











## ***Staff Report***

**DATE:** June 13, 2018

**FROM:** Tyler Egerer, Director of Finance and Administrative Services

**SUBJECT:** Item 2b)  
Receive March 2018 Financial Reports

**RECOMMENDED ACTION:** Review and Approve  
Review and Approve March 2018 Financial Reports.

### **DISCUSSION:**

Each month, staff presents an update on the Authority's financials based on activity to-date for the period two months prior to the current month. This enables staff to provide a complete presentation of the full financial activity for that period, as financial data will have been recorded and finalized for the reporting period at that point.

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Attachment B, *Statement of Operations for Period Ending 3/31/2018* is presented in summary format; detailed analysis of each division of the Authority is available by request for those interested in division performance. Highlights of Fiscal Year 2017-18 activity include:

- a) Revenue and expense figures have better aligned with budgeted estimates following implementation of mid-year budget adjustments;
- b) Annual payments for permitting expenses, depreciation of capital assets, and other large, one-time expenses have mostly been recorded and better reflect the true annual cost of Authority operations;
- c) A significant increase in tonnage disposed – thanks to a dry fall and an increase in construction and demolition – has greatly increased net position, resulting in increased cash flow and a stronger overall Authority financial position.

The Authority's cash position is comprised of two accounts; 1) the Authority's checking account, which handles the day-to-day expenses; and 2) the savings account. The combined value of these accounts equals the total cash available for Authority reserves and operating cash. The current value of the Authority operating fund and combined reserve funds are as follows:

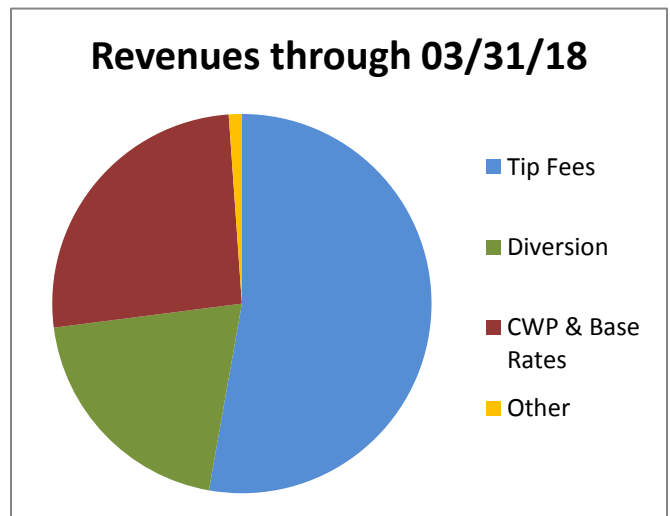
HWMA Operating Fund: \$1,865,588.63  
 HWMA Undesignated, Capital, Personnel, and Stabilization Funds: \$2,407,349.00

**Authority Financials:**

Attachments A and B contain detailed balance sheet and income statement (*Statement of Operations*) information for the March financial report, for Board review and discussion. An analysis of that information as it relates to revenues and expenses, and current month disbursements to vendors and employees, is provided herein.

**Revenues** for March are performing approximately 7% over projections of budgeted estimates for Fiscal Year 2017-18. These estimates encapsulate all activity throughout the Authority, although finances will be influenced by future payouts for fees passed through to Member Agencies, revenue shares for salvaged materials sales, and the delayed receipt of grant revenues for grant-based projects.

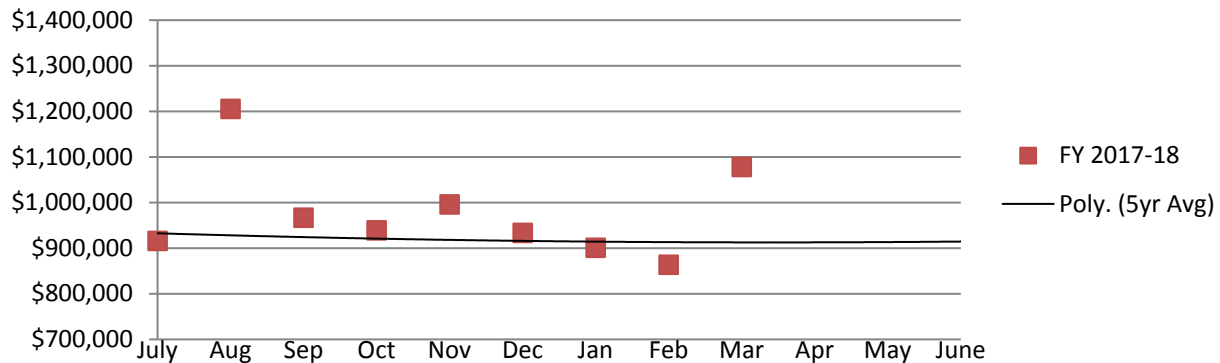
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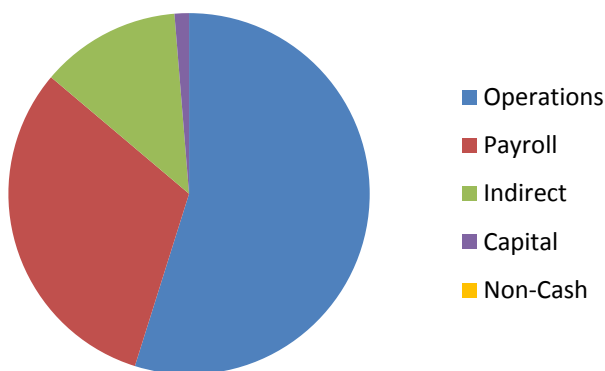
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### Revenue: Real Year-to-Date Earnings vs. Five-Year Trend



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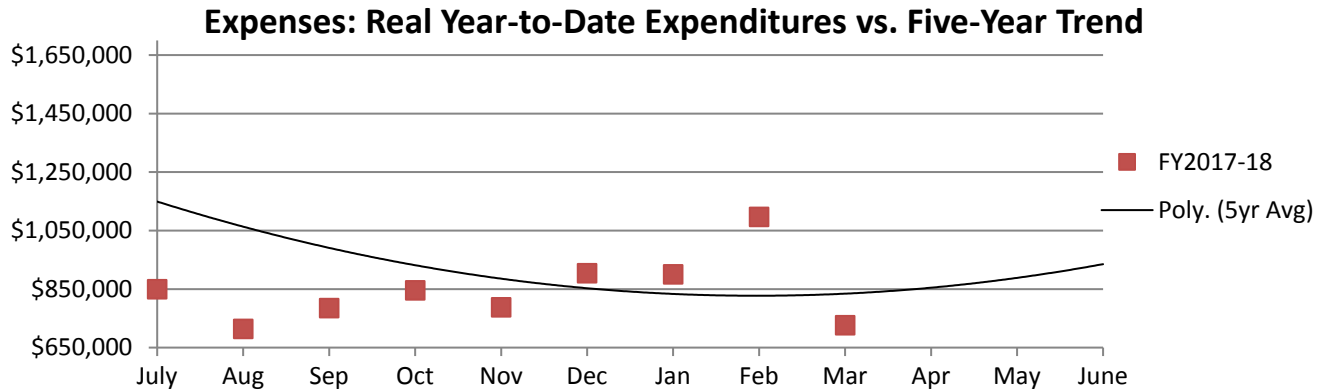
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**Expenses** for March are also above budget projections. Total Expenses are approximately 3% over budgeted estimates, including some one-time expenses related to depreciation of Authority assets, and quarterly payments to Member Agencies for pass-through and recycling fees. Additionally, increases above budgeted estimates are mostly related to increased solid waste tonnage disposed, which is offset by a similar increase in revenue as referenced above.

