

REGIONAL WASTE MANAGEMENT AUTHORITY

Serving Sutter County, Yuba County, Live Oak, Marysville, Wheatland and Yuba City

MEETING NOTICE & AGENDA

DATE: Thursday, February 15, 2024

TIME: 4:30 p.m.

PLACE: Yuba County Government Center
Board of Supervisors Chambers
915 Eighth Street
Marysville, California

I. Call to Order & Roll Call

Bains (Chairman), Buttacavoli, Shaw (Vice Chairman), Teter, Vasquez and Woten

II. Board Business

A. Nomination and Election of Board Officers for 2024

- a. Chairman
- b. Vice-Chairman.

B. Statements of Economic Interest (Attachment)

III. Public Business from the Floor

Members of the public may address the Authority on items of interest that are within the jurisdiction of the Authority and are not on the agenda for this meeting. No action may be taken on items that do not appear on the posted agenda.

IV. Consent Calendar

All matters listed under the Consent Calendar are considered to be routine and can be enacted in one motion. There will be no separate discussion of these items prior to the time the Board votes on the motion unless members of the Board, staff, or public request specific items to be discussed or removed from the Consent Calendar for specific action.

- A. Approval of minutes from December 21st meeting (Attachment)
- B. Disbursement List for December 2023, January 2024. (Attachment)

V. Reports

A. Fiscal Year (FY) 2023 Financial Audit Report (Attachment)

RECOMMENDATION: Receive the FY 2023 Audit Report as Presented

B. SB1383 Service Compliance Plan (Commercial)

RECOMMENDATION: Information only

VI. Other Business

VII. Adjournment

**THE NEXT REGULAR MEETING IS SCHEDULED FOR 4:30 P.M. ON THURSDAY, MARCH 21, 2024
IN THE YUBA COUNTY BOARD OF SUPERVISORS CHAMBERS.**

2100 B Street • Marysville, CA 95901 • (530) 634-6890 • Fax 634-6888

AGENDA ITEM II – B
STAFF REPORT

STATEMENTS OF ECONOMIC INTEREST FOR 2024

Members of the Regional Waste Management Authority (RWMA) Board of Directors and alternates are required to file annual Statements of Economic Interest with the Fair Political Practices Commission. For continuing members and alternates, these annual statements are due April 1, 2024. An Assuming Office Statement must be filed by new members and alternates to the Board within 30 days. For those leaving the office, a Leaving Office Statement must be filed within 30 days.

These requirements may be met by filing an extended statement, which is a copy of the FPPC Form 700 that will be prepared for your individual jurisdiction. It must, however, include your position as a member or alternate of the Regional Waste Management Authority Board Directors and have an original signature and date on the verification on Page 1. The information reported must cover all reportable interests in the service area, which includes all of Yuba and Sutter Counties. Form 700 is available on-line, and a copy of the Regional Waste Management Authority Conflict of Interest Statement Code is available upon request.

If you have any questions regarding the filing of your Statement of Economic Interest, please contact the RWMA administrative office at 530-218-6440.

RECOMMENDATION: Information only.

AGENDA ITEM IV-A

REGIONAL WASTE MANAGEMENT AUTHORITY MEETING MINUTES December 21, 2023

I. **Call to Order & Roll Call**

The meeting was called to order by Vice Chairman Shaw at 4:47 p.m.

Present: Shaw, Teter, Woten, Buttacavoli, and Vazquez
Absent: Bains

II. **Public Business from the Floor**

None.

III. **Consent Calendar**

Director Buttacavoli made a motion to approve the Consent Calendar. Director Shaw seconded the motion and it carried unanimously.

IV. **Reports**

C. RWMA 2023 Review (attachment)

RECOMMENDATION: Information Only

Scholz presented the year in review updates to the Board. He reviewed the compliance numbers for each jurisdiction along with discussing where we would like to see the numbers rise within the next year. Scholz discussed the diversion numbers along with grant and household hazardous waste facility updates for the Board. He concluded his presentation with potential amendments to the Franchise Agreements and what the RWMA has planned for 2024.

Director Vazquez questioned if the plan was still to roll out bins to all commercial entities who are not compliant at this time. Scholz explained we are working closely with Recology to create a plan of action and will have an update for the Board at the next meeting.

V. **Other Business**

None.

VI. **Adjournment**

The meeting was adjourned at 5:06 p.m.

The next regular meeting of the Regional Waste Management Authority is scheduled for 4:30 p.m. on Thursday, January 18, 2024, in the Yuba County Board of Supervisors Chambers at the Yuba County Government Center unless otherwise noticed.

