



Meeting of the Board of Directors

October 21, 2015

SPECIAL MEETING

CLOSED SESSION PRIOR TO REGULAR MEETING 8:00 a.m.

Regular Meeting at 9:00 a.m.

(or immediately following closed session)

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

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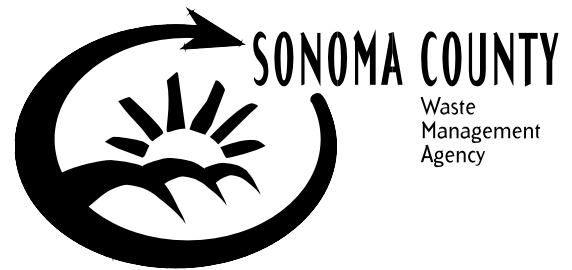
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Note: This packet is 123 pages total



SONOMA COUNTY WASTE MANAGEMENT AGENCY

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CLOSED SESSION PRIOR TO REGULAR MEETING 8:00 a.m.

Regular Meeting at 9:00 a.m. (or immediately following closed session)

Estimated Ending Time 11:30 a.m.

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

Agenda

***** UNANIMOUS VOTE ON ITEM # 6.2 AND 10 *****

- | <u>Item</u> | <u>Action</u> |
|-------------|---|
| 1. | Call to Order Regular Meeting |
| 2. | CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION Name of case: <i>Renewed Efforts of Neighbors Against Landfill Expansion v. Sonoma County Waste Management Agency</i> , Sonoma County Superior Court Case No. SCV257508 CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 (One case) |
| 3. | Adjourn Closed Session |
| 4. | Agenda Approval |

5. Public Comments (items not on the agenda)

Consent (w/attachments)

Discussion/Action

- 6.1 Minutes of September 16, 2015 Special Meeting
- 6.2 Budget Adjustments for FY 15-16
- 6.3 EPR Update
- 6.4 FY 13-14 Financial Audit

Unanimous Vote

Regular Calendar

7. SCWMA Future Update
Discussion/Action
[Carter](Attachments)

All

8. Compost Site Closure
[Carter](Attachments)

Discussion/Action
Wood/Yard

9. Mandatory Organics Recycling Program
[Smith]

Discussion/Action
Education

10. Do-it-Yourself Composting Education Outreach Projects
[Chilcott](Attachments)

Unanimous Vote
Organics Reserve

11. Attachments/Correspondence:

11.1 Outreach Calendar October-November 2015

12. Boardmember Comments

13. Staff Comments

14. Next SCWMA meeting: November 18, 2015

15. 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



Date: September 16, 2015

To: SCWMA Board Members

From: Patrick Carter, Interim SCWMA Executive Director

Executive Summary Report for the SCWMA Board Meeting of September 16, 2015

Item 3, Closed Session Discussions: There were no reportable actions taken in Closed Session.

Item 6, Consent Items: Items 6.1 – August 19, 2015 Meeting Minutes, and 6.3 – FY 14-15 Year End Financial Report, and 6.4 – Compost Closure Progress Report, were approved by the Board. Item 6.2 – FY 15-16 Budget Adjustments was continued to the October 2015 SCWMA meeting due to a Board member absence; this item required a unanimous vote.

Item 7, Agency Future Update: The Board received an update from staff regarding the concept of the Regional Climate Protection Authority (RCPA) performing SCWMA programs if that is the preference of the SCWMA member organizations. The RCPA Board discussed this concept on September 14, 2015 and gave RCPA staff direction to explore the idea and return to their Board with a more developed plan for their consideration. The SCWMA Board gave SCWMA staff direction to work with RCPA staff, with input from the Ad Hoc Committee, to augment the SCWMA Decision Matrix with RCPA/SCWMA Hybrid and SCWMA renewal governance models discussion. Specific issues to be discussed include cost, Board membership, litigation, staffing, legal mechanisms to allow each model, assignment vs. contracting for operational work to be performed, and other issues identified by staff, as appropriate. Staff is to present the draft matrix for the Board's consideration at the October 2015 SCWMA meeting, with the expectation that the matrix will be presented to the Cities and the County for policy direction.

Item 8, Do-it-Yourself Composting Education Outreach Ideas: This item was continued to the October SCWMA meeting due to a Board member absence; this item required a unanimous vote.

Item 9, Attachments/Correspondence: The attachments/correspondence included the September/October 2015 Outreach Calendar and an email compliment regarding the SCWMA Recycling Guide.



To: Sonoma County Waste Management Agency Board Members

From: Patrick Carter, Interim Executive Director

Subject: October 21, 2015 Board Meeting Agenda Notes

Also note: there is a Closed Session discussion scheduled prior to the regular meeting which is to begin at 8:00 AM.

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.

- 6.1 **Minutes of the September 16, 2015 Board Meeting:** regular acceptance.
- 6.2 **FY 15-16 Budget Adjustments:** It is necessary to adjust the FY 15-16 Budget to account for two costs that were not known at the time of original budget approval: additional payments to the Escrow Account regarding the compost site (four payments of \$193,200 for a total of \$772,800), and to account for a slight increase in County services costs (\$1,593). This item requires a unanimous vote.
- 6.3 **EPR Update:** Staff periodically updates the Board as to the status of Extended Producer Responsibility-related legislation and activities. This update includes updates on the recently concluded California legislative session as well as ordinances under consideration or enacted by local jurisdictions throughout California.
- 6.4 **FY 13-14 Financial Audit:** This item is the reception of the FY 13-14 Financial Audit of the Sonoma County Waste Management Agency. Completion of this audit fulfills a requirement of the Joint Powers Authority agreement.

Regular Calendar

- 7. **SCWMA Future Update:** Agency staff has met with RCPA and CalRecycle staff to identify potential paths for the continuation of Agency programs beyond February 2017. Staff has developed four potential options and a background document for Board consideration and eventual presentation to individual Agency jurisdictions: 1) creation/renewal of a JPA similar to the current Agency, 2) creation/renewal of a JPA to continue programs through assignment to the RCPA and County/Republic, 3) expiration of the JPA and performance of the Agency's education and policy functions by the RCPA, performance of the Agency's composting and household hazardous waste functions by the County/Republic, and responsibility for planning and reporting returned to the Cities and County, 4) statutory amendment of the RCPA to allow performance of some or all Agency functions. Staff recommends these options be discussed and the Board provide direction to staff to

present these options to Agency member jurisdictions.

8. **Compost Site Closure:** The Agency's compost site was scheduled to close completely by October 15, 2015. This item describes the progress toward achieving that deadline, introduces the Board to a letter sent by the County on October 13, 2015 regarding their expectations for a completely cleaned site, and includes a recommendation by staff to terminate the License Agreement between the County and Agency, as required by the Settlement Agreement.
9. **Mandatory Organics Recycling Program:** This is a new program with a similar approach to the Agency's Mandatory Commercial Recycling program. State law (AB 1826 from 2014) requires generators of organic waste to participate in organics recycling programs; implementation varies depending on the amount of organic waste produced. Local jurisdictions are required to provide outreach and education regarding this state requirement and report information back to CalRecycle regarding participation. This item introduces the Board to the program and presents the Agency's implementation plan.
10. **Do-it-Yourself Composting Education Outreach Projects:** This item was continued from the October 16, 2015 Board meeting. The projects have been reexamined by Agency staff and potential contracts and revised slightly. Costs increased from what was presented in the September packet, but are still slightly lower than original costs presented at the August packet. The projects include a small scale farm and landscape composting workshop, worm composting in schools, video production of how to compost (English and Spanish), and personalized compost and worm compost workshops.
11. **Attachments/Correspondence:** The Outreach Events Calendar for October and November is included.



Minutes of September 16, 2015 Special Meeting

The Sonoma County Waste Management Agency met on September 16, 2015, at the City of Santa Rosa Council Chambers, 100 Santa Rosa Avenue, Santa Rosa, California.

Present:

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

Absent
Susan Harvey
Brent Salmi
Dan St. John
Don Schwartz
John Sawyer
Larry McLaughlin
Madolyn Agrimonti
Shirlee Zane
Deb Fudge

Staff Present:

Counsel
Staff

Ethan Walsh
Patrick Carter
Karina Chilcott
Lisa Steinman
Felicia Smith
Sally Evans

Agency Clerk

1. Call to Order Special Meeting

The meeting was called to order at 9:05 a.m. Chair St. John noted some things would need to be adjusted, as a full board would not be present to provide a unanimous vote.

2. Closed Session: Conference with Legal Counsel-Existing and anticipated Litigation

No reportable action.

3. Adjourn Closed Session

4. Agenda Approval

Item 6.2, FY 15-16 Budget Adjustments, was pulled from consent, as it required a unanimous vote.

Don Schwartz, Rohnert Park, motioned to approve the agenda and Madolyn Agrimonti, City of Sonoma, seconded the motion. Motion passed.

Vote Count:

| | | | |
|------------|--------|--------------|-----|
| Cloverdale | Absent | Cotati | Aye |
| County | Absent | Healdsburg | Aye |
| Petaluma | Aye | Rohnert Park | Aye |
| Santa Rosa | Aye | Sebastopol | Aye |
| Sonoma | Aye | Windsor | Aye |

AYES -8- NOES -0- ABSENT -2- ABSTAIN -0-

5. Public Comments (items not on the agenda)

None.

6. Consent (w/attachments)

6.1 Minutes of August 19, 2015 Regular Meeting

6.3 FY 14-15 Year End Financial Report

6.4 Compost Closure Progress Report

Susan Harvey, City of Cotati, motioned to approve the consent agenda, not including Item 6.2, FY 15-16 Budget Adjustments. Mr. Schwartz seconded the motion. Motion passed.

Vote Count:

| | | | |
|------------|--------|--------------|-----|
| Cloverdale | Absent | Cotati | Aye |
| County | Absent | Healdsburg | Aye |
| Petaluma | Aye | Rohnert Park | Aye |
| Santa Rosa | Aye | Sebastopol | Aye |
| Sonoma | Aye | Windsor | Aye |

Regular Calendar**7. Agency Future Update**

Patrick Carter, Interim Executive Director, stated direction was given at the August SCWMA Board meeting to create an Ad Hoc Committee to discuss the potential of a Regional Climate Protection Authority (RCPA) hybrid model, where some of the Agency's functions would be split off into, and other Agency functions could be assigned to the County.

Mr. Carter reported the RCPA Board discussed the potential hybrid model at their board meeting on Monday, September 14, and while there were some concerns raised, the RCPA Board unanimously voted to give their staff direction to detail the model. Mr. Carter stated Agency staff had initial conversations with Agency Counsel regarding the hybrid model, and no infeasibility had been identified at the conceptual level. Mr. Carter noted the initial conversations about how the potential model would look were had with RCPA staff, Agency staff, County staff, and some of the Agency Board members on the Ad Hoc Committee.

Mr. Carter commented the option of having the County take over all the Agency functions did not appear to be feasible, because they would want to run their own operations and not have a regional board. Mr. Carter added his understanding was the County suggested the RCPA hybrid

model because the RCPA Board represented all the cities and the County, therefore providing the regional representation. Mr. Carter noted the Agency's regional reporting requirement from CalRecycle to have a JPA, and the County alone was not a JPA.

Mr. Carter stated RCPA staff initially indicated at a previous meeting a strong preference towards keeping their existing board membership and bylaws, but at the Monday board meeting it seemed that may not be the direction their board would ultimately take. Mr. Carter noted additional discussion would need to take place as to whether the RCPA Board would also be the Agency's board under the hybrid model.

Mr. Carter noted the RCPA staff indicated a strong preference towards keeping the programs intact as well as the existing program managers, to insure the continuity, assuming budgetary requirements could be met. Mr. Carter added the RCPA Board did not get into a level of detail at the board meeting, as this was still more conceptual.

Mr. Carter stated the RCPA staff indicated they preferred operational programs such as compost and hazardous waste be assigned elsewhere. Mr. Carter noted the Agency Board and the RCPA Board had not discussed this yet, and direction would need to be received from the Agency Board. Mr. Carter stated this could potentially come back in the form of a merger plan, and added staff could look at it and provide pros and cons.

Mr. Carter stated some of the members from the Agency's Ad Hoc Committee expressed an interest in retaining some form of policy control of the programs so that even if compost and household hazardous waste were to be assigned to the County, there would be some sort of control over that. Mr. Carter shared an example was provided that if there were a desire to open a new household hazardous waste collection facility in north or east county, the Agency Board would have some control over that, instead of it only being in the hands of a contractor where the Agency is not a party to that contract.

Mr. Carter related the Ad Hoc Committee was still intact and more work could be done there if need be. Mr. Carter stated staff sought direction from the Agency Board to work with the RCPA and County staff to start this merger plan and provide the Agency Board some details they could have a conversation about. Mr. Carter recommended that in the interest of trying to obtain a unanimous decision on this, Agency staff could return to the cities and present that once a merger plan was in place. Mr. Carter stated the result from the September 14th RCPA Board meeting was their Board was interested in exploring this concept. Mr. Carter added Agency staff was looking to the Agency Board to see if there was interest in moving forward with that option to come up with a merger plan and flush out the details, to determine if this was a viable option from the Agency Board's perspective.

Madolyn Agrimonti, City of Sonoma, related she attended the meeting, and RCPA staff wanted to move forward possibly in a research mode to see if staff and the transitions would be feasible.

Mr. Carter stated the RCPA/SCTA Executive Director Suzanne Smith was present for any clarification, and added his understanding was the RCPA was given direction to explore the model and return to their board with a plan. Mr. Carter recommended RCPA and Agency staff work on it jointly and suggested presentations be made before both boards when that document was ready.

Ms. Harvey remarked she would not call it a merger, as the rules required there be a JPA, therefore a JPA with all its legal documents would have to be formed, requiring it to go through all the cities. Ms. Harvey stated she was in agreement that the cities have not had an opportunity to discuss this, and noted that when the idea was originally brought up it was more about the RCPA taking over the responsibilities. Ms. Harvey pointed out that's a little different and it would require reconstituting the JPA and would change its reporting relationship to a different board. Ms. Harvey shared she felt this was moving fast and recommended stepping back to assess what the model was, so people would understand what they would be buying into.

Mr. Carter stated he did not believe this precluded anything that had been discussed in the past, and he did not believe the JPA renewal would necessarily be off the table if the other options were not to work out. Mr. Carter noted five cities had said they wanted to move forward with the JPA renewal and expressed concern as to why only conversation about the RCPA was taking place at this point. Mr. Carter added he understood that concern and didn't think this would prevent that from happening if that were the will of the Agency's members.

Mr. Carter reiterated that at this point it was a concept and details would still need to be explored. Mr. Carter explained the future Agency may need to be a JPA even if it is part of the RCPA. Mr. Carter suggested another option may be working something out with CalRecycle regarding the RCPA being a JPA in everything but name, fulfilling the same functions. Mr. Carter added an inquiry could be made to see if that organization could have the same regional reporting responsibilities as a JPA. Mr. Carter noted Agency staff would be working more with the RCPA and Agency counsel to figure out these questions. Mr. Carter stated Agency staff recommended working on the details to provide the Agency Board something clear for their consideration and the individual agency members before any final decisions would be made.

Chair St. John remarked he believed that to be good advice. Chair St. John stated he agreed with Ms. Harvey's comments, but is glad things were moving along. Chair St. John noted the RCPA idea evolved through the process, and the Agency Board saw an opportunity that needed further review. Chair St. John added he believed a lot of that would be through the leadership of the RCPA's Executive Director, Suzanne Smith.

Suzanne Smith, RCPA Executive Director, stated she wanted to address comments on the speed at which this is moving and the importance of having the cities buy-in. Ms. Smith noted it was clearly heard at the RCPA Board meeting on Monday that revisiting this issue with each jurisdiction at some point would be critical. Ms. Smith stated she would not disagree that it feels like it is moving quickly, but added she did not think it was moving quickly in that decisions were being made. Ms. Smith noted staff was trying to figure things out quickly to bring it to the Agency Board, and added there was a lot to try to understand and to determine the options.

Ms. Smith stated there were conversations between the RCPA Counsel and Agency Counsel as part of this research period, and added the RCPA Board is interested and willing to have the RCPA explore the idea. Ms. Smith reiterated the RCPA Board did not take an action or approve any concept at this point, and added the RCPA did not intend for this to move forward at a pace which makes people uncomfortable, but remarked 2017 is not far away. Ms. Smith explained that dealing with ten jurisdictions and getting on agendas takes time, and information needs to be presented to the Agency Board and the RCPA Board in a timely manner so that it can be presented to all the jurisdictions for consideration.

Chair St. John stated the Ad Hoc Committee saw staffing and the continuity of programs as priorities and critical reasons to keep moving forward. Chair St. John added there was a frank discussion about operations, and it made sense to have compost and HHW stay together with landfill operations. Chair St. John shared there were very strong Board and staff feelings about the future JPA/organization representing all ten entities and continued involvement in policy programs. Chair St. John added those things were worked out, and staff would now be doing the work to try to describe what this option would look like. Chair St. John noted there would be efficiency in combining staff with a common environmental mission, as higher levels of services would be provided through a more robust organization. Chair St. John added that if the JPA existed somewhere on a legal structure, all ten member agencies would be represented under this option. Chair St. John reiterated it was clear all member agencies wanted to be represented. Chair St. John recommended a motion be made to direct Agency staff.

Mr. Schwartz commented that one of the directions the Ad Hoc Committee received from the Agency Board due to the responses on the matrix was to address the cost comparison regarding different governance models. Mr. Schwartz noted 3-5 cities wanted to know what the cost difference would be before weighing on their preference. Mr. Schwartz suggested it would be fair to say the cost differences would likely be minimal, as the staffing would be the same, services would be contracted, and there would be no reason to think the cost would be different depending on the governance model. Mr. Schwartz stated the only differences would be purchasing, as an agency, a portion of the Executive Director's time instead of having a full-time Executive Director.

Mr. Schwartz asked for elaboration about discussions regarding the same board, whether it would be the SCTA or the RCPA, and the Agency became combined as opposed to mixing the boards.

Mr. Carter replied that as background, the SCTA/RCPA Board is a 12 member board with three representatives from the County, and one representative from each of the cities. Mr. Carter added the Agency Board is one member on the board per member agency. Mr. Carter stated some concerns were expressed at the RCPA Board meeting regarding the County having three votes and questioned the voting fairness. Mr. Carter added there was no conclusion or resolution to that issue at that point, and it was something they wanted known as an issue for staff to come up with an acceptable compromise.

Mr. Schwartz stated his working assumption regarding assigning responsibilities would be that a JPA, whether the Agency continued as is or continued under the auspices of or in conjunction with the RCPA, if the Agency wanted to have the County operate compost and household hazardous waste, it would not be an assignment. Mr. Schwartz stated assignment to him meant whoever it was assigned to had responsibility and authority. Mr. Schwartz stated he wanted to clarify that the Agency would be talking about contracting, where the contractor would deliver the programs contracted to deliver, which would be determined by policy matter and rates set by the governing body.

Mr. Carter replied that was something to be discussed and could go either way. Mr. Carter recommended talking about the pros and cons, and added that if something were being assigned to you, you would essentially be saying you're taking on all the benefits and the liabilities for that service. Mr. Carter thought it was something this Board should weigh in on, whether they wanted to have that or just wanted somebody else to take care of it and not have it under one of the

Agency duties in the future. Mr. Carter noted he believed that to still be an open question and would be happy to look at both ways on that.

Mr. Schwartz asked that be flushed out moving forward.

Ms. Fudge commented that in speaking with other elected on the RCPA Board and elsewhere, especially city elected, she had not heard anybody not express concern regarding board representation at the RCPA/SCTA level as it would relate to the Waste Management Agency in terms of having three supervisors outweighing the other cities. Ms. Fudge noted she heard it as a concern over and over and still agreed that needs to be flushed out because she has not heard anyone say they thought that was okay.

Ms. Harvey stated her understanding was that board also required the chair and vice-chair be supervisors, and some of the cities also expressed their concern about that because it put the County in control of the Executive Director. Ms. Harvey commented she also had some concern regarding the word "assigned" because when you assign something to someone else, control is relinquished. Ms. Harvey recommended thinking through what the choices were because there could be some unintended consequences.

Mr. Sawyer commented it was his understand that would be flushed out, to determine what would be gained, lost, and what the consequences would be of moving forward with the RCPA. Mr. Sawyer stated his council would be asking those questions, and added it would be important to get a firm picture of what the RCPA would not be willing to take on and hearing what the alternatives would be.

Mr. Sawyer inquired if it had been determined by CalRecycle that the JPA would be necessary, and noted it sounded to him that something that acted like a JPA may be acceptable.

Ethan Walsh, Agency Counsel, replied that during Agency staff's initial conversations with CalRecycle they stated it needed to be a JPA. Mr. Walsh explained he looked at the statute language and it talked about that if you were serving as a regional agency, you would have certain rights you wouldn't have as individual cities; reporting responsibilities could be consolidated. Mr. Walsh noted the definition of a regional agency did say it would be an agency formed under the JPA law, and the way he read that, it would have to be a JPA.

Mr. Walsh stated the RCPA structure was formed by state legislation, and while it was not form under the JPA law, it was a lot like a JPA. Mr. Walsh noted there could be a JPA that had exactly the composition the RCPA had, and added that from a policy point of view that would be more of a technical issue. Mr. Walsh stated there were different ways to approach that, and there could be a JPA that's under the umbrella of the RCPA. Mr. Walsh noted that while technically you could have three agencies under one umbrella, there were some reasons not to.

Mr. Walsh stated the RCPA was formed by state legislation, and state legislation could be changed if there was some state legislation that clarified the RCPA could serve as a regional agency. Mr. Walsh noted that was part of the conversation that needed to take place along with CalRecycle to see what would work for them.

Ms. Agrimonti stated she attended the RCPA Board meeting due to the possible partnership between the RCPA and SCWMA and she was taken aback by having three County supervisors

there. Ms. Agrimonti remarked she believed there was a long history she didn't understand, and thought perhaps they needed to report out for different committees or it was possibly something the legislation required. Ms. Agrimonti noted that it was also mentioned that larger cities taking control over smaller cities was a concern.

Ms. Harvey noted that part of the Agency Board's goal is policy, and in looking at the future, there would be policy decisions that would need to be made. Ms. Harvey asked what capabilities would need to be in place for those policy decisions that would need to be made in the future in order for the Agency to meet some of the goals if the transition were made to the RCPA.

Ms. Harvey stated her understanding was the reason the Agency Board could not make those policies was because they take on the common powers of the jurisdictions. Ms. Harvey asked if the RCPA would need to be changed so they had the same powers as the jurisdictions in order to be able to enact ordinances. Ms. Harvey added it is known ordinances need to be put in place in order to achieve more diversion.

Mr. Walsh replied he believed the RCPA's current structure would need to be addressed regarding whether or not they could adopt ordinances. Mr. Walsh stated that when there was an assumption the JPA agreement was going to be redone; he had planned on having that discussion with the city attorneys, as there was some disagreement amongst the various jurisdictions as to whether or not that could be done. Mr. Walsh noted that conversation would take place regardless the direction taken.

Ms. Harvey inquired if the RCPA and the SCTA currently had those authorities.

Mr. Walsh replied he did not know very much about the RCPA's structure.

