

REGIONAL WASTE MANAGEMENT AUTHORITY

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

SPECIAL MEETING NOTICE & AGENDA

DATE: Thursday, March 16, 2023

TIME: 5:00 p.m.

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

I. Call to Order & Roll Call

Bains, Buttacavoli, Teter, Shaw, Vasquez and Woten

II. Board Business

A. Nomination and Election of Board Officers for 2023

1. Chairman
2. Vice-Chairman

B. Statements of Economic Interest (Attachment)

III. Public Business from the Floor

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

IV. Consent Calendar

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

- A. Minutes from the Meeting of December 15, 2022. (Attachment)
- B. Disbursement List for December 2022. (Attachment)
- C. Disbursement List for January 2023 (Attachment)
- D. Disbursement List for February 2023 (Attachment)

V. Reports

A. FY 2021/2022 RWMA Financial Audit Report. (Attachment)

RECOMMENDATION: Accept the FY 2021/2022 RWMA Financial Audit Report as submitted.

B. Annual Investment Policy Review. (Attachment)

RECOMMENDATION: Direct staff as needed.

C. Regional Waste Management Authority Bylaws (Attachment)

RECOMMENDATION: Adopt Bylaws as presented

D. Transition Plan Presentation (Attachment)

RECOMMENDATION: Direct staff as needed.

VI. Other Business

VII. Adjournment

THE NEXT REGULAR MEETING IS SCHEDULED FOR 4:30 P.M. ON THURSDAY, April 20, 2023
IN THE YUBA COUNTY BOARD OF SUPERVISORS CHAMBERS.

AGENDA ITEM II – B
STAFF REPORT

STATEMENTS OF ECONOMIC INTEREST FOR 2023

Members of the Regional Waste Management Authority (RWMA) Board of Directors and alternates are required to file annual Statements of Economic Interest with the Fair Political Practices Commission. For continuing members and alternates, these annual statements are due April 1, 2023. An Assuming Office Statement must be filed by new members and alternates to the Board within 30 days. For those leaving office, a Leaving Office Statement must be filed within 30 days.

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

If you have any questions regarding the filing of your Statement of Economic Interest, please contact the RWMA administrative office at 530-634-6890.

RECOMMENDATION: Information only.

AGENDA ITEM IV – A

REGIONAL WASTE MANAGEMENT AUTHORITY
MEETING MINUTES
December 15, 2022

I. Call to Order and Roll Call

The meeting was called to order by Acting Chairman Bains at 5:07 p.m.

Present: Bains, Buttacavoli, Coe (for Pendergraph), Kirchner (for Shaw), Vasquez and Woten
Absent: Pendergraph, Shaw

II. Public Business from the Floor

None.

III. Consent Calendar

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

IV. Reports

A. Zero FoodPrint Agreement for the SB 1383 Recovered Organic Product Procurement Project.

Martin explained that SB 1383 requires each jurisdiction must to meet an annual per capita of recovered organic product procurement target such as compost, mulch, renewable gas for transportation, electricity, heat, or electricity from biomass conversion etc. which we don't do in our jurisdictions. In our area we have been focused on compost issue, which we have to procure the product.

We have found a non-profit call Zero FoodPrint and they will develop and implement a pilot compost rebate program on behalf of the RWMA. As proposed the program will provide a 10% rebate on the purchase price of minimum compost orders of at least 30 cubic yards per region with each member jurisdiction getting a share of the material. Zero FoodPrint will also receive an administrative fee of 10% on the 10% rebates issued. The program will be provided on a year to year basis beginning January 2023. The rebate will be done on a regional basis not an individual jurisdiction. To ease jurisdiction into the requirement, Assembly Bill 1985 reduced the requirement to just 30% for 2023 and 65% for 2024 and the full target met in 2025.

Director Buttacavoli made a motion to authorize execution of the Zero FoodPrint agreement as proposed. Director Vazquez seconded the motion and it carried unanimously.

B. Status Reports on Current Projects.

1. Staff introduction – Mr. Scott Scholz, Executive Director

Keith Martin introduced Scott Scholz the new RWMA Executive Director.

2. Residential Waste Tire Amnesty Grant Program

Martin wanted to remind the directors of the residential waste tire disposal program.

VI. Other Business

Director Bains thanked Keith Martin for his service to RWMA over the years.

VII. Adjournment.

The meeting was adjourned at 5:20 p.m.

The next regular meeting of the Regional Waste Management Authority is scheduled for 4:30 p.m. on Thursday, January 19, 2023 in the Yuba County Board of Supervisors Chambers at the Yuba County Government Center unless otherwise noticed.