Payroll expenses are in line with current budget estimates. Due to several work-place employee injuries over the past several years, the Authority’s worker’s compensation insurance premium was increased by SDRMA. This increased cost is reflected in the overall Payroll expenditures. This cost is expected to continue into Fiscal Year 2018-2019, however significant improvements in employee and operational safety have greatly reduced the number of new incidents at all facilities.

Based on the above factors, and to provide long-term planning – relative to the Fiscal Year – the Board and staff in decision making, the following estimation of growth for total expenditures is provided below. The following graph tracks current, aggregate, monthly expense activity against an annual trend line, generated from the previous five years of financial information. The trend line provides a reasonable estimation of how expenses are expected influence the Authority’s financials throughout the year, and consider the effects of those one-time, lump sum payments for certain recurring annual costs.



Staff continues to maintain a strong control on ongoing expenses, and the recent change in solid waste transportation and disposal contractors has resulted in minimal impact on ongoing expenses in operations. Overall, staff is pleased to report that expenditure activity is settling into an expected rhythm, with anticipated expenditures for items outlined in the Capital Improvement Plan, or related to long-term debt payments, covered by reserve funds and sufficient operating revenues.

Monthly disbursements to Authority vendors and employees are summarized in Attachment D for the month of March. These disbursements are comprised primarily of day-to-day costs, representing approximately \$340,000 in transportation and disposal costs, \$29,000 in consulting and engineering costs for ongoing projects, and approximately \$87,000 in CRV reimbursement payments to the general public.

**Division Activities (as Summarized in Attachment C):**

Activity for all divisions is on track to exceed Fiscal Year 2017-18 activity. New construction, expanded curbside services, and outreach improvements have all contributed to an overall increase in activity.

**Attachments:**

- A) Authority Balance Statement, March 2018
- B) Authority Statement of Operations, March 2018
- C) Activity Report, March 2018
- D) Cash Disbursements, March 2018



Attachment A  
Humboldt Waste Management Authority  
Statement of Net Position  
For the Nine Months Ending 3/31/2018

	<b>3/31/2018</b>	<b>6/30/2017</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash and Investments	\$4,767,544	\$4,061,179
Accounts Receivable:		
Customer (Net of Doubtful Accounts)	890,806	873,702
Deposits	19,500	19,500
<b>Total Current Assets</b>	<b>5,677,850</b>	<b>4,954,381</b>
<b>Noncurrent Assets:</b>		
<b>Capital Assets:</b>		
Property, Plant and Equipment, Net	4,697,694	5,025,540
Waste Authority Contract	221,171	221,171
<b>Total Noncurrent Assets</b>	<b>4,918,865</b>	<b>5,246,711</b>
<b>Total Assets</b>	<b>10,596,715</b>	<b>10,201,092</b>
Deferred Outflows: Pension Plan	435,580	435,580
<b>Total Assets and Deferred Outflows</b>	<b>11,032,295</b>	<b>10,636,672</b>
 <b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION(DEFICIT)</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	448,975	841,272
Accrued Payroll	185,785	133,399
Customer Deposits	7,901	2,350
<b>Total Current Liabilities</b>	<b>642,661</b>	<b>977,021</b>
<b>Noncurrent Liabilities</b>		
Long-term Debt Due After One Year	3,726,491	4,161,808
Net Pension Liability	476,183	476,183
Estimated Closure and Post-Closure Care Costs	7,353,845	7,353,845
<b>Total Noncurrent Liabilities</b>	<b>11,556,519</b>	<b>11,991,836</b>
<b>Total Liabilities</b>	<b>12,199,180</b>	<b>12,968,857</b>
Deferred Inflows: Pension Plan	109,711	109,711
Deferred Inflows: Unavailable Revenue	86,304	39,305
<b>Total Liabilities and Deferred Inflows</b>	<b>12,395,195</b>	<b>13,117,873</b>
 <b>NET POSITION (DEFICIT)</b>		
Net Investment in Capital Assets	1,192,374	1,084,903
Unrestricted (Deficit)	(3,673,576)	(6,034,938)
<b>Total Net Position</b>	<b>1,118,302</b>	<b>2,468,834</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>11,032,295</b>	<b>10,636,672</b>

Humboldt Waste Management Authority  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Nine Months Ending 3/31/2018

	<i>YTD</i>			
	<u>Actual</u>	<u>Budget</u>	<u>\$ Var</u>	<u>% Var</u>
<b>OPERATING REVENUES:</b>				
Gross Waste Management Fees	7,217,233	7,084,701	132,532	1.87%
Less: Pass-Through Fees	336,908	656,884	(319,976)	(48.71%)
Net Waste Management Fees	<u>6,880,325</u>	<u>6,427,817</u>	<u>452,508</u>	<u>7.04%</u>
Green Waste Fees	266,171	285,830	(19,659)	(6.88%)
Other Fees and Charges	(2,887)	0	(2,887)	-
Other Operating Revenues	<u>1,655,935</u>	<u>1,479,659</u>	<u>176,276</u>	<u>11.91%</u>
<b>Total Operating Revenues</b>	<b><u>8,799,544</u></b>	<b><u>8,193,306</u></b>	<b><u>606,238</u></b>	<b><u>7.4%</u></b>
<b>OPERATING EXPENSES:</b>				
Operations and Maintenance	5,199,248	4,392,450	806,798	18.37%
Administrative and General	1,226,192	2,179,670	(953,478)	(43.74%)
Professional Services	141,518	57,867	83,651	144.56%
Depreciation and Amortization	422,956	317,158	105,798	33.36%
Closure-related Expenses	110,655	360	110,295	30637.5%
Other Expenses	<u>508,086</u>	<u>410,642</u>	<u>97,444</u>	<u>23.73%</u>
<b>Total Operating Expenses</b>	<b><u>7,608,655</u></b>	<b><u>7,358,147</u></b>	<b><u>250,508</u></b>	<b><u>3.4%</u></b>
<b>Operating Income (Loss)</b>	<b><u>1,190,889</u></b>	<b><u>835,159</u></b>	<b><u>355,730</u></b>	<b><u>42.59%</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest Income	90	(62)	152	(245.16%)
Rental Income (Net of Expenses)	80,122	90,253	(10,131)	(11.23%)
Grant Revenue	19,955	145,493	(125,538)	(86.28%)
Grant Expense	(2,744)	(145,493)	142,749	(98.11%)
Interest Expense	<u>(35,011)</u>	<u>(49,907)</u>	<u>14,896</u>	<u>(29.85%)</u>
<b>Total Nonoperating Revenues (Expens...</b>	<b><u>62,412</u></b>	<b><u>40,284</u></b>	<b><u>22,128</u></b>	<b><u>54.93%</u></b>
<b>Change in Net Position</b>	<b><u>1,253,301</u></b>	<b><u>875,443</u></b>	<b><u>377,858</u></b>	<b><u>43.16%</u></b>

