



BOARD OF DIRECTORS

Meredith Matthews, City of Arcata, **Chair**
Adelene Jones, City of Blue Lake, **Vice Chair**
Leslie Castellano, City of Eureka
Randy Cady, City of Ferndale
Stephen Madrone, County of Humboldt
Frank Wilson, City of Rio Dell,

Meeting Agenda

Thursday, October 12, 2023 at 5:30 PM
Eureka City Council Chamber
502 K Street
Eureka, CA

THE HWMA BOARD OF DIRECTORS HAS RESUMED IN-PERSON MEETINGS AND ENCOURAGES THE PUBLIC TO ATTEND EITHER IN PERSON OR TELEPHONICALLY.

Effective March 9, 2023 the HWMA Board of Directors will resume their meetings from the Eureka City Council Chamber. Members of the public are invited and encouraged to participate through the following venues.

HOW TO PARTICIPATE

The public is invited to attend and participate in the HWMA Board of Directors meeting using any of the following methods.

1. IN-PERSON

The public can attend and provide in-person comments during the meeting on regular agenda items and during Oral/Written Comment. in-person hybrid meetings. HWMA asks that when attending meetings, persons socially distance as best they can and be courteous to those who choose to wear a mask.

2. REMOTE

As a courtesy, and technology permitting, members of the public may continue to observe and participate remotely through the Zoom platform. HWMA cannot guarantee that the public's access to teleconference technology will be uninterrupted, and technical difficulties may occur from time to time. In those instances, so long as there is a Board quorum and the public may still attend the meeting in person, the meeting will continue.

- a. Zoom <https://us06web.zoom.us/j/87272840425>
- b. Zoom Phone Numbers. +17207072699, Meeting ID: 87272840425

During the meeting, each period for public comment will be announced, and participants may use Zoom's "Raise Hand" feature to request to speak. If calling in via Zoom use *9 to raise and lower your hand. The meeting host will call on you, by name or last four digits of your phone number, and enable the microphone when it is your turn to speak. To ensure the orderly meeting conduct, providing your name is encouraged, but not required.

3. EMAIL

The public may submit public comment via email to board@hwma.net. Any comments received up until 3:00 pm of the meeting date will be:

- a. Distributed to Board members via email prior to the meeting,
- b. Referenced and attached to the meeting minutes.

Such email comments must identify the agenda item number in the subject line of the email. Comments received will be read into the record by staff, with a maximum allowance of three minutes (approximately 500 words) per individual comment, subject to the Chair's discretion. If a comment is received after the agenda item is heard, but before the close of the meeting, the comment will still be included as part of the written record of the meeting, but will not be read into the record during the meeting.

4. TO WATCH OR LISTEN ONLY

The public may view the meeting on one-way video feed on at Access Humboldt's YouTube Channel at www.youtube.com/c/accesshumboldt/live or

Copies Available: Copies of the agenda materials are available electronically at www.hwma.net, through individual HWMA member agencies or by calling HWMA at 707-268-8680. There may be a charge for copies.

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

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

2. Consent Calendar

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

- a. Approve Minutes from the September 14, 2023 HWMA Board of Directors special meeting.
- b. Approve Request for Proposal for "Cummings Road Landfill Leachate Transportation & Disposal Services"
- c. Approve Resolution 2024-02 "Resolution Of The Humboldt Waste Management Authority Authorizing The Authority to enter into an agreement with Umpqua Bank Commercial Credit Card Program"

3. Oral and Written Communications

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

4. Receive Presentation Outlining Independent Auditors Report for Fiscal Year 2021-2022

5. Standing Item: Board Member Reports.

6. Standing Item: Executive Director's Report.

7. Closed Session: It is the Intention of the Board of Directors to meet in closed session for one item.

- a. Conference with legal counsel regarding existing or anticipated litigation pursuant to Government Code Section 54956.9(d)(2)

8. Adjourn.



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Randy Cady, City of Ferndale
Steve Madrone, County of Humboldt
Frank Wilson, City of Rio Dell

Minutes

Thursday, September 14, 2023 at 5:30 PM

Eureka City Council Chamber

Present: Meredith Matthews, Frank Wilson, Leslie Castellano, Adelene Jones,
Randy Cady, Steve Madrone
Absent: None
Staff: Eric Keller-Heckman, Hilary Schwartz, Loral Uber

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

Chairperson Matthews called the meeting to order at 5:28 PM. A quorum was present and acting.

2. Consent Calendar

- a. Approve Minutes from the August 10, 2023 HWMA Board of Directors Meeting

Motion: **Director Jones** moved and **Director Castellano** seconded the motion to approve the Consent Calendar.
Action: Approve the Motion as made by **Director Jones** and seconded by **Director Matthews**
Ayes: Unanimous
Noes: None
Absent: None

3. Oral and Written Communications

Chairperson Matthews opened the floor to public comment regarding items not on the agenda. No public comment was received.

Chairperson Matthews closed the floor to public comment.

4. Review and Approve Recommendation to Award Transportation and Organics Processing Services to Cold Creek Compost

Executive Director Keller-Heckman Provided a presentation that summarized the responses to the RFP, identified key factors to consider if the contract is awarded to Cold Creek Compost and included an organics processing timeline highlighting key steps to achieving compliance with SB1383. Key future steps of the organics processing timeline include Facility Modifications, Negotiate & Approve Franchise Collection Amendments, Organic Waste Recovery Facility, Rate Development, Recommend Phased Implementation with full implementation in July of 2024.

Director Wilson requested a clarification if green waste would also be included in the materials sent to Cold Creek Compost. **Executive Director Keller Heckman** clarified that green waste disposal with Cold Creek Compost was TBD and explained that Cold Creek does not accept pre-processed slurry. Cold Creek provided some flexibility in how we implement collection programs as well as not require purchase of processing machine.

Chairperson Matthews requested a clarification if the organics waste materials would be leaving the County. **Executive Director Keller Heckman** clarified that the material indeed will be going to Ukiah for the duration of the agreement. He also explained it was highly unlikely that it would take more than three years to develop and permit a location in County to support our anticipated disposal volumes.

Chairperson Matthews requested if there was a significant cost savings of not having to buy a pre-processing unit. **Executive Director Keller Heckman** clarified the pre-processing had an estimate cost of 1.1 million for purchase and installation.

Chairperson Matthews requested if the proposed collection methods for residential customers would be affected. **Executive Director Keller Heckman** responded by saying that it would not impact how the residential collection was planned, but it could impact the timing of implementation. Easier for jurisdictions to implement because residential food waste and green waste could now go to the same location as commercial food waste.

Director Madrone requested if Nordic or other organic waste sources come online if the Authority is evaluating more long-term solutions for keeping the organics waste stream in County with a digester or some other technology. **Executive Director Keller Heckman** responded that discussion of long-term solutions has taken place but the current focus is scoping this first step in achieving short-term compliance with SB 1383.

Chairperson Matthews opened the floor for public comment. Frank Nelson-Recology was supportive of the Cold Creek RFP and glad to see the progress being made at the meeting. **Director Castellano** was supportive of the current waste stream as a short-term solution but prefers to keep organic waste in County for the longer term.

Motion: **Director Castellano** moved and **Director Madrone** seconded the motion to approve staff recommendation
Action: Approve the Motion as made by **Director Castellano** and seconded by **Director Madrone**
Ayes: Unanimous
Noes: None
Absent: None

5. Authorize Chair to Submit Letter to the State Governors Office Expressing Support for Little Hoover Commission Report 274, *Californias’s Landfill Methane Emissions: SB 1383 Implementation*

Executive Director Keller-Heckman provided background to the previous discussion of the Little Hoover Commission Report and presented a letter demonstrating HWMA’s support of the findings in the Little Hoover Commission report.

Motion: **Director Madrone** moved and **Director Jones** seconded the motion to authorize **Chair** to sign support letter and distribute letter to jurisdictions
Action: Approve the Motion as made by **Director Madrone** and seconded by **Director Jones**
Ayes: Unanimous
Noes: None
Absent: None

6. Standing Item: Board Member Reports

Director Madrone stated North Fork Lumber is in the process of permitting and developing a biomass plant that could potentially accept green waste disposal whenever the project comes online.

Director Jones informed the board of a large item and tire disposal event on October 28th in Blue Lake

7. Standing Item: Executive Director's Report

Executive Director Keller-Heckman informed board to expect FY 2022-23 finalized audit at October meeting with the support of new HWMA Finance Director and JJACPA.

8. Chairperson Matthews adjourned the meeting at 5:56 PM.



Staff Report

DATE: October 6, 2023

For Meeting: October 12, 2023

FROM: Tony Heacock, Director Environmental Health & Safety

SUBJECT: Item 2b)
Approve Request for Proposal for “Cummings Road Landfill Leachate Transportation & Disposal Services”

RECOMMENDED ACTION: Voice vote.

1. Review and approve the draft Request for Proposals (RFP) for Cummings Road Landfill Leachate Transportation & Disposal Services; and
2. Authorize the Executive Director to Advertise and Distribute the Request for Proposals (RFP) for Cummings Road Landfill Leachate Transportation & Disposal Services; and
3. Return to the Board with a recommendation.

DISCUSSION:

HWMA staff has prepared the attached Request for Proposal to solicit proposals for Cummings Road Landfill Leachate Transportation & Disposal Services to secure long term service proposals from qualified hauling contractors. Requested services a contractor that shall transport leachate collected from the Cummings Road Landfill to the City of Eureka Wastewater Treatment Plant, located at 4301 Hilfiker Lane, Eureka, CA 95503 for disposal. Contractor is required to provide leachate hauling services at a frequency and in such volume as to prevent overflow and potential damage to the leachate removal system located at the Cummings Road Landfill. Contractor will operate such that hauling services are available 365 days per year.

B&B Portable Toilets LLC has been under contract with HWMA to provide leachate hauling and reporting for the Cummings Road Landfill since 2015. In 2020 an amendment to the contract with B&B Portable Toilets LLC was signed to extend the agreement to 2023. This contract was extended on April of 2023 and is set to terminate on March 31, 2024.

FISCAL IMPACT:

Costs for these services at the current pricing structure have been budgeted into CRL Leachate line of the approved the FY 2023-24 Budget.

ATTACHMENT:

1. “Request for Proposal for Cummings Road Landfill Leachate Transportation & Disposal Services”

REQUEST FOR PROPOSALS
FOR
CUMMINGS ROAD LANDFILL LEACHATE
TRANSPORTATION AND DISPOSAL SERVICES

ISSUED BY:



Humboldt Waste Management Authority
1059 West Hawthorne Street
Eureka, CA 95501

October 12, 2023

Submission Deadline: 4:00 PM Pacific Standard November 20, 2023

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1.0 GENERAL INFORMATION

The Humboldt Waste Management Authority (“Authority” or ”HWMA”) is issuing a Request for Proposals (RFP) to select a qualified Contractor(s) to provide liquid leachate transportation and disposal services from the Cummings Road Landfill (“Landfill”) from April 1, 2024, through May 31, 2029, with the potential of two five-year extensions each, at the discretion of HWMA. Collected liquid leachate will be pumped and transported to the City of Eureka Wastewater Treatment Plant located at 4301 Hilfiker Lane, Eureka, CA 95503 for disposal.

