Central Contra Costa Solid Waste Authority

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

Telephone: 925.906.1801 ***Fax:*** 925.906.1805
Email: authority@wastediversion.org
Website: www.recyclesmart.org
Facebook: www.facebook.com/CCCSWA

FINANCE AND ADMINISTRATION COMMITTEE MEETING

AGENDA
MAY 13, 2024 – 2:00 P.M.

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

1. **CALL TO ORDER AND ROLL CALL**

2. **PUBLIC COMMENT ON ITEMS NOT ON THIS AGENDA**

   When addressing the Committee, please state your name, company or address for the record. There is a three-minute limit to present your information. (The Committee Chair may direct questions to any member of the audience as appropriate at any time during the meeting.)

3. **CONSENT ITEMS**

   All items listed on 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 Committee, public, or staff, and considered separately.

   a. Approve Minutes of the Finance and Administration Committee Meeting on July 13, 2023*

4. **ACTION ITEMS**

   a. Operations Fund and Reuse Fund Budgets for Fiscal Year 2024-25*
   Adopt Operations Fund and Reuse Fund Budgets for Fiscal Year 2024-25, as set forth in Attachments A and B, or as amended by the Committee and forwarded to the full Board for approval.

   b. Fiscal Year 2022-23 Funds in Excess of Reserve*
   CCCSWA staff are seeking guidance and direction from the Finance and Administration Committee regarding the application of the FY 2022-23 Funds in Excess of the Reserve.

5. COMMITTEE COMMUNICATIONS AND ANNOUNCEMENTS

6. ADJOURNMENT

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

ADDRESSING THE COMMITTEE 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 COMMITTEE ON AN ITEM NOT ON THE AGENDA

In accordance with State law, the Committee 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 Committee other than a matter which is on the Agenda are requested to present the matter in writing to RecycleSmart Board Secretary 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 Committee 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

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 dba RecycleSmart 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 RecycleSmart Board Secretary at least 48 hours in advance of the meeting at (925) 906-1801.

MINUTES OF THE STANDING FINANCE AND ADMINISTRATION COMMITTEE MEETING OF THE CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY HELD ON JULY 13, 2023

The meeting of the Standing Finance and Administration Committee of the Central Contra Costa Solid Waste Authority (CCCSWA) convened at 1850 Mt. Diablo Boulevard, Suite 320, Walnut Creek, County of Contra Costa, State of California on July 13, 2023. Chair Inga Miller called the meeting to order at 10:05 A.M.

1. CALL TO ORDER AND ROLL CALL

PRESENT	Committee Members:	Newell Arnerich Gina Dawson Inga Miller, Chair Renata Sos
ABSENT	Committee Members:	Candace Andersen Cindy Silva

Staff members present: David Krueger, Executive Director; Janna McKay, Executive Assistant/ Secretary to the Board; and Jennifer Faught, Contract Compliance Specialist.

2. PUBLIC COMMENT ON ITEMS NOT ON THIS AGENDA

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

3. CONSENT ITEM

a. Approve Minutes of the Finance and Administration Committee Meeting on April 19, 2023

On MOTION by Committee Member Sos to approve Consent Item 3.a. SECOND by Committee Member Arnerich.

MOTION PASSED unanimously, as submitted, by a voice vote.

4. ACTION ITEMS

a. Purchasing and Expense Authorization Policies
CCCSWA staff is seeking guidance and direction from the Finance and Administration Committee regarding updating the Purchasing Policy and the Expense Authorization Policy.

Contract Compliance Specialist Jen Faught advised that the often-used Purchasing and Expense Authorization Policies had not been updated since 2010.

Ms. Faught explained that the initial threshold of $5,000 to trigger an informal process was very low and that the current informal process was as time-consuming and cumbersome as the formal process. She had checked with the member agencies and other solid waste Joint Powers Authorities (JPAs) to determine what else in the Purchasing and Expense Authorization Policies might need to be simplified, clarified or streamlined. She stated the initial part of the policy was public contracting (public works projects), which would not change given that it was set out in the California Public Contract Code.

Ms. Faught explained that the proposal would combine the categories of supplies, materials, equipment and services and create four levels with thresholds up to $10,000, between $10,000 and $25,000, between $25,000 and $50,000 and over $50,000, when a formal Request for Proposal (RFP) would be required. While that would help streamline the process, price comparisons and other due diligence would still be pursued to ensure good value. A few clarifications had also been proposed with respect to sole source purchasing, cooperative purchasing arrangements had been added, and multi-year contracts would also be allowed. The proposal would increase the Executive Director's signature authority from $25,000 to $50,000.

When checking member agencies, Ms. Faught noted there was a big range with respect to signature authority. She reported the draft policy had been reviewed by CCCSWA Legal Counsel who had expressed no concerns with the policies, as proposed.

Executive Director David Krueger stated other agencies were doing the same thing to change the limits to reflect inflation and to spend less time on administration and purchasing.

Committee Member Arnerich stated the Town of Danville had done the same thing where anything over $50,000 would go to the City Council. He added that RecycleSmart funds could not be spent at any rate unless the expenditure had been included in the budget.

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

Ms. Faught confirmed, when asked, that there were probably other CCCSWA policies that were out of date, although nothing that was used as frequently as the Purchasing and Expense Authorization Policies.

> On MOTION by Committee Member Sos to recommend to the Board of Directors the approval of the staff recommended changes to the Purchasing Policy and the Expense Authorization Policy, as submitted. SECOND by Committee Member Dawson.
>
> MOTION PASSED unanimously by a voice vote.

Ms. Faught stated the item would be included on the Board of Directors agenda for its July 2023 meeting.

b. <u>On-Call Consulting Services</u>
CCCSWA staff is seeking guidance and direction from the Finance and Administration Committee regarding entering into multiple long-term, as-needed, on-call consulting agreements.

Executive Director Krueger advised that this item was similar to the last item to find ways to work more efficiently and spend less time on RFPs and contracts. He had taken the lead from other organizations and asked for guidance from the Finance and Administration Committee as to the appropriateness of the proposed process for on-call consulting services. He commented that the Board had recently approved an RFP for consulting services to find someone to help with franchise procurement and he noted that the Ad Hoc Committee to direct staff to conduct a two-step procurement process for the new Franchise Agreement(s) that would go into effect on March 1, 2027, had considered two proposals in that regard. One proposal was from R3 Consulting and the other was from HF&H Consulting. He reported that the Ad Hoc Committee had unanimously supported the HF&H proposal, which would be forthcoming.

Mr. Krueger described the types of consulting the CCCSWA might need for various tasks such as rate setting and adjustments, contamination monitoring, waste characterization studies, C&D facility certification, operational reviews, refuse vehicle impact fee studies, support for franchise studies, regulatory compliance, and planning.

Mr. Krueger described the on-call process where more than one consultant could be on retainer given the different expertise involved. He described the proposals that had been received from various consultants and noted that HF&H, which had earlier been identified as the consultant selected for franchise procurement, was one of them. He described the agency's long background with HF&H and its competency and commented that HF&H, with offices in Walnut Creek, did not do fieldwork. R3 Consulting out of Oakland had a similar expertise to HF&H with a slightly different perspective and did more with construction demolition than HF&H and had similar billing rates to HF&H.

Mr. Krueger referred to HDR, a multi-national engineering company that had a new division on the recycling side and explained that because of HDR's size, it could provide a wide variety of services and their billing rates reflected that range. Cascadia, a smaller to medium sized company with an office in Oakland and Seattle was known for waste characterization and waste prevention and did a lot of work for CalRecycle and other technical assistance outreach. Cascadia was women owned and mission driven, with a narrow range of billing rates but hired lower cost subs, when needed. Crowe, the agency's current rate consultant, was a large national company that specialized in finances, rate reviews and audits, and helped with franchises, negotiations, and financial reviews, and had higher billing rates.

Mr. Krueger stated there could be on-call contracts with all five companies. Typical contracts were for five years (three years plus two one-year optional extensions) and $200,000 was recommended for each contract. He clarified that there could be changes to the on-call contracts, subject to the Board's discretion. He added that for something requiring more specialization, he could pursue the purchasing and expense authorization process.

Committee Member Arnerich recommended a budget for the Board to understand the true cost of the process, to be appropriately tracked, given that the costs had increased substantially during the last Franchise Agreement process.

Committee Member Sos asked if there was redundancy in the five firms that had responded to the on-call process, and Mr. Krueger stated there was redundancy in that there were some things that all firms could do while some were experts in some areas more than others.

Mr. Krueger suggested he might want to seek another opinion from one firm over another given the difference in expertise involved.