AGENDA ITEM IV-B

REGIONAL WASTE MANAGEMENT AUTHORITY			
DISBURSEMENT LIST			
MONTH OF OCTOBER 2023			
CHECK NO.	AMOUNT	VENDOR	PURPOSE
EFT	\$ 131.49	PAYCHEX OF NEW YORK	PAYROLL SERVICES FOR OCTOBER 2023
EFT	\$ 1,300.00	MISSIONSQUARE	457 CONTRIBUTIONS - OCTOBER 2023
EFT	\$ 1,000.00	MISSIONSQUARE	401(a) CONTRIBUTIONS - OCTOBER 2023
EFT	\$ 15.99	ZOOM	ZOOM SUBSCRIPTION - OCTOBER 2023
EFT	\$ 180.00	STREAMLINE	WEBSITE SERVICES - OCTOBER 2023
25023	\$ 5,104.09	NATHAN ARECHIGA	PAYROLL
8257	\$ 1,990.00	ALLIANT NETWORKING SERVICES INC	NEW EMPLOYEE EQUIPMENT SET UP
8259	\$ 47,631.40	RECOLOGY YUBA SUTTER	JULY 2023 INVOICE
8258	\$ 6,390.10	SUTTER COUNTY HUMAN RESOURCES DEPT	EMPLOYEE FRINGE BENEFITS - SS & SA - 11/2023
8260	\$ 339.96	SHANNON ALDRICH	07/23-9-23 MILEAGE REIMBURSEMENT
	\$ 64,083.03		
LAIF			
TRANSFERS			

REGIONAL WASTE MANAGEMENT AUTHORITY			
DISBURSEMENT LIST			
MONTH OF NOVEMBER 2023			
CHECK NO.	AMOUNT	VENDOR	PURPOSE
EFT	\$ 118.75	YUBA-SUTTER TRANSIT	CONTRACT SERVICES - OCTOBER 2023
EFT	\$ 131.49	PAYCHEX OF NEW YORK	PAYROLL SERVICES FOR NOVEMBER 2023
EFT	\$ 1,300.00	MISSIONSQUARE	457 CONTRIBUTIONS - NOVEMBER 2023
EFT	\$ 1,000.00	MISSIONSQUARE	401(a) CONTRIBUTIONS - NOVEMBER 2023
EFT	\$ 15.99	ZOOM	ZOOM SUBSCRIPTION - NOVEMBER 2023
EFT	\$ 210.00	RICH, FUIDGE, BORDSEN & GALYEAN, INC	LEGAL SERVICES 09/16/2023 - 10/15/2023
EFT	\$ 100.00	DAVID SHAW	BOARD MEETING 10/19/2023
EFT	\$ 100.00	KARM BAINS	BOARD MEETING 10/19/2023
EFT	\$ 100.00	ANGELA TETER	BOARD MEETING 10/19/2023
EFT	\$ 100.00	BOB WOTEN	BOARD MEETING 10/19/2023
EFT	\$ 922.19	CARD SERVICE CENTER	CREDIT CARD: SUBSCRIPTION - MICROSOFT TEAMS-MISC
EFT	\$ 180.00	STREAMLINE	WEBSITE SERVICES - NOVEMBER 2023
8251	\$ 275.00	THE SOLID WASTE OF NA	MEMBERSHIP OCT 2023-SEPT 2024
8261	\$ 778.18	ALLIANT NETWORKING SERVICES INC	NEW EMPLOYEE EQUIPMENT SET UP
8263	\$ 100.00	STUART GILCHRIST	BOARD MEETING 10/19/2023
8264	\$ 56.33	SHANNON ALDRICH	OCTOBER MILEAGE REIMBURSEMENT
	\$ 5,487.93		
LAIF			
TRANSFERS			

AGENDA ITEM V – A
STAFF REPORT

FISCAL YEAR (FY) 2023 FINANCIAL AUDIT

Attached for Board review and acceptance is a copy of the Independent Financial Audit Report and related Governance Letter for the Regional Waste Management Authority for FY 2023. The audit was prepared by the accounting firm of Richardson & Company of Sacramento in concert with their annual financial audit of the Yuba-Sutter Transit Authority. There were no audit findings or comments for FY 2023.

Staff will be prepared to discuss the audit in detail.

Recommendation: Receive the report as presented.

