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BOARD OF DIRECTORS REGULAR MEETING

REVISED AGENDA

FEBRUARY 22, 2024 – 3:00 P.M.

Walnut Creek City Hall, 3rd Floor Conference Room
(Use elevator by City Council Chambers)
1666 North Main Street, Walnut Creek

1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

2. PUBLIC COMMENT ON ITEMS NOT ON THIS AGENDA

If you would like to address the Board, please complete a speaker's card and submit it to the Secretary of the Board. When addressing the Board, please state your name and address for the record. There is a three-minute limit to present your information. (The Board Chair may direct questions to any member of the audience as appropriate at any time during the meeting.)

3. CONSENT ITEMS

All items listed in the Consent Calendar may be acted upon in one motion. However, any item may be removed from the Consent Calendar by request by a member of the Board, public, or staff, and considered separately.

- a. Approve Minutes of the Regular Board Meeting on January 25, 2024*
- b. Receive Fiscal Year 2022-2023 Financial Statements and Independent Auditors' Report*

4. WELCOME NEW BOARD MEMBER JOHN MCCORMICK, LAFAYETTE

5. NEW APPOINTMENTS FOR STANDING LEGISLATIVE COMMITTEE: BOARD MEMBERS RENATA SOS AND JOHN MCCORMICK

6. PRESENTATIONS

- a. Fiscal Year 2023-2024 Mid-Year Budget Report*
David Krueger, Executive Director, RecycleSmart
Grace Comas, Senior Accountant, RecycleSmart

- b. Republic's Collection Service Quality Metrics*
David Krueger, Executive Director, RecycleSmart

7. **INFORMATION ITEMS**

These reports are provided for information only. No Board action is required.

- a. Executive Directors Monthly Report*
- b. Future Agenda Items*
- c. Articles of Interest*

8. **BOARD COMMUNICATIONS AND ANNOUNCEMENTS**

9. **ADJOURNMENT**

**Corresponding Agenda Report or Attachment is included in this Board packet.*

<p style="text-align: center;"><u>ADDRESSING THE BOARD ON AN ITEM ON THE AGENDA</u></p> <p>Persons wishing to speak on PUBLIC HEARINGS and OTHER MATTERS listed on the agenda will be heard when the Chair calls for comments from the audience, except on public hearing items previously heard and closed to public comment. The Chair may specify the number of minutes each person will be permitted to speak based on the number of persons wishing to speak and the time available. After the public has commented, the item is closed to further public comment and brought to the Board for discussion and action. There is no further comment permitted from the audience unless invited by the Board.</p>
<p style="text-align: center;"><u>ADDRESSING THE BOARD ON AN ITEM NOT ON THE AGENDA</u></p> <p>In accordance with State law, the Board is prohibited from discussing items not calendared on the agenda. For that reason, members of the public wishing to discuss or present a matter to the Board other than a matter which is on the Agenda are requested to present the matter in writing to the Secretary to the Authority at least one week prior to a regularly scheduled Board meeting date. If you are unable to do this, you may make an announcement to the Board of your concern under PUBLIC COMMENTS. Matters brought up which are not on the agenda may be referred to staff for action or calendared on a future agenda.</p>
<p style="text-align: center;"><u>AMERICANS WITH DISABILITIES ACT</u></p> <p>In accordance with the Americans With Disabilities Act and California Law, it is the policy of the Central Contra Costa Solid Waste Authority to offer its public meetings in a manner that is readily accessible to everyone, including those with disabilities. If you are disabled and require special accommodations to participate, please contact the Board Secretary of the Authority at least 48 hours in advance of the meeting at (925) 906-1801.</p>

**REGULAR BOARD MEETING OF THE
CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
HELD ON JANUARY 25, 2024**

The Regular Board Meeting of the Central Contra Costa Solid Waste Authority's (CCCSWA's) Board of Directors convened at Walnut Creek City Hall, 3rd Floor Conference Room, 1666 North Main Street, Walnut Creek, Contra Costa County, State of California, on January 25, 2024. Chair Inga Miller called the meeting to order at 3:00 P.M.

PRESENT: Board Members: Candace Andersen
Ken Carlson
Gina Dawson
Matt Francois
Inga Miller, Chair
Cindy Silva
Renata Sos

ABSENT: Board Members: Newell Arnerich
Kerry Hillis
Renee Morgan
Janet Riley

Staff members present: David Krueger, Executive Director; Janna McKay, Board Secretary, Grace Comas, Senior Accountant; Judith Silver, Senior Program Manager; Ashley Louisiana, Senior Program Manager; Jennifer Faught, Contract Compliance Specialist; and Deborah L. Miller, CCCSWA Counsel.

1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

Chair Miller led the Pledge of Allegiance.

2. PUBLIC COMMENT ON ITEMS NOT ON THIS AGENDA

No written comments were submitted, or oral comments made, by any member of the public.

3. CONSENT ITEMS

- a. Approve Minutes of the CCCSWA Board Meeting on December 14, 2023
- b. Approve Three-Year Provider Services Agreements for Print Management, Postage and Mailing Services for RecycleSmart Outreach Materials
(REMOVED FROM AGENDA BY STAFF)

Board Member Francois advised that he had not been in attendance at the December 14, 2023 meeting and he would not be voting on the minutes for that meeting.

No written comments were submitted, or oral comments made, by any member of the public.

MOTION by Board Member Silva to approve Consent Item a, as submitted.
SECOND by Board Member Sos.

MOTION PASSED unanimously by a voice vote.

4. **BOARD MEMBERS AND RECYCLES MART STAFF COMMUNICATION WITH POTENTIAL PROPOSERS**

Executive Director David Krueger advised that the Board-adopted Process Integrity Guidelines had established that at the point of giving out any Request for Proposal (RFP) on any of the services under the Franchise Agreement, the only communication from proposers would be through formal channels. As a result, since the RFPs had already been given out for disposal and transfer to Mt. Diablo Resource Recovery (MDRR) and Republic Services, any proposer inquiry would have to be emailed to rfp2024@recyclesmart.org for a response to questions.

Board Member Silva noted that members of the City/Town Councils of the member agencies were also under that same requirement with respect to potential proposers.

5. **FAREWELL TO VICE CHAIR AND BOARD MEMBER TERESA GERRINGER**

Chair Miller advised that Teresa Gerringer had retired from the Lafayette City Council, had moved to another location, and was unable to attend the meeting.

Board Member Dawson noted that Ms. Gerringer would be missed on the Lafayette City Council.

No written comments were submitted, or oral comments made, by any member of the public.

Mr. Krueger offered his and staff's best wishes to Ms. Gerringer on her retirement.

6. **ACTION ITEMS**

- a. Vice Chair Appointment
Elect Board Member Gina Dawson as Vice Chair through March 28, 2024.

No written comments were submitted, or oral comments made, by any member of the public.

MOTION by Board Member Francois to elect Board Member Gina Dawson as Vice Chair through March 28, 2024.
SECOND by Board Member Andersen.

MOTION PASSED unanimously by a voice vote.

- b. Proclamation for Timothy Argenti, Republic Services
Adopt Proclamation for Timothy Argenti for His Years of Service.

The Members of the Board offered their best wishes to Tim Argenti, Republic Services of Contra Costa County on the occasion of his retirement.

Board Members Andersen, Sos and Silva spoke to their individual histories with Mr. Argenti, some lasting over 20 years, and spoke highly of all he had done for Contra Costa County communities over many years, not only through Republic Services in his formal role but also for his service with a number of community organizations and his volunteerism giving back to the community. He was also recognized for his encyclopedic knowledge of the industry, his advocacy and support of RecycleSmart, and his willingness to make Republic Services more than a garbage company but a community partner for everyone.

While not able to attend the meeting, Board Member Arnerich had submitted a letter to Mr. Argenti, which letter was read into the record to identify his numerous accolades, outstanding service, dedication to both business and community, with numerous awards and recognition locally, throughout Contra Costa County, the State Assembly and the U.S. Congress and Senate, along with his five-decade commitment to improving the quality of life for the senior population. His resourcefulness, generosity, compassion, integrity and wisdom were also acknowledged along with his legacy that would continue to inspire.

Chair Miller read the CCCSWA's Proclamation to Timothy Argenti for his years of service in the waste industry from a driver of a residential waste vehicle 40 years ago to the General Manager of Republic Services of Contra Costa County for 18 years.

No written comments were submitted, or oral comments made, by any member of the public.

MOTION by Board Member Sos to adopt a Proclamation for Timothy Argenti on the occasion of his retirement and for his years of service.
SECOND by Board Member Dawson.

MOTION PASSED unanimously by a voice vote.

TIM ARGENTI, Republic Services, stated it had been an honor to serve with the member agencies, and an honor to have been the General Manager of Republic Services where he had worked for 25 years. He explained that he had actually worked for CCCSWA (RecycleSmart) for over 30 years when he had done some consulting. He spoke to RecycleSmart's innovative, leading-edge programs that had been recognized for years and acknowledge that RecycleSmart was one-step ahead, proactive and innovative. He thanked the Board for the recognition.

c. Confirm Establishment of an Ad Hoc Committee Regarding Franchise Vendor Selection

Mr. Krueger referred to the multi-year, multi-step procurement to redo Franchise Agreements and to select vendors since the current Franchise Agreements would expire on February 28, 2027. To guide the process ad hoc committees would be used, the first of which was the Franchise Design Ad Hoc Committee to design the programs, design the Franchise Agreements, and prepare the RFP documents. The second ad hoc committee, the Franchise Vendor Selection Ad Hoc Committee would be to select the vendors to respond to the RFP to be awarded those contracts in order to have a very aboveboard process beyond reproach.

