



BOARD OF DIRECTORS

Sofia Pereira, City of Arcata,
Summer Daugherty, City of Blue Lake
Heider Messner, City of Eureka
Michael Sweeney, City of Ferndale, **Chair**
Rex Bohn, County of Humboldt
Frank Wilson, City of Rio Dell, **Vice Chair**

Agenda

Thursday, October 11, 2018 at 5:30 PM
Eureka City Council Chambers
531 K Street, Eureka, CA

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Accessibility: Accommodations and access to HWMA meetings for people with special needs must be requested in advance of the meeting at 707 268-8680. (The Eureka City Council Chamber room is ADA accessible.) This agenda and other materials are available in alternative formats upon request.

1. Call to Order and Roll Call at 5:30 PM

2. Consent Calendar

All matters listed under the Consent Calendar are considered to be routine by the HWMA Board and will be enacted upon by one motion, unless a specific request for review is made by a Board Member or a member of the public. The Consent Calendar will not be read. There will be no separate discussion of these items unless pulled for discussion.

- a. Approve Minutes from the September 13, 2018 HWMA Board of Directors Meeting.
- b. Receive July Fiscal Year 2018-19 Financials
- c. Received August Fiscal Year 2018-19 Financials
- d. Award Bid for Green Waste Transportation Services with Humboldt Sanitation
- e. Approve Agreement with Eel River Transportation & Salvage for Scrap Metal Collection, Hauling and Purchase.
- f. Approve Agreement with Humboldt Recycling, LLC for Glass Hauling Services

3. Oral and Written Communications

This time is provided for people to address the Board or to submit written communications concerning matters not on this agenda. Board Members may respond to statements, but any request that requires Board action will be referred to staff for review. Reasonable time limits may be imposed on both the total amount of time allocated for this item, and on the time permitted to each individual speaker. Such time allotment or portion thereof shall not be transferred to other speakers.

4. Board Member Reports

5. Executive Director's Report

6. Closed Session: No Closed Session

7. Adjourn



BOARD OF DIRECTORS

Sofia Pereira, City of Arcata
Frank Wilson, City of Rio Dell, Vice-Chair
Heidi Messner, City of Eureka
Summer Daugherty, City of Blue Lake
Michael Sweeney, City of Ferndale, Chair
Rex Bohn, County of Humboldt

Minutes

Thursday, September 13, 2018 at 5:30 PM
Eureka City Council Chambers
531 K Street, Eureka, CA

Present: Frank Wilson, Michael Sweeney, Sofia Pereira, Rex Bohn, Summer Daugherty
Absent: Heidi Messner
Staff: Tyler Egerer, Eric Keller-Heckman, Deirdre Hanners
Legal Counsel: Nancy Diamond

1. Call to Order and Roll Call at 5:30 PM

Chairman Sweeney called the meeting to order at 5:31 p.m. A quorum was present and acting.

2. Consent Calendar

- a. Approve Minutes from the July 12, 2018 HWMA Board of Directors Meeting.
- b. Approve Minutes from the August 1, 2018 Special Meeting of the HWMA Board of Directors.
- c. Receive June Fiscal Year 2017-18 Financials
- d. Award Bid to Holt of California for the Purchase of a Clark S30 Lift Truck.
- e. Approve Golder Associates Project Addendum Dated August 29, 2018
- f. Approve “Household Hazard Waste Building Floor Overlay and Containment Repair” Construction Bid Document

Chairman Sweeney opened the floor to public comment on the Consent Calendar. No comment was received.

Chairman Sweeney closed the floor to public comment.

Motion: Director Pereira Moved and Director Daugherty Seconded the motion to approve the Consent Calendar.

Action: Approve the Motion as made by Director Pereira and seconded by Director Daugherty by the following vote:

Ayes: Wilson, Bohn, Sweeney, Pereira, Daugherty

Nays: None

Absent: Messner

3. Oral and Written Communications

Chairman Sweeney opened the floor to public comment on items not on the agenda. No comment was received.

Chairman Sweeney closed the floor to public comment.

4. Approve Master Storm Water Improvement Plan for the Hawthorne Street Transfer Station.

The Board received a presentation from Dave Brown of Lawrence and Associates and discussed the various options for the Master Storm Water Improvement Plan.

Chairman Sweeney opened the floor to public comment on the Master Storm Water Improvement Plan. No comment was received.

Chairman Sweeney closed the floor to public comment.

Motion: Director Pereira Moved and Director Daugherty Seconded the motion to approve the Master Storm Water Improvement Plan with the Exception of Final Procurement of the Filter System Pending Further Examination and Presentation to the Board.

Action: Approve the Motion as made by Director Pereira and seconded by Director Daugherty by the following vote:

Ayes: Wilson, Bohn, Sweeney, Pereira, Daugherty

Nays: None

Absent: Messner

5. Board Member Reports

No Reports Received.

6. Executive Director's Report

Director of Finance and Administrative Services Egerer provided a brief verbal update to the Executive Director's Report provided in the agenda packet.

7. Closed Session: No Closed Session

8. Adjourn

Chairman Sweeney adjourned the meeting at 6:44 p.m.

Next Meeting: October 11, 2018 at 5:30 p.m. at Eureka City Hall Council Chambers.



Staff Report

DATE: October 11, 2018

FROM: Tyler Egerer, Director of Finance and Administrative Services

SUBJECT: Item 2x)
Receive July 2018 Financial Reports

RECOMMENDED ACTION: Review and Approve
Review and Approve July 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.

Each year, pending the finalization of the Authority's financial audit, these financial reports are presented as *preliminary* financial reports. Once the audit is finalized and staff closes out the prior year, information presented will represent accurate to-date financial activity and will be marked as such.

Attachment B, *Statement of Operations for Period Ending 7/31/2018* 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 2018-19 activity to date include:

- a) Revenue activity comparative to budgeted estimates are performing well above expectations, as continued fair weather and a strong construction season bolster tonnage numbers for both solid waste and green waste.
- b) Although expenses fluctuate greatly at the start of the fiscal year, due to large one-time expenditures either over- or under-inflating comparisons to budget estimates, significant increases in transportation and disposal expenses over budget estimates are reasonably related to increased activity at the Transfer Station.
- c) New solid waste management equipment – a loader and excavator – have been put into operation, and lease expenses for this equipment are being fully funded annually from the Capital Improvement Fund, resulting in no net impact to annual budget estimates.

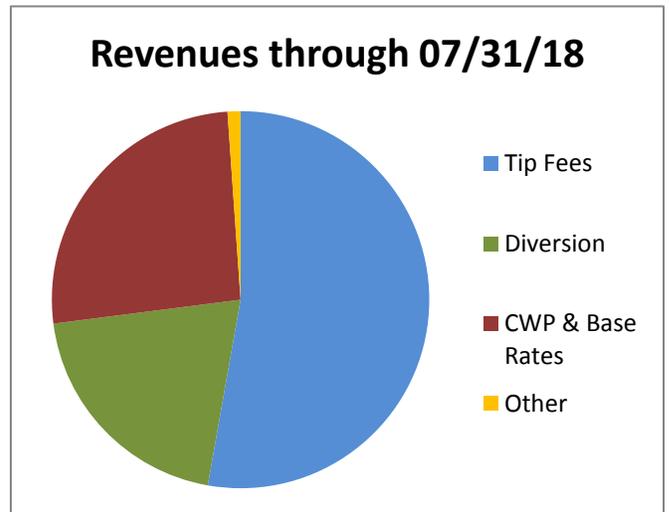
The Authority's cash position is comprised of two accounts; 1) the Authority's checking account, which handles the day-to-day expenses; and 2) the savings account. The combined value of these accounts equals the total cash available for Authority reserves and operating cash. The current value of the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

HWMA Operating Fund: \$1,754,177.90
 HWMA Undesignated, Capital, Personnel, and Stabilization Funds: \$2,407,349.00

Authority Financials:

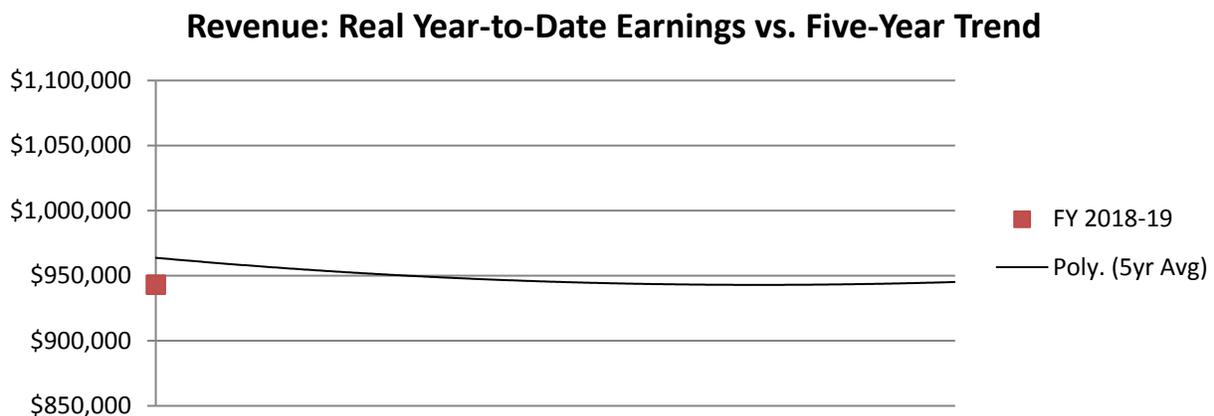
Attachments A and B contain detailed balance sheet and income statement (*Statement of Operations*) information for the July financial report, for Board review and discussion. An analysis of that information as it relates to revenues and expenses, and current month disbursements to vendors and employees,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

Revenues for July are performing approximately 26% over projections of budgeted estimates for Fiscal Year 2018-19. 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.

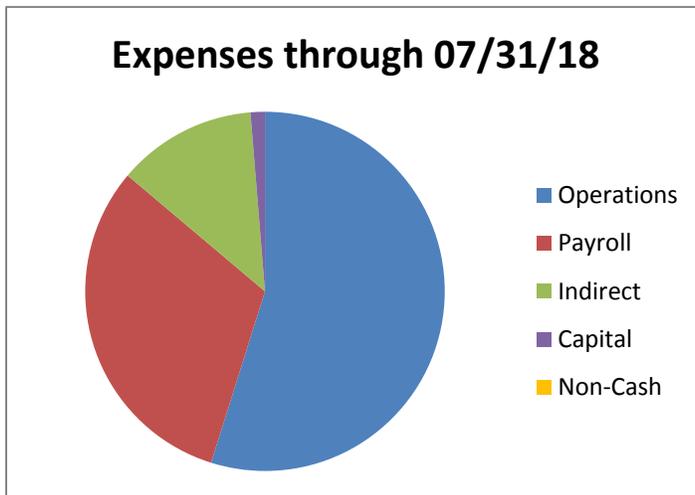


Staff continue to monitor diversion programs in terms of not only cost, but self-sustaining viability. At present, all divisions are operating above budgeted estimates, and are fully funded from self-sustaining revenues or fees passed-through from Self-Haul, Franchise, and Satellite Facility tipping fees.

Based on the above factors, and to facilitate long-term planning – relative to the Fiscal Year – for the Board and staff in decision making, the following estimation of growth for total revenues is provided below. The following graph tracks current, aggregate, monthly revenue activity against an annual trend line, generated from the previous five years of financial information. The trend line provides a reasonable estimation of how revenues are expected to be collected throughout the year, including effects related to weather, seasonal activities, and delayed reimbursements for grants and other projects.



