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STANDING FINANCE AND ADMINISTRATION COMMITTEE MEETING

AGENDA

May 1, 2026 – 1:00 P.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 April 1, 2026*

4. **ACTION ITEMS**

- a. General Fund, Post Collection & Reuse Fund, and Grant Fund Budgets for Fiscal Year 2026-27*
Adopt the General Fund, Post-Collection and Reuse Fund, and Grant Fund Budgets for Fiscal Year 2026-27, as set forth in Attachments A, B and C, or as amended by the Committee, and forward to the 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.

**MINUTES OF THE
STANDING FINANCE AND ADMINISTRATION COMMITTEE MEETING
OF THE CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
HELD ON APRIL 1, 2026**

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 April 1, 2026. Chair Pro Tem Silva called the meeting to order at 1:00 P.M.

1. CALL TO ORDER AND ROLL CALL

PRESENT: Committee Members: Candace Andersen
Newell Arnerich
Darlene Gee
Cindy Silva, Chair
Steve Woehleke

ABSENT: Stella Wotherspoon

Staff members present: David Krueger, Executive Director; Janna McKay, Program Manager/Board Secretary; Grace Comas, Senior Accountant; Judith Silver, Senior Program Manager; Ashley Louisiana, Program Manager; Jennifer Faught, Program Manager.

Chair Pro Tem Silva noted because of the complexity of the issues affecting the Finance and Administration Committee in the next year given the new Franchise Agreement, she had suggested that Newell Arnerich serve as Chair of the Committee this year. She also noted that the agenda would be reorganized to focus on three topics: 1) The salary schedule; 2) the Diversion and Compliance Programs, and; 3) the allocation of revenues and expenses between the member agencies. Chair Silva asked that these items be discussed and approved by the Committee on April 1 and send to the full Board for approval on April 23. She asked for a second meeting of the Committee in May to discuss the remainder of the budget, with the full FY 2026-27 budget going to the Board for approval on May 28. As such, agenda Item 4b was considered prior to agenda Item 4a.

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 4, 2025**

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

MOTION PASSED by the following voice vote.

AYES: Andersen, Arnerich, Gee, Silva
NOES: None
ABSTAIN: Woehleke
ABSENT: Wotherspoon

4. ACTION ITEMS

b. Allocation of Costs and Revenues to the Member Agencies

Adopt the recommendations of Member Agency Cost and Revenue Allocation Ad Hoc Committee, as set forth in this report, and forward to the Board for approval.

Chair Pro Tem Silva noted that the Member Agency Cost and Revenue Allocation Ad Hoc Committee had considered the allocation of the costs across the six member agencies and its recommendations would be discussed for recommendation to the Board of Directors for approval.

Executive Director David Krueger stated the expense allocations are required for annual rate setting. Revenue allocations are required to distribute revenues from the sale of recyclables to the Member Agencies. He explained that under the new contract with Mt. Diablo Resource Recovery (MDRR) the Authority would receive 75 percent of the revenue that MDRR obtains from the sale of the Authority's recyclables.

Mr. Krueger described the chart in the staff report that broke down the revenues and expenses involved along with population and a breakdown of that population by service area, including the population of the unincorporated Contra Costa County service area. He noted that overhead costs had traditionally been based on solid waste accounts but since the last allocation study had been done in 2019, there was a need to work with Republic Services to make sure that the allocation numbers were correct. He noted the challenges involved and commented that one residential unit and one 300-unit apartment complex were each counted as one account, and similarly one stand alone business and one shopping mall with many businesses were each counted as one account, although he explained that those differences did not necessarily skew the accuracy of the various methods of allocation in that the results were similar. He also explained that the biggest cost in setting rates was the cost of collection, about 70 percent of the costs involved.

Mr. Krueger stated that for purposes of rate setting, Republic Service's (Republic's) collection costs are allocated between the Member Agencies based on route hours, which are the number of hours the drivers spend collecting in each Member Agency. Republic's overhead cost would be based on the number of accounts in each Member Agency.

Mr. Krueger stated that Republic performs a study of route hours every cost-based rate year. That will occur every four years in the new contract. The last time a route hour study was performed was in 2022. The results of that study were so anomalous that it was questionable, and given COVID at that time the Board determined to retain the allocation from the 2019 route hour study until the next franchise agreement.

Mr. Krueger stated one of his goals with the new franchise was to have as few changes to the rates as possible when the big rate increase occurred. He agreed with the need to wait until the next cost-based rate adjustment in 2030 to figure out the collection route hours by Member Agency, and to use the 2019 collection cost allocations for annual rate setting until then.

Mr. Krueger provided the Committee with a table that compared different allocation methods, including population, to the allocation methods being recommended by the Ad Hoc Committee. The methods not being recommended were presented just to provide a benchmark for the recommended methods.

The Committee was concerned that the population and accounts for the County did not correlate well, and questioned whether the inclusion of Canyon had somehow skewed the numbers, although RecycleSmart staff clarified the numbers for Canyon had not yet been included in the data presented.

On the discussion, it was noted that when a full truck went to a transfer station there would be a weight ticket with information on tonnage, route, and material in the load, and the route might have been from more than one area. In the new contract, the loads would be able to be better defined to identify unincorporated Contra Costa County.

Concerns were expressed as to the accuracy of Republic's billings with respect to some zip codes, particularly in Danville, Lafayette and Walnut Creek, since some zip codes also included unincorporated areas of the County. Spot checks were recommended.

Mr. Krueger noted that Republic did quarterly checking, although he did not know if the checking ensured the correct jurisdiction as well, but because Republic would be doing a complete re-route, he suggested in that process the accuracy of the data could be checked with the County. It was also noted that the GIS systems of the member agencies could be used to check for accuracy.

Committee Member Arnerich suggested the cost would be easy to identify since the 70 percent for hauling was a known factor and there were other finite costs that would make the answer fairly easy to identify from there.

Mr. Krueger stated the collection costs through the route area study from 2019 could be used until 2030, when another study would be done. Overhead on the Republic side would be cost by accounts, with post collection paid and allocated by the ton.

Chair Pro Tem Silva suggested the Ad Hoc Committee needed to remind the Board that the Finance Committee had hoped to find a simpler way to allocate costs, but this would be the most efficient and judicious way to do it.

Mr. Krueger also noted that the JPA costs would be allocated by accounts and the recyclables revenue would be allocated based on the tons of recyclables each member agency collected. The recommendation of the Committee was to deposit the allocations directly into the member agency reserves for their use by discretion.

MOTION by Committee Member Andersen to adopt the recommendations of the Member Agency Cost and Revenue Allocation Ad Hoc Committee, as set forth in the staff report dated April 1, 2026, and forward to the Board for approval.
SECOND by Committee Member Woehleke.

MOTION PASSED unanimously by a voice vote.

- a. General Fund & Post Collection & Reuse Fund Budgets for Fiscal Year 2026-27
Adopt the General Fund and Reuse Fund Budgets for Fiscal Year 2026-27, as set forth in Attachments A and B (to the staff report), or as amended by the Committee, and forward to the Board for approval.

Executive Director Krueger presented the recommendation from the Personnel Committee to increase the salary schedule by 4.5% effective July 1, 2026. He presented that the Consumer Price Index had gone up by 2.2% and that Member Agencies had increased their employees' salaries by an average of 4.52%. Mr. Krueger reported that there had been a reclassification for Janna McKay last year. He stated that every employee was at the maximum step so there would be no step increases, just the overall salary schedule increase of 4.5%. The staff report referred to the salary schedule increase as a COLA (Cost of Living Adjustment) as was the past practice. Committee Arnerich and Chair Pro Tem Silva stated that the increase should not be referred to as a COLA, as COLA implies that the increase is automatic and tied to CPI and not at Board discretion. Mr. Krueger stated staff would not use the term COLA in the future.

On the discussion of the COLA and the disparities involved with the amounts approved by the member agencies, concern was expressed given the need to maintain discipline related to the unsustainability of higher-than-normal COLAs, and given that other than cost-of-living adjustments were routinely included in the term COLA.