The Committee discussed the attributes of each firm, the location of their offices, and given some concerns expressed about Crowe and its quality of work, whether to retain the whole list on the on-call list or eliminate Crowe. After discussion, the Committee determined to eliminate Crowe from consideration at this time.

Mr. Krueger stated the next step would be to submit the on-call list to the Board of Directors for three-year terms, options for two with one-year extensions, limited to $200,000 each.

> On MOTION by Committee Member Arnerich to recommend to the Board of Directors the approval of On-Call Consulting Services with HF&H, R3, Cascadia and HDR for three-year terms plus two one-year optional extensions, at $200,000 each. SECOND by Committee Member Sos.
>
> MOTION PASSED unanimously by a voice vote.

5. COMMITTEE COMMUNICATIONS AND ANNOUNCEMENTS

There were no communications or announcements.

6. ADJOURNMENT

There being no further business to come before the Committee, Chair Miller adjourned the meeting at approximately 10:40 A.M.

Respectfully submitted by:

____

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

Central Contra Costa Solid Waste Authority

Agenda Report

TO: FINANCE & ADMINISTRATION COMMITTEE

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

DATE: MAY 13, 2024

SUBJECT: **OPERATIONS AND REUSE FUND BUDGETS FOR FISCAL YEAR 2024-2025**

SUMMARY

Fiscal Year 2024-25 (FY 2024-25) draft budgets are being presented for Committee review and direction to staff. The FY 2024-25 Operations Fund (Ops) Budget (Attachment A) provides for the core operational and administrative functions of RecycleSmart. The proposed FY 2024-25 Ops Fund Budget is summarized below and compared to the adopted FY 2023-24 Ops Budget.

Table 1 – FY 2024-25 Budget Summary

Operations Fund	FY23-24 Adopted	FY 24-25 Proposed	$ Change	% Change
Beginning Fund Balance	5,232,094	2,053,952	(3,178,142)	-61%
Revenues				
JPA Revenue*	2,376,271	2,462,734	86,463	4%
Recycling Processing Revenue*	2,652,056	2,678,911	26,856	1%
Diversion Programs Revenue*	856,238	731,792	(124,446)	-15%
Home Composting Revenue**	3,100	-	(3,100)	-100%
Recycling Revenue Share***	-	-	-	0%
Grants	-	591,371	591,371	100%
Interest Earned & Other Revenue	234,986	1,697,730	1,462,745	622%
Total Revenues	**6,122,650**	**8,162,538**	**2,039,888**	**33%**
Expenses				
JPA Expenses				
Personnel Services	1,283,711	1,266,372	(17,338)	*-1%*
Material and Supplies	104,800	95,228	(9,572)	*-9%*
Professional Services	268,230	254,000	(14,230)	*-5%*
New Franchise Development	530,000	656,180	126,180	*24%*
Rent & Utilities	189,530	190,953	1,423	*1%*
Total JPA Expenses	**2,376,271**	**2,462,734**	**86,463**	***4%***
Recycling Processing Cost	**2,666,231**	**2,640,607**	**(25,623)**	**-1%**
Diversion Programs	**859,338**	**731,792**	**(127,546)**	**-15%**
SB 1383 Organics Compliance Program Expense	**-**	**312,200**	**312,200**	**100%**
Total Expenses	5,901,839	6,147,333	245,494	4%
Excess Revenue Over (Under) Expenditures	220,811	2,015,206	1,794,395	813%
Ending Fund Balance	5,452,904	4,069,157	(1,383,747)	-25%

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

The decrease in the beginning fund balance is due to the unbudgeted $3,166,821 distribution to member agencies in FY 2022-23.

Staff is proposing to increase Operations Fund expenses by 4%. The majority of the proposed increase is for the additional professional services (consulting, legal, stakeholder input) required related to drafting and procuring the new franchise agreement(s.)

The revenue and expenses of the FY 2024-25 Reuse Fund Budget (Attachment B) were approved at the January 25, 2024 Board meeting as part of the rate setting process.

RECOMMENDED ACTION

1. Adopt Operations Fund and Reuse Fund Budgets for Fiscal Year 2024-25, as set forth in Attachments A and B, or as amended by the Committee and forwarded to the full Board for approval.

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 2024-25 (July 2024-June 2025) Operations Budget will be incorporated into the solid waste rates for Rate Year 11 (March 2025-February 2026).

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 $2,462,734 to be incorporated into the solid waste rates for Rate Year 11 (March 2025-February 2026). The JPA Revenue is pro-rated when incorporated into the solid waste rates, because the rate year is March-February while the fiscal year is July – June. The JPA 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 $2,678,911 to be incorporated into the solid waste rates for Rate Year 11 (March 2025-February 2026). 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 2024-25. 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.

<u>Diversion Programs Revenue</u>: 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 is 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 $731,792 to be incorporated into the solid waste rates for Rate Year 10 (March 2024-February 2025). Note that in FY 2023-24 the Authority budgeted $3,100 in revenue from the sale of home composting bins. We are no longer selling bins directly (residents purchase bins from a private vendor and use a code to get the Authority discount) so we are not proposing any Home Composting Revenue for FY 2024-25.

<u>Grants</u>: The Authority was granted $531,371 in SB 1383 local assistance grant funding from CalRecycle in spring 2024. The Authority expects to receive an additional $60,000 from the county's SB 1383 grant award. Therefore, the Authority expects $591,371 in total grant revenue. This grant funding is for SB 1383 implementation. Funds must be spent by May 2026. The grant award will be used to fund SB 1383 related Diversion Program expenses in FY 2024-25 and FY 2025-26. Given the state budget, staff does not expect additional local assistance grant funds after 2026.

<u>Recycling Revenue Share</u>: 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 2023-23, the Authority received $60,192 in Recycling Revenue Share. However, staff does not predict significant Recycling Revenue Share revenue for FY 2024-25, 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.

<u>Interest Earned and Other Revenue</u>: The majority of the "Other" revenue proposed for FY 2024-25 is the anticipated reimbursement of $1,163,000 in New Franchise Development Expenses from the successful proposer(s). The remainder of "Interest Earned and Other Revenue" is interest earned on the $11.9 million in reserve funds (including both General Fund and Member Agency reserves) placed in a Local Agency Investment Fund (LAIF), interest from the Authority's bank account, liquidated damages

assessed on contractors, and permit application fees from construction and demolition haulers. Note that in FY 2023-24 the Authority budgeted for $224,486 in interest revenue, and we are proposing $524,230 in interest revenue for FY 2024-25. There are three reasons for this: 1) Interest rates are higher; 2) Staff moved more of the Authority's reserves into the LAIF account to achieve higher interest; 3) Staff moved the remainder of the Authority's funds from a no-interest bank account to an account which pays interest.

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 $1,266,372. Included in the Personnel Services line item is the step increase for Senior Accountant, if eligible. On March 4, 2024, Staff met with the Personnel Committee and the Committee voted to recommend a 3.5% COLA increase be included in the FY 2024-25 draft budget for Finance Committee review. The $1,266,372 in Personnel Services includes the 3.5% COLA increase for all Authority staff, including the Executive Director. The staff report on the Fiscal Year 2024-25 Review of Salary Schedule from the March 4, 2024 Personnel Committee meeting is provided as Attachment C.

2. **Materials and Supplies:** expenses include memberships and subscriptions, bank fees, office supplies, postage, reprographics, travel, staff development, and capital purchases. Expenses for this category total $95,228.

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. Professional Services expenses total $254,000. Note that the FY 2024-25 Professional Services budget includes a one-time expenditure of $12,000 to conduct a salary survey of all staff positions except for Executive Director and Senior Accountant, as recommended by the Personnel Committee.

4. **New Franchise Development:** The proposed FY 2024-25 Operating Budget includes $656,180 related to the drafting and procurement of the new franchise agreements that will take effect when the current agreements expire on February 28, 2027. During the FY 2023-24 budget process, the Board adopted a budget of $530,000 for the entire procurement process, which will span two fiscal years (FY 2023-24 and FY 2024-25). This amount was based on the value of the franchise agreements: The value of the current franchises is roughly $53 million per year, and franchise agreements are typically around 10 years long, so the Finance Committee recommended a procurement budget equal to 0.1% of that value. During the Authority's last franchise development and procurement process in 2012-2014 the Authority spent $957,493.70 on the procurement process, all of which was reimbursed to the Authority by Republic Services.

