DEL NORTE SOLID WASTE MANAGEMENT AUTHORITY
CITY OF CRESCENT CITY
COUNTY OF DEL NORTE
STATE OF CALIFORNIA

Board of Supervisors Chambers
Flynn Center 981 H Street Crescent City, CA

Regular Session **Tuesday August 21, 2018** **3:30 PM**

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The Solid Waste Management Authority of the City of Crescent City and the County of Del Norte, State of California, is now meeting in Regular Session. Only those items that indicate a specific time will be heard at the assigned time. All items may be taken out of sequence to accommodate public and staff availability.

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All documents referred to in this agenda are available at the Office of the Del Norte Solid Waste Management Authority at 1700 State Street in Crescent City, between the hours of 8 A.M. and 5 P.M. Monday through Friday OR online at www.recycledelnorte.ca.gov
For more information call 465-1100 or email dnswma@recycledelnorte.ca.gov

3:30 PM **CALL MEETING TO ORDER / ROLL CALL**
PLEDGE OF ALLEGIANCE

3:31 PM **PUBLIC COMMENTS:** ANY MEMBER OF THE PUBLIC MAY ADDRESS THE SOLID WASTE MANAGEMENT AUTHORITY ON ANY MATTER ON OR OFF THE AGENDA. After receiving recognition from the Chair, please give your name and address for the record. Comments will be limited to three minutes.

OPEN SESSION ITEMS:

1. CONSENT AGENDA

1.1 Approve minutes, Regular Session, Tuesday July 17, 2018. **
1.2 Approve Director's vacation request for September 3-9, 2018. **
1.3 Approve budget transfer for FY 18/19 in the amount of $24,412.00**

END CONSENT AGENDA

2. TREASURER'S REPORTS

Agenda items 2.1 through 2.5 are provided for information only

2.1 Director's Report for August 2018. **
2.2 Treasurer / Controller Reports for June 2018 **
2.3 Claims approved by Director & Treasurer for July 2018 **
2.4 Monthly Cash and Charge Reports for July 2018 **
2.5 Earned Revenue Comparisons between FY17/18 and FY18/19 **

DISCUSSION/ACTION ITEMS

3. LANDFILL POSTCLOSURE – No Items

4. COLLECTIONS FRANCHISE

4.1 Discussion regarding a report from Recology Del Norte regarding changes to the methods, facilities, processing, and costs for recycling services during the past two years. **

4.2 Discussion and possible actions to reduce the percentage of non-recyclable material in recycling streams collected by Recology Del Norte to 10% or less. **

5. TRANSFER STATION

5.1 Discussion and possible action regarding the scope of services for a request for proposals for professional services related to identification and assessment of potential properties for a transfer station to serve the communities of Smith River, the Tolowa Dee-ni' Nation and Fort Dick. **

6. OTHER GENERAL SOLID WASTE AUTHORITY MATTERS

6.1 Discussion and possible action regarding Authority policies and procedures related to commercial accounts with unpaid account balances. **

6.2 Discussion and possible action regarding 'June 2017 Actuarial Valuation: Determination of OPEB Funding Contributions' and the 'GASB 75 Actuarial Report for the Fiscal Year Ending June 30, 2018' from Macleod Watts. **

6.3 Discussion and possible action regarding possible support for Senate Bill 212 (Jackson) relating to management of pharmaceutical and sharps wastes. **

6.4 Discussion and possible action regarding scheduling a Special Authority meeting in September 2018 and cancelling the Regular Authority meeting on 18 September 2018.

7. ADJOURNMENT

Adjourn to the **next meeting** the Del Norte Solid Waste Management Authority scheduled for 3:30 P.M. Tuesday September 18, 2018 at the Del Norte County Board of Supervisors' Chambers, 981 H Street, Suite 100 in Crescent City.

**** Asterisks next to Agenda Item indicates an associated attachment**

DEL NORTE SOLID WASTE MANAGEMENT AUTHORITY
CITY OF CRESCENT CITY
COUNTY OF DEL NORTE
STATE OF CALIFORNIA
Minutes
Board of Supervisors Chambers
Flynn Center 981 H Street Crescent City, CA

Regular Session **Tuesday July 17, 2018** **3:30 PM**

PRESENT:
Commissioner Blake Inscore, Chair
Commissioner Chris Howard, Vice Chair
Commissioner Jason Greenough
Commissioner Lori Cowan
Commissioner Eli Naffah
Director Tedd Ward
Legal Counsel Martha Rice (Arrived 3:41 P.M.)
Authority Clerk Kyra Seymour

ABSENT: None

ALSO PRESENT:
Joel Wallen, Hambro /WSG
Jeremy Herber, Recology Del Norte.

3:30 PM CALL MEETING TO ORDER

Chair Inscore called the meeting to order in regular session at 3:30 P.M.

Roll was taken, with all commissioners as listed present.

Commissioner Cowan led the pledge of allegiance.

3:31 PM PUBLIC COMMENTS:

At 3:31 Chair Inscore asked for public comments.

Eileen Cooper (County) requested public participation in the franchise ad hoc committee, and she suggested that collecting food scraps for composting from the downtown area could reduce the quantity of material to be processed by the wastewater treatment plant, as it could reduce the amount of food put down home 'insinkerator' type in-drain garbage disposals.

Seeing no further public comments the Chair closed public comments.

1.1

OPEN SESSION ITEMS:

1. CONSENT AGENDA

1.1 Approve minutes, Special Session, Tuesday June 12, 2018.

1.2 Approve payment of an inter-departmental transfer to Del Norte County for the lease of the Del Norte County Transfer Station in the amount of $163,186.00 **022101**

1.3 Approve payment of a claim to the Rural Counties Environmental Services Joint Powers Authority in the amount of $6,000.00 for membership dues 2018-2019.

1.4 Approve payment of a claim to U.S. Bank Corp in the amount of $11,547.53 for credit card purchases.

1.5 Approve budget transfer for FY 17/18 in the amount of $39,989.00 **022101**

Before the vote, Director Ward asked that item 1.5 be pulled as the amount had changed.

On a motion by Commissioner Howard and seconded by Commissioner Greenough and unanimously carried on a polled vote the Del Norte Solid Waste Authority approved and adopted consent agenda items 1.1 through 1.4

Item 1.5 was polled separately, due to the fact the amount had revised from the original amount of $39,464.00 since agenda publication.

On a motion by Commissioner Howard and seconded by Commissioner Cowan and unanimously carried on a polled vote the Del Norte Solid Waste Authority approved the budget transfer for FY 17/18 in the amount of $39,989.00

END CONSENT AGENDA

2. TREASURER'S REPORTS
Agenda items 2.1 through 2.5 are provided for information only

2.1 Director's Report for July 2018. **231501**
2.2 Treasurer / Controller Reports for May 2018
2.3 Claims approved by Director & Treasurer for June 2018 **031202**
2.4 Monthly Cash and Charge Reports for June 2018
2.5 Earned Revenue Comparisons between FY16/17 and FY17/18

The above listed reports were presented by Director Ward and accepted.

DISCUSSION/ACTION ITEMS

3. LANDFILL POSTCLOSURE – No Items

4. COLLECTIONS FRANCHISE – No Items

5. TRANSFER STATION

5.1 Discussion and possible action regarding end-of-life mattress management, including the availability of mattress recycling services and the frequency of future mattress collection events at the Del Norte County Transfer Station. **130120**

Following discussion, by consensus the Del Norte Solid Waste Authority Board of Commissioners directed staff to maintain current frequency of mattress collection events at the Del Norte County Transfer Station at 3 times per year, and also to send a letter to MRC regarding the Authority's continuing concerns that this producer responsibility program continues to collect funds in Del Norte County for a mattress recycling or disposal service that is not available on all days such fees are collected.

6. OTHER GENERAL SOLID WASTE AUTHORITY MATTERS

6.1 Discussion and possible action regarding Authority policies and procedures related to commercial accounts with unpaid account balances. **040501**

Item 6.1 taken out of order at 3:42 P.M.
By consensus, the Del Norte Solid Waste Authority Board of Commissioners directed staff to revise policies applying late fees sooner to commercial accounts with unpaid account balances, and to return to the next Authority meeting with a revised policy that could be adopted by the Authority Board.

6.2 Discussion and possible action regarding adoption of Authority Ordinance **2018-01 REPEALING ORDINANCE 97-04 AND ADOPTING NEW INFORMAL BIDDING PROCEDURES UNDER THE UNIFORM CONSTRUCTION COST ACCOUNTING ACT [Public Contract Code Section 22000, et seq.]**

On a motion by Commissioner Naffah and seconded by Commissioner Howard and unanimously carried on a polled vote the Del Norte Solid Waste Authority approved the adoption of Authority Ordinance 2018-01 REPEALING ORDINANCE 97-04 AND ADOPTING NEW INFORMAL BIDDING PROCEDURES UNDER THE UNIFORM CONSTRUCTION COST ACCOUNTING ACT [Public Contract Code Section 22000, et seq.]

7. ADJOURNMENT

Adjourn to the Regular Meeting of the Del Norte Solid Waste Management Authority scheduled for 3:30 P.M. Tuesday August 21, 2018 at the Del Norte County Board of Supervisors' Chambers, 981 H Street, Suite 100 in Crescent City.

There being no further business to come before the Authority, the Chair adjourned the meeting at 4:04 P.M., until the next regular meeting on August 21, 2018 at 3:30 P.M.

______________________________ Date / /

Blake Inscore, Chair
Del Norte Solid Waste Management Authority

ATTEST:

______________________________ Date / /

Eli Naffah, Secretary
Del Norte Solid Waste Management Authority

Submitted:

____ Date / /

Kyra Seymour, Clerk
Del Norte Solid Waste Management Authority

Del Norte Solid Waste Management Authority
1700 State Street, Crescent City, CA 95531
Phone (707) 465-1100 Fax (707) 465-1300
www.recycledelnorte.ca.gov

VACATION REQUEST FORM

Name: TEDD WARD

Beginning Day and Date of first day of vacation (i.e. Saturday 12/1/07):

03 SEPT 2018

Ending Day and Date of last day of vacation (return to work the following day):

09 SEPT 2018

Signature: Tedd Ward Date: 14AUG2018

Approved By: __________ Date: __________

1.2

Del Norte County Budget Transfer Request FISCAL YEAR 18/19

FY 17 /18	Fund	Dept.	Line Item	Description	Budget Transfer Amount(s) Reduce Expenditures or Increase Revenue	Budget Transfer Amount(s) Increase Expenditures or Reduce Revenue
Solid Waste	422	421	20240-066	Advertising DOC Grant 16/17		$ 140.00
Solid Waste	422	421	20285-066	Spec Dept DOC Grant 16/17		$ 4,292.00
Solid Waste	422	421	20290-066	Travel DOC Grant 16/17		$ 1,142.00
Solid Waste	422	421	20285-063	Spec Dept Oil Grant 16/17		$ 245.00
Solid Waste	422	421	20240-064	Advertising Oil Grant 17/18		$ 2,000.00
Solid Waste	422	421	20285-064	Spec Dept Oil grant 17/18		$ 1,319.00
Solid Waste	422	421	20221-064	Printing Oil Grant 17/18		$ 500.00
Solid Waste	422	421	20290-064	Travel Oil Grant 17/18		$ 2,399.00
Solid Waste	422	421	20240-069	Advertising DOC Grant 17/18		$ 375.00
Solid Waste	422	421	20285-069	Spec Dept DOC Grant 17/18		$ 4,500.00
Solid Waste	422	421	20221-069	Printing DOC Grant 17/18		$ 3,000.00
Solid Waste	422	421	20290-069	Travel DOC Grant 17/18		$ 4,500.00
Solid Waste	422	421	81000	Contingency	$ 10,000.00	
Solid Waste	422	421	91003	Gate tipping fees	$ 14,412.00	
				Total Amounts	$ 24,412.00	$ 24,412.00

Department complete and send to Auditor's Office for transfer number before sending to CAO. Round amounts up to whole dollars.

Department Justification - Include cover letter that addresses the following: 1) Reason for request; 2) Why sufficient balances exist

Department Head Signature ____________ Date ____________

Auditor's Office: Sufficient balances exist per above
(Under $100 Auditor's Office approves)

Deputy Auditor-Controller ____________ Date ____________

TR No. ____________ Budget Revision No. ____________

________ Includes Revenue Appropriation ________ Requires 4/5ths Vote

County AdministrativeOfficer:
(Under $1000 - CAO approves)
Recommendation: Approve ________
Deny ________
Submit for Board approval ________

County Administrative Officer ____________ Date ____________

Passed by Board of Commissioners of the Del Norte Solid Waste Management Authority on (date).

Ayes:
Noes:
Absent:

Attest: Clerk of the Board

By: ____________
Kyra Seymour

____
Chair
Del Norte Solid Waste Management Authority

1.3

Del Norte Solid Waste Management Authority

1700 State Street, Crescent City, CA 95531
Phone (707) 465-1100 Fax (707) 465-1300
www.recycledelnorte.ca.gov

The Authority's mission is the management of Del Norte County solid waste and recyclable material in an environmentally sound, cost effective, efficient and safe manner while ensuring 100% regulatory compliance with law.

Director's Report

Date:	14 August 2018
To:	Commissioners of the Del Norte Solid Waste Management Authority
From:	Tedd Ward, M.S. – Director
Reporting Period:	06 July 2018 – 14 August 2018
Attachments:	Recology Del Norte reports re. recycling contamination Letter acknowledging No Exposure Certification for DNCTS Initial application for 5 year permit review for the Crescent City Landfill Comment letter submitted re. Mattress Recycling Council Annual Report and Budget
File Number:	**231501 – Authority Work Plans**

Summary: The Del Norte Solid Waste Management Authority continues to operate the Klamath, Gasquet and Del Norte County Transfer Stations and to provide required monitoring, accounting and reports to overseeing agencies. Authority staff provide these services without any financial support from the City of Crescent City or the County of Del Norte, and without receiving a penny of taxes. The rates charged at Authority-managed facilities continue to be lower than any comparable facilities in Humboldt or Curry Counties.

Consent Agenda Items: All claims and inter-agency transfers larger than $5,000 (which are not regular monthly payments to Hambro/WSG for transfer station operations services) must be separately approved by the Authority Board.

Agenda Item 1.2 is a vacation request from the Authority Director for 03-09 September.

Agenda Item 1.3 is a budget transfer. This budget transfer rolls over grant amounts from the prior fiscal year and eliminates the contingency line. Staff from the Del Norte County Auditor's office noticed that the $10,000 contingency amount was not included in the formula totaling income. Thus to retain a balanced budget, the contingency line will be adjusted to $0. As the Director travelled to Sacramento the week before this meeting, the budget transfer was not completed before this agenda was published.

2.1

Collections: Under **Agenda Item 4.1** Recology Del Norte will present an overview of how the methods and costs to collect, sort, process and market recyclables collected in Del Norte has changed over the past few years. **Agenda Item 4.2** will review options to reduce the percentage of non-recyclable materials in recycling programs serviced by Recology Del Norte.

Facilities: Hambro Forest Products Buy-back was closed between July 21st and August 7th. After August 31st, the location of this Buy-back will change either adjacent to Rural Human Services or on Hambro's property, depending on permitting.

Agenda Item 5.1 is an outline of the scope of services to hire a contractor to assess and map potential properties for a northern transfer station.

Finances: **Agenda Item 6.2** is two reports from Macleod Watts (formerly Bickmore) regarding required actuarial assessments related to the Authority's contributions for Other Post-employment Benefits (OPEB). The Authority budgeted for a FY 18/19 OPEB payment of $163,465. On page 2 of the report (**item 6.2.A),** Macleod Watts projects the contribution to be $140,724 this fiscal year – and reducing to $59,213 the following year. This reduction appears to validate the strategy of addressing this liability sooner rather than later.

Compliance: Attached is the initial application for a required five-year permit review for the Crescent City Landfill. Staff were advised to re-submit this application using an updated form. As the operations at the closed Crescent City Landfill have not significantly changed during the past five years, staff anticipate any additional work related to this permit update would likely pertain to documentation of liability assessments, minor changes to monitoring wells and methods, and possible issues related to the proposed land swap of a southern portion of the landfill property between the Airport Authority and Del Norte County.

Staff were delayed in submitting the Electronic Annual Report to CalRecycle. This report was due at the end of July, but due to activities associated with July 4th, the Del Norte County Fair, staff shortages and training, and conferences this report was not submitted until the second week in August. Submittal of a quarterly disposal report was also slightly delayed.

Outreach / Events: Between Thursday August 2nd and Sunday August 5th, the Authority had a booth at the Del Norte County Fair. The main messages of this year's booth included information about how to properly sort and recycle, and how do-it-yourselfers can change and recycle their own motor oil and oil filters. We asked attendees to sign the pledge at left to be entered into a raffle. The prize was three-months of collection service - donated by Recology Del Norte.

By signing below, I pledge the following:

- I know there is too much trash in our recycling.
- I will do my part to reduce the amount of non-recyclable materials in our recycling.
- I will not place food, diapers, or trash items in any recycling cart.
- If I am not sure if something is recyclable, I will call 464-4181 to confirm that it is recyclable, or I will place that thing in the trash.
- I will also help others to recycle right.

__________________ __________________

Sign Here Printed name

Facilities & Programs Coordinator Kyra Seymour has successfully worked with the Tolowa Dee-Ni' Fuel Mart enabling that to become the second location in Del Norte as a refilling station for refillable propane containers under a program called ‘Refuel Your Fun.’

Advocacy / Networking: **Agenda Item 6.3** relates to a recommended SUPPORT position for SB 212 (Jackson), which would establish an extended producer responsibility program for pharmaceuticals and sharps.

Attached is a comment letter submitted regarding the Mattress Recycling Council’s Annual Report and proposed budget. Staff were directed to send a letter to MRC, but as CalRecycle was specifically interested in comments from the public in their oversight role, staff felt this would be the most effective means to communicate the interests and concerns.

Between July 26 and 29th, Director Ward and Program Coordinator Seymour attended the annual California Resource Recovery Association conference. Director Ward moderated two sessions regarding packaging. On August 19th, Director Ward attended the Rural Counties’ ESJPA meeting.

Staffing: During this past month, we hired Kristin Scott as a refuse site attendant, and another refuse site attendant, Ron Fleshman, gave notice that he had accepted another job. The Authority has another open recruitment for refuse site attendants, and plans on hiring and training additional staff in the coming month.

Tedd Ward

From: Jeremy Herber <JHerber@recology.com>
Sent: Thursday, August 09, 2018 3:43 PM
To: Tedd Ward
Subject: FW: Recology Recycling Weekly Update for July 29th, 2018 to August 4th, 2018

Tedd,

We are continuing to collect approximately 75% - 80% of the recyclable volume in Del Norte.
Recycling stream has seen a slight improvement but remains in the area of 13%-18% contamination depending on the locations serviced during the week.

We are still evaluating the recycling loads daily, however we are seeing levels of contamination decrease in some curbside collection areas with some exceptions.
Commercial collection routes appear to have improved the most.

The Smith River Community bins remain at a high contamination level around 20%-40%.
Community bins tend to be used as a dumping ground for household trash and oversize bulky items.
The cameras at the transfer station has assisted with illegal dumping.

The routes that are consistently being processed are the following:

131 Residential Curbside Recycling
132 Residential Curbside Recycling
133 Commercial Recycling

Gasquet and Klamath transfer stations are being processed when full.
Both State street bins are being processed as recycling.
Both Smith river and Fort Dick recycling containers are being processed when not extremely contaminated.
70% Streetside recycling containers are being recycled unless extremely contaminated with food waste or other dirty items.

Bettendorf's trailer has the ability to carry 136 Yards of recyclables. Our average weight of material being loaded
On the truck as recyclables is approximately **10 to 11 tons each load.**

Last week we delivered 3 loads to Recology Humboldt (Somoa Facility)

Most of the cardboard is being removed from the recycling loads and processed in Del Norte County.

Overseas markets continue to be strict on the material they are receiving, some markets are refusing to take plastics due to
Contamination levels and illegal recycling operations.

Best Regards,

Jeremy Herber
General Manager

Recology Del Norte™ I P.O. Box 1933 I Crescent City, CA 95531

Tedd Ward

From: Jeremy Herber <JHerber@recology.com>
Sent: Monday, July 30, 2018 8:13 AM
To: Tedd Ward
Subject: FW: Recology Recycling Weekly Update for July 22nd, 2018 to July 28th, 2018

Tedd,

We are continuing to collect approximately 75% - 80% of the recyclable volume in Del Norte.
Recycling stream has seen a slight improvement but remains in the area of 13%-18% contamination depending on the locations serviced during the week.

We are still evaluating the recycling loads daily, however we are seeing levels of contamination decrease in some curbside collection areas with some exceptions.
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Contamination levels and illegal recycling operations.

Best Regards,

Jeremy Herber
General Manager

Recology Del Norte™ | P.O. Box 1933 | Crescent City, CA 95531
T: 707.464.4181 | Jherber@recology.com

Tedd Ward

From: Jeremy Herber <JHerber@recology.com>
Sent: Wednesday, July 25, 2018 8:57 AM
To: Tedd Ward
Subject: FW: Recology Recycling Weekly Update for July 15th, 2018 to July 21st, 2018

Tedd,

We are continuing to collect approximately 75% - 80% of the recyclable volume in Del Norte.
Recycling stream has seen a slight improvement but remains in the area of 13%-18% contamination depending on the locations serviced during the week.

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Best Regards,

Jeremy Herber
General Manager

Recology Del Norte™ I P.O. Box 1933 I Crescent City, CA 95531
T: 707.464.4181 I Jherber@recology.com

Please consider the environment before you print this email.

Tedd Ward

From: Jeremy Herber <JHerber@recology.com>
Sent: Tuesday, July 17, 2018 1:28 PM
To: Tedd Ward
Subject: FW: Recology Recycling Weekly Update for July 8th, 2018 to July 14th, 2018

Tedd,

We are continuing to collect approximately 75% - 80% of the recyclable volume in Del Norte.
Recycling stream has seen a slight improvement but remains in the area of 13%-18% contamination depending on the locations serviced during the week.

We are still evaluating the recycling loads daily, however we are seeing levels of contamination decrease in some curbside collection areas with some exceptions.
Commercial collection routes appear to have improved the most.

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Best Regards,

Jeremy Herber
General Manager

Recology Del Norte™ I P.O. Box 1933 I Crescent City, CA 95531
T: 707.464.4181 I Jherber@recology.com

Please consider the environment before you print this email.

CALIFORNIA
Water Boards

EDMUND G. BROWN JR.
GOVERNOR

MATTHEW RODRIQUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

July 25, 2018

Tedd Ward
Del Norte Solid Waste Management
1700 State St
1700 State St, CA 95531

Facility Info: Del Norte County Transfer Station
1700 State St
Crescent City, CA 95531

SIC Code(s):

NEC ID: 1 08NEC000018

Date Processed: October 14, 2004

RECEIPT OF YOUR NO EXPOSURE CERTIFICATION (NEC) UNDER THE GENERAL PERMIT FOR STORM WATER DISCHARGES ASSOCIATED WITH INDUSTRIAL ACTIVITY (INDUSTRIAL GENERAL PERMIT) ORDER NO 2014-0057-DWQ, NPDES NO. CAS000001

The State Water Resources Control Board (State Water Board) has received and processed your Permit Registration Documents to register for NEC coverage.

The NEC ID assigned to the facility is referenced above. Please use this number in any future communication regarding the Industrial General Permit.

Notice of Termination (NOT) is required to be submitted to the State Water Board should the owner or operator of the facility change or upon closure of the facility. Until an NOT is submitted you will continue and are responsible to pay the annual fee invoiced each October.

If you have any further questions regarding permit requirements, please contact your local Regional Water Board at 707-576-2220.

Please visit the storm water web page at
www.waterboards.ca.gov/water_issues/programs/stormwater/industrial.shtml
for storm water related information.

Sincerely,
Storm Water Program
Division of Water Quality

STATE OF CALIFORNIA

CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD
REGIONAL WATER QUALITY CONTROL BOARD

APPLICATION FOR SOLID WASTE FACILITY PERMIT/WASTE DISCHARGE REQUIREMENTS

CIWMB E-1-77 (Rev. 6/96)

ENFORCEMENT AGENCY:

COUNTY: Del Norte

TYPE OF APPLICATION:

FOR OFFICIAL USE ONLY

SWIS NUMBER

DATE RECEIVED:
DATE ACCEPTED:
DATE REJECTED:
FILING FEE:
RECEIPT NUMBER:
DATE ACCEPTANCE OF INCOMPLETE APPLICATION:

☐ 1. NEW SWFP AND/OR WDRS
☒ 4. REVIEW
☐ 2. REVISION OF SWFP AND/OR WDRS
☐ 5. AMENDMENT OF APPLICATION
☐ 3. EXEMPTION AND/OR WAIVER
☐ 6. RFI/ROWD/JTD AMENDMENTS
☐ 7. CHANGE OF OWNER/OPERATOR OR ADDRESS

NOTE: This form has been developed for multiple uses. It is the transmittal sheet for documents required to be submitted to the appropriate agency. See instructions for completing this application.

