



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

Telephone: 925.906.1801

Email: authority@wastediversion.org

Website: www.recyclesmart.org

Facebook: www.facebook.com/CCCSWA

STANDING FINANCE AND ADMINISTRATION COMMITTEE MEETING

AGENDA

APRIL 4, 2025 – 8:00 A.M.

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

1. CALL TO ORDER

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 May 13, 2024*

4. ACTION ITEMS

- a. Operations Fund and Reuse Fund Budgets for Fiscal Year 2025-26*
Adopt Operations Fund and Reuse Fund Budgets for Fiscal Year 2025-26, as set forth in Attachments A and B, or as amended by the Committee and forwarded to the full Board for approval.

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.

DRAFT MINUTES OF THE
STANDING FINANCE AND ADMINISTRATION COMMITTEE MEETING
OF THE CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
HELD ON MAY 13, 2024

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 May 13, 2024. Chair Inga Miller called the meeting to order at 2:01 P.M.

1. CALL TO ORDER AND ROLL CALL

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

ABSENT: Committee Members: None

Staff members present: David Krueger, Executive Director; Janna McKay, Executive Assistant/ Secretary to the Board; Grace Comas, Senior Accountant; Judith Silver, Senior Program Manager; Ashley Louisiana, Program Manager; 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 July 13, 2023

MOTION by Committee Member Andersen to adopt Consent Item a, as submitted.
SECOND by Committee Member Sos.

MOTION PASSED unanimously by a voice vote.

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 to the staff report dated May 13, 2024, or as amended by the Committee and forward to the full Board for approval.

Executive Director David Krueger noted that last year the CCCSWA (RecycleSmart) was planning the procurement process and the Finance and Administration Committee had approved the budget for the whole two-year process and had crafted a formula to derive it. The value of the franchise was \$53 million annually, one percent would be producing \$530,000. This seemed reasonable given that bids from consultants were in the \$350,000 range leaving enough additional funding for legal fees.

Mr. Krueger explained that more funds than originally anticipated would be needed because the original scope HF&H Consultants had proposed was to be a two-step process (post-collection and collection). Since a sole source process for landfill and transfer station services was also being pursued, there was now a three-step process. The first step, sole source, had used up much of the original budget. He proposed a revised procurement budget to get through the rest of the two steps

Mr. Krueger reported that the total budget for HF&H's work would now be \$860,000, more than originally considered, although legal fees for the procurement were running under budget. In addition, an estimated budget of \$100,000 would be needed for California Environmental Quality Act (CEQA) review. Mr. Krueger also recommended conducting a search for one or more potential sites for a new truck yard to increase competition. He proposed that Jim Nejedly, who had the local knowledge, be contracted to do that study at a cost estimated from \$9,000 to \$18,000. He clarified that the successful proposers would reimburse RecycleSmart for all of these costs at the end of the process.

Rob Hilton, HF&H Consultants, explained in response to Committee Member Silva that two key things had driven the increase in cost; the sole source process and the requirements for more negotiations. He clarified that the process now had more steps and seven contracts with each requiring negotiation. The number of meetings and drafts had also multiplied.

It was noted the cost for the prior negotiations in 2014 had been in the area of \$950,000. On the discussion of the legal fees and CEQA review in response to Committee Member Sos, Mr. Krueger stated that CEQA would be required if there were additional vehicle miles traveled (VMT).

The Committee had no desire to reduce the legal fees and Committee Member Sos verified that the process could be built upon and benefit from the prior CEQA evaluation.

Committee Member Arnerich noted that RecycleSmart was the first agency that had pursued mitigations. Given that the issues were more complex, the CEQA cost could be higher.

The Committee recommended a budget of \$250,000 for CEQA review. Given that a commercial Realtor might be required to help find suitable sites for a new truck yard, a budget for a site search was recommended at \$50,000, with a determination of how the truck yard would be secured, to include the potential for a purchase. The budget for legal fees was recommended to remain as is.

Mr. Krueger explained that the CEQA analyses would start when they knew where they were going.