The Landfill leachate system extracts leachate continuously and stores it in a 20,000-gallon capacity tank at the Landfill. This tank must be regularly maintained and requires emptying and transportation of leachate offsite for disposal of between one to four loads daily, as necessary.

1.1 Humboldt Waste Management Authority

Humboldt Waste Management Authority (HWMA), or the Authority, is a Joint Powers Authority consisting of the Member Agencies comprised of the cities of Arcata, Blue Lake, Eureka, Ferndale, Rio Dell, and Humboldt County. The HWMA is governed by a six (6) member Board of Directors that is made up of representatives from each of the Member agencies.

HWMA was formed in 1999 for the purposes of economically coordinating the disposal of Solid Waste generated in the incorporated and unincorporated areas of Humboldt County and responsible for Closure and Post-Closure activities at the Cummings Road Landfill.

The Authority is seeking proposals from qualified contractors to transport leachate collected from the Cummings Road Landfill and then deliver leachate to the City of Eureka Wastewater Treatment Plant, located at 4301 Hilfiker Lane, Eureka, CA 95503 for disposal. Contractor is required to provide leachate hauling services at a frequency and in such volume as to prevent overflow and potential damage to the leachate removal system located at the Cummings Road Landfill. Contractor will operate such that hauling services are available 365 days per year.

All Contractor costs for providing the hauling services shall be accounted for and incorporated into Contractor’s base transportation quote.

1.2 Cummings Road Landfill

The Authority owns the 33-acre Cummings Road Landfill and is located approximately two miles southeast of the City of Eureka at the termination point of Cummings Road. Cummings Road Landfill is physically located at 5775 Cummings Road, Eureka, CA. The Cummings Road Landfill is a former municipal landfill that stopped receiving solid waste in June of 2000 and achieved final closure certification in February of 2017. Maintenance of the Landfill is required by State and federal laws for a 30 years post – closure period.

During the Summer of 2012, the Authority completed Cummings Road Landfill Closure-Phase 1 activities and completed Closure-Phase 2 was completed October 13, 2015. Leachate hauling services continue to be necessary even though Phase 1 of the Cummings Road Closure was completed in late 2012. The Authority’s engineers anticipated a slight reduction of leachate

generation upon final closure. It was anticipated that following landfill closure there would be a reduction of up to 60% of leachate generation.

2.0 PROPOSAL CONSIDERATIONS

2.1 Rights of the Authority

The Authority's rights include, but are not limited to, the following:

- Reissuing or modifying the RFP.
- Withdrawing the RFP at any time during the procurement process
- Issuing addenda to the RFP, including extending or revising the timeline for submittals.
- Requesting clarification or additional information from the Proposers at any time during the procurement process.
- Execution of an Agreement with the successful Proposer on the basis of the original proposals and/or any other information submitted by the Proposers during the procurement process.
- Rejection of any or all proposals, waiving irregularities in any proposals, accepting or rejecting all or part of any proposals, and waiving any requirements of the RFP, as may be deemed in the best interest of the Authority.
- Negotiating with more than one Proposer.

Accepting a proposal that does not offer the lowest cost but offers the best overall proposal, which the Authority determined is in the best interest of the Member Agencies based on the Proposer's qualifications, operations proposal, financial strength, and willingness to accept the Agreement terms as well as its cost proposal.

Discontinuing negotiations after commencing negotiations with a selected Contactor if progress is unsatisfactory in the sole judgment of the Authority, and commencing negotiations with another qualified Proposer.

2.2 Obligations of Submission of Proposal

Proposers submitting a Proposal understand that:

- Proposal submission constitutes an incontrovertible representation and warranty by Proposer that the Proposer has investigated all aspects of the RFP.
- Proposer is aware of the applicable facts pertaining to the RFP process, its procedures and requirements.
- Proposer has read and understands the RFP, and complied with every requirement.

- Without exception, the proposal is premised upon performing and furnishing the services and equipment required by this RFP and Agreement and as such means, methods, techniques as may be indicated or required by this RFP and Agreement.
- Proposer submittal of an RFP, and/or any addendums, are sufficient in scope and detail to indicate and convey understanding of all the terms and conditions for performance and furnishing services of the project.

The submission of a proposal shall not be deemed an agreement between the Proposer and the Authority, and the following conditions apply:

- Authority shall not be obligated to respond to any proposal submitted, nor is bound in any manner by the submission of a proposal by a Proposer.
- Acceptance of a proposal by the Authority obligates the Proposer to enter into good faith Agreement negotiations on the proposal submitted.
- The Agreement shall not be binding or valid against the Authority unless and until it is executed by the Authority Board and the selected Proposer, and the Proposer’s performance bond or other surety has been accepted.

2.3 Proposal Costs

Costs of investigating, preparing, and submitting a proposal is the sole responsibility of the Proposer and shall not be chargeable in any manner to the HWMA. The HWMA will not reimburse any Proposer for any costs associated with the preparation and submission of proposals or expenses incurred in making an oral presentation, participating in an interview, or negotiating an Agreement with the HWMA.

2.4 Proposal Schedule

The HWMA intends to adhere to the schedule provided in Table 1 during the selection process. This schedule may change at the HWMA's sole discretion.

Table 1: Proposal Procurement Schedule

	Date
HWMA release of RFP.	October 16, 2023
Deadline to submit written questions and comments by Proposers.	November 3, 2023 by 3pm
HWMA will issue to Proposers: response to written questions and RFP addendum if necessary.	November 10, 2023
PROPOSAL DUE	November 20, 2023
HWMA Evaluation Committee Recommends to Board a Proposer.	January 5, 2024
HWMA conducts and completes negotiations with Contractor.	By March 31, 2024
Proposer commences providing services.	April 1, 2024

*The Authority retains the rights to modify and/or amend dates as necessary.

2.5 Anti-Collusion Statement

A sworn anti-collusion statement is included as *Attachment 2* as part of the proposal package. The Authority requires that a non-collusion statement be made as a sworn affidavit executed and sworn before a person who is authorized to administer oaths by laws of the State. This certification is required as important evidence in the event that collusion or bid rigging is discovered at a later date. If any Proposer submits a false statement, sanctions could then be taken against the Proposer.

2.6 Conflict of Interest

The Proposer must disclose any contractual relationship that exists, or has existed, between the Proposer and a predecessor organization of the Proposer, or a sub-contractor included in the Proposer's response to this RFP, and the HWMA or its Member Agencies. Proposers must also disclose any existing business or personal relationship between the Proposer, its principals, or any affiliate or subcontractor, and the HWMA, its Member Agencies, or any other entity or person involved in the project that is the subject of this RFP.

Failure to disclose any such prior or existing contractual or personal relationship as described in this section may result in disqualification of the proposal. The Authority will make the final determination regarding the existence of a conflict of interest.

2.7 Limits on Disclosure of Proposals

The HWMA has determined that the public interest will be best served if proposals submitted by Proposers in response to this RFP are not made available for review by other companies participating in the competitive selection process. For that reason, proposals submitted during the RFP process will not be made available to other Proposers or the public earlier than the date on which the HWMA issues to Member Agencies a shortlist of a company or companies recommended for final negotiation. The HWMA may, at its sole discretion, release select portions of the proposal(s) of the recommended companies that have not been identified as entitled to confidential treatment as containing trade secrets.

Conversely, public release may be deferred until the Authority has narrowed its consideration to one preferred Proposer. All materials received from that Proposer (other than those entitled to protection under California Government Code Section 6254(k)) will be made available for public review by the Member Agencies no less than twenty (20) days prior to the date on which the governing board of each Member Agency will consider a staff recommendation to award the Agreement to a selected company.

The HWMA will implement the following procedures:

- All materials which a Proposer believes to contain trade secret information entitled to protection from disclosure under Government Code Section 6254(k) must be clearly marked on each page as “CONFIDENTIAL”; and

- Prior to the date on which the Board of Directors selects its preferred Proposer, if HWMA receives a request to review and/or copy materials submitted by any Proposer, the Authority will decline release of those materials; and
- If the person submitting the request files a legal action against HWMA seeking its release, the HWMA will notify the affected Proposer(s) and will not oppose a motion by such Proposer(s) to intervene in the action. The Proposer(s) must either intervene or agree to pay HWMA's and its agent(s) legal expenses in defending the action, including fees, if any, awarded to the plaintiff. Absent such an agreement, the HWMA will have no obligation to defend the action and may release the information sought without any liability whatsoever; and
- Proposer will not seek damages against HWMA, its agents, or any Member Agency for recovery of its attorneys' fees as a result of any dispute related to the release or withholding of information submitted in response to this RFP.

2.8 Proposer Code of Conduct

The Proposer is required to follow the Proposer Code of Conduct as a result of submitting an RFP. The Code of Conduct for Proposers includes the following provisions:

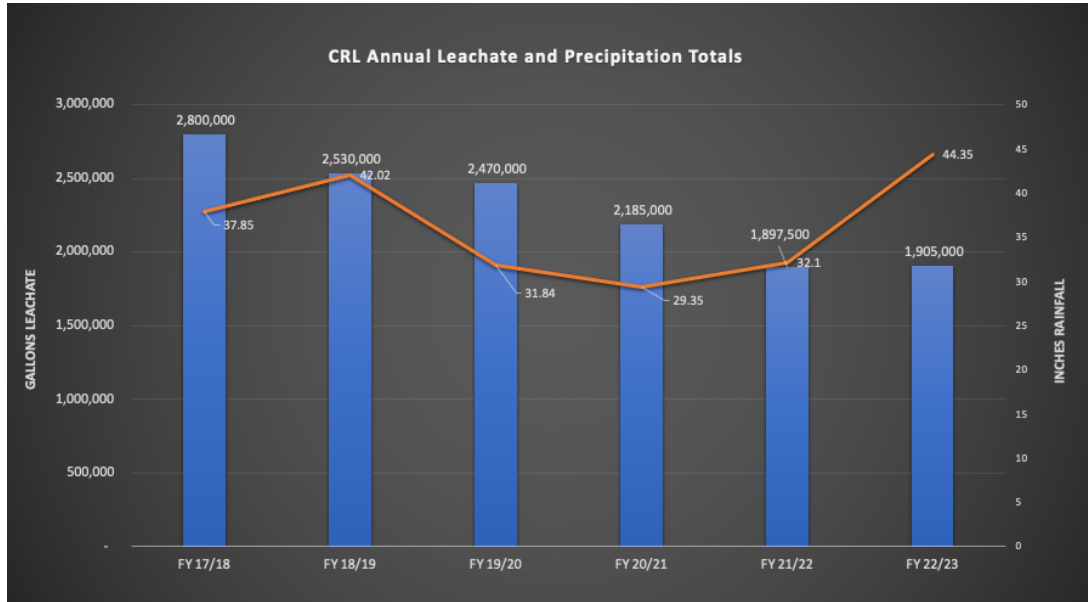
- Prohibits ex parte communications with HWMA Board members or elected officials of Member Agencies;
- Prohibits giving any gift or monetary compensation to an HWMA Board member, staff member or its agents; and
- Prohibits collaboration or discussion with other Proposers of the content of the proposal or rates proposed.

Failure to abide by the above will result in the bid proposal being disqualified.

