



## Meeting of the Board of Directors

September 20, 2017  
REGULAR MEETING  
Begins at 8:30 a.m.

*City of Santa Rosa, Council Chambers  
100 Santa Rosa Avenue  
Santa Rosa, CA*

Meeting Agenda and Documents

## **SONOMA COUNTY WASTE MANAGEMENT AGENCY**

### **Meeting of the Board of Directors**

September 20, 2017

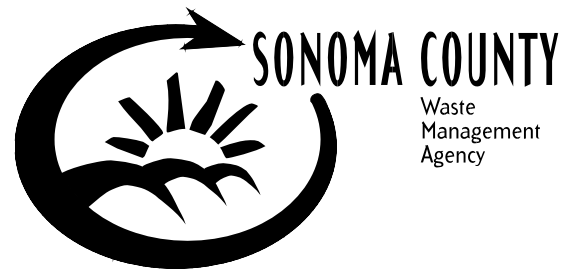
REGULAR MEETING

Begins 8:30 a.m.

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*Note: This packet is 58 pages total*



## **SONOMA COUNTY WASTE MANAGEMENT AGENCY**

### **Meeting of the Board of Directors**

**September 20, 2017  
REGULAR MEETING**

**Beginning at 8:30 a.m.  
Estimated Ending Time 11:30 a.m.**

City of Santa Rosa Council Chambers  
100 Santa Rosa Avenue  
Santa Rosa, CA

### **Agenda**

#### **Item**

1. Call to Order Regular Meeting / Introductions
2. Agenda Approval
3. Public Comments (items not on the agenda)

#### **Consent** (w/attachments)

- 4.1 Minutes of the August 16, 2017 Regular Meeting
- 4.2 September and October 2017 Outreach Calendar
- 4.3 SCWMA FY 2015-16 Audit of Financial Statements
- 4.4 Fiscal Year 2016-17 Year End Financial Report

#### **Regular Calendar**

5. Approval of Scope of Work for Brand Evaluation and Design Services RFP  
[Thigpen] Action Recommended: Provide Feedback and Approval on the Scope of Work and Direction to Release the RFP

6. Approval of Scope of Work for Website Design and Implementation RFP  
[Thigpen] Action Recommended: Provide Feedback and Approval on the Scope of Work and Direction to Release the RFP
7. Boardmember Comments
8. Staff Comments
9. Next SCWMA meeting: November 15, 2017
10. Adjourn

**Consent Calendar:** These matters include routine financial and administrative actions and are usually approved by a single majority vote. Any Boardmember may remove an item from the consent calendar.

**Regular Calendar:** These items include significant and administrative actions of special interest and are classified by program area. The regular calendar also includes "Set Matters," which are noticed hearings, work sessions and public hearings.

**Public Comments:** Pursuant to Rule 6, Rules of Governance of the Sonoma County Waste Management Agency, members of the public desiring to speak on items that are within the jurisdiction of the Agency shall have an opportunity at the beginning and during each regular meeting of the Agency. When recognized by the Chair, each person should give his/her name and address and limit comments to 3 minutes. Public comments will follow the staff report and subsequent Boardmember questions on that Agenda item and before Boardmembers propose a motion to vote on any item.

**Disabled Accommodation:** If you have a disability that requires the agenda materials to be in an alternative format or requires an interpreter or other person to assist you while attending this meeting, please contact the Sonoma County Waste Management Agency Office at 2300 County Center Drive, Suite B100, Santa Rosa, (707) 565-3579, at least 72 hours prior to the meeting, to ensure arrangements for accommodation by the Agency.

**Noticing:** This notice is posted 72 hours prior to the meeting at The Board of Supervisors, 575 Administration Drive, Santa Rosa, and at the meeting site the City of Santa Rosa Council Chambers, 100 Santa Rosa Avenue, Santa Rosa. It is also available on the internet at [www.recyclenow.org](http://www.recyclenow.org)



Date: August 17, 2017

To: SCWMA Board Members

From: Patrick Carter, SCWMA Executive Director

**Executive Summary Report for the SCWMA Board Meeting of August 16, 2017**

**Item 4, Consent Items:** Items 4.1 Minutes of June 21, 2017 Regular Meeting, 4.2 July, August, and September 2017 Outreach Calendar, 4.3 HHW Grant Award Notification, and 4.4 Letters of Support for AB 954 and AB 1219 were approved.

**Item 5, Consideration of an MOU with the Town of Windsor for Used Oil Collection Reimbursement:** The MOU, which memorializes the practice of the SCWMA reimbursing the Town of Windsor for grant-allowed used oil and used oil filter disposal costs incurred at the Town's public drop-off facility, was approved by the Board.

**Item 6, Consideration of an Agreement with UCCE for Home Composting Education Services:** The agreement for Home Composting Education Services with the UCCE was approved by the Board. Services include providing educational materials at public venues like farmer's markets, fairs, libraries, and schools, as well as in-depth home composting/vermicomposting workshops.

**Item 7, Update on Organics Processing Services RFP:** Staff provided an update on recent occurrences regarding the Organics Processing Services RFP. The proposal deadline was extended to October 18, 2017 in Addendum #1, and staff discussed the City of Santa Rosa's separate RFP for the City to select potential lessees on property near the Laguna Treatment Plant who may be seeking to participate in the SCWMA's RFP. No action was required.

**Item 8, Request for Direction on a Polystyrene Waste Reduction Model Ordinance:** Staff discussed the waste and litter issues related to polystyrene and received Board direction to proceed with the development of a model ordinance. The initial discussion included how broad an ordinance may be, such as including to-go containers from food service businesses, single-use straws and serviceware, and formed polystyrene packaging commonly shipped with appliances and electronics. Staff will bring additional information on ordinance options at future Board meetings.



**To:** Sonoma County Waste Management Agency Board Members

**From:** Patrick Carter, Executive Director

**Subject:** September 20, 2017 Board Meeting Agenda Notes

## Consent Calendar

These items include routine financial and administrative items and **staff recommends that they be approved en masse by a single vote.** Any Board member may remove an item from the consent calendar for further discussion or a separate vote by bringing it to the attention of the Chair.

- 4.1 **Minutes of the August 16, 2017 Meeting:** regular acceptance.
- 4.2 **September and October 2017 Outreach Calendar:** This item provides an update on outreach events since the last meeting and upcoming outreach events. No action is required.
- 4.3 **SCWMA FY 2015-16 Audit of Financial Statements:** An independent audit of the SCWMA's financial statements is required on an annual basis. The Report for the FY 2015-16 is included for the Board's review. Staff recommends the Board accept the FY 2015-16 Financial Statements and Auditors' Report.
- 4.4 **Fiscal Year 2016-17 Year End Financial Report:** The financial report for the fiscal year that ended on June 20, 2017 is included in this packet. Staff recommends approving the FY 2016-17 Year-End Financial Report on the Consent Calendar.

## Regular Calendar

- 5. **Approval of Scope of Work for Brand Evaluation and Design Services RFP:** As discussed during the Work Plan development process and as approved in the Final Budget, staff is seeking professional assistance in brand development and design. The goal is to complete the process with a new identity for the SCWMA that more readily conveys the SCWMA's mission and goals, including a new name, logo, and collateral templates. The Scope of Work for this project is included for the Board's review and approval. **Staff recommends the Board approve the attached Scope of Work for the Brand Evaluation and Design Services Request for Proposals (RFP) and direct staff to issue the RFP.**
- 6. **Approval of Scope of Work for Website Design and Implementation RFP:** This item was also included in the Work Plan and approved in the FY 2017-18 Budget. Staff believes the SCWMA website is outdated and that it is necessary to redesign the website to be more user- and mobile-friendly. Staff has developed a Scope of Work for this project to accomplish those goals; that scope is included for the Board's review and approval. **Staff recommends the Board approve the attached Scope of Work for the Website Design and Implementation Request for Proposals (RFP) and direct staff to issue the RFP.**



## Minutes of the August 16, 2017 Meeting

The Sonoma County Waste Management Agency met on August 16, 2017, at the City of Santa Rosa Council Chambers, 100 Santa Rosa Avenue, Santa Rosa, California.

### Board Members Present:

City of Cloverdale	Melanie Bagby	City of Santa Rosa	John Sawyer
City of Cotati	Susan Harvey	City of Sebastopol	Henry Mikus
City of Healdsburg	Brent Salmi	City of Sonoma	Madolyn Agrimonti
City of Petaluma	Dan St. John	County of Sonoma	Susan Gorin
City of Rohnert Park	Pam Stafford	Town of Windsor	Deb Fudge

### Staff Present:

Executive Director/Clerk	Patrick Carter	Staff	Felicia Smith
Counsel	Ethan Walsh		Kristin Thigpen
			Thora Collard
			Courtney Scott

1. **Call to Order Regular Meeting**  
Regular meeting was called to order at 8:35a.m.
2. **Agenda Approval**
3. **Public Comments (items not on the agenda)**  
None
4. **Consent (w/attachments)**
  - 4.1 Minutes of the June 21, 2017 Regular Meeting
  - 4.2 July, August and September 2017 Outreach Calendar
  - 4.3 HHW Grant Award Notification
  - 4.4 Letters of Support for AB 954 and AB 1219

### Public Comments:

None.

The motion for approval of items 4.1, 4.2, 4.3 and 4.4 on the consent calendar was made by Susan Harvey City of Cotati, and seconded by Henry Mikus, City of Sebastopol. Brent Salmi, City of Healdsburg requested to abstain from consent item 4.1 due to his absence at that meeting.

### Item 4.1

#### Vote Count:

City of Cloverdale	AYE	City of Santa Rosa	AYE
City of Cotati	AYE	City of Sebastopol	AYE

City of Healdsburg	ABSTAIN	City of Sonoma	AYE
City of Petaluma	AYE	County of Sonoma	AYE
City of Rohnert Park	AYE	Town of Windsor	AYE

AYES -9- NOES -0- ABSENT -0- ABSTAIN -1-  
**Motion passed.**

#### **Items 4.2, 4.3, and 4.4**

##### **Vote Count:**

City of Cloverdale	AYE	City of Santa Rosa	AYE
City of Cotati	AYE	City of Sebastopol	AYE
City of Healdsburg	AYE	City of Sonoma	AYE
City of Petaluma	AYE	County of Sonoma	AYE
City of Rohnert Park	AYE	Town of Windsor	AYE

AYES -10- NOES -0- ABSENT -0- ABSTAIN -0-  
**Motion passed.**

#### **Regular Calendar**

#### **5. Consideration of an MOU with the Town of Windsor for Used Oil Collection Reimbursement**

Courtney Scott, SCWMA staff, recommended to the Board approval to execute the MOU with the Town of Windsor for Used Oil Collection Reimbursement dependent on the Used Oil Payment Program funding from CalRecycle.