REGIONAL WASTE MANAGEMENT AUTHORITY

Audited Financial Statements

June 30, 2023



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Sacramento, California 95825
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Regional Waste Management Authority
Marysville, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Regional Waste Management Authority (the Authority) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

To the Board of Directors
Regional Waste Management Authority

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Richardson & Company, LLP

January 30, 2024

REGIONAL WASTE MANAGEMENT AUTHORITY

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 825,575	\$ 819,892
Accounts receivable	86,744	95,632
Due from other governmental agencies	19,735	6,256
Interest receivable	5,625	973
Prepaid expenses	4,627	
TOTAL CURRENT ASSETS	<u>942,306</u>	<u>922,753</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	123,357	277,135
Capital assets:		
Depreciable	5,972	
Nondepreciable, net	329,916	387,400
Total capital assets, net	<u>335,888</u>	<u>387,400</u>
TOTAL NONCURRENT ASSETS	<u>459,245</u>	<u>664,535</u>
TOTAL ASSETS	<u>\$ 1,401,551</u>	<u>\$ 1,587,288</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 103,368	\$ 91,624
Salaries and benefits payable	22,832	
Due to other governmental agencies	44,856	69,924
Accrued interest payable - ground lease liability	1,091	1,194
Unearned revenue	123,357	277,135
Compensated absences	12,699	
Ground lease liability - current portion	10,208	9,784
TOTAL CURRENT LIABILITIES	<u>318,411</u>	<u>449,661</u>
NONCURRENT LIABILITIES		
Ground lease liability - noncurrent portion	92,066	102,273
TOTAL NONCURRENT LIABILITIES	<u>92,066</u>	<u>102,273</u>
TOTAL LIABILITIES	<u>410,477</u>	<u>551,934</u>
NET POSITION		
Net investment in capital assets	233,614	275,343
Unrestricted	757,460	760,011
TOTAL NET POSITION	<u>991,074</u>	<u>1,035,354</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,401,551</u>	<u>\$ 1,587,288</u>

The accompanying notes are an integral part of these financial statements.

REGIONAL WASTE MANAGEMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Regulatory surcharge	\$ 803,685	\$ 840,542
Covered electronic waste recovery payments	6,179	
Other operating revenue	18,257	15,637
TOTAL OPERATING REVENUES	828,121	856,179
OPERATING EXPENSES		
Program services:		
Household hazardous waste facility and programs	354,938	334,482
Used oil	41,275	42,084
Tire disposal program	13,912	18,401
Beverage container recycling	540	50,519
Senate Bill (SB) 1383		7,796
Salaries and benefits	228,999	
Local Enforcement Agency payments	203,928	172,937
Professional services	122,654	136,103
Depreciation and amortization	57,484	57,484
Contract administration	52,870	63,839
Legal and accounting	16,972	13,713
Office supplies	8,874	215
Miscellaneous	6,721	3,528
TOTAL OPERATING EXPENSES	1,109,167	901,101
NET (LOSS) INCOME FROM OPERATIONS	(281,046)	(44,922)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental revenues	216,847	116,644
Interest income	18,899	1,997
Debt service - interest, ground lease	(4,952)	(4,929)
TOTAL NONOPERATING REVENUES (EXPENSES)	230,794	113,712
(LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS	(50,252)	68,790
CAPITAL CONTRIBUTIONS		
Capital contributions - Household hazardous waste facility grant	5,972	
TOTAL CAPITAL CONTRIBUTIONS	5,972	
CHANGE IN NET POSITION	(44,280)	68,790
Net position at beginning of year	1,035,354	966,564
NET POSITION AT END OF YEAR	\$ 991,074	\$ 1,035,354

The accompanying notes are an integral part of these financial statements.

REGIONAL WASTE MANAGEMENT AUTHORITY

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 837,009	\$ 853,445
Cash paid to suppliers for goods and services	(840,635)	(786,498)
Cash paid to employees for services	(193,468)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(197,094)</u>	<u>66,947</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants and subsidies	<u>55,562</u>	<u>351,358</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>55,562</u>	<u>351,358</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets	(5,972)	
Principal payments on leases	(9,783)	(10,410)
Interest payments on leases	<u>(5,055)</u>	<u>(3,735)</u>
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	<u>(20,810)</u>	<u>(14,145)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>14,247</u>	<u>1,447</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>14,247</u>	<u>1,447</u>
 (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	 (148,095)	 405,607
 Cash and cash equivalents at beginning of year	 <u>1,097,027</u>	 <u>691,420</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 948,932</u>	<u>\$ 1,097,027</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and cash equivalents	\$ 825,575	\$ 819,892
Restricted cash and cash equivalents	<u>123,357</u>	<u>277,135</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 948,932</u>	<u>\$ 1,097,027</u>
RECONCILIATION OF NET (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net (loss) income from operations	\$ (281,046)	\$ (44,922)
Adjustments to reconcile net income from operations to net cash provided (used) by operating activities:		
Depreciation	57,484	57,484
Changes in operating assets and liabilities:		
Accounts receivable	8,888	(43,657)
Due from other agencies		40,923
Accounts payable	(4,627)	
Accounts payable	11,744	10,584
Salaries and benefits payable	22,832	
Compensated absences	12,699	
Due to other governmental agencies	<u>(25,068)</u>	<u>46,535</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (197,094)</u>	<u>\$ 66,947</u>

The accompanying notes are an integral part of these financial statements.

