Recycle Smart
Central Contra Costa Solid Waste Authority

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BOARD OF DIRECTORS REGULAR MEETING

AGENDA

MAY 25, 2023 - 3:00 P.M.

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

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

2. PUBLIC COMMENT ON ITEMS NOT ON THIS AGENDA

Please submit a speaker card to the Board Secretary. When Board Chair calls on you, please state your name, company and/or address for the record. There is a three-minute limit to present your information. (The Board Chair may direct questions to any member of the audience as appropriate at any time during the meeting.)

3. CONSENT ITEMS

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

a. Approve Minutes of the Regular Board Meeting on April 27, 2023*
b. Adopt Resolution No. 2023-05, Amended Maximum Rates for Container Push/Pull Service for Rate Year 9 (March 1, 2023 through February 29, 2024)*

4. PRESENTATIONS

a. 2023 Waste Reduction Student Scholarships*
Board of Director's Recognition and Presentation of 2023 Scholarship Awards to the Waste Reduction Student Scholarship Recipients.

5. ACTION ITEMS

a. Recommended Approach to Procurement of 2027 Franchise(s)*
Direct staff to conduct a two-step procurement process for the new franchise agreement(s) that will go into effect on March 1, 2027: Step One, a procurement process for post-collection services; and Step Two, a separate competitive Request for Proposals (RFP) process for collection services.

b. Operations and Reuse Fund Budgets for Fiscal Year 2023-2024*
Adopt Operations Fund and Reuse Fund Budgets for Fiscal Year 2023-24, as set forth in Attachments A and B.

c. Fiscal Year 2021-22 Funds in Excess of Reserve*
Direct staff to distribute the $3,166,821 of FY 2021-22 funds in excess of the reserve to the individual Member Agency Reserve Funds in accordance with the General Fund Minimum Fund Balance Reserve and Application of Funds in Excess of the Reserve Policy.

6. INFORMATION ITEMS

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

a. Executive Director's Monthly Report*
b. Future Agenda Items*
c. Update on Republic's Collection Service Quality Metrics*

7. BOARD COMMUNICATIONS AND ANNOUNCEMENTS

8. ADJOURNMENT

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

REGULAR BOARD MEETING OF THE
CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
HELD ON APRIL 27, 2023

The Regular Board Meeting of the Central Contra Costa Solid Waste Authority's (CCCSWA's) Board of Directors convened at Walnut Creek City Hall, 3rd Floor Conference Room, 1666 North Main Street, Walnut Creek, Contra Costa County, State of California, on April 27, 2023. Chair Inga Miller called the meeting to order at approximately 3:00 P.M.

PRESENT:	Board Members:	Candace Andersen Ken Carlson Gina Dawson Matt Francois Kerry Hillis Inga Miller, Chair Cindy Silva Renata Sos
ABSENT:	Board Members:	Newell Arnerich Teresa Gerringer, Vice Chair Renee Morgan Janet Riley

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

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

Chair Miller led the Pledge of Allegiance.

2. PUBLIC COMMENT ON ITEMS NOT ON THIS AGENDA

DAVID RODRIGUEZ, Business Representative for Teamsters Local 315, one of the agents representing the Allied Waste Yard in Pacheco and Republic Services, stated he had previously spoken to the Board with respect to Republic's trucks and safety, understood there had been a Franchise Agreement extension and asked if there would be a new contract that would be made available or whether there would just be an amendment to the previous contract. He commented that Republic was to hire five substitute drivers and noted the unit was close to 200 drivers since the service area encompassed Benicia to Blackhawk and Moraga. While Republic could have five casual drivers, he explained those drivers were not Republic employees and were from a temp agency with no driver's licenses and no background checks. It had been brought to his attention that a lot of the drivers did not feel safe and he wanted Republic to hire official Republic Services employees.

Mr. Rodriguez added that Republic Services was to have sufficient backup trucks and vehicles and trained technicians with ongoing training to improve reliability. He emphasized the importance of training given that a number of seasoned employees were retiring and there were few young candidates being employed. He reiterated his concern for reliable trucks since that equipment was serving a larger volume for longer periods, especially during heat waves and were breaking down, which delayed service. He urged RecycleSmart to hold Republic accountable for some of the bullet points associated with the Franchise extension.

Mr. Rodriguez was advised that the contract extension was available on the RecycleSmart website.

3. CONSENT ITEMS

a. Approve Minutes of the Regular Board Meeting on March 23, 2023
b. Authorize Positions on 2023 Recommended Legislation Bills
c. Authorize Executive Director to Execute a Provider Services Agreement with Abbe and Associates, LLC for Schools Education and Waste Reduction Services

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

MOTION by Board Member Andersen to approve Consent Items a, b and c, as submitted. SECOND by Board Member Sos.

On the motion and with respect to Item b, Board Member Silva asked if the letter that had been discussed for SB 1383 and the funding in the State Legislature had been completed, and Executive Director Krueger advised that the letter had been completed and had been sent to the City/Town Managers of the member agencies.

MOTION PASSED unanimously by a voice vote.

4. INFORMATION ITEMS

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

a. Executive Director's Monthly Report

Executive Director Krueger corrected the Legislative Committee Report and stated that AB 1347 had incorrectly been shown as AB 1357. That legislation related to paper receipts and was being supported by RecycleSmart. He thanked Jen Faught for her help researching the bills. He also thanked Janna McKay who had re-negotiated the lease for the office copier saving $382/month.

The Executive Director referred to the new state issues related to manufacturer responsibilities and reported that the Sharps Collection Program that had previously been funded by the ratepayers would now be funded by a state organization of needle manufacturers. Republic Services had received $32,000 from that organization to pay for needle collections, which would eventually benefit the ratepayers through the rate process.

Mr. Krueger identified some upcoming events and announced that the week of May 15-19 would see the first pilot multifamily Reuse & Cleanup Day Program on Ascot Drive in Moraga concurrent with a similar program for reuse and clean-up at St. Mary's College, and results would be provided after the event. He also announced that Earth Day had been celebrated the weekend of April 22 when RecycleSmart had provided a Compost Giveaway in Walnut Creek, Danville and Contra Costa County; Earth Day in Lafayette had featured RecycleSmart's first ever Bike Fix It Clinic; and there had been an interfaith collaboration in Danville to celebrate Earth Day.

For coming attractions, the Moraga Community Faire & Car Show would be held on April 29 with RecycleSmart's first ever Clothing Repair Clinic. There would be a Compost Giveaway event in Lamorinda on May 6, and the Taste of Lafayette on May 16 would provide additional collaborative events with RecycleSmart and Republic Services.

KIMBERLY LAM, Republic Services described the Earth Day events and noted that the Compost Giveaways had been well received and it was a great opportunity for residents to learn more about the services provided.

Board Member Silva asked about the pilot program Hello Lamp Post, and Mr. Krueger stated there would be a QR code on the container where people could learn where to place specific trash.

Board Member Dawson thanked RecycleSmart and Republic Services for coming to Lafayette on Earth Day.

Board Member Sos invited everyone to the Moraga Community Faire on Saturday, April 29 from 11:00 A.M. to 4:00 P.M. at the Rheem Shopping Center where RecycleSmart would have a booth.

Executive Director Krueger referred to the new rate to compensate Republic for pushing the large multifamily bins and carts significant distances and the concerns that had been expressed by customers about the amount of that rate. He had since spoken with Republic and had worked out a better solution to interpret the rate at the lower amount, which represented a quarter of the original cost and which should ease in the rate for the 170 affected customers. He thanked Republic for working with RecycleSmart in that regard.

Board Member Dawson asked about the flow of communications to the customers, and Mr. Krueger stated the plan was to write a letter and send it out to all affected customers who would be credited if the initial rate had been paid. A letter would also be sent to those who had received the initial letter and had found another way to push the bins. The letters will be mailed on April 28.

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

b. <u>Future Agenda Items</u>

Executive Director Krueger stated that the budget and schools would be future agenda items.

c. Republic's Collection Service Quality Metrics

Mr. Krueger reported that Republic's collection service was being tracked monthly, the main metric was the calls related to late pickups and there was now three months of data. The metric was that from January through July there could be no more than 1,750 calls per month. For January there had been 1,500 calls, February 1,000 calls, and March 1,300 calls, all under the complaint level at this point. Calls to RecycleSmart were also being tracked at 19 per month but most were because the office had been receiving communications via email from Rossmoor where there were some specific problems that staff was working with Republic to resolve.

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

d. Communications to the Authority

5. BOARD COMMUNICATIONS AND ANNOUNCEMENTS

There were no reports.

6. ADJOURNMENT

The Board adjourned at approximately 3:20 P.M. to the regular meeting scheduled for Thursday, May 25, 2023 at 3:00 P.M. in the Walnut Creek Offices.

Respectfully submitted by:

____

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

Agenda Item No. 3b

Agenda Report

Central Contra Costa Solid Waste Authority

TO: CCCSWA BOARD OF DIRECTORS

FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR

DATE: MAY 25, 2023

SUBJECT: PUSH/PULL SERVICE RATES

RECOMMENDED ACTION

1. Adopt Resolution 2023-05, Adopting Amended Maximum Rates for Container Push/Pull Services for Rate Year 9 (March 1, 2023 through February 29, 2024).

DISCUSSION

On January 26, 2023 the Board approved the solid waste rates for RY9 (March 2023 through February 2024). The approved rates included new rates for push/pull services to be paid by commercial and multi-family customers to Republic for moving their containers more than 25 feet to the collection vehicle and back. The RecycleSmart rates had never included itemized push/pull fees before, even though such rates are typical in the industry and the region.

The push/pull rates are the same for customers in each Member Agency, and are described in the manner below in the Second Amendment to Republic Services' franchise agreement:

Push/Pull Service, Bin or Cart (SW, RECY, FW, and ORG)	Rate Year 9 Monthly Rate
Distance: 26' – 50'	$17.97/lift
Distance: 51' – 100'	$35.95/lift
Distance: 101' – or greater	$53.92/lift

This description is subject to interpretation and was interpretated in this manner in the rate schedule that was approved by the Board on January 26, 2023:

Push/Pull Service, Bin or Cart (SW, RECY, FW, and ORG)	Rate Year 9 Monthly Rate	
Distance: 26' – 50'	Per Container Per Push	$17.97
Distance: 51' – 100'	Per Container Per Push	$35.95
Distance: 101' – or greater	Per Container Per Push	$53.92

When Republic Services (Republic) notified the 172 affected customers in February, and began implementing the rate March 1, it became apparent that the financial impact on customers (and the potential additional revenue for Republic) were much greater than had been anticipated by both parties when the push/pull rates were agreed to during contract negotiations. Therefore, Authority staff and Republic agreed to interpret the rates in this manner:

Push/Pull Service, Bin or Cart

Distance in Linear Feet	Collection Frequency	Cost Per Bin/Cart Per Month
0 - 25	1x/week	$0
0 - 25	2x/week	$0
0 - 25	3x/week	$0
0 - 25	4x/week	$0
0 - 25	5x/week	$0
0 - 25	6x/week	$0
26-50	1x/week	$17.97
26-50	2x/week	$35.94
26-50	3x/week	$53.91
26-50	4x/week	$71.88
26-50	5x/week	$89.85
26-50	6x/week	$107.82
51-100	1x/week	$35.95
51-100	2x/week	$71.90
51-100	3x/week	$107.85
51-100	4x/week	$143.80
51-100	5x/week	$179.75
51-100	6x/week	$215.70
101 or greater	1x/week	$53.92
101 or greater	2x/week	$107.84
101 or greater	3x/week	$161.76
101 or greater	4x/week	$215.68
101 or greater	5x/week	$269.60
101 or greater	6x/week	$323.52

- Rate applies to each bin or cart for each type of material (Solid Waste, Recycling, Food Waste & Organics).
- Rate covers the service of moving a bin or cart the distance (in linear feet) from its location on your property to the collection vehicle for servicing, and then moving the bin or cart back to your property after it is emptied.
- Rate is based on linear distance one way (no additional charge for returning the bin or cart).

This effectively lowers the push/pull rates by 75%. The push/pull rates approved by the Board are "maximum rates" and Republic is allowed to charge less than the approved rates. Republic offered to implement the new, lower push/pull rates before the rates were officially amended by the Board. Republic sent out letters to all affected customers on April 28 notifying them of the reduced push/pull rates, and credited customers who had paid the original push/pull rates for March and April. Staff is now recommending that the Board officially amend the push/pull rates per Resolution 2023-05 and its attachment.

There will still be a new (though now 75% lower) push/pull rate expense for commercial and multi-family customers who ask Republic to push their containers more than 25 feet for service. These customers have the following options: 1) Locate their containers within 25 feet of a location accessible to Republic's collection vehicles; 2) Push their containers out to such a location each collection day; 3) Pay Republic for push/pull service; or 4) Pay a third party for push/pull service. There are third party companies operating in our service area who provide container push/pull services and generally charge less than the recommended push/pull rates.

ATTACHMENTS

A. Resolution No. 2023-05 – Maximum Push/Pull Rates for RY 9
A-1. Multi-family and Commercial Push/Pull Service, Bin or Cart

RESOLUTION NO. 2023-05

RESOLUTION OF THE CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY ADOPTING RATE YEAR NINE MAXIMUM RATES FOR PUSH/PULL SERVICES PURSUANT TO THE FRANCHISE AGREEMENT WITH ALLIED WASTE SYSTEMS, INC. FOR FRANCHISED MATERIALS COLLECTION, TRANSFER, TRANSPORT, PROCESSING AND DISPOSAL SERVICES

WHEREAS, the Central Contra Costa Solid Waste Authority (hereinafter "CCCSWA"), pursuant to Resolution No. 2014-05, entered into a Franchise Agreement with Allied Waste Systems, Inc., dba as Allied Waste Services of Contra Costa County and also dba Republic Services of Contra Costa County ("Contractor") for Franchised Materials Collection, Transfer, Transport, Processing, Diversion, and Disposal Services, dated May 14, 2014 (hereinafter "Franchise Agreement"); and

WHEREAS, Article 10 of the Franchise Agreement provides that the Contractor will charge and collect rates from subscribers for services provided under the Franchise Agreement; and

WHEREAS, the CCCSWA approves the maximum amount of the rates that the Contractor may charge subscribers; and

WHEREAS, the maximum rates for Rate Year Nine are also based on the Contractor's proposed costs and operating assumptions for Rate Year Nine, which are set forth in Exhibit N of the Franchise Agreement and adjusted using a cost-based method set forth in Exhibit E of the Franchise Agreement; and

WHEREAS, the maximum rates for Rate Year Nine are also based on CCCSWA's settlement with Contractor of its special rate request and in the interest of improving service quality and reliability for the benefit of the ratepayers; and

WHEREAS, the maximum rates for Rate Year Nine will be effective March 1, 2023 through February 29, 2024, and will not be adjusted to reflect either increases or decreases in costs during Rate Year Nine; and

WHEREAS, the maximum rates for subsequent rate years will be adjusted annually using an index-based adjustment method set forth in Exhibit D of the Franchise Agreement; and

WHEREAS, the Rate Year Nine Revenue Requirement was approved by the CCCSWA Board of Directors at its meeting on this 26 day of January, 2023.

WHEREAS, the maximum rates for Rate Year Nine of the Franchise Agreement that Contractor may charge subscribers, were approved by the CCCSWA Board of Directors at its meeting on the 26 day of January, 2023.

WHEREAS, the CCCSWA and Contractor have subsequently agreed to lower the approved maximum rates that Contractor may charge subscribers for push/pull services for Rate Year Nine of the Franchise Agreement.