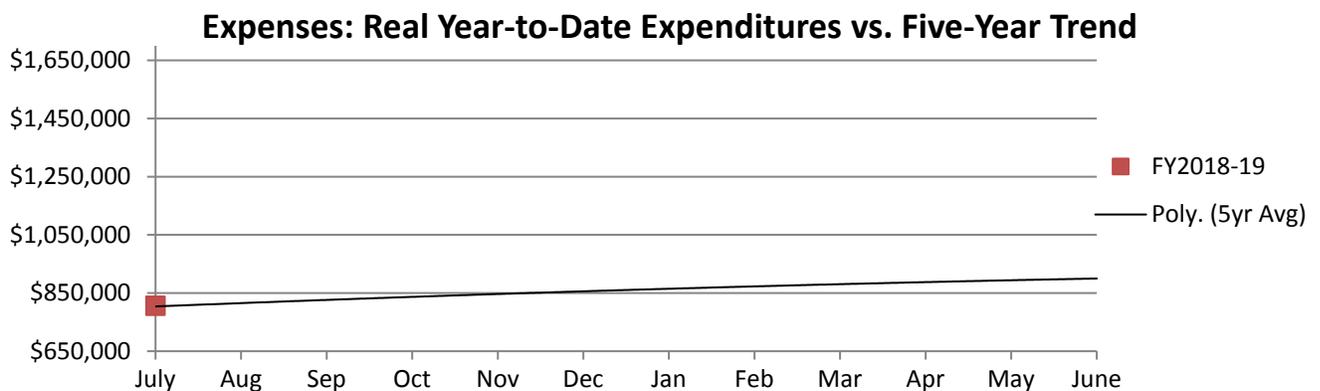
Ongoing disposal activities, a strong construction season, and a continued level of high participation in CRV reimbursement through the Authority’s Eureka Recycling Center are keeping revenue above estimates, resulting in a robust revenue profile for the Fiscal Year.



Expenses for July are also above budget projections. Total Expenses are approximately 1% over budgeted estimates, but do not yet include 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 will continue in Fiscal Year 2018-19, however improvements in employee and operational safety have reduced the number of new incidents at all facilities, which will improve this cost in future years.

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 July. These disbursements are comprised primarily of day-to-day costs, representing approximately \$448,000 in transportation and disposal costs, \$43,000 in consulting costs, and approximately \$106,000 in CRV reimbursement payments to the general public.

Division Activities (as Summarized in Attachment C):

Activity for all divisions is trending slightly higher than the previous fiscal year, however this is a usual occurrence as the Authority benefits from higher activity in summer months and sees a smoothing of activity through the rain season.

Attachments:

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

Attachment A
Humboldt Waste Management Authority
Statement of Net Position
For the One Month Ending 7/31/2018

	<u>7/31/2018</u>	<u>6/30/2018</u>
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash and Investments	\$4,580,141	\$4,782,927
Accounts Receivable:		
Customer (Net of Doubtful Accounts)	1,317,733	897,570
Deposits	19,500	19,500
Total Current Assets	<u>5,917,374</u>	<u>5,699,997</u>
Noncurrent Assets:		
Capital Assets:		
Property, Plant and Equipment, Net	4,732,779	4,714,242
Waste Authority Contract	221,171	221,171
Total Noncurrent Assets	<u>4,953,950</u>	<u>4,935,413</u>
Total Assets	<u>10,871,324</u>	<u>10,635,410</u>
Deferred Outflows: Pension Plan	435,580	435,580
Total Assets and Deferred Outflows	<u>11,306,904</u>	<u>11,070,990</u>
 LIABILITIES, DEFERRED INFLOWS AND NET POSITION(DEFICIT)		
Current Liabilities		
Accounts Payable and Accrued Liabilities	683,074	764,219
Accrued Payroll	157,550	203,985
Customer Deposits	19,797	2,350
Total Current Liabilities	<u>860,421</u>	<u>970,554</u>
Noncurrent Liabilities		
Long-term Debt Due After One Year	3,291,174	3,291,174
Net Pension Liability	476,183	476,183
Estimated Closure and Post-Closure Care Costs	9,894,371	9,894,371
Total Noncurrent Liabilities	<u>13,661,728</u>	<u>13,661,728</u>
Total Liabilities	<u>14,522,149</u>	<u>14,632,282</u>
Deferred Inflows: Pension Plan	109,711	109,711
Deferred Inflows: Unavailable Revenue	65,676	46,999
Total Liabilities and Deferred Inflows	<u>14,697,536</u>	<u>14,788,992</u>
 NET POSITION (DEFICIT)		
Net Investment in Capital Assets	1,662,776	1,644,239
Unrestricted (Deficit)	(5,053,408)	(4,162,462)
Total Net Position	<u>(3,390,632)</u>	<u>(1,199,779)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>11,306,904</u>	<u>11,070,990</u>

Humboldt Waste Management Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the One Month Ending 7/31/2018

	YTD			
	<u>Actual</u>	<u>Budget</u>	<u>\$ Var</u>	<u>% Var</u>
OPERATING REVENUES:				
Gross Waste Management Fees	857,924	719,724	138,200	19.2%
Less: Pass-Through Fees	156,689	146,923	9,766	6.65%
Net Waste Management Fees	<u>701,235</u>	<u>572,801</u>	<u>128,434</u>	<u>22.42%</u>
Green Waste Fees	39,158	30,558	8,600	28.14%
Other Fees and Charges	323		323	-
Other Operating Revenues	202,366	142,083	60,283	42.43%
Total Operating Revenues	<u>943,082</u>	<u>745,442</u>	<u>197,640</u>	<u>26.51%</u>
OPERATING EXPENSES:				
Operations and Maintenance	617,411	461,425	155,986	33.81%
Administrative and General	133,955	243,549	(109,594)	(45%)
Professional Services	4,867	4,928	(61)	(1.24%)
Depreciation and Amortization		35,047	(35,047)	(100%)
Other Expenses	49,989	51,664	(1,675)	(3.24%)
Total Operating Expenses	<u>806,222</u>	<u>796,613</u>	<u>9,609</u>	<u>1.21%</u>
Operating Income (Loss)	<u>136,860</u>	<u>(51,171)</u>	<u>188,031</u>	<u>(367.46%)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest Income	10		10	-
Rental Income (Net of Expenses)	9,974	(10,385)	20,359	(196.04%)
Grant Revenue		15,275	(15,275)	(100%)
Grant Expense	(6,410)	(16,485)	10,075	(61.12%)
Total Nonoperating Revenues (Expens...	<u>3,574</u>	<u>(11,595)</u>	<u>15,169</u>	<u>(130.82%)</u>
Change in Net Position	<u>140,434</u>	<u>(62,766)</u>	<u>203,200</u>	<u>(323.74%)</u>

Attachment C
Activity Report
July 1, 2018 - July 31, 2018

Waste Tonnage	Tonnage			Revenue		
	Year to Date	Prior YTD	% of Prior	Year to Date	Prior YTD	% of Prior
Hawthorne						
Franchise	3,672	3,728	98.5%	\$472,508	\$480,978	98.2%
Self Haul	1,971	1,679	117.4%	\$312,923	\$270,917	115.5%
Subtotal	5,643	5,407	104.4%	\$785,431	\$751,894	104.5%
Humboldt Sanitation	486	461	105.4%	\$47,925	\$45,459	105.4%
ERD	477	377	126.7%	\$47,042	\$36,794	127.9%
TOTAL.	6,606	6,245	105.8%	\$880,397	\$834,147	105.5%

Greenwaste	527	429	122.8%	\$39,158	\$32,289	121.3%
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Household Hazardous Waste

	Customers			Revenue		
	Year to Date	Prior YTD	% of Prior	Year to Date	Prior YTD	% of Prior
Commercial	41	87	47.1%	\$ 1,350.80	\$ 4,021.90	33.6%
Residential	382	263	145.2%	\$ 471.50	\$ 4,021.90	11.7%
Fortuna Residential	0	1	0.0%	\$ -	\$ -	
Revenue from Countywide Fee				\$ 47,413.93	\$ 39,395.90	120.4%
TOTAL.	423	351	120.5%	\$49,236	\$47,440	103.8%

Traffic Count	Average Daily		Average Daily		% of Prior
	Count YTD	Exceptions	Count Prior YTD	Exceptions	
July	353		353	None	100.0%
August			338	None	0.0%
September			340	None	0.0%
October			360	None	0.0%
November			301	None	0.0%
December			320	None	0.0%
January			299	None	0.0%
February			304	None	0.0%
March			313	None	0.0%
April			328	None	0.0%
May			333	None	0.0%
June			354	None	0.0%
Year-to-Date Average	353		353		100.0%

Attachment D
July 2018
Disbursements

Paid To	Amount	Paid To	Amount
101Netlink	\$60.00	L & M Renner, Inc	\$5,438.26
Accelerant	\$187.50	Les Schwab Tire Center	\$105.00
Access Humboldt	\$126.09	Mad River Hardwood Co., Inc	\$44,981.11
Acme Rigging & Supply	\$162.99	Mad River Union	\$202.00
Advanced Display & Signs	\$5,328.65	Matthews Paints	\$4.51
Advanced Superior Alarms	\$76.50	Mendes Supply Company	\$321.52
Advantage Financial Services	\$475.24	Mission Uniform & Linen	\$968.49
Airgas USA LLC West Division	\$690.22	Nancy Diamond	\$4,867.35
Allison Poklemba	\$11,976.00	Napa Auto Parts	\$121.92
Antich Automotive	\$121.92	New Directions Environmental M	\$1,875.00
APP IMPRINTS,LLC	\$468.07	North Coast Journal	\$3,560.00
Asbury Environmental Services	\$80.00	North Coast Laboratories, Ltd	\$433.00
Asbury Environmental Services	\$240.00	Northern California Gloves	\$251.99
AT & T	\$389.19	Northern California Safety Con	\$80.00
B & B Portable Toilet Company	\$6,790.17	Oak Harbor Freight Lines, Inc.	\$1,557.99
Bettendorf Enterprises, Inc.	\$5,011.00	Occupational, Environmental He	\$413.00
Bettendorf Enterprises, Inc.	\$5,087.00	Pacific Gas & Electric	\$11,212.09
Blue Shield of California	\$66,002.34	Pacific Motorsports	\$296.52
Cardmember Service	\$9,339.83	Pacific Paper Co.	\$1,645.08
Carolina Software	\$300.00	Peterson Tractor	\$106.00
City of Eureka	\$4,289.45	Picky Picky Picky Store	\$1,822.23
Cora Williams	\$509.40	Pierson Building Center	\$560.84
Cox Rasmussen & Co	\$4,830.00	Premier Safety	\$170.08
CRV Cash	\$105,910.00	QED Environmental Systems, Inc	\$9,106.74
Crystal Springs Bottled Water	\$132.00	RazorSharp	\$197.80
Cynthia Evans	\$25.17	Recology Humboldt County	\$225.00
Dry Creek Landfill, Inc	\$350,254.59	Rogers Machinery Company, Inc.	\$635.70
Eureka Glass Company Inc	\$1,417.42	Scrapper's Edge	\$40.61
Eureka Humboldt Fire Extinguis	\$433.24	SCS Field Services	\$2,445.00
FedEx	\$9.90	SDRMA	\$288.98
Financial Pacific Leasing	\$851.51	SETCO	\$759.50
Freon Free Inc	\$504.90	Sharps Solutions LLC	\$475.00
Golder Associates	\$3,381.20	SHN Consulting Engineers and G	\$620.00
Hensell Materials	\$146.43	Sholes Overhead Door, Inc	\$948.00
Holmes Security Video System	\$490.00	Staples Credit Plan	\$58.75
HOLT OF CALIFORNIA	\$258.00	Stericycle,Inc	\$27,744.50
Humboldt Bay Harbor Rec. & Con	\$80.00	US Bank Office Equipment Finan	\$414.04
Humboldt Community Services Di	\$44.55	Verizon Wireless	\$307.86
Humboldt Lock and Safe	\$125.00	Vulcan Incorporated	\$2,021.10
Humboldt Recycling	\$5,134.60	Zero Waste USA	\$300.00
I-5 Tire, Inc	\$3,120.00		
Industrial Electric Arcata, In	\$71.67	Total Employee Expenses	\$172,156.66
James L Able Forestry Consulta	\$18,900.03		
Karina Means	\$48.81	Total Disbursements	\$940,665.83



Staff Report

DATE: October 11, 2018

FROM: Tyler Egerer, Director of Finance and Administrative Services

SUBJECT: Item 2c)
Receive August 2018 Financial Reports

RECOMMENDED ACTION: Review and Approve
Review and Approve August 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 8/31/2018* 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 2018-19 activity to date include:

- a) Revenue activity comparative to budgeted estimates are performing well above expectations, as continued fair weather and a strong construction season bolster tonnage numbers for both solid waste and green waste.
- b) Although expenses fluctuate greatly at the start of the fiscal year, due to large one-time expenditures either over- or under-inflating comparisons to budget estimates, significant increases in transportation and disposal expenses over budget estimates are reasonably related to increased activity at the Transfer Station.
- c) Stormwater improvements, on- and off-facility, have increased expenses related to mitigating future stormwater issues and bring the facility in compliance with regulatory requirements. Increases for these expenses are presumed to be ongoing and highly monitored to produce better estimates for spending in future budgets.