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Regional Waste Management Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Authority are described below.

Description of Reporting Entity: The Authority was formed on July 1, 1990 under a Joint Powers Authority agreement between the counties of Yuba and Sutter and the cities of Yuba City, Marysville, Live Oak and Wheatland. The Authority is governed by a six-member Board of Directors consisting of one member each from the Boards of Supervisors or City Councils of its members. The Authority acts as the liaison for the participating entities for solid waste planning, programming, and other related services with the franchise solid waste collection contractor and the State of California Department of Resources Recycling and Recovery (CalRecycle). Funding is provided principally by a surcharge on solid waste customers and special grants from the State of California.

The Authority contracted with the Yuba-Sutter Transit Authority (YSTA) for administration and personnel services through 2023. YSTA is a joint powers agency that has four of the same member jurisdictions as the Authority. The services were provided by employees of YSTA for \$1,500 per month plus a contractual rate per hour for each hour YSTA employees spend on the Authority's activities. Payments to YSTA for these and other services amounted to \$56,195 and \$68,800 during the years ended June 30, 2023 and 2022, respectively. The Authority also contracted with Aurora Environmental, Inc. for staff support services through 2023. The Authority hired employees for the first time during the year ended June 30, 2023.

Basis of Presentation: The Authority's resources are accounted for in these financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Unrestricted net position represents the net position available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund-type operating statements present increases (i.e., revenue) and decreases (i.e., expenses) in net position.

The Authority uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as unearned revenues until earned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are from surcharges on solid waste collection services. Operating expenses include professional services and administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments: For the purposes of reporting cash flows, the Authority considers all cash and highly liquid investments purchased with an original maturity of three months or less and the investment in the Local Agency Investment Fund (LAIF) to be cash equivalents.

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are valued at historical cost. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year or more. Provision is made for depreciation on the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Office equipment	5-10 years
Equipment	5 years
Leasehold improvements	20 years

Maintenance and repairs are charged to operations when incurred. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement.

Due From Other Governmental Agencies: Due from other governmental agencies consists primarily of the following at June 30:

	2023	2022
CalRecycle grants	\$ 19,735	\$ 6,256
Total due from other governmental agencies	<u>\$ 19,735</u>	<u>\$ 6,256</u>

Unearned Revenue: Unearned revenue at June 30, 2023 consisted of \$122,130 of unspent funds for the SB 1383 local assistance grant program and \$1,227 of unspent fund for the CalRecycle oil payment program. Unearned revenue at June 30, 2022 consisted of \$277,135 of unspent funds for the SB 1383 local assistance grant program. The amounts are also reported as restricted cash and cash equivalents.

Compensated Absences: Compensated absences consist of annual leave, administrative leave and unused holidays that are payable at separation. Annual leave is accrued at 16 to 24 hours per month for each full-time employee with less than five up to 20 years of experience, respectively, up to a maximum of 384 hours. Part-time employees scheduled more than 20 hours per week accrue annual leave equal to the number of hours accrued by full-time employees multiplied by the percentage of full-time hours worked each calendar month. Administrative leave is accrued by the Executive Director at 6.7 hours per month up to a maximum of 160 hours. Annual leave exceeding the maximum number of hours allowed by the Authority’s policy is required to be paid in cash and employees are allowed to voluntarily request a cash out of leave exceeding 80 hours (40 hours for part-time employees). Cashed out leave is paid on December 5th each year.

Net Position: The financial statements present net position. Net position is categorized as the investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation as well as long-term liabilities and other payables related to capital asset purchases reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position not restricted for any project or other purpose.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements: In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the criteria for outlays other than subscription payments, including implementation costs to SBITA; and 4) requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. The Authority implemented this Statement during the year ended June 30, 2023 and determined it had no significant subscriptions that should be recognized.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The Authority is currently analyzing the impact of these Statements on the Authority’s financial statements.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, consisted of the following:

	2023	2022
Deposits in financial institutions	\$ 266,510	\$ 577,161
Investment in Local Agency Investment Fund (LAIF)	682,422	519,866
Total cash and cash investments	\$ 948,932	\$ 1,097,027

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The Authority’s investment policy does not contain any specific provisions intended to limit the Authority’s exposure to interest rate risk, credit risk, and concentration of credit risk. The Authority’s permissible investments included time deposits and the State of California Local Agency Investment Fund (LAIF).