3.0 BACKGROUND INFORMATION

3.1 Current and Future Leachate volumes

Leachate data collected over the last five fiscal years indicates a downward trend in total volume hauled offsite per fiscal year, as shown below in Figure 1. Daily rainfall data is also collected at the Landfill and when compared in relation to leachate volumes shows a weak correlation (Fig.1)



We anticipate leachate volumes to stabilize at the volumes observed in Fiscal Year (FY) 21/22 and FY 22/23 or continue to trend downwards.

3.2 Loads Transported Fiscal Year 2017-2018 to Fiscal Year 2022-2023

Based upon historical data received from the contracted hauler transporting loads of leachate with a 5,000-gallon trailer, Table 2 presents the total number of gallons transported monthly to the City of Eureka of Eureka Wastewater Treatment Plant and total gallons hauled per Fiscal year.

MONTH	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Jul	220,000	250,000	175,000	215,000	190,000	150,000
Aug	250,000	215,000	165,000	205,000	157,500	160,000
Sept	200,000	155,000	180,000	170,000	117,500	135,000
Oct	180,000	155,000	175,000	180,000	162,500	130,000
Nov	210,000	180,000	170,000	170,000	135,000	140,000
Dec	250,000	135,000	175,000	145,000	145,000	135,000
Jan	265,000	200,000	230,000	145,000	135,000	145,000
Feb	215,000	250,000	240,000	135,000	170,000	140,000
Mar	220,000	275,000	235,000	165,000	170,000	195,000
Apr	280,000	255,000	240,000	250,000	165,000	190,000
May	265,000	230,000	245,000	225,000	180,000	210,000
Jun	245,000	230,000	240,000	180,000	170,000	175,000
TOTAL GALLONS PER YEAR	2,800,000	2,530,000	2,470,000	2,185,000	1,897,500	1,905,000

Table 2.

3.2 City of Eureka Wastewater Treatment Plant

The City of Eureka Wastewater Treatment Plant is located at 4301 Hilfiker Lane, Eureka and the hauler will be responsible for delivering and discharging the leachate to the appropriate location as identified by City Staff.

The Authority is required to maintain a ‘City of Eureka Pretreatment Discharge Permit’ which details monitoring and reporting criteria for discharge standards. Cost and arrangements for leachate sampling requirements will be the responsibility of the Authority. The Authority also receives monthly discharge billing invoices directly from the City of Eureka.

The Contractor must maintain, in good standing, a ‘City of Eureka Holding Tank Wastewater Discharge Permit’ and operate within the guidelines of the permit and policies of the City of Eureka Wastewater Treatment Plant.

4.0 SCOPE OF SERVICES

This section describes the scope of services that will be required for the selected Contractor to perform as part of the Agreement with the Authority for the purposes of transporting leachate from the Cummings Road Landfill to the City of Eureka Wastewater Treatment Plant for disposal.

Proposers are expected to carefully review the Scope of Services that will define the contractual arrangement(s) between HWMA and the Contractor selected through this RFP process. In the event of a conflict between the Agreement and this RFP, the language in the Agreement takes precedence. For all services required under the Agreement, the Contractor must provide all labor, supervision, equipment, and materials in conformance to all required permits and regulatory requirements.

4.1 Transportation

Essential portions of the scope of work required by the PROPOSER for this solicitation are detailed below.

The selected Contractor shall be responsible for the following:

1. Proposer must provide a scope of work and identify rates for transportation to the identified Disposal Facility.
2. Contractor shall be responsible for accepting and delivering leachate from the Cummings Road Landfill to the City of Eureka Wastewater Treatment Plant.
3. Provide truck and trailer labor, rolling stock, stationary equipment, material storage containers, spare parts, maintenance supplies, and other consumables necessary to perform transportation operations.
4. Contractor shall keep trailers enclosed and/or sealed to contain leachate and prevent spilling or scattering of leachate during transportation.

5. Contractor shall be available to transport Trailers from the Cummings Road Landfill to the City of Eureka Wastewater Treatment Plant daily, as needed.
6. Contractor shall supply an adequate number of trailers or frequency of delivery sufficient to meet leachate disposal demand.
7. On a monthly basis Contractor will provide invoices that include total loads and gallons hauled to the City of Eureka Wastewater Treatment Plant. These must be received by the Authority no later than the 10th day following each monthly billing period.

5.0 AGREEMENT ARRANGEMENTS

The procurement schedule in Table 1 outlines the time schedule proposal evaluations, recommendation, and selection of the most responsive Proposer, and to negotiate and execute an agreement with the Authority. The attached draft Agreement provides Proposers an outline of the terms and conditions of the requested services, and the HWMA's roles, responsibilities, and obligations.

The HWMA is interested in selecting a Proposer that is willing to negotiate and execute an Agreement in a timely manner.

6.0 SUBMITTAL INSTRUCTIONS

Proposers are required to provide all information requested in this section, requested attachments and addendum items, if any, as part of their proposals. Failure to provide all required information as listed below may be grounds for rejection of a proposal as nonresponsive.

6.1 Qualifications Response

1. State the name and address of the company that will be entering into the Agreement with HWMA, and the name, address, phone number, fax number, e-mail address, and title of person to be contacted regarding the Proposal. Provide the names of any other company(ies) or firms that will share significant responsibilities as team members in performing under the Agreement.
2. Describe relevant technical experience of key personnel, how long they have been with the company, and their backgrounds in the requested services.
3. Provide a minimum of three (3) references that can attest to PROPOSER experience and performance. References shall include all pertinent contact information to allow the Authority to independently check the reference.

6.2 Company Information

At a minimum, provide a detailed description of your company and its qualification to provide the requested services in the RFP.

1. Describe services provided currently, or in the past, to other jurisdictions that are directly relevant to services described in this RFP, including descriptions of relevant contracts and the dates the service was provided.
2. Provide a list showing the position and number as full-time equivalents (or partial FTE) of all company employees that will be involved with providing these services.

6.3 Compliance, Litigation and Debarment History

1. Provide details of any past or pending litigation against the Proposer or its parent company or joint venture company (ies) by a governmental entity contracting with the Proposer or its parent for services relating to waste management services, or against such governmental entity by the Proposer or its parent company or joint venture in the past five (5) years. Failure to disclose an accurate litigation history may result in disqualification of the proposal.
2. Proposer must provide information detailing its worker safety record for the past five (5) years for the company and its affiliates in California or pertinent State(s) where it operates.
3. The worker safety record information will include, but not be limited to, employee safety metrics commonly used in the industry such as the number of hours lost for individual injuries per employee and workers' compensation insurance ratios.

6.4 Environmental Compliance

List any environmental compliance-permit violations incurred by the company, partner or subsidiary in this venture, or sub-Proposer in the past five (5) years.

6.5 Financial Response

1. Demonstrate that the Proposer has financial resources sufficient to undertake the development, operations, and maintenance of the proposed services for the term of the agreement and longer.
2. Provide audited financial statements, including income and balance sheets for the contractually responsible party and any parent company and joint venture company (ies), for the most recent three (3) complete fiscal years and an audited statement through the most recently completed quarter of the current fiscal year.
3. Provide a statement from the chief financial officer indicating that there has been no material change in the financial circumstances of the proposing entity (or its parent or owners if they are providing financial assurance of performance) since the date of the last audited statements.

6.6 Proposal Alternatives and Exceptions

Proposer shall present any exceptions or requested changes that Proposer has to the Proposal conditions, requirements, or Section 4 Scope of Service. If no exceptions are noted, it is assumed the Proposer will accept all conditions and requirements identified in the RFP.

In the event the Proposer takes exception to the RFP specifications or wishes to propose an alternative technology, to propose the development of a new facility, or to propose the expansion of processing capacity at an existing operation, they may set forth those exceptions in their overall proposal, but are required to provide details as outlined in Section 4.

6.7 Additional Information

Proposers may provide any additional information that they believe to be applicable to their proposal.

7.0 COST PROPOSAL AND COST FORM

The Proposer is required to submit its cost using the cost form in Attachment 1.

8.0 PROPOSAL EVALUATION AND PROPOSER SELECTION

8.1 Proposal Evaluation Procedures

Proposals will be evaluated based on their responsiveness, content, completeness, and clarity. Specific evaluation criteria has been developed that will focus on evaluating the information requested in the RFP. Proposals will be evaluated based on the extent to which they meet evaluation criteria.

Proposals will be evaluated by a RFP Evaluation Committee (RFP Committee) consisting of Three (3) HWMA staff members.

The Authority's Executive Director will facilitate the evaluation process and provide support to the RFP Evaluation Committee. The Executive Director will be available to answer questions by the RFP Evaluation Committee as needed, but will not have any proposal scoring and ranking voting authority. Each evaluator will review all proposals received using a set of established evaluation criteria that will be applied to identify the relative strengths and weaknesses of individual proposals.

The ratings from the RFP Committee evaluators will be compiled to determine a ranking of the proposals based solely on the evaluation criteria, then present their rankings and recommendations to the HWMA Board of Directors.

After the HWMA Board reviews and approves their selected Proposer, HWMA staff will enter negotiations with the selected Proposer to develop an agreement that provides the services outlined in this RFP. The final agreement will be presented to the Board for approval. In the event the negotiations with the selected Proposer are unsuccessful, HWMA may

designate another Proposer from the list of shortlisted Proposers and enter negotiations with that Proposer(s).

8.2 Proposal Evaluation Criteria

Proposals will be numerically scored and ranked using the criteria and weighting described in this section. The scores assigned will reflect the extent to which criteria is satisfied relative to other proposals. The evaluation criteria and maximum score that can be achieved for each criterion are presented in Table 3.

Table 3: Proposal Evaluation Criteria and Maximum Evaluation Score

Proposal Evaluation Criteria	Maximum Evaluation Score
Cost proposal	40
Operations proposal	30
Company qualifications and experience	20
Workforce Compliance, Litigation History	10
Total Maximum Score Up To	100

The potential factors that may be considered by the proposal Evaluation Committee when developing the score for each criterion are presented below. Proposer must be fully compliant with the RFP and procurement procedures as demonstrated by submittal of all elements required including completion of the proposal cost form and compliance with proposal submission process.

Cost Proposal (Maximum 40 points)

- Reasonableness of Cost Proposal: Logical relationship between proposed costs and operational assumptions for the cost proposal.
- Competitiveness of Cost Proposal: Cost competitiveness relative to other proposals submitted.

Operational Proposal (Maximum 30 points)

- Approach: Reasonableness and reliability of the proposed services (e.g., technology, equipment, and staffing levels,); reasonableness of productivity and operating assumptions (operating metrics).

- General Operations: Proposed methods of tracking and reporting operational activities such as productivity, staffing levels, and training programs.

Company's Qualifications and Experience (Maximum 20 points)

- Company Experience: Demonstrated experience of the company in Providing similar services.
- Key Personnel Qualifications: Extent and relevance of the qualifications and experience of key personnel proposed for the team and on-going management of the operations.
- Management: Demonstrated capabilities of the company's existing management and its responsiveness to the ongoing needs and requests of customers including: reporting, providing new services, tracking and monitoring operational activities, regulatory compliance, safety record, general quality of operations.
- Provide a table showing the position and number as full-time equivalents (or partial FTE) of all company employees that will be involved with providing these services.
- Financial Stability: Financial strength and ability of company to acquire equipment and provide financial assurance of performance based on review of its audited financial statements and its proposed financing plan.