   During the 2012-2014 procurement process, the Authority spent $579,831 on consultant assistance (HF&H). On August 1, 2023, the Authority entered into a new agreement with HF&H consultants to assist with the current procurement process for an amount not to exceed $330,000. This amount was derived through a competitive RFP process for consultant services. However, the $330,000 has proved to be insufficient to complete the procurement process. HF&H has requested an additional $530,000 to complete the procurement, for a grand total of $860,000. A detailed budget estimate from HF&H is provided as Attachment D. Staff and HF&H met to review and revise HF&H's request for additional funds before submitting it to the Finance Committee, and were able decrease the original estimate by $65,000, largely by having staff take on tasks previously assigned to HF&H.

In addition to consulting funds for HF&H, the approved procurement budget includes funds for Shute, Mihaly, & Weinberger (General Counsel) and stakeholder engagement and feedback. Since the original budget was approved, staff has determined a need to budget for a potential CEQA review, and is requesting $18,000 in additional funding to retain a consultant (Jim Nejedly) to identify potential sites for a truck yard and transfer station. The complete procurement budget, both adopted and proposed, by fiscal year, is summarized in the table below.

New Franchise Development	FY 2023-24	FY 2023-24	FY 2024-25	Total Procurement Budget		
Procurement Services Budget	**Adopted**	**Projected**	**Proposed**	**Adopted**	**Proposed**	**Change**
Shute, Mihaly & Weinberger (General Counsel)	$150,000	$30,000	$120,000	$150,000	$150,000	$0
HF&H (Consultant)	$330,000	$450,000	$410,000	$330,000	$860,000	$530,000
Consulting Contingency (Other Consultants)	$20,000	$5,000	$0	$20,000	$5,000	-$15,000
Franchise Stakeholder Engagement and Feedback	$30,000	$3,820	$26,180	$30,000	$30,000	$0
CEQA Review	$0	$0	$100,000	$0	$100,000	$100,000
Site Search	$0	$18,000	$0		$18,000	$18,000
Total Expenses:	**$530,000**	**$506,820**	**$656,180**	**$530,000**	**$1,163,000**	$633,000
Revenue from Successful Proposers	$0	$0	$1,163,000	$530,000	$1,163,000	$633,000

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 $190,953.

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 **$72.75** per ton. Budgeted Recycling Processing Revenues discussed in the "Revenues" section above will fund this expense. Expenses for this category total $2,640,607.

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. Expenses for Diversion Programs total $731,792. A detailed description of each diversion program, included accomplishments and goals, is provided in Attachment E. Staff is not proposing any new diversion programs this year.

CalRecycle SB 1383 Program:

Grant expenses are used to cover programs specifically required by SB 1383 including annual route reviews, annual monitoring of Tier One and Tier Two edible food generators, technical assistance to Tier One and Tier Two generators to improve food recovery and compliance. The grant funds will also be used to fund a one-time waste characterization / capture study which is estimated to cost approximately $160,000 based on cost estimates provided by Cascadia Consulting Group and HDR Consulting, two of the Authority's on- call consultants with experience conducting waste characterization studies. The study will be conducted in fall 2024. Expenses for CalRecycle SB 1383 program total in FY 2024 are expected to be $312,200. Additional information including accomplishments and goals, is provided in Attachment E.

C. Fund Balance

Based on the above estimated revenue and expenditures, the Operations Fund balance at the end of FY 2024-25 is estimated to be $4,069,157. Of that amount, $1,229,467 has been set aside as General Fund Reserve (20% of total budgeted expenditures for FY 2024-25). Recommendations for the actual unassigned fund balance from FY 2022-23 are discussed in Agenda Item 5c, "FY 2022-23 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 F.

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 25, 2024 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.

ATTACHMENTS

A. Operations Fund Budget for FY 2024-25
B. Reuse Fund Budget for FY 2024-25
C. Fiscal Year 2024-25 Review of Salary Schedule and Attachments
D. HF&H Consultants Proposed Procurement Budget
E. Diversion and Recycling Programs Matrix
F. Member Agency Reserve Fund Balances

Item 4a_Attachment A

General Operations Fund
Fiscal Year 2024-25 Operations Fund Budget

	FY 2022-23 Actuals	FY 2023-24 Adopted Budget	Projected FY 2023-24 EOY Actuals	Proposed FY 2024-25 Budget
Beginning Fund Balance	**$ 4,297,600**	**$ 5,232,094**	**$ 2,324,190**	**$ 2,053,952**
Revenues				
JPA Revenue*	$ 1,870,756	2,376,271	2,408,567	2,462,734
Recycling Processing Revenue*	$ 2,568,530	2,652,056	2,630,563	2,678,911
Diversion Program Revenue*	$ 1,043,098	856,238	649,634	731,792
Home Composting Revenue**	$ 1,125	3,100	800	
SB 1383 Local Assistance Grant Program Revenue	$ 267,823	-	13,191	591,371
Recycling Revenue Share***	$ 60,192	-	-	-
Interest Earned	$ 228,110	224,486	476,401	524,230
New Franchise Development Reimbursement Revenue	$ -	-	-	1,163,000
Other Revenue	$ 40,027	10,000	21,730	10,000
Miscellaneous Revenue	$ 135	500	5	500
Total Revenues	**$ 6,079,796**	**6,122,650**	**6,200,893**	**8,162,538**
Total Funds Made Available	$ 10,377,396	11,354,744	8,525,083	10,216,490
Expenses				
Full Time Staff Salaries	$ 747,227	922,254	900,682	951,896
Benefits Expense	$ 196,747	350,457	251,522	303,477
Temporary Staff	$ 305	5,000	386	5,000
Board Member Remuneration	$ 5,200	6,000	6,000	6,000
Total Personnel Services	**$ 949,479**	**1,283,711**	**1,158,590**	**1,266,372**
Copier Lease	$ 11,447	8,620	8,513	9,000
Fees Bank and Other	$ 16,304	16,821	17,913	18,982
Memberships Dues Subscriptions	$ 11,598	14,089	11,869	11,976
Miscellaneous	$ -	300	200	300
Office Supplies	$ 5,258	11,320	9,227	11,320
Postage	$ 1,349	3,000	1,062	3,000
Reprographics	$ 770	2,000	1,373	2,000
Non-Capital Equipment/Furnishings	$ 5,872	13,000	12,573	2,500
Staff Development/Travel/Conf/Meeting	$ 17,985	23,650	15,924	24,150
Capital Furnishings/Equip	$ 7,334	12,000	9,219	12,000
Total Materials and Supplies	**$ 80,914**	**104,800**	**87,874**	**95,228**
Professional Srvcs Contracts & Contractors	$ 271,959	129,500	114,099	124,000
Financial Services and Fees	$ 78,865	57,730	26,520	55,000
Legal	$ 69,373	81,000	48,925	75,000
Recruitment	$ 29,422	-	-	-
Total Professional Services	**$ 449,619**	**268,230**	**189,544**	**254,000**
New Franchise Development		530,000	506,820	656,180
Total New Franchise Development	**$ -**	**530,000**	**506,820**	**656,180**
Insurance	$ 34,571	37,936	36,316	35,875
Rent	$ 132,516	142,654	141,710	146,394
Telephone	$ 7,453	8,940	8,328	8,684
Total Rent and Utilities	**$ 174,540**	**189,530**	**186,354**	**190,953**
Recycling Processing Cost[1]	$ 2,600,261	2,666,231	2,625,587	2,640,607
Total Recycling Processing Costs	**$ 2,600,261**	**2,666,231**	**2,625,587**	**2,640,607**

General Operations Fund Fiscal Year 2024-25 Operations Fund Budget				
	FY 2022-23 Actuals	**FY 2023-24 Adopted Budget**	**Projected FY 2023-24 EOY Actuals**	**Proposed FY 2024-25 Budget**
C&D Program Expense	$ 16,560	24,374	16,560	25,060
Home Composting Expense	$ 19,858	37,000	28,783	37,000
Outreach & Education	$ 342,288	485,964	296,347	504,232
SB 1383 Organics Compliance Program Expense	$ 121,854	147,000	159,568	
School Recycling Expense	$ 123,471	150,000	140,100	150,000
Special Events Expense	$ 7,541	15,000	9,820	15,500
Total Diversion Programs	**$ 631,572**	**859,338**	**651,178**	**731,792**
SB 1383 Organics Compliance Program Expense				**312,200**
Contributions to Member Agencies[2]	**$ 3,166,821**	**-**	**1,065,185**	**-**
Total Expenses	**$ 8,053,206**	**$ 5,901,839**	**$ 6,471,131**	**$ 6,147,333**
Excess Revenue Over (Under) Expenditures	**$ (1,973,410)**	**220,811**	**(270,238)**	**2,015,206**
Nonspendable (Prepaid)	$ 78,637	$ -	$ -	$ -
General Fund Reserve (20% of Total Budgeted Expenditures)	$ 1,180,368	$ 1,180,368	$ 1,229,467	$ 1,229,467
Unassigned Fund Balance	$ 1,065,185	$ 4,272,536	$ 824,485	$ 2,839,691
Ending Fund Balance	**$ 2,324,190**	**$ 5,452,904**	**$ 2,053,952**	**$ 4,069,157**
	$ -	$ -	$ -	$ -

[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]Per the approval of the Board Members on May 25, 2023 unassigned fund balance for the amount of $3,166,821 were distributed to member agencies. Recommendations for the actual unassigned fund balance $1,065,185 from FY2022-23 are discussed in Agenda Item 5c, "FY 2022-23 Funds in Excess of Reserve."

