



1850 Mt. Diablo Blvd., Ste. 320  
Walnut Creek, CA 94596

Telephone: 925.906.1801 Fax: 925.906.1805  
Email: [authority@recyclesmart.org](mailto:authority@recyclesmart.org)  
Website: [www.recyclesmart.org](http://www.recyclesmart.org)  
Facebook: [www.facebook.com/CCCSWA](https://www.facebook.com/CCCSWA)

## **BOARD OF DIRECTORS SPECIAL MEETING/WORKSHOP**

### **REVISED AGENDA**

**JULY 22, 2021 – 1:00 P.M.**

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

***Public Attendance:** If you wish to attend the meeting in person, please check-in with the Greeters in the lobby upon your arrival at Walnut Creek City Hall.*

1. **CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE**
2. **APPOINTMENT OF AD HOC COMMITTEE TO STUDY IMPACTS OF SALARY INCREASES AND METHODS FOR ADDRESSING IN LONG-TERM BUDGET**
3. **PRESENTATIONS**

Wendy Nelson, Finance Manager/Controller  
RecycleSmart

- a. **Diversion Programs Review\***  
This report is provided for information and discussion only. No Board action is required.
- b. **General Operations Fund Balance Review\***  
Receive presentation and provide Staff direction on recommendations to forward to the Finance and Administration Committee.
- c. **Recycling Revenue Financial Policy Review\***  
Receive presentation and provide Staff direction on recommendations.

**4. WORKSHOP PRESENTATION REGARDING FRANCHISE AGREEMENT(S)**

Ken Etherington, Executive Director  
RecycleSmart

- a. Potential Procurement Approach for Future Franchise Agreement(s)  
This report is provided for information and discussion only. No Board action is required.

**5. BOARD COMMUNICATIONS AND ANNOUNCEMENTS**

**6. ADJOURNMENT**

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

**ADDRESSING THE BOARD ON AN ITEM ON THE AGENDA**

Persons wishing to speak on PUBLIC HEARINGS and OTHER MATTERS listed on the agenda will be heard when the Chair calls for comments from the audience, except on public hearing items previously heard and closed to public comment. The Chair may specify the number of minutes each person will be permitted to speak based on the number of persons wishing to speak and the time available. After the public has commented, the item is closed to further public comment and brought to the Board for discussion and action. There is no further comment permitted from the audience unless invited by the Board.

**ADDRESSING THE BOARD ON AN ITEM NOT ON THE AGENDA**

In accordance with State law, the Board is prohibited from discussing items not calendared on the agenda. For that reason, members of the public wishing to discuss or present a matter to the Board other than a matter which is on the Agenda are requested to present the matter in writing to the Secretary to the Authority at least one week prior to a regularly scheduled Board meeting date. If you are unable to do this, you may make an announcement to the Board of your concern under PUBLIC COMMENTS. Matters brought up which are not on the agenda may be referred to staff for action or calendared on a future agenda.

**AMERICANS WITH DISABILITIES ACT**

In accordance with the Americans With Disabilities Act and California Law, it is the policy of the Central Contra Costa Solid Waste Authority to offer its public meetings in a manner that is readily accessible to everyone, including those with disabilities. If you are disabled and require special accommodations to participate, please contact the Board Secretary of the Authority at least 48 hours in advance of the meeting at (925) 906-1801.



---

# Agenda Report

---

**TO:** CCCSWA BOARD OF DIRECTORS  
**FROM:** WENDY NELSON, FINANCE MANAGER/CONTROLLER  
**DATE:** JULY 22, 2021  
**SUBJECT:** DIVERSION PROGRAMS REVIEW

## SUMMARY

In order to prioritize the diversion incentive programs, the Finance Committee has requested that the Board review and discuss the current CCCSWA programs. Therefore, in order to facilitate discussion, a description of each diversion incentive program is shown below. In addition, the recently adopted fiscal year 2021-22 budget amount is indicated next to each program title in order to further inform discussion.