Chair St. John mentioned he learned the SCTA had undertaken Measure M, which is what he believed to have been one of the greatest transportation policy measures undertaken in recent Sonoma County history.

Ms. Smith clarified Measure M was undertaken as an ordinance and explained the SCTA had certain authorities related to what Chair St. John mentioned. Ms. Smith stated SCTA could put a sales tax measure on the ballot for transportation purposes, but it required that a majority of the jurisdictions representing the majority of the population approve the ordinance.

Ms. Smith stated that while the RCPA mirrored a lot of the administrative components of the SCTA, there were legal questions to figure out as to what the authorities actually were. Ms. Smith explained that while they have not actually dealt with the specific concept of the ordinance of the RCPA, they were doing a climate action plan for each of the jurisdictions; working with jurisdiction staff, and the cities would adopt their own climate action plan that would be folded into the regional one.

Ms. Smith stated the RCPA's model was not to impose an ordinance as a regional body, but rather to create a model ordinance or go through a process with each jurisdiction towards a similar goal, and have that enacted by the city or the County.

Ms. Smith explained the SCTA was created in 1990/1991, and added there were similar entities in every county in the state of California. Ms. Smith noted very few looked the same, and explained

that in Marin there was a representative from each city and all five of the supervisors. Ms. Smith said that in Santa Clara they had one or two supervisors but they didn't have all the cities represented; they had small city and large city reps. Ms. Smith stated the structure decision in Sonoma County was made when it was created, and added she came on board in 1997.

Ms. Smith stated that at the RCPA Board meeting on Monday, she heard a couple board members express concern regarding the three supervisors vs. having one seat at the table. Ms. Smith noted she had heard that before over the years and understood that had been a concern. Ms. Smith stated her understanding was they were somewhere working on completely changing the structure of the board and added one of those was the issue of leadership, which was in the RCPA bylaws and a changeable item. Ms. Smith stated RCPA did not currently have weighted voting, but compared that to the equivalent weighted voting that took place when it came to the SCTA sales tax ordinance; the majority of the cities that represent the majority of the population. Ms. Smith stated there were two cities that didn't support Measure M, but it was still able to go on the ballot.

Mr. Sawyer commented he was not aware the RCPA/SCTA chair and vice-chair needed to be county supervisors and inquired if that was currently the case.

Ms. Smith replied the way it was structured in the bylaws, and not as a state statute, was the chair term was two year, and the chair or vice-chair had to be a supervisor and had to be a city person. Ms. Smith noted it rotated every two years between the city and the county.

Ms. Agrimonti thanked Ms. Smith for the clarification.

Ms. Smith stated the RCPA was term limited with a sunset date of 2020. Ms. Smith added that was imposed by the legislature when the RCPA was created due to committee staff concerns about having an entity they didn't know and there was no similar agency in the state. Ms. Smith noted the RCPA now had a track record of five years, and added the intention would be to go back to the legislature next year to ask for the sunset to be removed or extended significantly longer. Ms. Smith shared the RCPA had received numerous state and federal grants since and believed there would be a good case to make and supportive local legislators to carry that for the RCPA. Ms. Smith added that if there were something related to the work the SCWMA Board does that would be coming over to the RCPA, if it would be helpful, she would be interested and open in pursuing the legislative change next year.

Mr. Schwartz stated that instead of developing a merger plan, which would imply a decision had been made, he wanted like to propose the following motion to amend the staff recommendation: That Agency staff work with RCPA to flush out the matrix and provide more detail. The County option was removed, as that no longer appeared to be feasible. Include the cost differences for the two options to be looked at; RCPA/SCTA/WMA vs. the Agency as a stand-alone. The Board membership issue be identified, not in the context of staff, but in the number of representatives per jurisdiction. Discuss how the lawsuits the Agency was dealing with now would be addressed in these two different models. Mr. Schwartz asked that the staffing model be addressed as well. Mr. Schwartz asked that staff return to the Board at the October meeting for review, comment, and approval, with the anticipation of taking the matrix to the cities for policy direction. Mr. Sawyer seconded the motion.

Chair St. John asked for confirmation the motion would not be limiting staff from looking at other issues such as bylaws, financial mechanism, timing, what happens to operations, and those kinds of things. Mr. Schwartz confirmed and stated these were additional items he thought absolutely needed to be addressed.

Ms. Harvey stated she concurred it had to go back to the cities, and added the more information and details they had would allow them to make better decisions.

Shirlee Zane, County of Sonoma, arrived at 9:50 a.m.

Ms. Zane stated she wanted to repeat the comments she had made at the RCPA meeting that the alternative of not having a landing place that had both County and city representation for policy direction and the education piece was that there would be no landing place. Ms. Zane explained the hauler was disseminating education information, but the education research background piece was done by the Sonoma County Waste Management Agency. Ms. Zane added she believed it was important that be available.

Ms. Zane referenced the three primary goals of the Solid Waste Advisory Group the cities and the County decided on. Ms. Zane pointed out one of them was that if more policy was not reached in terms of solid waste, the 90% diversion goals would never be reached. Ms. Zane added that unless education and mandatory ordinances were in place for Construction and Demolition, as well as food waste, the aggressive goals SWAG worked on would not be reached.

Public Comments

Bob Anderson, Citizen's Advisory Committee Chair of the Transportation Authority, stated he had held the post since 1991. Mr. Anderson explained the makeup of the SCTA was duked out between Schuyler Jeffries and Janet Nicholas before Measure B before the voters in November 1990. Mr. Anderson added this was during committee work done by James Harberson, transportation committee that developed Measure B. Mr. Anderson stated it was necessary in order to get an agreement to go to the voters, and added the makeup of the SCTA dated back to before there was a sales tax, and it was bedded in measure B and operated for years without any money.

Chair St. John thanked Mr. Anderson for his comments and asked that the Board take action on the motion.

Vote Count:

| | | | |
|------------|--------|--------------|-----|
| Cloverdale | Absent | Cotati | Aye |
| County | Aye | Healdsburg | Aye |
| Petaluma | Aye | Rohnert Park | Aye |
| Santa Rosa | Aye | Sebastopol | Aye |
| Sonoma | Aye | Windsor | Aye |

AYES -9- NOES -0- ABSENT -1- ABSTAIN -0-

The motion passed.

Chair St. John stated he expected the Ad Hoc Committee to stay in place for one or two more meetings with staff if needed.

6.2 FY 15-16 Budget Adjustments

Chair St. John stated Item 8 would not be addressed at this meeting, as it required a unanimous vote.

Mr. Carter asked for a five minutes recess to attempt to contact Bob Cox to see if he was on his way.

Chair St. John recommended moving on to the next item and returning to Item 8 if Mr. Cox showed up prior to the end of the meeting.

Mr. Carter spoke regarding Item 6.2 to answer any questions, as it was also a unanimous item. Mr. Carter stated the item is the standard budget adjustments containing two items. Mr. Carter stated one of the items was to account for escrow payments from the organics reserve into the escrow account that was established for the County related to the litigation on the compost site. Mr. Carter added that when the budget was created, staff did not account for the payments that would be necessary this year. Mr. Carter noted there were three payments remaining, and as of October 15th the compost site would be vacated.

Mr. Carter stated the second item brought to the Board's attention is the cost of county services; county accounting to process the agency vouchers and pay the Agency invoices. Mr. Carter noted there was a \$1,500 increase, and he wanted to account for that in the budget. Mr. Carter stated that other than that, the budget was as originally adopted, and staff sought the Board's approval for the two items mentioned.

Chair St. John inquired if the payments were expected to have to continue.

Mr. Carter replied he believed the payments would have to continue until such a time the County signed off the site was delivered to them in an acceptable fashion.

9. Attachments and Correspondence

- 9.1 September and October 2015 Outreach Events
- 9.2 Recycling Guide Correspondence

Mr. Carter pointed out Item 9.2, regarding a letter complimenting the Agency on the Recycling Guide.

10. Boardmember Comments

Chair St. John requested a monthly staff update regarding the permitting process for the new site.

Mr. Carter replied he intended to do that under staff comments.

Mr. Schwartz stated there were high expectations and he was glad Mr. Carter was in the seat he was in.

11. Staff Comments

Mr. Carter referenced the compost site permitting process and stated a kick off meeting took place with Tetra Tech, the Agency's contractor helping the Agency with that work. Mr. Carter noted Tetra Tech provided the Agency the frame work for a permitting document called Report of Composting Site Information (RCSI). Mr. Carter noted there was conversation regarding issues related to that, and Tetra Tech expected to provide the Agency an internal draft by the end of the month. Mr. Carter added that needed to be in place prior to speaking with the LEA about starting that permitting process.

Mr. Carter introduced Waste Management Specialist Felicia Smith as the latest addition to the SCWMA. Mr. Carter stated that prior to joining the Agency, Ms. Smith worked as a Sustainability and Energy Efficiency Specialist at the Community Development Commission in Mendocino County. Mr. Carter added Ms. Smith had previous experience in the solid waste sector and held a degree in sustainability. Mr. Carter noted Ms. Smith would be working on the mandatory commercial recycling and the mandatory organics recycling programs.

Chair St. John inquired if Item 8 needed to be continued or rescheduled for the following month.

Mr. Carter replied there were four options and each one of them individually was less than the \$50,000 cap. Mr. Carter noted that while they could be chosen individually, he thought it was a comprehensive program and recommended taking all the items on at once. Mr. Carter recommended continuing Item 8 to next month.

Chair St. John asked that Item 8 be continued the following month.

12. Next SCWMA meeting: October 21, 2015

13. Adjourn

The meeting was adjourned at 10:01 a.m.

Submitted by
Sally Evans



Agenda Item #: **6.2**
Cost Center: **All**
Staff Contact: **Carter**
Agenda Date: **10/21/2015**

ITEM: **Budget Adjustments for FY 15-16**

I. BACKGROUND

At the May 20, 2015 Agency meeting, the budget for FY 15-16 was unanimously approved by the Agency Board. The budgeting process followed by the Agency includes an opportunity to make changes (Budget Adjustments) to the budget after the fiscal year-end to reflect information more current than was available at the time of budget approval in May. There are two proposed Budget Adjustments for the Agency's FY 15-16 Budget.

II. DISCUSSION

These budgetary adjustments include a minor increase to the cost of the County providing accounting services to the Agency (an increase to \$19,806 from \$18,213), and an increase of appropriations to the Organics reserve of \$772,800 to account for the four expected payments to the escrow account that are expected to occur in FY 15-16.

III. FUNDING IMPACT

The net effect of these budgetary adjustments is expenditures of \$774,393 more than had previously been budgeted. There are no offsetting revenues to balance the additional expenditures, so the result will be decreased fund balances. However, with the underlying litigation related to the establishment of the escrow account expected to be completely resolved in the coming months, the Agency will likely close the escrow account and receive over \$1.5 million back in the Organics reserve as a result.

IV. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION

Staff recommends approving the Budget Adjustments to the FY 15-16 Budget with a unanimous vote, which is required by the Joint Powers Agreement, and to authorize the Interim Executive Director to submit the Budget Adjustments to the Auditor-Controller's Office.

V. ATTACHMENTS

Budget Summary
Budget Adjustment Summary
Resolution

Approved by: _____
Patrick Carter, Interim Executive Director, SCWMA

**FY 15-16 SONOMA COUNTY WASTE MANAGEMENT AGENCY BUDGET
SUMMARY**

| | Wood Waste 78101 | Yard Debris 78102 | H H W 78104 | Education 78107 | Diversion | Planning 78108 | Organics Reserve 78103 | Facility Closure 78105 | Facility Reserve 78106 | Contin. 78109 |
|------------------------------------|------------------------|-------------------------|------------------|--------------------|-----------|-------------------|------------------------------|------------------------------|------------------------------|------------------|
| REVENUES | | | | | | | | | | |
| 44002 Interest on Pooled Cash | 753 | 4,823 | 3,519 | 595 | 0 | 278 | 16,149 | 342 | 5,858 | 973 |
| 42358 State Other Funding | 0 | 0 | 148,872 | 135,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 44050 Unrealized Gains and Losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 42601 County of Sonoma | 232,000 | 7,452,000 | 1,252,173 | 313,043 | 0 | 40,134 | 0 | 0 | 0 | 0 |
| 46003 Sales Non Taxable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 46040 Miscellaneous Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 46029 Donations/Contributions | 0 | 10,000 | 216,641 | 25,535 | 0 | 3,274 | 0 | 0 | 0 | 0 |
| 47101 Transfers In - Within a Fund | 0 | 0 | 0 | 0 | 0 | 0 | 91,275 | 0 | 471,938 | 107,702 |
| TOTAL REVENUES | 232,753 | 7,466,823 | 1,621,205 | 474,174 | 0 | 43,686 | 107,424 | 342 | 477,796 | 108,675 |
| EXPENDITURES | | | | | | | | | | |
| SERVICES AND SUPPLIES | | | | | | | | | | |
| 51041 Insurance - Liability | 1,320 | 1,800 | 5,400 | 2,160 | 0 | 1,320 | 0 | 0 | 0 | 0 |
| 52091 Memberships/Certifications | 0 | 0 | 10,200 | 150 | 0 | 0 | 0 | 0 | 0 | 0 |
| 52101 Other Supplies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 52111 Office Supplies | 0 | 1,000 | 2,000 | 21,630 | 0 | 0 | 1,000 | 0 | 0 | 2,000 |
| 51249 Other Professional Services | 0 | 0 | 134,912 | 49,774 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51916 County Services | 2,741 | 4,297 | 5,359 | 4,396 | 0 | 1,457 | 0 | 0 | 0 | 1,556 |
| 51803 Other Contract Services | 219,630 | 7,199,140 | 1,135,000 | 38,014 | 0 | 0 | 922,800 | 0 | 0 | 0 |
| 51201 Administration Services | 25,041 | 138,973 | 242,557 | 285,947 | 0 | 31,351 | 64,239 | 0 | 0 | 64,504 |
| 51213 Engineer Services | 0 | 0 | 0 | 0 | 0 | 0 | 12,500 | 0 | 0 | 0 |
| 51211 Legal Services | 0 | 5,000 | 10,000 | 25,000 | 0 | 1,000 | 250,000 | 0 | 0 | 10,000 |
| 51207 Client Accounting Services | 1,312 | 1,789 | 5,368 | 2,147 | 0 | 1,312 | 0 | 0 | 0 | 0 |
| 51206 Accounting/Auditing Services | 500 | 6,000 | 7,500 | 3,000 | 0 | 1,000 | 2,500 | 0 | 0 | 1,500 |
| 51919 EFS Charges | 0 | 0 | 0 | 4,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51205 Advertising/Marketing Svc | 0 | 0 | 12,000 | 2,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51401 Rents and Leases - Equipment | 0 | 0 | 0 | 3,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51421 Rents and Leases - Bldg/Land | 0 | 0 | 30,000 | 8,025 | 0 | 0 | 0 | 0 | 0 | 0 |
| 52162 Special Departmental Expense | 0 | 82,000 | 400 | 0 | 0 | 0 | 50,000 | 0 | 0 | 0 |
| 52163 Professional Development | 0 | 2,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51225 Training Services | 0 | 600 | 600 | 1,200 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51922 County Car Expense | 0 | 0 | 0 | 3,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51901 Telecommunication Data Lines | 0 | 936 | 1,860 | 3,720 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51902 Telecommunication Usage | 0 | 0 | 200 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51906 ISD - Supplemental Projects | 0 | 0 | 0 | 25,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51909 Telecommunication Wireless S | 0 | 0 | 0 | 1,800 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51911 Mail Services | 0 | 400 | 50 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51915 ISD - Reprographics Services | 0 | 200 | 500 | 3,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51923 Unclaimable County Car Expen | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51904 ISD - Baseline Services | 3,531 | 6,017 | 3,531 | 1,047 | 0 | 3,531 | 0 | 0 | 0 | 0 |
| SUBTOTAL | 254,075 | 7,450,652 | 1,607,437 | 490,010 | 0 | 40,971 | 1,303,039 | 0 | 0 | 79,560 |

Budget Adjustments Summary

| Fund | | 78101 | | 78102 | | 78103 | | 78104 | |
|--------------------|-------------------------|------------|--------|-------------|--------|------------------|---------|------------|---------|
| | | Wood Waste | | Yard Debris | | Organics Reserve | | HHW | |
| | | New Amount | Change | New Amount | Change | New Amount | Change | New Amount | Change |
| Expenditures | | | | | | | | | |
| Account | Account Title | | | | | | | | |
| 51916 | County Services | 2,741 | 554 | 4,297 | 2,982 | | | 5,359 | (3,587) |
| 51803 | Other Contract Services | | | | | 922,800 | 772,800 | | |
| Total Expenditures | | 2,741 | 554 | 4,297 | 2,982 | 922,800 | 772,800 | 5,359 | (3,587) |

| Fund | | 78107 | | 78108 | | 78109 | | Total | |
|--------------------|-------------------------|------------|--------|------------|--------|---------------------|--------|------------|---------|
| | | Education | | Planning | | Contingency Reserve | | All | |
| | | New Amount | Change | New Amount | Change | New Amount | Change | New Amount | Change |
| Expenditures | | | | | | | | | |
| Account | Account Title | | | | | | | | |
| 51916 | County Services | 4,396 | 818 | 1,457 | (730) | 1,556 | 1,556 | 19,806 | 1,593 |
| 51803 | Other Contract Services | | | | | | | 922,800 | 772,800 |
| Total Expenditures | | 4,396 | 818 | 1,457 | (730) | 1,556 | 1,556 | 942,606 | 774,393 |

RESOLUTION NO.: 2015-

DATED: October 21, 2015

RESOLUTION OF THE SONOMA COUNTY WASTE MANAGEMENT AGENCY ADOPTING
ADJUSTMENTS TO THE FY 2015/16 ANNUAL BUDGET

WHEREAS, the Agency approved the Sonoma County Waste Management Agency Fiscal Year 2015-16 Budget by unanimous vote on May 20, 2015; and

WHEREAS, additional costs have become known to Agency staff that were not reasonably foreseeable at the time of budget adoption; and

WHEREAS, the Agency Board of Directors wishes to make adjustments to the FY 2015/16 Budget to account for additional costs in the amount of 774,393.

NOW, THEREFORE BE IT RESOLVED that the Sonoma County Waste Management Agency Board of Directors hereby approves the adjustments to the FY 2015/16 Sonoma County Waste Management Agency Budget.

MEMBERS:

| | | | | |
|--------------|------------|------------|------------|----------|
| - | - | - | - | - |
| Cloverdale | Cotati | County | Healdsburg | Petaluma |
| - | - | - | - | - |
| Rohnert Park | Santa Rosa | Sebastopol | Sonoma | Windsor |

AYES -- NOES -- ABSENT -- ABSTAIN --

SO ORDERED

The within instrument is a correct copy
of the original on file with this office.

ATTEST: DATE: October 21, 2015

Sally Evans,
Clerk of the Sonoma County Waste Management Agency
Agency of the State of California in and for the
County of Sonoma



Agenda Item #: 6.3
Cost Center: All
Staff Contact: Steinman
Agenda Date: 10/21/2015

ITEM: **EPR Update**

I. BACKGROUND

The Sonoma County Waste Management Agency (Agency) recognizes that Extended Producer Responsibility (EPR) is a waste management approach that will assist and enhance efforts to manage waste products by shifting responsibility for collection, transportation and management for discarded products away from local governments to the manufacturers. To formalize this support, the Agency passed and circulated a resolution (Resolution 2001-021) to elected officials at the state and national level.

The Agency has maintained an active interest in EPR with actions such as being a founding member of the California Product Stewardship Council (CPSC) and hiring a consultant (R3 Consulting Group, Inc.) to write an Extended Producer Responsibility Implementation Plan, which the Agency Board of Directors approved at their February 21, 2007 meeting.

Since the plan was approved, Agency staff has stayed current on EPR legislation and continues to send letters of support to legislators when appropriate. All letters of support are included as part of the Agency Board agenda packets.

At the February 18, 2015 Agency Board meeting, Agency staff presented a list of potential waste diversion programs with summaries as a beginning point for planning the work to be included in the fiscal year 15/16 work plan. In terms of EPR, the Agency Board expressed interest in developing additional information and starting planning for a pharmaceutical ordinance. There is staff time included in the FY 15/16 Work Plan for this effort.

Agency staff actively participates with CPSC and Product Stewardship Institute (PSI) to develop coordinated efforts with other California local governments to promote EPR legislation for batteries, lamps, medications, sharps, and other wastes of concern.

II. DISCUSSION

The purpose of this staff report is to update the Agency Board on current EPR legislation and actions.

Alameda County Safe Drug Disposal Ordinance

On July 24, 2012, Alameda's producer responsibility ordinance was adopted by unanimous vote of the Alameda County Board of Supervisors. The Ordinance requires prescription drug Producers

that sell, offer for sale, or distribute their Covered Drugs in Alameda County to participate in a Product Stewardship Program. The Safe Drug Disposal Ordinance positions Alameda County as a national leader for its producer responsibility approach to address the growing problem of disposing unused and expired medications in an environmentally sound way. This precedent setting ordinance was the first in the nation to hold pharmaceutical companies responsible for the safe collection and disposal of unused medications from the public, starting with a challenge by the pharmaceutical industry in December of 2012 and two appeals which resulted in the U.S. Supreme Court denying the request to hear the case on May 26, 2015.

The Supreme Court ruling means that the Alameda County ordinance—the first of its kind—will stand. The products covered under the Alameda County ordinance are prescription drugs. This decision is leading the way for other EPR Pharmaceutical Ordinances across the state of California which cover both prescription and over the counter (OTC) medications:

Pharmaceutical EPR Ordinances Passed in California

Marin County, CA

Pharmaceuticals (Prescription and OTC): Pharmaceutical Stewardship Program (Ordinance No. 3635) Adopted 8/11/15; Finalized but not yet Codified

City & County of San Francisco, CA

Pharmaceuticals (Prescription and OTC): Safe Drug Disposal
Approved by Mayor (3/26/15); Considered Active Law

San Mateo, CA

Pharmaceuticals (Prescription and OTC): Safe Medicine Disposal Program (ch. 4.116)
Passed by San Mateo Board of County Supervisors (4/28/15); Considered Active Law

Santa Clara, CA

Pharmaceuticals (Prescription and OTC): Safe Medicine Disposal Program
Passed by Santa Clara County Board of Supervisors (6/9/15); Considered Active Law

Pharmaceutical and/or Medical Sharps EPR Ordinances under consideration in California

Santa Barbara County, CA

Pharmaceuticals (Prescription and OTC) 5/19/15 –The County Board of Supervisors voted unanimously to authorize the Director of the Public Health Department to conduct stakeholder outreach, in collaboration with the Third District office and Public Works Department, and return in October 2015 with a recommendation for establishment of a permanent and sustainably funded model to collect and safely dispose of unwanted medications from residents in Santa Barbara County. On October 6, 2015, County Board of Supervisors heard agenda item 15-00784 and voted 5-0 to draft an EPR ordinance for pharmaceuticals and return to the Board in early 2016.

Los Angeles County, CA

Pharmaceuticals (Prescription and OTC) and Sharps: 8/11/15 –The County Board of Supervisors

voted to begin a stakeholder process and directed staff to return to the Board with a recommendation in 6 months (Feb 2016). A public stakeholder meeting will be held on 11/13/2015.