##### **Board Discussion**

Mr. Mikus asked if the staff time for manning the Windsor oil drop-off station would be eligible for reimbursement.

Ms. Scott responded that staff time was not eligible.

Ms. Fudge commented that the staffing was new due to a prior contamination of the tank. The tank hours are now Monday – Thursday during business hours.

##### **Public Comments**

None.

**Pam Stafford, City of Rohnert Park motioned to approve the execution of the MOU and Susan Gorin, County of Sonoma, seconded the motion.**

##### **Vote Count:**

City of Cloverdale	AYE	City of Santa Rosa	AYE
City of Cotati	AYE	City of Sebastopol	AYE
City of Healdsburg	AYE	City of Sonoma	AYE
City of Petaluma	AYE	County of Sonoma	AYE
City of Rohnert Park	AYE	Town of Windsor	AYE



AYES -10- NOES -0- ABSENT -0- ABSTAIN -0-  
**Motion passed.**

**6. Consideration of an Agreement with UCCE for Home Composting Education Services**

Patrick Carter, SCWMA Executive Director, recommended to the Board the approval of the agreement with University of California Cooperative Extension (UCCE) for Home Composting Education Services. The services provided will include public outreach events and workshops. The approved amount is less than budgeted, including the additional SCWMA-funded advertising that will be required.

**Board Discussion**

Ms. Agrimonti asked about the types of outreach UCCE offers, written only or hands-on training.

Mr. Carter explained that the UCCE does on-site, hands-on training demonstrating composting.

Ms. Gorin suggested that City of Sonoma and coordinate for an event.

Ms. Harvey commented that she was happy to see outreach happening at the schools and the importance of engaging children.

**Public Comments**

None.

**Ms. Gorin motioned to approve the Agreement with University of California Cooperative Extension (UCCE) for Home Composting Education Services and Ms. Agrimonti seconded the motion.**

**Vote Count:**

City of Cloverdale	AYE	City of Santa Rosa	AYE
City of Cotati	AYE	City of Sebastopol	AYE
City of Healdsburg	AYE	City of Sonoma	AYE
City of Petaluma	AYE	County of Sonoma	AYE
City of Rohnert Park	AYE	Town of Windsor	AYE

AYES -10- NOES -0- ABSENT -0- ABSTAIN -0-  
**Motion passed.**

**7. Update on Organics Processing Services RFP**

Mr. Carter updated the Board on the status of the Organics Processing Services RFP. The RFP was released. A mandatory pre-conference meeting was held, and 23 companies attended. On July 7<sup>th</sup> an addendum was published with questions received up to that time. One question was a request to extend the deadline for the submission. Staff agreed to extend the submission date to October 18<sup>th</sup>. City of Santa Rosa has offered land next to the Laguna Water Treatment Plant and has issued an RFP to lease the property in conjunction with the SCWMA's RFP. The award of the City of Santa Rosa's RFP does not guarantee a selection by the SCWMA. July 27<sup>th</sup> a second addendum was issued with additional questions and answers. One question raised was regarding the contamination rate of the waste stream. The SCWMA invited interested parties to see loads at the Healdsburg Transfer Station on August 9<sup>th</sup>. Six groups inspected the feedstock on that date.

### **Board Discussion**

Mr. St John asked where the public to take their self-hauled green waste.

Mr. Carter responded self-haulers should take it to the Healdsburg, Sonoma, Annapolis and Guerneville transfer stations. Central Disposal site has limited capacity. Private sites are available, but have capacity issues.

Ms. Harvey asked why only six of the twenty-three interested parties attended the Healdsburg Transfer Station trip.

Mr. Carter responded that some of the parties are already receiving our green waste, so they are familiar with our product stream. Some of the other parties are forming partnerships and consolidation.

Ms. Gorin inquired if the addendums are posted on the website and asked for the addendums to be mailed to the Board.

Mr. Carter responded that the addendums are linked from the "In the Spotlight" section on our homepage.

Mr. St. John inquired if there was interest in the problem of biosolids.

Mr. Carter responded that we had included biosolids as an area of interest in the RFP.

Ms. Harvey Recommended Mr. Carter work with the Air Quality Board to find collaboration on bio-fuel solutions.

Mr. Carter confirmed that he has been in contact with them.

Ms. Agrimonti asked if there is a tie-in with the increased capacity that may be a result from the Marijuana industry.

Mr. Carter responded that the SCWMA would be very interested in doing outreach to educate the industry on pesticide disposal and organic waste.

Ms. Gorin commented that there are strict guidelines for the marijuana industry on fertilizer and pesticide usage, storage and disposal. Much outreach will be needed to bring the industry into compliance.

### **Public Comments**

None.

## **8. Request for Direction on a Polystyrene Waste Reduction Model Ordinance**

Felicia Smith, SCWMA staff, requested direction from the Board on the development of a model ordinance to reduce polystyrene.

### **Board Discussion**

Ms. Gorin commented about the problem of plastic straws in the waste stream also. She mentioned the need to discuss with business owners on the impact and request feedback.

Ms. Agrimonti mentioned the availability of paper straws and other re-usable items are easily available at places like Whole Foods. She asked if there was a way to include recommended alternatives.

Ms. Smith responded that the ordinance will recommend alternatives that are recyclable or compostable and have a transition period.

Mr. Carter commented that 110 other cities and counties have already passed ordinances similar to these that can be modeled after.

Mr. Sawyer stressed the importance of a transition period. Education and phase-in period will be very important. He asked about timeline and the availability of education materials for Board members to bring back to their councils. He thinks it will be a well-supported ordinance, but it will have lots of questions.

Ms. Fudge commented that she thinks this will be an easy transition because many businesses have already moved away from the use of Styrofoam. She showed the “Sip it Sonoma” business card that can be left for businesses with information regarding single use straws.

Ms. Bagby commented on the vast amount of Styrofoam waste that is in the waterways and on the beaches. She suggested it is a problem that we do need to address.

Ms. Harvey asked if there are any legal ramifications of this ordinance

Mr. Walsh commented that he is not aware of any issues and has recently worked with the City of Davis to pass a similar ordinance.

Ms. Harvey stressed early involvement with businesses.

Mr. Sawyer commented on the Styrofoam from construction and inside coolers. Important to educate the community. He is pleased that we are tackling this important issue.

Ms. Gorin expressed her frustration with the Styrofoam being used in packaging and asked the question about where to dispose of that material, is it HHW or landfill? Ms. Gorin asked if the Board could have a “Sip it Sonoma” presentation.

Ms. Stafford agreed with the importance of involving business owners and appreciated the inclusion in the board packet of information on costs for alternative containers.

Ms. Agrimonti asked about the re-useable straws and the note from “Sip it Sonoma” and where she could find them.

Mr. Carter replied that the cards were something customers could leave as feedback to business owners showing a ground-up demand for change.

### **Public Comments**

June 21, 2017 – SCWMA Meeting Minutes

Ken Wells, Sierra Club Representative to AB939 Local Task Force, was happy this was in motion and expressed a desire for this process to move faster than the plastic bag ban. He reported there is not any legal issues regarding this ban. He stressed the importance of a level playing field regarding this ban, make all restaurants and take out venues have the same restrictions because it is a very competitive market. The San Francisco ordinance is a good reference.

#### **Board Discussion**

Mr. Sawyer asked what the next steps were.

Mr. Carter replied that this was the first of three presentations regarding this topic. The next option would be for staff to prepare a report with a menu of options for items to include in the ordinance.

Ms. Gorin would like to include straws at the same time.

Ms. Gorin asked if there are other items that are used by restaurants that should be included with this ordinance.

Mr. Carter responded that we could tie-in food waste reduction while outreach is conducted.

Ms. Smith responded that disposable utensils could be considered.

#### **9. Boardmember Comments**

Ms. Gorin expressed the frustration of the community of Sonoma with the lack of options for bottle and can recycling available.

Mr. Carter reported that the City of Santa Rosa had selected Recology for their waste contract. He asked if the board would like the SCWMA to do a background investigation of Recology that can be shared with board members to share with their cities.

Mr. St. John expressed that each city would need to do their due diligence regarding Recology and thought this would be beneficial to all the members.

Mr. Sawyer inquired if this fell within the SCWMA's scope.

Mr. Carter thought this is a solid waste issue that involves our members and education was part of our scope.

Mr. Mikus commented that the SCWMA would need to do a background report for the contract with the Ratto Group for hauling organics, so it is within scope and could be shared.

#### **10. Next SCWMA meeting: September 20, 2017**

#### **11. Adjournment:**

The meeting adjourned at 9:49 a.m.

Submitted by: Patrick Carter

June 21, 2017 – SCWMA Meeting Minutes



Agenda Item #: **4.2**  
 Agenda Date: **9/20/2017**

ITEM: **September and October 2017 Outreach Calendar**

**September 2017 Outreach Events**

Day	Time	Event
1 – 3	9 AM – 5 PM	E-Waste & Mattress Collection Event – Santa Rosa
5	8 AM – 12 PM	Outreach at DMV – Petaluma
5	4 PM – 8 PM	Community Toxics Collection – Cotati
6	8 AM – 12 PM	Outreach at DMV – Santa Rosa
7	8 AM – 8:30 AM	Sonoma County Forum Presentation – Santa Rosa
7	2 PM – 3 PM	Santa Rosa Junior College Green Collaborative on Recycling – Petaluma
9	10 AM – 3 PM	Cloverdale Annual Car and Motorcycle Show - Cloverdale
9	11 AM – 3 PM	4th Annual Sonoma County Health and Safety Fair – Roseland Area
11	2:30 PM – 4:30 PM	PEP Housing Recycling & Compost Training – Petaluma
12	4 PM – 8 PM	Community Toxics Collection – Oakmont
12	10 AM – 2 PM	3rd Annual Sonoma Valley Back to School Health Fair - Sonoma
13	9 AM – 10 AM	Graton Labor Center - Graton
14	4 PM – 5 PM	SSU Children's School Recycling & Compost Training – Rohnert Park
16	12 PM – 5 PM	Cloverdale Latino Independence Day & Bi-National Health Fair - Cloverdale
16	8 AM - 3 PM	Russian Riverkeepers 30th Annual Russian River Cleanup – Cloverdale to Jenner
17	2 PM – 7 PM	Fiesta de Independencia (Mexican Independence Day Celebration) – Santa Rosa
17	1 PM – 7 PM	Fiesta de Independencia (Mexican Independence Day Celebration) – Sonoma
19	4 PM – 8 PM	Community Toxics Collection – Santa Rosa, W
20	8 AM – 12 PM	Outreach at DMV – Petaluma
21	1:30 PM – 2:30 PM	Strauss Family Creamery Composting & Food Rescue – Petaluma
26	4 PM – 8 PM	Community Toxics Collection – Healdsburg
27	8 AM – 12 PM	Outreach at DMV – Santa Rosa
30	10 AM – 2 PM	Sonoma Valley Binational Health Week - Sonoma