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. As of June 30, 2023 and 2022, the weighted average maturity of the investments contained in the LAIF investment pool was approximately 260 and 311 days, respectively.

Credit Risk: Generally, 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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2023 and 2022, the carrying amount of the Authority’s deposits was \$266,510 and \$577,161 and the balance in financial institutions was \$274,455 and \$580,589, respectively. Of the balance in financial institutions, \$250,000 each year was covered by federal depository insurance and the remaining amount was collateralized by securities pledged by the financial institution, but not in the name of the Authority.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the Authority’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE C – CAPITAL ASSETS

The following summarizes the changes in capital assets for the years ended June 30:

	Balance at July 1, 2022	Additions	Disposals	Balance at June 30, 2023
Capital assets, not being depreciated:				
Construction in progress		\$ 5,972		\$ 5,972
Total capital assets not being depreciated		5,972		5,972
Capital assets, being depreciated/amortized:				
Lease asset - ground lease	\$ 122,467			122,467
Equipment	19,766			19,766
Leasehold improvements	866,201			866,201
Total capital assets being depreciated/amortized	1,008,434			1,008,434
Less accumulated depreciation/amortization for:				
Lease asset - ground lease	(12,247)	(12,246)		(24,493)
Equipment	(17,766)			(17,766)
Leasehold improvements	(591,021)	(45,238)		(636,259)
Total accumulated depreciation and amortization	(621,034)	(57,484)		(678,518)
Total capital assets being depreciated/amortized, net	387,400	(57,484)		329,916
Capital assets, net	\$ 387,400	\$ (51,512)	\$ -	\$ 335,888

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE C – CAPITAL ASSETS (Continued)

	Balance at July 1, 2021	Additions	Transfers	Balance at June 30, 2022
Capital assets, being depreciated/amortized:				
Lease asset - ground lease	\$ 122,467			\$ 122,467
Equipment	19,766			19,766
Leasehold improvements	866,201			866,201
Total capital assets being depreciated/amortized	<u>1,008,434</u>			<u>1,008,434</u>
Less accumulated depreciation/amortization for:				
Lease asset - ground lease		\$ (12,247)		(12,247)
Equipment	(17,766)			(17,766)
Leasehold improvements	(545,784)	(45,237)		(591,021)
Total accumulated depreciation and amortization	<u>(563,550)</u>	<u>(57,484)</u>		<u>(621,034)</u>
Total capital assets being depreciated/amortized, net	<u>444,884</u>	<u>(57,484)</u>		<u>387,400</u>
Capital assets, net	<u>\$ 444,884</u>	<u>\$ (57,484)</u>	<u>\$ -</u>	<u>\$ 387,400</u>

NOTE D – LONG-TERM LIABILITIES

	Balance at July 1, 2022	Additions	Retirements	Balance at June 30, 2023	Current Portion	Noncurrent Portion
Compensated absences		\$ 24,851	\$ (12,152)	\$ 12,699	\$ 12,699	
HHW ground lease liability	\$ 112,057		(9,783)	102,274	10,208	\$ 92,066
	<u>\$ 112,057</u>	<u>\$ 24,851</u>	<u>\$ (21,935)</u>	<u>\$ 114,973</u>	<u>\$ 22,907</u>	<u>\$ 92,066</u>

Household Hazardous Waste Facility Ground Lease Liability: On January 1, 2008, the Authority entered into an agreement with Yuba City and Yuba-Sutter Disposal, Inc. (YSDI) to transfer the ownership and operation of the household hazardous waste facility improvements (the facility) located at 134 Burns Drive from YSDI to the Authority. The land on which this facility is located is owned by the City of Yuba City. As of the transfer date, the facility was valued at its original construction cost of \$462,889 since there is no determinable fair value for this facility.