Santa Cruz County, CA

Pharmaceuticals (Prescription and OTC) and Sharps: 9/1/2015 – A motion directing County staff to initiate the stakeholder process for development of a pharmaceutical and medical sharps EPR ordinance was introduced and adopted by the Board of Supervisors. The first stakeholder meeting took place on October 8th to receive public input on the proposed development of an EPR ordinance for pharmaceuticals and medical sharps.

Russian River Watershed Association Efforts

At the July 23, 2015 Russian River Watershed Association (RRWA) Board of Directors meeting, the Board unanimously directed RRWA staff to develop a safe medicine disposal “road show” to be presented to interested member agency councils/directors/supervisors. This brief presentation was created and covers the history of the safe medicine disposal program in Sonoma and Mendocino Counties, summarizes the societal and environmental impacts of unused medications and the approaches being undertaken by other California communities including Alameda County, and asks for general “conceptual” support to continue evaluating alternatives including Alameda’s program. In addition, RRWA is providing the attached draft concept support letter with each presentation. So far, presentations have been made to the city councils of Sebastopol, Cotati, and Windsor.

2015 Legislative Session

AB 1159, (Gordon and Williams) – Product Stewardship Pilot Program, Batteries and Sharps

AB 1159 would establish the Product Stewardship Pilot Program, which would require producers and product stewardship organizations of covered products, either home generated sharps waste or household batteries, to develop and implement a product stewardship plan.

The Agency sent a letter supporting this bill on April 27, 2015.

The bill passed out of the Assembly Natural Resources Committee on April 13, 2015 and was heard in the Assembly Environmental Safety and Toxic Materials Committee on April 28, 2015 and passed out of both with unanimous votes. The bill was heard in the Assembly Appropriations Committee on Wednesday, May 20, 2015 and on May 28, 2015 was held in committee. AB 1159 is a two-year bill and can be taken up again in January 2016.

AB 45, (Mullin) – Household Hazardous Waste Collection

Existing law authorizes public agencies to operate curbside household hazardous waste collection facilities, door-to-door household hazardous waste collection programs, and household hazardous waste residential pickup services, and specifies conditions for the transportation of household hazardous waste. This bill would require each jurisdiction that provides for the residential collection and disposal of solid waste to increase the collection of HHW by an unspecified

percentage. The bill would authorize CalRecycle to adopt a model ordinance for a door to door collection and diversion program to facilitate compliance and require each jurisdiction to annual report to the department. It would impose a state mandated local program and the Commission on State Mandates would establish procedures for making reimbursement.

The bill was heard in the Assembly Committee on Local Government on April 22, 2015 and was passed with a 6-3 vote with no votes from Chair Brian Maienschein and members David Chiu and Luis Alejo. The bill was heard in the Assembly Environmental Safety and Toxic Materials Committee and passed by a 4-2 vote. The bill was amended on April 30, 2015. The bill was heard in the Assembly Appropriations Committee on Wednesday, May 20, 2015 and on May 28, 2015 was held in committee. AB 45 is a two-year bill and can be taken up again in January 2016

SB 489, (Monning) – Photovoltaic Modules

This bill was approved by the Governor on 10/01/15.

The bill allows the Department of Toxic Substances Control (DTSC) to adopt regulations designating Photo Voltaic (PV) module as universal waste and to encourage PV recycling.

SB 522 (Mendoza) – State Fireworks Law: Fireworks Stewardship Program

The bill would establish the Fireworks Stewardship Program, which would prescribe procedures for entities that are authorized to seize fireworks to provide for the transfer, storage, transportation, and repurposing of seized fireworks as well as provide a funding mechanism for the program through a fireworks management charge to be added to the price of safe fireworks at the time of sale. No later than July 1, 2016 a manufacturer would be required to submit a fireworks stewardship plan that meets specific requirements to the State Fire Marshall for approval either individually or through a fireworks stewardship organization. After January 1, 2017 the State Fire Marshall would be prohibited from issuing or renewing licenses to applicants that have not submitted a fireworks stewardship plan that has been approved by the Fire Marshall. This bill is active and in the committee process.

AB 888 (Bloom) Plastic Microbeads

This bill was approved by the Governor on 10/08/15.

AB 888 will ban the sale of plastic microbeads contained in toothpaste, facial scrubs and other personal care products. AB 888 was sponsored by Californian's Against Waste. This bill is not an EPR bill but Agency had been tracking the progression of this bill since these tiny pieces of plastic are generally not recovered in traditional wastewater treatment plants and are making their way into the environment.

PaintCare Program

In 2010, AB 1343 (Huffman) - Paint Recovery Act was signed into law by Governor Schwarzenegger. This paint stewardship law requires paint manufacturers to develop and implement a program to collect, transport, and process postconsumer paint to reduce the costs and environmental impacts of the disposal of postconsumer paint in California.

California's paint stewardship law is being implemented by PaintCare, a nonprofit stewardship

organization working on behalf of the paint producers. To fund this program, PaintCare Recovery Fees are added to the purchase price of architectural paints and coatings sold in California. The fees are paid to PaintCare by paint manufacturers, then passed down to retailers and eventually consumers. These fees are being used to fund all aspects of the paint stewardship program. Consumers pay a fee up front, at time of purchase, and there is no cost to the consumer when dropping off the paint for recycling. The program was rolled out on October 19, 2012 with retail locations set up as public drop-off sites throughout California. The Agency's Household Hazardous Waste Facility is a PaintCare advertised drop-off site since the Agency's Household Hazardous Waste Contractor has a direct contract with PaintCare.

PaintCare encourages household hazardous waste programs, reuse stores and others to operate paint reuse programs (i.e., swap shops or exchanges). Since Reuse is a preferred method of waste management, paint reuse has always been a large part of the Agency's HHW Facility Re-Use Program. Our Reuse Program returns good quality paint to the local community at no cost. To encourage reuse, PaintCare compensates paint drop-off sites operating a reuse program under a contract with PaintCare. PaintCare's direct re-use compensation rate to the Agency and other drop-off sites has been a set rate of \$0.25 cents per container (quart-5 gallon size) since the program started in 2012. PaintCare's direct reuse rate has just increased to \$1.60 per gallon. This change will generate additional cost savings for the Agency.

Below are the current public drop-off sites in Sonoma County in addition to the HHW Facility programs. As the program continues to expand, more retail locations, household hazardous waste facilities, transfer stations, and landfills are expected to become public drop-off sites through this program.

Sonoma County PaintCare Drop-Off Locations

Cloverdale

Cloverdale Ace Hardware
750 S. Cloverdale Blvd.
(707) 894-2165

Cotati

Dunn-Edwards
407 Aaron Street
(707) 664-1668

Healdsburg

Garrett Ace Hardware
1340 Healdsburg Ave.
(707) 433-5593

Petaluma

Kelly-Moore Paints
905 Lakeville St.
(707) 763-0107

OSH

1390 N McDowell Blvd
(707) 664-1114

Peterson's Paint &
Decorating

800 Lindberg Lane, Ste.140
(707) 763-1901

Sherwin-Williams
905 E. Washington St.,
Ste. 105
(707) 789-9996

Rohnert Park

Kelly-Moore Paints
480 Rohnert Park
Expressway
(707) 584-4012

Sherwin-Williams
5673 Redwood Dr.
(707) 584-7120

Santa Rosa

Kelly-Moore Paints
217 Roberts Avenue
(707) 528-4353

Kelly-Moore Paints
1026 Fourth Street
(707) 542-6792

Santa Rosa (continued)

Kelly-Moore Paints
1478 Guerneville Road
(707) 546-0863

OSH
2230 Cleveland Ave.
(707) 566-7514

Sherwin-Williams
3310 Airway Drive
(707) 575-7776

Sherwin-Williams (*New
Location*)
1350 Farmers Lane
(707) 528-0013

Sebastopol

Sebastopol Hardware
Center
660 Gravenstein Hwy., N.
(707) 823-7688

Sonoma

Kelly-Moore Paints
18506 Hwy. 12
(707) 935-1071

Windsor

Garrett Ace Hardware
10540 Old Redwood Hwy.
(707) 433-6590

Agency staff will continue to update the Board on current legislative action and on new EPR related items as they arise. Agency staff is also engaged in Pharmaceutical EPR Working Groups with other counties who have passed ordinances or are in the process of introducing an ordinance in the future. Agency staff will bring additional information to the Board in a future staff report regarding planning for a pharmaceutical ordinance here in Sonoma County.

III. FUNDING IMPACT

This agenda item is for informational purposes only. There is no funding impact resulting from this transmittal.

IV. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION

There is no recommended action resulting from this staff report.

V. ATTACHMENTS

RRWA Concept Support Letter

Approved by: _____
Patrick Carter, Interim Executive Director, SCWMA

DATE

Mark Landman
Chair, Board of Directors
Russian River Watershed Association

Subject: Support of Concept: To evaluate the feasibility of an extended producer responsibility ordinance that addresses the long-term need for safe medicine disposal options for our communities

Dear Chairman Landman,

The _____ appreciates the Russian River Watershed Association's (RRWA) strong support of the concept of pharmaceutical producer responsibility for the creation, funding, and management of a regional program that will provide safe and convenient disposal options of expired and unwanted pharmaceuticals for consumers.

Pharmaceuticals are collected in Sonoma and Mendocino Counties through the Safe Medicine Disposal Program. Funding for the Program is provided by RRWA, the City of Santa Rosa's subregional system, the Sonoma County Water Agency, and others. Since the Program's inception in 2007, over 90,000 pounds of pharmaceuticals have been collected and properly disposed, demonstrating a considerable demand for disposal options. The collection totals have increased every year, so it is logical to project that the collection totals will continue to increase. The cost to manage the program and conduct outreach and education is also projected to increase year to year. Currently, there is no long term plan for funding.

For too long, local government, by default, has carried the burden of financing and managing pharmaceutical take-back programs, broadly financed by taxpayers or utility ratepayers. Despite these efforts, pharmaceuticals are either being stockpiled in medicine cabinets, a prime target for drug abusers; or flushed down the toilet, threatening our water quality, as even the most advanced wastewater treatment processes cannot remove all pharmaceuticals. It is time for the producers to take the responsibility of properly managing the pharmaceutical products that they create.

In 2012, Alameda County became the first local government in the United States to pass legislation requiring pharmaceutical companies to design, fund, and operate a program to safely collect and dispose of unwanted drugs. Subsequently, in California, the City and County of San Francisco, the County of San Mateo and the County of Santa Clara have adopted similar drug stewardship programs. There is currently no mandatory statewide drug stewardship program for unwanted household drugs in California.

A manufacturer-funded collection and disposal program for unwanted drugs would significantly increase convenient disposal options for _____ residents' unwanted drugs, enabling collection of larger quantities of unwanted drugs and reducing the risks to public safety, health, and the environment.

For these reasons, _____ strongly supports the concept of pharmaceutical producers taking an active role in the creation, funding, and management of a regional program that will provide safe and convenient disposal options of expired and unwanted pharmaceuticals for consumers.



Agenda Item #: **6.4**
Cost Center: **All**
Staff Contact: **Carter**
Agenda Date: **10/21/2015**

ITEM: **FY 13-14 Financial Audit**

I. BACKGROUND

The Sonoma County Waste Management Agency's financial statements are audited annually. Section 21, "Records and Accounts" found in the Agreement Between the Cities of Sonoma County and Sonoma County for a Joint Powers Agency to Deal with Waste Management Issues states:

"Agency will cause the books and records to be kept, and audit to be made, in accordance with the statutory requirements for Joint Powers Agencies."

II. DISCUSSION

The Audit is contained in two documents, "Communications to those Charged with Governance and Management: Sonoma County Waste Management Agency" and "Financial Statement Audit: Sonoma County Waste Management Agency."

The first document contains a summary of the responsibility of the Auditors and a general summary of the audit and management practices, the management representation letter, scheduled of corrected and uncorrected misstatements.

The second document contains the FY 13-14 Financial Statement Audit report. The report includes the Management's Discussion and Analysis, Basic Financial Statements, and Roster of the Agency Board (when the Audit began preparation).

The finding and recommendation included in the audit was for the Agency to more closely examine accounting practices when there is a material change to a business relationship. This was in reference to the Agency's relationship with Sonoma Compost Company and the change from a quarterly revenue sharing payment to an annual revenue sharing payment. It was determined through the audit process that accounts receivable from revenues sharing payments accounted for in the FY 13-14, should have instead been classified in FY 14-15 due to a change in the agreement with Sonoma Compost Company. Staff will note that while revenues were overstated in FY 13-14, the revenue was ultimately realized, albeit in the subsequent fiscal year.

III. FUNDING IMPACTS

The cost of the audit was \$21,000 which matches the \$21,000 that was included in the FY 14-15 SCWMA Budget for this item. The report causes no direct funding impacts for the SCWMA.

IV. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION

Staff recommends the Board accept the FY 13-14 Financial Statement Audit.

V. ATTACHMENTS

Communication from the Auditors to Agency Board
FY 13-14 Financial Statement Audit

Approved by: _____
Patrick Carter, Interim Executive Director, SCWMA

Internal Audit

S o n o m a C o u n t y

Communications to those Charged with Governance and Management: Sonoma County Waste Management Agency

For the Fiscal Year Ended
June 30, 2014

Audit No: 3610
Report Date: July 31, 2015



Audit Chief: Kanchan K. Charan, CPA CGMA
Audit Supervisor: Damian Gonshorowski, CPA CGMA
Auditor: Keith Auyang, CPA

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Communications to those Charged with Governance and Management:
Sonoma County Waste Management Agency
Audit No. 3610

For the Fiscal Year Ended
June 30, 2014

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JONATHAN KADLEC
ASSISTANT
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Required Communication by the Auditor with Those Charged with Governance

July 31, 2015

Sonoma County Waste Management Agency

Dear Board Members:

We have audited the basic financial statements of the Sonoma County Waste Management Agency (Agency) as of and for the year ended June 30, 2014, and have issued our report thereon dated July 31, 2015. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As communicated in our engagement letter dated July 14, 2014, our responsibility, as described by professional standards, is to form and express or disclaim an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The objective of our audit is to fulfill the audit requirement in Government Code Section 26909. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in an attached letter titled "Required Communications of Internal Control Related Matters Identified in the Audit to Management and Those Charged with Governance".

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Agency's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was consistent with financial statement presentation.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team in the Audit Division has complied with relevant ethical requirements regarding independence, however as communicated certain conditions exist, as noted in the "Modification of the Auditor's Report" section below, which impair our independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year ending June 30, 2014. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. We noted no sensitive accounting estimates affecting the financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We noted no sensitive disclosures.

Significant Difficulties Encountered during the Audit

During our audit we encountered no significant difficulties relating to the performance of the audit.

Corrected and Uncorrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We have attached copies of all adjusting entries “*Schedules of Corrected and Uncorrected Misstatements*”.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated May 29, 2015.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

Modification of the Auditor's Report

As communicated in our engagement letter dated July 14, 2014, certain conditions exist which impair our independence. We have made the following modification to our auditor's report.

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. In Sonoma County, the Auditor-Controller and Treasurer-Tax Collector (ACTTC) positions are combined. The Agency's cash is pooled with the Sonoma County Treasurer (a division of the ACTTC), who acts as a disbursing agent for the Agency. The Accounting Division within the ACTTC maintains internal controls over the financial accounting management information system, and processes transactions that have been approved by the Agency. The Accounting Division processes County checks for expenditures approved by the Agency, these checks are signed by the ACTTC. These non-audit activities create management participation threats to auditor independence, as discussed in Interpretation 101-3 of the American Institute of Certified Public Accountants' Code of Professional Conduct, which cannot be mitigated. Internal Audit, which has no other responsibility for the accounts and records being audited, performed this audit. The amount that this departure affects the assets, liabilities, net position, deferred outflows of resources, deferred inflows of resources, revenues and expenses of the Agency has not been determined.

This report is intended solely for the information and use of the Agency's governing body and management, and is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions, please call Keith Auyang at (707) 565-8302. Thank you for your assistance.

Sincerely,

A solid black rectangular box used to redact the signature of the Sonoma County Auditor-Controller.

Sonoma County Auditor-Controller

DAVID E. SUNDSTROM, CPA
AUDITOR-CONTROLLER
TREASURER -TAX COLLECTOR

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AUDITOR-CONTROLLER

JONATHAN KADLEC
ASSISTANT
TREASURER-TAX COLLECTOR

Required Communications of Internal Control Related Matters Identified in the Audit to
Management and Those Charged with Governance

July 31, 2015

Board Members
Sonoma County Waste Management Agency
Sonoma County, CA

Dear Board Members:

In planning and performing our audit of the financial statements of the Sonoma County Waste Management Agency (Agency), as of and for the fiscal year ending June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal controls over financial reporting (internal controls) 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 the Agency's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal controls.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal controls that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the following current year deficiencies to be significant deficiencies in internal controls:

Prior year finding and recommendation

None

Current year findings and recommendations

Revenues were recorded before all applicable elements were satisfied.

Cause: Management did not determine the impact of a material change to an existing business relationship on the accounting treatments of revenues received from that relationship.

Effect: \$176,000 in revenues were improperly recording, thereby overstating the change in net position and current assets.

Recommendation: We recommend the Agency more closely examine accounting practices when there is a material change to a business relationship.

In closing, we would like to thank Mimi Davis and Andrea Chole for their helpfulness and cooperation during the audit of the Sonoma County Waste Management Agency. If you have any questions about the audit, please call Keith Auyang at (707) 565-8302.

Sincerely,

A solid black rectangular box used to redact the signature of the Sonoma County Auditor-Controller.

Sonoma County Auditor-Controller



Mr. David E. Sundstrom, CPA
Sonoma County Auditor-Controller
585 Fiscal Drive, Suite 100
Santa Rosa, CA 95403

Dear Mr. Sundstrom:

This representation letter is provided in connection with your audit of the basic financial statements of the Sonoma County Waste Management Agency (the Agency) as of June 30, 2014 and for the period then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the Agency in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of May 30, 2015.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 14, 2014, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have a process to track the status of audit findings and recommendations.
7. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
8. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

9. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
10. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
11. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
12. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
13. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
14. All funds and activities are properly classified.
15. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
16. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
17. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
18. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
19. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
20. All interfund and intra-entity transactions and balances have been properly classified and reported.
21. Special items and extraordinary items have been properly classified and reported.
22. Deposit and investment risks have been properly and fully disclosed.
23. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
24. All required supplementary information is measured and presented within the prescribed guidelines.
25. With regard to investments and other instruments reported at fair value:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

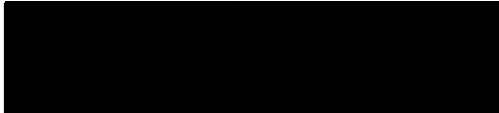
- c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
- d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- 26. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 27. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 28. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 29. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
- 30. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- 31. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- 32. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- 33. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 34. The Agency has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 35. We have disclosed to you all guarantees, whether written or oral, under which the Agency is contingently liable.
- 36. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

37. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
38. There are no:
- a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
39. The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
40. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.



Signature



Date

7/31/2015
4:22 PM

Client: 3610 - Waste Management - JPA
Engagement: AUD14 - Sonoma Waste Management JPA
Period Ending: 6/30/2014
Trial Balance: II-C-1 - TB
Workpaper: II-D-1 - Adjusting Journal Entries Report 13-14

| Account | Description | W/P Ref | Debit | Credit |
|---|---------------------------------------|----------|-------------------|-------------------|
| Adjusting Journal Entries JE # 1 | | | | |
| | | III-A-2 | | |
| GASB 31 adjustment - Amount of unrealized gain on cash and investments exceeds materiality. | | | | |
| 85-500.103 | Unrealized gain (loss) | | 81,491.00 | |
| 85-500.1760 | Investment Earnings | | | 81,491.00 |
| Total | | | <u>81,491.00</u> | <u>81,491.00</u> |
| Adjusting Journal Entries JE # 2 | | | | |
| | | III-A-6 | | |
| To record prepaid expenses | | | | |
| 85-500.143 | PREPAID EXPENSES | | 1,200.00 | |
| 85-500.6500 | PROFESSIONAL/SPECIAL SERVICES | | | 1,200.00 |
| Total | | | <u>1,200.00</u> | <u>1,200.00</u> |
| Adjusting Journal Entries JE # 3 | | | | |
| | | III-C-1 | | |
| To record an accrual for Accounts Payable | | | | |
| 85-500.6103 | LIABILITY INSURANCE | | 610.00 | |
| 85-500.6500 | PROFESSIONAL/SPECIAL SERVICES | | 128,135.00 | |
| 85-500.203 | ACCOUNTS PAYABLE | | | 128,745.00 |
| Total | | | <u>128,745.00</u> | <u>128,745.00</u> |
| Adjusting Journal Entries JE # 5 | | | | |
| | | III-B-2 | | |
| Eliminate the receivable related to revenue sharing with Sonoma Compost. | | | | |
| 85-500.4102 | DONATIONS/REIMBURSEMENTS | | 176,000.00 | |
| 85-500.109 | OTHER RECEIVABLES | | | 176,000.00 |
| Total | | | <u>176,000.00</u> | <u>176,000.00</u> |
| Adjusting Journal Entries JE # 6 | | | | |
| | | III-B_16 | | |
| To record the adjustment to prior period A/R to reflect actual exceeding the estimate by a material amount. | | | | |
| 85-500.310 | UNRESERVED/UNDESIGN RETAINED EARNINGS | | 47,818.00 | |
| 85-500.320.1 | Fund Balance - prior period adj. | | | 47,818.00 |
| Total | | | <u>47,818.00</u> | <u>47,818.00</u> |

I have reviewed and agree to the above adjusting journal entries

8/6/15
Date

7/31/2015
4:22 PM

Client: 3610 - Waste Management - JPA
Engagement: AUD14 - Sonoma Waste Management JPA
Period Ending: 6/30/2014
Trial Balance: II-C-1 - TB
Workpaper: II-D-2 - Reclassifying Journal Entries Report 13-14

| Account | Description | W/P Ref | Debit | Credit |
|---|--------------------------|----------|-------------------|-------------------|
| Reclassifying Journal Entries JE # 4 | | III-B-_4 | | |
| Reclassify revenues received under AB 939 from municipalities | | | | |
| 85-500.4102 | DONATIONS/REIMBURSEMENTS | | 193,236.00 | |
| 85-500.2901 | COUNTY | | | 193,236.00 |
| Total | | | <u>193,236.00</u> | <u>193,236.00</u> |

I have reviewed and agree to the above adjusting journal entries



8/6/15
Date

Internal Audit

S o n o m a C o u n t y

Financial Statement Audit: Sonoma County Waste Management Agency Annual Report

For the
Fiscal Year Ended
June 30, 2014

Audit No: 3610
Report Date: July 31, 2015



Audit Manager: Kanchan K. Charan, CPA, CGMA
Audit Supervisor: Damian Gonshorowski, CPA, CGMA
Auditor: Keith Auyang, CPA

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**Sonoma County Waste Management Agency
Annual Report**

Audit No. 3610

**For the Fiscal Year Ended
June 30, 2014**

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AUDITOR-CONTROLLER

JONATHAN KADLEC
ASSISTANT
TREASURER-TAX COLLECTOR

Members of the Board

Sonoma County Waste Management Agency

Auditor-Controller-Treasurer-Tax Collector's Report

Report on the Financial Statements

We have audited the accompanying financial statements and the related notes to the financial statements of the Sonoma County Waste Management Agency (Agency), as of and for the year ended June 30, 2014, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Agency's 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 controls 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 an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the independence impairments described in the Basis for Disclaimer of Opinion paragraph, auditing standards require us to disclaim an opinion on the financial statements.