Workforce Compliance, Litigation History (Maximum 20 points)

- Worker safety record for the past five (5) years for the company and its affiliates in California or pertinent State(s) where it operates, to include, but not be limited to; employee safety metrics commonly used in the industry such as the number of hours lost for individual injuries per employee and workers' compensation insurance ratios.
- Describe any criminal proceedings in which the Proposer, and/or any director or officer of the proposer or affiliate and any individual identified as key personnel in the proposal has been named as a defendant that are either currently pending or were concluded within the past ten (10) years. For each proceeding, provide the name of the case, the court in which it was filed, and the docket number.
- Describe any civil lawsuit in which the Proposer has been named as a defendant or cross defendant, either currently pending or were concluded within the past five (5) years. For each lawsuit, provide the name of the case, the court in which it was filed, and the docket number. Lawsuits which involved only claims for personal injury or property damage arising from vehicle accidents which resulted in defense verdicts or in judgments against defendant, or settlements of less than \$100,000, need not be disclosed.
- Describe any administrative proceedings involving the Proposer initiated by federal, state, or local regulatory agencies that are either currently pending or were concluded

within the past ten (10) years. For each, provide the name of the regulatory Authority, the nature of the proceeding, and the amount of any fines or penalties assessed.

9 PROPOSAL SUBMITTAL INSTRUCTIONS

Proposals shall be submitted in accordance with the requirements presented. All data and information furnished by HWMA or referred to in this RFP are provided for the Proposer's convenience. The HWMA does not guarantee that such information or data is accurate and assumes no responsibility as to the accuracy of the information. Proposers are encouraged to independently verify the accuracy and interpretation of all such information or data.

9.1 Authority Contact and Address

Proposers shall submit all correspondences, questions, and the proposal submittal to the following contact individual:

Executive Director
Humboldt Waste Management Authority
1059 West Hawthorne Street
Eureka, CA 95501
Telephone number: 707.268.8680
Email: ekeller@hwma.net

9.2 Submittal of Written Questions

HWMA requires Proposer to submit all questions and requests for information in writing (email is acceptable) directly to HWMA at the address listed in Section 9.1. The deadline for submitting written questions and requests for information will be November 10, 2023.

9.3 Proposal Submittal Format

The Proposer shall submit one (1) double-sided hard copy of the complete proposal, no later than 4:00 p.m. November 20, 2023 in a sealed package. In addition, a thumb drive storage device containing an electronic copy of the proposal in Adobe PDF must be submitted in the sealed package. Package must be labeled:

Proposal To HWMA For
“ Cummings Road Landfill Leachate Transportation and Disposal Services”
Submitted By: (Name of Proposer)

Proposals must be printed on 8½” x 11” paper with 30% or greater post-consumer recycled content paper. All pages shall be consecutively numbered,

Proposals must be mailed or hand delivered to HWMA's Business Office address as cited in Section 9.1. Proposals received after the deadline will not be considered and will be returned unopened to the Proposer. Postmarks will not be accepted as proof of receipt.

9.4 Clarification of Proposal Information

Proposer may be asked to clarify information through written communications and interviews or during site visits of the Proposer's processing facility. The clarification process may be performed by HWMA staff or Evaluation Committee representatives.

9.7 Schedule

The Procurement Process schedule is presented in Section 2.4, Table 1.

9.8 Proposal Content

Proposals must be submitted according to the following format and include the following information:

1. Cover letter containing:
 - a. Name, address, and telephone and fax number of Proposer and key contact person.
 - b. Description of type of organization (e.g., corporation, partnership) submitting proposal.
 - c. Name of entity that would sign the Agreement.
 - d. A statement that you have reviewed the requirements of the project as described in this RFP, its enclosures, and all addenda, by listing all addenda and dates received.
 - e. The cover letter and Forms must be signed by an officer or agent of the Proposer authorized to bind the Proposer. In signing proposal, the Proposer agrees that the terms of proposal and the cost as submitted by Proposer are firm for a period of one year from proposal due date and assures that a performance bond or other instrument as specified in the Agreement will be issued by the Proposer.
2. Executive summary that highlights the major topics of your qualifications and proposal and clearly states the services the proposal addresses.
3. Responses to all information requested in Section 4. Organize your responses into topics, and address each element following the format outlined below so that all requested information can be readily found.
4. Proposal Outline

Each proposal must address the topics and Scope of Services as stated in Sections 4, 6 and 7 of the RFP in the following format:

- I. Title Page, Cover Letter, Table of Contents, Executive Summary
- II. Company Description, Experience and Qualifications

Attachment 1: Cost Proposal Form

Proposer Name: _____

Cost Per Trip	
Base Transportation	\$ _____/Trip
Base Fuel Rate	\$ _____/Trip
Total Rate	\$ _____/Trip

The Transportation Rates to be proposed are to be comprised of two (2) separate cost components:

- Base Transportation Rate component is comprised of all non-fuel related costs including driver labor wages and benefits, equipment repair, capital costs, overhead and profit, and;
- Fuel Rate component is based on monthly changes, either increase or decrease, to the approved Fuel Index beginning with the initial Fuel Rate component at the effective date of the Agreement.

The Base Transportation Rate and Fuel Component Rate, when added together, arrive at the total Transportation Rate to be charged to the Authority for each leachate load delivered by the PROPOSER from Cummings Road Landfill to the City of Eureka’s Wastewater Treatment Plant.

Attachment 2: Anti Collusion Statement Form

The undersigned Proposer has not divulged, discussed, or compared his/her proposal with other Proposers and has not colluded with any other Proposer or parties to the proposal whatsoever. Proposer acknowledges that all information contained herein is part of the public domain as defined in the guidelines in Section 2.7 Limits on Disclosure of Proposals as stated in the RFP and as governed by the State of California.

I certify that this proposal is made without prior understanding, agreement or connection with any corporation, firm or person submitting a proposal for the same service, and is in all respects fair and without collusion. I agree to abide by all conditions of these proposal specifications and I certify that I am authorized to sign this proposal.

(Please type or print below)

Executed under penalty of perjury on this _____ day of _____, 2023 at _____.

SIGNED BY: _____

TITLE: _____

ORGANIZATION: _____

Subscribed and sworn to before me this _____ day of _____, 2023 at _____.

Notary Public

My Commission expires:

Attachment 3: Agreement Template.

**AGREEMENT BETWEEN
THE HUMBOLDT WASTE MANAGEMENT
AUTHORITY AND**

FOR HAULING LEACHATE FROM CUMMINGS ROAD LANDFILL

THIS AGREEMENT for Leachate Hauling ("Agreement") is made by and between the Humboldt Waste Management Authority, a joint powers public entity, (hereinafter referred to as "Authority" and "HWMA") and _____, a [insert legal status of Contractor, e.g., California corporation, California limited liability company, etc.] (hereinafter referred to as "Contractor"). This Agreement is effective as of April 1, 2024 ("Effective Date").

RECITALS

WHEREAS, HWMA owns and maintains a 33-acre Cummings Road Landfill located at 5775 Cummings Road, Eureka, CA, ("Landfill");

WHEREAS, as a normal maintenance byproduct, the Landfill generates leachate waste which must be transported to a wastewater treatment facility for proper disposal;

WHEREAS, the HWMA solicited proposals for a contractor to transport the leachate from the Landfill to the City of Eureka wastewater treatment facility, and, determined that the proposal submitted by Contractor best meets the HWMA 's needs and that Contractor holds the necessary skills, qualifications, permits, licenses and equipment to provide such services;

WHEREAS, the parties intend to enter into a contract for such services.

NOW THEREFORE, in consideration of the mutual promises, covenants, and representations recited herein and made a material part hereof, the parties agree as follows:

1. Scope of Services.

Contractor will perform hauling services for Authority in accordance with this Agreement. The term "Services" shall mean the Services to be performed by Contractor described in this Section 1 as follows:

Contractor shall provide the truck, appropriate trailer, labor and equipment necessary to transport leachate collected from the Cummings Road Landfill to the City of Eureka Wastewater Treatment Plant, located at 4301 Hilfiker Lane, Eureka, CA 95503. The Contractor shall keep trailers enclosed and/or sealed to contain leachate and prevent spilling or scattering of leachate during transportation. Contractor will be paid on a per ton basis for disposal of leachate at the rate set forth in Section 3.

Contractor is required to provide leachate hauling services at a frequency and in such volume as to prevent overflow and potential damage to the leachate removal system located at the Cummings Road Landfill. Contractor will operate such that hauling services are available 365 days per year.

The Contractor must maintain, in good standing, a City of Eureka Holding Tank Wastewater Discharge Permit and operate within the guidelines of the permit and policies of the City of Eureka Wastewater Treatment Plant.

All Contractor costs for providing the Services shall be accounted for and incorporated into Contractor's base transportation rate as outlined in Section 3 of this Agreement.

Any modification of scope, schedule, or budget relating to Services must be in writing in the form of an addendum and must be signed and dated by both parties prior to the performance of the additional proposed work and expenditure of additional funds for that work.

2. Term.

The term of this Agreement shall be from April 1, 2024, through May 31, 2029. This Agreement may be terminated by either party upon 60 days advance written notice of its intent to terminate.

3. Compensation for Services. Payment.

- a. Fees. The Authority shall pay Contractor fees for Services of \$(XXX.xx) per load transportation of leachate to the City of Eureka Wastewater Treatment Facility.
- b. Annual Adjustments to Base Transportation Rate. The Base Transportation Rate per transfer trailer load shall be adjusted annually on the Adjustment Date, beginning July 1, 2026, and every year thereafter for the Term of the agreement in an amount equal to seventy-five percent (75%) of the annual change in the Consumer Price Index for the U.S. City Average, All Urban Consumer Price Index (CPI-U): 1982-84 =100, for the month of October, compiled and published by the United States Department of Labor, Bureau of Labor Statistics of the preceding year multiplied by the then current Transportation Rate.
- c. Payment. Contractor shall prepare and submit its invoices to the Authority no more than once per month. For Services billed on a time and materials basis or in installments, Contractor shall provide a time summary of work performed by each person for whom charges are billed. All reasonable efforts will be made by the Authority to pay undisputed invoices within 30 days of receipt. If the Authority disputes an invoice, it may withhold that portion so contested, without the accrual of interest for late payment, and shall pay the undisputed amount. The Authority may withhold all or any portion of the funds provided for by this Agreement, without the accrual of interest for late payment, in the event that Contractor has materially violated or threatens to materially violate, any term, provision, or condition of this Agreement.
- d. Base Fuel Rate Adjustment. The Authority shall pay to Contractor a fuel surcharge per load of leachate of \$(XX.xx). The Base Fuel Rate shall be adjusted each month by comparing the Fuel Price Index levels with the lesser of:
 1. Contractors average cost of diesel fuel for the prior month; or
 2. Average California weekly diesel Fuel Price Index for the four weeks prior to the

month being invoiced, published by the US Department of Energy
(<http://www.eia.gov>)

- e. The Authority shall pay Contractor a monthly Fuel Rate Adjustment based on the percentage change between the current rate, up or down, and the Base Fuel Rate. This percentage shall be applied to the Base Fuel Rate as provided in this proposal, multiplied by the loads delivered to the City of Eureka Wastewater Treatment Plant.
- f. Additional On-Site Storage. Upon request, and at the discretion of the Authority, Contractor may store at the landfill site, at a location designated by the Authority, 10,000 to 20,000 gallon Frac tanks, at no-charge to the Authority. Frac tanks shall be in good condition and shall be immediately removed by Contractor if the Authority determines they are in need of repair or negatively impact the Authorities ability to manage landfill operations. Contractor indemnifies the Authority for any and all losses caused by releases or spills of the Frac tanks.