Committee Member Arnerich suggested a start to interviewing consultants along with a draft scope of work. He suggested calling Tim Haile at the Contra Costa Transportation Authority (CCTA) to help in that regard. Others recommended the consulting arm of Shute, Mihaly & Weinberger, LLP, with RecycleSmart to give that firm a list of the criteria and scope to obtain a list of companies that might best be considered. A broad search of consultants was recommended.

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

Committee Member Sos commented that the changes that had been made had made the process more costly but would ultimately benefit ratepayers.

MOTION by Committee Member Silva to recommend to the RecycleSmart Board of Directors the amended new Franchise Development Procurement Services Budget estimates. SECOND by Committee Member Arnerich.

MOTION PASSED unanimously by a voice vote.

Further discussing the Draft Budgets for 2024-25, Mr. Krueger clarified that for the majority of the revenues, the budget had been set and the budget had been put in the rates and Republic Services remitted it, and generally revenues equaled expenses. Those revenues that differed were recycling revenue sharing and there had been no prediction in that case. Noting that there had been \$60,000 in recycling revenue this year, and being very conservative, he recommended budgeting as if there would be no revenue sharing. The other revenue that was different than expenses was current interest and other revenue, and this fiscal year RecycleSmart would get reimbursed by the successful proposers for the cost of procurement, which total would be included in the budget for reimbursement.

In response to Committee Member Arnerich as to the point in time the bids would be submitted, Mr. Krueger reported that the actual cost would be reimbursed and prior to that time an estimate would be identified. The reimbursement check would be due upon signing the agreement and he described the process whereby ratepayers would eventually be reimbursed through offset rates.

For expenses, Mr. Krueger explained there would be no revenue from selling home compost bins in that residents would now purchase the bins directly from the vendor and use a code to get the RecycleSmart discount.

Board Member Silva referenced the front table of the budget and recommended it include an “actuals” column to identify the \$3 million that had been distributed back to the Member Agency Fund. She also recommended that “other revenue” be shown as a separate line, and Board Member Arnerich recommended that be broken down because it was not an “apples to apples” comparison to the prior budget.

Mr. Krueger pointed out where Senior Accountant Grace Comas had made changes that had resulted in a doubling of the usual \$200,000 interest, had changed the bank account to interest-earning, and additional funds had been deposited into the Local Agency Investment Fund (LAIF) that had resulted in higher interest earnings.

He also reported that the Finance Committee had made a recommendation to the full Board for a 3.5 percent Cost of Living Adjustment (COLA) for all employees across-the-board.

Committee Member Arnerich pointed out that the Town of Danville had not provided COLAs in its 42 years since it had a pay for performance-based system, and he requested that staff's back-up table correct the information that Danville did provide a COLA.

Mr. Krueger stated there was very little change in the other expenses other than for inflation. With respect to professional services, the Personnel Committee had determined it was time to do another salary survey for all employees, with the exception of the Senior Account and the Executive Director positions since those positions had recent salary surveys. He reported that the estimated cost of the salary survey had been identified at \$12,000. He also explained that the recycling process cost was a pass-through, for diversion programs there were attachments to break down the expenses in detail, there were no major changes to construction & demolition, and more member agencies were getting on to Green Halo software to make it more efficient.

Committee Member Dawson commented that it was helpful to have the column identify the programs, timeframes, compliance and reimbursement.

Committee Member Silva suggested that special events should be part of outreach, with a regulatory requirement.

Senior Program Manager Ashley Louisiana updated the programs related to composting (catching on); backyard composting classes in schools (doubled or tripled); the first summer camp coming up in July (piloting with Orinda); the education budget status (truck signs every year and the newsletter taking up almost half of that budget, with many positive comments on the newsletter), and transition to paid Google outreach and advertising (more cost efficient).

The Committee agreed that the newsletter was a home run every time.

Senior Program Manager Judith Silver noted that RecycleSmart staff would continue to do what had to be done under SB 1383 that included annual route monitoring, completing regulatory requirements, continued to provide technical assistance with respect to edible food recovery and Tier 1 and Tier 2 businesses understood SB 1383 requirements. In addition, a waste characterization would be produced with grant money next fall or next spring to help understand what was good and bad in each of the waste streams to help inform outreach and education, and to provide information going forward. All funded by the \$591,000 grant, half to be used this year and half next year.