**October 2017 Outreach Events**

Day	Time	Event
1	12 PM – 4 PM	Dia de los Muertos Petaluma and Binational Health Week - Petaluma
1	12 PM – 6 PM	Roseland Community Festival – Santa Rosa
3	4 PM – 8 PM	Community Toxic Collection - Sonoma
4	8 AM – 12 PM	Outreach at DMV – Petaluma
6-8	9 AM – 5 PM	E-Waste Collection Event – Windsor
7	10 AM – 3 PM	Roseland Village Binational Health Fair – Santa Rosa
8	1 PM – 4 PM	Binational Health Week Santa Rosa -Santa Rosa
10	4 PM – 8 PM	Community Toxic Collection - Cloverdale
11	8 AM – 12 PM	Outreach at DMV – Santa Rosa
17	4 PM – 8 PM	Community Toxic Collection - Larkfield
24	4 PM – 8 PM	Community Toxic Collection - Petaluma
28	9 AM – 1 PM	DEA Drug Take Back
31	4 PM – 8 PM	Community Toxic Collection – Santa Rosa, E



Agenda Item #: **4.3**  
Cost Center: **All**  
Staff Contact: **Carter**  
Agenda Date: **9/20/2017**  
Approved by:

## **ITEM: SCWMA FY 2015-16 Audit of Financial Statements**

### **I. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION**

Staff recommends the Board accept the FY 2015-16 Financial Statements and Auditors' Report.

### **II. BACKGROUND**

In accordance with the requirement contained in the Joint Powers Authority Agreement that the SCWMA Board of Directors cause an independent audit to be in compliance with Government Code section 6505, SCWMA staff entered into an agreement with Maher Accountancy to audit the SCWMA's FY 2015-16 Financial Statements. Previously, the County of Sonoma's Auditor Controller Treasurer Tax Collector (ACTTC) department had performed those services for the SCWMA, but the past few years, the ACTTC had not been able to express an opinion on the financial statements due to "independence impairments" as the ACTTC department performed both accounting and auditing functions for the SCWMA.

### **III. DISCUSSION**

Maher Accountancy expressed an opinion that the SCWMA's financial statements present fairly, in all material respects, the respective financial position of the Agency as of June 30, 2016, and the respective changes in financial position for the year that ended in accordance with accounting principles generally accepted in the United States of America. Audit consists of three parts: 1) the Independent Auditors' General Communication to Board, 2) Financial Statements and Auditors' Report Year Ended June 30, 2016, and 3) Auditor Communication Regarding Internal Controls. The first two attachments are informational and describe the extent of the audit and the financial statements of the SCWMA.

The internal controls communication contains two conditions of which the Auditor believed the Board should be aware. These conditions include the remittance of SCWMA surcharge fees by Republic to be recomputed for accuracy and that cash balance to include deductions for payments made after the year end for transactions related to the fiscal year. The discrepancies identified are related to the initial transition period when Republic assumed responsibility for all operations of the County's waste system; SCWMA and County staff are working to ensure all payments owed are received. Regarding the dual fiscal period at year end, County ACTTC staff responded that they do not believe their practice affects the equity in the Treasury Pool or changes the overall cash balance. They believe it is impractical to process all of the entries necessary to record the payables and receivables under the circumstances this finding recommends. SCWMA staff believe the current process does not require changing at this time.

#### **IV. FUNDING IMPACT**

The cost of the audit was \$16,500 for which \$22,000 was budgeted.

#### **V. ATTACHMENTS**

Independent Auditors' General Communication to Board  
Financial Statements and Auditors' Report Year Ended June 30, 2016  
Auditor Communication Regarding Internal Controls



## **Independent Auditors' General Communication to Board**

August 8, 2017

To the Board of Directors  
Sonoma County Waste Management Agency

We have audited the financial statements of the Sonoma County Waste Management Agency for the year ended June 30, 2016, and have issued our report thereon August 8, 2017. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated October 20, 2016, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sonoma County Waste Management Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant estimates used in preparing the financial statements.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit except that requested documentation was not available during the fall when audit procedures were planned.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Certain adjustments relating to revenue and expense accruals as of June 30, 2015, totaling \$25,482, were deemed to be below the amount for which it would be necessary to restate previously issued financial statements. Management determined, due to the amount in question and because such amounts were recognized in the subsequent period, to not record those amounts. The significant adjustments recommended and accepted by management for fiscal 2015-16 involved (a) reclassifications between cash, receivables and payables to reflect the actual timing of cash receipts and disbursements recorded retroactively in accordance with County accounting practices, (b) record revenue for administration fees receivable that were earned but underreported, (c) record accrued liabilities and (d) several reclassifications between revenue accounts related to prior year audit adjustments.

Any other misstatements detected as a result of audit procedures and corrected by management were immaterial, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated August 8, 2017.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of Sonoma County Waste Management Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Maher Accountancy*



**FINANCIAL STATEMENTS AND AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2016**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Sonoma County Waste Management Agency

We have audited the accompanying financial statements of Sonoma County Waste Management Agency (Agency) as of and for the year ended June 30, 2016, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Maher Accountancy*

August 8, 2017

## **SONOMA COUNTY WASTE MANAGEMENT AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis provides an overview of the Sonoma County Waste Management Agency (SCWMA) financial activities for the fiscal year ended June 30, 2016. Please read it along with SCWMA's financial statements, which begin on page 6.

### **FINANCIAL HIGHLIGHTS**

The Agency's net position as of June 30, 2016 was 6,953,657, an increase of \$96,360 over the prior year. Total revenues increased by \$1,709,781 total operating expenses increased by \$312,974. The extraordinary expense of \$1,093,518 from 2014-15 did not recur.

### **USING THIS ANNUAL REPORT**

This annual report consists of financial statements for Sonoma County Waste Management Agency as a whole. The statement of net position and the statement of revenues, expenses and changes in net position provide information about the activities of the Agency as a whole and present a long-term view of its finances.

### **THE AGENCY AS A WHOLE**

One important question asked about the Agency's finances is, "SCWMA better or worse off as a result of the year's activities?" The information in the basic financial statements helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the basis of accounting used by most private-sector companies.

The change in *net position* (the difference between total assets and total liabilities) over time is one indicator of whether SCWMA's financial health is improving or deteriorating. However, one must consider other nonfinancial factors in making an assessment of the Agency's health, such as changes in the economy and changes in its jurisdiction, etc.



**SONOMA COUNTY WASTE MANAGEMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)**

Changes in the Agency's net position were as follows:

	<u>2016</u>	<u>2015</u>	<u>Increase (decrease)</u>
Current assets	\$ 8,108,426	\$ 8,413,945	\$ (305,519)
Current liabilities	1,154,769	1,556,648	(401,879)
Net position:			
Restricted	-	953,591	(953,591)
Unrestricted (deficit)	6,953,657	5,903,706	1,049,951
Total net position	<u>\$ 6,953,657</u>	<u>\$ 6,857,297</u>	<u>\$ 96,360</u>

The Agency experienced decreases in both current assets and current liabilities during the year ended June 30, 2016, principally due to payments during 2015-16 of obligations related to a legal settlement reached late in fiscal year 2014-15.

Changes in SCWMA's revenue, expenses and net position were as follows:

	<u>2016</u>	<u>2015</u>	<u>Increase (decrease)</u>
<b>Revenues:</b>			
Operating revenues			
Municipal waste management	\$ 7,205,547	\$ 5,539,899	\$ 1,665,648
Nonoperating revenues			
Investment income (loss)	31,183	(12,950)	44,133
Total revenues	<u>7,236,730</u>	<u>5,526,949</u>	<u>1,709,781</u>
<b>Expenses:</b>			
Operating expenses	7,140,370	6,827,396	312,974
Non-operating expenses			
Extraordinary expenses	1,093,518	(1,093,518)	(1,093,518)
Total expenses	<u>7,140,370</u>	<u>7,920,914</u>	<u>(780,544)</u>
Change in net position	<u>\$ 96,360</u>	<u>\$ (2,393,965)</u>	<u>\$ 2,490,325</u>

The increase in operating income was the result of increased tipping fees adopted by the SCWMA Board and effective in October 2015. Tipping fees are assessed to waste haulers for organic waste processed in the County. The most significant factor contributing to the increase in operating expenses was related to increase in the volume of tonnage disposed. The extraordinary expense in fiscal year 2014-15 related to a one-time legal settlement.

**SONOMA COUNTY WASTE MANAGEMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)**

**CAPITAL ASSETS**

The Agency has no investment in capital assets, as of June 30, 2016.

**ECONOMIC OUTLOOK**

- The Agency will continue to set aside reserve funds as part of its long-term financial planning.
- The Agency's revenue is expected to cover expenditures for all planned future projects.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our residents, taxpayers and creditors with a general overview of the Agency's finances and to demonstrate its accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to Sonoma County Waste Management Agency, 2300 County Center Drive Ste. B-100, Santa Rosa, CA 95403.