## RECOMMENDED ACTION

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

## DISCUSSION

CCCSWA develops and implements diversion incentive programs in order to educate and encourage rate payers to increase waste diversion. The list below describes CCCSWA's current diversion incentive programs:

**C&D Program (\$21,188)** - Supports RecycleSmart and Member Agencies ability to manage C&D Debris diversion, using the Green Halo "City Tracker" software system, and provide legislative outreach as required. This is fundamental for jurisdictions to comply with CalGreen diversion requirements, and provide convenient resources to property owners and covered projects.

**Commercial Recycling Program (\$3,420)** - Use of software to track and manage commercial recycling legislative requirements as needed for AB 341, AB 1826, AB 827 and SB 1383.

**Community Funding Program (\$5,000)** - Supports local community requests and activities to divert waste and increase outreach in the RecycleSmart service area.

**Home Composting for Busy People Program (\$39,000)** - Organics recycling outreach providing hands-on workshops and trainings to expand the practice of source reduction by home composting, to reuse natural resources on site to increase water retention, promote healthy food, and reduce organic waste to landfill. Workshops include the combined use of curbside green organics cart and recycling.

**RecycleSmart Advertisement Campaign (\$29,500)** - Increase awareness of RecycleSmart diversion programs, respond to legislative outreach requirements, while also increasing use of the RecycleSmart website as a resource.

**Recycling Outreach (\$162,000)** - Encourages residents and businesses to increase their “empty, clean and dry” recycling efforts to reduce contamination in the blue cart, and sort properly at the curbside.

**Residential Newsletter (\$283,120)** - RecycleSmart’s dedicated outreach channel to single-family and multi-family residents. The newsletter is relied upon as one of the many methods of customer communication about RecycleSmart’s programs and services.

**SB 1383 - Organics Reduction Program (\$73,000)** - Develop and provide programs in support of organics disposal reduction requirements as prescribed by SB 1383. Program elements include food recovery, outreach and education, monitoring and compliance, route contamination minimization and annual reporting.

**School Recycling & Organics Program (\$120,000)** - Through Abbe & Associates, RecycleSmart provides support through education and technical assistance to schools in our service area to increase awareness and diversion. Includes special activities, presentations, education of green teams, bins, outreach materials, trainings, consultations, and more.

**Special Events (\$8,500)** - Staff attends local community events and supports activities to expand outreach efforts and provide an opportunity for in person dialogue about waste diversion programs and receive direct feedback from residents.

**Wastebusters Program (\$30,000)** - The Wastebusters Program provides certifications to schools within RecycleSmart’s service area 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.



# Agenda Report

**TO:** CCCSWA BOARD OF DIRECTORS  
**FROM:** WENDY NELSON, FINANCE MANAGER/CONTROLLER  
**DATE:** JULY 22, 2021  
**SUBJECT: GENERAL OPERATIONS FUND BALANCE REVIEW**

**SUMMARY**

The Finance Committee has requested that the Board review and discuss a plan for the General Operations ending fund balance.

**RECOMMENDED ACTION**

1. Receive presentation and provide Staff direction on recommendations to forward to the Finance and Administration Committee.

**DISCUSSION**

During the review of the fiscal year 2021-22 draft budget at the Finance Committee meeting held on April 19, 2021, the Committee requested that the ending balance of the Operations Fund be reviewed.

The FY 2021-22 Operations Fund budgeted ending balance is comprised of a Committed Fund balance of \$566,667 and an unassigned fund balance of \$2,893,282.

| FY 2021-22 Adopted Budget           |    |           |
|-------------------------------------|----|-----------|
| Committed Fund Balance <sup>A</sup> | \$ | 566,667   |
| Unassigned Fund Balance             | \$ | 2,893,282 |
| Ending Fund Balance                 | \$ | 3,459,949 |

<sup>A</sup> Balance is being committed for future diversion outreach programs

### **Committed Fund Balance**

During the Finance Committee meeting held on April 23, 2020, the FY 2020-21 Operations fund budget was reviewed and discussed. On the recommendation of the Committee, the Board approved committing \$566,667 of the Operations fund ending fund balance for future diversion outreach programs. The \$566,667 in committed funds originated as part of an organics settlement agreement with Republic Services (Republic). In accordance with the settlement agreement, Republic is to pay CCCSWA \$1.7 million in recycling contribution revenue over three years beginning March 2019 and ending March 2022. The Board now desires to discuss a plan to use the \$566,667 of committed funds.