MOTION by Committee Member Andersen to recommend to the RecycleSmart Board of Directors the 4.5 percent COLA recommended by the Personnel Committee effective July 1 2026, as reflected by the agenda report to not use COLA, but use Consumer Price Index (CPI) as an indicator or base measure given that some agencies had public safety costs embedded in their salary increases. SECOND by Chair Pro Tem Silva.

MOTION PASSED unanimously by a voice vote.

Judith Silver, Senior Program Manager, reported that she and Ashley Louisiana were responsible for running the Construction and Demolition (C&D) Program that had been in place for many years, with the intent to keep the C&D out of the landfill as much as possible. The program primarily paid for the Green Halo software program that RecycleSmart paid for on behalf of the member agencies, which helped member agencies comply with CalGreen and which tracked recovery and reuse of different C&D items. Information had to be reported each year in the Electronic Annual Report to CalRecycle as to how many covered projects were done each year and the number of tons recovered. She added that the County had started to use Green Halo and RecycleSmart was covering the County's cost for the use of Green Halo within the Authority's jurisdiction. In response to questions, she reported that MDRR had added the automatic upload of weight tickets into the Green Halo platform at the scalehouse and stated it was a goal for next year to get the Martinez Transfer Station on board as well. She clarified that the staff report identified accomplishments for 2025 and the goals were for 2026. Also, that the cost increase for Green Halo represented the cost of adding the County's portion to the program plus an increase in the cost of the software itself.

With respect to the Home Composting for Busy People Program, Ashley Louisiana stated the program had been changing over the years and people were not buying compost bins as they had. RecycleSmart was relying more on advertising like the County's virtual workshops rather than putting on its own workshops given that it had been challenging to fill every time. She stated the camps had been developed that would now be in many of the jurisdictions with a focus on worm composting, healthy soils, and food scraps. There had been an almost 20-year partnership with Heather Farms in Walnut Creek that produces a youth education program and ever since COVID, it had been expanding every year. There were some backyard compost bins that sold every year and RecycleSmart hosted the Annual Compost Giveaways. She highlighted the various outreach and education efforts regarding composting through the budget. She wanted to expand the camps and expand awareness about the compost hub, and there was a six- to eight-week long Master Compost Class for the community that had been well attended in the past and she would like to expand that as well in the new franchise, to include recycling and to expand the topics.

In response to questions as to how the compost hub worked, Ms. Louisiana noted that there was a finished compost allotment from Republic called out in the current contract but it was primarily used for the Compost Giveaway events. While Republic had not agreed to give compost free for the hub, it did one delivery every month at its expense. RecycleSmart was now actually getting two deliveries per month, the second was paid for out of the RecycleSmart budget.

Committee Member Americh verified that the compost was garden ready. Given that a second green or blue can will be offered for free, he asked how that would be confirmed in the new contract and emphasized that the public needed to be kept well informed of the provisions in the new contract that would benefit them. Mr. Krueger confirmed that it was in the new contract and the public would be educated about that fact. In response to a question, he clarified that the listed accomplishments for the diversion and recycling programs were from the 2025 calendar year, but the goals were more for the next fiscal year when the money would match the fiscal year.

Chair Pro Tem Silva asked questions about billed discounts that had been referenced in the accomplishments. Staff verified that the 1,751 Republic Services bill discounts referenced was a number that fluctuated up and down but had never gone over 2,000. She also referred to the third bullet under goals and preferred the term "remap," instead of "reimage" community workshops and CompostSMART advanced training.

Mr. Krueger stated with respect to outreach that in the old contract the outreach budget had been shared half with Republic and half with RecycleSmart, which would change with the new Franchise Agreement and be almost wholly located in the RecycleSmart budget.

Mr. Krueger verified that the fiscal year budget was always for 12 months, starting on July 1 and ending on June 30 each year. Historically, the rate year had been off since it started on March 1. The desire to align the rates would mean that the next time rates were set they would last for 16 months and then be set again. He noted that year one would look odd, and the outreach budget would be eight months from March to June under the old regime where Republic would be doing all the outreach, and then four months under the new regime where RecycleSmart would do all the outreach. He added that next year the expenses would go up more because it would be for 12 months.

Chair Pro Tem Silva suggested for each of the programs for this year only, a third subsection should be added to be called “impact of the new Franchise Agreement,” with the impact to be identified.

Ashley Louisiana stated with respect to new franchise costs that some of the costs would be for the Reuse and Clean-up Day Brochure, which was quite expensive, and which would have to be continued through the end of the final rate year. The new Reuse and Clean-up Day Brochure would have to ensure that multifamily account holders were aware of the new Franchise Agreement and that the tenants also received outreach to know about the benefits of the new contract. She stated the communications related to the Sharps Collection Program that currently Republic paid for as part of the franchise would be taken over by RecycleSmart administratively in-house, and there might be some unknown new franchise costs that may come up. The locations for sharps collections were noted.

Ms. Louisiana explained that RecycleSmart had been reimbursed for the Sharps Collection Program for a couple of years for the entire program (estimated at \$80,000 to \$100,000 annually), but in an attempt to get reimbursement about 18 months ago, the industry representative had reached out and found an error in the law that only household hazardous waste (HHW) facilities had to be reimbursed, and because RecycleSmart’s location was a remote location it would not be reimbursed. As a result, RecycleSmart was now paying for the program again. There was a mail-in box that RecycleSmart promoted but that was not used as much as the drop-off option. She had reached out to CalRecycle and the Consumer Product Safety Commission (CPSC), which might be able to craft a bill to close loopholes in the legislation but that had not yet occurred.

Ms. Louisiana stated a big part of the outreach budget was the newsletter that Janna MacKay and the team put together quarterly for both multifamily tenants and single-family home residents at an estimated \$400,000 cost.

Chair Pro Tem Silva requested that the information on the newsletter and how many newsletters were being distributed be identified.

Ms. Louisiana stated that the new texting software program, Hello Recycling Bin, was being used more and more each year, which offered sorting information. She explained how it was promoted and how well it was being used.

Mr. Krueger noted that there would be all new bin labels associated with the new Franchise Agreement but because the list kept changing there was a suggestion to use a QR code for the list, which may be where the QR code should be placed.

Ms. Louisiana added that RecycleSmart partnered with the City of Walnut Creek to install the first three stream organics, recycling, and landfill Big Belly waste stations in downtown Walnut Creek wrapped with Hello Recycling Bin artwork and QR codes. When asked, she explained that staff could tell how many queries were coming from households and how many were coming from the street in downtown Walnut Creek. Community funding also came out of the budget and RecycleSmart donated to community events or organizations aligned with its goals and had a contract with ReThink Disposable to work with local restaurants to switch from single-use disposables to reusables, increasing the number of restaurants every year.

Ms. Louisiana reported there was also a student truck sign art contest, the use of social media, and using a lot of the information from the Waste Characterization Study to either create new outreach or put specific outreach on truck signs, the newsletters or social media, focusing on the fact that paper towels were still going into the wrong bin and trying to use data to create outreach. She added that staff was working with the City of Lafayette on an organics pilot, doing lid flips and going back to the same houses to see if the outreach had created a change, and if so, to expand that to other jurisdictions, and partnering with different events to reduce single-use disposables and waste overall. She stated the main goals were all the services associated with the new franchise.

Chair Pro Tem Silva referred to the use of the Waste Characterization Study results for targeted information outreach materials and verified that the results were being used from another budget item to improve the content or create new, and she suggested the goal should be reconsidered: to improve content with the availability of the Waste Characterization Study to get a better bang from the SB 1383 grant. Judith Silver clarified that the Waste Characterization Study was included in the SB 1383 budget, not the Outreach and Education budget. However, the results of the Waste Characterization study were used to create outreach campaigns which were included in the Outreach and Education Budget.