MONTH OF DECEMBER 2022

CHECK NO.	AMOUNT	VENDOR	PURPOSE
EFT	\$ 2,910.00	YUBA-SUTTER TRANSIT	CONTRACT SERVICES - NOVEMBER 2022
EFT	\$ 5,728.56	PAYCHEX OF NEW YORK	PAYROLL NOVEMBER 2022
EFT	\$ 105.18	PAYCHEX OF NEW YORK	PAYROLL SERVICES FOR NOVEMBER 2022
EFT	\$ 100.00	MISSIONSQUARE	457 CONTRIBUTIONS - NOVEMBER 2022
EFT	\$ 100.00	KARM BAINS	BOARD MEETING 12/15/2022
EFT	\$ 100.00	WADE KIRCHNER	BOARD MEETING 12/15/2022
8164	\$ 175.00	RECOLOGY YUBA SUTTER	TIRE GRANT 10/1/2022 - 10/31/2022
8165	\$ 450.00	RICH, FUIDGE, BORDSEN & GALYEAN, INC	LEGAL SERVICES 10/16/2022 - 11/15/2022
8166	\$ 344.38	SHANNON ALDRICH	MILEAGE REIMBURSEMENT 8/2/2022 - 11/30/2022
8167	\$ 150.00	STREAMLINE	WEBSITE SERVICES - DECEMBER 2022
8168	\$ 100.00	ANDY VASQUEZ	BOARD MEETING 12/15/2022
8169	\$ 100.00	BOB WOTEN	BOARD MEETING 12/15/2022
8170	\$ 100.00	BRUCE BUTTACAVOLI	BOARD MEETING 12/15/2022
8171	\$ 550.00	RECOLOGY YUBA SUTTER	TIRE GRANT 11/1/2022 - 11/30/2022
8172	\$ 40.00	RICH, FUIDGE, BORDSEN & GALYEAN, INC	LEGAL SERVICES 11/16/2022 - 12/10/2022
8173	\$ 100.00	ROBERT COE	BOARD MEETING 12/15/2022
8174	\$ 2,633.74	SUTTER COUNTY HUMAN RESOURCES	EMPLOYEE FRINGE BENEFITS - ALDRICH - 1/2023
	\$ 13,786.86		

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MONTH OF JANUARY 2023

CHECK NO.	AMOUNT	VENDOR	PURPOSE
EFT	\$ 3,150.00	YUBA-SUTTER TRANSIT	CONTRACT SERVICES - DECEMBER 2022
EFT	\$ 17,633.49	PAYCHEX OF NEW YORK	PAYROLL DECEMBER 2022
EFT	\$ 115.63	PAYCHEX OF NEW YORK	PAYROLL SERVICES FOR DECEMBER 2022
EFT	\$ 100.00	MISSIONSQUARE	457 CONTRIBUTIONS - DECEMBER 2022
8175	\$ 8,370.00	AURORA ENVIRONMENTAL INC	PROFESSIONAL SERVICES - NOV & DEC 2022
8175	\$ 18,090.00	AURORA ENVIRONMENTAL INC	SB1383 PROGRAM IMPLEMENTATION & ADMINISTRATION 11/22 & 12/22
8175	\$ 270.00	AURORA ENVIRONMENTAL INC	TIRE GRANT MANAGEMENT - JULY - DEC 2022
8175	\$ 776.25	AURORA ENVIRONMENTAL INC	HHW GRANT PROJECT MANAGEMENT JUL - DEC 2022
8176	\$ 3,818.00	CITY OF YUBA CITY	HHW FACILITY LEASE JAN - MAR 2023
8177	\$ 360.00	RECOLOGY YUBA SUTTER	TIRE GRANT 12/1/2022 - 12/20/2022
8178	\$ 226.88	SHANNON ALDRICH	MILEAGE REIMBURSEMENT 12/2/2022 - 12/22/2022
8179	\$ 150.00	STREAMLINE	WEBSITE SERVICES - JANUARY 2023
8180	\$ 68,933.75	YUBA COLLEGE CDSA	1ST QUARTER LEA PAYMENT FY 2023
8181	\$ 120.34	PREMIER PRINT & MAIL	BUSINESS CARDS FOR SCOTT SCHOLZ
8182	\$ 24,727.44	RECOLOGY YUBA SUTTER	HHW & USED OIL - OCTOBER 2022
8182	\$ 34,774.62	RECOLOGY YUBA SUTTER	HHW & USED OIL - NOVEMBER 2022
8182	\$ 2,097.22	RECOLOGY YUBA SUTTER	HHW & USED OIL EXPENSES - NOVEMBER 2022
8183	VOID	VOID	
8184	\$ 7,000.00	RICHARDSON & COMPANY	PROFESSIONAL SERVICES FOR AUDIT FY 2022
8185	\$ 5,274.62	SUTTER COUNTY HUMAN RESOURCES DEPT	EMPLOYEE FRINGE BENEFITS - SS & SA - 2/2023
8186	\$ 590.00	RICH, FUIDGE, BORDSEN & GALYEAN INC	LEGAL SERVICES - 12/14/2022 - 1/15/2023
	\$ 196,578.24		