4. Independent Contractor Status.

Contractor is performing Services as an independent contractor for the Authority and is neither an employee nor an agent of the Authority. Except as otherwise provided in this Agreement, Contractor shall have sole control over the manner and method of performance of the services, and Authority's only interest shall be in the results of such services. Authority's liability hereunder shall be limited to payment of the compensation provided in this Agreement. Contractor agrees and acknowledges that it is not entitled to any benefits or insurance, including without limitation any medical, unemployment, or disability benefits, on Authority's account.

5. Designation of Representative.

Contractor and Authority shall designate specific individuals to act as representatives ("Designated Representative"), who shall have authority to transmit instructions, receive information, and implement the Agreement on behalf of each respective party. Either party may change its Designated Representative or the address of its Designated Representative by giving reasonable notice to the other party.

6. Notice.

All notices required or permitted hereunder shall be in writing and shall be deemed to have been properly given and delivered when delivered personally (including by commercial messenger or courier or by facsimile transmission) or four (4) days after deposit in the U. S. mail with all postage or charges fully prepaid and addressed to the authorized representative of the appropriate party.

HWMA:

Executive Director
Humboldt Waste Management Authority
1059 West Hawthorne Street, Eureka, CA 95501

CONTRACTOR:

Business Owner:

Business Name:

Address:

Phone:

7. Indemnification.

- a. *General.* Contractor shall indemnify, hold harmless, protect and defend with legal counsel acceptable to the Authority or co-counsel acceptable to the Authority at Contractor's sole cost, HWMA and its employees, officials, members, officers, agents, assigns and volunteers from and against any and all liability to which any of them may be subjected by reason or resulting directly or indirectly from actions or inactions of Contractor performed or occurring under or in connection with the Agreement, whether or not those liabilities are litigated, settled or reduced to judgment.

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

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

8. Insurance.

Prior to performing any Services hereunder and throughout the Term of this Agreement, Contractor shall maintain insurance in full compliance with all the provisions of this Section 8.

- a. *General Liability.* General liability with minimum limits of liability per occurrence of Three Million Dollars (\$3,000,000), and per aggregate of Four Million Dollars (\$4,000,000).
- b. *Comprehensive automobile liability insurance:* Comprehensive coverage for all vehicles and all motor equipment, owned, leased, hired, borrowed or operated by Contractor in its

performance of this Agreement, and shall obtain uninsured/underinsured motorists liability coverage. Minimum limits of liability per occurrence shall be Three Million Dollars (\$3,000,000), and per aggregate Four Million Dollars (\$4,000,000).

- c. Pollution liability, environmental impairment: Environmental impairment and release or spill of "pollutants" or "wastes" and all cleanup costs relating thereto with minimum limits of liability per occurrence of Three Million Dollars (\$3,000,000), and per aggregate of Four Million Dollars (\$4,000,000).
- d. Workers' compensation insurance: Workers' compensation as required by state law.
- e. Employer's liability insurance: Bodily injury by accident in the amount of Two Million Dollars (\$2,000,000) each accident and bodily injury by disease in the amount of Two Million Dollars (\$2,000,000) policy limit and each employee.
- f. Additional insured: Contractor shall include the Authority and its employees, officials, members, officers, agents, assigns and volunteers by endorsement or otherwise as additional insured under all policies except with respect to employer's liability insurance.
- g. Primary coverage: Contractor shall ensure that insurance policies are always primary with respect to performance under this Agreement.
- h. Evidence of coverage: Contractor shall file with the Authority evidence of coverage in force, including endorsements, together with a Certificate of Insurance on an Authority-approved form, and shall annually file with the Authority, renewed certificates of insurance.

The Authority reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required upon ninety (90) days advance written notice to Contractor.

9. Compliance with applicable law.

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

10. Events of Default.

- a. Contractor Default. Each of the following constitutes an event of default:
 - 1) Breach of Agreement. Contractor fails to perform any of its obligations under this Agreement and fails to cure that breach within five (5) days of receiving notice from the HWMA specifying the breach.
 - 2) Attachment. Attachment of any equipment owned by Contractor that is necessary for its ability to provide transportation services is seized, attached, or levied upon and not placed back into service within two business days.

- 3) *Bankruptcy, insolvency, liquidation.* Contractor's filing of a voluntary claim for debt relief under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or consents to the appointment of or taking of possession by a receiver, liquidator, assignee, trustee, custodian, administrator of Contractor for any part of Contractor's operating assets or property.
- b. *HWMA default.* Each of the following constitutes an event of default: HWMA's failure to make any payment in accordance with Section 3.
- c. *Remedies upon default.*
 - 1) *Authority's remedies.* Upon occurrence of a Contractor default, the Authority has the following rights:
 - i. To terminate the Agreement;
 - ii. To suspend the Agreement;
 - iii. To exercise any and all remedies available at law and in equity including specific performance.
 - 2) *Contractor's remedies.* Upon occurrence of a HWMA default, Contractor has the right to exercise any and all available remedies at law and in equity

11. Contractor Warranties and Representations.

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

12. Waiver.

Either party's waiver of any breach or default may not be deemed to be a waiver of any other breach or default, including ones with respect to the same obligations under this Agreement. The subsequent acceptance by either party of any damages or other money paid by the other party may not be deemed to be a waiver by that party of any preexisting or concurrent breach or default. Failure to object to breach or event of default is not and may not be construed as a waiver of that provision.

13. Dispute resolution.

The parties agree to negotiate any disputes over the performance of their respective rights and obligations under this Agreement in good faith for a period of at least 30 days after the date of notice invoking the need for dispute resolution or exercising rights under law. Neither party may initiate court action prior to such good faith negotiation and following that prior to good faith third-party mediation.

14. Governing law, venue.

This Agreement and performance hereunder and all suits and special proceedings shall be interpreted in accordance with California law. Venue shall be fixed in Humboldt County.

15. Authority to Execute Contract.

Each party hereto warrants and represents to the other party that such party has the full right, power, and authority to enter into this Agreement and has obtained all necessary consents and approvals to consummate the transaction contemplated hereby.

16. Assignment, subcontract.

Neither party shall assign its rights, interests, duties, or obligations under this Agreement without consent from the other party, which shall not be unreasonably withheld. Contractor may not subcontract Services without prior written consent from Authority. In the event Contractor subcontracts any part of the Services, each subcontractor shall be bound by the same terms and conditions concerning insurance as outlined herein and Section 8 will be made a part of any such subcontract agreement.

17. Excuse of Performance.

The performance of this Agreement may be suspended by either party in the event performance of this Agreement is prevented by a cause or causes beyond the reasonable control of such parties. Such causes shall include but not be limited to: acts of God, acts of war, riot, fire, explosion, accidents, inclement weather or sabotage, lack of adequate fuel, power, raw materials, labor or transportation facilities; changes in government laws, regulations, orders, or defense requirements; restraining orders, labor disputes, strike, lock-out or injunction (provided that neither party shall be required to settle a labor dispute against its own best judgment). The party which is prevented from performing by a cause beyond its reasonable control shall use its best efforts to eliminate such cause or event.

18. Modifications.

No modifications to this Agreement including the scope of Services, schedule, or budget relating shall be effective unless in writing in the form of an addendum or amendment, signed and dated by both parties prior to the implementation of such modification.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives effective on the date of the last party signing below.

HUMBOLDT WASTE MANAGEMENT AUTHORITY

Eric Keller-Heckman, Executive Director

Phone:

Date:

DESIGNATED REPRESENTATIVE:

Tony Heacock, Director of Environmental Health & Safety

aheacock@hwma.net

CONTRACTOR

Name:

Phone:

Date:

DESIGNATED REPRESENTATIVE:

Name

Phone:

Date:

Approved as to form:

Nancy Diamond, General Counsel

Proof of Insurance(s) on File:



Staff Report

DATE: September 26, 2023 For Meeting of: October 12, 2023

FROM: Eric Keller-Heckman, Executive Director

SUBJECT: Item 2c)
Approve Resolution 2024-02 “Resolution of The Humboldt Waste Management Authority Authorizing The Authority to enter into an agreement with Umpqua Bank Commercial Credit Card Program

RECOMMENDED ACTION: Voice vote.

- 1) Approve Resolution 2024-02 “Resolution of The Humboldt Waste Management Authority Authorizing The Authority to enter into an agreement with Umpqua Bank Commercial Credit Card Program and
- 2) Authorize Executive Director to execute agreement pending legal review.

DISCUSSION:

HWMA staff has utilized Elan Financial Services credit cards since 2010. These cards are predominantly used for general purchases that are made outside of either contracted services or recurring account purchases.

In 2010 the Authority had substantial debt obligations that impacted our credit worthiness and the Authority had to look outside our normal bank of operations for card options. The Debt obligations have now been fully satisfied and the Authority’s debt profile is much improved.

This resolution will bring our credit cards under the same umbrella as our banking provider with a card that offers more competitive rates and spending power.

FISCAL IMPACTS:

Minimal Staff time related staff report, resolution and contract.

ALTERNATIVES:

- 1) Board Discretion

Attachment:

Attachment 1: Resolution 2024-02 “Resolution of The Humboldt Waste Management Authority Authorizing The Authority to enter into an agreement with Umpqua Bank Commercial Credit Card Program

**RESOLUTION NO. 2024-02
OF THE
HUMBOLDT WASTE MANAGEMENT AUTHORITY FINDING THAT THE PUBLIC
HEALTH, SAFETY AND WELL-BEING REQUIRE THE HWMA TO ENTER INTO A
REGIONAL RECYCLABLE MATERIALS
PROCESSING AND MARKETING SERVICES AGREEMENT WITH RECOLOGY
HUMBOLDT COUNTY, INC. WITHOUT COMPETITIVE BIDDING**

WHEREAS, the Humboldt Waste Management Authority (“HWMA”) is a joint powers authority formed by the cities of Arcata, Blue Lake, Eureka, Ferndale, Rio Dell, and the County of Humboldt for purposes of efficient solid waste management (each a “Member Agency”);

WHEREAS, Credit cards and purchasing cards are mechanisms for purchasing goods and services for the convenience of the HWMA, and

WHEREAS, Umpqua Bank has negotiated with the HWMA to provide a Purchasing Card Program for vendor payments, purchasing, travel or fleet transactions, and

WHEREAS, Umpqua Bank requires an application for credit approval, a resolution by the HWMA Board of Directors,

WHEREAS, the HWMA has a Standard Practice of procedures for using credit cards as required by the

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the HWMA authorize participation with Umpqua Bank in the Purchasing Card program and authorize the Executive Director to execute necessary applications, agreements and management of the program.

Adopted this 12th day of October, 2023

ATTEST:

HWMA Chair

Clerk of the Board

Date: _____

Date: _____



Staff Report

DATE: October 2, 2023 For Meeting Of: October 12

FROM: Hilary Schwartz, Director of Finance

SUBJECT: Item 4)
Receive Presentation Outlining Independent Auditor's Report for Fiscal Year 2021-2022 and File.