Judith Silver referred to the SB 1383 grant and stated that grant was ending and the \$163,000 funds had to be spent by November 1, 2026. The required route audits had been done, which had been very informative and reinforced what had been found in the Waste Characterization Study, such as too many paper towels in the wrong bins, and too much plastic in the organics. Efforts were ongoing to improve participation in the green cart program and the quality of the items going into the carts, as well as trying to prepare for Jurisdiction and Agency Compliance and Enforcement (JACE), the State of California review that would take place sometime this calendar year. RecycleSmart had contracted with Nothing Wasted consulting to look at the Implementation Record that the State required be maintained and making sure the enforcement and compliance program was up to snuff, and making sure the agency was ready to do a notice of violation and citations, if necessary. At the end of April, another piece of the Waste Characterization Study would happen at the Martinez Transfer Station to be able to match how the State did its waste characterization, which had been done for the multifamily and commercial but not for the residential. RecycleSmart had been told that it would have to match the State's approach in order to apply for a Recycled Organic Waste Product Procurement reduction. Staff would combine the multifamily and commercial information from the 2025 study with the residential and self-haul study from 2026 and submit a ROWP reduction request. As the grant died down, RecycleSmart would have to pay for some of the SB 1383 programs in-house. Programs in new budget included route reviews in the new fiscal year and help with the enforcement and compliance program.

Ashley Louisiana reported that RecycleSmart had the continued contract with Contra Costa County Health Services (CCCHS) for the required Tier 1 and Tier 2 inspections and was currently doing technical assistance, and continued to contract with Food Shift, a local organization to help get generators not in compliance into compliance, which involved multiple attempts and hand-holding to get there. In response to a question, she stated the total cost from CCCHS would be about \$38,000 this year, and several staff and Committee members described the process and potential cost to RecycleSmart that would result from a CCCHS inspection, which would be capped at two hours subject to hourly rates, with the total cost of both CCCHS and Food Shift estimated at \$80,000 annually.

Committee Member Arnerich asked how much food was actually being recovered for that amount and what percentage was being dumped, and Ms. Louisiana noted that many of the grocery stores involved were Safeway stores, which had initially refused to comply with the requirements until they had to in 2022, although she had seen a complete change since then from no food to pallets of food going out to the food bank or to White Pony Express. She reiterated that as far as Safeway was concerned, which was the majority of the grocery stores involved, there had been a huge change across the State. Restaurants might not have the food to go out every single day and there were a number of alternative compliance forms, but she stated the law stated that RecycleSmart had to look at their records and look at the contract but not record the amount of food going out.

Ms. Louisiana explained there were other jurisdictions that thought a lot of food recovery efforts could be better managed working more collaboratively to understand, for instance, that Central Contra Costa County food might be going to Pittsburg or Richmond and there was a need to fill the gaps throughout the County collaboratively on outreach to address the food insecurity problem. To address that, those involved were meeting monthly and with community groups and food recovery organizations to work collaboratively as well, and there were government agencies, non-profit food recovery organizations and private generators working together to resolve the issues. Staff responded to comments from the Chair Pro Tem Silva related to SB 1383 requirements and whether the tasks were different between funds from the SB 1383 grant versus RecycleSmart's General Fund, and if not whether there was a need to turn it into one presentation. It was clarified that a hearing officer would be involved for SB 1383 compliance disputes funded through Professional Services and that the contract with Redwood Public Law firm might require waivers, currently under consideration.

Committee Member Arnerich suggested it would be best for this year to continue to track the two funds but next year there would only be one fund because there were no more SB 1383 grants.

Mr. Krueger added that RecycleSmart had to work with the CCCHS and its programs in support of SB 1383 organics disposal reduction requirements, but now that the initial inspections had been done it could be ramped down, although it could not be stopped. Rather than citing people for not donating food, RecycleSmart wanted to be business-friendly, and Food Shift was being used to help generators comply with requirements. He stated that the CCCHS inspections were mandatory and used to determine if generators (grocery stores, restaurants) were donating their unwanted edible food, while the training and technical assistance provided by Food Shift was not mandatory but means to help the generators comply and avoid citations. Committee Member Arnerich asked if the generators had to pay for the CCCHS inspections. Mr. Krueger stated that the inspections were funded by the Authority, not the generators. He clarified that the CCCHS inspections were conducted upon Authority request only.

Program Manager Jennifer Faught stated that schools were on the school year time curve and a lot of the same things were done every year. For eight years, the budget item had been \$120,000 for Ruth Abbe and the four team members. Last year, \$30,000 had been added to specifically focus on getting schools onto reusable dishware, hardware items and technical support. This was the first year since 2017 that Ruth Abbe had raised her fee. Of the \$120,000, \$30,000 was for Wastebuster Awards and scholarship awards, and the \$30,000 specifically limited to reusables, and now there was a \$9,000 additional cost for her increase in fees over last year.

Ms. Faught wanted to make sure that every school had a food share table and kids could put cafeteria items on the food share table but not things from home. Some required SB 1383 edible food outreach was also being provided to schools because they were Tier 2 generators. Keeping the schools going was a big focus of the program and where possible, to switch them to reusables. She added that they continued to do internship programs and scholarships.

Household hazardous waste (HHW) events had two funding sources: a \$100,000 reimbursement grant from CalRecycle and an amount budgeted in the General Fund to pay for the total cost for collections at HHW events, outreach and education. The event itself would cost between \$80,000 and \$100,000 and there was a desire to budget a bit more to cover what was needed for the event. In response to questions, it was reported that the CPSC managed the reporting to CalRecycle, got the reimbursement funds, planned the events (throughout California), worked with local governments to go after the grant funds, posted the events, had staff on site at the events to check IDs, and addressed the permitting requirements. The CPSC also served as grant writers and grant managers.

Chair Pro Tem Silva referred to the description of the program and stated she liked the word “manage” but did not like the use of the term “administer” collection and education.

Committee Member Gee asked about the location for the event and it was reported that Walnut Creek would likely be the area selected because it was the most central, and because the cost of the event was so high only one site could be identified.

MOTION by Committee Member Woehleke to recommend the Diversion and Recycling Programs, as submitted and with the changes identified to the Board of Directors for approval. SECOND by Committee Member Gee.

MOTION PASSED unanimously by a voice vote.

Chair Pro Tem Silva suggested the use of Heather Farm Park for the HHW event given the location, availability and the corporation yard in the park.

Mr. Krueger reported that the programs budget, staff salaries and allocation methods would be brought to the Board and then come back to the Finance and Administration Committee with the whole budget in May.

Mr. Krueger highlighted the big changes to the budget at this time and stated most of the changes were a result that the last four months of this fiscal year would be in the new contracts. He stated in the new contracts almost all revenue would be from rates, would come from customers to Republic which did the billing, and then to RecycleSmart, which would send the franchise fees and vehicle impact fees to the member agencies, and which would then pay the vendors for the post-collection services (primarily on dollar per ton), which would give RecycleSmart control. It would also set up a system in case there was a different company involved. Because of the changes, he stated that currently there were two funds; the General Fund for programs, salaries, rent, and utilities on the expense side, and two post-collection costs to pay MDRR for recyclables and the East Bay Municipal Utility District (EBMUD) to digest food scraps (all in the General Fund), then one special fund for the Reuse Program. Currently, he noted that there is roughly \$6 million in the General Fund and \$1 million in the Reuse Fund.

Effective March 1, 2027, Mr. Krueger stated that RecycleSmart would then be the middleman for funds that currently remain with Republic. He proposed that the General Fund be used just for JPA overhead kind of expenses; programs, salaries and rents, with the special fund that used to be the Reuse Fund for all post-collection payments that RecycleSmart would be making. He stated the special fund would be just passthroughs and noted they were not discretionary funds and he wanted to put them in a “lock box” to make sure that necessary services like the landfill could always be paid. He also wanted to put like expenses together. He noted the General Fund would then be less, in the area of \$4 million instead of \$6 million, and the special fund would be much larger, in the area of \$12 million instead of \$1 million, for primarily passthrough payments to contractors.

Chair Pro Tem Silva requested that March 1, 2027 be kept in mind because it would be occurring mid-fiscal year.

Mr. Krueger also wanted to do some relabeling and noted that there were several revenue labels that came from three things; rate money from customers, grants occasionally, and interest and a couple of other little fees that were charged. He wanted the various revenues; the JPA revenue, the diversion program revenue, and the post-collection processing revenue to all be identified as rate revenues, which he would like to use for transparency purposes and to remind everyone where the funds were coming from. There would be rate revenue for the General Fund (administration and compliance) and rate revenue to pay post-collection and reuse vendors.