Basis for Disclaimer of Opinion

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. In Sonoma County, the Auditor-Controller and Treasurer-Tax Collector (ACTTC) positions are combined. The Agency's cash is pooled with the Sonoma County Treasurer (a division of the ACTTC), who acts as a disbursing agent for the Agency. The Accounting Division within the ACTTC maintains internal controls over the financial accounting management information system, and processes transactions that have been approved by the Agency. The Accounting Division processes County checks for expenditures approved by the Agency, these checks are signed by the ACTTC. These non-audit activities create management participation threats to auditor independence, as discussed in Interpretation 101-3 of the American Institute of Certified Public Accountants' Code of Professional Conduct, which cannot be mitigated. The audit has been performed by the ACTTC's Internal Audit Division, which has no other responsibility for the accounts and records being audited. The amount that this

departure affects the assets, liabilities, net position, deferred outflows of resources, deferred inflows of resources, revenues and expenses of the Agency has not been determined.

Disclaimer of Opinion

Because of the independence impairments described in the Basis for Disclaimer of Opinion paragraph, auditing standards require us to disclaim an opinion on the financial statements. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), on pages 1 through 3 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 MD&A 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 MD&A because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Sonoma County Auditor-Controller
July 31, 2015

Management's Discussion and Analysis

As management of the Sonoma County Waste Management Agency (Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of Agency for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the Agency's financial statements and the accompanying notes to the basic financial statements.

Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of the fiscal year ended June 30, 2014 by \$9,251,262 (net position). All of this amount is unrestricted and may be used to meet the agency's ongoing obligations to citizens and creditors.
- The Agency's total net position increased by \$508,953 or 5.82%.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of two components: 1) basic financial statements and 2) notes to the basic financial statements.

Proprietary Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency maintains one type of proprietary fund. The Agency uses enterprise funds to account for its agency activities, which include waste management.

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

Net position. Over time, changes in net position may indicate whether the financial position of Agency is improving or deteriorating. Net position increased to \$9,251,262 during the fiscal year ended June 30, 2014, a change of \$508,953 from the fiscal year ended June 30, 2013. The following table summarizes the net position for Agency's activities:

| | June 30, 2014 | June 30, 2013 (restated) |
|-----------------------------|---------------|-----------------------------|
| Current and other assets | \$ 10,256,893 | \$ 9,541,095 |
| Current liabilities | 1,005,631 | 846,604 |
| Net position: | | |
| Unrestricted net position | 9,251,262 | 8,694,491 |
| Prior period adjustment (1) | | 47,818 |
| Total net position | \$ 9,251,262 | \$ 8,742,309 |

(1) Fiscal year 2013 accounts receivable and unrestricted net position were restated due to revenues unexpectedly exceeding estimates by \$47,818

Change in Net Position. Total revenues for the fiscal year ended June 30, 2014 were \$5,987,924 compared with expenses of \$5,478,971. The Agency realized an additional \$47,818 in prior period revenue from Sonoma County Refuse Operations due to a change in the policy that determines the basis for the surcharge calculation, from tonnage buried to the daily tonnage. This increase in revenues was not anticipated in the Agency's budget for the fiscal year 2012-13. The following table summarizes the changes in net position for each year:

Changes in Net Position

| | June 30, 2014 | June 30, 2013 (restated) |
|--------------------------------------|---------------------|-----------------------------|
| Revenues: | | |
| Program Revenues: | | |
| Municipal waste management (1) | \$ 5,850,386 | \$ 5,702,108 |
| General Revenues: | | |
| Investment income and other | 137,538 | 68,138 |
| Total revenues | <u>5,987,924</u> | <u>5,770,246</u> |
| Expenses: | | |
| Program Expenses: | | |
| Municipal waste management | 5,478,971 | 5,195,938 |
| Total expenses | <u>5,478,971</u> | <u>5,195,938</u> |
| Increase (decrease) in net position | 508,953 | 574,308 |
| Net position - beginning of the year | 8,742,309 | 8,120,183 |
| Prior period adjustment | | 47,818 |
| Net position - beginning of the year | <u>8,742,309</u> | <u>8,120,183</u> |
| Net position - end of the year | <u>\$ 9,251,262</u> | <u>\$ 8,742,309</u> |

(1) Fiscal year 2013 program revenues and net position were restated due to revenues unexpectedly exceeding estimates by \$47,818

Capital Assets

The Agency has no investment in capital assets, as of June 30, 2014.

Economic Outlook

- The Agency continues to have the goal of stabilizing tipping fees in order to mitigate effects on each of the jurisdictions' individual budget plans.
- The Agency will set aside reserve funds, when possible, as part of its long-term financial planning.

Request for Additional Information

This financial report is designed to provide a general overview of Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sonoma County Waste Management Agency, 2300 County Center Drive Ste. B-100, Santa Rosa, CA 95403.

Basic Financial Statements

Sonoma County Waste Management Agency
Statement of Net Position
For the Fiscal Year Ended June 30, 2014

Assets

Current assets:

| | |
|----------------------------|-------------------|
| Cash and investments | \$ 10,188,143 |
| Accounts receivable | 51,347 |
| Prepaid expenses | 1,200 |
| Due from other governments | <u>16,203</u> |
| Total assets | <u>10,256,893</u> |

Liabilities

| | |
|-------------------|------------------|
| Accounts payable | 674,621 |
| Unearned revenue | <u>331,010</u> |
| Total liabilities | <u>1,005,631</u> |

Net Position

| | |
|--------------------|---------------------|
| Unrestricted | <u>9,251,262</u> |
| Total net position | <u>\$ 9,251,262</u> |

The notes to the basic financial statements are an integral part of this statement.

Sonoma County Waste Management Agency
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

Operating Revenues

| | |
|--------------------------------|------------------|
| Tipping fees and surcharges | \$ 5,244,883 |
| Service agreements | 394,235 |
| Grants and other contributions | <u>211,268</u> |
| Total operating revenues | <u>5,850,386</u> |

Operating Expenses

| | |
|-----------------------------|------------------|
| Contract services | 4,183,009 |
| Professional services | 322,701 |
| Administration | 700,354 |
| Other services and supplies | <u>272,907</u> |
| Total operating expenses | <u>5,478,971</u> |
| Operating income (loss) | <u>371,415</u> |

Nonoperating Revenues (expenses)

| | |
|---|---------------------|
| Investment earnings | <u>137,538</u> |
| Change in net position | 508,953 |
| Net position, beginning of year | 8,694,491 |
| Prior period adjustment | <u>47,818</u> |
| Net assets, beginning of year, restated | <u>8,742,309</u> |
| Net position, end of year | <u>\$ 9,251,262</u> |

The notes to the basic financial statements are an integral part of this statement.

Sonoma County Waste Management Agency
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

Cash Flows from Operating Activities

| | |
|---|--------------------|
| Receipts from customers and other funds | \$ 6,018,477 |
| Payments to suppliers | <u>(5,374,005)</u> |
| Net cash provided by operating activities | <u>644,472</u> |

Cash Flows from Investing Activities

| | |
|--|-----------------------------|
| Interest received | <u>137,538</u> |
| Net cash provided by investing activities | <u>137,538</u> |
| Net increase in cash and cash equivalents | 782,010 |
| Cash and cash equivalents, beginning of year | <u>9,406,133</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 10,188,143</u></u> |

**Reconciliation of operating income to net cash
provided by operating activities:**

| | |
|--|--------------------------|
| Operating income | \$ 371,415 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Decrease in accounts receivable | 83,153 |
| Decrease in due from other governments | 32,077 |
| Increase in accounts payable | 106,165 |
| Increase in unearned revenue | 52,862 |
| Increase in prepaid expenses | <u>(1,200)</u> |
| Total adjustments | <u>273,057</u> |
| Net cash provided by operating activities | <u><u>\$ 644,472</u></u> |

The notes to the basic financial statements are an integral part of this statement.

**Notes to the
Basic Financial Statements**

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

I. Summary of Significant Accounting Policies

A. Definition of 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 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 2012 Sonoma County's rate was 3.4 and in 2013 it was 3.6.

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 employs an Executive Director. 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.

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

The basic financial statements of the Agency are intended to present only the financial position and results of operations of only the Agency, which are held in trust by the Agency. They do not support to and do not present fairly the financial position of the County of Sonoma as of June 30, 2014 and the respective changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

B. 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 charges 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 grants and investment earning, result from non-exchange transactions or ancillary activities. *Operating* expenses for enterprise funds include services and supplies and depreciation on capital assets. All expenses not falling within these categories are reported as *non-operating* expenses.

C. Accounting System Maintained by Sonoma County Financial Accounting and Management Information System (FAMIS)

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

The Agency uses the County's FAMIS and its budgetary recording and accounting control policies to account for all financial transactions affecting Agency funds. The County, 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 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.

D. Staff Services Performed by County of Sonoma

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.

E. Assets, Liabilities and Net Position

1. Cash and Investments

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.

2. Receivables and Payables

Transactions representing accrual of revenues and expenses at year-end are referred to as either accounts receivables or accounts payables.

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

3. Capital Assets

Capital assets, which include land, buildings and improvements and equipment, are reported in the statement of net position. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The Agency's policy is to capitalize assets with acquisitions costs of at least \$5,000. Depreciation is computed using the straight-line method over estimated useful lives of 5 years for equipment.

The Agency does not own land, buildings or improvements.

4. 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.
- Unrestricted net position - This component of net position consists of net position that is not restricted for any project or other purpose.

5. 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

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

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

6. Unearned revenues

Under the accrual basis of accounting, revenues are recognized when an entity obtains a claim to resources, regardless when collection occurs or deferred inflow. Amounts collected prior to being earned must be offset by a liability or deferred outflow. The GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, establishes guidance for reporting deferred outflows and inflows of resources, and net position in a statement of financial position. The Statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Under the statement, net position should be displayed in three components: net investment in capital assets, restricted, and unrestricted.

F. New and Future Pronouncements

Pronouncements Implemented during the Current Fiscal Year

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statement*. The requirements of this statement are effective for the Agency's fiscal year ending June 30, 2014.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54 and No. 62. The requirements of this statement are effective for the Agency's fiscal year ending June 30, 2014.

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

II. Detailed Notes

A. 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.

The amount of cash at June 30, 2014 is as follows:

| | Amortized Cost | Fair Value |
|--|----------------------|----------------------|
| Cash and investment in County Treasury | \$ <u>10,106,652</u> | \$ <u>10,188,143</u> |

The Agency's fair value of the cash investment with the Treasurer is \$81,491 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.

Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, 2014, approximately 32% of the securities in the Treasury pool had maturities of one year or less. Of the remainder, only 4% had a maturity of more than five years.

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:

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

- 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 2013-14 Sonoma County Comprehensive Annual Financial Report.

B. Accounts receivables

The Agency partially obtains funding from contracts agreements with composting and recycling entities. The amount receivable from these sources as June 30, 2014 is as follows:

| | | |
|----------------------------------|-----------|----------------------|
| Sonoma Compost | \$ | 34,130 |
| ECS | | 4,745 |
| Goodwill | | 12,472 |
| Total Accounts receivable | \$ | <u>51,347</u> |

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

C. Due from other governments

The Agency also obtains funding from agreements with other government entities to comply with AB 939. The following table summarizes the amount receivable from these other governments as June 30, 2014:

| | |
|------------------|------------------|
| City of Petaluma | \$ <u>16,203</u> |
|------------------|------------------|

D. Accounts payables

The Agency's payable has two components: vouchers payable and accounts payable. A voucher payable is used to record amounts to be paid by check for invoiced expenses and an account payable records liabilities for expenses not invoiced by June 30. At the close of the fiscal year ending June 30, 2014, total payables were \$674,621; the accounts payables balance is detailed below:

Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

| | |
|------------------------------|-------------------|
| Alpha Analytical | \$ 1,268 |
| Bryan A Stirrat & Associates | 7,295 |
| C2 Alternative | 20,296 |
| City of Petaluma | 295 |
| Clean Harbors | 273,535 |
| D Edwards Inc | 12,025 |
| Impulso | 250 |
| Infosend | 3,336 |
| Iron Mountain | 197 |
| Karina Chilcott | 270 |
| Lisa Steinman | 237 |
| Manpower | 468 |
| Nestle | 33 |
| Patrick Carter | 53 |
| R&B Whole Sale | 1,124 |
| R3 Consulting | 3,790 |
| Rebecca Lankford | 291 |
| Republic Services | 68,279 |
| Richards, Watson, Gershon | 10,106 |
| S&S Concepts | 4,594 |
| Safety Clean | 375 |
| SCS Engineers | 16,698 |
| Sea Ranch Mendocino | 1,840 |
| Sherry Lund | 14,933 |
| Sonoma Compost | 185,838 |
| Sonoma Compost Capital | 29,603 |
| Staples | 728 |
| Town of Windsor | 3,282 |
| UCCE | 5,415 |
| West Coast Metals | 5,167 |
| Wine Country Radio | 3,000 |
| Total Accounts Payables | <u>\$ 674,621</u> |

Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

E. Unearned revenue

In the fiscal year ending June 30, 2014, the Agency participated in two recycling programs grant funded by the State of California: the Oil Payment Program and the Beverage Container Program. The following table summarized the unearned revenue balance:

| | 2012-13 | | | 2013-14 | |
|----------------------------|-------------------|-------------------|-------------------|-------------------|--|
| | Balance | Additions | Releases | Balance | |
| Oil Payment Program | \$ 139,820 | \$ 151,512 | \$ 62,902 | \$ 228,430 | |
| Beverage Container Program | 138,328 | 112,618 | 148,366 | 102,580 | |
| Total Unearned Revenues | <u>\$ 278,148</u> | <u>\$ 264,130</u> | <u>\$ 211,268</u> | <u>\$ 331,010</u> | |

F. Prior period adjustment

The Agency's net assets have been restated at July 1, 2013 as a result of revenues related to a revenue sharing agreement exceeding the estimated accrued amount by \$47,818.

| | |
|--|---------------------|
| Net position, June 30, 2013 | \$ 8,694,491 |
| Program Revenues: | |
| Municipal waste management | <u>47,818</u> |
| Net position, June 30, 2014, as restated | <u>\$ 8,742,309</u> |

III. Other Information

A. 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. For the fiscal year ended June 30, 2014 the Agency added coverage for cyber security. The Agency is covered through Alliant Insurance Services, Inc for \$5,000,000 per occurrence.

**Sonoma County Waste Management Agency
Roster of Board Members
June 30, 2014**

As of June 30, 2014 the Agency Board of Directors consisted of the following members from the County of Sonoma and nine cities and towns of Sonoma County:

| Director | Entity | Position | Alternate |
|------------------|----------------------|-----------------------|-------------------|
| Robert Cox | City of Cloverdale | Councilmember | Paul Cayler |
| Susan Harvey | City of Cotati | Councilmember | Dianne Thompson |
| Jim Wood | City of Healdsburg | Councilmember | Tom Chambers |
| John Brown | City of Petaluma | City Manager | Dan St John |
| John McArthur | City of Rohnert Park | Public Works Director | Don Schwartz |
| Jake Ours | City of Santa Rosa | Councilmember | Jennifer Phillips |
| Larry McLaughlin | City of Sebastopol | City Manager | Sue Kelly |
| Stephen Barbose | City of Sonoma | Councilmember | Carol Giovanatto |
| Deborah Fudge | Town of Windsor | Councilmember | David Kelly |
| Shirlee Zane | County of Sonoma | County Supervisor | Susan Klassen |



Agenda Item #: **7**
Cost Center: **All**
Staff Contact: **Carter**
Agenda Date: **10/21/2015**

ITEM: SCWMA Future Update

I. BACKGROUND

The Board has discussed the issue of the Sonoma County Waste Management Agency's Joint Powers Authority agreement renewal or replacement on many occasions since the April 18, 2012 Agency meeting. A summary document of that background is included as an attachment to this staff report.

At the September 16, 2015 Agency meeting, the Board directed staff to return at this meeting with a decision matrix for the Board to approve and direct staff to present to Agency member councils to resolve the future of Agency programs.

II. DISCUSSION

Agency and RCPA staff teleconferenced with CalRecycle staff and legal counsel to discuss the potential for the RCPA to be acknowledged as functionally equivalent to a (Joint Powers Authority) JPA and therefore appropriate to act as a Regional Agency for planning and reporting purposes. CalRecycle's response was that regional agencies must be JPAs to perform regional reporting, as the Agency currently does. For the RCPA to perform reporting on a regional basis, either a JPA would need to be in effect which delegated the reporting responsibility to the RCPA, or the RCPA's statutory authority would need to be altered to incorporate the sections of the Public Resource Code to allow the RCPA to perform the functions of a Regional Agency.

Given the conversations with CalRecycle, four options for the continuation of Agency programs are proposed by staff 1) creation/renewal of a JPA similar to the current Agency, 2) creation/renewal of a JPA to continue programs through assignment to the RCPA and County/Republic, 3) expiration of the JPA and performance of the Agency's education and policy functions by the RCPA, performance of the Agency's composting and household hazardous waste functions by the County/Republic, and responsibility for planning and reporting returned to the Cities and County, 4) statutory amendment of the RCPA to allow performance of some or all Agency functions.

Option 1 is viable, both on a year to year basis as described in the term of the original JPA, and long term, if the Agency's members select that method for continuing Agency programs. Agency staff believes amendments to the Agency's programs would be necessary to meet the needs of the Agency members, as evidenced by the results of the original Agency decision matrix discussions (e.g. some members preferred composting and HHW remain Agency functions, while others preferred performance of these tasks by the County/Republic). This effort would be similar to the status quo, in that there would be an independent SCWMA Board of Directors. While obtaining agreement of all members on the same set of parameters (voting structure,

membership composition, etc.) has not proven a simple task to date, this method has the advantage of requiring local council action, not an action of the state legislature, so the schedule is determined by the membership, not the California legislature cycles.

Option 2 is similar to option 1 in that a JPA dealing with solid waste issues would still be in existence in Sonoma County, but this new or reformed JPA may specify that Board of Directors of the JPA to be the same as the RCPA Board of Directors and assign Agency functions as the membership determines. This approach is not unlike how City Councils were also the Board of Directors for Redevelopment Agencies, where the membership was the same, there were joint meetings, and actions were taken concurrently at Council meetings. Keeping a JPA intact would provide the ability for that JPA to assign or contract functions previously performed by the Agency as it sees fit, such as the education, policy, planning, and reporting functions to the RCPA, and composting and HHW functions to the County/Republic. This option allows for the efficiency of having a Regional Agency perform reporting to CalRecycle on behalf of all members and allows for Regional Agency protection of individual members from enforcement actions had that reporting been the responsibility of the individual member.

Option 3 would not require the existence of a JPA to function. The JPA would be allowed to expire and the RCPA, the County/Republic, and the individual Agency members would perform the functions of the Agency. RCPA staff feels there is already a sufficient nexus between the Agency's education and policy programs and the RCPA's charter to perform those functions without amendment, and could perform those functions at any point, provided additional funding was included. The RCPA is unable to collect fees through waste surcharge under this scenario, but other options for securing revenue exist, such as the agreement between the Agency and the City of Petaluma for the City's participation in Agency programs. The County and Republic would be required to negotiate according to the MOA, as the scenario of Republic performing composting and HHW operations is contained in the MOA. Planning and reporting functions would be the responsibility of individual members to perform (it is not uncommon in California for cities and counties to perform reports individually), though CalRecycle indicated that the annual reporting functions may be delegated to other entities; it is possible for each City and the County to delegate the annual reporting functions to the RCPA, either through ten individual agreements or one ten-party agreement. Ten annual reports would need to be filed, but they could be performed by the RCPA instead of the individual members. However, if any enforcement action was required by CalRecycle because of violations or noncompliance of individual Cities or the County, the enforcement action would be directed at the individual members, not the RCPA. There would be no protection behind which individual Cities or the County could expect to be sheltered in this scenario.

To be viable, option 4 would require amending the RCPA's charter documents through the California Legislature, as the regional reporting and planning functions, the ability to control waste-related fees, like the Agency's tipping fee surcharge, and the performance of compost and HHW operations are not current functions of the RCPA. As the Agency's term expires in February 2017, if this legislative fix were not performed by Fall 2016, there could be gaps in the services the Agency currently provides (unless the current JPA was extended). A benefit of this scenario would be the consolidation of governance from two Boards of Directors into one. The timing is also advantageous as the RCPA is planning to request an amendment to their statutory authority to extend their term; this option could piggyback on an already planned effort. A potential downside, as expressed by both RCPA staff and RCPA Board members is that if a potential

legislative fix is too complex, it may lessen the chances of passage of the simple term extension, and such a situation would have negative consequences for both the RCPA and Agency programs. As this option requires action of the California Legislature, there is no guarantee that the end result of the legislative process would mirror the intent of the Agency and RCPA Boards.

Variations of option 4 include the addition of only the regional planning and reporting functions to the RCPA, or include the composting and HHW programs in addition to the regional planning and reporting functions of the JPA. Agency staff must emphasize that the inclusion of compost and HHW operations into this option was done to fully explore potential scenarios, but including operations, as opposed to just adding education, policy, and regional agency reporting and planning, has not been discussed by the RCPA Board of Directors and may add a level of complexity that makes this option infeasible.

In addition to the four options presented above, and as the Agency is set to expire in less than fourteen months, staff notes that the existing JPA Agreement, Section 20 allows for the Agreement to be "extended from year to year thereafter [beyond the 25 year term] by mutual agreement of the Participants." While the County has previously indicated an unwillingness to continue to provide sites free of charge for the Agency's composting and HHW programs beyond February 2017, the JPA allows extension in the event that the Agency members have not successfully negotiated a resolution to the continuation of Agency programs. The Board may consider recommending extension of the existing JPA on an annual basis in order to buy additional time to implement longer term solutions.

III. FUNDING IMPACT

There are no funding impacts as a result of this agenda item.

IV. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION

Staff recommends the Board consider the proposed options in this staff report and attachments and give direction to staff to present the information to individual Agency members.

V. ATTACHMENTS

JPA Renewal Background
Explanation of Options

Approved by: _____
Patrick Carter, Interim Executive Director, SCWMA

JPA Renewal Background

In 1992, prompted by AB 939, California's Integrated Waste Management Act of 1989, the Sonoma County Waste Management Agency (SCWMA, or the Agency) was formed as a Joint Powers Agency (JPA) comprised of the incorporated cities of Sonoma County plus the County of Sonoma. The current list of member jurisdictions is made up of ten (10) local governments, comprised of the nine (9) cities/town plus the County of Sonoma. The Town of Windsor was not an original member but joined the Agency shortly after its July 1992 incorporation.