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MONTH OF FEBRUARY 2023

CHECK NO.	AMOUNT	VENDOR	PURPOSE
EFT	\$ 4,860.00	YUBA-SUTTER TRANSIT	CONTRACT SERVICES - JANUARY 2023
EFT	\$ 349.87	YUBA-SUTTER TRANSIT	2ND QTR FY 2023 REIMBURSEMENTS
EFT	\$ 29.64	YUBA-SUTTER TRANSIT	POSTAGE REIMBURSEMENT FOR SB1383 MAILING
EFT	\$ 22,258.80	PAYCHEX OF NEW YORK	PAYROLL JANUARY 2023
EFT	\$ 230.63	PAYCHEX OF NEW YORK	PAYROLL SERVICES FOR JANUARY 2023
EFT	\$ 1,300.00	MISSIONSQUARE	457 CONTRIBUTIONS - FEBRUARY 2023
EFT	\$ 1,000.00	MISSIONSQUARE	401(a) CONTRIBUTIONS - FEBRUARY 2023
8187	\$ 5,716.92	AURORA ENVIRONMENTAL INC	PROFESSIONAL SERVICES - JANUARY 2023
8187	\$ 7796.25	AURORA ENVIRONMENTAL INC	SB1383 PROGRAM IMPLEMENTATION & ADMINISTRATION 1/23
8188	\$ 106.77	SHANNON ALDRICH	MILEAGE REIMBURSEMENT - JANUARY 2023
8189	\$ 150.00	STREAMLINE	WEBSITE SERVICES - FEBRUARY 2023
8190	\$ 375.00	YUBA SUTTER CHAMBER OF COMMERCE	ANNUAL MEMBERSHIP DUES - 3/1/2023 - 3/1/2024
8191	\$ 400.00	RECOLOGY YUBA SUTTER	TIRE GRANT 1/1/2023 - 1/31/2023
8192	\$ 50.00	RICH, FUIDGE, BORDSEN & GALYEAN INC	LEGAL SERVICES 1/16/2023 - 2/8/2023
8193	\$ 5,274.62	SUTTER COUNTY HUMAN RESOURCES DEPT	EMPLOYEE FRINGE BENEFITS - SS & SA - 3/2023
	\$ 49,898.50		

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AGENDA ITEM V – A
STAFF REPORT

FY 2021/2022 FINANCIAL AUDIT REPORT

Attached for Board review and acceptance is a copy of the Independent Financial Audit Report and related Governance Letter for the Regional Waste Management Authority for FY 2021/2022. The audit was prepared by the accounting firm of Richardson & Company of Sacramento in concert with their annual financial audit of the Yuba-Sutter Transit Authority. There were no audit findings or comments for FY 2021/2022.

Staff will be available at the Board meeting to review the report in detail.

RECOMMENDATION: Accept the FY 2021/2022 audit report as submitted.

REGIONAL WASTE MANAGEMENT AUTHORITY

Audited Financial Statements

June 30, 2022



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Regional Waste Management Authority (the Authority) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Directors
Regional Waste Management Authority

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

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

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

Required Supplementary Information

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

Richardson & Company, LLP

January 10, 2023

REGIONAL WASTE MANAGEMENT AUTHORITY

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,097,027	\$ 691,420
Accounts receivable	95,632	51,975
Due from other governmental agencies	6,256	55,277
Interest receivable	973	423
TOTAL CURRENT ASSETS	<u>1,199,888</u>	<u>799,095</u>
NONCURRENT ASSETS		
Capital assets, net	387,400	322,417
TOTAL ASSETS	<u>\$ 1,587,288</u>	<u>\$ 1,121,512</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 91,624	\$ 81,040
Due to other governmental agencies	69,924	23,389
Accrued interest payable - ground lease liability	1,194	
Unearned revenue	277,135	50,519
Ground lease liability - current portion	9,784	
TOTAL CURRENT LIABILITIES	<u>449,661</u>	<u>154,948</u>
NONCURRENT LIABILITIES		
Ground lease liability - noncurrent portion	102,273	
TOTAL NONCURRENT LIABILITIES	<u>102,273</u>	
NET POSITION		
Net investment in capital assets	275,343	322,417
Unrestricted	760,011	644,147
TOTAL NET POSITION	<u>1,035,354</u>	<u>966,564</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,587,288</u>	<u>\$ 1,121,512</u>

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

REGIONAL WASTE MANAGEMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Regulatory surcharge	\$ 840,542	\$ 834,123
Other operating revenue	15,637	14,668
TOTAL OPERATING REVENUES	<u>856,179</u>	<u>848,791</u>
OPERATING EXPENSES		
Program services:		
Household hazardous waste facility and programs	334,482	411,565
Beverage container recycling	50,519	11,354
Used oil	42,084	55,888
Tire disposal program	18,401	20,040
Senate Bill (SB) 1383	7,796	
Local Enforcement Agency payments	172,937	147,840
Professional services	136,103	99,886
Contract administration	63,839	40,892
Depreciation and amortization	57,484	43,952
Legal and accounting	13,713	9,107
Office supplies	215	204
Miscellaneous	3,528	1,778
TOTAL OPERATING EXPENSES	<u>901,101</u>	<u>842,506</u>
NET (LOSS) INCOME FROM OPERATIONS	(44,922)	6,285
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental revenues	116,644	80,786
Interest income	1,997	1,918
Debt service - interest, ground lease	(4,929)	
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>113,712</u>	<u>82,704</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	68,790	88,989
CAPITAL CONTRIBUTIONS		
Capital contributions - Household hazardous waste facility grant		40,534
TOTAL CAPITAL CONTRIBUTIONS		<u>40,534</u>
CHANGE IN NET POSITION	68,790	129,523
Net position at beginning of year	<u>966,564</u>	<u>837,041</u>
NET POSITION AT END OF YEAR	<u>\$ 1,035,354</u>	<u>\$ 966,564</u>