Committee Member Arnerich suggested it made sense and would reflect a new contract and RecycleSmart’s role in how the contract was administered.

Committee Member Andersen stated it was accountability and transparency to help ratepayers understand where their rates were going and what the rates were being used for.

When asked, Mr. Krueger reported that there were approximately 67,000 single family, 2,000 commercial, and about 500 multifamily customer accounts in the RecycleSmart service area.

Chair Pro Tem Silva noted this item would be going to the Board in May. At the next Finance Committee meeting, she recommended thinking through how grant revenue, if restricted funds, would get designated in the budget. She questioned having two funds; administration and implementation but emphasized that it was not a general fund and should more appropriately be called an administration and compliance fund. She pointed out that a general fund was a fund with discretionary, non-restricted funds. She emphasized that grant funds were not discretionary.

Mr. Krueger suggested the funds could be called the Post Collection and Reuse Fund and the Administration Outreach and Compliance Fund.

Chair Pro Tem Silva referred to the staff report dated April 1, 2026, the narrative on Pages 5 and 6, and the spreadsheets on Pages 7, 8 and 9. She noted she had asked the question of whether there was a 16 month or a 12-month budget, and Mr. Krueger had responded that there was a 12-month budget with a 12-month fiscal year, but it took an 8-month and a 4-month budget to create a column in the spreadsheet, which she had indicated was important to be shown to the Finance Committee.

Committee Member Arnerich suggested it would help in the transition but there was no need afterwards to identify that information.

Chair Pro Tem Silva expressed concern with the numbers provided and referred specifically to numbers in Column E, the adopted budget for 2025-26 and how that fed into Column I, the proposed adopted budget. She also referred to the reference to the SB 1383 Local Assistance Grant as shown on Page 5 and stated the numbers did not add up. She sought clarification.

Senior Accountant Grace Comas stated the grant budget numbers did not add up because when the 2025-26 budget was prepared not all information was available about what had been spent at that time and there was a remainder amount involved. She stated that over the multi-year term of the grants, the total grant revenue equals total actual grant expenditure. Similar with the multi-year new franchise development project.

Chair Pro Tem Silva requested that: 1) the numbers in the narrative versus the numbers in the spreadsheets be checked along with the numbers in the tables of Attachment C, which did not add up; 2) the new franchise development reference in the spreadsheets was not referenced in the narrative and should be; and 3) the budget for professional services had increased significantly and she wanted to know why that was the case.

Mr. Krueger stated one reason for the increase in professional services was having the hearing officer, and one of the things being taken in-house was the software that Republic used when its employees talked to businesses and multifamily, and that software was used to track and submit data to the State. He stated Republic controlled that item in the past and there was a difficult time getting information out of it as a result.

In addition, the specific software used by Republic has gone out of date and staff wanted to switch to better software. RecycleSmart would go out to bid to get its own software and there was money in the budget to do that.

He stated that much of the increase in the professional services costs was for one-time consulting services to implement the new franchise agreements. These expenses would be “one and done”.

Chair Pro Tem Silva emphasized that it needed to be identified on Page 5.

Committee Member Arnerich asked if that would require the hiring of more people. He stated none of that had been included in the narrative and he did not support an expansion of staff.

Mr. Krueger stressed that the software surge and implementation were one-time costs. They would not be needed again in FY 2027-28, and he does not believe that the Authority needs more staff.

Committee Member Arnerich asked about the agency’s status with respect to pension obligations, and other post-employment benefits (OPEB). He wanted transparency and stated the agency always needed to be fully funded and it should be routine to report the status of the agency’s pension obligations and not wait for the audit.

The Committee wanted the math to be shown and to make sure it added up. The Committee asked for more asterisks or footnotes in the budget spreadsheet to explain any changes from the current budget to the proposed budget.

Chair Pro Tem Silva stated another Committee meeting would have to be scheduled in early May. She also reminded the Committee that Newell Arnerich would be the Chair moving forward.

5. COMMITTEE COMMUNICATIONS AND ANNOUNCEMENTS

There were no communications or announcements.

6. ADJOURNMENT

There being no further business to come before the Committee, Chair Pro Tem Silva adjourned the meeting at 2:54 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: MAY 01, 2026

SUBJECT: GENERAL FUND, POST COLLECTION & REUSE FUND, AND GRANT
FUND BUDGETS FOR FISCAL YEAR 2026-2027

SUMMARY

Fiscal Year 2026-27 draft budgets are being presented for Committee review and approval. The FY 2026-27 General Fund Budget (Attachment A) provides for the core operational and administrative functions of the Authority. The FY 2026-27 Post-Collection and Reuse Fund Budget (Attachment B) provides for payments to contractors for post-collection (e.g. landfill disposal, composting, recyclables processing) services and the Reuse and Cleanup Program. The FY 2026-27 Grant Fund Budget shows dedicated grant funds received by the Authority, which are then transferred to the General Fund. The related program expenditures (both grant-funded and not grant-funded) are made in the General Fund.

FY 2026-27 is twelve months long (July 2026 – June 2027). Eight months of FY 2026-27 (July 2026 – February 2027) will be during the terms of the current collection and post-collection agreements, and four months (March – June 2027) will be during the terms of the new collection and post-collection agreements. In the General Fund the start of the new agreements will only impact the Outreach & Education program. However, it will impact all of the programs in the Post-Collection and Reuse Fund.

RECOMMENDED ACTION

1. Adopt the General Fund, Post-Collection and Reuse Fund, and Grant Fund Budgets for Fiscal Year 2026-27, as set forth in Attachments A, B and C, or as amended by the Committee, and forward to the Board for approval.

DISCUSSION

Background

The General Fund Budget provides the funds used for the day-to-day operations of the Authority. The FY 2026-27 Post-Collection and Reuse Fund Budget (Attachment B) provides for payments to contractors for post-collection (e.g. landfill disposal, composting, recyclables processing) services and the Reuse, Cleanup, and Bulky Item Program. A majority of the revenues in both funds are generated from the residential and commercial solid waste rates approved by the Board of Directors each year and collected by Republic Services (Republic).

Eight months of FY 2026-27 (July 2026 – February 2027) will be during the terms of the current collection and post-collection agreements, and four months (March – June 2027) will be during the terms of the new collection and post-collection agreements. Under new agreements the Authority will begin directly paying the providers of post-collection services. Republic will remit a corresponding portion of the rate revenue to the Authority for this purpose. While the Authority’s payments for post-collection services are pass-through costs, they will significantly increase the Authority’s overall revenues and expenses. Total budgeted expenses for both funds combined were \$7,185,286 in FY 2025-26 and are proposed to be \$15,474,487 in FY 2026-27.

Significant Proposed Changes for FY 2026-27

Staff is recommending the following changes to budget categories and funds in order to implement the new service agreements that will begin in March, 2027, and to clarify the source of revenues.

A. Expansion of the Reuse Fund to Include Post-Collection Revenues and Expenses

The Authority currently has two primary funds, the General Fund and the Reuse Fund. The Reuse Fund receives customer rate revenue from Republic to pay for the Reuse Program. The Authority pays MDRR to conduct the Reuse Program using the dedicated funds from the Reuse Fund. All other Authority revenues and expenses belong to the General Fund.

At present, there are only two post-collection contracts for which the Authority pays the contractor directly: Recyclables Processing (MDRR) and Anaerobic Digestion (EBMUD). All of the other post-collection services (landfill disposal, transfer, food scraps processing, composting) are currently part of the collection agreement with Republic. Republic keeps the customer rate revenue needed to fund those services. Starting in March 2027, those post-collection services will be provided under separate contracts. Republic will remit a portion of the customer rate revenue to the Authority for those services, and the Authority will then pay the post-collection contractors. Because of this change, staff is recommending expanding the Reuse Fund to become the Post-Collection and Reuse Fund, which will include all revenues and expenses to related to post-collection and reuse services. The payments to the post-collection contractors are non-discretionary, and placing the revenue to pay them in a special, dedicated fund ensures that those expenses will always be adequately funded. This proposal also groups similar expenses: Pass-through payments to contractors for core services in the Post-Collection and Reuse Fund and the Authority’s expenses for administration, outreach, and compliance in the General Fund. Note that one of the new Post-Collection and Reuse Fund expenses is SB 1383 Compost Procurement. It is assigned to this fund because it will be included in the composting invoices from Recology.