NOW, THEREFORE, the Board of Directors of the CCCSWA resolves as follows:

1. The CCCSWA hereby approves and adopts the maximum rates that Contractor may charge subscribers for push/pull services for Rate Year Nine of the Franchise Agreement, which are set forth in Attachment A to this Resolution.
2. The maximum rates for Rate Year Nine push/pull services shall be effective May 25, 2023 through February 29, 2024.
3. This Resolution shall take effect May 25, 2023.

PASSED AND ADOPTED by the CCCSWA Board of Directors this __ day of _____, 2023 by the following vote:

AYES:	Members:	______________________
NOES:	Members:	______________________
ABSTAIN:	Members:	______________________
ABSENT:	Members:	______________________

____
Inga Miller, Chair
Central Contra Costa Solid Waste Authority,
County of Contra Costa, State of California

COUNTER-SIGNED:

____
Janna E. McKay, Secretary of the Board
for the Central Contra Costa Solid Waste
Authority, County of Contra Costa, State
of California

APPROVED AS TO FORM:

____
Deborah L. Miller, Counsel for the
Central Contra Costa Solid Waste Authority
County of Contra Costa, State of California

ATTACHMENT TO RESOLUTION:

A-1. Push/Pull Service, Bin or Cart RY9 Rates

MULTI-FAMILY AND COMMERCIAL PUSH/PULL SERVICE, BIN OR CART
RY9 Rates ($/Month)
(Rates effective March 1, 2023, Amended May 25, 2023)

Distance in Linear Feet	Collection Frequency	Cost Per Bin/Cart Per Month
0 - 25	1x/week	$0
0 - 25	2x/week	$0
0 - 25	3x/week	$0
0 - 25	4x/week	$0
0 - 25	5x/week	$0
0 - 25	6x/week	$0
26-50	1x/week	$17.97
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- Rate applies to each bin or cart for each type of material (Solid Waste, Recycling, Food Waste & Organics).
- Rate covers the service of moving a bin or cart the distance (in linear feet) from its location on your property to the collection vehicle for servicing, and then moving the bin or cart back to your property after it is emptied.
- Rate is based on linear distance one way (no additional charge for returning the bin or cart).

Central Contra Costa Solid Waste Authority

Agenda Report

TO: CCCSWA BOARD OF DIRECTORS
FROM: RECYCLESMART STAFF AND SCHOOLS TEAM
DATE: MAY 25, 2023
SUBJECT: **2023 WASTE REDUCTION STUDENT SCHOLARSHIPS**

SUMMARY

RecycleSmart is pleased to award the following student leaders with Waste Reduction Student Scholarships:

- **Michaela Baak** – Carondelet High School
- **Mary Laska** – Acalanes High School

RECOMMENDED ACTION

1. Board of Director's Recognition and Presentation of 2023 Scholarship Awards to the Waste Reduction Student Scholarship Recipients.

DISCUSSION

RecycleSmart initiated the student scholarship program in 2015 to inspire and reward student leaders who have made significant contributions to reducing waste at their high schools. Since that time, student leaders from Acalanes High School, Campolindo High School, Miramonte High School, Las Lomas High School, Northgate High School, Monte Vista High School and San Ramon Valley High School have received RecycleSmart scholarships.

The 2023 scholarship application was prominently posted on the RecycleSmart website and distributed to all high schools in the RecycleSmart service area through environmental clubs, leadership classes, administration communications and college counselors. Seniors participating in the RecycleSmart Internship Program were also encouraged to apply. Applicants are required to describe how they are contributing to waste prevention and sorting at their schools and/or in the greater central Contra Costa community.

For the 2022-2023 school year, two students stand out as environmental stewards and community educator leaders. RecycleSmart is pleased to acknowledge the achievements of these students with the award of the Waste Reduction Student Scholarship.

RecycleSmart Scholarship Application Summaries

Michaela Baak – Carondelet High School - $2,000

In early 2023, Michaela contacted RecycleSmart as part of her research to develop a plan to encourage composting in multi-family homes for her Gold Award Girl Scouts project proposal.

The spark for her waste reduction project began in an AP Biology at Carondelet High School. As a junior, Michaela was transformed, learning the environmental impact of composting, or rather, not composting. Her new understanding that organic waste in the landfill is a cause of methane gas and that composting is a clear alternative for individuals to decrease greenhouse gas emissions was very motivating. As a senior, she began to plan an educational campaign for multi-family residences to understand the importance of composting and have a positive influence on the climate crisis.

Living in an apartment on Oak Road in Walnut Creek has given Michaela firsthand knowledge of how challenging it is to compost. For any resident, beginning to collect food scraps is challenging due to fears such as: compost can be messy, smell bad, or leak. At multi-family complexes, composting has more hurdles because the residents are dependent on their landlord to set up the infrastructure to compost properly (and this a current focus of RecycleSmart education!). Communication regarding free kitchen compost pails and the importance of composting is usually directed to the property manager. SB 1383 requires the property managers to annually provide information about organic waste recovery requirements to their tenants, but that information may not always make it to every resident.

To address the issues of composting in multi-family buildings, Michaela plans to produce a comprehensive video to help residents learn how to use food scrap pails and routinely bring them to the hauler's organic bin in their complex. She has already created a 90-second awareness video for a scientific research class, and points to it as an example of her awareness campaign strategy. By doing a few green cart-lid flips and seeing the nearly empty bins on her block, Michaela knows there is a need to conduct a compost awareness project.

Michaela is working with Republic Services to acquire kitchen counter compost pails, and in June she will host a distribution day where these pails will be available for pickup. On each pail she will adhere a QR code that links to a video educating Oak Road residents about composting and instructions on how to do it correctly. Emails will be collected from those willing to participate in a follow-up survey. Two weeks after the pail distribution event, Michaela will analyze the results of her outreach campaign from returned surveys and lid-flipping. Her scholarship check will be sent to her upon project completion.

Michaela is a resident of Walnut Creek. She will attend UC Berkeley as an Environmental Science Major this fall.

Composting Short Documentary **https://youtu.be/NXWFFjyGv0U**

Mary Laska – Acalanes High School - $2,000

As an Acalanes student and member of the Lafayette community, Mary has achieved a personal goal to increase awareness of climate-related issues and inspire action.

Recent personal action includes: volunteering for Lindsay Wildlife Experience's Animal Hospital, interning with the RecycleSmart School Program, partnering with the Acalanes High School Leadership Environmental Board to improve sorting on campus, participating on a panel for the 10th annual Zero Waste Youth Conference regarding e-waste as an upstream solution, and producing and showcasing a comprehensive documentary called ***Be The Change***.

At a young age, Mary discovered the natural world through "science fun" at home, observing moldy foods with her dad, and learning the power of plants to cure illness in the botanical gardens near their home in Singapore. As a member of the Girl and BSA Scouts, the outdoors has become her home away from home. Watching documentaries and taking every science class possible has enhanced her appreciation and understanding of the need to protect the environment.

Harnessing her passion in her Girl Scout Gold Award project, Mary created a thirty-minute documentary focused on inspiring young people to love the world and protect it by taking personal action to reduce climate change. *Be The Change* demonstrates multiple waste prevention and reduction methods such as: waste sorting, composting, repurposing and repairing electronics, recycling appliances, and refrigerants, and reducing consumption of single-use plastics.

To showcase her documentary, Mary held one event at the Acalanes Performing Arts Center for high school students, and a second at the Lafayette Library Community Hall for middle schoolers. Of course, the refreshments served were rescued from her local Noah's Bagels and by using the food recovery software application, "Too Good To Go."

Mary created a quiz and a survey to test the knowledge of her audiences, and their desire to take action for the environment after watching her documentary. Of note, 55 of 56 people who took the post-documentary survey committed to one or more actions to reduce their carbon footprint. Of those, 76% pledged to "sort my waste, whenever I am able." Additionally, *Be The Change* has received over 150 views on YouTube in two months. The video is accompanied by a survey, and 66% of the surveyed viewers said that "they want to share what they learned with someone else," thus creating an even larger impact for change.

In addition, Mary was a speaker at the 10th Annual Zero Waste Youth USA Conference in March of this year, presenting on "Upstream Solutions for Downstream Pollution."

Mary will be studying Society and Environment at UC Berkeley in the fall.

Be The Change **video** **https://youtu.be/oR3Y43ZBDfY**

Zero Waste Youth USA **http://www.zerowasteyouthusa.org/convergence-2023---virtual.html**

ATTACHMENTS

A. Gold Award proposal
B. Be the Change poster, quiz, sort guide, and photos

Gold Award Proposal

By law, California businesses are required to compost their food waste and scraps, effective January 1 of 2022. Residents are urged to do so as well, and for good reason. However, very few know about this, and even fewer actually do it. Composting, or lack thereof, is a huge contributor of greenhouse gases, namely methane, and the food waste that doesn't get composted ends up adding to our warming climate. By composting, a significant part of methane in our atmosphere can be reduced. It is additionally difficult to compost in multi-family residences, which will be the focus of this project.

- Very few people are aware of just how crucial composting is, and its effects.
- It is incredibly difficult to compost in apartments and condos, which I've experienced myself.
- Global Warming is a major issue, but composting isn't always connected to it in the media.

There are two main root causes. Firstly, not enough people are aware of the impacts of food waste on climate change, and not enough information on this area is available to the public. And while those who know about it will intend to compost, we are brought to our second cause. Composting can be exceedingly difficult in the best of conditions, but in apartment and condo complexes, it's nearly impossible without the right equipment. It is messy, smells bad, and leaks, and the highest quality bins are hard to find without putting in tremendous effort, and those receptacles typically don't fit in the limited space provided. The options available in stores are also generally not designed for food waste. Additionally, it can be a challenge to carry the waste from the apartment to the communal bins provided by the complex.

I will be creating an awareness campaign that informs residents of these complexes on the importance of composting, in addition to working with the city of Walnut Creek and recycling agencies to distribute food scrap pails that are specifically designed to hold food waste, don't leak or smell, and fit in multi-family homes. These bins are already available in the city, but are not generally known about for anyone who hasn't specifically searched for them, specifically renters in apartments and condos who are not customers of the recycling company. One of the main objectives of this project is to work with the local government to help distribute the bins, along with making a video informing residents of their purposes and impacts. I will advertise the distribution at my school as well as along the main road where many condos and apartments are located.

- The knowledge of the importance of composting and its impacts on the environment and climate change.
- A solution enabling them to collect and dispose properly of their food waste.

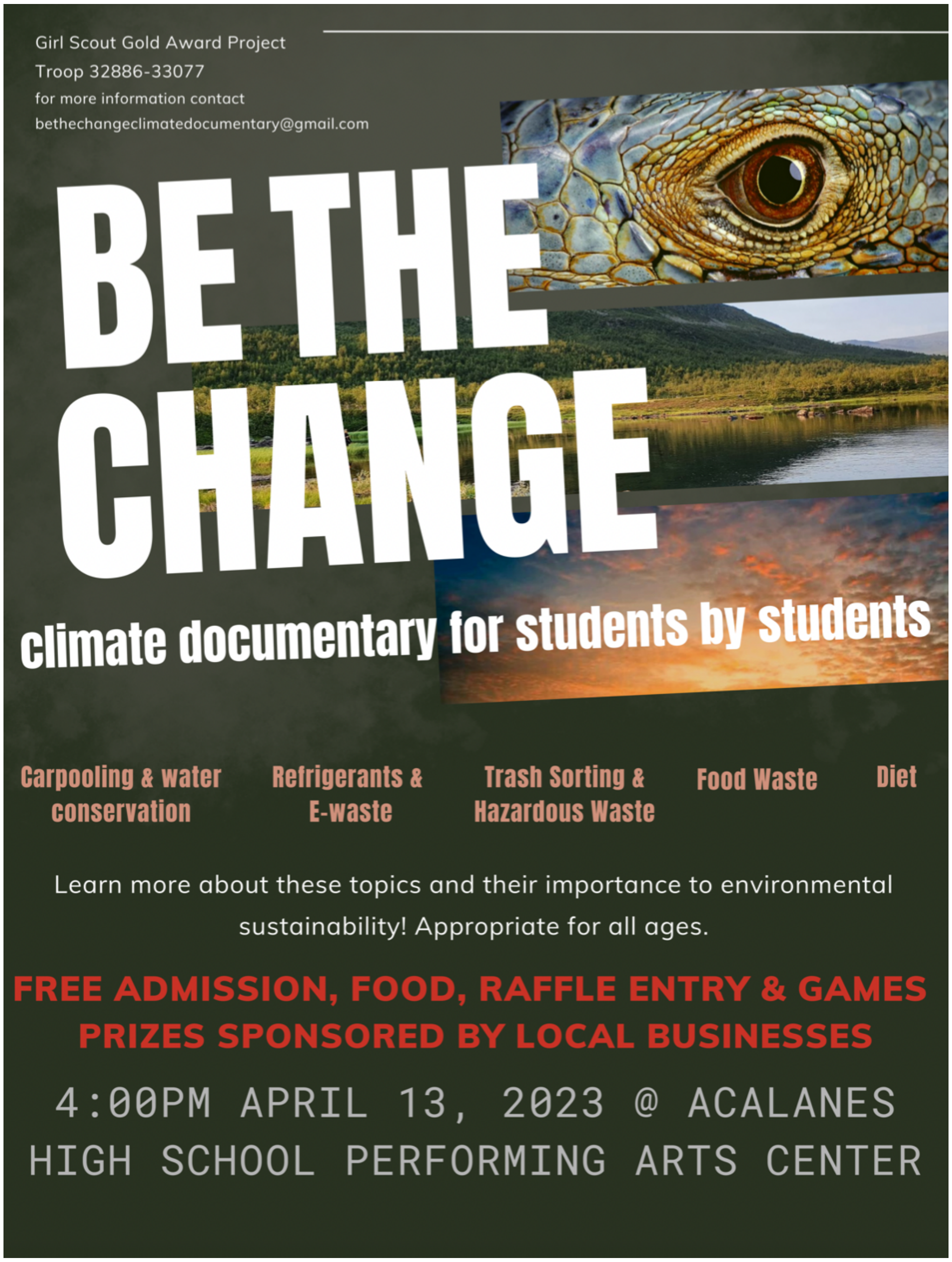
There will be an increase in composting rates in multi-family residences, which can be measured by the amount of compost collected from each complex during regular collections.

Global warming is a problem that affects every single living thing on this planet, and it's something that each of us can do something about. Composting is one of the most straightforward. This project will increase awareness of and accessibility to something that has a massive impact on all of our lives. By increasing composting participation rates in Walnut Creek, a significant amount of methane will not add to our atmosphere's greenhouse gas collection. This project can be replicated in neighboring cities and counties, and these food scrap pails are already implemented in all residences in the city of Davis, where they serve as precedent to all cities who want to reduce their environmental impact. Even just a few more residents can spread awareness, and contribute to a healthier earth.

My first goal is to get every apartment and condo resident along Oak Road a food scrap pail. I also want each resident to be educated on the reasons behind the composting and the proper way to compost, which can be measured by the survey that will be sent out two weeks after the bin distribution. The effectiveness of this project can be measured by an increase in the amount of compost in the communal compost bin in each complex. The target end date will be June 30th.