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:

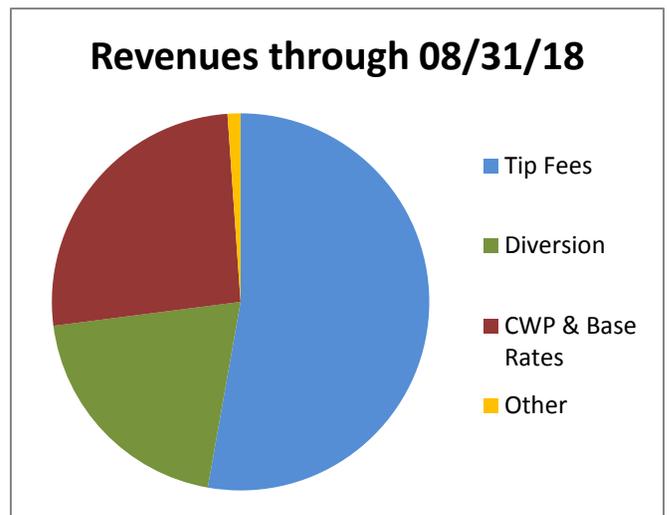
HWMA Operating Fund:	\$2,077,655.42
HWMA Undesignated, Capital, Personnel, and Stabilization Funds:	\$2,407,349.00

Authority Financials:

Attachments A and B contain detailed balance sheet and income statement (*Statement of Operations*) information for the August 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.

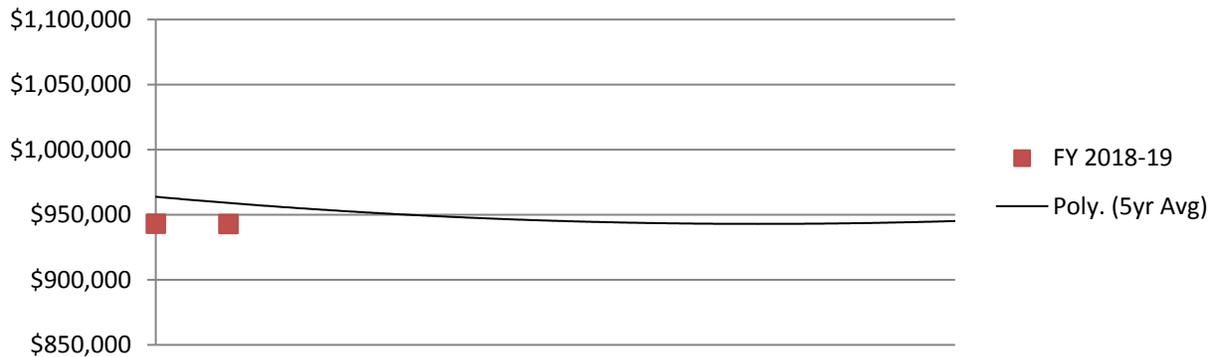
Revenues for August are performing approximately 26% over projections of budgeted estimates for Fiscal Year 2018-19. These estimates encapsulate all activity throughout the Authority, although finances will be influenced by future payouts for fees passed through to Member Agencies, revenue shares for salvaged materials sales, and the delayed receipt of grant revenues for grant-based projects.

Staff continue to monitor diversion programs in terms of not only cost, but self-sustaining viability. At present, all divisions are operating above budgeted estimates, and are fully funded from self-sustaining revenues or fees passed-through from Self-Haul, Franchise, and Satellite Facility tipping fees.



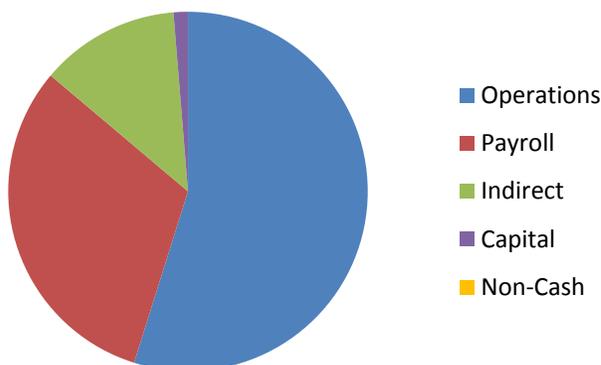
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Revenue: Real Year-to-Date Earnings vs. Five-Year Trend



Ongoing disposal activities, a strong construction season, and a continued level of high participation in CRV reimbursement through the Authority’s Eureka Recycling Center are keeping revenue above estimates, resulting in a robust revenue profile for the Fiscal Year.

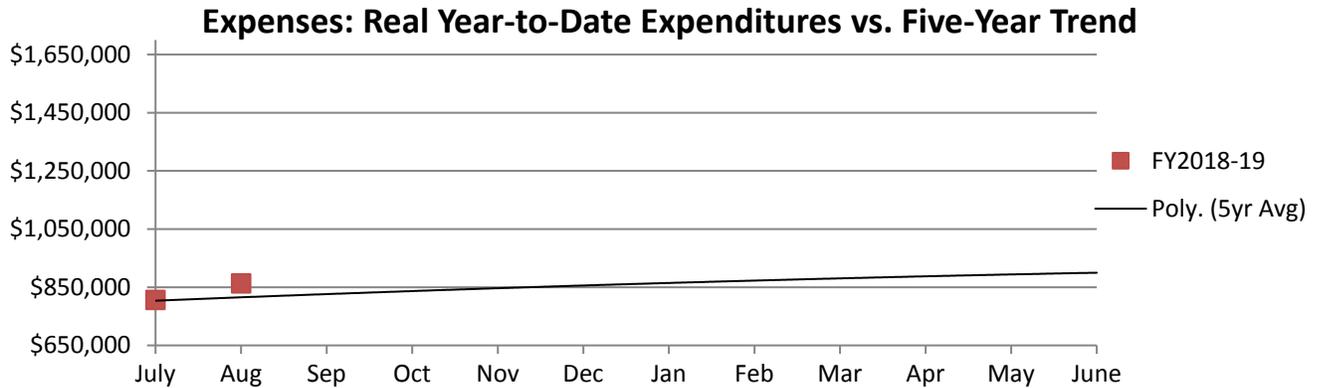
Expenses through 08/31/18



Expenses for August are also above budget projections. Total Expenses are approximately 1% over budgeted estimates, but do not yet include 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 will continue in Fiscal Year 2018-19, however improvements in employee and operational safety have reduced the number of new incidents at all facilities, which will improve this cost in future years.

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 August. These disbursements are comprised primarily of day-to-day costs, representing approximately \$455,000 in transportation and disposal costs, \$18,000 in lease costs for new transfer station equipment and purchase of new wells for the landfill, and approximately \$106,000 in CRV reimbursement payments to the general public.

Division Activities (as Summarized in Attachment C):

Activity for all divisions is trending slightly higher than the previous fiscal year, however this is a usual occurrence as the Authority benefits from higher activity in summer months and sees a smoothing of activity through the rain season.

Attachments:

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

Attachment A
Humboldt Waste Management Authority
Statement of Net Position
For the Two Months Ending 8/31/2018

	<u>8/31/2018</u>	<u>6/30/2018</u>
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash and Investments	\$4,935,289	\$4,782,927
Accounts Receivable:		
Customer (Net of Doubtful Accounts)	976,414	897,570
Deposits	19,500	19,500
Total Current Assets	5,931,203	5,699,997
Noncurrent Assets:		
Capital Assets:		
Property, Plant and Equipment, Net	4,732,779	4,714,242
Waste Authority Contract	221,171	221,171
Total Noncurrent Assets	4,953,950	4,935,413
Total Assets	10,885,153	10,635,410
Deferred Outflows: Pension Plan	435,580	435,580
Total Assets and Deferred Outflows	11,320,733	11,070,990
LIABILITIES, DEFERRED INFLOWS AND NET POSITION(DEFICIT)		
Current Liabilities		
Accounts Payable and Accrued Liabilities	458,786	764,219
Accrued Payroll	153,333	203,985
Customer Deposits	2,350	2,350
Total Current Liabilities	614,469	970,554
Noncurrent Liabilities		
Long-term Debt Due After One Year	3,291,174	3,291,174
Net Pension Liability	476,183	476,183
Estimated Closure and Post-Closure Care Costs	9,894,371	9,894,371
Total Noncurrent Liabilities	13,661,728	13,661,728
Total Liabilities	14,276,197	14,632,282
Deferred Inflows: Pension Plan	109,711	109,711
Deferred Inflows: Unavailable Revenue	65,676	46,999
Total Liabilities and Deferred Inflows	14,451,584	14,788,992
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	1,662,776	1,644,239
Unrestricted (Deficit)	(4,181,000)	(4,162,462)
Total Net Position	(612,627)	(1,199,779)
Total Liabilities, Deferred Inflows and Net Position	11,320,733	11,070,990

Humboldt Waste Management Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Two Months Ending 8/31/2018

	<i>YTD</i>			
	<u>Actual</u>	<u>Budget</u>	<u>\$ Var</u>	<u>% Var</u>
OPERATING REVENUES:				
Gross Waste Management Fees	1,843,287	1,439,447	403,840	28.06%
Less: Pass-Through Fees	320,630	293,846	26,784	9.11%
Net Waste Management Fees	<u>1,522,657</u>	<u>1,145,601</u>	<u>377,056</u>	<u>32.91%</u>
Green Waste Fees	68,973	61,117	7,856	12.85%
Other Fees and Charges	(1,088)		(1,088)	-
Other Operating Revenues	295,323	284,167	11,156	3.93%
Total Operating Revenues	<u>1,885,865</u>	<u>1,490,885</u>	<u>394,980</u>	<u>26.49%</u>
OPERATING EXPENSES:				
Operations and Maintenance	1,294,500	922,850	371,650	40.27%
Administrative and General	230,285	486,346	(256,061)	(52.65%)
Professional Services	13,473	9,856	3,617	36.7%
Depreciation and Amortization		70,093	(70,093)	(100%)
Other Expenses	130,897	113,005	17,892	15.83%
Total Operating Expenses	<u>1,669,155</u>	<u>1,602,150</u>	<u>67,005</u>	<u>4.18%</u>
Operating Income (Loss)	<u>216,710</u>	<u>(111,265)</u>	<u>327,975</u>	<u>(294.77%)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest Income	10		10	-
Rental Income (Net of Expenses)	30,388	(20,770)	51,158	(246.31%)
Grant Revenue		31,149	(31,149)	(100%)
Grant Expense	(6,874)	(32,359)	25,485	(78.76%)
Total Nonoperating Revenues (Expens...	<u>23,524</u>	<u>(21,980)</u>	<u>45,504</u>	<u>(207.02%)</u>
Change in Net Position	<u>240,234</u>	<u>(133,245)</u>	<u>373,479</u>	<u>(280.29%)</u>