B. Renaming Budget Categories

Currently the customer rate revenues that are remitted by Republic to the Authority are categorized as JPA, Diversion Programs, Post-Collection Processing, and Reuse Program Income in order identify their eventual use. Staff proposes renaming these revenue categories as Rate Revenue. The purpose of this change is to more clearly identify the source of the revenue. The primary sources of Authority revenues are customer rates, grants, and interest. Some Rate Revenue will be received in the General Fund and some in the Post-Collection and Reuse Fund.

In addition to renaming some of the revenue categories, staff proposes renaming Diversion Program Expenses as Diversion and Compliance Program Expenses, as compliance with State mandates is a significant part of our duties and goes beyond diversion of materials from landfill.

C. Grant Fund

At the April 1, 2026 meeting the Committee requested that staff remove grant revenues from the General Fund. Some Committee members also asked that any program that is partially grant funded be shown as a single program with two funding sources as opposed to two separate programs (Grant-funded and non-grant-funded). Accordingly, staff is now presenting grant revenues through a separate Grant Fund for reporting purposes. Once received, grant revenues will transferred each fiscal year from the Grant Fund to the General Fund, and any program that is partially grant-funded will be shown as a single expense line-item in the General Fund.

D. Illustration of Proposed Funds and Categories

The tables below illustrate the current and proposed funds and the categories in each fund:

Current	Proposed
General Fund / Operations Fund	General Fund
Revenues	Revenues
Post Collection Processing	Rate Revenue
JPA	Interest Earned
Diversion Programs	Other
Recycling Revenue Share	Grant Revenue
Interest Earned	Expenses
Other	Personnel Services
Miscellaneous	Material and Supplies
Grant Revenue	Professional Services
Expenses	Rent & Utilities
Post Collection Processing Cost	Diversion & Compliance Programs
Recyclables Processing (MDRR)	Transfers In From Grant Fund
Commercial Anaerobic Digestion (EBMUD)	SB 1383 Organics Compliance Grant Program
Personnel Services	Household Hazardous Waste Event (Grant)
Material and Supplies	Transfer Out to Grant Fund
Professional Services	SB 1383 Organics Compliance Grant Program
Rent & Utilities	Household Hazardous Waste Event (Grant)
Diversion Programs	
Grant Expenses	

Current	Proposed
Reuse Fund	Post-Collection & Reuse Fund
Revenues	Revenues
Reuse Program Income	Rate Revenue
Expenses	Expenses
Reuse Program Expense (MDRR) - Current	Reuse Program (MDRR) - Current
	Commercial Anaerobic Digestion (EBMUD) - Current
	Recyclables Processing (MDRR) - Current
	Reuse, Clean Up and Bulky Program (MDRR) - New
	Recyclables Processing (MDRR) - New
	Composting (Recology) - New
	Landfill Disposal (Republic) - New
	Transfer (MDRR) - New
	Commercial Food Scraps Processing (Republic) - New
	SB 1383 Compost Procurement (Recology) - New

Grant Fund
Revenues
SB 1383 Organics Compliance Grant Program
Household Hazardous Waste Event (Grant)
Expenses
SB 1383 Organics Compliance Grant Program
Household Hazardous Waste Event (Grant)
Transfers In From General Fund
SB 1383 Organics Compliance Grant Program
Household Hazardous Waste Event (Grant)
Transfer Out to General Fund
SB 1383 Organics Compliance Grant Program
Household Hazardous Waste Event (Grant)

Proposed General Fund Budget

A. Revenue

JPA and Diversion Program Revenues: These are revenues from customer rates that are used to fund the JPA’s administrative costs and diversion programs. These two revenue categories are being combined and renamed “Rate Revenue” for FY 2026-27. **FY 2026-27 Proposed Budget = \$0.**

Rate Revenue: This is revenue to fund the Authority’s JPA administrative expenses and the Authority’s diversion (reduce, reuse, recycle, compost) and compliance programs that are not performed by Republic or MDRR. By approving the proposed budget, the Board is authorizing \$3,411,057 to be incorporated into the solid waste rates. **FY 2026-27 Proposed Budget = \$3,411,057.**

Post-Collection Processing Revenue: This is revenue from customer rates that is used to compensate Mt. Diablo Resource Recovery for processing (sorting) the Authority’s recyclables and to compensate EBMUD for anaerobic digestion of the Authority’s commercial food scraps. For FY 2026-27 this revenue category is being moved from the General Fund to the Post-Collection and Reuse Fund and renamed “Rate Revenue”. **FY 2026-27 Proposed General Fund Budget = \$0.** See the Post-Collection and Reuse Fund section below for rate revenues proposed to fund those services.

Recycling Revenue Share: This is revenue that MDRR receives from the sale of the Authority's recyclable materials and shares with the Authority per the terms of its processing agreement. Recycling Revenue Share was historically budgeted at \$0 because the recyclables market is volatile and the amount of revenue difficult to predict. The actual revenue received is usually greater than \$0 and has been received in the General Fund. This revenue contributes to the General Fund reserve. When the General Fund reserve exceeds 20%, the Board typically distributes the excess to the individual Member Agency reserve funds. The new recyclables processing agreement with MDRR begins on March 1, 2027 and will provide the Authority with a greater share (75%) of the revenue from the sale of the Authority's recyclables. Once the new processing agreement begins on March 1, 2027, the Recycling Revenue Share revenue will no longer be received in the General Fund and will accrue directly to the individual Member Agency reserve funds. **FY 2026-27 Proposed Budget = \$0.**

New Franchise Development Reimbursement: Per the terms of the new collection franchise agreement and the reuse and post-collection agreements, the contractors are required to reimburse the Authority for the Authority's costs to conduct the franchise development and procurement process. Final reimbursements will be received in FY 2025-26. There will be no revenues or expenses for New Franchise Development for FY2026-27. A table of the total revenues and expenses for this multi-year project is provided under the New Franchise Development expense below. **FY 2026-27 Proposed Budget = \$0.**

Interest Earned: This is interest earned on the \$19.4 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. **FY 2026-27 Proposed Budget = \$842,103.**

Other Revenue: This category includes liquidated damages (penalties) paid by contractors, permit application fees from construction and demolition debris transporters, credit card reward points, and other minor revenues that aren't accounted for in other categories. **FY 2026-27 Proposed Budget = \$5,500.**

Miscellaneous Revenue: This category has traditionally included royalties that the Authority receives from the use of a public education video. Starting in FY 2026-27 Miscellaneous Revenue is being combined with Other Revenue. **FY 2026-27 Proposed Budget = \$0.**

B. Expenses

Personnel Services: expenses include staff salaries and benefits, worker's compensation, unemployment payments, Board Member remuneration, and temporary staffing on special projects. The proposed FY 2026-27 budget includes a 4.5% salary increase for all Authority staff, including the Executive Director. **FY 2026-27 Proposed Budget = \$1,398,391.**

Materials and Supplies: expenses include memberships and subscriptions, bank fees, office supplies, postage, reprographics, travel, staff development, and capital purchases. **FY 2026-27 Proposed Budget = \$101,400.**

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. **FY 2026-27 Proposed Budget = \$405,500.** The sub-categories and line items are as follows:

Professional Services	
Description/Services	Cost of Services
Professional Services Contracts & Contractors	
Stenographer	\$5,500
Website Maintenance	\$50,000
Computer Maintenance	\$28,000
New Franchise Implementation - Consulting	\$50,000
Vehicle Impact Fee Study	\$62,000
Compliance and Outreach Software Selection Assistance	\$30,000
Hearing Officer (for any citations issued pursuant to SB 1383)	\$10,000
Subtotal Professional Services Contracts & Contractors	\$235,500
Financial Services	
Audit	\$25,000
Financial Consultant	\$7,000
Pension Actuarial Valuation	\$10,000
Accounting Software	\$5,000
Misc. Fees	\$8,000
Subtotal Financial Services	\$55,000
Legal Services	
General Counsel	\$92,500
Human Resources Attorney	\$7,500
Franchise Fee Study*	\$15,000
Subtotal Legal Services	\$115,000
Total Professional Services	\$405,500

* One-time General Counsel subcontractor expenses for franchise fee studies: \$75,000 in FY 2025-26 + \$15,000 in FY 2026-27

Note that the Vehicle Impact Fee Study, New Franchise Implementation Consulting, Compliance and Outreach Software Selection Assistance, and Franchise Fee Study are all one-time expenses.