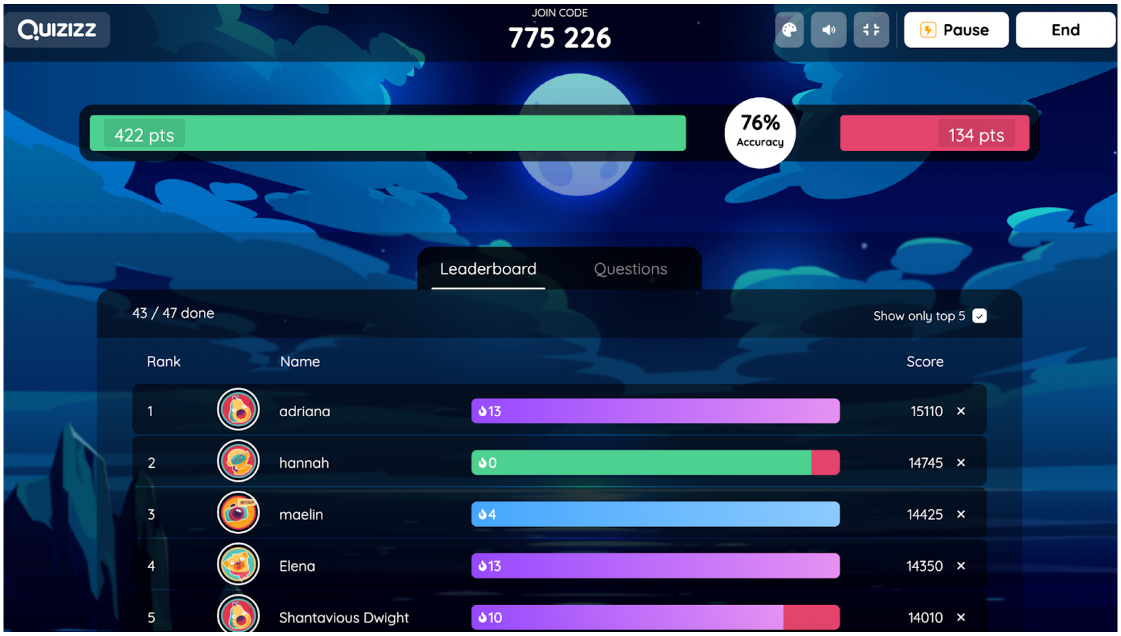
The food scrap pails themselves will be reusable and sustainable, since the city will be able to replace broken or damaged bins. These bins will continue to impact composting after the project is over. Additionally, the knowledge gained by the residents receiving these bins will impact their composting habits, and they will gain awareness on the impacts of food waste on climate change. The video made will be usable after the distribution as well.

Agenda Item No. 4a
Attachment B



This is the poster I used at school and around Lafayette to promote my events.

At both of my documentary events we played a quiz game with questions on sorting and trivia on environmental events. There was very high accuracy at 76% for the Acalanes event!



This is the panel I spoke on for the Zero Waste Youth Convergence

Sorting guide for bin monitors at Acalanes

Photos from my library event. I invited younger girl scouts and had prizes for the winners of the game.

BE THE CHANGE CLIMATE DOCUMENTARY

This is a link to the documentary video on YouTube.

Recycle Smart
Central Contra Costa Solid Waste Authority

Agenda Report

TO: CCCSWA BOARD OF DIRECTORS

FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR

DATE: MAY 25, 2023

SUBJECT: **RECOMMENDED APPROACH TO PROCUREMENT OF 2027 FRANCHISE(S)**

SUMMARY

The Franchise Design Ad Hoc Committee recommends to the Board that it direct staff to do the following: First, conduct a procurement process for post-collection services; and, second, once that process is completed, conduct a separate competitive Request for Proposals (RFP) process for collection services. The Ad Hoc committee concluded that this two-step approach will offer transparency, competitive rigor, efficiency, and cost-effectiveness, ultimately to the benefit of the Authority's ratepayers and Member Agencies.

RECOMMENDED ACTION

1. Direct staff to conduct a two-step procurement process for the new franchise agreement(s) that will go into effect on March 1, 2027: Step One, a procurement process for post-collection services; and Step Two, a separate competitive Request for Proposals (RFP) process for collection services.

DISCUSSION

The current franchise agreements with Republic Services (Republic) for collection, transfer, transport, processing, diversion, and disposal services, and, separately, with Mt. Diablo Resource Recovery (MDRR) for recyclable materials transfer, transport, processing, and diversion services (including reusable item and household battery collection and processing) will expire on February 28, 2027. As discussed at the Board retreat on February 23, 2023, the Authority has many options in how to procure service providers for these services, including sole source negotiations, concurrent negotiations with multiple providers, and RFPs. At the retreat, the Board indicated that the selection process should be transparent, focus on service quality and value for our ratepayers and Member Agencies.

At the March 23, 2023 Board meeting, Chair Miller announced the formation of a Franchise Design Ad Hoc Committee, which the Board approved. The Board authorized the Ad Hoc Committee to recommend a procurement method for the franchised services. At the Ad Hoc Committee's April 27, 2023 meeting, the committee concluded, upon the Executive Director's recommendation, to recommend to the full Board a two-step competitive RFP process for the new franchise agreement(s).

Rationale for a Competitive RFP Process

As was discussed at the Board retreat in February, there are certain circumstances in which sole source negotiations are preferable to an RFP process. Those conditions include where customers are satisfied with the quality of the service, prices are not expected to increase significantly, and there are no viable competitors. However, those conditions do not apply to our current situation. There have been consistent service complaints regarding late pick-ups over a long period of time. (See Attachment A.) In addition, during the recent negotiations for the extension of the current franchise agreement, Republic asked for rate increases. (See Attachment B.) Moreover, staff has identified viable competitors for the needed services. (See Attachment C.) Not only are the circumstances warranting a sole-source approach absent, but an RFP process offers greater transparency and competitive rigor than does a sole-source negotiation.

Structure of the RFP Process

In order to invite more competition for the collection services, staff and the Ad Hoc Committee recommend separating the collection services from post-collection services (transfer, transport, landfill disposal, recyclables processing, composting, food-to-energy, C&D processing, mixed waste processing), which will maximize the number of prospective bidders for some or all of the services. There are companies who can provide collection service but cannot provide all of the post-collection services. Under this approach, the process will have two sequential steps:

1. **Step One – RFP for Post-Collection Service** (transfer, transport, landfill disposal, recyclables processing, composting, food-to-energy, C&D processing, mixed waste processing). Proposers could bid on some or all of these services. The Authority could contract with one or multiple providers for post-collection services. Proposers would have to agree to charge the Authority the same rate to accept any franchised materials from our service area, regardless of which company the Authority selects to collect those materials. Post-collection represents approximately 20% of the total cost of all franchised services.

2. **Step Two – RFP for Collection Services.** The collection service RFP would take place after the post-collection services have been awarded. This would allow proposers for collection services to know where they will be delivering the materials. Staff recommends continuing the prior Board direction to contract with just one company to collect garbage, recyclables, and organics for the sake of efficiency and simplicity. Collection represents approximately 80% of the total cost of all franchised services.

The Authority has experience contracting separately for post-collection and collection services. Currently, recyclables processing is provided under an agreement with MDRR while recyclables collection is provided under a separate agreement with Republic. Similarly, food-to-energy services are provided through a post-collection agreement between the Authority and EBMUD while food scrap collection services are provided through the collection agreement with Republic. Separate agreements can be made for other post-collection services (transfer, transport, disposal, composting) and such agreements are common in the region.

The Authority could sign a post-collection agreement with a service provider, sign a collection agreement with a different provider, then direct the collection contractor to deliver the specified materials to the post-collection contractor, and the post-collection contractor would charge the collection contractor (or the Authority) at the per-ton rates established in the post-collection agreement.

De-coupling collection from post-collection will create more competition for collection services, and allows the Authority to "mix and match" preferred vendors (e.g., selecting the vendor with the closest transfer station for transfer services even if that vendor is not the preferred vendor for collection services.) Another advantage of this approach is that it facilitates having longer contracts for post-collection (e.g. 20 years) than for collection (e.g. 10 years) to more accurately reflect the amortization of the capital costs (facilities vs. vehicles) necessary to provide each service. Post-collection facilities are often willing to offer lower pricing in exchange for longer contracts. Staff recommends pursuing long-term (20-30+ years) agreements for transfer, disposal, composting, and other post-collection services.

While staff and the Ad Hoc Committee recommend issuing two separate RFP's in order to encourage competition for collection, nothing in this approach would preclude the Board from awarding all services to the same vendor, if that were in the best interest of the rate-payers based on the proposals received.

There may be some post-collections services (transfer, disposal, food-to-energy) that might be more appropriate for a sole source process instead of an RFP. Staff recommends hiring a consultant to assist with the RFP process. The selected consultant will assist in determining which post-collection services might be appropriate for a sole source process. Staff is currently in the process of soliciting bids from prospective consultants. The Ad Hoc Committee will vet the consultants and bring a recommendation to the Board at a future date.

Process Timeline

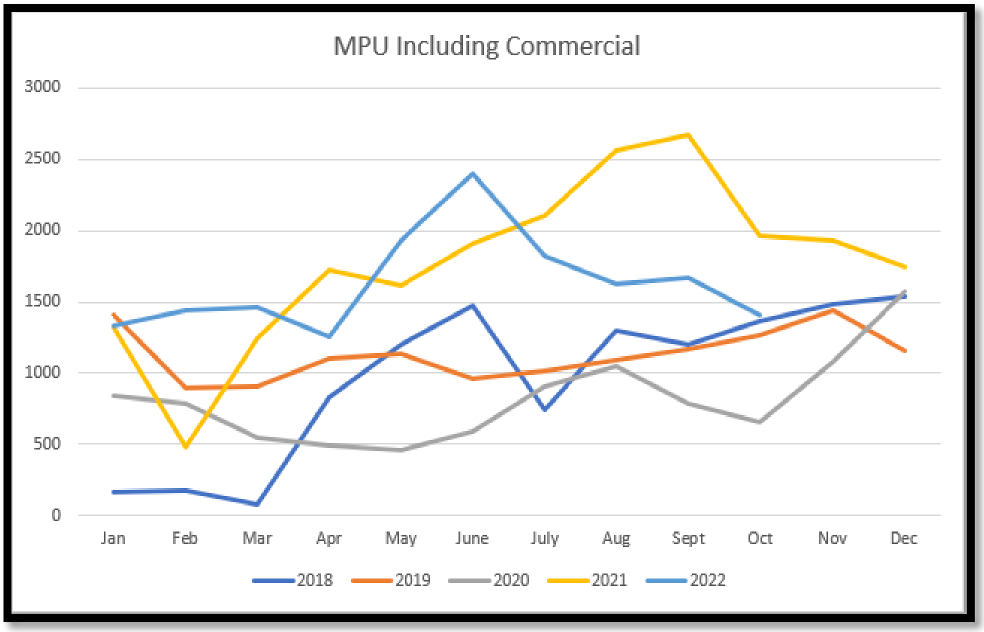
Attachment D contains an estimated timeline for the recommended two-step RFP process. Staff anticipates that a majority of the work writing the collection franchise agreement and RFP would happen during the three months that the post-collection vendors are preparing their proposals.

ATTACHMENTS

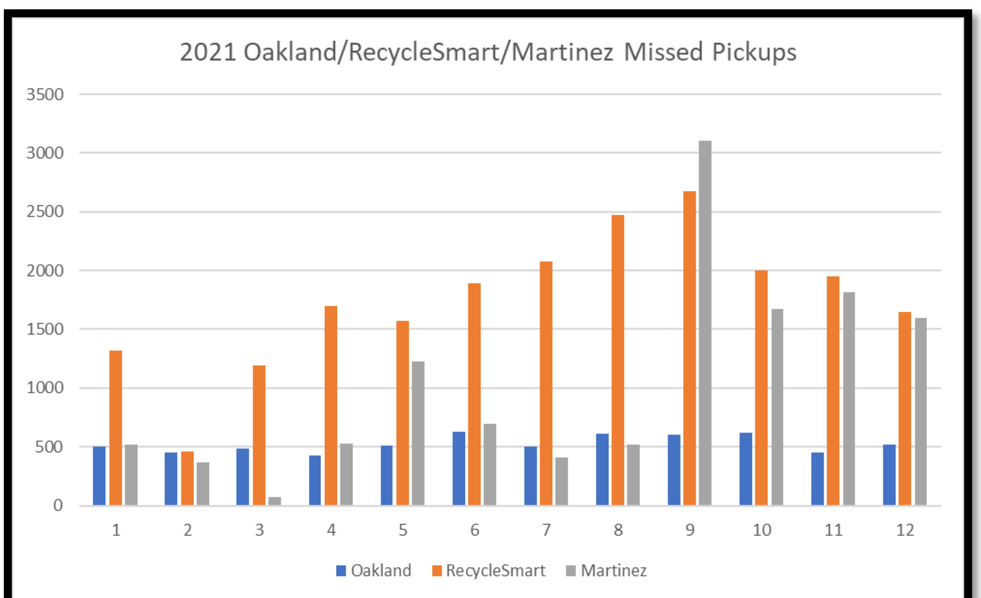
A. Collection Service Quality Metrics
B. Cost Increases
C. Competition
D. Two-Step RFP Process Timeline

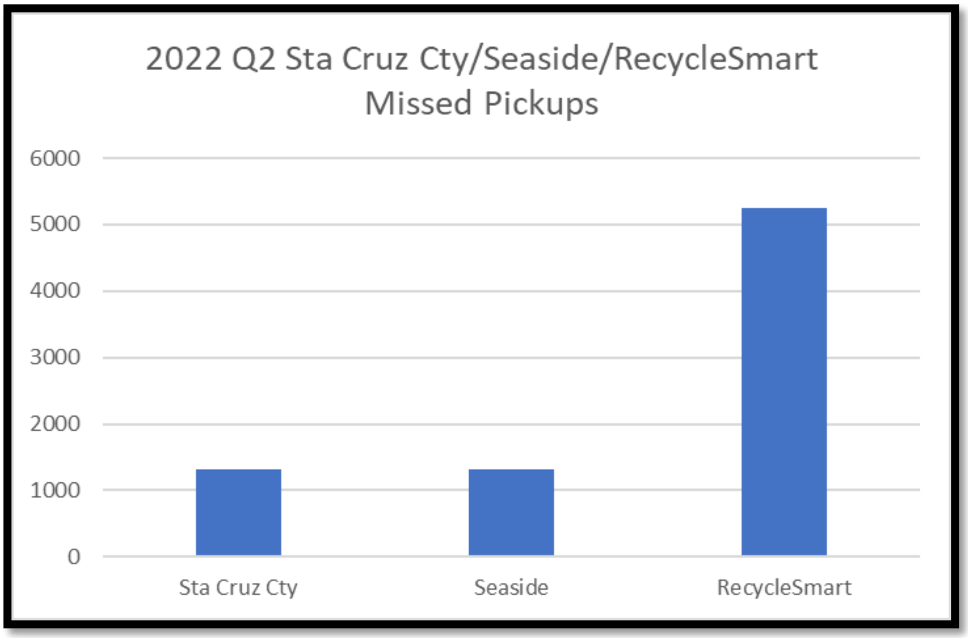
Collection Service Quality

Throughout the term of the current collection agreement, Republic, the Authority, and Member Agencies have received significant numbers of complaints regarding missed or late pick-ups. The following chart summarizes missed pick-ups over time in our service area:



The next two charts compare missed pick-ups in our service area to those in other jurisdictions. These comparisons are scaled to account for the differences in the number of customers between the jurisdictions.




