



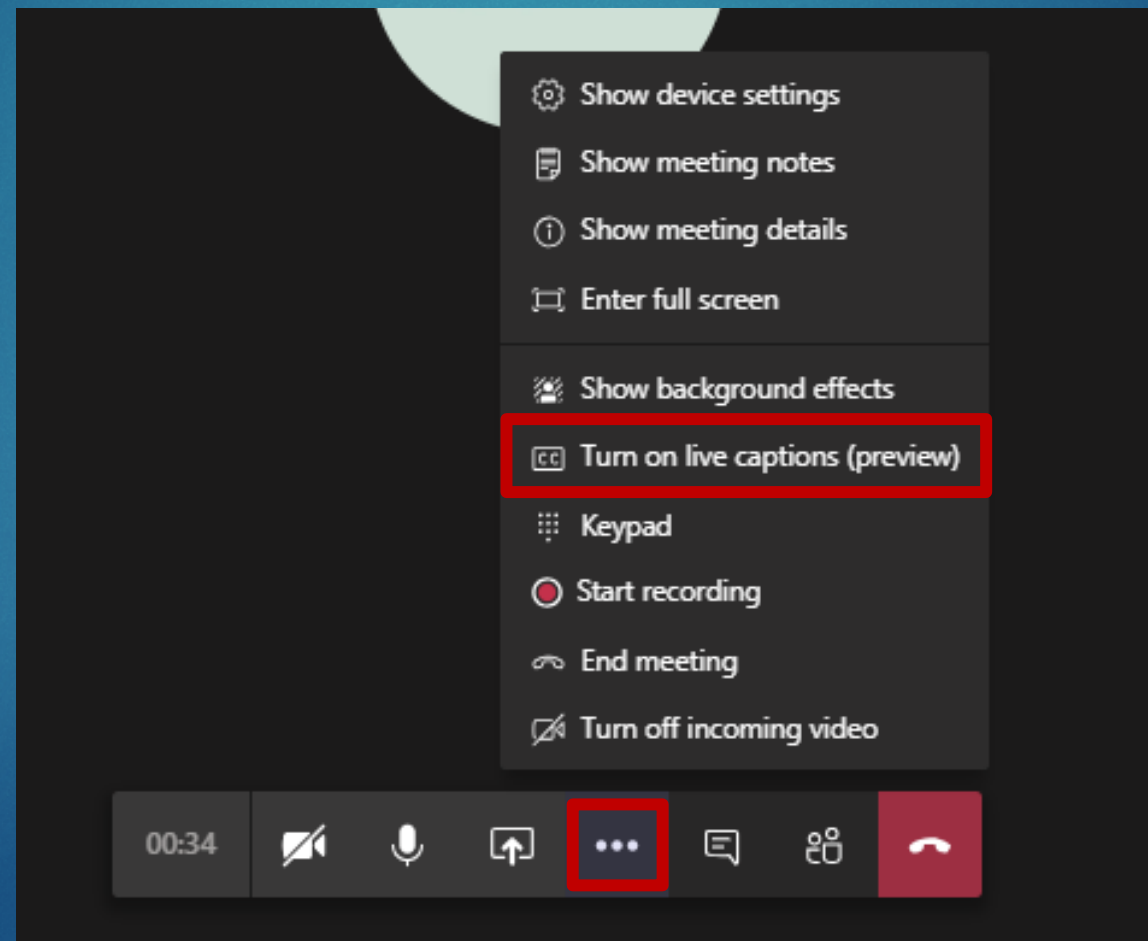
# Silicon Valley Clean Water Commission Meeting

JULY 20, 2020



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# Agenda Item 8A

## SVCW Manager Compensation

# Recommendation

- i. Chair Summarizes Recommended Action
- ii. Approve Annual Compensation for SVCW Manager





# Agenda Item 8B

Section 115 Trust for  
Public Agencies Post-  
Employment Benefits

# Background

- ▶ In 2015, GASB 68 required Net Pension Liabilities be disclosed as a line item in Balance Sheet
- ▶ Before 2015, unfunded pension liabilities could only be reduced via additional contributions to CalPERS
- ▶ There are now other options to fund this liability

# Unfunded Pension Liability: Options

Option	Pros	Cons
<b>Restructure Amortization Bases</b> <ul style="list-style-type: none"><li>• Fresh Start</li><li>• Soft Fresh Start</li></ul>	Shorter amortization period lowers overall interest costs.	Locked into higher annual payments; can crowd out services and/or require more revenue.
<b>Make Additional Discretionary Payments (ADPs) to CalPERS</b>	Offsets net pension liability on CAFR; Can pay off specific amortization base.	No flexibility with investments. Does not provide rate stabilization.
<b>Invest in Internal Reserve Funds</b>	Retains total local control – money may be used for other purposes.	Restricted investments means lower investment returns.
<b>Prefund: Contribute to a Section 115 Trust</b>	More local control Broad investment options Provides rate stabilization	Liability offset but <u>not</u> reduced. Fees can be high.

# Why Prefund?

- ▶ Follows similar path that funded OPEB Liability
- ▶ Employer pension contributions are increasing
- ▶ Asset-liability relationships can be volatile
- ▶ Increased investment income can reduce employer pension contributions from principal assets and save employers money

# Prefunding Gives Budget Control

- ▶ Control amount and timing of contributions
- ▶ Direct how funds are invested
- ▶ Decide amount/timing of asset transfers to CalPERS
- ▶ Elect timing and extent of using assets for:
  - ▶ Reimbursing SVCW for CalPERS contributions
  - ▶ Paying plan expenses (actuarial valuation, audit)

# Members' Funding Approaches

- ▶ **WBSD**: 115 Trust (PARS); established July 2016
- ▶ **RWC**: 115 Trust (PARS); established Sep. 2016
- ▶ **San Carlos**: Hybrid; 115 Trust (PARS) and ADPs
- ▶ **Belmont**: "Soft" fresh start via ADP contributions

# Steps to Implement a 115 Trust

- ▶ Adopt resolution to establish / enter the trust
- ▶ Execute legal documents
- ▶ Develop investment policy and guidelines
- ▶ Via annual budget, develop funding guidelines for annual contributions and disbursements

# PFM Asset Management, LLC

- ▶ Comparing firms to manage Trust for SVCW
- ▶ Staff recommends PFM
- ▶ Extensive experience in managing investments, including Section 115 Trusts
- ▶ Collaborative approach
- ▶ Investment strategies tailored for SVCW
- ▶ Competitive fees

# Recommendation

Approve Adoption of Post-Employment  
Benefits Section 115 Trust Program  
Administered by PFM Asset Management, LLC





# Agenda Item 8C

## Design Task Order for Above Ground Diesel Tank

# Diesel Storage Tank Locations



- ▶ All Single Walled Tanks must be decommissioned by December 31, 2025
- ▶ Replace with an Above Ground Tank

# Diesel Storage Tank Replacement



- ▶ Specialty contractor required to do the work
- ▶ Tanks provide for emergency power generation; no downtime allowed
- ▶ Design through 2020; construction in 2021

# Recommendation

Approve Task Order for Design Services –  
Kennedy/Jenks (\$148,800)



Thank You