Respectfully submitted,

*Patrick Carter*

Executive Director

**SONOMA COUNTY WASTE MANAGEMENT AGENCY**

**STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

**ASSETS**

Current assets:

Cash in County treasury \$ 6,521,657

Receivables:

Tipping and administration fees receivable 1,537,185

Other 44,142

Prepaid expenses 5,442

Total current assets 8,108,426

Total assets 8,108,426

**LIABILITIES**

Current liabilities:

Accounts payable and accrued expenses 930,917

Due to the State of California 13,348

Unearned grant advances 210,504

Total current liabilities 1,154,769

**NET POSITION**

Unrestricted 6,953,657

Total net position \$ 6,953,657

**SONOMA COUNTY WASTE MANAGEMENT AGENCY**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2016**

**OPERATING REVENUES:**

Tipping and administration fees	\$ 6,232,699
Grants from State of California	483,740
Proceeds from legal settlement	300,000
Miscellaneous fees and other revenue	<u>189,108</u>
Total operating revenues	7,205,547

**OPERATING EXPENSES:**

Adminstration	500,529
Program services and supplies	6,222,654
Other services and supplies	<u>417,187</u>
Total operating expenses	<u>7,140,370</u>
Operating income (loss)	65,177

**NONOPERATING REVENUES (EXPENSES):**

Investment income (loss)	31,183
--------------------------	--------

**CHANGE IN NET POSITION**

Net position at beginning of the year	<u>6,857,297</u>
Net position at end of the year	<u><u>\$ 6,953,657</u></u>

**SONOMA COUNTY WASTE MANAGEMENT AGENCY**

**STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Tipping and administration fees	\$ 5,373,109
Grants from State of California	291,594
Proceeds from legal settlement	300,000
Miscellaneous fees and other revenue	366,323
Administratiion expenses	(500,529)
Program services and supplies	(6,166,695)
Other services and supplies	(416,201)
Payments related to legal settlement	(227,469)
	<hr/>
Net cash provided by (used for) operating activities	(979,868)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Transfers to escrow account	(1,159,200)
Transfers from escrow account	2,073,676
Investment income	30,855
	<hr/>
Net cash provided (used) by investing activities	945,331

Net increase (decrease) in cash and cash equivalents	(34,537)
Cash and cash equivalents at beginning of year	6,556,194
	<hr/>
Cash and cash equivalents at end of year	\$ 6,521,657

**RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED (USED)**

Operating income (loss)	\$ 65,177
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Lawsuit-related payments from escrow account	39,443
(Increase) decrease in receivables	(682,375)
(Increase) decrease in prepaid expenses	(234)
Increase (decrease) in accounts payable other liabilities	(209,733)
Increase (decrease) in unearned grant advances	(192,146)
	<hr/>
Net cash provided by (used for) operating activities	\$ (979,868)

**SONOMA COUNTY WASTE MANAGEMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**1. DESCRIPTION OF THE ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Sonoma County Waste Management Agency (Agency) was formed in April 1992 to assist the cities and County with the implementation of programs necessary to satisfy the requirements of the Assembly Bill (AB) 939, the Integrated Waste Management Act of 1989. This Act requires that every jurisdiction in California plan for and implement programs that reduce the amount of waste disposed in landfills by 25% by the year 1995 and 50% by 2000. The Agency was granted a three-year extension to 2003 by the State. The State has determined that the Agency has met its 2003 goal. The Agency is continuing its efforts to reduce the amount of waste disposed in landfills, beyond the current 50% required by AB939. As of the date of this report, no new laws requiring waste reduction beyond 50% have been enacted. In 2006, the California Integrated Waste Management Board changed the calculation to pounds per person per day rate to determine compliance without changing the percentage reduction, with a rate goal of 7.1. In 2016 Sonoma County's rate was 4.6.

The Agency's activities include a regional composting program, household hazardous waste collections, and countywide efforts towards waste reduction and recycling.

The Agency is governed by a ten member board of directors, with one member from nine Sonoma County cities and towns and one from the County. The Agency appoints an Executive Director who is employed through an at-will agreement with the County. Additional staffing is provided by the County through a contract with the Agency.

The Agency's programs are funded through garbage disposal fee surcharges, charges for services and grants. Each program of the Agency is accounted for with a separate cost center. The composting program is entirely funded by charges for delivery of material to its program. The household hazardous waste, education and waste diversion efforts are funded through a surcharge on garbage brought to County disposal sites along with support from State Grants.

Since its creation in April of 1992, the Agency has added two new components to its scope of work: the Planning and Diversion Programs. Planning efforts currently include preparation of Annual Reports submitted to the California Integrated Waste Management Board and is funded through the disposal fee surcharge. The Diversion Program cost center was established to track expenditures that have direct measurable diversion. However, since 2010, all diversion activities are currently operating under the Education cost center.

The County of Sonoma, through the Integrated Waste Management Division of the Department of Transportation and Public Works, tracks each load of yard and wood waste entering the county disposal system. A tonnage tipping fee is collected to pay for operating

**SONOMA COUNTY WASTE MANAGEMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**1. DESCRIPTION OF THE ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

costs of the organic program. A surcharge on the solid waste tipping fee entering the county disposal system is used to fund the other programs, such as household hazardous waste, education, diversion and planning. The Agency reimburses the County for services provided by the County as outlined in a Memorandum of Understanding between the County and the Agency dated September 18, 2007. Staff services include Agency Director, professional staff, secretarial and as requested by the Agency, reasonable and necessary services from other County departments.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The financial statements are reported using economic resources measurement focus and the accrual basis of accounting. This means that all assets and all liabilities (whether current or noncurrent) associated with this activity are included on the statement of net position. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied.

The Agency's Enterprise Fund financial statements report business-type activities financed in whole or in part by fees charged to external parties for goods or services. Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges – or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

The accrual basis of accounting is used by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Operating revenues and expenses are distinguished from non-operating items in the statement of revenues, expenses and changes in net position. Operating revenues, such as tipping fees and sales of recycled products result from exchange transactions associated with the principal activity of the funds. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses for enterprise funds include services and supplies. All expenses not falling within these categories are reported as non-operating expenses.

**SONOMA COUNTY WASTE MANAGEMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**1. DESCRIPTION OF THE ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents:**

For purpose of the statement of cash flows, the Agency has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments within the County of Sonoma Treasurer's Pooled Investment Fund that are not restricted as to use.

The Agency applies the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, which require governmental entities, including governmental external investment pools, to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the Agency has stated certain investments at fair value.

**Net Position Components**

Net position components are classified into three components – net investment in capital asset, restricted and unrestricted. These classifications are defined as follow:

- **Net investment in capital assets** (if any) - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** (if any) - This component of net position consists of net position with limits on their use that are imposed by outside parties. The Agency and the County were named as co-defendants in the action entitled, *RENALE v. County of Sonoma, et al.* Due to this action, the Agency agreed to establish an escrow account to serve as security for the Agency's obligation to indemnify the County for legal fees incurred. The matter was resolved during 2015-16 and the funds in escrow were released.
- **Unrestricted net position** - This component of net position consists of net position that is not restricted for any project or other purpose.



**SONOMA COUNTY WASTE MANAGEMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**1. DESCRIPTION OF THE ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**New and Future Pronouncements**

In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application. The objective of this provision is to address accounting and financial reporting issues related to fair value measurements. The provisions of this statement are effective for the fiscal year ending June 30, 2016.

In December 2015, the GASB issued Statement No. 79, Certain External Investment Pools and Pool Participants. The objective of this Statement is to address accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this statement are effective for the fiscal year ending June 30, 2016.

**2. CASH AND INVESTMENTS**

**Investment in the Sonoma County Treasurer's Investment Pool**

The Agency follows the County's practice of pooling cash and investments with the County Treasurer, except for a petty cash fund. Cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the Agency. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Investment Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis.

**SONOMA COUNTY WASTE MANAGEMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**2. CASH AND INVESTMENTS (continued)**

**Investment in the Sonoma County Treasurer's Investment Pool**

The amount of cash at June 30, 2016 is as follows:

Amortized cost:	\$6,512,662
Fair value:	\$6,521,657

The Agency's fair value of the cash investment with the Treasurer is \$8,995 greater than the amortized cost of those investments.

**Investment Guidelines**

The Agency's pooled cash and investments are invested pursuant to investment policy guidelines established by the Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Suite 100, Santa Rosa, California, 95403-2871.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury

Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2016, approximately 37 percent of the securities in the Treasury pool had maturities of one year or less. Of the remainder, only 1 percent had a maturity of more than five years.

**SONOMA COUNTY WASTE MANAGEMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**2. CASH AND INVESTMENTS (continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Treasury Pool's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.
- The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

**Concentration of Credit Risk**

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2015-2016 Sonoma County Comprehensive Annual Financial Report.

**SONOMA COUNTY WASTE MANAGEMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**3. RISK MANAGEMENT**

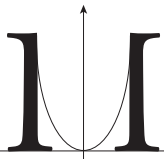
The Agency is exposed to various risks for which the Agency carries insurance with coverage for bodily injury, property damage, personal injury, auto liability, and errors and omissions and cyber security. The Agency is covered through Alliant Insurance Services, Inc. for \$5,000,000 per occurrence.

**4. COMMITMENTS**

The Agency entered into service agreements that extend beyond the fiscal year ended June 30, 2016, many of which ensure pricing per ton transported or processed.

**5. RELATED PARTY TRANSACTIONS**

Agency staffing, occupancy and support services are provided by the County of Sonoma, an Agency member. During fiscal year ended June 30, 2016, expenses for these services totaled approximately \$597,000.



## AUDITOR COMMUNICATION REGARDING INTERNAL CONTROLS

To the Board of Directors and Management  
Sonoma County Waste Management Agency

In planning and performing our audit of the financial statements of the Sonoma County Waste Management Agency (SCWMA) as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered SCWMA's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SCWMA's internal control. Accordingly, we do not express an opinion on the effectiveness of SCWMA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we have identified certain *deficiencies in internal control* that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in SCWMA's internal control to be significant deficiencies.

**1. Condition:** Administration fees remitted by Republic were improperly computed.

**Effect:** Revenue was under-collected and understated in financial records.

**Recommendations:** (a) Computations of Administration and Tipping fees accompanying remittances received should be thoroughly recomputed. (b) Procedures should be established to ensure that tonnage reported is accurate.



**Management Response:** Management agrees to implement procedures to recompute fees based on tonnage information reported and will investigate how to increase assurance over the accuracy of tonnage reported by Republic.

2. **Condition:** Cash balances include deductions for payments made after year-end for transactions related to the fiscal year.

**Effect:** The accounting system overstates cash and understates accounts payable.

**Recommendation:** Particularly at year-end, care should be taken to reflect cash activity on the actual transaction dates.

**Management Response:** The County of Sonoma Client Accounting Division maintains the accounting records for SCWMA under policies and procedures determined by the Sonoma County Auditor-Controller-Tax Collector. Those policies take into consideration limitations of the County's accounting software system. Due to the limitations imposed by the County's system, SCWMA will make appropriate adjustments to adjust its records at fiscal year-end so as to reflect the actual timing of cash disbursements.

This communication is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

*Maher Accountancy*

August 8, 2017



Agenda Item #: **4.4**  
Cost Center: **All**  
Staff Contact: **Collard**  
Agenda Date: **9/20/2017**  
Approved by:

## **ITEM: Fiscal Year 2016-17 Year End Financial Report**

### **I. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION**

Staff recommends approving the FY 2016-17 Year-End Financial Report on the Consent Calendar.

### **II. BACKGROUND**

The Joint Powers Authority agreement requires that the SCWMA Board of Directors receive quarterly financial reports. This report contains information about SCWMA operations, all receipts to, and disbursements from, the SCWMA for Fiscal Year 2016-17.

### **III. DISCUSSION**

This report, using information from the County accounting system (EFS) for revenues and expenditures, contains the actual amounts spent or received to date, accounts payable and receivable, the approved budget and the difference between the approved budget and the actual revenues/expenditures.

Included in this financial report are accounts payable and accounts receivable. Accounts payable are invoices that are expected to be paid after the close of the fiscal year for services received prior to June 30, 2017, the end of the fiscal year. Accounts receivable are revenues anticipated for work and/or services performed by the SCWMA prior to the end of the fiscal year. By including the accounts payable and receivable as well as the reserve balances, this report serves as a year-end financial statement.

