

Review of Household Hazardous Waste Program Expenditures for the Years 2014-2018

RecycleMore

West Contra Costa Integrated Waste
Management Authority



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EXECUTIVE SUMMARY

The West Contra Costa Integrated Waste Management Authority (WCCIWMA), a regional joint powers authority, is mandated by provisions of AB939 to reduce trash disposal. To facilitate compliance with this mandate, the Authority has contracted with West County Resource Recovery, Inc. (WCRR) for the collection and processing of recyclables and household hazardous waste, the subject of this report. Operations of the household hazardous waste program began on January 1, 2014 and the Authority and WCRR entered into an agreement regarding budgeting and expenditure limits in January 2019. The purpose of this review was to determine if the expenses incurred by WCRR for the household hazardous waste program for the years 2014-2018 were reasonable, accurate and consistent with the 2019 agreement.

As part of this review, MRG reviewed program expenses, including salaries, vendor payments, allocation calculations, and other relevant documentation. With some minor adjustments, overall, we found WCRR reported expenses to be reasonable, accurate and consistent with the agreement. Additionally, we found several areas where adjustments to budgeting and reporting techniques could improve the annual expenditure review process and provide additional information to decision-makers during the annual budget development process.

I. BACKGROUND

The WCCIWMA

The West Contra Costa Integrated Waste Management Authority (WCCIWMA) is a regional joint powers authority created by the member cities of El Cerrito, Hercules, Pinole, Richmond and San Pablo, and Contra Costa County, California. The Authority, also known as "RecycleMore," was created as a result of the passage of Assembly Bill 939, the *Integrated Waste Management Act*, passed in 1989 by the California legislature and signed into law by Governor Deukmejian. AB939 regulates solid waste management statewide and established an integrated waste management board and regulatory hierarchy to guide local agencies in implementation of provisions related to source reduction, recycling and composting, and environmentally safe transformation and land disposal.

Among other provisions, AB939 mandated a 50% reduction in trash by the year 2000. AB 939 required local agencies to adopt plans to reduce waste and make good faith efforts to implement the approved plan or to take other actions to achieve the State mandated reduction in waste. Because of the significance of this legislation, and the potential penalties imposed by the State for failure to meet the requirements, RecycleMore's member agencies formed the Authority to combine resources to effectively and efficiently ensure compliance with the new law.

The WCCIWMA jurisdiction includes the processing of all franchised waste collected in West Contra Costa County. This includes landfill, transfer stations, recyclables, composting and household hazardous waste processing, as well as implementation of AB 939 programs and requirements. Each member Agency is responsible for collection of waste within their

jurisdictions; the Authority's jurisdiction is limited to processing and disposal once the waste is collected and presented to their facilities.

The Authority has contracted with West County Resource Recovery Inc., a division of Richmond Sanitary Service (a subsidiary of Republic Services, Inc.) to operate the Integrated Resource Recovery Facility (IRRF) located on Pittsburg Avenue in North Richmond. The IRRF serves as the sorting and processing facility for recyclables collected in West Contra Costa County. In addition to processing, the IRRF provides direct consumer services including a buyback center that accepts all of the California Redemption materials (aluminum cans, glass bottles, PET Plastic #1) and scrap glass, scrap aluminum, brass, copper, steel, newspaper, cardboard and mixed paper.

The Household Hazardous Waste Program

The IRRF is also the location of the West County Household Hazardous Waste (HHW) Collection Facility, the subject of this report. The HHW facility accepts a wide variety of household hazardous waste, including paint, pesticides, aerosols, propane cylinders, flammables, acids, batteries, motor oil, antifreeze, fluorescent tubes, e-waste, and more. The HHW facility in North Richmond is open to the public four days a week. Residents may drop off waste free of charge; small businesses are charged a fee.

In addition to the primary HHW facility in North Richmond, the Authority, through its contractor West County Resource Recovery, Inc. (WCRR), provides a variety of related programs to help residents properly dispose of household hazardous waste. These include operation of a satellite HHW facility in El Cerrito one day each week, a pickup service available to seniors and disabled individuals who are unable to travel to the facilities to drop off their waste, and three one-day special collection events each year located throughout the County.

WCRR is responsible for the operation of all HHW programs. To ensure that the hazardous wastes are properly handled and safely destroyed, WCRR contracts with Stericycle for the day-to-day operations of the HHW facility. Stericycle provides employees during open hours, supplies and containers for collecting wastes, and transportation and disposal of the wastes. Stericycle provides this service at the main facility in Richmond, the satellite facility in El Cerrito, and the three one-day special events each year.

In 2013, the Authority entered into an agreement with WCRR for the post-collection processing and disposal of waste collected within the Authority's jurisdiction. Although this wide-ranging agreement addressed basic requirements for operation of the HHW facility, it provided little guidance for the budget and cost accounting for the program. Operations of the HHW facility began under the terms of this agreement on January 1, 2014 at the Richmond facility and WCRR began accepting HHW at the El Cerrito satellite facility in June 2017. Although the Authority Board adopted budgets for the HHW program each year, the Authority and WCRR did not enter into an agreement regarding budgeting and expenditure limits (the "Side Letter") until January 2019 (a copy is included as Attachment A).

II. PROJECT SCOPE AND METHODOLOGY

The Side Letter addresses expenditure accounting in two distinct time periods: calendar years 2014-2018 and 2019 going forward. Paragraph 8.H. provides that, by April 1, 2019, WCRR will provide a reconciliation of actual expenses compared to the Board approved budget for the five years ended December 31, 2018. As required, WCRR provided this accounting (included as Attachment B) and the Authority contracted with MRG for assistance in reviewing this expense reconciliation. Paragraph 8 notes that “Either the Authority or the Contractor shall be entitled to recover any surplus/shortfall in actual revenues relative to allowable costs. The Authority or the Contractor shall recover such surplus/shortfall either by (a) a direct payment; or (b) as a credit/debit against the following year’s rates.” The Side Letter does limit reimbursement to WCRR for the years 2014-2017 combined to \$41,500.

The purpose of the MRG review was to determine if the expenses presented by WCRR were reasonable, accurate and consistent with the Side Letter for the years 2014 – 2018 and if the amounts that might be owed to either WCRR or the Authority were correctly determined. MRG was not engaged to review 2019 for future year expenditures.

In completing our review, MRG assumed that WCRR has presented all relevant and eligible expenses: we did not search their ledger accounts further to be sure that no expenses were omitted from the accounting. We did, however, make adjustments in reported expenses to correct miscalculations, eliminate duplicates, add omitted expenses brought to our attention, and similar corrections. The final accounting in Attachment C differs from the initial expense reconciliation presented by WCRR (Attachment B) because of these adjustments.

MRG did not compare program costs to other jurisdictions to determine if the overall program cost is competitive. Finally, MRG was not asked to review revenues for the HHW program, just expenses.

The level of review for expenditures varies by the amount and nature of the expense. For example, because Stericycle costs represent a substantial amount of total costs, MRG review of those invoices and accounting was much more detailed than it for a single line item of office supplies. Generally, with some exceptions, MRG requested copies of actual invoices from any vendor that exceeded \$10,000 in charges over the review period. In some cases, all invoices were verified; in others, invoices were sampled and verified. Additionally, all calculations related to staffing costs were reviewed and verified. Additional detail about the review is explained in this report.

There are inherent difficulties when preparing and reviewing data that is five years old. Staff who processed the invoices at the time are no longer employed by WCRR, files are either in off-site storage or missing entirely, accounting systems change, and so forth. As such, the level of detail and back up documentation WCRR was able to provide for recent years was significantly better than they were able to provide for the earlier years.