Mr. Krueger clarified that while grant money would likely not be available through the state next year, and the funds had been intended to help transition into the mandated programs, which would need continued funding. The General Fund would need to pay those costs, and the costs would be included in the rates.

As part of the discussion, it was noted that RecycleSmart was a state leader in SB 1383 compliance and when asked, Ms. Silver confirmed that RecycleSmart continued to be in good shape in terms of SB 1383 compliance.

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

MOTION by Committee Member Arnerich to adopt the Operations Fund and Reuse Fund Budgets for Fiscal Year 2024-25, as set forth in Attachments A and B to the staff report dated May 13, 2024, and subject to the changes as discussed with the actuals and the extra columns, to be forwarded to the full Board for approval. SECOND by Committee Member Silva.

MOTION PASSED unanimously by a voice vote.

- b. Fiscal Year 2022-23 Funds in Excess of Reserve
CCCSWA 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.

Mr. Kreuger noted that the funds under discussion went back to the Audited Financial Statements for 2022-23, when there had been a fund balance of \$2.3 million. By RecycleSmart policy, 20 percent of the General Fund had to be taken as a reserve and could not be distributed. That 20 percent had to be reserved in the 2023-24 budget and could be distributed back to the Member Agencies if approved by the Committee and Board of Directors subject to an established formula based on the tons collected by each member agency. He presented a chart to identify those tons and the amount that could be distributed to each member agency. In terms of reserves, he identified the reserves by the end of June 2023, and referred to some changes that had been made by the Member Agencies based on the rate-setting process that had not been reflected in the charts provided to the Committee.

Ms. Comas described why the numbers related to the changes by Member Agency had not been shown, to avoid confusion, and suggested that two columns could be added to identify the use of funds for Rate Years 9 and 10.

Committee Member Arnerich recommended that the information needed to be included to identify Member Agency use of reserves (for rate reduction or other reason) and the net balance.

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

MOTION by Committee Member Sos to send the FY 2022-23 Funds in Excess of the Reserve to the member agencies to build the reserves to address upcoming rate increases, with the addition of the extra column and to be shown as this year's actuals. SECOND by Committee Member Arnerich.

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 3:00 P.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

Agenda Report

TO: FINANCE & ADMINISTRATION COMMITTEE
FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR
 GRACE COMAS, SENIOR ACCOUNTANT
DATE: APRIL 04, 2025

SUBJECT: OPERATIONS & REUSE FUND BUDGETS FOR FISCAL YEAR 2025-2026

SUMMARY

Fiscal Year 2025-26 draft budgets are being presented for Committee review and approval. The FY 2025-26 Operations Fund (Ops) Budget (Attachment A) provides for the core operational and administrative functions of RecycleSmart. The proposed FY 2025-26 Ops Fund Budget is summarized below and compared to the adopted FY24-25 Ops Budget.