* 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 2024-25

	FY 2023-24 Adopted Budget	Projected FY 2023-24 EOY Actuals	Proposed FY 2024-25 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**	**$1,127,511**
Excess Revenue Over (Under) Expenditures	**$ -**	**$ -**	**$ -**

Agenda Report

TO:	CCCSWA PERSONNEL COMMITTEE
FROM:	DAVID KRUEGER, EXECUTIVE DIRECTOR GRACE COMAS, SENIOR ACCOUNTANT
DATE:	MARCH 04, 2024
SUBJECT:	**FISCAL YEAR 2024-25 ANNUAL REVIEW OF SALARY SCHEDULE**

SUMMARY

On January 27, 2022, the Board adopted a new Employee Compensation Policy (Policy). According to the Policy, the Executive Director is to review the Central Contra Costa Solid Waste Authority (Authority) salary schedule with the Personnel Committee annually and recommend any schedule changes. The Policy states that recommendations for changes will be based on factors such as changes in the cost of living, adjustments to salary rates being made by member agencies, and the Authority's financial condition and policies. Per the Policy, Staff is providing Cost of Living Adjustment (COLA)/salary range adjustment data to the Committee.

RECOMMENDED ACTION

1. Review the Authority's salary schedule and COLA information provided by Staff and provide recommendations to the Finance and Administration Committee to be included in the fiscal year 2024-25 draft budget.

DISCUSSION

Changes in Cost of Living

According to the U.S. Bureau of Labor Statistics, the December 2023 12-month percent change in the San Francisco-Oakland-Hayward, all urban consumer, CPI-U is **3.5%**.

2023 San Francisco-Oakland-Hayward CPI-U (12 month % change)		
Month	**2-Month Change**	**12-Month Change**
February	1.8%	5.3%
April	0.4%	4.2%
June	0.5%	2.9%
August	0.0%	3.4%
October	0.3%	2.8%
December	-0.4%	2.6%
Average	**0.4%**	**3.5%**

Adjustments to Salary Rates Being Made by the Member Agencies

As part of the annual review of the Authority salary schedule, changes in the cost of living may be considered. The staff has compiled the following Member Agency COLA or salary range adjustments for fiscal year 2023-24 as follows:

Average of Member Agency COLAs – FY 2023-24	
County	5.0%
Lafayette	2.5%
Moraga	3.0%
Orinda	4.0%
Walnut Creek	2.5%
Average	**3.4%**

The Town of Danville's 2023-24 salary adjustments ranged from 3% to 5%.

CCCSWA's Financial Conditions and Policies

Per our FY 2022-23 audited financial statements, the Authority has an ending fund balance of $2,324,190. Of that amount, $1,180,368 has been set aside as General Fund Reserve (20% of total budgeted expenditures).

The Employee Compensation Policy is provided as Attachment A.

CCCSWA Salary History

History of CCCSWA COLA Increases for the past 5 years	
Fiscal Year	**Approved COLA**
FY 2019-20	3.5%
FY 2020-21	3.2%
FY 2021-22	0.0%
FY 2022-23	3.0%
FY 2023-24	4.0%

CCCSWA Year to Year Changes in Salary Expense						
Fiscal Year	**Salaries Expense**	**Percent of Operating Budget**	**Percent Change from Prior Year**	**COLA Impact**	**Other Impact**	
2017-18	$710,912	28%	1.90%	3.00%	-1.10%	1
2018-19	$802,154	30%	12.83%	2.90%	9.93%	2
2019-20	$845,717	28%	5.43%	3.50%	1.93%	
2020-21	$890,276	23%	5.27%	3.20%	2.07%	
2021-22	$889,887	17%	-0.04%	0.00%	-0.04%	3
2022-23	$746,785	14%	-16.08%	3.00%	-19.08%	4
2023-24	$913,914	12%	22.28%	4.00%	18.28%	5

1. Finance Manager position was vacant for 3 months.
2. Results of salary survey adjusted salary ranges of two positions (Finance Manager & Board Secretary).
3. Finance Manager position was vacant from April 2022 – November 2023.
4. Senior Accountant and Executive Director positions were vacant for 5 months.
5. Fully staffed in 2023-24

CCCSWA Salary Schedule

The current CCCSWA Salary Schedule is provided as Attachment B. All current employees are at the top step (Step E) with the exception of the Senior Accountant who is at Step C. The Senior Accountant will be eligible for a step increase in December, 2024 during her review.

Note that the Administrative Assistant and Finance Manage/Controller positions listed in the Salary Schedule are vacant, with no Board direction to fill those positions. The current staff consists of one employee in each of the following classifications: Executive Assistant / Secretary to the Board, Executive Director, Senior Accountant, Waste Prevention and Recycling Manager II, Waste Prevention and Recycling Manager III, and Contract Compliance Specialist. All approved positions are currently filled.

Salary Survey

Per the Employee Compensation Policy, the Executive Director may periodically prepare a salary survey. The purpose of the survey is to provide information about how the agency's salary schedule compares to the comparable market for public agencies of similar size and scale, and to the member agencies. Below is a list of when the Authority has most recently conducted salary surveys for each position:

- April 2017 - All positions
- May 2017 – Contract Compliance Specialist
- July 2019 – Senior Program Manager
- March 2022 – Senior Accountant and Executive Director

The Executive Director requests input from the Personnel Committee regarding when to conduct the next salary survey for all positions excluding Senior Accountant and Executive Director.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY

POLICY TITLE: Employee Compensation Policy

A. Purpose

The policy addresses compensation for the employees of the Central Contra Costa Solid Waste Authority ("CCCSWA"). The policy goals include: ensuring the agency attracts and retains highly qualified and skilled employees; providing an equitable and transparent compensation system for agency employees; and ensuring fiscal responsibility of the agency and appropriate oversight by the Board of Directors ("Board"). This policy does not create any contract of employment, express or implied, or any rights in the nature of a contract.

B. Policy

1. Compensation Based on Salary Schedule

The Board adopts a salary schedule for the agency. The salary schedule describes the range of salary rates based on a five-step system (Step A through E) for each employment classification/title/position within the agency. The Board may periodically update the salary schedule; all changes to the salary schedule must be approved by the Board. The salary schedule will be posted on the agency's website.

Each employee is appointed to an employment classification/title/position, as well as a step within the salary range for that classification. Employees are compensated based on their employment classification and step within the salary range for that classification, in conformance with the Board-approved salary schedule.

2. Annual Review of Salary Schedule

The Executive Director will annually review the salary schedule with the Personnel Committee and make recommendations for any changes. Annual changes are not automatic. Recommendations for changes will be based on factors such as:

- Changes in costs of living;
- Adjustments to salary rates being made by the member agencies; and
- CCCSWA's financial conditions and policies.

The Personnel Committee will consider and make recommendations to the Finance Committee regarding any changes to the salary schedule. The Finance Committee will consider the recommendations in the context of the agency's overall budget and make recommendations to the Board regarding any changes to the salary schedule. The Board will consider and may approve any changes to the salary schedule in its discretion. Any

Board-approved changes to the salary schedule shall occur in advance of (or concurrent with) the Agency's budget setting process for the following fiscal year, and are expected tobe effective July I (the start of the fiscal year).

3. Advancement Within a Salary Range

At the time of hiring, employees are appointed by the Executive Director to a step within the salary range for the employment classification. Initial employment will normally be atthe first step in the salary range for the position. Initial employment may be at a higher step in the salary range when necessary to recruit a qualified applicant or based on superior qualifications, experience, and education, at the discretion of the Executive Director.

Over time, employees are eligible for advancement within a salary range at the discretionof the Executive Director (e.g., moving from Step B to C) until they reach the highest salary rate within the range (Step E), at which time the employee is no longer eligible for step advancements within the classification. Advancements are not automatic.