On January 1, 2017, the Authority entered into an agreement with Yuba City to lease the property on which the facility is built starting January 1, 2016. Beginning January 1, 2017, the annual lease payment increases by the percentage increase in the Consumer Price Index for the San Francisco-Oakland-San Jose Metropolitan Statistical Area. The initial term of the lease ended December 31, 2018, but in October 2018 the Authority exercised options to extend the lease through December 31, 2031. GASB Statement No. 87 was implemented as of July 1, 2021 and the Authority recorded a lease liability and right-to-use asset of \$122,467 discounted using an incremental borrowing rate of 4.25%. At June 30, 2023 and 2022, the lease asset had a cost of \$122,467 and accumulated amortization of \$24,493 and \$12,247, respectively. Lease payments used to measure the lease liability were \$3,602 per quarter as of June 30, 2022. The payments increased to \$3,818 per quarter on January 1, 2023 but the lease was not remeasured due to the immaterial effect on the lease liability. Future minimum lease payments under the lease agreement, as recorded, will be as follows:

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE D – LONG-TERM LIABILITIES (Continued)

<u>Year ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,208	\$ 4,200	\$ 14,408
2025	10,650	3,758	14,408
2026	11,112	3,296	14,408
2027	11,593	2,815	14,408
2028	12,096	2,312	14,408
2029-2032	<u>46,615</u>	<u>3,813</u>	<u>50,428</u>
	<u>\$ 102,274</u>	<u>\$ 20,194</u>	<u>\$ 122,468</u>

NOTE E – CONTINGENT LIABILITIES

The Authority has received State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the Authority believes such disallowance, if any, will be immaterial.

NOTE F – DEFERRED COMPENSATION PLAN AND DEFINED BENEFIT PENSION PLAN

The Authority offers an Internal Revenue Code (IRC) Section 457 deferred compensation plan and a Section 401(a) defined contribution retirement plan to all permanent employees. The plans are administered by MissionSquare Retirement.

Section 457(b) Plan: The 457 Deferred Compensation Plan and Trust (the 457 Plan) is a deferred compensation plan organized under Section 457 of the IRC. Benefit terms, including contribution requirements, are established and may be amended by the Board of Directors. Employees are eligible to participate at their hire date. The Plan allows covered employees to voluntarily contribute a portion of their pre-tax earnings to the Plan up to the limits specified in the IRC. In addition to employee contributions, if any, the Authority shall deposit in each active deferred compensation account an amount equal to \$200 each month for the Executive Director and \$100 each month for all other permanent employees. Employee and employer contributions made to the Plan during the year ended June 30, 2023 were \$6,000 and \$2,300, respectively. No contributions were made by the Authority or participants during the year ended June 30, 2022.

Section 401a Plan: The Section 401(a) Plan is a single-employer defined contribution pension plan available to all employees at their hire date. Benefit terms, including contribution requirements, are established and may be amended by the Board of Directors. Employees are allowed to voluntarily contribute to the 401(a) Plan up to the IRC limits. For each dollar an employee contributes to the 457(b) deferred compensation plan, up to 7% of the employee's base monthly salary including longevity pay, the Authority shall contribute one dollar to a 401(a) Plan. The employer contributions are subject to a 20% per year vesting schedule and participants would be fully vested upon completing five years of service or upon reaching the normal retirement age of 55. Employer contributions were \$6,000 and participants made no contributions to the 401(a) Plan during the year ended June 30, 2023. No contributions were made to the 401(a) Plan by the participants or Authority during the year ended June 30, 2022.

NOTE G – CONTINGENCIES

The Authority's agreement with the City of Yuba City (City) for the household hazardous waste facility requires the property to be returned to the City in clean condition, free from any hazards or hazardous materials and requires the Authority to include the requirement for the facility operator to indemnify the City for any contamination of the property caused by the operations of the facility. The Authority would also have to remove the improvements made

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE G – CONTINGENCIES (Continued)

to the property at its own expense at the election of the City within 90 days after termination of the agreement. The election would be made by the City in the Notice of Termination required under the agreement. The City is required to provide four years notice to the Authority prior to termination of the agreement. It is uncertain whether this election will be made by the City. If the City elects to have the Authority remove the improvements to the property, the election would result in the need to accrue an asset retirement obligation (i.e. a liability) under GASB Statement No. 83. A liability has not been accrued as of the balance sheet date because it is not considered probable that the election will be made. This decision could change in the future.

NOTE H – AMENDED JPA AGREEMENT

In response to increasingly complex State regulations, specifically SB 1383 which became effective January 1, 2022, the RWMA Board of Directors conducted an organizational analysis in 2020 that resulted in the amendment of the agency Joint Powers Agreement (JPA) to expand both the responsibilities and authorities of the agency. The amended JPA became effective November 1, 2021. To effectively implement and manage these new responsibilities, the Board concluded that the long-standing part-time staff consultant agreement with the Yuba-Sutter Transit Authority would no longer be sufficient nor sustainable given the level of effort needed and authorized the establishment of direct RWMA staff for the first time.