Additionally, while the HHW program has operated since 2014, the agreement that addresses cost accounting for the program was not adopted until January 2019. Had the Side Letter been in place during the entire operating period, WCRR staff could have tracked expenditures more

consistently with the terms of the Side Letter, with less need to compile data and create reports after the fact.

Recommendation 1: Beginning in 2019, the Side Letter requires an annual review of actual expenses. MRG recommends that this annual review should be completed in a timely manner. This will ensure records are timely, back-up data is easily available, and errors, if any, can be caught and corrected quickly.

III. 2014

WCRR provided the following expenditure accounting for the year 2014:

	Actual	Budget
Wages & Benefits	111,584	84,709
Maintenance Supplies, Spare Parts & Outside Services	37,132	36,050
HHW Facility Outside Services	558,690	581,095
Fuel	2,513	3,652
Utilities	5,305	
Property Taxes	15,947	
Insurance	3,834	3,722
JPA Requested Programs		
Sharps Containers/Sharps & Pharmaceutical Disposal	19,034	
Operating Expense	754,039	709,228
Operator Profit Margin 11.55%	87,092	81,916
HHW Revenue	(50,335)	
Net Expense	\$790,796	\$791,144

WCRR represented that this accounting was prepared several years ago by former staff members and little additional detail is available. Unlike the information for 2015-2018, the 2014 accounting did not include details for the “Maintenance, Supplies, Spare Parts and Outside Services” category. WCRR was able to provide a ledger report that included Stericycle (then known as Phillips/PSC) and some of the other expenses totaling \$696,100. The ledger report did not include salaries, insurance, and several other costs noted above. WCRR was also able to provide copies of Stericycle invoices for the months January through May.

MRG reviewed the limited information provided for 2014. The Stericycle invoices, which represent 74% of operating expenditures in 2014, were properly reflected in the ledger and verified to the extent possible. While MRG was unable to verify wages and benefits and a few other minor expenses, the expenditures, both in type and amount, are consistent with subsequent years. While it may be possible to obtain copies of invoices from individual vendors and recreate the 2014 expenditure accounting in more detail, our review found no reason to believe that this effort would yield a meaningful difference. MRG believes the 2014 accounting provided by WCRR fairly represents actual expenditures.

The remainder of this report addresses only the years 2015-2018.

IV. TYPES OF HHW EXPENDITURES

For purposes of this review, expenses incurred by WCRR for the HHW program fall into four categories:

Stericycle. Stericycle is the primary vendor to the HHW program, providing contracted labor, supplies, transportation and disposal of most wastes. Stericycle invoices WCRR monthly with complete and detailed invoices. All costs billed by Stericycle are for the HHW program. Stericycle costs represent 68% of all operating costs.

WCRR/Republic Services labor. WCRR charges costs for several employees to manage and support the HHW program. Allocated labor charges represent approximately 13% of total operating costs.

Other Direct Costs. This category includes other costs incurred by WCRR directly in support of the HHW program. This includes vendors who dispose of specialty wastes (sharps, pharmaceuticals), marketing HHW programs, repairs to the HHW facility, and similar items. These costs represent approximately 8% of operating costs.

Other Indirect/Allocated Costs. This category includes a wide variety of costs incurred by WCRR to manage the entire facility and operation (including non-HHW areas) then allocated partially to HHW. This includes utilities, property taxes, security services, fuel, insurance, accounting support, maintenance of the site, and similar expenses. These indirect/allocated costs represent approximately 11% of operating costs.

Each of these cost types is addressed separately below.

V. STERICYCLE

WCRR contracted with Stericycle under the terms of an agreement dated January 1, 2014. WCRR provided MRG a copy of this agreement for review. Stericycle invoices WCRR monthly for services in very detailed invoices, including backup for staff hours, supplies consumed and wastes removed for disposal. During the period 2015-2108, Stericycle pricing remained the same (prices did change for 2019). WCRR provided complete copies of all Stericycle invoices for the years 2016, 2017 and 2018, for the Richmond facility, El Cerrito facility, and special one-day events.

WCRR was only able to provide one invoice for the year 2015 and indicated the remainder have been lost. WCRR did provide a ledger report showing all Stericycle invoices for 2015 which was consistent with the budget reconciliation they provided.

All invoices were reviewed and reconciled to the budget reconciliation. In addition, MRG sampled several invoices to check that Stericycle pricing was consistent with the terms of the contract. MRG found no notable discrepancies and agrees that the following expenses, as reported by WCRR, are reasonable, accurate and consistent with the terms of the Side Letter:

	2015	2016	2017	2018
HHW Outside Services:				
Stericycle, Richmond	491,658	482,902	468,619	367,266
Stericycle, El Cerrito		2,556	84,006	160,642
Stericycle, special one-day events			109,476	99,344
Total Stericycle	\$491,658	\$485,458	\$662,101	\$627,252

VI. WCRR LABOR COSTS

Exhibit A, paragraph A.1., to the Side Letter provides that WCRR may charge “Direct wages and benefits paid [by] Contractor for an HHW supervisor who oversees HHW programs and manages the budget in cooperation with the Authority” to the HHW budget. Paragraphs B.2., B.3., and B.4., specifically prohibit:

- Labor and equipment costs for personnel and vehicles that are not specified in the operational parameters and assumptions that are approved as part of the HHW budgets.
- Payments or other compensation to managers, directors and/or owners of Contractor.
- Corporate overhead allocations or other charges for Contractor’s selling, general, and/or administrative employees.

WCRR allocated the following costs for their employees to the HHW program:

	2015	2016	2017	2018
Richmond				
Contract Manager (Peter Nuti)	61,180	25,271	12,746	10,401
HHW Operations Manager (Nicole Forte beginning 2016)	48,510	40,760	71,761	86,422
Mechanic/Repairs/Forklift Driver	8,718	15,489	14,511	17,670
El Cerrito				
Contract Manager (Peter Nuti)				3,714
HHW Operations Manager (Nicole Forte beginning 2016)		3,540	12,301	15,251
TOTAL	\$118,408	\$85,060	\$111,319	\$133,457

The amounts allocated were calculated as follows (shown as a percent of full-time equivalent employee):

	2015	2016	2017	2018
Richmond				
Contract Manager	30%	30%	5%	5%
HHW Operations Manager	50%	35%	85%	85%
Mechanic/Repairs/Forklift Driver	8%	9%	20%	20%
El Cerrito				
Contract Manager				2.5%
HHW Operations Manager		5%	15%	15%

The expenses shown represent salary and benefit costs and salaries were verified for the 2018 year. WCRR calculated benefits as 35-40% of salary. For prior years, the rates used to calculate the charges were consistent with typical annual salary and benefit increases and appeared reasonable. Note that for purposes of budget comparison, the Contract Manager and Operations Manager allocations was included in the “Salaries and Benefits” category while the Mechanic/Repairs/Forklift Driver position was included in the “Maintenance, Supplies, Spare Parts and Outside Services” budget category.

The HHW Operations Manager (Nicole Forte) is assigned full time to manage HHW programs and inclusion of salary and benefit costs for this position is consistent with the Side Letter, as noted above. Similarly, the Contract Manager (Peter Nuti) supervises the HHW Operations Manager and is primarily responsible for permitting and broader policy direction regarding the program. Inclusion of salary and benefit costs for the Contract Manager is consistent with the Side Letter. Note that the percent of these employee’s time charged to HHW has evolved during the four-year review period based on the addition of staff and growth in the program.