Statutory authority for Joint Powers Authorities or Agencies is found in California Government Code Sections 6500-6536, as well as some decisional law. This statutory scheme gives public agencies the authority to enter into agreements to jointly exercise common powers; thus a JPA may exercise the powers common to its members. The Agency does not have any power or authority greater than that of its members.

A "Joint Powers Agreement" was developed and adopted to set forth "...terms and provisions..." for the Agency to operate under. Section 20 states that "The term of this Agreement shall be for twenty-five (25) years." This section also states that "This Agreement may be extended from year to year thereafter by mutual agreement of the Participants." Thus, the Agency Agreement would otherwise cease in 2017 without some sort of renewal in place. Adoption of approving resolutions by the members' governing bodies occurred by February 1992, and the Agency had its first Board meeting in April 1992.

The original Joint Powers Agreement, specifically Section 4, sets forth Agency membership as follows: "The Joint Powers Agency created by this Agreement shall have one member from Sonoma County and one member from each City that joins the Agency (each of whom shall be an elected Councilmember, County Supervisor or appointee)." Further in Section 4 the Agreement states, "An appointee shall be an employee of the city or county making the appointment."

As stated in the Agency Agreement, AB 939 "...requires Participants to divert recyclable and recoverable materials from the waste stream and to cooperate to achieve their diversion goals." Thus the Agency members decided to form the Agency to "...cooperate with each other... so as to carry out, in an efficient manner, these objectives." The Agency Agreement defined four specific areas of responsibility for the Agency related to waste diversion: yard waste, wood waste, household hazardous waste, and public education.

The First Amendment to the Agreement occurred in January 1996. This Amendment added a new Section 27 to the Agreement which established the Agency as a "Regional Agency" pursuant to Public Resources Code Section 40970 et seq., to act on behalf of its members to perform the

necessary solid waste planning and reporting functions. Thus regional solid waste planning and reporting responsibilities were added to the list of agency functions.

The original Agreement and the subsequent First Amendment were enacted by resolutions adopted by each of the member jurisdictions' governing bodies.

JPA renewal was discussed at the April 18, 2012 Agency meeting and was continued to be discussed over the course of the following months. Amended and restated Joint Powers Authority agreements were drafted and revised. These renewal discussions culminated in a facilitated discussion among Board members at a December 18, 2013 Strategic Planning Session of the Agency. Recognizing all the issues could not be resolved in a single session, a subsequent strategic planning sessions was planned for after additional research was performed.

Concurrent with these discussions, this Board examined and took action that resulted in the passage of a countywide carryout bag ordinance (with Santa Rosa opting out to enforce an identical ordinance within its own borders). The Agency's member jurisdictions adopted a Second Amendment to the JPA Agreement in advance of the ordinance's introduction on January 15, 2014. The Second Amendment explicitly stated the Agency had the authority to adopt ordinances which would be effective countywide and that Agency members reserved the right to opt out of non-core programs such as the carryout bag ordinance.

At the February 19, 2014 Agency meeting, the Board entered into an agreement with R3 Consulting Group to examine Agency programs and service delivery options for its members. R3's analysis was completed and presented to the Board at the May 21, 2014 Agency meeting and was a subject of further discussion at the June 23, 2014 Strategic Planning Session. As a result of feedback received at the June 23, 2014 Strategic Planning Session, the Third Amendment to the JPA was included as an attachment at the July 16, 2014 Agenda Packet and presented to the Board at the November 19, 2014 Agency meeting.

A White Paper about the Agency functions was developed and distributed to Agency members on March 10, 2015. At the March 18, 2015 Agency meeting, the Board directed staff to present a matrix of questions to Agency members to consider and give feedback about. By June 23, 2015, all members had considered the matrix questions. When the County considered the matrix at its June 23, 2015 Board of Supervisors meeting, County staff introduced an idea for consolidating Agency functions under another government entity, the Regional Climate Protection Authority (RCPA).

At the August 19, 2015 Agency meeting, the Board created an Ad Hoc Committee to explore the idea provided by the County to merge Agency programs with the RCPA programs.

At the September 16, 2015 Agency meeting, the Board directed staff to return with an updated decision matrix to facilitate the discussion of future Agency programs with Agency member councils. The County-only option was not to be studied further. Issues to be examined include cost differentials, governance model, bylaws, existing litigation, financial mechanisms, timing, and who would perform operations.

Explanation of Options

Option 1: creation/renewal of a JPA similar to the current Agency

Cost difference – This model assumes existing operations would be performed by existing staff and contractors. Annual costs are approximately \$7.7 million for the compost operation and outhaul, \$1.6 million for HHW collection and disposal, \$500,000 for education/outreach, \$40,000 for planning/reporting activities.

Governance model – The existing model allows one vote per member jurisdiction, requires a unanimous vote for the passage of annual budgets, capital expenditures over \$50,000, and major program expansions beyond composting, household hazardous waste, education, and planning and reporting, and requires the member be either an elected official or a staff member of the jurisdiction. These provisions are included in the JPA agreement, so any alteration would be an amendment to the JPA agreement.

Bylaws – These rules establish the procedure for the election of Board officers, creation of the monthly agenda, public comment, and the process for members to share closed session information with their respective governing councils. These rules of governance can be modified by a vote of the Agency Board of Directors.

Financial mechanisms – As a Joint Powers Authority government entity established pursuant to the California Government Code section 6500 et. seq. and the Public Resources Code 40970 et. seq., the Agency has the ability to collect revenues from both a surcharge imposed on solid waste, tipping fees imposed on the disposal of yard debris and wood waste, and to apply for and receive grants. Other funding mechanisms include entering into agreements in which members provide funding to compensate for services provided (e.g. City of Petaluma) and parcel taxes (not currently used in Sonoma County).

Timing – The SCWMA term expires twenty five years from the date the agreement was executed by the last Agency member jurisdiction, which has been described as February 2017. The JPA agreement may be extended on a year to year basis thereafter by mutual agreement of Agency members.

Operations – The existing compost and household hazardous waste operations are performed by contractors under Agency administration and management. These operations may continue under this model or be assigned to another party through an amendment to the JPA.

Pros – Flexibility to include desired programs, this option could include assignment/contracting of some or all Agency programs to other entities; existing statutory authority to raise revenue, perform powers common to members, and act as a CalRecycle-approved Regional Agency; indemnity clause and Regional Agency status provides members protection; provides economy of scale for solid waste education, outreach, planning, and reporting programs; has the ability to enact ordinances that are effective countywide; current JPA agreement has the flexibility to be extended on a year to year basis which allows additional time for the members to take action, if needed.

Cons – Amendments require unanimous consent of all members making change difficult; current Agency did not adapt to changing regulatory and legal conditions and was not able to prevent the closure of its compost facility which damaged the Agency's reputation; some members have already expressed interest in not pursuing a JPA model or allowing some programs to continue in a JPA model, which makes consensus building under this option more difficult; does not necessarily create the potential efficiency of eliminating a Board of Directors (a.k.a. Board fatigue); if the compost program is retained, the Agency Board would continue to deal with potential liability issues.

Option 2: creation/renewal of a JPA to continue programs through assignment to the RCPA and County/Republic

Cost difference – This model assumes existing operations would be performed by a combination of RCPA staff, County/Republic staff, and contractors. Agency, County, and RCPA staff costs and overhead are very similar (hourly wage, benefits, etc.). There may be some savings through the replacement of the full-time Agency Executive Director with a part-time RCPA Executive Director.

Governance model – For this model to be efficient, the Board of Directors of the new or reformed JPA would be the Board of Directors of the RCPA. The governance model of the RCPA can only be altered by an amendment by the California Legislature. It is assumed that the governance model for this Agency would be the RCPA's model.

Financial mechanisms – As a Joint Powers Authority government entity established pursuant to the California Government Code section 6500 et. seq. and the Public Resources Code 40970 et. seq., this JPA has the ability to collect revenues from both a surcharge imposed on solid waste, tipping fees imposed on the disposal of yard debris and wood waste, and to apply for and receive grants. Other funding mechanisms include entering into agreements in which members provide funding to compensate for services provided (e.g. City of Petaluma) and parcel taxes (not currently used in Sonoma County).

Timing – The JPA expires February 2017, unless terminated earlier by all members. If this model is selected, the new JPA should be in place before the expiration of the SCWMA's JPA agreement to avoid gaps in programs provided.

Operations – The existing compost and household hazardous waste operations are performed by contractors under Agency administration and management. These operations may continue under this model or be assigned to another party through an amendment to the JPA. The RCPA Board of Directors has not made a decision as to whether they would allow contracting of these operations to be performed under their management, and if this was not allowed, assignment would be the only option.

Pros – Flexibility to include desired programs, this option could include assignment/contracting of some or all Agency programs to other entities; statutory authority to raise revenue, perform powers common to members, and act as a CalRecycle-approved Regional Agency; indemnity clause and Regional Agency status provides members protection; provides economy of scale for solid waste

education, outreach, planning, and reporting programs; has the ability to enact ordinances that are effective countywide; consolidates two Board of Directors into one.

Cons – Amendments to JPAs require unanimous consent of all members making change difficult; some members have already expressed interest in not pursuing a JPA model or allowing some programs to continue in a JPA model, which makes consensus building under this option more difficult; the RCPA Board may be reluctant to include operations even if the compost and HHW programs were performed by contractors even with extremely protective insurance and indemnity clauses in their agreements.

Option 3: expiration of the JPA and performance of the Agency's education and policy functions by the RCPA, performance of the Agency's composting and household hazardous waste functions by the County/Republic, and responsibility for planning and reporting returned back to the Cities and County

Cost difference – This model assumes existing operations would be performed by a combination of RCPA staff, County/Republic staff, and contractors. Agency, County, and RCPA staff costs and overhead are very similar (hourly wage, benefits, etc.), and while there may be a savings through the replacement of the full-time Agency Executive Director with a part-time RCPA Executive Director, some or all of these savings would be offset by additional costs of performing ten Annual Reports on behalf of all Sonoma County participants. As such, the cost difference between this model and the existing model is expected to be negligible.

Governance model – If compost and HHW operations were performed by the County, the County of Sonoma Board of Supervisors would be the governing board for those operations. There is a clear nexus between the existing functions of the RCPA and the Education and policy functions performed by the Agency, so no change to the governance structure of the RCPA would be required for the RCPA to perform those functions. Individual cities and the County would need to delegate the RCPA the authority to submit Annual Reports on their behalves.

Financial mechanisms – The County and Republic would likely enter into negotiations for the operation of composting and HHW programs, with the expected result of a continuation of the tipping fee and/or tipping fee surcharge to cover the cost of those programs. While the RCPA does not have the authority to establish a tipping fee surcharge which the Agency does, the RCPA could enter into agreements or amend existing agreements between member agencies to provide these funds.

An example of this mechanism is the agreement between the Agency and the City of Petaluma. Petaluma delivers its solid waste to the Redwood Landfill in Marin County. As the Redwood Landfill does not impose a tipping fee surcharge on Petaluma solid waste to distribute to the Agency, Petaluma has entered into an agreement with the Agency to pay the Agency directly for the service received by its citizens, paying the equivalent fee to the Agency that its citizens would have paid had the solid waste been delivered to a County-owned solid waste facility (\$4.85/ton).

Timing – The JPA expires February 2017, unless terminated earlier by all members. If this model is selected, agreements or MOUs assigning responsibility for Agency programs should be put in place prior to the expiration or dissolution of the Agency. Once agreements or MOUs are in place, the timeline is at the discretion of Agency members.

Operations – The RCPA believes it has the authority to perform the Agency’s education and policy functions without amendment to its statutory authority, so these functions would be performed by the RCPA. Agreements or MOUs between Agency members would assign the responsibility for the composting and HHW operations to the County, which presumably would negotiate with Republic to perform compost and HHW collection and disposal tasks. Individual Cities and the County would be responsible for performing solid waste reporting and planning activities. The reporting tasks could be delegated, through MOUs, to the RCPA.

Pros – this model may be viable with less effort than the consensus-building required by the JPA model; though this model would be the most efficient and consistent if the membership is countywide, participation could be structured on an opt-in basis allowing members the flexibility of choice; reporting activities could be delegated to the RCPA without the need to engage the state legislature for a more complex legislative fix; County/Republic MOA already contains provisions for Republic to assume the composting and HHW operations so negotiations should not be overly complex; could reasonably be accomplished before February 2017.

Cons – lacks the Regional Agency protections of a JPA in the case of fines or enforcement actions by CalRecycle or other enforcement agencies; does not allow for the delegation of solid waste planning document creation, so there would be one-time plan creation costs for all members and occasional plan maintenance costs; unclear how the RCPA could influence compost and HHW operations if this was desired by the membership; would require multiple agreements or MOUs to delegate reporting functions and revenue generation; would require the a dissolution/transition plan of the Agency, including the disposition of Agency funds, of which there has currently been no discussion about by the Agency Board.

Option 4: statutory amendment of the RCPA to allow performance of some or all Agency functions

Cost difference – This model assumes existing operations would be performed by a combination of RCPA staff and contractors. Agency, County, and RCPA staff costs and overhead are very similar (hourly wage, benefits, etc.), but there may be a small amount of cost savings through the assigning the duties of a full-time Agency Executive Director to a part-time RCPA Executive Director.

Governance model – If the RCPA undergoes the process of requesting the legislature to amend their statutory authority, it is possible that the governance structure could be amended as well. This request would be made by the RCPA member agencies, but an amendment to the statute would be required to make this happen.

Financial mechanisms – With the legislative fix to allow the RCPA to be a Regional Agency according to CalRecycle, the RCPA would have the ability to impose and collect a surcharge on solid waste to fund the HHW, education, planning, reporting, and solid waste policy programs, as well as tipping fees to cover the composting program. Agreements between the RCPA and County/Republic may be necessary to establish surcharge and collect the revenue. Other potential funding mechanisms include entering into agreements in which members provide funding to compensate for services provided (e.g. City of Petaluma) and parcel taxes (not currently used in Sonoma County).

Timing – The JPA expires February 2017, unless terminated earlier by all members. The legislative fix to allow the RCPA to perform solid waste regional agency functions would need to be signed into law by the governor by October 2016 in order to ensure continuity of Agency programs. If the legislative fix was not made law by October 2016, and the RCPA and Agency Boards still wished to proceed with this option, the member agencies should consider a one year extension of the JPA, as provided in Section 20 of the JPA to allow additional time for the legislative fix to be implemented.

Operations – The RCPA statutory authority would be amended to allow the RCPA to perform the Agency's composting, HHW, education, planning, reporting, and policy functions. However, administering operational agreements such as the compost and HHW programs has not been discussed by the RCPA Board and it is unknown whether that Board would allow that inclusion.

Pros – The RCPA is already planning to seek an amendment to its statutory authority to extend or remove the termination clause of 2020; would include the inherent efficiencies of the JPA model with the added efficiency of one fewer Board of Directors; economies of scale and consistent countywide messages for programs would be realized; the RCPA would retain control over the compost and HHW programs allowing for continued regional influence on these programs.

Cons – This option is dependent on the state legislature for introduction and approval; if the legislative fix is not signed by the governor by October 2016, it would be very unlikely this option is viable before February 2017; there is greater potential this option to add complexity to the legislative fix, more so than option 3, and could delay or derail the RCPA term extension; unclear how the RCPA could influence compost and HHW operations if this was desired by the membership; the RCPA may step into liability issues related to the compost operation; the RCPA Board may be reluctant to include operations even if the compost and HHW programs were performed by contractors even with extremely protective insurance and indemnity clauses in their agreements.



Agenda Item #: **8**
Cost Center: **Organics**
Staff Contact: **Carter**
Agenda Date: **10/21/2015**

ITEM: Compost Site Closure

I. BACKGROUND

Per a lawsuit-related settlement, the existing compost facility at the Central Disposal Site is required to shut down. The site, on the County-owned landfill property, is to be vacated and returned in clean condition by October 15, 2015. In order to meet the end date, the compost facility contractor Sonoma Compost Company and SCWMA staff developed a closure schedule with input from the contract hauler, the Ratto Group:

1. Cease accepting residential collection routes green waste by July 1, 2015
2. Cease accepting self-haul green waste by September 1, 2015
3. Cease accepting wood waste by September 1, 2015
4. Have all in-process material processed and ready for sale by September 15, 2015
5. Have the site vacant and clean by October 1, 2015, thus providing a 2-week buffer for unexpected occurrences.

Per the plan, the Ratto Group initiated full outhaul of residential and commercial route green waste by July 1. This measured move to full outhaul was successful as there were no issues from the transition to outhaul. Self-haul green waste and wood waste outhaul began August 29, 2015.

II. DISCUSSION

The outhaul of compost feedstock by the Ratto Group is progressing as expected. Per staff's conversations with the Ratto Group and Republic, there do not appear to be unforeseen difficulties out-hauling wood waste and yard debris. While there were difficulties for Republic to increase the Wood Waste and Yard Debris tipping fees on October 1, as originally planned, fees were increased on October 12. Though staff does not believe this will be an issue again, staff has established a protocol with Republic regarding fee increases should they need to be changed in the future.

The issue involving capacity for trans-loading wood waste at the Central Disposal Site appears to not be as problematic at this time. Staff met with Republic staff, the Ratto Group, and the LEA about the need for trans-loading capacity at the Central Disposal Site, and staff is confident a short-to-medium term solution will be implemented in a timeframe that meets Republic's and the Ratto Group's schedules for the construction of a new Material Recovery Facility at the Central Disposal Site. Staff will continue to update the Board as future actions are required.

Per the settlement agreement with RENALE, the Central Compost Site was closed, all material removed, and the site was swept by October 15, 2015. Per the License Agreement with the County of Sonoma, there may still post-closure issues to settle between the Agency and the County, and staff has met with and will continue to work with County staff to resolve potential post-closure issues.

On October 13, 2015 the County issued a letter detailing their expectations of how the site would be returned in a “completely clean condition” as required by the settlement agreement. The requirements listed in the letter were discussed previously between County and Agency staff and were not unexpected. Agency staff has met with Republic staff and others to discuss implementation.

The settlement agreement between RENALE, the County of Sonoma, and the SCWMA requires the Agency to take action to terminate the License Agreement, so staff recommends this Board direct staff to take that action. The License Agreement may be terminated by the Agency with a 30 day written notice to the County. Staff notes the termination does not remove potential post-closure obligations of the Agency per the JPA, should they be identified by the County. Staff believes the risk of significant post-closure requirements is relatively low, as the area covered by this license has been targeted for landfill disposal by Republic in the next year or two. The Agency only had liability for surface conditions at the Central Compost Site; Republic will be altering that surface in a material way in the near future.

III. FUNDING IMPACT

Funding for outhaul is currently borne by the Yard Debris and Wood Waste funds. Inbound material gate rates increased on October 12, 2015 to cover the additional expense of outhaul.

IV. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION

Staff recommends the Board direct staff to issue a letter to the County of Sonoma terminating the License Agreement between the SCWMA and the County.

V. ATTACHMENTS

License Agreement
County Letter, Dated 10/13/2015

Approved by: _____
Patrick Carter, Interim Executive Director, SCWMA

sonoma copy

LICENSE AGREEMENT
FOR USE OF COUNTY FACILITIES
BETWEEN



COUNTY OF SONOMA
AND
SONOMA COUNTY WASTE MANAGEMENT AGENCY
FOR
COMPOST PREMISES
LOCATED AT
SONOMA COUNTY CENTRAL LANDFILL
PETALUMA, CALIFORNIA

DATED: April 23, 20 13

LICENSE AGREEMENT FOR USE OF COUNTY FACILITIES

This Agreement ("Agreement"), made and entered into on _____, 2013 ("Effective Date"), by and between the COUNTY OF SONOMA, a political subdivision of the State of California (hereinafter called the "County"), and the Sonoma County Waste Management Agency, a Joint Powers Agency (hereinafter called the "Licensee"). County and Licensee are sometimes collectively referred to herein as the "parties" and singularly, as "party."

R E C I T A L S

WHEREAS, County is the owner of certain real property located at 500 Meecham Road, Petaluma, California ("Landfill Property"); and

WHEREAS, the County and the cities entered into that certain Agreement between the Cities of Sonoma County and Sonoma County for a Joint Powers Agency to Deal with Waste Management Issues (Wood Waste, Yard Waste, Household Hazardous Waste, and Public Education) dated as of February 2, 1992 ("JPA Agreement"); and

WHEREAS, Section 5 of the JPA Agreement states in part: "Provided that all regulatory requirements of Federal and State agencies are first met, the County agrees to provide, free of charge as a subsidy, sites at its Central Landfill Site for the purpose of household hazardous waste collection and storage and for a wood and yard waste Treatment System...."; and

WHEREAS, pursuant to the JPA Agreement, Licensee currently uses 27 acres of the Landfill Property to conduct Composting Operations (as defined in Section 6.1 below) as more particularly depicted on Exhibit A to this Agreement ("Premises"); and

WHEREAS, County and Licensee wish to enter into an agreement in order to set forth the terms and conditions for Licensee's use of the Premises.

NOW THEREFORE, in consideration of the promises and covenants set forth below, the parties agree as follows:

A G R E E M E N T

1. License. County hereby grants Licensee a license, subject to all the terms and conditions of this Agreement, to use the Premises.
2. Premises. By this Agreement, County does hereby license to Licensee, and Licensee does hereby take and hire from County:

(a) that certain real property consisting of 27 acres on the Landfill Property and commonly known as the composting operations, said real property being depicted on Exhibit A ("the Premises"); and

(b) a non-exclusive right to use the access road to the Premises; and

(c) all improvements and fixtures located on the Premises which are owned by County, including, without limitation, all buildings and structures presently located on the Premises, including the cement treated base, all apparatus, equipment and appliances used in connection with the operation or occupancy of the Premises, such as facilities used to provide any utility services, or other services on the Premises, (all of which are collectively referred to as the "Improvements").

3. Non-Exclusive License. The license herein granted is non-exclusive. County continues to maintain and control the Premises including, without limitation, leasing, sub-leasing and granting of additional licenses, provided, however, that any such leasing, subleasing or licensing shall not interfere with Licensee's operation and maintenance of the Premises.

4. Term/Termination

4.1 Commencement of Term. The term of this Agreement shall commence on the "Effective Date", and shall terminate on February 11, 2017 ("Expiration Date"), unless sooner terminated as provided for in this Agreement.

4.2 Licensee's Duty to Surrender. At the expiration or earlier termination of the term, Licensee shall surrender to County, in good condition and repair and consistent with Licensee's obligations under the JPA Agreement, the possession of the Premises. Notwithstanding the foregoing, no termination of this Agreement shall release Licensee from any liability or obligation hereunder, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of termination, or date of surrender if it be later. In addition, the parties acknowledge that the County shall have the right under Section 5 of the JPA Agreement to require Licensee to perform monitoring tests to examine the condition of the Premises to ensure the site is left in a completely clean condition.

4.3 Termination for Convenience. Licensee may terminate this Agreement upon 30 days' prior written notice to County.

5. Consideration. Pursuant to the JPA Agreement, County is providing the use of the Premises at no cost to Licensee.

6. Uses, Purposes

6.1 Permitted Uses. Licensee shall use and permit the use of the Premises for the purpose of operating the Treatment System (as defined in the JPA Agreement). Such use shall include the right to: (i) maintain administrative offices for

the Treatment System operator through the use of portable trailers or other temporary structures; and (ii) conduct retail sales of Products (as defined in the JPA Agreement).