Employees are expected to be reviewed by the Executive Director for potential advancement within the salary range every 12 months until they reach the highest salaryrate within the range (Step E) for their classification.

4. Appointment to a Different Employment Classification

Employees may be eligible for appointment to a different employment classification/title/position within the agency at the discretion of the Executive Director(e.g., promotion from Waste Prevention & Recycling Manager II to III). The Executive Director's determination shall be based on factors such as:

- Significant changes in the scope of duties, functions, and responsibilities;
- Significant changes in the complexity of duties, functions, and responsibilities;
- Increased supervisory responsibilities; and
- The needs of the agency.

Promotions will normally be at the lowest step in the salary range for the new classification that provides an increase over the salary rate received by the employee immediately prior to promotion.

5. Salary Survey

Periodically, the Executive Director may prepare a salary survey. The purpose of the survey is to provide information about how the agency's salary schedule compares to thecomparable market for public agencies of similar size and scale, and to the member agencies. The salary survey shall be based on comparable positions (which may or may not have the same job title). Comparability shall be based on factors such as:

- Typical or required education, training, and qualifications for the position;
- Scope and complexity of duties, functions, and responsibilities; and
- Supervisory responsibilities (e.g., number of direct reports).

The Executive Director will review the salary survey with the Personnel Committee and recommend any changes to the salary schedule. Changes to the salary schedule based on the results of a salary survey are not automatic. Recommendations for change will be based on factors such as:

- Material deviation in the Agency's salary rates and total compensation compared to comparable market;
- Challenges attracting and retaining employees as a result of a materially below-market salary schedule and total compensation; and
- CCCSWA's financial conditions and policies.

The Personnel Committee will consider and make recommendations to the Finance and Administrative Committee regarding any changes to the salary schedule. The Finance and Administrative Committee will consider the recommendations in the context of the Agency's overall budget and make recommendations to the Board regarding any changes to the salary schedule. The Board will consider and may approve any changes to the salary schedule in its discretion.

6. Periodic Organizational Review

At the time a staff vacancy occurs, and more frequently as deemed appropriate, the Executive Director will review the agency's organizational structure and staffing plan with the Personnel Committee.

7. Other

A. Any changes to the salary schedule based on annual review or as a result of a salary survey, and any advancement within a classification or appointment to a new classification, must be consistent with the Board-approved budget.

B. The Executive Director's compensation is at the discretion of the Board, subject to the terms of the negotiated employment contract and state law. The Executive Director's compensation will be included on the Agency's salary schedule.

C. This policy supersedes and replaces the Annual COLA and Salary Step IncreasePolicy (adopted September 22, 2016).

Item 4a_Attachment C-2

Central Contra Costa Solid Waste Authority
July 1, 2023 Salary Schedule

Class Title	Class Code	Salary Rate	Step A	Step B	Step C	Step D	Step E
Administrative Assistant	C185	Monthly	$4,858.09	$5,239.43	$5,620.78	$6,032.46	$6,444.13
		Bi-Weekly	$2,242.19	$2,418.20	$2,594.21	$2,784.21	$2,974.21
		Hourly	$28.03	$30.23	$32.43	$34.80	$37.18
		Annually	**$58,297.04**	**$62,873.21**	**$67,449.38**	**$72,389.48**	**$77,329.59**
Executive Assistant / Secretary to the Board	C180	Monthly	$9,847.95	$10,044.91	$10,245.81	$10,450.72	$10,603.24
		Bi-Weekly	$4,545.21	$4,636.11	$4,728.83	$4,823.41	$4,893.80
		Hourly	$56.82	$57.95	$59.11	$60.29	$61.17
		Annually	**$118,175.42**	**$120,538.92**	**$122,949.70**	**$125,408.70**	**$127,238.84**
Executive Director	E205	Monthly					$18,333.33
		Bi-Weekly					$8,461.54
		Hourly					$105.77
		Annually					**$220,000.00**
Finance Manager/Controller	G108	Monthly	$13,693.60	$14,241.34	$14,810.99	$15,403.43	$15,948.79
		Bi-Weekly	$6,320.12	$6,572.93	$6,835.84	$7,109.28	$7,360.98
		Hourly	$79.00	$82.16	$85.45	$88.87	$92.01
		Annually	**$164,323.14**	**$170,896.07**	**$177,731.91**	**$184,841.19**	**$191,385.48**
Senior Accountant	G108	Monthly	$9,678.34	$10,199.49	$10,720.46	$11,241.43	$11,759.70
		Bi-Weekly	$4,466.92	$4,707.46	$4,947.90	$5,188.35	$5,427.55
		Hourly	$55.84	$58.84	$61.85	$64.85	$67.84
		Annually	**$116,140.04**	**$122,393.86**	**$128,645.50**	**$134,897.15**	**$141,116.35**
Waste Prevention & Recycling Manager I, Associate	G160	Monthly	$6,574.15	$6,980.49	$7,386.82	$7,797.98	$8,209.13
		Bi-Weekly	$3,034.22	$3,221.76	$3,409.30	$3,599.07	$3,788.83
		Hourly	$37.93	$40.27	$42.62	$44.99	$47.36
		Annually	**$78,889.81**	**$83,765.84**	**$88,641.86**	**$93,575.74**	**$98,509.62**
Waste Prevention & Recycling Manager II, Journey	G180	Monthly	$7,694.14	$8,697.48	$9,700.83	$10,855.24	$12,009.65
		Bi-Weekly	$3,551.14	$4,014.22	$4,477.31	$5,010.11	$5,542.92
		Hourly	$44.39	$50.18	$55.97	$62.63	$69.29
		Annually	**$92,329.67**	**$104,369.81**	**$116,409.94**	**$130,262.88**	**$144,115.81**
Waste Prevention & Recycling Manager III, Senior	G185	Monthly	$10,218.83	$10,493.02	$10,767.21	$11,714.57	$12,661.92
		Bi-Weekly	$4,716.38	$4,842.93	$4,969.48	$5,406.72	$5,843.96
		Hourly	$58.95	$60.54	$62.12	$67.58	$73.05
		Annually	**$122,625.97**	**$125,916.26**	**$129,206.55**	**$140,574.81**	**$151,943.08**
Contract Compliance Specialist	G180	Monthly	$7,694.14	$8,697.48	$9,700.83	$10,855.24	$12,009.65
		Bi-Weekly	$3,551.14	$4,014.22	$4,477.31	$5,010.11	$5,542.92
		Hourly	$44.39	$50.18	$55.97	$62.63	$69.29
		Annually	**$92,329.67**	**$104,369.81**	**$116,409.94**	**$130,262.88**	**$144,115.81**

Note: Schedule includes 4% COLA increase effective 7/1/23. This excludes the Executive Director, whose contract does not provide for a salary increase until July 1, 2024.

Additional Analysis

COLA 1% - 4% Increase Scenarios

Impact to Salaries Expense

Employee Classification	Projected Salaries Expense 2023-24	0% COLA Salaries Expense 2024-25	*1% COLA* Impact to Salaries Expense	*2% COLA* Impact to Salaries Expense	*2.5% COLA* Impact to Salaries Expense	*3% COLA* Impact to Salaries Expense	*3.4% COLA* Impact to Salaries Expense	*3.5% COLA* Impact to Salaries Expense	*4% COLA* Impact to Salaries Expense
Board Secretary	$ 127,238.84	$ 127,238.84	$ 1,272.39	$ 2,544.78	$ 3,180.97	$ 3,817.17	$ 4,326.12	$ 4,453.36	$ 5,089.55
Program Manager, II	$ 144,115.81	$ 144,115.81	$ 1,441.16	$ 2,882.32	$ 3,602.90	$ 4,323.47	$ 4,899.94	$ 5,044.05	$ 5,764.63
Contract Compliance Manager	$ 144,115.81	$ 144,115.81	$ 1,441.16	$ 2,882.32	$ 3,602.90	$ 4,323.47	$ 4,899.94	$ 5,044.05	$ 5,764.63
Senior Accountant *	$ 125,780.16	$ 132,292.31	$ 1,322.92	$ 2,645.85	$ 3,307.31	$ 3,968.77	$ 4,497.94	$ 4,630.23	$ 5,291.69
Executive Director **	$ 220,000.00	$ 220,000.00	$ 2,200.00	$ 4,400.00	$ 5,500.00	$ 6,600.00	$ 7,480.00	$ 7,700.00	$ 8,800.00
Program Manager, III	$ 151,943.08	$ 151,943.08	$ 1,519.43	$ 3,038.86	$ 3,798.58	$ 4,558.29	$ 5,166.06	$ 5,318.01	$ 6,077.72
Total	**$ 913,193.70**	**$ 919,705.85**	**$ 9,197.06**	**$ 18,394.12**	**$ 22,992.65**	**$ 27,591.18**	**$ 31,270.00**	**$ 32,189.70**	**$ 36,788.23**

*Assumes a 4.9% step Increase on 12/5/2024. All other employees are at top step.