#### Revenues

1. The State Other Funding account consists of grant funding once it has been released from a subsidiary account in EFS. All of the SCWMA grant awards are first placed into subsidiary accounts. When the planned and approved work has been completed, a release request is sent to the Auditor/Controller office for processing. Until the processing is complete, the State Other Funding account for those grant activities is considered unearned revenue.
2. County of Sonoma tipping fee revenues were \$69,459 more than budgeted this year due to increased tonnage.
3. Unrealized Gains and Losses related to adjustments made by the Treasury, which maintains the SCWMA's funds. Accounting practices under which the County and SCWMA function (GASB 31) require the Sonoma County Treasury to adjust the fund balances on an annual basis depending on the market value of each fund, as calculated by the Treasury. Historically, the adjustments were listed in the notes of the financial statements of the Treasury, but were also

listed as findings in their annual audits. The decision was made by the Treasury to include the adjustments through normal operations instead of as notes in the financial statements.

4. Donations/Contributions was \$105,597 greater than budget estimates due to reimbursements in the HHW, Education, and Planning funds being higher than expected. The City of Petaluma produced more waste than expected, resulting in payments \$35,000 greater than expected, and reimbursements for lead acid batteries and e-waste collected through the SCWMA's programs were approximately \$30,000 greater than expected due to receipt of more material than anticipated.

#### Expenditures

1. Administration Services is the cost of SCWMA staff. Multiple staff vacancies for a majority of the year resulted in \$324,279 in reduced expenditures in this account.
2. The name for the account for legal services was changed by the County in the current fiscal year and affects all prior reports. Though the name is now County Counsel – Legal Advice, it refers to SCWMA Counsel for SCWMA purposes. The account is under budget, as the settling of litigation reduced the need for SCWMA and Special Counsel to continue the budgeted level of effort.
3. Other Professional Services refers to grant-funded projects. A budget amendment was passed by the Board to allow staff the flexibility to clear backlogged City/County Payment Program recycling projects.
4. Other Services is used to capture prior year expenses. The largest of these payments was for \$13,500 to the UCCE for home composting workshops performed in the prior fiscal year.
5. Other Contract Services was under budget in HHW primarily due to the unused budget for exploring a northern county HHW facility (\$100K). Education was under budget due to a combination of more favorable pricing on printing of the Recycle Guide, reduced temporary help costs, and unused budget for professional assistance/coaching. Yard Waste is due to less than anticipated material received, mostly likely due to reduced self-haul. Wood is accepted co-mingled with yard debris at some facilities which results in wood cost showing up in the yard fund. Staff may recommend combining of the wood and yard debris funds in the future.
6. Special Department Expense account was unused due to the SCWMA not pursuing a new solid waste facility permit for the new compost facility, as originally anticipated during budget preparation.

## **IV. FUNDING IMPACT**

In summary, the SCWMA received \$7,397,371 in revenue (which was \$204,769 more than budgeted), and incurred \$6,628,389 of expenditures (which was \$941,561 under budget). The net surplus to the SCWMA for FY 2016-17 was \$768,981.

## **V. ATTACHMENTS**

FY 2016-17 Year End Financial Report  
Reserve Policy



## Summary of All SCWMA Funding

Account	Description	Budget		Actual	Remaining
		Original	Final	Year to Date	Balance
All Revenues					
42358	State Other Funding	\$ 289,341	\$ 289,341	\$ 309,299	\$ (19,958)
42601	County of Sonoma	\$ 6,526,050	\$ 6,526,050	\$ 6,595,509	\$ (69,459)
44002	Interest on Pooled Cash	\$ 30,323	\$ 30,323	\$ 68,805	\$ (38,482)
44050	Unrealized Gains and Losses	\$ -	\$ -	\$ (37,744)	\$ 37,744
46029	Donations/Contributions	\$ 249,950	\$ 249,950	\$ 355,547	\$ (105,597)
46200	PY Revenue - Miscellaneous	\$ -	\$ -	\$ 9,016	\$ (9,016)
47101	Transfers In - within a Fund	\$ 96,938	\$ 96,938	\$ 96,938	\$ -
All Revenues		\$ 7,192,602	\$ 7,192,602	\$ 7,397,371	\$ (204,769)
All Expenditures					
51041	Insurance - Liability	\$ 12,000	\$ 12,000	\$ 10,623	\$ 1,377
51201	Administration Services	\$ 827,544	\$ 827,544	\$ 503,265	\$ 324,279
51205	Advertising/Marketing Svc	\$ 14,000	\$ 14,000	\$ 11,461	\$ 2,539
51206	Accounting/Auditing Services	\$ 22,000	\$ 22,000	\$ 17,350	\$ 4,650
51207	Client Accounting Services	\$ 13,138	\$ 13,138	\$ 21,881	\$ (8,743)
51211	County Counsel - Legal Advice	\$ 306,000	\$ 306,000	\$ 43	\$ 305,957
51212	Outside Counsel - Legal Advice	\$ -	\$ -	\$ 53,838	\$ (53,838)
51213	Engineer Services	\$ 12,500	\$ 12,500	\$ -	\$ 12,500
51225	Training Services	\$ 2,000	\$ 2,000	\$ 195	\$ 1,805
51249	Other Professional Services	\$ 160,196	\$ 160,196	\$ 245,993	\$ (85,797)
51401	Rents and Leases - Equipment	\$ 3,000	\$ 3,000	\$ 2,177	\$ 823
51421	Rents and Leases - Bldg/Land	\$ 15,025	\$ 15,025	\$ 10,539	\$ 4,486
51801	Other Services	\$ -	\$ -	\$ 19,920	\$ (19,920)
51803	Other Contract Services	\$ 5,931,214	\$ 5,931,214	\$ 5,550,088	\$ 381,126
51901	Telecommunication Data Lines	\$ 6,720	\$ 6,720	\$ 4,041	\$ 2,679
51902	Telecommunication Usage	\$ 950	\$ 950	\$ 948	\$ 2
51904	ISD - Baseline Services	\$ 20,141	\$ 20,141	\$ 21,707	\$ (1,566)
51906	ISD - Supplemental Projects	\$ -	\$ -	\$ 7,210	\$ (7,210)
51909	Telecommunication Wireless Svc	\$ 1,800	\$ 1,800	\$ 1,717	\$ 83
51911	Mail Services	\$ 1,600	\$ 1,600	\$ 1,624	\$ (24)
51912	Records Services	\$ -	\$ -	\$ 22	\$ (22)
51915	ISD - Reprographics Services	\$ 500	\$ 500	\$ -	\$ 500
51916	County Services Chgs	\$ 19,880	\$ 19,880	\$ 11,212	\$ 8,668
51919	EFS Charges	\$ 4,000	\$ 4,000	\$ -	\$ 4,000
51922	County Car Expense	\$ 3,000	\$ 3,000	\$ 577	\$ 2,423
51923	Unclaimable county car exp	\$ -	\$ -	\$ 40	\$ (40)
52091	Memberships/Certifications	\$ 10,350	\$ 10,350	\$ 10,350	\$ -
52111	Office Supplies	\$ 30,230	\$ 30,230	\$ 24,529	\$ 5,701
52162	Special Department Expense	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
52163	Professional Development	\$ 2,500	\$ 2,500	\$ 100	\$ 2,400
57011	Transfers Out - within a Fund	\$ 96,938	\$ 96,938	\$ 96,938	\$ -
57015	Transfers Out - All Others	\$ 2,724	\$ 2,724	\$ -	\$ 2,724
All Expenditures		\$ 7,569,950	\$ 7,569,950	\$ 6,628,389	\$ 941,561
All Expenditures		\$ 7,569,950	\$ 7,569,950	\$ 6,628,389	\$ 941,561
All Revenues		\$ 7,192,602	\$ 7,192,602	\$ 7,397,371	\$ (204,769)
Net Cost		\$ 377,348	\$ 377,348	\$ (768,982)	\$ 1,146,330

**78101 Wood Waste**

Account	Description	Budget		Actual	Remaining
		Original	Final	Year to Date	Balance
All Revenues					
42601	County of Sonoma	\$ 290,000	\$ 290,000	\$ 331,650	\$ (41,650)
44002	Interest on Pooled Cash	\$ 190	\$ 190	\$ 1,600	\$ (1,410)
44050	Unrealized Gains and Losses	\$ -	\$ -	\$ (1,650)	\$ 1,650
<b>All Revenues</b>		<b>\$ 290,190</b>	<b>\$ 290,190</b>	<b>\$ 331,600</b>	<b>\$ (41,410)</b>
All Expenditures					
51041	Insurance - Liability	\$ 1,080	\$ 1,080	\$ 956	\$ 124
51201	Administration Services	\$ 20,147	\$ 20,147	\$ 9,155	\$ 10,992
51206	Accounting/Auditing Services	\$ 500	\$ 500	\$ 400	\$ 100
51207	Client Accounting Services	\$ 1,182	\$ 1,182	\$ 1,969	\$ (787)
51803	Other Contract Services	\$ 260,000	\$ 260,000	\$ 162,500	\$ 97,500
51904	ISD - Baseline Services	\$ 3,531	\$ 3,531	\$ 3,799	\$ (268)
51916	County Services Chgs	\$ 1,789	\$ 1,789	\$ 303	\$ 1,486
57011	Transfers Out - within a Fund	\$ 1,506	\$ 1,506	\$ 1,506	\$ -
57015	Transfers Out - All Others	\$ 454	\$ 454	\$ -	\$ 454
<b>All Expense/Expenditure Accts</b>		<b>\$ 290,189</b>	<b>\$ 290,189</b>	<b>\$ 180,587</b>	<b>\$ 109,602</b>
<b>All Expenditures</b>		<b>\$ 290,189</b>	<b>\$ 290,189</b>	<b>\$ 180,587</b>	<b>\$ 109,602</b>
<b>All Revenues</b>		<b>\$ 290,190</b>	<b>\$ 290,190</b>	<b>\$ 331,600</b>	<b>\$ (41,410)</b>
<b>Net Cost</b>		<b>\$ (1)</b>	<b>\$ (1)</b>	<b>\$ (151,012)</b>	<b>\$ 151,011</b>