New Franchise Development: This project will be completed in FY 2025-26. The table below shows the revenues and expenses for the entire multi-year project. The total Board-approved budget for the multi-year project was \$1,347,000. **FY 2026-27 Proposed Budget = \$0.**

New Franchise Development	FY 2023/24 Actuals	FY 2024/25 Actuals	FY 2025/26 Budget	FY 2025/26 Projected	FY 2026/27 Proposed Budget	Project Total
Revenue	-	1,324,000	-	23,000	-	1,347,000
Expenses	389,518	652,535	125,941	304,947	-	1,347,000

Rent and Utilities: expenses include insurance, office rent, and telephone charges. The new office lease commenced on August 1, 2020. **FY 2026-27 Proposed Budget = \$206,526.**

Diversion and Compliance Programs: expenses are used to cover solid waste diversion and regulatory compliance related activities as approved by the Board. **FY 2026-27 Proposed Budget = \$1,562,728.** Note that when the new collection and reuse agreements begin on March 1, 2027, the Authority will take on some outreach and public education duties that had previously been performed by Republic and MDRR. This will increase the overall Diversion and Compliance Programs expenses for the last four months of FY 2026-27 (March – June).

The largest single expense in the Diversion and Compliance Programs budget is the quarterly newsletter. The newsletter has traditionally been in the Authority’s budget as opposed to Republic’s so it is not a new expense when the new franchise agreements begin on March 1, 2027. The proposed FY 2026-27 budget for the newsletter is \$400,000, which includes design, printing, and mailing. The Authority distributes approximately 353,344 total newsletter per year, for an estimated cost of \$1.32 per newsletter.

Sector	Units	Issues per Year	Total Newsletters
Single-Family	65,453	4	261,812
Multi-Family	22,883	4	91,532
Total	88,336	4	353,344

C. Transfers in From Grant Fund

In response to questions at the April 1, 2026 meeting of the Finance and Administration Committee, staff created a Grant Fund to receive grant revenue. Revenue received in the Grant Fund is then transferred to the General Fund to offset grant-funded expenses. There are two grants which will provide partial funding to projects in FY 2026-27:

SB 1383 Organics Compliance Grant: expenses for 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 Authority received grant funding from CalRecycle for SB 1383 implementation. In addition to the on-going activities mentioned above, The grant funds are also being used to fund a one-time waste characterization study. The table below shows the revenues and expenses related to the most recent SB 1383 compliance grant (OWR4) for \$591,371.

SB 1383 Grant	FY 2024/25 Actuals	FY 2025/26 Budget	FY 2025/26 Projected	FY 2026/27 Proposed Budget	Project Total
Revenue	278,681	384,171	149,202	163,488	591,371
Expenses	278,681	384,171	149,202	163,488	591,371

In addition to the \$163,488 in SB 1383 expenses that will be funded through the grant, staff is proposing \$180,000 in SB 1383 expenses that will be funded from other General Fund revenue sources, for a total proposed FY 2026-27 SB 1383 budget of \$343,488.

Household Hazardous Waste Event Grant: The Authority was granted \$100,00 in grant funding from CalRecycle to conduct a one-day household hazardous waste drop-off event in our service area. The grant funds must be spent by February 28, 2029, and staff plans to conduct the event in 2027. The event is estimated to cost \$130,000. The additional \$30,000 will be funded from other General Fund revenue sources.

D. Excess Revenue Over (Under) Expenses & Transfers In from Grant Fund

This is the annual net revenue for the General Fund. It is calculated in this manner:

Revenues + Transfers from the Grant Fund – Expenses

For the proposed FY 2026-27 budget the net revenue is:

Revenues	\$4,258,660
Plus Transfers from Grant Fund	<u>\$263,488</u>
Subtotal	\$4,522,148
Less Expenses	<u>\$3,674,545</u>
Equals Net Revenue	\$847,603

E. Fund Balance

Based on the above estimated revenue and expenditures, the General Fund balance at the end of FY 2025-26 is estimated to be \$2,626,920. Of that amount, \$734,909 has been set aside as General Fund Reserve (20% of total budgeted expenditures for FY 2026-27).

Proposed Post-Collection and Reuse Fund Budget

The Post-Collection and Reuse Fund budget is set up exclusively for payments to contractors for post-collection services and the Reuse, Cleanup, and Bulky Item program. Republic Services collects these funds from rate payers and provides them to the Authority for payment to the contractors for their services. The proposed expenses and matching revenues for the Post-Collection and Reuse Fund budget are \$11,799,942 (Attachment B). This includes eight months of payments for the current Reuse program plus four months of payments to MDRR for the expanded Reuse, Cleanup and Bulky Item program. It also includes eight months of payments at current rates to MDRR for recyclables processing and EBMUD for anaerobic digestion of commercial food scraps, plus four months of payments to all post-collection services at the rates established in the new agreements.

A. Revenues

Reuse Program Revenue: Rate revenue to fund current Reuse Program. This revenue is only needed for eight months of FY 2026-27 (July 1, 2026 – February 28, 2027). On March 1, 2027 the current Reuse Program will end and will be replaced by the new expanded Reuse, Cleanup, and Bulky Program. **FY 2026-27 Proposed Budget = \$751,674.**

Rate Revenue: Rate revenue to fund all of the Post-Collection and Reuse Programs except for the current Reuse Program. For the first eight months of FY 2026-27 this includes the current programs for recyclables processing and anaerobic digestion which were previously in the General Fund. After March 1, 2027 the new programs begin, and this revenue funds all Post-Collection and Reuse Programs for the remaining four months of the fiscal year. **FY 2026-27 Proposed Budget = \$11,408,268.**

B. Expenses

Current Reuse Program: Payments to MDRR to provide the current Reuse Program. The current program only includes Reuse Days for single-family dwellings. It does not include Cleanup Days, bulky items, or multi-family dwellings. This expense is only needed for eight months of FY 2026-27 (July 1, 2026 – February 28, 2027). On March 1, 2027 the current Reuse Program will end and will be replaced by the new expanded Reuse, Cleanup, and Bulky Program. **FY 2026-27 Proposed Budget = \$751,674.**

Current Commercial Anaerobic Digestion Agreement: Payments to EBMUD for anaerobic digestion of commercial food scraps. This expense was in the General Fund in FY 2025-26. The current agreement with EBMUD will continue beyond March 1, 2027 until June 30, 2030. **FY 2026-27 Proposed Budget = \$209,211.**

Current Recyclables Processing Agreement: Payments to MDRR to process the Authority's recyclables under the current agreement. This expense is only needed for eight months of FY 2026-27 (July 1, 2026 – February 28, 2027). On March 1, 2027 the current Recyclables Processing agreement will end and will be replaced by the new Recyclables Processing agreement. **FY 2026-27 Proposed Budget = \$1,754,983.**

New Reuse, Cleanup, and Bulky Program: Payments to MDRR for the new, expanded Reuse, Cleanup, and Bulky Program. This program will be expanded to include bulky items, additional materials, service to multi-family dwellings, and an on-call reuse pick-up for single-family dwellings. This program will begin on March 1, 2027. Therefore, this expense will only be incurred during the last four months of FY 2026-27 (March 2026 – June 2027). **FY 2026-27 Proposed Budget = \$1,633,333.**

New Recyclables Processing Agreement: Payments to MDRR to process the Authority's recyclables under the new agreement. The new agreement will begin on March 1, 2027. Therefore, this expense will only be incurred during the last four months of FY 2026-27 (March 2026 – June 2027). **FY 2026-27 Proposed Budget = \$1,527,465.**

New Composting Agreement: Payments to Recology to compost the Authority's organics under the new composting agreement. Composting services are currently provided under the collection agreement with Republic. The new agreement with Recology will begin on March 1, 2027. Therefore, this expense will only be incurred during the last four months of FY 2026-27 (March 2026 – June 2027). **FY 2026-27 Proposed Budget = \$1,643,243.**