2022 Q2 Sta Cruz Cty/Seaside/RecycleSmart
Missed Pickups
6000
5000
4000
3000
2000
1000
0
Sta Cruz Cty
Seaside
RecycleSmart

Cost Increases

During the Rate Year 9 rate setting process, Republic requested a special rate increase for the following expenses:

Expense	$/Year
Walnut Creek Bridge	$226,000
Covid Pool Driver Impact	$96,000
Covid Labor Impact	$862,000
Recycling Collection	$1,299,000
Organics Collection	$2,230,000
Organics Processing	$565,000
Costs Not Covered by Index	$2,738,000
Organics Transfer	$1,986,829
Total	**$10,002,829**

In the Second Amendment to Republic's Agreement, The Authority agreed to the following special rate adjustments over the next four years, provided that Republic meets service quality standards:

Special Rate Adjustment	Rate Year			
	2023-24	2024-25	2025-26	2026-27
Allowed Expenses From Request	$1,901,937	$1,901,937	$1,901,937	$1,901,937
New Expenses to Improve Service		$1,915,511	$1,915,511	$1,915,511
Organics Transfer			$1,986,829	$1,986,829
Total	$1,901,937	$3,817,448	$5,804,277	$5,804,277
Total Requested Expenses Allowed	$1,901,937	$1,901,937	$3,888,766	$3,888,766

The Second Amendment also requires Republic to take on the following new expenses in order to improve service quality:

Requirement	Due Date
Provide customer credits for missed collections	3/1/2023
Hire 1 additional Recycling Coordinator	3/1/2023
Begin transferring all C&D to Newby Island for processing	3/1/2023
Equip all residential trucks with the RISE route management software system	12/31/2023
Hire 1 additional route supervisor	3/1/2024
Hire 1 additional operations manager	3/1/2024
Hire 1 additional customer care manager	3/1/2024
Hire 1 additional dispatcher	3/1/2024
Hire 5 additional pool drivers	3/1/2024
Hire 4 additional customer service representatives	3/1/2024
Have sufficient back-up rental vehicles for hard-to-serve routes	3/1/2024
Provide on-going technician training	3/1/2024

The $1,915,511 per year special rate adjustment starting in Rate Year 2024-25 is intended to cover those new expenses. Of the $10,002,829 per year special rate adjustment requested by Republic, the Authority has agreed to allow $3,888,766 per year, phased in over the remainder of the Agreement, if performance standards are met.

This indicates that there may be significant expenses that Republic is not currently being compensated for that Republic (or another collection contractor) could request to be compensated for under the next franchise agreement. In addition, California Air Resources Board regulations will require our collection contractor to transition to a zero emissions fleet during the term of the next franchise agreement. Starting in 2030 10% of the fleet will need to be zero emissions vehicles. By 2042 100% of the fleet will need to be zero emissions vehicles. This transition will probably increase collection costs. Given that there is likely to be a significant rate increase at the beginning of the 2027 franchise agreement, it is advisable to get competitive cost proposals in order to demonstrate to rate-payers that we have taken all possible measures to try and mitigate rate increases.

Competition

During the Authority's last RFP process for the 2015 franchise agreements, we received multiple competitive proposals for all services. Staff has contacted potential proposers to gauge interest in providing services to our area, and has found significant preliminary interest.

Service	Interested Parties for 2027	Proposals Received for 2015
Collection	7	2
Transfer	2	3
Disposal	4	4
Composting	5	2
Recyclables Processing	4	3

While only two of the potential collection proposers currently have an existing truck yard within an efficient travel distance of our service area, it would be possible for a new collection contractor to acquire a new local truck yard between now and 2027.

Two-Step RFP Process Timeline

		2023			2024				2025				2026				2027
Activity	Months	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Develop Post-Collection RFP & Draft Agreement(s)	6																
Post-Collection Vendors Prepare Proposals	3																
Post-Collection Proposal Evaluation & Negotiation	6																
Develop Collection RFP & Draft Agreement	15																
Collection Vendors Prepare Proposals	3																
Collection Proposal Evaluation & Negotiation	9																
Selected Collection Proposer Obtains Vehicles	20																

Central Contra Costa Solid Waste Authority

Agenda Item No. 5b

Agenda Report

TO: CCCSWA BOARD OF DIRECTORS

FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR
GRACE COMAS, SENIOR ACCOUNTANT

DATE: MAY 25, 2023

SUBJECT: **OPERATIONS AND REUSE FUND BUDGETS FOR FISCAL YEAR 2023-2024**

SUMMARY

Fiscal Year 2023-24 (FY23-24) draft budgets are being presented for Board review and approval. The FY23-24 Operations Fund (Ops) Budget (Attachment A) provides for the core operational and administrative functions of RecycleSmart. The proposed FY23-24 Ops Fund Budget is summarized below and compared to the adopted FY22-23 Ops Budget.

Table 1 FY22-23 Budget Summary

Operations Fund	FY22-23 Adopted	FY 23-24 Proposed	$ Change	% Change
Beginning Fund Balance	3,025,018	5,232,094	2,207,076	73%
Revenues				
JPA Revenue*	1,903,051	2,376,271	473,219	25%
Recycling Processing Revenue*	2,585,757	2,652,056	66,298	3%
Diversion Programs Revenue*	833,394	856,238	22,844	3%
Home Composting Revenue**	3,100	3,100	-	0%
Recycling Revenue Share***	-	-	-	0%
Grants	266,363	-	(266,363)	-100%
Interest Earned & Other Revenue	37,826	234,986	197,160	521%
Total Revenues	**5,629,491**	**6,122,650**	**493,159**	**9%**
Expenses				
JPA Expenses				
Personnel Services	*1,326,372*	*1,283,711*	*(42,661)*	*-3%*
Material and Supplies	*85,456*	*104,800*	*19,344*	*23%*
Professional Services	*313,090*	*268,230*	*(44,860)*	*-14%*
New Franchise Development	*-*	*530,000*	*530,000*	*100%*
Rent & Utilities	*178,133*	*189,530*	*11,397*	*6%*
Total JPA Expenses	1,903,051	2,376,271	473,219	25%
Recycling Processing Cost	2,609,886	2,666,231	56,344	2%
Diversion Programs	836,494	859,338	22,844	3%
Total Expenses	**5,349,432**	**5,901,839**	**552,408**	**10%**
Excess Revenue Over (Under) Expenditures	280,059	220,811	(59,249)	-21%
Ending Fund Balance	3,305,077	5,452,904	2,147,827	65%

*Revenue from Republic (Customer Rates)
**Revenue from the sale of compost bins
*** Revenue from MDRR (Sale of Recyclables)

The increase in the beginning fund balance is primarily due to the $1.4 million in unbudgeted Recycling Revenue Share received from Mt. Diablo Resource Recovery for FY21-22.

Staff is proposing to increase Operations Fund expenses by 10%. The majority (96%) of the proposed increase is for professional services (consulting, legal, outreach/stakeholder input) related to drafting and procuring the new franchise agreement(s.)

The proposed Budgets were recommended for Board approval by the Finance and Administration Committee at its meeting on April 19, 2023 meeting.

The revenue and expenses of the FY23-24 Reuse Fund Budget (Attachment B) were approved at the January 26, 2023 Board meeting as part of the rate setting process.

RECOMMENDED ACTION

1. Adopt Operations Fund and Reuse Fund Budgets for Fiscal Year 2023-24, as set forth in Attachments A and B.

DISCUSSION

Background

The Operations Budget provides the funds used for the day-to-day operations of RecycleSmart. A majority of the revenues in this fund are generated from the residential and commercial solid waste rates approved by the Board of Directors each year and collected by Republic Services (Republic). Each month, Republic remits funds to the Authority in the form of an Administrative Fee to fund JPA administrative expenses, a Source Reduction and Recycling Fee (AB 939 Fee) to fund Diversion Programs, a Recyclable Materials Processing Fee to fund recyclables processing by Mt. Diablo Resource Recovery (MDRR), and a Reuse Program Fee to fund the Reuse Program performed by MDRR. The approved FY 2023-24 (July 2023-June 2024) Operations Budget will be incorporated into the solid waste rates for Rate Year 10 (March 2024-February 2025).

Operations Fund Budget

A. Revenue

JPA Revenue: This is revenue to fund the JPA's administrative expenses. JPA Revenue is budgeted to match budgeted JPA Expenses each fiscal year. JPA Revenue is remitted to the Authority by Republic in the form of an Administrative Fee. The amount of the fee is set each year by the Authority during the budget process and incorporated into customer rates during the next rate setting process. By approving the proposed budget, the Board is authorizing an Administrative Fee of $2,376,371 to be incorporated into the solid waste rates for Rate Year 10 (March 2024-February 2025). The $2,376,371 includes $530,000 in funding for expenses related to developing and procuring the new franchise agreements for 2027. These expenses are explained in greater detail in a separate section below.

Recycling Processing Revenue: This is revenue used to compensate MDRR for processing the Authority's recyclables. It is remitted to the Authority by Republic in the form of a Recyclable Materials Processing Fee. The Authority then uses this revenue to pay MDRR. The amount of the fee is set each year by the Authority during the budget process and incorporated into customer rates during the next rate setting process. By approving the proposed budget, the Board is authorizing a Recyclable Materials Processing Fee $2,652,056 to be incorporated into the solid waste rates for Rate Year 10 (March 2024-February 2025). The amount of this fee is estimated by multiplying the current per-ton recyclable materials processing compensation rate by the estimated recyclables tons for FY 2023-24. A reconciliation of estimated to actual recyclables processing costs is performed each year. "Recyclables Processing Revenue" is different than the "Recycling Revenue Share" described below.

Diversion Programs Revenue: This is revenue to fund the Authority's waste diversion (reduce, reuse, recycle, compost) programs that are not performed by Republic or MDRR. Diversion Programs Revenue plus Home Composting Revenue (the two revenues shaded tan in Table 1 above) are budgeted to match budgeted Diversion Program Expenses each fiscal year. Diversion Programs Revenue is remitted to the Authority by Republic in the form of a Source Reduction and Recycling Fee (AB 939 Fee). The amount of the fee is set each year by the Authority during the budget process and incorporated into customer rates during the next rate setting process. By approving the proposed budget, the Board is authorizing an AB 939 Fee of $856,238 to be incorporated into the solid waste rates for Rate Year 10 (March 2024-February 2025).

Home Composting Revenue: This is revenue that the Authority receives from residents who purchase home composting bins from the Authority at a discount. The Home Composing Revenue plus the Diversion Programs Revenue are budgeted to match Diversion Programs Expenses each fiscal year. Actual Home Composting Revenue received will depend upon the number of home composting bins sold.

Recycling Revenue Share: This is revenue received by the Authority from MDRR which represents the Authority's share of revenues that MDRR generated through the sale of the Authority's processed recyclables. Per the amended agreement with MDRR, if the average annual recycling revenue per ton exceeds $60, then MDRR will remit 75% of the excess revenue to the Authority in an annual payment. (Note that recycling revenues do not include CalRecycle payments to MDRR for processing beverage containers with California Redemption Value). Because recyclables markets are not predictable, Recycling Revenue Share revenue is budgeted at zero each year. In FY 2021-22, the Authority received $1.4 million in Recycling Revenue Share. However, staff does not predict significant Recycling Revenue Share revenue for FY 2023-24, based on current markets. Note that the Recycling Revenue Share revenue accrues to the General Fund and is not automatically distributed to individual Member Agency Reserves. Adopted Board policy (The General Fund Minimum Fund Balance Reserve and Application of Funds in Excess of the Reserve Policy) allows the Board to distribute any unassigned General Fund balance (which may have multiple sources including Recycling Revenue Share) to the individual Member Agency Reserve Funds based upon total tons of material collected in each jurisdiction. Only unassigned General Fund balance that is in excess of the 20% minimum General Fund reserve is available for the Board to distribute to the individual Member Agency Reserve Funds.

Grants: Through our member agencies, the Authority received $266,363 in SB 1383 local assistance grant funding from CalRecycle in FY22-23. This is one-time grant funding for implementing SB 1383 that must be spent by May 2, 2024. It is being used to fund SB 1383 related Diversion Program expenses in FY22-23 and FY23-24.

Interest Earned and Other Revenue: The majority of the "Other" revenue is interest earned on the $11 million in reserve funds (including both General Fund and Member Agency reserves) placed in a Local Agency Investment Fund (LAIF). Additional types of "Other" revenue include interest from the Authority's bank account, liquidated damages assessed on contractors, and permit application fees from construction and demolition haulers.

B. Expenses

JPA Expenses:

1. **Personnel Services:** expenses include staff salaries and benefits, worker's compensation, unemployment payments, Board Member remuneration, and temporary staffing on special projects. Expenses for this category total $1,283,711. This includes a 4% COLA increase for staff salaries, which was recommended by both the Personnel Committee and the Finance and Administration Committee. By approving the recommended Budget, the Board is authorizing a 4% COLA increase for staff, effective July 1, 2023. This excludes the Executive Director, whose contract does not provide for a salary increase until July 1, 2024. In addition, the Personnel Services budget includes a step increase for the Senior Accountant in December, 2023 (on her one-year employment anniversary), pending approval of the Executive Director. All other employees are at the top step of their pay scales and are therefore ineligible for a step increase. Despite the budgeted 4% COLA increase, the proposed FY 2023-24 Personnel Services Budget is 3% less than the approved FY 2022-23 budget, primarily due to the reclassification of the Finance Manager/Controller position to a Senior Accountant position.

2. **Materials and Supplies:** expenses include memberships and subscriptions, bank fees, office supplies, postage, reprographics, travel, staff development, and capital purchases. An additional $13,000 is included in non-capital equipment/furnishings budget to pay for the replacement of 6 computers and 1 chair. Expenses for this category total $104,800.

3. **Professional Services:** expenses include legal services, computer troubleshooting and maintenance, auditing services, financial fees and services plus other consulting expenses generally not associated with a specific program. The proposed Legal budget includes $8,000 to update our Personnel Policy and Procedures Manual which hasn't been updated since 2015. Professional Services expenses total $268,230.

4. **New Franchise Development:** The proposed FY23-24 Operating Budget includes $530,000 related to the drafting and procurement of the new franchise agreements that will take effect when the current agreements expire on February 28, 2027. Staff recommends budgeting for new franchise development beginning in FY23-24 due to the time needed for this process (6-18 months) and the additional time needed for the selected collection contractor to obtain new vehicles afterwards (12-24 months). New franchise development costs include consulting, legal, and outreach/stakeholder input. During the Authority's last

franchise development and procurement process in 2012-2014 the Authority spent $579,831 on consultant assistance. The value of the current franchises is roughly $53 million per year, and franchise agreements are typically around 10 years long. Based on this contract value, the Finance Committee recommended a new franchise development budget of $530,000. Note that many jurisdictions require the selected franchisee to reimburse the jurisdiction for new franchise development expenses after the franchise is awarded.

5. **Rent and Utilities:** expenses include insurance, office rent, and telephone charges. The new office lease commenced on August 1, 2020. Expenses for this category total $189,530.

Recycling Processing Cost:
Beginning April 2021 and in accordance with a settlement agreement with MDRR, RecycleSmart began paying MDRR a recycling processing cost of $64.80 per ton for all accepted recyclable materials received by MDRR from the RecycleSmart service area. It is adjusted annually based on CPI and it is now $69.40 per ton. Budgeted Recycling Processing Revenues discussed in the "Revenues" section above will fund this expense. Expenses for this category total $2,666,231.

Diversion Programs:
Diversion Program expenses are used to cover solid waste diversion related activities as approved by the Board. Budgeted Diversion Program Revenue discussed in the "Revenues" section above will fund a majority of these program expenses, the remainder are funded through Home Composting Revenue and the one-time CalRecycle SB 1383 Local Assistance Grant. Expenses for Diversion Programs total $859,338. A detailed description of each diversion program, included accomplishments and goals, is provided in Attachment C. Staff is not proposing any new diversion programs this year.

C. Fund Balance

Based on the above estimated revenue and expenditures, the Operations Fund balance at the end of FY23-24 is estimated to be $5,452,904. Of that amount, $1,180,368 has been set aside as General Fund Reserve (20% of total budgeted expenditures). Recommendations for the actual unassigned fund balance from FY2021-22 are discussed in Agenda Item 5c, "FY 2021-22 Funds in Excess of Reserve." Adopted policy allows the Board to distribute any unassigned General Fund balance to the individual Member Agency Reserve Funds based upon total tons of material collected in each jurisdiction. Current and projected Member Agency Reserve Fund Balances are shown in Attachment D.

