



TO: Budget & Long Range Planning
FROM: Janette Stuart, Adm. Serv. Super.
SUBJECT: November 28, 2011 BLRP Meeting
DATE: November 29, 2011

On November 28, 2011 at 4:00 p.m. CVSan Directors Timothy McGowan and Harry Francis met as the Budget & Long Range Planning Committee. General Manager, Roland Williams and Administrative Services Supervisor, Janette Stuart were also in attendance. Mr. Steven T. Itelson, F.S.A., Consulting Actuary was in attendance through Item 3.

1. Call to Order.

Chair McGowan called the meeting to order at 4:05 p.m.

2. Items from the Public.

There were no items from the public.

3. Actuarial Analysis of Retiree Health Benefits as of July 1, 2011.

Mr. Itelson presented his analysis to the Committee. He explained this report is required per GASB 57 and will require valuations to be performed biennially. He reported that health premium costs are down in relation to payroll since the prior report. Chair McGowan asked about the reasonableness of using 5% as a health premium annual increase estimate. Mr. Itelson reported that CERBT allows 4-6%. After a lengthy discussion Chair McGowan agreed that 5% was a reasonable assumption and that in the next valuation the assumption would be re-examined. Chair McGowan directed staff to research the issue of retiree and spouse coverage, especially in regards to a surviving spouse and what our documentation holds. Member Francis had concerns regarding a surviving spouse if they should not be provided health coverage. He'd like the matter to be resolved and clear to all. Chair McGowan would like the Committee to be involved earlier on with the next valuation. Manager Williams asked Mr. Itelson for the actual cost to provide OPEB for the current workforce which is approximately \$89,600 or 6.4% of payroll. This amount can be used in the total compensation annual report given to employees.

4. CVSan Side Fund Discussion.

Manager Williams explained that CVSan participated in paying off its share of OLSD's side fund earlier this year. Ms. Stuart distributed a memo on the subject to the Committee. In 2004, CVSan was combined in a pooled plan by CalPERS and this balance is the differential between the pooled participants and CVSan's specific demographics. In paying off this amount, CVSan would immediately reap the benefit of a 5.810% reduction in CalPERS employer retirement cost.

With an estimated \$1.4 million in reportable earnings, CVSan would save \$81,340 annually. The estimated payoff amount based on the June 30, 2011 valuation is \$596,137. CVSan is paying 7.75% on this amount and the current LAIF interest rate average for 3rd quarter 2011 was .38%. The Committee agreed this is a wise decision. Staff will include the amount in the amended budget and with the Board's approval will pay off the side fund in early 2012.

5. *Employee Dishonesty Insurance Coverage.*

Manager Williams gave an update to the Committee on his recent discussion with CSRMA. CVSan currently has an employee dishonesty insurance coverage in the amount of \$100,000. The Committee would like the Board to be covered as well. After a discussion regarding a surety bonding, staff was directed to research the matter and report back at the next meeting. Staff was asked to get quotes for \$100,000, \$500,000 and \$1,000,000 in additional coverage.

6. *Monthly Statement of Operations Report.*

This item was tabled until the next meeting.

7. *CalPERS Actuarial Valuations for 2.7% at 55 and 2% at 55 Review.*

Ms. Stuart gave the Committee an update on the two plans current and future rates for retirement costs. Currently the 2.7% at 55 plan employer costs are 22.361% of reportable earnings, for 12/13 this amount will be 22.313% of reportable earnings and for 13/14 the projected amount is estimated to be 22.5% of reportable earnings. When the Side Fund is paid off these amounts will be reduced by 5.810% each. CVSan has no employees under the 2% at 55 plan.

8. *WMAC Delinquent Accounts Discussion.*

Manager Williams provided copies of the WMAC contract section on delinquent accounts as well as copies from CVSan's code on billing, collection and enforcement. Manager Williams reported of all the CVSan delinquencies, 50% are the property owner. The Committee had a lengthy discussion on the topic and reported this matter will return to the Board at the next meeting. The Committee favors a phase in approach, especially for landlords and suggests a thorough public education campaign. Chair McGowan would like to include the phrase "Changes to your account" and include a chart showing how the numbers of delinquencies have increased over the past few years. It appears an effective date of July 1, 2012 and these amounts to be added to the 2013 tax rolls for collection purposes seem most likely. The Committee would also favor exemptions, particularly when the property has changed ownership and the prior owner incurred the delinquency.

9. *Miscellaneous Comments from Committee Members and Staff.*

Member Francis reported that A-1 Septic has been discharging on Norbridge. Manager Williams replied that is a favored location in that it is out of the way and has a large diameter pipe for easier discharge. They have an annual permit with

CVSan and discharge numerous times per month. Member Francis also reported that A-1 Septic made a u-turn and left a mess at a local business.

Member Francis reported that Mike Connor of East Bay Dischargers Authority will be making a presentation to CVSan's Board on December 6. Manager Williams also reported he spoke with Mr. Connor and the permit topic will be discussed in closed session.

Chair McGowan reported on his concerns about the Governor's 12 point pension reform plan. He is opposed to items 1 and 2. Manager Williams will be crafting a letter to the six members of the super committee prior to the December 6 Board Meeting.

The next Committee meeting was scheduled for Monday, December 12 at 4 p.m.

10. Adjournment of Meeting.

Chair McGowan adjourned the meeting at 6:15 p.m.