6.2 Operational Requirements of Licensee. Licensee agrees throughout the term to abide by the following conditions and requirements:

6.2.1 Hazardous Materials.

(a) Licensee shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept or used in or about the Premises by Licensee, its agents, employees, contractors or invitees, without the prior written consent of County, which County shall not unreasonably withhold as long as Licensee demonstrates to County's satisfaction that such Hazardous Materials: (i) are necessary or useful to Licensee's business and will be used, kept and stored in a manner that complies with all laws, statutes, ordinances, rules, regulations, orders, requirements, and policies of any and all governmental agencies and authorities and any fire insurance underwriters applicable to any such Hazardous Materials ("Hazardous Materials Laws") and (ii) do not otherwise, due to the quantity, nature or use of such Hazardous Materials, substantially increase the risk of fire or other casualty to the Premises.

(b) To the extent any Hazardous Materials are used, kept, or are present in or on the Premises after the Effective Date, Licensee shall ensure that all such Hazardous Materials, and all uses thereof, are in full compliance with all Hazardous Materials Laws.

(c) If Licensee breaches the obligations stated in subparagraphs (a) or (b) of this Section 6.2.1 or if the presence of Hazardous Materials on the Premises after the Effective Date results in contamination of the Premises, or if Hazardous Materials are otherwise discharged or released from the Premises after the Effective Date, then Licensee shall indemnify, defend (with counsel approved by County) and hold County harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term of this Agreement as a result of such breach, contamination, discharge, or release. This indemnification of County by Licensee includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision, except County, because of Hazardous Materials present in, on or under the Premises. Upon the termination of this Agreement, Licensee shall surrender the Premises to County free of any and all Hazardous Materials brought upon, kept or used in or about the Premises by Licensee or any subcontractor of Licensee. This indemnification shall survive the termination or expiration of this Agreement.

(d) For the purpose of this Section 6.2.1, the term "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and

Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §6901 et seq.), Section 25117 of the California Health & Safety Code, Section 25316 of the California Health & Safety Code, and in the regulations adopted and publications promulgated pursuant to them, or any other federal, state, or local environmental laws, ordinances, rules, or regulations concerning the environment, industrial hygiene or public health or safety now in effect or enacted after this date.

(e) Notwithstanding anything stated to the contrary herein, Licensee shall not be responsible for any existing or pre-existing Hazardous Materials located in the landfill underneath the Premises or any Hazardous Materials brought upon the Premises by anyone other than Licensee or Licensee's contractor or agents.

6.2.2 Compliance with Laws. Licensee shall comply with all Laws and Orders concerning the Premises or Licensee's use of the Premises. For purposes of this Agreement, the term "Laws and Orders" includes all federal, state, or California State agency laws, statutes, ordinances, permits, standards, rules, regulations, requirements, or orders now in force or hereafter enacted, promulgated, or issued. The term also includes government measures regulating or enforcing public access, occupational health, or safety standards for employers, employees, landlords or Licensees but does not include County adopted laws, statutes, ordinances, permits, standards, rules, regulations, requirements or orders unless included in this Agreement or currently existing and applicable to Licensee. Licensee shall not allow the Premises to be used for any improper, unlawful or objectionable purpose.

6.3 Reservations to County.

6.3.1 Easements, Rights-of-Way and Permits. County shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; and telephone and telegraph power lines and such other appliances and appurtenances necessary or convenient to use in connection therewith, over in, upon, through, across and along the Premises or any part, thereof, as will not interfere with Licensee's operations hereunder and to enter thereupon for any and all such purposes, County also reserves the right to grant easements, rights-of-way and permits in, over, and upon, along or across any and all portions of said Premises as County may elect. County will cause the surface of the Premises to be restored to its original condition upon the completion of any construction done pursuant to this Section. County agrees that any right set forth in this Section 6.3.1 shall not be exercised unless a prior written notice of ten (10) days is given to Licensee. However, if such right must be exercised by reason of emergency, County will give such notice in writing as soon as is possible under the existing circumstances.

6.3.2 Gate Fees. As of the Effective Date, the current processing fees for wood waste and yard debris are set forth in Exhibit B. Licensee shall provide County with 60 days advance written notice of its intention to change the processing fees

for either wood waste or yard debris. County reserves the right to pass through additional costs and fees on all materials delivered to the County landfill and transfer stations, including without limitation, a County concession payment on all wood waste and yard debris. County shall provide Licensee with 60 days advance written notice of any such charges or fees. County agrees to collect all processing fees for the Treatment System and provide them to Licensee on a monthly basis.

7. Licensee's Program Obligations. County and Licensee will enter into negotiations regarding shared use of the existing leachate pipeline for disposal of surface water.

8. Records and Audits; Inspections of Premises.

8.1 Maintenance of Records. Licensee shall keep and maintain full and complete documentation and accounting records concerning this License. Licensee shall maintain the accounting records in conformity with generally accepted accounting principles.

8.2 Examination of Records. County shall have the right, at County's sole cost and expense, at any reasonable time and from time to time after giving 15 days prior written notice to Licensee, to do or cause to be done any or all of the following: to audit the records; to make abstracts from the records; and to make copies of any or all records. Licensee shall make all records specified in the notice available at the time specified in the notice, if reasonable, and at the place where the records are to be kept.

8.3 County's Right to Inspections. County shall have the right to enter upon the Premises at any and all times throughout the term of this License for the purpose of inspecting the same and posting any notices required or permitted under law.

9. Condition, Maintenance, Utilities, Repairs

9.1 As-Is Condition. Licensee hereby acknowledges that neither the County nor anyone acting for or on behalf of the County, has made any representation, warranty or promise to Licensee concerning the physical aspects or condition of any portion or part of the Premises or improvements, the feasibility, desirability or convertibility of the Premises into any particular use, the zoning, building or land use restrictions applicable to the Premises, projected income or expenses for any of the Premises, the conditions of the soil, subsoils, ground water, or surface waters or the presence or absence of any toxic waste or hazardous substances or material, and that by entering into this License has not relied on any representation, statement or warranty of the County, or anyone acting for or on behalf of the County, and that all matters concerning the Premises shall be independently verified by Licensee, and that Licensee shall use and occupy the Premises on Licensee's own examination thereof, AND THAT LICENSEE IS LICENSING THE PREMISES IN "AS-IS" PHYSICAL CONDITION AND "AS-IS" STATE OF REPAIR. Licensee does hereby waive and the County does hereby disclaim all warranties of any type or kind of description but not limitation, those of fitness for particular purpose, tenantability, habitability and use. Licensee hereby

expressly waives any and all claims for damages or for rescission or cancellation of this License because of any representations made by the County or by any agent of the County. Licensee acknowledges that it has had sufficient time to conduct all inspections, reviews and studies of the Premises that Licensee may deem necessary. Licensee hereby expressly assumes the risk that adverse physical conditions and the full extent thereof, may not be revealed by Licensee's inspections, reviews and studies of the Premises. It is an expressly bargained-for agreement herein that Licensee shall be responsible, at Licensee's sole cost and expense, for maintaining the Premises in a manner that complies in all respects with all Laws and Orders.

9.2 Licensee's Duty to Maintain Premises. Throughout the term, Licensee shall, at Licensee's sole cost and expense, maintain the Premises, including the cement treated base and all utilities, in good condition and repair and in accordance with all Laws and Orders. It is the specific, bargained-for intent of the parties that Licensee's maintenance and repair obligations shall be absolute and total, that County shall have no obligation or responsibility for such work, and that this provision has been specifically negotiated by the parties and the consideration for this License reflects this negotiation. With the exception of the access road, County shall not have any responsibility whatsoever to maintain the Premises

9.3 Utilities. Licensee shall bear the costs for all utilities furnished to the Premises at the rates of \$79.25 per Megawatt-hour of electricity, \$2.64 per thousand gallons of water, and disposal of garbage at current rates, as revised from time to time. County will install meters for all utilities upon 24 hours notice to Licensee. Licensee will reimburse County for the costs of the meters.

9.4 Damage and Destruction. It is the intent of the parties that Licensee shall be responsible for the repair and restoration of the Premises, and any part thereof, in the event of any casualty, injury, damage, or destruction to the Premises or any part thereof, regardless of when it occurs during the term. No damages, compensation or claim shall be payable by County for any inconvenience, any interruption or cessation of Licensee's business, or any annoyance, arising from any damage to or any destruction of all or any portion of the Premises.

9.5 Equipment Installation and Operation. Licensee or Licensee's contractor shall install any equipment, at its sole cost and expense. Licensee's equipment shall be installed, operated and maintained in accordance with the highest standards now or hereafter generally employed for similar equipment. In the event the installation, operation or maintenance of said equipment causes any direct or indirect interference with the operation of County's facilities, equipment or the equipment of County's agents, tenants, or other governmental agencies, Licensee shall correct said interference, at its sole cost and expense, to the reasonable satisfaction of County. In the event said interference cannot be corrected, Licensee shall promptly remove said equipment.

10. Waste. Licensee shall not commit, suffer, or permit the commission by others of: (i) any waste on the Premises; (ii) any action or use of the Premises which interferes or conflicts with the use of the Premises by County or any authorized person

unless expressly permitted; or (iii) any action on the Premises in violation of any Laws or Orders.

11. Financing. Licensee shall not encumber any interest Licensee may have in the Premises.

12. Extent of Grant of License. This License herein granted is valid only to the extent of County's jurisdiction as a land owner or tenant of the Premises. Acquisition of any other necessary permits or entitlements for use is the responsibility of Licensee. NOTHING CONTAINED IN THIS AGREEMENT SHALL BE CONSTRUED AS A RELINQUISHMENT OF ANY RIGHTS NOW HELD BY COUNTY.

13. Insurance; Indemnification

13.1 Duty to Maintain Insurance. Licensee shall meet all insurance requirements set forth in Exhibit C.

13.2 Indemnity by Licensee. Licensee will indemnify, hold harmless and defend County, its agents and employees, from and against any and all actions, claims, damages, disabilities or expenses including, without limitation, attorneys' fees, witness costs and court costs that may be asserted by any person or entity, including Licensee, arising out of or in connection with any of the following circumstances:

13.2.1 Use of Premises. Use of the Premises in any manner by Licensee, its agents, employees, invitees, sublicensees and contractors, and the agents, employees, patrons, contractors and invitees of Licensee's contractor, including any use of the Premises not allowed under this Agreement.

13.2.2 Breach by Licensee. Any breach by Licensee of the terms, covenants or conditions herein contained.

13.2.3 Approval of License. The approval of this License by County.

13.2.4 Other Activities. Any other activities of Licensee, its agents, employees and contractors whether or not there is concurrent negligence on the part of the County, but excluding liability due to the sole active negligence or sole willful misconduct of County. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable by or for Licensee or its agents under workers' compensation acts, disability benefit acts or other employee benefit acts.

13.3 Indemnity by County. County will indemnify, hold harmless and defend Licensee, its agents and employees, from and against any and all actions, claims, damages, disabilities or expenses including, without limitation, attorneys' fees, witness costs and court costs that may be asserted by any person or entity, including Licensee,

arising out of County's operations on the remaining portions of the rest of the Landfill Property.

13.4 Liability for Loss or Damage to County Property. Licensee shall be liable to County for any loss or damage to the Premises arising from or in connection with Licensee's performance hereunder or any of Licensee's officers, agents, employees or contractors.

14. Nondiscrimination. In the performance of this License, Licensee shall comply with all applicable federal, state and local laws, rules and regulations regarding nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, sexual orientation, marital status, age, medical condition, pregnancy, disability, or AIDs or HIV status, including without limitation, the County's Non-Discrimination Policy.

15. Provisions are Conditions of Use/Occupancy. Each provision of this License shall be deemed a condition of the right of Licensee to use or continue to occupy the Premises. If Licensee fails to comply with any Laws and Orders related to the Premises and Licensee's operations thereon, and does not correct such failure within 90 days of written notice from County, County may at its option terminate this License by written notice to Licensee; this right to terminate shall be cumulative to any other legal right or remedy available to County.

16. Licensee to Act in Independent Capacity. Licensee, its officers, agents, and employees shall act in an independent capacity and shall not represent themselves to be or be construed to be officers, agents, or employees of County.

17. License Not a Lease. This License does not constitute a lease, but constitutes a mere revocable license and Licensee is limited to the use of the Premises expressly and specifically described above. Excepting the access road to the Premises and except as otherwise allowed under the JPA Agreement, Licensee shall have no right or privilege in any respect whatsoever to use any other part of the Landfill Property of County for any purpose whatsoever. Licensee disclaims any interest that when coupled with the License herein granted would render it irrevocable.

18. Notices. All notices (including requests, demands, approvals, or other communications) under this License shall be in writing.

18.1 Method of Delivery. Notice shall be sufficiently given for all purposes as follows:

(a) When personally delivered to the recipient, notice is effective on delivery.

(b) When mailed first class to the last address of the recipient known to the party giving notice, notice is effective on delivery.

(c) When mailed by certified mail with return receipt requested, notice is effective on receipt if delivery is confirmed by a return receipt.

(d) When delivered by overnight delivery with charges prepaid or charged to the sender's account, notice is effective on delivery if delivery is confirmed by the delivery service.

(e) When sent by fax to the last fax number of the recipient known to the party giving notice, notice is effective on receipt evidenced by fax confirmation as long as (1) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery or (2) the receiving party delivers a written confirmation of receipt. Subject to the foregoing requirements, any notice given by fax shall be considered to have been received on the next business day if it is received after 5 p.m. (recipient's time) or on a non-business day.

18.2 Refused, Unclaimed, or Undeliverable Notices. Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be considered to be effective as of the first date that the notice was refused, unclaimed, or considered undeliverable by the postal authorities, messenger, or overnight delivery service.

18.3 Addresses. Addresses for purposes of giving notice are set forth below:

COUNTY: County of Sonoma
Department of Transportation and Public Works
2300 County Center Drive, Suite B-100
Santa Rosa, CA 95403
Attn: Director of Transportation and Public Works

LICENSEE: Sonoma County Waste Management Agency
2300 County Center Drive, Suite B-100
Santa Rosa, CA 95403
Attn: Henry Mikus, Executive Director

Any party may at any time change its address for notices by giving written notice of such change to the other party in the manner provided in this paragraph.

19. No Continuing Waiver. The waiver by County of any breach of any of the provisions of this License shall not constitute a continuing waiver of any subsequent breach of the same, or of any other provision of this License.

20. General Provisions. Licensee shall not either voluntarily or by operation of law assign, sublet, hypothecate or otherwise transfer Licensee's interest in this License without the prior written consent of County in each instance. A consent by County to one assignment, sublease, hypothecation or transfer shall not be construed as a consent to any subsequent assignment, sublease, hypothecation or transfer, or as releasing Licensee from any liability or obligation hereunder whether or not then accrued. Any assignment, sublease, hypothecation or transfer which is not in compliance with this section shall be void and shall, at the option of County, terminate this License.

21. Improvements.

21.1 Ownership of Improvements During Term. County owns the existing cement treated base on the Premises. Licensee or Licensee's contractor shall own all fixtures and improvements it places or constructs on the Premises until the expiration or termination of this License Agreement.

21.2 Licensee's Duty to Remove. At the expiration or sooner termination of this License, Licensee shall remove from the Premises all of its personal property. If it fails to do so, County may retain ownership of such personal property or dispose of it as County sees fit. Notwithstanding anything stated to the contrary in this License, County shall have the right to require Licensee to remove all such fixtures and improvements and return the Premises to the County in a completely clean condition as required under Section 5 of the JPA Agreement, with the exception of the removal of the cement treated base.

22. Miscellaneous Provisions

22.1 Time of Essence. Time is and shall be of the essence of this License and of each and every provision contained in this License.

22.2 Amendments. This License may be modified in writing only, signed by the parties in interest at the time of the modification, and this sentence may not be modified or waived by any oral agreement, whether executed or unexecuted.

22.3 Binding Effect; Choice of Law. This License shall be binding upon and inure to the benefit of the parties, their personal representatives, successors, and assigns. This License shall be governed by the laws of the State of California and any action to enforce the terms of this License or for the breach thereof shall be brought and tried in the County of Sonoma.

22.4 No Third Party Beneficiaries. Nothing contained in this License shall be construed to create and the parties do not intend to create any rights in third parties.

22.5 Construction of License; Severability; Venue. To the extent allowed by law, the provisions in this License shall be construed and given effect in a manner that avoids any violation of statute, regulation, or law. County and Licensee

agree that in the event any provision in this License is held to be invalid or void by any court of competent jurisdiction, the invalidity of any such provision shall in no way affect any other provision in this License. Licensee and County acknowledge that they have each contributed to the making of this License and that, in the event of a dispute over the interpretation of this License, the language of the License will not be construed against one party in favor of the other. Licensee and County further acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this License.

22.6 Relationship. The parties intend by this License to establish the relationship of Licensor and Licensee only, and do not intend to create a partnership, joint venture, joint enterprise, or any business relationship other than that of Licensor and Licensee.

22.7 Captions. The captions in this License are for convenience only and are not a part of this License. The captions do not in any way limit or amplify the provisions hereof, and shall have no effect upon the construction or interpretation of any part hereof.

IN WITNESS WHEREOF, the parties hereto have executed this License as of the Effective Date.

AGENCY/LICENSEE: _____

By: _____

Print _____

Title _____

APPROVED AS TO FORM
FOR AGENCY:

Janet L. Corleson
Agency Counsel

APPROVED AS TO SUBSTANCE
FOR AGENCY:

Henry J. Mikus
Executive Director

County/Licensors: COUNTY OF SONOMA, a political
subdivision of the State of California

By: _____

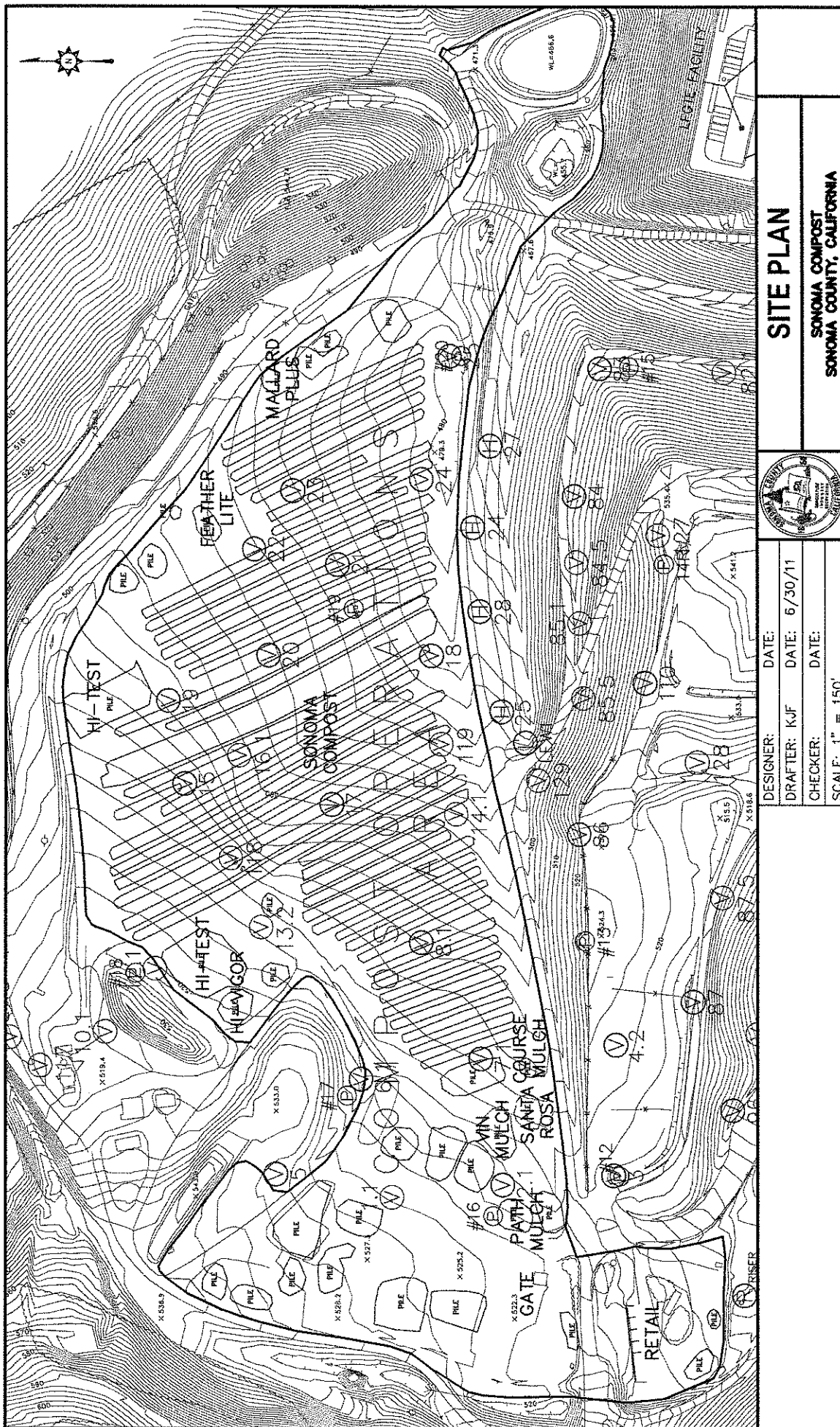
APPROVED AS TO FORM
FOR COUNTY:

Sheryl L. Bratton
Assistant County Counsel

APPROVED AS TO SUBSTANCE
FOR COUNTY:

Exhibit A

Depiction of 27 Acre Compost Parcel "Premises"
[ATTACH MAP]



SITE PLAN

**SONOMA COMPOST
SONOMA COUNTY, CALIFORNIA**



| | |
|------------------|---------------|
| DESIGNER: | DATE: |
| DRAFTER: KJF | DATE: 6/30/11 |
| CHECKER: | DATE: |
| SCALE: 1" = 150' | |

Exhibit A

Exhibit B

[ATTACH YARD AND WOOD PROCESSING FEES]

Exhibit B - Gate Fees

| Material | Cost Per Ton |
|---------------------------------------|---------------------|
| Wood Waste - Central Disposal Site | \$27.60 |
| Wood Waste - Other Transfer Stations | \$29.70 |
| Yard Debris - Central Disposal Site | \$34.10 |
| Yard Debris - Other Transfer Stations | \$36.20 |

Exhibit C

Licensee shall maintain insurance as described below unless such insurance has been expressly waived by the attachment of a *Waiver of Insurance Requirements*.

1. Workers Compensation and Employers Liability Insurance

- a. Required if Licensee has employees.
- b. Workers Compensation insurance with statutory limits as required by the Labor Code of the State of California.
- c. Employers Liability with limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.
- d. The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against County.
- e. Required Evidence of Insurance:
 - i. Subrogation waiver endorsement, and
 - ii. Certificate of Insurance

If Licensee currently has no employees, Licensee agrees to obtain the above-specified Workers Compensation and Employers Liability insurance should any employees be engaged during the term of this Agreement or any extensions of the term.

