AGENDA

MEETING OF THE PLANNING COMMITTEE AND ALAMEDA COUNTY RECYCLING BOARD

Thursday, March 14, 2019

4:00 P.M.

StopWaste Offices
1537 Webster Street
Oakland, CA 94612
510-891-6500

Meeting is wheelchair accessible. Sign language interpreter may be available upon five (5) days' notice to 510-891-6500.

I. CALL TO ORDER

II. ROLL CALL OF ATTENDANCE

III. ANNOUNCEMENTS BY PRESIDENT

IV. OPEN PUBLIC COMMENT
An opportunity is provided for any member of the public wishing to speak on any matter within the jurisdiction of the Board, but not listed on the agenda. Each speaker is limited to three minutes.

Page **V. CONSENT CALENDAR**

1 **1. Approval of the Draft Minutes of February 14, 2019 (Jeff Becerra)**

5 **2. Board Attendance Record (Jeff Becerra)**

7 **3. Written Report of Ex Parte Communications (Jeff Becerra)**

9 **4. Grants Issued Under Executive Director Signature Authority (Wendy Sommer)**

VI. REGULAR CALENDAR

11 **1. Request for Board Action: Board Member John Moore's Representation of Antoinette Stein against the Waste Management Authority in Boone et al. v. Alameda County Waste Management Authority, California Court of Appeal, First Appellate District, Case No. A154804 (Wendy Sommer & Farand Kan)**

Staff recommends that the Board discuss this issue and make a decision on whether to provide consent or request withdrawal of Board member Moore regarding his representation of Ms. Stein in Boone et al. v. Alameda County Waste Management Authority.

21 **2. Fiscal Year 2017-18 Audit Report (Jennifer Luong)**
That the Recycling Board accept and file the FY 2017-18 audit report.

75 **3. Municipal Sword: Local Impacts of China's National Sword (Meghan Starkey)**
This item is for information only.

VII. MEMBER COMMENTS AND COMMUNICATIONS FROM THE EXECUTIVE DIRECTOR

VIII. ADJOURNMENT

DRAFT

MINUTES OF REGULAR MEETING OF THE
PLANNING COMMITTEE
AND
ALAMEDA COUNTY RECYCLING BOARD

Thursday, February 14, 2019

7:00 P.M.

San Leandro Senior Center
13909 E. 14th Street
Arts & Crafts Room
San Leandro, CA 94578
(510) 577-3462

I. CALL TO ORDER

President Sarah Vared called the meeting to order at 7:03 p.m.

II. ROLL CALL OF ATTENDANCE

Jillian Buckholz, Recycling Programs
Deborah Cox, ACWMA
Nancy Deming, Environmental Educator
Dianne Martinez, ACWMA
John Moore, Environmental Organization
Tianna Nourot, Solid Waste Industry Representative
Jim Oddie, ACWMA
Dave Sadoff, ACWMA
Sarah Vared, Source Reduction Specialist
Francisco Zermeño, ACWMA

Absent:
Bernie Camara, Recycling Materials Processing Industry

Staff Present:
Wendy Sommer, Executive Director
Pat Cabrera, Administrative Services Director
Jeff Becerra, Communications Manager
Farand Kan, County Counsel
Arliss Dunn, Clerk of the Board

III. ANNOUNCEMENTS BY PRESIDENT

President Vared welcomed Francisco Zermeño, City of Hayward, as the new WMA appointee to the Recycling Board.

IV. OPEN PUBLIC COMMENT

There was none.

V. CONSENT CALENDAR

1. Approval of the Draft Minutes of January 10, 2019 (Jeff Becerra)

2. Board Attendance Record (Jeff Becerra)

3. Written Report of Ex Parte Communications (Jeff Becerra)

4. Grants Issued Under Executive Director Signature Authority (Wendy Sommer)

There were no public comments for the consent calendar. Board member Cox made the motion to approve the consent calendar. Board member Buckholz seconded and the motion carried 10-0:
(Ayes: Buckholz, Cox, Deming, Martinez, Moore, Nourot, Oddie, Sadoff, Vared, Zermeño. Nays: None. Abstain: None. Absent: Camara.)

VI. REGULAR CALENDAR

1. Multi-Year Fiscal Forecast (Pat Cabrera)
This item is for information only.

Pat Cabrera provided an overview of the staff report and presented a PowerPoint presentation. A link to the report and the presentation is available here: Fiscal-Forecast.pdf

Board member Martinez inquired about the assumptions used for projecting population growth over a five year basis. Ms. Cabrera stated that population increased approximately 10% in 2010, but it has not changed much since then so we are not sure about the impacts. However, we will be looking at any increase and its impact on disposal. Ms. Cabrera added according to previous modeling, fluctuation in the economy appears to have the most noticeable impact on disposal, i.e. when the economy is good disposal is up and when the economy is bad disposal is down. Board member Zermeño inquired if the agency is looking at how the National Sword issue may impact the agency's financial position. Ms. Sommer stated that as a local agency we don't have influence on a national issue, however, we have assembled a local task force comprised of haulers around the county, StopWaste staff and member agency staff. The initial task was to focus on how to effectively message to consumers to keep recycling but to do it properly and to keep the materials clean. There doesn't appear to be any current impacts to cities for disposal, although some haulers are contacting city staff in an attempt to augment franchise agreements and assess additional fees. Ms. Sommer added she has heard from CSAC (California State Association of Counties) that there is an attempt to assemble a task force at the state level. Board member Moore inquired if we are doing messaging regarding keeping plastic out recycling. Ms. Sommer stated that it is difficult to message to consumers regarding specificity within jurisdictions as each jurisdiction has different requirements regarding which materials that they will accept. Board member Deming commented that inconsistency among what is accepted creates a daunting challenge at the school district as well. Board member Sadoff inquired if the proceeds from the NextEra Easement matched what the agency had anticipated. Ms. Cabrera stated yes. Ms. Sommer commented that the report is good news and bad news. The bad news is the increase in tonnages but the good news is revenue is stable and we are two years ahead of our goal of matching revenue to expenditures. President Vared commended staff on the accomplishment.

President Vared thanked Ms. Cabrera for her presentation.

2. *RecycleWhere?* Search Tool Update (Jeff Becerra)
This item is for information only.

Jeff Becerra provided an overview of the staff report and presented a PowerPoint presentation. A link to the report and the presentation is available here: RecycleWhere?-2019.pdf

Board member Zermeño inquired if the new search tool will retain the RecyleWhere? name. Mr. Becerra stated that he is not sure if we will retain the name because the new tool will be broader and expand beyond simply recycling. However, the new tool will be redirected from the old site.

Mr. Becerra stated that he provided a presentation to the P&A Committee earlier in the day and Board member Pentin recommended prioritizing curbside as most people are confused about which item goes into which bin. Board member Moore inquired as to who owns the RecyleWhere? name. Mr. Becerra stated that the tool is part of an MOU and possibly SF Environment owns the name. Board member Moore inquired about how staff obtained the breakdown of 50/50 male and female visitors to the site. Mr. Becerra stated that the data comes from Google Analytics. Board member Moore recommended including the list of definitions in the twelve discards categories contained in Measure D to the drop-down menu. Mr. Becerra stated that staff will consider including those definitions as well as survey the public and member agency staff regarding the terminology that works best for them. Board member Buckholz inquired if staff is considering using game theory to make the site fun and utilizing push notifications as an alert to engage the user. Mr. Becerra stated that staff had not considered those options but can look into it. President Vared inquired if staff had considered merging the usability of the site to other items that people are looking for, e.g. battery recycling. Mr. Becerra stated that he agrees that a mechanism such as push notifications would be helpful. Board member Martinez stated that she agrees with Board member Pentin's comments because there is confusion regarding where items should go. Board member Martinez inquired if the site can be granular to include items according to the hauler because some jurisdictions share zip codes and the site searches according to zip code. Mr. Becerra stated that staff discussed split zip codes and the user would be able to select the city as well. Board member Cox stated that there is also confusion regarding acceptance of "compostable" materials. Mr. Becerra stated that staff will need to work with the haulers to find out which haulers accept which materials so that we will not create confusion but that will take some time.

Board member Sadoff inquired about our share of cost for the current site with SF Environment in comparison to the proposed site. Mr. Becerra stated that there was a sizable up-front investment of approximately $60,000 and the ongoing maintenance cost has decreased to $5,000 a year. Mr. Becerra stated that the new tool should be less expensive as we have a web developer in-house with capabilities to create the tool but we may need to provide some support for him as he is our graphics designer as well. Board member Sadoff inquired about the timeline for rolling out the new tool. Mr. Becerra stated that we expect to have a workable demo to present to the Board by the end of the fiscal year and hopefully roll-out the new tool by the end of the calendar year. Mr. Becerra added although we have the capability in-house to create the tool, we may need to contract with another vendor to assist with elements such as compatibility with smart speakers. Ms. Sommer added the P&A Committee suggested being able to upload pictures and this option would prioritize curbside as opposed to the larger items. Board member Zermeno inquired if bulky items such as sofas, mattresses, etc. would be included. Mr. Becerra replied yes. Board member Deming inquired about a map for hot items such as milk cartons or compostable ware. Mr. Becerra stated that a map would work better on the web version of the tool and added we want to also be able to expand beyond Alameda County for listing vendors. President Vared inquired if the analytics can distinguish between businesses and individuals that are searching. Mr. Becerra stated it is mostly individuals that are searching. Board member Buckholz stated that there is a plethora of knowledge in the University system for people with technology skills and recommended that the agency reach out to them for possible internship opportunities. Board member Buckholz added she is using a mobile sustainability app called Joulebug that has an interactive feature called Shine that provides the organization with its own private social network and has different challenges and rewards systems, etc. President Vared suggested that due to the extent that certain businesses are using the site it would be beneficial to include information on food recovery. Mr. Becerra stated that as part of the implementation of SB 1383, food recovery is on the horizon for us but we are not sure if we can incorporate it into this particular tool or create something else but we are cognizant of this issue.

President Vared thanked Mr. Becerra for his presentation.

VII. COMMUNICATIONS/MEMBER COMMENTS

Ms. Sommer distributed a copy of the most recent agency brochure. The brochure includes highlights of the agency's accomplishments and projects and can be helpful when communicating about the agency. Board member Buckholz announced that effective December 17, 2018, the entire CSU system has a single use plastics policy. By January 1, 2019, the policy will eliminate the use of straws and carryout bags; by January 1, 2021, will eliminate single-use polystyrene, and by January 1, 2023, eliminate the use of plastic water bottles, and a reduction of 25% annually of the use of plastic water bottles. In consideration of the waste hauler, all single use plastics that are replaced will have to be reusable and locally compostable and/or recyclable. The policy is also considerate of ADA policy. Board member Cox commented that she is pleased to see that some companies are changing how they manufacture products as she noticed that some stores are carrying single use shampoo bottles that dissolve in water as well as reusable bottles.

Board member Deming announced that she is pleased to see the efforts of the Oakland School Board to advance environmental policies as they recently passed an update to the Climate Literacy Plan as well as Living School Yards.

VIII. ADJOURNMENT

The meeting adjourned at 7:47 p.m.

2019 - ALAMEDA COUNTY RECYCLING BOARD ATTENDANCE

	J	F	M	A	M	J	J	A	S	O	N	D
REGULAR MEMBERS												
J. Buckholz	X	X										
B. Camara	X	A										
D. Cox	X	X										
N. Deming	X	X										
D. Martinez	X	X										
T. Nourot	X	X										
J. Moore	X	X										
J. Oddie	X	X										
D. Sadoff	X	X										
S. Vared	X	X										
F. Zermeño		X										
INTERIM APPOINTEES												

Measure D: Subsection 64.130, F: Recycling Board members shall attend at least three fourths (3/4) of the regular meetings within a given calendar year. At such time, as a member has been absent from more than one fourth (1/4) of the regular meetings in a calendar year, or from two (2) consecutive such meetings, her or his seat on the Recycling Board shall be considered vacant.