Attachment C
Activity Report
July 1, 2018 - August 31, 2018

Waste Tonnage	Tonnage			Revenue		
	Year to Date	Prior YTD	% of Prior	Year to Date	Prior YTD	% of Prior
Hawthorne						
Franchise	7,738	7,692	100.6%	\$997,024	\$992,401	100.5%
Self Haul	3,987	3,481	114.5%	\$627,059	\$560,783	111.8%
Subtotal	11,725	11,173	104.9%	\$1,624,083	\$1,553,184	104.6%
Humboldt Sanitation	1,019	977	104.3%	\$100,433	\$96,314	104.3%
ERD	966	756	127.8%	\$95,211	\$73,834	129.0%
TOTAL.	13,709	12,906	106.2%	\$1,819,727	\$1,723,332	105.6%

Greenwaste	944	769	122.8%	\$68,973	\$58,421	118.1%
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Household Hazardous Waste

	Customers			Revenue		
	Year to Date	Prior YTD	% of Prior	Year to Date	Prior YTD	% of Prior
Commercial	93	87	106.9%	\$ 3,205.25	\$ 21,167.70	15.1%
Residential	820	263	311.8%	\$ 975.91	\$ 6,530.40	14.9%
Fortuna Residential	0	1	0.0%	\$ -	\$ -	
Revenue from Countywide Fee				\$ 92,730.65	\$ 83,090.06	111.6%
TOTAL.	913	351	260.1%	\$96,912	\$110,788	87.5%

Traffic Count	Average Daily		Average Daily		% of Prior
	Count YTD	Exceptions	Count Prior YTD	Exceptions	
July	353		353	None	100.0%
August	344		338	None	101.8%
September			340	None	0.0%
October			360	None	0.0%
November			301	None	0.0%
December			320	None	0.0%
January			299	None	0.0%
February			304	None	0.0%
March			313	None	0.0%
April			328	None	0.0%
May			333	None	0.0%
June			354	None	0.0%
Year-to-Date Average	349		346		100.9%

Attachment D
August 2018
Disbursements

Paid To	Amount	Paid To	Amount
Advanced Display & Signs	\$95.41	Nancy Diamond	\$8,605.80
Advanced Superior Alarms	\$153.00	Napa Auto Parts	\$15.71
Airgas USA LLC West Division	\$1,426.50	Network Management Services	\$3,953.67
APP IMPRINTS,LLC	\$1,687.37	New Directions Environmental M	\$3,800.00
Asbury Environmental Services	\$284.00	New Pig Corporation	\$3,613.45
AT & T	\$395.11	North Coast Journal	\$288.60
B & B Portable Toilet Company	\$6,797.50	Northern California Safety Con	\$80.00
Bettendorf Enterprises, Inc.	\$5,400.00	Oak Harbor Freight Lines, Inc.	\$7,479.46
Blue Shield of California	\$34,960.82	Pacific Gas & Electric	\$7,925.89
BT Metal Sales & Fabrication	\$115.01	Pape Machinery	\$82.01
Cardmember Service	\$8,947.43	Peterson CAT	\$3,939.32
City of Arcata	\$4,175.15	Picky Picky Picky Store	\$4,382.44
City of Blue Lake	\$1,298.37	Pierson Building Center	\$234.92
City of Eureka	\$30,002.74	Premier Safety	\$170.08
City of Ferndale	\$1,311.10	QED Environmental Systems, Inc	\$3,439.02
City of Rio Dell	\$1,642.06	RazurSharp	\$89.98
CRV Cash	\$109,423.00	Recology Humboldt County	\$225.00
Crystal Springs Bottled Water	\$180.50	Rogers Machinery Company, Inc.	\$1,945.49
Cynthia Evans	\$175.20	Scrapper's Edge	\$77.70
Dry Creek Landfill, Inc	\$348,534.55	SCS Field Services	\$250.00
EASI Computer Systems	\$600.00	SETCO	\$759.50
Englund Marine Supply Co. Inc.	\$0.95	Sharps Solutions LLC	\$2,850.00
Freon Free Inc	\$1,186.25	SHN Consulting Engineers and G	\$195.00
Golder Associates	\$3,538.93	Society for Human Resources Ma	\$209.00
Hensell Materials	\$244.13	Solid Waste of Willits, Inc.	\$38,428.61
Holmes Security Video System	\$374.00	Stericycle,Inc	\$30,734.00
HOLT OF CALIFORNIA	\$4,384.61	Steve Morris Logging & Contrac	\$9,498.02
Humboldt County Dept of Public	\$140,171.90	Suddenlink	\$204.95
Humboldt County Environmental	\$79,051.90	Times Standard	\$923.85
Humboldt Recycling	\$4,103.20	Toyota	\$333.08
I-5 Tire, Inc	\$1,937.00	U-Haul	\$182.41
Industrial Electric Arcata, In	\$100.00	Uline Shipping Supply Speciali	\$577.74
James L Able Forestry Consulta	\$4,076.25	Umpqua Bank Equipment Leasing	\$13,998.47
Karina Means	\$315.20	United Rentals Inc.	\$551.75
Keenan Supply	\$1,128.34	UNUM Life Insurance Company of	\$258.47
L & M Renner, Inc	\$5,641.17	US Bank Office Equipment Finan	\$346.16
Munnell & Sherrill, Inc	\$537.96		
		Total Employee Expenses	\$189,786.91
		Total Disbursements	<u><u>\$1,168,255.09</u></u>



Staff Report

DATE: October 4, 2018 For Board Meeting: October 11, 2018
FROM: Jill K Duffy, Executive Director
SUBJECT: Item 2d)
Review and Approve Recommendation to Award Green-Waste Transportation Services to Humboldt Sanitation, and Provide Direction as Appropriate.

RECOMMENDED ACTION: Voice vote.
Direct the Executive Director and General Counsel to: 1) initiate negotiations for a five (5) year agreement with Humboldt Sanitation for transportation services related to the disposal of green waste from the Hawthorne Street Transfer Station to Mad River Hardwoods composting facility; and 2) return to the Board for final agreement review and approval no later than the November 8, 2018 Board meeting.

DISCUSSION:
During the July 12, 2018 meeting, the Board of Directors approved a Request for Proposals for Green Waste Transportation Services for circulation and proposals to be submitted by the deadline of Thursday, August 23, 2018. Two proposals were submitted to the HWMA by the 2 PM deadline. These two proposals were submitted by the following:

Steve Morris Logging and Contracting
Humboldt Sanitation

Proposals were distributed to a 3-member evaluation committee of Authority staff to conduct an evaluation, financial comparison and ranking of the proposals. The system evaluated several categories with up to 150 available points. Additionally, individual ranking results were compiled into the "*Green Waste Transportation RFP Evaluation Committee Scoring Results*" (Attachment A).

Based on the evaluation results and cost proposals, the reviewers recommend Humboldt Sanitation as the preferred contractor to negotiate the terms and conditions of the service Agreement, effective January 1, 2019. As detailed in the attached report, the proposal will result in a rate increase for the transportation of the Authority's green waste. Humboldt Sanitation has performed a variety of transportation services for the Authority over the years and staff maintains a positive working relationship with the representatives and employees.

Staff recommends that the Board receive the report and committee ranking results, and provide direction as to the Board's preference for the transportation of green-waste to the Mad River Hardwoods facility. Following October 11th, staff will 1) meet with the selected proposer to initiate agreement negotiations consistent with the proposal; and 2) return to the Board with a draft Agreement for the Board's review and final approval no later than the November 8, 2018 meeting

Background

Green-Waste Materials, Sources and Historic Trends

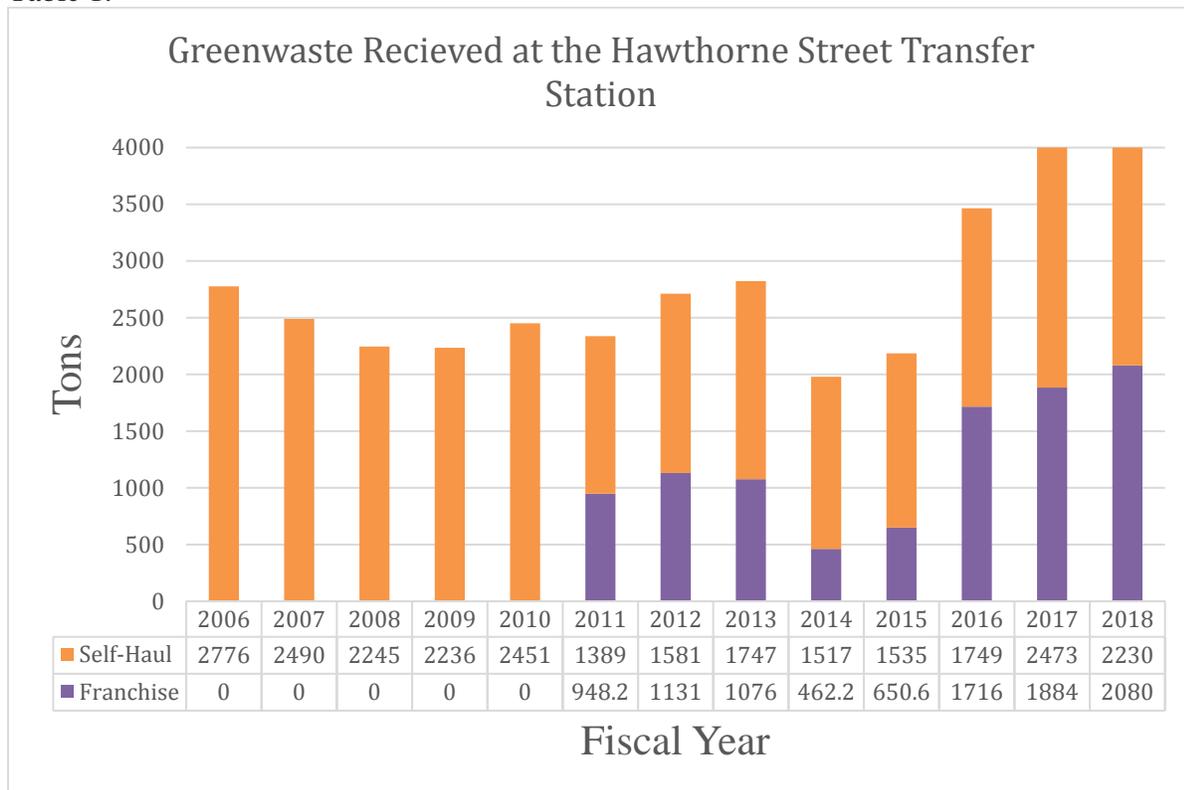
Since 2006, HWMA has contracted for the transportation of green-waste material from the Hawthorne Street Transfer Station with Steve Morris Logging and processing of green waste material with Mad River Hardwoods. Mad River Hardwoods also receives self-hauled green-waste material delivered by customers and the Arcata franchise routes.

Self-Haul and Franchise customers deliver material direct to the Transfer Station where it is stored in an outdoor bunker, then loaded into bins for transport. Green-waste is delivered to the Transfer Station year-round, although there is a significant volume increase in traffic during the dry-weather months as compared to the wet-weather months. As material is loaded into bins, there may be a fluctuation of actual bin weight due to the composition and compaction of green waste (lawn trimmings, branches, foliage and periodically log rounds), and water content.

A summary of green-waste tonnage received at the Transfer Station is presented below (Table 1). As illustrated, overall green-waste tonnage has remained relatively predictable, with a steady tonnage increase over the past 10 years from 2,775 tons in FY 2005-2006 to 4,309 tons in FY 2017-18.