2. General Liability Insurance

- a. Commercial General Liability Insurance on a standard occurrence form, no less broad than ISO form CG 00 01.
- b. Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; the General Aggregate shall apply separately to each location.
- c. Licensee shall disclose any deductible or self-insured retention in excess of \$25,000 and such deductible or self-insured retention must be approved in advance by County. Licensee is responsible for any deductible or self-insured retention.
- d. County of Sonoma shall be additional insureds for liability arising out the ownership, maintenance or use of that part of the premises licensed to Licensee (ISO endorsement CG 20 11 or equivalent).
- e. The insurance provided to the additional insureds shall apply on a primary and non-contributory basis with respect to any insurance or self-insurance program maintained by them.
- f. The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against County.
- g. The policy shall cover inter-insured suits between County and Licensee and include a "separation of insureds" or "severability" clause which treats each insured separately.
- h. Required Evidence of Insurance:
 - i. Copy of the additional insured endorsement or policy language granting additional insured status, and
 - ii. Certificate of Insurance.

3. Property Insurance for Business Personal Property and Licensees' Improvements *(Required only during the Post-Construction Period)*

- a. Property insurance on a "special form" or "all risks" basis.
- b. Minimum Limit: the full current combined replacement cost of Licensee's Business Personal Property and Licensee's improvements.
- c. The insurance shall apply on a replacement cost basis, without deduction for depreciation.
- d. Licensee shall disclose any deductible or self-insured retention in excess of \$25,000 and such deductible or self-insured retention must be approved in advance by County. Licensee is responsible for any deductible or self-insured retention.
- e. Required Evidence of Insurance:
 - i. Certificate of Property Insurance *or* Evidence of Commercial Property Insurance.

4. Automobile Liability Insurance

- a. Minimum Limits: \$1,000,000 combined single limit per accident.
- b. Insurance shall apply to all owned autos. If Licensee currently owns no autos, Licensee agrees to obtain such insurance should any autos be acquired during the term of this Agreement or any extensions of the term.
- c. Insurance shall apply to hired and non-owned autos.
- d. Required Evidence of Insurance:
 - i. Certificate of Insurance

5. Licensees Pollution Liability Insurance

- a. Minimum Limits: \$1,000,000 per pollution Incident; \$1,000,000 Aggregate;
- b. Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by County. Licensee is responsible for any deductible or self-insured retention and shall fund it upon County's written request, regardless of whether Licensee has a claim against the insurance or is named as a party in any action involving the County.
- c. If the insurance is on a Claims-Made basis, the retroactive date shall be no later than the commencement of work.
- d. Insurance shall be continued for one (1) year after completion of the Work. If the insurance is on a Claims-Made basis, the continuation coverage may be provided by: (a) renewal of the existing policy; (b) an extended reporting period endorsement; or (c) replacement insurance with a retroactive date no later than the commencement of the work.
- e. County of Sonoma, shall be additional insureds for liability arising out of operations by or on behalf of the Licensee in the performance of this agreement. The foregoing shall continue to be additional insureds for (1) year after completion of the Work.

6. Standards for Insurance Companies

- a. Insurers shall have an A.M. Best's rating of at least A:VII.

7. Documentation

- a. The Certificate of Insurance must include the following reference: Central Landfill Compost License Agreement.
- b. All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Licensee agrees to maintain current Evidence of Insurance on file with County for the required period of insurance.
- c. The name and address for Additional Insured endorsements and Certificates of Insurance is:

County of Sonoma
Department of Transportation and Public Works
2300 County Center Drive, Suite B-100
Santa Rosa, CA 95403
Attn: Department Analyst

- d. Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.
- e. Licensee shall provide immediate written notice if: (1) any of the required insurance policies is terminated; (2) the limits of any of the required policies are reduced; or (3) the deductible or self-insured retention is increased.
- f. Upon written request, certified copies of required insurance policies must be provided within thirty (30) days.

8. Policy Obligations

Licensee's indemnity and other obligations shall not be limited by the foregoing insurance requirements.



Integrated Waste
Northern Sonoma County Air Pollution Control District
Road & Bridge Operations
Sonoma County Airport
Sonoma County Transit

Susan R. Klassen, Director

Deputy Director, Road Operations: John McCarthy

October 13, 2015

File: 50-01.17.4

Mr. Patrick Carter
Sonoma County Waste Management Agency
2300 County Center Drive, Suite B100
Santa Rosa, CA 95403

Re: Settlement Agreement; "Completely Clean Condition" Clause

Dear Mr. Carter,

Per Sections 5 and 9 of our Settlement Agreement in *RENALE v. County of Sonoma*, 14-CVV-3804, the Agency agreed to discontinue all composting operations at the Central Disposal Site by October 15, 2015. Per section 9 of the Settlement Agreement, the County and the Agency are obligated to notify RENALE once the site is in a completely clean condition. This letter is being written to you pursuant to Section 5 and 9 to indicate the terms upon which the County will find the site is restored to a completely clean condition.

On September 25, 2015 County Staff met with yourself and representatives of Sonoma Compost to discuss the final cleaning of the compost pad prior to being vacated. The primary goal of cleaning the pad is to ensure that residual compost is not left behind that would impact water quality coming off the facility after the compost pad is vacated. During our joint inspection of the site, we all noted that there was a significant amount of compost within cracks and crevices of the compost pad that was not readily or easily removable with a standard sweeper. Based on this observation, there are few options to remove the material short of the use of a regenerative sweeper along with flushing/washing out these pockets.

The County recognizes this methodology would be very time consuming, and as such, based on technical discussions during the meeting, would accept the pad as being clean on October 15 in accordance with the terms of Section 5 and 9 of the Settlement Agreement after being swept with a regular sweeper, provided that post-departure the Waste Management Agency collects and disposes of all water generated until after the first significant rain event where at least 1 inch falls ("Rain Event") on site. In this regard, the Waste Management Agency would be responsible for all BMPs associated with the compost facility's NOI and SWPPP until after the Rain Event.

This letter shall not be construed to relieve the Waste Management Agency from its obligations under the Joint Powers Agreement dated February 11, 1992, including without limitation, the obligation of the Agency to return the site to the County under Section 5.

If you have any questions or require additional information, please contact me at (707) 565-7940.

Very truly yours,

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Susan R. Klassen
Director

c: Trish Pisenti, Sheryl Bratton, Verne Ball



Agenda Item #: 9
Cost Center: Education
Staff Contact: Smith
Agenda Date: 10/21/2015

ITEM: Mandatory Organics Recycling Program

I. BACKGROUND

In October 2014 Governor Brown signed AB 1826 Chesbro (Chapter 727, Statutes of 2014), requiring businesses to recycle their organic waste on and after April 1, 2016, depending on the amount of waste generated per week. This law also requires that on and after January 1, 2016, jurisdictions across the state implement a recycling program to divert organic waste generated by businesses.

According to CalRecycle, mandatory recycling of organic waste is the next step toward achieving California's aggressive recycling and greenhouse gas (GHG) emission goals. California disposes approximately 30 million tons of waste in landfills each year, of which more than 30 percent could be used for compost or mulch. Organic waste such as green materials and food materials are recyclable through composting and mulching, and through anaerobic digestion, which can produce renewable energy and fuel. Greenhouse gas (GHG) emissions resulting from the decomposition of organic wastes in landfills have been identified as a significant source of emissions contributing to global climate change. Reducing the amount of organic materials sent to landfills and increasing the production of compost and mulch are part of the AB 32, The Global Warming Solutions Act of 2006.

II. DISCUSSION

Similar to the Mandatory Commercial Recycling (MCR) outreach program required by state law, AB 1826 requires businesses and multifamily residential dwellings that consist of five or more units to participate in an organic material recycling program and for local jurisdictions to provide outreach and education. MCR focused on recycling traditional recycling items (bottles, cans, paper, cardboard, etc.) in the blue can, while Mandatory Organics Recycling (MOR) focuses on recycling organic materials in the green can. There are synergies between the two programs and staff will combine education and outreach efforts as much as possible.

The implementation schedule for the MOR program is as follows:

- **January 1, 2016:** Local jurisdictions shall have an organic waste recycling program in place. Jurisdictions shall conduct outreach, education to inform businesses how to recycle organic waste in the jurisdiction, and monitoring to identify those not recycling and inform them of the law and how to recycle organic waste.
- **April 1, 2016:** Businesses that generate eight cubic yards of organic waste per week shall arrange for organic waste recycling services.
- **January 1, 2017:** Businesses that generate four cubic yards of organic waste per week shall arrange for organic waste recycling services.
- **August 1, 2017 and Ongoing:** Jurisdictions shall provide information about their organic waste recycling program implementation in the annual report submitted to CalRecycle.

- **January 1, 2019:** Businesses that generate four cubic yards or more of commercial solid waste per week shall arrange for organic waste recycling services.
- **Summer/Fall 2021:** If CalRecycle determines that the statewide disposal of organic waste in 2020 has not been reduced by 50 percent of the level of disposal during 2014, the organic recycling requirements on businesses will expand to cover businesses that generate two cubic yards or more of commercial solid waste per week. Additionally certain exemptions, previously discussed, may no longer be available if this target is not met.

Additional information about this law is on CalRecycle's web site at <http://www.calrecycle.ca.gov/recycle/commercial/organics/>

Program Implementation Plan

Identify commercial entities impacted

Agency staff requested a list of food-related businesses from the County of Sonoma's Environmental Health and Safety division (EH&S) and received a comprehensive list of 2,226 food processors. EH&S staff suggested Agency staff also reach out to the Agriculture Department to get a list of suppliers of farmed food.

The list of food processors will be sorted by approximate weekly organics generation to determine which implementation date the business must comply. Staff will combine the suppliers of farmed food with the current list of food processors which will capture all food waste generators in the county.

Staff estimates this task will be completed by November 30, 2015.

Outreach Campaign

Internet Presence

Agency staff has created a dedicated mandatory organics recycling webpage on the Agency's http://www.recyclenow.org/business/commercial_organics.asp website. The webpage details the intent of the law, the implementation timeline and resources. Resources include organics posters and signage, CalRecycle's informational videos and Public Service Announcements, and the EPA's Food Recovery Challenge. Staff will also post information and articles related to AB 1826 on Facebook and Twitter as well as [recyclenow.org](http://www.recyclenow.org).

In an effort to convey a consistent message, staff would like to work with jurisdictions to utilize their websites and electronic newsletters to publicize the law and help commercial entities meet the requirements. Staff will provide the language and any accompanying pictures for the website and newsletter postings.

Staff estimates this task will be complete by December 31, 2015.

Direct Mailing Campaign

Staff will develop a direct mailing campaign to businesses that will be required to recycle their organics. The notice will detail the organics generation thresholds, associated implementation dates, and next steps to meet the requirements of the law. Staff is assessing options for utility bill inserts as well.

Staff estimates this task will be complete by January 30, 2016.

Events & Fairs

Staff will research and attend events and fairs that target impacted businesses. Staff will be participating in Chamber of Commerce events, and working with trade associations in order to further outreach efforts.

Staff estimates this task will be complete by May 1, 2016.

Education and Training

Staff will work with commercial and public entities to implement a successful organics recycling program by providing waste receptacle recommendations, on-site training with staff and custodians, and provide best practices for reducing contamination.

This task will be ongoing, but staff estimates this task will be complete for the group of the largest organic waste generators by May 1, 2016.

III. FUNDING IMPACT

Activities described in this agenda item will be funded through the Education Cost Center. Activities will be reimbursed by the City/County Payment Program grant, as appropriate.

IV. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION

This agenda item is informational. No action is required by the Board at this time.

V. ATTACHMENTS

None

Approved by: _____
Patrick Carter, Interim Executive Director, SCWMA



Agenda Item #: **10**
Cost Center: **Organics Reserve**
Staff Contact: **Chilcott**
Agenda Date: **10/21/2015**

ITEM: **Do-it-Yourself Composting Education Outreach Projects**

I. BACKGROUND

On May 22, 2015, the Agency Board announced an agreement to settle a federal water quality lawsuit regarding its compost operations that required closing the municipal compost operations at the Central Landfill fall 2015. At the June 24, 2015 meeting, the Board voted unanimously to certify the Final EIR for a new compost site and to approve the Central Site Alternative as the selected site for a new compost facility. Considering the far-reaching impacts closure of the compost facility will have on the region's residents and businesses, the Board also directed staff to develop projects, including cost information and potential diversion, for Do-it-Yourself (DIY) onsite composting activities. At the August 19, 2015 Board meeting, Agency staff presented details for four on-site composting proposals targeting the commercial sector (small farmers and landscapers), schools and the general public. As there were a number of comments from Boardmembers, staff was directed to further refine the proposals.

II. DISCUSSION

To address Board comments, Agency staff contacted a number of potential additional program partners and evaluated new cost proposals. In addition, potential financial sponsors were contacted including the Farm Bureau, the Ratto Group, Republic Services and the Sonoma County Winegrape Commission.

Overall, the result from what was originally presented at the August 19, 2015 Board meeting was that the mix of recommended contractors changed and the cost for the aggregate of programs decreased. Based on the Board's project selection(s), after 6 months of program implementation a progress report prepared by Agency staff will be presented; a final report will be prepared at the conclusion of the year-long projects.

Matrix of potential composting education outreach activities

Option 1: Small-scale farm and landscape composting workshop

| | | |
|---|--|--|
| Small-scale farm and landscape composting workshop | | Overall budget: \$8,560 Anticipated diversion: 2,120 tons/year 1 Year Cost/Ton: \$4/Ton |
| Budget snapshot: | | |
| University of California Cooperative Extension Sonoma County Master Gardeners (UCCE SCMG) | | \$8,000 |
| C2 Alternative Services for Spanish outreach | | \$560 |
| Target audience: Small farmers and landscapers Timeline: October, 2015 through October, 2016 | | |
| <p>Summary: Organized in partnership with University of California Cooperative Extension Sonoma County Master Gardeners (UCCE SCMG) and Santa Rosa Junior College (SRJC) Shone Farm, the Agency would sponsor one 6-hour workshop targeting small farmers in Sonoma County interested in learning about on-site composting techniques.</p> <p>Depending on weather, the workshop would be scheduled in the winter months or in the spring. Anticipating about 50 attendees (# of attendees will depend on the agenda/structure for the day), attendees would be charged \$20-\$30 each. The workshop venue would be Santa Rosa Junior College Shone Farm, a 365 acre outdoor showcase of model sustainable agriculture, which engages in successful small-scale composting production from its crop and vineyard production activities. The workshop program would include information about basics of composting, how to work with regulators, how to compost using small farm equipment, etc. SRJC, under contract with UCCE, would be responsible for creating a hands-on composting demonstration showing active piles including raw materials--diatomaceous earth, manure, chipped landscape materials, vegetable and food scraps, grape pomace, chicken feathers, fish scraps, etc.--with the intent of showing mixing and proper moisture management techniques (one sided turner, full windrow turner, front end loader turning). Hugo Mata, working with C2 Alternative Services, would be present at the workshop to provide Spanish translation to participants as needed.</p> <p>At no cost to the Agency, UCCE SCMG would be responsible for overall logistics, coordination and promotion including identifying workshop attendees, managing registration, securing the location, securing speakers and related travel arrangements, food, creating the workshop agenda, designing, printing workshop materials, facility set up/take down/clean up, distributing promotional materials and administering a post-event evaluation.</p> <p>One additional <i>new</i> program would be announced at the workshop.</p> <p>Follow-up help to farmers and landscapers UCCE SCMG would hire a compost expert to visit up to 20 locations and provide technical assistance. The tasks include schedule and conduct on-site follow-up visits to farms and landscape yards with Paul Vossen, UC Farm Advisor and subcontractor. Assistance would include making sure composting is working without causing any environmental contamination, documenting diversion, and evaluating small-scale commercial composting project effectiveness with a written report to the Agency.</p> | | |

| |
|--|
| <p>Evaluation:</p> <p>UCCE SCMG would be responsible for performing the following tracking evaluation:</p> <ul style="list-style-type: none"> • Workshop attendees per jurisdiction. • Summary of results of participant feedback post-workshop. • Estimated diversion |
| <p>Anticipated diversion/impact:</p> <p>The anticipated diversion calculation below was provided by Paul Vossen, UCCE SCMG:</p> <ul style="list-style-type: none"> • Five (5) small-scale farm or landscape composting facilities will start. • Each site can bring in 500 cubic yards of organic waste materials for composting at any one time. Each site can generate compost from 1,000 cubic yards of raw materials – essentially having two composting cycles per year. • Using 848 lbs. per cubic yard x 500 cubic yards / 2,000 lbs. per ton = 212 tons per site (2 times per year) x 5 sites = 2,120 tons per year. |

Option 2: Conduct worm composting in schools

| | | |
|--|--|--|
| Conduct worm composting in schools | | Overall budget: \$4,992 (\$3,000 matching funds) Anticipated diversion: 157.5 tons/year 1 Year Cost/Ton: \$32/Ton |
| Budget snapshot: | | |
| North Coast Resource Conservation & Development Council (NCRC&DC) | | \$4,992 |
| Target audience: School aged children Timeline: October, 2015 through October, 2016 | | |
| Summary: The Agency would contract with the North Coast Resource Conservation & Development Council (NCRC&DC), a 501(c)3 non-profit, who would serve as the administrator for this project. The Compost Club, under NCRC&DC and NCRC&DC, would perform the work for the project including assigning 1 to 3 skilled Compost Club lead expert representatives to provide 30 school presentations. The priority grades would be K-6, middle school science classes, and high school clubs/Environmental Studies Classes, respectively. Based on historical data, it is expected that 25% of the schools visited, or 7 schools, will be inclined to initiate a school wide vermicompost system, while 75% will prefer vermicomposting as a classroom enrichment activity using Rubbermaid containers and worms. For Spanish language instruction, some NCRC&DC staff members are bilingual and can deliver the presentation in Spanish. In addition, schools provide bilingual staff to assist with additional translation, if needed. If the Board approves this project, other organizations have pledged, or are considering pledging, matching funds: <ul style="list-style-type: none">The Crabb-Grasseschi Foundation has pledged \$2,500 in match fundsThe Santa Rosa Sunrise Rotary Clubs has tentatively pledged \$500 | | |
| Evaluation: The NCRC&DC would be responsible for performing the following tracking evaluation: <ul style="list-style-type: none">Waste assessment ** summary for schools desiring a campus-wide vermiculture system | | |

- Number of schools that received presentations per jurisdiction
- Number of schools that started a composting or worm composting program per jurisdiction
- Estimated diversion

The NCRC&DC will maintain a spreadsheet that reports the above outcomes.

****Note** that the waste assessment summary is an informal estimate, a bucket test, based on the average waste generated over a one week period. The assessment is used to estimate only the waste suitable for diversion with an onsite vermiculture system, not the entire organic waste stream.

Anticipated diversion/impact:

The anticipated diversion calculation below was provided by Rick Kaye, Compost Club under NCRC&DC:

10,500 lbs. diverted per school per year x 30 schools = 315,000 lbs. or 157.5 tons (primarily food waste)/year.

Option 3: Video production for how-to compost

Video production for how-to compost (English and Spanish)

Overall budget: **\$44,306**

Anticipated diversion: **3,877 tons/year**

1 Year Cost/Ton: **\$11/Ton**

Target audience: General public

Timeline: October, 2015 through October, 2016

Budget snapshot:

| | |
|---|-----------------|
| University of California Cooperative Extension Sonoma County Master Gardeners (UCCE SCMG) | \$36,976 |
| C2 Alternative Services for Spanish outreach | \$3,305 |
| S2 Advertising for social media outreach | \$4,025 |

Project summary: The Agency would contract with the University of California Cooperative Extension Sonoma County Master Gardeners (UCCE SCMG) to produce a series of 10 one to two minute professionally produced videos (5 videos on composting and 5 videos on vermicomposting). The video series idea builds on Orange County Master Gardeners videos launched in 2011. While there are a multitude of *how to* composting videos on the internet, given the backdrop of the closure of the municipal composting program, UCCE SCMG feels that it is important to make a Sonoma County *branded* series that might help address local resident concerns.

Many typical videos are *talking heads*, i.e. straight narration and best practice instructional videos are 3-minutes or less and utilize a series of narrated, pictorial and kinesthetic approaches in order to convey key message effectively. Many existing composting videos exceed the suggested 3 minute length and therefore may lose viewer interest.

Proposed topics could include the following:

- 1) What is composting and why should I do it? (including discussion of composting versus vermicomposting and how long does it take)
- 2) How to start & turn a compost pile and what type of compost bin to use

- 3) What does and does NOT go in a compost pile
- 4) Trouble shooting your compost pile (including what are these bugs in my compost?)
- 5) Using compost & soil health and nutrition
- 6) What is composting with worms
- 7) What is a worm compost bin and where should it be placed
- 8) What kind of worms do you use & where can I source them and worm food
- 9) Troubleshooting your worm compost bin
- 10) Harvesting & worm castings

To address Spanish language, UCCE SCMG proposes that Spanish language would get dubbed into the videos. The Spanish translation for the script and the talent for voice over will be accomplished by bilingual staff, a subcontractor for C2 Alternative Services working with Hugo Mata.

In order to accomplish the tasks for this project, UCCE SCMG proposes hiring an administrative resource, Sonoma County Master Gardener Compost Project Leader, who would oversee the development of the video series, along with a complimentary workshop series (see Option 4 below). Anticipated Project Leader tasks would include script development, location management, *talent* management as well as managing a professional videographer for shooting and editing the final video products and placing the videos on the Sonoma County Master Gardener web site.

English version videos would get publicized using existing Agency social media outlets, with the help of a contractor, S2 Advertising. Services to include creation of social media channels and on-line conversations for composting education. Social media to include but not limited to: Facebook, Google +, Instagram and YouTube. Spanish version videos would get publicized through a contract with C2 Alternative Services working with Hugo Mata.

Evaluation:

UCCE would be responsible for performing the following tracking evaluation:

- Number of English video views per month.
- Number of Spanish video views per month.

Anticipated diversion/impact:

The anticipated diversion calculation below was provided by Mimi Enright, UCCE SCMG:

In terms of potential audience reach and impact from the proposed video series, the UCCE SCMG recently completed a video on *Growing Vegetables with Less Water*. The video is featured prominently on the UCCE SCMG website (which in 2014 had 256,226 visitors). UCCE SCMG also posted the video on their Facebook page (which has 2,127 *fans*). When UCCE SCMG promoted the video via Facebook, they reached 8,045 people (1,873 of whom were Sonoma County residents) in a span of 4 days. In comparison, the Orange County Master Gardeners composting video series had 16,524 views since 2011; this is with no marketing or promotion of the videos.

Based on this data, it is UCCE SCMG's assertion that a social media campaign in conjunction with the UCCE SCMG website will reach a large audience of Sonoma County residents. Coupling this with additional targeted outreach should ensure a broad reach of the video series in Sonoma County. The UCCE SCMG can also promote the video series through regular tabling at major events, community gatherings, workshops, farmers' markets, information desk and library lectures; in fiscal year 2014-15 UCCE SCMG reached 18,458 Sonoma County residents via these venues.

Based on this data, UCCE SCMG estimates reaching 5,000 Sonoma County residents with this video series in one year. Based on data from a 2013 survey UCCE SCMG conducted with attendees at UCCE SCMG workshops, 64% of those individuals attending workshops had started or increased composting. UCCE believes that using this number to project potential diversion of green waste from the landfill is conservative given the targeted nature of the video series. Respondents to the survey also estimated the volume of kitchen scraps and yard waste diverted from the landfill as a result of their composting.