X=Attended A=Absent I=Absent - Interim Appointed

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DATE: March 14, 2019

TO: Recycling Board

FROM: Jeff Becerra, Communications Manager

SUBJECT: Written Reports of Ex Parte Communications

BACKGROUND

Section 64.130 (Q)(1)(b) of the Alameda County Charter requires that full written disclosure of ex parte communications be entered in the Recycling Board's official record. At the June 19, 1991 meeting of the Recycling Board, the Board approved the recommendation of Legal Counsel that such reports be placed on the consent calendar as a way of entering them into the Board's official record. The Board at that time also requested that staff develop a standard form for the reporting of such communications. A standard form for the reporting of ex parte communications has since been developed and distributed to Board members.

At the December 9, 1999 meeting of the Recycling Board, the Board adopted the following language:

Ex parte communication report forms should be submitted only for ex parte communications that are made after the matter has been put on the Recycling Board's agenda, giving as much public notice as possible.

Per the previously adopted policy, all such reports received will be placed on the consent calendar of the next regularly scheduled Recycling Board meeting.

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Date: March 14, 2019

TO: Source Reduction and Recycling Board

FROM: Wendy Sommer, Executive Director

SUBJECT: Grants Issued Under Executive Director Signature Authority

SUMMARY

The purchasing and grant policies were amended to simplify paperwork and Board agendas by giving the Executive Director authority to sign contracts and grant agreements less than $50,000. A condition of the grant policy is that staff informs the Board of recently issued grants.

Grants: February – March 2019

PROJECT NAME	GRANT RECIPIENT	PROJECT TYPE/DESCRIPTION	LOCATION	VERIFICATION	GRANT AMOUNT	BOARD
Reusable Transport Packaging Grant	Drake's Brewing Company	Replace plastic film and wooden pallets with reusable plastic pallets, reusable pallet wraps, and reusable pallet bands to move raw materials and finished product across the brewery's production spaces.	San Leandro	Mini-grant contract	$5,000	WMA
Reusable Transport Packaging Grant	Emerald Packaging	Replace high-density non-recyclable paper cores with reusable and recyclable plastic cores for transporting film packaging (1 reusable core replaces 20 fiber cores).	Union City	Mini-grant contract	$5,000	WMA

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DATE: March 14, 2019

TO: Recycling Board

FROM: Wendy Sommer, Executive Director

REVIEWED BY: Farand Kan, Deputy County Counsel

SUBJECT: Request for Board Action:
Board Member John Moore's Representation of Antoinette Stein against the Waste Management Authority in *Boone et al. v. Alameda County Waste Management Authority,* California Court of Appeal, First Appellate District, Case No. A154804

SUMMARY

At the Recycling Board's meeting on March 14, 2019, staff will request that the Board discuss and take appropriate action regarding Board member John Moore's representation of Antoinette Stein in a case against the Alameda County Waste Management Authority (WMA), involving a Countywide Integrated Waste Management Plan (CoIWMP) amendment recommended by the Recycling Board and approved by WMA.

DISCUSSION

Role of the Recycling Board

The Countywide Element of the CoIWMP provides a blueprint for how the County, through the Alameda County Waste Management Authority, meets its waste management goals. It includes a list and description of local waste management facilities.

When a company applies for a CoIWMP amendment to include a new facility, the company/applicant is responsible for obtaining all local land use permits and ensuring that its project has received appropriate review under the California Environmental Quality Act (CEQA). WMA's role is to make a conformance finding and add the approved facility to the CoIWMP. WMA does not process CoIWMP amendments until and unless the lead agency has approved the project, completed the environmental review, provided notice to the public, and received and considered any public input.

The Recycling Board, serving as both the Local Task Force and as the Planning Committee of the Authority, considers CoIWMP amendments. In its advisory capacity, the Local Task force reviews the application and provides comments on the proposed CoIWMP amendment (which can include a comment recommending adoption). The Planning Committee receives the staff report and considers whether to recommend approval of the proposed CoIWMP amendment and conformance finding to the full WMA.

Timeline

February 9, 2017	The Recycling Board, as the Local Task Force and the Planning Committee of the WMA, considered a CoIWMP amendment for Waste Management's Organics Materials Recovery Facility (OMRF) at Davis St., San Leandro and recommended (7-2, and two recusals) that the WMA Board approve the CoIWMP amendment by ordinance and hold a public hearing. Mr. Moore actively participated in the meeting and voted against the recommendation.
February 22, 2017	The WMA Board held a public hearing and first reading of the subject project and related ordinance.
March 22, 2017	The WMA Board held another public hearing and second reading of the ordinance, adopting amendments to the CoIWMP and finding CoIWMP conformance for the Davis St. OMRF project.
April 28, 2017	A.R. Boone and Antoinette Stein (who was a Recycling Board member at the time) filed a lawsuit (petition for writ of mandate) in the Alameda County Superior Court challenging the WMA's adoption of the ordinance.
April 11, 2018	The court issued judgment denying Boone and Stein's petition for writ of mandate.
May 7, 2018	Stein filed a motion to vacate judgment and enter new judgment in petitioner's favor, or for a new trial.
June 11, 2018	The court denied Stein's motion to vacate and enter new judgment or order a new trial.
July, 2018	Boone filed an appeal on July 11 and Stein filed hers on July 30.
February 13, 2019	Board member John Moore notified the California Court of Appeal, First Appellate District, that he is representing Stein in the appellate case of *Boone et al. v. Alameda County Waste Management Authority.*

California Rules of Professional Conduct

Shute, Mihaly & Weinberger, the WMA's legal counsel, sent a letter dated February 22, 2019 addressed to Board member Moore with a cc. to all of the Recycling Board members (Attachment A), requesting Board member Moore to immediately withdraw from representing Ms. Stein in this case absent informed written consent from the Recycling Board.

The letter cited California Rules of Professional Conduct 1.11 and 1.7.

Rule 1.11 - *Special Conflicts of Interest for Former and Current Government Officials and Employees* (Rule Approved by the Supreme Court, Effective November 1, 2018) states that except as law may otherwise expressly permit, a lawyer currently serving as a public official or employee is subject to rule 1.7.

Rule 1.7 - *Conflict of Interest: Current Clients* (Rule Approved by the Supreme Court, Effective November 1, 2018) states that a lawyer shall not, without informed written consent from each client, represent a client if the representation is directly adverse to another client in the same or a separate matter.

Mr. Moore responded in a letter dated March 1 (Attachment B), explaining his difference of opinion, and suggested placing an item on the agenda in order to seek consent from the Recycling Board to continue representing Ms. Stein.

Conflict of Interest Recusals

The Alameda County Waste Reduction and Recycling Initiative Charter Amendment ("Measure D"), under Subsection 64.130.P.1 states:
"No Recycling Board member shall participate in any Recycling Board action or attempt to influence any decision or recommendation by any employee of or consultant to the Recycling Board which involves herself or himself, or which involves any entity with which the member is connected as a director, officer, elected official, consultant, or full-time or part-time employee, or in which the member has a direct personal financial interest within the meaning of California Government Code Section 87100, or any successor statute thereto."

The Political Reform Act Basic Rule and Guide to Conflict of Interest Regulations, 2 CCR § 18700 states:
"A public official at any level of state or local government has a prohibited conflict of interest and may not make, participate in making, or in any way use or attempt to use his or her official position to influence a governmental decision when he or she knows or has reason to know he or she has a disqualifying financial interest. A public official has a disqualifying financial interest if the decision will have a reasonably foreseeable material financial effect, distinguishable from the effect on the public generally, directly on the official, or his or her immediate family, or on any financial interest described . . . herein."

The Political Reform Act Disqualification Requirements, 2 CCR § 18707 requires the disqualified member to recuse himself or herself and leave the room. An exception (§ 18707(a)(3)(C)) allows for the recused member to speak as a member of the public regarding an applicable personal interest.

The Recycling Board Rules of Procedure Section 4-14 (Voting Ineligibility) requires:
"Any Recycling Board member attending a Recycling Board meeting and ineligible to vote on any matter under consideration by the Recycling Board at that meeting shall briefly describe the reason for being ineligible and then shall leave the Recycling Board table before the matter is considered and refrain from participation in any action concerning the matter. If the member is ineligible due to a conflict of interest under the Political Reform Act, the member's disclosure shall include the information required by that Act and the member shall leave the room and not be counted towards a quorum."

Based on the above, Board members John Moore and Tianna Nourot (who works for Waste Management, Inc.) will be requested to recuse themselves from this item and leave the room/table.

RECOMMENDATION

Staff recommends that the Board discuss this issue and make a decision on whether to provide consent or request withdrawal of Board member Moore regarding his representation of Ms. Stein in *Boone et al. v. Alameda County Waste Management Authority*.

Attachment A: Letter dated February 22, 2019 from Shute, Mihaly & Weinberger
Attachment B: Letter dated March 1, 2018 (2019) from John Douglas Moore

ATTACHMENT A

SHUTE, MIHALY
& WEINBERGER LLP

396 HAYES STREET, SAN FRANCISCO, CA 94102
T: (415) 552-7272 F: (415) 552-5816
www.smwlaw.com

TAMARA S. GALANTER
Attorney
Galanter@smwlaw.com

February 22, 2019

<u>Via E-Mail and U.S. Mail</u>

John Douglas Moore
1999 Harrison Street, 18th Floor
Oakland, CA 94612
E-Mail: jmoore@recyclelaw.com

Re: Notification of Conflict and Request for Withdrawal – *Boone et al. v. Alameda County Waste Management Authority*, Case No. A154804

Dear Mr. Moore,

You recently filed an appearance on behalf of appellant Antoinette Stein in *Boone et al. v. Alameda County Waste Management Authority*, Appellate Case No. A154804. In that case, Ms. Stein challenges the Alameda County Waste Management Authority's decision to amend its Countywide Integrated Management Plan to include a new recycling and organics processing facility in San Leandro (the "Project"). As you know, the Authority approved the Project at the recommendation of the Alameda County Source Reduction and Recycling Board ("Recycling Board"). The Recycling Board, on which you sit as a voting board member, is a subsidiary body of the Authority (see Alameda County Charter section 64.130(C)), and the Authority and the Recycling Board share interests in this litigation.

Under California Rule of Professional Conduct 1.11, your duties to the Recycling Board (and the Authority), which support the Project, directly conflict with your duties to Ms. Stein, who seeks to overturn the Project. Because the Recycling Board has not consented to your representation of Ms. Stein in Appellate Case No. A154804, you must withdraw from the litigation.

Rule 1.11, adopted in November 2018, governs the conduct of attorneys who also hold official positions in public agencies. In particular, Rule 1.11(d) states that attorneys, in their capacity as public officials, are "subject to rule[] 1.7," which governs conflicts of interests among clients. Under Rule 1.7, an attorney cannot represent two entities or individuals with directly conflicting interests without first obtaining informed written consent from the affected entities or individuals. Even after an attorney relinquishes public office, Rule 1.11 continues to require the attorney to obtain informed written consent from the public agency before representing a private client "in connection with a matter in which the lawyer participated personally and substantially as a public official or employee." Rule 1.11(a)(2).

There is no question that the Recycling Board's interest in Appellate Case No. A154804 directly conflicts with Ms. Stein's interest. Not only does the Recycling Board, as a subsidiary to the Authority, generally share the Authority's interests, but the Board has expressly acted in favor of the Project that Ms. Stein challenges. On February 9, 2017, the Recycling Board, siting as the Local Task Force under Public Resources Code section 40950 and Alameda County Charter section 64.130(B), considered the Project and recommended that the Authority approve the Project. You were present during this meeting and fully participated in the Recycling Board's deliberations.