**Attachment C**  
**Activity Report**  
**July 1, 2017 - March 31, 2018**

Waste Tonnage	Tonnage			Revenue		
	Year to Date	Prior YTD	% of Prior	Year to Date	Prior YTD	% of Prior
Hawthorne						
Franchise	33,282	33,567	99.2%	\$4,284,154	\$4,329,515	99.0%
Self Haul	14,941	12,729	117.4%	\$2,379,783	\$2,042,995	116.5%
<b>Subtotal</b>	<b>48,222</b>	<b>46,295</b>	<b>104.2%</b>	<b>\$6,663,937</b>	<b>\$6,372,510</b>	<b>104.6%</b>
Humboldt Sanitation	3,859	4,231	91.2%	\$380,388	\$403,168	94.3%
ERD	3,090	6,267	49.3%	\$301,894	\$612,287	49.3%
<b>TOTAL.</b>	<b>55,172</b>	<b>56,793</b>	<b>97.1%</b>	<b>\$7,346,219</b>	<b>\$7,387,965</b>	<b>99.4%</b>

<b>Greenwaste</b>	<b>2,729</b>	<b>2,884</b>	<b>94.6%</b>	<b>\$201,736</b>	<b>\$217,415</b>	<b>92.8%</b>
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**Household Hazardous Waste**

	Customers			Revenue		
	Year to Date	Prior YTD	% of Prior	Year to Date	Prior YTD	% of Prior
Commercial	459	376	122.1%	\$ 55,529.45	\$ 49,301.88	112.6%
Residential	2,515	2,490	101.0%	\$ 22,279.82	\$ 18,543.33	120.2%
Fortuna Residential	1	58	1.7%	\$ 60.00	\$ 357.00	16.8%
Revenue from Countywide Fee				\$ 300,172.21	\$ 367,090.92	81.8%
<b>TOTAL.</b>	<b>2,975</b>	<b>2,924</b>	<b>101.7%</b>	<b>\$378,041</b>	<b>\$435,293</b>	<b>86.8%</b>

Traffic Count	Average Daily		Average Daily		% of Prior
	Count FY18	Exceptions	Count FY17	Exceptions	
July	353	None	314	None	112.4%
August	338	None	315	None	107.3%
September	340	None	300	None	113.3%
October	360	None	266	None	135.3%
November	301	None	287	None	104.9%
December	320	None	279	None	114.7%
January	299	None	283	None	105.7%
February	304	None	271	None	112.2%
March	314	None	291	None	107.9%
April		None	307	None	0.0%
May		None	317	None	0.0%
June		None	344	None	0.0%
Year-to-Date Average	325		289		112.5%

**Attachment D**  
**March 2018**  
**Disbursements**

<b>Paid To</b>	<b>Amount</b>	<b>Paid To</b>	<b>Amount</b>
101Netlink	\$61.00	Munnell & Sherrill, Inc	\$129.55
Access Humboldt	\$138.59	Nancy Diamond	\$6,541.90
Airgas USA LLC West Division	\$657.19	Napa Auto Parts	\$19.37
Alliant Insurance Services	\$10,240.54	Network Management Services	\$3,947.67
Antich Automotive	\$157.87	New Directions Environmental M	\$600.00
Asbury Environmental Services	\$3,766.70	Northern California Gloves	\$150.82
AT & T	\$402.52	Oak Harbor Freight Lines, Inc.	\$839.99
B & B Portable Toilet Company	\$5,704.38	Occupational, Environmental He	\$638.00
bank fees	\$3,445.58	P G & E	\$277.01
Bettendorf Enterprises, Inc.	\$4,065.00	Pacific Paper Co.	\$866.37
Capital One Commercial	\$137.17	Pape Machinery	\$227.83
Cardmember Service	\$9,415.49	Pierson Building Center	\$537.82
Cash	\$93.15	Recology Humboldt County	\$225.00
Cash for CRV Change	\$87,153.00	Renne Sloan Holtzman Sakai	\$2,266.00
City of Eureka	\$3,010.00	Rogers Machinery Company, Inc.	\$387.90
Crystal Springs Bottled Water	\$102.00	RWS Services	\$1,302.00
Dry Creek Landfill, Inc	\$287,776.39	Scrapper's Edge	\$72.46
Englund Marine Supply Co. Inc.	\$17.21	SETCO	\$1,230.03
Eureka Glass Company Inc	\$100.00	Sharps Solutions LLC	\$855.00
Freon Free Inc	\$742.90	SHN Consulting Engineers and G	\$1,645.00
Golder Associates	\$2,786.38	Stericycle, Inc	\$29,581.00
Hensell Materials	\$577.22	Steve Morris Logging & Contrac	\$2,068.34
HOLT OF CALIFORNIA	\$129.00	Suddenlink	\$204.95
Humboldt Community Services Di	\$30.31	Thumper's Mechanical Service I	\$2,670.00
Humboldt Recycling	\$3,168.00	United Rentals Inc.	\$156.24
I-5 Tire, Inc	\$592.60	UNUM Life Insurance Company of	\$328.44
Industrial Electric Arcata, In	\$360.91	US Bank Office Equipment Finan	\$462.53
James L Able Forestry Consulta	\$3,744.25	Verizon Wireless	\$329.28
L & M Renner, Inc	\$380.00	Vulcan Incorporated	\$1,717.00
Laco Associates	\$2,750.00	Western Baler & Conveyor, Inc	\$8,666.73
Lawrence & Associates	\$4,889.35	World Class Emvronmental Resou	\$1,595.00
Lighting Resources, LLC	\$4,010.95		
Matthews Paints	\$103.08	<b>Total Vendor Disbursements</b>	<b>\$512,298.47</b>
Mendes Supply Company	\$352.85		
Mercury Disposal Systems, Inc	\$52.00	Total Employee Expenses	\$140,262.72
Mission Uniform & Linen	\$645.66		
		<b>Total Disbursements</b>	<b>\$652,561.19</b>