The Mechanic/Forklift Driver spends 2 hours each day the HHW facility is open, plus an additional day for loading and shipping out the waste materials (5 days a week total), moving materials, loading trucks, and similar tasks. His time has increased during the four-year review period as the program has grown. Inclusion of salary and benefit costs for the Mechanic/Forklift Driver is reasonable and consistent with the Side Letter.

VII. OTHER DIRECT COSTS

WCRR incurs additional direct expenses in support of the HHW program. These can vary from small expenses to more significant costs. These direct costs totaled approximately \$250,000 over the course of the four-year period and represent around 8% of total operating costs. The most significant of these costs are:

Vendor	Total	Description of Expense
Curie Services	\$9,659.57	Radioactive waste management
El Cerrito Electric	\$13,670.00	Repair/replace HHW site lighting
Innerworkings, Inc.	\$35,587.60	Printing mailers HHW program marketing
R&S Erection	\$5,733.63	Repair garage doors at HHW facility
Sierra Steel Works	\$8,270.00	Install steel plates at entrance to HHW facility
Sweetser & Assoc.	\$7,625.00	Environmental regulation consulting and assistance
U-Line Shipping Supplies	\$3,13.42	Shipping and related start-up supplies for El Cerrito
Law Offices of Scott W. Gordon	\$4,837.50	Legal expenses for contract review
Barnett Medical Services	\$29,990.16	Containers for safe collection of sharps
Sharps Solutions	\$72,994.00	Medical and Biohazardous waste disposal
Richmond Sanitary Services	\$9,217.23	Dispose of waste and cardboard from one-day events

MRG reviewed all or a sampling of invoices for the most significant of these costs to determine if the charges were appropriate and found no discrepancies. MRG believes the direct costs charged to the HHW program were reasonable, accurate and consistent with the Side Letter.

VIII. OTHER ALLOCATED COSTS

WCRR incurs costs that relate to the entire site or operation, not just the HHW program. In some cases, the Side Letter identifies how much of these charges may be directed to the HHW program.

Property Taxes. Paragraph A.6. of Exhibit A to the Side Letter specifies that property taxes may be charged to the HHW program. Specifically, “Property taxes which represents a 7.29% allocation of the total property taxes paid by Contractor for the 101 Pittsburg Avenue, Richmond site [may be included]. The 7.29% allocation is based on Contractor’s representation of the square footage of the site occupied by the HHW facility.” WCRR charged a total of \$89,548.51 to HHW over the four-year review period, compared to \$48,950 included in the approved budget. MRG did review property tax bills for 2015-2018 and found the WCRR allocation to be consistent with the Side Letter.

Insurance. Paragraph A.7. of Exhibit A to the Side Letter indicates that “Insurance costs directly attributable to the operation of the HHW program for the types and levels of coverage required by the Agreement [may be included].” The Side Letter does not specify an allocation ratio. Using the same ratio as property taxes (7.29%), WCRR charged \$35,470.49 over the four-year period to HHW, compared to the approved budget amount of \$7,211.

Fuel. Paragraph A.4. of Exhibit A to the Side Letter indicates that “Fuel costs incurred in the operation of mobile equipment used specifically for the benefit of the HHW program [may be included]. To the extent that such mobile equipment is shared with other operations of the Contractor, Contractor shall have the burden of demonstrating the appropriateness of the allocation of these costs to the Authority’s Executive Director.” The Side Letter does not specify an allocation ratio. WCRR has charged a total of \$18,161.60 to the HHW budget over the four-year period, compared to an approved budget of \$11,562. This was calculated as 4% of total fuel charges for the site in 2015, decreasing to 3% in 2016, 2017 and 2018.

Utilities. Paragraph A.5. of Exhibit A to the Side Letter indicates that “Utility costs incurred by Contractor in the operation of the HHW program [may be included].” The Side Letter does not specify an allocation ratio. Using the same ratio as property taxes (7.29%), WCRR has allocated \$52,050.95 to the HHW budget over the four-year period, compared to an approved budget of \$19,476.

Paragraph 8.j.iii. in the Side Letter indicates that “Beginning in Calendar Year 2019, Authority and Contractor agree that line items accounts for fuel, utilities, property tax and insurance...as included in the 2019 Board Approved HHW budget are not subject to reconciliation. These four line items shall be subject to an annual CPI adjustment ...for all subsequent years and will be considered actual costs.”

Accounting Support. WCRR initially included \$41,707.40 in 2015 and \$47,476.80 in each of the following years (for a total of \$184,137.80) for accounting support. WCRR noted that this was to cover the cost of paying HHW invoices and general accounting support (such as assistance with this review and annual budget preparation).

Paragraph 2 of the Side Letter indicates WCRR may include, “Maintenance, supplies, spare parts, consumables and outside service costs directly to perform the HHW services required under the Post-Collection Agreement.” Additionally, paragraph B.2. of Exhibit A to the Side Letter prohibits “Corporate overhead allocations or other charges for Contractor’s selling, general and/or administrative employees, except for insurance and other overhead included in a Board approved annual HHW budget.” However, it does indicate that WCRR may include “the actual and direct costs of operating the HHW Programs, Permanent HHW Facility, ...”.

MRG believes it is appropriate to include an amount for accounts payable processing and accounting support that reasonably reflects the actual cost for the HHW program. After further discussion with WCRR and cost analysis, WCRR proposes to include two components to this cost:

- Accounts payable support equal to 8.5% of an account clerk salary, or \$8,141 each year.
- Accounting support for quarterly reporting and analysis, revenue monitoring, annual budget development, and similar costs, equal to 16% of the division controller salary, or \$22,453 each year.

MRG believes these amounts are reasonable and consistent with industry standards. The amount reported has been adjusted to reflect the total of these amounts, \$30,594.

Other Indirect/Allocated costs. WCRR incurs costs to maintain the entire IRRF site and has allocated varying percentages of these costs to the HHW budget. Costs include landscaping, lighting, security, sweeping, janitorial, and similar expenses to maintain the entire IRRF. Additionally, WCRR annually acquires a variety of permits to operate the entire site in addition to the HHW-specific permits. Over the course of the four-year period, total indirect/allocated site costs total approximately \$155,000. These costs are for the Richmond site only; no such allocations were made for El Cerrito or the other HHW programs. Some of these include:

Alward Construction Company (and others)	\$5,947.70	Remodeled breakroom used by all employees
Bay Cities Refuse Services	\$1,440.00	Sweeping of entire site
Bay-Lan Communications	\$1,570.40	Camera maintenance and internet for entire site
Curb Appeal Landscaping	\$810.00	Landscaping entire site
El Cerrito Electric	\$3,520.00	Site lighting repairs
Frank Gonzales	\$7,680.00	Site landscaping
Lopez Building and Grounds	\$6,552.00	Janitorial
Office Supplies	\$1,990.08	
Permit Fees - General	\$29,312.64	20% of all fees for site except HHW (HHW permit fee charged 100%)

Security	\$41,228.78	Security for all site.
SQ International	\$7,298.56	Fire extinguisher and fire suppression systems inspections
Terracare	\$5,326.54	Site landscaping
Townsend & Styer Maintenance	\$472.34	Janitorial
Toyota Material Handling	\$1,233.78	Repair of forklifts used on entire site
Tri City Fence	\$621.00	Repair of perimeter fence.
Western Exterminator	\$4,929.98	Pest extermination

WCRR allocated these costs to HHW at varying ratios, generally ranging from 15 to 25% of the total invoiced amount. The ratios are sometimes inconsistent, even for the same service over the four-year period. For example, Western Exterminator costs were allocated to HHW at rates ranging from 10% to 25% over the review period. After discussion with WCRR staff, WCRR provided documentation for allocation rate of 18% for site maintenance costs. This rate is calculated based on the square footage of the buildings including the common areas used by HHW employees divided into the usable square footage of the site. MRG reviewed these calculations and believes they reasonably reflect costs for site maintenance.