Table 1 – FY 2025-26 Budget Summary

Operations Fund	FY 2024-25 Adopted	FY 2024-25 Projected EOY Actuals	FY 2025-26 Proposed	FY 2024-25 Adopted vs. FY 2025-26 Proposed	
				\$ Change	% Change
Beginning Fund Balance	2,115,952	3,201,538	3,812,407	1,696,455	80%
Revenues					
JPA Revenue	2,654,734	2,654,734	2,059,749	(594,985)	-22%
Recycling Processing Revenue	2,678,911	2,639,993	2,821,903	142,992	5%
Diversion Programs Revenue	731,792	731,792	766,952	35,160	5%
Recycling Revenue Share	-	-	-	-	0%
Grants	591,371	207,200	384,171	(207,200)	-35%
New Franchise Development Reimbursement Revenue	1,355,000	1,355,000	-	(1,355,000)	-100%
Interest Earned & Other Revenue	534,730	862,966	812,052	277,322	52%
Total Revenues	8,546,538	8,451,684	6,844,827	(1,701,711)	-20%
Expenses					
JPA Expenses					
Personnel Services	1,266,372	1,216,464	1,330,303	63,930	5%
Material and Supplies	95,228	87,618	101,515	6,287	7%
Professional Services	316,000	274,200	309,000	(7,000)	-2%
New Franchise Development	848,180	722,239	125,941	(722,239)	-85%
Rent & Utilities	190,953	188,776	192,991	2,037	1%
Total JPA Expenses	2,716,734	2,489,296	2,059,749	(656,985)	-24%
Recycling Processing Cost	2,640,607	2,601,689	2,821,903	181,296	7%
Diversion Programs	731,792	679,820	766,952	35,160	5%
SB 1383 Organics Compliance Program Expense	312,200	207,200	384,171	71,971	23%
Total Expenses	6,401,333	5,978,006	6,032,775	(368,557)	-6%
Excess Revenue Over (Under) Expenditures	2,145,206	2,473,679	812,052	(1,333,154)	-62%
Contributions to Member Agencies	835,685	1,862,810	2,605,852	1,770,167	212%
Ending Fund Balance	3,425,472	3,812,407	2,018,607	(1,406,865)	-41%

The revenue and expenses of the FY 2025-26 Reuse Fund Budget (Attachment B) were approved at the January 30, 2025 Board meeting as part of the rate setting process.

The tables below show total fund balances and bank/investment account balances:

All Fund Balances - As of June 30, 2024	
Operations Fund (General Fund)	3,201,539
Reuse Fund	85,877
Member Agency Reserve Funds	16,152,568
Contra Costa County	2,782,653
Town of Danville	3,264,396
City of Lafayette	2,482,723
Town of Moraga	1,132,893
City of Orinda	1,102,981
City of Walnut Creek	5,386,922
Grand Total - All Funds	19,439,984

Bank and Investment Account Balances - As of June 30, 2024	
Wells Fargo	796,786
Local Agency Investment Fund (LAIF)	18,469,690
Total	19,266,477

The total fund balance does not match the total bank/investment account balance exactly due to accounts receivable/payable, prepaid expenses, and accruals.

RECOMMENDED ACTION

1. Adopt Operations Fund and Reuse Fund Budgets for Fiscal Year 2025-26, 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 2025-26 (July 2025-June 2026) Operations Budget will be incorporated into the solid waste rates for Rate Year 12 (March 2026-February 2027).

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 \$2,059,749 to be incorporated into the solid waste rates for Rate Year 12 (March 2026-February 2027). 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.

Post-Collection Processing Revenue: Prior to this fiscal year, this revenue category was called "Recycling Processing Revenue." This is revenue used to compensate contractors for processing the Authority's materials after collection. It is remitted to the Authority by Republic in the form of a Post Collection Processing Fee. The Authority then uses this revenue to pay the processors. Prior to this fiscal year, the only processor paid in this manner was MDRR for recyclables processing. Starting in March 2025, the Authority will also be compensating EBMUD directly for anaerobic digestion of our commercial food scraps. In addition, starting March 2027, the Authority will be compensating Republic directly for landfill disposal and the processing and transfer of commercial food scraps, MDRR for transfer of solid waste and commingled organics, and Recology for composting of commingled organics. The amount of the Post-Collection Processing 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 Post Collection Processing Fee of \$2,821,903 be incorporated into the solid waste rates for Rate Year 12 (March 2026-February 2027). This includes \$2,601,903 to be paid to MDRR for processing recyclables and \$220,000 to be paid to EBMUD for digesting commercial food scraps. The amount of this fee is estimated by multiplying the current per-ton processing compensation rates by the estimated tons of recyclables and commercial food scraps for FY 2025-26. A reconciliation of estimated to actual processing costs is performed each year. "Post-Collection Processing Revenue" is different than the "Recycling Revenue Share" described below.

Diversion Programs Revenue: This is revenue to fund the Authority's waste diversion (reduce, reuse, recycle, compost) programs that are not performed by Republic or MDRR. Diversion Programs Revenue 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 \$766,952 to be incorporated into the solid waste rates for Rate Year 12 (March 2026-February 2027).

