

Tamalpais Community Services District

305 Bell Lane, Mill Valley, CA 94941 • 415 388-6393 • Fax: 415 388-4168
info@tcsd.us • www.tcsd.us

AGENDA

Board of Directors -- Work Session

Wednesday, September 22, 2010

TCSD Main Offices

305 Bell Lane, Mill Valley

8:45 AM

1. CALL TO ORDER
2. ROLL CALL
3. PUBLIC EXPRESSION
4. **GENERAL BUSINESS:**
 - A. REVIEW AND DISCUSSION REGARDING REFUSE COLLECTION HOURS ON SPRUCE AND ASH STREETS – VINCE SANFILIPPO
 - B. DISCUSSION OF REPORT ON THE EVALUATION OF RETIREE HEALTH AND WELFARE BENEFITS TO COMPLY WITH GASB 45 REQUIREMENTS – JON ELAM
 - C. MOTION TO APPROVE PLANS AND SPECIFICATIONS FOR BELL LANE PUMP STATION PROJECT AND SET BID OPENING DATE FOR OCTOBER 27, 2010 – JON ELAM
5. ADDITIONAL BOARD DISCUSSION AND COMMENTS
6. ADJOURNMENT

**Rob McCoy
406 Spruce Street
Mill Valley, CA 94941
(415) 995-1836**

September 5, 2010

Board of Directors
Tamalpais Community Services District
305 Bell Lane
Mill Valley, CA 94941

Ladies and Gentlemen:

I write so that the Board is aware of and can immediately rectify the District's failure to abide by previously implemented early morning truck noise mitigation measures.

Specifically, the previously implemented measures included deferring start of Thursday and Friday collections until no later than 6am, and providing that Ash Street collections followed by Spruce Street would occur at the end of Friday's first truck run. These measures were implemented after extensive correspondence and discussions with the Board, management and crew in the summer and fall of 2008, were implemented after the District received advice from its legal counsel on liabilities arising in the absence of implementing reasonable mitigation measures, and were documented in emails dated November 18 and 20, 2008 that I have previously transmitted to each of you.

I have made more than 7 requests over the last 11 weeks to crew, management and board members to reimplement the Ash followed by Spruce end of run mitigation measure, all without avail and on more than one occasion receiving rude, threatening or duplicitous responses.

I ask that you (a) immediately reinstitute the mitigation measures, and (b) place on agenda for your next meeting submission of management's proposal for disciplinary and other measures to insure future compliance with all mitigation measures.

Some acknowledgment of the District's failure to address and resolve this in a courteous, expeditious or professional manner, and for the resulting burden that has been placed on me and my family, would also be appreciated.

Sincerely,



cc: Jon Elam
John Bakker, Esq. (jbakker@meyersnave.com)

EMAIL CONFIRMATIONS OF 2008 TRUCK NOISE MITIGATION MEASURES

From: Robert J. McCoy
Sent: Thursday, November 20, 2008 9:44 AM
To: 'Jon Elam'
Cc: 'Steffen Bartschat'
Subject: RE: TCSD--truck noise

Thanks Jon. That sounds incrementally helpful and is appreciated. Any guess when you'll have a chance to consider and get back to me on item #2 below?

-----Original Message-----

From: Jon Elam [mailto:jelam@tcsd.us]
Sent: Thursday, November 20, 2008 9:35 AM
To: Robert J. McCoy
Subject: RE: TCSD--truck noise

Rob. My understanding to no. 1 is yes. Your suggestions seem reasonable. I will ask that we do as you suggest.

]*

From: Robert J. McCoy [mailto:MCCOY@DDRS.com]
Sent: Tuesday, November 18, 2008 8:45 AM
To: Jon Elam
Cc: Steffen Bartschat
Subject: RE: TCSD--truck noise

Hi Jon--I hadn't heard back from you yet on the 2 points in my 11/6 email. Hoping you could respond by email or give a call to discuss.

Thanks,
Rob McCoy
415.955.1836

-----Original Message-----

From: Robert J. McCoy
Sent: Thursday, November 06, 2008 9:14 AM
To: 'Jon Elam'
Cc: Steffen Bartschat
Subject: RE: TCSD--truck noise

Thanks for checking with Larry and getting back to me Jon.

1. What I think you're saying as to Friday tree street collection is that you can run Spruce and Ash at the end of the first run, such that we could generally not expect collection activities on those 2 streets before about 7:50am on Friday. Is that correct?

]*

2. As to condos, apartments and townhouses at the Shoreline/Pine Hill/Pine intersection, I understand that collection times could vary somewhat due to waste quantity, and appreciate that you don't want to have idle crews. Our primary truck noise disturbance from them is the one large apartment complex and the one townhouse property on the east side of Shoreline at the Pine Hill intersection. If you focus just on those two properties, would it be possible to schedule first collection for them immediately prior to first crew break, or at least at the end of first (brown can?) run, without raising the risk of idled crews?