Reuse Fund Budget

The Reuse Fund budget is set up exclusively for the purposes of payments toward the Reuse and Battery collection programs. Republic Services collects these funds from rate payers and provides them to RecycleSmart for payment to MDRR for their services. The funds for this service were approved at the January 2023 Board meeting during the rate setting process. The revenue and expense for the Reuse Fund budget is budgeted at $1,127,511 (Attachment B). Per the terms of the agreement with MDRR, the cost of the Reuse and Battery collection programs remains the same ($1,127,511) each year.

Special Items

A. Pension Liability (Asset)

As of June 30, 2022, the Authority reported a net pension asset of $624,980 for its proportionate share of the Plan's net pension liability.

B. Diversion Incentive Fund Closure and Distribution

CCCSWA closed the Diversion Incentive Fund during FY 2021-22. A total of $2,838,718 were distributed to member agencies at that time.

ATTACHMENTS

A. Operations Fund Budget for FY 2023-24
B. Reuse Fund Budget for FY 2023-24
C. Diversion and Recycling Programs Matrix
D. Member Agency Reserve Balances

General Operations Fund
Fiscal Year 2023-24 Operations Fund Budget

	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	Projected FY 2022-23 EOY Actuals	Proposed FY 2023-24 Budget
Beginning Fund Balance	**$ 3,205,331**	**$ 3,025,018**	**$ 4,297,600**	**$ 5,232,094**
Revenues				
JPA Revenue*	1,844,218	1,903,051	1,870,756	2,376,271
Recycling Processing Revenue*	2,573,607	2,585,757	2,568,530	2,652,056
Diversion Program Revenue*	771,628	833,394	1,043,098	856,238
Home Composting Revenue**	828	3,100	800	3,100
SB 1383 Local Assistance Grant Program Revenue		266,363	281,510	-
Recycling Revenue Share***	1,413,736	-	-	-
Interest Earned	(99,486)	27,326	205,104	224,486
Other Revenue	505,968	10,000	37,585	10,000
Miscellaneous Revenue	957	500	500	500
Total Revenues	**7,011,456**	**5,629,491**	**6,007,883**	**6,122,650**
Total Funds Made Available	10,216,787	8,654,509	10,305,483	11,354,744
Expenses				
Full Time Staff Salaries	892,429	953,168	724,057	922,254
Benefits Expense	235,560	362,204	275,142	350,457
Temporary Staff	-	5,000	2,000	5,000
Board Member Remuneration	4,350	6,000	5,000	6,000
Total Personnel Services	**1,132,339**	**1,326,372**	**1,006,199**	**1,283,711**
Copier Lease	14,441	14,751	14,730	8,620
Fees Bank and Other	14,943	16,754	16,144	16,821
Memberships Dues Subscriptions	8,650	8,501	9,392	14,089
Miscellaneous	9	300	300	300
Office Supplies	5,691	7,000	4,766	11,320
Postage	905	3,000	1,500	3,000
Reprographics	-	2,000	500	2,000
Non-Capital Equipment/Furnishings	10,092	-	2,500	13,000
Staff Development/Travel/Conf/Meeting	11,700	18,150	13,000	23,650
Conference/Meeting	4,826	3,000	3,000	-
Capital Furnishings/Equip	-	12,000	12,000	12,000
Total Materials and Supplies	**71,257**	**85,456**	**77,832**	**104,800**
Professional Srvcs Contracts & Contractors	112,106	144,740	289,376	129,500
Financial Services and Fees	89,567	55,000	88,685	57,730
Legal	123,811	75,000	75,000	81,000
Recruitment	-	38,350	29,422	-
Total Professional Services	**325,484**	**313,090**	**482,483**	**268,230**
New Franchise Development				530,000
Total New Franchise Development	**-**	**-**	**-**	**530,000**
Insurance	23,511	30,772	34,571	37,936
Rent	127,488	139,022	135,657	142,654
Telephone	7,358	8,340	8,441	8,940
Total Rent and Utilities	**158,357**	**178,133**	**178,669**	**189,530**
Recycling Processing Cost[1]	2,585,157	2,609,886	2,599,747	2,666,231
Total Recycling Processing Costs	**2,585,157**	**2,609,886**	**2,599,747**	**2,666,231**

General Operations Fund
Fiscal Year 2023-24 Operations Fund Budget

	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	Projected FY 2022-23 EOY Actuals	Proposed FY 2023-24 Budget
C&D Program Expense	10,061	24,374	13,374	24,374
GIS Route Mapping	-	24,500	-	-
Home Composting Expense	15,199	37,000	20,226	37,000
Outreach & Education	399,385	458,120	413,327	485,964
SB 1383 Organics Compliance Program Expense	36,568	134,000	133,816	147,000
School Recycling Expense	146,239	150,000	137,716	150,000
Special Events Expense	7,051	8,500	10,000	15,000
Total Diversion Programs[2]	**614,503**	**836,494**	**728,459**	**859,338**
Special Items:				
Pension Liability Paydown Expense[3]	**87,646**	**-**	**-**	**-**
Contributions to Member Agencies[4]	**2,838,718**	**-**	**-**	**-**
Total Expenses	**7,813,461**	**5,349,432**	**5,073,389**	**5,901,839**
Excess Revenue Over (Under) Expenditures	**(802,005)**	**280,059**	**934,494**	**220,811**
Other Financing Sources/(uses)				
Transfer In Diversion Incentive Fund (DIF)[4]	2,838,718	-		-
Transfer Out Diversion Incentive Fund (DIF)[4]	(944,444)	-		-
Total other financing sources/(uses)	**1,894,274**	**-**	**-**	**-**
Nonspendable (Prepaid)	60,893			
General Fund Reserve (20% of Total Budgeted Expenditures)	1,069,886	1,069,886	1,069,886	1,180,368
Unassigned Fund Balance	3,166,821	2,235,191	4,162,207	4,272,537
Ending Fund Balance	**$ 4,297,600**	**$ 3,305,077**	**$ 5,232,094**	**$ 5,452,904**
	$ -	$ -	$ -	$ -

[1]The difference between recycling processing cost and recycling processing revenue is reconciled at the end of the fiscal year and is applied to the next rate year.

[2]Diversion program expenses to be funded by diversion program revenue ($856,238) and home composting revenue ($3,100).

[3]As of June 30, 2022, CCCSWA reported a net pension asset of $624,980 for its proportionate share of the Plan's net pension liability.

[4]CCCSWA closed the Diversion Incentive Fund during FY 2021-22. A total of $2,838,718 ($944,444 (Recycling Revenue) + $1,894,274 (DIF)) were distributed to member agencies.

* Revenue from Republic (Customer Rates)

**Revenue from the sale of compost bins

***Revenue from MDRR (Sale of Recyclables.) Accrues to General Fund and is not automatically distributed to individual Member Agency Reserve Funds.

Reuse Fund Budget Fiscal Year 2023-24			
	FY 2022-23 Adopted Budget	Projected FY 2022-23 EOY Actuals	Proposed FY 2023-24 Budget
Revenues			
Reuse Program Income	$1,127,511	$1,127,511	$1,127,511
Total Revenues	**$1,127,511**	**$1,127,511**	**$1,127,511**
Expenses			
Reuse and Cleanup Program Expense	$1,127,511	$1,127,511	$1,127,511
Total Expenses	**$1,127,511**	**$1,127,511**	**$1,127,511**
Excess Revenue Over (Under) Expenditures	**$ -**	**$ -**	**$ -**

Central Contra Costa Solid Waste Authority

Diversion and Recycling Programs

Program	Description	Accomplishments/Goals
Construction and Demolition Program **Cost:** $24,374 **Regulatory Requirement:** Yes, CalGreen & SB 1383	To continue to improve RecycleSmart's ability to track C&D diversion. The cost will cover (1) Member Agency use of the Green Halo "City Tracker" system. This is fundamental to monitor compliance with the C&D Ordinance's and CalGreen diversion requirements, and (2) expand the functionality of the Green Halo system by linking weight tickets issued at the Martinez Transfer Station scale house.	**Accomplishments:** ▪ Diverted 11,407 tons of C&D debris and successfully tracked diversion and member agency covered projects using Green Halo ▪ Completed approval of only mixed C&D processing facilities with 3rd party verification ▪ Approved R3 Consulting to perform 3rd party C&D facility verification on behalf of RecycleSmart ▪ Updated the Registered C&D Transporter permit application ▪ Completed 22-23 Registered C&D Transporter permit renewals **Goals:** ▪ Outreach to contractors on the importance of organics diversion as a component of C&D projects ▪ Implement Republic Services Martinez Transfer Station electronic scale ticket integration with Green Halo system ▪ Monitor illegal hauling activity
Home Composting for Busy People Program **Cost:** $37,000 **Regulatory Requirement:** Supports SB 1383	US Composting Council award-winning program supports organic waste reduction requirements. SB 1383 requires home composting education and outreach. The program consists of in-person and virtual community workshops, Annual Compost	**Accomplishments:** (Many functions of this program were paused due to COVID-19) ▪ 1,822 Republic bill discount 'certifications' and about 1,400 tons of potential organics diversion by home composting ▪ 1 in-person vermicomposting (worms) workshop with 25 attendees ▪ 1 RecycleSmart quarterly residential newsletter with home composting as the outreach theme ▪ 2 Annual Compost Giveaway events (compost counts toward SB 1383 procurement requirement)

Program	Description	Accomplishments/Goals
	Giveaway events, Compost in the Classroom, CompostSMART community volunteer outreach program, reduce-fee compost bins, and the single-family home composter certification and bill discount through the Franchise with Republic Services.	**Goals:** ▪ Expand the practice of source reduction (reuse on site), reduce organic waste to landfill, increase water retention and promote healthy soil and food ▪ Re-launch in-person hands-on community workshops, including outreach on SB 1383 and use of the curbside green organics cart ▪ Increase single-family home composter certification and bill discount; increase organics diversion ▪ Re-launch CompostSMART community volunteer outreach program; evaluate the continued use of volunteers to help with SB 1383 annual residential route reviews ▪ Staff paused the compost bin sales program in 2022 due to supply chain issues. Staff is actively looking for a new bin and distributor
Outreach & Education **Cost:** $485,964 **Regulatory Requirement:** Yes	Supports waste reduction mandates, programs and services for our communities by developing, designing and implementing outreach campaigns, truck signs, direct mail, brochures, advertising, social media and special activities. This program includes RecycleSmart's residential newsletter which provides dedicated outreach to residents. The newsletter is relied upon as one of the many methods of customer	**Accomplishments:** ▪ Organics recycling outreach campaign in response to SB 1383, including new truck sign, local print advertising, paid display advertising, social media, short videos and direct mail ▪ First paid Google Ad Campaign on organic waste reduction requirements and proper sorting ▪ Developed AB 1276 (single-use foodware accessories by request only) outreach to assist the Member Agencies with compliance. The campaign included a new website page, a direct mailer to restaurants and some commercial entities, and engaging with youth groups to do field surveys and deliver free signs and window clings ▪ Successful delivery of quarterly residential newsletter since 2016 (updated format) ▪ Performed a residential survey showing 80% of readers found the RecycleSmart newsletter informative

Program	Description	Accomplishments/Goals
	communication about RecycleSmart's programs and services. The newsletter is mailed quarterly. Staff receives requests throughout the year for sponsorships and support of local and regional waste prevention and reduction events, activities, and community groups. Up to $5,000 is available upon request and given on a first-come basis.	▪ Provided funding to California Product Stewardship Council, Sustainable Contra Costa, The Crayon Initiative, Walnut Creek Sustainability Week **Goals:** ▪ Continue to provide funding as requested to support waste prevention and diversion, and outreach and education in our communities ▪ Implement Hello Lamp Post texting outreach pilot ▪ Contract for technical assistance to engage with restaurants to reduce food ware packaging waste and implement reusable food ware ▪ Additional paid Google Ad Campaigns and social media ads to continue testing messaging and use an outreach medium that provides real-time data ▪ Continue providing outreach and education to Member Agencies to include in newsletters and social media ▪ Continue the newsletter as a form of outreach that provides useful information about RecycleSmart programs and services
SB 1383 Implementation **Cost:** $147,000 **Regulatory Requirement:** Yes, SB1383	Continue programs in support of organics disposal reduction requirements as prescribed by SB 1383. Program elements include edible food recovery monitoring and compliance, route review services, annual reporting, and outreach and education. Funding will come from a one-time CalRecycle administered SB 1383 local assistance grant.	**Accomplishments:** ▪ Refined route contamination monitoring protocol ▪ Conducted required route review of all 69 routes ▪ Updated route review outreach tags ▪ Required read/write access to Recyclist software which facilitates the integration of monitoring and compliance tracking between Republic Services and RecycleSmart through the Franchise extension. ▪ Continued to assess commercial and multifamily organics service waivers ▪ Outreach and education to all generators ▪ Developed enforcement plan ▪ Contracted with Contra Costa Health Services to conduct required Tier 1 Commercial Edible Food Generator inspections

Program	Description	Accomplishments/Goals
		Goals: ▪ RFP for 2023 route review services ▪ Participate in Countywide edible food recovery capacity study ▪ Contract for technical assistance to help implement more sustainable edible food recovery practices for Tier 1 generators
School Recycling & Organics Program **Cost:** $150,000 **Regulatory Requirement:** Supports SB 1383	RecycleSmart provides support through education and technical assistance to schools to increase awareness and diversion. Includes special activities, presentations, education of green teams, bins, outreach materials, trainings, consultations, and more. The program provides certifications to schools for their participation in recycling programs and provides cash scholarships for selected applicants and awards for schools that reach a 75% or better diversion rate.	**Accomplishments:** ▪ Resumed e-newsletters to schools ▪ Supported six schools as they transition to reusables (beginning with baskets and utensils) ▪ Intern program continued, with 3 student scholarships awarded in 2022 ▪ 17 Wastebusters awards in 2022 for schools reaching 75% diversion **Goals:** ▪ Increase number of food share tables, as possible ▪ Continue engaging with schools to recover excess edible food as required by SB 1383 starting January 1, 2024 ▪ Continue to support and broaden internship program ▪ Encourage the use of reusables wherever possible ▪ Continue to increase diversion and help new schools reach 75% ▪ Continue awarding Wastebusters awards and student scholarships
Special Events **Cost:** $15,000 **Regulatory Requirement:** No	For staff to support local community events, such as Community Fairs, Festivals and Earth Day events, and to purchase displays, visuals and outreach tools for the RecycleSmart booth. Includes	**Accomplishments:** (Many functions of this program were paused due to COVID-19) ▪ Staff attended Member Agency, Chamber, Industry and other local and regional events ▪ As community events slowly returned in 2022, staff attended Walnut Creek Earth Day, Lafayette Art & Wine, Moraga Pear Festival,

Program	Description	Accomplishments/Goals
	insurance and booth registration fees as needed.	Orinda 4th of July, Walnut Creek First Wednesday, and Farmers Markets throughout the service area **Goals:** ▪ Re-launch event schedule in 2023 as community events return ▪ Develop an engaging, family-oriented, fun community outreach booth to reduce paper use

Central Contra Costa Solid Waste Authority
Member Agency Reserve Balances

	6/30/2022 Balance	Addition / (Reduction) to Reserves Payment (RY7)	Addition / (Reduction) to Reserves Payment (RY8)	Direct Distributions	4/30/23 Balance
Contra Costa County	$ 2,646,641	$ (170,005)	$ (191,059)		$ 2,285,577
Town of Danville	3,750,424	(410,858)	(553,631)		2,785,935
City of Lafayette	2,354,773	459	(146,228)		2,209,004
Town of Moraga	942,406	4,122	(65,386)		881,142
City of Orinda	1,236,039	-	-	(460,084)	775,955
City of Walnut Creek	3,957,856	37,556	-		3,995,412
Total Due to Other Governments	$ 14,888,139	$ (538,726)	$ (956,304)	$ (460,084)	$ 12,933,024

Agenda Item No. 5c

Agenda Report

Central Contra Costa Solid Waste Authority

TO: CCCSWA BOARD OF DIRECTORS

FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR
GRACE COMAS, SENIOR ACCOUNTANT

DATE: MAY 25, 2023

SUBJECT: **FY 2021-22 FUNDS IN EXCESS OF RESERVE**

RECOMMENDED ACTION

1. Direct staff to distribute the $3,166,821 of FY 2021-22 funds in excess of the reserve to the individual Member Agency Reserve Funds in accordance with the General Fund Minimum Fund Balance Reserve and Application of Funds in Excess of the Reserve Policy.