**78102 Yard Debris**

Account	Description	Budget		Actual	Remaining
		Original	Final	Year to Date	Balance
All Revenues					
42601	County of Sonoma	\$ 4,524,000	\$ 4,524,000	\$ 4,406,204	\$ 117,796
44002	Interest on Pooled Cash	\$ 4,906	\$ 4,906	\$ 2,072	\$ 2,834
44050	Unrealized Gains and Losses	\$ -	\$ -	\$ (701)	\$ 701
46200	PY Revenue - Miscellaneous	\$ -	\$ -	\$ 6,422	\$ (6,422)
<b>All Revenues</b>		<b>\$ 4,528,906</b>	<b>\$ 4,528,906</b>	<b>\$ 4,413,997</b>	<b>\$ 114,909</b>
All Expense/Expenditure Accts					
51041	Insurance - Liability	\$ 1,800	\$ 1,800	\$ 1,593	\$ 207
51201	Administration Services	\$ 127,342	\$ 127,342	\$ 71,459	\$ 55,883
51206	Accounting/Auditing Services	\$ 6,000	\$ 6,000	\$ 5,000	\$ 1,000
51207	Client Accounting Services	\$ 1,971	\$ 1,971	\$ 3,282	\$ (1,311)
51211	County Counsel - Legal Advice	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
51212	Outside Counsel - Legal Advice	\$ -	\$ -	\$ 1,462	\$ (1,462)
51803	Other Contract Services	\$ 4,367,500	\$ 4,367,500	\$ 4,233,093	\$ 134,407
51901	Telecommunication Data Lines	\$ 960	\$ 960	\$ 1,399	\$ (439)
51904	ISD - Baseline Services	\$ 6,017	\$ 6,017	\$ 6,331	\$ (314)
51911	Mail Services	\$ 600	\$ 600	\$ 111	\$ 489
51916	County Services Chgs	\$ 2,982	\$ 2,982	\$ 1,818	\$ 1,164
52111	Office Supplies	\$ 1,600	\$ 1,600	\$ 1,868	\$ (268)
57011	Transfers Out - within a Fund	\$ 6,226	\$ 6,226	\$ 6,226	\$ -
57015	Transfers Out - All Others	\$ 908	\$ 908	\$ -	\$ 908
<b>All Expense/Expenditure Accts</b>		<b>\$ 4,528,906</b>	<b>\$ 4,528,906</b>	<b>\$ 4,333,642</b>	<b>\$ 195,264</b>
<b>All Expense/Expenditure Accts</b>		<b>\$ 4,528,906</b>	<b>\$ 4,528,906</b>	<b>\$ 4,333,642</b>	<b>\$ 195,264</b>
<b>All Revenues</b>		<b>\$ 4,528,906</b>	<b>\$ 4,528,906</b>	<b>\$ 4,413,997</b>	<b>\$ 114,909</b>
<b>Net Cost</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ (80,355)</b>	<b>\$ 80,355</b>

**78103 Organics Reserve**

Account	Description	Budget		Actual	Remaining
		Original	Final	Year to Date	Balance
44002	Interest on Pooled Cash	\$ 14,035	\$ 14,035	\$ 31,437	(17,401.55)
44050	Unrealized Gains and Losses	\$ -	\$ -	\$ (16,385)	16,384.85
47101	Transfers In - within a Fund	\$ 7,732	\$ 7,732	\$ 7,732	0.00
<b>All Revenues</b>		<b>\$ 21,767</b>	<b>\$ 21,767</b>	<b>\$ 22,784</b>	<b>(1,016.70)</b>
All Expense/Expenditure Accts					
51201	Administration Services	\$ 62,652	\$ 62,652	\$ 6,794	55,858.49
51206	Accounting/Auditing Services	\$ 2,500	\$ 2,500	\$ 2,000	500.00
51211	County Counsel - Legal Advice	\$ 250,000	\$ 250,000	\$ -	250,000.00
51212	Outside Counsel - Legal Advice	\$ -	\$ -	\$ 3,278	(3,278.30)
51213	Engineer Services	\$ 12,500	\$ 12,500	\$ -	12,500.00
51801	Other Services	\$ -	\$ -	\$ 13,551	(13,551.00)
51803	Other Contract Services	\$ 50,000	\$ 50,000	\$ 50,533	(533.34)
51911	Mail Services	\$ -	\$ -	\$ 38	(37.62)
51916	County Services Chgs	\$ -	\$ -	\$ 2,208	(2,208.00)
52111	Office Supplies	\$ 1,000	\$ 1,000	\$ -	1,000.00
52162	Special Department Expense	\$ 50,000	\$ 50,000	\$ -	50,000.00
<b>All Expense/Expenditure Accts</b>		<b>\$ 428,652</b>	<b>\$ 428,652</b>	<b>\$ 78,402</b>	<b>350,250.23</b>
<b>All Expense/Expenditure Accts</b>		<b>\$ 428,652</b>	<b>\$ 428,652</b>	<b>\$ 78,402</b>	<b>350,250.23</b>
<b>All Revenues</b>		<b>\$ 21,767</b>	<b>\$ 21,767</b>	<b>\$ 22,784</b>	<b>(1,016.70)</b>
<b>Net Cost</b>		<b>\$ 406,885</b>	<b>\$ 406,885</b>	<b>\$ 55,618</b>	<b>351,266.93</b>

**78104 HHW**

Account	Description	Budget		Actual	Remaining
		Original	Final	Year to Date	Balance
All Revenues					
44002	Interest on Pooled Cash	\$ 8,247	\$ 8,247	\$ 17,037	\$ (8,790)
44050	Unrealized Gains and Losses	\$ -	\$ -	\$ (8,403)	\$ 8,403
47101	Transfers In - within a Fund	\$ 77,325	\$ 77,325	\$ 77,325	\$ -
<b>All Revenues</b>		<b>\$ 85,572</b>	<b>\$ 85,572</b>	<b>\$ 85,959</b>	<b>\$ (387)</b>
<b>All Expense/Expenditure Accts</b>					
<b>All Revenues</b>		<b>\$ 85,572</b>	<b>\$ 85,572</b>	<b>\$ 85,959</b>	<b>\$ (387)</b>
<b>Net Cost</b>		<b>\$ (85,572)</b>	<b>\$ (85,572)</b>	<b>\$ (85,959)</b>	<b>\$ 387</b>

**78105      HHW Facility Reserve**

Account	Description	Budget		Actual	Remaining
		Original	Final	Year to Date	Balance
All Revenues					
44002	Interest on Pooled Cash	\$ 344	\$ 344	\$ 713	\$ (369)
44050	Unrealized Gains and Losses	\$ -	\$ -	\$ (379)	\$ 379
<b>All Revenues</b>		<b>\$ 344</b>	<b>\$ 344</b>	<b>\$ 334</b>	<b>\$ 10</b>
 <b>All Expense/Expenditure Accts</b>					
<b>All Revenues</b>		<b>\$ 344</b>	<b>\$ 344</b>	<b>\$ 334</b>	<b>\$ 10</b>
<b>Net Cost</b>		<b>\$ (344)</b>	<b>\$ (344)</b>	<b>\$ (334)</b>	<b>\$ (10)</b>

78106	HHW Operating Reserve					
Account	Description	Budget		Actual	Remaining	
		Original	Final	Year to Date	Balance	
All Revenues						
44002	Interest on Pooled Cash	\$ 344	\$ 344	\$ 713	\$ (369)	
44050	Unrealized Gains and Losses	\$ -	\$ -	\$ (379)	\$ 379	
<b>All Revenues</b>		\$ 344	\$ 344	\$ 334	\$ 10	
<b>All Expense/Expenditure Accts</b>						
<b>All Revenues</b>		\$ 344	\$ 344	\$ 334	\$ 10	
<b>Net Cost</b>		\$ (344)	\$ (344)	\$ (334)	\$ (10)	

**78107 Education**

Account	Description	Budget		Actual	Remaining
		Original	Final	Year to Date	Balance
All Revenues					
42358	State Other Funding	\$ 140,000	\$ 140,000	\$ 152,829	\$ (12,829)
42601	County of Sonoma	\$ 333,850	\$ 333,850	\$ 362,243	\$ (28,393)
44002	Interest on Pooled Cash	\$ 245	\$ 245	\$ 4,015	\$ (3,770)
44050	Unrealized Gains and Losses	\$ -	\$ -	\$ (2,277)	\$ 2,277
46029	Donations/Contributions	\$ 25,535	\$ 25,535	\$ 35,883	\$ (10,348)
46200	PY Revenue - Miscellaneous	\$ -	\$ -	\$ 119	\$ (119)
All Revenues		\$ 499,630	\$ 499,630	\$ 552,811	\$ (53,181)
All Expense/Expenditure Accts					
51041	Insurance - Liability	\$ 2,400	\$ 2,400	\$ 2,125	\$ 276
51201	Administration Services	\$ 289,742	\$ 289,742	\$ 221,318	\$ 68,424
51205	Advertising/Marketing Svc	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
51206	Accounting/Auditing Services	\$ 3,000	\$ 3,000	\$ 2,500	\$ 500
51207	Client Accounting Services	\$ 2,628	\$ 2,628	\$ 4,376	\$ (1,748)
51211	County Counsel - Legal Advice	\$ 30,000	\$ 30,000	\$ -	\$ 30,000
51212	Outside Counsel - Legal Advice	\$ -	\$ -	\$ 24,711	\$ (24,711)
51225	Training Services	\$ 1,500	\$ 1,500	\$ 195	\$ 1,305
51249	Other Professional Services	\$ 28,000	\$ 28,000	\$ 99,777	\$ (71,777)
51401	Rents and Leases - Equipment	\$ 3,000	\$ 3,000	\$ 2,177	\$ 823
51421	Rents and Leases - Bldg/Land	\$ 8,025	\$ 8,025	\$ 6,914	\$ 1,111
51801	Other Services	\$ -	\$ -	\$ 1,779	\$ (1,779)
51803	Other Contract Services	\$ 72,714	\$ 72,714	\$ 33,880	\$ 38,834
51901	Telecommunication Data Lines	\$ 3,840	\$ 3,840	\$ 2,332	\$ 1,508
51902	Telecommunication Usage	\$ 750	\$ 750	\$ 845	\$ (95)
51904	ISD - Baseline Services	\$ 3,531	\$ 3,531	\$ 3,981	\$ (450)
51906	ISD - Supplemental Projects	\$ -	\$ -	\$ 7,210	\$ (7,210)
51909	Telecommunication Wireless Svc	\$ 1,800	\$ 1,800	\$ 1,717	\$ 83
51911	Mail Services	\$ 1,000	\$ 1,000	\$ 1,371	\$ (371)
51912	Records Services	\$ -	\$ -	\$ 22	\$ (22)
51916	County Services Chgs	\$ 3,976	\$ 3,976	\$ 2,900	\$ 1,076
51919	EFS Charges	\$ 4,000	\$ 4,000	\$ -	\$ 4,000
51922	County Car Expense	\$ 3,000	\$ 3,000	\$ 577	\$ 2,423
51923	Unclaimable county car exp	\$ -	\$ -	\$ 40	\$ (40)
52091	Memberships/Certifications	\$ 150	\$ 150	\$ 150	\$ -
52111	Office Supplies	\$ 24,630	\$ 24,630	\$ 19,021	\$ 5,609
52163	Professional Development	\$ 2,500	\$ 2,500	\$ -	\$ 2,500
57011	Transfers Out - within a Fund	\$ 6,990	\$ 6,990	\$ 6,990	\$ -
57015	Transfers Out - All Others	\$ 454	\$ 454	\$ -	\$ 454
All Expense/Expenditure Accts		\$ 499,630	\$ 499,630	\$ 446,907	\$ 52,723
All Expense/Expenditure Accts		\$ 499,630	\$ 499,630	\$ 446,907	\$ 52,723
All Revenues		\$ 499,630	\$ 499,630	\$ 552,811	\$ (53,181)
Net Cost		\$ -	\$ -	\$ (105,904)	\$ 105,904