I. GENERAL DESCRIPTION OF FACILITY

A. NAME OF FACILITY: Crescent City Landfill

B. LOCATION OF FACILITY: (Give address or location, also include legal description by section, township, range, base, and meridian if surveyed or projected.) End of Hights Access Road Crescent City, CA 95531 including APN #110-020-08 and #110-020-43

C. TYPE OF OPERATION: (Check applicable boxes.)

☒ DISPOSAL TYPE: Closed
☐ COMPOSTING TYPE:
☐ TRANSFORMATION
☐ TRANSFER OR PROCESSING STATION TYPE:
☐ SEWAGE TREATMENT
☐ INDUSTRY (discharge to sewer)
☐ INDUSTRY (on-site disposal)
☐ OTHER (describe):

D. COSWMP/CIWMP REFERENCES:

DATE OF DOCUMENT: 10/23/1992 PAGES: 9-1 thru 9-5

E. TYPE OF WASTES TO BE RECEIVED: (Check applicable boxes.)

☐ AGRICULTURAL
☐ ASBESTOS
☐ ASH
☐ AUTO SHREDDER
☐ CONSTRUCTION/DEMOLITION
☐ DEAD ANIMALS
☐ FRIABLE - ASBESTOS
☐ INDUSTRIAL
☐ LIQUIDS
☐ MIXED MUNICIPAL
☐ SLUDGE
☐ TIRES
☐ WOOD MILL
☒ OTHER: (describe) Closed

II. FACILITY INFORMATION

A. PROPOSED CHANGE (Check applicable boxes)

☐ DESIGN (describe)
☐ OPERATION (describe)
☐ OTHER (describe)

B. FACILITY INFORMATION:

PEAK DAILY LOADING (TPD):	AVERAGE ANNUAL LOADING (TPY): 0	SITE CAPACITY(yds):	FACILITY SIZE (acres): 167
DISPOSAL AREA: 22	TOTAL WASTE IN PLACE (yds):	AREA IN WHICH SOIL WILL BE DISTURBED (acres):	DESIGN AIR SPACE CAPACITY:
EXPECTED CLOSURE DATE: Feb 2006			

C. PRESENT OR PROPOSED:

DAILY FLOW (in MGD):	MAXIMUM:	AVERAGE:	DESIGN FLOW (in MGD):

III SOURCE OF WATER SUPPLY (check all appropriate)

A. MUNICIPAL OR UTILITY SERVICE:
NAME OF WATER SURVEYOR

☐ B. INDIVIDUAL (wells)
☐ C. SURFACE SUPPLY:
NAME OF STREAM, LAKE, ETC
TYPE OF WATER RIGHTS: ☐ RIPARIAN ☐ APPROPRIATION

(OVER)

IV ENVIRONMENTAL IMPACT REPORT (EIR)

HAS AN EIR BEEN PREPARED FOR THIS PROJECT?	☐ YES	☒ NO
IF "YES", PLEASE ENCLOSE A COPY	☐ YES	☐ NO
IF "NO", WILL AN EIR BE PREPARED?	☐ YES	☒ NO
WILL A NEGATIVE DECLARATION (ND) BE PREPARED?	☐ YES	☒ NO
IF "YES", PLEASE ANSWER THE FOLLOWING:		

WHO WILL PREPARE THE ND?

APPROXIMATE DATE OF COMPLETION:

TYPE OF BUSINESS OPERATING FACILITY:

☐ SOLE PROPRIETORSHIP ☐ PARTNERSHIP ☐ CORPORATION ☒ xx GOVERNMENT AGENCY

V. OPERATOR INFORMATION For land disposal, if operator is different from land owner, attach lease or franchise agreement.				
	OWNER OF LAND (Name): Del Norte County	ADDRESS: 981 H Street, Ste 200 Crescent City, CA 95531	TELEPHONE #: 707 464-7204	SSN OR TAX ID #: 94-2254126
	FACILITY OPERATOR (Name): Del Norte Solid Waste Mgmnt Authority	ADDRESS: 1700 State St Crescent City, CA 95531	TELEPHONE #: 707 465-1100	SSN OR TAX ID #:
	ADDRESS WHERE LEGAL NOTICE MAY BE SERVED: DNSWMA (above)			

I hereby acknowledge that I have read this application and the Report of Facility Information, if applicable, JTD or ROWD and certify that the information given is true and accurate to the best of my knowledge and belief. In operating the solid waste facility, I agree to comply with the conditions of the permit and with federal, state, and local enactment's.

SIGNATURE (LAND OWNER OR AGENT):		SIGNATURE (FACILITY OPERATOR OR AGENT): Tedd Ward	
TYPED NAME:		TYPED NAME: Tedd Ward	
TITLE:	DATE:	TITLE: Director	DATE: 23-July-2018

VI. LIST OF ATTACHMENTS (CHECK IF APPLICABLE):

- ☐ REPORT OF FACILITY INFORMATION
- ☐ REPORT OF WASTE DISCHARGE
- ☐ JTD (RDSI/ROWD)
- ☐ CONTRACT AGREEMENTS
- ☐ DEPARTMENT OF HEALTH SERVICES PERMIT
- ☐ LOCAL USE/PLANNING PERMITS
- ☐ CERTIFIED ENVIRONMENTAL REVIEW REPORTS (CEQA)
- ☐ INFORMATION ON THE STATUS OF THE APPLICANT'S COMPLIANCE WITH CEQA REQUIREMENTS REGARDING THE PROPOSED PROJECT.
- ☐ EVIDENCE THAT THERE HAS BEEN COMPLIANCE WITH CEQA PRC, DIVISION 13, 2100 et.sec
- ☐ OPERATING LIABILITY FINANCIAL MECHANISM
- ☐ PRELIMINARY CLOSURE/POSTCLOSURE MAINTENANCE PLAN
- ☐ FINAL CLOSURE/POSTCLOSURE MAINTENANCE PLAN
- ☐ FINANCIAL RESPONSIBILITY DOCUMENTATION
- ☐ OTHER REGULATORY AGENCY PERMITS
- ☐ OTHER____________

Del Norte Solid Waste Management Authority

1700 State Street, Crescent City, CA 95531
Phone (707) 465-1100 Fax (707) 465-1300
www.recycledelnorte.ca.gov

The Authority's mission is the management of Del Norte County solid waste and recyclable material in an environmentally sound, cost effective, efficient and safe manner while ensuring 100% regulatory compliance with law.

July 18, 2018

California Department of Resources Recycling and Recovery
Scott Smithline – Director
1001 I Street
Sacramento, CA 95812-4025

SUBJECT: Comments on MRC 2017 Annual Report and Proposed 2019 MRC Budget

Director Smithline:

SB 254 (Hancock) was enacted in 2013 and aims to reduce illegal dumping, increase recycling, and substantially reduce public agency costs for the end-of-use management of used mattresses. The legislation requires industry to create a statewide recycling program to increase the recovery and recycling of mattresses at their end-of-use. The Program is administered by the Mattress Recycling Council (MRC) and funded through a $10.50 recycling fee collected from consumers at point-of-sale when a mattress or box spring is purchased. Since 2016, Californians have paid an extra fee for each mattress and box spring to establish and support recycling of those items. The Del Norte County Transfer Station accepts mattresses for disposal on a daily basis for a charge of $10.17 plus the weight charge - so a 100 pound mattress would cost $17.92 to dispose.

Del Norte's experience with MRC's programs:

MRC was unwilling to pay the cost per mattress required under our agency's pre-existing Transfer Operations Agreement with Hambro/WSG, as it exceeded the amount MRC collected per mattress for this program. To their credit, Liz Wagner of MRC staff proposed periodic one-day collection events for mattresses in Del Norte, for which MRC provides trailers and shipping and pay transfer station operations costs associated with loading mattresses on that day. During these MRC events, Del Norte residents can bring up to four mattresses or box springs for no charge. For each 'free' mattress event, MRC pays our operations contractor (Hambro/WSG or HWSG) an amount per mattress that is less than the amount HWSG would receive on a daily basis. So this weekly service reduces HWSG's (and the Authority's) revenue, and creates an incentive for customers to hold onto their mattresses for the next event. Still, considering that customers are required to pay in advance for having some kind of access to mattress recycling, both Authority and HWSG support continuing this program as a nominal access for Del Norte residents to some kind of 'free mattress recycling dropoff.' Still, it does not seem reasonable that MRC be allowed to collect a fee for services that our agency and contractor provide at a loss.

MRC successfully negotiated a half-day per week free mattress collection at the Crescent City office of Humboldt Moving and Storage (9AM – 1 PM every Wednesday) that started on 02 May 2018, during which time Del Norte residents can bring up to six mattresses or box springs for recycling.

Based on our County's proportion of California's population, our staff estimates that approximately 2,700 mattresses sold in Del Norte last year, yielding revenues of over $28,000 to the MRC from Del Norte County. In return for this revenue, MRC helped support **three** days of mattress collection events in Del Norte County in 2017, managing 950 mattresses and box springs – about one third of the annual total number of mattresses or box springs received at the Del Norte County Transfer Station. MRC and Authority staff generally do not schedule such events during the wettest months of the year as mattresses that are too wet are not recyclable.

During the most recent mattress recycling event at the Del Norte County Transfer Station on June 16th, 174 mattresses were collected compared to 399 on March 17th, and 321 on September 23rd. At the time, Authority staff were presuming that the primary reason for the fewer numbers of mattresses was the availability of the weekly no-cost mattress drop-off at Humboldt Moving and Storage.

Managers at Humboldt Moving & Storage report that though they seem to be collecting more mattresses each Wednesday, as of the first week in July, they had received a total of just 45 mattresses since May. Presuming this is accurate, the total quantity of mattresses collected under MRC programs actually decreased during this past quarter - from 399 in March to less than (174+45=) 219 in June. For comparison, the Del Norte County Transfer Station received an additional 141 mattress units during June from customers who paid for mattress disposal. Furthermore, since Humboldt Moving & Storage began accepting mattresses for free on Wednesday mornings, customers paid to dispose 53 units on Wednesdays at the DNC Transfer Station. In other words, since the half-day, once-a-week free mattress drop-off program began at Humboldt Moving & Storage, **fewer** mattresses have been received for no-charge recycling on Wednesdays than have been disposed for a fee at the Del Norte County Transfer Station on those same days.

A rural perspective on this program and suggestions for improvement:

At the regular meeting of the Del Norte Solid Waste Management Authority Board yesterday, by consensus the Board directed staff to prepare a letter to express the following:

- As the MRC advance recycling fee of $10.50 is charged for every mattress or box spring sold by Del Norte retail locations, there should be at least one location in Del Norte County that accepts mattresses and box springs for recycling for no charge at least five days per week and not less than 40 hours per week. Until this level of convenience is achieved in every California county that has not opted out of the program, our agency opposes any reduction in the per-mattress advanced recycling fee. Reducing fees while underproviding service is not appropriate.
- The cost issue is fundamental, as MRC's program to compensate for the costs of collecting illegally dumped mattresses (at $10/unit) does not cover the costs for disposing of each unit, let alone the cost of collection, disposal and documentation.

- Advertising expenses alone are a poor assessment of the effectiveness of the advertising effort. In Del Norte, MRC staff insisted on keeping with their 'model' ad, which essentially is a crude map with a pin mark indicating the recycling location. For our rural community with one recycling location, MRC wanted to use a County map including the name of a native American massacre and cemetery, but not the names of the current population centers. MRC advertising staff were not very responsive to these concerns initially, but did eventually change the ad. Though the ad was in color (and thus more expensive), staff felt it could be improved significantly if MRC advertising staff were more attentive to local input. We suspect similar under-performing ads were deployed in other communities.
- Our agency supports all ways to improve the convenience of this program building on our existing programs. For example, Recology Del Norte collects two bulky items for no charge per year from their collection customers. It would be great if MRC could provide a trailer to Recology so mattresses and box springs collected by Recology could be recycled under this program.
- Until a 5-day a week, 40 hours/week no-cost drop-off location can be established in each County, MRC should be required to advertise using radio and newspapers at least six times per year that retailers selling and delivering mattresses are required to collect old program units as the new ones are delivered.
- At this time, our elected officials are under the impression that MRC is being allowed to collect fees while underdelivering on the programs that should be supported by these fees. We feel this underperformance is especially prevalent in rural areas.
- On page 41, the 2017 MRC annual report incorrectly identifies Del Norte County as urban. With a population of under 30,000 and an area of over 1000 square miles, we maintain that we are rural, and have been recognized by CalRecycle as such. In California, MRC's definition of rural should match that of CalRecycle.

Sincerely,

Tedd Ward

Tedd Ward – Director
Del Norte Solid Waste Management Authority

cc: Robin Trainer, Mattress Recycling Council

This attachment was not available at the time the agenda was published.

Documents associated with this item will be handed out at the meeting.

2.2

CLAIMS APPROVED BY THE DIRECTOR

Del Norte Solid Waste Management Authority

Claims for July 2018

Date Paid	Paid to:	Budget	Amt. Paid	Description	Claim #
7/2/2018	Taylor, Richard D.	20235	$ 580.00	Treasurer/Controller Services June 2018	8219
7/2/2018	Leggett, Scott	20290	$ 256.15	Mileage reimb 05/26-06/30/18	8220
7/3/2018	Curry Transfer Roto-Rooter	20140	$ 173.08	INV 65910675 KTS PortaPotty June 2018	8221
	Curry Transfer Roto-Rooter	20140	$ 173.08	INV 65910674 GTS PortaPotty June 2018	
7/3/2018	DN Auditor	20155	$ 599.50	P, L & MM Insurance, 17/18 4th Quarter	Interdepartmental
7/3/2018	Ward, Tedd	20290-066	$ 25.76	INV 65016 Fuel reimb, purchased on personal card	8222
7/3/2018	Merle Helstowski Signs	20180	$ 645.00	Invoice for price update signage at TS, KTS, GTS	8223
7/5/2018	Recology Del Norte	20238	$ 2,089.67	INV 2881 Klamath Beach Rd 06/18 bin pull	8225
	Recology Del Norte	20238	$ 949.85	INV 2880 Old Gasquet Toll Rd 06/18 bin pull	
7/5/2018	G.H. Outreach	20285	$ 125.00	INV 727003 June 2018 Recycling services	8226
7/5/2018	California Product Stewardship Counci	20200	$ 1,000.00	INV FY19-029-AF 2018-19 CPSC Associate Fees	8228
7/6/2018	The Triplicate	20240-069	$ 765.00	INV 2424199 Oil Recycle ad, 06/16-28/18, 6	8229
	The Triplicate	20240	$ 152.00	INV 2424199 Pub Hearing Notice 06/07&09/18, 2	
7/9/2018	DN Agricultural Department	20285	$ 500.00	Annual Weighing Device & Location Fee	Interdepartmental
	DN Agricultural Department	20230	$ 24.00	Annual Weighing Administrative Fee	
7/12/2018	Hambro/Waste Solutions Group	20239	$ 193,717.29	INV 2018-06 Material Management June 2018	8230
7/16/2018	DN Auditor	20237	$ 2,358.26	Debit/Credit Mo. Lease June 2018	Interdepartmental
7/16/2018	41st District Agricultural Association	20285-063	$ 666.66	INV 2018 Del Norte County Fair Day Sponsor	8231
	41st District Agricultural Association	20285-066	$ 666.66	INV 2018 Del Norte County Fair Day Sponsor	
	41st District Agricultural Association	20285	$ 666.68	INV 2018 Del Norte County Fair Day Sponsor	
7/16/2018	Leggett, Scott	20290	$ 90.47	Mileage reimb 07/06-14/18	8232
7/16/2018	Butcher, Andrew	20231	$ 750.00	INV 2565 IT Services August 2018	8233
7/17/2018	Canon Financial Services, Inc.	20250	$ 142.02	INV 18865613 Contract rental charges July 2018	8234
	Canon Financial Services, Inc.	20221	$ 53.33	INV 18865613 Printing charges June 2018	
7/17/2018	MacLeod Watts Inc.	20231	$ 2,500.00	INV 180712-DNSW Actuarial Valuation as of 06/30/17	8235
7/17/2018	United States Cellular	20121	$ 85.78	INV 0257529370 07/04-08/03/18 Cell Service	8236
7/19/2018	Steven Williams	20285-069	$ 550.00	INV 0095 Website work, oil recycling page	8237
7/24/2018	Recology Del Norte	20288	$ 269.09	BILL 05376504 900 Tenth St - City Yard	8238
	Recology Del Norte	20283	$ 487.69	BILL 05376496 500 Cooper Ave - County Yard	
	Recology Del Norte	20288	$ 642.74	BILL 05376470 1001 Front St - Cultural Center	
7/26/2018	DN Auditor	20121	$ 119.97	INV 0002080072318 07/19-08/18/18 office telephone servic	Interdepartmental
7/30/2018	Ward, Tedd	20290-066	$ 68.00	Travel Claim CRRA Conference 07/26-29/18	Interdepartmental
7/30/2018	Crescent Ace Hardware	20239-001	$ 4.93	INV 725907 Screwdrvr #2X4" PHIL Ace, 1	8239
	Crescent Ace Hardware	20285	$ 7.69	INV 725531 Screws Nuts Bolts, 6	
	Crescent Ace Hardware	20285	$ 1.10	INV 725531 Screws Nuts Bolts, 6	
	Crescent Ace Hardware	20285	$ 0.89	INV 725531 Screws Nuts Bolts, 6	
	Crescent Ace Hardware	20285	$ 1.10	INV 725531 Screws Nuts Bolts, 6	
	Crescent Ace Hardware	20285	$ 116.07	INV 725451 Pipe GALV TBE 2"X48", 3	
	Crescent Ace Hardware	20285	$ 1.94	INV 725451 Screws Nuts Bolts, 6	
	Crescent Ace Hardware	20285	$ 0.51	INV 725451 Screws Nuts Bolts, 6	
	Crescent Ace Hardware	20285	$ 13.96	INV 725531 Plier Long Nose 6" Ace, 1	
	Crescent Ace Hardware	20239-001	$ 8.16	INV 725907 Adjustable Wrench 6", 1	
	Crescent Ace Hardware	20170	$ 19.34	INV 728984 EPA Gas Can 2+ GAL, 1	
	Crescent Ace Hardware	20239-001	$ 6.01	INV 725907 Screwdrvr 1/4X6"SLOT Ace, 1	
	Crescent Ace Hardware	20239-001	$ 3.21	INV 725907 MultiTool 8IN1 SS, 1	
	Crescent Ace Hardware	20239-001	$ 24.72	INV 725907 TruFuel 50:1 Mix 110 OZ, 1	
	Crescent Ace Hardware	20110	$ 3.21	INV 728060 N95 Respirator 2/exhale 2PK, 1	
	Crescent Ace Hardware	20110	$ 8.16	INV 728546 Glasses Safety I/O Lens, 1	
	Crescent Ace Hardware	20110	$ 6.43	INV 728546 N95 Respirator w/exhale 2PK, 2	
	Crescent Ace Hardware	20170	$ 19.34	INV 728984 Rake Bow Wood Ace 16T, 1	
	Crescent Ace Hardware	20285	$ 0.77	INV 725451 Screws Nuts Bolts, 6	
7/30/2018	Fleshman, Ron	20290	$ 346.62	Mileage Reimb 07/01-29/18	8240
7/30/2018	DN Auditor	20297	$ 70.49	C. Renner Petroleum fuel charges 05/01-15/18	Interdepartmental
7/30/2018	DN Auditor	20297	$ 28.27	C. Renner Petroleum fuel charges 05/16-31/18	Interdepartmental
7/30/2018	DN Auditor	20297	$ 35.36	C. Renner Petroleum fuel charges 06/01-15/18	Interdepartmental
7/30/2018	DN Auditor	20297	$ 46.00	C. Renner Petroleum fuel charges 06/16-30/18	Interdepartmental
7/30/2018	DN Auditor	20297	$ 40.76	C. Renner Petroleum fuel charges 07/16-31/18	Interdepartmental
	TOTAL		$ 212,707.77		

DNSWMA
GRAND TOTALS
July 2018

	Amount to 422-421 91003	Amount to 422-421 91004	TOTAL AMOUNT
	66.53%	**33.47%**	
DNCTS Cash Total	37,105.62	18,667.15	*55,772.77*
DNCTS Charge Total	135,994.66	68,416.38	*204,411.04*
DNCTS Credit/Debit	32,815.40	16,508.82	*49,324.22*
DNCTS Adjustment	-713.92	713.92	*0.00*
DNCTS Totals	205,201.77	104,306.26	*309,508.03*
Klamath Cash Total		6,547.11	6,547.11
Klamath Charge Total		37.01	37.01
Klamath Adjustment			
Klamath Totals		6,584.12	*6,584.12*
Gasquet Cash Total		2,526.36	2,526.36
Gasquet Charge Total		0.00	*0.00*
Gasquet Adjustment			
Gasquet Totals		2,526.36	*2,526.36*
GRAND TOTALS	***205,201.77***	***113,416.74***	***318,618.51***

2.4

MONTHLY SPLIT SHEET
DNSWMA TRANSFER STATION
MONTH: July 2018

Date	Cash	Checks	Cash/Check Total	Visa	Master	Discover	AmExp	Credit Card Total	Charges	Grand Total	66.53% 91003	33.47% 91004	20286	Total	
1	$ 1,762.03	$ 203.36	$ 1,965.39	$ 1,763.49				$ 1,763.49	$ 1,257.32	$ 4,986.20	$ 1,307.57	$ 657.82	($0.68)	$ 1,964.71	
2	$ 2,055.66	$ 179.84	$ 2,235.50	$ 1,849.31	$ 69.67	$ 4.78	$ 19.69	$ 1,943.45	$ 10,664.31	$ 14,843.26	$ 1,487.28	$ 748.22	$0.29	$ 2,235.79	
3	$ 1,479.47	$ 172.34	$ 1,651.81	$ 2,326.55	$ 45.47		$ 60.58	$ 2,432.60	$ 8,689.43	$ 12,773.84	$ 1,098.95	$ 552.86	($14.39)	$ 1,637.42	
4	CLOSED		$ -					$ -		$ -	$ -	$ -		$ -	
5	$ 1,478.76	$ 255.95	$ 1,734.71	$ 1,530.58	$ 25.75	$ 18.17	$113.58	$ 1,688.08	$ 9,080.00	$ 12,502.79	$ 1,154.10	$ 580.61	($0.85)	$ 1,733.86	
6	$ 2,047.96	$ 94.99	$ 2,142.95	$ 1,353.86	$ 151.65	$ 39.56		$ 1,545.07	$ 7,263.38	$ 10,951.40	$ 1,425.70	$ 717.25	($25.23)	$ 2,117.72	Fake $20 bill
7	$ 1,983.80	$ 897.85	$ 2,881.65	$ 1,346.43	$ 42.65			$ 1,389.08	$ 7,055.86	$ 11,326.59	$ 1,917.16	$ 964.49	($3.76)	$ 2,877.89	
8	$ 1,971.77	$ 62.27	$ 2,034.04	$ 1,174.96	$ 89.71			$ 1,264.67	$ 238.77	$ 3,537.48	$ 1,353.25	$ 680.79	($2.23)	$ 2,031.81	
9	$ 1,729.89	$ 211.72	$ 1,941.61	$ 1,690.69	$ 127.74			$ 1,818.43	$ 8,275.20	$ 12,035.24	$ 1,291.75	$ 649.86	($0.70)	$ 1,940.91	
10	$ 1,263.94	$ 614.38	$ 1,878.32	$ 1,723.77	$ 31.80			$ 1,755.57	$ 11,331.53	$ 14,965.42	$ 1,249.65	$ 628.67	($2.05)	$ 1,876.27	
11	$ 1,635.03	$ 605.66	$ 2,240.69	$ 1,381.61	$ 7.75		$ 13.63	$ 1,402.99	$ 4,897.02	$ 8,540.70	$ 1,490.73	$ 749.96	($0.41)	$ 2,240.28	
12	$ 1,509.77	$ 94.79	$ 1,604.56	$ 1,846.44	$ 107.47	$ 59.06		$ 2,012.97	$ 8,953.53	$ 12,571.06	$ 1,067.51	$ 537.05	($0.70)	$ 1,603.86	
13	$ 1,371.35	$ 65.29	$ 1,436.64	$ 1,360.46	$ 46.95		$ 15.14	$ 1,422.55	$ 7,158.53	$ 10,017.72	$ 955.80	$ 480.84	$0.94	$ 1,437.58	
14	$ 1,764.87	$ 139.83	$ 1,904.70	$ 1,714.85	$ 208.56			$ 1,923.41	$ 364.70	$ 4,192.81	$ 1,267.20	$ 637.50	($10.32)	$ 1,894.38	
15	$ 1,558.16	$ 83.44	$ 1,641.60	$ 1,819.43	$ 68.15		$ 22.00	$ 1,909.58	$ 1,223.56	$ 4,774.74	$ 1,092.16	$ 549.44	$15.35	$ 1,656.95	
16	$ 1,856.04	$ 170.54	$ 2,026.58	$ 1,486.36	$ 266.67	$ 12.12		$ 1,765.15	$ 9,840.28	$ 13,632.01	$ 1,348.28	$ 678.30	$1.97	$ 2,028.55	
17	$ 1,280.41	$ 316.36	$ 1,596.77	$ 1,573.97	$ 310.81			$ 1,884.78	$ 9,481.04	$ 12,962.59	$ 1,062.33	$ 534.44	$0.49	$ 1,597.26	
18	$ 1,246.49	$ 345.03	$ 1,591.52	$ 1,424.00	$ 48.11			$ 1,472.11	$ 6,780.69	$ 9,844.32	$ 1,058.84	$ 532.68	$9.41	$ 1,600.93	
19	$ 1,476.46	$ 37.27	$ 1,513.73	$ 1,204.71	$ 74.38	$ 13.63		$ 1,292.72	$ 7,861.45	$ 10,667.90	$ 1,007.08	$ 506.65	$0.73	$ 1,514.46	
20	$ 1,433.87	$ 413.24	$ 1,847.11	$ 1,499.95	$ 72.03			$ 1,571.98	$ 9,971.30	$ 13,390.39	$ 1,228.88	$ 618.23	($39.96)	$ 1,807.15	No Credit Card Approval
21	$ 2,237.81	$ 452.98	$ 2,690.79	$ 1,684.31	$ 258.96	$ 19.69		$ 1,962.96	$ 627.15	$ 5,280.90	$ 1,790.18	$ 900.61	($2.34)	$ 2,688.45	
22	$ 1,734.66	$ 72.97	$ 1,807.63	$ 2,357.66	$ 100.93			$ 2,458.59	$ 1,615.46	$ 5,881.68	$ 1,202.62	$ 605.01	$0.08	$ 1,807.71	
23	$ 1,578.69	$ 47.30	$ 1,625.99	$ 1,385.92	$ 322.25			$ 1,708.17	$ 9,106.10	$ 12,440.26	$ 1,081.77	$ 544.22	($0.06)	$ 1,625.93	
24	$ 1,765.09	$ 15.50	$ 1,780.59	$ 962.84	$ 498.38			$ 1,461.22	$ 13,166.23	$ 16,408.04	$ 1,184.63	$ 595.96	$0.03	$ 1,780.62	
25	$ 1,614.41	$ 7.75	$ 1,622.16	$ 696.17	$ 288.31		$ 97.76	$ 1,082.24	$ 7,554.79	$ 10,259.19	$ 1,079.22	$ 542.94	$1.74	$ 1,623.90	
26	$ 1,392.08	$ 232.87	$ 1,624.95	$ 1,515.14	$ 52.79		$ 9.09	$ 1,577.02	$ 10,475.90	$ 13,677.87	$ 1,081.08	$ 543.87	$0.81	$ 1,625.76	
27	$ 1,854.25	$ 335.57	$ 2,189.82	$ 759.89	$ 74.51			$ 834.40	$ 8,981.76	$ 12,005.98	$ 1,456.89	$ 732.93	($0.33)	$ 2,189.49	
28	$ 1,835.82	$ 34.84	$ 1,870.66	$ 1,353.25	$ 45.61			$ 1,398.86	$ 1,846.88	$ 5,116.40	$ 1,244.55	$ 626.11	$5.70	$ 1,876.36	
29	$ 1,035.55	$ 51.49	$ 1,087.04	$ 1,294.80	$ 83.47		$ 16.66	$ 1,394.93	$ 1,234.37	$ 3,716.34	$ 723.21	$ 363.83	($0.12)	$ 1,086.92	
30	$ 1,457.57	$ 288.76	$ 1,746.33	$ 1,304.82	$ 151.97			$ 1,456.79	$ 8,865.42	$ 12,068.54	$ 1,161.83	$ 584.50	($0.08)	$ 1,746.25	
31	$ 1,630.70	$ 226.23	$ 1,856.93	$ 1,421.73	$ 308.63			$ 1,730.36	$ 10,549.08	$ 14,136.37	$ 1,235.42	$ 621.51	($5.18)	$ 1,851.75	
								$ -							
TOTALS	$ 49,042.36	$ 6,730.41	$ 55,772.77	$ 44,807.95	$ 3,981.13	$ 167.01	$368.13	$49,324.22	$ 204,411.04	$ 309,508.03	$37,105.62	$ 18,667.15	($71.85)	$55,700.92	