New Landfill Disposal Agreement: Payments to Republic to dispose of the Authority's solid waste under the new landfill disposal agreement. Disposal services are currently provided under the collection agreement with Republic. The new, separate disposal agreement with Republic will begin on March 1, 2027. Therefore, this expense will only be incurred during the last four months of FY 2026-27 (March 2026 – June 2027). **FY 2026-27 Proposed Budget = \$1,413,925.**

New Transfer Agreement: Payments to MDRR to transfer the Authority’s solid waste to Republic’s landfill and to transfer the Authority’s organics to Recology’s composting facility. Transfer services are currently provided under the collection agreement with Republic. The new agreement with MDRR will begin on March 1, 2027. Therefore, this expense will only be incurred during the last four months of FY 2026-27 (March 2026 – June 2027). **FY 2026-27 Proposed Budget = \$2,739,854.**

New Commercial Food Scraps Processing Agreement: Payments to Republic to process the Authority’s commercial food scraps using the “Thor” depackager and then transfer the resulting slurry to EMBUD’s wastewater treatment facility for anaerobic digestion. These services are currently provided under the collection agreement with Republic. The new, separate agreement with Republic will begin on March 1, 2027. Therefore, this expense will only be incurred during the last four months of FY 2026-27 (March 2026 – June 2027). **FY 2026-27 Proposed Budget = \$102,594.**

New SB 1383 Compost Procurement Expense: Payments to Recology to provide finished compost for compost give-away events, the compost distribution hub at Heather Farm Park, Member Agency parks and facilities, and to local farmers in order to achieve Member Agency compliance with SB 1383’s compost procurement requirement. This service is currently provided under the collection agreement with Republic. The new agreement with Recology will begin on March 1, 2027. Therefore, this expense will only be incurred during the last four months of FY 2026-27 (March 2026 – June 2027). This will be provided under the new Recology Composting agreement, but is being budgeted separately to track the cost of compliance. **FY 2026-27 Proposed Budget = \$23,660.**

C. Excess Revenue Over (Under) Expenditures

This is the annual net revenue for the Post-Collection and Reuse Fund. This budget is intended to break even. Most of the expenses in the fund are based on the tons transferred, processed, composted, digested, or landfilled. When estimating expenses for the budget staff averaged the tons collected for each material for the past three years and then added a 5% contingency. If there is excess revenue in this fund at the end of FY 2026-27, staff recommends maintaining a fund balance as a contingency for any future unexpected increases in tonnage.

Current Fund Balances

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

All Fund Balances - As of June 30, 2025	
General Fund	4,993,778
Reuse Fund	85,877
Member Agency Reserve Funds	17,772,408
Contra Costa County	3,088,268
Town of Danville	3,498,077
City of Lafayette	2,653,051
Town of Moraga	1,122,733
City of Orinda	1,349,060
City of Walnut Creek	6,061,219
Grand Total - All Funds	22,852,063
Bank and Investment Account Balances - As of June 30, 2025	
Wells Fargo	1,997,991
Local Agency Investment Fund (LAIF)	19,423,643
Total	21,421,635

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

Net Pension Liability and OPEB Liability

The table below shows the Authority’s net pension liability over time. On June 30, 2022 the Authority had a net pension asset because the Board had decided to pay down the liability in prior years. The net pension asset became a liability again by 2023. As of June 30, 2025 the total net pension liability was \$125,678.

Each year the Authority receives an invoice from CalPERS for unfunded accrued pension liability. The proposed FY 2026-27 budget includes \$33,199 for this purpose, per the CalPERS website. In the past the Authority has chosen to pay more than the annual amount calculated by CalPERS in order to pay down the Authority’s net pension liability.

Net Pension Asset (Liability)				
6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
(157,469)	624,980	(30,180)	(144,098)	(125,678)

The table below shows the Authority’s Other Post Employment Benefit (OPEB) Liability. Figures are shown in parentheses to indicate that it is a liability instead of an asset.

Other Post Employment Benefit Liability				
6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
(71,207)	(88,017)	(57,152)	(66,047)	(53,269)

Staff will include the current net pension liability and OPEB liability in future reports to the Finance Committee during the annual budget process. This information is also available in the Authority’s annual financial audit report.

ATTACHMENTS

- A. Operations Fund Budget for FY 2026-27
 - 1. Budget Worksheet Notes
- B. Reuse Fund Budget for FY 2026-27
 - 1. Budget Worksheet Notes
- C. Grant Fund Budget for FY2026-27

General Fund Fiscal Year 2026-27						
	<u>FY 2024-25 Actuals</u>	<u>FY 2025-26 Adopted Budget</u>	<u>Projected FY 2025-26 EOY Actuals</u>	<u>Proposed FY 2026-27 Budget (July- February)</u>	<u>Proposed FY 2026-27 Budget (March-June)</u>	<u>Proposed FY 2026-27 Budget (Total)</u>
Beginning Fund Balance	\$ 3,201,539	\$ 3,812,407	\$ 4,993,778	\$ 1,751,280	\$ 875,640	\$ 2,626,920
Revenues						
JPA ¹	2,654,734	2,084,749	2,084,749	-	-	\$ -
Diversion Program ¹	731,792	766,952	766,952	-	-	\$ -
Rate Revenue ¹	-	-	-	2,274,038	1,137,019	\$ 3,411,057
Post Collection Processing ²	2,639,993	2,821,903	2,668,253	-	-	\$ -
Recycling Revenue Share ³	907,735	-	553,000	-	-	\$ -
New Franchise Development Reimbursement ⁴	1,324,000	-	23,000	-	-	\$ -
Interest Earned	970,182	801,552	838,866	561,402	280,701	\$ 842,103
Other	4,448	10,000	305	3,667	1,833	\$ 5,500
Miscellaneous ⁵	24	500	300	-	-	\$ -
Total Revenues	9,232,908	6,485,656	6,935,425	2,839,107	1,419,553	4,258,660
Total Funds Made Available	12,434,446	10,298,063	11,929,203	4,590,387	2,295,193	6,885,580
Expenses						
Full Time Staff Salaries	961,203	1,014,847	1,014,568	708,953	354,477	\$ 1,063,430
Benefits	261,961	280,926	277,005	193,842	96,921	\$ 290,762
Pension Unfunded Accrued Liability Expense ⁶	10,704	23,530	23,530	22,133	11,066	\$ 33,199
Temporary Staff	4,408	5,000	-	3,333	1,667	\$ 5,000
Board Member Remuneration	5,400	6,000	6,000	4,000	2,000	\$ 6,000
Total Personnel Services	1,243,676	1,330,303	1,321,102	932,261	466,130	1,398,391
Copier Lease	8,660	9,200	8,200	6,200	\$ 3,100	\$ 9,300
Bank and Other Fees	17,728	18,800	18,327	12,533	\$ 6,267	\$ 18,800
Memberships Dues Subscriptions	9,341	9,715	9,085	8,333	\$ 4,167	\$ 12,500
Miscellaneous	149	300	200	200	\$ 100	\$ 300
Office Supplies	11,200	13,500	8,640	9,000	\$ 4,500	\$ 13,500
Postage ⁷	801	-	-	-	-	\$ -
Non-Capital Equipment/Furnishings	2,500	2,500	2,500	3,333	\$ 1,667	\$ 5,000
Staff Development/Travel/Conf/Meeting	21,040	27,500	23,700	20,000	\$ 10,000	\$ 30,000
Capital Furnishings/Equip	-	45,000	45,000	8,000	\$ 4,000	\$ 12,000
Total Materials and Supplies	71,419	126,515	115,652	67,600	33,800	101,400
Professional Svcs Contracts & Contractors ⁸	42,276	102,000	95,300	157,000	\$ 78,500	\$ 235,500
Financial Services	25,750	55,000	33,000	36,667	\$ 18,333	\$ 55,000
Legal ⁹	38,922	152,000	132,000	76,667	\$ 38,333	\$ 115,000
Total Professional Services	106,948	309,000	260,300	270,333	135,167	405,500
New Franchise Development ¹⁰	652,535	125,941	304,947	-	-	-
Total New Franchise Development	652,535	125,941	304,947	-	-	-
Insurance	34,006	35,706	41,737	30,093	\$ 15,046	\$ 45,139
Rent	143,025	148,601	148,598	101,711	\$ 50,856	\$ 152,567
Telephone	8,411	8,684	8,556	5,880	\$ 2,940	\$ 8,820
Total Rent and Utilities	185,442	192,991	198,891	137,684	68,842	206,526