Staff offers the following considerations for discussion of the committed fund balance:

- Utilize funds as committed and identify diversion outreach programs, timing and costs; or
- Transfer funds to the Diversion Incentive Fund (DIF) to be distributed to member agencies in accordance with the Recycling Revenue Policy. This total transfer of \$566,667 would reduce the FY 21-22 budgeted Operations ending fund balance from \$3,459,949 to \$2,893,282.

### **Unassigned Fund Balance**

The unassigned fund balance, currently budgeted for FY 21-22 at \$2,893,282, has been increasing over the past few years primarily due to the previously mentioned organics settlement with Republic. Previous to the current fiscal year, this recycling contribution revenue received from Republic was recorded in the DIF and was used, along with the recycling revenue received from MDR, to fund diversion incentive programs. Any remaining DIF revenue not used to fund programs was distributed to member agencies in accordance with the Recycling Revenue policy. After the recycling revenue from MDR ceased last fiscal year, the recycling contribution revenue was budgeted and is being recorded in the Operations fund and the diversion incentive programs are now being fully funded through the rates. Since the recycling contribution revenue is not an ongoing source of revenue, it should not be relied upon to fund ongoing operational expenses, but this revenue is causing the Operations fund balance to increase.

Staff is offering the following consideration for discussion of the unassigned fund balance:

- Transfer the current fiscal year's recycling contribution revenue of \$566,667 and next fiscal year's budgeted recycling contribution revenue of \$377,778 to the Diversion Incentive Fund (DIF) to be distributed to member agencies in accordance with the Recycling Revenue Policy. This total transfer of \$944,445 would reduce the FY 21-22 budgeted Operations ending fund balance from \$3,459,949 to \$2,515,504.



Central Contra Costa Solid Waste Authority

# Agenda Report

**TO:** CCCSWA BOARD OF DIRECTORS  
**FROM:** WENDY NELSON, FINANCE MANAGER/CONTROLLER  
 DEBORAH MILLER, GENERAL COUNSEL  
**DATE:** JULY 22, 2021

**SUBJECT: RECYCLING REVENUE FINANCIAL POLICY**

## SUMMARY

In 2016, the CCCSWA Board adopted the Recycling Revenue Financial Policy (Policy) to provide guidance for distributing recycling revenues recorded in the Diversion Incentive Fund (DIF). The Policy states: (1) \$1.5 million in reserve is to be maintained in the DIF at all times, (2) up to \$1 million is available for diversion incentive programs and expenditures each fiscal year, and (3) that in September of each year, the previous fiscal year's net income will be distributed to the Member Agencies' reserve funds based on a stated allocation formula.

The primary funding source for the DIF had been recycling revenue received from Mt. Diablo Recycling (MDR) from the sale of recyclables received from the CCCSWA service area. Based on a 2019 settlement agreement with MDR, the company no longer pays RecycleSmart \$55.00/ton for recyclables, rather, MDR charges for the processing of recyclables. Because of this change to recycling revenue, Staff is recommending the Board review the Policy and consider some potential amendments to the Policy, as discussed below.

## RECOMMENDED ACTION

1. Receive presentation and provide Staff direction on recommendations.

## DISCUSSION

The DIF was originally established in 2003 to record revenue received by the CCCSWA from the sale of recyclable materials. The Board has taken several actions related to the DIF since its establishment. Among other things, in January 2016, the CCCSWA Board adopted the Policy to codify the CCCSWA practices for distributing recycling revenues recorded in the DIF. The Policy calls for the allocation of \$1.5 million to be held in reserve, allocation of up to \$1 million for diversion incentive programs and expenditures per fiscal year, and distribution of the previous fiscal year's net income to the Member Agencies' reserve funds. Member Agencies distribution is based on the average recycling tonnage allocations in Republic's reports for that fiscal year.