Exhibit A to the Side Letter does not directly address the allocation of these site related costs. However, it does indicate that WCRR may include “the actual and direct costs of operating the HHW Programs, Permanent HHW Facility, ...”. Additionally, paragraph 2 of the Side Letter indicates WCRR may include, “Maintenance, supplies, spare parts, consumables and outside service costs directly to perform the services required under the Post-Collection Agreement.” Finally, paragraph B.2. of Exhibit A to the Side Letter prohibits “Corporate overhead allocations or other charges for Contractor’s selling, general and/or administrative employees, except for insurance and other overhead included in a Board approved annual HHW budget.”

These type of services (landscaping, security, site permits, janitorial, fencing, et al.) would be required if the HHW site were located separately from the larger IRRF and it is reasonable to include an appropriate allocation of these costs. An allocation rate of 18% is appropriate, however, the tedious nature of these individual calculations leads to errors and unnecessary work when a fixed allocation for site overhead would be sufficient.

Recommendation 2: Similar to property taxes, utilities, fuel and insurance, MRG recommends budgeting an amount each year for site maintenance, to include landscaping, security, janitorial, site permits, and similar recurring site maintenance costs. This allowance should increase each year by 0.85% of CPI, consistent with other budget items. This budget amount should be allowed without further reconciliation each year.

IX. BUDGETS AND OVERALL FUNDING FORMULA

In November of each year, the Authority considers and adopts a budget for the HHW program for the coming calendar year. The total amount of the budget then becomes a component of the post-collection disposal rates collected by WCRR for the HHW and other programs. WCRR

collects revenues for the HHW program during the year equal to the adopted budget amount. Paragraph 8.b. of the Side Letter states, “In establishing the HHW Budget for the following calendar year, the Parties shall consider Contractor’s actual prior year costs incurred in the operation of the HHW Facility.” However, when considering the annual budget and collection rates, MRG observes that the Board did not review actual HHW program expenses for prior years; the Board only received information comparing the prior year budget to the proposed new year budget without actual cost information.

This practice resulted in budgets that do not reflect WCRR’s actual cost for the HHW program. Attachment C to this report compares the Board’s adopted budget to actual HHW program expenditures. Over the four-year period from 2015-2018, the variance from budget to actual costs is shown below.

Wages & Benefits	(68,767.05)
Maintenance Supplies, Spare Parts & Outside Services	(240,141.26)
HHW Facility Outside Services (Stericycle)	391,466.06
Fuel	(4,086.60)
Utilities	(31,438.95)
Property Taxes	(36,464.51)
Insurance	(24,425.49)
JPA Requested Programs	
Satellite HHW Facility (El Cerrito Recycling Center)	(63,634.77)
Sharps Containers/Sharps & Pharmaceutical Disposal	14,209.84
Recycled Paint (Re-use)	8,400.00
Three Special One Day Collection Events	<u>(21,130.82)</u>
TOTAL OPERATING EXPENSES	\$76,013.55
Out of Area Revenues	\$81,266.93

For all four years, total expenses were \$76,013.55 more than the approved expense budget; however, WCRR also received \$81,266.93 more than anticipated revenues. Expenses varied from the approved budget by only 2%. However, note the significant variation within each category, with overages in wages, maintenance and site related costs covered by substantial savings in Stericycle contract costs. Even if the total amount spent is less than or close the total budget, it is important that the Board review actual historical cost information when setting budgets.

Recommendation 3. Each year when setting the annual budget for the coming year, the Board should be provided with actual expense information for the year prior and estimated actual cost information for the current year.

Paragraph 8.j. of the Side Letter provides that, beginning in 2019, WCRR shall provide the authority with an annual statement to reconcile actual expenses to the budgeted amount. In order to streamline the budget, accounting and reconciliation process, MRG has prepared a proposed model the Authority and WCRR may want to consider for this annual statement

(Attachment D). This model eliminates the individual calculations for site overhead allocations and accounting costs by establishing accepted total amounts (per Recommendation 2). In addition, it defines the formulas for salary calculations and provides an easy means to compare budget to actual costs. Use of this model will provide improved data to the Authority Board and make the annual review process easier (per Recommendation 3). MRG will be glad to assist with initial implementation of this for 2019 if needed.

Recommendation 4. Develop and implement a streamlined annual statement model for 2019 and future years to clarify budget parameters and streamline the annual review process.

Recommendation 5. With this five-year review of expenditures now complete, the Authority and WCRR have a better picture of actual program expenses over a five-year period. While the total amount of the 2019 adopted budget reflects anticipated costs, note that adjustment within the categories of the budget may be warranted to more accurately reflect these costs. Additionally, the Authority and WCRR may want to consider modest language changes to the Side Letter to more accurately describe expenditures going forward.

X. CONCLUSION

After making the adjustments addressed in this report, the revised reconciliation is shown in Attachment C.

Paragraph 5 of the Side Letter provides that WCRR is entitled to an operating margin of 11.55% for calendar year 2014 and 15% in all subsequent operating years. This amount is added to the allowable expenses, as shown in the reconciliation.

Paragraph 4 of the Side Letter provides that WCRR may provide HHW services to agencies outside of the Authority's jurisdiction and receive revenues for these services. While an accounting methodology is not prescribed in the Side Letter, WCRR has deducted these revenues from total expenditures to determine net total expenses, a reasonable approach. As noted earlier, this MRG review was limited to expenses; revenues are being reviewed by others.

For the entire five-year period of 2014-2018, WCRR received program revenues equal to the budget amount of \$4,522,716 and incurred allowable costs of \$4,528,516.81. Thus, if no adjustments to revenues are warranted, WCRR is entitled to reimbursement in the amount of \$5,800.81, either as a direct payment or credit against 2019 expenditures.

Throughout our review, WCRR staff was cooperative and provided the information we requested. The accounting system used by WCRR was reasonable and provided an accurate means of accounting for HHW expenses. WCRR staff were transparent and willing to share necessary information. MRG appreciates their time spent assisting with this review.

We also appreciated the apparent good relationship between RecycleMore and WCRR. In our review, we found instances where cooperation and planning between the agencies has resulted in improvements to services and cost efficiencies.

Attachment A

**Side Letter of Agreement:
Budget and Balancing Account for Household Hazardous Waste Operations**

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1. This Side Letter Agreement (“HHW Agreement”) is between the West Contra Costa Integrated Waste Management Authority (“Authority”), and West County Resource Recovery, Inc.; West Contra Costa Sanitary Landfill, Inc.; Golden Bear Transfer Services, Inc.; Richmond Sanitary Service, Inc.; and Keller Canyon Landfill Company operating subsidiaries of Republic Services, Inc.) (hereinafter collectively, “Contractor”). The Authority and Contractor may be referred to individually as “Party” or collectively as “Parties.”