RECOMMENDED ACTION: Voice Vote.
Receive Presentation Outlining Independent Auditor's Report for Fiscal Year 2021-2022 to be Filed with Authority Archives, State Comptroller, and required Financial Institutions.

DISCUSSION:
The annual audit of the Authority's financial statements is a tool by which the Board and general public may measure the fiscal health of the Authority, both in the sense that it discusses the state of the Authority's assets and investigates the ongoing activities and reporting procedures of Authority staff. The audit is an independent review of this information which helps guide the Board in improving internal fiscal controls and establishing priorities for future budgets.

Staff has reviewed the enclosed documents and agrees with the content of the audit as presented.

FISCAL IMPACT: None. This item was budgeted.

ATTACHMENTS:
Attachment A: HWMA Final FY 2021-22 Audit
Attachment B: HWMA Communication Letter for FY 2021-22

HUMBOLDT WASTE MANAGEMENT AUTHORITY

BASIC FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

JUNE 30, 2022



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Humboldt Waste Management Authority

Basic Financial Statements

For the year ended June 30, 2022

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Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

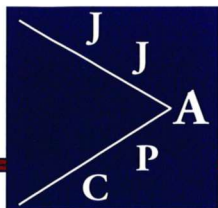
Elected Officials and Administrative Personnel

BOARD OF DIRECTORS

Michael Sweeney - Chair
Frank Wilson – Vice Chair
Sofia Pereira – Director
Rex Bohn – Director
Elaine Hogan – Director
Leslie Castellano - Director

CURRENT MANAGEMENT

Peter Fuller – Executive Director
Tracy Taylor – Administrative Services Director



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Humboldt Waste Management Authority
Eureka, California

Report on the Financial Statements

Opinions

We have audited the financial statements of the Humboldt Waste Management Authority (Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. The prior year comparative total information has been derived from the Authority's June 30, 2022, basic financial statements with the report dated February 20, 2023.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility

The Authority's management is responsible for the preparation and fair presentation of the 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 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 Responsibility

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 opinions. 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 GAAS 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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 District'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 District'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.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, though not a part of the basic financial statements, is required by the Governmental Accounting Standard 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Debt Service Coverage and the introductory section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Schedule of Debt Service Coverage is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Debt Service Coverage is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 20, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Authority's internal control over financial reporting and compliance.

February 20, 2023

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

BASIC FINANCIAL STATEMENTS

Humboldt Waste Management Authority

Statements of Net Position

June 30, 2022

(with comparative totals for June 30, 2021)

	2022	2021
ASSETS AND DEFERRED OUTFLOWS		
Current assets:		
Cash and investments	\$ 3,871,401	\$ 4,678,868
Accounts receivable:		
Customer (net of \$55,000 allowance)	827,997	782,178
Deposits	19,500	19,500
Prepaid expenses	251,858	228,212
Total current assets	<u>4,970,756</u>	<u>5,708,758</u>
Noncurrent assets:		
Capital assets:		
Property, plant and equipment, net	4,203,399	4,386,288
Waste Authority permit	221,171	221,171
Total noncurrent assets	<u>4,424,570</u>	<u>4,607,459</u>
Total assets	<u>9,395,326</u>	<u>10,316,217</u>
Deferred outflows: Pension plan	350,900	330,665
Total assets and deferred outflows	<u>\$ 9,746,226</u>	<u>\$ 10,646,882</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION(DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,126,307	\$ 1,000,974
Accrued payroll and benefits	345,444	371,313
Umpqua Bank Visa	14,800	-
Due within one year	-	980,895
Total current liabilities	<u>1,486,551</u>	<u>2,353,182</u>
Noncurrent liabilities:		
Lease Payable - Financial Pacific	11,849	23,745
Net pension liability	236,314	803,301
Estimated closure and post-closure care costs	9,945,200	10,124,399
Total noncurrent liabilities	<u>10,193,363</u>	<u>10,951,445</u>
Total liabilities	<u>11,679,914</u>	<u>13,304,627</u>
Deferred inflows: Pension plan	248,488	63,284
Deferred inflows: Unavailable revenue	52,822	65,377
Total liabilities and deferred inflows	<u>11,981,224</u>	<u>13,433,288</u>
NET POSITION (DEFICIT)		
Net investment in capital assets	4,424,570	3,602,819
Unrestricted (deficit)	(6,659,568)	(6,389,225)
Total Net Position (Deficit)	<u>(2,234,998)</u>	<u>(2,786,406)</u>
Total liabilities, deferred inflows and net position	<u>\$ 9,746,226</u>	<u>\$ 10,646,882</u>

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

Humboldt Waste Management Authority
Statements of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2022

(with comparative totals for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Gross waste management fees	\$ 8,817,721	\$ 8,478,341
Less: Pass-through fees	807,377	760,567
Net waste management fees	<u>8,010,344</u>	<u>7,717,774</u>
Green waste	588,279	35,049
Other fees and charges	1,797,133	1,984,678
Other operating revenues	<u>929,059</u>	<u>477,304</u>
Total operating revenues	<u>11,324,815</u>	<u>10,214,805</u>
OPERATING EXPENSES:		
Operations and maintenance	7,956,530	6,631,800
Administrative and general	2,719,912	2,188,651
Professional services	63,262	71,702
Depreciation and amortization	278,322	462,482
Other expenses	<u>51,032</u>	<u>684,345</u>
Total operating expenses	<u>11,120,177</u>	<u>10,038,980</u>
Operating income (loss)	<u>204,638</u>	<u>175,825</u>
NONOPERATING REVENUES (EXPENSES):		
Interest income	73	121
Rent income, net	136,356	133,334
Grant revenue	51,823	49,245
Grant expense	(89,295)	(34,574)
Interest expense	<u>(15,136)</u>	<u>(37,885)</u>
Total nonoperating revenues (expenses)	<u>83,821</u>	<u>110,241</u>
Income (loss) before special items	<u>288,459</u>	<u>286,066</u>
Special item: Landfill closure revaluation	<u>179,199</u>	<u>389,400</u>
Change in Net Position	<u>467,658</u>	<u>675,466</u>
NET DEFICIT:		
Beginning of year	(2,786,406)	(3,400,664)
Prior period adjustments	<u>83,750</u>	<u>(61,208)</u>
Beginning of year, as adjusted	<u>(2,702,656)</u>	<u>(3,461,872)</u>
End of year	<u>\$ (2,234,998)</u>	<u>\$ (2,786,406)</u>

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

Humboldt Waste Management Authority

Statements of Cash Flows

For the year ended June 30, 2022

(with comparative amounts for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 11,364,991	\$ 10,471,768
Payments to suppliers	(8,004,518)	(9,832,110)
Payments to employees	(3,163,537)	213,261
Net cash provided (used) by operating activities	<u>196,936</u>	<u>852,919</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Closure and postclosure payments	-	(130,708)
Rent received	136,356	133,334
Grants paid	(37,472)	-
Principal payments on long-term debt	(992,791)	(828,611)
Interest payments on long-term debt	(15,136)	(37,885)
Acquisition of capital assets	(95,433)	(51,271)
Net cash provided (used) by capital and related financing activities	<u>(1,004,476)</u>	<u>(915,141)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on cash and investments	73	121
Net cash provided (used) by investing activities	<u>73</u>	<u>121</u>
Net increase (decrease) in cash and cash equivalents	<u>(807,467)</u>	<u>(62,101)</u>
Beginning of year	4,678,868	4,740,969
End of year	<u>\$ 3,871,401</u>	<u>\$ 4,678,868</u>
Statement of Net Position:		
Cash and investments	\$ 3,871,401	\$ 4,678,868
Total Cash and investments	<u>\$ 3,871,401</u>	<u>\$ 4,678,868</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 204,638	\$ 175,825
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense	278,322	462,482
Unavailable revenue	(12,555)	-
Pension	(402,018)	-
Prior period adjustment	83,750	-
Change in assets and liabilities:		
Accounts receivable	(45,819)	278,813
Deposits	-	(19,500)
Prepaid expenses	(23,646)	28,790
Accounts payable and accrued liabilities	125,333	(284,402)
Accrued payroll	(25,869)	213,261
Customer deposits	14,800	(2,350)
Net cash provided (used) by operating activities	<u>\$ 196,936</u>	<u>\$ 852,919</u>

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

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Humboldt Waste Management Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental enterprises classified as proprietary fund types. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The Authority applies all GASB pronouncements to its activities. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The following is a summary of the more significant policies:

A. Description of the Reporting Entity

The Humboldt Waste Management Authority (Authority) was formed on November 17th, 1999 for the purposes of economically coordinating the management of solid waste management services, the preparation and implementation of an Integrated Waste Management Plan which meets the requirements for the California Integrated Waste Management Act of 1989, and the disposal of waste generated in the incorporated and unincorporated areas of Humboldt County and the safe closure and long-term postclosure maintenance of the Cummings Road Landfill. The Authority received all assets, liabilities and responsibilities from the Humboldt County Waste Management Authority, which was dissolved November 8, 2000. The Authority is a regional agency and its members include the cities of Arcata, Blue Lake, Eureka, Ferndale, Rio Dell and the County of Humboldt. Each member has one representative on the Authority's Board of Directors which governs the Authority.

Oversight responsibility, the ability to conduct independent financial affairs, issue debt instruments, approve budgets, and otherwise influence operations and account for fiscal matters is exercised by the Authority's Board of Directors. The Authority is a separate reporting entity for financial reporting purposes and the accompanying financial statements reflect the assets, liabilities, net position, revenues, and expenses of the Authority only.

As defined by GASB Statements No. 14 and 39, *The Financial Reporting Entity*, the Authority is not financially accountable for any other entity other than itself, nor are there any other entities for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete.

In addition, based upon the above criteria, the Authority is not aware of any entity which would be financially accountable for the Authority which would result in the Authority being considered a component of the entity.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Fund Accounting Classification and Basis of Accounting

On the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net position, business-like activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

Authority funds are classified as enterprise funds, which account for operations that are financed and operated in a manner similar to private business enterprises where the intent 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. The acquisition and capital improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds, and cash flow from operations.

C. Cash and Investments

For the purposes of the Statement of Net position and Statement of Cash Flows, “cash equivalents and investments” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less.

Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2.

D. Capital Assets

All fixed assets purchased for over \$5,000 by the Authority are capitalized at historical cost or estimated cost if actual cost is not available. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized and are expensed as incurred. Improvements are capitalized. Contributed assets are valued at their estimated fair market value on the date contributed. Depreciation is calculated over the estimated useful lives of assets using the straight-line method. The estimated useful lives are as follows:

Hawthorne Street transfer station	20 years
Other assets	5 – 30 years

E. Inventory

Inventories of operating and office supplies are stated at the lower of cost or market, determined by the first-in, first-out method of valuation.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Authority only has one item that qualifies for reporting in this category. The item is a deferred charge on pension plan contributions in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. The Authority also reports deferred outflows of resources for its pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

G. Accrued Vacation and Sick Leave

Accumulated unpaid employee vacation are recognized as liabilities of the Authority. The liability for vested vacation pay is recorded as an expense when the vacation is earned. Vacation, which is based on the employee's length of service, may be accumulated and carried over up to a maximum of the amount earned in the preceding 24-month period.

Employee sick leave benefits are not recognized as liabilities as benefits do not vest.