DISCUSSION

On October 28, 2021, the Board adopted a new General Fund Minimum Fund Balance Reserve and Application of Funds in Excess of the Reserve Policy (Policy). This Policy sets forth (1) the appropriate level of unrestricted fund balance ("Reserve") that the Authority plans to maintain in the General Fund to mitigate current and future financial risks, and the procedures by which Reserve funds may be used, and (2) the procedures the Authority will follow when considering how to apply any funds in excess of the Reserve.

Per our FY 2021-22 audited financial statements, CCCSWA has an ending fund balance of $4,297,600. Of that amount, $1,069,886 has been set aside as General Fund Reserve (20% of total budgeted expenditures for FY 2022-23) and determined that $3,166,821 are Funds in excess of the Reserve.

Per the Policy, the Board retains discretion regarding the application of any Excess Funds. Among other things, the Board may (a) distribute all (or a portion) of these funds to the Member Agencies reserves for uses consistent with law and Board Policy, or (b) apply all (or a portion) of these funds to one-time/nonrecurring or special expenditures or capital projects. Any decision to apply these funds must be approved by Board action. In absence of Board direction, the Authority will maintain the Excess Funds in unassigned fund balance to be utilized for future expenditures as the Authority deems necessary.

To the extent the Board elects to distribute all (or a portion) of the Excess Funds to the Member Agencies reserves, it shall be allocated based on the proportion that the total tonnage of solid waste (garbage, recycling, and organics) collected within the jurisdiction of each Member Agency bears to the total tonnage of solid waste collected within the jurisdiction of all members of the Authority for the fiscal year immediately preceding the date of the Board decision to allocate such funds. Solid waste collected from areas of a Member Agency located outside of the jurisdictional boundaries of the Authority are not included in these calculations. The allocation shall be based on the solid waste (garbage + recycling + organics) tonnages for the fiscal year immediately preceding the distribution, regardless of whether the Excess Funds were received over a period in excess of one (1) fiscal year.

At the April 19, 2023 meeting of the Finance and Administration Committee, the committee voted to recommend that the Board distribute all $3,166,821 of the FY 2021-22 Excess Funds to the Member Agencies reserves. Per the distribution method in the Policy, the distribution would be as follows:

Member Agency	Solid Waste Tons in FY 2021-22	% Allocation of Solid Waste Tons in FY 2021-22	Distribution to Member Agencies Reserves	Current Reserve	Reserve After Distribution
County	41,086	21%	$667,851	$1,893,898	$2,561,749
Danville	39,494	20%	$641,971	$2,418,847	$3,060,818
Lafayette	22,010	11%	$357,767	$2,017,308	$2,375,075
Moraga	12,116	6%	$196,947	$881,142	$1,078,088
Orinda	15,666	8%	$254,659	$775,955	$1,030,614
Walnut Creek	64,449	33%	$1,047,626	$3,995,412	$5,043,038
Total	**194,820**	**100%**	**$3,166,821**	**$11,982,561**	**$15,149,382**

Note that the aggregated Excess Funds may originate from multiple revenue sources such as the Authority's share of revenue from the sale of recyclables, fees paid by Republic Services to the Authority that were incorporated into customer solid waste rates, liquidated damages assessed on vendors, negotiated settlements with vendors, and interest earned on the Authority's reserves. The distribution method in the adopted Policy does not attempt to itemize or factor in the amount of recyclables revenue generated by each individual Member Agency or the amount of interest earned on individual Member Agency reserve funds.

ATTACHMENTS

A. General Fund Minimum Fund Balance Reserve and Application of Funds in Excess of the Reserve Policy
B. 2021-22 Independent Auditor's Report

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY

POLICY TITLE: General Fund Minimum Fund Balance Reserve and Application of Funds in Excess of the Reserve

A. Purpose

The purpose of this Policy is to set forth (1) the appropriate level of unrestricted fund balance ("Reserve") that the Authority plans to maintain in the General Fund ("General Fund") to mitigate current and future financial risks, and the procedures by which Reserve funds may be used, and (2) the procedures the Authority will follow when considering how to apply any funds in excess of the Reserve.

B. Background

The General Fund provides the funds for the day-to-day operations of the Authority. The General Fund expenditures typically primarily include administration of the Authority; processing recyclables generated within the jurisdiction; and diversion programs provided in the jurisdiction. The General Fund revenues are primarily derived from a portion of the solid waste rates, and also include revenues from the sale of recyclables, settlement proceeds, liquidated damages, and other miscellaneous sources. Occasionally there may be a one-time/nonrecurring or special revenue or expenditures item in the General Fund.

The Board of Directors annually adopts the General Fund budget for the ensuing fiscal year. Typically the Board Finance Committee reviews and recommends a draft budget in early April, and the full Board adopts the budget by Board Resolution in April or May (but no later than July 1).

Historically, the Authority's revenues have been predictable and expenditures have been stable. Revenues and expenditures typically have been smooth over the course of a fiscal year. The Authority does not anticipate significant risk of exposure to significant one-time outlays because, among other things, it does not own any capital improvements. Likewise, the Authority does not perceive significant risk of dramatic reduction in revenue because, among other things, its franchise agreements put the burden of market fluctuations on the franchisee, the base of ratepayers is not highly concentrated, and the Authority does not rely on discretionary federal, state, or local grants as a significant revenue stream. It is possible, however, that revenues and expenditures could be subject to significant fluctuation as a result of other unanticipated events.

Consistent with recommendation from the Government Finance Officers Association (GFOA) and best practices of local public agencies, direction was given by the Board to establish this minimum fund balance reserve policy. The primary objective is to ensure that should any unanticipated event occur, the Authority would have sufficient resources to continue operations for a period time of time subsequent to the event. The GFOA has identified this as a best practice for maintaining financial stewardship over governmental resources and promoting long-term financial stability by establishing clear and consistent reserve guidelines.

Additionally, after the close of each fiscal year, the Authority is audited by an independent auditor. The auditor typically completes the audited financial statements in January and presents the statements to the Board in February. Based on the historic predictability and stability of the Authority's revenues and expenditures, the Authority does not expect that actual fiscal year operating revenues will regularly be materially greater than actual fiscal year operating expenditures. Occasionally, however, the Authority may experience revenues in excess of budgeted expenditures as a result of, among other things, cost-savings opportunities realized throughout the fiscal year or unanticipated sources or amounts of revenue. This could potentially create a residual fund balance that is in excess of the Reserve. The Board has determined that it is prudent to establish this Policy regarding application of such funds in excess of the Reserve.

Upon adoption of this Policy, the Board's Recycling Revenue Financial Policy (adopted January 2016) shall be rescinded.

C. Policy

1. General Fund Minimum Fund Balance Reserve

- **Establishment:** The Authority will establish a Reserve in the General Fund.

- **Purpose:** The purpose of the Reserve is to ensure that sufficient operating funds are available in the event of an unanticipated circumstance (e.g., natural disasters; unforeseen liabilities caused by federal, state, or local legislative action; unanticipated revenue shortfalls; unanticipated and unavoidable expenditure needs). The Board, however, may elect to use the funds in the Reserve for other purposes in its discretion.

- **Target Level:** It is the goal of the Authority to maintain a balance in the Reserve that is equal to twenty percent (20%) of the Authority's annual General Fund budgeted expenditures, excluding any one-time/nonrecurring or special budgeted expenditures. This amount will approximate 2-1/2 months of working capital.

- **Source of Funds:** The Reserve may be funded from any revenue sources, including, but not limited to, solid waste rates, revenues from the sale of recyclables, interest and investment earnings, settlement proceeds, liquidated damages, and other miscellaneous eligible funds.

- **Draws:** Any draw on Reserve funds that would reduce the balance in the Reserve below the target established by this Policy (and/or any adoption of an annual General Fund budget that would set a target balance for the Reserve at less than the target established by this Policy) must be approved by a Board Resolution.

- **Replenishment:** In the event the Board approves a draw on Reserve funds that would reduce the amount of Reserve funds below the target established by this Policy (and/or adopts an annual General Fund budget that sets a target balance for the Reserve at less than the target established by this Policy), the Board intends to seek to replenish the Reserve fund balance in no more than three (3) years after such event.

- **Reporting:** The financial records of the Authority will segregate the Reserve by recording activity in a separate account within the General Fund. The Authority shall incorporate the budgeted and actual Reserve amounts into the financial reports submitted to the Board.

2. Application of Funds in Excess of the Reserve

- **Definition:** For purposes of this Policy, "Funds in Excess of the Reserve" or "Excess Funds" is any excess fund balance held by the Authority at the conclusion of a fiscal year after accounting for the Authority's debts and liabilities and assuming full funding of the General Fund Reserve at the target level established by this Policy (or otherwise approved by the Board).

- **Report:** The Authority will determine whether it has retained Excess Funds based on the audited financial statements for the prior fiscal year. At the Board meeting where the auditor presents the audited financial statements, the auditor shall report to the Board whether the audited financial statements indicate the Authority has retained Excess Funds.

- **Application:** The Board retains discretion regarding the application of any Excess Funds. Among other things, the Board may (a) distribute all (or a portion) of these funds to the Member Agencies reserves for uses consistent with law and Board Policy, or (b) apply all (or a portion) of these funds to one-time/nonrecurring or special expenditures or capital projects. Any decision to apply these funds must be approved by a Board action. In absence of Board direction, the Authority will maintain the Excess Funds in unassigned fund balance to be utilized for future expenditures as the Authority deems necessary.

- **Allocation to Member Agencies Reserves** To the extent the Board elects to distribute all (or a portion) of the Excess Funds to the Member Agencies reserves, it shall be allocated based on the proportion that the total tonnage of solid waste (garbage, recycling, and organics) collected within the jurisdiction of each Member Agency bears to the total tonnage of solid waste collected within the jurisdiction of all members of the Authority for the fiscal year immediately preceding the date of the Board decision to allocate such funds. Solid waste collected from areas of a Member Agency located outside of the jurisdictional boundaries of the Authority are not included in these calculations. The allocation shall be based on the solid waste tonnages for the fiscal year immediately preceding the distribution, regardless of whether the Excess Funds were received over a period in excess of one (1) fiscal year. Table 1 below provides an example of how the these funds will be split based on the tonnage allocations.

Table 1 – Funds in Excess of the Reserve Allocation Example

- Funds in Excess of the Reserve based on audited financial statements = $200,000

- Board action approving allocation of $170,000 to Member Agencies reserves and allocation of $30,000 to a special non-recurring expense.

Member Agency	% Allocation of Solid Waste Tons in prior FY *	Distribution to Member Agencies Reserves
County	21%	$35,700
Danville	20%	$34,000
Lafayette	12%	$20,400
Moraga	6%	$10,200
Orinda	8%	$13,600
Walnut Creek	33%	$56,100
Total	**100%**	**$170,000**

* The example % allocations noted in Table 1 are based on actual solid waste (garbage, recycling, and organics) tonnages in FY20-21.

D. Policy Adoption and Amendment

This Policy must be adopted by Board Resolution. Any modifications to this Policy must be approved by Board Resolution.

Agenda Item No. 5c
Attachment B

Financial Statements
June 30, 2022

Central Contra Costa Solid Waste Authority

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Contra Costa Solid Waste Authority (Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Authority has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of the Authority's proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the Authority's total OPEB liability and related ratios, and budgetary comparison information and note, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Sacramento, California
January 30, 2023

Basic Financial Statements

Government-Wide Financial Statements

	Governmental Activities
Assets	
Cash and investments	$ 18,169,965
Accounts receivables	1,463,825
Interest receivables	20,435
Prepaid items	60,893
Capital assets, net of accumulated depreciation / amortization	979,398
Net pension asset	624,980
Total assets	21,319,496
Deferred Outflow of Resources	
Deferred outflows related to OPEB	19,031
Deferred outflows related to pensions	877,330
Total deferred outflows of resources	896,361
Liabilities	
Current liabilities	
Accounts payable	418,802
Accrued payroll	24,701
Due to other governments	14,888,138
Compensated absences	123,773
Lease liabilities, current	109,143
Total current liabilities	15,564,557
Noncurrent liabilities:	
Lease liabilities, net of current portion	885,099
Total OPEB liability	88,017
Total liabilities	16,537,673
Deferred Inflows of Resources	
Deferred inflows related to OPEB	17,841
Deferred inflows related to pensions	191,424
Total deferred inflows of resources	209,265
Net Position	
Net investment in capital assets	(14,844)
Restricted for reuse and clean-up days program	85,877
Unrestricted	5,397,886
Total net position	$ 5,468,919

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position- Governmental Activities
Governmental Activities			
General government	$ 6,632,700	$ 1,844,218	$ (4,788,482)
Public information	1,127,511	6,265,088	5,137,577
Interest and fiscal charges	1,089	-	(1,089)
Total governmental activities	$ 7,761,300	$ 8,109,306	348,006
General Revenues			
Investment income			(99,486)
Miscellaneous			129,147
Total General Revenues			29,661
Change in net position			377,667
Net position at beginning of the year, restated			5,091,252
Net position at end of year			$ 5,468,919

Fund Financial Statements

	General Fund	Special Revenue Funds: Diversion Incentive	Special Revenue Funds: Reuse and Clean Up Days	Total Governmental Funds
Assets				
Cash and investments	$ 18,084,088	$ -	$ 85,877	$ 18,169,965
Receivables				
Interest	20,435	-	-	20,435
Accounts	1,463,825	-	-	1,463,825
Prepaid items	60,893	-	-	60,893
Total assets	$ 19,629,241	$ -	$ 85,877	$ 19,715,118
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued liabilities	$ 418,802	$ -	$ -	$ 418,802
Accrued payroll	24,701	-	-	24,701
Due to other governments	14,888,138	-	-	14,888,138
Total liabilities	15,331,641	-	-	15,331,641
Fund balances				
Nonspendable	60,893	-	-	60,893
Restricted	-	-	85,877	85,877
Assigned	1,069,886	-	-	1,069,886
Unassigned	3,166,821	-	-	3,166,821
Total fund balances	4,297,600	-	85,877	4,383,477
Total liabilities and fund balances	$ 19,629,241	$ -	$ 85,877	$ 19,715,118

Total governmental fund balance	$ 4,383,477
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, including right to use leased asset, used in governmental activities are not current finanial resources and therefore not reported in the Governmental Funds Balance Sheet.	979,398
Long term liabilities/assets and related balances and compensated absences have not been included in the governmental fund activity	
Compensated absences	(123,773)
Total OPEB liability	(88,017)
Net pension asset	624,980
Lease liability	(994,242)
Deferred outflows of resources related to pensions and OPEB are deferred and recognized in future periods:	
Deferred outflows of resource related to pensions	877,330
Deferred outflows of resources related to OPEB	19,031
Deferred inflows of resources related to pensions and OPEB are deferred and recognized in future periods:	
Deferred inflows of resources related to pensions	(191,424)
Deferred inflows of resources related to OPEB	(17,841)
Net position of governmental activities	$ 5,468,919