2. On October 10, 2013, the Authority and Contractor entered into a Post-Collection Recycling, and Disposal Services Agreement (“Post-Collection Agreement” or “Agreement”). Unless otherwise defined herein, all capitalized terms shall have the same meaning as set forth in the Post-Collection Agreement. If there is conflict between this HHW Agreement and the Post-Collection Agreement, the terms of this HHW Agreement shall prevail.

a. Section 4.1.7 of the Post-Collection Agreement provides that “Contractor shall contract with a vendor acceptable to the Authority for the operation of a permanent Household Hazardous Waste (HHW) drop-off facility (located at 101 Pittsburg Avenue, North Richmond) [“HHW Facility”] that shall serve the Member Agencies (Richmond, El Cerrito, San Pablo, Pinole, Hercules, and Contra Costa County unincorporated communities within the Authority service area). There are separate agreements with Contra Costa County to include the unincorporated communities adjacent to the Authority’s service area (Kensington, Rodeo, Crockett, Port Costa, and Tormey). The types of materials accepted, as well as days and hours of operation shall be determined by Authority, after good faith consultation with Contractor and County and may be subject to change at any time by the Authority Board of Directors with input from Contractor and County, subject to reasonable implementation lead time and budget considerations.

3. On January 1, 2014, Contractor initiated services under the Post-Collection Processing and Landfill Disposal Service Agreement with the City of El Cerrito (“El Cerrito Post-Collection Agreement”). Contractor’s existing obligations to provide household hazardous waste services to the City of El Cerrito as a Member of the Authority at the HHW Facility are referenced in Section 4.1(e) of the El Cerrito Post-Collection Agreement. For the purposes of this HHW Agreement, Contractor shall be allowed to contract with a vendor acceptable to the Authority for the operation of one or more satellite Household Hazardous Waste facilities as they may be or are developed within the Authority’s service area that shall serve the Authority’s member agencies

including the City of El Cerrito, and the unincorporated communities of Contra Costa County within Authority's service area. The other unincorporated areas of Contra Costa County outside the Authority service area shall be included by a separate agreement among Authority, Contractor, and County. The annual budget for HHW services and this HHW Agreement shall apply to any satellite HHW facility developed within the Authority's service area.

4. The Authority acknowledges that the Contractor has the right to utilize its assets and market its services. To the extent Contractor allows any additional ("out-of-area") jurisdictions to deliver HHW materials to the HHW Facility with the Authority as the generator of record, the Contractor and the Authority will meet and confer to develop an acceptable arrangement. The mutually acceptable arrangement will be included in the Republic annual HHW Budget submittal to the Board of Directors for review and consideration of approval.

5. Section 5.3.3 of the Post-Collection Agreement provides that Contractor and the Authority Contract Manager shall jointly prepare and submit a draft HHW budget to the Authority Board of Directors for its review and approval (HHW Budget). Section 5.3.3 further provides that the Board, "may approve that budget as submitted or may request modifications to the budget, including requesting either an increase in service levels or a reduction or elimination of Services to reduce costs." Once approved, the HHW Budget shall serve as the revenue requirement for the HHW portion of the Rate for the coming year. The HHW component of the 2014 rate was established based on jointly estimated calendar year proposed cost of service of seven hundred ninety-one thousand one hundred forty-four dollars (\$791,144). Section 5.3.3 further provides that "Contractor shall be entitled to an operating margin of eleven and fifty-five one hundredths percent (11.55%) for calendar year 2014 and fifteen percent (15%) in all subsequent Rate Years."

6. The Parties agree that the costs of the HHW Facility are variable, due to factors such as variable days and hours of operation, labor costs and the costs of handling and properly disposing of the HHW materials received from the public. The Parties are interested in creating an equitable solution to the handling of those costs, in the event that costs exceed or fall short of budgeted amounts.

7. The intent of this HHW Agreement is to memorialize a procedure for establishing the HHW Budget for all subsequent Rate Years, using a balancing account approach.

8. The Parties therefore agree upon the following terms and conditions:

a. The Board of Directors shall, on an annual basis, approve an HHW Budget prior to December 1 for the following calendar year's budget.

b. In establishing the HHW Budget for the following calendar year, the Parties shall consider Contractor's actual prior year costs incurred in the operation of the HHW Facility. The line item accounts for prior year costs are identified in Exhibit A.

c. In establishing the HHW Budget, the Parties shall also agree upon certain operational parameters, including, but not limited to, the assumed number of part-time and full-time staff; the days and hours of all HHW facilities operations; and assumed volume of HHW materials received by type. These operational parameters will form the basis of annual allowable costs for the HHW Budget, as described in Exhibit A.

d. Unless the Parties are proposing changes to the operational parameters, some of the current year budget line items would be adjusted by the average monthly change in the San Francisco-San Jose-Oakland All Urban Consumers CPI (CPI) to arrive at the HHW Budget for the following calendar year as described in Exhibit A. Exhibit A shall identify those budgets items to be subject to the CPI adjustments.

e. Except in the event of an emergency or other exigent circumstance, neither Authority nor Contractor may adjust the operational parameters of the HHW Budget without prior written authorization of the Board of Directors. The Authority and Contractor must mutually determine whether an emergency or other exigent circumstance exists.

f. If the HHW Budget parameters are changed without approval of the Board of Directors and those adjustments result in increased costs of operation, those increased costs shall not be allowable in consideration of the balancing account established below.

g. Once the HHW Budget is approved for the calendar year, neither Contractor nor the Authority shall add new categories of allowable costs in Exhibit A without the Authority verification and written authorization of the Board of Directors.

h. The previous approved Budgets in prior years have been approved by the Authority Board of Directors as follows:

- 2014 Budget \$791,144
- 2015 Budget \$836,818
- 2016 Budget \$857,284
- 2017 Budget \$978,684
- 2018 Budget \$1,058,785

Contractor will provide Authority with a reconciliation of actual expenses vs. budget amounts for 2014, 2015, 2016, and 2017. Contractor and Authority agree that the overall reconciliation for 2014 through 2017 could be in favor of Contractor; if so, Contractor would receive a direct payment or credit of no more than \$41,500. Contractor waives the right to any further payment, reimbursement, credit or other compensation after the

Annual Statement line item reconciliation of actual expenses vs. budget amounts for 2014, 2015, 2016, and 2017 is completed.

Contractor will provide Authority with a reconciliation of actual expenses vs. budget amounts for 2018 by April 1, 2019. The reconciliation for years 2014, 2015, 2016, 2017 and 2018 shall include details of actual costs incurred and actual total revenues received compared to the approved budget in the operation of the HHW Facility for that calendar year, including any revenues allocated to the HHW Budget from jurisdictions other than the Member Agencies. The reconciliation shall include supporting documentation from Contractor's vendors and subcontractors. The reconciliation shall also be in a format as agreeable by the Authority in good faith consultation with the Contractor. Upon the Authority's request, Contractor shall provide any additional records not already provided with the reconciliation, that are relevant to the determination of the accuracy and appropriateness of the reported revenues and costs. Contractor shall grant such access to the relevant records within thirty (30) calendar days of such request. Contractor may provide electronic or hard copies of such records. The Authority acknowledges that some records may be "trade secrets" and must be kept confidential. Either the Authority or the Contractor shall be entitled to recover any surplus/shortfall in actual revenues relative to actual allowable costs. The Authority or the Contractor shall recover such surplus/shortfall either by (a) a direct payment; or (b) as a credit/debit against the following year's rates.

i. To manage the HHW Budget, the Parties further agree to establish a balancing account effective January 1, 2019, for the remainder of the term of the Post-Collection Agreement.