<b>78108 Planning</b>					
Account	Description	Budget		Actual	Remaining
		Original	Final	Year to Date	Balance
All Revenues					
42601	County of Sonoma	\$ 42,801	\$ 42,801	\$ 46,441	\$ (3,640)
44002	Interest on Pooled Cash	\$ 21	\$ 21	\$ 336	\$ (315)
44050	Unrealized Gains and Losses	\$ -	\$ -	\$ (293)	\$ 293
46029	Donations/Contributions	\$ 3,274	\$ 3,274	\$ 4,295	\$ (1,021)
<b>All Revenues</b>		<b>\$ 46,096</b>	<b>\$ 46,096</b>	<b>\$ 50,778</b>	<b>\$ (4,682)</b>
All Expenditures					
51041	Insurance - Liability	\$ 1,200	\$ 1,200	\$ 1,062	\$ 138
51201	Administration Services	\$ 30,718	\$ 30,718	\$ 15,662	\$ 15,056
51206	Accounting/Auditing Services	\$ 1,000	\$ 1,000	\$ 350	\$ 650
51207	Client Accounting Services	\$ 1,314	\$ 1,314	\$ 2,188	\$ (874)
51211	County Counsel - Legal Advice	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
51212	Outside Counsel - Legal Advice	\$ -	\$ -	\$ 452	\$ (452)
51803	Other Contract Services	\$ -	\$ -	\$ 2,500	\$ (2,500)
51904	ISD - Baseline Services	\$ 3,531	\$ 3,531	\$ 3,799	\$ (268)
51916	County Services Chgs	\$ 1,988	\$ 1,988	\$ 22	\$ 1,966
57011	Transfers Out - within a Fund	\$ 4,891	\$ 4,891	\$ 4,891	\$ -
57015	Transfers Out - All Others	\$ 454	\$ 454	\$ -	\$ 454
<b>All Expenditures</b>		<b>\$ 46,096</b>	<b>\$ 46,096</b>	<b>\$ 30,925</b>	<b>\$ 15,171</b>
<b>All Expenditures</b>		<b>\$ 46,096</b>	<b>\$ 46,096</b>	<b>\$ 30,925</b>	<b>\$ 15,171</b>
<b>All Revenues</b>		<b>\$ 46,096</b>	<b>\$ 46,096</b>	<b>\$ 50,778</b>	<b>\$ (4,682)</b>
<b>Net Cost</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ (19,853)</b>	<b>\$ 19,853</b>

78109	Contingency Fund					
Account	Description		Budget		Actual	Remaining
		Original	Final		Year to Date	Balance
All Revenues						
44002	Interest on Pooled Cash	\$ 1,127	\$ 1,127	\$ 2,616	\$ (1,489)	
44050	Unrealized Gains and Losses	\$ -	\$ -	\$ (1,185)	\$ 1,185	
47101	Transfers In - within a Fund	\$ 11,881	\$ 11,881	\$ 11,881	\$ -	
<b>All Revenues</b>		\$ 13,008	\$ 13,008	\$ 13,312	\$ (304)	
All Expenditures						
51201	Administration Services	\$ 56,888	\$ 56,888	\$ 24,164	\$ 32,724	
51206	Accounting/Auditing Services	\$ 1,500	\$ 1,500	\$ 1,000	\$ 500	
51211	County Counsel - Legal Advice	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	
51212	Outside Counsel - Legal Advice	\$ -	\$ -	\$ 22,796	\$ (22,796)	
51916	County Services Chgs	\$ -	\$ -	\$ 1,061	\$ (1,061)	
52111	Office Supplies	\$ 1,000	\$ 1,000	\$ -	\$ 1,000	
<b>All Expenditures</b>		\$ 69,388	\$ 69,388	\$ 49,021	\$ 20,367	
<b>All Expenditures</b>		\$ 69,388	\$ 69,388	\$ 49,021	\$ 20,367	
<b>All Revenues</b>		\$ 13,008	\$ 13,008	\$ 13,312	\$ (304)	
<b>Net Cost</b>		\$ 56,380	\$ 56,380	\$ 35,709	\$ 20,671	

# Fund Balances

Fund	FY 16/17 Beginning Balance	FY 16/17 Ending Balance	Fund Balance Goal
Wood Waste	\$ 203,308	\$ 354,320	\$ 43,235
Yard Debris	\$ 1,437,446	\$ 1,517,801	\$ 678,266
Organics Reserve	\$ 3,119,910	\$ 3,064,292	\$ -
HHW	\$ 527,597	\$ 944,489	\$ 244,397
HHW Facility Reserve	\$ 69,583	\$ 69,918	\$ 68,000
HHW Operating Reserve	\$ 1,662,741	\$ 1,748,700	\$ 600,000
Education	\$ 242,374	\$ 348,278	\$ 49,219
Planning	\$ 23,841	\$ 43,695	\$ 4,075
Contingency Reserve	\$ 279,229	\$ 243,520	\$ 133,234

## **SONOMA COUNTY WASTE MANAGEMENT AGENCY RESERVE POLICY**

### **I. Purpose**

To define parameters for the collection, treatment and distribution of reserve funds resulting from the operations of the Sonoma County Waste Management Agency (SCWMA).

### **II. Policy**

#### **Organics Reserve**

##### **Collection**

As stated in Section 11 of the "Agreement Between The Cities Of Sonoma County And Sonoma County For A Joint Powers Agency To Deal With Waste Management Issues" (JPA Agreement)

"Agency shall separately account for all costs of handling and disposing yard waste and wood waste so that the costs of each are known."

##### **Treatment**

There is no stated fund goal for this reserve due to the parameter contained in the JPA agreement. Any funds remaining in the Wood Waste and Yard Waste cost centers at the close of the fiscal year are to be transferred to the Organics Reserve excluding a small (15% or less ) percentage of operational expenses (insurance liability, office expense, County services, contract services, administration costs, accounting services, audit services, legal services, rent for spaces and events, computer system services and travel) to remain in the cost center for cash flow purposes for the succeeding fiscal year.

Any interest earned on the funds contained in the Organics Reserve shall remain within the reserve.

##### **Distribution**

The language in the JPA Agreement restricts the funds accumulated in the Organics Reserve for use only in conjunction with the organics program, which includes Board approved projects in the Wood Waste, Yard Waste cost centers as well as the Organics Reserve.

#### **Household Hazardous Waste (HHW) Closure Reserve**

##### **Collection**

This reserve is mandated by the permit-by-rule for treatment of hazardous waste collected at the HHW facility, which is owned by the County of Sonoma and occupied and operated by the SCWMA. The SCWMA is the permit holder of Permit No: 00-7161 issued by the Certified Unified Program Agency (Sonoma County Department of Emergency Services) and is responsible for establishing and maintaining a closure fund. The permit-by-rule states that "holder may establish the amount contained in the closure fund".

Since these reserves are mandated by permit, collection and transfer of these funds will take precedence over any contributions to the HHW Facility Reserve.

#### Treatment

The fund goal shall be reviewed every five years with a comparison of similar facilities located in California and adjusted accordingly. Should regulatory or legislative changes occur between review periods, the fund goal should be adjusted at the next appropriate budget development and approval process.

The HHW Closure Reserve does not include deconstruction of the building. These estimated costs were not included as part of the HHW Closure Fund because the building could potentially have other beneficial uses for the County or any other owner of the property. However, it is recognized the HHW Facility Reserve Funds would be adequate for deconstruction if required

Once the fund goal is achieved, there will be no further transfers from the HHW cost center into the reserve. The interest earned on the reserve funds will remain with the reserve.

#### Distribution

The only distribution will be when the facility is vacated by the SCWMA at which time SCWMA will relinquish the permit for HHW operations at this site.

#### HHW Facility Reserve

##### Collection

Any funds remaining in the HHW cost center at the close of the fiscal year are to be transferred to the HHW Facility Reserve excluding a small (15% or less ) percentage of operational expenses (insurance liability, office expense, County services, contract services, administration costs, accounting services, audit services, legal services, rent for spaces and events, computer system services and travel) to remain in the cost center for cash flow purposes for the succeeding fiscal year.

##### Treatment

The reserve fund goal is either 33% of the budgeted annual HHW program operational expenses (insurance liability, office expense, County services, contract services, administration costs, accounting services, audit services, legal services, rent for spaces and events, computer system services and travel) or \$600,000, whichever is greater. The interest earned on the reserve funds will remain with the reserve.

##### Distribution

Distribution from this reserve will happen whenever the disposal costs exceed the budgeted appropriation, such as an emergency requiring additional disposal of toxics. The vehicle for distribution will be Board approval through an appropriation transfer resolution, which will then be forwarded to the Sonoma County Auditor/Controller's Office for processing.

In the event, there are funds collected greater than the stated fund goal, a transfer to the Contingency Reserve can be made with the same Board approved appropriation transfer process. This type of transfer would allow the excess reserve funds to be used for specific projects other than the operation of the HHW facility.

## Contingency Reserve

### Collection

Any funds remaining in the Education and Planning cost centers at the close of the fiscal year can be transferred to the Contingency Reserve excluding a small (10% or less ) percentage of operational expenses (insurance liability, office expense, County services, contract services, administration costs, accounting services, audit services, legal services, rent for spaces and events, computer system services and travel) to remain in the cost centers for cash flow purposes for the succeeding fiscal year.

The funds collected and/or transferred into the Contingency Reserve are to be used for support of the Education and Planning cost centers in the event that projects beyond those approved in the Work Plan are necessary for the diversionary efforts of SCWMA.

### Treatment

The fund goal is 25% of the operational expenses (insurance liability, office expense, County services, contract services, administration costs, accounting services, audit services, legal services, rent for spaces and events, computer system services and travel) of the two cost centers.

The interest earned on the reserve funds will remain with the reserve.