	General Fund	Special Revenue Funds: Diversion Incentive	Special Revenue Funds: Reuse and Clean Up Days	Total
Revenues				
Administrative fees	$ 1,844,218	$ -	$ -	$ 1,844,218
Source reduction and recycling education fees	5,137,577	-	1,127,511	6,265,088
Investment income	(99,486)	-	-	(99,486)
Miscellaneous	129,147	-	-	129,147
Total revenues	7,011,456	-	1,127,511	8,138,967
Expenditures				
Current				
General government				
Personnel services	1,230,324	-	-	1,230,324
Materials and supplies	219,275	-	-	219,275
Professional contracts and services	3,416,671	-	-	3,416,671
Distributions to member agencies	2,838,718	-	-	2,838,718
Public information	-	-	1,127,511	1,127,511
Debt Service				
Principal	107,384	-	-	107,384
Interest	1,089	-	-	1,089
Total debt service expenditures	108,473	-	-	108,473
Total expenditures	7,813,461	-	1,127,511	8,940,972
Excess (deficiency) of revenues over (under) expenditures	(802,005)	-	-	(802,005)
Other Financing Sources/(Uses)				
Transfers in	2,838,718	944,444	-	3,783,162
Transfers out	(944,444)	(2,838,718)	-	(3,783,162)
Total other financing sources/(uses)	1,894,274	(1,894,274)	-	-
Net Changes in Fund Balances	1,092,269	(1,894,274)	-	(802,005)
Fund Balances - Beginning	3,205,331	1,894,274	85,877	5,185,482
Fund Balances - Ending	$ 4,297,600	$ -	$ 85,877	$ 4,383,477

Net change in fund balances	$ (802,005)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report purchases of capital assets or the financing of leased assets as expenditures; however, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and recorded as depreciation or amortization expense.	
Depreciation/amortization	(135,276)
Repayment of lease liability principal is an expenditure in the governmental funds, but is a reduction to the lease liability on the Statement of Net Position.	
Lease principal repayment	107,384
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Changes in compensated absences payable	(2,995)
Changes in total OPEB liability and related amounts	(15,917)
Changes in net pension liability (asset) and related amounts	1,226,476
Change in net position of governmental activities	$ 377,667

	Custodial Fund
Additions	
Franchise Fees Received	$ 10,176,525
Total additions	10,176,525
Deductions	
Payments to other agencies	10,176,525
Total deductions	10,176,525
Changes in Fiduciary net position	-
Net position - beginning	-
Net position - ending	$ -

Note 1 - Summary of Significant Accounting Policies

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

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

Diversion Incentive Special Revenue Fund – The Authority closed this fund during the fiscal year.

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

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

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

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

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

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

C. Cash and Investments

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

D. Net Position

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

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

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

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

E. Fund Balances

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

The components of fund balance are:

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

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

Committed Fund Balance – the portion of fund balance that includes amounts that can only be used for specific purposes determined by formal action of the Authority's highest level of decision-making authority (Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation is a resolution and needs to occur no later than the close of the reporting period. Currently, the committed fund balance is limited to constraints imposed by Diversion Incentive Fund Reserve Policy adopted by the Board in fiscal year 2008.

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

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

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

F. Compensated Absences

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

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s), and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports deferred outflows related to pensions and other post-employment benefits (OPEB).

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

H. Pensions

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

I. Capital Assets

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

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

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

J. Long-Term Obligations

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

K. Use of Estimates

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

L. Implementation of Governmental Accounting Standards Board Statements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the Authority's financial reporting process. The following pronouncements were implemented for the year ended June 30, 2022.

GASB Statement No. 87 – As of July 1, 2021, the Authority adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 14 and the additional disclosures required by this standard are included in Note 11.

GASB Statement No. 92 – In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practices issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for reporting periods beginning after June 15, 2021. The Authority has determined that there was no material impact on the financial statements.

GASB Statement No. 93 – In March 2020, the GASB issued Statement No. 93*, Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The Statement is effective for reporting periods beginning after June 15, 2021. The Authority has determined that there was no material impact on the financial statements.

Note 2 - Cash and Investments

As of June 30, 2022, cash and investments were reported in the accompanying financial statements as follows:

Statement of net position	
Cash and investments	$ 18,169,965
Total cash and investments	$ 18,169,965

As of June 30, 2022, cash and investments consisted of the following:

Deposits with financial institutions	$ 7,395,569
Investment in Local Agency Investment Fund	10,774,396
Total cash and investments	$ 18,169,965

Deposits

At June 30, 2022, the carrying amount of the Authority's deposits was $7,395,569 and the bank balance was $7,738,540. The $342,971 difference represents outstanding checks and deposits in transit.

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

Fair Value Measurement and Application

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

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

Local Agency Investment Fund

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Each entity may invest up to $75,000,000 without limitation in special bond proceeds amounts. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2022, these investments matured in an average of 311 days.

As of June 30, 2022, the Authority had $10,774,396 invested in LAIF.

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

Note 3 - Compensated Absences

Compensated absences at June 30, 2022 were as follows:

	Balance July 1, 2021	Additions	Decreases	Balance June 30, 2022	Due Within One Year
Compensated absences	$ 120,778	$ 64,930	$ (61,935)	$ 123,773	$ 123,773
	$ 120,778	$ 64,930	$ (61,935)	$ 123,773	$ 123,773

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

Note 4 - Capital Assets

Capital asset activity for year ending June 30, 2022 consists of the following:

	(Restated) Balance July 1, 2021	Additions	Decreases	Balance June 30, 2022
Capital assets, being depreciated/amortized				
Software	$ 11,685	$ -	$ -	$ 11,685
Leasehold improvements	11,900	-	-	11,900
Less: accumulated depreciation	(10,537)	(3,527)	-	(14,064)
Right to use leased assets being amortized				
Right to use leased building	1,077,578	-	-	1,077,578
Right to use leased equipment	24,048	-	-	24,048
Less: accumulated amortization	-	(131,749)	-	(131,749)
Governmental activities capital assets, net	$ 1,114,674	$ (135,276)	$ -	$ 979,398

Depreciation and amortization expense of $135,276 was charged to the general government function of the governmental activities.

Note 5 - Risk Management

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

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

There have been no significant changes in the Authority's insurance coverage as compared to prior years.

Claims have not exceeded any of the Authority's coverage amounts in any of the last three fiscal years.

Note 6 - Interfund Transactions

Transfers for the period ended June 30, 2022, were as follows:

Fund Receiving Transfers	Fund Making Transfer	Amount Transferred
General Fund	Diversion Incentive Special Revenue Fund	$ 2,838,718
Diversion Incentive Special Revenue Fund	General Fund	$ 944,444

The Authority's Recycling Revenue Policy for the Diversion Incentive Special Revenue fund allows for the revenues from the sale of recyclables to be distributed between the Diversion Incentive Fund (DIF) Reserve, the DIF, and the Member Agencies Reserves.

Note 7 - Fund Balances

In governmental funds, the segregated portions of fund balance are presented as follows for the fiscal year ended June 30, 2022:

	Major Funds		
	General Fund	Reuse and Up Days Special Revenue Fund	Total Governmental Funds
Fund Balance			
Nonspendable:			
Prepaid items	$ 60,893	$ -	$ 60,893
Restricted for:			
Reuse and Clean Up Programs	-	85,877	85,877
Assigned for:			
Operating reserve	1,069,886	-	1,069,886
Unassigned	3,166,821	-	3,166,821
Total Fund Balance	$ 4,297,600	$ 85,877	$ 4,383,477

Diversion Incentive Fund Reserve Requirements

The Authority closed the Diversion Incentive fund during the fiscal year.

Note 8 - Diversion Incentive Fund and Member Agency Deposits Payable

The Authority closed the Diversion Incentive Fund during the fiscal year however, the remaining amounts of the revenue collections within the fund are available to be distributed to the member agency accounts subsequent to the fiscal year end. The Board distributed to the member payments of $323,731 which are then transferred to member agency accounts during fiscal year 2022. These distributions are then transferred to the General Fund and held in the Deposits Payable accounts for each member agency. Distributions come in two forms: 1) direct distributions to member agencies based on requests made by those agencies for certain programs; and 2) distributions made to vendors that are requested by the agency and directly benefit only that agency.

The change in the member agency accounts reported in the General Fund for the year ended June 30, 2022:

	July 1, 2021 Amount	Close DIF	Distribution of Recycling Revenue FY 2020	Distribution of Recycling Revenue FY 2021	Direct	June 30, 2022 Amount
Contra Costa County	$ 2,062,738	$ 389,348	$ 116,733	$ 77,822	$ -	$ 2,646,641
Town of Danville	3,180,266	380,324	113,900	75,933	-	3,750,423
City of Lafayette	2,351,835	218,057	65,167	43,444	(323,731)	2,354,772
Town of Moraga	740,339	135,012	40,233	26,822	-	942,406
City of Orinda	1,003,058	155,537	46,467	30,978	-	1,236,040
City of Walnut Creek	3,034,915	615,996	184,167	122,778	-	3,957,856
Total Due to Other Governments	$ 12,373,151	$ 1,894,274	$ 566,667	$ 377,777	$ (323,731)	$ 14,888,138

Note 9 - Pension Plan

Plan Description

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

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by State statute and city contracts with employee bargaining groups. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	Miscellaneous Plan		
	Tier I	Tier II	Tier II (PEPRA)
Hire Date	Prior to March 2, 2012	On or after March 2, 2012	On or after January 1, 2013
Formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Minimum retirement age	50	50	52
Benefits, as a % of annual salary	2.0%	2.0%	2.0%
Required employee contribution rates	6.908%	6.918%	7.25%
Required employer contribution rates	11.60% + $15,199	9.30% + $2,407	7.73% + $496

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. All employees are participants in the Tier I plan and are required to contribute 7 percent of their annual covered salary. For the year ended June 30, 2022, contributions to the Plan were $170,722.

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

As of June 30, 2022, the Authority reported a net pension asset of $624,980 for its proportionate share of the Plan's net pension liability.

The Authority's net pension asset is measured as the proportionate share of net pension liability. The net pension liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability as of June 30, 2021 was 0.03291 percent, an increase of 0.02918 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Authority recognized pension credit of $1,056,682. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 170,722	$ -
Differences Between Expected and Actual Experience	-	70,085
Differences Between Projected and Actual Investment Earnings	545,574	-
Differences between Employer's Contributions and Proportionate Share of Contributions	161,034	6,655
Changes in Employer's Proportionate	-	114,684
Total	$ 877,330	$ 191,424

$170,722 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	
2023	$ 90,495
2024	134,939
2025	138,981
2026	150,769
Total	$ 515,184

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth (1)	3.3% - 14.2%
Mortality	Based on CalPERS Experience Study

(1) Depending on age, service, and type of employment

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

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

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

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

Asset Class	Target	Real Return	Real Return
Public equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	0.92%
	100.0%		

(1) An expected inflation of 2.00% used for this period
(2) An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

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

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

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

Discount Rate	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
Net Pension Liability / (Asset)	$ (100,690)	$ (624,980)	$ (1,058,402)

Pension Plan Fiduciary Net Position

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

Note 10 - Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

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

Benefits provided. The Plan provides healthcare benefits for retirees and their dependents who retire directly from the Authority under CalPERS. The benefit terms provide for payment of the Public Employee Medical & Hospital Care Act (PEMHCA) minimum payments until the age of 65. As of June 30, 2022, the Authority would be required to pay $42.90 per month per employee for any health care benefits provided.

Employees Covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees entitled to but not yet receiving benefits	1
Active employees	6
Total	7

Total OPEB Liability

The Authority's total OPEB liability of $88,017 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
General Inflation	2.5% annually
Discount Rate	2.16% at June 30, 2021 Based on Bond Buyer 20-bond Index on June 30, 2021
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2020
Salary Increases	Aggregate 2.75% Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076
Healthcare participation	50%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	$ 71,207
Service Cost	14,120
Interest	1,886
Assumption changes	804
Net changes	16,810
Balance at June 30, 2022	$ 88,017

Changes of assumptions reflect a change in the discount rate from 2.21 percent in measurement year ended June 30, 2020 to 2.16 percent in measurement year ended June 30, 2021.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Current Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	$ 106,385	$ 88,017	$ 73,636

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

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$ 69,085	$ 88,017	$ 113,808

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

For the year ended June 30, 2022, the Authority recognized OPEB expense of $15,917. At June 30, 2022, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ -	$ 13,681
Changes in assumptions	19,031	4,160
Total	$ 19,031	$ 17,841

No contributions or payments for benefits were made during the year ended June 30, 2022.

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

Fiscal year ending June 30,	Deferred outflows/ (inflows) of resources
2023	$ (89)
2024	(89)
2025	(89)
2026	(89)
2027	(89)
Thereafter	1,635
Total	$ 1,190

Note 11 - Leases

The Authority has entered into two lease agreements for office space and copier machines. The Authority is required to make principal and interest payments through July 2030. The lease agreements have interest rates of 2.45%. The total amount of right to use leased assets, and the related accumulated amortization on right to use leased assets was $1,101,626 and $131,749, as of June 30, 2022, respectively.

The Authority leases its office space under an agreement with an original term of 10 years starting July 30, 2010. The lease contains a provision for a renewal of 5 years. The lease was renewed in January 2020 for an additional 10 years beginning in August 2020 through July 2030. The Authority also has a copier lease with an original term of 5 years. The total amount of principal and interest amount paid were $94,412 and $12,972, as of June 30, 2022, respectively.

The remaining obligations associated with these leases are as follows:

Lessee Activities Right to use assets - leased assets	(Restated) Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Current Portion
Office space	$ 1,077,578	$ -	$ (94,412)	$ 983,166	$ 98,067
Equipment	24,048	-	(12,972)	11,076	11,076
Total right to use assets - leased assets	$ 1,101,626	$ -	$ (107,384)	$ 994,242	$ 109,143

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

Fiscal Year Ended June 30,	Principal	Interest
2023	$ 109,143	$ 23,120
2024	104,170	20,524
2025	110,534	17,901
2026	117,169	15,118
2027	124,086	12,171
2028 - 2030	429,140	17,085
	$ 994,242	$ 105,919

Note 12 - Contingencies

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

Note 13 - New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the Authority's financial reporting process. Future new standards which may impact the Authority include the following:

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2021. The Authority has determined that there was no material impact on the financial statements. The Authority has not determined the effect on the financial statements.

GASB Statement No. 94 – In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022. The Authority has not determined the effect on the financial statements.

GASB Statement No. 96 – In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022. The Authority has not determined the effect on the financial statements.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2022. The Authority has not determined the effect on the financial statements.

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

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

Note 14 - Leases

As of July 1, 2021, the Authority adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

	Governmental Activities
Net Position, July 1, 2021, as previously reported	$ 5,091,252
Restatement:	
Recognition of Right-to-use assets	1,101,626
Recognition of Lease liability	(1,101,626)
Net Position, July 1, 2021, as restated	$ 5,091,252

Required Supplementary Information
June 30, 2022

Central Contra Costa Solid Waste Authority

	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of the net pension liability/(asset)	0.02270%	0.02106%	0.01979%	0.01193%	0.01240%	0.00767%	0.00373%	0.03291%
Proportionate share of the net pension liability	$ 27,336	$ 281,262	$ 385,071	$ 470,274	$ 467,474	$ 307,159	$ 157,469	$ (624,980)
Covered payroll	560,970	577,799	687,362	708,206	668,374	803,018	881,310	859,952
Proportionate share of net pension liability as a percentage of covered payroll	4.87%	48.68%	56.02%	66.40%	69.94%	38.25%	17.87%	-72.68%
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%	71.74%	77.73%	77.70%	90.49%
Measurement date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

*Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

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

*Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

Schedule of Change in the Authority's Total OPEB Liability and Related Ratios

Last Ten Years*

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

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

Notes to the schedule:
No assets are accumulated in a trust to pay related benefits.