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

REGIONAL WASTE MANAGEMENT AUTHORITY

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 853,445	\$ 842,564
Cash paid to suppliers for goods and services	(786,498)	(758,031)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>66,947</u>	<u>84,533</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants and subsidies	351,358	59,411
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>351,358</u>	<u>59,411</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets		(58,277)
Capital contribution received		97,901
Principal payments on leases	(10,410)	
Interest payments on leases	(3,735)	
NET CASH (USED) PROVIDED BY CAPITAL FINANCING ACTIVITIES	<u>(14,145)</u>	<u>39,624</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,447	2,465
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,447</u>	<u>2,465</u>
INCREASE IN CASH AND CASH EQUIVALENTS	405,607	186,033
Cash and cash equivalents at beginning of year	<u>691,420</u>	<u>505,387</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,097,027</u></u>	<u><u>\$ 691,420</u></u>
RECONCILIATION OF NET (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net (loss) income from operations	\$ (44,922)	\$ 6,285
Adjustments to reconcile net income from operations to net cash provided (used) by operating activities:		
Depreciation	57,484	43,952
Changes in operating assets and liabilities:		
Accounts receivable	(43,657)	(2,537)
Due from other agencies	41	(3,690)
Accounts payable	10,584	29,778
Due to other governmental agencies	46,535	10,745
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 66,947</u></u>	<u><u>\$ 84,533</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Record lease right-to-use asset to implement GASB 87	\$ (122,467)	
Record lease liability to implement GASB 87	\$ 122,467	

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

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The Authority did not have any employees as of June 30, 2022 and contracted with the Yuba-Sutter Transit Authority (YSTA) for administration and personnel services that continues until terminated. YSTA is a joint powers agency that has four of the same member jurisdictions as the Authority. The services are provided by employees of YSTA for \$1,000 per month plus a contractual rate per hour for each hour YSTA employees spend on the Authority's activities. Payments to YSTA for these and other services amounted to \$68,800 and \$46,805 during the years ended June 30, 2022 and 2021, respectively. The Authority also contracts with Aurora Environmental, Inc. for staff support services.

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

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

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

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

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

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

	2022	2021
CalRecycle grants	\$ 6,256	\$ 14,354
City of Yuba City regulatory surcharge		40,923
Total due from other governmental agencies	<u>\$ 6,256</u>	<u>\$ 55,277</u>

Unearned Revenue: Unearned revenue at June 30, 2022 consisted of \$277,135 of unspent funds for the SB 1383 local assistance grant program. Unearned revenue at June 30, 2021 consisted of \$50,519 of unspent funds for the beverage container recycling program.

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

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

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

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

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

New Pronouncements: In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

criteria for outlays other than subscription payments, including implementation costs to SBITA; and 4) requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

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

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

NOTE B – CASH AND CASH EQUIVALENTS

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

	2022	2021
Deposits in financial institutions	\$ 577,161	\$ 173,002
Investment in Local Agency Investment Fund (LAIF)	519,866	518,418
Total cash and cash investments	\$ 1,097,027	\$ 691,420

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2022 and 2021, the weighted average maturity of the investments contained in the LAIF investment pool was approximately 311 and 291 days, respectively.

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

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2022 and 2021, the carrying amount of the Authority's deposits was \$577,161 and \$173,002 and the balance in financial institutions was \$580,589 and \$173,152, respectively. Of the balance in financial institutions, \$250,000 each year was covered by federal depository insurance and the remaining amount was collateralized by securities pledged by the financial institution, but not in the name of the Authority.

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

NOTE C – CAPITAL ASSETS

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

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

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE C – CAPITAL ASSETS (Continued)

	Balance at July 1, 2020	Additions	Transfers	Balance at June 30, 2021
Capital assets, not being depreciated				
Construction in progress	\$ 57,367	\$ 58,277	\$ (115,644)	
Total capital assets not being depreciated	<u>57,367</u>	<u>58,277</u>	<u>(115,644)</u>	
Capital assets, being depreciated:				
Equipment	19,766			\$ 19,766
Leasehold improvements	750,557		115,644	866,201
Total capital assets being depreciated	<u>770,323</u>		<u>115,644</u>	<u>885,967</u>
Less accumulated depreciation for:				
Equipment	(17,766)			(17,766)
Leasehold improvements	(501,832)	(43,952)		(545,784)
Total accumulated depreciation	<u>(519,598)</u>	<u>(43,952)</u>		<u>(563,550)</u>
Total capital assets being depreciated, net	<u>250,725</u>	<u>(43,952)</u>	<u>115,644</u>	<u>322,417</u>
Capital assets, net	<u>\$ 308,092</u>	<u>\$ 14,325</u>	<u>\$ -</u>	<u>\$ 322,417</u>