Date	BEGIN	END	VOIDED TICKETS	TICKET COUNT		
1	1015951	1016172		**222**		
2	1016173	1016443		**271**		
3	1016444	1016684		**241**		
4	closed					
5	1016685	1016939		**255**		
6	1016940	1017168	1	**228**		
7	1017169	1017421		**253**		
8	1017422	1017634		**213**		
9	1017635	1017883		**249**		
10	1017884	1018096		**213**		
11	1018097	1018332		**236**		
12	1018333	1018565		**233**		
13	1018566	1018782		**217**		
14	1018783	1019026		**244**		
15	1019027	1019238		**212**		
16	1019239	1019479		**241**		
17	1019480	1019675	1	**195**		
18	1019676	1019873		**198**		
19	1019874	1020055		**182**		
20	1020056	1020285		**230**		
21	1020286	1020529		**244**		
22	1020530	1020763	1	**233**		
23	1020764	1020988		**225**		High
24	1020989	1021202	2	**212**		271
25	1021203	1021383		**181**		
26	1021384	1021596		**213**		Low
27	1021597	1021808	1	**211**		181
28	1021809	1022032		**224**		
29	1022033	1022224		**192**		Daily Ave.
30	1022225	1022462		**238**		217
31	1022463	1022674	1	**211**		
TOTAL			**7**	**6495**		

DNSWMA
KLAMATH TRANSFER STATION - DEPOSITS
July-2018

Date	Cash	Checks	TOTAL Deposit	Over / Short	Sales	TOTAL Sales	Charges	TOTAL Cash + Charge	Tickets
July 1, 2018	788.75	18.00	806.75	3.93	802.82	806.75		806.75	42
July 4, 2018	CLOSED		0.00			0.00		0.00	
July 6, 2018	268.73	33.51	302.24		302.24	302.24		302.24	10
July 8, 2018	716.03	109.98	826.01	0.10	825.91	826.01		826.01	51
July 11, 2018	470.20	45.31	515.51	0.41	515.10	515.51		515.51	27
July 13, 2018	107.09		107.09		107.09	107.09		107.09	5
July 15, 2018	670.42	36.62	707.04	1.00	706.04	707.04		707.04	33
July 18, 2018	322.01		322.01	(10.15)	332.16	322.01		322.01	20
July 20, 2018	140.52		140.52		140.52	140.52		140.52	6
July 22, 2018	658.23	54.92	713.15	10.04	703.11	713.15		713.15	34
July 25, 2018	936.18	33.51	969.69	(0.01)	969.70	969.69		969.69	24
July 27, 2018	283.35		283.35	0.05	283.30	283.35	37.01	320.36	7
July 29, 2018	844.75	9.00	853.75		853.75	853.75		853.75	34
			0.00			0.00		0.00	
TOTAL	$ 6,206.26	340.85	**$6,547.11**	$5.37	$6,541.74	**$6,547.11**	$ 37.01	**$6,584.12**	**293**

	TOTAL SALES (CASH + CHARGE)		
Date	**Wednesday**	**Friday**	**Sunday**
July 1, 2018			806.75
July 4, 2018	**CLOSED**		
July 6, 2018		302.24	
July 8, 2018			826.01
July 11, 2018	515.51		
July 13, 2018		107.09	
July 15, 2018			707.04
July 18, 2018	322.01		
July 20, 2018		140.52	
July 22, 2018			713.15
July 25, 2018	969.69		
July 27, 2018		320.36	
July 29, 2018			853.75
TOTALS	***$1,807.21***	***$870.21***	***$3,906.70***
DAILY AVERAGE	$602.40	$217.55	$781.34

DNSWMA
GASQUET TRANSFER STATION - DEPOSITS
July-2018

Date	Cash	Checks	TOTAL Deposit	Over / Short	Sales	TOTAL Sales	Charges	TOTAL Cash + Charge	Tickets	Notes
July 5, 2018	202.38	169.88	372.26	$0.90	371.36	372.26		372.26	11	
July 7, 2018	334.36	57.41	391.77	$1.06	390.71	391.77		391.77	34	
July 12, 2018	241.87	38.08	279.95	$0.02	279.93	279.95		279.95	14	
July 14, 2018	129.03	59.60	188.63		188.63	188.63		188.63	18	
July 19, 2018	124.44	26.83	151.27		151.27	151.27		151.27	13	
July 21, 2018	304.16	119.70	423.86	$0.05	423.81	423.86		423.86	31	
July 26, 2018	143.83	34.03	177.86	$1.00	176.86	177.86		177.86	19	
July 28, 2018	414.64	126.12	540.76	$0.04	540.72	540.76		540.76	28	
			0.00			0.00		0.00		
			0.00			0.00		0.00		
TOTAL	$ 1,894.71	$ 631.65	**$ 2,526.36**	$ 3.07	$ 2,523.29	**$ 2,526.36**	$ -	**$2,526.36**	**168**	

Date	TOTAL SALES (CASH + CHARGE) Thursday	Saturday
July 5, 2018	372.26	
July 7, 2018		391.77
July 12, 2018	279.95	
July 14, 2018		188.63
July 19, 2018	151.27	
July 21, 2018		423.86
July 26, 2018	177.86	
July 28, 2018		540.76
TOTALS	***$981.34***	***$1,545.02***
DAILY AVERAGE	$245.34	$386.26

AUTHORITY REVENUE REPORT July 2018

Source
Authority Service Fees

2017/18	Actual/Month	Comparison FY17/18	2018/2019	Actual/Month	Over Budget
Actual Annual	$ 1,223,128.44		Budget/Month: $ 103,734.42	Adjusted Annual Budget: $ 1,244,813.00	
July	$ 115,382.33	$ (1,965.59)	July	**$ 113,416.74**	$ 9,682.32
August	$ 118,024.42	$ -	August		$ -
September	$ 104,891.71	$ -	September		$ -
October	$ 96,243.50	$ -	October		$ -
November	$ 87,399.47	$ -	November		$ -
December	$ 89,344.86	$ -	December		$ -
January	$ 100,555.83	$ -	January		$ -
February	$ 87,672.05	$ -	February		$ -
March	$ 98,856.22	$ -	March		$ -
April	$ 97,152.67	$ -	April		$ -
May	$ 122,808.15	$ -	May		$ -
June	$ 104,797.23	$ -	June		$ -
Total	$ 1,223,128.44	$ (1,965.59)	Total	**$ 113,416.74**	$ 9,682.32
		Over last year			Over Budget

2.5

AUTHORITY REVENUE REPORT **July 2018**

Source **2017/2018**

Franchise Fee Actual Annual

	2016/2017 Actual/Month	Comparison FY 17/18
July	$ 24,594.00	$ 398.00
August	$ 22,628.00	
September	$ 24,003.00	
October	$ 22,699.00	
November	$ 21,921.00	
December	$ 22,566.00	
January	$ 20,591.00	
February	$ 22,030.00	
March	$ 21,197.00	
April	$ 22,923.00	
May	$ 23,040.00	
June	$ 23,586.00	
Total	$ 271,778.00	$ 398.00

Over/(Under) last year

2018/2019

Budget/Month $ 24,243.50 Budget/Year $ 290,922.00

	2017/2018 Actual/Month	Over/(Under) Budget
July	$ 24,992.00	$ 748.50
August		$ -
September		$ -
October		$ -
November		$ -
December		$ -
January		$ -
February		$ -
March		$ -
April		$ -
May		$ -
June		$ -
Total	$ 24,992.00	$ 748.50

Over/ (Under) Budget

This attachment was not available at the time the agenda was published.

Documents associated with this item will be handed out at the meeting.

4.1

Options to Reduce Trash Contamination

in Recology Del Norte's Recycling Programs

The Options described below have not been adopted by the Authority Board. Last updated: Aug 2018

Option	Advantages	Disadvantages	Impact	Related
Increase Enforcement	Surveys indicated that this was a popular suggestion. Additional cameras have been installed near DNCTS recycling drop-off.	Requires additional staff, and associated expenses at least during periods of increased enforcement.	Visible enforcement and rewards stimulate community engagement in addressing contamination.	Primary focus of enforcement is on gross violations placing non-recyclable items in recycling, such as furniture or auto parts
Incentives	Reduces perception that people recycling correctly are unfairly 'being penalized.'	Incentives are an additional expense.	Visible rewards stimulate community engagement in addressing contamination.	Rewards would be the climax of a specific outreach campaign.
Streetside recycling *only for beverage containers*	Materials from streetside recycling containers currently being disposed due to contamination. Stickers on each can would indicate that only beverage containers would be acceptable.	The streetside containers are regular dumping targets, and this change would not reduce deliberate dumping.	This action could potentially increase the quantity of materials actually recycled from the streetside containers.	This action could further clarify that cardboard pizza boxes should NEVER be placed in streetside recycling cans.
Eliminate unstaffed community drop-off bins	Materials from unstaffed drop-off locations have not been recycled for many months due to high levels of contamination. Continuing service of these bins implies materials are being recycled, which is NOT the case.	Two bins in Smith River, and one in Ft. Dick are the most convenient recycling drop-off services for residents in the northern part of Del Norte County.	Gets rid of major source of trash in recycling. Due to contamination, materials from these bins have been landfilled since 2017.	Staff anticipate that these locations will continue to be illegal dumping targets for months following the removal of the drop-off recycling bins.
Issue bags for overflow trash + automatic bump to 60 gal trash service if trash in recycling	Can be implemented relatively quickly at relatively low expense. Engages all cart collection customers in addressing this problem. Enables proper disposal when trash cart is too small. Does not require wholesale swapout of all carts.	Bags for overflow trash need to be mailed to customers with instructions before new policy can be effective. Overflow bags require drivers to get out of trucks and increase expenses. Monitoring recycling is crucial, and this is an additional expense.	This program would likely reduce the number of bags of trash placed in recycling carts if coupled with monitoring and enforcement. Customers bumped up to a 60 gallon cart service may be upset.	Staff expect such action would likely result in a greater level of citizen engagement on the contamination issue.
60 gallon trash minimum for households of 4 or more	By providing more trash capacity, trash in recycling likely to be reduced. Customers objecting to this change can become self-haulers.	Challenges to confirm how many persons live in each household may limit the effectiveness of this strategy. Some households will object to this change as it will increase their monthly costs.	Likely to decrease contamination from larger households shifting to 60 gallon trash cart.	Reduces customer incentives to reduce disposal expenses through increases in recycling.

4.2

Options to Reduce Trash Contamination

in Recology Del Norte's Recycling Programs

The Options described below have not been adopted by the Authority Board.   Last updated: Aug 2018

Option	Advantages	Disadvantages	Impact	Related
Rate Restructuring / Contract Extension	Restructuring collections fees could reduce 'incentive' to place trash in recycling or brush, and could be combined with a contract extension.	Rates would need to be adopted by Ordinance, with about 90 days between introduction and implementation. Best times for new rates are Jan 1 or July 1.	Rate restructuring and contract extensions are major system changes, and can be combined with other policy changes.	Extending the collections agreement can be a significant incentive for changes to the collections and billing system. This also delays the date for competitively selecting a new collections contractor.
90 gallon standard trash cart for all customers	Gives collection customers less reason to contaminate recycling carts. Customers objecting to this change can become self-haulers.	Increased costs for customers results in many 'feeling punished.' Some customers unable to physically handle larger carts.	Likely to decrease contamination from all cart customers. Most customers would see their monthly fees increase.	Customers unable to manage larger carts would have option for smaller trash carts, but would not get a price break.
Universal collection service	Eliminates residential need for unstaffed community drop off bins. Would enable a renegotiation of disposal fees, which could reduce current rates for 90 gallon or 60 gallon trash customers.	Some self-haulers will object, as it will increase their expenses. Enforcement of this requirement may be challenging. Also, future rate adjustments may be subject to scrutiny as a form of tax.	To comply with Commercial Recycling Mandate, some commercial accounts would need to document or sign up for recycling collections.	Most current collection customers would see a fee increase, though they would have more trash capacity. Self-haul traffic at transfer stations would likely drop.

Del Norte Solid Waste Management Authority

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Staff Report

Date:	**13 August 2018**
To:	**Commissioners of the Del Norte Solid Waste Management Authority**
From:	**Tedd Ward, M.S. – Director** Tedd
File Number:	**131804 – Transfer Station CEQA Process**
Topic:	**Draft Scope of Service Concepts for Request for Proposals for Professional Services to Identify and Assess potential properties for a Small Volume Transfer Stations to serve the communities of Smith River, the Tolowa Dee-Ni' Nation, and Fort Dick**

Summary: **That the Board direct staff to work with legal counsel to complete and distribute a Request for Proposals based upon the Scope of Services outlined in this report. Proposals received will be presented for the Board's consideration at the October Authority meeting.**

Background: Since the start of the last fiscal year, the Authority Board has discussed the need for a new small-volume transfer station to serve the northern regions of Del Norte County. Both the Gasquet and Klamath transfer stations are a net expense to the Authority, and staff also anticipate that this facility will also be a net expense, but would increase customer convenience for people and businesses of the coastal communities north of Fort Dick.

Analysis: Our agency intends to develop a transfer station to serve northern Del Norte County - a small-volume transfer station similar to the facilities we operate in Klamath and Gasquet. Most of the year, the Klamath transfer station is open on Sundays and Wednesdays from 10 AM – 4 PM, and Gasquet is open on Saturdays from 10 AM to 4 PM. Between July and September, Klamath is also open on Fridays, and Gasquet is open on Thursdays. The facilities in Klamath and Gasquet are without power, running water, sewer hookup, or even reliable cell phone coverage. As each of these facilities lose money each year (i.e. revenues do not cover the costs for labor, transport and disposal), there is an ongoing need to balance costs with customers' convenience. Similarly, staff envision this northern transfer station being open just one or two days per week.

5.1

On a practical basis, a small-volume transfer station needs to be on a parcel of land two acres in size or larger, accessible by trucks hauling 40 cubic yard open-topped trailers which are parked below a paved area where customers can back-up, and unload into the open trailer below. It is likely that the property would need to be fenced or have other means of limiting public access when the facility would be closed. At this time, staff anticipate that the rates charged and customer usage at such a small-volume transfer station in the north would also operate at a loss each year.

At prior Authority meetings, some have suggested that the community recycling bins could be relocated to a staffed northern transfer station if one were developed. Staff feels it is important that the Board understand that:

1. Development of the northern transfer station will involve a public process subject to environmental and permitting reviews, engineering, design, bidding and construction. Completing all necessary steps can take many months, and neither timelines nor total expenses can be accurately projected at this point.

2. A Northern Transfer Station will be expensive to develop and is expected to be an ongoing expense to the Authority after it opens. These expenses are intended to improve customer convenience for self-haulers in the northern regions of Del Norte.

3. Development of a northern transfer station will neither be an adequately timely, necessary nor sufficient strategy to address current recycling contamination concerns. Recycling contamination issues are an urgent issue, and will need to be addressed by other strategies before the northern transfer station opens.

4. The northern transfer station will not in itself significantly reduce the amount of trash in our recycling programs.

<u>Scope of Services Concepts:</u>

1. Kickoff meeting
    a. Site visits to Klamath and Gasquet small-volume transfer stations during operations.
    b. Review of documents related to small-volume transfer stations.
    c. Meet with Director to review scope of work and schedule.

2. Develop list of 12-18 potential properties meeting the following First Tier Criteria.
    a. North of Elk Valley X, South of Clifford Kampf Park
    b. East of US 101
    c. Zoned Commercial, Industrial, or Public Facility
    d. Accessible via relatively short route (<5 miles) from 101 along paved roads
    e. Total land area of between 2 and 15 acres total, with at least 1.5 acres of land that can be graded for a public unloading area, with a height difference of not less than 8 feet.
    f. Owner is potentially interested in selling

3. Map and List each property meeting First Tier criteria. The properties identified as meeting the First Tier Criteria will be listed in a table summarizing the following information for each property to the extent such information is available:
   a. Assessor's parcel number and address
   b. Total acreage, total paved acreage
   c. Driving distances from US 101, the Smith River Post Office, and Howonquet Hall
   d. Height difference across property
   e. Usable floorspace of existing structures and improvements to property

4. Each property listed in the First Tier Table will be assessed under the Secondary Criteria:
   a. Approximate area of wetlands and estimated acreage of likely wetlands setbacks (if any)
   b. Approximate ESHA's, & Estimated Usable Acreage of property
   c. Access to water, sewer, phone and cellular services
   d. Description of existing structures and improvements to property
   e. Assessment of and potential use or disposition of existing structures and improvements
   f. Can be graded for 3 loading bays at least 8 feet below unloading areas without creating areas where stormwater could pond
   g. Discussion of how stormwater flows across site during heavy rains
   h. Estimated area and volume of material to be graded, and estimated volume of fill material needed for or generated by grading
   i. Estimated area of pavement necessary

5. Prepare an Initial Site Assessment report recommending between two and four sites for further assessment.
6. Following direction by the Authority Board, assist Authority staff in negotiating and purchasing Rights of First Refusal to Purchase each of up to three properties designated by the Authority Board.

7. Assist Authority staff in development of a Request for Proposals to select an Engineering or appropriate design firm to design and produce preliminary construction documents, all necessary and appropriate permitting prior to construction, final construction documents, and to draft and implement construction quality assurance plan and potentially additional tasks associated with implementing a mitigation implementation, monitoring and reporting program.

8. Oversee the completion of an environmental document (including initial checklist, negative declaration, or mitigated negative declaration) addressing the requirements of the California Environmental Quality Act as amended. Part of the intent of selecting at least three alternative locations for this facility is to provide locational alternatives so a full environmental impact report will not be necessary.

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Staff Report

Date:	**06 August 2018**
To:	**Commissioners of the Del Norte Solid Waste Management Authority**
From:	**Tedd Ward, M.S. – Director** **Katherine Brewer – Administrative Assistant**
File Number:	**012101 – DNSWMA Audits**
Topic:	**Draft Modified Procedures for Collecting Balances Due from Commercial Charge Accounts**

Summary: **That the Board approve the modified procedures for collecting balances due from commercial charge accounts as described below. Staff will send a letter describing these changes to all commercial account customers with the statements for August, sent during the first week of September. These policy changes will become effective on 01 November 2018.**

Background:

Deletions have ~~strikeout text~~, additions are underlined. The only change was that the 10% late fee will be assessed on day 60 rather than day 90. Staff were directed to draft these changes at the July 2018 Authority meeting.

Procedures for Collecting Balances Due from Commercial Charge Accounts

Charge account customers are sent Statements monthly indicating amounts due. The timeline below indicates the sequence of communication for charge account customers who do not pay:

Day 0	Statements are mailed to charge customers with balances due from prior month's charges at Authority facilities.
Day 30	Any outstanding balance moved to '1-30 days past due' section of Statement. Statement sent again stamped 'Past Due.'
Day 60	Another copy of the statement is sent with another 'Past Due' stamp. Outstanding balance moved to 31-60 days past due section of Statement, with a hand-written note saying 'Your account is in danger of being placed on hold.' Ten percent (10%) of the outstanding balance 31 - 60 days past due is assessed as a late payment fee.
Day 90	Outstanding balance is moved to 61-90 days past due section of Statement. A letter is sent to customer explaining that their account has been placed on 'Hold,' and no new charges may be made to that account until the full outstanding balance, including late payment fees is completely paid. An interest fee of half of a percent (0.5%) of the total outstanding balance is assessed.
Day 120	Account is closed and unpaid amount is turned over to Collections.

6.1

If the Authority receives partial payments, the amount of payment is applied to the most overdue balance first. Before the account is placed on 'Hold', a payment of at least the most overdue balance can delay or stop this process, depending on the how much is paid. Once an account is placed on 'Hold,' the entire outstanding balance must be paid before the account is re-activated the 'Hold' removed.

So each Charge Account that has 'Hold' placed on their account has an outstanding balance that is at least 90 days past due.

In October 2017, the Board adopted additional policies with respect to commercial charge accounts used at the Del Norte County Transfer Station:

1. If a charge account has been placed on 'Hold' three times, that charge account will be closed and that business entity would no longer be eligible for a commercial charge account at any Authority-managed facility. Outstanding balances for closed accounts may be paid with cash, credit or debit card, or cashier's check. Checks will not be accepted from businesses with closed commercial accounts.

Furthermore, this 'Three Holds, You're Closed' policy may be applied to existing accounts within 21 days after staff send a letter informing customers about this new policy. Staff will also refer to this policy as we update the forms for applying for a new Charge Account.

Commercial business accounts that have been closed due to being placed on 'Hold' three times may submit a written appeal to the Authority Board of Commissioners at a regular meeting to have their account reinstated.

In September 2013, the Authority Board adopted the following procedures with respect to collecting outstanding balances (or writing off those balances when necessary) from commercial charge accounts:

1. Customers who have paid using checks with insufficient funds ('NSF checks') are sent letter weekly in an attempt to collect. If such NSF checks are not paid within 21 days, those are turned over to Del Norte County for collections.

2. Commercial charge accounts that are delinquent over 90 days after receiving a Statement may also be turned over to DNC Collections.