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

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

Central Contra Costa Solid Waste Authority

Schedule of Revenues, Expenditures and Change
in Fund Balance – Budget to Actual
– General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Administrative fees	$ 1,844,218	$ 1,844,218	$ 1,844,218	$ -
Source reduction and recyling education fees	3,770,631	3,770,631	5,137,577	1,366,946
Investment income	82,081	82,801	(99,486)	(182,287)
Miscellaneous	13,600	13,600	129,147	115,547
Total revenues	5,710,530	5,711,250	7,011,456	1,300,206
Expenditures				
Current:				
General government:				
Personnel services	1,434,340	1,434,340	1,230,324	204,016
Materials and supplies	84,736	84,736	219,275	(134,539)
Office rent and utilities	167,223	167,223	-	167,223
Professional contracts and services	250,500	250,500	325,484	(74,984)
Recycling Processing Costs	2,638,468	2,638,468	2,585,157	53,311
Diversion Programs	774,728	774,728	614,503	160,225
Distributions to member agencies	-	-	2,838,718	(2,838,718)
Total expenditures	5,349,995	5,349,995	7,813,461	(2,463,466)
Excess (deficiency) of revenues over (under) expenditures	360,535	361,255	(802,005)	(1,163,260)
Other Financing Sources/(Uses)				
Transfers in	-	-	2,838,718	2,838,718
Transfers out	-	-	(944,444)	(944,444)
Total Other Financing Sources/(Uses)	-	-	1,894,274	1,894,274
Net change in fund balance	360,535	361,255	1,092,269	731,014
Fund Balance - Beginning	3,205,331	3,205,331	3,205,331	-
Fund Balance - Ending	$ 3,565,866	$ 3,566,586	$ 4,297,600	$ 731,014

See Note to the Required Supplementary Information

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

Note 1 - Budgetary Information

The Authority adopts a budget annually to be effective July 1 for the ensuing fiscal year. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year and cannot legally be exceeded except by subsequent amendments of the budget by the Authority's Board of Directors. As the Authority is taking steps to eliminate the fund, the Authority did not adopt a budget for the Diversion Incentive Fund for the year ending June 30, 2022.

The Authority follows the Diversion Incentive Fund Policy adopted by the Board of Directors and distributes the total amount of Fund Balance (excluding the Diversion Incentive Reserve) in the subsequent year to member agency accounts. This amount is not budgeted as the amount of Fund Balance is distributed based on the actual amount available following the Board Policy.

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

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

Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the Authority's Executive Director. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the Authority's Board of Directors with the exception of transfers to the general fund for distributions to member accounts out of the Division Incentive Special Revenue Fund. Supplemental appropriations financed by unanticipated revenues during the year must be approved by the Authority's Board of Directors.

The General Fund had excess expenditures over appropriations in the amount of $2,463,466 during the current year due to distributions to member agencies, which are not budgeted.

Other Report

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Contra Costa Solid Waste Authority (Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 30, 2023. Our report included an emphasis of matter paragraph regarding the County's adoption of Governmental Accounting Standards Board Statement No. 87, *Leases*, effective July 1, 2021.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Eide Bailly LLP

Sacramento, California
January 30, 2023

Agenda Item No. 6a

Agenda Report

TO: CCCSWA BOARD OF DIRECTORS

FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR

DATE: MAY 25, 2023

SUBJECT: **EXECUTIVE DIRECTOR'S MONTHLY REPORT**

SUMMARY

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

RECOMMENDED ACTION

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

DISCUSSION

Completed and Ongoing Activities in April 2023:

- Staff and Republic Services agreed to reduce the new push/pull rates by 75%. Because the adopted rates are "maximum" rates, Republic can charge less than the adopted rates so they were able to immediately lower the push/pull rates without Board action. Republic sent a letter to all affected customers on April 28 and is crediting customers who already paid for push/pull services at the original, higher rate. Agenda Item 3b for the May 25 Board meeting recommends that the Board officially adopt the new, lower push/pull rates.

- Staff meets with Republic Services bi-weekly and works collaboratively with Republic's management team, recycling coordinators, and finance staff to discuss franchise requirements, customer feedback, service issues, member agency requests, rates, ongoing commercial site visits, and outreach. The May meetings were focused on efforts to reduce missed/late pick-ups, Republic Services driver cross-training, implementation of truck tablets and route software for residential drivers, new recycling coordinator onboarding, push/pull rate credits, Rossmoor service issues, C&D processing, the multifamily Reuse & Cleanup services pilot, community events, outreach and the franchise extension requirements.

- The monthly Member Agency liaison meeting was held on May 11. During this meeting, staff expressed appreciation to the liaisons for their help getting city/town manager signatures on the May 3 SB 1383 local technical assistance grant program report. Staff asked for input on a list of repair and reuse businesses within the Authority service area and asked that each member's website be updated to comply with SB 1383 edible food recovery website requirements. Staff is providing a template to facilitate the website updates. RecycleSmart provides follow-up meeting notes and requests them to be circulated to appropriate Member Agency staff.

Member Agency Liaisons				
Member Agency	**Name**	**Title**	**Email**	**Phone**
County	David Brockbank	Conservation Programs Manager	David.Brockbank@dcd.cccounty.us	(925) 655-2911
Danville	Cat Bravo	Management Analyst	cbravo@danville.ca.gov	(925) 314-3377
Lafayette	Anna Tolle	Planning Technician	ATolle@ci.lafayette.ca.us	(925) 299-3205
Orinda	Doug Alessio	Administrative Services Director	DAlessio@cityoforinda.org	(925) 253-4224
Moraga	Brian Horn	Senior Planner	bhorn@moraga.ca.us	(925) 888-7044
Walnut Creek	Emlyn Struthers	Administrative Analyst II	struthers@walnut-creek.org	(925) 256-3536

- Staff meets with the Schools program contractor monthly; discussion topics included scholarship winners, Wastebuster winners and possibly evolving the Wastebuster program to provide more incentives to schools, plaques and awards, the end-of-year newsletter, piloting Hello Lamp Post QR Code/Testing software at a high school, and supporting reusables through a contribution of funds towards dishwashers. RecycleSmart's schools team hosted an end-of-year internship meeting at the RecycleSmart office (left to right: Joyce Wang from Northgate, Mary Lasko from Acalanes, Nina Segall from Miramonte).

- RecycleSmart, in partnership with Republic Services, hosted the annual compost giveaway events on April 22 for Walnut Creek/Danville/County residents, and on May 6 for Lamorinda residents. These events help educate residents about reducing organics to landfill, placing food scraps in the green cart, and the natural soil amendment green cart material is turned into. The compost giveaway events count towards the SB 1383 procurement requirement. These events are scheduled at this time of year to support International Compost Awareness Week (ICAW), one of the largest education initiatives for the compost industry. To learn more about ICAW visit www.compostfoundation.org/ICAW/ICAW-Home.

Tessa Grezdo, Recycling Coordinator, Republic Services

- RecycleSmart, in partnership with Mt. Diablo Resource Recovery (MDRR), Republic Services, and the Town of Moraga, is piloting the first multifamily tenant Reuse & Cleanup services on Ascot Drive in Moraga. This location was selected for a pilot because there is a substantial amount of off-campus Saint Mary's College (SMC) student rentals, creating some illegal dumping during end-of-year move-out. RecycleSmart is working with the Town's Public Works staff to coordinate the event. Both MDRR and Republic Services are donating their services during the Pilot. The pilot will help all parties better understand the logistics and challenges of multifamily reuse and cleanup services and the costs. Outcomes from the pilot will inform future program planning with the goal of closing the gap between single-family and multifamily service offerings. Account holders and tenants were mailed service information prior to the event, and Republic scheduled robocalls. RecycleSmart placed clear signage on-site. Pilot results: the pilot concluded on May 19. Two 30-yard dumpsters on Ascot were completely filled in three days, with one of the dumpsters needing to be dumped and returned on the second day, and it was completely filled once again. There was minimal reuse collection. On the final day of the pilot, a resident stopped by staff at the dumpster and said,

"Is this a service you'll provide each year? It has been really helpful. We have a problem with college students. I've seen them in groups carrying their stuff to the dumpster. Otherwise, it would sit on the street for a month. Thank you."

Lessons learned: even though there were two dumpsters, convenience is always a priority. Staff could try additional locations in the future, or test on-call smaller bins per property. Republic staff noticed a large amount of bulky furniture in the dumpsters. Additional outreach on acceptable items for reuse may be helpful. The pilot was Tuesday-Thursday. Comparing weekday use v. weekend use would be helpful information.

Daniel Allen and Juan Zermeno, Reuse Warehouse Managers, Mt. Diablo Resource Recovery

- RecycleSmart partnered with the Lafayette Chamber of Commerce to help reduce waste at the annual Taste of Lafayette event on May 16. Waste reduction methods included a reusable stainless-steel spork to eliminate the need for single-use disposable utensils, and educating participating restaurants by providing outreach on acceptable food ware that can be composted or recycled. An estimated 3,500-4,000 single-use items (forks, spoons, and picks) were eliminated from the event by the use of a reusable spork. Additionally, many participating restaurants saw a reduction in landfill by using reusable, compostable, and recyclable food ware.

- On May 8, RecycleSmart completed the recertification process to become a Contra Costa County Green Business.

SB 1383 Activities in May 2023:

- Staff continues to review commercial and multifamily accounts that may be eligible for an organics service waiver. Staff is reviewing Republic Services Recycling Coordinators' recommendations and conducting site visits to certain locations as necessary. Accounts not eligible for a waiver will receive organics service. RecycleSmart must report annually to CalRecycle the number and type (de minimis or physical space) of waivers granted.

- Staff is developing an outreach piece for the Republic Services Recycling Coordinators to use to guide commercial and multifamily generators who are using alternative forms of compliance such as self or back hauling or who may be eligible for a waiver from service to the RecycleSmart website https://www.recyclesmart.org/recycling-reporting) to find more information and the necessary form.

- Staff continues to work with HF&H on enforcement planning as required by SB 1383. Enforcement on certain generators based on the SB 1383 regulations must begin on January 1, 2024. The contract with HF&H concludes at the end of June. Staff will provide a more detailed presentation related to our enforcement planning later this year.

- After completing the 2022 route contamination monitoring project, additional funds were available in the SCS Engineers contract. Staff entered into a contract amendment with SCS Engineers to extend the contract term, which will allow SCS to perform 12 of the 69 route reviews required in 2023. These audits were performed May 15 and 16.

- On behalf of each Member Agency, except the county, which prepared and submitted its own report, staff submitted the May 3, 2023 milestone reporting required by the SB 1383 Local Assistance Grant. One more interim report is due November 2, 2023 and the final report is due May 2, 2024.

- RecycleSmart signed onto a letter to the Legislature, and sent its own letter separately, calling on the budget committees to protect the SB 1383 implementation grant and organic waste infrastructure funding amounts that were in the FY 21-22 and FY 22-23 budgets. Staff sent a copy of its letter to the member agencies requesting that they also consider sending such a letter.

Staff participated in or attended the following meetings/events in May 2023:

- Contra Costa Countywide AB 939 Quarterly meeting, May 2
- California Product Stewardship Council (CPSC) legislation webinar, May 2
- Walnut Creek Sustainability Action Plan workshop, May 3
- Contra Costa Sustainability Exchange, May 4
- Lamorinda Annual Compost Giveaway event, May 6
- Bringing Back the Natives Garden Tour (Moraga location - composting education), May 7
- Orinda Community Liaison Meeting, May 9
- Bay Area Recycling Outreach Coalition (BayROC) meeting, May 9
- Northern California Recycling Association (NCRA) Edible Food Webinar, May 12
- California Organics Recycling Council meeting, May 12
- Bay Area Edible Food Recovery Network meeting, May 16
- Lafayette Chamber event, May 16
- California Product Stewardship Council (CPSC) Associates Meeting, May 17
- Moraga Liaison Meeting, May 19
- SB 1383 Chat with CalRecycle webinar, May 24
- Coffee with the Lafayette Mayor, May 26
- Food Service Packaging Institute webinar, May 31

Future Agenda Items

TYPE	BOARD MEETING: 06/22/2023
C	Approve 05/25/2023 Minutes
A	RecycleSmart Newsletter Request for Proposal
I	Executive Director's Monthly Report
I	Republic's Collection Service Quality Metrics
P	2022-23 Annual Schools Program Report

TYPE	BOARD MEETING: 07/27/2023
C	Approve 6/22/2023 Minutes
C	Approve Contract for Route Monitoring Project
I	Executive Director's Monthly Report
I	Republic's Collection Service Quality Metrics

TYPE	BOARD MEETING: 09/28/2023
C	Approve 07/27/2023 Minutes
I	Executive Director's Monthly Report
I	Republic's Collection Service Quality Metrics
P	Solid Waste Collection Rates for RY10

TYPE

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

Central Contra Costa Solid Waste Authority

Agenda Item No. 6c

Agenda Report

TO:	CCCSWA BOARD OF DIRECTORS
FROM:	DAVID KRUEGER, EXECUTIVE DIRECTOR JENNIFER FAUGHT, CONTRACT COMPLIANCE SPECIALIST
DATE:	MAY 25, 2023
SUBJECT:	**REPUBLIC'S COLLECTION SERVICE QUALITY METRICS**

SUMMARY

This report tracks Republic Services progress in meeting the service quality metrics and other new requirements of the Second Amendment to their franchise agreement.

RECOMMENDED ACTION

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

DISCUSSION

The Second Amendment to the franchise agreement with Republic Services ("Second Amendment") requires Republic to meet a "service quality metric" as a condition of receiving the Rate Year 10 special rate adjustment of $1,915,511. To satisfy this requirement, Republic must have experienced a monthly average of 1,750 or fewer service calls between January 1 and July 31, and a monthly average of 1,500 or fewer service calls between January 1 and December 31, this year.

Staff is monitoring this metric, as well as the open routes and calls to the Authority, and will provide an informational report at each Board Meeting in 2023 documenting performance. Staff will also be evaluating whether these metrics accurately reflect our ratepayers' experience, and whether they adequately incentivize service improvements. As of the date this staff report was completed, the metrics are as follows:

Metric	January – February 2023 Results	Limits
Average Service Calls Per Month (to Republic)	January = 1,563 February = 935 March = 1,368 April = 1,388	1,750 for January – July 1,500 for January – December
Missed Collection Calls Received by RecycleSmart and Member Agencies	January = 17 February = 51 March = 34 April = 84	19 per month

In addition to the service metrics above, the amendment contains the following new requirements:

Requirement	Due Date	Status
Allow staff access to Recyclist software	1/1/2023	Complete
Provide daily open route reports	3/1/2023	Started 2/1/2023
Provide customer credits for missed collections	3/1/2023	Started 3/1/2023
Hire 1 additional Recycling Coordinator	3/1/2023	Complete
Begin transferring all C&D to Newby Island for processing	3/1/2023	Complete
Equip all residential trucks with the RISE route management software system	12/31/2023	Training is complete and almost all trucks have the tablets now
Hire 1 additional route supervisor	3/1/2024	Will be hired later this year
Hire 1 additional operations manager	3/1/2024	Complete
Hire 1 additional customer care manager	3/1/2024	In hiring process
Hire 1 additional dispatcher	3/1/2024	Position posted
Hire 5 additional pool drivers	3/1/2024	Complete
Hire 4 additional customer service representatives	3/1/2024	Complete
Have sufficient back-up rental vehicles for hard-to-serve routes	3/1/2024	On-going. Rented 2 additional trucks for hard-to-service routes
Provide on-going technician training	3/1/2024	On-going