NOTE D – LEASE LIABILITY FOR THE HOUSEHOLD HAZARDOUS WASTE FACILITY

	Balance at July 1, 2021 (as Restated)	Additions	Retirements	Balance at June 30, 2022	Current Portion	Noncurrent Portion
HHW ground lease liability	<u>\$ 122,467</u>	<u>\$ -</u>	<u>\$ (10,410)</u>	<u>\$ 112,057</u>	<u>\$ 9,784</u>	<u>\$ 102,273</u>

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

On January 1, 2017, the Authority entered into an agreement with Yuba City to lease the property on which the facility is built starting January 1, 2016. Beginning January 1, 2017, the annual lease payment increases by the percentage increase in the Consumer Price Index for the San Francisco-Oakland-San Jose Metropolitan Statistical Area. The initial term of the lease ended December 31, 2018, but in October 2018 the Authority exercised options to extend the lease through December 31, 2031. GASB Statement No. 87 was implemented as of July 1, 2021 and the Authority recorded a lease liability and right-to-use asset of \$122,467 discounted using an incremental borrowing rate of 4.25%. The leased asset had a cost of \$122,467 and accumulated amortization of \$12,247 at June 30, 2022. Future minimum lease payments under the lease agreement will be as follows:

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE D – LEASE LIABILITY FOR THE HOUSEHOLD HAZARDOUS WASTE FACILITY (Continued)

<u>Year ended June</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 9,784	\$ 4,624	\$ 14,408
2024	10,208	4,200	14,408
2025	10,650	3,758	14,408
2026	11,112	3,296	14,408
2027	11,593	2,815	14,408
2028-2032	<u>58,710</u>	<u>6,126</u>	<u>64,836</u>
	<u>\$ 112,057</u>	<u>\$ 24,819</u>	<u>\$ 136,876</u>

NOTE E – CONTINGENT LIABILITIES

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

NOTE F – DEFERRED COMPENSATION PLAN

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

Benefit terms, including contribution requirements are established and may be amended by the Board of Directors. The employees would contribute to the 457(b) plan and the Authority would match up to 7% of employee contributions with a contribution to the 401(a) plan. The employer contributions would be subject to a 20% per year vesting schedule and participants would be fully vested upon reaching the normal retirement age of 55. No contributions were made by the Authority or participants during the years ended June 30, 2022 and 2021.

NOTE G – CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting a range of industries. The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

The Authority's agreement with the City of Yuba City (City) for the household hazardous waste facility requires the property to be returned to the City in clean condition, free from any hazards or hazardous materials and requires the Authority to include the requirement for the facility operator to indemnify the City for any contamination of the property caused by the operations of the facility. The Authority would also have to remove the improvements made to the property at its own expense at the election of the City within 90 days after termination of the agreement. The election would be made by the City in the Notice of Termination required under the agreement. The City is required to provide four years notice to the Authority prior to termination of the agreement. It is uncertain whether this election will be made by the City. If the City elects to have the Authority remove the improvements to the property, the election would result in the need to accrue an asset retirement obligation (i.e. a liability) under GASB Statement No. 83. A liability has not been accrued as of the balance sheet date because it is not considered probable that the election will be made. This decision could change in the future.

REGIONAL WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE H – AMENDED JPA AGREEMENT

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

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

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



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GOVERNANCE LETTER

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

We have audited the financial statements of the Regional Waste Management Authority (the Authority) for the year ended June 30, 2022, and have issued our report thereon dated January 10, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated June 13, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note A to the financial statements. The Authority implemented GASB Statement No. 87, *Leases*. Due to the implementation of this Statement the Authority recorded a right-to-use asset and lease liability for its Household Hazardous Waste Facility ground lease. Also, additional disclosures were added to Note D of the financial statements. The application of existing policies was not changed during the year. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the useful lives used to calculate depreciation on capital assets, the incremental borrowing rate used to compute the lease liability and the amount of qualifying expenses incurred under revenue sources.

Management's estimate of the depreciation of capital assets is based on the estimated useful life of the property depreciated using the straight-line method, the discount rate used to compute the lease liability was based on the prime rate plus 1%, which is considered what a bank would charge the Authority for a financing of similar terms, and the qualifying expenses under revenue sources was based on management's understanding of the program guidelines. We evaluated the key factors and assumptions used to develop the estimates in determining they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of the terms of the household hazardous waste facility lease agreement.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We posted two closing entries during the audit to implement GASB Statement No. 87 to record a lease liability and the related right-to-use asset and an entry to true-up the net investment in capital assets that management developed after the audit began. The attached schedule also summarizes the effect of an unrecorded audit difference in the financial statements that management has determined is immaterial to the financial statements as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 10, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.2022

Richardson & Company, LLP

January 10, 2023

REGIONAL WASTE-MANAGEMENT AUTHORITY
SUMMARY OF UNADJUSTED AUDIT DIFFERENCES
YEAR ENDED JUNE 30, 2022

Description	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Total Net Position	Total Change in Net Position
To record investment in LAIF at fair value.	\$ 6,693		\$ 6,693	\$ 6,693
Net Unadjusted Audit Differences - This Year	6,693		6,693	6,693
Financial Statement Caption Totals-Governmental activities	\$ 1,587,288	\$ 551,934	\$ 1,035,354	\$ 68,790
Net Audit Differences as % of F/S Captions	0.42%	0.00%	0.65%	9.73%

AGENDA ITEM V – B
STAFF REPORT

ANNUAL INVESTMENT POLICY REVIEW

It is recommended that the Regional Waste Management Authority investment policy be reviewed at least annually and amended as needed. The review should ensure that the policy is consistent with the overall objectives of preservation of principal, liquidity, and return, and is in conformance with the law, financial and economic trends, and the cash flow needs of the agency.

