

Marin/Sonoma Mosquito & Vector Control District

Board of Trustees
595 Helman Lane
Cotati, CA 94931

March 13, 2019

MINUTES

1. **CALL TO ORDER**

President McCaffery called the meeting to order at 7:02 pm.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

Members present:

Ackerman, Bruce
Blair, Ken
Bloom, Gail
Davis, Tamara
Giovanatto, Carol
Glass, Una
Harlem, Pamela
Hootkins, Susan

Kinser, Alannah
Rowland Jr., Herb
Sagues, Paul
Schulze, Ed
Snyder, Richard
Thompson, Michael
Witt, David
McCaffery, Shaun

Members absent:

Deicke, Art
Gallian, Laurie
Khush, Ranjiv
Naythons, Matthew

Open seats: Corte Madera, Cotati, one Marin Co. at Large and one Sonoma County at Large

Others present:

Phil Smith, District Manager
Erik Hawk, Assistant Manager
Dawn Williams, Confidential Administrative Assistant
Jennifer Crayne, Finance Manager
Janet Coleson, General Counsel

A quorum was present, and due notice had been published.

4. **APPOINTMENT OF NEW TRUSTEE**

Michael Thompson, City of Rohnert Park representative introduced himself, noting that in his professional capacity at the Sonoma County Water Agency, he has worked with Assistant Manager Hawk for many years. Trustee Thompson stated that was glad to be appointed and looks forward to contributing to the Board.

5. **PUBLIC TIME**

No public present.

6. **CONSENT CALENDAR**

A. **CHANGES TO AGENDA/APPROVAL OF AGENDA**

B. **MINUTES** – Minutes of the Board Meeting held January 9, 2019.

C. **FINANCIAL**

Warrants – January 2019

January Payroll: \$176,980.73

January Expenditures: \$336,676.63

Total: \$513,657.36

D. **FINANCIAL**

Warrants – February 2019

February Payroll: \$177,099.76

February Expenditures: \$354,641.31

Total: \$531,741.07

E. **ENDING ACCOUNT BALANCES:**

Operating Fund: \$10,519,490.26

It was M/S Trustee Davis/Trustee Snyder to accept the Consent Calendar:

Motion passed with:

***Ayes:** Trustee Ackerman, Trustee Blair, Trustee Davis, Trustee Giovanatto, Trustee Glass, Trustee Harlem, Trustee Hootkins, Trustee Kinser, Trustee Rowland, Trustee Sagues, Trustee Schulze, Trustee Snyder, Trustee Thompson, Trustee Witt and Trustee McCaffery*

***No:** (none)*

***Abstain:** Trustee Bloom*

***Absent:** Trustee Deicke, Trustee Gallian, Trustee Khush and Trustee Naythons*

7. **NEW BUSINESS**

A. Report on the VCJPA 2019 Annual Workshop and Conference

Manager Smith explained that the Vector Control Joint Powers Agency (VCJPA) serves as the functional equivalent of our insurer. It is comprised of 35 vector control districts banding together to provide pooled risk sharing services and to purchase additional insurance on the open market when necessary. The cost for covering each vehicle for physical damage is around \$53 per year, which is very economical when compared to what most of us pay for private car insurance. Summarizing a few key points from the workshop, Manager Smith noted that the JPA ended last fiscal year with an increase in its net position of \$720,000. However, some of the mid-layer pools have depleted their reserves, so VCJPA staff are currently planning to rebuild equity within those pools over the next five years. One idea to help rebuild the equity is for districts to forego the refunds they usually receive from retrospective adjustments and redirect those monies to augment the reserves. The alternative is for districts to receive disbursements of 50% of the normal refunds, a plan that would build reserves more slowly. VCJPA staff will survey the member districts to arrive at a decision.