### Distribution

Distribution of funds from the Contingency Reserve is at the discretion of the Board of Directors. Specific projects/expenditures are to be considered by the Board for potential funding from the reserve. Precedence of projects will be given to any that stem from regulations or legislation.

The Executive Director has spending authority, provided by the Purchasing Policy adopted by the Board of Directors in 1995, not to exceed \$5,000. This purchasing authority shall apply to the reserve funds.

The JPA Agreement sets the approval parameter for a unanimous vote to be \$50,000 or a major program change. These parameters are in effect for the reserve fund usage. For larger and more complex projects, staff will present details concerning the project, along with a project specific budget, which will include the impact on the remaining reserve, for Board review.

The vehicle for distribution will be Board approval through an appropriation transfer resolution, which will then be forwarded to the Sonoma County Auditor/Controller's Office for processing. The appropriation transfer is to be accompanied by a project budget that will include the appropriate sub-objects for efficient processing, payment and auditing.



Agenda Item #: **5**  
Cost Center: **Contingency**  
Staff Contact: **Thigpen**  
Agenda Date: **9/20/2017**  
Approved by:

## **ITEM: Approval of Scope of Work for Brand Evaluation and Design Services RFP**

### **I. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION**

Staff recommends the Board approve the attached Scope of Work for the Brand Evaluation and Design Services Request for Proposals (RFP) and direct staff to issue the RFP.

### **II. BACKGROUND**

For many years the SCWMA has found the term “Waste Management Agency” is often confused by the public with their garbage collection company, and does not adequately represent the SCWMA’s mission or scope of services. Staff therefore seeks to evaluate naming options and re-brand SCWMA, using a robust process of research and community input. Inherent in this re-branding process will be the development of a new logo, a public launch to introduce the brand to the public, and a marketing and outreach strategy to minimize public confusion with the name change.

### **III. DISCUSSION**

Staff has developed a scope of work for providing Brand Evaluation and Design Services as an attachment to this item. Staff proposes to issue the RFP September 25, 2017, receive proposals by October 23, 2017, and, depending on the number of proposals and complexity of evaluation, provide a recommendation for the Board of Directors on contractor selection at the November 15, 2017 SCWMA Meeting.

### **IV. FUNDING IMPACT**

The Board approved the use of \$50,000 from the Contingency Reserve Fund in the FY 2017/18 Budget for this project.

### **V. ATTACHMENTS**

Scope of Work for Brand Evaluation and Design Services RFP

# **BRAND EVALUATION AND DESIGN SERVICES RFP**

## **Scope of Work**

### **Exhibit A**

The Sonoma County Waste Management SCWMA is soliciting proposals for work evaluating and rebranding the SCWMA name and logo to better represent its mission and services.

*Note:* The SCWMA is simultaneously issuing an RFP for Website Design as well as working with Recyclist.co to build a commercial outreach database. Proposer shall be willing to work with these contractors in development of the website.

To enable the SCWMA to assess potential name evaluation, design and re-branding proposals, proposals must demonstrate the ability to address the tasks listed below in an effective and efficient manner. Proposers will be expected to outline a detailed approach for each of the following tasks, including incremental steps and actions, staff and data resources required, meetings, schedule, budget and deliverables for each task. The RFP evaluation committee will evaluate the Proposals based on completeness of answers to the items below and use of the following scoring criteria. Proposals must score at least 75 points to be considered for the agreement.

1. **(15 points) Brand Identity** – Please describe your firm’s approach to evaluating the SCWMA’s current name and your process for creating a new brand identity. The successful Proposer shall assess the SCWMA’s current name recognition as well as its visual, online, and written brand presence and make recommendations for areas in need of improvement (for examples of rebranded agencies see Zero Waste, Stop Waste).
2. **(15 points) Logo Design** – Please describe your firm’s approach to logo design and the steps you would take in designing a new logo for SCWMA. The successful Proposer shall design a new logo that is simple, polished, eye-catching and clearly communicates the SCWMA’s mission.
3. **(15 points) Style Guide** – Please describe your ability to create an SCWMA style guide. The style guide shall include the following: a color palette of primary and auxiliary colors, logo usage guidelines, fonts & typography, multiple format logo files, etc.
4. **(10 points) Collateral Marketing Materials** – Please describe your experience and approach to developing consistent materials frameworks and recommendations or templates for simplified, aesthetically pleasing marketing materials. These materials may include, but are not limited to, brochures, maps and guides, newsletters, etc. The SCWMA will need to develop many of these materials in both English and Spanish languages. This task includes creating an electronic presentation template(s) using PowerPoint, or similar program for use at speaking events, conferences, etc., developing email marketing templates, and email marketing plans.
5. **(10 points) Key message development** – Please describe your firm’s experience creating foundational sets of key messages to explain the SCWMA’s mission, work, and achievements.



Successful Proposers shall be tasked with creating organization-wide priority messages as well as messages specific to each of its core programs, to provide training to relevant staff, to help the SCWMA grow its online community, create more engagement channels through recommendations of relevant social media sites, and develop a supporting social media marketing strategy.

6. **(30 points) Proposal Cost** – Please include a detailed budget which, at minimum, describes the hours required, hourly rate, title of staff assigned, and cost for each of the tasks above. Please also provide a list of three references.
7. **(5 points) SCWMA Participation** - How much SCWMA staff involvement will be required?



Agenda Item #: **6**  
Cost Center: **Contingency**  
Staff Contact: **Thigpen**  
Agenda Date: **9/20/2017**  
Approved by:

## **ITEM: Approval of Scope of Work for Website Design and Implementation RFP**

### **I. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION**

Staff recommends the Board approve the attached Scope of Work for the Website Design and Implementation Request for Proposals (RFP) and direct staff to issue the RFP.

### **II. BACKGROUND**

The SCWMA maintains a database of resources which is available to the public on its website, [www.RecycleNow.org](http://www.RecycleNow.org). The current SCWMA website was built in 2012 and has not received a functional update since then. The website does not reflect current best practices such as mobile accessibility and robust search capabilities and staff is limited in content management immediacy and user-friendliness.

RecycleNow.org, serves as both the SCWMA's business website as well as the primary resource for residents and businesses in Sonoma County seeking to know how to recycle or dispose of items safely. The SCWMA seeks to create an aesthetically pleasing, high-functioning website with upgrades such as mobile-friendly capabilities, database integration, improved public interface, and a staff-friendly content management system.

### **III. DISCUSSION**

Staff has developed a scope of work for providing Website Design and Implementation services as an attachment to this item. Staff proposes to issue the RFP by September 25, 2017, receive proposals by October 23, 2017, and, depending on the number of proposals and complexity of evaluation, provide a recommendation for the Board of Directors on contractor selection at the November 15, 2017 SCWMA Meeting.

### **IV. FUNDING IMPACT**

The Board has approved the use of \$100,000 in the FY 2017/18 Budget from the Contingency Reserve fund for this project.

### **V. ATTACHMENTS**

Scope of Work for the Website Design and Implementation RFP

## **WEBSITE DESIGN AND IMPLEMENTATION RFP**

### **Scope of Work**

#### **Exhibit A**

The Sonoma County Waste Management Agency (SCWMA) website, RecycleNow.org, serves as both SCWMA's business website as well as the primary resource for residents and businesses in Sonoma County seeking to know how to recycle or dispose of items safely. The SCWMA seeks to create an aesthetically pleasing, high-functioning website with upgrades such as mobile-friendly capabilities, database integration, improved public interface and a staff-friendly content management system.

**Note:** The SCWMA is simultaneously issuing an RFP for rebranding services as well as working with Recyclist.co to build a commercial outreach database. Proposer shall be willing to work with these contractors in development of the website.

The Sonoma County Waste Management Agency (SCWMA) is soliciting proposals for work designing and building a new website for the Agency to better represent the SCWMA and convey its services and resources to the public. To enable the SCWMA to evaluate potential SCWMA Website Design and Implementation proposals, proposals must demonstrate the ability to address the tasks listed below in an effective and efficient manner. Proposers will be expected to outline a detailed approach for each of the following tasks for which they intend to submit a proposal, including incremental steps and actions, staff and data resources required, meetings, schedule, budget and deliverables for each task. The RFP evaluation committee will evaluate the Proposals based on completeness of answers to the items below and use of the following scoring criteria. Proposals must score at least 75 points to be considered for the agreement.

1. **(20 points) Essential Functional Elements** - Please describe your experience building sites which incorporate the following capabilities. Provide examples or url's of your work and a description of the work you did on those sites:
  - i. Mobile and Tablet friendly
  - ii. Incorporate current and probable web and cloud technologies
  - iii. Search Engine Optimization
  - iv. Google Analytics
  - v. Secure login
  - vi. Mailing list/contact development
  - vii. Email marketing integration
  - viii. Reporting capability to State Agencies
  - ix. Social media accessibility and interactivity
  - x. Spanish language translation available
  - xi. ISP and hosting recommendations
  - xii. Training and support for staff

**2. (20 points) Database Development and Integration** - Please describe your experience building databases which incorporate the following capabilities. Provide examples or url's of your work and a description of your work on each:

- xiii. New SCWMA database (current SCWMA database built in ACCESS) - integrated with SCWMA EcoDesk database (see Exhibit F and G for content example)
- xiv. Robust database search engine – allowing alternative search terms
- xv. Customer Relationship Management
- xvi. Logging and tracking inquiry calls
- xvii. Integration with *Recyclist.co* commercial outreach data and reporting software app (see <http://recyclist.co/commercial-outreach/>)
- xviii. Staff support and training for new Database

**3. (20 points) Content Elements** - Please describe your experience building sites which incorporate the following capabilities. Provide examples or url's of your work and a description of the work you did on those sites.

- i. Recycle Guide information listing updates (see Exhibits D, E, and F for content examples)
- ii. Access to garbage hauler information, collection schedules,
- iii. Emergency Information and announcements
- iv. Calendar of events – Community Toxics Collections, E-Waste, etc.
- v. Maps – directions, facilities, Supervisorial Districts
- vi. News and Events sidebars
- vii. Videography
- viii. Outside Resources – reference to CalRecycle, Food Waste, etc.
- ix. Resource materials available as pdf downloads (Schools-specific, Business-specific, etc.)

**4. (10 points) Content Management System** - Please describe your preferred platform and web content management system. Include your method for staff training, and level and frequency of interactions with staff.

**5. (5 points) ADA Compliant site** - Please describe your experience building a platform that is Americans with Disabilities Act (ADA) compliant. Include your method for staff training if necessary, and examples of your work.

**6. (20 points) Proposal Cost** - Please include a detailed budget which, at minimum, describes the hours required, hourly rate, title(s) of staff assigned and cost for each of the tasks above. Please also provide a list of three references.

**7. (5 points) SCWMA Participation** - How much SCWMA staff involvement will be required?