Tonnage fluctuations are influenced by rainfall and vegetation growth in any given year, franchise contracts incorporating these services into their curbside collection routes, and self-haul customer deliveries. The two primary sources of franchise collection are received from the City of Eureka and some County franchise routes. Self-haul customers include residential and contractors.

Table 1.



Review of the table shows an overall tonnage decrease in FY 2013-14, and FY 2014-15. The franchise tonnage decrease in these years of approximately 1,300 tons was due to the City of Eureka staff directing green-waste tonnage to an alternate processing and disposal location for a 4-month period, and a drier than average winter. Green-waste tonnage increased the following year by almost 1,000 tons due to City of Eureka's increased participation and a return to wet weather patterns and vegetation growth.

The Authority anticipates an increase in participation by Franchise Haulers, whether through franchise area service amendments or State mandates (AB 1826 compliance), there will be a continued increase for demand and volume of franchise green waste directed to the Authority.

FISCAL IMPACT:

Selecting Humboldt Sanitation will result in an estimated increase of \$20,000 to the Fiscal Year 2018-19 budget for green-waste hauling; this equates to an estimated increase of \$40,000 annually. This cost is anticipated to be covered by the current budget through cost savings in other areas (adjusted during the mid-year budget report in January), or through an outlay from undesignated reserves.

Green-waste fees to customers have not changed in approximately 10 years. The per ton cost to consumers (self-haul and franchise) will be evaluated during the Fiscal Year 2019-20 budget cycle with a recommendation for rate adjustment in the FY 2019-20 budget.

ALTERNATIVES:

Alternatively, the Board could:

- 1) **Select Steve Morris Logging.** Steve Morris Logging as served HWMA well since 2006, however with the cumulative increase in tonnage, especially during the summer months, staff is concerned about the responsiveness of hauling requests on an “On-Call” basis. Over the past several years, staff has worked to improve communication and coordination activities to enable more predictable scheduling of hauling services, however SML also provides logging transportation services to other customers during the summer months. When green-waste tonnage was at lower volumes, the material received at the Transfer Station could be stored until SML was available to transport the bins. This did not affect operations or the public’s ability to deliver material at that time.

However, as the green-waste tonnage has increased, it is becoming more difficult to store the material on-site for more than 2-3 days without affecting traffic circulation, bunker storage, minimize stormwater contact and run-off during wet weather months, and conduct load-checking to ensure unacceptable material is not placed into the green-waste pile. SML has worked to meet the demand for increased hauling frequency during the summer months, however the Transfer Station and the Authority as a whole needs to have more certainty for the timely removal of the material.

ATTACHMENT:

Attachment A: *“Green Waste Transportation RFP Evaluation Committee Compiles Scoring Results” (August 30, 2018)*

Attachment A
Green Waste Transportation RFP Evaluation Committee Scoring Results

	Humboldt Sanitation	Steve Morris Logging Contractors, Inc.
Score	95	78.5
Cost Per Ton	\$24.33/ton	\$17.12
Cost Per Load (Two bins, 7.5 tons per bin)	\$365/load	\$256.82/load Inc. Double Pump Charge and/or \$70.00/hour Wait Time (when applicable)
Special Considerations		
<u>Scheduling Preference</u>	Routine Transportation Schedule, plus on-call as needed.	On-Call, with 24 hour notice
<u>Frequency</u>	As determined by HWMA	20 bins/week or 10 trips
<u>Dedicated Bins</u>	A minimum of five (5) bins will be available at all times, but may be used for other projects.	Four (4) dedicated bins
<u>Pollution Liability</u>	Included	Not included



Staff Report

DATE: September 28, 2018 For Board Meeting: October 11, 2018

FROM: Eric Keller-Heckman, Director of Operations

SUBJECT: Item 2e)
Approve Agreement for Scrap Metal Hauling Services with Eel River Disposal dba Eel River Transportation and Salvage

RECOMMENDED ACTION: Voice vote.
Approve Agreement for Scrap Metal Collection, Hauling and Purchase Agreement with Eel River Transportation & Salvage

DISCUSSION:

Over the years, scrap metal diverted from the Tip Floor area has been collected and sold primarily to either Eel River Transportation and Salvage or Arcata Scrap & Salvage under verbal agreements based on the best price offering per ton. Eel River Transportation and Salvage has expressed an interest in entering into a formal agreement to provide collection bins and haul scrap metal to their Fortuna facility for resale or recycling, and enter into a purchase agreement for materials for a period of 3 years.

The Agreement before the Board for consideration is specific to the collection, hauling and purchase of scrap metal received at HWMA's Hawthorne Street Transfer Station, and sets forth terms and conditions for transportation services, and revenue to the Authority. Eel River Transportation and Salvage possess the expertise and equipment to haul roll-off containers to remove from the facility.

This draft agreement has been reviewed by Harry Hardin of Eel River Disposal and the Authority's General Counsel.

Staff recommends the Board review, approve and direct the Chair to sign the agreement.

FISCAL IMPACT:

Based on volumes of scrap metal currently received by HWMA at the Hawthorne Street Transfer Station this will result in approximately \$1,835 per month in revenue for HWMA. HWMA's current Fiscal Year 2018/19 operating budget already accounts for the monthly revenues and expenses associated with these activities.

**AGREEMENT BETWEEN
THE HUMBOLDT WASTE MANAGEMENT AUTHORITY
AND
EEL RIVER TRANSPORTATION & SALVAGE
FOR SCRAP METAL COLLECTION, HAULING AND PURCHASE AGREEMENT**

THIS AGREEMENT for Scrap Metal Collection, Hauling and Purchasing ("Agreement") is made by and between the Humboldt Waste Management Authority, a joint powers public entity, (hereinafter referred to as "Authority" and "HWMA") and Eel River Transportation & Salvage (dba Eel River Scrap and Salvage) a California limited liability corporation (hereinafter referred to as "Contractor"). This Agreement is effective as of October 15, 2018 ("Effective Date").

RECITALS

WHEREAS, the HWMA owns and operates the Hawthorne Street Transfer Station, which includes Eureka Recycling Center, and the Hawthorne Street Transfer Station, a municipal solid waste transfer facility, for the benefit of its member agencies, both located at 1059 W. Hawthorne St., Eureka, CA 95501; and

WHEREAS, the California Integrated Waste Management Act of 1989 (AB 939) requires the diversion of materials from landfills, and

WHEREAS, scrap metal is received at HWMA's facility, and segregated by source material; and

WHEREAS, the HWMA desires to secure services for the hauling and purchase of ferrous materials, thus helping to reduce litter and recover metal materials for a beneficial use; and

WHEREAS, Contractor has the expertise and equipment to provide roll-off containers and to store and transport scrap metal to their facility, and holds all required Federal and State permits, licenses and certifications required to perform such services; and

WHEREAS, the Authority desires to enter into a formal agreement for scrap metal collection, hauling and purchasing services and Contractor wishes to provide such services to the Authority on the terms and conditions below.

NOW THEREFORE, based on the mutual conditions and covenants recited herein and made a material part hereof, the parties agree as follows:

1. **Definitions.** Unless the context otherwise requires, capitalized terms used in this Agreement will have the meanings as specified below:

"Contractor's Facility" refers to Eel River Transportation & Salvage's facility at 850 Riverwalk Drive, Fortuna, CA 95540.

"HWMA Facility" refers to both the Humboldt Waste Management Authority Transfer Station and Eureka Recycling Center located at 1059 W. Hawthorne Street, Eureka, CA.

"Scrap Value" means the amount paid by Contractor to HWMA for scrap metal per ton pursuant to section 2.k in the Scope of Services.

2. **Scope of Services.** Contractor shall perform scrap metal collection, hauling and

purchasing for the Authority in accordance with this Agreement. The term “Services” shall mean the Services to be performed by Contractor, described in this Section 2 as follows:

- a. Provide at least one (1) roll-off container or, with a minimum 40-cubic yard capacity, to be located at the HWMA Facility, to hold separated ferrous materials.
- b. Provide additional containers or bins as requested by HWMA’s Director of Operations if necessary to hold separated ferrous materials, at no additional cost to the Authority.
- c. Exchange containers or bins for either smaller or larger capacity scrap metal containers/bins as requested by HWMA’s Director of Operations if necessary due to space constraints at the designated locations.
- d. Maintain all scrap metal recycling containers/bins at no additional cost to the Authority.
- e. Replace full containers/bins with empty containers/bins following 24-hour verbal notification when the bins are full, and ready for removal by Contractor. Hauling services shall occur at such a frequency as to prevent overflow of scrap metal at HWMA’s Facility in each of the Contractor’s supplied bins.
- f. Provide the truck and labor necessary to transport the containers/bins when full of scrap metal from HWMA’s Facility to Contractor’s Facility.
- g. Maintain Contractor’s vehicles and Facility to ensure compliance with all relevant Federal, State and local laws and regulations.
- h. Contractor shall enter HWMA’s Facility with empty container/bins over HWMA certified scales, to obtain tare weight. Once the container/bins are ready for transport, the Contractor shall depart over the scale to obtain full weight for that container/bin. Alternatively, the Contractor can provide a list to HWMA of the containers/bins empty tare weights.
- i. Maintain county-certified scales at Contractor’s Facility to properly weigh all loads of scrap metal received from HWMA. One original certified scale weight ticket will be provided to HWMA for each container removed, and one copy of the weight ticket shall be retained by the Contractor which must be available for audit purposes for the length of the contract, plus an additional three (3) years.
- j. Submit by fax or email to HWMA the individual and net weight of material received by Contractor within 5 business days of receipt of any container or bin.
- k. Supply HWMA with a Scrap Value market update that will outline the current market rates for scrap metal and the price per ton HWMA will receive from the Contractor for all scrap metal delivered to the Contractor from HWMA within that month. This shall be delivered to the Director of Operations no later than the 5th of each month.

3. No Minimum Tonnage; Right to Divert

The Authority is under no obligation to deliver to Contractor a minimum or maximum tonnage of any materials under this Agreement, or a specified composition of such materials. HWMA retains the right to determine the handling, processing, and marketing, and diversion of any and all of the materials it receives at the HWMA Facility, including those materials covered by this Agreement.

4. **Contamination.** The Authority shall use reasonable efforts to ensure that collected scrap metal does not include any hazardous materials, or other miscellaneous non-metal materials.
5. **Term.** The effective date of this Agreement shall be October 15, 2018 and this Agreement shall terminate on October 14, 2021. This Agreement may be terminated by either party upon 60 days advance written notice of its intent to terminate. In the event of early termination, the Contractor shall pay to the Authority all fees owing as of said date.
6. **Extension.** The term of the Agreement may be extended by mutual agreement between HWMA and the Contractor for up to two additional years.
7. **Fees and Payment, Payment.**
 - a. **Containers and Hauling to Contractor's Facility.** There will be no charge to the Authority for use of containers or for hauling materials to the Contractor's Facility.
 - b. **Scrap Value Payments.** Within 30 days after receipt of any scrap metal container from HWMA, Contractor shall pay to HWMA Scrap Value for all scrap metal material received during the time period since Contractor's last payment to HWMA.
8. **Independent Contractor Status.** Contractor is performing the services under this Agreement as an independent contractor for the Authority, and is neither an employee nor an agent of the Authority. Except as otherwise provided in this Agreement, Contractor shall have sole control over the manner and method of performance of the services, and Authority's only interest shall be in the results of such services. Authority's liability hereunder shall be limited to payment of the compensation provided in this Agreement. Contractor agrees and acknowledges that it is not entitled to any benefits or insurance, including without limitation any medical, unemployment, or disability benefits, on Authority's account. This Section shall also apply to any of Contractor's subcontractors.
9. **Designation of Representative.** Contractor and Authority shall designate specific individuals to act as representatives ("Designated Representative"), who shall have authority to transmit instructions, receive information, and implement the Agreement on behalf of each respective party. Either party may change its Designated Representative or the address of its Designated Representative by giving reasonable notice to the other party.
10. **Notice.** All notices required or permitted hereunder shall be in writing and shall be deemed to have been properly given and delivered when delivered personally (including by commercial messenger or courier or by facsimile transmission) or four (4) days after deposit in the U. S. mail with all postage or charges fully prepaid and addressed to the authorized representative of the appropriate party.