Grants: The Authority was granted \$531,371 in a SB 1383 local assistance grant funding from CalRecycle in spring 2024. The Authority received an additional \$60,000 from the county's SB 1383 grant award. Therefore, the Authority received \$591,371 in total grant revenue. This grant funding is for SB 1383 implementation. Funds must be spent by April 1, 2026. The Authority will have spent approximately \$207,200 in FY 2024-25 and will spend the balance of \$384,171 in FY 2025-26.

Recycling Revenue Share: This is revenue received by the Authority from MDRR which represents the Authority's share of revenues that MDRR generated through the sale of the Authority's processed recyclables. Per the amended agreement with MDRR, if the average annual recycling revenue per ton exceeds \$60, then MDRR will remit 75% of the excess revenue to the Authority in an annual payment. (Note that recycling revenues do not include CalRecycle payments to MDRR for processing beverage containers with California Redemption Value). Because recyclables markets are not predictable, Recycling Revenue Share revenue is budgeted at zero each year. In FY 2023-24, the Authority received \$875,768.62 in Recycling Revenue Share. However, staff does not predict significant Recycling Revenue Share revenue for FY 2025-26, 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.

Interest Earned and Other Revenue: The majority of "Interest Earned and Other Revenue" is interest earned on the \$19.2 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. It also includes liquidated damages assessed on contractors and permit application fees from construction and demolition haulers.

New Franchise Development Reimbursement Revenue: The successful proposers will reimburse the Authority for the cost of the new franchise development and procurement process. Related costs include legal and consulting fees and CEQA preparation. The successful post-collection proposers have already remitted their portion of the reimbursement. The collection franchise agreement will be awarded in July, 2025, and the reimbursement from the successful collection proposer will likely be received in August or September, 2025, during FY 2025-26. Staff recommends recording the New Franchise Development Reimbursement Revenue received from the successful collection proposer as FY 2024-25 revenue, in order to expedite the disbursement of those funds to the Member Agency Reserve Funds, where they can be used to offset the anticipated 2027 solid waste rates increase.

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 \$1,330,303. Included in the Personnel Services line item is the step increase for Senior Accountant, if eligible. On March 27, 2025, Staff met with the Personnel Committee and the Committee voted to recommend a 4% COLA increase be included in the FY 2025-26 draft budget for Finance Committee review. The \$1,330,303 in Personnel Services includes the 4% COLA increase for all Authority staff, including the Executive Director. It also includes the reclassification of Janna McKay to Waste Prevention and Recycling Manager II, Step E. The Executive Director and the Personnel Committee recommend this reclassification in order to better align Ms. McKay's job description and compensation with her current and planned job duties. She will still act as Secretary to the Board, and will continue to perform waste prevention and recycling

management tasks such as editing the newsletter, maintaining the website, developing public education campaigns, working at special events, and managing vendor contracts.

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 \$101,515.
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 \$309,000.
4. **New Franchise Development:** These are the expenses related to the procurement process for the new franchise agreement, such as HF&H Consultants, legal fees, and CEQA preparation. The FY 2024-25 budget included \$848,180 for new franchise development. Projected FY 2024-25 expenditures are \$722,239. Staff recommends budgeting the difference (\$125,941) for new franchise development in FY 2025-26. This will not increase the overall approved multi-year new franchise development project budget of \$1.3 million, but simply re-budget the unspent FY 2024-25 project funds to FY 2025-26. The project is scheduled to be completed with the award of the collection franchise agreement at the July 2025 Board meeting, so there will be some related expenses in July. The successful proposer will reimburse the Authority for the costs of the new franchise development project, as noted under “New Franchise Development Reimbursement Revenue” above.
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 \$192,991.

Post-Collection Processing Cost:

The Authority pays MDRR **\$74.96** per ton to process our recyclables and pays EBMUD **\$85.00** per ton to digest our commercial food scraps. These rates increase by CPI annually. Budgeted Post Collection Processing Revenues discussed in the “Revenues” section above will fund this expense. Expenses for this category total \$2,821,903, which includes \$2,601,903 for MDRR & \$220,000 for EBMUD.