Your obligations as an attorney serving as a public official on the Recycling Board directly conflict with your representation of Ms. Stein in the above-reference litigation. I therefore request that you immediately withdraw from this litigation and, absent informed written consent from the Recycling Board and Ms. Stein, refrain from providing any legal advice to Ms. Stein regarding the case. I further request that, to the extent that you possess confidential information regarding the Recycling Board or the Authority, that you continue to keep that information confidential and refrain from sharing it with Ms. Stein or anyone else.

Very truly yours,

SHUTE, MIHALY & WEINBERGER LLP

Tamara S. Galanter

Cc (email only): Recycling Board Members
Arthur Boone
Antoinette Stein
Farand Kan
Andee Leisy
Wendy Sommer

LAW OFFICE OF JOHN DOUGLAS MOORE

CERTIFIED SPECIALIST: CIVIL TRIAL LAW BY NATIONAL BOARD OF TRIAL ADVOCACY

1999 HARRISON ST., 18TH FLOOR
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TELEPHONE: (510) 893-6300
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E-MAIL: jmoore@recyclelaw.com

March 1, 2018

Tamara S. Galanter, Esq.
Shute, Mihaly, and Weinberger
396 Hayes St.
San Francisco, CA 94112

Re: Boone v. ACWMA

Dear Ms. Galanter:

This letter responds to yours of February 22 regarding RPC 1.7 and 1.11. We have a difference in perception, a difference of opinion about what Dr. Stein is challenging, and a difference of opinion about the application of the rules of professional conduct that you cite.

I read these rules prior to taking on the representation of Dr. Stein. Here is how I look at it, and I solicit your comments:

Dr. Stein has not challenged the "Project" as you say. Dr. Stein's appeal solely relates to whether the WMA complied with CEQA, a public reporting statute. I hope we can agree that legislative policy implemented by CEQA is that public disclosure of potential environmental impacts of a project is important. WMAC's attorney told Judge McLaren that the outcome of Dr. Stein's case will not stop the project

Dr. Stein has not taken a position "adverse" to the ACRB. Her brief does not put the ACRB in a negative light by editorializing what staff did and said. The brief describes Stopwaste as "world class" among government agencies dedicated to resource recovery. The brief does not reference my own relationship with the ACRB or argue that my view should get added weight because of that relationship. Dr. Stein does not seek any relief against the

ACRB. I don't think it is obvious, as you seem to think, that there is any adversity involved in my representation of Dr. Stein.

While Section 64.130 of Measure D mentions that the ARCB is a "subsidiary" body, nowhere does Measure D say exactly what that means or delegate any responsibility from the County or WMA to the ACRB. ACRB and WMA are described as "separate" in the County Integrated Waste Management Plan. ACRB does not have power to make CEQA determinations under state law. The ACRB website describes its function as being "...responsible for programs that promote source reduction, recycling, recycled product procurement, market development, and grants to non-profit waste reduction enterprises."

Newly adopted RPC 1.11 states that a lawyer shall not represent a client where the "lawyer participated personally and substantially as a public official or employee."

The primary purposes of adding RPC 1.11 were to conform to the ABA model rules and to provide additional protection of confidential information. I do not possess any confidential information of the ACRB or WMA. I have never participated in a closed session of the ACRB. I have never provided legal services to either the ACRB or WMA.

According to comment 3 to RPC 1.11 the term "substantial" means "that the lawyer's involvement be of significance to the matter." I do not see that this applies to me under the circumstances. As you say, the ACRB did not "approve" the project but rather "recommended" approval to the WMA on a vote with two noes and 2 recusals. I thought at the time, and have had this view confirmed since by review of the administrative record, that the ACRB was misled about what it was being asked to approve. My part in the process was not "substantial", which seems to be a factual question not a legal one.

Having said all this, if Ms. Sommer and you wish to agendize an item at the next ACRB meeting where I can seek consent of the Board to continue to represent Ms. Stein and moot any issue about RPC 1.11, I will make my case to them.

Dr. Stein had her opening brief due February 28, a deadline that the Court had said it would not extend, and I had no ethical choice but to file it on her behalf.

Please clarify your position about how you think I substantially participated in the decision of a legislative body on which I do not serve, to make a CEQA determination based upon misleading and incomplete information. There are First Amendment and SLAPP issues to consider also.

Very truly yours,

John Douglas Moore

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DATE:	March 14, 2019
TO:	Planning Committee/Recycling Board
FROM:	Pat Cabrera, Administrative Services Director
BY:	Jennifer Luong, Financial Services Manager
SUBJECT:	Fiscal Year 2017-18 Audit Report

SUMMARY

California state law requires that the Agency issue a complete set of financial statements annually and that an independent firm of certified public accountants audit the financial reports. The Agency's fiscal year (FY) closed on June 30, 2018, at which time Agency staff prepared the financials in conformity with generally accepted accounting principles (GAAP). The firm of Badawi and Associates audited the reports. At the March 14, 2019 Planning Committee/Recycling Board meeting, staff will present the audit report for review and acceptance.

DISCUSSION

The auditor's responsibility is to express opinions on the financial statements. We are pleased the Agency received an unmodified (clean) audit opinion for FY 2017-18 from the external auditors. In addition, there were no internal control weaknesses noted.

The Annual audit report for the fiscal year ending June 30, 2018 is attached. The Management's Discussion and Analysis (MD&A) section of the report (pages 4-6) provides an overview of the Agency's financial activities for the year. The report includes a total Agency (WMA, Recycling Board and Energy Council) Statement of Net Position (page 8- 9); total Statement of Revenues, Expenses and Changes in Net Position (page 10); and total Statement of Cash Flows (page 11). On pages 42-47, the report shows the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position by Board and by fund. The two Boards and the Energy Council are distinct legal entities (but function as one Agency); therefore, these statements are of particular importance as they separately outline their respective financial activity for the year.

Revenue and Expenses

The audit report shows total revenues of $34.0 million. This is a 13% increase in revenues compared to the FY 17-18 budget. The increase is due primarily to higher disposal tonnages partially offset by the timing of grant funding on the multi-year BAYREN project. Total expenses were $29.0 million, a 6% reduction compared to budgeted expenses. The decrease is primarily due to lower costs than budgeted for the Household Hazardous Waste Program.

Net Position

Total net position is $53.5 million (Authority's portion $39.0 million or 73.5%; Recycling Board's $11.1 million or 20.9% and Energy Council $154,000 or 0.2%). The total net position is comprised of $14.1 million for the net investment in capital assets (land, buildings, furnishings and equipment), $7.2 million is reserved and designated for specific purposes by the Board, $13.2 million for the Household Hazardous Waste Fund while the remaining $13.9 million may be used to meet the Agency's ongoing obligations, including outstanding contracts. The Agency's overall net position increased by approximately $3.3 million or 6.9% compared to FY 2016-17.

RECOMMENDATION

That the Recycling Board accept and file the FY 2017-18 audit report

Attachment: Audit Report for the Year ended June 30, 2018 and 2017.

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council

Oakland, California

Annual Audit Report and Financial Statements

For the year ended June 30, 2018 and 2017

BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council
Basic Financial Statements
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For the years ended June 30, 2018 and 2017

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ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY

Board of Directors

June 2018

Michael Hannon, City of Newark, President
Dave Sadoff, Castro Valley Sanitary District, First Vice President
Tim Rood, City of Piedmont, Second Vice President
Dianne Martinez, City of Emeryville
Jim Oddie, City of Alameda
Deborah Cox, City of San Leandro
Keith Carson, County of Alameda
Peter Maass, City of Albany

Kriss Worthington, City of Berkeley
Melissa Hernandez, City of Dublin
Vinnie Bacon, City of Fremont
Sara Lamnin, City of Hayward
Bob Carling, City of Livermore
Dan Kalb, City of Oakland
Shelia Young, Oro Loma Sanitary District
Jerry Pentin, City of Pleasanton
Lorrin Ellis, City of Union City

ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD

Board of Directors

June 2018

Jim Oddie, City of Alameda, President
Sarah Vared, 1st Vice President
Peter Maass, City of Albany, 2nd Vice President
Jillian Buckholz, Recycling Programs
Bernie Camara, Recycling Materials Processing Industry

Sara Lamnin, City of Hayward
Dianne Martinez, City of Emeryville
John Moore, Environmental Organization
Tim Rood, City of Piedmont
Toni Stein, Environmental Educator
Vacant, Solid Waste Industry Representative

ENERGY COUNCIL

Board of Directors

June 2018

Dianne Martinez, City of Emeryville, President
Jim Oddie, City of Alameda, First Vice President
Deborah Cox, City of San Leandro, Second Vice President
Michael Hannon, City of Newark
Tim Rood, City of Piedmont
Keith Carson, County of Alameda
Peter Maass, City of Albany

Kriss Worthington, City of Berkeley
Melissa Hernandez, City of Dublin
Vinnie Bacon, City of Fremont
Sara Lamnin, City of Hayward
Bob Carling, City of Livermore
Dan Kalb, City of Oakland
Jerry Pentin, City of Pleasanton
Lorrin Ellis, City of Union City

BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Alameda County Waste Management Authority
Alameda County Source Reduction and Recycing Board
and Energy Council
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Alameda County Waste Management Authority, Alameda County Source Reduction and Recycing Board and Energy Council (Agency) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Address: 180 Grand Avenue, Suite 1500 Oakland, CA 94612 • Phone: 510.768.8251 • Fax: 510.768.8249

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, defined benefit pension plan information, and OPEB plan information on pages 5 to 7 and pages 37 to 40 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The list of Board of Directors and the Supplementary Schedules for Waste Management, Recycling Board and Energy Council are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

To the Board of Directors
of Alameda County Waste Management Authority
Alameda County Source Reduction and Recycing Board
and Energy Council
Oakland, California
Page Three

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

Prior Period Financial Statements

The basic financial statements of the Agency as of June 30, 2017, were audited by other auditors whose report dated January 26, 2018, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required retrospective application and a restatement of the previously reported net position as of July 1, 2016. In addition, the Net OPEB Asset is reported in the Statement of Net Position in the amount of $515,799 as of the measurement date. The Agency retained a qualified actuary to determine the Total OPEB Liability as of the measurement date as required by GASB Statement No. 75. The Total OPEB Liability is calculated by the actuary using estimates and actuarial techniques under actuarial standards of practice in the actuarial valuation as of June 30, 2017. The actuary applied Section 3.7.7(c)4 of Actuarial Standard of Practive No. 6, as revised, and determined age-adjusted rates are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefit payments. Our opinion is not modified with respect to this matter.

Badawi & Associates

Badawi & Associates
Certified Public Accountants
Oakland, California
March 4, 2019

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This section presents management's analysis of the Alameda County Waste Management Authority's , the Alameda County Source Reduction and Recycling Board's and the Energy Council's (herein referred to as the Agency) financial condition and activities as of and for the year ended June 30, 2018. Management's Discussion and Analysis (MD&A) provides an overview of the Agency which is commonly known and identified as "StopWaste". To obtain a complete understanding of the Agency's financial condition, this document should be read in conjunction with the financial statements and the accompanying notes to those financial statements.