The Regional Waste Management Authority investment policy (copy attached) was adopted in July 2014 and provides formal guidelines and objectives for the investment of funds not immediately required to meet the agency's financial obligations. These investments are limited to passbook savings and money market accounts; the State Local Agency Investment Fund (LAIF); and certificates of deposit. While not a policy update, any references to Administrator have been replaced with Executive Director to maintain alignment with the newly staffed organization structure of the Regional Waste Management Authority effective December 31, 2022.

At December 31, 2022, the Authority's account balances in financial institutions and LAIF were \$410,473 and \$722,817, respectively. Of the amount in financial institutions, \$251,214 are SB 1383 Local Assistance Grant Program funds being held in a Money Market account until earned. Staff considers these deposits to be in alignment with the current policy and is not recommending any policy modifications at this time.

Staff will be prepared to discuss the agency investment policy in detail at the meeting.

RECOMMENDATION: Direct staff as desired.

REGIONAL WASTE MANAGEMENT AUTHORITY INVESTMENT POLICY

Adopted July 17, 2014
(Updated December 31, 2022)

I. INTRODUCTION

The following is the investment policy and guidelines of the Regional Waste Management Authority, presented in accordance with California Government Code Sections 53600 et seq.

This investment policy is intended to provide a guideline for the prudent investment of Regional Waste Management Authority funds not immediately required to meet the financial obligations of the Authority.

II. SCOPE

This policy applies to the investment of all funds, excluding the investment of employees' retirement funds.

III. OBJECTIVES

The primary objectives, in priority order, of the investment activities of the Authority shall be:

- 1) **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
- 2) **Liquidity.** The investment portfolio of the Authority will remain sufficiently liquid to enable the Authority to meet its cash flow requirements.
- 3) **Return on Investment.** Investments shall be undertaken to attain market rates of return consistent with constraints imposed by the safety objectives and cash flow consideration.

IV. PRUDENCE

Section 53600.3 of the California Government Code identifies as trustees those persons authorized to make investment decisions on behalf of a local agency. As a trustee, the standard of prudence shall be the "prudent investor" standard. When investing, reinvesting,

purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

V. DELEGATION OF AUTHORITY

The management responsibility for the investment program is hereby delegated to the Executive Director who shall monitor and review all investments for consistency with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy.

VI. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

VII. PERMITTED INVESTMENT INSTRUMENTS

1. **Passbook Savings Accounts and Money Market Accounts:** These savings accounts may be maintained in local branches of commercial banks and/or savings and loans associations. Amounts maintained in such accounts shall be fully insured by the United States Government or collaterally in a manner acceptable to the Authority.
2. **State Local Agency Investment Fund (LAIF):** The LAIF was established by the State of California to enable treasurers to place funds in a pool for investments. There is a limitation of \$50 million per agency subject to a maximum of 15 transactions per month.
3. **Certificates of Deposit:** Cash may be invested only in federally insured or fully collateralized certificates of deposit. Collateral for given investment, when applicable, must be in accordance with California Government Code Section 53600 et seq.

VIII. PROHIBITED INVESTMENT PRACTICES AND INSTRUMENTS

Certain investment practices and instruments are inconsistent with the first objective of this policy (safety of invested funds), and therefore are prohibited.

Regional Waste Management Authority shall not engage in leveraged investing, such as margin accounts or any form of borrowing for the purpose of investment.

IX. SUMMARY

Regional Waste Management Authority will strive to maintain the level of investment of funds not immediately active as near to 100% as possible. However, the basic premise underlying the Authority's investment policy is to insure the safety of principal and to provide funds when needed.

In order that the Regional Waste Management Authority Board of Directors may monitor the handling of invested funds, a full report detailing all investments will be submitted on at least an annual basis or as required by law.

The Authority will review the Policy at least once a year and may modify the Policy as appropriate to the Authority's needs and current law.

AGENDA ITEM V-C
STAFF REPORT

BYLAWS OF THE REGIONAL WASTE MANAGEMENT AUTHORITY

Pursuant to the Regional Waste Management Authority Fourth and Restated Joint Powers Authority adopted on Nov 1, 2021, staff has prepared for board review and approval Bylaws to govern its activities.

Proposed Bylaws address how meetings will be called and conducted, Budgeting procedures as well as contracting guidelines which will be adopted by a resolution at a future meeting.

Staff will be prepared to review the Bylaws in detail at the meeting.

RECOMMENDATION: Adopt Bylaws as presented by staff.