**Hired 1/3/23

Member Agency and CCCSWA COLAS - FY 2019 - FY 2025

Fiscal Year	County	Danville	Lafayette	Moraga	Orinda	Walnut Creek	CCCSWA
2018-19	3.0%	4.0%	6.2% [1]	2.0%	3.0%	3.0%	2.9%
2019-20	4.0%	4.0%	5.1%	3.0%	3.0%	3.0%	3.5%
2020-21	3.0%	0.0%	2.5%	2.5%	3.0%	3.0%	3.2%
2021-22	3.0%	4.0%	2.5%	2.5%	5.0%	2.5%	0.0%
2022-23	5.0%	unknown	2.5%	5.2%	4.0%	3.0%	3.0%
2023-24	5.0%	unknown	2.5% [2]	3.0%	4.0%	2.5%	4.0%
2024-25	5.0%	unknown	2.5%	3.0%	3.0%	unknown	unknown
Average	4.0%	3.0%	3.4%	3.0%	3.6%	2.8%	2.8%

[1] Includes some promotions.

[2] Note that Lafayette had a median salary increase of 7.7% in FY 2023-34 due to a salary survey. The COLA portion was 2.5%.

Item 4a_Attachment D
This document will also be sent to you separately in Excel

	Rob 320	Emily 295	Cost Lead 230	Tech Lead 230	Assoc 185	Assist 160	Admin 145	Labor Hours	Labor $	Notes/Assumptions
GENERAL - SCOPE/STRATEGY/SUPPORT										
Ongoing Support to RecycleSmart Staff	**84**	**94**	**0**	**28**	**6**	**0**	**0**	**212**	**$ 62,160.00**	
Design Intake Support	12	12	0	12	0	0	0	36		With RS (1 @ 3 hr mtg/prep) and RS/MDRR (1 @ 4 hr mtg/prep) Reuse, with RS for Collection (2 @ 4 hr mtgs/Prep)
Program Design/Scoping Support	2	4	0	8	2	0	0	16		Reviewing and providing feedback on scope and alternatives, priorizing programs and options
Ongoing Misc. Support	62	62	0	0	0	0	0	124		1.0 hour per week each for Rob/Emily (May 2024 - June 2025)
Reviewing Ad Hoc Packets, as requested	4	8	0	4	0	0	0	16		Up to 8 meetings, 1.5 hr review between Rob/Emily, 0.5 hours of QC
Reviewing Board Packets, as reqeusted	4	8	0	4	4	0	0	20		Up to 4 meetings, 3 hours split between Rob/Emily, 2.0 hour of QC
Ad Hoc Committee Meetings	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**$ -**	Up to 8 meetings split between Design & Selection @ 1 hour each + 1 hour of prep per meeting (Rob/Emily alternate attendence) - No Charge
Board of Directors Meetings	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**$ -**	Up to 4 meetings, 1 for Reuse, 1 for PC, 2 for Collection @ 2 hours each + 1 hour of prep per meeting (Rob/Emily alternate not charging, 2 at same price as 1) - No Charge
POST-COLLECTION PROCUREMENT										
Sole Source - REUSE	**22**	**48**	**20**	**36**	**0**	**8**	**28**	**162**	**$ 39,420.00**	
Prepare Agreement and Mini-RFP	**12**	**24**	**8**	**16**	**0**	**8**	**16**	**84**	**$ 20,040.00**	1 draft agreement w/ exhibits, 2 rounds of edits from consolidated/non-conflicting RS docs, 1 final draft for Mini-RFP
Support Agreement Development	8	16	0	16	0	0	16	56		
Review and Comment on Mini-RFP	0	0	0	0	0	0	0	0		
Develop Cost Forms	2	4	4	0	0	4	0	14		
Review Cost Forms	2	4	4	0	0	4	0	14		
Negotiate and Execute	**10**	**24**	**12**	**20**	**0**	**0**	**12**	**78**	**$ 19,380.00**	
Contract and Cost-Related Support During Negotiations	8	16	12	12	0	0	0	48		
Finalize and Assemble Contract	2	8	0	8	0	0	12	30		
Competetive - TNSF/DISP/REC/COM/MXW	**174**	**266**	**48**	**204**	**12**	**8**	**32**	**744**	**$ 200,250.00**	
Proposal Evaluation & Proposer Interviews	**114**	**152**	**48**	**90**	**12**	**8**	**0**	**424**	**$ 116,560.00**	
Cost Form Review/Comparison/Pairing	0	4	8	0	8	0	0	20		Up to 6 combined proposals - RS to review cost forms for completeness, HF&H to tic-and-tie 1 and RS the remainder, RS to prepare pairing/comparisons, HF&H to review/advise
Analyze/Benchmark Cost Proposals	0	2	8	0	4	4	0	18		Assumes 5 types of pricing proposals - mileage comparison using HF&H standard approach
Technical Review/Comparison	2	4	0	12	0	4	0	22		HF&H to prepare matrix for each of the 5 agreements, RS to perform initial technical review and prepare proposal summaries.
Proposal Review	24	24	0	24	0	0	0	72		Up to 6 combined proposals - HF&H to read and be available to answer RS staff questions.
Review Contract Exceptions/Annotate	18	36	0	24	0	0	0	78		Up to 6 combined proposals - annotated and color coded as 1) material exception, 2) non-material exception, 3) clarification (no additional comments to be provided)
Track/Analyze Costs through Clarifications	12	18	24	18	0	0	0	72		Up to 6 combined proposals - @ 12 combined HF&H hours each
Review/Comment on RS-led Tasks	24	24	0	8	0	0	0	56		HF&H to coordinate review and responses
Manage Clarification/Interview Questions	2	8	8	4	0	0	0	22		RS to manage follow-up clarification questions and responses, HF&H to review. HF&H to provide cost clarifications
Shortlisting Proposers for Interviews	8	8	0	0	0	0	0	16		2 @ 3 hr meetings w/ RS to support shortlisting for interviews, plus 1 hr of prep for each
Participate in Interviews	24	24	0	0	0	0	0	48		4 interviews, 2 hrs/proposer + 2 hrs prep + 2 hrs pre-meet/de-brief. RS to draft questions, organize, take notes, and summarize claifications. No charge for Rob/Emily facility tours.
Negotiate and Execute	**60**	**114**	**0**	**114**	**0**	**0**	**32**	**320**	**$ 83,690.00**	
Contract Negotiations	52	82	0	50	0	0	0	184		2 proposers, 4 meetings @ 4.0 hours each (pre meet + debrief) + 12 combined hours of prep and follow-up between each session (+ before first, after last)
Finalize and Assemble Contracts	8	32	0	64	0	0	32	136		4 final agreements; Assumes RS staff/legal to be responsible for final printing, signing, and securing collateral docs (e.g. insurance)
COLLECTION PROCUREMENT										
Draft RFP and Franchise Agreement	**30**	**77**	**24**	**32**	**24**	**8**	**33**	**228**	**$ 55,700.00**	
Lead Agreement Development	24	60	0	32	24	0	24	164		1 draft agreement w/ exhibits, 2 rounds of edits from consolidated/non-conflicting RS docs, 1 final draft for RFP
Review and Comment on RFP	4	8	0	0	0	0	8	20		
Develop Cost Forms	2	8	24	0	0	8	0	42		
Distribute RFP Notice	0	1	0	0	0	0	1	2		
Preproposal Conference & Responses to Proposer Questions	**8**	**12**	**16**	**8**	**0**	**0**	**0**	**44**	**$ 11,620.00**	
Participate in Preproposal Conference	2	0	0	0	0	0	0	2		
Respond to Pre-Proposal Questions	4	8	8	0	0	0	0	20		HF&H responsible to lead up to 25 questions
Track Necessary Changes to Agreement/Exhibits	2	4	8	8	0	0	0	22		
Proposal Evaluation & Proposer Interviews	**70**	**106**	**52**	**61**	**24**	**40**	**0**	**353**	**$ 90,500.00**	
Review Costs for completeness/compliance/math/logic	0	4	8	0	8	8	0	28		3 proposals - RS to perform initial review of cost forms for completeness, HF&H to tic-and-tie, RS to prepare cost proposal comparisons, HF&H to review and advise
Analyze/Benchmark Cost Proposals	4	12	24	0	16	16	0	72		Regional comparison of base and extra services using HF&H standard approach
Technical Review/Comparison	2	4	0	12	0	4	0	22		HF&H to prepare matrix for base and extra services, RS to perform initial technical review and prepare proposal summaries.
Proposal Review	18	18	0	18	0	0	0	54		3 Proposals - HF&H to read each proposal and be available to answer RS staff questions.
Review Contract Exceptions/Annotate	6	24	0	9	0	0	0	39		3 proposals - annotated and color coded as 1) material exception, 2) non-material exception, 3) clarification (no additional comments to be provided)
Track/Analyze Costs through Clarifications	6	6	12	6	0	8	0	38		3 proposals @ 5 combined HF&H hours each
Review/Comment on RS-led Tasks	18	18	4	8	0	4	0	52		HF&H to coordinate review and responses
Manage Clarification/Interview Questions	4	8	4	8	0	0	0	24		RS to manage follow-up clarification questions and responses, HF&H to review. HF&H to provide cost clarifications
Participate in Interviews	12	12	0	0	0	0	0	24		3 interviews, 2 hrs/proposer + 2 hr prep. RS to draft questions, organize, take notes, and summarize claifications. No charge for Rob/Emily facility tours.
Negotiate and Execute	**56**	**108**	**0**	**76**	**0**	**0**	**36**	**276**	**$ 72,480.00**	
Contract Negotiations	52	92	0	60	0	0	0	204		2 proposers, 4 meetings @ 6.0 hours each (pre meet + debrief) + 14 combined hours of prep and follow-up between each session (+ before first, after last)
Prepare Contract for Execution	4	16	0	16	0	0	36	72		Up to two (2) final agreements; Assumes RS staff/legal to be responsible for final printing, signing, and securing collateral docs (e.g. insurance)
TOTAL HOURS	**444**	**711**	**160**	**445**	**66**	**64**	**129**	**2019**	**$532,130.00**	
% Hours of Total Budget	22%	35%	8%	22%	3%	3%	6%	100%		