j. The intent of the balancing account is to create an equitable arrangement to allow sufficient, but not excessive, revenues to cover actual costs and agreed-upon operating margin. The balancing account shall function as follows:

i. Contractor will provide Authority with a reconciliation of actual expenses vs. budget amounts for the previous budget year in the form of an "Annual Statement".

ii. The "Annual Statement" shall be developed as follows: Within one hundred twenty (120) days following the end of each calendar year, Contractor shall submit to the Authority its statement of actual costs incurred and actual total revenues received compared to the approved budget in the operation of the HHW Facility for that calendar year, including any revenues allocated to the HHW Budget from jurisdictions other than the Member Agencies. The Annual Statement shall include supporting documentation from Contractor's vendors and subcontractors. The Annual Statement shall also be in a format as agreeable by the Authority in good faith consultation with the Contractor.

iii. In reviewing the Annual Statement, the Authority Contract Manager and the Contractor shall determine if actual allowable costs exceeded annual budgeted costs, and if actual revenues exceeded or fell short of budgeted revenues. Upon the Authority's request, Contractor shall provide any additional records not already provided with the Annual Statement, that are relevant to the determination of the accuracy and appropriateness of the reported revenues and costs. Contractor shall grant such access to the relevant records within thirty (30) calendar days of such request. Contractor may provide electronic or hard copies of such records. The Authority acknowledges that some records may be "trade secrets" and must be kept confidential. The Authority Contract Manager may deny or reject an increase in the HHW Budget for the following year if Contractor fails to provide such requested records within thirty (30) calendar days. Beginning in Calendar Year 2019, Authority and Contractor agree that line item accounts for fuel, utilities, property tax and insurance, as listed in Exhibit A and as included in the 2019 Board Approved HHW budget, are not subject to reconciliation. These four-line items shall be subject to an annual CPI adjustment as described in Exhibit A for all subsequent years and will be considered actual costs.

iv. The Authority shall review and either approve or reject the Annual Statement within sixty (60) days of receipt of the same. However, if any reported revenues and/or costs are disputed by the Authority, the Authority's approval of the Annual Statement may be delayed until such disputed items are resolved. Authority shall provide Contractor with a detailed statement outlining the areas of dispute. Contractor and the Authority shall then resolve any disputes pursuant to Section 8.17 of the Post-Collection Agreement.

v. Upon the Authority's approval of the Annual Statement, Contractor shall be allowed to recover any shortfall in actual revenues relative to actual allowable costs. If the amount of any shortfall is twenty-five thousand dollars (\$25,000) or less, then the Authority shall compensate Contractor for the shortfall through a direct payment to Contractor. If, however, the amount of any shortfall is greater than twenty-five thousand dollars (\$25,000), then the Authority shall compensate Contractor for the shortfall either through (a) a direct payment to Contractor; or (b) by adjusting the following year's rates.

vi. In addition, the Authority shall be entitled to recover any surplus in actual revenues relative to actual allowable costs. The Authority shall recover such surplus either by (a) a direct payment from Contractor; or (b) as a credit against the following year's rates.

9. On June 17, 2017 Contractor contracted with a vendor acceptable to the Authority and the City of El Cerrito for the operation of a satellite HHW facility located at 7501 Schmidt Lane in El Cerrito, California pursuant to an Agreement between

Contractor, the Authority and El Cerrito ("El Cerrito Facility"). The El Cerrito Facility serves the Member Agencies. The HHW budget for the El Cerrito Facility shall be part of the entire HHW Budget approved by the Authority Board of Directors. The HHW Budget for the El Cerrito Facility shall not include any non-allowable costs identified in Exhibit A.

10. This HHW Agreement shall expire upon completion of the final HHW Budget reconciliation which shall be conducted after expiration of the Post-Collection Agreement.

11. The terms and conditions set forth in this HHW Agreement have been mutually agreed upon by the Parties.

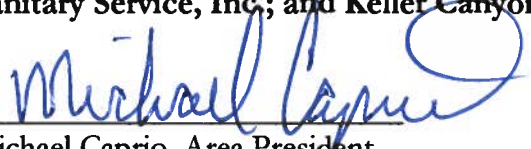
West Contra Costa Integrated Waste Management Authority



Stan Hakes, Executive Director

Dated: 1-3-18 19 

West County Resource Recovery, Inc.; West Contra Costa Sanitary Landfill, Inc.; Golden Bear Transfer Services, Inc.; Richmond Sanitary Service, Inc.; and Keller Canyon Landfill Company



Michael Caprio, Area President

Dated: 1/10/19

Exhibit A: Allowable Costs

A. Allowable Costs

Contractor shall calculate its cost of operations including the actual and direct costs of operating the HHW Programs, Permanent HHW Facility, any satellite HHW Facilities, special one day collection events, and any additional HHW services/programs as necessary for the following allowable costs:

1. Direct wages and benefits paid to Contractor for an HHW supervisor who oversees HHW programs and manages the budget in cooperation with the Authority. For the 2019 Budget, the amount is ninety-two thousand four hundred thirty four dollars(\$92,434). This amount will be estimated for budget purposes using the actual fully loaded wages for the previous twelve months from July 1st through June 30th. For the 2020 budget, this amount will be increased by 85% of the CPI for each subsequent budget beginning with the 2020 budget until the end of the PC Agreement.
2. Maintenance supplies, spare parts, consumables & outside services costs incurred directly to perform the HHW services required under the Post-Collection Agreement. For the 2019 budget, this amount is forty-three thousand two hundred forty-eight dollars (\$43,248). This amount will be increased by 85% of the CPI for each subsequent budget beginning with the 2020 budget until the end of the PC Agreement.
3. HHW Facility Outside Services which are limited to the subcontracted services of Stericycle (or a replacement subcontractor approved by the Authority) for the receipt, handling, processing, and responsible disposal of the materials collected by the HHW program. Contractor shall separately account for and report the various components of this cost (i.e. labor, handling, transportation, material disposal, etc.) in both their budget request and Annual Statement. For the 2019 budget, this amount is five hundred fifty-two thousand dollars (\$552,000). For budget purposes, this amount will be the actual costs for the previous twelve months from July 1st through June 30th. For the 2020 budget, this amount will be increased by 85% of the CPI for each subsequent budget beginning with the 2020 budget until the end of the PC Agreement.
4. Fuel costs incurred in the operation of mobile equipment used specifically for the benefit of the HHW program. To the extent that such mobile equipment is shared with other operations of Contractor, Contractor shall have the burden of demonstrating the appropriateness of the allocation of these costs to the Authority's Executive Director. For the 2019 budget, this amount is two thousand eight hundred fourteen (\$2,814). This amount will be increased by 85% of the CPI for each subsequent budget beginning with the 2020 budget until the end of the PC Agreement.
5. Utilities costs incurred by Contractor in the operation of the HHW program. For the 2019 budget, this amount is eleven thousand five hundred

seventeen (\$11,517) dollars. This amount will be increased by 85% of the CPI for each subsequent budget beginning with the 2020 budget until the end of the PC Agreement.

6. Property taxes which represents a 7.29% allocation of the total property taxes paid by Contractor for the 101 Pittsburg Ave, Richmond site. The 7.29% allocation is based on Contractor's representation of the square footage of the site occupied by the HHW facility. For the 2019 budget, the allocated amount to the HHW facility is fifteen thousand five hundred forty-four dollars (\$15,544). This amount will be increased by 85% of the CPI for each subsequent budget beginning with the 2020 budget until the end of the PC Agreement.