H. Implementation of GASB Statements 68 and 71 related to Pension Plans

The GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Implementation of GASB Statements 68 and 71 related to Pension Plans, Continued

In addition, the GASB issued Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date” The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, “Accounting and Financial Reporting for Pensions”. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

In implementing these Statements, the Authority recognizes a net pension liability, which represents the Authority’s proportionate share of the excess of the total pension liability over the fiduciary net position of the Plan reflected in an actuarial report provided by the California Public Employees’ Retirement System (CalPERS). The net pension liability is measured as of the Authority’s prior Plan year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change in the liability. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the Authority’s pension plan with CalPERS and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

I. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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.

H. Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority’s financial position and operations.

J. Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year’s presentation.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS

A. Composition

The Authority's cash and temporary investments are carried at market value, and include:

	Maturities (in years)			Deposits	Fair Market Value
	< 1	1 to 2	> 2		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value:					
Cash in bank - Checking	\$ -	\$ -	\$ -	\$ 3,311,984	\$ 3,311,984
Cash in bank - Savings	-	-	-	550,017	550,017
Petty cash	-	-	-	3,900	3,900
Change funds	-	-	-	5,500	5,500
Total pooled items	-	-	-	3,871,401	3,871,401
Total cash and cash equivalents	\$ -	\$ -	\$ -	\$ 3,871,401	\$ 3,871,401
Financial Statement presentation:					
Cash and cash equivalents					\$ 4,678,868
Total					\$ 4,678,868

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit or first trust deed mortgage notes with a value of 150% of the Authority's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the Authority's name and places the Authority ahead of general creditors of the institution pledging the collateral. The Authority has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS, Continued

B. Authorized Investments

The Authority’s Investment Policy and the California Government Code allow the Authority to invest in the following, provided the credit ratings of the issuers are acceptable to the Authority and approved percentages and maturities are not exceeded.

The table below also identifies certain provisions of the California Government Code, or the Authority’s Investment Policy where the Authority’s Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio
U.S. Treasury Obligations	10 years	None
Negotiable Certificates of Deposit	1 year	30%

C. Fair Value of Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method, which includes any adjustments in interest/investment income.

D. Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

3. CAPITAL ASSETS

Changes in capital assets and depreciation were as follows:

	July 1, 2021	Additions	Deletions	Transfer/ Adjustments	June 30, 2022
Nondepreciable assets:					
Land	\$ 2,809,140	\$ -	\$ -	\$ -	\$ 2,809,140
Total nondepreciable assets	<u>2,809,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,809,140</u>
Depreciable assets:					
Land improvements	2,102,599	95,433	-	150,733	2,348,765
Buildings and improvements	4,572,615	-	-	(222,389)	4,350,226
Equipment	2,504,880	-	-	71,656	2,576,536
Total depreciable assets	<u>9,180,094</u>	<u>95,433</u>	<u>-</u>	<u>-</u>	<u>9,275,527</u>
Total	<u>11,989,234</u>	<u>95,433</u>	<u>-</u>	<u>-</u>	<u>12,084,667</u>
Accumulated depreciation:					
Land improvements	(1,827,868)	(37,387)	-	(7,011)	(1,872,266)
Buildings and improvements	(3,891,575)	(72,373)	-	(17,928)	(3,981,876)
Equipment	(1,883,503)	(168,562)	-	24,939	(2,027,126)
Total accumulated depreciation	<u>(7,602,946)</u>	<u>(278,322)</u>	<u>-</u>	<u>-</u>	<u>(7,881,268)</u>
Net depreciable assets	<u>1,577,148</u>	<u>(182,889)</u>	<u>-</u>	<u>-</u>	<u>1,394,259</u>
Total capital assets	<u>\$ 4,386,288</u>	<u>\$ (182,889)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,203,399</u>

Depreciation expense charged to supporting services was \$278,322 and \$462,482 for the years ended June 30, 2022, and 2021, respectively.

Cummings Road Landfill assets received in the original agreement from City Garbage of Eureka were valued at zero. These assets include the landfill, several operating methane gas wells, a workshop structure, an office structure, and various pieces of equipment such as generators and pumps. No attempt was made to place a fair market value on these assets at the time of acquisition. Improvements to the landfill since the agreement have been recorded at cost.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

4. CUMMINGS ROAD LANDFILL ACQUISITION

On June 16, 2000, the Authority acquired Cummings Road Landfill (Landfill) through the acquisition of the Hawthorne Street Transfer Station from Eureka City Garbage, Inc. Transfer of ownership of the Landfill was done as part of a property agreement, with the value of the Landfill set at \$0. The Landfill had 3,449,667 cubic yards of capacity to retain waste. The amount of 420,506 cubic yards of the total Landfill remained unused. The Landfill ceased receiving municipal solid waste on June 2000, with small volume inert wastes accepted until 2003. This was primarily concrete/ asbestos. As stated in the California Code of Regulations, Division 2 Title 27 Article 2 Section 21180, "a) the landfill shall be maintained and monitored for a period of not less than thirty (30) years after the completion of closure of the entire solid waste landfill." Therefore, the Authority is responsible for post-closure and maintenance care for 30 years after the Final Quality Assurance Report related to construction closure is approved.

In 1993, the North Coast Regional Water Quality Control Board (NCRWQCB), via Waste Discharge Requirements (WDR) WDR 93-46, required that Cummings Road Landfill be closed by 1998 as a corrective action measure "because of groundwater contamination caused by the Site". The Joint Technical Document (JTD) for the Final Closure of the Landfill detailed a two-phased closure, that also accommodated placement of adjacent burn-ash site debris into the landfill for permanent disposal, was approved by the NCRWQCB in 2012. Cummings Road Landfill Construction Closure Phase 1 was completed the summer of 2013, with the construction activities related to the Corrective Action Plan for the Cummings Road Burn Ash Debris site completed by October 2014. Phase 2 construction closure was completed in October 2015.

Landfill closure and post-closure costs are recorded following the provisions of Governmental Accounting Standards Board (GASB) Statement No. 18 Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs. The standards require that estimated closure and post-closure care costs be recognized as current operating costs although these costs will not actually be incurred until some future operating cycle.

Estimates of the closure and post-closure care costs are on a current value basis revised as of October 2021, as provided by consulting engineers.

As of June 30, 2022, the amount of \$10,124,399 was recorded as Estimated Closure and Post-Closure Costs based on 100% capacity of the Landfill. The Estimated Closure and Post-Closure Costs are an estimate and subject to changes resulting from inflation/deflation, technology, or changes in applicable laws or regulations. The Estimated Closure and Post-Closures costs will be reevaluated and recalculated at the end of every other fiscal year.

Funds restricted for closure and post-closure costs at June 30, 2022 are comprised of the following:

Closure/Post-Closure	
Annual Cost	389,400
Years of Maintenance	<u> x 25</u>
Total Post-Closure Liability	<u>\$ 9,945,200</u>
 Total Landfill Closure/Post-Closure Liability	 <u>\$9,945,200</u>

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

4. CUMMINGS ROAD LANDFILL ACQUISITION, Continued

As of March 2021, the Authority’s landfill closure plan and Construction Quality Assurance documents were approved by the NCRWCQB, the Humboldt County Local Enforcement Agency, and the California Integrated Waste Management Board (CIWMB) which is now known as the Department of Resources Recycling and Recovery (CaRecycle). The Landfill is now in post-closure maintenance, and long-term liabilities related to the Landfill are reduced annually by the engineer's post-closure maintenance estimates.

5. LONG-TERM DEBT

A. Long-Term Debt Activity

	Original Issue Amount	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
2015 Revenue Refunding Bonds	\$ 6,338,132	\$ 842,170	\$ -	\$ (842,170)	\$ -	\$ -
Capital Lease-Purchase	522,750	162,470	-	(150,621)	11,849	11,849
Total	\$ 6,860,882	\$ 1,004,640	\$ -	\$ (992,791)	\$ 11,849	\$ 11,849
Amount due within one year		\$ -			\$ 11,849	
Amount due after one year		11,849			11,849	
		\$ 11,849			\$ 23,698	

Series 2015 Revenue Refunding Bonds

On March 31, 2016, the Authority issued \$6,338,132 principal amount of Series 2015 Revenue Refunding Loan (Debt consolidation and refunding project). The proceeds of the Bonds were used to repay the Authority’s Series 2002 Revenue Bonds, Series 2005 Revenue Bonds and Commercial Promissory Note dated August 12, 2014 issued by the Authority for the Redwood Region Economic Development Commission.

Interest is payable semiannually on each November 1 and May 1, commencing November 1, 2016 until the maturity of the bonds on November 1, 2021.

Capital Lease-Purchase

On June 8, 2018, the Authority entered into a lease-purchase agreement “Lease” with the Financial Pacific Leasing, Inc. for financing the acquisition of an excavator valued at \$311,145 and a loader truck valued at \$211,605. These trucks have 8-years estimated useful live. Title reverts to the Authority after payment of the minimum lease payments, and, therefore, have been recorded at the present value of future minimum lease payments. As of June 2022, the outstanding balance was \$11,849.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

5. LONG-TERM DEBT, Continued

B. Repayment Schedule

Future annual repayment requirements are as follows:

Year Ending June 30,	2015 Revenue Refunding Loan		Capital Lease-Purchase	
	Principal	Interest	Principal	Interest
2022	-	-	11,849	-
Total	\$ -	\$ -	\$ 11,849	\$ -
Due within one year	\$ -	\$ -	\$ 11,849	\$ -
Due after one year	-	-	-	-
Total	\$ -	\$ -	\$ 11,849	\$ -

6. NET POSITION

Net position at June 30, 2022 consisted of the following:

Description	Balance as of June 30, 2022
Net investment in capital assets	\$ 4,424,570
Unrestricted (deficit)	(6,659,568)
Total unrestricted net position	\$ (2,234,998)

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Unrestricted - This amount is all net assets that do not meet the definition of "*net investment in capital assets*".

7. RISK MANAGEMENT AND SELF-INSURANCE

The Authority is exposed to various risks of loss related to torts, theft of, damage and destruction of assets, errors and omissions, and natural disasters. The Authority participates in risk pools with the Special District Risk Management Authority (SDRMA) which provides property and liability insurance to its member districts. The Authority pays premiums commensurate with the levels of coverage requested. The Authorities are governed by boards consisting of members elected from the participating districts, which control the operations of the authorities independent of any influence by the Authority beyond the Authority's representation on the governing board. The Authority's share of year-end assets, liabilities, or fund equity is not calculated by the Joint Powers Authorities.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

A. General Information about the Pension Plans

Plan Descriptions - All qualified full-time employees are eligible to participate in the Authority's Miscellaneous First Tier Plan and Miscellaneous PEPRA Plan (collectively, "The Plans"), agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous Plan	
	First Tier	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7%	6.25%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is based on the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

A. General Information about the Pension Plans, Continued

For the year ended June 30, 2022, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$ 214,445
Contributions - employee (paid employer)	<u>119,440</u>
Total	<u><u>\$ 333,885</u></u>

The Authority's average required contribution rate was 14.360 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$246,970 for the year ended June 30, 2022.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022, the Authority reported a net pension liability for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 236,314
Total Net Pension Liability	<u><u>\$ 236,314</u></u>

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2022 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2021	0.01904%
Proportion - June 30, 2022	<u>0.01245%</u>
Change - Increase (Decrease)	<u>-0.00659%</u>

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

For the year ended June 30, 2022, the Authority recognized pension expense of \$283,604. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 26,500	\$ -
Changes of Assumptions	-	-
Differences between Projected and Actual Investment Earnings	-	206,289
Differences between Employer's Contributions and Proportionate Share of Contributions	-	42,199
Change in Employer's Proportion	109,955	-
Pension Contributions Made Subsequent to Measurement Date	214,445	-
	<u>\$ 350,900</u>	<u>\$ 248,488</u>

\$214,445 reported as deferred outflows of resources related to contributions subsequent to the measurement date and changes in proportions will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	
2022	\$ (9,610)
2023	(13,798)
2024	(31,617)
2025	(57,008)
2026	-
Thereafter	-

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

Actuarial Assumptions - The June 30, 2021, valuation was rolled forward to determine the June 30, 2022 total pension liability based on the following actuarial methods and assumptions.