Chair Miller advised that the Franchise Vendor Selection Ad Hoc Committee would be comprised of Board Members Andersen, Arnerich, Francois, Hillis and Miller.

Board Member Silva noted that Board Member Andersen had been a member of the first ad hoc committee, and in response Board Member Sos explained the desire for continuity in having one member of the committee who was aware of the ongoing process.

Given the concern, Board Member Andersen stated she would remove herself from the Franchise Vendor Selection Ad Hoc Committee if that was the Board's desire.

Chair Miller explained that as the Chair, she had selected the members of the Franchise Vendor Selection Ad Hoc Committee and it would be up to the Board to establish that committee. She agreed with the need to have some continuity in the process.

Board Member Francois commented that those members of the Board not yet included on an ad hoc committee had expressed no concern. He too recognized the need for continuity.

No written comments were submitted, or oral comments made, by any member of the public.

MOTION by Board Member Francois to confirm establishment of the Franchise Vendor Selection Ad Hoc Committee regarding franchise vendor selection comprised of Board Members Andersen, Arnerich, Francois, Hillis and Miller. SECOND by Board Member Dawson.

MOTION PASSED unanimously by a voice vote.

- d. Solid Waste Collection Maximum Rates for Rate Year 10
Adopt Resolution 2024-01, Adopting Maximum Rates for Solid Waste Services for Rate Year 10 (March 1, 2024 through February 28, 2025)

Erik Nylund, Crowe LLP, presented the Rate Year 10 interim year rate setting effective March 2024 through February 2025. He summarized the process that had occurred since August 2023 and the indices that had been the drivers for the rates, the meetings with each member agency and the various scenarios that could be used to consider changes to the vehicle impact fee, franchise fees and reserve balances. He explained that some member agencies had drawn down on reserves while others had added to the reserves or changed vehicle impact fees, and the next step would be to approve the rate that would become effective March 1, 2024. He noted the range of proposed rates for residential and commercial rates, a comparison with neighboring jurisdictions, and identified the aggregate rate for all member agencies as \$5.95.

Mr. Nylund and Mr. Krueger responded to questions from the Board and explained that the CPI year-over-year was 4.8 percent, the analysis of the vehicle impact fee would be done this summer and feed into the next rate setting, the vehicle impact fee study would be funded by each agency out of the member agency reserves, and the bullet points related to Rate Year 10 rates would be posted on the website and made available to the Board.

No written comments were submitted, or oral comments made, by any member of the public.

MOTION by Board Member Carlson to adopt Resolution 2024-01, Adopting Maximum Rates for Solid Waste Services for Rate Year 10 (March 1, 2024 through February 28, 2025).
SECOND by Board Member Andersen.

MOTION PASSED unanimously by a voice vote.

7. INFORMATION ITEMS

Reports provided for information only and no Board action required.

a. Executive Director's Monthly Report

Mr. Krueger stated that RecycleSmart and Republic Services had teamed up to award a \$3,000 Waste Reduction Grant in a process where the public was allowed to vote on their favorite project in conjunction with National Recycling Day on November 15 and the Republic Services Recycling Pledge campaign. The grant had been awarded to Contra Costa Fruit Rescue, which would be invited into people's backyards who had more fruit than they could use. The grant would be used for the purchase of tools and supplies such as long-handled clippers, pruning snips, sharpeners, ladders and safety glasses.

Mr. Krueger stated given that RecycleSmart was a leader in the industry, it had again been invited to present at CalRecycle's January statewide peer information sharing about lid flipping, inspection programming and route monitoring.

Board Member Sos recognized Executive Director Krueger's anniversary with RecycleSmart, acknowledged that staff had stepped up communications and transparency with the member agencies, and asked what had been planned for this year.

Mr. Krueger stated the process had been working well, staff had presented at some of the member agency City/Town Councils, and he would be happy to continue to present when asked.

No written comments were submitted, or oral comments made, by any member of the public.

a. Future Agenda Items

Mr. Krueger highlighted some of the items expected to be on the agenda for the February 22, 2024 meeting along with some of the items expected for the March 28, 2024 meeting, which was expected to be a big meeting. He stated that at the March 28th meeting the Board would consider whether to award landfill disposal services to Republic and transfer station services to Republic and/or MDRR. Mr. Krueger said that the Board would consider issuing an RFP for post collection services (recyclables processing, organics composting, mixed waste processing) at the March 28th meeting. If the disposal and transfer station services were not awarded on March 28th those services would also be added to the post-collection RFP.

8. BOARD COMMUNICATIONS AND ANNOUNCEMENTS

Board Member Andersen reported as part of the celebration of Martin Luther King, Jr. Day, the County Board of Supervisors had honored two Rohingya refugees from Myanmar who had started an organization called PlateToPeople. PlateToPeople was a nonprofit organization that collected food from restaurants, schools, and other businesses to provide food for the homeless. Board Member Andersen introduced the volunteers and noted that PlateToPeople had partnered with White Pony and RecycleSmart.

Board Member Dawson thanked Mr. Krueger and other RecycleSmart staff for the presentation to the Lafayette City Council in November 2023. She urged other cities to take advantage of those presentations. She reported that the Lafayette City Council would make an appointment to the City Council likely next week and would also assign the second position on the RecycleSmart Board of Directors.

Chair Miller reported that after the retreat she had reached out to the Port of Oakland about exports of recycling and the Port had provided data about the amounts of items and what was being exported through the Port of Oakland. As a result, she suggested the Port of Oakland would be a good resource for that type of information needed in the future.

9. ADJOURNMENT

The Board adjourned at approximately 4:00 P.M. to the regular meeting scheduled for Thursday, February 22, 2024 at 3:00 P.M. in the Walnut Creek Offices at Walnut Creek City Hall.

Respectfully submitted by:

Janna McKay, Executive Assistant/
Secretary to the Board of the
Central Contra Costa Solid Waste Authority,
County of Contra Costa, State of California



Central Contra Costa Solid Waste Authority

Agenda Report

TO: CCCSWA BOARD OF DIRECTORS
FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR
 GRACE COMAS, SENIOR ACCOUNTANT
DATE: FEBRUARY 22, 2024
SUBJECT: FISCAL YEAR 2022-2023 FINANCIAL STATEMENTS AND
 INDEPENDENT AUDITORS' REPORT

SUMMARY

After the close of each fiscal year, Central Contra Costa Solid Waste Authority (the Authority) is audited by an independent auditor. This is the first audit utilizing Maze & Associates. Staff solicited price quotes and qualifications from auditing firms with public sector expertise and selected Maze & Associates.

- The Authority has received an unmodified audit opinion that the Authority's financial statements as of June 30, 2023, are presented fairly in all material respects.
- There were no audit findings related to the fiscal year 2022-23 audit.

RECOMMENDED ACTION

1. Receive Financial Statements and Independent Auditor's Report for the Year Ending June 30, 2023 by Maze & Associates.

DISCUSSION

Audit Opinion

The Authority has received an unmodified or "clean" audit opinion. An unmodified audit opinion indicates that Maze & Associates has concluded that the financial statements present fairly, in all material respects, the results of the Authority's operations and its financial position, as of June 30, 2023, in accordance with generally accepted accounting principles.

Findings

There were no audit findings related to the fiscal year 2022-23 audit.

ATTACHMENTS

- A. Maze & Associates correspondence to the Board of Directors
- B. 2022-23 Independent Auditor's Report

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY

MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2023

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**CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2023

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors
Central Contra Costa Solid Waste Authority
Walnut Creek, California

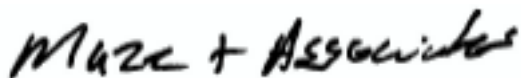
In planning and performing our audit of the basic financial statements of the Central Contra Solid Waste Authority (Authority) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing 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 Authority's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the Authority.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Maze + Associates".

Pleasant Hill, California
January 26, 2024

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**CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2023**

2023-01 New GASB Pronouncements Not Yet Effective

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEAR 2023/24:

GASB 100 – Accounting for Changes and Error Corrections

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

**CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2023**

EFFECTIVE FISCAL YEAR 2024/25:

GASB 101 – Compensated Absences

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Recognition And Measurement

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

Notes To Financial Statements

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

**CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2023**

GASB 101 – Compensated Absences (Continued)

How the Changes in this Statement Will Improve Financial Reporting

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

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REQUIRED COMMUNICATIONS

To the Board of Directors
Central Contra Costa Solid Waste Authority
Walnut Creek, California

We have audited the basic financial statements of the Central Contra Costa Solid Waste Authority (Authority) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated July 7, 2023. Professional standards also require that we communicate to you the following information related to our audit

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies – Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year, except as indicated below:

The following pronouncements became effective, but did not have a material effect on the financial statements:

- GASB 91 – *Conduit Debt Obligations***
- GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***
- GASB 96 – *Subscription-Based Information Technology Arrangements***
- GASB 99 – *Omnibus 2022, paragraphs 11-25***

Unusual Transactions, Controversial or Emerging Areas – We noted no transactions entered into by Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

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 significantly from those expected. The most sensitive estimates affecting the Authority's financial statements are actuarial estimates for net pension liability and net other post-employment benefits liability.

The value of the assets, liability and assumptions used to determine annual required contributions for other post-employment benefits is determined by an actuary study provided to the Authority as of June 30, 2023. The value of the Authority's net pension asset was obtained from an actuarial valuation provided by CalPERS.