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 \$766,952. A detailed description of each diversion program, including accomplishments and goals, is provided in Attachment C.

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, and technical assistance to Tier One and Tier Two generators to improve food recovery and compliance. The grant funds are also being used to fund a one-time waste characterization / capture study which is estimated to cost \$200,000.

Additional information about SB 1383 programs, including accomplishments and goals, is provided in Attachment C.

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 \$3,812,407. Of that amount, \$1,206,555 has been set aside as General Fund Reserve (20% of total budgeted expenditures for FY 2025-26).

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 30, 2025 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 2025-26
- B. Reuse Fund Budget for FY 2025-26
- C. Diversion and Recycling Programs Matrix

General Operations Fund Fiscal Year 2025-26 Operations Fund Budget				
	<u>FY 2023-24</u> <u>Actuals</u>	<u>FY 2024-25</u> <u>Adopted Budget</u>	<u>Projected FY</u> <u>2024-25 EOY</u> <u>Actuals</u>	<u>Proposed FY</u> <u>2025-26 Budget</u>
Beginning Fund Balance	\$ 2,324,190	\$ 2,115,952	\$ 3,201,538	\$ 3,812,407
<u>Revenues</u>				
JPA Revenue*	2,408,567	2,654,734	2,654,734	2,059,749
Post Collection Processing Revenue*	2,630,564	2,678,911	2,639,993	2,821,903
Diversion Program Revenue*	649,634	731,792	731,792	766,952
SB 1383 Local Assistance Grant Program Revenue	13,191	591,371	207,200	384,171
Recycling Revenue Share***	875,769	-	-	-
Interest Earned	687,714	524,230	856,248	801,552
New Franchise Development Reimbursement Revenue	-	1,355,000	1,355,000	-
Other Revenue	15,831	10,000	6,418	10,000
Miscellaneous Revenue	13	500	300	500
Total Revenues	7,281,284	8,546,538	8,451,684	6,844,827
Total Funds Made Available	9,605,474	10,662,490	11,653,223	10,657,234
<u>Expenses</u>				
Full Time Staff Salaries	925,485	951,896	935,018	1,014,847
Benefits Expense	251,942	303,477	270,445	304,456
Temporary Staff	441	5,000	5,000	5,000
Board Member Remuneration	4,850	6,000	6,000	6,000
Total Personnel Services	1,182,718	1,266,372	1,216,464	1,330,303
Copier Lease	8,524	9,000	8,647	9,200
Fees Bank and Other	17,963	18,982	17,728	18,800
Memberships Dues Subscriptions	10,310	11,976	10,498	9,715
Miscellaneous	15	300	200	300
Office Supplies	10,404	11,320	11,320	13,500
Postage	876	3,000	750	-
Reprographics	687	2,000	450	-
Non-Capital Equipment/Furnishings	12,634	2,500	2,500	2,500
Staff Development/Travel/Conf/Meeting	18,385	24,150	23,526	27,500
Capital Furnishings/Equip	9,219	12,000	12,000	20,000
Total Materials and Supplies	89,017	95,228	87,618	101,515
Professional Svcs Contracts & Contractors	122,584	186,000	164,000	102,000
Financial Services and Fees	57,383	55,000	37,200	55,000
Legal	35,700	75,000	73,000	152,000
Total Professional Services	215,667	316,000	274,200	309,000
New Franchise Development	389,518	848,180	722,239	125,941
Total New Franchise Development	389,518	848,180	722,239	125,941
Insurance	36,316	35,875	34,006	35,706
Rent	137,952	146,394	146,394	148,601
Telephone	8,305	8,684	8,376	8,684
Total Rent and Utilities	182,573	190,953	188,776	192,991
Post Collection Processing Cost ¹	2,625,587	2,640,607	2,601,689	2,821,903
Total Post Collection Processing Costs	2,625,587	2,640,607	2,601,689	2,821,903