In August 2022 and October 2022, the RWMA Board hired a Management Analyst and an Executive Director and in September 2023 the Authority hired a Management Analyst II. The Board adopted a personnel policy manual that provides compensated absences for annual leave (and administrative leave for the Executive Director), health insurance, dental insurance, vision reimbursement allowance, life insurance, long-term disability insurance coverage, an Internal Revenue Code Section 457(b) plan, and a 401(a) Defined Contribution Plan to employees.

The 2020 organizational study estimated that the agency would ultimately require a staff of three to five positions within the next few years with an annual budget of up to \$1.6 million compared to the budget of approximately \$1.0 million during the year ended June 30, 2022. It is anticipated that the additional costs will initially be covered as the agency grows by state grant funds and surplus revenues, but a future increase in the current RWMA surcharge on municipal solid waste collection accounts will be necessary at some point in the future. The authority to increase that surcharge as necessary was granted to the RWMA in the new JPA agreement.

AGENDA ITEM V – B
STAFF REPORT

SB1383 SERVICE LEVEL COMPLIANCE PLAN

Attached for Board review is a presentation detailing the plan to bring all commercial accounts into compliance, related to mandatory service, for SB1383.

Staff will be prepared to discuss the plan in detail.

Recommendation: Information only.

REGIONAL WASTE MANAGEMENT AUTHORITY



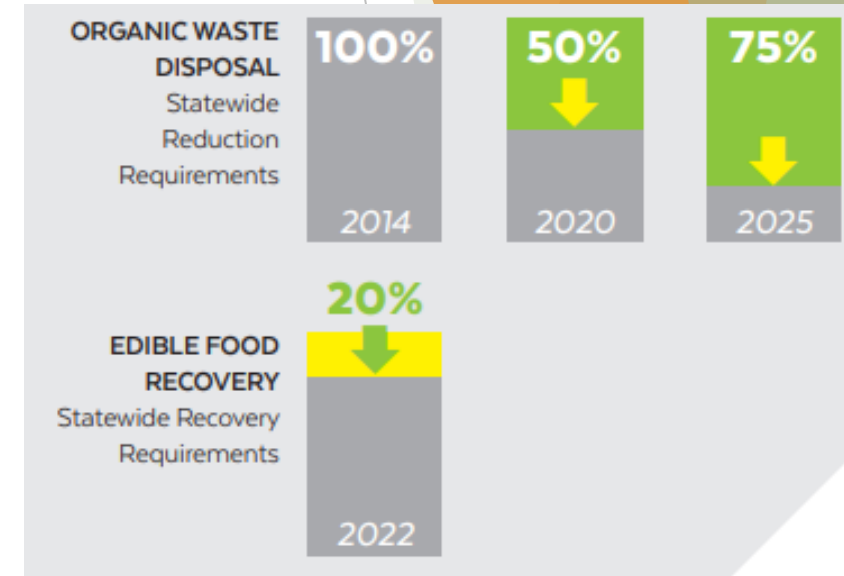
*Yuba
Sutter* **Recycles!**

SB1383 Mandatory Compliance: Plan of Action

Presented by:
Scott Scholz
Executive Director
February 15, 2024

SB1383 Required Services

- ▶ SB 1383, is a significant landfill waste reduction mandate in California, aims to achieve the following goals:
 - ▶ Reduce organic waste (including edible food) sent to landfills by 75% from 2014 levels by the year 2025.
 - ▶ This ambitious target involves diverting more than 20 million tons of organic waste away from landfills¹.
 - ▶ Address Climate Change and Food Insecurity:
 - ▶ SB 1383 intends to reduce greenhouse gas emissions, particularly methane, which is released when organic matter decomposes in landfills.
 - ▶ Address food insecurity by promoting food recovery and redistribution.
 - ▶ Promote Sustainable Waste Management:
 - ▶ The enforcement provisions in SB 1383 assist jurisdictions, education districts, and facilities in achieving the state's climate goals and the 75% organic waste diversion goal by 2025 and beyond.



SB1383 Compliance as of 2-01-2024

Jurisdiction	Total Accounts	Non-Compliant Accounts (Recycling or Organics)	Compliance Percentage
Yuba City	1284	624	51.40%
Yuba County	338	228	32.54%
Marysville	432	163	62.27%
Live Oak	101	39	61.39%
Sutter County	447	30	93.29%
Wheatland*	59	20	66.10%

* Wheatland holds a low pop waiver

Outreach Letter – Mandatory Drop off

- ▶ Current non-compliant accounts will receive a letter in the mail stating that Recology will be dropping of Organics and Recycling Carts or Bins to comply with SB1383.
- ▶ Per the state mandate beginning in 2024 non-compliance may result in monetary penalties.
- ▶ Business owners can still reach out to the RWMA to request a waiver before or after the drop off to meet compliance.