ORGANIZATION AND BUSINESS

The Agency operating as StopWaste, is comprised of three separate legal entities: The Alameda County Waste Management Authority, the Alameda County Source Reduction and Recycling Board, and the Energy Council. StopWaste helps local governments, businesses, schools and residents with projects and initiatives that increase recycling and reduce waste; develop and expand markets for recycled materials, provide technical and implementation assistance to increase recycling; motivate people to make recycling and waste reduction part of their everyday routines, increase energy efficiency and increase community resilience to climate change.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Agency operates as an Enterprise Fund and presents its financial statements using the full accrual basis of accounting. Revenues are recorded when earned and expenses recorded at the time liabilities are incurred, regardless of when cash is received or paid.

The Agency's financial reports include three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows.

The Statement of Net Position includes information about the Agency's assets, liabilities, deferred outflows and inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position present the results of the Agency's operations over the course of the fiscal year and information as to how the net position changed during the year. All of the fiscal year's revenues and expenses are accounted for in this statement.

The Statement of Cash Flows provides information about the Agency's cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. The statement shows what the sources and uses of cash were and what the change in the cash balance was during the fiscal year.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic Financial Statements can be found on pages 13-34 of this report.

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council
Table 1 - Statement of Net Position

June 30, 2018

As of June 30,	2018	2017	Change ($)	Change (%)	2016	Change ($)	Change (%)
Assets							
Cash and Cash Equivalents	$ 40,896,276	$ 41,777,518	$ (881,242)	-2.1%	$ 38,287,604	$ 3,489,914	9.1%
Other Current Assets	4,084,728	4,478,451	(393,723)	-8.8%	7,308,213	(2,829,762)	-38.7%
Capital Assets	14,105,354	14,240,814	(135,460)	-1.0%	14,304,952	(64,138)	-0.4%
Net OPEB Asset	515,799	364,797	151,002	41.4%	2,216,943	(1,852,146)	100.0%
Loans Receivable, non-current	70,347	112,865	(42,518)	-37.7%	369,754	(256,889)	-69.5%
Total Assets	59,672,504	60,974,445	(1,301,941)	-2.1%	62,487,466	(1,513,021)	-2.4%
Deferred Pension Outflows	6,882,232	2,618,901	4,263,331	162.8%	2,128,589	490,312	23.0%
Liabilities							
Current Liabilities	6,015,940	7,322,992	(1,307,052)	-17.8%	8,924,297	(1,601,305)	-17.9%
Net Pension Liability	6,256,106	5,260,783	995,323	18.9%	4,631,507	629,276	13.6%
Accrued Vacation, non-current	23,724	69,942	(46,218)	-66.1%	269,343	(199,401)	-74.0%
Net OPEB Liability	-	-	-	0.0%	-	-	-100.0%
Total Liabilities	12,295,770	12,653,717	(357,947)	-2.8%	13,825,147	(1,171,430)	-8.5%
Deferred Pension Inflows	662,466	722,285	(59,819)	-8.3%	654,281	68,004	10.4%
Deferred OPEB Inflows	74,281	-	74,281	100.0%	-	-	0.0%
Total Deferred Items	736,747	722,285	14,462	2.0%	654,281	68,004	10.4%
Unavailable							
Investment in Capital Assets	14,105,354	14,240,814	(135,460)	-1.0%	14,304,952	(64,138)	-0.4%
Unavailable	4,747,391	518,871	4,228,520	814.9%	546,981	(28,110)	-5.1%
Reserves	7,205,696	11,418,045	(4,212,349)	-36.9%	12,865,780	(1,447,735)	-11.3%
Encumbrances	2,184,936	3,218,700	(1,033,765)	-32.1%	3,900,956	(682,255)	0.0%
Total Unavailable	**28,243,377**	**29,396,430**	**(1,153,054)**	**-3.9%**	**31,618,669**	**(2,222,238)**	**-7.0%**
Unrestricted							
Net Position Available Fund Balance (Core)	11,695,343	10,552,823	1,142,520	10.8%	7,601,355	2,951,468	38.8%
Net Position Available Fund Balance (HHW)	13,244,189	10,292,306	2,951,883	28.7%	7,535,438	2,756,867	36.6%
Net position Available Fund Balance Other	339,310	(24,214)	363,525	-1501.3%	1,128,956	(1,153,170)	-102.1%
Total Unrestricted	**25,278,842**	**20,820,914**	**4,457,928**	**21.4%**	**16,265,749**	**4,555,165**	**28.0%**
Total Net Position	**$ 53,522,219**	**$ 50,217,344**	**$ 3,304,874**	**6.6%**	**$ 47,884,418**	**$ 2,332,927**	**4.9%**

Cash and Cash Equivalents decreased $0.9 million (-2.1%) in 2018 from 2017, this was primarily due to a $4.1 million contribution to CalPERS in April 2018 to reduce the Authority's Unfunded Pension Liability largely offset by the increased cash balance in the Household Hazardous Waste Fund. Current assets decreased $0.4 million (-8.8%) reflecting the grant activity performed on water conservation measures with Bay Area Water Agencies and the Agency as the administrative lead. At June 30, 2018, there is one outstanding loan in the Revolving Loan Fund.

Current liabilities decreased $1.4 million (-17.8%) in 2018 from 2017, this was primarily attributed to the reduction on amounts due to Bay Area Water Agencies for pass through grant expenditures related to water conservation measures performed during the year funded by the State of California.

Deferred Pension Outflows, Net Pension Liability and Deferred Pension Inflows reflect the Agency's proportionate share of CalPERS' Miscellaneous Risk Pool Pension Liabilities and Assets as of the annual measurement date. These amounts are impacted largely by Investment performance, actuarial assumptions and gains or losses.

Cash and Cash Equivalents increased $3.5 million (9.1%) in 2017 from 2016, this was primarily due to the increased cash balance in the Household Hazardous Waste Fund and increases in the Discretionary, Grants to Non-Profits and Source Reduction Fund Balances due to increased disposal tons. Other current assets decreased $2.9 million (-38.7%) reflecting the grant activity performed on water conservation measures with Bay Area Water Agencies and the Agency as the administrative lead. Net OPEB asset of $0.4 million was generated from the current year contributions. Loans receivable decreased $0.3 million (-69.5%) largely as a result of repayment activity. At June 30, 2017, there is one outstanding loan in the Revolving Loan Fund.

Current liabilities decreased $1.7 million (-17.9%) in 2017 from 2016, this was primarily attributed to the reduction on amounts due to Bay Area Water Agencies for pass through grant expenditures related to water conservation measures performed during the year funded by the State of California.

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council
Table 2 - Statement of Revenues, Expenses and Changes in Net Position
June 30, 2018

Period Ended June 30	2018	2017	Change ($)	Change (%)	2016	Change ($)	Change (%)
Operating Revenues							
In County Facility Fees	$ 5,416,761	$ 5,056,006	$ 360,757	7.1%	$ 4,370,235	$ 685,770	15.7%
Measure D Municipality Allocation	5,164,136	4,793,312	370,824	7.7%	4,142,273	651,039	15.7%
Other Tonnage Fees	5,164,136	4,793,311	370,824	7.7%	4,142,273	651,040	15.7%
San Francisco Mitigation Fees	-	-	-	0.0%	1,338,995	(1,338,995)	-100.0%
Other Counties Mitigation Fees	564,434	382,842	181,592	47.4%	302,498	80,344	26.6%
Out of County Facility Fees	378,598	476,915	(98,317)	-20.6%	204,522	272,393	133.2%
Benchmark Fees	5,506	927,963	(922,457)	-99.4%	940,163	(12,201)	-1.3%
Household Hazardous Waste Fees and Grants	7,678,014	7,716,614	(38,601)	-0.5%	7,785,913	(69,298)	-0.9%
Other Fees and Revenue	715,113	632,697	82,416	13.0%	687,901	(55,204)	-8.0%
	25,086,699	24,779,660	307,037	1.2%	23,914,772	864,888	3.6%
Non-operating Revenues							
Energy Council	7,592,965	6,653,388	939,577	14.1%	9,196,513	(2,543,125)	-27.7%
Externally Funded	1,191,923	4,253,164	(3,061,240)	-72.0%	320,098	3,933,066	1228.7%
Interest Income	443,430	264,958	178,471	67.4%	189,177	75,780	40.1%
	9,228,318	11,171,510	(1,943,192)	-17.4%	9,705,788	1,465,721	15.1%
Total Revenues	34,315,017	35,951,171	(1,636,155)	-4.6%	33,620,560	2,330,609	6.9%
Operating Expenses							
Salaries and Benefits	7,707,059	7,081,369	625,691	8.8%	6,232,177	849,191	13.6%
Program Expenses	22,945,914	26,172,889	(3,226,975)	-12.3%	23,596,811	2,576,078	10.9%
Legal and Accounting	151,697	148,330	3,366	2.3%	247,917	(99,587)	-40.2%
Board Expenses	51,450	53,850	(2,400)	-4.5%	51,735	2,115	4.1%
Depreciation Expense	154,022	161,806	(7,784)	-4.8%	159,002	2,804	1.8%
Total Expenses	31,010,141	33,618,244	(2,608,101)	-7.8%	30,287,643	3,330,601	11.0%
Change in Net Position	3,304,875	2,332,927	971,948	41.7%	3,332,917	(999,990)	-30.0%
Net Position - Beginning, as reported	50,217,344	47,884,418	2,332,927	4.9%	46,803,710	1,080,708	2.3%
Prior Period Adjustment - GASB 75 OPEB	-	-	-	0.0%	(2,252,209)	2,252,209	-100.0%
Net Position - Beginning, as adjusted	50,217,344	47,884,418	2,332,927	4.9%	44,551,501	2,332,927	5.2%
Net Position - Ending	53,522,219	50,217,344	3,304,875	6.6%	47,884,418	2,332,927	4.9%

Total revenues decreased $1.6 million (-4.5%) in 2018 from 2017, this was primarily due to a decrease in an Externally funded project of $2.9 million from a multiyear grant for water conservation measures with Bay Area Water Agencies and the Authority as the administrative lead which was wrapping up in the current year. Benchmark fees were eliminated in 2017. In County Landfill Fees increased $.4 million due to approximately 83,200 more tons for reporting Facilities received in 2018. Fees for disposed materials imported from other counties increased due to 23,400 more tons received in 2018; primarily at the Altamont Landfill. Out of County Facility Fees for tonnages taken out of the County of Alameda decreased $0.01 million as 2017 included two substantial settlements with facilities and haulers which self-report and remit to the Authority. Energy Council's revenues increased $1.0 million representing a higher number of projects. Interest income increased $0.2 million in 2018 from 2017 due to higher market interest rates earned on short-term investments.

Total expenses decreased $2.6 million (-7.8%) in 2018 from 2017, this was primarily due to reduction of $2.15 million of pass through grant expenditures to Bay Area Water Agencies for water conservation measures funded by the State of California. Salaries and benefits increased due primarily to additional grant funded positions, conversion of a consultant position to a regular employee and vacation payouts to employees who retired during the fiscal year.

Total revenues increased $2.3 million (6.9%) in 2017 from 2016, this was primarily due to a increase of approximately 158,200 tons for reporting Facilities. Out of County Facility Fees increased for tonnages taken out of the County of Alameda during calendar 2015 that were settled in fiscal year 2017 as well as higher tonnages from facilities and haulers which self-report and remit to the Authority. There were no San Francisco Mitigation fees after fiscal 2017, as in January 2016 the contractual limitation was reached in the Waste Disposal Agreement between Recology San Francisco (f/k/a Sanitary Fill Company) and Waste Management's Altamont Landfill. Based on an RFP process, the Hay Road Landfill in Solano County was the successful proposer to accept future MSW from San Francisco. Externally funded projects increased $4.2 million from a multiyear round of funding for water conservation measures with Bay Area Water Agencies and the Agency as the administrative lead. Energy Council's revenues decreased $2.5 million representing a normalized annual funding level of approximately $7.0 million.