3. DNC Collections generally attempt collections for 12-18 months before presuming that collection is unlikely.

4. As part of the closing of the accounts for the prior fiscal year, the Authority's Administrative Assistant and the Authority Treasurer will compile a list of debts owed to the Authority, including customer names and the dollar amounts considered 'bad debts' for which additional partial or final collection is unlikely, called 'Bad Debts for the prior fiscal year.'

5. The list of Bad Debts for the prior fiscal year will be reviewed in a meeting with the Del Norte County Auditor, Authority Director, Authority Treasurer / Controller and Authority Administrative Assistant.

6. The results of this meeting will be recorded, and for all debts for which all parties agree, those debts can be written off the Authority's financial records after Board approval.

7. The final list of 'Bad Debts Written Off at the end of Fiscal Year _____' will be presented to the Authority Board for approval and included in the reports provided to the Authority's external auditor.

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September 3, 2018

TO: Del Norte County Transfer Station Charge Account Holders

SUBJECT: New Charge Account Terms

On August 21, 2018, the Board of Commissioners of the Del Norte Solid Waste Management Authority approved a minor change in our agency's policies pertaining to unpaid commercial account balances.

Starting in November 2018, late payment fees will be assessed for amounts over 30 days past due. The changes are described below.

Procedures for Collecting Balances Due from Commercial Charge Accounts

Charge account customers are sent Statements monthly indicating amounts due. The timeline below indicates the sequence of communication for charge account customers who do not pay:

Day 0	Statements are mailed to charge customers with balances due from prior month's charges at Authority facilities.
Day 30	Any outstanding balance moved to '1-30 days past due' section of Statement. Statement sent again stamped 'Past Due.'
Day 60	Another copy of the statement is sent with another 'Past Due' stamp. Outstanding balance moved to 31-60 days past due section of Statement, with a hand-written note saying 'Your account is in danger of being placed on hold.' Ten percent (10%) of the outstanding balance 31 - 60 days past due is assessed as a late payment fee.
Day 90	Outstanding balance is moved to 61-90 days past due section of Statement. A letter is sent to customer explaining that their account has been placed on 'Hold,' and no new charges may be made to that account until the full outstanding balance, including late payment fees is completely paid. An interest fee of half of a percent (0.5%) of the total outstanding balance is assessed.
Day 120	Account is closed and unpaid amount is turned over to Collections.

If the Authority receives partial payments, the amount of payment is applied to the most overdue balance first. Before the account is placed on 'Hold', a payment of at least the most overdue balance can delay or stop this process, depending on the how much is paid. Once an account is placed on 'Hold,' the entire outstanding balance must be paid before the account is re-activated the 'Hold' removed.

We appreciate your business. If you are like most of our customers, and you pay your bills on time, these changes will not affect your account. Thank you for your cooperation.

Tedd Ward, M.S. – Director
Del Norte Solid Waste Management Authority

MacLeod Watts

July 28, 2018

Tedd Ward
Director
Del Norte Solid Waste Management Authority
1700 State Street
Crescent City, CA 95531

Re: June 30, 2017 Actuarial Valuation: Determination of OPEB Funding Contributions

Dear Mr. Ward:

We are pleased to enclose our report providing the results of the June 30, 2017 actuarial funding valuation of other post-employment benefit (OPEB) liabilities for the Del Norte Solid Waste Management Authority (the Authority). The report's text describes our analysis and assumptions in detail.

The primary purposes of the report are to develop the value of future OPEB expected to be provided by the Authority and to develop annual amounts to be contributed by the Authority for the fiscal years ending June 30, 2019 and 2020 toward prefunding the OPEB plan liability. This report should be submitted to the California Employers' Retiree Benefit Trust (CERBT) to satisfy filing requirements for the trust. Items of note in this valuation are:

- Actuarially Determined Contributions (ADC) are developed on the same basis as the Annual Required Contribution was previously developed under GASB 45 and satisfies the requirements of an ADC as described under GASB 75. The Authority's current OPEB Funding Policy anticipates contributing 100% or more of the ADC each year.
- OPEB trust assets are assumed to remain in CERBT Asset Allocation Strategy 1. The future long-term rate of return on trust assets assumed in this valuation is 7.0%.
- Information presented in this report is not considered suitable for satisfying the Authority's financial reporting requirements under GASB 75. That information will be developed and presented in a separate report.

We have based our valuation on employee data and plan information provided by the Authority, including the most recent bargaining agreements and PEMHCA resolutions on file with CalPERS. Please review Table 3 to ensure that we have summarized the plan's benefit provisions correctly.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of Authority employees who provided valuable information and assistance to enable us to perform this valuation. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod

Catherine L. MacLeod, FSA, FCA, EA, MAAA
Principal and Consulting Actuary

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Del Norte Solid Waste Management Authority

Actuarial Valuation of Other Post- Employment Benefit Programs As of June 30, 2017

Submitted July 2018

MacLeod Watts

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A. Executive Summary

This report presents the results of the June 30, 2017 actuarial valuation of the Del Norte Solid Waste Management Authority (the Authority) other post-employment benefit (OPEB) programs. The primary purpose of this valuation is to assess the OPEB liabilities of the Authority and develop contribution levels for the funding of these benefits. OPEB information relevant to reporting in the Authority's financial statements will be provided in a separate report.

Under the Authority's OPEB program, benefits for eligible members include subsidized medical and/or dental coverage for the retiree and any eligible dependents. The Authority's OPEB liability is developed as the present value of the difference between (1) projected retiree healthcare claims and (2) the projected portion of this cost expected to be paid by the retirees. Future excise taxes expected to be paid under the Affordable Care Act for "high cost" retiree coverage are also part of the OPEB liability reflected in this valuation.

Trust assets are currently invested in the CERBT with Asset Allocation Strategy 1 and the Authority expects these funds to yield 7.0% per year over the long term. The Actuarially Determined Contributions (ADC) in this report are developed in the same manner as the Annual Required Contribution (ARC) was developed under GASB 45 in prior fiscal years, except for a change in the amortization basis (see section F.) The Authority indicated that it plans to contribute 100% or more of the ADC each year. Accordingly, with the Authority's approval, this valuation was prepared using a 7.0% discount rate, a higher rate than was assumed in the prior valuation. Please recognize that use of this rate is an assumption and is not a guarantee of future investment performance.

Exhibits presented in this report reflect our understanding that the results of this June 30, 2017 valuation will be applied in developing the Authority's Actuarially Determined Contributions for the Authority's fiscal years ending June 30, 2019 and June 30, 2020. The ADC is calculated as the sum of the current year's Normal Cost plus amortization of the current Unfunded Actuarial Accrued Liability over a remaining fixed period, adjusted with interest to fiscal year end.

The Authority has experienced high employee turnover in the past 8 years and some retirees previously electing coverage through the Authority have since discontinued it. As a result, the Actuarial Accrued Liability (accumulated prior service cost) has decreased. In addition, the Authority has substantially increased the level of contributions to the trust. The Actuarial Accrued Liability, Plan Assets and Funded Ratio as of June 30, 2017 are shown below:

Discount Rate	7.0%
Actuarial Accrued Liability	$ 740,081
Actuarial Value of Assets	164,192
Unfunded Actuarial Accrued Liability	575,889
Funded Ratio	22.2%

The liabilities shown in the report reflect assumptions regarding continued future employment, rates of retirement and survival, and elections by future retirees to elect coverage for themselves and their dependents. We made some changes to these assumptions based on our review of recent plan experience, which are explained further in the report. Please note that this valuation has been prepared on a closed group basis; no provision is generally made for new employees until the valuation date following their employment.

Executive Summary
(Concluded)

Actuarially Determined Contributions for the fiscal years ending June 30, 2019 and 2020 are shown below. Detailed results are shown on page 12 and some historical information is provided in the Appendix.

Fiscal Year Ending	6/30/2019	6/30/2020
Actuarially Determined Contribution (ADC)	$ 53,877	$ 48,802
Estimated retiree costs paid by Authority	40,724	46,698
Expected net Authority contribution to OPEB trust	100,000	12,515
Total Expected OPEB Contribution	$ 140,724	$ 59,213

Current valuation results are compared to prior valuation results on page 6, followed by a discussion of changes. An actuarial valuation is a complex, long term projection and to the extent that actual experience is not what we assumed, future results will be different. Future differences may arise for many reasons, including but not limited to the following:

- A significant change in the number of covered or eligible plan members;
- A significant increase or decrease in the future medical premium rates;
- A change in the subsidy provided by the Authority toward retiree medical premiums;
- Longer life expectancies of retirees;
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents; and/or
- Higher or lower returns on plan assets or contribution levels other than were assumed.

Details of our valuation process are provided on the following pages.

The next actuarial valuation is scheduled to be prepared as of June 30, 2019. If there are any significant changes in the employee data, benefits provided or the funding policy, please contact us to discuss whether an earlier valuation is appropriate.

Important Notices

This report is intended to be used only to present the actuarial information relating to the Authority's other postemployment benefits and to provide the annual contribution information with respect to the Authority's current OPEB funding policy. The results of this report may not be appropriate for other purposes, including financial reporting purposes under GASB 75, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. Some issues in this report may involve analysis of applicable law or regulations. The Authority should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice.

B. Sources of OPEB Liabilities

General Types of OPEB

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an "explicit subsidy". Upcoming excise tax exposure under the Affordable Care Act for retirees covered by high cost plans is another potential source of explicit subsidy liability for the Authority.

In addition, if claims experience of employees and retirees are pooled when determining premiums, the retirees pay a premium based on a pool of members that, on average, are younger and healthier. For certain types of coverage, such as medical insurance, this results in an "implicit subsidy" of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. Actuarial Standards of Practice generally require an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Expected retiree claims		
Premium charged for retiree coverage		*Covered by higher active premiums*
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The implicit subsidy is not affected by how much or little of the premium is paid by the Authority.

OPEB Obligations of the Authority

The Authority provides continuation of medical and dental coverage to its retiring employees. For retirees and their dependent(s) who have chosen to retain this coverage:

- The Authority contributes directly to the cost of retiree medical coverage by picking up the portion of retiree premiums charged by the provider which are in excess of amounts retirees are required to pay, based on the particular circumstances of their employment date, years of service and bargaining group. These benefits are described in Table 3 and liabilities have been included in this valuation.
- We believe no implicit liability exists with respect to the dental benefits provided to retirees, or that it is insignificant.
- Employees are covered by a large, self-insured healthcare pool through CSAC-EIA. The provider has confirmed that the claims experience of all plan members, including actives, pre-Medicare retirees and Medicare retirees, is co-mingled together in developing premium rates. This report, therefore, does develop age-related premium adjustments and computes an implicit rate subsidy for retirees covered, or expected to be covered, under this program.

Sources of OPEB Liability
(Concluded)

- **Excise tax liability for retirees in "high cost" plans:** The Patient Protection and Affordable Care Act (ACA) includes a 40% excise tax on high-cost employer-sponsored health coverage. The tax was to be effective in 2018, however, implementation has been delayed by subsequent legislation until 2022. The tax applies to the aggregate cost of an employee's applicable coverage that exceeds a dollar limit. While there are discussions in Congress of eliminating or again delaying this tax, this report assumes that it will take effect as current law provides.

  For those current and future retirees assumed to retain coverage in the Authority's medical program, we determined the excess, if any, of projected annual plan premiums for the retiree and his or her covered dependents over the projected applicable excise tax threshold beginning in 2022. The excise tax burden will ultimately fall on the Authority alone, a combination of the Authority and plan participants, or be passed entirely to the retirees. The practicalities of how the tax will be recovered by insurers will likely affect the eventual result. This report assumes that 100% of any excise tax liability for high cost retiree coverage will be borne by the Authority. See the footnote under the exhibit in Section D for an estimate of the projected future excise tax liability for retirees.

C. Valuation Process

The valuation has been based on employee census data and benefits initially submitted to us by the Authority in April 2018 and clarified in various related communications. A summary of the employee data is provided in Table 2 and a summary of the benefits provided under the Plan is provided in Table 3. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the Authority as to its accuracy. The valuation described below has been performed in accordance with the actuarial methods and assumptions described in Table 4.

In projecting benefit values and liabilities, we first determine an expected premium or benefit stream over the employee's future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service with the Authority to receive benefits.
- To the extent assumed to retire from the Authority, the probability of various possible retirement dates for each retiree, based on current age, service and employee type; and
- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long-time horizon. Final payments for currently active employees may not be made for 60 years or more.

The resulting *present value of projected benefits* for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the *actuarial accrued liability* (AAL). The amount of future OPEB cost allocated for active employees in the current year is referred to as the *normal cost*. The remaining active cost to be assigned to future years is called the *present value of future normal costs.*

In summary:

Actuarial Accrued Liability	Past Years' Cost Allocations	Actives and Retirees
plus Normal Cost	Current Year's Cost Allocation	Actives only
plus Present Value of Future Normal Costs	Future Years' Cost Allocations	Actives only
equals Present Value of Projected Benefits	Total Benefit Costs	Actives and Retirees

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets is applied to offset the AAL. In this valuation, we set the Actuarial Value of Assets equal to the (audited) market value of assets invested in in the Authority's CERBT account. The June 30, 2017 market value of assets in this report was $164,192. The portion of the AAL not covered by assets is referred to as the *unfunded actuarial accrued liability* (UAAL).

D. Basic Valuation Results

The following chart compares the results of the June 30, 2017 valuation of OPEB liabilities to the results of the July 1, 2015 valuation.

Funding Policy	**Prefunding Basis**	
Valuation date	**7/1/2015**	**6/30/2017**
Assumed long term return on plan assets	7.28%	7.00%
Discount rate	4.79%	7.00%
Number of Covered Employees		
Actives	9	7
Retirees	2	2
Total Participants	11	9
Actuarial Present Value of Projected Benefits		
Actives	$ 1,200,631	$ 400,423
Retirees	848,117	454,057
Total APVPB	2,048,748	854,480
Actuarial Accrued Liability (AAL)		
Actives	571,305	286,024
Retirees	848,117	454,057
Total AAL	1,419,422	740,081
Actuarial Value of Assets	138,641	164,192
Unfunded AAL (UAAL)	1,419,422	575,889
Normal Cost	69,151	19,172
Percent funded	9.8%	22.2%
Reported covered payroll	208,790	294,037
UAAL as percent of payroll	679.8%	195.9%

Note: The AAL as of June 30, 2017 includes about $39,000 in projected excise tax liability for retirees expected to be covered by "high cost" plans under the Affordable Care Act.

Changes Since the Prior Valuation

Even if all assumptions from the prior valuation were met exactly as projected, liabilities generally increase over time as active employees get closer to the date their benefits are expected to begin. Given the uncertainties involved and the long-term nature of these projections, the prior assumptions are not likely ever to be exactly realized. Nonetheless, it is helpful to review why results are different than may have been anticipated.

In comparing results shown in the exhibit on the preceding page, we note a substantial $843,000 decrease in the Unfunded Actuarial Accrued Liability (UAAL between July 1, 2015 and June 30, 2017, from about $1,419,000 to $576,000. Some of this difference was expected, based on the assumptions made in the prior valuation over the passage of time. Some of the difference was not anticipated, such as premium changes or employee decisions affecting coverage that were different than previously assumed (referred to as "plan experience"). Much of the difference is due to changes in actuarial methodology or assumptions.

Basic Valuation Results
(Concluded)

The chart below summarizes the primary sources of the difference between the actual and the expected UAAL.

Source of Change	**Increase (decrease) in UAAL**
Discount rate changed from 4.79% to 7.0% (employer OPEB contributon levels increased substantially)	$ (318,000)
Some higher assumd termination rates	13,000
Lower assumed retiree participation rates after age 65	(75,000)
Update to future mortality improvement scale	(37,000)
Update to future medical trend	96,000
Combined change in the UAAL due to the passage of time and favorable plan experience *	(384,000)
Change in UAAL from July 2015 to June 2017	**$ (705,000)**

* Passage of time refers to expected changes in the UAAL between valuation dates as additional cost accruals are 'absorbed' into the AAL, additional trust contributions are made, some liabilities are released as benefits are paid to retirees and remaining benefit values are increased by the reversal of discounting since they are two years closer to their eventual payment dates.

Plan experience includes differences between what was assumed would occur and what actually occurred during the prior two years. This often includes differences between actual and expected employee behavior, such as ending employment prior to retirement, the timing of new retirements, plan selection and/or coverage of dependents. Much of the favorable plan experience between 2015 and 2017 relates to lower than expected premium levels and higher than expected separation of employees prior to retirement.

E. Funding Policy

Actuarially Determined Contributions and Authority Funding Policy

The Actuarially Determined Contribution (ADC) consists of two basic components, which have been adjusted with interest to the Authority's fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL).

When GASB 45 was first implemented, the Authority elected to amortize the unfunded AAL over a closed 30-year period initially effective for fiscal year beginning July 1, 2008. There are 20 years remaining for calculating the ADC for the fiscal year ending June 30, 2019. Amortization payments are on a level percent of pay basis.[1]

The Authority's Funding Policy is to contribute 100% or more of the ADC each year. The amounts calculated for the fiscal years ending June 30, 2019 and June 30, 2020 are shown in Table 1A.

Paying Down the UAAL

Once an entity decides to prefund, a decision must be made about how to pay for benefits already earned that have not yet been funded (the UAAL). This is most often, though not always, handled through structured amortization payments. The period and method chosen for amortizing this unfunded liability can significantly affect the Actuarially Determined Contribution.

Much like paying off a mortgage, choosing a longer amortization period to pay off the UAAL means initial payments will be smaller, but the payments will be required for a longer period. In general, the longer the amortization period, the less time investments will work toward helping reduce required contribution levels.

There are several ways the amortization payment can be determined. The most common methods are calculating the amortization payment as a level dollar amount or as a level percentage of payroll.

[1] Where the UAAL is amortized on a level percent of pay basis, if all assumptions are met, the UAAL may increase, rather than decrease, in the earlier years of the amortization period.

F. Choice of Actuarial Funding Method and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method. The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the "incidence of cost". Methods that produce higher initial annual (prefunding) costs will produce lower annual costs later. Conversely, methods that produce lower initial costs will produce higher annual costs later relative to the other methods.

Factors Impacting the Selection of a Cost Allocation Method

While the goal is to match recognition of retiree medical expense with the periods during which the benefit is earned, cost allocation methods differ because they focus on different financial measures in attempting to level the incidence of cost. Appropriate selection of a cost allocation method for funding purposes contributes to creating intergenerational equity between generations of taxpayers.

We believe it is most appropriate for the plan sponsor to adopt a theory of funding and consistently apply the best cost allocation method representing that theory. This valuation was prepared using the entry age normal cost method with normal cost determined on a level percent of pay basis. The entry age normal cost method was one of the most commonly used of the cost allocation methods permitted by GASB 45. It is the only cost allocation method permitted for financial reporting purposes under GASB 75.

Factors Affecting the Selection of Assumptions

Special considerations apply to the selection of actuarial funding methods and assumptions for the Authority. The "demographic" actuarial assumptions used in this report were chosen, for the most part, to be the same as the actuarial assumptions used for the most recent actuarial valuations of the retirement plans covering Authority employees. Other assumptions, such as healthcare trend, age related healthcare claims, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. We will continue to gather information and monitor these assumptions for future valuations, as more experience develops.

In selecting an appropriate discount rate for funding purposes, it is most common to use the expected long-term yield on investments expected to be deployed to pay the benefits. Other strategies could include using a long-term debt rate to calculate contribution levels even if the Authority hopes their long-term investment strategy will yield higher returns. In this way, required contributions may be reduced *if* those higher returns are realized, but only *as* they are actually realized. If higher returns are not realized to the degree expected, then the difference between the debt rate and the actual earnings rate acts as a safety margin so that larger contributions than planned are less likely to occur.

CalPERS most recent projected returns for CERBT Allocation Strategy 1 anticipate 5.75% for the next 10 years and about 8.0% for the following 50 years, net of investment-related expenses. Over a 60-year period, CalPERS reports an average expected net rate of return of 7.59%. Volatility in returns will likely lessen this average. The Authority has chosen to fund based on a discount rate of 7.0%, which the City assumes will be the long-term return of trust assets. Differences in the Authority's benefit and contribution cash flows and timeline relative to CERBT will also impact actual returns.

G. Certification

This report presents the results of our actuarial valuation of the other post-employment benefits provided by the Del Norte Solid Waste Management Authority. The purpose of this valuation was to determine the plan's funded status as of the valuation date and to develop actuarially determined contribution levels to be used by the Authority toward funding plan benefits.

We certify that, to the best of our knowledge, the report is complete and accurate, based upon the data and plan provisions provided to us by the Authority. We believe the assumptions and method used are reasonable and appropriate for purposes of this report. The results may not be appropriate for other purposes.

Each of the undersigned individuals is a Fellow in the Society of Actuaries and Member of the American Academy of Actuaries who satisfies the Academy Qualification Standards for rendering this opinion.

Signed: July 28, 2018

Catherine L. MacLeod, FSA, FCA, EA, MAAA

J. Kevin Watts, FSA, FCA, MAAA

Table 1

Actuarially Determined Contributions for fiscal years 2019 and 2020: The basic results of our June 30, 2017 valuation of OPEB liabilities for the Authority were summarized in Section D. Those results are applied to develop the actuarially determined contribution (ADC) for the fiscal years ending June 30, 2019 and June 30, 2020.

As noted earlier in this report, the development of the ADC reflects the assumption that the Authority will contribute at least 100% of this amount each year, with contributions comprised of:

- Direct payments to insurers toward retiree premiums or claim costs, and
- Contributions to the OPEB trust.

GASB 75 Calculations: Calculations and exhibits for presentation in the Authority's financial statements will be provided in separate reports each year.

Employees reflected in future years' costs: The counts of members included in this report reflect the status of plan members reported to us for the valuation. While we do not adjust these counts for future years shown in this report, the liabilities and costs developed for those years do anticipate the likelihood that some active employees may leave employment forfeiting benefits, some may retire and elect benefits and coverage for some of the retired employees may cease. We will reflect employment status changes in the next valuation. In addition, because this valuation has been prepared on a closed group basis, no potential future employees are included. We will incorporate any new employees in the next valuation, in the same way we included new employees hired after July 2015 in this June 2017 valuation.

Table 1A
Actuarially Determined Contributions for Fiscal Years Ending 2019 & 2020

This table develops the Actuarially Determined Contributions (ADC) for the Authority's fiscal years ending June 30, 2019 and 2020 based on the June 30, 2017 valuation results and on the assumed funding policy described earlier in this report.

Funding Policy	**Prefunding Basis**	
Valuation date	**6/30/2017**	
For fiscal year ending	6/30/2019	6/30/2020
Expected long-term return on assets	7.00%	7.00%
Discount rate	7.00%	7.00%
Number of Covered Employees		
Actives	7	7
Retirees	2	2
Total Participants	9	9
Actuarial Present Value of Projected Benefits		
Actives	$ 426,799	$ 453,491
Retirees	450,131	444,100
Total APVPB	876,930	897,591
Actuarial Accrued Liability (AAL)		
Actives	324,905	365,645
Retirees	450,131	444,100
Total AAL	775,036	809,745
Actuarial Value of Assets	339,141	462,881
Unfunded AAL (UAAL)	435,895	346,864
UAAL Amortization method	Level % of Pay	Level % of Pay
Remaining amortization period (years)	20	19
Amortization Factor	14.2649	13.7800
Actuarially Determined Contribution (ADC)		
Normal Cost	$ 19,795	$ 20,439
Amortization of UAAL	30,557	25,171
Interest to fiscal year end	3,525	3,192
Total ADC	53,877	48,802
Projected covered payroll	$ 303,593	$ 313,460
Normal Cost as a percent of payroll	6.5%	6.5%
ADC as a percent of payroll	17.7%	15.6%
Expected Employer OPEB Contributions		
Estimated retiree costs paid by Authority	$ 40,724	$ 46,698
Expected net Authority contribution to OPEB trust	100,000	12,515
Total Expected Employer Contribution	140,724	59,213

Table 2
Summary of Employee Data

Active members valued: The Authority reported 7 active employees in the data provided to us for the June 2017 valuation. All but 1 of these employees is currently participating in the Authority's medical program.

Distribution of Benefits-Eligible Active Employees								
Current Age	**Years of Service**						**Total**	**Percent**
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25							0	0%
25 to 29	1	2					3	43%
30 to 34							0	0%
35 to 39							0	0%
40 to 44							0	0%
45 to 49	1						1	14%
50 to 54		1				1	2	29%
55 to 59			1				1	14%
60 to 64							0	0%
65 to 69							0	0%
70 & Up							0	0%
Total	2	3	1	0	0	1	**7**	**100%**
Percent	29%	43%	14%	0%	0%	14%	**100%**	

Valuation	July 2015	June 2017
Annual Covered Payroll	$208,790	$294,037
Average Attained Age for Actives	48.3	38.1
Average Years of Service	4.6	5.4

Retired members valued: There are 2 retirees currently receiving benefits under this program, ages 61 and 88 as of the valuation date.