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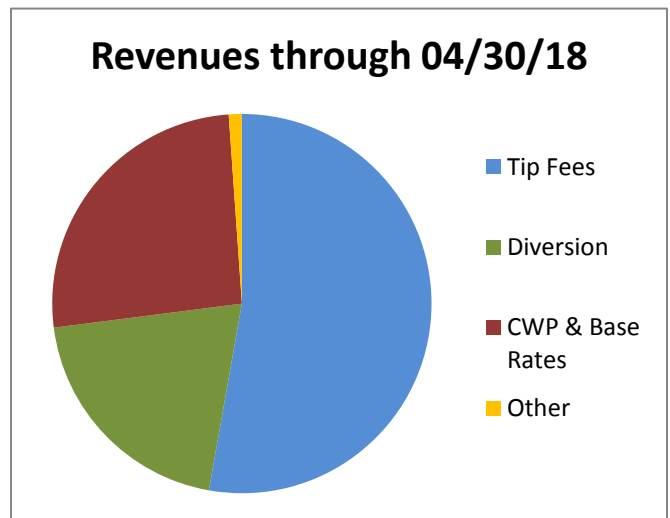
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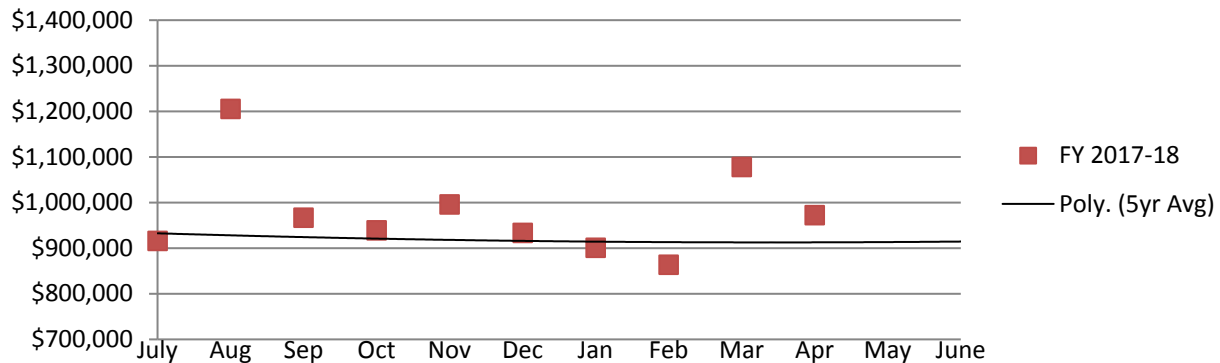
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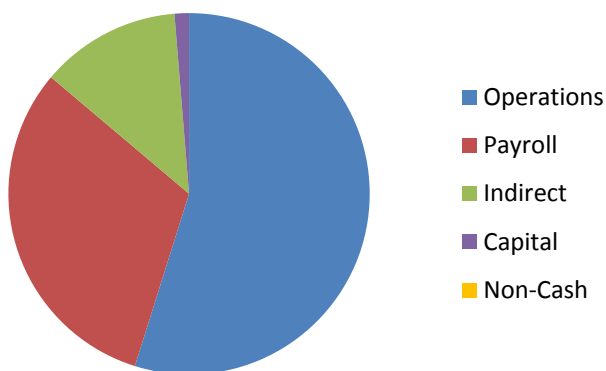
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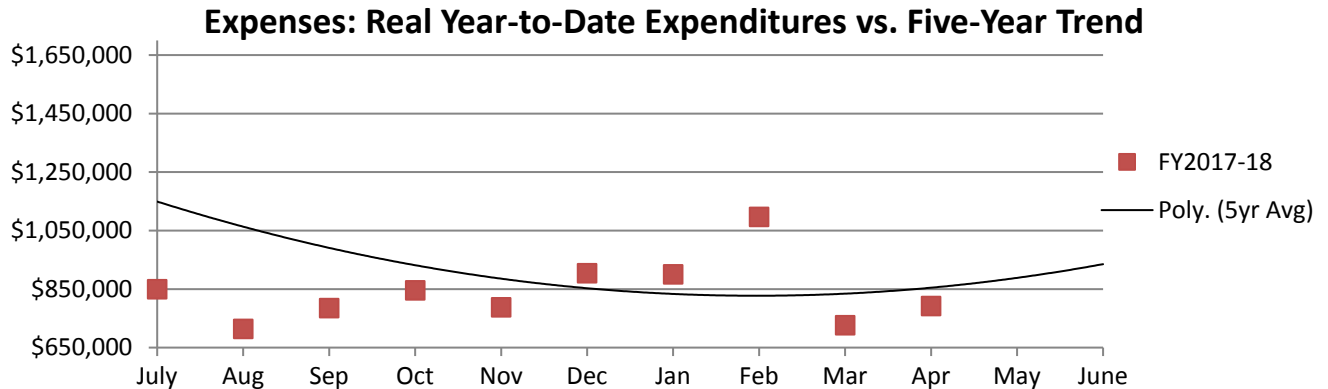
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Long-term Debt Due After One Year	3,726,491	4,161,808
Net Pension Liability	476,183	476,183
Estimated Closure and Post-Closure Care Costs	7,353,845	7,353,845
<b>Total Noncurrent Liabilities</b>	<b>11,556,519</b>	<b>11,991,836</b>
<b>Total Liabilities</b>	<b>12,235,647</b>	<b>12,968,857</b>
Deferred Inflows: Pension Plan	109,711	109,711
Deferred Inflows: Unavailable Revenue	86,304	39,305
<b>Total Liabilities and Deferred Inflows</b>	<b>12,431,662</b>	<b>13,117,873</b>
 <b>NET POSITION (DEFICIT)</b>		
Net Investment in Capital Assets	1,192,374	1,084,903
Unrestricted (Deficit)	(3,673,576)	(6,034,938)
<b>Total Net Position</b>	<b>1,308,581</b>	<b>2,468,834</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>11,259,041</b>	<b>10,636,672</b>

Humboldt Waste Management Authority  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Ten Months Ending 4/30/2018

	<i>YTD</i>			
	<u>Actual</u>	<u>Budget</u>	<u>\$ Var</u>	<u>% Var</u>
<b>OPERATING REVENUES:</b>				
Gross Waste Management Fees	8,104,562	7,871,890	232,672	2.96%
Less: Pass-Through Fees	336,908	729,871	(392,963)	(53.84%)
Net Waste Management Fees	<u>7,767,654</u>	<u>7,142,019</u>	<u>625,635</u>	<u>8.76%</u>
Green Waste Fees	297,029	317,638	(20,609)	(6.49%)
Other Fees and Charges	(2,651)	126	(2,777)	(2203.97%)
Other Operating Revenues	<u>1,710,001</u>	<u>1,644,117</u>	<u>65,884</u>	<u>4.01%</u>
<b>Total Operating Revenues</b>	<b><u>9,772,033</u></b>	<b><u>9,103,900</u></b>	<b><u>668,133</u></b>	<b><u>7.34%</u></b>
<b>OPERATING EXPENSES:</b>				
Operations and Maintenance	5,811,724	4,880,341	931,383	19.08%
Administrative and General	1,340,415	2,422,323	(1,081,908)	(44.66%)
Professional Services	149,206	64,297	84,909	132.06%
Depreciation and Amortization	422,956	352,398	70,558	20.02%
Closure-related Expenses	110,655	360	110,295	30637.5%
Other Expenses	<u>565,541</u>	<u>457,331</u>	<u>108,210</u>	<u>23.66%</u>
<b>Total Operating Expenses</b>	<b><u>8,400,497</u></b>	<b><u>8,177,050</u></b>	<b><u>223,447</u></b>	<b><u>2.73%</u></b>
<b>Operating Income (Loss)</b>	<b><u>1,371,536</u></b>	<b><u>926,850</u></b>	<b><u>444,686</u></b>	<b><u>47.98%</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest Income	100	(62)	162	(261.29%)
Rental Income (Net of Expenses)	90,153	100,282	(10,129)	(10.1%)
Grant Revenue	19,955	161,065	(141,110)	(87.61%)
Grant Expense	(3,152)	(161,658)	158,506	(98.05%)
Interest Expense	<u>(35,011)</u>	<u>(55,429)</u>	<u>20,418</u>	<u>(36.84%)</u>
<b>Total Nonoperating Revenues (Expens...</b>	<b><u>72,045</u></b>	<b><u>44,198</u></b>	<b><u>27,847</u></b>	<b><u>63.01%</u></b>
<b>Change in Net Position</b>	<b><u>1,443,581</u></b>	<b><u>971,048</u></b>	<b><u>472,533</u></b>	<b><u>48.66%</u></b>