Total expenses increased $3.3 million (11.0%) in 2017 from 2016, this was primarily due to $3.9 million of pass through grant expenditures to Bay Area Water Agencies for water conservation measures funded by the State of California. This increase was partially offset by lower grants and professional services incurred by the Energy Council program reflecting the current funding level. Salaries and benefits increased primarily due to vacancies in the previous year that were filled in FY 16/17 and a change in how the Agency pays retiree benefits. Note: the prior sentence was revised from the prior year audit to reflect more accurate information.

Request for information

The Agency's financial statements are designed to provide a general overview of its finances and to show accountability of the resources it receives and expends. If you have questions about this report, or need additional information, contact the Administrative Services Director or Financial Services Manager at the StopWaste office, located at 1537 Webster Street, Oakland CA 94612.

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Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council

Statement of Net Position

June 30, 2018 and 2017

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	$ 40,896,276	$ 41,777,518
Receivables:		
Accounts receivable	2,414,327	2,696,088
Interest receivable	125,005	82,592
Grants receivable	1,498,185	1,639,733
Prepaid expenses	4,641	18,826
Loans receivable (Note 3)	42,570	41,212
Total current assets	44,981,004	46,255,969
Noncurrent assets:		
Capital Assets - net of accumulated depreciation (Note 4)	14,105,354	14,240,814
Loans receivable (Note 3)	70,347	112,865
Net OPEB asset (Note 8)	515,799	364,797
Total noncurrent assets	14,691,500	14,718,476
Total assets	59,672,504	60,974,445
DEFERRED OUTFLOWS OF RESOURCES		
Related to pension (Note 7)	6,882,232	2,618,901
Total deferred outflows of resources	6,882,232	2,618,901
LIABILITIES		
Current liabilities:		
Accounts payable	$ 3,318,288	$ 5,173,762
Accrued expenses	317,309	319,385
Accrued vacation (Note 6)	297,341	276,559
Due to other govermental agencies (Note 5)	1,857,275	1,262,974
Unearned revenue	225,727	290,312
Total current liabilities	6,015,940	7,322,992
Noncurrent Liabilities:		
Net pension liability (Note 7)	6,256,106	5,260,783
Accrued vacation (Note 6)	23,724	69,942
Total noncurrent liabilities	6,279,830	5,330,725
Total liabilities	12,295,770	12,653,717
DEFERRED INFLOWS OF RESOURCES		
Related to OPEB (Note 8)	74,281	-
Related to Pension (Note 7)	662,466	722,285
Total deferred inflows of resources	736,747	722,285
NET POSITION		
Net investment in capital assets	14,105,354	14,240,814
Unrestricted	39,416,865	35,976,530
Total net position	$ 53,522,219	$ 50,217,344

See accompanying notes to financial statements

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Disposal and waste import mitigation fees	$ 16,688,066	$ 15,543,134
Household hazardous waste fees	7,678,014	7,496,640
Benchmark fees	5,506	927,963
Other	715,113	886,743
Total operating revenues	25,086,699	24,854,480
OPERATING EXPENSES		
Salaries and benefits	7,707,059	7,081,369
Program expenses	22,945,914	26,172,889
Legal and accounting	151,697	148,330
Board expenses	51,450	53,850
Depreciation (Note 4)	154,022	161,806
Total operating expenses	31,010,142	33,618,244
Operating income (loss)	(5,923,443)	(8,763,764)
NONOPERATING REVENUES (EXPENSES)		
Grants	8,784,888	10,781,732
Interest income	443,430	264,958
Other income	-	50,000
Total nonoperating revenues (expenses), net	9,228,318	11,096,690
CHANGES IN NET POSITION	3,304,875	2,332,926
NET POSITION:		
Beginning of year	50,217,344	47,884,418
End of year	$ 53,522,219	$ 50,217,344

See accompanying notes to financial statements

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council

Statements of Cash Flows

For the Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	$ 25,345,035	$ 24,819,447
Cash payments to suppliers	(24,192,902)	(28,646,338)
Cash payments to eployees for wages and benefits	(11,342,266)	(6,860,357)
Net cash provided (used) by operating activities	(10,190,133)	(10,687,248)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grants	8,926,437	14,023,023
Net cash provided by noncapital financing activities	8,926,437	14,023,023
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(18,563)	(97,668)
Net cash provided (used) by capital and related financing activities	(18,563)	(97,668)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	401,017	251,807
Net cash provided by investing activities	401,017	251,807
Net change in cash and cash equivalents	(881,242)	3,489,914
CASH AND CASH EQUIVALENTS:		
Beginning of year	41,777,518	38,287,604
End of year	$ 40,896,276	$ 41,777,518
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ (5,923,443)	$ (8,763,764)
Adjustments to reconcile operating income (loss) to net cash provided by Operating activities:		
Depreciation	154,022	161,806
(Increase) decrease in assets :		
Accounts receivable	281,761	(444,225)
Loans receivable	41,160	428,018
Prepaid expenses	14,185	(18,826)
OPEB asset	(151,002)	(400,063)
Increase (decrease) in liabilities:		
Accounts payable	(1,855,474)	(2,327,584)
Accrued expenses	(2,076)	29,764
Amount due to other governments	594,301	216,286
Unearned revenue	(64,585)	210,328
Accrued vacation	(25,436)	14,044
Net pension liabilities, deferred inflows and deferred outflows	(3,253,546)	206,968
Net cash provided by operating activities	(10,190,133)	(10,687,248)

See accompanying notes to financial statements

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council are three separate legal entities:

The Alameda County Waste Management Authority (Agency) is a public agency formed in 1976 by a Joint Exercise of Powers Agreement among the County of Alameda, each of the fourteen cities within the county, and two sanitary Districts that provide refuse and recycling collection services. The Agency has a seventeen-member board composed of elected officials appointed by each member agency.

The Agency is responsible for preparation of the Alameda County Integrated Waste Management Plan and Alameda County Hazardous Waste Management Plan. It manages a long-range program for development of solid waste facilities and offers a wide variety of other programs in the areas of source reduction and recycling, market development, technical assistance and public education. Funding is provided by per ton disposal and waste import mitigation fees.

The Alameda County Source Reduction and Recycling Board (Recycling Board) was created in 1990 by the voters of Alameda County through a ballot initiative, "Measure D". The eleven member board includes six citizen experts appointed by the Alameda County Board of Supervisors and five elected officials from the Alameda County Waste Management Authority.

The Recycling Board is responsible for programs that promote source reduction, residential and commercial recycling, recycled product procurement and market development. Program funding is provided from a per ton disposal surcharge at the Altamont and Vasco Road landfills.

The Energy Council was formed in Spring 2013 as a Joint Powers Agency to seek funding on behalf of its member agencies to develop and implement programs and policies that reduce energy demand, increase energy efficiency, advance the use of clean, efficient and renewable resources, and help create climate resilient communities. The Energy Council will assist its members in strengthening staff capacity, providing technical expertise, and securing funds to implement local sustainable energy strategies. To date, fifteen members serve on the Board. Funding for projects comes from external sources, mainly grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

The Agency's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

The Agency accounts for its activities as a proprietary fund. The financial statements are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method all assets, deferred outflows and inflows of resources, and liabilities associated with operations are included on the balance sheet, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. The accounting for fiduciary funds is much like that used for proprietary funds.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues include revenues generated from the primary operations of the fund; operating expenses include all expenses essential to the primary operations of the fund. Nonoperating revenue and expenses include revenue and expenses not associated with the Agency's normal business of waste management. Non-operating revenues and expenses include interest income and expense, gain and loss on disposition of property and equipment, grants, and other peripheral activities. Although capital contributions, as well as special and extraordinary items when there are any, are shown separately, technically they are subcategories of non-operating revenues and expenses.

C. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability. Generally, earned vacation may be accumulated up to a maximum of 400 hours by all personnel. Agency employees do not receive compensation for accumulated sick leave unless they retire, in which case they have the option of cashing out half of their sick leave or converting sick leave to service credit. To date all but one eligible employees have chosen the latter option. Accordingly, no sick leave has been accrued.

D. Cash, Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments purchased with an original maturity to three months or less to be cash equivalents, including the Agency investment in the State of California Local Agency Investment Fund (LAIF) and the Alameda County investment pool.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

F. Net Position

In the statements of net position, net position are classified in the following categories:

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

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position."

G. Use of Estimates

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position has been determined on the same basis as it is reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

J. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2018 to June 30, 2018

K. New Pronouncements

In 2018, the Agency adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* – The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement did not apply to the Agency for the current fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. New Pronouncements, Continued

- GASB Statement No. 85, *Omnibus 2017* – The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). There was no effect on net position as a result of implementation of this statement.

- GASB Statement No. 86, *Certain Debt Extinguishment Issues* – The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement did not apply to the Agency for the current fiscal year.

2. CASH AND INVESTMENTS

The Agency maintains cash and investments as summarized below:

	2018	2017
Cash on hand and in banks	$ 219,995	$ 716,594
Investment Pool	40,676,281	41,060,924
Total	$ 40,896,276	$ 41,777,518

A. Deposits

The carrying amount of the Agency's deposits as of June 30, 2018 and 2017 was $219,995 and $716,594 respectively. The bank balance of deposits as of June 30, 2018 and 2017 was $997,529 and $1,188,411, of which $250,000 was covered by federal depository insurance. The difference between the carrying amount and the bank balance is primarily due to checks outstanding at June 30, 2018 and 2017. The Agency has waived the collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The remaining was collateralized with securities held by the pledging financial institutions in the Agency's name.

2. CASH AND INVESTMENTS, CONTINUED

B. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a depositor will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a depositor will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governments units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

C. Investment

The Agency pools its cash and investments for investment purposes. Certain cash and investments are segregated for specific purposes.

Under the provisions of the Agency's investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
Alameda County Investment Pool	N/A	N/A	No limit
Local Agency Investment Fund (LAIF)	N/A	N/A	No limit

Investments are stated at fair value. Included in investment income (loss) on the accompanying statement of activities and changes in net position is the net change in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments.

Measurement of the fair value of investments is based upon quoted market prices, if available. The estimated fair value of investments that have no quoted market price is determined based on equivalent yields for such securities or on securities of comparable maturity, quality, and type as obtained from market makers.

2. CASH AND INVESTMENTS, Continued

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity as of June 30, 2018 and 2017:

	Remaining Maturity (in Months) at June 30, 2018		Remaining Maturity (in Months) at June 30, 2017	
Investment Type	Fair Value	12 Months Or Less	Fair Value	12 Months Or Less
Local Agency Investment Fund(LAIF)	$ 5,501,933	$ 5,501,933	$ -	$ -
Alameda County Investment Pool	35,174,348	35,174,348	41,060,924	41,060,924
Total	$ 40,676,281	$ 40,676,281	$ 41,060,924	$ 41,060,924

E. Credit Risk

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. It is measured by the assignment of a rating by a nationally recognized credit rating organization. The State and County investment pools are not rated.

F. Concentration of Credit Risk

The California Government Code limits the amount the Agency may invest in any one issuer, with the exception of U.S. Treasury obligations, U.S. Agency securities and LAIF. The Agency has no investments in any one issuer (other than external investment pools) that represent 5% or more of total Agency' investments.

G. Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2018 and 2017, there were no investments that were subject to fair value valuation.