General Operations Fund Fiscal Year 2025-26 Operations Fund Budget				
	<u>FY 2023-24 Actuals</u>	<u>FY 2024-25 Adopted Budget</u>	<u>Projected FY 2024-25 EOY Actuals</u>	<u>Proposed FY 2025-26 Budget</u>
C&D Program Expense	20,700	25,060	25,060	30,220
Home Composting Expense	35,497	37,000	21,647	37,000
Outreach & Education	395,464	504,232	484,409	504,232
SB 1383 Organics Compliance Program Expense	119,632	-	-	-
School Recycling Expense	139,320	150,000	136,530	180,000
Special Events Expense	5,057	15,500	12,175	15,500
Total Diversion Programs	715,670	731,792	679,820	766,952
SB 1383 Organics Compliance Program Expense		312,200	207,200	384,171
Total Expenses	\$ 5,400,751	\$ 6,401,333	\$ 5,978,006	\$ 6,032,775
Excess Revenue Over (Under) Expenditures	\$ 1,880,533	\$ 2,145,206	\$ 2,473,679	\$ 812,052
Contributions to Member Agencies ²	1,003,185	835,685	1,862,810	2,605,852
Nonspendable (Prepaid)	\$ 58,462	\$ -	\$ -	\$ -
Unassigned Fund Balance	\$ 1,862,810	\$ 2,145,206	\$ 2,605,852	\$ 812,052
General Fund Reserve Fund Balance (must equal 20% of Current Year's Budgeted Expenses)³	\$ 1,280,267	\$ 1,280,267	\$ 1,206,555	\$ 1,206,555
Ending Fund Balance	\$ 3,201,538	\$ 3,425,472	\$ 3,812,407	\$ 2,018,607
¹ The difference between post collection processing cost and post collection 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 December 12, 2024 unassigned fund balance for the amount of \$1,862,810 were distributed to member agencies. ³ General Fund Reserve (20% of Total Budgeted Expenditures) \$6,150,077*20% = \$1,230,015 * 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 2025-26				
	<u>FY 2024-25 Adopted Budget</u>	<u>Projected FY 2024-25 EOY Actuals</u>	<u>Proposed FY 2025-26 Budget</u>	
<u>Revenues</u>				
Reuse Program Income	1,127,511	1,127,511	1,127,511	
Total Revenues	1,127,511	1,127,511	1,127,511	
<u>Expenses</u>				
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	-	-	-	



Diversion and Recycling Programs

Program	Description	Accomplishments/Goals
Construction and Demolition Program Cost: \$30,220.00 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	Accomplishments: <ul style="list-style-type: none"> ▪ Diverted through reuse and recycling 12,064 tons of C&D debris and successfully tracked diversion and member agency covered projects using Green Halo ▪ Held annual meeting with member agency planning staff to provide updates and address questions related to Green Halo and CalGreen. ▪ Permitted fourteen (14) 2024-25 Registered C&D Transporters Goals: <ul style="list-style-type: none"> ▪ 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 ▪ Provide outreach to contractors and property owners about deconstruction
Home Composting for Busy People Program Cost: \$37,000 Regulatory Requirement: Supports SB 1383	US Composting Council award-winning program supports SB 1383 organic waste reduction and outreach 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-	Accomplishments: <ul style="list-style-type: none"> ▪ 1,751 Republic Services bill discount (Home Composter Certification) ▪ Expanded the Compost in the Classroom Program to provide up to 50 in-person workshops for k-12 students ▪ Provided 2 annual compost giveaway events (compost counts toward SB 1383 procurement requirement) ▪ Initiated free compost hub pilot ▪ First 'sustainability and compost' summer camp in partnership with the City of Orinda ▪ Provided 1 virtual home composting workshop

