also for the franchise haulers and ultimately for the ratepayers.

This item was presented to the Executive Committee on October 7, for their direction. Based on the direction provided by the Executive Committee and the Board Retreat held on October 21, this item was presented one more time to the Executive Committee on November 2, for their recommendation before presenting it to the Board.

ATTACHMENT(S)

1. ONE-YEAR STRATEGIC OBJECTIVES - Develop and Implement a Sustainable Finance Plan

Item 5 - ATTACHMENT 1
SALINAS VALLEY SOLID WASTE AUTHORITY ☀ ONE-YEAR STRATEGIC OBJECTIVES
 October 21, 2011 – October 1, 2012

THREE-YEAR GOAL: *Develop and Implement a Sustainable Finance Plan*

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. By January 31, 2012	Finance Manager	Analyze and document SVSWA operating costs and make recommendations to the Board.				
2. By January 31, 2012	Finance Manager	Re-evaluate how to use South Valley monies (e.g., capital projects, continue to build-up, pay-off debt) and present to the Board for action.				
3. By January 31, 2012	General Manager and Finance Manager	Review the Capital Improvement Plan, analyze the impact of different scenarios (e.g., Sun Street vs. Work Street, conversion technology implementation, and status quo) and report the results to the Board of the scenarios presented.				
4. In February 2012	Finance Manager	Hold a Board workshop to present options for discussion of the new rate model.				
5. At the March 2012 Board meeting	Board	Consider for adoption the new rate model.				
6. By October 1, 2012	General Manager	Evaluate long-term viability of the Authority and present to the Board for discussion options such as a merger with MRMWD, privatization, or continuing as-is.				

SVSWA Agenda Items - View Ahead

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2011		2012			
17-Nov	15-Dec	Jan	Feb	Mar	Apr
Minutes	Minutes	Election of Officers	Minutes	Minutes	Minutes
Claims/Financials (EC)	Claims/Financials (EC)	Minutes	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)
2011-2012 Strategic Plan	Strategic Plan Progress Report	Claims/Financials (EC)	Strategic Plan Progress Report	Strategic Plan Progress Report	Strategic Plan Progress Report
CEQA Monthly Report (SW)	CEQA Monthly Report (SW)	Strategic Plan Progress Report	CEQA Monthly Report (SW)	Annual SSTS Performance	
QTE Sept. Tonnage & Diversion Report	Award Transfer/Tractor Trailer	CEQA Monthly Report (SW)	QTE December Tonnage & Diversion Report	Annual Franchise Haulers Performance Update	
Financing Loader (EC)	Agreement for Lab Services	QTE December Cash & Investments	Mid-Year Budget Adjustments (EC)		
HDR Agreement	Proclamation	Qtr Strategic Plan Updates	<i>FY 12-13 Strategic Budget Study Session (EC)</i>		
Bio-Fuel Grant Update	Salinas Area Transfer Station & AutoClave (URS Study)	EC Roles & Responsibilities (EC ONLY)	Rate Model (EC)		
Economic Benefits Report	GOE/CR3 Agreement (EC)				
2012 Meeting Calendar					
Elections Nominating Committee					
FY 10/11 Audit Report (EC)					
Budget Policies (EC)					

Consent
Presentation
Consideration
Closed Session

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