**Attachment C**  
**Activity Report**  
**July 1, 2017 - April 30, 2018**

Waste Tonnage	Tonnage			Revenue		
	Year to Date	Prior YTD	% of Prior	Year to Date	Prior YTD	% of Prior
Hawthorne						
Franchise	37,061	37,164	99.7%	\$4,770,760	\$4,793,107	99.5%
Self Haul	16,737	14,170	118.1%	\$2,663,773	\$2,271,288	117.3%
<b>Subtotal</b>	<b>53,797</b>	<b>51,334</b>	<b>104.8%</b>	<b>\$7,434,533</b>	<b>\$7,064,395</b>	<b>105.2%</b>
Humboldt Sanitation	4,261	4,789	89.0%	\$419,959	\$458,193	91.7%
ERD	3,512	6,472	54.3%	\$343,115	\$632,244	54.3%
<b>TOTAL.</b>	<b>61,570</b>	<b>62,594</b>	<b>98.4%</b>	<b>\$8,197,608</b>	<b>\$8,154,832</b>	<b>100.5%</b>

<b>Greenwaste</b>	<b>3,197</b>	<b>3,325</b>	<b>96.1%</b>	<b>\$232,594</b>	<b>\$248,208</b>	<b>93.7%</b>
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**Household Hazardous Waste**

	Customers			Revenue		
	Year to Date	Prior YTD	% of Prior	Year to Date	Prior YTD	% of Prior
Commercial	504	324	155.6%	\$ 57,557.55	\$ 54,276.14	106.0%
Residential	2,794	2,204	126.8%	\$ 23,598.02	\$ 20,311.13	116.2%
Fortuna Residential	1	53	1.9%	\$ 60.00	\$ 362.00	16.6%
Revenue from Countywide Fee				\$ 333,123.82	\$ 409,463.40	81.4%
<b>TOTAL.</b>	<b>3,299</b>	<b>2,581</b>	<b>127.8%</b>	<b>\$414,339</b>	<b>\$484,413</b>	<b>85.5%</b>

Traffic Count	Average Daily		Average Daily		% of Prior
	Count FY18	Exceptions	Count FY17	Exceptions	
July	353	None	314	None	112.4%
August	338	None	315	None	107.3%
September	340	None	300	None	113.3%
October	360	None	266	None	135.3%
November	301	None	287	None	104.9%
December	320	None	279	None	114.7%
January	299	None	283	None	105.7%
February	304	None	271	None	112.2%
March	314	None	291	None	107.9%
April	328	None	307	None	106.8%
May		None	317	None	0.0%
June		None	344	None	0.0%
Year-to-Date Average	326		289		112.6%

**Attachment D**  
**April 2018**  
**Disbursements**

<b>Paid To</b>	<b>Amount</b>	<b>Paid To</b>	<b>Amount</b>
101Netlink	\$61.00	Munnell & Sherrill, Inc	\$110.11
Access Humboldt	\$113.59	Nancy Diamond	\$7,687.90
Advanced Superior Alarms	\$76.50	Network Management Services	\$7,796.63
Advantage Financial Services	\$265.84	New Directions Environmental M	\$1,200.00
Airgas USA LLC West Division	\$2,040.08	North Coast Laboratories, Ltd	\$3,261.00
Antich Automotive	\$1,454.73	Northern California Gloves	\$105.52
Asbury Environmental Services	\$160.00	Northern California Safety Con	\$160.00
AT & T	\$399.43	Oak Harbor Freight Lines, Inc.	\$3,116.20
B & B Portable Toilet Company	\$5,870.04	Occupational, Environmental He	\$86.00
Bettendorf Enterprises, Inc.	\$4,385.00	P G & E	\$12,323.73
Blue Shield of California	\$33,328.68	Pacific Paper Co.	\$2,072.25
Calnorth of Humboldt	\$1,764.58	Pacific Watershed Assoc.	\$6,509.65
Cardmember Service	\$2,922.76	Pape Machinery	\$83.03
Carolina Software	\$300.00	Peterson Tractor	\$1,018.39
City of Eureka	\$3,909.84	Picky Picky Picky Store	\$1,206.38
Coastal Business Systems, Inc.	\$1,845.00	Pierson Building Center	\$803.16
County of Humboldt, Economic D	\$2,125.00	RazurSharp	\$45.27
CRV Cash	\$92,968.00	Recology Humboldt County	\$337.50
Crystal Springs Bottled Water	\$79.50	Rogers Machinery Company, Inc.	\$297.11
DOWNEY BRAND ATTORNEYS LLP	\$847.00	Schuyler Rubber Co.,Inc	\$2,850.00
Dry Creek Landfill, Inc	\$322,932.91	Scrapper's Edge	\$304.49
Englund Marine Supply Co. Inc.	\$277.94	Sharps Solutions LLC	\$950.00
FedEx	\$438.47	SHN Consulting Engineers and G	\$1,256.25
Freon Free Inc	\$298.95	Staples Credit Plan	\$313.26
Hensell Materials	\$406.84	Steve Morris Logging & Contrac	\$4,479.40
HOLT OF CALIFORNIA	\$238.75	Suddenlink	\$204.95
Humboldt Bay Harbor Rec. & Con	\$1,020.00	Thumper's Mechanical Service I	\$4,679.00
Humboldt Bay Instrument & Elec	\$460.00	Times Standard	\$931.44
Humboldt Community Services Di	\$30.31	Toyota	\$666.16
Humboldt Recycling	\$6,181.95	United Rentals Inc.	\$1,919.85
I-5 Tire, Inc	\$3,315.00	UNUM Life Insurance Company of	\$256.28
Industrial Electric Arcata, In	\$640.29	US Bank Office Equipment Finan	\$434.00
Interdyn BMI	\$92.50	Verizon Wireless	\$680.04
James L Able Forestry Consulta	\$2,127.20	Vulcan Incorporated	\$1,645.98
L & M Renner, Inc	\$5,301.78	Western Baler & Conveyor, Inc	\$224.26
Lawrence & Associates	\$6,770.00	<b>Total Vendor Disbursements</b>	<b>\$606,457.11</b>
Mad River Hardwood Co., Inc	\$28,748.08	Total Employee Expenses	\$146,754.77
Mendes Supply Company	\$444.23		
Mercury Disposal Systems, Inc	\$186.00		
Mission Uniform & Linen	\$1,614.15	<b>Total Disbursements</b>	<b>\$753,211.88</b>



***Staff Report***

**DATE:** May 25, 2018 For Meeting of: June 14, 2018

**FROM:** Jill K. Duffy, Executive Director

**SUBJECT:** Item 2d)  
Review Board of Director's Calendar for FY2018/19

**RECOMMENDED ACTION:** Voice vote.  
Review and Approve Board of Director's Calendar for FY2018/19, Affirm Meeting Place and Time.