Actuarial Assumptions	
Valuation date	June 30, 2021
Measurement date	June 30, 2020
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2%
Salary increases	Varies by entry age and service
Investment Rate of Return	7.50% net pension plan investment and administrative expenses; includes inflation
Post-retirement benefit increase	Contract COLA up to 2% until purchasing power protection allowance floor on purchasing power applies, 2. % thereafter.

The underlying mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Year 11+ ²
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
	100%		

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for Plan, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Miscellaneous	\$ 907,952	\$ 236,314	\$ (318,920)

Pension Plan Fiduciary Net Position -Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

At June 30, 2022, the Authority had no outstanding payable amounts for contributions to the pension plan required for the year ended June 30, 2022.

9. COMMITMENTS AND CONTINGENCIES

The Authority is subject to general risk and exposure due to normal operations in the course of business. These risks involve various claims against the Authority, both asserted and unasserted, all of which management considers to be immaterial to these financial statements.

10. DEBT SERVICE COVERAGE

In conjunction with the 2021 Series Revenue Refunding Bonds, the District covenanted to fix, prescribe and collect rates and charges for the sanitation service which will be sufficient to yield during the year net revenues equal to 120% of the debt service paid during the year. Banks and other lenders frequently include such covenants in their loan agreements as indicators of possible financial difficulty where lender may not be able to satisfy a particular debt. The Authority has meet the debt covenant for the fiscal year 2021-22 as shown on page 38.

11. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 87, "*Leases.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

11. NEW ACCOUNTING PRONOUNCEMENTS, Continued

foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Government implemented this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 91, "*Conduit Debt Obligations*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2022. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Government will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. GASB 92 enhances comparability of accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports. This Statement also addresses reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits are also discussed along with the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements. Lastly, the Statement discusses measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and terminology used to refer to derivative instruments. This Statement was originally effective for periods beginning after June 15, 2020. However, under GASB 95, the effective date was postponed by one year, to periods beginning after June 15, 2021. The Authority does have activities that meet the criteria for GASB 92; therefore, GASB 92 is applicable to the Authority.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

11. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The requirements of this Statement are effective for reporting periods beginning after June 30, 2022. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. GASB 98 was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for the comprehensive financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. This statement is effective for periods ending after December 15, 2021. The Authority does not issue an Annual Comprehensive Financial Report; therefore, GASB 98 is not applicable to the Authority.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objective of GASB 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB Statements and 2) accounting and financial reporting for financial guarantees. GASB 99 includes requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 and are effective upon issuance. GASB 99 also has requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022 with early implementation permitted. The last requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 with early implementation permitted. The Authority has implemented the requirements of the activities which apply to the Authority under GASB 99; therefore, GASB 99 is applicable to the Authority.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. GASB 98 was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for the comprehensive financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. This statement is effective for periods ending after December 15, 2021. The Authority does not issue an Annual Comprehensive Financial Report.

Humboldt Waste Management Authority
Basic Financial Statements
For the year ended June 30, 2022

Notes to Basic Financial Statements, Continued

12. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through February 20, 2023, which is the date the accompanying independent auditor's report and the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

Humboldt Waste Management Authority
Required Supplementary Information - Schedule of Contributions
Miscellaneous Plan
Last 10 Fiscal Years*

Fiscal Year Ended June 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 214,445	\$ 173,747	\$ 137,108	\$ 93,349	\$ 106,222	\$ 103,221
Contributions in relation to the actuarially determined contributions	<u>(214,445)</u>	<u>(173,747)</u>	<u>(137,108)</u>	<u>(93,349)</u>	<u>(106,222)</u>	<u>(103,221)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,874,887	\$ 1,894,542	\$ 1,757,011	\$ 1,694,678	\$ 1,503,974	\$ 1,412,145
Contribution as a percentage of covered-employee payroll	11.44%	9.17%	7.80%	5.51%	7.06%	7.31%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Due to a change in CalPERS reporting information, only five years were available. Additional years will be presented as they become available.

Humboldt Waste Management Authority
Required Supplementary Information - Schedule of the Authority's Proportionate
Share of the Net Pension Liability
Miscellaneous Plan
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.000437%	0.00738%	0.00672%	0.00608%	0.00630%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 236,314	\$ 803,301	\$ 688,877	\$ 586,002	\$ 604,579
Plan's Covered-Employee Payroll	\$ 1,874,887	\$ 1,894,542	\$ 1,757,011	\$ 1,694,678	\$ 1,503,974
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	12.60%	42.40%	39.21%	34.58%	40.20%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	82.95%	82.95%	84.05%	84.32%	81.46%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 214,445	\$ 173,747	\$ 137,108	\$ 93,349	\$ 106,222

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Due to a change in CalPERS reporting information, only five years were available. Additional years will be presented as they become available.

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SUPPLEMENTAL INFORMATION

Humboldt Waste Management Authority

Schedule of Debt Service Coverage

June 30, 2022 and 2021

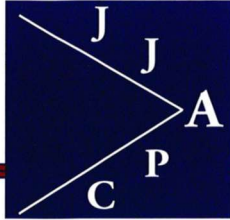
In conjunction with the 2015 Series Revenue Refunding Bonds, the District covenanted and agreed to maintain during the term of the Loan Agreement a ratio of (i) Funded Debt to (ii) net assets of the Authority, defined as working capital (current assets less current liabilities) not greater than 2.0:1.0 for each Fiscal Year, commencing with the fiscal Year ended June 30, 2015. The debt service requirement for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Funded Debt	\$ -	\$ 980,895
Divided by:		
Net Assets of the Authority	<u>3,484,205</u>	<u>3,355,576</u>
Ratio	<u>0.00</u>	<u>0.29</u>

Meets Covenant Restriction ?

Yes

Yes



JJACPA, Inc.

A Professional Accounting Services Corp.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Board of Directors
Humboldt Waste Management Authority
Eureka, California

We have audited, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Humboldt Waste Management Authority (Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Humboldt Waste Management Authority's basic financial statements, and have issued our report thereon dated February 20, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that we have not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 20, 2023

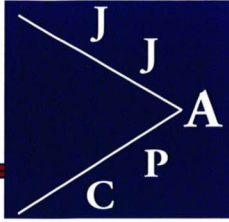
JJACPA, Inc.

JJACPA, Inc.
Dublin, CA

HUMBOLDT WASTE MANAGEMENT AUTHORITY

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AND
COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS**

JUNE 30, 2022



JJACPA, Inc.

A Professional Accounting Services Corp.

February 20, 2023

To the Board of Directors
Humboldt Waste Management Authority
Eureka, California

We have audited the financial statements of Humboldt Waste Management Authority (Authority) as of and for the year ended June 30, 2022, and have issued our report thereon dated February 20, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 4, 2022, our responsibility, as described by professional standards, is to form and express an opinion(s) 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. 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 Authority 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.

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, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding 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 Authority 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 the fiscal year 2021-22. 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.

The most sensitive accounting estimates affecting the financial statements are landfill closure and postclosure costs.

Management's estimate of the landfill closure and postclosure costs is based on a third-party valuation with experience with similar agencies as well as industry standards, when applicable. We evaluated the key factors and assumptions used to develop the landfill closure and postclosure costs and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Authority's financial statements relate to commitments and contingencies.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected 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. Management has corrected all identified misstatements.

Uncorrected and Corrected Misstatements, Continued

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. No material misstatements that were identified as a result of our audit.

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 Authority'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 February 20, 2023.

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 Matters, Findings, or Issues

In the normal course of our professional association with the Authority, 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 Authority's auditors.

Communication of Internal Control Related Matters

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-01 that we consider to be material weaknesses.

This report is intended solely for the information and 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.

Very truly yours,

Joseph J. Arch
JOSEPH J. ARCH, CPA
President/CEO
JJACPA, INC.

Humboldt Waste Management Authority
Schedule of Findings - Responses and Status
For the year ended June 30, 2022

Finding 2022-01: Material Weakness – Financial Oversight

Condition: The District did not have a Chief Financial Officer in place during a significant portion of fiscal years 2021/22 and 2022/23.

Effect: The June 30, 2022 financial audit had material audit adjustments and the preparation and release of the report was significantly delayed.

Cause: The District did not have an individual in place to oversee the operations of the District's finance department, coordinate the financial audit or review the financial statements.

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is an organization that develops guidelines for organizations to evaluate internal controls, risk management, and fraud deterrence. COSO has established an integrated framework that is the industry standard for designing, implementing and evaluating internal controls for an organization. The components of the framework include establishing a control environment, performing risk assessment procedures, performing control activities, and communicating and monitoring results. The Chief Financial Officer is a key component in implementing the COSO framework.

Recommendation: We recommend the District designate an individual as Chief Financial Officer and when there is a vacancy in the position, the District should implement procedures to identify an interim Chief Financial Officer until a permanent replacement can be found. The Chief Financial Officer should be responsible for overseeing the finance department, coordinating the financial audit and reviewing the financial statements.

Responsible Officials' Response:

February 20, 2023

JJACPA, Inc.
1102 South Main St, #1
Fort Bragg, CA 95437

Dear Mr. Arch:

This representation letter is provided in connection with your audit of the basic financial statements of Humboldt Waste Management Authority as of June 30, 2022 and for the year 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 Humboldt Waste Management Authority 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 February 20, 2023:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated August 4, 2022 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- 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.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 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.
- 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.
-

Humboldt Waste Management Authority


1059 West Hawthorne Street, Eureka, California 95501 • 707-268-8680 • FAX 707-268-8927
Arcata • Blue Lake • Eureka • Ferndale • Rio Dell • Humboldt County

- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASS Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (FASB Accounting Standards Codification TM (ASC) 450, Contingencies), and we have not consulted a lawyer concerning litigation, claims, or assessments.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASS Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and local Governments*, and GASS Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and local Governments: Omnibus* as amended, 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.
- All components of net position are properly classified and, if applicable, approved.
- 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 are available is appropriately disclosed and net position is properly recognized under the policy.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - 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;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 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.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- 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.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- 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.

- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Humboldt Waste Management Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Humboldt Waste Management Authority is contingently liable.
- 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 AJCPA 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.
- 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.
- There are no:
 - 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.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- Humboldt Waste Management Authority 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.
- 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.


 Eric Keller-Heckman, Executive Director


 Hilary Schwartz, Director of Finance

8/15/23