7. Insurance costs directly attributable to the operation of the HHW program for the types and levels of coverage required by the Agreement. For the 2019 budget, this amount is nine thousand two hundred eighty (\$9,280) dollars. This amount will be increased by 85% of the CPI for each subsequent budget beginning with the 2020 budget until the end of the PC Agreement.

8. JPA Requested Programs will be budgeted based on a budget for those programs as determined jointly by the Authority and Contractor.

9. Contractor expenses for Household Hazardous Waste, motor oil, and universal waste training, education networking and related travel expenses not to exceed \$3,500 per year.

10. Capital costs or Depreciation included in a Board approved annual HHW Budget.

11. All other unforeseen costs such as payments to repair damage, fines and penalties not due to Contractors negligence, both the Authority and Contractor agree to meet and confer in good faith towards a resolution.

B. Non-Allowable Costs

Non-allowable costs shall not be included in the Annual Statement and, if determined by the Authority to have been included in the Annual Statement, shall be deducted from actual costs. Non-allowable costs include but are not limited to the following:

1. Any costs or portions of allocated costs associated with the Contractor's provision of similar services to "out of area" users of the HHW Facility that are not approved by Authority Board of Directors.

2. Labor and equipment costs for personnel and vehicles that are not specified in the operational parameters and assumptions that are approved as part of the HHW Budget.

3. Payments or other compensation to managers, directors, and/or owners of Contractor.

4. Corporate overhead allocations or other charges for Contractor's selling, general, and/or administrative employees, except for insurance and other overhead included in a Board approved annual HHW Budget.

5. Travel and entertainment expenses except for Household Hazardous Waste, motor oil and universal waste training, education networking and related travel expenses.

6. Payments to repair damage to public or private property due to Contractor's negligence.

7. Fines or penalties due to Contractor's negligence.

8. Liquidated Damages assessed under the Agreement.

9. Federal or State income taxes.

10. Charitable or political donations, except non- profit organization HHW fees waivers approved by RecycleMore staff.

11. Depreciation or interest expense for Collection vehicles, Containers, other equipment, offices and other facilities if such items are leased unless approved by the Board as part of the Budget.

12. Attorney's fees and other expenses incurred by Contractor in any dispute, negotiation, or court proceeding.

13. Attorney's fees and other expenses incurred by Contractor arising from any act or omission in violation of the Agreement.

14. Payments to Affiliates for products or services, in excess of the cost to the Affiliates for those products or services.

15. Goodwill.

16. Profit and/or profit sharing distributions exceeding the operator's margin described in the Agreement.

17. Bad debt.

Attachment B

HHW Expense True-Up (Prepared by WCRR)
2014 - 2018

	2014		2015		2016		2017		2018		Summary	
	Actual Total	Budget	Actual Total	Budget	Actual Total	Budget	Actual YTD	Budget	Actual YTD	Budget	Actual YTD	Budget
Wages & Benefits	111,584.00	84,709.00	109,689.64	84,380.00	81,520.43	84,193.68	84,506.74	86,538.00	96,822.06	89,550.00	484,122.87	429,370.68
Maintenance Supplies, Spare Parts & Outside Svcs.	37,132.00	36,050.00	113,424.46	35,910.00	94,461.48	39,393.00	133,275.72	40,490.00	135,271.66	41,899.00	513,565.32	193,742.00
HHW Facility Outside Services	558,690.00	581,094.00	491,658.01	578,837.00	482,901.57	525,000.00	468,619.44	539,621.00	367,265.92	558,400.00	2,369,134.94	2,782,952.00
							-		-		-	-
Fuel	2,513.00	3,652.00	3,981.84	3,638.00	3,467.22	2,563.00	3,856.65	2,634.00	4,342.89	2,726.00	18,161.60	15,213.00
Utilities	5,305.00	-	8,943.59	-	9,713.41	4,169.00	12,209.73	4,285.00	15,879.22	6,852.00	52,050.95	15,306.00
Property Taxes	15,947.00	-	18,905.38	-	18,252.99	11,812.88	18,131.76	12,142.00	18,311.39	13,181.00	89,548.52	37,135.88
Insurance	3,834.00	3,722.00	7,961.19	3,708.00	9,535.25	1,133.00	8,881.63	1,165.00	5,258.42	1,205.00	35,470.49	10,933.00
Other ***							-		-		-	-
JPA Requested Programs							-		-		-	-
Satellite HHW Facility (El Cerrito Recycling Center)		-		-	12,037.30	81,000.00	117,478.94	81,000.00	197,361.55	100,000.00	326,877.79	262,000.00
Sharps Containers/Sharps & Pharmaceutical Disposal	19,034.00	-	23,658.16	21,194.00	27,064.00	32,000.00	26,900.96	32,000.00	27,563.91	32,000.00	124,221.03	117,194.00
Recycled Paint (Re-use)		-		-		4,200.00	-	4,200.00	-	-	-	8,400.00
Three Special One Day Collection Events							110,329.48	83,952.00	108,753.34	114,000.00	219,082.82	197,952.00
Security & Safety Cameras for Illegal Dumping (IRRF & El Cerrito)							-		-		-	-
							-		-		-	-
Subtotal	754,039.00	709,227.00	778,222.27	727,667.00	738,953.65	785,464.56	984,191.05	888,027.00	976,830.35	959,813.00	4,232,236.32	4,070,198.56
Operator Profit Margin 15%**	87,091.50	81,915.72	116,733.34	109,150.05	110,843.05	117,819.68	147,628.66	133,204.05	146,524.55	143,971.95	608,821.10	586,061.45
HHW Revenue	(50,335.00)		(55,026.08)		(41,162.57)	(46,000.00)	(65,960.18)	(42,625.00)	(52,743.10)	(45,000.00)	(265,226.93)	(133,625.00)
Total Operating Expense	790,795.50	791,142.72	839,929.53	836,817.05	808,634.13	857,284.25	1,065,859.53	978,606.05	1,070,611.80	1,058,784.95	4,575,830.49	4,522,635.01

347.21

(3,112.48)

48,650.12

(87,253.48)

(11,826.85)

(53,195.48)

** NOTE: Operating Margin for 2014 11.55%

NOTE: Includes HHW Unpaid Kensington Invoices Q2 2018 to Q4
If HHW Kensington Invoices been paid by county the 2018 YTD results would have been and under budget by (\$6,402)