**DISCUSSION:**

Attached is the proposed Board Calendar for FY18/19. Staff recommends that the regularly scheduled monthly meetings on the second Thursday of each month remain unchanged. Staff further recommends that the scheduled time for the meeting also remain unchanged and begin at **5:30 p.m.**

All regular meetings will continue to be held in the Eureka City Council Chambers at 531 K Street, Eureka, CA. Staff has confirmed the availability of this space at the proposed time with City of Eureka staff.

In accordance with prior years, staff is also recommending that no meeting be scheduled for August and December unless otherwise necessary. If a need arises, a special meeting will be called.

**FISCAL IMPACT:**

No Impact – Administrative

**ALTERNATIVES:**

Board's Discretion

## HWMA Board Calendar FY 2018-2019

### **JULY 2018**

**12 July Board Meeting**

### **AUGUST 2018**

*No Board Meeting*

### **SEPTEMBER 2018**

**13 September Board Meeting**

Executive Director Performance Evaluation

### **OCTOBER 2018**

**11 October Board Meeting**

### **NOVEMBER 2018**

**8 November Board Meeting**

### **DECEMBER 2018**

*No Board Meeting*

### **JANUARY 2019**

**10 January Board Meeting**

Board welcomes new members

### **FEBRUARY 2019**

**14 February Board Meeting**

### **MARCH 2019**

**14 March Board Meeting**

Form 700 Due End of Month

### **APRIL 2019**

**11 April Board Meeting**

### **MAY 2019**

**9 May Board Meeting**

Adopt FY18/19 Budget and Fee Resolution

### **JUNE 2019**

**13 June Board Meeting**

Election of Board Officers for FY19/20

Review Calendar for FY19/20



### ***Staff Report***

**DATE:** June 8, 2018 For Board Meeting: June 14, 2018

**FROM:** Jill Duffy, Executive Director

**SUBJECT:** Item 4)  
Receive Recycling Processing and Marketing of Regional Curbside Collected Recyclable Materials Proposal and Recommendation by the Evaluation Committee; Provide Direction to Staff.

**RECOMMENDED ACTION:     Voice Vote**

That the Board of Directors:

- 1) Receive Recycling Processing and Marketing of Regional Curbside Collected Recyclable Materials Proposal; and
- 2) Received Presentation and review the Evaluation Committee Recommendation(s); and
- 3) Provide Direction as Appropriate to Staff

**DISCUSSION:**

In response to the Request for Proposals (RFP) for “Recycling Processing and Marketing of Regional Curbside Collected Recyclable Materials”, released March 15, 2018, HWMA received one (1) proposal by Recology Humboldt County by the April 30, 2018 submittal deadline.

The proposal details the anticipated processing and marketing of curbside collected materials at a cost of \$97.13/ton, with no provision for revenue share. This proposal, as submitted, would result in a significant increase to recycling rates and impact member agency customers at a cost of approximately \$10 million, not including periodic adjustments, over a 10-year period.

The proposal was distributed to the eight (8) member Evaluation Committee established by the Board to conduct an evaluation, ranking and recommendation of the proposal(s). Committee members are comprised of one staff representative designated by the City Manager or County Administrative Officer, from each participating agency, and two HWMA staff members. The Executive Director coordinated the meetings, served as a point of contact for the Proposer, distributed information and compiled information for this staff report. The Evaluation Committee met four times to discuss the proposal, and met twice with the Proposer to receive proposal clarifications.

With only one proposal received, it was difficult to assess the reasonableness of the proposal. Furthermore, Evaluation Committee members spent considerable time determining whether the proposal was Responsive or Non-Responsive due to:

- Attachments 1 (Cost Proposal Form) & 2 (Cost Proposal Form, Revenue Share) being submitted partially complete; and
- The proposer later contradicted Proposal transportation provisions and cost to haul mixed-stream materials from HWMA's Eureka Recycling Center; and
- In addition to possible annual CPI adjustments, the Proposer requests considerations of two additional rate adjustment mechanisms which include 1) a "Reset" provision every 3 years and 2) an "Extraordinary Circumstances" provision; and
- Follow up questions to the proposer further resulted 1) new considerations being introduced with additional costs, and 2) continued numeric value inconsistencies throughout sheets and presentations submitted to the Evaluation Committee.

Based on the Proposer's responses, Evaluation Committee members are unable to confirm that the base rate of \$97.13/ton is an accurate number because of on-going changes as detailed in this report by the Proposer.

Committee members scored the Proposal, and the average score was 67.2 out of 100.

The general consensus of the Evaluation Committee at their fourth and final evaluation committee meeting, was that the Proposer failed to provide necessary clarity to the original proposal, despite multiple requests for clarification. The committee concluded the proposal is "Non-Responsive".

Staff recommends the Board receive and discuss the Evaluation Committee findings and recommendations, and provide direction as appropriate.

### **PROPOSAL SUMMARY & SUBSEQUENT CLARIFICATIONS**

HWMA's member agencies curbside collected recyclable materials, and HWMA's mixed stream recyclables, are proposed to be processed by Recology at their newly acquired Samoa Resource Recovery Center (RRC) located on the North Spit in an unincorporated area Humboldt. At a projected 11,244 tons annually. HWMA's proposed material will compose approximately 58% of recyclable material tonnage anticipated to be received and processed by this facility. Additional recyclable material will be provided from the City of Fortuna's curbside recyclables, Crescent City/Del Norte, Humboldt State University and the City of Ashland (Oregon).

The RFP states the term of an agreement is expected to commence September 5, 2018.

### **Proposal Review Findings**

The following bullets illustrate a few of the significant issues that the Evaluation Committee Members encountered when requesting follow up information from the Proposer. Revisions provided through the Question and Response portion of the evaluation are indicated by an indented underlined paragraph(s).



- *Processing Rate and Share of Revenue*

The Proposal details the cost of services at \$97.13 per ton. This fee covers the cost to process, transport, overhead, labor, depreciation, corporate costs and a profit margin of 11%.

Additionally, the Proposer's process fee incorporates all revenue from the sale of commodities to help offset processing costs. There is no proposed share of revenue.