Disclosures – The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgement, could have a significant effect, either individually or in the aggregate, on the Authority's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in a management representation letter dated January 26, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

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

Maze + Associates

Pleasant Hill, California
January 26, 2024

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Central Contra Costa Solid Waste Authority
Financial Statements
June 30, 2023

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CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY

Financial Statements

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Central Contra Costa Solid Waste Authority
Walnut Creek, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Contra Costa Solid Waste Authority (Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2023, 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 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 requirement 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024 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 solely 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 the effectiveness of the Authority's 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 the Authority's internal control over financial reporting and compliance.

Mazze + Associates

Pleasant Hill, California
January 26, 2024

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Basic Financial Statements

Government-Wide Financial Statements

Central Contra Costa Solid Waste Authority

Statement of Net Position

Year Ended June 30, 2023

	Governmental Activities
Assets	
Cash and investments	\$18,564,336
Accounts receivables	128,638
Interest receivables	87,184
Prepaid items	78,637
Capital assets, net of accumulated depreciation/amortization	882,214
Total assets	19,741,009
Deferred Outflow of Resources	
Deferred outflows related to OPEB	16,674
Deferred outflows related to pensions	514,696
Total deferred outflows of resources	531,370
Liabilities	
Current liabilities	
Accounts payable	332,059
Accrued payroll	16,823
Due to other governments	16,099,846
Compensated absences	80,076
Lease liabilities, current	108,926
Total current liabilities	16,637,730
Noncurrent liabilities:	
Lease liabilities, net of current portion	803,967
Net pension liability	30,180
Total OPEB liability	57,152
Total noncurrent liabilities	891,299
Total liabilities	17,529,029
Deferred Inflows of Resources	
Deferred inflows related to OPEB	58,455
Deferred inflows related to pensions	86,039
Total deferred inflows of resources	144,494
Net Position	
Net investment in capital assets	882,214
Restricted for reuse and clean-up days program	85,877
Unrestricted	1,630,765
Total net position	\$2,598,856

See accompanying notes to financial statements

Central Contra Costa Solid Waste Authority
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position- Governmental Activities
Governmental Activities			
General government	\$8,805,418	\$2,138,579	(\$6,666,839)
Public information	1,248,957	4,800,456	3,551,499
Interest and fiscal charges	22,995		(22,995)
Total governmental activities	\$10,077,370	\$6,939,035	(\$3,138,335)
	General Revenues:		
	Investment income		\$228,110
	Miscellaneous		40,162
	Total General Revenues		268,272
		Change in net position	(2,870,063)
		Net position at beginning of the year	5,468,919
		Net position at end of year	\$2,598,856

See accompanying notes to financial statements

Fund Financial Statements

Central Contra Costa Solid Waste Authority
Balance Sheet - Governmental Funds
Year Ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund Reuse and Clean Up Days</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$18,478,459	\$85,877	\$18,564,336
Receivables			
Interest	87,184		87,184
Accounts	128,638		128,638
Prepaid items	78,637		78,637
	<u>18,772,918</u>	<u>85,877</u>	<u>18,858,795</u>
Total assets			
Liabilities and Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	\$332,059		\$332,059
Accrued payroll	16,823		16,823
Due to other governments	16,099,846		16,099,846
	<u>16,448,728</u>		<u>16,448,728</u>
Total liabilities			
Fund balances			
Nonspendable	78,637		78,637
Restricted		\$85,877	85,877
Assigned	1,180,368		1,180,368
Unassigned	1,065,185		1,065,185
	<u>2,324,190</u>	<u>85,877</u>	<u>2,410,067</u>
Total fund balances			
Total liabilities and fund balances	<u>\$18,772,918</u>	<u>\$85,877</u>	<u>\$18,858,795</u>

See accompanying notes to financial statements

Central Contra Costa Solid Waste Authority
 Reconciliation of the Governmental Fund Balance Sheet to the
 Government-Wide Statement of Net Position
 Year Ended June 30, 2023

Total governmental fund balance	\$2,410,067
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets, including right to use leased asset, used in governmental activities are not current financial resources and therefore not reported in the Governmental Funds Balance Sheet.</p>	882,214
<p>Long term liabilities/assets and related balances and compensated absences have not been included in the governmental fund activity</p>	
Compensated absences	(80,076)
Total OPEB liability	(57,152)
Net pension liability	(30,180)
Lease liability	(912,893)
<p>Deferred outflows of resources related to pensions and OPEB are deferred and recognized in future periods:</p>	
Deferred outflows of resource related to pensions	514,696
Deferred outflows of resources related to OPEB	16,674
<p>Deferred inflows of resources related to pensions and OPEB are deferred and recognized in future periods:</p>	
Deferred inflows of resources related to pensions	(86,039)
Deferred inflows of resources related to OPEB	(58,455)
Net position of governmental activities	\$2,598,856

See accompanying notes to financial statements

Central Contra Costa Solid Waste Authority
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2023

	General Fund	Special Revenue Fund Reuse and Clean Up Days	Total
Revenues			
Administrative fees	\$1,870,756		\$1,870,756
Source reduction and recycling education fees	3,672,945	\$1,127,511	4,800,456
Intergovernmental	267,823		267,823
Investment income	228,110		228,110
Miscellaneous	40,162		40,162
Total revenues	<u>6,079,796</u>	<u>1,127,511</u>	<u>7,207,307</u>
Expenditures			
Current			
General government			
Personnel services	967,464		967,464
Materials and supplies	127,041		127,041
Professional contracts and services	3,530,584		3,530,584
Distributions to member agencies	3,166,821		3,166,821
Public information	121,446	1,127,511	1,248,957
Capital outlay	7,334		7,334
Debt Service			
Principal	109,521		109,521
Interest	22,995		22,995
Total debt service expenditures	<u>132,516</u>		<u>132,516</u>
Total expenditures	<u>8,053,206</u>	<u>1,127,511</u>	<u>9,180,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,973,410)</u>		<u>(1,973,410)</u>
Net Changes in Fund Balances	(1,973,410)		(1,973,410)
Fund Balances - Beginning	<u>4,297,600</u>	<u>85,877</u>	<u>4,383,477</u>
Fund Balances - Ending	<u><u>\$2,324,190</u></u>	<u><u>\$85,877</u></u>	<u><u>\$2,410,067</u></u>

See accompanying notes to financial statements

Central Contra Costa Solid Waste Authority
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2023

Net change in fund balances	(\$1,973,410)
Amounts reported for governmental activities in the statement of activities are different because:	
<p style="margin-left: 40px;">Governmental funds report purchases of capital assets or the financing of leased assets as expenditures; however, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and recorded as depreciation or amortization expense.</p>	
Depreciation/amortization	(97,184)
<p style="margin-left: 40px;">Repayment of lease liability principal is an expenditure in the governmental funds, but is a reduction to the lease liability on the Statement of Net Position.</p>	
Lease principal repayment	81,349
<p style="margin-left: 40px;">Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Changes in compensated absences payable	43,697
Changes in total OPEB liability and related amounts	(12,106)
Changes in net pension liability (asset) and related amounts	<u>(912,409)</u>
Change in net position of governmental activities	<u><u>(\$2,870,063)</u></u>

See accompanying notes to financial statements

Central Contra Costa Solid Waste Authority
 Changes in Fiduciary Net Position
 Year Ended June 30, 2023

	Custodial Fund
Additions	
Franchise Fees Received	\$10,545,523
Total additions	10,545,523
Deductions	
Payments to other agencies	(10,545,523)
Total deductions	(10,545,523)
Changes in Fiduciary net position	
Net position - beginning	_____
Net position - ending	_____

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Central Contra Costa Solid Waste Authority (Authority) was formed on September 11, 1990, to assure the citizens of its member agencies that certain solid waste facilities and related programs will be operated in the most effective manner possible. The Authority is the only entity included in these financial statements.

The Authority franchises the collection of solid waste and recyclables in Central Contra Costa County. The Authority is governed by a Board of Directors appointed by its member agencies, and functions independently of its member agencies. Actions of the Board of Directors may be undertaken by a majority vote of the Board members present, provided a quorum exists, except as required in the Authority's agreement. The Authority's member agencies presently include Contra Costa County, as well as the Cities and Towns of Walnut Creek, Danville, Lafayette, Moraga, and Orinda.

B. Basis of Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are segregated into funds for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Authority has two governmental funds and one custodial fund. Descriptions of the nature of each fund are as follows:

General Fund – The fund is the general operating fund of the Authority. It is used to account for all financial resources not required to be accounted for in another fund.

Reuse and Clean Up Days Special Revenue Fund – Accounts for specific fees obtained from the waste haulers for the Reuse & Clean Up Days program.

The government-wide financial statements are reported using *the economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues are presented as general revenues.

With respect to the Authority's priority regarding the use of resources when both restricted and unrestricted resources are available, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The Authority generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded in the accounting period in which the related fund liability is incurred, as under accrual accounting.

Fiduciary fund financial statements include a statement of changes in fiduciary net position. The Authority's fiduciary funds represent custodial funds. The custodial fund is accounted for using the accrual basis of accounting. The Authority has one custodial fund: The Franchise Fee Fund.

C. Cash and Investments

Investments are reported at fair value. Changes in fair value that occur during the fiscal year are recognized as investment income. Investment income includes interest earnings, changes in fair value, and any gains/losses realized upon the liquidation, maturity, or sale of an investments.