HWMA:

Executive Director

Humboldt Waste Management Authority,
1059 West Hawthorne Street, Eureka, CA 95501
Phone: (707) 268-8680

Contractor:

Eel River Transportation &
Salvage
850 Riverwalk Drive.
Fortuna, CA 95540
Phone: (707) 498-0765

11. Indemnification.

- a. General.** Contractor shall indemnify, hold harmless, protect and defend with legal counsel acceptable to the Authority or co-counsel acceptable to the Authority at Contractor's sole cost, HWMA and its employees, officials, members, officers, agents, assigns and volunteers from and against any and all liability to which any of them may be subjected by reason or resulting directly or indirectly from actions or inactions of Contractor performed or occurring under or in connection with the Agreement, whether or not those liabilities are litigated, settled or reduced to judgment unless those liabilities are caused in part by any wrongful or negligent act, error or omission by any party indemnified under this Agreement. This indemnification will not extend to claims to the extent they are caused by the sole negligence or intentional misconduct or omission of HWMA.
- b. Hazardous waste.** Without limiting Contractor's indemnification stated above, Contractor shall indemnify, hold harmless, protect and defend with legal counsel acceptable to the Authority or co-counsel acceptable to the Authority at Contractor's sole cost, the Authority from and against all liabilities paid, incurred or suffered by or asserted against the Authority in a judicial, administrative or regulatory form or otherwise, arising or resulting in whole or in part from any release, cleanup or detoxification, or preparation and implementation or any removal, remedial response, closure or other plan concerning hazardous waste handled, removed or transported by Contractor pursuant to this Agreement.

The indemnities described in this subsection are intended to operate as an agreement pursuant to 42 USC § 9607(e) and California Health & Safety Code § 25364, to insure, protect, hold harmless and indemnify the Authority from liabilities in accordance with this section. The Authority does not hereby waive or surrender any other indemnity or remedy available to it, and Contractor is strictly liable to the Authority for hazardous materials conditions arising under this Agreement, including any repair, cleanup or detoxification thereof or preparation and implementation of any removal, remedial, response, closure or other plan.

- c. Injuries or accidents.** Contractor retains responsibility for all injuries, accidents and other mishaps associated with its performance under this Agreement, including personal injury, damage to any real or personal property. Contractor will promptly report any such events to the Authority orally, followed by written notice within three working days, including details of any witness statements. Contractor will institute an emergency operations plan and provide a copy to the Authority upon the Authority's request. Said plan shall mitigate and correct hazards that may arise due to accidents or destruction from transportation services, including property damage and traffic disruption, and will include any business plan for emergency response to the release or threatened release of hazardous materials in accordance with applicable law.

12. Insurance. Prior to performing any Services hereunder and throughout the Term of this Agreement, Contractor shall maintain insurance in full compliance with all of the provisions of this Section.

- a. General Liability:** General liability with minimum limits of liability per occurrence of One Million Dollars (\$1,000,000), and per aggregate of Two Million Dollars (\$2,000,000).
- b. Comprehensive automobile liability insurance:** Comprehensive coverage for all vehicles and all motor equipment, owned, leased, hired, borrowed or operated by Contractor in its performance of this Agreement, and shall obtain uninsured/underinsured motorists liability coverage. Minimum limits of liability per occurrence shall be One Million Dollars (\$1,000,000), and per aggregate Two Million Dollars (\$2,000,000).
- c. Pollution liability, environmental impairment:** Environmental impairment and release or spill of “pollutants” or “wastes” and all cleanup costs relating thereto with minimum limits of liability per occurrence of One Million Dollars (\$1,000,000), and per aggregate of Two Million Dollars (\$2,000,000).
- d. Workers’ compensation insurance:** Workers’ compensation as required by state law.
- e. Employer’s liability insurance:** Bodily injury by accident in the amount of One Million Dollars (\$1,000,000) each accident and bodily injury by disease in the amount of Two Million Dollars (\$2,000,000) policy limit and each employee.
- f. Additional insured:** Contractor shall include the Authority and its employees, officials, members, officers, agents, assigns and volunteers by endorsement or otherwise as additional insured under all policies except with respect to employer’s liability insurance.
- g. Primary coverage:** Contractor shall ensure that insurance policies are always primary with respect to performance under this Agreement.
- h. Evidence of coverage:** Contractor shall file with the Authority evidence of coverage in force, including endorsements, together with a Certificate of Insurance on an Authority-approved form, and shall annually file with the Authority, renewed certificates of insurance.
- i. Changes in Insurance.** The Authority reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required upon ninety (90) days advance written notice to Contractor.

13. Compliance with applicable law. Contractor will perform all its obligations under this Agreement in accordance with applicable local, state and federal law. Contractor is solely liable for all fines and penalties that may be imposed on Contractor to the extent that those fines and penalties are the result of Contractor’s violations of applicable law.

14. Events of Default.

a. Contractor Default. Each of the following constitutes an event of default:

- 1) *Breach of Agreement.* Contractor fails to perform any of its obligations under this Agreement and fails to cure that breach within thirty (30) days of receiving notice from the HWMA specifying the breach.
- 2) *Attachment.* Attachment of any equipment owned by Contractor that is necessary for its ability to provide transportation services is seized, attached, or levied upon and not placed back into service within two business days.
- 3) *Bankruptcy, insolvency, liquidation.* Contractor's filing of a voluntary claim for debt relief under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or consents to the appointment of or taking of possession by a receiver, liquidator, assignee, trustee, custodian, administrator of Contractor for any part of Contractor's operating assets or property.
- 4) Failure to submit timely payments to HWMA of Scrap value, as described in Section 6 of this agreement.

b. Remedies upon default.

- 1) *Authority's remedies.* Upon occurrence of a Contractor default, the Authority has the following rights:
 - i. To terminate the Agreement;
 - ii. To suspend the Agreement;
 - iii. All other available remedies to exercise its remedies in accordance with this Agreement in any other available remedies at law and in equity including specific performance.

15. Contractor Warranties and Representations. Contractor warrants and represents that (i) it possesses the business, professional, and technical expertise to perform the Services, (ii) it possesses the equipment, facilities, and employees to perform the Services, (iii) it shall perform the Services, within the limits prescribed by the Authority, in a safe and workmanlike manner consistent with the care and skill ordinarily exercised for such services by other companies providing similar services under similar circumstances and conditions at the same time and in the same locality, (iv) it shall perform the Services in material compliance with all valid and applicable laws and regulations, and (v) as of the Effective Date of this Agreement, Contractor possesses all material permits, licenses, certificates, or approvals required by applicable statutes, ordinances, orders, rules and regulations necessary to perform the Services and shall maintain all such permits, licenses, certificates, or approvals current for the term of the Agreement.

16. Audit of Records. Contractor shall maintain complete and accurate records of all payrolls, expenditures, disbursements and other cost items charged to the HWMA or establishing the basis for an invoice, for a minimum of four years from the date of final payment to Contractor. All such records shall be clearly identifiable. Contractor shall allow HWMA representatives to inspect, examine, copy and audit such records during regular business hours upon 24 hours' notice.

17. **Waiver.** Either party's waiver of any breach or default may not be deemed to be a waiver of any other breach or default, including ones with respect to the same obligations under this Agreement. The subsequent acceptance by either party of any damages or other money paid by the other party may not be deemed to be a waiver by that party of any preexisting or concurrent breach or default. Failure to object to breach or event of default is not and may not be construed as a waiver of that provision.
18. **Dispute resolution.** The parties agree to negotiate any disputes over the performance of their respective rights and obligations under this Agreement in good faith for a period of at least 30 days after the date of notice invoking the need for dispute resolution or exercising rights under law. Neither party may initiate court action prior to such good faith negotiation and following that prior to good faith third-party mediation. If any legal action, including an action for declaratory relief, is brought to enforce or interpret the provisions of this contract, the prevailing party shall be entitled to recover reasonable attorneys' fees from the other party.
19. **Governing law, venue.** This Agreement and performance hereunder and all suits and special proceedings shall be interpreted in accordance with California law. Venue shall be fixed in Humboldt County.
20. **Authority to Execute Contract.** Each party hereto warrants and represents to the other party that such party has the full right, power and authority to enter into this Agreement and has obtained all necessary consents and approvals to consummate the transaction contemplated hereby.
21. **Assignment, subcontract.** Contractor may not assign or subcontract its rights, interests, duties or obligations under this Agreement without prior consent from the Authority. In the event the Authority approves Contractor to subcontract any part of the Services, each subcontractor shall be bound by the same terms and conditions concerning insurance and indemnity as required in this Agreement and such provisions will be made a part of any such subcontract agreement.
22. **Excuse of Performance.** The performance of this Agreement, except for the payment of money for Services already rendered, may be suspended by either party in the event performance of this Agreement is prevented by a cause or causes beyond the reasonable control of such parties. Such causes shall include but not be limited to: acts of God, acts of war, riot, fire, explosion, accidents, inclement weather or sabotage, lack of adequate fuel, power, raw materials, labor or transportation facilities; changes in government laws, regulations, orders, or defense requirements; restraining orders, labor disputes, strike, lock-out or injunction (provided that neither party shall be required to settle a labor dispute against its own best judgment). The party which is prevented from performing by a cause beyond its reasonable control shall use its best efforts to eliminate such cause or event.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

CONTRACTOR

Harry Hardin, President

Date

Designated Representative:

Name Dominic Hardin

Phone: (707) 616-6551

**HUMBOLDT WASTE
MANAGEMENT AUTHORITY**

Jill Duffy, Executive Director

Date

Designated Representative:

Tyler Egerer, Administrative Svcs. Mgr.

tegerer@hwma.net

Phone: (707) 268-8680

Approved as to form:

Nancy Diamond, HWMA General Counsel

Date: _____

Insurance Certificates Approved:

By: _____

Date: _____



Staff Report

DATE: October 1, 2018 For Board Meeting: October 11, 2018

FROM: Eric Keller-Heckman, Director of Operations

SUBJECT: Item 2f)
Approve Agreement for CRV Glass Hauling and Processing Services with Humboldt Recycling, LLC for a Period of Three Years

RECOMMENDED ACTION: Voice vote.
Approve Agreement for CRV Glass Hauling and Processing Services with Humboldt Recycling, LLC

DISCUSSION:

HWMA and Humboldt Recycling, LLC, a separate business controlled by the owners of McKinleyville-based Humboldt Sanitation, entered into an agreement in November 2015 to provide hauling services to the Authority, to store and then transport CRV glass to a processor located in the Bay area. This agreement is scheduled to expire November 14, 2018.

Staff recommends approval of the attached Agreement which would continue the hauling services for a period of three (3) years. This will enable the continued hauling and processing of segregated CRV glass that is received at HWMA's Eureka Recycling Center (ERC), specifies the terms and conditions for transportation services, and the pass-thru of revenue to the Authority. Humboldt Recycling is a certified CalRecycle CRV glass processor and they possess the expertise and equipment to haul roll-off containers and end-dump trailers containing CRV glass to CalRecycle-approved "Beneficiating Processors."

For clarification, this Agreement does not affect processing of either the curbside collected recyclable materials or the mixed ("commingled") recyclables that are received in the drop-off bins at the Authority. This Agreement only applies to CRV glass that is received from customers at ERC's Certified Recycling Center for redemption of CRV deposits and separated by color.

This draft agreement has been reviewed by Tasha Eisner of Humboldt Recycling, LLC, and the Authority's General Counsel.