Approved Budget	$ 325,080.00
Proposed Additional Budget	$ 532,130.00
	$ 857,210.00

Diversion and Recycling Programs

Program	Description	Accomplishments/Goals
Construction and Demolition Program **Cost:** $25,060 **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 Authority's C&D Ordinance CalGreen diversion requirements, and annual SB 1383 reporting to CalRecycle (2) expand the functionality of the Green Halo system by linking weight tickets issued at the Martinez Transfer Station scale house.	**Accomplishments:** ▪ Diverted through reuse and recycling 15,399 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. ▪ Expanded the functionality of the Green Halo system by adding the ability to link weight tickets issued at the Mt. Diablo Resource Recovery scale house directly to Green Halo projects. ▪ Coordinated an update to the Republic Service's Enclosure Guidelines to highlight the importance of SB 1383, adequate space for all three material streams, and early collection noise considerations. ▪ Permitted fourteen (14) 2023-24 Registered C&D Transporters **Goals:** ▪ Fund Contra Costa County's use of Green Halo within the Authority service area ▪ Implement Republic Services Martinez Transfer Station electronic scale ticket integration with Green Halo system ▪ Initiate illegal hauling activity monitoring with Green Halo ▪ Provide outreach to contractors and property owners about deconstruction
Home Composting for Busy People Program	US Composting Council award-winning program supports SB 1383 organic waste reduction and outreach	**Accomplishments:** ▪ 1,800 Republic Services bill discount 'certifications' and 1,400 tons of potential organics diversion by home composting ▪ Provided 42 Compost in the Classroom workshops

Program	Description	Accomplishments/Goals
Cost: $37,000 **Regulatory Requirement:** Supports SB 1383	requirements. The program consists of in-person and virtual community workshops, annual compost giveaway events, Compost in the Classroom, discount compost bins, and the single-family home composter certification and bill discount through Republic Services.	▪ Re-launched compost bin sales program (paused since 2021) ▪ Provided 2 annual compost giveaway events (compost counts toward SB 1383 procurement requirement) ▪ Provided 4 community workshops **Goals:** ▪ Orinda youth "sustainability week" summer camp pilot with a focus on organics and soils ▪ Increase single-family home composter certification and bill discount; increase organics diversion
Outreach & Education **Cost: $504,232** **Regulatory Requirement:** Yes	Supports waste reduction mandates, programs, and services for our communities by developing, designing, and implementing outreach and special projects. This program includes RecycleSmart's residential newsletter, community sponsorships for waste reduction activities, and outreach and education activities.	**Accomplishments:** ▪ Quarterly direct mail residential newsletter to single-family homes and multifamily tenants ▪ Implemented "Hello Recycling Bin" texting outreach tool to provide on-demand sorting information ▪ Paid Google ad campaigns on organic waste reduction, proper sorting, and household hazardous waste ▪ 2023-24 truck sign on Republic Services trucks ▪ Designed a new community event guide ▪ Initiated contracts with ReThink Disposable and FoodWare to provide technical assistance to businesses to transition to reusable food ware packaging and takeout containers ▪ Provided funding to Sustainable Contra Costa, The Crayon Initiative, Walnut Creek Sustainability Week ▪ Initiated survey for residents and businesses to solicit feedback on programs and services to help guide the 2027 Franchise RFP process **Goals:** ▪ Pilot Hello Recycling Bin at a high school or Saint Mary's College ▪ Design 2024-25 truck sign on Republic Services trucks

Program	Description	Accomplishments/Goals
		▪ Continue paid Google ad campaigns to build upon engagement data and design outreach materials in response
SB 1383 Implementation (Funded through CalRecycle grant) **Cost: $312,200** **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, compliance, and technical assistance to Tier One and Tier Two covered edible food generators, annual route reviews, annual reporting, and outreach and education. Funding for FY 24/ and FY 25 will come from a second allotment of CalRecycle 1383 local assistance grant funds. This second allotment is substantial enough for the Authority to undertake a Waste Characterization/ Capture Study.	**Accomplishments:** ▪ Refined route contamination monitoring protocol ▪ Conducted required route review of all 69 routes ▪ Completed assessment of commercial and multifamily organics service waivers ▪ Provided required outreach and education to all generators ▪ Contracted with Contra Costa Health Services for required T1 Commercial Edible Food Generator inspections ▪ Contracted with Food Shift and Envirolutions to provide technical assistance to T1 and T2 Commercial Edible Food generators to improve and expand compliance with edible food recovery requirement ▪ Initiated contract with ESA to complete required capacity planning study for organics diversion and edible food recovery **Goals:** ▪ Contract for and complete a waste characterization/capture study ▪ Issue an RFP for 2024 route review services ▪ Complete T2 Commercial Edible Food Generator inspections with Contra Costa Health Services ▪ Contract for continued technical assistance to improve T1 and T2 Commercial Edible Food Generator compliance with food donation requirement ▪ Create video outreach to support Food Recovery Organizations, educate commercial generators, and encourage residents to volunteer ▪ Create food donation educational signage for grocery stores ▪ Explore the concept of a countywide edible food recovery symposium in partnership with neighboring jurisdictions to support local Food Recovery Organizations

Program	Description	Accomplishments/Goals
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:** ▪ 45 out of 66 schools at 50% or greater diversion ▪ 18 Wastebusters awards in 2023 for schools reaching 75% diversion ▪ Continued supporting six schools in the transition to reusables (beginning with baskets and utensils) ▪ Intern program continued, with 2 student scholarships awarded in 2023 **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: $15,500** **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 insurance and booth registration fees.	**Accomplishments:** ▪ Developed engaging, family-oriented community event outreach booth (photo booth) with a focus on organics/green cart and very little paper use ▪ Participated in 12 community events and Farmers Markets in partnership with Republic Services ▪ Partnered with the "Taste of Lafayette" Chamber event to provide reusable sporks and coordinate with participating businesses to improve waste reduction and sorting ▪ Partnered with the "Womens Conference" Walnut Creek Chamber event to improve waste reduction and sorting ▪ Partnered with the "Moraga Pear Festival" Town sponsored event to provide reusable and recyclable cups to improve waste reduction

Program	Description	Accomplishments/Goals
		▪ Staff attended Member Agency, Chamber, Industry, and other local and regional events **Goals:** ▪ Engage with residents and businesses at events about programs and services in response to the Franchise RFP process/survey ▪ Partner with community organizations to improve and expand waste prevention, reduction and proper sorting at events ▪ Update member agency event permit applications, if applicable.