In regard to workers compensation claims, last year seasonal workers filed 18% of the claims, while 82% were filed by permanent staff. There had been a concern that seasonal staff were filing a disproportionate number of claims but the data did not show this. This year the District will be paying for workers compensation coverage at the rate of \$4.87 per \$100 of covered payroll, slightly lower than the rate of \$5.64 last year. Property premium costs will go up about 5% this year due to the increased cost of purchasing insurance in the reinsurance market. Due to the passage of Senate Bill 1343 in September 2018, amended harassment training requirements now apply. One example is that seasonal employees must be trained within 30 days of being hired or within 100 hours of starting work, whichever occurs soonest. Lastly, legal Counsel advised districts to ensure that they own the rights to pictures and other digital content on their web site. He noted that claimants, including well-known image banks have aggressively pursued actions for copyright infringement sometimes requesting many millions in damages for cases that counsel considered worth about \$150,000. Manager Smith noted that staff would be careful to ensure that the District has the proper rights to the images and other materials that will be available on the upgraded website, which is in the planning stages.

Trustee Davis reiterated how informative the VCJPA workshop is and noted that the event provides an opportunity for members to study the financials in detail and learn about the safety training that is being conducted throughout the state by the JPA and member districts.

B. Proposed Amendment to Deferred Compensation Plan Administered by Virginia Bria & Associates, Resolution 2018/19-02

Manager Smith reminded the Board that for a number of years the District has offered a Deferred Compensation 457(b) Plan through Nationwide Retirement Solutions. This supplementary retirement savings plan allows workers to save and invest a portion of their paycheck before taxes are taken out. A few months

ago, the board approved making available a second 457(b) Plan through the California Public Employees' Retirement System (CalPERS) to give employees additional options and potentially lower fees. At the time that the Board approved offering the CalPERS plan, staff was unaware that the Nationwide plan did not include a provision that would allow employees to transfer funds to another plan if they desired. By contrast, the CalPERS plan allows participants to roll funds in and out at will. If approved by the Board, the proposed amendment would allow the transfer of funds out of Nationwide.

Trustee Rowland asked if there were going to be any fees involved with the transferring of funds. Manager Smith replied that it was his understanding that a small fee of approximately \$100 would apply to these transactions.

Public Comment:

Bruce Ohlinger, MSMVCD Vector Control Technician addressed the board to explain that he felt misinformed regarding the Nationwide plan when he enrolled in it. He stated that he was not told that he could not transfer of his own funds out of the plan unless he either retired, was fired or passed away. He asked the board to amend the Nationwide Plan to allow the transfer of funds.

Nick Picinich, MSMVCD Rodent Control Specialist acknowledged CLS investments and Virginia Bria with the Nationwide plan for recently lowering their fees. He also thanked the board for recognizing the need for the proposed amendment.

Chris Mohrman, MSMVCD Technician read aloud a letter written by Eric Engh, Education Specialist, thanking the Board for approving the additional option of a 457 plan with CalPERS 457, which gives employees a choice as to where they would like to invest their money. He said that it was unfortunate to find out subsequently that Nationwide did not allow for a plan-to-plan transfer of funds out of the Nationwide plan. Mr. Engh asked the Board to amend the Nationwide 457 plan to allow the transfer of employee's money out of that plan to another qualifying plan.

Virginia Bria, the principal advisor to the District with Nationwide clarified the difference between the two plans noting that the Nationwide Plan has active management, so consequently fees for that service are more expensive. After hearing the concerns that District employees have regarding the fees, Nationwide has been in the process of lowering their fees. She also agreed with the request from the employees, which is to amend the Nationwide plan allowing for a plan-to-plan transfer of funds out of the Nationwide plan.

It was M/S Trustee Snyder/Trustee Schulze to approve Resolution 2018/19-02 adopting Amendment No. 1 to the Marin/Sonoma Mosquito & Vector Control District Employees' Bria /Nationwide 457 Plan ("Amendment No. 1"):

Motion passed with a roll call vote:

Ayes: Trustee Ackerman, Trustee Blair, Trustee Bloom, Trustee Davis, Trustee Giovanatto, Trustee Glass, Trustee Harlem, Trustee Hootkins, Trustee Kinser, Trustee Rowland, Trustee Sagues, Trustee Schulze, Trustee Snyder, Trustee Thompson, Trustee Witt and Trustee McCaffery

No: (none)

Abstain: (none)

Absent: Trustee Deicke, Trustee Gallian, Trustee Khush and Trustee Naythons

C. Resolution 2018/19-03: Revised GASB 54 Fund Balance Policy & Target Fund Balances

Manager Smith explained that the Government Accounting Standards Board (GASB) issued Statement 54 in February 2009. GASB 54 provides a uniform method for classifying various types of fund balances according to categories describing the restrictiveness of use of the funds. Funds in the accounting structure are given designations such as “restricted,” “committed,” “assigned” and so on. Although the District adopted a GASB 54 compliant policy in 2011, it was not included in the recently approved Board Policy manual.