Reconciliation: The chart below reconciles the number of actives and retirees included in the July 1, 2015 valuation of the Authority plan with those included in the June 30, 2017 valuation:

Reconciliation of Authority Plan Members Between Valuation Dates				
Status	Covered Actives	Waiving Actives	Covered Retirees	Total
Number reported as of July 1, 2015	5	4	2	11
New employees	2	1		3
Separated employees	(2)	(1)		(3)
New retiree, waiving coverage	(1)			(1)
Previously waiving, now covered	1	(1)		0
Temporary employee, excluded		(1)		(1)
Data corrections	1	(1)		0
Number reported as of June 30, 2017	**6**	**1**	**2**	**9**

Table 3
Summary of Retiree Benefit Provisions

OPEB provided: The Authority reported that it provides the following OPEB to retiree: medical and dental coverage.

Access to coverage: This coverage is available to employees who retire after having attained age 50 (age 52 if a miscellaneous PEPRA employee, or earlier age in the event of approved disability retirement) and complete a minimum number of years of service with the Authority. The required years of service to be eligible for benefits varies based on employment date, as shown below:

Date of Hire	Years of Service
Before 1/1/07	5
1/1/07 - 10/31/09	10
1/1/09 and after	15

Benefits provided: The Authority permits eligible retirees to continue their medical and/or dental coverage through the Authority for their lifetime. The Authority then charges the retiree for coverage based on age, years of Authority service and coverage level (i.e., single, two- party or family coverage). The following table shows the monthly amounts paid by retirees in 2017 and in 2018 for medical and dental coverage:

Premium Rates Paid by Retirees Effective November 1, 2009 (current through 2016)						
Age	Under 65			65 and over		
Years of Service	Retiree Only	Retiree & 1 Dependent	Retiree & 2+ Dependents	Retiree Only	Retiree & 1 Dependent	Retiree & 2+ Dependents
Less than minimum	Cobra coverage for up to 18 months					
At least the minimum[1], but less than 16	$ 386.06	$ 748.89	$ 1,127.20	$ 225.00	$ 439.91	$ 555.15
At least 16, but less than 21	257.25	559.76	875.02	200.00	414.91	530.15
At least 21, but less than 25	128.68	343.59	458.83	175.00	389.91	505.15
At least 25 or more	-	214.91	344.50	150.00	364.91	480.15

[1] The minimum refers to the minimum service required based on employment date, as described above.

Benefits continue for the retiree's lifetime and to any covered surviving dependents at time of the retiree's death. Survivors pay the applicable amount in the above table, based on their coverage level. Retirees age 65 and older may also choose to have dental only coverage by paying the dental only premium.

Current premium rates: The 2018 monthly healthcare premium rates are shown in the chart below and at right:

	Dental Only
Retiree	$ 60
Retiree + 1	$ 115
Retiree + 2	$ 165

Del Norte County Monthly Active and Retiree Premiums Effective January 2016 (Medical & Dental)			
	Active Employees	Pre-Medicare Retirees	Medicare Retirees
Retiree	$ 798	$ 1,168	$ 797
Retiree + 1	1,547	2,266	1,547
Retiree + 2	1,898	3,236	2,208
Retiree (1 Medicare, 1 Without)	N/A	1,965	1,965
Retiree (1 Medicare, 2 Without)	N/A	3,063	3,063
Retiree (2 Medicare, 1 Without)	N/A	2,715	2,715

Table 4
Actuarial Methods and Assumptions

Valuation Date	June 30, 2017
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	7.0%, net of plan investment expenses and including inflation
Discount Rate	7.0%
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year; used to determine amortization payments if developed on a level percent of pay basis
General Inflation Rate	2.75% per year

Demographic actuarial assumptions used in this valuation are those used in the recent June 30, 2016 valuation of the retirement plans covering Authority employees and are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for adjustments to some rates of termination prior to retirement and a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were those published by CalPERS in their 2014 study, adjusted to back out 20 years of Scale BB to central year 2008.

Mortality Improvement — MacLeod Watts Scale 2017 applied generationally.

Mortality Before Retirement
(before improvement applied)

CalPERS Public Agency Miscellaneous Non-Industrial		
Age	Male	Female
20	0.00033	0.00021
30	0.00052	0.00027
40	0.00080	0.00053
50	0.00165	0.00106
60	0.00354	0.00223
70	0.00709	0.00467
80	0.01339	0.01036

Table 4 - Actuarial Methods and Assumptions
(Continued)

Mortality After Retirement
(before improvement applied)

CalPERS Public Agency Healthy Miscellaneous, Police & Fire		
Age	Male	Female
40	0.00117	0.00097
50	0.00532	0.00495
60	0.00817	0.00533
70	0.01766	0.01264
80	0.05275	0.03695
90	0.16186	0.12335
100	0.34551	0.31876
110	1.00000	1.00000

CalPERS Public Agency Disabled Miscellaneous		
Age	Male	Female
20	0.00641	0.00395
30	0.00736	0.00455
40	0.01008	0.00642
50	0.01784	0.01230
60	0.02634	0.01510
70	0.03890	0.02815
80	0.08230	0.06015
90	0.18469	0.16082

Termination Rates

Termination rates are based on the sum of vested terminated and refund rates from the CalPERS Experience Study Report issued January 2014. Based on a review of Authority plan experience, base rates from the Experience Study were doubled for the following periods:

- All service values less than 5, regardless of attained age
- All service values less than 10 for attained ages less than 40

Authority Termination Rates						
Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.3624	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.3484	0.2386	0.1892	0.0000	0.0000	0.0000
25	0.3348	0.2250	0.1736	0.0749	0.0000	0.0000
30	0.3212	0.2110	0.1580	0.0668	0.0581	0.0000
35	0.3074	0.1974	0.1422	0.0587	0.0503	0.0450
40	0.2936	0.1838	0.0632	0.0507	0.0424	0.0370
45	0.2800	0.1698	0.0554	0.0427	0.0347	0.0290

Service Retirement Rates

The following miscellaneous retirement formulas apply:

For miscellaneous "Classic" employees: 2% @ 55
For miscellaneous "PEPRA" employees: 2% @ 62

Sample rates of assumed future retirements for each of these retirement benefit formulas are shown in the tables to the right and on the top of the following page. Rates shown reflect the probability that an employee at that age and service will retire in the next 12 months.

Miscellaneous Employees: 2% at 55 formula From CalPERS Experience Study Report Issued January 2014						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0140	0.0180	0.0210	0.0250	0.0270	0.0310
55	0.0480	0.0610	0.0740	0.0880	0.1000	0.1170
60	0.0670	0.0860	0.1030	0.1230	0.1390	0.1640
65	0.1550	0.1970	0.2380	0.2850	0.3250	0.3860
70	0.1300	0.1650	0.2000	0.2400	0.2720	0.3230
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Table 4 - Actuarial Methods and Assumptions
(Continued)

Service Retirement Rates - continued

Miscellaneous "PEPRA" Employees: 2% at 62 formula From CalPERS Experience Study Report Issued January 2014						
Current Age	Years of Service					
	5	10	15	20	25	30
52	0.0103	0.0132	0.0160	0.0188	0.0216	0.0244
55	0.0440	0.0560	0.0680	0.0800	0.0920	0.1040
60	0.0616	0.0784	0.0952	0.1120	0.1288	0.1456
65	0.1287	0.1638	0.1989	0.2340	0.2691	0.3042
70	0.1254	0.1596	0.1938	0.2280	0.2622	0.2964
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Disability Retirement Rates

CalPERS Public Agency Miscellaneous Disability From Jan 2014 Experience Study Report		
Age	Male	Female
20	0.00017	0.00010
25	0.00017	0.00010
30	0.00019	0.00024
35	0.00049	0.00081
40	0.00122	0.00155
45	0.00191	0.00218
50	0.00213	0.00229
55	0.00221	0.00179
60	0.00222	0.00135

Healthcare Trend

Medical plan premiums and claims costs by age are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2018	Actual	2022	6.50%
2019	8.00%	2023	6.00%
2020	7.50%	2024	5.50%
2021	7.00%	& later	5.00%

Dental premiums are assumed to increase by 4.5% annually.

Retiree Cost Sharing

Retiree contributions toward coverage are assumed to increase at 3% per year.

Table 4 - Actuarial Methods and Assumptions
(Continued)

Participation Rate

Active employees: The percentage assumed to elect or continue their current coverage in retirement prior to age 65 is based on years of Authority service:

Less than 16 years of service:	60%
At least 16, but less than 21:	80%
At least 21, but less than 25:	90%
25 or more:	100%

Upon reaching age 65, 67% (2 of 3) are assumed to continue coverage for the remainder of their lifetime.

Retired participants: 67% of current retirees under age 65 are assumed to continue coverage until their death; all retirees coverage at age 65 and older are assumed to continue their coverage until death.

Spouse Coverage

Active employees: 85% are assumed to be married at retirement and 75% of married employees are assumed to elect coverage for their spouse in retirement. Surviving spouses are assumed to retain coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be maintained until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Dependent Coverage

20% of active employees who retire with 21 or more years of service are assumed to cover one dependent (other than a spouse) until the retiree reaches age 62.

Retired participants covering dependent children are assumed to end such coverage when the youngest currently covered dependent reaches age 26.

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Excise tax on high-cost plans

The expected value of excise taxes for high cost plan coverage for retirees is expected to be effective in the year 2022. Annual threshold amounts for 2018 under the Affordable Care Act (ACA) are shown below.

2018 Thresholds	Ages 55-64	All Other Ages
Single	11,850	10,200
Other than Single	30,950	27,500

Note: Thresholds for disability retirements are assumed to be set at a level high enough to prevent taxation on disabled retiree benefits.

Table 4 - Actuarial Methods and Assumptions
(Continued)

Excise tax on high-cost plans - continued

The actual limits may be higher, depending on cost increases prior to the effective date. The thresholds are scheduled to increase by CPI plus 1% in 2019 and by CPI annually thereafter. A 40% excise tax rate was applied to the portion of premiums projected to exceed the threshold.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology provided in Addendum 1 to this report.

Representative claims costs derived for retirees for selected ages appear below:

Expected Monthly Claims by Medical Plan for Selected Ages									
Medical Plan	EIAHealth PPO 80/60								
Sample Ages	48	53	58	63	68	73	78	83	88
Males	$ 635	$ 839	$ 1,069	$ 1,326	$ 543	$ 599	$ 635	$ 645	$ 617
Females	822	969	1,096	1,287	524	578	610	626	618

Changes Since the Prior Valuation:

Termination (separation) rates

For employees with less than 5 years of service, we applied 2 times the usual CalPERS termination rates at all ages; for those under age 40, we applied 2 times the usual CalPERS termination rates for those with less than 10 years of service. These changes were made following a review of experience since 2008.

Mortality improvement

Future rates of mortality were projected to improve on a generational basis using MacLeod Watts Scale 2017, rather than MacLeod Watts Scale 2014; this new scale generally results in somewhat shorter retiree life expectancy.

Participation Rate

We reduced the percentage of members currently under age 65 who are assumed to continue health coverage through the Authority after age 65 by 1/3 (33%).

Healthcare trend

Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the ultimate trend of 5.0% per year, rather than 4.5% per year assumed in the prior valuation.

Table 5
Projected Benefit Payments

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the Authority. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Table 4.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Projected Annual Benefit Payments			
Fiscal Year Ending June 30	Current Retirees	Future Retirees	Total
2018	$ 49,296	$ -	$ 49,296
2019	37,540	3,184	40,724
2020	41,304	5,394	46,698
2021	45,179	8,994	54,173
2022	38,582	13,536	52,118
2023	34,657	18,024	52,681
2024	36,831	24,151	60,982
2025	24,436	29,518	53,954
2026	23,032	31,619	54,651
2027	23,744	37,233	60,977
2028	24,505	24,964	49,469
2029	25,314	25,203	50,517
2030	26,165	28,796	54,961
2031	27,046	19,206	46,252
2032	27,949	19,376	47,325

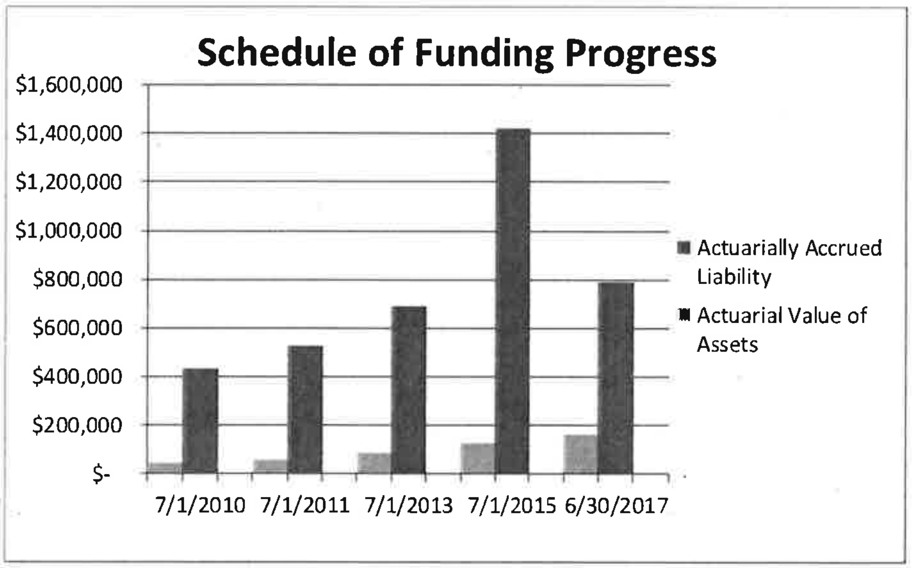
The amounts shown above reflect amounts projected to be paid by the Authority toward retiree medical and dental claims in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date ("current retirees") and those expected to retire after the valuation date ("future retirees"). Values above reflect both the Authority's portion of retiree premium payments as well as an implicit subsidy (difference between expected retiree claims and the retiree premium rate) anticipated in each year. The portion of costs expected to be paid by retirees are already excluded from these amounts.

Appendix 1
Historical Information

In this section, we provide a review of key components of valuation results from 2008 through 2017.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Discount Rate
7/1/2010	$ 44,752	$ 435,051	$ 390,299	10.3%	$ 294,812	132.4%	5.50%
7/1/2011	$ 58,086	$ 528,091	$ 470,005	11.0%	$ 294,812	159.4%	5.50%
7/1/2013	$ 88,187	$ 692,253	$ 604,066	12.7%	$ 192,720	313.4%	5.38%
7/1/2015	$ 125,940	$ 1,419,422	$ 1,293,482	8.9%	$ 208,790	619.5%	4.79%
6/30/2017	$ 164,192	$ 740,081	$ 575,889	22.2%	$ 294,037	195.9%	7.00%



Significant changes during this period include:

- **July 1, 2011**: Updated demographic assumptions based on new CalPERS experience study; increase in assumed healthcare trend
- **July 1, 2013**: Direct recognition of disability benefits; increase in assumed healthcare trend; updated mortality projection; significant gain from plan experience due to an eligible retiree's decision to waive healthcare coverage through the Authority; earlier retirement ages.
- **July 1, 2015**: Discount rate decreased from 5.38% to 4.79%; updated demographic assumptions based on new CalPERS experience study; Agency's share of retirees' claims assumed to widen over time; higher-than-expected increase in retiree healthcare premiums.
- **June 30, 2017**: Termination rates accelerated for early employment years, based on a review of plan experience; decrease in assumed retiree participation rates after age 65; increase in assumed healthcare trend; increase in discount rate reflecting the substantial recent and future expected increases in expected Authority contributions to the OPEB trust.

Addendum 1: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g., GASB 75) and actuarial standards (e.g., ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant*. For example, a claims cost curve might show that, if a 50 year old male has $1 in claims, then on average a 50 year old female has claims of $1.25, a 30 year male has claims of $0.40, and an 8 year old female has claims of $0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Table 4 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Table 4.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.

Addendum 2: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principals in developing a credible mortality improvement model would include the following:

(1) Short-term mortality improvement rates should be based on recent experience.
(2) Long-term mortality improvement rates should be based on expert opinion.
(3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2017** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2016 Report, published in October 2016 and (2) the demographic assumptions used in the 2016 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published June 2016.

MacLeod Watts Scale 2017 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2016 which has two segments – (1) historical improvement rates for the period 1951-2012 and (2) an estimate of future mortality improvement for years 2013-2015 using the Scale MP-2016 methodology but utilizing the assumptions obtained from Scale MP-2015. The MacLeod Watts scale then transitions from the 2015 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10 year period 2016-2025. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2025-2039. The SSA's Intermediate Scale has a final step down in 2040 which is reflected in the MacLeod Watts scale for years 2040 and thereafter. Over the ages 100 to 115, the SSA improvement rate is graded to zero.

Scale MP-2016 can be found at the SOA website and the projection scales used in the 2016 Social Security Administrations Trustees Report at the Social Security Administration website.

Glossary

Actuarial Accrued Liability (AAL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; see "Actuarial Present Value".

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability.

Actuarial Present Value Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future, it is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

Actuarial Value of Assets – The actuarial value of assets is the value used by the actuary to offset the AAL for valuation purposes. The actuarial value of assets may be the market value of assets or may be based on a methodology designed to smooth out short-term fluctuations in market values.

Actuarially Determined Contribution (ADC) – A contribution level determined by an actuary that is sufficient, assuming all assumptions are realized, to (1) fully fund new employee's expected benefits by their expected retirement date(s), (2) pay off over a sufficiently short period any unfunded liabilities current as of the date funding commences, and (3) adequately fund the trust so that the trust can meet benefit payment obligations.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system.

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment.

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment.

Discount Rate – The rate of return that could be earned on an investment in the financial markets; typically, the discount rate is based on the expected long-term yield of investments used to finance the benefits. The discount rate is used to adjust the dollar value of future projected benefits into a present value equivalent as of the valuation date.

Entry Age Normal Cost (EANC) – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid.

Excise Tax – The Affordable Care Act created a 40% excise tax on the value of "employer sponsored coverage" that exceeds certain thresholds. The tax is first effective is 2022.

Glossary
(Continued)

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage.

Funding Policy Contribution (FPC)– The contributions determined in accordance with the entity's adopted funding policy. The FPC may range from "pay-go" (i.e. only paying benefits as they come due), to prefunding all projected liabilities expected for current and former employees. An entity's FPC may be: (1) less than the Actuarially Determined Contribution (ADC) indicating that the entity has chosen not to prefund part of the liabilities reflected in the ADC; (2) more than the ADC indicating that the entity wants to prefund benefits faster than a typical ADC; or (3) based on contributions equal to 100% of an ADC, indicating that the entity desires to prefund over the period indicated by the ADC.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a 'blended' group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Non-Industrial Disability (NID) – Unless specifically contracted by the individual Agency, PAM employees are assumed to be subject to only non-industrial disabilities.

Normal Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the chosen funding method; also called current service cost.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan.

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due.

PEMHCA – The Public Employees' Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting Agency contribute toward medical insurance premiums for retired annuitants and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Glossary
(Concluded)

Plan Assets – The value of cash and investments considered as 'belonging' to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, (a) the assets should be segregated and restricted in a trust or similar arrangement, (b) employer contributions to the trust should be irrevocable, (c) the assets should be dedicated to providing benefits to retirees and their beneficiaries, and (d) that the assets should be legally protected from creditors of the employer and/or plan administrator. See also "Actuarial Value of Assets".

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate).

Unfunded Actuarial Accrued Liability (UAAL) – The excess of the actuarial accrued liability over the actuarial value of plan assets.

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility.

MacLeod Watts

July 28, 2018

Tedd Ward
Director
Del Norte Solid Waste Management Authority
1700 State Street
Crescent City, CA 95531

Re: GASB 75 Actuarial Report for the Fiscal Year Ending June 30, 2018

Dear Mr. Ward:

We are pleased to enclose our report providing the results of the June 30, 2018 accounting of other post-employment benefit (OPEB) liabilities for Del Norte Solid Waste Management Authority (the Authority). The report's text describes our analysis and assumptions in detail.

The primary purpose of this report is to provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in the Authority's financial statements for the fiscal year ending June 30, 2018. The information included in this report reflects the assumption that the Authority will continue contributing 100% or more of the Actuarially Determined Contributions each year, as developed in the June 2017 OPEB actuarial valuation and OPEB funding report.

This report reflects the employee data and details on plan benefits provided by the Authority. Please review our summary of this information shown in the report to be comfortable that we have captured this correctly. As with any analysis, the soundness of the report is dependent on the inputs. If contributions and covered-employee payroll provided for FYE 2018 were estimates, this information should be updated once actual values are available.

We appreciate the opportunity to work on this analysis. Thank you for your help in providing information and assistance to enable us to prepare this report. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod

Catherine L. MacLeod, FSA, FCA, EA, MAAA
Principal & Consulting Actuary

Enclosure

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B

Del Norte Solid Waste Management Authority

GASB 75 Actuarial Report
Measured as of June 30, 2017
For Fiscal Year End June 30, 2018 Financial Reporting

Submitted July 2018

MacLeod Watts

Table of Contents

A. Executive Summary

This report presents the accounting information for the Border Coast Regional Airport Authority (the Authority) other post-employment benefit (OPEB) programs required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2018.

Important background information regarding the valuation process can be found in Addendum 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The succeeding pages discuss in detail the valuation results and present various exhibits appropriate for disclosures under GASB 75. The date of the next actuarial valuation should be no later than June 30, 2019. If there are any significant changes in the employee population, benefits provided under the plan, or the Authority's funding policy, please contact us to discuss whether an earlier valuation might be required

OPEB Obligations of the Authority

The Authority provides continuation of medical and dental coverage to its retiring employees. In this program, the Authority pays all retiree medical and dental claims minus the portion of premiums paid by qualifying, enrolled retirees. These benefits are described in Section 2A.

The Patient Protection and Affordable Care Act (ACA) includes a 40% excise tax on high-cost employer-sponsored health coverage. Any portion of such future excise tax paid by the employer is also a form of explicit subsidy. See Supporting Information Section 2B and Section 3 for further description and assumptions about this potential excise tax.

Authority Funding Policy

The Authority's funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

The Authority made partial prefunding contributions to its OPEB trust for many years; in the current year, it accelerated the contribution level substantially and future contributions are anticipated to exceed 100% of the Actuarially Determined Contributions each year. With the Authority's approval, the discount rate used in this analysis is 7.0% as of June 30, 2016 and as of June 30, 2017, the long term expected return on trust assets.

Actuarial Assumptions

The actuarial "demographic" assumptions used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering Authority employees. The exception relates to assumed rates of termination (separation) from the Authority for reasons other than retirement, death or disability. Please see Table 3 – Actuarial Methods and Assumptions for details. Other assumptions, such as age-

Executive Summary
(Continued)

related healthcare claims, healthcare trend, retiree participation rates and spouse or other dependent coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits. Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Table 3 for a description of assumptions used in this valuation.

Important Dates Used in the Valuation

GASB75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	June 30, 2016 to June 30, 2017
Fiscal Year End	June 30, 2018

Significant Results and Differences from the Prior Valuation

It is our understanding that the Authority will be implementing GASB 75 for its fiscal year ending June 30, 2018. No benefit changes were reported to MacLeod Watts relative to those in place at the time the July 2015 valuation was prepared. Some assumptions were changed in the June 2017 valuation, however as permitted by GASB 75, for purposes of this report, we assumed that all assumption and methodology changes would have been made on June 30, 2016 had a new valuation been prepared on that date. [1] Accordingly, no assumption changes are reflected in this analysis. To develop the liability at the beginning of the measurement period on June 30, 2016, we rolled back the results of the June 30, 2017 valuation. Using this approach, no plan experience (difference between assumed and actual results) is recognized.

Recognition Period for Deferred Resources

Liability changes due to (a) plan experience that differs from what was assumed in the prior year and/or to (b) assumption changes during the year are recognized over the Expected Average Remaining Service Life ("EARSL"). The EARSL is 5.09 years for deferred resources arising in this fiscal year. However, GASB 75 requires that changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

[1] Assumption and/or methodology changes made since the July 2015 valuation was prepared are summarized in Supporting Information, Section 3.

Executive Summary
(Concluded)

Impact on Statement of Net Position and OPEB Expense for Fiscal 2018

The accounting impact of the plan as of the Authority's fiscal year end June 30, 2018 is shown below.

Items	For Reporting At Fiscal Year Ending June 30, 2018
Total OPEB Liability	$ 740,081
Fiduciary Net Position	164,192
Net OPEB Liability (Asset)	575,889
Deferred (Outflows) of Resources	(212,752)
Deferred Inflows of Resources	4,014
Impact on Statement of Net Position	$ 367,151
OPEB Expense, FYE 2018	$ 56,832

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for the Authority's financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. The Authority should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend the Authority consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.

B. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year end June 30, 2018. The Authority is classified for GASB 75 purposes as a single employer.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information *Measurement Date is June 30, 2017*		**Del Norte Solid Waste Management Authority**
Items Impacting Net Position:		
Total OPEB Liability	$	740,081
Fiduciary Net Position		164,192
Net OPEB Liability (Asset)		575,889
Deferred (Outflows) Inflows of Resources Due to:		
Assumption Changes		-
Plan Experience		-
Investment Experience		4,014
Contributions Subsequent to Measurement Date		(212,752)
Net Deferred (Outflows) Inflows of Resources		(208,738)
Impact on Statement of Net Position, FYE 6/30/2018	**$**	**367,151**
Items Impacting OPEB Expense:		
Service Cost	$	18,569
Cost of Plan Changes		-
Interest Cost		48,880
Expected Earnings on Assets		(9,688)
Administrative Expensees		75
Recognized Deferred Resource items:		
Assumption Changes		-
Plan Experience		-
Investment Experience		(1,004)
OPEB Expense, FYE 6/30/2018	**$**	**56,832**

Accounting Information
(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

Del Norte Solid Waste Management Authority						
For Reporting at Fiscal Year End *Measurement Date*		**6/30/2017** *6/30/2016*		**6/30/2018** *6/30/2017*		**Change During Period**
Total OPEB Liability	$	686,807	$	740,081	$	53,274
Fiduciary Net Position		127,311		164,192		36,881
Net OPEB Liability (Asset)		559,496		575,889		16,393
Deferred Resource (Outflows) Inflows Due to:						
Assumption Changes		-		-		-
Plan Experience		-		-		-
Investment Experience		-		4,014		4,014
Contributions Made Subsequent to the Measurement Date		(36,425)		(212,752)		(176,327)
Net Deferred (Outflows) Inflows		(36,425)		(208,738)		(172,313)
Impact on Statement of Net Position	$	523,071	$	367,151	$	(155,920)

Change in Net Position During the Fiscal Year		
Impact on Statement of Net Position, FYE 2017	$	523,071
OPEB Expense (Income)		56,832
Employer Contributions During Fiscal Year		(212,752)
Impact on Statement of Net Position, FYE 2018	$	367,151

OPEB Expense		
Employer Contributions During Fiscal Year	$	212,752
Deterioration (Improvement) in Net Position		(155,920)
OPEB Expense (Income), FYE 2018	$	56,832

Accounting Information
(Continued)

Change in Fiduciary Net Position During the Measurement Period

		Del Norte Solid Waste Management Authority
Fiduciary Net Position at Fiscal Year Ending 6/30/2017 *Measurement Date 6/30/2016*	**$**	**127,311**
Changes During the Period:		
Investment Income		14,706
Employer Contributions		36,425
Administrative Expensees		(75)
Benefit Payments		(14,175)
Net Changes in Fiscal Year 2017-2018		36,881
Fiduciary Net Position at Fiscal Year Ending 6/30/2018 *Measurement Date 6/30/2017*	**$**	**164,192**
Estimated Asset Return - Assumes all inflows and outflows occur on average mid-year.		10.6%

Accounting Information
(Continued)

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2018.

Del Norte Solid Waste Management Authority	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ -	$ -
Differences Between Expected and Actual Experience	-	-
Net Difference Between Projected and Actual Earnings on Investments	-	4,014
Contributions Made Subsequent to the Measurement Date	212,752	-
Total	$ 212,752	$ 4,014

The Authority will recognize the Contributions Made Subsequent to the Measurement Date in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2019	$ (1,004)
2020	(1,004)
2021	(1,004)
2022	(1,002)
2023	-
Thereafter	-

Accounting Information
(Continued)

Sample Journal Entries

Beginning Account Balances **As of the fiscal year beginning 7/1/2017**	***Del Norte Solid Waste Management Authority*** **Debit**	 **Credit**
Net OPEB Liability		559,496
Deferred Resource -- Assumption Changes	-	
Deferred Resource -- Plan experience	-	
Deferred Resource -- Investment Experience	-	
Deferred Resource -- Contributions	36,425	
Net Position	523,071	

** The entries above assume nothing is on the books at the beginning of the year. So to the extent that values already exist in, for example, the Net OPEB Liability account, then only the difference should be adjusted. The entries above represent the values assumed to exist at the start of the fiscal year.*

Journal entries to record retiree premium (or other benefit) payments that were not reimbursed by a trust, and contributions to the trust during the fiscal year	***Del Norte Solid Waste Management Authority*** **Debit**	 **Credit**
OPEB Expense	212,752	
Employer Contributions for Retiree Benefits During Fiscal Year		212,752

** This entry assumes that when cash is used to pay retiree premiums directly (and not reimbursed by a trust), or when cash is used to contribute to an OPEB trust, then an account called "Employer Contributions for Retiree Benefits During Fiscal Year" was debited (increased). This entry reassigns these premium payments to OPEB Expense. If OPEB Expense was originally debited, then this entry is unnecessary.*

Journal entries to record implicit subsidies during the fiscal year	***Del Norte Solid Waste Management Authority*** **Debit**	 **Credit**
OPEB Expense	-	
Premium Expense During Fiscal Year		-

** This entry assumes that when premiums for active employees are paid, then an account called "Premium Expense During Fiscal Year" is debited (increased). This entry reverses the portion of premium payments that represent implicit subsidies and assigns that value to OPEB Expense.*

Journal entries to record other account activity during the fiscal year	***Del Norte Solid Waste Management Authority*** **Debit**	 **Credit**
Net OPEB Liability		16,393
Deferred Resource -- Assumption Changes	-	
Deferred Resource -- Plan experience	-	
Deferred Resource -- Investment Experience		4,014
Deferred Resource -- Contributions	176,327	
OPEB Expense		155,920

Accounting Information
(Continued)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the fiscal year end 2018 is 7.0%. Healthcare cost trend rate was assumed to start at 8.0% in 2019 and grade down to 5.0% for years 2025 and thereafter. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	**Current - 1% 6.00%**	**Current 7.00%**	**Current + 1% 8.00%**
Total OPEB Liability	838,977	740,081	659,401
Increase (Decrease)	98,896		(80,680)
% Increase (Decrease)	13.4%		-10.9%
Net OPEB Liability (Asset)	674,785	575,889	495,209
Increase (Decrease)	98,896		(80,680)
% Increase (Decrease)	17.2%		-14.0%
Change in Heathcare Cost Trend Rate	**Current Trend - 1%**	**Current Trend**	**Current Trend + 1%**
Total OPEB Liability	643,274	740,081	860,907
Increase (Decrease)	(96,807)		120,826
% Increase (Decrease)	-13.1%		16.3%
Net OPEB Liability (Asset)	479,082	575,889	696,715
Increase (Decrease)	(96,807)		120,826
% Increase (Decrease)	-16.8%		21.0%

Accounting Information
(Continued)

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios

GASB75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the initial year of implementation, only one year is currently available.

Fiscal Year Ending 2018	Del Norte Solid Waste Management Authority
Total OPEB liability	
Service Cost	$ 18,569
Interest	48,880
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(14,175)
Total OPEB liability - beginning	686,807
Total OPEB liability - ending (a)	$ 740,081
Plan fiduciary net position	
Contributions - employer	$ 36,425
Net investment income	14,706
Benefit payments	(14,175)
Administrative Expensees	(75)
Net change in plan fiduciary net position	36,881
Plan fiduciary net position - beginning	127,311
Plan fiduciary net position - ending (b)	$ 164,192
Net OPEB liability - ending (a) - (b)	$ 575,889
Covered-employee payroll	$ 257,645
Net OPEB liability as a percentage of covered-employee payroll	223.52%

Accounting Information
(Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Del Norte Solid Waste Management Authority	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows (Inflows) Due to: Assumption Changes	Plan Experience	Investment Experience	Contributions Subsequent to Measurement Date	Impact on Statement of Net Position (e) = (c) - (d)
Balance at Fiscal Year Ending 6/30/2017 *Measurement Date 6/30/2016*	$ 686,807	$ 127,311	$ 559,496	$ -	$ -	$ -	$ 36,425	$ 523,071
Changes During the Period:								
Service Cost	18,569		18,569					18,569
Interest Cost	48,880		48,880					48,880
Expected Investment Income		9,688	(9,688)					(9,688)
Employer Contributions		36,425	(36,425)					(36,425)
Changes of Benefit Terms	-		-					-
Administrative Expensees		(75)	75					75
Benefit Payments	(14,175)	(14,175)	-					-
Assumption Changes	-		-	-				-
Plan Experience	-		-		-			-
Investment Experience		5,018	(5,018)			(5,018)		-
Recognized Deferred Resources				-	-	1,004	(36,425)	35,421
Employer Contributions Subsequent to Measurement date							212,752	(212,752)
Net Changes in Fiscal Year 2017-2018	53,274	36,881	16,393	-	-	(4,014)	176,327	(155,920)
Balance at Fiscal Year Ending 6/30/2018 *Measurement Date 6/30/2017*	$ 740,081	$ 164,192	$ 575,889	$ -	$ -	$ (4,014)	$ 212,752	$ 367,151

Accounting Information
(Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below. Contributions subsequent to the measurement date are not shown.

Measurement Date: June 30, 2017

					Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Cause of Deferred Resource	Initial Amount	Annual Recognition	Balance as of Jun 30, 2017	2016-17 (FYE 2018)	2017-18 (FYE 2019)	2018-19 (FYE 2020)	2019-20 (FYE 2021)	2020-21 (FYE 2022)	2021-22 (FYE 2023)	Thereafter
6/30/2017	Investment Earnings Greater than Expected	$ (5,018)	$ (1,004)	$ (4,014)	$ (1,004)	$ (1,004)	$ (1,004)	$ (1,004)	$ (1,002)	$ -	$ -

The Expected Average Remaining Service Life ("EARSL") is 5.09 years. This is the period used to recognize changes in the OPEB Liability *other than* those arising from investment gains and losses or relating to improvements in plan benefits. Changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

Accounting Information
(Continued)

Authority Contributions to the Plan

Authority contributions to the Plan occur as benefits are paid to retirees and/or to the OPEB trust. Benefit payments may occur in the form of direct payments for premiums and taxes ("explicit subsidies") and/or indirect payments to retirees in the form of higher premiums for active employees ("implicit subsidies"). For details, see Addendum 1 – Important Background Information.

Benefits and other contributions paid by the Authority during the measurement period and those made in the year following the measurement period but prior to the end of the fiscal year are shown below.

Benefit Payments During the Measurement Period, Jul 1, 2016 thru Jun 30, 2017	**Del Norte Solid Waste Management Authority**
Benefits Paid by Trust	$ -
Benefits Paid by Employer (not reimbursed by trust)	14,175
Implicit benefit payments	-
Total Benefit Payments During the Measurement Period	$ 14,175

Employer Contributions During the Measurement Period, Jul 1, 2016 thru Jun 30, 2017	**Del Norte Solid Waste Management Authority**
Employer Contributions to the Trust	$ 22,250
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	14,175
Implicit contributions	-
Total Employer Contributions During the Measurement Period	$ 36,425

Employer Contributions Subsequent to the Measurement Date, Jul 1, 2017 thru Jun 30, 2018	**Del Norte Solid Waste Management Authority**
Employer Contributions to the Trust	$ 163,456
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	49,296
Implicit contributions	-
Total Employer Contributions Subsequent to the Measurement Date	$ 212,752

Accounting Information
(Concluded)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the Authority. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Table 3.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Projected Annual Benefit Payments			
Fiscal Year Ending June 30	Current Retirees	Future Retirees	Total
2018	$ 49,296	$ -	$ 49,296
2019	37,540	3,184	40,724
2020	41,304	5,394	46,698
2021	45,179	8,994	54,173
2022	38,582	13,536	52,118
2023	34,657	18,024	52,681
2024	36,831	24,151	60,982
2025	24,436	29,518	53,954
2026	23,032	31,619	54,651
2027	23,744	37,233	60,977
2028	24,505	24,964	49,469
2029	25,314	25,203	50,517
2030	26,165	28,796	54,961
2031	27,046	19,206	46,252
2032	27,949	19,376	47,325

The amounts shown above reflect amounts projected to be paid by the Authority toward retiree medical and dental claims in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date ("current retirees") and those expected to retire after the valuation date ("future retirees"). Values above reflect both the Authority's portion of retiree premium payments as well as an implicit subsidy (difference between expected retiree claims and the retiree premium rate) anticipated in each year. The portion of costs expected to be paid by retirees are already excluded from these amounts.

Because eligibility for future retiree health coverage and benefits through the Authority requires a minimum of 15 year of service and attainment of age 50 or 52, it will be many years before the first active employee is expected to qualify for benefits.

C. Funding Information

Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. The Authority made partial prefunding contributions to its OPEB trust for many years; in the current year, it accelerated the contribution level substantially; future contributions are anticipated to initially exceed and then be maintained at 100% of the Actuarially Determined Contributions.

The ADC consists of two basic components, which have been adjusted with interest to the Authority's fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL).

The ADC developed for the Authority's fiscal year ending June 30, 2018 was determined and presented in the June 2017 Actuarial Valuation report. Expected contributions, relative to the ADC, for the fiscal year ending June 30, 2018 are shown below.

Schedule of Contributions		**Del Norte Solid Waste Management Authority**
Actuarially determined contribution during fiscal year	$	163,456
Contributions in relation to the actuarially determined contribution		212,752
Contribution deficiency (excess)	$	(49,296)
Covered employee payroll during fiscal year	$	267,781
Contributions as a percentage of covered employee payroll		79.45%

D. Certification

The purpose of this report is to provide actuarial information in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75) for other postemployment benefits provided by the Del Norte Solid Waste Management Authority (the Authority). We summarized the benefits in this report and our calculations were based on our understanding of the benefits as described herein.

In preparing this report we relied without audit on information provided by the Authority. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75. Plan results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.

This report is prepared solely for the use and benefit of the Authority and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions are: The Authority may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and the Authority may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuaries are unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. Both actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: July 28, 2018

Catherine L. MacLeod

Catherine L. MacLeod, FSA, FCA, EA, MAAA

J. Kevin Watts

J. Kevin Watts, FSA, FCA, MAAA

E. Supporting Information

Section 1 - Summary of Employee Data

The Authority reported 7 active employees in the data provided to us for the June 2017 valuation. Of these, 6 active employees are currently participating in the medical program and 1 employee is waiving coverage.

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25							0	0%
25 to 29	1	2					3	43%
30 to 34							0	0%
35 to 39							0	0%
40 to 44							0	0%
45 to 49	1						1	14%
50 to 54		1				1	2	29%
55 to 59			1				1	14%
60 to 64							0	0%
65 to 69							0	0%
70 & Up							0	0%
Total	2	3	1	0	0	1	**7**	**100%**
Percent	29%	43%	14%	0%	0%	14%	**100%**	

Valuation	July 2015	June 2017
Annual Covered Payroll	$208,790	$294,037
Average Attained Age for Actives	48.3	38.1
Average Years of Service	4.6	5.4

Retired members valued: There are 2 retirees currently receiving benefits under this program, ages 61 and 88 as of the valuation date.

Summary of plan members: The chart below shows the number of active plan members and the number of inactive members currently receiving benefits under this plan. If an employee does not initially enroll in coverage at retirement, he or she may not enroll in the future.

Summary of Plan Member Counts	
Number of active plan members	7
Number of inactive plan members currently receiving benefits	2
Number of inactive plan members entitled to but not receiving benefits	0

Supporting Information
(Continued)

Section 2A - Summary of Retiree Benefit Provisions

OPEB provided: The Authority reported the following OPEB provided: medical and dental coverage.

Access to coverage: This coverage is available to employees who retire after having attained age 50 (age 52 if a miscellaneous PEPRA employee, or earlier age in the event of approved disability retirement) and complete a minimum number of years of service with the Authority. The required years of service to be eligible for benefits varies based on employment date, as shown below:

Date of Hire	Years of Service
Before 1/1/07	5
1/1/07 - 10/31/09	10
1/1/09 and after	15

Benefits provided: The Authority permits eligible retirees to continue their medical and/or dental coverage through the Authority for their lifetime. The Authority then charges the retiree for coverage based on age, years of Authority service and coverage level (i.e., single, two- party or family coverage). The following table shows the monthly amounts paid by retirees in 2017 and in 2018 for medical and dental coverage:

Premium Rates Paid by Retirees Effective November 1, 2009 (current through 2018)						
Age	Under 65			65 and over		
Years of Service	Retiree Only	Retiree & 1 Dependent	Retiree & 2+ Dependents	Retiree Only	Retiree & 1 Dependent	Retiree & 2+ Dependents
Less than minimum	Cobra coverage for up to 18 months					
At least the minimum[1], but less than 16	$ 386.06	$ 748.89	$ 1,127.20	$ 225.00	$ 439.91	$ 555.15
At least 16, but less than 21	257.25	559.76	875.02	200.00	414.91	530.15
At least 21, but less than 25	128.68	343.59	458.83	175.00	389.91	505.15
At least 25 or more	-	214.91	344.50	150.00	364.91	480.15

[1] The minimum refers to the minimum service required based on employment date, as described above.

Benefits continue for the retiree's lifetime and to any covered surviving dependents at time of the retiree's death. Survivors pay the applicable amount in the above table, based on their coverage level. Retirees age 65 and older may also choose to have dental only coverage by paying the dental only premium.

Current premium rates: The 2018 monthly healthcare premium rates are shown here.

	Dental Only
Retiree	$ 60
Retiree + 1	$ 115
Retiree + 2	$ 165

Del Norte County Monthly Active and Retiree Premiums Effective January 2018 (Medical & Dental)			
	Active Employees	Pre-Medicare Retirees	Medicare Retirees
Retiree	$ 798	$ 1,168	$ 797
Retiree + 1	1,547	2,266	1,547
Retiree + 2	1,898	3,236	2,208
Retiree (1 Medicare, 1 Without)	N/A	1,965	1,965
Retiree (1 Medicare, 2 Without)	N/A	3,063	3,063
Retiree (2 Medicare, 1 Without)	N/A	2,715	2,715

Supporting Information
(Continued)

Section 2B - Excise Taxes for High Cost Retiree Coverage

The Patient Protection and Affordable Care Act (ACA) includes a 40% excise tax on high-cost employer-sponsored health coverage. The tax applies to the aggregate annual cost of an employee's applicable coverage that exceeds a dollar limit. Implementation of this tax has been delayed by subsequent legislation to 2022; while there are discussions in Congress of eliminating or again delaying the tax, this report assumes that it will take effect as current law provides.

For those current and future retirees assumed to retain coverage in the Authority's medical program, we determined the excess, if any, of projected annual plan premiums for the retiree and his or her covered dependents over the projected applicable excise tax threshold beginning in 2022. The excise tax burden will ultimately fall on the Authority alone, a combination of the Authority and plan participants, or be entirely borne by the affected retirees. The practicalities of how the tax will be recovered by insurers will likely affect the eventual cost-sharing result.

See Section 3 for assumptions about this excise tax in the valuation. Please note that any assumptions applied in this valuation are not intended to imply any legal obligation as to the Authority's current or future liability to absorb this potential tax.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Valuation Date	June 30, 2017
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	7.0% as of June 30, 2016 and as of June 30, 2017
Discount Rate	7.0% as of June 30, 2016 and as of June 30, 2017
Participants Valued	Only current active employees expected to qualify for benefits and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Wage inflation	3.0% per year; used to determine amortization payments if developed on a level percent of pay basis
General Inflation Rate	2.75% per year

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for (a) a different basis used to project future mortality improvements and (b) termination rates. See below.

Mortality rates and improvement	Mortality rates published by CalPERS, were adjusted to back out 20 years of Scale BB to central year 2008, then projected using the MacLeod Watts Scale 2017 applied generationally.

Termination rates: Termination rates described above were doubled as follows:

- All service values less than 5, regardless of attained age
- All service values less than 10 for attained ages less than 40

Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued January 2014						
Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1812	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1742	0.1193	0.0946	0.0000	0.0000	0.0000
25	0.1674	0.1125	0.0868	0.0749	0.0000	0.0000
30	0.1606	0.1055	0.0790	0.0668	0.0581	0.0000
35	0.1537	0.0987	0.0711	0.0587	0.0503	0.0450
40	0.1468	0.0919	0.0632	0.0507	0.0424	0.0370
45	0.1400	0.0849	0.0554	0.0427	0.0347	0.0290

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Healthcare Trend

Medical plan premiums and claims costs by age are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2018	Actual	2022	6.00%
2019	7.50%	2023	5.50%
2020	7.00%	2024	5.00%
2021	6.50%	2025 & later	5.00%

Dental premiums are assumed to increase by 4.5% annually.

Retiree Cost Sharing

Retiree contributions toward coverage are assumed to increase at 3% per year.

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Participation Rate

Active employees: The percentage assumed to elect or continue their current coverage in retirement prior to age 65 is based on years of Authority service:

Less than 16 years of service:	60%
At least 16, but less than 21:	80%
At least 21, but less than 25:	90%
25 or more:	100%

Upon reaching age 65, 67% (2 of 3) are assumed to continue coverage for the remainder of their lifetime.

Retired participants: 67% of current retirees under age 65 are assumed to continue coverage until their death; all retirees coverage at age 65 and older are assumed to continue their coverage until death.

Spouse Coverage

Active employees: 85% are assumed to be married at retirement and 75% of married employees are assumed to elect coverage for their spouse in retirement. Surviving spouses are assumed to retain coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be maintained until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Dependent Coverage

20% of active employees who retire with 21 or more years of service are assumed to cover one dependent (other than a spouse) until the retiree reaches age 62.

Retired participants covering dependent children are assumed to end such coverage when the youngest currently covered dependent reaches age 26.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology provided in Addendum 1 to this report.

Representative claims costs derived for retirees for selected ages appear below:

Expected Monthly Claims by Medical Plan for Selected Ages									
Medical Plan	ElAHealth PPO 80/60								
Sample Ages	48	53	58	63	68	73	78	83	88
Males	$ 635	$ 839	$ 1,069	$ 1,326	$ 543	$ 599	$ 635	$ 645	$ 617
Females	822	969	1,096	1,287	524	578	610	626	618

Excise tax on high-cost plans

The expected value of excise taxes for high cost plan coverage for retirees is expected to be effective in the year 2022. Annual threshold amounts for 2018 under the Affordable Care Act (ACA) are shown below.

2018 Thresholds	Ages 55-64	All Other Ages
Single	11,850	10,200
Other than Single	30,950	27,500

Note: Thresholds for disability retirements are assumed to be set at a level high enough to prevent taxation on disabled retiree benefits.

The actual limits may be higher, depending on cost increases prior to the effective date. The thresholds are scheduled to increase by CPI plus 1% in 2019 and by CPI annually thereafter. A 40% excise tax rate was applied to the portion of premiums projected to exceed the threshold. This report assumes that 100% of any excise tax liability for high cost retiree coverage will be borne by the Authority.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Changes reflected during the Measurement Period:

None.

Changes Since the 2015 AMM Valuation:

Termination (separation) rates	For employees with less than 5 years of service, we applied 2 times the usual CalPERS termination rates at all ages; for those under age 40, we applied 2 times the usual CalPERS termination rates for those with less than 10 years of service. These changes were made following a review of experience since 2008.
Mortality improvement	Future rates of mortality were projected to improve on a generational basis using MacLeod Watts Scale 2017, rather than MacLeod Watts Scale 2014; this new scale generally results in somewhat shorter retiree life expectancy.
Participation Rate	We reduced the percentage of members currently under age 65 who are assumed to continue health coverage through the Authority after age 65 by 1/3 (33%).
Healthcare trend	Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the ultimate trend of 5.0% per year, rather than 4.5% per year assumed in the prior valuation.

Addendum 1: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave[2] or other direct retiree payments which fall under other GASB accounting statements.

A direct employer payment toward the cost of OPEB benefits is referred to as an "explicit subsidy". Upcoming excise taxes under the Affordable Care Act for retirees covered by high cost plans is another potential source of explicit subsidies.

In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an "implicit subsidy" of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Expected retiree claims		
Premium charged for retiree coverage		*Covered by higher active premiums*
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Authority *does not impact the amount of the implicit subsidy.*

Under GASB 45, for actuarial valuations dated prior to March 31, 2015, an exception allowed plan employers with a very small membership in a large "community-rated" healthcare program to avoid reporting of implicit subsidy liability. Following a change in Actuarial Standards of Practice and in accordance with GASB 75 requirements, this exception is no longer available.

Valuation Process

The valuation was based on employee census data and benefits provided by the Authority. A summary of the employee data is provided in Table 1 and a summary of the benefits provided under the Plan is provided in Table 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the Authority as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Table 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee's future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends

[2] Unless unused sick leave credits are converted to provide or enhance a defined benefit OPEB.

Important Background Information
(Continued)

in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and
- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members;
- A significant increase or decrease in the future premium rates;
- A change in the subsidy provided by the Authority toward retiree premiums;
- Longer life expectancies of retirees;
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents;
- Higher or lower returns on plan assets or contribution levels other than were assumed; and/or
- Changes in the discount rate used to value the OPEB liability

Important Background Information
(Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition*: Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are 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.

- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected and actual trust earnings:	5 year straight-line recognition
All other amounts:	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.

Important Background Information
(Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy liability is created when expected retiree claims exceed the premiums charged for retiree coverage. In practical terms, when premiums for active employees each year exceed active employee claims, their premiums include an amount expected to be transferred to cover a portion of the retirees' claims not covered by the premiums charged for retiree coverage. This transfer represents the current year's implicit subsidy. GASB 75 allows for recognition of payments to an irrevocable trust *or directly to the insurer* as an employer's contribution. Therefore, each year's implicit subsidy is a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
Prior to Implicit Subsidy Adjustment		
Premiums Paid by Agency During Fiscal Year	$ 411,000	$ 48,000
Accounting Treatment	Compensation Cost for Active	Contribution to Plan & Benefits Paid from
After Implicit Subsidy Adjustment		
Premiums Paid by Agency During Fiscal Year	$ 411,000	$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	$ 388,000	$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

In this example, while total contributions paid toward active and retired employee healthcare premiums is the same, by shifting the recognition of the current year's implicit subsidy from actives to retirees, this amount is recognized as an OPEB contribution and at the same time reduces premium expense for active employees.