D. Net Position

Net Position is the excess of a fund's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net Position is divided into three components described below:

Net investment in capital assets describes the portion of net position which is represented by the current net book value of the capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restriction which the Authority cannot unilaterally alter.

Unrestricted describes the portion of Net Position which is not restricted as to use.

E. Fund Balances

The Authority follows guidance provided by Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As the Authority's highest level of decision-making authority, the Board of Directors must pass a resolution in order to commit fund balance. Once fund balance is committed, the Board of Directors must pass another resolution in order to modify or rescind the commitment. The Board of Directors has delegated the authority to assign fund balance to the Executive Director.

The components of fund balance are:

Nonspendable Fund Balance – items that cannot be spent because they are not in spendable form, long-term portions of receivables, inventories, prepaid items, and also items that are legally or contractually required to be maintained intact.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Fund Balance – encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – the portion of fund balance that includes amounts that can only be used for specific purposes determined by formal action of the Authority’s highest level of decision-making authority (Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation is a resolution and needs to occur no later than the close of the reporting period.

Assigned Fund Balance – assigned fund balances are amounts constrained by the Board’s intent to be used for a specific purpose but not restricted nor committed. This category includes residual fund balances for special revenue funds which have not been restricted or committed.

Unassigned Fund Balance – represents residual amounts that have not been restricted, committed, or assigned in the General Fund. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

With respect to the Authority’s priority regarding use of fund balance, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are available, it is the Authority’s policy to use committed amounts first, followed by assigned amounts, and then unassigned amounts.

F. Compensated Absences

In accordance with GASB Statement No. 16, an employee benefits payable liability is recorded for unused vacation and similar compensatory leave balances. The employees’ entitlement to these balances is attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element 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 reports deferred outflows related to pensions and other post-employment benefits (OPEB).

In addition to liabilities, the statement of net position/balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category on the government-wide statement of net position relating to deferred inflows associated with pensions and OPEB.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Pensions

For purposes of measuring the net pension/(asset) and deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's pension plan with California Public Employees' Retirement System (CalPERS) and additions to / deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of CalPERS. Investments are reported at fair value.

I. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost, for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The Authority maintains a threshold level of \$5,000 or more for capitalizing capital assets. Federally funded assets maintain a threshold of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the Authority, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 50 years. Land is not depreciated.

Right to use leased assets are recognized at the lease commencement date and represent the Authority's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

J. Long-Term Obligations

Lease Liabilities represent the Authority's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the Authority.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Implementation of Governmental Accounting Standards Board Statements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the Authority's financial reporting process. The following pronouncements were implemented for the year ended June 30, 2023.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. 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 such arrangements. 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. This Statement is effective for reporting periods beginning after December 15, 2021, or fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements for a variety of topics. This Statement is effective for reporting periods beginning after June 15, 2022, or the fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for reporting periods beginning after June 15, 2022, or the fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this Statement is to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This Statement is effective for reporting periods beginning after June 15, 2022, or the fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are 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. This Statement is effective for reporting periods beginning after June 15, 2022, or the fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 2 – CASH AND INVESTMENTS

As of June 30, 2023, cash and investments were reported in the accompanying financial statements as follows:

Statement of net position	
Cash and investments	\$18,564,336
Total cash and investments	\$18,564,336

As of June 30, 2023, cash and investments consisted of the following:

Deposits with financial institutions	\$7,628,578
Investment in Local Agency Investment Fund	10,935,758
Total cash and investments	\$18,564,336

Deposits

At June 30, 2023, the carrying amount of the Authority’s deposits was \$7,628,578 and the bank balance was \$7,771,790. The \$143,211 difference represents outstanding checks and deposits in transit.

The California Government Code requires California banks and savings and loan associations to secure a governmental entity’s deposits by pledging government securities with a value of 110 percent of the deposits. California law also allows financial institutions to secure the deposits by pledging first trust deed mortgage notes having a value of 150 percent of the total deposits. The Authority may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state- chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loans association with an “Agent of Depository” has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held from, and in the name of, the local governmental agency.

Fair Value Measurement and Application

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (Continued)

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Authority’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Authority’s own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the Authority's management. Authority management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to the Authority management’s perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Investments in LAIF are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value. Amounts are recorded on an amortized cost basis which approximates fair value.

Local Agency Investment Fund

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Each entity may invest up to \$75,000,000 without limitation in special bond proceeds amounts. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2023, these investments matured in an average of 260 days.

As of June 30, 2023, the Authority had \$10,935,758 invested in LAIF.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (Continued)

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The LAIF financial statements are available at the State Treasurer's Office website at www.treasurer.ca.gov. LAIF is not registered with the Securities and Exchange Commission and is not rated by the credit rating agencies.

NOTE 3 – COMPENSATED ABSENCES

Compensated absences at June 30, 2023 were as follows:

	Balance July 1, 2022	Additions	Decreases	Balance June 30, 2023	Due Within One Year
Compensated absences	\$123,773	\$69,283	(\$112,980)	\$80,076	\$80,076
	<u>\$123,773</u>	<u>\$69,283</u>	<u>(\$112,980)</u>	<u>\$80,076</u>	<u>\$80,076</u>

The Authority's general fund has been and will continue to be the primary funding source for the liquidation of this obligation.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for year ending June 30, 2023 consists of the following:

	Balance July 1, 2022	Additions	Decreases	Balance June 30, 2023
Capital assets, being depreciated/amortized				
Software	\$11,685			\$11,685
Equipment		\$7,334		7,334
Leasehold improvements	11,900			11,900
Less: accumulated depreciation	(14,064)	(2,657)		(16,721)
Right to use leased assets being amortized				
Right to use leased building	1,077,578			1,077,578
Right to use leased equipment	24,048	28,172	(\$24,048)	28,172
Less: accumulated amortization	(131,749)	(130,033)	24,048	(237,734)
Governmental activities capital assets, net	<u>\$979,398</u>	<u>(\$97,184)</u>		<u>\$882,214</u>

Depreciation and amortization expense of \$132,690 was charged to the general government function of the governmental activities.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 5 – RISK MANAGEMENT

The Authority is a member of the Special District Risk Management Authority (SDRMA), which provides insurance coverage for general liability under the terms of a joint powers agreement with the Authority and several other public entities. SDRMA is governed by a board of directors consisting of representatives from member agencies. The board of directors controls operations of SDRMA, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on the board of directors.

SDRMA has purchased general and auto liability insurance of \$2,500,000 per occurrence, which is subject to \$500 per occurrence for third party general liability property damage and \$1,000 per occurrence for third party auto liability property damage. In addition, it has purchased employee and public officials’ dishonesty coverage of \$1,000,000 per loss; property loss coverage up to \$1 billion per occurrence, subject to a \$2,000 deductible per occurrence; boiler and machinery coverage up to \$100 million per occurrence, subject to a \$1,000 deductible; and public officials personal liability insurance of \$500,000 per occurrence, with an annual aggregate of \$500,000 per elected/appointed official, subject to a \$500 deductible per claim. As of June 30, 2020, no claims had been filed against the Authority. The financial statements of SDRMA may be obtained by writing to SDRMA, 1112 I Street, #300, Sacramento, California 95814.

There have been no significant changes in the Authority's insurance coverage as compared to prior years. Claims have not exceeded any of the Authority’s coverage amounts in any of the last three fiscal years.

NOTE 6 – FUND BALANCES

In governmental funds, the segregated portions of fund balance are presented as follows for the fiscal year ended June 30, 2023:

	Major Funds		Total Governmental Funds
	General Fund	Reuse and Up Days Revenue Fund	
Fund Balance			
Nonspendable:			
Prepaid items	\$78,637		\$78,637
Restricted for:			
Reuse and Clean Up Programs		\$85,877	85,877
Assigned for:			
Operating reserve	1,180,368		1,180,368
Unassigned	1,065,185		1,065,185
Total Fund Balance	<u>\$2,324,190</u>	<u>\$85,877</u>	<u>\$2,410,067</u>

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 7 – DIVERSION INCENTIVE FUND AND MEMBER AGENCY DEPOSITS PAYABLE

The change in the member agency accounts reported in the General Fund for the year ended June 30, 2023:

	June 30, 2022 Balance	Addition/ (Reduction) to Reserves Payment (RY7)	Addition/ (Reduction) to Reserves Payment (RY8)	Direct	Distribution of Funds in Excess of Reserves of Reserves FY22	June 30, 2023 Amount
Contra Costa County	\$2,646,641	(\$170,005)	(\$191,059)		\$667,851	\$2,953,428
Town of Danville	3,750,423	(410,858)	(553,631)		641,971	3,427,905
City of Lafayette	2,354,772	459	(146,228)		357,767	2,566,770
Town of Moraga	942,406	4,122	(65,386)		196,947	1,078,089
City of Orinda	1,236,040			(\$460,083)	254,659	1,030,616
City of Walnut Creek	3,957,856	37,556			1,047,626	5,043,038
	<u>\$14,888,138</u>	<u>(\$538,726)</u>	<u>(\$956,304)</u>	<u>(\$460,083)</u>	<u>\$3,166,821</u>	<u>\$16,099,846</u>

NOTE 8 – PENSION PLAN

Plan Description

The authority joined the California Public Employee Retirement System (CalPERS) as of July 1, 2012. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. All qualified permanent and probationary employees are eligible to participate in the Authority’s Miscellaneous Employee Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS.