Video series diversion calculations:

- 5000 X 64% = 3200 households beginning or increasing home composting
- Kitchen scraps diverted = 4.4 gallons per month/household = 14,080 gallons per month = 40.83 tons per month = 490 tons per year = 979,968 pounds per year = 837 cubic yards per year
- Yard waste diverted = 42 gallons per month/household = 134,400 gallons per month = 282.24 tons per month = 3,386.88 tons per year = 6,773,760 pounds per year = 7,988 cubic yards per year
- Total diverted = 3,876.88 tons per year = 7,753,729 pounds per year = 8,825 yd³ per year

Option 4: Conduct composting and worm composting workshops

| | | | | | | | | | | | | | |
|--|--|---|---------|--|---------|--|---------|-----------|----------|------------------------------|-------|----------|---------|
| Conduct 14 composting and worm composting workshops (English & Spanish) | Overall budget: \$28,343 Anticipated diversion: 310 tons/year 1 Year Cost/Ton: \$91/Ton | | | | | | | | | | | | |
| Target audience: General public | | | | | | | | | | | | | |
| Timeline: September, 2015 -September, 2016 | | | | | | | | | | | | | |
| Budget snapshot: <table border="1" data-bbox="430 1228 1307 1491"> <tr> <td>University of California Cooperative Extension Sonoma County Master Gardeners (UCCE SCMG)</td><td>\$5,551</td></tr> <tr> <td>C2 Alternative Services for Spanish outreach</td><td>\$4,060</td></tr> <tr> <td>S2 Advertising for social media outreach</td><td>\$7,000</td></tr> <tr> <td>Triformis</td><td>\$10,232</td></tr> <tr> <td>Chapman Design (illustrator)</td><td>\$500</td></tr> <tr> <td>Printing</td><td>\$1,000</td></tr> </table> | | University of California Cooperative Extension Sonoma County Master Gardeners (UCCE SCMG) | \$5,551 | C2 Alternative Services for Spanish outreach | \$4,060 | S2 Advertising for social media outreach | \$7,000 | Triformis | \$10,232 | Chapman Design (illustrator) | \$500 | Printing | \$1,000 |
| University of California Cooperative Extension Sonoma County Master Gardeners (UCCE SCMG) | \$5,551 | | | | | | | | | | | | |
| C2 Alternative Services for Spanish outreach | \$4,060 | | | | | | | | | | | | |
| S2 Advertising for social media outreach | \$7,000 | | | | | | | | | | | | |
| Triformis | \$10,232 | | | | | | | | | | | | |
| Chapman Design (illustrator) | \$500 | | | | | | | | | | | | |
| Printing | \$1,000 | | | | | | | | | | | | |
| <p>Summary: The Agency would contract with UCCE SCMG to coordinate 5 regional workshops, 3 Spanish workshops and 6 <i>go where the people are</i> composting information tables at events. All workshops would include composting and vermiculture instruction.</p> <p>In order to accomplish the tasks for this project, UCCE SCMG proposes hiring an administrative resource, Sonoma County Master Gardener Compost Project Leader, who would oversee the development of a series of composting workshops. Anticipated UCCE SCMG Compost Leader tasks would involve securing locations, event registration sign-up using EventBrite or similar, training and coordinating MG speakers, updates to the UCCE SCMG web site and development of resource materials to support learning.</p> | | | | | | | | | | | | | |

Venues for the English workshops would be tested with 5 workshops conducted in quiet classroom locations in each geographic area in Sonoma County (north, central, east, west, south) at locations to be identified (such as UCCE SCMG office in Santa Rosa or Sonoma Ecology Center, etc.). In addition, 6 workshops would be conducted at popular *go where the people are* at venues such as the Roseland Farmers' Market, Santa Rosa Wednesday Night Farmers' Market, Petaluma Art & Garden Festival, Heirloom Expo Kid's Day, Citrus Fair, Spring Home & Garden Show, etc. Proposed venues for the Spanish workshops are La Luz in Sonoma, Graton Labor Center and Bayer Farm. The three Spanish-only language workshops would be conducted by UCCE Spanish speaking staff in conjunction with the Agency's Spanish language outreach contractor, C2 Alternative Services working with Hugo Mata who would oversee collecting registrant information. Based on a successful composting workshop series conducted in Napa County, adjusted for population, it is estimated that there may be about 400 workshops attendees.

As an incentive for attending a workshop, attendees would be provided with an Agency-sponsored coupon to purchase composting products (bins, worms, etc.). Acknowledging the complexity of managing bin bulk purchase, storage, distribution, etc., Agency staff located a third party vendor to manage logistics. Triformis, a Los Angeles based company, has been providing compost bins, worm compost bins, compost tumblers and composting accessories to municipalities throughout North America since it was founded in 1995. Clients include the entire County of Los Angeles, City of San Diego, and the County of San Mateo. Triformis would be responsible for the comprehensive management of fulfillment and delivery (drop ship), storage of products, receiving and tracking orders, creating vouchers for the agreed upon amount, processing payments and quality control for the Agency. UCCE, in conjunction with Agency staff, would be responsible for copying and distributing order forms and workshop attendee vouchers and emailing Triformis an Excel spreadsheet of workshop attendees. Only Sonoma County residents, one per address, would be allowed to use the coupons. Triformis order forms and how-to guides would be available in English and Spanish. Note that the Soil Saver, Wriggly Wranch and Compost Tumbler are made from 100% recycled material. The scenario below shows each Triformis offering including the Agency's \$25 incentive. This task budgets 400 coupons at \$25 each, or \$10,000 in Agency subsidy.

| <i>Sales Tax Included Free Shipping In Sonoma County Only</i> | Price listed on Triformis website | Price with Agency \$25 discount |
|---|--|--|
| Soil Saver Compost Bin | \$89 | \$64 |
| Soil Saver Compost Bin with Base | \$109 | \$84 |
| Soil Saver Base (no bin) | \$32 | \$7 |
| Wriggly Wranch Worm Compost Bin | \$89 | \$64 |
| Compost Tumbler | \$169 | \$144 |
| Bedding Blocks – 5 | \$29 | \$4 |
| Red Worms – 1 lb | \$35 | \$10 |
| Red Worms – 2 lbs | \$57 | \$32 |
| Worm Blanket – 2 | \$34 | \$9 |
| Compost conditioner | \$19 | \$0 |
| Thermometer | \$31 | \$6 |

Workshop attendees would be provided with resource materials available in English and in Spanish:

- Coupon redeemable online for one item.
- *Composting Workshop Guide* adapted from Napa County. Supplemental graphics would be provided by Sheryl Chapman, the professional illustrator responsible for Agency illustrations.

English advertising would be organized in partnership with Agency staff, UCCE SCMG staff and S2 Advertising. Advertising tools may include a postcard of composting workshop dates, webpage announcements on Agency and UCCE SCMG websites, newspaper ads at targeted locations, utility bill inserts, social media postings and radio spots.

Spanish language advertising would be organized by C2 Alternative Services working with Hugo Mata. Advertising tools may include radio interviews, radio spots, print ads, and distribution of fliers.

Evaluation:

UCCE SCMG would be responsible for performing the following tracking evaluation for English and Spanish workshops:

- Number of registrants versus attendees per workshop, including date and venue location.
- Number of website visitors to the dedicated composting workshop webpage per jurisdiction.
- Summary of results of participant feedback post-workshop sent immediately after the workshop.

Triformis would be responsible for performing the following tracking evaluation:

- Number of coupons redeemed per month per jurisdiction, including purchase preferences.

Anticipated diversion/impact:

The anticipated diversion calculation below was provided by Mimi Enright, UCCE SCMG:

Every three years, the UCCE SCMG conduct a survey of attendees at events to gauge the impact of MG education on behavior change. Based on a 2013 survey, 64% of respondents indicated that they increased or started composting, and reduced their landfill inputs by 4.4 gallons of kitchen scraps and 42 gallons of yard waste per month.

The Napa Master Gardeners had approximately 30 attendees at a similar workshop series in Napa County, therefore UCCE SCMG estimates reaching approximately 30 people per event. In summary:

400 attendees X 64% = 256 households beginning or increasing home composting.

Kitchen scraps diverted = 4.4 gallons per month/household = 1,126.4 gallons per month = 3.27 tons per month = 39.2 tons per year = 78,397.44 pounds per year = 66.95 cubic yards per year.

Yard waste diverted = 42 gallons per month/household = 10,752 gallons per month = 22.58 tons per month = 270.95 tons per year = 541,900 pounds per year = 639 cubic yards per year.

Total diverted = 310.15 tons per year = 620,297.44 pounds per year = 705.95 yd³ per year.

Options 1 -3 have one-year costs per ton diverted which are less than the Agency's \$58/ton cost for outhaul. If these programs reach the level of diversion estimated by Agency staff and its contractors, the return on the investment would be less than one year. Option 4, which delivers composting information to those who require more personalized instruction, has a higher cost per ton for material diverted, \$91/ton. If the participants of this program continued their diversion activities for approximately two years, the Agency will have recovered the full cost of this program through avoided outhaul costs. As a result of the net cost savings, Agency staff recommends approval for all these programs.

From a financial perspective, approval of these programs requires faith in the contractors that the program will meet the estimated diversion targets. The Agency has history working with the majority of contractors named in this proposal, namely UCCE SCMG, C2 Alternative Services, the Compost Club and S2 Advertising. As these have been reliable partners on other programs, it is staff's opinion that these programs will meet their diversion goals.

III. FUNDING IMPACT

The SCWMA FY 15-16 Budget, adopted by the Agency Board on May 21, 2015, did not allocate staff time or contractor funding specific to implement Do-it-Yourself Composting Education Outreach. The total potential cost of these projects is \$86,201. A budget adjustment would be necessary to accommodate these additional costs, so approval of this item will require a unanimous vote.

According to the estimates here, the potential diversion from these projects would be 6,465 tons of organic material annually, equates to avoided cost of \$374,970, or a return on investment of much less than one year.

IV. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION

Staff recommends approval of Options 1-4 for approval. A budget adjustment would be required to appropriate additional funds, so a unanimous vote is required.

V. ATTACHMENTS

Budget detail for Options 1-4
Resolution

Approved by: _____
Patrick Carter, Interim Executive Director, SCWMA

Budget Option 1: Small-scale farm and landscape composting workshop

| Small-scale farm and landscape composting workshop | | | | | Overall budget: \$8,560 |
|---|--|-------------|--------------|-----------------------|--------------------------------|
| Budget detail (Not including Agency staff time.) | | | | | |
| Task Number and Description | Personnel/Item | Rate | Hours | Unit/materials | Subtotal |
| Task 1 Organize, promote, execute and evaluate workshop | | | | | |
| Task 1.1 Overall logistics, coordination and promotion including identifying workshop attendees, managing registration, securing the location, securing speakers and related travel arrangements, food, creating the workshop agenda, designing, printing workshop materials, set up/take down workshop materials, clean up facility, distributing promotional materials via email and social media and administering evaluation. | Contractor UCCE SCMG | \$0 | | | \$0 |
| Task 1.2 Create active demonstration site including securing raw materials and create active compost piles for demos | Contractor UCCE SCMG. Actual work performed by SRJC. | | | \$4,000 | \$4,000 |
| Task 1.3 Spanish translation during workshop | Contractor C2 Alternative Services | \$80 | 7=\$560 | | \$560 |
| Task 2 Follow-up help to farmers and landscapers | | | | | |
| Task 2.1 Seminar, demo, and follow-up logistics +subcontractor | Contractor UCCE SCMG | | | \$4,000 | \$4,000 |
| Total Agency expense | | | | | \$8,560 |

Budget Option 2: Conduct worm composting in schools

| | | | | | |
|---|-----------------------|-------------|--------------|-----------------------|---|
| Conduct worm composting in schools | | | | | Overall budget: \$4,992 (\$3,000 matching funds) |
| Budget detail (Not including Agency staff time.) | | | | | |
| Task Number and Description | Personnel/Item | Rate | Hours | Unit/materials | Subtotal |
| Task 1 Identify schools and conduct presentations | | | | | |
| Task 1.1 Identify and conduct 30 presentations. | Contractor NCRC&DC | \$75 | 30 | | \$2,250 |
| Task 2 Purchase school wide worm bin systems | | | | | |
| Task 2.1 Purchase school wide bin systems, including worms | Contractor NCRC&DC | \$600 | | 7 | \$4,200 |
| Task 2.2 Purchase Rubbermaid classroom worm bins, including worms | Contractor NCRC&DC | \$25 | | 20 | \$500 |
| Task 3 Administration fee | | | | | |
| Task 3.1 NCRC&DC administration fee of 15% | Contractor NCRC&DC | | | | \$1,042 |
| Matching funding | | | | | |
| Various matching funding from Crabb-Grasseschi Foundation and Santa Rosa Sunrise Rotary Clubs | | | | | -\$3,000 |
| Total Agency expense | | | | | \$4,992 |

Budget Option 3: Video production for how-to compost

| Video production for how-to compost (English and Spanish) | | | | | Overall budget: \$44,306 |
|--|------------------------------------|--------------|--------------------|-----------------------------------|---------------------------------|
| Task Number and Description | Personnel/Item | Rate | Hours | Unit/materials | Subtotal |
| Task 1 Personnel | | | | | |
| Task 1.1 Payroll for .40 FTE Compost Project Leader # \$16.60/hr. including benefits calculated at 0.052 of total wages or \$17.46/hr. | Contractor UCCE SCMG | \$17.46 | 600 | | \$10,476 |
| Task 2 Professional videographer | | | | | |
| Task 2.1 Professional videographer for 10 1-2 minute videos (\$1000/minute) | Contractor UCCE SCMG | \$1,000 | 20 | | \$20,000 |
| Task 2.2 Professional videographer to provide production on 10 Spanish version videos | Contractor UCCE SCMG | \$500 | 10 | | \$5,000 |
| Task 2.3 Spanish translation of video scripts | Contractor C2 Alternative Services | \$80 | 15=\$1,200 | \$25 | \$1,225 |
| Task 2.4 Talent for voice over including reporting and administration | Contractor C2 Alternative Services | \$80 | 8=\$640 | | \$640 |
| Task 2.5 Travel expenses | Contractor UCCE SCMG | | | \$500 | \$500 |
| Task 3 Supplies | | | | | |
| Task 3.1 Supplies related to video productions | Contractor UCCE SCMG | | | \$1,000 | \$1,000 |
| Task 4 Publicity and outreach | | | | | |
| Task 4.1 Initial social marketing set-up fees | Contractor S2 Advertising | \$75 | 7 | | \$525 |
| Task 4.2 Monthly management for 4 months. 5 hours per month \$75/hr. or \$300/month | Contractor S2 Advertising | \$75 | 20 | | \$1,500 |
| Task 4.3 Social media advertising and boosting expenses | Contractor S2 Advertising | | | \$2,000 | \$2,000 |
| Task 4.4 Spanish language social media and other outreach to promote video, including administration and reporting | Contractor C2 Alternative Services | \$80 \$40 | 6=\$480 4=\$160 | \$750 media buys \$50 expenses | \$1,440 |
| Total Agency expense | | | | | \$44,306 |

Budget Option 4: Conduct composting and worm composting workshops

| Conduct 14 composting and worm composting workshops (English & Spanish) | | | | | Overall budget: \$28,343 |
|--|------------------------------------|--------------------------------------|--------------------------------|------------------------------------|---------------------------------|
| Budget detail (Not including Agency staff time.) | | | | | |
| Task Number and Description | Personnel/Item | Rate | Hours | Unit/materials | Subtotal |
| Task 1 Personnel | | | | | |
| Task 1.1 Payroll for .40 FTE Compost Project Leader # \$16.60/hr. including benefits calculated at 0.052 of total wages or \$17.46/hr. | Contractor UCCE SCMG | \$17.46 | 232 | | \$4,050.72 |
| Task 1.2 Spanish language translator at three workshops including coordinate/assist at 3 workshops targeting Spanish speakers (La Luz in Sonoma, Graton Labor Center, Bayer Farm) + content training | Contractor C2 Alternative Services | \$80 | 26=\$2,080 | \$100 expenses | \$2,180 |
| Task 2 Space rental for workshops | | | | | |
| Task 2.1 Space rental and supplies for workshops | Contractor UCCE SCMG | | | | \$1,500 |
| Task 3 Professional illustration, printing and advertising | | | | | |
| Task 3.1 Professional illustrations. 10 illustrations @ \$50 each. | Contractor Sheryl Chapman | | | \$500 | \$500 |
| Task 3.2 Printing workshop guides, workshop date postcards, etc. | Agency staff | | | \$1,000 | \$1,000 |
| Task 3.3 English advertising (e.g., newspaper ads, utility bill inserts, workshop calendar postcards, etc.) | Contractor S2 Advertising | | | \$7,000 | \$7,000 |
| Task 3.4 Spanish advertising and workshop registration, including administration and reporting | Contractor C2 Alternative Services | \$80 \$40 35 calls @ \$10 each | 6=\$480 5=\$200 10=\$350 | \$750 media buys \$100 expenses | \$1,880 |
| Task 4 Workshop Coupons through Triformis | | | | | |
| Task 4. 1 Triformis for management of fulfillment of compost products | Contractor Triformis | \$25 | | 400 | \$10,000 |
| Task 4.2 Pricing for the demonstration bins, including shipping | Contractor Triformis | | | | \$232 |
| Total Agency expense | | | | | \$28,343 |

RESOLUTION NO.: 2015-

DATED: October 21, 2015

RESOLUTION OF THE SONOMA COUNTY WASTE MANAGEMENT AGENCY
AUTHORIZING THE EXECUTION OF AGREEMENTS WITH THE UNIVERSITY OF CALIFORNIA COOPERATIVE
EXTENSION SONOMA COUNTY MASTER GARDENERS, C2 ALTERNATIVE SERVICES, S2 ADVERTISING, TRIFORMIS,
NORTH COAST RESOURCE CONSERVATION & DEVELOPMENT COUNCIL AND CHAPMAN DESIGN TO PROMOTE
SMALL SCALE COMPOSTING PROGRAMS

WHEREAS, the closure of the Sonoma County Waste Management Agency's (Agency) composting facility at the Central Disposal Site occurred on October 15, 2015; and

WHEREAS, the closure of the Agency's compost facility will result in less finished compost and mulch products available for purchase in Sonoma County; and

WHEREAS, educating individuals and businesses with regard to creating their own composts and mulches will help alleviate some of the finished product shortages and promote resiliency within the community; and

WHEREAS, the Agency Board of Directors determines it is necessary to enter into agreements with the University of California Cooperative Extension Sonoma County Master Gardeners, C2 Alternative Services, S2 Advertising, Triformis, North Coast Resource Conservation & Development Council and Chapman Design to execute these small scale composting programs.

NOW THEREFORE, BE IT RESOLVED the Sonoma County Waste Management Agency Board of Directors authorizes the execution of agreements with University of California Cooperative Extension Sonoma County Master Gardeners, C2 Alternative Services, S2 Advertising, Triformis, North Coast Resource Conservation and Development Council and Chapman Design.

BE IT FURTHER RESOLVED that Agency staff is directed to amend the Agency's FY 2015-16 Budget in the amount of \$XX,XXX, in Business Unit SC002, Fund 78103, Department 66110300, Account 51803 to account for the additional expenditure this program will require, and submit the amendment to the County of Sonoma Auditor Controller Treasurer Tax Collector's office for processing.

MEMBERS:

| | | | | |
|-----------------------|---------------------|---------------------|---------------------|-------------------|
| -- | -- | -- | -- | -- |
| _____ Cloverdale | _____ Cotati | _____ County | _____ Healdsburg | _____ Petaluma |
| -- | -- | -- | -- | -- |
| _____ Rohnert Park | _____ Santa Rosa | _____ Sebastopol | _____ Sonoma | _____ Windsor |

AYES:- - NOES: - - ABSENT: - - ABSTAIN: - -

SO ORDERED.

The within instrument is a correct copy

of the original on file with this office.

ATTEST:

DATE:

Sally Evans

Clerk of the Sonoma County Waste Management

Agency of the State of California in and for the

County of Sonoma



Agenda Item #: **11.1**
 Agenda Date: **10/21/2015**

ITEM: **Outreach Calendar October-November 2015**

October 2015 Outreach Events

| <u>Day</u> | <u>Time</u> | <u>Event</u> |
|------------|-------------------|--|
| 1 | 4 PM – 8 PM | Petaluma Business Expo Showcase, Petaluma Community Center |
| 1 | 1:30 PM – 2:30 PM | St. Vincent De Paul High School recycling assessment, Petaluma |
| 3 | 10 AM-2PM | Windsor Binational Health Week, Windsor Cali Calmecac Language Academy |
| 6 | 4 PM – 8 PM | Community Toxics Collection – Larkfield |
| 6 | 12:30 PM -1:30 PM | Sonoma Valley High School Earth Club recycling presentation, Sonoma |
| 10 | 10AM-2PM | Sonoma Valley Binational Health Week, Community Health Center, Sonoma |
| 11 | 1 PM-3PM | Cloverdale Binational Health Week, Cloverdale Fairgrounds, Cloverdale |
| 11 | 1PM-4PM | Santa Rosa Binational Health Week, Resurrection Parish, Santa Rosa |
| 13 | 4 PM – 8 PM | Community Toxics Collection – Cloverdale |
| 15 | 12:30 – 2PM | Wright Charter School Teens Go Green presentation, Santa Rosa |
| 15 | 6PM-9PM | Binational Health Week Geyserville, Geyserville Elementary School |
| 17-18 | 8 AM – 4 PM | E-waste Collection Event –Walmart, Windsor |
| 20 | 4 PM – 8 PM | Community Toxics Collection – Petaluma |
| 21 | 5:30 PM – 8:30 PM | Sonoma State Sustainability Fair |
| 24 | 10:30AM – 4PM | North Bay Science Fair, Santa Rosa County Fairgrounds, Hall of Flowers |
| 27 | 1:00 PM – 2:00 PM | Petaluma Junior High School recycling assessment, Petaluma |
| 27 | 4 PM – 8 PM | Community Toxics Collection – Santa Rosa, SE |
| 31 | 12 PM-5PM | Halloween Carnival, El Verano Elementary School, Sonoma |

November 2015 Outreach Events

| <u>Day</u> | <u>Time</u> | <u>Event</u> |
|------------|--------------------|---|
| 1 | 12 PM-5PM | Halloween Carnival, El Verano Elementary School, Sonoma |
| 3 | 4 PM – 8 PM | Community Toxics Collection – Guerneville |
| 7 | 10:30 AM -12:30 PM | The Single Best Thing you Can do for Your Garden-Compost, Guerneville Library |
| 7 | 10AM-4PM | End of the Harvest Fiesta at Wells Fargo Center for the Arts, Santa Rosa. |
| 7-8 | 8 AM – 4 PM | E-waste Collection Event –Whole Foods, Sonoma |
| 10 | 4 PM – 8 PM | Community Toxics Collection – Windsor |
| 14 | 10:30 AM -12:30 PM | The Single Best Thing you Can do for Your Garden-Compost, Sonoma Valley Library |
| 17 | 4 PM – 8 PM | Community Toxics Collection – Oakmont |