Attachment C

HHW Revised Expense True-Up
2014 - 2018

	2014		2015		2016		2017		2018		Summary	
	Actual Total	Budget	Actual Total	Budget	Actual Total	Budget	Actual YTD	Budget	Actual YTD	Budget	Actual YTD	Budget
Wages & Benefits	111,584.00	84,709.00	118,408.02	84,380.00	81,520.00	84,194.00	99,018.07	86,547.00	114,491.96	89,550.00	525,022.05	429,380.00
Maintenance Supplies, Spare Parts & Outside Svcs.	37,132.00	36,050.00	83,735.95	35,910.00	81,716.13	39,393.00	111,941.66	40,494.00	120,443.52	41,899.00	434,969.26	193,746.00
HHW Facility Outside Services	558,690.00	581,095.00	491,658.01	578,837.00	482,901.57	525,000.00	468,619.44	539,674.00	367,265.92	558,400.00	2,369,134.94	2,783,006.00
Fuel	2,513.00	3,652.00	3,981.84	3,638.00	3,467.22	2,563.00	3,856.65	2,635.00	4,342.89	2,726.00	18,161.60	15,214.00
Utilities	5,305.00		8,943.59		9,713.41	4,169.00	12,209.73	4,286.00	15,879.22	6,852.00	52,050.95	15,307.00
Property Taxes	15,947.00		18,905.38		18,252.99	11,813.00	18,131.76	12,143.00	18,311.39	13,181.00	89,548.51	37,137.00
Insurance	3,834.00	3,722.00	7,961.19	3,708.00	9,535.25	1,133.00	8,881.63	1,165.00	5,258.42	1,205.00	35,470.49	10,933.00
JPA Requested Programs												
Satellite HHW Facility (El Cerrito Recycling Center)					13,523.77	81,000.00	115,072.37	81,000.00	197,038.63	100,000.00	325,634.77	262,000.00
Sharps Containers/Sharps & Pharmaceutical Disposal	19,034.00		23,658.16	21,194.00	25,554.00	32,000.00	26,564.00	32,000.00	27,208.00	32,000.00	122,018.16	117,194.00
Recycled Paint (Re-use)						4,200.00		4,200.00				8,400.00
Three Special One Day Collection Events							110,329.48	83,952.00	108,753.34	114,000.00	219,082.82	197,952.00
Subtotal	754,039.00	709,228.00	757,252.14	727,667.00	726,184.34	785,465.00	974,624.78	888,096.00	978,993.29	959,813.00	4,191,093.55	4,070,269.00
Operator Profit Margin 15% (11.55% in 2014)	87,092.00	81,916.00	113,587.82	109,150.00	108,927.65	117,820.00	146,193.72	133,214.00	146,848.99	143,972.00	602,650.18	586,072.00
HHW Revenue	(50,335.00)		(55,026.08)		(41,162.57)	(46,000.00)	(65,960.18)	(42,625.00)	(52,743.10)	(45,000.00)	(265,226.93)	(133,625.00)
Total Operating Expense	790,796.00	791,144.00	815,813.88	836,817.00	793,949.42	857,285.00	1,054,858.32	978,685.00	1,073,099.19	1,058,785.00	4,528,516.81	4,522,716.00
		348.00		21,003.12		63,335.58		(76,173.32)		(14,314.19)		(5,800.81)

Attachment D

Description			Calculation		2018 Actual Allowable Expenses		2019 Approved Budget		2019 Estimated Actual Expenses		2020 Recommended Budget	
RICHMOND												
Personnel												
Contract Manager	Oversee Operations Manager, permitting and environmental compliance, other oversight tasks	5% of time, calculated on actual salary plus 40% for benefits										
HHW Operations Manager	Day to day operations of the HHW program	85% of time, calculated on actual salary plus 40% for benefits										
Forklift driver	Moving pallets and containers, loading truck.	2 hours per open day plus one day per week, calculated on actual hourly rate plus 35% for benefits										
Total Personnel				-		-		-		-		-
Subcontracted Services												
Stericycle	Subcontracted provider receives, handles, processes and disposes of material at the HHW facility.	100% of actual costs per Stericycle invoices. Costs are categorized as labor, supplies and disposal. Contractor will provide copies of all invoices for costs in this category.										
Other Direct Supplies and Services												
HHW Permits	Permit fees for HHW permits.	100% of actual cost.										
Other	All direct costs required to operate the HHW program. This includes consultants for the HHW program, supplies, rented equipment, printing, signage, repairs and maintenance of the HHW building, laboratory, specialty disposal, and similar.	100% of actual costs. Contract will provide copies of invoices for all costs in this category.										
Total Direct Services and Supplies				-		-		-		-		-
Facility and Administrative Allocated Costs												
Property Taxes	Property tax for Richmond IRRF site.	7.29% of total property taxes for the IRRF site at 101 Pittsburg Avenue. Amount shown as approved budget is considered actual allowable cost without further documetation required.										
Insurance	Insurance costs for the types and amounts of coverage required by the agreement.	7.29% of total insurance costs for the IRRF site. Amount shown as approved budget is considered actual allowable cost without further documetation required.										
Fuel	Fuel costs for mobile equipment used specifically for the HHW program. This may include on-site equipment (forklift) and the truck used for pickup services.	3% of total fuel cost for IRRF. Amount shown as approved budget is considered actual allowable cost without further documetation required.										
Utilities	Utility costs for the IRRF site, including HHW.	7.29% of total utility costs for the IRRF. Amount shown as approved budget is considered actual allowable cost without further documetation required.										
Permit Fees	Costs for permit fees for the entire IRRF site (does not include HHW specific permits).	Amount shown as approved budget is considered actual allowable cost without further documetation required.										
Other	All other costs to maintain components of the larger IRRF site that are shared with the HHW program. This includes, but is not limited to security, landscaping, janitorial, improments/repair of main office building, repair of forklift or other equipment shared with HHW, site lighting, security cameras, internet access, site communication, perimeter fencing, entry gate, sweeping, exterminator, fire suppression system, etc.	Amount shown as approved budget is considered actual allowable cost without further documetation required.										
Accounting support	Cost for accounts payable and general accounting support.	Amount shown as approved budget is considered actual allowable cost without further documentation required.										
Total Facility and Administrative Allocated Costs				-		-		-		-		-
TOTAL RICHMOND				-		-		-		-		-

			2018 Actual Allowable		2019 Estimated Actual		2020 Recommended	
			Expenses		2019 Approved Budget		Expenses	
JPA REQUESTED SPECIAL PROGRAMS								
El Cerrito Satellite Facility								
Contract Manager	Oversee Operations Manager, permitting and environmental compliance, other oversight tasks	2.5% of time, calculated on actual annual salary plus 35% for benefits						
HHW Operations Manager	Day to day operations of the HHW program	15% of time, calculated on actual salary plus 35% for benefits						
Stericycle	Subcontracted provider receives, handles, processes and disposes of material at the HHW facility.	100% of actual costs per Stericycle invoices. Costs are categorized as labor, supplies and disposal. Contractor will provide copies of invoices for costs in this category.						
HHW Permits	Permit fees for the HHW permits	100% of actual cost.						
Other	All direct costs required to operate the HHW/El Cerrito program. This includes consultants,, supplies, rented equipment, printing, signage, laboratory, specialty disposal, and similar expenses. These costs are directly chargeable to the program and are not allocated/overhead costs.	100% of actual costs. Contractor will provide copies of invoices for all costs in this category.						
Total El Cerrito Satellite Facility				-		-		-
Sharps Containers/Sharps & Pharmaceutical Disposal								
Sharps Solutions	Disposal of sharps/pharma	100% of actual costs.						
Barnett Medical	purchase sharps containers	100% of actual costs.						
Total Sharps and Pharmaceuticals				-		-		-
Three One-Day Special Collection Events								
Stericycle	Subcontracted provider receives, handles, processes and disposes of material at the HHW facility.	100% of actual cost. Contractor will provide invoices for these costs.						
Other	All direct costs required to operate the one-day collection events. This includes consultants , supplies, rented equipment, printing, signage, laboratory, specialty disposal, permit fees and similar expenses. These costs are directly chargeable to the HHW special one-day events and are not allocated/overhead costs.	100% of actual costs. Contractor will provide copies of invoices for all costs in this category.						
Total Three One-Day Special Collection Events				-		-		-
TOTAL EXPENSES ALL PROGRAMS				-		-		-
Plus: 15% Operating Margin				-		-		-
Less: Other Revenues Received								
TOTAL				-		-		-