Additionally, this standalone policy was found to require considerable revision, so staff took the opportunity to make improvements. Apart from the technical updates, the proposed policy better describes the District’s fund structure and incorporates target fund balances into the policy. Most of the new target fund balances are established as percentages of the approved annual budget, reducing the need for the Board to periodically set new dollar value target levels. The proposed policy was reviewed and approved by the Policy Committee and Vikki Rodriguez, the District’s auditor from Maze & Associates.

It was M/S Trustee Davis/Trustee Snyder to adopt the proposed Resolution 2018/19-03, which adds a new section (5060) to the Board Policy Manual’s Administrative Policies section, and establishes new target fund balances.

Motion passed with a roll call vote:

***Ayes:** Trustee Ackerman, Trustee Blair, Trustee Davis, Trustee Giovanatto, Trustee Glass, Trustee Harlem, Trustee Hootkins, Trustee Kinser, Trustee Rowland, Trustee Sagues, Trustee Schulze, Trustee Snyder, Trustee Thompson, Trustee Witt and Trustee McCaffery*

***No:** Trustee Bloom*

***Abstain:** (none)*

***Absent:** Trustee Deicke, Trustee Gallian, Trustee Khush and Trustee Naythons*

D. Resolution 2018/19-04 Adopting Funding Policy Changes to the Marin/Sonoma Mosquito & Vector Control District Retiree Health Care Plan

Manager Smith recounted that during 2013, the District began to address its Unfunded Accrued Actuarial Liability (UAAL) for Other Post-Employment Benefits (OPEB). He went on to note that such benefits at the District are limited to medical premiums for those employees enrolled in the legacy Retiree Health Benefits Plan and that that dental or vision benefits are not provided to any retirees. Employees hired after August 2014 do not qualify for health care benefits in retirement and instead are provided with monthly contributions to a Retirement Health Savings Plan during their employment. Until plans to prefund OPEB were formulated in 2013, the District had not put monies aside to address the long-term liabilities but instead was operating solely on a “pay as you go” basis. This consisted of paying retiree medical

premiums as they came due. Then in FY 2014-15, the District adopted the OPEB prefunding plan, which consisted of nine years of gradually increasing payments that would eventually result in the District paying the full Actuarially Determined Contribution (ADC) thereafter. This nine-year “phase-in” plan incorporated a minimum payment formula predicated in part on the 2013 valuation of the unfunded liability. Due to a combination of factors, the current valuation is lower than thae estimated in 2013, so paying the minimum contribution amount could overshoot the projected ADC, resulting in annual payments that would be higher than necessary.

Accordingly, the recommended action before the Board was to discontinue the nine-year phase in schedule and adopt the policy of paying the ADC each year. Additionally, Manager Smith noted that an advantage of adopting the “level dollar” policy is that it would stabilize the schedule of future payments towards the unfunded liability, aiding in the annual budgeting process.

It was M/S Trustee Snyder/Trustee Davis to approve Resolution 2018/19-04, which would, starting with the 2019/20 fiscal year:

- 1. Discontinue the existing nine-year phase in schedule towards paying the full Actuarially Determined Contribution (ADC) and also the minimum contribution based on the 2013 valuation,*
- 2. Adopt the policy of paying the ADC each year,*
- 3. Establish the policy of using a level dollar amortization payment method for the ADC contribution toward the Unfunded Accrued Actuarial Liability (UAAL).*

Motion passed with a roll call vote:

***Ayes:** Trustee Ackerman, Trustee Blair, Trustee Bloom, Trustee Davis, Trustee Giovanatto, Trustee Glass, Trustee Harlem, Trustee Hootkins, Trustee Kinser, Trustee Rowland, Trustee Sagues, Trustee Schulze, Trustee Snyder, Trustee Thompson, Trustee Witt and Trustee McCaffery*

***No:** (none)*

***Abstain:** (none)*

***Absent:** Trustee Deicke, Trustee Gallian, Trustee Khush and Trustee Naythons*

E. Proposed Amendment of FY 2018/19 Annual Budget

Financial Manager Jennifer Crayne reminded the Board of the reasons why an amendment was presented after so much work had gone into preparing the original budget for fiscal year (FY) 2018/19. One of the main reasons was to capture items that were unknown at the date of approval of the original budget. Looking at the overview document, the overall budget amendment resulted in an increase of 14.53% over the approved FY 2018/19 budget. Most of this increase was due to the additional deposit of \$1,608,646 directed to the CERBT OPEB trust account. This was the cause of the 20.37% overall increase in the salaries and benefits category total. The two unfilled positions of Environmental Programs Manager and Biologist resulted in salary/benefits savings of \$265,953. Services and supplies decreased slightly by .13%. There was an increase in Capital Outlay Expenses of \$5,149 and Net Assets totaling \$1,582,076 were to be used to balance the amended budget.

It was M/S Trustee Snyder/Trustee Davis to approve the proposed budget amendment and consider a motion to approve the proposed amendment and thereby adopt an amended budget for FY 2018-19:

Motion passed with:

***Ayes:** Trustee Ackerman, Trustee Blair, Trustee Bloom, Trustee Davis, Trustee Giovanatto, Trustee Glass, Trustee Harlem, Trustee Hootkins, Trustee Kinser, Trustee Rowland, Trustee Sagues, Trustee Schulze, Trustee Snyder, Trustee Thompson, Trustee Witt and Trustee McCaffery*

***No:** (none)*

***Abstain:** (none)*

***Absent:** Trustee Deicke, Trustee Gallian, Trustee Khush and Trustee Naythons*

8. COMMITTEE & STAFF REPORTS

A. Fiscal Strategies Committee

Chair Carol Giovanatto advised the Board that the consultants, Godbe Research had completed the survey of public opinion, during which interviews were conducted with hundreds of citizens in both Marin and Sonoma County. The consultants were impressed with the number of responses received and are now in the process of finalizing and analyzing the data they have compiled. The results will be available to the public and the Board in the near future. The committee is awaiting the results to determine the recommended next steps in this process.

C. Legislative Committee

Chair Tamara Davis indicated that several pending bills were under review and one in particular is being reintroduced from last year, AB320 pertaining to the mosquito surveillance and research program administered by UC Davis. Last year \$500,000 was awarded in order to support the 2018/19 program but it was only for the one budget year. This is an important program so the hope is to get the measure passed again this year and if possible, permanently incorporated into the state's budget.

9. MANAGER'S REPORT

Manager Smith and Manager Hawk offered to answer any questions pertaining to their written reports. *(Manager and Assistant Manger's reports were included in the March Board packet)*

10. WRITTEN COMMUNICATIONS

No written communications.


11. **OPEN TIME FOR BOARD OR STAFF COMMENTS**

Trustee Schulze asked when the District plans to purchase a drone. Manager Smith stated that there is a plan to purchase a drone this calendar year and provision will be made for equipment and training in the upcoming budget for FY 19-20. He further noted that DJI, a leading manufacturer of unmanned aerial vehicles is expected to release a new and significantly upgraded model (the Phantom 5) in the near future.

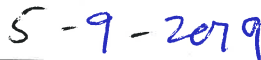
Trustee Carol Giovanatto explained that even though she had submitted a written report last month after attending the Mosquito Vector Control Association of California's (MVCAC) annual conference, she wished to reiterate how informative the conference was, how much she appreciates staff and how enthusiastic it makes her about being on the Board.

12. **ADJOURNMENT**

There being no further business to come before the Board, it was M/S Trustee Davis/President McCaffery to adjourn the meeting at 8:44 pm.



District Representative
MSMVCD



Date of Approval



Trustee
MSMVCD Board of Trustees



Date of Approval