**General Fund
Fiscal Year 2026-27**

	<u>FY 2024-25 Actuals</u>	<u>FY 2025-26 Adopted Budget</u>	<u>Projected FY 2025-26 EOY Actuals</u>	<u>Proposed FY 2026-27 Budget (July- February)</u>	<u>Proposed FY 2026-27 Budget (March-June)</u>	<u>Proposed FY 2026-27 Budget (Total)</u>
C&D Program	16,560	30,220	24,216	21,560	10,780	\$ 32,340
Home Composting ¹¹	18,713	37,000	37,000	24,667	12,333	\$ 37,000
Outreach & Education ¹²	479,633	504,232	481,240	428,667	401,333	\$ 830,000
SB1383 Program ¹³	278,681	384,171	149,202	228,992	114,496	\$ 343,488
Household Hazardous Waste Event ¹⁴	-	-	-	86,667	43,333	\$ 130,000
School Recycling	142,867	180,000	160,000	126,600	63,300	\$ 189,900
Special Events ¹⁵	5,631	15,500	15,500	-	-	\$ -
Diversion & Compliance Program Expenses¹⁶	942,085	1,151,123	867,158	917,152	645,576	1,562,728
Post Collection Processing Cost ¹⁷	2,654,434	2,821,903	2,668,253	-	-	-
Total Post Collection Processing Costs	2,654,434	2,821,903	2,668,253			
Total Expenses	5,856,538	6,057,775	5,736,303	2,325,030	1,349,515	3,674,545
Transfers In from Grant Fund	Notes for Post-Collection and Reuse Fund Worksheet					
SB 1383 Organics Compliance Grant Program	278,681	384,171	149,202	108,992	54,496	\$ 163,488
Household Hazardous Waste Event (Grant)				\$ 66,667	\$ 33,333	\$ 100,000
Transfers In from Grant Fund	\$ 278,681	\$ 384,171	\$ 149,202	\$ 175,659	\$ 87,829	\$ 263,488
Transfers Out to Grant Fund						
SB 1383 Organics Compliance Grant Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Household Hazardous Waste Event (Grant)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers Out to Grant Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess Revenue Over (Under) Expenses & Transfers In from Grant Fund	\$ 3,655,050	\$ 812,052	\$ 1,348,324	\$ 689,735	\$ 157,868	\$ 847,603
Contributions to Member Agencies ¹⁸	1,862,811	2,600,852	3,715,182	1,261,341	630,670	1,892,011
Nonspendable (Prepaid)	\$ 72,042	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned Fund Balance	\$ 3,715,181	\$ 817,052	\$ 1,892,011	\$ 514,077	\$ 70,038	\$ 584,115
General Fund Reserve Fund Balance (must equal 20% of Current Year's Budgeted Expenses)¹⁹	\$ 1,206,555	\$ 1,206,555	\$ 734,909	\$ 489,939	\$ 244,970	\$ 734,909
Ending Fund Balance	\$ 4,993,778	\$ 2,023,607	\$ 2,626,920	\$ 1,004,016	\$ 315,008	\$ 1,319,024

Notes from General Fund Budget Worksheet

¹JPA and Diversion Program Revenues combined and renamed Rate Revenue

²Post Collection Processing Revenue moved to the Post Collection and Reuse Fund and renamed Rate Revenue

³Recycling Revenue Share was historically budgeted at \$0 with the actual revenue received recorded in the General Fund. After March 1, 2027, actual Recycling Revenue Share revenue received will no longer be recorded in the General Fund and we will credit directly to Member Agency Reserves.

⁴Finished New Franchise Development in FY 2025-26

⁵Combined Miscellaneous Revenue with Other Revenue

⁶This line is the annual payment. The total net pension liability is \$125,678 as of 6/30/2025.

⁷Combined postage with office supplies. Postage for the newsletter is included under Outreach and Education.

⁸See staff report for details

⁹Includes \$90,000 in one-time subcontractor expenses for franchise fee studies: \$75,000 in FY 2025-26 + \$15,000 in FY 2026-27

¹⁰The multi-year New Franchise Development Project will be completed in FY 2025-26. See staff report for details.

¹¹Included summer camps in FY 2025-26. Summer camps moved to Outreach and Education for FY 26-27

¹²FY 2026-27 Outreach & Education budget includes four months of higher expenses due to the new franchise agreements

¹³Includes both grant-funded and non-grant-funded expenses. See staff report for details on multi-year SB 1383 project.

¹⁴Includes both grant-funded and non-grant funded expenses

¹⁵Combined Special Events with Outreach and Education

¹⁶Diversion Programs renamed as Diversion & Compliance Programs

¹⁷Post Collection Processing Expenses moved to the Post Collection and Reuse Fund and itemized by processor

¹⁸Per the approval of the Board Members on December 11, 2025, unassigned fund balance for the amount of \$3,715,182 were distributed to member agencies.

¹⁹General Fund Reserve (20% of Total Budgeted Expenditures) $\$3,674,545 * 20\% = \$734,909$

Post Collection & Reuse Fund Budget Fiscal Year 2026-27					
	<u>FY 2025-26 Adopted Budget</u>	<u>Projected FY 2025-26 EOY Actuals</u>	<u>Proposed FY 2026-27 Budget (July -February)</u>	<u>Proposed FY 2026-27 Budget (March-June)</u>	<u>Total Proposed FY 2026-27 Budget</u>
Revenues					
Reuse Program Income (from Rates) ¹	1,127,511	1,127,511	751,674		751,674
Rate Revenue ²			1,901,650	9,146,618	11,048,268
Total Revenues	1,127,511	1,127,511	2,653,324	9,146,618	11,799,942
Expenses					
Reuse Program (MDRR) - Current ³	1,127,511	1,127,511	751,674		751,674
Commercial Anaerobic Digestion (EBMUD) - Current ⁴			146,667	62,544	209,211
Recyclables Processing (MDRR) - Current ⁵			1,754,983		1,754,983
Reuse, Clean Up and Bulky Program (MDRR) - New ⁶				1,633,333	1,633,333
Recyclables Processing (MDRR) - New ⁷				1,527,465	1,527,465
Composting (Recology) - New ⁷				1,643,243	1,643,243
Landfill Disposal (Republic) - New ⁷				1,413,925	1,413,925
Transfer (MDRR) - New ⁷				2,739,854	2,739,854
Commercial Food Scraps Processing (Republic) - New ⁷				102,594	102,594
SB 1383 Compost Procurement (Recology) - New ⁷				23,660	23,660
Total Expenses	\$ 1,127,511	\$ 1,127,511	\$ 2,653,324	\$ 9,146,618	\$ 11,799,942
Excess Revenue Over (Under) Expenditures	-	-	-	-	-

Notes for Post-Collection and Reuse Fund Worksheet

¹Rate revenue to fund current Reuse Program. Only needed for eight months of FY 2026-27.

²Rate revenue to fund all Post Collection and Reuse Programs except for the current Reuse Program. For the first eight months of FY 2026-27 this includes the current programs for recyclables processing and anaerobic digestion which were previously in the General Fund. After March 1, 2027 the new programs begin, and this revenue funds all post-collection and reuse programs for the remaining four months of the fiscal year.

³Current Reuse Program. Only includes single-family Reuse Days. Ends February 29, 2027.

⁴Current anaerobic digestion contract. Was in the General Fund in FY 2025-26. Continues until 2030.

⁵Current recyclables processing agreement. Was in the General Fund in FY 2025-26. Ends February 28, 2027.

⁶New expanded Reuse, Clean Up, and Bulky Program. Begins March 1, 2027.

⁷New post-collection agreement. Begins March 1, 2027. This service was previously provided as a part of the collection agreement.