3. LOANS RECEIVABLE

The Agency has loaned funds to businesses in order to improve their recycling and waste management programs. The Revolving Loan Fund was designed to encourage businesses to reduce the amount of waste going to Alameda County landfills by providing low interest loans for source reduction, recycling, composting, processing or recycled market development efforts. Loan funds were available to existing and startup businesses with projects that reduce waste disposed in Alameda County landfills. To be eligible, businesses must be located in Alameda or an adjacent county or be relocating to Alameda County. Loans were available from $10,000 to $300,000 with interest rates ranging from Wall Street Journal (WSJ) prime to prime plus 6%. Loan terms do not exceed 5 years. As of June 30, 2018 and 2017, outstanding loans totaled $112,917 and $154,077, respectively. The scheduled maturity date of the remaining outstanding loan is January 2021. This Program sunsetted at the end of FY 16/17.

4. CAPITAL ASSETS

Capital assets are stated at cost less accumulated depreciation, which is provided on the straight-line basis over the estimated useful lives of the respective assets. The estimated useful lives of the assets and capitalization thresholds are listed below:

Asset Type	Asset Life	Capitalization Thresholds
Building and improvement	25 to 50 years	$5,000
Vehicles, furniture and equipment	5 to 10 years	$5,000

4. CAPITAL ASSETS, CONTINUED

The Agency's capital assets at June 30, 2018 consist of:

	Balance June 30, 2016	2017 Additions	2017 Reductions	Balance June 30, 2017	2018 Additions	2018 Reductions	Balance June 30, 2018
Capital assets not being depreciated,							
Land	$ 9,230,922	$ -	$ -	$ 9,230,922	$ -	$ -	$ 9,230,922
Total	9,230,922	-	-	9,230,922	-	-	9,230,922
Capital assets being depreciated:							
Buildings and improvements	6,278,660	-	-	6,278,660	-	-	6,278,660
Furniture and equipment	263,727	97,668	(59,702)	301,693	18,563	-	320,256
Total assets being depreciated	6,542,387	97,668	(59,702)	6,580,353	18,563	-	6,598,916
Total capital assets	15,773,309	97,668	(59,702)	15,811,275	18,563	-	15,829,838
Less accumulated depreciation for:							
Buildings and improvements	(1,234,169)	(132,059)	-	(1,366,228)	(132,060)	-	(1,498,288)
Furniture and equipment	(234,188)	(29,747)	59,702	(204,233)	(21,963)	-	(226,196)
Total accumulated depreciation	(1,468,357)	(161,806)	59,702	(1,570,461)	(154,023)	-	(1,724,484)
Total capital assets being depreciated, net	5,074,030	(64,138)	-	5,009,892	(135,460)	-	4,874,432
Total capital assets, net	$ 17,241,666	$ 259,474	$ (119,404)	$ 14,240,814	$ (135,460)	$ -	$ 14,105,354

5. DUE TO OTHER GOVERNMENTAL AGENCIES

The Agency provides direct funding to member agencies through the mandated allocation of funds to municipalities. Measure D requires the Agency to disburse 50% of Measure D fees on a per capita basis to municipalities for the continuation and expansion of municipal recycling programs. On June 30, 2018 and 2017, $1,857,275 and $1,262,974, respectively, represented the last quarter of Measure D fees that had not yet been remitted.

6. LONG-TERM LIABILITIES

A summary of long-term liability activities for the year ended June 30, 2017 is as follows:

	Balance June 30, 2016	2017 Additions	2017 Reductions	Balance June 30, 2017	2018 Additions	2018 Reductions	Ending June 30, 2018	Due within One year
Accrued vacation	$ 332,457	$ 304,493	$ (290,449)	$ 346,501	$ 254,517	$ (279,953)	$ 321,065	$ 297,341

7. EMPLOYEE RETIREMENT PLANS

A. *Plan Descriptions*

All qualified permanent, limited term and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a risk pool. Plan assets may be used to pay benefits for any employer rate plan of the pool. Accordingly, rate plans within the pool are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the risk pool. The Agency sponsors two rate plans (miscellaneous classic and miscellaneous PEPRA). Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

B. *Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is 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.

The rate plans' provisions and benefits in effect at June 30, 2018 and 2017 are summarized as follows:

	Miscellaneous - Classic	Miscellaneous - PEPRA
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits, as a % of annual salary	2.50%	2.00%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates (2017)	10.07%	6.56%
Required unfunded liability payment (2017)	$ 190,048	$ -
Required employer contribution rates (2018)	10.11%	6.53%
Required unfunded liability payment (2018)	$ 238,186	$ 1,430

7. EMPLOYEE RETIREMENT PLANS, Continued

C. Contributions

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

The Agency's contributions to the Plan for the measurement periods ended June 30, 2017 and 2016 were $4,797,958 and $600,645, respectively.

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

As of June 30, 2018, and 2017, the Agency reported a net pension liability for its proportionate share of the net pension liability of the Plan of $6,256,106 and $5,260,783, respectively.

The Agency's net pension liability for the Plans is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan for the fiscal year 2018 is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The net pension liability of the Plan for the fiscal year 2017 is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The Agency's proportionate share of the net pension liability was based on the Agency's plan liability and asset-related information where available, and proportional allocations of plan amounts as of the valuation date where not available.

The Agency's proportionate share of the net pension liability for the plan as of measurement dates June 30, 2015, 2016, and 2017 was as follows:

Proportion - June 30, 2015	0.067476%	Proportion - June 30, 2016	0.151438%
Proportion - June 30, 2016	0.151438%	Proportion - June 30, 2017	0.063080%
Change - Increase (Decrease)	0.083962%	Change - Increase (Decrease)	-0.088358%

7. EMPLOYEE RETIREMENT PLANS, Continued

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

For the year ended June 30, 2018 and 2017, the Agency recognized pension expense of $1,470,131 and $168,848, respectively. At June 30, 2018 and 2017, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$4,797,958	$ -	$ 600,645	$ -
Changes in employer's proportion	434,204	303,777	422,939	-
Differences between the employer's contribution and the employer's proportionate share of contributions	249,570	141,132	519,632	514,816
Changes of assumptions	1,134,768	86,527	-	202,563
Differences between expected and actual experiences	9,094	131,030	21,410	4,906
Net differences between projected and actual earnings on plan investments	256,638	-	1,054,275	-
Total	$6,882,232	$ 662,466	$ 2,618,901	$ 722,285

$4,797,958 and $600,645 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 ending June 30, 2019 and 2018, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30:	2018	2017
2018	-	301,667
2019	500,625	274,021
2020	658,144	447,213
2021	415,461	273,070
2022	(152,422)	-

7. EMPLOYEE RETIREMENT PLANS, Continued

E. *Actuarial Assumptions*

The total pension liabilities in the June 30, 2016 and 2015 actuarial valuations were determined using the following actuarial assumptions:

	2018	2017
Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.65%
Inflation	2.75%	2.75%
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Investment Rate of Return (1)	7.15%	7.65%
Mortality	Derived by CalPERS membership data for all funds	Derived by CalPERS membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 and 2015 valuations were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

F. *Discount Rate*

The discount rate used to measure the total pension liability was 7.15% and 7.65% for the Plan for the measurement period ended June 30, 2017 and 2016 respectively. The rate includes investment expenses and inflation. 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 7.15 percent and 7.65 percent discount rate are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent and 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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.

7. EMPLOYEE RETIREMENT PLANS, Continued

F. Discount Rate, Continued

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. Using historical returns of all the funds' asset classes, expected compound 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.

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

	2018			2017		
Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	4.90%	5.38%	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.80%	2.27%	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.60%	1.39%	6.00%	0.45%	3.36%
Private Equity	12.00%	6.60%	6.63%	10.00%	6.83%	6.95%
Real Estate	11.00%	2.80%	5.21%	10.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	3.90%	5.36%	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.40%	-0.90%	1.00%	-0.55%	-1.05%
Total	100%			100%		

(a) An expected inflation of 2.5% used for this
(b) An expected inflation of 3.0% used for this

7. EMPLOYEE RETIREMENT PLANS, Continued

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

The following presents the Agency's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Agency'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:

	2018	2017
1% Decrease	6.15%	6.65%
Net Pension Liability	$ 9,996,624	$ 8,420,458
Current Discount Rate	7.15%	7.65%
Net Pension Liability	$ 6,256,106	$ 5,260,783
1% Increase	8.15%	8.65%
Net Pension Liability	$ 3,158,141	$ 2,649,468

H. Pension Plan Fiduciary Net Position

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

I. Payable to the Pension Plan

At June 30, 2018 and 2017 the Agency reported a payable of $0 for outstanding amount of required contributions to the pension plan required.

8. OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The Agency participates in the CALPERS sponsored health care plan, an agent multiple-employer defined benefit plan, for its employees and long service retirees and/or their dependents. In addition, the Agency sponsors and administers dental and vision coverage for its employees and/or their dependents.

The Agency provides post-retirement health care defined benefits to eligible retirees. Prior to January 1, 2007, eligible employees retiring at or after age 50 with a minimum of 5 years of service credit, may opt to continue health care coverage, including spouse and dependents, with a monthly premium paid by the Agency. Vesting requirements have been implemented for employees hired after January 1, 2007.

The Agency has elected to set up a trust fund with the California Employers' Retiree Benefit Trust (CERBT) to fund their plan. The Agency does not have a stand-alone financial statement to their plan. Financial activity of the plan will be included as part of the CERBT's financial statements available through their executive office.

B. Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	36
Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to, but not yet receiving benefits	-
	52

C. Contributions

The OPEB Plan and its contribution requirements are established by and may be amended by the Agency. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018 and June 30, 2017, the Agency's contributions were $203,221 and $392,105.

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, CONTINED

D. Net OPEB Liability

The Agency's net OPEB liability was measured as of June 30, 2018 and 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumption	2018	2017
Discount Rate	7.00%	7.00%
General Inflation	2.75% per annum	2.75% per annum
Salary Increases	2.75% per year	2.75% per year
Investment Rate of Return	7.00%	7.00%
Mortality Rate	The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables.	The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables.
Healthcare Trend Rate	4.00%	4.00%

The long-term expected rate of return on OPEB plan investments was determined using a building- block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Class	Target Allocation	Long-Term Expected Rate of Return
US Large Cap	43.00%	7.80%
US Small Cap	23.00%	7.80%
Long-Term Corporation bonds	12.00%	5.30%
Long-Term Government bonds	6.00%	4.50%
TIPS	5.00%	7.80%
US Real Estate	8.00%	7.80%
All Commodities	3.00%	7.80%
TOTAL	100.00%	

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

E. Discount Rate

The discount rate used to measure the total OPEB liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

F. Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan for the year ended June 30, 2018 are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at June 30, 2017 (Measurement Date June 30, 2017)	$ 4,347,552	$ 4,712,349	$ (364,797)
Changes recognized for the measurement period:			
Service cost	123,264	-	123,264
Interest	301,530	-	301,530
Difference between expected and actual experience	(41,414)	(41,414)	-
Changes in Assumption	-	-	-
Contributions - employer	-	203,221	(203,221)
Net investment income	-	376,820	(376,820)
Benefit payment	(161,807)	(161,807)	-
Administrative expenses	-	(4,245)	4,245
Net Changes	221,573	372,575	(151,002)
Balance at June 30, 2018 (Measurement Date June 30, 2018)	$ 4,569,125	$ 5,084,924	$ (515,799)

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, CONTINUED

F. Changes in the OPEB Liability, Continued

The changes in the net OPEB liability for the OPEB Plan for the year ended June 30, 2017 are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at June 30, 2016 (Valuation Date)	$ 4,073,318	$ 4,038,052	$ 35,266
Changes recognized for the measurement period:			
Service cost	119,965	-	119,965
Interest	284,652	-	284,652
Difference between expected and actual experience	-	-	-
Changes in Assumption	-	-	-
Contributions - employer	-	392,105	(392,105)
Net investment income	-	416,097	(416,097)
Benefit payment	(130,383)	(130,383)	-
Administrative expenses	-	(3,522)	3,522
Net Changes	274,234	674,297	(400,063)
Balance at June 30, 2017 (Measurement Date)	$ 4,347,552	$ 4,712,349	$ (364,797)