Revised:

The Proposal's original "Attachment 2 - Cost Proposal Form #2" stated the Revenue Share was "Not Applicable" or "N/A". This form was later corrected on May 24<sup>th</sup> by the Proposer to reflect \$107.41/ton. This indicates the anticipated total revenue for processing and transporting recyclable material is \$204.54/ton.

- *Material Transportation*

The proposal describes placement of trailers at Hawthorne Street Transfer Station so HWMA staff can load curbside recyclable material delivered by franchise haulers for loading and transportation to Samoa RRC by Recology, where trucks would be weighed, load checked and material unloaded. Additionally, Recology proposed to use either live floor transfer trailers, or 40-yard debris boxes to collect material from the Eureka Recycling Center for transport to Samoa RRC.

Revised:

Following questioning the Evaluation Committee, the Proposer clarified that 1) franchise haul trucks will deliver curbside recyclables directly to the Samoa RRC, therefore no floor space would be needed nor would loading costs be incurred by HWMA, and 2) route trucks, not 40-yard bins, would pick up recyclables from the Eureka Recycling Center, but the Proposer had not included this cost in the proposal.

The original "Attachment 1- Cost Proposal Form" Transportation Cost stated \$0.00/ton. This was later corrected on May 24<sup>th</sup> by the proposer to cost \$0.05/ton for packer truck, or \$1.89/ton for a 40-yard bin in addition to the proposed rate of \$97.13 per ton processing cost.

Additionally, the original "Attachment 2 - Cost Proposal Form #2" stated the Transportation Cost was "Not Applicable" or "N/A". This was later corrected on May 24<sup>th</sup> by the Proposer to cost \$0.00/ton.

- *Processing Equipment*

The Samoa RRC processing facility is over 32,000 sq. ft., not including office space, and features conveyor belts, baler and other sorting equipment and the Proposal states the facility is capable of processing 100 tons per day, or up to 25,000 tons annually. The proposal details that the two sort lines can handle up to 10 tons per hour, and that with the proposed facility upgrades

(see below “Processing Equipment & Upgrade”) it is anticipated the facility can process up to 15 tons/hour.

Revised:

This was corrected in a subsequent meeting with the Evaluation Committee which the proposer presented detailed information regarding the Current Processing Volume per Hour at 3.10 tons per hour. The planned facility expansion is actually projected to result in an increase of 7.90 tons/hour for a **total of 11.0 tons per hour**, (or 24,024 tons annually), not the 15 tons per hour described in the Proposal.

- **Processing Equipment & Upgrade**

As previously mentioned, the submitted Proposal details rolling stock, two single-stream sorting systems capable of handling up to 10 tons per hours. One sort line passes thru a sorting area where employees manually sort large recyclable material while the other sort line runs through processing equipment which separates heavier ferrous items, paper and glass.

Residuals will be conveyed to a trash compactor, and transported to HWMA for disposal.

Revised:

Recology is planning to conduct an \$2.5 million equipment upgrade. The proposal initially detailed expansion to be completed by September 2018. This was later amended to October and then December of 2018. Upgrades include installation of a double deck fines screen and mix paper screen, as well as restructuring the processing layout to increase efficiency.

The upgrade, as previously described, will increase the processing capability from 3.10 tons to 11.0 tons per hour.

Recology provided additional information two separate times regarding the proposed upgrade, and the need to temporarily haul recyclable material to the San Francisco Golden Gate MRF for processing. This will result in an **additive cost of approximately \$270,000** over a 30-day period for the handling, transportation and processing of about 1,152 tons of material. At a subsequent discussion, the processing cost was increased from \$165/ton to \$185/ton, with no explanation, and would result in an **additional \$23,000 of additive cost.**

- **Staffing**

Recology anticipates approximately 23.5 employees on site during regular operating hours to process the tonnage. Sort Line Crew work under close supervision, and earn slightly more than minimum wage. All employees receive vacation and sick leave, health & wellness benefits, and Employee Stock Ownership Plan (ESOP) for both union and non-union employees. Non-union employees may also participate in a 401(k) plan with 100% match.

The proposal details regular employee safety and training programs, workforce development opportunities, and opportunities for internal management development and education programs.

Revised:

The proposer identified the projected annual use of 13,650 hours of anticipated overtime (or **12.5 hours/week/employee**) necessary to process the material. Evaluation Committee members are concerned and believe this is not a sustainable work model for employee safety or quality of life.

- **Residuals**

Recology anticipates recyclable material recovery at 92%, with a residual waste rate of about 8% per ton. Based on current recycling material characteristics received at the facility this is low compared to actual residual figures.

Revised:

A requested Agreement provision requests a more precise definition of residual waste to include solid waste, commodities and other materials that do not have a positive sale price and requests a consideration to add low-value commodities to the residual waste stream for landfill disposal if there is no available market.

### **Agreement Exemptions and Materiality Requests**

The Proposer has requested 16 amendments to the draft agreement. Of particular concern to the Evaluation Committee was, in addition to the annual Consumer Price Index (CPI) adjustments, that consideration of a “Reset” adjustment which would evaluate the processing fee every 3 years and adjust the fee accordingly based on operating costs and projected revenue for commodities.

Additionally, the Proposer requested consideration for those years when a reset is not conducted, that the processing fee would be adjusted annually based on the CPI. In the event of an “Extraordinary Circumstance” that demonstrated financial impact above a certain percentage the request to include a “reset” instead of a CPI.

Revised:

Based on a description to potentially revised fees based on operating costs, and the lack of submitted information in Attachments 1 or 2, Committee members requested cost breakdowns to develop an understanding of the baseline information that could potentially be used to request an “Extraordinary Circumstance”. Following four separate information submittals, the numeric and financial information varied significantly and was often inconsistent. Committee Members were unable to complete this review, and ultimately deemed the Proposal Non-Responsive.

### **FISCAL IMPACT:**

**Participating Agencies:** Total impact to member agency tonnage is projected at approximately \$971,000, which will be recovered through proposed amendments through increases in the affected franchise agreements.

**HWMA:** In addition to the Eureka Recycling Center processing cost of \$96,159 for mixed stream recyclables, the material will require hauling at a cost between \$49.50 to \$1,870 for 990 tons. Neither of these costs were anticipated for the approved FY 2018-19 Budget.

**ALTERNATIVES:**

1. Reject proposal, and recirculate.

Not recommended. Due to the recycling commodities market and lack of nearby processing facilities, we are not likely to receive additional proposals. If proposal is recirculated, consider removing provision that a facility be located within a member agency.

2. Extend Solid Waste of Willits Recycling Processing and Marketing Agreement

Not an option. SWOW's original agreement has been extended per terms of the agreement. SWOW declined to submit a proposal, and asked the Authority to modify the revenue share provision of the existing agreement when we were in the middle of the solicitation period.

SWOW agreement scheduled to terminate September 6, 2018.