Important Background Information
(Continued)

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

Actuarial Funding Method and Assumptions

The "ultimate real cost" of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the "incidence of cost". GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period's service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.

Addendum 2: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g. GASB 75) and actuarial standards (e.g. ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds, and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant*. For example, a claims cost curve might show that, if a 50 year old male has $1 in claims, then on average a 50 year old female has claims of $1.25, a 30 year male has claims of $0.40, and an 8 year old female has claims of $0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Table 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage*. An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Table 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims*. The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.

Addendum 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

(1) Short-term mortality improvement rates should be based on recent experience.
(2) Long-term mortality improvement rates should be based on expert opinion.
(3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2017** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2016 Report, published in October 2016 and (2) the demographic assumptions used in the 2016 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published June 2016.

MacLeod Watts Scale 2017 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2016 which has two segments – (1) historical improvement rates for the period 1951-2012 and (2) an estimate of future mortality improvement for years 2013-2015 using the Scale MP-2016 methodology but utilizing the assumptions obtained from Scale MP-2015. The MacLeod Watts scale then transitions from the 2015 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10 year period 2016-2025. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2025-2039. The SSA's Intermediate Scale has a final step down in 2040 which is reflected in the MacLeod Watts scale for years 2040 and thereafter. Over the ages 100 to 115, the SSA improvement rate is graded to zero.

Scale MP-2016 can be found at the SOA website and the projection scales used in the 2016 Social Security Administrations Trustees Report at the Social Security Administration website.

Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Discount Rate - Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Excise Tax – The Affordable Care Act created an excise tax on the value of employer sponsored coverage which exceeds certain thresholds ("Cadillac Plans"). The tax is first effective is 2022.

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage

Fiduciary Net Position –The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board

Glossary
(Continued)

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a 'blended' group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

OPEB Expense – The OPEB expense reported in the Authority's financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees' Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting agency contribute toward medical insurance premiums for retired annuitants and that a contracting agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Plan Assets – The value of cash and investments considered as 'belonging' to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Glossary
(Concluded)

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of "Actuarial Present Value"

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility

Del Norte Solid Waste Management Authority

1700 State Street, Crescent City, CA 95531
Phone (707) 465-1100 Fax (707) 465-1300
www.recycledelnorte.ca.gov

The Authority's mission is the management of Del Norte County solid waste and recyclable material in an environmentally sound, cost effective, efficient and safe manner while ensuring 100% regulatory compliance with law.

21 August 2018

The Honorable Bill Quirk
Chair, Assembly Environmental Safety & Toxic Materials Committee
LOB, 1020 N St., Room 171
Sacramento, CA 95814

RE: SB 212 (Jackson and Ting) Sharps and Pharmaceutical Drug Take-Back Program – SUPPORT

Dear Chair Quirk and Committee Members:

On behalf of the Del Norte Solid Waste Management Authority , I write to express our **STRONG SUPPORT** for **SB 212 (Jackson and Ting)**, which will establish a comprehensive statewide take-back system for sharps and medications. These products serve a vital need in protecting and preserving the health of Californians, but that is all the more reason to also protect Californians from the inherent risks that occur when these products become waste. Both sharps and medications present significant and well-documented challenges for all Californians but especially local governments and municipal workers when it comes to safe and convenient collection and disposal.

Despite the fact that California law (SB 1305 in 2006) has prohibited home-generated sharps waste from being disposed of in trash or recycling containers, millions of needles are discarded irresponsibly every year, resulting in an unacceptable risk of needle stick injuries for parks, hotel, solid waste, wastewater, sanitation and other workers as well as the general public.
CalRecycle estimates 936 million sharps used by consumers in California each year, approximately 31% of those are thrown in the trash. Another study by University Mass Lowell in 2015 estimated 7% of needles are flushed, and needle stick injuries occur with unacceptable frequency. Improper disposal of sharps poses an unacceptable risk to many Californians, and the statewide sharps collection program contained in SB 212 will significantly reduce that risk.

Similarly, prescription, over the counter, and pet medications present significant problems when leftover if not properly secured and disposed of. There is no question that consumers have leftover drugs in their homes, which tend to be stockpiled, flushed, or thrown in the garbage. Leftover drugs and a lack of safe and convenient disposal options are fuel to the opioid epidemic and increase instances of accidental poisonings, and can cause environmental harm.

SB 212 (Jackson and Ting) addresses the myriad of problems that exist due to the lack of a statewide system to manage these products at the end of their useful life. By requiring manufacturers of sharps and pharmaceutical drugs to create, fund, and participate in a statewide take-back system, this bill will take a groundbreaking step to ensure that California residents throughout the state have access to safe, convenient disposal methods of sharps and drugs, addressing important public health concerns.

This concept is built off well-functioning programs that exist all over the world – effective take-back programs for these products are operated by manufacturers in Canada, Mexico, many countries in Europe and South America, 12 local jurisdictions throughout California (9 counties and three cities in Santa Cruz County). Establishing a comprehensive statewide system will provide harmonization and clarity for manufacturers and consumers alike.

California has debated this issue for long enough. We strongly urge you to take this logical next step to protect California consumers and workers. For these reasons, at our 21 August 2018 Board meeting, the Board of Commissioners of Del Norte Solid Waste Management Authority voted to send this letter to express our **STRONG SUPPORT** of **SB 212 (Jackson and Ting)** and respectfully request your **"AYE"** vote when this bill is heard in your committee.

Sincerely,

Blake Inscore, Chair
Chair, Del Norte Solid Waste Management Authority

cc: Members and Consultants, Assembly Environmental Safety & Toxic Materials Committee
The Honorable Hannah-Beth Jackson, 19th Senate District
The Honorable Phil Ting, 19th Assembly District
The Honorable Adam Gray, 21st Assembly District
Graciela Castillo-Krings, Deputy Legislative Secretary, Office of Governor Brown

Senate Bill 212

Pharmaceutical Drugs and Sharps Take-Back Program

Senator Jackson and Assemblymembers Ting and Gray

Summary

SB 212 (Jackson) will require manufacturers of sharps and specified pharmaceutical drugs to establish, fund, and promote a statewide take-back system for these products.

Background

In response to the growing problems of prescription drug abuse, accidental poisonings, and the detection of pharmaceutical products in California waters, local governments throughout the state have struggled to establish safe and convenient medication take-back programs. The public demand and need for such programs has been tremendous – even limited programs have collected hundreds of pounds of drugs. ***Law enforcement, federal agencies, public health and environmental professionals agree that take-back programs are the safest way to dispose of unused medicines.***

The simple truth is that drugs – both prescription and over the counter – present significant problems at the end of their useful life. Consumers have leftover drugs in their homes, which tend to be stockpiled, flushed, or thrown in the garbage. Unfortunately, the lack of an end-of-life management plan results in significant problems for California.

Prescription Drug Abuse – Prescription drug abuse has skyrocketed in recent years, as have hospitalizations and deaths from overdoses. In fact, opioid pain relievers were involved in more drug poisoning deaths than other drugs, including heroin and cocaine. One of the four top recommendations of the National Strategy on Preventing Prescription Drug Abuse is to have a safe and convenient method of disposal for prescription drugs, over the counter drugs, and veterinary medicines that we have in our homes. The lack of take-back locations forces consumers to choose less than desirable options, including home storage, flushing medications down the toilet or throwing them in the garbage.

Environmental Impacts – Pharmaceutical products enter our waters by excretion, consumer disposal of unused medications down the toilet or drain, or wastewater siphoned from landfills and discharged into the environment. While the potential impacts on humans exposed through drinking water or by eating contaminated fish are not well studied, scientists are concerned with unknowns such as low dose exposures over long periods of time, effects on vulnerable populations such as infants, and cumulative impacts of drug mixtures.

Cost to Local Governments – For too long, municipal governments have cobbled together local collection options that fail to meet public demand for safe take-back. This draws resources from other vital government functions, creates a patchwork of regulations, and fails to realize efficiencies that would come from a statewide program. Some counties don't offer drug take-back sites because they lack the budget - and others that do sometimes have programs that are limited in scope.

Medical Sharps - Despite the fact California law prohibits home-generated sharps waste from being thrown away, millions of these products are discarded irresponsibly every year, resulting in an unacceptable risk of needle stick injuries for parks, hotel, solid waste, wastewater, sanitation and other workers as well as the public.

Under current law, sharps users must purchase their own suitable container, discard needles into the container, and then drive to a county household hazardous waste facility for proper disposal. In some limited situations, there are doorstep pickup services provided and paid for often by garbage ratepayers. In some rare instances, private sector hospitals like Kaiser, and some independent veterinarians are accepting needles from their customers.

Needle stick injuries occur with unacceptable frequency outside of hospital settings, which have a much more controlled environment with sharps containers and strict procedures for managing medical waste. A 2008 study suggested that "nationwide each year roughly

150,000 to 200,000 needle sticks occurred outside the health services industry for a cost of $38 million."

SOLUTION - SB 212

SB 212 (Jackson and Ting) will establish a statewide take-back system, created, funded, and promoted by manufacturers of sharps and pharmaceutical drugs, including prescription, pet, and over the counter medications. Manufacturers may participate individually, as a group, or through a stewardship organization operating under a stewardship plan approved by CalRecycle. This bill will ensure that California residents throughout the state have access to safe, convenient disposal methods of sharps and drugs, addressing important public health issues facing consumers and workers.

Collection, Transport, and Disposal:
Retail pharmacies will serve as collection sites for covered drugs and sharps, with a minimum of 15% of their store locations serving as authorized collectors. Retail pharmacies will be exempt from this requirement if they operate an adequate voluntary program.

Any retail pharmacy, hospital, clinic with an on-site pharmacy, or law enforcement agency will have the ability to opt in to serve as a collection site.

A manufacturer, group of manufacturers, or a stewardship organization will establish secure collection receptacles, serviced regularly to meet demand and ensure that collected products are transported to final disposal in a timely manner.

Mail-back Option:
Individuals who are homeless, disabled, home-bound, or are home health care workers will be able to request prepaid, preaddressed mailing envelopes and containers that safely carry sharps or render drugs inert.

Convenience:
Take-back locations shall be geographically disbursed and reasonably accessible for all California residents.

Education and Promotion:
Manufacturers will be required to provide comprehensive public education to promote consumer participation in the take-back system.

Oversight and Enforcement:
CalRecycle will review and approve or reject a manufacturer or stewardship organization's plan, annual report, and program budget. The Board of Pharmacy, the Department of Public Health, and the Department of Toxic Substances Control shall review these materials for consistency with their respective statutes and regulations.

If a manufacturer, stewardship organization, distributor, wholesaler, central warehouse, pharmacy, pharmacy benefits manager, or retailer fails to meet statutory requirements established by this bill, CalRecycle may impose administrative civil penalties of up to $1,000 per day. If the violation is knowing, reckless, or intentional, the penalty may be up to $5,000 per day.

Recordkeeping and Audit Ability:
The stewardship organization will have the ability to conduct an audit of parties that are required to remit the charge to the stewardship organization to ensure that all relevant parties are paying and collecting the proper amount, and of parties that are exempt from remitting the charge. Additionally, the stewardship organization's accounting books shall be independently audited annually. CalRecycle may also conduct its own audit if it deems so necessary.

Preemption:
This bill shall preempt local stewardship programs enacted by an ordinance that has an effective date on or after 4/18/18.

SUPPORT

California Product Stewardship Council
California State Association of Counties
Several local governments and agencies

STATUS

To be heard in Assembly Environmental Safety and Toxic Materials Committee on June 26th.

CONTACT

Siddharth Nag
Principal Consultant, Senator Jackson
State Capitol, Room 2032
Sacramento, CA 95814
916-651-4019 phone
siddharth.nag@sen.ca.gov

AMENDED IN ASSEMBLY JUNE 18, 2018

SENATE BILL No. 212

Introduced by Senator Jackson
(Principal coauthors: Assembly Members Gray and Ting)

February 1, 2017

An act to add ~~Section 117670.1 to the Health and Safety Code, relating to medical waste.~~ *Chapter 2 (commencing with Section 42030) to Part 3 of Division 30 of the Public Resources Code, relating to solid waste.*

LEGISLATIVE COUNSEL'S DIGEST

SB 212, as amended, Jackson. ~~Medical waste.~~ *Solid waste: pharmaceutical and sharps waste stewardship.*

The California Integrated Waste Management Act of 1989, administered by the Department of Resources Recycling and Recovery (CalRecycle), generally regulates the disposal, management, and recycling of solid waste.

Former law, repealed as of January 1, 2013, required CalRecycle to develop, in consultation with appropriate state, local, and federal agencies, model programs for the collection and proper disposal of pharmaceutical drug waste, and to make the model programs available to eligible participants, as specified.

Existing law, the Medical Waste Management Act, administered by the State Department of Public Health, regulates the management and handling of medical waste, as defined. *Existing regulations authorize pharmacies, hospitals or clinics with onsite pharmacies, distributors, and reverse distributors licensed by the California State Board of Pharmacy to offer, subject to prescribed requirements, specified prescription drug take-back services through collection receptacles, or* *mail back envelopes or packages, to provide options for the public to discard unwanted, unused, or outdated prescription drugs.*

~~This bill add to the act a definition of "home-generated pharmaceutical waste" as a prescription or over-the-counter human or veterinary home-generated pharmaceutical that is waste and is derived from a household, including, but not limited to, a multifamily residence or household.~~

This bill would establish a pharmaceutical and sharps waste stewardship program, under which each manufacturer of covered drugs or sharps, as defined, in the state would be required to establish and implement, either on its own or as part of a group of covered manufacturers through membership in a pharmaceutical and sharps waste stewardship organization, a pharmaceutical and sharps waste stewardship program. The bill would impose various requirements on a covered manufacturer or stewardship organization that operates a stewardship program, including submitting an initial stewardship plan, and an annual budget, annual report, and other specified information to CalRecycle. The bill would provide that all reports and records provided to CalRecycle pursuant to the bill are provided under penalty of perjury. By expanding the scope of the crime of perjury, the bill would impose a state-mandated local program. The bill would require the State Department of Public Health, the state board, the Department of Toxic Substances Control, and other state agencies with authority or expertise relative to pharmaceutical and sharps waste stewardship, as determined by CalRecycle, to accept and verify specified information from program operators and retail pharmacies under the program. The bill would require proprietary information, as defined, submitted pursuant to the bill to be kept confidential.

The bill would require a stewardship plan to contribute to meeting specified minimum requirements for authorized collection sites in the county in which the plan will be implemented, including a minimum of one authorized collection site per 50,000 people in the county, as applicable, and a minimum of 5 collection sites in the county. The bill would require a program operator in a county that does not meet those minimum requirements, as determined by CalRecycle, in consultation with the public health department of the county, to establish either a mail-back program or alternative collection program for covered products, as specified. By imposing new requirements on county public health departments, the bill would impose a state-mandated local program. The bill would require a retail pharmacy to make a reasonable *effort to serve as an authorized collector as part of a stewardship program and would require a retail pharmacy chain to have at least 15% of its store locations serve as authorized collectors if the above-specified minimum authorized collection site requirements for a county are not met.*

The bill would require each covered manufacturer, either individually or through the stewardship organization of which it is a part, to pay all administrative and operational costs associated with establishing and implementing the stewardship program in which it participates. The bill would also require a covered manufacturer to pay a quarterly administrative fee in the amount adequate to cover any regulatory costs incurred by a state agency in administering and enforcing the provisions of the bill, to be deposited in the Pharmaceutical and Sharps Stewardship Fund, which the bill would create. The bill would authorize moneys in the fund to be expended, upon appropriation by the Legislature, for regulatory activities of state agencies of administering and enforcing the bill.

The bill would authorize CalRecycle to impose a civil penalty on a covered manufacturer, stewardship organization, authorized collector, retail pharmacy, or retail pharmacy chain that sells, offers for sale, or provides a covered product in violation of the bill's provisions, to be deposited in the Pharmaceutical and Sharps Stewardship Penalty Account, which the bill would create.

The bill would require CalRecycle to adopt regulations for administration of the bill's provisions.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains *costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: ~~no~~ *yes*.

The people of the State of California do enact as follows:

SECTION 1. Chapter 2 (commencing with Section 42030) is added to Part 3 of Division 30 of the Public Resources Code, to read:

Chapter 2. Pharmaceutical and Sharps Waste Stewardship

Article 1. Definitions

42030. For purposes of this chapter, the following terms have the following meanings:

(a) "Authorized collection site" means a location where an authorized collector operates a secure collection receptacle for collecting covered products.

(b) "Authorized collector" means a person or entity that has entered into an agreement with a program operator to collect covered products, including, but not limited to, any of the following:

(1) A person or entity that is registered with the United States Drug Enforcement Administration and that qualifies under federal law to modify that registration to collect controlled substances for the purpose of destruction.

(2) A law enforcement agency.

(3) An entity authorized by the state board or the State Department of Public Health to provide an alternative collection mechanism under the Medical Waste Management Act (Part 14 (commencing with Section 117600) of Division 104 of the Health and Safety Code) for covered products that are not controlled substances.

(4) Retail pharmacies.

(c) "Controlled substance" means a substance listed under Sections 11053 to 11058, inclusive, of the Health and Safety Code

or Section 812 or 813 of Title 21 of the United States Code, or any successor section.

(d) "Cosmetic" means an article, or a component of an article, intended to be rubbed, poured, sprinkled, sprayed, introduced into, or otherwise applied to the human body for cleansing, beautifying, promoting attractiveness, or altering the appearance. "Cosmetic" includes articles with or without expiration dates.

(e) (1) "Covered drug" means a drug, including a brand name or generic drug, sold, offered for sale, or dispensed in the State of California in any form, including, but not limited to, any of the following:

(A) Prescription and nonprescription drugs approved by the United States Food and Drug Administration pursuant to Section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355) or Section 351 of the federal Public Health Service Act (42 U.S.C. 262).

(B) A drug marketed pursuant to an over-the-counter drug monograph.

(C) A drug in a medical device, or a combination product containing a drug and a medical device.

(D) A drug for veterinary use.

(2) "Covered drug" does not include any of the following:

(A) Vitamins or supplements.

(B) Herbal-based remedies and homeopathic drugs, products, or remedies.

(C) Cosmetics, soap, with or without germicidal agents, laundry detergent, bleach, household cleaning products, shampoos, sunscreens, toothpaste, lip balm, antiperspirants, or any other personal care product that is regulated as both cosmetics and nonprescription drugs under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 301 et seq).

(D) A drug for which a pharmaceutical product stewardship program or drug takeback program is provided in the state as part of a United States Food and Drug Administration managed risk evaluation and mitigation strategy under 21 U.S.C. Sec. 355-1.

(E) Biological drug products, as defined by 42 U.S.C. 262(i)(1), including those products currently approved in the state under a new drug application that will be deemed to be licensed under section 351 of the Public Health Service Act (42 U.S.C. 262)

pursuant to Section 7002(e) of the federal Biologics Price Competition and Innovation Act of 2009 (Public Law 111-148).

(F) A device subject to a collection and disposal plan as described in Section 47115.

(G) A medical device, or a component part or accessory of a medical device, if it does not contain a covered drug.

(f) "Covered manufacturer" means a person, corporation, or other entity engaged in the manufacture of covered products sold, offered for sale, or introduced into the State of California.

(g) "Covered product" means a covered drug or home-generated sharps waste.

(h) "Department" means the Department of Resources Recycling and Recovery, and any successor agency.

(i) "Drug" means any of the following:

(1) An article recognized in the official United States pharmacopoeia, the official national formulary, the official homeopathic pharmacopoeia of the United States, or any supplement of the formulary or those pharmacopoeias.

(2) A substance intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans or other animals.

(3) A substance, other than food, intended to affect the structure or any function of the body of humans or other animals.

(4) A substance intended for use as a component of any substance specified in this subdivision.

(j) "Generic drug" means a drug that is chimerically identical or bioequivalent to a brand name drug in dosage form, safety, strengths, route of administration, quality, performance, characteristics, and intended use, though inactive ingredients may vary.

(k) "Home-generated sharps waste" has the same meaning as defined in Section 117671 of the Health and Safety Code. "Home-generated sharps waste" does not include biological products, as defined by 42 U.S.C. 262(i)(1).

(l) "Mail-back program" means a method of collecting covered products from ultimate users by using prepaid, preaddressed mailing envelopes as described in Section 1776.2 of Article 9.1 of Division 17 of Title 16 of the California Code of Regulations.

(m) "Nonprescription drug" means any drug that may be lawfully sold without a prescription.

(n) "Pharmaceutical and sharps stewardship organization" or "stewardship organization" means an organization exempt from taxation under Section 501(c)(3) of the federal Internal Revenue Code of 1986 (21 U.S.C 501(c)(3)) that is established by a group of covered manufacturers in accordance with this chapter to develop, implement, and administer a stewardship program established pursuant to this chapter.

(o) "Pharmaceutical and sharps stewardship plan," "stewardship plan," or "plan" means the plan for collecting and properly managing covered products that is developed by a covered manufacturer or pharmaceutical and sharps stewardship organization pursuant to this chapter.

(p) "Pharmaceutical and sharps stewardship program" or "stewardship program" means a stewardship program for the collection, transportation, and disposal of covered products.

(q) "Pharmacy" has the same meaning as defined in Section 4037 of the Business and Professions Code.

(r) "Prescription drug" means a drug, including, but not limited to, a controlled substance, that is required under federal or state law to be dispensed with a prescription, or is restricted to use by practitioners only.

(s) "Program operator" means a covered manufacturer, or stewardship organization on behalf of a group of covered manufacturers, that is responsible for operating a stewardship program in accordance with this chapter.

(t) "Proprietary information" means information that is all of the following:

(1) Submitted pursuant to this chapter.

(2) A trade secret, or commercial or financial information, that is privileged or confidential, and is identified as such by the entity providing the information to the department.

(3) Not required to be disclosed under any other law or any regulation affecting a covered product or covered manufacturer.

(u) "Retail pharmacy" means an independent pharmacy, a supermarket pharmacy, a chain pharmacy, a hospital or clinic pharmacy, or a mass merchandiser pharmacy possessing a license from the state board to operate a pharmacy.

(v) "Sharps" means hypodermic needles, pen needles, intravenous needles, lancets, and other devices that are used to penetrate the skin for the delivery of medications.

(w) "State board" means the California State Board of Pharmacy.

(x) "Ultimate user" means a state resident or other nonbusiness entity and includes an ultimate user, as defined by regulations adopted by the United States Drug Enforcement Administration pursuant to 21 U.S.C. 802(27). "Ultimate user" does not include a business generator of pharmaceutical waste, such as a hospital, clinic, health care provider's office, veterinary clinic, pharmacy, or law enforcement agency.

Article 2. Covered Manufacturers and Pharmaceutical and Sharps Stewardship Organizations

42031. (a) (1) No later than 90 days after the effective date of this section, a covered manufacturer shall provide a list of covered products, and a list and description of any drugs or sharps that are not covered products, that it sells or offers for sale in the state to the state board and the State Department of Public Health.

(2) A covered manufacturer, or a stewardship organization on behalf of a group of covered manufacturers, shall update the lists described in paragraph (1) and provide the updated lists to the state board and the State Department of Public Health on or before January 15 of each year.

(b) No later than 90 days after the effective date of this section, a retail pharmacy that sells a drug under its own label shall provide written notification to the state board and the State Department of Public Health identifying the covered manufacturer from which the retail pharmacy obtains a drug that the retail pharmacy sells under its store label.

(c) The state board and the State Department of Public Health, either separately or together, shall verify the information received pursuant to subdivisions (a) and (b) and make it available to the department within six months of receipt.

(d) The state board or the State Department of Public Health may issue a letter of inquiry to a manufacturer of drugs or sharps regarding whether it is a covered manufacturer. A person or entity that receives a letter of inquiry from the state board or the State Department of Public Health shall respond in writing no later than 60 days after receipt of the letter. If the person or entity does not believe it is a covered manufacturer for purposes of this

chapter, it shall submit all of the following to the agency that issued the letter of inquiry:

(1) The basis for the belief that it is not a covered manufacturer.

(2) A list of any drugs it sells, distributes, repackages, or otherwise offers for sale within the state.

(3) If applicable, the name and contact information of the manufacturer of the covered products from which it obtains a drug identified pursuant to subdivision (b).

(e) The state board and the State Department of Public Health shall obtain, verify, and submit the following information to the department by ____:

(1) A list of drugs and sharps sold or offered for sale in the state excluded from the definition of "covered product" pursuant to subparagraphs (D) and (E) of paragraph (2) of subdivision (e) of Section 42030.