Central Contra Costa Solid Waste Authority
Member Agency Reserves Balances
Attachment D

	6/30/2022 Balance	Addition / (Reduction) to Reserves Payment (RY7)	Addition / (Reduction) to Reserves Payment (RY8)	Direct Distributions	Distribution of Funds in Excess of the Reserves FY22	6/30/23 Balance
Contra Costa County	$ 2,646,641	$ (170,005)	$ (191,059)		$ 667,851	$ 2,953,428
Town of Danville	3,750,424	(410,858)	(553,631)		641,971	3,427,906
City of Lafayette	2,354,773	459	(146,228)		357,767	2,566,771
Town of Moraga	942,406	4,122	(65,386)		196,947	1,078,088
City of Orinda	1,236,039	-	-	(460,084)	254,659	1,030,614
City of Walnut Creek	3,957,856	37,556	-		1,047,626	5,043,038
Total Due to Other Governments	$ 14,888,139	$ (538,726)	$ (956,304)	$ (460,084)	$ 3,166,821	$ 16,099,845

Recycle Smart
Central Contra Costa Solid Waste Authority

Agenda Item No. 4b

Agenda Report

TO: FINANCE & ADMINISTRATION COMMITTEE

FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR

DATE: MAY 13, 2024

SUBJECT: FY 2022-23 FUNDS IN EXCESS OF RESERVE

RECOMMENDED ACTION

1. Staff is seeking guidance and direction from the Finance and Administration Committee regarding the application of the FY 2022-23 Funds in excess of the Reserve.

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 will set 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 2022-23 audited financial statements, CCCSWA has an ending fund balance of $2,324.190. Of that amount, $1,180,368 has been set aside as General Fund Reserve (20% of total budgeted expenditures for FY 2023-24) and determined that $1,065,185 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 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.

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.

Distribute all of the 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 2022-23	% Allocation of Solid Waste Tons in FY 2023-23	Distribution to Member Agencies Reserves	Member Agency Reserves as of 6/30/2023	Member Agency Reserves After Distribution
County	40,000	20.74%	$220,904	$2,953,428	$3,174,332
Danville	39,109	20.28%	$215,979	$3,427,906	$3,643,885
Lafayette	21,738	11.27%	$120,050	$2,566,771	$2,686,821
Moraga	12,169	6.31%	$67,204	$1,078,088	$1,145,292
Orinda	15,349	7.96%	$84,765	$1,030,614	$1,115,379
Walnut Creek	64,514	33.45%	$356,284	$5,043,038	$5,399,321
Total	**192,879**	**100%**	**$1,065,185**	**$16,099,845**	**$17,165,030**

ATTACHMENTS

A. General Fund Minimum Fund Balance Reserve and Application of Funds in Excess of the Reserve Policy
B. 2022-23 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.

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

This Page Left Intentionally Blank

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

Table of Contents

This Page Left Intentionally Blank

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

T 925.228.2800
E maze@mazeassociates.com
W mazeassociates.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
January 26, 2024

This Page Left Intentionally Blank

Basic Financial Statements

Government-Wide Financial Statements

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

See accompanying notes to financial statements

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position- Governmental Activities
Governmental Activities			
General government	$8,805,418	$2,138,579	($6,666,839)
Public information	1,248,957	4,800,456	3,551,499
Interest and fiscal charges	22,995		(22,995)
Total governmental activities	$10,077,370	$6,939,035	($3,138,335)

General Revenues:	
Investment income	$228,110
Miscellaneous	40,162
Total General Revenues	268,272
Change in net position	(2,870,063)
Net position at beginning of the year	5,468,919
Net position at end of year	$2,598,856

See accompanying notes to financial statements

Fund Financial Statements

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

See accompanying notes to financial statements

Total governmental fund balance	$2,410,067
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.	882,214
Long term liabilities/assets and related balances and compensated absences have not been included in the governmental fund activity	
Compensated absences	(80,076)
Total OPEB liability	(57,152)
Net pension liability	(30,180)
Lease liability	(912,893)
Deferred outflows of resources related to pensions and OPEB are deferred and recognized in future periods:	
Deferred outflows of resource related to pensions	514,696
Deferred outflows of resources related to OPEB	16,674
Deferred inflows of resources related to pensions and OPEB are deferred and recognized in future periods:	
Deferred inflows of resources related to pensions	(86,039)
Deferred inflows of resources related to OPEB	(58,455)
Net position of governmental activities	$2,598,856

See accompanying notes to financial statements

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

See accompanying notes to financial statements

Net change in fund balances	($1,973,410)
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	(97,184)
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	81,349
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	43,697
Changes in total OPEB liability and related amounts	(12,106)
Changes in net pension liability (asset) and related amounts	(912,409)
Change in net position of governmental activities	($2,870,063)

See accompanying notes to financial statements

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

See accompanying notes to financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

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

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

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

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

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

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

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

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

C. Cash and Investments

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

D. Net Position

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

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

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

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

E. Fund Balances

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

The components of fund balance are:

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

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

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

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

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

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

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

F. Compensated Absences

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

G. Deferred Outflows/Inflows of Resources

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

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

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

H. Pensions

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

I. Capital Assets

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

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

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

J. Long-Term Obligations

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

K. Use of Estimates

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

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

L. Implementation of Governmental Accounting Standards Board Statements

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

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with such arrangements. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2021, or fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

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

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

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

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2022, or the fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

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

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

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

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

Deposits

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

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

Fair Value Measurement and Application

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

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

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

Local Agency Investment Fund

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

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

NOTE 3 – COMPENSATED ABSENCES

Compensated absences at June 30, 2023 were as follows:

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

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

NOTE 4 – CAPITAL ASSETS

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

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

Depreciation and amortization expense of $132,690 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 – FUND BALANCES

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

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

NOTE 7 – DIVERSION INCENTIVE FUND AND MEMBER AGENCY DEPOSITS PAYABLE

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

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

NOTE 8 – PENSION PLAN

Plan Description

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

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

Benefits Provided

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

NOTE 8 – PENSION PLAN (Continued)

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. All employees are participants in the Tier I plan and are required to contribute 7 percent of their annual covered salary. For the year ended June 30, 2023, contributions to the Plan were $68,122.

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

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

The Authority's net pension liability is measured as the proportionate share of net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2021. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability as of June 30, 2021 and 2022 measurement dates are as follows:

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

NOTE 8 – PENSION PLAN (Continued)

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

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

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

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

NOTE 8 – PENSION PLAN (Continued)

Actuarial Assumptions

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

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

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

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

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

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

NOTE 8 – PENSION PLAN (Continued)

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long- term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

NOTE 8 – PENSION PLAN (Continued)

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

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

1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
$647,438	$30,180	($477,671)

Pension Plan Fiduciary Net Position

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

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

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

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

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

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

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

Total OPEB Liability

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

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

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

Changes in the Total OPEB Liability

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 10 – LEASES

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

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

The remaining obligations associated with these leases are as follows:

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

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

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

NOTE 11 – CONTINGENCIES

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

NOTE 12 – NEW ACCOUNTING PRONOUNCEMENTS

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

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

This Page Left Intentionally Blank

Required Supplementary Information

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2023
Last 10 Years*
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

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

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

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

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

	2023	2022	2021	2020
Contractually required contribution (actuarially determined)	$68,122	$83,076	$100,607	$102,986
Contribution in relation to the actuarially determined contributions	(68,122)	(170,722)	(298,584)	(302,986)
Contributions deficiency (excess)	$0	($87,646)	($197,977)	($200,000)
Covered payroll	$744,757	$922,802	$859,952	$881,310
Contributions as a percentage of covered payroll	9.15%	9.00%	11.70%	11.69%

	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$71,760	$75,967	$74,273	$70,318	$67,514
Contribution in relation to the actuarially determined contributions	(71,760)	(75,967)	(74,273)	(70,318)	(67,514)
Contributions deficiency (excess)	$0	$0	$0	$0	$0
Covered payroll	$803,018	$668,374	$708,206	$687,362	$577,799
Contributions as a percentage of covered payroll	8.94%	11.37%	10.49%	10.23%	11.68%

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

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

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

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

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

Changes of assumptions. Changes of 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%	3.54%
Inflation Rate	2.75%			2.50%	2.50%	2.50%
Mortality Improvement Scale	MP-2016			MP-2020	MP-2020	MP-2021

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

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	

See Note to the Required Supplementary Information

Note 1 – Budgetary Information

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

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

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

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

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

Other Report

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Central Contra Costa Solid Waste Authority (Authority) as of and for the year ended June 30, 2023, and have issued our report thereon dated January 26, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that have not been identified.

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

T 925.228.2800
E maze@mazeassociates.com
W mazeassociates.com

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Maze + Associates

Pleasant Hill, California
January 26, 2024