3. Provide Direction as Appropriate

**Interested in More Information?**

**Listen:**

December 2017

<https://www.npr.org/2017/12/15/571199900/chinas-import-policies-are-affecting-u-s-recycling-companies>

<https://www.npr.org/2017/12/09/568797388/recycling-chaos-in-u-s-as-china-bans-foreign-waste>

March 2018

<https://the1a.org/audio/#/shows/2018-03-22/recycling-show/113894/@00:00>

**Read:**

<http://www.calrecycle.ca.gov/Markets/NationalSword/>

<http://www.latimes.com/opinion/editorials/la-ed-recycling-crisis-20180526-story.html>

<https://www.nytimes.com/2018/05/29/climate/recycling-landfills-plastic-papers.html>

<https://www.nytimes.com/2018/05/29/climate/recycling-wrong-mistakes.html>

<https://www.seattleweekly.com/news/king-county-task-force-to-explore-solutions-to-recycling-crisis/>



***Staff Report***

**DATE:** May 25, 2018 For Meeting of: June 14, 2018

**FROM:** Jill Duffy, Executive Director

**SUBJECT:** Item 5)  
Elect Authority Officers for FY18/19

**RECOMMENDED ACTION:** Voice vote.  
Nominate and Elect Officers for FY 18/19

**DISCUSSION:**

The Humboldt Waste Management Authority's Joint Exercise of Powers Agreement requires that the Board appoint new Board Officers each fiscal year. The term of office begins on July 1, 2018 and runs through June 30, 2019.

The officers – and the current appointees – are:

**Chair** Sofia Pereira, City of Arcata  
**Vice-Chair** Heidi Messner, City of Eureka

Staff recommends the Board open the topic for discussion, and the Board take action to elect Board Officers.

**FISCAL IMPACT:**

No Impact – Administrative

**ALTERNATIVES:**

Board's Discretion





## *Staff Report*

**DATE:** May 30, 2018 For Meeting of: June 14, 2018

**FROM:** Jill Duffy, Executive Director

**SUBJECT:** Item 7)  
Executive Director Report for June 2018

### *Presentation to the McKinleyville Rotary Club*

Myself and Tasha Eisner of Humboldt Sanitation provided information about Solid Waste disposal, HHW, Sharps and Tire Coupon Availability in the McKinleyville Community on Thursday, May 17th.

### *Regional Recycling Request for Proposals*

The Regional Recycling RFP was released for circulation on March 15<sup>th</sup>. The circulation period closed Monday April 30<sup>th</sup>. One proposal was received and the Evaluation Committee met four times, twice to interview the proposer.

### *Annual Business Office Clean Up*

HWMA does not have janitorial services, and relies on employees to stay on top of routine cleaning and maintenance in all work and employee areas.

Over Memorial Weekend HWMA's Main Business office was thoroughly cleaned by Louis Pree, Mike Chance, Cynthia Evans and myself on Saturday, May 26th. This included walls, windows, window sills, all surface areas, kitchen, bathrooms and the building exterior. Louis Pree then washed and waxed the concrete floors the following Sunday and Monday.

### *Cummings Road Burn Ash Debris Mitigation, Monitoring & Reporting – Year 4*

As part of the (former) Cummings Road Burn Ash Debris project that removed 91,600 cubic yards of material from properties owned by HWMA and Recology in 2014, the Authority is required to perform 5 years of mitigation, monitoring and reporting on the project site.

On June 4<sup>th</sup>, staff initiated debris and bottle removal in the project area for the fourth consecutive year. Clean up activities were completed June 8<sup>th</sup>, and Daily Field Reports were submitted to the NCRWQCB. The Vegetation Survey is scheduled to occur between September and October. Following completion of the vegetation survey items, the annual report will be prepared and submitted to the North Coast Regional Water Quality Control Board by December 31<sup>st</sup> of this year.

### *Timber Harvesting Activities*

Commenced the first week of June and will be continuing for several weeks.

Cummings Road Landfill Flare Upgrade Bid Status

The proposed Landfill-Gas Flare Upgrade Project consists of modernizing the controls for the John Zink Model ZTOF Landfill-Gas Combustion Flare at Cummings Road Landfill. The upgrade will include 1) modernizing the controls and data recording, 2) adding telemetry for remote monitoring, and 3) adding a timer for discontinuous operation.

The Construction Bid Document, including technical specifications, was circulated, and opened on Tuesday, May 15, 2018 at 2:00 PM. There was only one (1) proposal received.

The bid was significantly higher than the engineers estimate, and as a single bid, did not allow the contracting officer to determine the reasonableness of the bid price. As a result, and pursuant to Section 2-01 of the Contract Document, HWMA rejected all bids for the Flare Upgrade project with the bid opening date of May 15, 2018.

We recirculated the bid June 6<sup>th</sup>, with a couple minor changes in the cost recording sheet and included a copy of the engineers cost estimate. Bids are due June 20, 2018 by 2:00 PM. This will enable the Board to award the project to the responsive bidder at their regular meeting on July 12<sup>th</sup> meeting with project completion by August 30, 2018.

Auditor Services for FY 2017-18

Staff is preparing for the FY 2017-18 financial audit, scheduled to commence in July 2018.

Humboldt County CUPA Training

The Executive Director and Director of Environmental Health & Safety participated in a training with Humboldt County CUPA discussing proper handling of business generated hazardous waste generation and proper disposal held in the County Ag Department on May 23<sup>rd</sup>.

CIWMP Agreement Between HWMA and City of Eureka

Staff entered into a four-year Agreement with the City of Eureka effective July 1, 2018 through June 30, 2022. In consultation and development with city staff, HWMA will provide the City of Eureka with specified AB 939 waste reduction activities. The City's request for these services is due to limited staffing resources and because HWMA provides similar AB 939 services on behalf of two other member jurisdictions.

The Agreement will enable HWMA to administer CalRecycle waste reduction and compliance activities in accordance with the California Integrated Waste Management Act and waste reduction activities specific to the needs of the city. Through the Agreement, HWMA will 1) prepare Eureka's Annual AB 939 Electronic Annual Report to CalRecycle, 2) provide assistance with related CalRecycle inquiries, 3) implement necessary public education and outreach related to waste reduction and hazardous waste

Costs for the proposed twelve months of AB 939 activities in this Agreement's Scope of Work will be approximately \$4,000 annually, a reduction from \$8,000 annually. HWMA will continue to track costs and staff time needed to perform agreed upon activities, in order to bill appropriately and have an accurate representation of necessary implementation.

The term also provides for the end dates of the City of Eureka and City of Rio Dell AB 939 Service Contracts to sync-up, and will position staff to provide routine review and update of AB



939 services for all contracted member agencies at one time. Staff will propose a similar term for the County of Humboldt in their 2019 contract revision, provided that the County chooses to continue contracting their AB 939 services.

Facilities Planning

Staff is continuing meetings with Lawrence and Associates to discuss general objectives of facility master planning, which includes modifications to improve stormwater discharge, traffic circulation, employee and public safety, space utilization, and flexibility for future diversion opportunities.

Humboldt County Public Health Outreach Services

Staff has been working with the County of Humboldt for the placement of their van and employees so they can conduct street outreach services with community members. We have a number of customers who may benefit from outreach services to seek help with addiction, medical assistance, or other social services.

DHHS staff on-site on the first and third Friday's between 08:30 to 10:30.