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by State statute and city contracts with employee bargaining groups. 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 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, 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.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 8 – PENSION PLAN (Continued)

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous Plan		
	Tier I	Tier II	Tier III (PEPRA)
	Prior To June 22, 2012	Between June 22, 2012 and January 1, 2013	On or After January 1, 2013
Hire date	June 22, 2012	and January 1, 2013	January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	52 - 62	52 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.000%	7.000%	8.250%
Required employer contribution rates	13.26%	10.87%	8.00%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. All employees are participants in the Tier I plan and are required to contribute 7 percent of their annual covered salary. For the year ended June 30, 2023, contributions to the Plan were \$68,122.

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

As of June 30, 2023, the Authority reported a net pension liability of \$30,180 for its proportionate share of the Plan's net pension liability.

The Authority's net pension liability is measured as the proportionate share of net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2021. 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 as of June 30, 2021 and 2022 measurement dates are as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2021	-0.03291%
Proportion - June 30, 2022	0.00026%
Change - Increase (Decrease)	0.03317%

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 8 – PENSION PLAN (Continued)

For the year ended June 30, 2023, the Authority recognized a negative pension expense of \$397,911. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$68,122	
Differences between actual and expected experience	606	\$406
Changes of assumptions	3,093	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	87,757	45,672
Net differences between projected and actual earnings on plan investments	5,528	
Change's in employer's proportion	349,590	39,961
Total	<u>\$514,696</u>	<u>\$86,039</u>

\$68,122 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows (Inflows) of Resources
2024	\$144,137
2025	133,101
2026	79,916
2027	3,381
Total	<u>\$360,535</u>

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 8 – PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous		
Valuation Date		June 30, 2021	
Measurement Date		June 30, 2022	
Actuarial Cost Method		Entry-Age Normal Cost Method	
Actuarial Assumptions:			
Discount Rate		6.90%	
Inflation		2.30%	
Projected Salary Increase		Varies by entry age and service	
Investment Rate of Return		7.0% (1)	
Mortality		Derived by CalPERS Membership Data for all funds (2)	

(1) Net of pension plan investment expenses, including inflation

(2) The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

In determining 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.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 8 – PENSION PLAN (Continued)

The table below reflects 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 geometric rates of return are net of administrative expenses.

Asset Class	Assumed asset Allocation	Real Return Years 1 - 10 ¹
Global Equity-Cap-Weighted	30.0%	4.54%
Global Equity - Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-Backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100%</u>	

(1) An expected inflation of 2.30% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each 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 6.90 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Authority's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 8 – PENSION PLAN (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, calculated using the discount rate, 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 (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
\$647,438	\$30,180	(\$477,671)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan description. The Authority's defined benefit OPEB plan, RecycleSmart Retiree Healthcare Plan (Plan), provides OPEB for all permanent full-time general employees of the Authority. The Plan is a single-employer defined benefit OPEB plan administered by the Authority. The Authority is responsible for establishing and amending the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. The Plan provides healthcare benefits for retirees and their dependents who retire directly from the Authority under CalPERS. The benefit terms provide for payment of the Public Employee Medical & Hospital Care Act (PEMHCA) minimum payments until the age of 65. As of June 30, 2023, the Authority would be required to pay \$42.90 per month per employee for any health care benefits provided.

Employees Covered by benefit terms. At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees entitled to but not yet receiving benefits	2
Active employees	5
Total	7

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Total OPEB Liability

The Authority's total OPEB liability of \$57,152 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
General Inflation	2.5% annually
Discount Rate	3.54% at June 30, 2022
Mortality, Retirement, Disability, Termination	Based on Bond Buyer 20-bond Index on June 30, 2022
Mortality Improvement	CalPERS 2000-2019 Experience Study
	Mortality projected fully generational
	with Scale MP-2021
Salary Increases	Aggregate 2.75%
	Merit - CalPERS 2000-2019 Experience Study
Medical Trend	Non-Medicare - 8.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076
	Medicare (Non-Kaiser) - 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076
	Medicare (Kaiser) - 7.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076
Healthcare participation	50%

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	<u>\$88,017</u>
Service Cost	14,658
Interest	2,218
Actual vs expected experience	(22,724)
Assumption changes	<u>(25,017)</u>
Net changes	<u>(30,865)</u>
Balance at June 30, 2023	<u><u>\$57,152</u></u>

Changes of assumptions reflect a change in the discount rate from 2.16 percent in measurement year ended June 30, 2021 to 3.54 percent in measurement year ended June 30, 2022.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Current Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$67,955	\$57,152	\$48,493

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$45,454	\$57,152	\$72,746

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Authority recognized OPEB expense of \$15,917. At June 30, 2023, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		\$32,508
Changes in assumptions	\$16,674	25,947
Total	\$16,674	\$58,455

No contributions or payments for benefits were made during the year ended June 30, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30,	Deferred outflows/ (inflows) of resources
2024	(\$4,770)
2025	(4,770)
2026	(4,770)
2027	(4,770)
2028	(4,256)
Thereafter	(18,445)
Total	(\$41,781)

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 10 – LEASES

The Authority has entered into two lease agreements for office space and copier machines. The Authority is required to make principal and interest payments through July 2030. The lease agreements have interest rates of 2.45%. The total amount of right to use leased assets, and the related accumulated amortization on right to use leased assets was \$1,105,750 and \$237,734, as of June 30, 2023, respectively.

The Authority leases its office space under an agreement with an original term of 10 years starting July 30, 2010. The lease contains a provision for a renewal of 5 years. The lease was renewed in January 2020 for an additional 10 years beginning in August 2020 through July 2030. The Authority also has a copier lease with an original term of 5 years. The total amount of principal and interest amount paid were \$98,067 and \$11,454, as of June 30, 2023, respectively.

The remaining obligations associated with these leases are as follows:

Lessee Activities	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Current Portion
Right to use assets - leased assets					
Office space	\$983,166		(\$98,067)	\$885,099	\$104,170
Equipment	11,076	\$28,172	(11,454)	27,794	4,756
Total right to use assets - leased assets	<u>\$994,242</u>	<u>\$28,172</u>	<u>(\$109,521)</u>	<u>\$912,893</u>	<u>\$108,926</u>

The payments for principal and interest for the remaining lease terms are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2024	\$108,926	\$22,704
2025	115,710	19,661
2026	122,803	16,420
2027	130,218	12,975
2028	137,390	9,312
2029 - 2030	297,846	8,035
	<u>\$912,893</u>	<u>\$89,107</u>

NOTE 11 – CONTINGENCIES

The Authority may be subject to claims or legal proceedings arising in the ordinary course of business. Management is not aware of any claims or pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to Financial Statements
June 30, 2023

NOTE 12 – NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement is effective for reporting periods beginning after June 15, 2023. The Authority has not determined the effect on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement is effective for reporting periods beginning after December 15, 2023. The Authority has not determined the effect on the financial statements.

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Required Supplementary Information

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2023
Last 10 Years*

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY**

Measurement Date	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability (asset)	0.000260%	0.032910%	0.003730%	0.007670%
Proportionate share of the net pension liability (asset)	\$30,180	(\$624,980)	\$157,469	\$307,159
Covered payroll	891,658	859,952	881,310	803,018
Proportionate Share of the net pension liability (asset) as percentage of covered payroll	3.38%	-72.68%	17.87%	38.25%
Plan Fiduciary net position as a percentage of the total pension liability	76.68%	90.49%	88.29%	88.06%

Measurement Date	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.012400%	0.011930%	0.019790%	0.021060%	0.022700%
Proportionate share of the net pension liability (asset)	\$467,474	\$470,274	\$385,071	\$281,262	\$27,336
Covered payroll	668,374	708,206	687,362	577,799	560,970
Proportionate Share of the net pension liability (asset) as percentage of covered payroll	69.94%	66.40%	56.02%	48.68%	4.87%
Plan Fiduciary net position as a percentage of the total pension liability	89.12%	90.56%	89.69%	74.06%	78.40%

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2023
Last 10 Years*
Schedule of Contributions

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	
Contractually required contribution (actuarially determined)	\$68,122	\$83,076	\$100,607	\$102,986	
Contribution in relation to the actuarially determined contributions	(68,122)	(170,722)	(298,584)	(302,986)	
Contributions deficiency (excess)	<u>\$0</u>	<u>(\$87,646)</u>	<u>(\$197,977)</u>	<u>(\$200,000)</u>	
Covered payroll	\$744,757	\$922,802	\$859,952	\$881,310	
Contributions as a percentage of covered payroll	9.15%	9.00%	11.70%	11.69%	
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$71,760	\$75,967	\$74,273	\$70,318	\$67,514
Contribution in relation to the actuarially determined contributions	(71,760)	(75,967)	(74,273)	(70,318)	(67,514)
Contributions deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$803,018	\$668,374	\$708,206	\$687,362	\$577,799
Contributions as a percentage of covered payroll	8.94%	11.37%	10.49%	10.23%	11.68%

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Agent Multiple-Employer Other Post-Employment Defined Benefits Plan
As of fiscal year ending June 30, 2023
Schedule of Changes in the
Net OPEB Liability and Related Ratios
Last 10 Years*

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	\$ 7,266	\$ 6,454	\$ 9,197	\$ 10,174	\$ 14,120	\$ 14,658
Interest on total OPEB liability	1,142	1,508	1,957	2,318	1,886	2,218
Differences between expected and actual experience	-	-	-	(17,019)	-	(22,724)
Changes in assumptions	(5,558)	(2,262)	3,535	19,678	804	(25,017)
Net change in total OPEB liability	2,850	5,700	14,689	15,151	16,810	(30,865)
Total OPEB Liability -- beginning	32,817	35,667	41,367	56,056	71,207	88,017
Total OPEB Liability -- ending (a)	\$ 35,667	\$ 41,367	\$ 56,056	\$ 71,207	\$ 88,017	\$ 57,152
Covered payroll	\$ 668,374	\$ 803,018	\$ 881,310	\$ 859,952	\$ 922,802	\$ 877,858
Total OPEB Liability as a percentage of covered payroll	5.34%	5.15%	6.36%	8.28%	9.54%	6.50%
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022

* Fiscal year 2018 was the first year of implementation, therefore, only six years are shown.