Staff recommends the Board review, approve and direct the Chair to sign the agreement.

BACKGROUND:

California Redemption Value, or “CRV, “ is a deposit paid on sales of certain recyclable beverage containers in California. The deposit was established by the “Bottle Bill,” AB 2020 (Margolin), passed by the legislature in 1986.

To encourage the recycling of these beverage containers, CalRecycle (previously the Division of Recycling under the State Department of Conservation) established a statewide Certified Recycling Center system for container collection and redemption. HWMA’s Eureka Recycling Center is one of several certified CRV buy back centers in Humboldt County.

The general public can drop off recyclable materials at the ERC, and be reimbursed by HWMA for CRV glass containers at the current rate of 5 cents for each container less than 24 ounces and 10 cents for each container 24 ounces or larger, or the equivalent of \$0.105 per pound of CRV-glass containers. This glass is sorted by color into green, brown (“amber”) or clear (“flint”) bins. This sorted glass is stored in 20 cubic yard containers, and picked up by Humboldt Sanitation for transport to their McKinleyville location. The glass material is then transferred into storage bunkers at Humboldt Recycling’s yard until a sufficient volume of color-sorted glass is available for shipping to a processing center located in either Sacramento or San Leandro.

After the glass is transported to Humboldt Sanitation’s yard in McKinleyville, HWMA is reimbursed for the CRV value (“Refund Value”) of the glass, and HWMA also receives a Processing Payment and an Administrative Fee for the CRV glass received. Finally, under both the existing arrangement and the proposed agreement, Humboldt Recycling passes revenue through to HWMA the same per-ton scrap value that it receives from the CalRecycle-approved glass processor. Payments from Humboldt Recycling are typically made within two weeks of receipt of the CRV glass material.

In return for the services provided by Humboldt Recycling as described above, HWMA pays Humboldt Recycling for 1) the local shuttling of glass bins; and 2) long-distance hauling of color-sorted CRV glass to ‘Strategic Materials’, a CalRecycle- approved “beneficiating” processor with receiving facilities located in the Sacramento and San Leandro. The shuttling of 20-yard debris bins that contain CRV glass between ERC and Humboldt Recycling’s McKinleyville yard is billed at a flat rate of \$132.01 per bin, and the long-distance hauling of glass to the out-of-county processor is billed at a current rate of \$40.44 per ton. The proposed hauling agreement with Humboldt Recycling has a monthly fuel-index adjustment for the diesel fuel component of the long-distance transportation cost, and an annual Consumer Price Index (CPI) adjustment for the base transportation component of the long-distance transportation cost.

FISCAL IMPACT:

Based on volumes of segregated CRV glass containers that are currently redeemed at Eureka Recycling Center, and proposed charges from Humboldt Recycling, this Agreement will result in approximately \$4,500 per month in expenses for HWMA and approximately \$17,500 per month in combined CRV glass processing payments, administrative fees and scrap value. A significant portion of those payments are passed on to the consumer at the point of redemption prior to receiving payment from Humboldt Recycling. HWMA’s current Fiscal Year 2018/19 operating budget already accounts for the monthly revenues and expenses associated with these activities.

**AGREEMENT BETWEEN
THE HUMBOLDT WASTE MANAGEMENT AUTHORITY
AND
HUMBOLDT RECYCLING, LLC
FOR CRV GLASS HAULING AND PROCESSING**

THIS AGREEMENT for CRV Glass Hauling and Processing ("Agreement") is made by and between the Humboldt Waste Management Authority, a joint powers public entity, (hereinafter referred to as "Authority" and "HWMA") and Humboldt Recycling, L.L.C., a California limited liability corporation (hereinafter referred to as "Contractor"). This Agreement is effective as of November 15, 2018 ("Effective Date").

RECITALS

WHEREAS, the HWMA owns and operates the Eureka Recycling Center, a CalRecycle certified recycling center, #RC14862, and the Hawthorne Street Transfer Station, a municipal solid waste transfer facility, for the benefit of its member agencies, both located at 1059 W. Hawthorne St., Eureka, CA 95501; and

WHEREAS, the California Integrated Waste Management Act of 1989 (AB 939) requires the diversion of materials from landfills, and

WHEREAS, the California Beverage Container Recycling and Litter Reduction Act of 1986 (AB 2020) incentivized the return of certain beverage containers for consumers, with a goal of recycling 80 percent of all beverage containers sold in the state; and

WHEREAS, the HWMA redeems California Redemption Value ("CRV") glass containers at its Eureka Recycling Center, thus helping to reduce litter and recover the containers for a beneficial use; and

WHEREAS, Contractor is certified by CalRecycle as a CRV glass processor (Processing Center #PR19130.001), has the expertise and equipment to haul roll-off containers and end-dump trailers containing CRV glass to CalRecycle-approved "Beneficiating Processors," and holds all required Federal and State permits, licenses and certifications required to perform such services; and

WHEREAS, Contractor has provided CRV hauling and processing services for HWMA since January 2012 under a verbal arrangement; and

WHEREAS, the Authority desires to enter into a formal agreement for CRV glass hauling and processing services and Contractor wishes to provide such services to the Authority on the terms and conditions below.

NOW THEREFORE, based on the mutual conditions and covenants recited herein and made a material part hereof, the parties agree as follows:

1. **Definitions.** Unless the context otherwise requires, capitalized terms used in this Agreement will have the meanings as specified below:

"Administrative Fee" is the payment by Contractor as a certified CRV processor to HWMA as a certified recycling center, equal to three-fourths of 1 percent of the Refund

Value, as described in Section 14573.5 of the Public Resources Code.

“Beneficiating Processor” means a processor certified by CalRecycle to process furnace ready scrap glass, or cullet, as defined in California Code of Regulations, Title 14, Division 2, Chapter 5, Section 2000(a).

“CalRecycle” means the California Department of Resources Recycling and Recovery.

“Contractor’s Facility” refers to Humboldt Recycling’s facility at 2585 Central Ave., McKinleyville, CA 95519

“CRV” means the California Redemption Value for segregated glass containers, as determined by CalRecycle, pursuant to the annual calculation requirement in Public Resources Code Section 14549.5, and subject to mid-year adjustments. The CRV, often expressed as a per-pound value, reflects a deposit value on certain beverage containers sold in California.

“Processing Payment” means the amount paid by Contractor to HWMA established by CalRecycle pursuant to Section 14575 of the Public Resources Code.

“Refund Value” means the total dollar value of a given load of CRV-glass containers, as determined by multiplying the weight of the CRV-glass containers by the CalRecycle per-pound CRV value for glass containers in effect when the containers were received at the Eureka Recycling Center, and paid by Contractor to HWMA.

“Scrap Value” means the amount paid by Contractor to HWMA for CRV glass at the same value per ton received by Contractor from the Beneficiating Processor, multiplied by the total tons of CRV glass received from HWMA.

2. **Scope of Services.** Contractor shall perform CRV glass hauling and processing for the Authority in accordance with this Agreement. The term “Services” shall mean the Services to be performed by Contractor, described in this Section 2 as follows:
 - a. Contractor shall provide three (3) roll-off bins, each with a minimum 20-cubic yard capacity, to be located at Eureka Recycling Center, to hold separated flint (clear), amber (brown), and green CRV glass containers.
 - b. Contractor shall provide the truck and labor necessary to transport the bins, once full of CRV glass containers, from the Eureka Recycling Center to Contractor’s Facility.
 - c. Contractor shall comply with all applicable California laws and regulations regarding the receipt and processing of CRV materials, including those found in Divisions 12.1, 12.5, 12.7, and 12.9 of the Public Resources Code, and Title 14, Division 2, Chapter 5 of the California Code of Regulations,.
 - d. Contractor shall provide CRV glass hauling services at such a frequency as to prevent overflow of accumulated glass at the Eureka Recycling Center from any of the Contractor’s supplied bins.
 - e. Contractor shall maintain county-certified scales to properly weigh all loads of CRV glass containers received from HWMA.

- f. Contractor shall submit by fax or email to HWMA the net weight of material received by Contractor within 5 business days of receipt. HWMA shall enter required shipping documentation into the Division of Recycling Integrated Information system (DORIIS) within 5 business days of receiving net weight reports from Contractor.
 - g. Upon receipt of CRV glass containers from HWMA, Contractor shall submit appropriate payments to HWMA, as described in Section 5 of this Agreement.
 - h. Contractor shall haul CRV glass obtained from the Eureka Recycling Center from Contractor's Facility to a Beneficiating Processor approved by HWMA. Unless written notice is provided by HWMA to Contractor stating otherwise, HWMA hereby approves the use of "Strategic Materials" as a Beneficiating Contractor with receiving facilities located in Sacramento, CA and San Leandro, CA.
3. **Term.** The effective date of this Agreement shall be November 15, 2018 and this Agreement shall terminate on November 16, 2020. This Agreement may be terminated by either party upon 60 days advance written notice of its intent to terminate. In the event of early termination, the Authority shall pay to Contractor and Contractor shall pay to the Authority all fees owing as of said date.
4. **Extension.** The term of the agreement may be extended by mutual agreement between HWMA and the Contractor for up to two additional years.
5. **Fees and Payment, Refund Value Payments.**
- a. **Base Fees, Hauling.**
 - i. *Local hauling to Contractor's Facility.* The Authority shall pay Contractor at the rate of \$113.41 per bin containing CRV glass that is hauled from the Eureka Recycling Center to Contractor's Facility.
 - ii. *Transportation to Beneficiating Processor.* The Authority shall pay Contractor for long-distance transportation of CRV glass from Contractor's Facility to an approved Beneficiating Processor based on the tons of CRV glass received from HWMA at a rate of \$25.04 per ton.
 - b. **Annual Adjustment of Transportation Fees.** The transportation rates specified in Sections 5.a(i) and (ii) shall be adjusted annually on the July 1, beginning July 1, 2019, and every year thereafter for the term of the agreement in an amount equal to seventy-five percent (75%) of the annual change in the Consumer Price Index for the U.S. City Average, All Urban Consumer Price Index (CPI-U): 1982-84 = 100, for the month of March, compiled and published by the United States Department of Labor, Bureau of Labor Statistics of the preceding year multiplied by the then current Base Transportation Rate.
 - c. **Base Fees, Fuel.**
 - i. *Local hauling to Contractor's Facility.* The Authority shall pay Contractor at a rate of \$18.60 per bin containing CRV glass that is hauled from the Eureka Recycling Center to Contractor's Facility.

- ii. *Transportation to Beneficiating Processor.* The Authority shall pay Contractor for long-distance transportation of CRV glass from Contractor's Facility to an approved Beneficiating Processor based on the tons of CRV glass received from HWMA at a rate of \$15.40 per ton.
- d. *Base Fuel Rate Adjustment.* The base fuel rate shall be adjusted each month by comparing the Fuel Price Index levels with the lesser of:
 - i. Contractor's average cost of diesel fuel for the prior month; or
 - ii. Average California weekly diesel Fuel Price Index for the four weeks prior to the month being invoiced, published by the US Department of Energy (<http://www.eia.gov>).
- e. *Payment.* At least once per month, Contractor shall submit invoices to HWMA for Contractor's local hauling of CRV-glass bins to Contractor's Facility and long-distance hauling of CRV glass to an approved Beneficiating Processor for the prior billing period, based on the rates described in Sections 5(a) and 5(b) above. All undisputed amounts shall be paid by the Authority within 30 days of invoice receipt. If the Authority disputes an invoice, it may withhold that portion so contested, without the accrual of interest for late payment, and shall pay the undisputed amount. The Authority may withhold all or any portion of the funds provided for by this Agreement, without the accrual of interest for late payment, in the event that Contractor has materially violated or threatens to materially violate, any term, provision, or condition of this Agreement.