BYLAWS OF THE
REGIONAL WASTE MANAGEMENT AUTHORITY
BOARD OF DIRECTORS

ARTICLE I. NAME

The Regional Waste Management Authority has been in continuous existence since July 1, 1990 and is governed by its most recent “Regional Waste Management Authority Fourth Amended and Restated Joint Powers Agreement” dated November 1, 2021; adopted by its member jurisdictions (hereinafter the “JPA”). In these Bylaws, the Regional Waste Management Authority shall be referred to as the “Authority”.

ARTICLE II. PURPOSES

The purpose of this Authority is to act as the legal entity to administer and provide waste management services including the storage, collection, recycling and disposal of solid wastes within Yuba County, Sutter County, Marysville, Yuba City, Live Oak, Wheatland and such other areas as agreed to by the Authority.

ARTICLE III. POWERS AND AUTHORITIES

The Authority shall possess those powers and be subject to those limitations as set forth in its JPA described in Article I of these Bylaws as the same may be amended from time to time. In addition thereto, the Authority shall have those powers which are reasonably implied and inherent in the nature of its purpose for existence.

ARTICLE IV. MEMBERSHIP

The Governing Board of the Authority consists of six Board Members, the appointment of which are governed by the Authority’s JPA.

ARTICLE V. CHAIRMAN AND VICE CHAIRMAN

The Board shall annually elect a Chairman and Vice Chairman. The Chairman shall preside over all meetings of the Authority’s Board of Directors. In the Chairman’s absence the Vice Chairman shall serve in the place of the Chairman. The Chairman may call special meetings but shall have no other power or authority greater than any other member of the Board. In the absence of the Chairman and Vice Chairman, a majority of the Board may designate from among its members an individual to act as Chairman Pro Tempore.

ARTICLE VI. QUORUM

A quorum for the purpose of voting on any matters which come before the Board for action shall be constituted whenever there is in attendance at least four (4) regular or alternate representatives.

ARTICLE VII. VOTING

Business shall be brought before the Board of Directors of the Authority. Formal action of the Authority Board shall be made by motion of one of its members and shall be seconded. Any member of the Board, including its Chairman, may make or second any motion. Once the motion has been properly made and seconded, the Chairman shall allow for reasonable debate among the members of the Board. Following debate, the Chairman shall call for a vote and shall have the discretion to call for a roll call vote on any item. Except as otherwise required by law, the affirmative vote of at least four (4) Board Members shall be required to pass any motion. A vote to abstain (or any other vote that is not for or against a motion) shall not be construed as a vote for or against a motion. The Board Member who votes in such fashion shall be counted for purposes of constituting a quorum but the vote shall not be considered for determining whether or not the motion passed or failed.

ARTICLE VIII. MEETINGS AND NOTICE

Section A. Regular Meetings:

Regular meetings of the Board will be held once a month at a time and place to be established in advance by a Resolution of the Board of Directors.

Section B. Special Meetings:

A special meeting of the Board of Directors may be called at any time by the Chairman of the Board, or by a majority of the members of the Board subject to the requirement for 24-hour written notice to the members and to the requesting representatives of the media provided in Section 54956 of the California Government Code. The notice of a special meeting shall specify the time and place of the meeting and the business to be transacted. No other business shall be considered at the meeting.

Section C. Meetings, Notices and Agendas:

The procedure for conducting meetings, giving notice of meetings, posting of agendas, and similar matters shall be governed by the provision of Chapter 9 of Part 1 of Division 2 of Title 5 of the

California Government Code (Sections 54950 through 54963) entitled "Meetings" and known as the Ralph M. Brown Act as it now exists and any successor statutes or amendments thereto.

Section D. Attendance:

If a regular voting member cannot attend any meeting of the Board, they have the responsibility to advise an alternate member so that the alternate member may attend in the regular member's absence.

ARTICLE IX. STAFF/ORGANIZATION CHART

The Authority may provide for the recruitment of staff and the organizational chart in that regard. The Authority Board may appoint its Executive Director who shall serve at the pleasure of the Board. The Executive Director, or designee, shall serve as the Clerk of the Board of Directors and shall be responsible to keep its minutes, resolutions and other records, as required.

ARTICLE X. BUDGET PROCEDURES

The Authority's Executive Director shall submit to the Board no later than its regular meeting for the month of May a proposed budget for the upcoming fiscal year. The Board shall adopt its annual budget (absent unusual circumstances) no later than its regular meeting in the month of June for the upcoming fiscal year.

ARTICLE XI. CONTRACTING GUIDELINES

The Board shall adopt by resolution contracting guidelines concerning purchase orders and contracts. The Board may amend these guidelines from time to time in its discretion.

ARTICLE XII. AMENDMENTS

These Bylaws may be amended or repealed, and new Bylaws adopted as the Board may determine from time to time. No amendments to the Bylaws shall be considered which directly or indirectly extend additional powers or authorities to the Board or conflict with the JPA. All requested amendments must be submitted as an agenda item.

AGENDA ITEM V-D
STAFF REPORT

REGIONAL WASTE MANAGEMENT AUTHORITY SHORT TERM TRANSITION

Staff has prepared and submitted to the Board a short-term transition plan (underway) for review and comments.

Staff will be prepared to review in detail at the meeting.