In July 2019, the CCCSWA Board approved a legal settlement with MDR, that, among other things, terminated the recycling revenue payment. The MDR recycling revenue payment to the CCCSWA may resume, depending on recycling market conditions. Beginning in Rate Year 6, since no recycling revenue was anticipated to be received and no material amount of recycling revenue is expected to be received in the future, the Board approved a maximum rate increase to fund diversion incentive programs and, thus, budgeted \$0 in DIF funds for the programs and expenditures in the fiscal year.

In light of these changed circumstances, Staff has identified some potential updates/amendments to the Policy for the Board's consideration. The Board could recommend some, all, or none of these options.

**DIF Funds Held in Reserve:** Per the Policy, CCCSWA is to hold at least \$1.5 million for reserves (the current actual amount is \$1,894,274). The Policy does not specify the expected or required use of reserve funds.

The Board could consider recommending the following:

- The reserve funds be distributed to the Member Agency reserve accounts based on the existing allocation formula for uses consistent with those reserve funds.

**DIF Funds for Programs and Expenditures:** Per the Policy, up to \$1 million in DIF funds may be allocated for diversion incentive programs and expenditures. As described above, since no material amount of recycling revenue is anticipated to be received in the future, the diversion incentive programs are now being funded through the rates.

The Board could consider recommending the following:

- The elimination of this portion of the Policy, since no material amount of recycling revenue is expected to be received in the future to fund diversion incentive programs and these programs are now being fully funded through the rates.

**Other Sources of Revenue:** Two other revenue sources have previously been directed to the DIF: (1) recycling contribution revenue received from CCCSWA's October 2018 settlement with Republic, which will continue through February 2022, and (2) liquidated damages assessed under the franchise agreements, which may continue through the end of the terms of those agreements. Staff does not believe that these sources are required to be directed to the DIF, however.

Beginning in FY 20-21, the recycling contribution revenue and any liquidated damages revenue is being recorded in the General Operations Fund. In the future, if the Board would like to record the liquidated damages and settlement revenue in the DIF, the Policy could be amended to make clearer that in addition to revenues from the sale of recyclables, the DIF may also receive revenues from "other sources as determined by the Board."

## ATTACHMENT

### A. Recycling Revenue Financial Policy (adopted 2016)

**CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY**

**POLICY TITLE: Recycling Revenue Financial Policy**

Revenues from the sale of recyclables are to be distributed between the Diversion Incentive Fund (DIF) Reserve, the DIF and the Member Agencies Reserves in the order listed below.

- A. \$1.5 million is maintained in the DIF Reserve at all times.
- B. Up to \$1 million available for DIF programs and expenditures.
- C. In September, the previous fiscal years DIF’s ending net income will be distributed into the Member Agencies’ reserve accounts.
  - a. The allocation method for these funds will be based on the average recycling tonnage allocations in Republic’s reports for same time period the revenues were received. Table 1 below provides an example of how the revenues will be split based on the tonnage allocations.

**Table 1 - Recycling Revenue Allocation Example**

| <b>Member Agency</b> | <b>Average % Allocation of Recycling Tons</b> | <b>Revenue Due to Member Agencies from the DIF</b> |
|----------------------|---|--|
| <b>County</b>        | 22%   | \$ 366,690.00                                      |
| <b>Danville</b>      | 21%   | \$ 365,330.00                                      |
| <b>Lafayette</b>     | 12%   | \$ 203,490.00                                      |
| <b>Moraga</b>        | 7%  | \$ 117,130.00                                      |
| <b>Orinda</b>        | 9%  | \$ 157,420.00                                      |
| <b>Walnut Creek</b>  | 29%   | \$ 489,940.00                                      |
| <b>Total</b>         | <b>100%</b>                                   | <b>\$ 1,700,000.00</b>                             |