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Agency if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018 and 2017 respectively:

	2018		
	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
Net OPEB Liability	$ 72,278	$ (515,799)	$ (1,004,164)

	2017		
	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
Net OPEB Liability	$ 199,462	$ (364,797)	$ (832,917)

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, CONTINUED

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018 and 2017 respectively:

	2018		
	1% Decrease	Healthcare Trend Rate	1% Increase
Net OPEB Liability	$ (1,055,469)	$ (515,799)	$ 121,271

	2017		
	1% Decrease	Healthcare Trend Rate	1% Increase
Net OPEB Liability	$ (837,473)	$ (364,797)	$ 186,441

I. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 Years
All other amounts	Expected average remaining services lifetime (EARSL) (8.6 years at June 30, 2018)

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

J. OPEB Expense and Deferred Outflows/ (Inflows) of Resources Related to OPEB

For the fiscal year ended June 30, 2018 and June 30, 2017, the Agency recognized OPEB expense of $85,086 and $(7,958). For the fiscal year ended June 30, 2018 and 2017, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	2018		2017	
	Deferred Outflows of Rresources	Deferred Inflows of Resources	Deferred Outflows of Rresources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of TOL	$ -	$ (36,598)	$ -	$ -
Changes in assumptions	-	-	-	-
Net difference between projected and actual earnings of	-	(37,683)	-	-
Contributions to OPEB plan after measurement date	-	-	-	-
TOTAL	$ -	$ (74,281)	$ -	$ -

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

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2018	$ (14,237)
2019	(14,237)
2020	(14,237)
2021	(14,237)
2022	(14,237)
2023	(4,816)
Thereafter	(12,517)

9. RISK MANAGEMENT

The Agency carries commercial insurance coverage for its general liability, property damage, and workers' compensation insurance. The Agency also carries public officials and employee liability insurance, as well as employee dishonesty and forgery/alteration insurance, for those employees who have check signing Agency, as well as those employees who handle funds in any manner.

The following types of loss risks are covered through commercial insurance policies as follows:

Type of Coverage (Deductible)	Coverage Limits
General Liability ($1,000)	$ 2,000,000
Property ($1,000)	$ 350,000,000
Boiler and Machinery ($2,500)	$ 25,000,000
Workers' Compensation ($1,000)	Statutory Limits

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded insured coverage. There have been no significant reductions in insured liability coverage from coverage in the prior year.

10. COMMITMENTS AND CONTINGENCIES

The Agency's Federal and State grant programs are subject to the provisions of the Federal Single Audit Act as amended and applicable State requirements. In addition, these programs are still subject to further examinations by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Agency expects such amounts, if any, to be immaterial.

The Agency is subject to litigation arising in the normal course of business. In the opinion of the Agency attorney's there are no pending litigation which is likely to have a material adverse effect on the financial position of the Agency.

REQUIRED SUPPLEMENTARY INFORMATION

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1. DEFINED BENEFIT PENSION PLANS

*A. Schedule of The Agency's Proportionate Share of the Net Pension Liability – Last 10 Years**

Fiscal Year	**2018**	**2017**	**2016**	**2015**
Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.06308%	0.15144%	0.06748%	0.05627%
Proportionate share of the net pension liability	$ 6,256,106	$ 5,260,783	$ 4,631,507	$ 3,501,440
Covered payroll	$ 4,652,096	$ 4,638,785	$ 4,477,977	$ 4,307,146
Proportionate Share of the net pension liability as percentage of covered payroll	134.48%	113.41%	103.43%	81.29%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

*- Fiscal year 2015 was the 1st year of implementation.

*- Does not include lump sum payment of $4,129,000 in determining unfunded liabilities - will be reflected in FY18/19 financial statements

1. DEFINED BENEFIT PENSION PLANS, Continued

*B. Schedule of Contributions – Last 10 Years**

Fiscal Year	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 668,957	$ 600,645	$ 599,151	$ 638,765
Contribution in relation to the actuarially determined contributions	(4,797,958)	(600,645)	(1,199,151)	(638,765)
Contribution deficiency (excess)	$ (4,129,001)	$ -	$ (600,000)	$ -
Covered payroll	$ 4,672,775	$ 4,652,096	$ 4,638,785	$ 4,477,977
Contributions as a percentage of covered payroll	102.68%	12.91%	25.85%	14.26%
Note to Schedule				
Valuation date:	6/30/2015	6/30/2014	6/30/2013	6/30/2012

* - Fiscal year 2015 was the 1st year of implementation.

2. OTHER POSTEMPLOYMENT BENEFIT PLAN

*A. Schedule of Changes in the Net OPEB Liability and Related Ratios – Last 10 Years**

Measurement Period	2018	2017
Total OPEB Liability		
Service Cost	$ 123,264	$ 119,965
Interest on the total OPEB liability	301,530	284,652
Differences between expected and actual experience	(41,414)	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(161,807)	(130,383)
Net change in total OPEB liability	221,573	274,234
Total OPEB liability - beginning	4,347,552	4,073,318
Total OPEB liability - ending (a)	$ 4,569,125	$ 4,347,552
Plan Fiduciary Net Position		
Contributions - employer	$ 203,221	$ 392,105
Net investment income	376,820	416,097
Benefit payments, including refunds of employee contributions	(203,221)	(130,383)
Administrative expense	(4,245)	(3,522)
Net change in plan fiduciary net position	372,575	674,297
Plan fiduciary net position - beginning	4,712,349	4,038,052
Plan fiduciary net position - ending (b)	$ 5,084,924	$ 4,712,349
Net OPEB liability/(asset) - ending (a) - (b)	$ (515,799)	$ (364,797)
Plan fiduciary net position as a percentage of the total OPEB liability	111%	108%
Covered-employee payroll	$ 4,672,775	$ 4,652,096
Net OPEB liability as a percentage of covered-employee payroll	-11.04%	-7.84%

Notes to Schedule:

Historical information is required only for measurement periods for which GASB 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

2. OTHER POSTEMPLOYMENT BENEFIT PLAN, Continued

*B. Schedule of Contributions - Last 10 Years**

Fiscal Year Ended June 30	2018	2017
Actuarially Determined Contribution (ADC)	$ 203,221	$ 142,105
Contributions in relation to the ADC	(203,221)	(392,105)
Contribution deficiency (excess)	$ -	$ (250,000)
Covered-employee payroll	$ 4,672,775	$ 4,652,096
Contributions as a percentage of covered-employee payroll	4.35%	8.43%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method/Period	Level Percent Amount, Open 22 year amortization period
Amortization in Years	30 years
Asset Valuation Method	Investment gains and losses spread over 5-year period
Inflation	2.75%
Payroll Growth	2.75% per year
Discount Rate	7.00%
Healthcare cost-trend rates	4.00%
Mortality	Mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

SUPPLEMENTARY INFORMATION

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Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council

Supplementary Schedule of Net Position - Waste Management

June 30, 2018 and 2017

	Solid waste	Mitigation Fees	Benchmark Fees	Household Hazardous Waste	Total 2018	Total 2017
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	$ 6,058,947	$ 7,109,462	$ 129,298	$ 14,896,683	$ 28,194,390	$ 29,971,626
Accounts receivable	660,493	297,677	-	500,396	1,458,566	1,888,941
Interest Receivable	16,752	16,879	-	47,728	81,359	57,408
Prepaid Expenses	4,641	-	-	-	4,641	18,826
Grants Receivable	682,062	-	-	-	682,062	1,207,712
Total Current Assets	**7,422,895**	**7,424,018**	**129,298**	**15,444,807**	**30,421,018**	**33,144,513**
NON-CURRENT ASSETS						
Capital Assets, Net of Accumelated Depreciation	301,481	13,803,873	-	-	14,105,354	14,240,814
Net OPEB Asset	515,799	-	-	-	515,799	364,797
Due from Other Funds	637,829	-	-	1,331	639,160	261,581
Total Non-current Assets	**1,455,109**	**13,803,873**	**-**	**1,331**	**15,260,313**	**14,867,192**
TOTAL ASSETS	**8,878,004**	**21,227,891**	**129,298**	**15,446,138**	**45,681,331**	**48,011,705**
DEFERRED OUTFLOWS OF RESOURCES						
Related to Pension	3,340,245	3,541,987	-	-	6,882,232	2,618,901
Total Deferred Outflows of Resources	**3,340,245**	**3,541,987**	**-**	**-**	**6,882,232**	**2,618,901**
LIABILITIES						
CURRENT LIABILITIES						
Accounts Payable	708,404	37,030	12,783	2,241,426	2,999,643	4,337,161
Accrued Expenses	317,309	-	-	-	317,309	319,385
Accrued Vacation	297,341	-	-	-	297,341	276,559
Unearned revenue	131,402	-	-	-	131,402	168,553
Due to Other Funds	150,569	37,299	-	(72,780)	115,088	452,466
Total Current Liabilities	**1,605,025**	**74,329**	**12,783**	**2,168,646**	**3,860,783**	**5,554,124**
LONG-TERM LIABILITIES						
Accrued Vacation	23,724	-	-	-	23,724	69,942
Net OPEB Liability	-	-	-	-	-	-
Net Pension Liability	6,256,106	-	-	-	6,256,106	5,260,783
Total Long-term Liability	**6,279,830**	**-**	**-**	**-**	**6,279,830**	**5,330,725**
TOTAL LIABILITIES	**7,884,855**	**74,329**	**12,783**	**2,168,646**	**10,140,613**	**10,884,849**
DEFERRED INFLOWS OF RESOURCES						
Related to OPEB	74,281	-	-	-	74,281	-
Related to Pension	662,466	-	-	-	662,466	722,285
Total Deferred Inflows of Resources	**736,747**	**-**	**-**	**-**	**736,747**	**722,285**
NET POSISION						
Net Investment in Capital Assets	301,481	13,803,873	-	-	14,105,354	14,240,814
Unrestricted	3,295,166	10,891,676	116,515	13,277,492	27,580,849	24,782,678
TOTAL NET POSITION	**$ 3,596,647**	**$ 24,695,549**	**$ 116,515**	**$ 13,277,492**	**$ 41,686,203**	**$ 39,023,492**

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council

Supplementary Schedule of Revenues, Expenses, and Changes in Net Position - Waste Management

For the Years Ended June 30, 2018 and 2017

	Solid waste	Mitigation Fees	Benchmark Fees	Household Hazardous Waste	Total 2018	Total 2017
OPERATING REVENUES						
Fees	$ 5,795,360	$ 564,433	$ -	$ -	$ 6,359,793	$ 5,956,511
Household Hazardous Fees	-	-	-	7,678,014	7,678,014	7,496,640
Benchmark Fees	-	-	5,506	-	5,506	927,963
Other	154,515	510,600	-	-	665,115	885,980
Total Operating Revenues	**5,949,875**	**1,075,033**	**5,506**	**7,678,014**	**14,708,428**	**15,267,094**
OPERATING EXPENSES						
Salaries and Benefits	4,196,717	97,854	-	23,906	4,318,477	4,863,531
Program Expenses	3,214,358	735,845	88,186	4,845,689	8,884,078	13,158,713
Legal and Accounting	131,331	15,942	-	1,052	148,325	133,644
Board Expenses	40,850	-	-	-	40,850	42,000
Depreciation	28,566	125,456	-	-	154,022	161,806
Total Operating Expenses	**7,611,822**	**975,097**	**88,186**	**4,870,647**	**13,545,752**	**18,359,694**
OPERATING INCOME (LOSS)	**(1,661,947)**	**99,936**	**(82,680)**	**2,807,367**	**1,162,676**	**(3,092,600)**
NONOPERATING REVENUES						
Grants	1,195,935	-	-	-	1,195,935	4,168,343
Interest Income	106,046	61,506	-	136,548	304,100	167,841
Total Nonoperating Revenues	**1,301,981**	**61,506**	**-**	**136,548**	**1,500,035**	**4,336,184**
NET INCOME (LOSS) BEFORE TRANSFERS	**(359,966)**	**161,442**	**(82,680)**	**2,943,915**	**2,662,711**	**1,243,584**
Transfer in (out)	-	-	-	-	-	-
NET INCOME (LOSS) AFTER TRANSFERS	**(359,966)**	**161,442**	**(82,680)**	**2,943,915**	**2,662,711**	**1,243,584**
NET POSITION, BEGINNING OF YEAR	**3,956,613**	**24,534,107**	**199,195**	**10,333,577**	**39,023,492**	**37,779,908**
NET POSITION, ENDING OF YEAR	**$ 3,596,647**	**$ 24,695,549**	**$ 116,515**	**$ 13,277,492**	**$ 41,686,203**	**$ 39,023,492**