RECOMMENDATION: Direct Staff as needed



Short Term Transition Plan

Independent organization by 6/30/2023

- No daily/ongoing support from YSTA Staff
- Consultant support as needed/project based

RWMA local office established

FY24 Budget completed and approved

- RWMA Surcharge analysis
- Grant status/additional funds

Board Governance

- By-laws created and adopted
- Additional policies/procedures created and approved where needed

Document and prioritize projects/policies/ordinances (Short/Mid/Long-term)

Independent Organization

Identify staffing needs (*proposed org. chart on next slide*)

Budget for staffing needs

Create job descriptions, pay scale, etc.

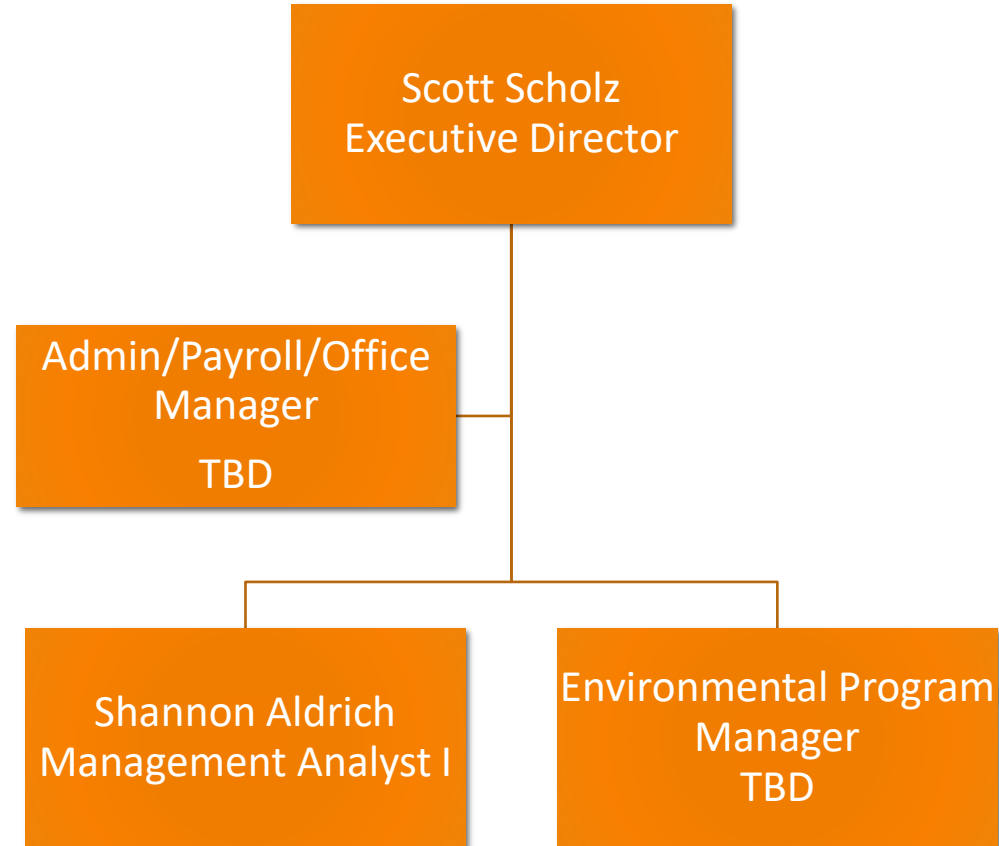
Recruit and onboard new staff

Continue to utilize existing consultants on targeted projects, as applicable

- Annual CalRecycle Report
- Grant opportunities (Upcoming SB 1383 Funding, others)



RWMA Proposed Organization





RWMA Local Office

Locate an office space for RWMA downtown Marysville

- Close to the new Recology office on 4th St would be desirable
- Standalone office within community and accessible by the public

Determine space needs and funds needed to establish an office

TIMELINE: Move into new space by mid June 2023



FY24 Budget

PLAN: Board approve FY24 budget by the May 2023 meeting

Analysis of additional funds that might be needed over the course of the upcoming years

- Additional Staffing
- Office expenses
- New programs/State mandates



Governance Review

Review existing governance

- Determine any areas that are missing or need updated

Adapt Bylaws for Board Review and Approval (submitted to board)

Create additional lacking documentation

- Accounting
- Risk Management
- Budgeting process



Twelve-Month Priorities

Assess compliance levels with SB 1383/AB341 and AB 1826

- Enforcement of SB 1383 compliance (*timeline for local agency enforcement is Jan. 1, 2024*)
- CalRecycle is currently investigating municipality/entity compliance level and intends to have all entities meet requirements
 - Yuba County jurisdictions are currently going through the implementation plan review
- Work with Recology to ensure commercial entities required to have organics and blue bin service subscribe to the program

Implement a software system to help monitor/track and report requirements to CalRecycle

Determine Recology's level of contractual compliance

- Review contracts to determine what might need to be modified with a new contract and or an extension to the Recology contract

Maximize use of grants at the State and Federal level

Utilize a consultant to help create an outreach/education and marketing plan for state requirements

Look into new technology

Develop a 5/10-year waste plan for Sutter/Yuba Counties