Program	Description	Accomplishments/Goals
	family home composter certification and bill discount through Republic Services.	Goals: <ul style="list-style-type: none"> Expand summer camp to additional member jurisdictions (Danville) Increase awareness and use of free compost hub Reimage community workshops and CompostSMART advanced training
Outreach & Education Cost: \$504,232 Regulatory Requirement: Yes	<p>Supports waste reduction mandates, programs, and services for our communities by developing, designing, and implementing outreach and special projects.</p> <p>This program includes RecycleSmart’s residential newsletter, community sponsorships for waste reduction activities, and outreach and education activities.</p>	Accomplishments: <ul style="list-style-type: none"> Quarterly direct-mail newsletter to single-family homes and multifamily tenants “Hello Recycling Bin” texting outreach tool to provide on-demand sorting information Provided funding to Sustainable Contra Costa, The Crayon Initiative, Walnut Creek Sustainability Week, Lafayette Community Day, and Walnut Creek Downtown Association Provided funding to 11 food establishments through contracts with ReThink Disposable and Foodware to reduce single-use throw away food packaging waste and transition to reusable foodware for dine-in and/or takeout containers Survey for residents and businesses to solicit feedback on programs and services to help guide the 2027 Franchise RFP process Two new food donation outreach videos to promote local food recovery organizations and encourage residents to volunteer Plastic Free July mailer to residents New Reuse, Repair and Thrift search tool on RecycleSmart website Initiated new student truck sign art contest for 2025 Republic Services truck signs Goals: <ul style="list-style-type: none"> Analyze and develop targeted outreach based on results of Waste Characterization Study Pilot Hello Recycling Bin at a high school or Saint Mary’s College, and partner with the City of Walnut Creek to implement two new

Program	Description	Accomplishments/Goals
		<p>compost Big Belly waste stations downtown featuring updated wraps that feature Hello Recycling Bin</p> <ul style="list-style-type: none"> Continue paid Google ad campaigns to build upon engagement data and design outreach materials in response New Commercial Food Waste participant brochure
<p>SB 1383 Implementation (Funded through CalRecycle grant)</p> <p>Cost: \$384,171</p> <p>Regulatory Requirement: Yes, SB1383</p>	<p>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 25/ and FY 65 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.</p>	<p>Accomplishments:</p> <ul style="list-style-type: none"> Refined route contamination monitoring protocol Conducted required route review of all 69 routes Provided required outreach and education to all generators Contracted with Contra Costa Health Services for required Tier 1 and Tier 2 (T1 & T2) Commercial Edible Food Generator inspections Contracted with Food Shift to provide technical assistance to T1 and T2 Commercial Edible Food generators to improve and expand compliance with edible food recovery requirement Contracted with Envirolutions to conduct T2 compliance education as requirements began in 2024 Contracted with ESA to complete required Edible Food Recovery Capacity Study in coordination with Contra Costa County Completed and reported on the first round of SB 1383 Local Assistance Grant funds Completed waste characterization/capture study Contracted with Ruth Abbe & Associates to provide technical assistance to school districts to comply with edible food recovery requirements <p>Goals:</p> <ul style="list-style-type: none"> 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
<p>School Recycling & Organics Program</p> <p>Cost: \$180,000</p> <p>Regulatory Requirement: Supports SB 1383</p>	<p>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.</p> <p>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.</p>	<p>Accomplishments:</p> <ul style="list-style-type: none"> ▪ 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 <p>Goals:</p> <ul style="list-style-type: none"> ▪ Support donation of edible food ▪ Increase number of food share tables, as possible ▪ Launch reusable food ware grant program to replace single-use items in schools with durable reusables ▪ Continue to support and broaden internship program ▪ Continue to increase diversion and help new schools reach 75% ▪ Continue awarding Wastebusters awards and student scholarships
<p>Special Events</p> <p>Cost: \$15,500</p> <p>Regulatory Requirement: No</p>	<p>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.</p>	<p>Accomplishments:</p> <ul style="list-style-type: none"> ▪ Rolled out engaging, family-oriented community event outreach booth (photo booth) with a focus on organics/green cart and very little paper use in 2024 ▪ 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 East Bay Womens Conference, Walnut Creek Chamber event to improve waste reduction and sorting ▪ Staff attended Member Agency, Chamber, Industry, and other local and regional events

Program	Description	Accomplishments/Goals
		Goals: <ul style="list-style-type: none"> ▪ 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