Thanks, Rob

-----Original Message-----

From: Jon Elam [mailto:jelam@tcsd.us]
Sent: Monday, November 03, 2008 9:15 AM
To: Robert J. McCoy
Cc: Steffen Bartschat
Subject: RE: TCSD--truck noise

Sorry I didn't get back to you sooner, I was waiting to catch up with Larry to make sure my response is correct. The answer to your question is yes. The issues related to the pickups at the other locations are more unclear. It is hard to tell what the latest times maybe. Since pickups are sort of determined by the amount of waste collected at each stop they sometimes are a lot and sometimes not much. I don't want them just sitting around waiting to go at a certain time. For now it looks like we have a better plan than before and from what I can tell the pick up times are later. Thanks for you push on this.

From: Robert J. McCoy [mailto:MCCOY@DDRS.com]
Sent: Thursday, October 30, 2008 9:46 AM
To: Jon Elam
Cc: Steffen Bartschat
Subject: RE: TCSD--truck noise

Jon:

Pleased to get a copy of your 10/24 memo, which I'm just now reviewing.

With one hour later 6am Friday start time, does that mean that first crew break that was at 7am has also pushed back an hour?

I ask because I'm wondering if we can also get a renewed commitment for as late as possible start times just before the first crew break after brown can collection (i) for Spruce and Ash streets on Friday, and (ii) for the condos, apartments and townhouses at the Shoreline/Pine Hill/Pine intersection. Can you confirm for me what the latest possible start time for those are?

-----Original Message-----

From: Steffen Bartschat [mailto:sbartschat@comcast.net]
Sent: Monday, October 27, 2008 8:56 PM
To: Robert J. McCoy
Subject: RE: TCSD--truck noise

I will ask Jon to forward you his letter.

---S

From: Robert J. McCoy [mailto:MCCOY@DDRS.com]
Sent: Wednesday, October 22, 2008 4:16 PM
To: Steffen Bartschat
Cc: jelam@tcsd.us
Subject: RE: TCSD--truck noise

Thanks Steffan. I did just have a good call with Jon. He briefly outlined some new early morning noise mitigation measures that have been implemented, and indicated he would be providing you with a written summary. Hoping you might be able to share a copy of that summary when you have it, as I may then have helpful comments and it might provide a useful reference in the event of any future "slippage" in implementation.--Thanks, Rob

-----Original Message-----

From: Steffen Bartschat [mailto:sbartschat@comcast.net]

Sent: Thursday, October 16, 2008 9:44 PM

To: Robert J. McCoy

Subject: RE: TCSD--truck noise

Hi Robert, we discussed a bit with Jon Elam at the last board meeting. He mentioned a couple of changes had been made in your area.

Are there any additional things you'd like to see?

---S

From: Robert J. McCoy [mailto:MCCOY@DDRS.com]

Sent: Thursday, October 02, 2008 2:17 PM

To: Steffen Bartschat

Cc: augerpro@sbcglobal.net; lfjohnson1@comcast.net; rickdjohnson2@comcast.net; eelliot@bfesf.com

Subject: TCSD--truck noise

Hi Steffen:

Thanks again to you and your fellow board members for workshopping the noise issue with management and staff on August 19th. Hoping you could please let me know if any progress has been made on the "evaluate alternatives" action items that management was going to follow up on. Perhaps it's on agenda for the upcoming board meeting or a future workshop?

Thanks, Rob
415.955.1836




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October 24, 2008

To: Board of Directors

From: Jon Elam, General Manager 

Subject: Update on Garbage "Noise"

Following our Board Work Session on August 29, 2008 I asked Larry Healon for some ideas and ways to address the noise issue raised by residents on Spruce Street.

I think Larry (and his crew) have developed some reasonable changes.

- 1 - The crew will continue to pick-up all three carts along Shoreline Boulevard early (before traffic). Generally they go up one side of the road and come back on the other. They skip over four or five properties along Shoreline Highway that are adjacent to Spruce Street until the end of their route, this generally is after 7:00 a.m. and even a couple of times it has been after 8:00 a.m. We have not received any calls regarding this change. The time change does expose the drivers to speeding traffic and there have been several close calls (people really drive fast on Shoreline Highway).
- 2 - To help minimize yard noise transfer from the small trucks to the larger units do not occur before 7:00 a.m.
- 3 - Pick-up on Thursday and Friday have been moved back an hour and do not start before 6:00 a.m. Crews stay later now.

These seem to have had minimal impact and they came for the crew which I was pleased to see.