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council
Supplementary Schedule of Net Position - Recycling Board
June 30, 2018 and 2017

	Municipality Allocation	Revolving Loan Fund	Pre-March 1995	Discretionary	Grants to Non-Profits	Source Reduction	Market Development	Recycled Product Price	Total 2018	Total 2017
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents	$ 881,108	$ 10,797	$ 694,981	$ 3,490,183	$ 2,478,928	$ 1,612,784	$ 2,912,752	$ 195,366	$ 12,276,899	$ 11,803,693
Accounts receivable	445,929	-	-	133,779	89,186	89,186	89,186	44,593	891,859	807,147
Interest Receivable	2,959	334	-	38,955	-	-	-	-	42,248	24,957
Loan Receivable-current	-	42,570	-	-	-	-	-	-	42,570	41,212
Due from other funds	-	-	-	-	-	-	(9,083)	-	(9,083)	34,861
Total Current Assets	**1,329,996**	**53,701**	**694,981**	**3,662,917**	**2,568,114**	**1,701,970**	**2,992,855**	**239,959**	**13,244,493**	**12,711,870**
NON-CURRENT ASSETS										
Loan receivable-non current	-	70,347	-	-	-	-	-	-	70,347	112,865
Total Non-current Assets	**-**	**70,347**	**-**	**-**	**-**	**-**	**-**	**-**	**70,347**	**112,865**
TOTAL ASSETS	**1,329,996**	**124,048**	**694,981**	**3,662,917**	**2,568,114**	**1,701,970**	**2,992,855**	**239,959**	**13,314,840**	**12,824,735**
LIABILITIES										
CURRENT LIABILITIES										
Accounts Payable	-	238	-	44,474	5,446	17,513	15,654	145,084	228,409	308,376
Due to Other Funds	2,014	(1,237)	-	29,706	15,221	23,609	11,545	192	81,050	179,422
Due to Other Government	1,323,462	-	-	-	-	-	-	-	1,323,462	1,262,974
Total Current Liabilities	**1,325,476**	**(999)**	**-**	**74,180**	**20,667**	**41,122**	**27,199**	**145,276**	**1,632,921**	**1,750,772**
TOTAL LIABILITIES	**1,325,476**	**(999)**	**-**	**74,180**	**20,667**	**41,122**	**27,199**	**145,276**	**1,632,921**	**1,750,772**
NET POSISION										
Unrestricted	4,520	125,047	694,981	3,588,737	2,547,447	1,660,848	2,965,656	94,683	11,681,919	11,073,963
TOTAL NET POSITION	**$ 4,520**	**$ 125,047**	**$ 694,981**	**$ 3,588,737**	**$ 2,547,447**	**$ 1,660,848**	**$ 2,965,656**	**$ 94,683**	**$ 11,681,919**	**$ 11,073,963**

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council

Supplementary Schedule of Revenues, Expenses, and Changes in Net Position - Recycling Board

For the Years Ended June 30, 2018 and 2017

	Municipality Allocation	Revolving Loan Fund	Pre-March 1995	Discretionary	Grants to Non-Profits	Source Reduction	Market Development	Recycled Product Price	Total 2018	Total 2017
OPERATING REVENUES										
Fees	$5,164,136	$ -	$ -	$1,549,241	$1,032,827	$1,032,827	$1,032,827	$ 516,414	$10,328,272	$ 9,586,623
Other	-	-	-	-	-	-	-	-	-	763
Total Operating Revenues	**5,164,136**	**-**	**-**	**1,549,241**	**1,032,827**	**1,032,827**	**1,032,827**	**516,414**	**10,328,272**	**9,587,386**
OPERATING EXPENSES										
Salaries and Benefits	-	2,747	-	1,398,325	379,186	489,861	311,221	12,473	2,593,813	1,618,864
Program Expenses	5,169,430	300	-	779,644	378,064	251,986	201,213	469,237	7,249,874	6,944,573
Legal and Accounting	-	1,528	-	1,280	-	-	-	-	2,808	14,296
Board Expenses	-	-	-	10,600	-	-	-	-	10,600	11,850
Total Operating Expenses	**5,169,430**	**4,575**	**-**	**2,189,849**	**757,250**	**741,847**	**512,434**	**481,710**	**9,857,095**	**8,589,583**
OPERATING INCOME (LOSS)	**(5,294)**	**(4,575)**	**-**	**(640,608)**	**275,577**	**290,980**	**520,393**	**34,704**	**471,177**	**997,803**
NONOPERATING REVENUES										
Interest Income	8,254	5,310	-	123,216	-	-	-	-	136,780	94,031
Total Nonoperating Revenues	**8,254**	**5,310**	**-**	**123,216**	**-**	**-**	**-**	**-**	**136,780**	**94,031**
NET INCOME (LOSS) BEFORE TRANSFERS	**2,960**	**735**	**-**	**(517,392)**	**275,577**	**290,980**	**520,393**	**34,704**	**607,957**	**1,091,834**
Transfer in (out)	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS) AFTER TRANSFERS	**2,960**	**735**	**-**	**(517,392)**	**275,577**	**290,980**	**520,393**	**34,704**	**607,957**	**1,091,834**
NET POSITION, BEGINNING OF YEAR	**1,560**	**124,312**	**694,981**	**4,106,129**	**2,271,870**	**1,369,868**	**2,445,263**	**59,979**	**11,073,962**	**9,982,129**
NET POSITION, ENDING OF YEAR	**$ 4,520**	**$ 125,047**	**$ 694,981**	**$3,588,737**	**$2,547,447**	**$1,660,848**	**$2,965,656**	**$ 94,683**	**$11,681,919**	**$11,073,963**

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council

Supplementary Schedule of Net Position - Energy Council

June 30, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 424,988	$ 2,199
Accounts receivable	63,904	-
Interest Receivable	1,399	227
Due from other funds	-	335,446
Grants Receivable	816,123	432,021
TOTAL ASSETS	**1,306,414**	**769,893**
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	624,050	528,225
Due to Other Funds	433,939	-
Unearned revenue	94,325	121,779
TOTAL LIABILITIES	**1,152,314**	**650,004**
NET POSISION		
Unrestricted	154,100	119,889
TOTAL NET POSITION	**$ 154,100**	**$ 119,889**

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council

Supplementary Schedule of Revenues, Expenses, and Changes in Net Position - Recycling Board

For the Years Ended June 30, 2018 and 2017

	Total 2018	Total 2017
OPERATING EXPENSES		
Salaries and Benefits	$ 794,767	$ 598,974
Program Expenses	6,811,961	6,069,603
Legal and Accounting	563	390
Total Operating Expenses	**7,607,291**	**6,668,967**
NONOPERATING REVENUES		
Grants	7,588,952	6,613,389
Other revenue	50,000	50,000
Interest Income	2,550	3,086
Total Nonoperating Revenues	**7,641,502**	**6,666,475**
NET INCOME (LOSS)	**34,211**	**(2,492)**
NET POSITION, BEGINNING OF YEAR	**119,889**	**122,381**
NET POSITION, ENDING OF YEAR	**$ 154,100**	**$ 119,889**

DATE: March 14, 2019

TO: Planning Committee/Recycling Board

FROM: Meghan Starkey, Senior Management Analyst

SUBJECT: Municipal Sword: Local Impacts of China's National Sword

SUMMARY

Several times a year, staff assembles a panel of representatives from the member agencies to speak on a topic of interest to the Recycling Board. At the March Recycling Board meeting, representatives from Berkeley, Fremont, Livermore and San Leandro will discuss the local impacts of China's National Sword policy, which has had a dramatic negative impact on the ability of recycling commodities (such as mixed paper) to find markets.

DISCUSSION

In January, 2018, China began an ambitious new effort to clean up pollution, known both as the "Blue Sky Initiative" or "National Sword." China has several objectives affecting recycling markets in the U.S.: closing down any old, coal powered factories that were handling recycling; cleaning up the environmental litter associated with the import of recyclable materials such as paper and plastic; and shifting to domestic sources of recyclable commodities. As a result, China suddenly curtailed imports, and implemented stringent new contamination guidelines. On a practical level, the new inspection protocol for contamination has effectively banned all recyclables at certain times. Even when the materials would meet the stated standards, inspectors have been rejecting loads nonetheless.

The effect on U.S. recycling markets was sudden and dramatic. Most importantly, the economics of recycling were undermined. In 2017, service recyclers were receiving between $75-$100/ton for baled mixed paper and between $150-$175/ton for cardboard. In the initial aftermath of the policy, prices for mixed paper plummeted to between -$20 to $6/ton and below $100/ton for cardboard. Recyclers also had to find new outlets for their materials, with several other Asian countries (such as India, Vietnam, the Philippines and Indonesia) taking material that previously went to China. However, these markets aren't stable long term, as they cannot absorb the volume that was previously imported by China. Certain ports in Asia were reported to be backed up with ships trying to get in, while several countries have increased the stringency of their own contamination thresholds. Plastics recycling has been somewhat more stable, but still encountering price impacts and long-term market vulnerability.

Since garbage and recycling rates were set with the assumption of certain prices for recyclable commodities, services providers saw an immediate and drastic decrease in revenue, as well as an increasingly hard time moving the materials, even without consideration of price. After the initial shock, recycling markets have stabilized somewhat, although current prices are far below previous prices. Local processors have been reporting prices under $20 for mixed paper, while the latest price according to industry publications is -$3/ton. It is too soon to see whether this is the “new normal.”

In late 2018, no service providers in Alameda County were reported to be disposing of any recyclable materials, which, for most franchisees, would be forbidden unless there were changes in the agreements. Various member agencies have reported that their processors are slowing down MRF lines and hiring more workers to reduce contamination, simultaneously leading to an increase in residuals.

Based on these developments, a number of changes are anticipated for local programs:

- Rate increases (both short and long term)
- Reduction in the list materials accepted by the programs
- Additional public education to reduce contamination
- Additional processing, including “pre-processing” by other providers

While some have urged local development of paper mills, those facilities would be practically impossible to site given their energy requirements and waste water issues. Plastics recycling facilities are more likely to be developed domestically, either with U.S. or Asian companies, although it will require time and perhaps additional governmental support.

StopWaste convened a local Task Force, comprised of member agencies and their service providers, in March 2018. The purpose was to create a unified front and agree to consistent talking points regarding current recycling market challenges created by the import policy. Given that all franchises are solely the responsibility of member agencies, StopWaste has not been involved in any program or contract changes between providers and member agencies. The next meeting of the Task Force will be March 28, and a statewide task force is currently being considered.

RECOMMENDATION

This item is for information only.