Notes to the schedule:

No assets are accumulated in a trust to pay related benefits.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in the period:

Discount Rate	3.58%	3.87%	3.50%	2.21%	2.16%	3.54%
Inflation Rate	2.75%			2.50%	2.50%	2.50%
Mortality Improvement Scale	MP-2016			MP-2020	MP-2020	MP-2021

Central Contra Costa Solid Waste Authority
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
- General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Administrative fees	\$1,903,051	\$1,903,051	\$1,870,756	(\$32,295)
Source reduction and recycling education fees	3,422,251	3,422,251	3,672,945	250,694
Intergovernmental	266,363	266,363	267,823	1,460
Investment income	27,326	27,326	228,110	200,784
Miscellaneous	10,500	10,500	40,162	29,662
Total revenues	<u>5,629,491</u>	<u>5,629,491</u>	<u>6,079,796</u>	<u>450,305</u>
Expenditures				
Current:				
General government:				
Personnel services	1,326,372	1,326,372	967,464	358,908
Materials and supplies	85,456	85,456	127,041	(41,585)
Office rent and utilities	178,133	178,133		178,133
Professional contracts and services	313,090	313,090	420,197	(107,107)
Recycling Processing Costs	2,609,886	2,609,886	2,600,261	9,625
Diversion Programs	836,494	836,494	771,422	65,072
Distributions to member agencies			3,166,821	(3,166,821)
Total expenditures	<u>5,349,431</u>	<u>5,349,431</u>	<u>8,053,206</u>	<u>(2,703,775)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>280,060</u>	<u>280,060</u>	<u>(1,973,410)</u>	<u>(2,253,470)</u>
Net change in fund balance	280,060	280,060	(1,973,410)	(2,253,470)
Fund Balance - Beginning	<u>4,297,600</u>	<u>4,297,600</u>	<u>4,297,600</u>	
Fund Balance - Ending	<u>\$4,577,660</u>	<u>\$4,577,660</u>	<u>\$2,324,190</u>	<u>(\$2,253,470)</u>

See Note to the Required Supplementary Information

Central Contra Costa Solid Waste Authority
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
- Reuse and Clean Up Days Special Revenue Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Source reduction and recycling education fees	\$1,127,511	\$1,127,511	\$1,127,511	
Expenditures				
Public information	1,127,511	1,127,511	1,127,511	
Fund Balance - Beginning	85,877	85,877	85,877	
Fund Balance - Ending	<u>\$85,877</u>	<u>\$85,877</u>	<u>\$85,877</u>	

See Note to the Required Supplementary Information

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Notes to the Required Supplementary Information
June 30, 2023

Note 1 – Budgetary Information

The Authority adopts a budget annually to be effective July 1 for the ensuing fiscal year. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year and cannot legally be exceeded except by subsequent amendments of the budget by the Authority’s Board of Directors.

Expenditures are controlled at the fund level for all budgeted departments within the Authority. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the statement of revenues, expenditures and changes in fund balance – budget and actual include budget amendments approved by the Authority’s Board of Directors.

The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP).

Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the Authority’s Executive Director. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the Authority’s Board of Directors. Supplemental appropriations financed by unanticipated revenues during the year must be approved by the Authority’s Board of Directors.

The General Fund had excess expenditures over appropriations in the amount of \$2,703,775 during the current year due to distributions to member agencies, which are not budgeted.

Other Report

**INDEPENDENT AUDITOR’S 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**

The Board of Directors
Central Contra Costa Solid Waste Authority
Walnut Creek, California

We have audited, in accordance with auditing standards 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 basic financial statements of Central Contra Costa Solid Waste Authority (Authority) as of and for the year ended June 30, 2023, and have issued our report thereon dated January 26, 2024.

Report on 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) as a basis for designing 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 Authority’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control that we consider to be significant deficiencies as listed on the Schedule of Significant Deficiencies included as part of our separately issued Memorandum on Internal Control dated January 26, 2024, which is an integral part of our audit and should be read in conjunction with this report.

Report on 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 financial statements. 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 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 results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze + Associates

Pleasant Hill, California
January 26, 2024



Central Contra Costa Solid Waste Authority

Agenda Report

TO: CCCSWA BOARD OF DIRECTORS
FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR
 GRACE COMAS, SENIOR ACCOUNTANT
DATE: FEBRUARY 22, 2024

SUBJECT: FISCAL YEAR 2023-2024 MID-YEAR BUDGET REPORT

SUMMARY

This mid-year budget report for Fiscal Year (FY) 2023-24 (July 1, 2023 through December 31, 2023) summarizes the first six months of actuals received or expensed versus budgeted at the half-year point. As of December 31, 2023, each budget line item should generally show expenditures of not more than 50%.

The total expenses for the General Operations Fund (Ops) Budget are 44%, which is 6% less than budgeted. The Reuse and Cleanup Fund (Reuse) total expenses are 50%.

RECOMMENDED ACTION

1. This report is provided for information only. No Board action is required.

DISCUSSION

Operations Fund

A. Funds Available

1. **Unappropriated Beginning Fund Balance:** the actual balance is \$2,324,190, a decrease from the budgeted \$5,232,094. The variance is due to the distribution of the FY 2022-23 unassigned fund balance of \$3,166,821 to member agencies which is not budgeted.
2. **Revenue:** Central Contra Costa Solid Waste Authority's (the Authority) major sources of revenue include JPA-related revenue, recycling processing revenue, diversion incentive program revenue, recycling contribution revenue and grant revenue. In addition, revenue sources also include interest earned on the LAIF investment account, checking account, and other revenue such as C&D permit fees and liquidated damages revenue. Other Income is well over budget due to \$10,770 in unbudgeted liquidated damages collected from Republic through December 31, 2023.

B. Expenses

1. **Personnel Services:** expenses include staff salaries and benefits, worker’s compensation, unemployment payments, Board Member remuneration, and scheduled merit step increases for eligible employees. Expenses were \$583,670, which is 45% of the budgeted \$1,283,711.
2. **Materials and Supplies:** expenses include copier lease, bank fees, memberships and subscriptions, office supplies, postage, reprographics, staff development and training, capital purchases and computer software. The expenses were \$41,425, which is 40% of the budgeted \$104,800.
3. **Professional Services:** expenses include legal services, computer troubleshooting and maintenance, auditing services and other consulting expenses generally not associated with a specific program. Professional Services expenses were \$104,365, which is 39% of the budgeted \$268,230.
4. **New Franchise Development:** expenses include legal and professional fees. The expenses were \$107,088, which is 20% of the budgeted \$530,000. Note that the new franchise development and procurement process is scheduled to conclude in FY 2025-26.
5. **Office Occupancy:** expenses include telephone, insurance and rent. The expenses were \$89,929, which is 47% of the budgeted \$189,530.
6. **Recycling Processing Cost:** expense is the recycling processing payment that is paid to MDR for processing the recyclables delivered from the service area. The expenses were \$1,315,574, which is 49% of the budgeted \$2,666,231.
7. **Diversion Programs:** Actual expenses as of December 2023 were \$338,865 or 39% of the approved budget of \$859,338. The C&D, Home Composting, SB1383, Outreach and Education, School Recycling programs, and Special Events program will start to or continue to incur program expenses. Overall, the actual expense activity has resulted in mid-year total expenses of \$2,580,917, which is 44% of the budgeted \$5,901,839.

Reuse and Cleanup Fund

The Reuse and Cleanup Fund budget is exclusively for payments toward the Reuse and Battery collection programs. Republic Services collects these funds from service rates and provides them to the Authority for payment to MDR for contracted services. The mid-year actual revenue and expenses are 50% of the annual Reuse budget, as provided in Attachment B of this report.

During the FY 24-25 budgeting process, staff will present the FY 23-24 end-of-year projections for all funds.