REGIONAL WASTE MANAGEMENT AUTHORITY

Serving Sutter County, Yuba County, Live Oak, Marysville, Wheatland and Yuba City



February 2024

ATTN: Business Owner/Responsible Party,

We are writing to inform you again that SB 1383, the California Short-Lived Climate Pollutant (SLCP) Reduction Strategy, requires all business to separate organic materials and recyclable materials from trash and either subscribe to the required collection services or self-haul to an appropriate facility for diversion.

Per state regulations your establishment is required to subscribe to and participate in your jurisdiction's organics and recycling curbside collection service.

Our records currently indicate that your business does not currently have organic or recycling collection services. As part of this requirement, Recology will be dropping off either recycling carts, organic carts, or both, depending on your current service at your place of business. The law requires proper sorting of organic waste, recyclable material, and trash into the correct containers.

Please note that this is a state mandatory requirement and failure to comply may result in penalties.

Please contact Recology at (530) 743-6933 if you would like to discuss your service options.

Please contact The Regional Waste Management Authority at <https://www.yubasutterrecycles.com/> if you have questions related to the state regulations and requirements.

We appreciate your cooperation and support in reducing food and organic waste and protecting our environment.

Sincerely,

Recology- Plan of Action

- ▶ The distribution will begin 2 weeks after the letters have been sent.
- ▶ Current plan will be one jurisdiction at a time in the following order.
 - ▶ Live Oak
 - ▶ Wheatland
 - ▶ Marysville
 - ▶ Sutter
 - ▶ Yuba County
 - ▶ Yuba City



Cart Distribution

- ▶ Recology will order new carts in the solid colors of **green** and **blue** to match state requirements.
- ▶ There is a 6–8-week lead for cart delivery to Recology.
- ▶ Recology will be ordering the 96-gallon cart size for Organics and 64/96-gallon size for Recycling.
 - ▶ (As described in the Franchise Agreement)
- ▶ Businesses requiring a metal bin instead of a cart, may have a longer wait time for their delivery.
 - ▶ (This is dependent on the volume of Waste Materials collected weekly)

Plastic Carts



Dimensions may vary slightly. Measurements shown are exterior dimensions.



Franchise Amendments for Cart Size

- ▶ Recology/RWMA is currently working on an Amendment for the Franchise Agreements to allow more flexibility in cart size (cost) for the customers.
 - ▶ Currently there is only a rate for a 96-gallon Organics cart.
 - ▶ Many businesses do not produce enough material for a 96-gallon cart and a 96-gallon is not operationally effective .
- ▶ Through an Amendment we are looking to add a smaller cart at a reduced rate.

Current Billing Model



64-Gallon

\$\$\$

96-Gallon

\$\$\$

After Amendment



64-Gallon

\$

96-Gallon

\$\$\$

Timeline for Mandatory Service Compliance

- ▶ Two Roll-Out Scenarios (option 1 being preferred)
- ▶ Option 1
 - ▶ The distribution begins after the cart amendment is in place.
 - ▶ Assuming an amendment is in place by Mid-April cart/bin roll-out would be completed by early to mid July 2024.
- ▶ Option 2
 - ▶ Distribution begins in March 2024, prior to the completion of the Franchise Agreement Amendment.
 - ▶ 96-gallon carts (Organics) would be distributed to most businesses.
 - ▶ Many businesses would be over subscribed and would need to downsize when the option (Amendment) was approved.

Preparation for Mandatory Services

- ▶ Recology's Zero Waste Specialists are working with an outside firm "Smart Marketing" to create educational outreach campaign and notify the public of the upcoming changes in their service.
- ▶ An automated call will go out to the business who will be receiving the drop-off and notifying them the week of their delivery.
- ▶ The Recology Call Center will be prepared with the most updated information to prepare for the potential influx of calls from customers who may have questions of their new services or bill.
- ▶ All businesses have been previously notified of the requirements (several notices).



Summary

- ▶ Organics and Recycling Cart drop-off will take place to meet the mandatory service requirements set forth in SB1383.
- ▶ An amendment is being worked on to provide more size selection for businesses when it comes to Organic/Recycling Waste Collection.
- ▶ Preventative actions have and will take place to notify/educate the public and prepare customer calls.
- ▶ Expecting a 3-month timeline for the completion of the cart drop-off after the delivery of the new carts and bins.



Thank
you