- 6. **Refund Value, Processing Payment, Administrative Fees and Scrap Value Payments.** Within 15 days after receipt of CRV glass containers from HWMA, Contractor shall pay to HWMA the Refund Value, Processing Payment, Administrative Fee and Scrap Value for all CRV glass material received during the time period since Contractor's last payment to HWMA.
- 7. **Independent Contractor Status.** Contractor is performing Services as an independent contractor for the Authority, and is neither an employee nor an agent of the Authority. Except as otherwise provided in this Agreement, Contractor shall have sole control over the manner and method of performance of the services, and Authority's only interest shall be in the results of such services. Authority's liability hereunder shall be limited to payment of the compensation provided in this Agreement. Contractor agrees and acknowledges that it is not entitled to any benefits or insurance, including without limitation any medical, unemployment, or disability benefits, on Authority's account. This Section shall also apply to any of Contractor's subcontractors.
- 8. **Designation of Representative.** Contractor and Authority shall each designate specific individuals to act as representatives ("Designated Representative"), who shall have authority to transmit instructions, receive information, and implement the Agreement on behalf of each respective party. Either party may change its Designated Representative or the address of its Designated Representative by giving reasonable notice to the other party.
- 9. **Notice.** All notices required or permitted hereunder shall be in writing and shall be deemed to have been properly given and delivered when delivered personally (including by commercial messenger or courier or by facsimile transmission) or four (4) days after deposit in the U. S. mail with all postage or charges fully prepaid and addressed to the

authorized representative of the appropriate party.

HWMA:

Executive Director
Humboldt Waste Management Authority,
1059 West Hawthorne Street, Eureka, CA 95501
Phone: (707) 268-8680

Contractor:

Humboldt Recycling, LLC
2585 Central Ave.
McKinleyville, CA 95519
Phone: (707) 839-3285

10. Indemnification.

- a. *General.* Contractor shall indemnify, hold harmless, protect and defend with legal counsel acceptable to the Authority or co-counsel acceptable to the Authority at Contractor's sole cost, HWMA and its employees, officials, members, officers, agents, assigns and volunteers from and against any and all liability to which any of them may be subjected by reason or resulting directly or indirectly from actions or inactions of Contractor performed or occurring under or in connection with the Agreement, whether or not those liabilities are litigated, settled or reduced to judgment unless those liabilities are caused in part by any wrongful or negligent act, error or omission by any party indemnified under this Agreement. This indemnification will not extend to claims to the extent they are caused by the sole negligence or intentional misconduct or omission of HWMA.
- b. *Hazardous waste.* Without limiting Contractor's indemnification stated above, Contractor shall indemnify, hold harmless, protect and defend with legal counsel acceptable to the Authority or co-counsel acceptable to the Authority at Contractor's sole cost, the Authority from and against all liabilities paid, incurred or suffered by or asserted against the Authority in a judicial, administrative or regulatory form or otherwise, arising or resulting in whole or in part from any release, cleanup or detoxification, or preparation and implementation or any removal, remedial response, closure or other plan concerning hazardous waste handled, removed or transported by Contractor pursuant to this Agreement.

The indemnities described in this subsection are intended to operate as an agreement pursuant to 42 USC § 9607(e) and California Health & Safety Code § 25364, to insure, protect, hold harmless and indemnify the Authority from liabilities in accordance with this section. The Authority does not hereby waive or surrender any other indemnity or remedy available to it, and Contractor is strictly liable to the Authority for hazardous materials conditions arising under this Agreement, including any repair, cleanup or detoxification thereof or preparation and implementation of any removal, remedial, response, closure or other plan.

- c. *Injuries or accidents.* Contractor retains responsibility for all injuries, accidents and other mishaps associated with its performance under this Agreement, including personal injury, damage to any real or personal property. Contractor will promptly report any such events to the Authority orally, followed by written notice within three working days, including details of any witness statements. Contractor will institute an emergency operations plan and provide a copy to the Authority upon the Authority's request. Said plan shall mitigate and correct hazards that may arise due to accidents or destruction from transportation services, including property damage and traffic disruption, and will include any business plan for emergency response to

the release or threatened release of hazardous materials in accordance with applicable law.

11. Insurance. Prior to performing any Services hereunder and throughout the Term of this Agreement, Contractor shall maintain insurance in full compliance with all of the provisions of this Section.

- a. *General Liability:* General liability with minimum limits of liability per occurrence of One Million Dollars (\$1,000,000), and per aggregate of Two Million Dollars (\$2,000,000).
- b. *Comprehensive automobile liability insurance:* Comprehensive coverage for all vehicles and all motor equipment, owned, leased, hired, borrowed or operated by Contractor in its performance of this Agreement, and shall obtain uninsured/underinsured motorists liability coverage. Minimum limits of liability per occurrence shall be One Million Dollars (\$1,000,000), and per aggregate Two Million Dollars (\$2,000,000).
- c. *Pollution liability, environmental impairment:* Environmental impairment and release or spill of “pollutants” or “wastes” and all cleanup costs relating thereto with minimum limits of liability per occurrence of One Million Dollars (\$1,000,000), and per aggregate of Two Million Dollars (\$2,000,000).
- d. *Workers’ compensation insurance:* Workers’ compensation as required by state law.
- e. *Employer’s liability insurance:* Bodily injury by accident in the amount of One Million Dollars (\$1,000,000) each accident and bodily injury by disease in the amount of Two Million Dollars (\$2,000,000) policy limit and each employee.
- f. *Additional insured:* Contractor shall include the Authority and its employees, officials, members, officers, agents, assigns and volunteers by endorsement or otherwise as additional insured under all policies except with respect to employer’s liability insurance.
- g. *Primary coverage:* Contractor shall ensure that insurance policies are always primary with respect to performance under this Agreement.
- h. *Evidence of coverage:* Contractor shall file with the Authority evidence of coverage in force, including endorsements, together with a Certificate of Insurance on an Authority-approved form, and shall annually file with the Authority, renewed certificates of insurance.
- i. *Changes in Insurance.* The Authority reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required upon ninety (90) days advance written notice to Contractor.

12. Compliance with applicable law. Contractor will perform all its obligations under this Agreement in accordance with applicable local, state and federal law. Contractor is solely liable for all fines and penalties that may be imposed on Contractor to the extent

that those fines and penalties are the result of Contractor's violations of applicable law.

13. Events of Default.

- a. Contractor Default. Each of the following constitutes an event of default:
- i. *Breach of Agreement.* Contractor fails to perform any of its obligations under this Agreement and fails to cure that breach within thirty (30) days of receiving notice from the HWMA specifying the breach.
 - ii. *Attachment.* Attachment of any equipment owned by Contractor that is necessary for its ability to provide transportation services is seized, attached, or levied upon and not placed back into service within two business days.
 - iii. *Bankruptcy, insolvency, liquidation.* Contractor's filing of a voluntary claim for debt relief under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or consents to the appointment of or taking of possession by a receiver, liquidator, assignee, trustee, custodian, administrator of Contractor for any part of Contractor's operating assets or property.
 - iv. Failure by Contractor to maintain certification as a CRV glass processor by CalRecycle.
 - v. Failure to submit timely payments to HWMA of Refund Value, Processing Payments, Administrative Fees and Scrap value, as described in Section 6 of this agreement.
- b. HWMA default. Each of the following constitutes an event of default:
- i. HWMA's failure to pay fees for hauling or freight charges to the end user in accordance with Section 5 of this Agreement.
 - ii. HWMA's failure to enter required shipping documentation in the Division of Recycling Integrated Information system (DORIIS) system within 5 business days of receiving net weight reports from Contractor.
- c. Remedies upon default.
- i. *Authority's remedies.* Upon occurrence of a Contractor default, the Authority has the following rights:
 - a) To terminate the Agreement;
 - b) To suspend the Agreement;
 - c) All other available remedies to exercise its remedies in accordance with this Agreement in any other available remedies at law and in equity including specific performance.
 - ii. *Contractor's remedies.* Upon occurrence of a HWMA default, Contractor has the right to exercise any and all available remedies at law and in equity.

- 14. Contractor Warranties and Representations.** Contractor warrants and represents that (i) it possesses the business, professional, and technical expertise to perform the Services, (ii) it possesses the equipment, facilities, and employees to perform the Services, (iii) it shall perform the Services, within the limits prescribed by the Authority, in a safe and workmanlike manner consistent with the care and skill ordinarily exercised for such services by other companies providing similar services under similar circumstances and

conditions at the same time and in the same locality, (iv) it shall perform the Services in material compliance with all valid and applicable laws and regulations, and (v) as of the Effective Date of this Agreement, Contractor possesses all material permits, licenses, certificates, or approvals required by applicable statutes, ordinances, orders, rules and regulations necessary to perform the Services and shall maintain all such permits, licenses, certificates, or approvals current for the term of the Agreement.

15. **Audit of Records.** Contractor shall maintain complete and accurate records of all payrolls, expenditures, disbursements and other cost items charged to the HWMA or establishing the basis for an invoice, for a minimum of four years from the date of final payment to Contractor. All such records shall be clearly identifiable. Contractor shall allow HWMA representatives to inspect, examine, copy and audit such records during regular business hours upon 24 hours' notice.
16. **Waiver.** Either party's waiver of any breach or default may not be deemed to be a waiver of any other breach or default, including ones with respect to the same obligations under this Agreement. The subsequent acceptance by either party of any damages or other money paid by the other party may not be deemed to be a waiver by that party of any preexisting or concurrent breach or default. Failure to object to breach or event of default is not and may not be construed as a waiver of that provision.
17. **Dispute resolution.** The parties agree to negotiate any disputes over the performance of their respective rights and obligations under this Agreement in good faith for a period of at least 30 days after the date of notice invoking the need for dispute resolution or exercising rights under law. Neither party may initiate court action prior to such good faith negotiation and following that prior to good faith third-party mediation. If any legal action, including an action for declaratory relief, is brought to enforce or interpret the provisions of this contract, the prevailing party shall be entitled to recover reasonable attorneys' fees from the other party.
18. **Governing law, venue.** This Agreement and performance hereunder and all suits and special proceedings shall be interpreted in accordance with California law. Venue shall be fixed in Humboldt County.
19. **Authority to Execute Contract.** Each party hereto warrants and represents to the other party that such party has the full right, power and authority to enter into this Agreement and has obtained all necessary consents and approvals to consummate the transaction contemplated hereby.
20. **Assignment, subcontract.** Contractor may not assign or subcontract its rights, interests, duties or obligations under this Agreement without prior consent from the Authority. In the event the Authority approves Contractor to subcontract any part of the Services, each subcontractor shall be bound by the same terms and conditions concerning insurance and indemnity as required in this Agreement and such provisions will be made a part of any such subcontract agreement.
21. **Excuse of Performance.** The performance of this Agreement, except for the payment of money for Services already rendered, may be suspended by either party in the event performance of this Agreement is prevented by a cause or causes beyond the reasonable control of such parties. Such causes shall include but not be limited to: acts of God, acts of war, riot, fire, explosion, accidents, inclement weather or sabotage, lack of adequate

fuel, power, raw materials, labor or transportation facilities; changes in government laws, regulations, orders, or defense requirements; restraining orders, labor disputes, strike, lock-out or injunction (provided that neither party shall be required to settle a labor dispute against its own best judgment). The party which is prevented from performing by a cause beyond its reasonable control shall use its best efforts to eliminate such cause or event.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

CONTRACTOR

Greg Cain, President

Date

Designated Representative:

Tasha Eisner
teisner@humboldtsanitation.com
Phone: (707) 839-3285

**HUMBOLDT WASTE
MANAGEMENT AUTHORITY**

Jill Duffy, Executive Director

Date

Designated Representative:

Tyler Egerer, Director of Finance and
Administrative Services
tegerer@hwma.net
Phone: (707) 268-8680

Approved as to form:

Nancy Diamond, HWMA General Counsel

Date: _____

Insurance Certificates Approved:

By: _____

Date: _____