ATTACHMENTS

- A. FY 23-24 Operations Fund – Mid Year Actuals
- B. FY 23-24 Reuse and Cleanup Fund – Mid Year Actuals

General Operations Fund
July 1, 2023 through December 31, 2023

	<u>Actual FY 2023-24</u>	<u>Approved FY 2023-24 Budget</u>	<u>% of Budget</u>
Unappropriated Beginning Fund Balance	\$ 2,324,190	\$ 5,232,094	44%
Revenues			
JPA Revenue	\$ 951,525	\$ 2,376,271	40%
Interest Earned	\$ 107,584	\$ 224,486	48%
Grant Revenue	\$ 6,596	\$ -	0%
Home Composting Revenue		\$ 3,100	0%
Recycling Processing Revenue	\$ 1,304,943	\$ 2,652,056	49%
Diversion Program Revenue	\$ 418,247	\$ 856,238	49%
Other Income	\$ 10,770	\$ 10,000	108%
Miscellaneous Income	\$ 5	\$ 500	1%
Total Revenues	2,799,669	6,122,650	46%
Total Funds Made Available	5,123,859	11,354,744	45%
Expenses			
Full Time Staff Salaries	444,818	922,254	48%
Benefits Expense	137,502	350,457	39%
Temporary Staff		5,000	0%
Board Member Remuneration	1,350	6,000	23%
Total Personnel Services	583,670	1,283,711	45%
Copier Lease	4,256	8,620	49%
Fees Bank and Other	8,945	16,821	53%
Memberships Dues Subscriptions	1,848	14,089	13%
Miscellaneous	15	300	5%
Office Supplies	3,742	11,320	33%
Postage	531	3,000	18%
Reprographics	687	2,000	34%
Non-Capital Equipment/Furnishings	0	13,000	0%
Staff Dev/Travel/Conf/Mtgs	12,183	23,650	52%
Capital Furnishings/Equip	9,219	12,000	77%
Total Materials & Supplies	41,425	104,800	40%
Professional Svcs Contracts & Contractors	60,571	129,500	47%
Financial Services and Fees	25,318	57,730	44%
Legal	18,476	81,000	23%
Total Professional Services	104,365	268,230	39%
New Franchise Development	107,088	530,000	20%
Total New Franchise Development	107,088	530,000	20%
Insurance	18,158	37,936	48%
Rent	67,646	142,654	47%

General Operations Fund
July 1, 2023 through December 31, 2023

	Actual FY 2023-24	Approved FY 2023-24 Budget	% of Budget
Telephone	4,126	8,940	46%
Total Office Occupancy	89,929	189,530	47%
Recycling Processing Expense	1,315,574	2,666,231	49%
Total Recycling Processing Costs	1,315,574	2,666,231	49%
C&D Program Expense	12,420	24,374	51%
Home Composting Program Expense	19,036	37,000	51%
SB1383 Program Expense	84,141	147,000	57%
Outreach and Education	159,948	485,964	33%
School Recycling Program Expense	61,500	150,000	41%
Special Events Program Expense	1,820	15,000	12%
Total Diversion Programs	338,865	859,338	39%
Total Expenses	2,580,917	5,901,839	44%
Excess Revenue Over (Under) Expenditures	218,752	220,811	
Non Spendable (Pre-paid)	36,971		
General Fund Reserve (20% of Total Budgeted Expenditures)	1,180,368	1,180,368	
Unassigned Fund Balance	1,325,603	4,272,537	
	-		
Ending Fund Balance	\$ 2,542,942	\$ 5,452,904	

Reuse and Cleanup Fund
July 1, 2023 through December 31, 2023

	Actual FY 2023-24	Approved FY 2023-24 Budget	% of Budget
<u>Revenues</u>			
Reuse Program Income	563,755.50	1,127,511.00	50%
Total Revenues	563,755.50	1,127,511.00	50%
<u>Expenses</u>			
Reuse Program Expense	563,755.50	1,127,511.00	50%
Total Expenses	563,755.50	1,127,511.00	50%
Excess Revenue Over (Under) Expenditures	<u>0.00</u>	<u>0.00</u>	



Agenda Report

TO: CCCSWA BOARD OF DIRECTORS
FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR
DATE: FEBRUARY 22, 2024
SUBJECT: REPUBLIC'S COLLECTION SERVICE QUALITY METRICS

SUMMARY

Staff has been tracking Republic Services' (Republic's) progress in meeting the service quality metrics of the Second Amendment to their franchise agreement (Amendment) since last year. Although meeting a certain metric was originally tied to a special rate adjustment of \$1,915,511 for Rate Year 10, last October Republic sent a letter to the Authority stating that they would forgo the special rate increase for RY 10 even if the service quality metric were met.

This report sets out the service quality metric results for 2023, as well as analysis of the open route data that staff has been tracking related to collection service.

RECOMMENDED ACTION

1. This report is provided for information only. No Board action is required.

DISCUSSION

Meeting a "service quality metric" defined in the Amendment was a condition of Republic receiving a Rate Year 10 special rate adjustment of \$1,915,511. To meet the metric, Republic must have experienced a monthly average of 1,750 or fewer service calls for missed pickups between January 1 and July 31, and a monthly average of 1,500 or fewer service calls for missed pickups between January 1 and December 31 in 2023. The monthly average between January 1 and July 31 was 1,489, and the monthly average between January 1 and December 31 was 1,599. Therefore, Republic met the first part of the metric, but did not meet the second part, and would not have been automatically entitled to receive the special rate adjustment. The service call numbers as reported by Republic from January 2023 through January 2024 are shown on the following table:

	Missed Pickup	Missed Cleanup	Total
Jan	1,464	99	1,563
Feb	890	45	935
Mar	1,289	79	1,368
Apr	1,280	108	1,388
May	1,552	92	1,644
June	1,593	103	1,696
July	1,745	81	1,826
Aug	1,860	133	1,993
Sept	1,525	106	1,631
Oct	1,794	250	2,044
Nov	1,431	87	1,518
Dec	1,456	130	1,586
Jan	1,314	114	1,428
TOTAL	19,193	1,427	20,620
	Average Jan-July		1,488.57
	Average Jan-Dec		1,599.33

Missed Pick-Ups Estimated Using Open Route Reports

To give staff a better understanding of what was happening in the field, the Amendment required Republic to provide daily open route reports, beginning the week of February 6, 2023. Staff can use these reports to estimate the number of customers missed. For this analysis, staff defines a missed pick-up as a container that is not emptied on the regular scheduled collection day. Using the open route reports and the number of customers on each route as provided by Republic, Authority staff estimated the number of missed pick-ups for each month through January 2024. The open route reports state the percentage of a route that was not completed on the scheduled collection day. Staff applies these percentages to the number of customers on each route each day to estimate the number of missed pick-ups. For example, residential recycling route # 250 was 40% incomplete on Tuesday, March 28. That route has 880 customers, so there were an estimated 352 missed pick-ups on that route that day (40% of 880). This calculation was performed for residential routes only. Note that there are separate routes for each commodity (landfill, recycle, organics).

Month	Missed Pickups
February 2023	5,703
March 2023	3,940
April 2023	20,624
May 2023	18,513
June 2023	15,247
July 2023	56,450

Month	Missed Pickups
August 2023	58,788
September 2023	81,499
October 2023	92,157
November 2023	2,638
December 2023	4,592
January 2024	225

Next Steps

HF&H Consultants conducted an audit of Republic's call records to verify the number of service calls they received regarding missed pick-ups. The audit results will be presented next month. In addition, staff will update the Board regarding modifying the service quality metric to determine if Republic qualifies for special rate adjustments in RY 11 and RY 12.

Since November, Republic has significantly decreased the number of missed pickups. Republic has informed staff that the summer months are the most challenging due to driver vacations and overheating vehicles, and they are implementing a plan to ensure that missed pickups do not significantly increase again during the summer.



Agenda Report

TO: CCCSWA BOARD OF DIRECTORS
FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR
DATE: FEBRUARY 22, 2024
SUBJECT: EXECUTIVE DIRECTOR'S MONTHLY REPORT

SUMMARY

Central Contra Costa Solid Waste Authority (Authority) staff performs high-level programmatic and administrative tasks each month to provide outreach and education to residents, businesses, and schools to increase diversion and instill waste prevention practices. Staff manages the franchise agreements and customer service in addition to monitoring monthly reporting by our service providers. Staff actively engages with Member Agency staff, community groups, and regional partners on a variety of topics including SB 1383, legislation, and industry best practices.

RECOMMENDED ACTION

1. This report is provided for information only. No Board action is required.

DISCUSSION

Completed and Ongoing Activities in February

- Staff is engaged in sole source disposal negotiations with Republic Services (Republic) for landfill disposal services at Republic's Keller Canyon Landfill outside of Pittsburg. The Authority has utilized this landfill since the JPA was formed. It is the closest landfill to our service area and the only active landfill located in Contra Costa County. Staff is attempting to negotiate a long-term (20+ year) disposal agreement that would start 3/1/2027 when the current franchise agreement expires. This would be the Authority's first "stand alone" disposal agreement, separate from the collection franchise agreement. Staff provided Republic with a request for a proposal and a draft disposal agreement. Republic has provided a cost proposal, technical proposal, and comments on the draft agreement. Ongoing negotiations are being overseen by the Franchise Vendor Selection Ad Hoc Committee. The Committee will make a recommendation at the 3/28/2024 Board meeting to either enter into a disposal agreement with Republic or to issue a competitive RFP for disposal services.