(2) A list of entities authorized to provide an alternative collection mechanism pursuant to the Medical Waste Management Act (Part 14 (commencing with Section 117600) of Division 104 of the Health and Safety Code) for covered products that are not controlled substances.

(f) Notwithstanding Section 42036.4, information submitted by the state board or the State Department of Public Health to the department under this chapter may include proprietary information.

42031.2. (a) Except as specified in subdivision (d) of Section 42035, a covered manufacturer is not in compliance with this chapter and is subject to penalties pursuant to Article 6 (commencing with Section 42035) if, on or after July 1, 2020, a covered product sold or offered for sale by the covered manufacturer is not subject to a stewardship plan, which is submitted by the covered manufacturer or by a stewardship organization that includes the covered manufacturer, that has been approved by the department pursuant to Section 42032.

(b) A manufacturer of drugs or sharps that becomes a covered manufacturer on or after July 1, 2020, shall, no later than six months after the date on which the manufacturer becomes a covered manufacturer, participate in an approved stewardship program or establish and implement a stewardship program that complies with the requirements of this chapter.

(c) In order to comply with the requirements of this chapter, a covered manufacturer may establish and implement a stewardship program independently, or as part of a group of covered manufacturers through membership in a stewardship organization exempt from taxation under Section 501(c)(3) of the federal Internal Revenue Code of 1986 (21 U.S.C 501(c)(3)).

42031.4. A program operator shall do all of the following:

(a) Promote its stewardship program to ultimate users by placing signage on covered drug collection receptacles and sharps collection containers.

(b) Provide outreach materials for pharmacies and pharmacists.

(c) Provide outreach materials for ultimate users.

(d) Prepare additional outreach materials not specified in this section, as needed.

(e) Encourage ultimate users to separate products that are not covered products from covered products, when appropriate, before submitting the covered products to an authorized collection site.

42031.6. Notwithstanding any other law, a program operator may petition the department for approval to use final disposal technologies not permitted under existing law for covered products that provide superior environmental and human health protection than provided by current disposal technologies for covered products if and when those technologies are proven and available. To be approved by the department, the proposed technology shall provide equivalent protection in each, and superior protection in one or more, of the following areas:

(a) Monitoring of any emissions or waste.

(b) Worker health and safety.

(c) Air, water, or land emissions contributing to persistent, bioaccumulative, and toxic pollution.

(d) Overall impact on the environment and human health.

Article 3. Pharmaceutical and Sharps Stewardship Plan

42032. (a) Within six months of the adoption date of regulations by the department pursuant to Section 42036.6, a program operator shall submit a pharmaceutical and sharps stewardship plan for the establishment and implementation of a pharmaceutical and sharps stewardship program to the department for approval, in a format determined by the department. The *department shall approve a proposed stewardship program if the manufacturer or stewardship organization submits a completed plan that meets the requirements of this section.*

(b) Before approving a plan pursuant to subdivision (a), the department may require a program operator to submit its proposed plan to the state board, the State Department of Public Health, the Department of Toxic Substances Control, or any other state agency with authority or expertise relative to the stewardship plan, as determined by the department. An agency that receives a plan shall review the plan for compliance with state and federal laws and regulations related to the agency's respective expertise. The agency shall determine compliance or noncompliance with those laws and regulations, and provide to the program operator that determination and an explanation for any finding of noncompliance, within 60 days of receipt of the plan. A program operator may submit an updated proposed plan to an agency that issued a determination of noncompliance to attempt to obtain a determination of compliance. A program operator shall submit any determination received from an agency to the department.

(c) To be complete, a plan shall do all of the following:

(1) Identify and provide contact information for the stewardship organization, if applicable, and each participating covered manufacturer, and identify each covered product sold or offered for sale by each participating covered manufacturer.

(2) Identify and provide contact information for the authorized collectors for the stewardship program, as well as the reasons for excluding any potential authorized collectors from participation in the program.

(3) Include any determinations provided by a state agency pursuant to subdivision (b). Any determination of noncompliance shall be accompanied by a superseding determination of compliance.

(4) Demonstrate adequate funding for all administrative and operational costs of the stewardship program, to be borne by participating covered manufacturers.

(5) Provide for a handling, transport, and disposal system that complies with applicable state and federal laws, including, but not limited to, regulations adopted by the United States Drug Enforcement Administration.

(6) Provide for a collection system that complies with the requirements of this chapter and meets both of the following requirements for authorized collection sites in each county in which the plan will be implemented:

(A) Provides for a minimum of five authorized collection sites or one authorized collection site per 50,000 people, whichever is greater.

(B) Provides for a reasonable geographic spread of authorized collection sites.

(d) (1) At least 120 days before submitting a stewardship plan to the department, a program operator shall notify potential authorized collectors in the county or counties in which it operates of the opportunity to serve as an authorized collector for the proposed stewardship program. If a potential authorized collector expresses interest in participating in a stewardship program, the program operator shall commence good faith negotiations with the potential authorized collector within 30 days.

(2) A retail pharmacy shall make a reasonable effort to serve as an authorized collector as part of a stewardship program in the county in which it is located. If the minimum threshold described in subparagraph (A) of paragraph (6) of subdivision (c) is not met in each county in which a retail pharmacy chain has store locations, the retail pharmacy chain shall have at least 15 percent of its store locations serve as authorized collectors in a stewardship program.

(3) A program operator shall include as an authorized collector under its stewardship program any retail pharmacy or law enforcement agency that offers to participate in the stewardship program without compensation in a county that meets the minimum threshold described in subparagraph (A) of paragraph (6) of subdivision (c).

(e) (1) A stewardship plan shall require an authorized collection site to accept all covered products from ultimate users during the hours that the authorized collector is normally open for business with the public.

(2) An authorized collection site shall use secure collection receptacles in compliance with state and federal law.

(3) A program operator shall provide a service schedule that meets the needs of each authorized collection site to ensure that each secure collection receptacle is serviced as often as necessary

to avoid reaching capacity and that collected covered products are transported to final disposal in a timely manner.

(4) An authorized collector shall comply with applicable federal and state laws regarding collection and transportation standards, and the handling of covered products, including United States Drug Enforcement Administration regulations.

(f) A stewardship plan shall require a program operator to do all of the following:

(1) To supplement service in a county in which it operates that does not have the minimum number of authorized collection sites required by subparagraph (A) of paragraph (6) of subdivision (c), as determined by the department, in consultation with the public health department of the county, establish one or both of the following:

(A) A mail-back program with places at which it distributes prepaid, preaddressed mailing envelopes. The department, in consultation with the program operator and appropriate community leaders, shall determine the locations of these envelope distribution places.

(B) An alternative form of collection and disposal of covered products that complies with applicable state and federal law, including, but not limited to, United States Drug Enforcement Administration regulations.

(2) Permit an ultimate user who is a homeless, homebound, or disabled individual, or who is a home health care worker providing care to a person in the person's home, to request prepaid, preaddressed mailing envelopes, or an alternative form of a collection and disposal system, as described in paragraph (1), that would render the covered product inert. A program operator shall accept such a request through an Internet Web site and toll-free telephone number that it shall maintain and shall comply with the requests.

(3) Provide alternative methods of collection from ultimate users for any covered products, other than controlled substances, that cannot be accepted or commingled with other covered products in secure collection receptacles or through a mail-back program, to the extent technically feasible and permissible under applicable state and federal law, including, but not limited to, United States Drug Enforcement Administration regulations.

42032.2. (a) (1) The department shall determine if a stewardship plan is complete and notify the submitting program operator within 30 days of receipt.

(2) If the department finds that the stewardship plan is complete, the department's 90-day review period for consideration of approval of the plan set forth in subdivision (b) shall commence upon the original date of receipt.

(3) If the department determines the plan is incomplete, the department shall identify for the program operator the required additional information, and the program operator shall resubmit the plan within 30 days.

(4) If the department determines upon resubmission that the plan is complete, the department's 90-day review period for consideration of approval of the plan shall commence upon the date of receipt of the resubmitted plan.

(b) The department shall review a complete submitted plan and shall approve, disapprove, or conditionally approve the plan within 90 days of receipt of the complete plan.

(c) A program operator shall submit any significant changes to a stewardship plan in writing for approval by the department, and shall not implement the changes prior to that approval.

(d) If the department disapproves a submitted plan pursuant to subdivision (b), the department shall explain, in writing within 30 days, how the plan does not comply with this chapter, and the program operator shall resubmit a revised plan to the department. If the department finds that the revised plan submitted by the program operator does not comply with the requirements of this chapter and disapproves the plan, the covered manufacturer operating its own stewardship program, or the stewardship organization and the covered manufacturers that are members of the stewardship organization, are not in compliance with this chapter until the program operator submits a plan that the department approves.

(e) A program operator shall initiate operation of an approved stewardship program no later than 270 days after approval of the plan that establishes the stewardship program by the department.

(f) The department may terminate or revoke a plan's approval pursuant to subdivision (a) of Section 42035.4 if it finds the plan is no longer in compliance with this chapter. If a stewardship plan that was previously approved by the department pursuant to

subdivision (b) is terminated or is revoked by the department, or terminated by the stewardship organization that submitted the plan, a covered manufacturer no longer subject to that plan may, without being subject to penalties pursuant to Article 6 (commencing with Section 42035), sell or offer for sale covered products in California for a period of up to one year after the plan terminated or was revoked if the covered manufacturer does one of the following:

(1) Continues to operate under the most recent approved stewardship plan to which the covered manufacturer was subject.

(2) Provides the department with an alternative plan governing stewardship of its own covered products that the department formally approves.

(g) The department shall make all plans submitted to it under this section available to the public, except proprietary information in the plans protected pursuant to Section 42036.4.

Article 4. Reports, Budgets, and Records

42033. On or before ______, a program operator shall submit to the department an initial stewardship program budget for the first calendar year of operation of its stewardship program that includes both of the following:

(a) Total anticipated revenues and costs of implementing the stewardship program.

(b) A total recommended funding level sufficient to cover the plan's budgeted costs and to operate the stewardship program over a multiyear period in a prudent and responsible manner.

42033.2. (a) On or before _____, and each year thereafter, a program operator shall prepare and submit to the department both of the following:

(1) A written report describing the stewardship program activities during the previous reporting period of one year.

(2) A written program budget for stewardship program implementation for the upcoming calendar year.

(b) An annual report submitted pursuant to paragraph (1) of subdivision (a) shall include, at a minimum, all of the following for the prior year:

(1) If applicable, a list of covered manufacturers participating in the stewardship organization.

(2) The updated list provided pursuant to paragraph (2) of subdivision (a) of Section 42031 of covered products that each covered manufacturer subject to the stewardship plan sells or offers for sale.

(3) The amount, by weight, of covered products collected from ultimate users at each authorized collection site that is part of the stewardship program.

(4) The name and location of authorized collection sites at which covered products were collected.

(5) Whether policies and procedures for collecting, transporting, and disposing of covered products, as established in the stewardship plan, were followed during the reporting period and a description of each instance of noncompliance, if any occurred.

(6) Whether any safety or security problems occurred during collection, transportation, or disposal of collected covered products during the reporting period and, if so, what changes have been or will be made to policies, procedures, or tracking mechanisms to alleviate the problem and to improve safety and security.

(7) How the program operator complied with all elements in its stewardship plan.

(8) Any other information the department reasonably requires.

(c) An annual program budget submitted pursuant to paragraph (2) of subdivision (a) shall include, at a minimum, both of the following for the upcoming calendar year:

(1) An independent financial audit of the stewardship program, as required by subdivision (b) of Section 42033.4, funded by the stewardship organization from the charge paid from its member covered manufacturers pursuant to Section 42034 or by a covered manufacturer if it operates its own stewardship program.

(2) Anticipated costs and the recommended funding level necessary to implement the stewardship program, including, but not limited to, costs to cover the stewardship plan's budgeted costs and to operate the stewardship program over a multiyear period in a prudent and responsible manner.

(d) (1) The department shall determine if a submitted annual report and program budget are complete and notify the submitting stewardship organization or covered manufacturer within 30 days.

(2) If the department finds that an annual report and program budget are complete, the department's 90-day review period for consideration of approval of the annual report and program

budget, set forth in subdivision (e), shall commence upon the original date of receipt.

(3) If the department determines either an annual report or a program budget is incomplete, the department shall identify for the program operator within 15 days the required additional information, and the program operator shall submit a revised annual report or program budget, as applicable, within 30 days.

(4) If the department determines upon resubmission that the annual report or program budget is complete, the department's 90-day review period for consideration of approval of the annual report or program budget shall commence upon the date of receipt of the resubmitted report or program budget.

(e) (1) The department shall review the annual report and program budget required pursuant to this section and within 90 days of receipt shall approve, disapprove, or conditionally approve the annual report and program budget.

(2) (A) If the department conditionally approves an annual report and program budget, the department shall identify the deficiencies in the annual report or program budget and the program operator shall comply with the conditions of the conditional approval within 60 days of the notice date.

(B) If the department conditionally approves an annual report or program budget and the conditions are not met within 60 days of the notice date, the department shall disapprove the annual report or program budget.

(3) If the department disapproves an annual report or program budget, the department shall identify the deficiencies in the annual report or program budget and the program operator shall submit a revised annual report or program budget and provide any supplemental information requested within 60 days of the notice date.

42033.4. (a) A program operator shall keep minutes, books, and records that clearly reflect the activities and transactions of the program operator's stewardship program.

(b) (1) The minutes, books, and records of a program operator shall be audited at the program operator's expense by an independent certified public accountant retained by the program operator at least once each calendar year.

(2) A program operator shall arrange for the audit to be delivered to the department, along with the annual report and

program budget submitted pursuant to subdivision (a) of Section 42033.2. The department shall review the audit for compliance with this chapter and consistency with the program operator's stewardship plan, annual report, and program budget submitted pursuant to this chapter. The department shall notify the program operator of any conduct or practice that does not comply with this chapter or of any inconsistencies identified in the audit. The program operator may obtain copies of the audit, including proprietary information contained in the audit, from the auditor upon request. The department shall not disclose any confidential proprietary information protected pursuant to Section 42036.4 that is included in the audit.

(c) The department may conduct its own audit of a program operator if it determines that the audit conducted pursuant to subdivision (b) is not adequate to enforce the requirements of this chapter.

Article 5. Financial Provisions

42034. In order to further the objective that covered manufacturers establish and implement stewardship programs that comply with the requirements of this chapter, each covered manufacturer, either individually or through a stewardship organization, shall pay all administrative and operational costs associated with establishing and implementing the stewardship program in which it participates, including the cost of collecting, transporting, and disposing of covered products.

42034.2. (a) (1) On or before the end of the ____ fiscal year, and once every three months thereafter, a program operator shall pay to the department an administrative fee. The department shall set the fee at an amount that, when paid by every covered manufacturer, is adequate to cover the department's and any other state agency's full costs of administering and enforcing this chapter. The total amount of fees collected shall not exceed the state's actual and reasonable regulatory costs to implement and enforce this chapter. These costs may include the actual and reasonable costs associated with regulatory activities pursuant to this chapter before submission of stewardship plans pursuant to Section 42032.

(2) For a stewardship organization, the administrative fee paid pursuant to paragraph (1) shall be funded by the covered manufacturers that make up the stewardship organization. This administrative fee shall be in addition to the charge paid pursuant to Section 42034. A stewardship organization may require its participating covered manufacturers to pay the administrative fee and the charge paid pursuant to Section 42034 at the same time.

(b) The department shall deposit administrative fees paid by a program operator pursuant to subdivision (a) into the Pharmaceutical and Sharps Stewardship Fund, which is hereby established. Upon appropriation by the Legislature, moneys in the fund may be expended by the department, the state board, the State Department of Public Health, the Department of Toxic Substances Control, and any other agency that assists in the regulatory activities of administering and enforcing this chapter. Upon appropriation by the Legislature, moneys in the fund may be used to reimburse any outstanding loans made from other funds used to finance startup costs of the department's activities pursuant to this chapter. Moneys in the fund shall not be expended for any purpose not enumerated in this chapter.

(c) The department shall develop and implement both of the following:

(1) A process for a program operator to appeal expenditures by the department or a state agency of the administrative fees submitted by the program operator to the department pursuant to this section.

(2) A process for a program operator to obtain remedies for unauthorized expenditures by the department of the administrative fees submitted by the program operator to the department pursuant to this section.

42034.4. (a) (1) A stewardship organization may conduct an audit of covered manufacturers that are required to remit a charge or administrative fee to the stewardship organization pursuant to Sections 42034 and 42034.2 to verify that the administrative fees and charges paid are proper and accurate.

(2) The purpose of the audit described in paragraph (1) is to ensure parties required by this chapter to pay or collect an administrative fee or charge are paying or collecting the proper amount.

(b) If a stewardship organization conducts an audit pursuant to subdivision (a), it shall do all of the following:

(1) Conduct the audit in accordance with generally accepted auditing practices.

(2) Limit the scope of the audit to confirming whether a charge or administrative fee has been properly collected from member covered manufacturers.

(3) Hire an independent third-party auditor to conduct the audit.

(4) Provide a copy of the audit to the department.

Article 6. Enforcement

42035. (a) (1) On or before ____, and at least annually thereafter, the department shall post on its Internet Web site a list of covered manufacturers, stewardship organizations, authorized collection sites, retail pharmacies, and retail pharmacy chains that are in compliance with this chapter.

(2) The state board and the State Department of Public Health shall verify that the list posted pursuant to paragraph (1) is consistent with the information submitted to each agency pursuant to Section 42031.

(b) A covered manufacturer, stewardship organization, authorized collection site, retail pharmacy, or retail pharmacy chain that is not listed on the department's Internet Web site pursuant to subdivision (a), but demonstrates compliance with this chapter before the department is required to post the following year's list pursuant to subdivision (a), may request a certification letter from the department stating that the covered manufacturer, stewardship organization, authorized collection site, retail pharmacy, or retail pharmacy chain is in compliance with this chapter. A covered manufacturer, stewardship organization, authorized collection site, retail pharmacy, or retail pharmacy chain that receives a certification letter shall be deemed to be in compliance with this chapter.

(c) A distributor or wholesaler of covered products, and a retail pharmacy or other retailer that sells or offers for sale a covered product, shall monitor the department's Internet Web site to determine which covered manufacturers and stewardship organizations are in compliance with this chapter.

(d) The sale, distribution, or offering for sale of any inventory that was in stock before the commencement of a stewardship program is exempt from this chapter and not required to be subject to a stewardship plan.

(e) If the department determines a covered manufacturer, stewardship organization, authorized collector, retail pharmacy, or retail pharmacy chain is not in compliance with this chapter, the department shall remove the entity from the list maintained on the department's Internet Web site pursuant to subdivision (a).

(f) The department shall send a written notice of noncompliance to a covered manufacturer that fails to participate in a stewardship program as required by this chapter.

42035.2. (a) (1) The department may impose a civil penalty on any covered manufacturer, stewardship organization, authorized collector, retail pharmacy, or retail pharmacy chain that sells, offers for sale, or provides a covered product in violation of this chapter. The amount of the civil penalty shall not exceed one thousand dollars ($1,000) per day unless the violation is intentional, knowing, or reckless, in which case the civil penalty shall not exceed five thousand dollars ($5,000) per day.

(2) (A) A covered manufacturer that receives a notice under subdivision (f) of Section 42035 shall be assessed a penalty only if, 60 days after receipt of the notice, the covered manufacturer continues to sell or offer for sale a covered product in the state without participating in a stewardship program approved under this chapter.

(B) No penalty shall be assessed against a covered manufacturer that is operating lawfully pursuant to subdivision (f) of Section 42032.2.

(b) The department shall not impose a penalty on a program operator pursuant to this section for failure to comply with this chapter if the program operator demonstrates it received false or misleading information from another party that was the direct cause of its failure to comply, including, for a stewardship organization, from a participating covered manufacturer.

(c) The department shall deposit all penalties collected pursuant to this section in the Pharmaceutical and Sharps Stewardship Penalty Account, which is hereby created in the Pharmaceutical and Sharps Stewardship Fund established in Section 42034.2. Upon appropriation by the Legislature, moneys in the

Pharmaceutical and Sharps Stewardship Penalty Account may be expended by the department on activities including, but not limited to, promotion of safe handling and disposal of covered products, grants for related purposes, and administration and enforcement this chapter.

42035.4. Upon a written finding that a covered manufacturer, stewardship organization, or authorized collector has not met a material requirement of this chapter, in addition to any other penalties authorized under this chapter, the department, the state board, the State Department of Public Health, the Department of Toxic Substances Control, or other state agency with authority or expertise relative to this chapter, as determined by the department, may take one or both of the following actions to ensure compliance with the requirements of this chapter, after affording the covered manufacturer, stewardship organization, or authorized collector a reasonable opportunity to respond to, or rebut, the finding:

(a) Revoke the program operator's stewardship plan approval or require the program operator to resubmit the plan.

(b) Require additional reporting relating to compliance with the material requirement of this chapter that was not met.

42035.6. (a) A program operator shall do both of the following:

(1) Upon request, provide the department with reasonable and timely access, as determined by the department, to its facilities and operations, as necessary to determine compliance with this chapter.

(2) Upon request, provide the department with relevant records necessary to determine compliance with this chapter.

(b) A program operator shall maintain and keep accessible all records required to be submitted pursuant to this chapter for a minimum of three years.

(c) All reports and records provided to the department pursuant to this chapter shall be provided under penalty of perjury.

(d) The department may take disciplinary action against a program operator that fails to provide the department with the access required pursuant to this section, including one or both of the following:

(1) Imposing a civil penalty pursuant to Section 42035.2.

(2) Posting a notice on the department's Internet Web site that it maintains pursuant to paragraph (1) of subdivision (a) of Section

42035 that the program operator is no longer in compliance with this chapter.

(e) The department shall not prohibit as a disciplinary action a covered manufacturer from selling a covered product.

42035.8. All handling, transport, and disposal undertaken as part of a stewardship program under this chapter shall comply with applicable state and federal laws, including, but not limited to, regulations adopted by the United States Drug Enforcement Administration.

Article 7. Miscellaneous Provisions

42036. (a) Except as provided in subdivision (c), an action specified in subdivision (b) that is taken by a stewardship organization or a covered manufacturer pursuant to this chapter is not a violation of the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), the Unfair Practices Act (Chapter 4 (commencing with Section 17000) of Part 2 of Division 7 of the Business and Professions Code), or the Unfair Competition Law (Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code).

(b) Subdivision (a) shall apply to all of the following actions taken by a stewardship organization or covered manufacturer:

(1) The creation, implementation, or management of a stewardship plan approved by the department pursuant to Article 3 (commencing with Section 42032) and the types or quantities of covered products collected or otherwise managed pursuant to a stewardship plan.

(2) The cost and structure of an approved stewardship plan.

(3) The establishment, administration, collection, or disbursement of the charge or administrative fee imposed pursuant to Section 42034 or 42034.2, respectively.

(c) Subdivision (a) shall not apply to an agreement that does any of the following:

(1) Fixes a price of or for covered products, except for an agreement related to costs, charges, or administrative fees associated with participation in a stewardship plan approved by the department and otherwise in accordance with this chapter.

(2) Fixes the output of production of covered products.

(3) Restricts the geographic area in which, or customers to whom, covered products are sold.

42036.2. (a) This chapter shall preempt a local stewardship program for covered products enacted by an ordinance that has an effective date on or after April 18, 2018.

(b) A local stewardship program for covered products enacted by an ordinance that has an effective date before April 18, 2018, may continue in operation, but the program and its participants shall not receive or benefit from moneys from the Pharmaceutical and Sharps Stewardship Fund or the Pharmaceutical and Sharps Stewardship Penalty Account, including, but not limited to, for administrative or enforcement costs. Participants of a local stewardship program for covered products enacted by an ordinance that has an effective date before April 18, 2018, shall be eligible to participate in a stewardship program under this chapter and thereby become eligible to receive funds from the Pharmaceutical and Sharps Stewardship Fund or the Pharmaceutical and Sharps Stewardship Penalty Account only if the local stewardship program is dissolved.

42036.4. Proprietary information submitted to the department under this chapter shall be protected by all parties as confidential and shall be exempt from public disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code). The department and other parties may only disclose proprietary information in an aggregated form that does not directly or indirectly identify financial, production, or sales data of an individual covered manufacturer or stewardship organization. Proprietary information may be disclosed to the party that submitted the proprietary information.

42036.6. The department shall adopt regulations for administration of this chapter on or before ____.

SEC. 2. The Legislature finds and declares that Section 1 of this act, which adds Section 42036.4 to the Public Resources Code, imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest *protected by this limitation and the need for protecting that interest:*

In order to ensure that the competitive market in the state for the manufacture and sale of drugs and sharps is not compromised, it is necessary that proprietary information collected for the purpose of administering a pharmaceutical and sharps stewardship program be confidential.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

~~SECTION 1. Section 117670.1 is added to the Health and Safety Code, to read:~~

~~117670.1. "Home-generated pharmaceutical waste" means a prescription or over-the-counter human or veterinary home-generated pharmaceutical, as defined in Section 109925 of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C.A. Sec. 321(g)(1)), that is a waste, as defined in Section 25124, derived from a household, including, but not limited to, a multifamily residence or household.~~

REVISIONS:

Heading—Line 2.

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