Date: September 22, 2010

ITEM # 4B

STAFF REPORT

To: Board of Directors

From: Jon Elam, General Manager

Subject: Discussion of Report on the Evaluation of Retiree Health and Welfare Benefits to Comply with GASB 45 Requirements

The Government Accounting Standards Board (GASB) adopted a new accounting rule (GASB 45) that beginning with the financial reports with our annual audit for FY 2009-2010, every governmental unit that provides retiree health or welfare benefits must have a certified actuarial study completed to evaluate the costs of those benefits. Since TCSD provides health insurance benefits to its employees with at least 20 years of service, this rule applies to us.

In order to meet this requirement, Jerry Taylor contracted with Nick Franceschine from North Bay Pensions (at a cost of \$2,000), a small firm that specializes in this type of actuarial analysis. The draft report was received by TCSD staff in August. It raises many questions and concerns and staff has been working to clarify the report and its recommendations.

The first page of the report and this staff report is the required actuarial certification that fulfills the GASB 45 requirements. This allows TCSD to have a clean audit.

BACKGROUND

The TCSD Board approved a formal retiree health benefits a policy in early 2008. This action reconfirmed past TCSD policy that had been in place for a number of years. This policy stated that an employee must have twenty (20) years of full-time service in order to be eligible for this benefit. As of July 1, 2010, three former employees are utilizing this benefit:

- Eileen Murray
- Larry Healon
- Peter Mickelson

Our annual cost of this benefit is \$31,470.96 and these costs are incorporated into our annual budget in the benefits component. The requirements outlined in GASB 45 require that the costs of these benefits should be funded as employees work for the District. This is similar to the retirement benefits cost. In our case, as the study spells out to fully meet this fiscal requirement, the District required health benefit trust would need \$2,444,450 in it.

When I first saw this, I was shocked and amazed as it is hard to translate our annual program's cost of \$31,000 into a \$2.4 million liability. Staff contacted Mr. Franceschine and asked him to reconfirm his

figures and that he use the 20-year benefit threshold. He confirmed that he had done so and his calculations were correct. On page 3 of the report, it states that "GASB 45 rules require the cost of any benefit be recognized in a systematic manner for the working career of its employees. GASB 45 also requires the annual cost be accrued based on an amortization schedule of not greater than 30 years". The actuarial fund method (how the benefits are funded each year) is used to compute the annual contribution (ARC). The ARC is generally equal to the sum of the value of the benefits earned in that year (called Normal Cost), plus the amortized value of the benefits earned by the employees in prior years but not paid in (this is called the Actuarial Accrued Liability).

The report includes an example to demonstrate how it works:

"Let's suppose an employee has been with TCSD for six years and is assumed will retire 14 years from now when he has accumulated 20 years of service. We start our analysis by determining from actuarial studies the projected value of this benefit (\$100,000) based on life projections. The actuarial accrued liability is determined by recognizing the normal cost for the employees first six years where funds for the retirement benefit were not being set aside in the health trust. This is 6/20th of the \$100,000 liability or \$30,000. The portion earned (and paid into the trust) each year is 1/20th or \$5,000 and is what is called the 'Normal Cost'. The remainder of the \$100,000 or \$65,000 will be earned and paid in each year for the next 14 years of employment and is called future years employment."

"This year the ARC (Annual Required Contribution) is the sum of (1) normal costs for all employees; and (2) the amortized cost of all the years of employment where the 'normal costs' were not paid into. In our example, the annual cost for this benefit for the employee will be \$5,000 (normal cost) and \$4,000 for the accumulated liability. Together, they total \$9,000. If this amount is paid over the 14 years remaining, the District liability and cost for the benefit would be paid up."

The study completed the figures for each of our employees (Jerry, Gene, and myself not included due to our age when we were hired). There are several different methods the District could follow, but all end up at the same point. If we used a 30-year payoff cost for the normal costs and the liability exposed it would range in cost from \$154,694 to \$169,250 per year. We are paying currently \$31,000 which would be folded into the larger figure.

If we wanted to be more aggressive, the report lays out a 10-year schedule. These costs would then range from \$268,411 to \$283,826 per year.

Our liabilities are spread across the following employees:

Employee	Cost	Years of Service
A	\$511,009	24
B	\$35,810	7
C	\$544,745	32
D	\$254,147	6
E	\$23,355	9
F	\$136,712	1

G	\$228,820	4
H	\$34,318	1
I	\$56,931	10
TOTAL	\$1,825,847	
RETIREES		
J	\$385,677	
K	\$80,512	
L	\$152,414	
TOTAL	\$2,444,450	

In his clarification, he spelled out the GASB 45 approach in clearer detail:

"The CalPERS retirement assumptions were developed based on the actual observed retirement patterns of hundreds of people (maybe thousands). The probabilities in that table apply to someone who has reached a particular age, as you remarked. The probability today that B will retire at age 68 is not 21.9%, because we have to adjust for the likelihood that they will quit or die before that time. Combining all the different CalPERS assumptions together (likelihoods of quitting, dying and retiring), we find that B has:

- A 87.9% chance of leaving employment before qualifying for benefits at age 68
- A 2.6% chance of retiring at age 68
- A 2.1% chance of retiring at age 69
- A 2.0% chance of retiring at age 70
- A 1.0% chance of retiring at age 71
- A 0.9% chance of retiring at age 72
- A 0.6% chance of retiring at age 73
- A 0.4% chance of retiring at age 74
- A 0.2% chance of retiring at age 75
- And a 2.3% chance of dying without benefits between ages 68 and 75

The total of all those percentages is 100%, which is what you'd expect.

For each of those retirement ages from 68 through 75, we have to forecast the likelihood that B will continue to survive to each subsequent year to be able to receive benefits. And not only B, but B's spouse as well. As you can imagine, the probabilities of survival get pretty tiny fairly quickly, especially when measured from 2010. When we combine all those myriad future payment dates with our estimated future medical costs, and then discount everything back to today at 4% interest, we get B's total present value of \$35,810.

This figure of \$35,810 represents the total value today of all payments we expect to pay to B and their spouse in the future. You can think of that figure as accruing during the period of employment. So part of that amount might have been "earned" during the last 7 years of employment, and the rest will be "earned" during the future years of employment.

I have used the CalPERS retirement assumptions for all your employees. However, there is no hard-and-fast rule that says we must use them. You are free to substitute other assumptions that you believe are more reasonable. For example, you might assume that all of your employees will retire before getting 20 years, except for A (who is expected to retire on 7/1/20xx) and F (who is expected to retire on 7/1/20yy). If that is what you want to do, I can r-do the numbers on that basis. Ultimately, the choice of assumptions is yours, and you need to feel comfortable that you can justify whatever you choose. The CalPERS assumptions are convenient because you can just point to them and say you're using what most other California public employers are doing, but that doesn't mean you have to.

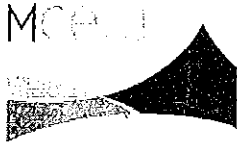
Since we're not funding anything for people still working, there is no "funding in the trust" to worry about if people leave without qualifying for benefits. If people do leave without benefits, your liability for future benefits decreases, and that's that. In the same way, every time you hire a new person there is a chance that person will work long enough to qualify for post-retirement medical benefits, so your liability will increase.

Your fourth paragraph discussed how annual costs are figured. Exhibit 2 of my report shows an example of how future operating costs under GASB 45 might play out. You see that the main components of each year's cost are the "normal cost" (which is the value of benefits people are earning in that year of employment) and an "amortization" (which is the payment toward "unfunded liability"; i.e., benefits that were earned in years before 2009). Then there are some minor adjustments for interest and other things (which I'll gloss over, just to keep this explanation from getting too complex), to arrive at the final result, Annual OPEB Cost.

You should note that the entire purpose of GASB 45 is to determine what your annual operating expense for these benefits ought to be. This has nothing whatever to do with funding. The GASB 45 numbers get reflected on your accrual-basis income statement, but – as long as you continue funding these benefits on a pay-as-you-go basis – these are not amounts that we need to contribute.

The key point is that while this liability will show up in our annual financial state as a GASB 45 liability, we are not required to do anything beyond what we are by funding these costs on a pay-as-you-go basis.

Recommended Action: Discussion



MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

*One McInnis Parkway, Suite 100, San Rafael, CA 94903
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Tamalpais Community Services District
305 Bell Lane
Mill Valley, CA 94941

AUGUST 2010 STATEMENT SUMMARY

Agency	Last Name	First Name	Benefit Plan	ER Cost
TCSD	HEALON,	LARRY	RET-Kaiser CA Employ	\$1,468.46
TCSD	HEALON,	LARRY	RET-Delta Dental Emp	\$150.67
TCSD	MIKKELSEN,	PETER	Ben-MedicareReim	\$96.40
TCSD	MIKKELSEN,	PETER	RET-Kaiser CA Employ	\$394.12
TCSD	MURRAY,	EILEEN	Ben-MedicareReim	\$96.40
TCSD	MURRAY,	EILEEN	RET-Kaiser CA Employ	\$365.35
TCSD	MURRAY,	EILEEN	RET-Delta Dental Emp	\$51.18

PAY THIS AMOUNT - DUE UPON RECEIPT

\$2,622.58

Please Make Check Payal County of Marin

Please mail payment to: County of Marin
Audit - Controller
3501 Civic Center Drive, Room # 225
San Rafael, CA 94903
Attention: Vladimir Matyurin

*Annual 9/6
31,470.*

If you have any questions, please call 415-473-6147