- Staff is engaged in separate, concurrent negotiations with Republic and Mt. Diablo Resource Recovery (MDRR) for transfer station services. Franchised materials are delivered in route trucks to transfer stations and then loaded into larger long-haul trailers for transportation to the landfill, recyclables processing facility, and composting facility. Currently solid waste and organic materials are transferred through Republic's transfer station outside of Martinez. Republic also processes and transfers the Authority's commercial food scraps at their transfer station. Recyclables are currently transferred through MDRR's transload facility in Concord. MDRR also owns a transfer station in Pittsburg. Staff is attempting to negotiate a long-term (20+ year) transfer agreement(s) with Republic and/or MDRR that would start 3/1/2027 when the current franchise agreement expires. This would be the Authority's first "stand alone" transfer station agreement(s) separate from the collection franchise agreement. Staff provided Republic and MDRR with requests for proposals and a draft agreement. Republic and MDRR have provided cost proposals, technical proposals, and comments on the draft agreement. Ongoing negotiations are being overseen by the Franchise Vendor Selection Ad Hoc Committee. The Committee will make a recommendation at the 3/28/2024 Board meeting to either enter into transfer agreement(s) with Republic and/or MDRR or to issue a competitive Request For Proposals (RFP) for transfer station services.
- Staff is working with the Franchise Design Ad Hoc Committee to draft an RFP for post-collection services: recyclables processing, organics composting, and mixed waste processing. Mixed waste processing would be a new service for the Authority. The Committee is scheduled to make a recommendation to issue the RFP at the 3/28/2024 Board meeting. If negotiations for disposal and transfer station services (see above) are unsuccessful, those two services will also be included in the post-collection RFP. The RFP will contain draft agreements for proposers to review. Staff is working with the Franchise Design Ad Hoc Committee to create the RFP and draft agreements for all post-collection services.
- Much of the agreement language developed for the post-collection RFP will also be used in the upcoming collection services RFP. The collection services RFP is scheduled to be issued at the 10/24/2024 Board meeting.
- Staff meets with Republic Services every other week and works collaboratively with Republic's management team, Sustainability Advisors, and finance department to discuss franchise requirements, customer feedback, service issues, Member Agency requests, rates, ongoing commercial site visits, and outreach.
- There was no member agency liaison meeting in February. However, staff sent an email to the member agency liaisons reminding them to provide the Authority with their 2023 recycled content paper purchases for inclusion in the SB 1383 Implementation Record.

Member Agency Liaisons				
Member Agency	Name	Title	Email	Phone
County	David Brockbank	Conservation Programs Manager	David.Brockbank@dcd.cccounty.us	(925) 655-2911
Danville	Cat Bravo	Management Analyst	cbravo@danville.ca.gov	(925) 314-3377
Lafayette	Anna Tolle	Planning Technician	ATolle@ci.lafayette.ca.us	(925) 299-3205
Orinda	Doug Alessio	Administrative Services Director	DAlessio@cityoforinda.org	(925) 253-4224
Moraga	Brian Horn	Senior Planner	bhorn@moraga.ca.us	(925) 888-7044
Walnut Creek	Candice Rankin Mumby	Sustainability Manager	rankinmumby@walnut-creek.org	(925) 943-5899 x2304

- The Authority hosted its CalRecycle Local Assistance and Market Development liaison and four CalRecycle CivicSpark Fellows for a “site visit” on January 30. We visited the Muffin People, a Food Recovery Organization based in Moraga, while volunteers were recovering donated edible food from the Lafayette Trader Joe’s, and three schools in Moraga: Rheem Elementary, Joaquin Moraga Intermediate, and Campolindo High. We also toured the Republic Services Contra Costa Transfer Station to observe the Thor commercial food waste de-packager in action. **Provided below is a photo of a student sorting station at Joaquin Moraga Intermediate.**



- The Authority hosted the annual meeting of its Construction and Demolition liaisons. Green Halo representative Manny Mendoza reviewed the 2023 C&D diversion statistics for Lafayette, Moraga, Orinda, Walnut Creek, and Danville. Staff and liaisons reviewed the list of third-party approved mixed C&D facilities and highlighted that Mt Diablo Resource Recovery's Pittsburg facility is now able to auto-upload scale tickets from C&D contractors directly into their Green Halo project records.

Staff participated in or attended the following meetings in February

- California Resource Recovery Association's Edible Food Recovery Technical Council meeting, January 31
- CalRecycle SB 54 Q&A Session, February 1
- California Product Stewardship Council Associates meeting, February 8
- Lafayette Environmental Task Force meeting, February 8
- Moraga Community Liaison meeting, February 9
- California Resource Recovery Association's Construction & Demolition Technical Council meeting, February 12
- Orinda Mayor's Community meeting, February 13
- Bay Area Recycling Outreach Coalition (BayROC) meeting, February 13
- Green Halo working group meeting, February 26
- Monthly CalRecycle webinar on SB 1383 implementation, February 29



Future Agenda Items

TYPE BOARD MEETING: 03/28/2024	
C	Approve 02/22/2024 Minutes
A	Elect Chair and Vice Chair for 2024-25
A	Resolution Recognizing Inga Miller as Chair for 2023-24
A	Approve Service Agreements for Transfer and Disposal Services
I	Executive Director's Monthly Report
I	Issue RFP for Post-Collection Services (Recyclables Processing, Organics Composting, Mixed Waste Processing)
I	Republic's Collection Service Quality Metrics

TYPE BOARD MEETING: 04/25/2024	
C	Approve 03/28/2024 Minutes
A	2024 Legislation Bills and Recommendations
A	2024-25 Operations and Reuse Budgets
I	Executive Director's Monthly Report
I	Republic's Collection Service Quality Metrics

TYPE

- C – Consent Item
- A – Action Item
- I – Information Item
- P – Presentation

When Lamorinda recycles, one man's trash becomes another man's treasure

By Vera Kochan



Crushed and bundled aluminum cans

Bundled OCC (Old Corrugated Cardboard)

Shards of multi-colored glass will be sent to Gallo Glass Company

Where do Lamorinda's recyclables wind up once the blue bins are emptied into a trash truck each week? It lands at Mt. Diablo Resource Recovery in Pittsburg, Calif. (with the help of partners such as Republic Services and RecycleSmart).

Started in the 1930s by the Garaventa family in Concord, the facility currently serves over 250,000 residents and thousands of businesses, promising to "reduce, reuse, recycle, respect, and recover." Their company philosophy states, "Every day at Mt. Diablo Resource Recovery we commit our people and our systems to elevating the environment, economic, and community value of every material stream we collect and process. We call our philosophy Community Resource Optimization."

MDRR's CEO Kish Rajan and General Manager Jim Nejedly gave this reporter a crash course in recycling methodology and a tour of the facility's already processed inventory. According to Rajan, the 40-acre site handles 1,500 tons each day with the help of 360 employees. Their 100 all-renewable diesel trucks operate in the Pittsburg, Concord and Oakley area, and the single stream recycling from Lamorinda, Walnut Creek, and Danville area is delivered by Republic Services.

They accept all colors of glass and prefer that the lids are separated from the containers; aluminum cans, foil, cookie sheets, tin cans, etc. should be clean; plastics No. 1 to No. 7, detergent bottles, lids and caps, water jugs, and more also belong in the blue bin; a wide assortment of paper from telephone books and computer paper, to junk mail, magazines, and newspapers, just to name a few, are perfect for recycling. However, the one culprit in the form of corrugated, used pizza boxes should always go into the green bin. The oils from pizza boxes cause unnecessary contamination and damage throughout the recycling process. "Greasy pizza boxes contaminate clean recycling and are expensive for the recycling industries," states the recyclemore.com website. "It's estimated that contamination costs recyclers \$700 million per year due to damaged machinery, the cost of disposing of non-recyclable materials, and wasted time."

MDRR also collects approximately 600 pounds a week in household batteries from places such as CVS's small green buckets which are located near most of the stores' entrances for customer convenience.

All too often, residents throw damaged garden hoses (which belong in the black landfill bins) into the blue bins. On average, 25% of what comes to the plant under the guise of recycling winds up in landfills. Rajan explained that the "reuse" pickup day (held twice a year) is a great way for people to get rid of items in the home that they no longer want, but could be reused by someone else (provided things are in working order). These reusable items go to an onsite warehouse location where nonprofit organizations can collect things for reuse by homeless shelters or others less fortunate. The trucks that come by neighborhoods on "reuse" days should have the company logos on them and their drivers will be in uniform. Trucks with no recycle logos or uniformed personnel should be reported, as they are not part of the program. During RecycleSmart's 2022 Reuse program, 37,373 households were visited, 3.4 million pounds of items were collected and donated, and 165,000 pounds of books were collected for redistribution.

When it comes to sorting plastics from the non-desirable items, Nejedly explained that a conveyor belt carries the items past a machine labeled NRT (National Recovery Technologies) that operates as an optical sorter. When it spots an item that doesn't belong, an air cannon blasts the item off the conveyor belt and into a separate bin. Other equipment can spot the wrong items along a conveyor belt route and use claws much like those in arcade games to grab the offending piece.

Old corrugated cardboard (OCC) is separated from other paper which goes through a processing machine "much like watching lasagna being made," said Rajan. He visited a recycled paper plant and watched while the paper was saturated with water that turned it into a mushy pulp. After additional processing the finished product came out the other end looking like sheets of pasta.

Tin and metal are highly recyclable and is bought by a company in Washington state. Due to California's strict environmental regulations many forms of recycling are no longer allowed and are outsourced.

According to Nejedly, all of MDRR's glass is sold to the Gallo Glass Company in Modesto, whose parent company is E.& J. Gallo Winery. Gallo makes its own glass bottles using up to 75% of recycled glass. Their glass processing plant goes through 150 thousand tons of recycled glass a year, and manufactures 2 million bottles a day for its own private use.

The company is on track to build a future Mt. Diablo Resource Recovery Park thanks to an agreement with the city of Pittsburg to improve services through the use of new innovations. A first step is to comply with California's upcoming regulations with regards to zero emissions vehicles. Also in the works are collection vehicles that are able to detect if there is a "contamination" in the blue recycle bin. In other words, a significantly large enough item that belongs in one of the other bins. If it happens on a regular basis, a citation could be in the resident's future.

"People want to recycle more and are trying to be more conscientious about what they put in," Rajan said optimistically, "but you can't use your recycle can just because your garbage can is full just to get rid of it."

For more information visit: www.mdrr.com.