

****Please note the earlier start time of this meeting****

**San Pablo City Hall
City Council Chambers
1 Alvarado Square (13831 San Pablo Avenue)
San Pablo, CA 94806**

Americans with Disabilities Act

In compliance with the Americans with Disabilities Act of 1990, if you need special assistance to participate in an Authority meeting, or you need a copy of the agenda, or the agenda packet in an alternative format, please contact the Authority's Manager of Administrative Services at (510) 215-3125. Notification of at least 48 hours prior to the meeting or time when services are needed will assist Authority staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Public Comment

Members of the public may address the Board of Directors on items that are within the jurisdiction of the Authority. Comments by the public pertaining to items listed in this Agenda should be made at the time the item is considered by the Board of Directors. Please note this Agenda contains an item for the Public to address the Board on non-agenda matters. Each speaker is limited to 3 minutes and may speak only once under each agenda item. The Board of Directors may waive these provisions. If you desire to address the Board, please submit your request on a Speaker's Card available from the Secretary.

1. CALL TO ORDER AND ROLL CALL

The Chair will call the meeting to order and the Secretary will call the roll to establish the presence of a quorum.

2. CLOSED SESSION

1. Public Employee Appointment

Title: Executive Director

2. Report Out of Closed Session: Provide a report to the Public in open session of reportable action(s) taken by the Board during closed session.

3. PLEDGE OF ALLEGIANCE

The Chair or a Member of the Board will lead the Pledge of Allegiance.

4. EX PARTE COMMUNICATIONS DISCLOSURES

The Chair of the Board will ask if any Director has an ex parte disclosure, pursuant to the Authority's Ex Parte Communications Policy, on any agenda items.



5. PUBLIC COMMENT

Receipt of public comment on non-agenda matters.

6. CONSENT CALENDAR

All matters listed in the Consent Calendar will be enacted with one motion. There will be no separate discussion of the items listed. However, upon request by a member of the Board or the Public, items will be removed from the Consent Calendar and considered separately in the agenda order.

Consideration of a motion to approve the following actions:

6.0 July 18, 2019 Authority Board Meeting Minutes

Note: To vote on the adoption of the minutes does not require a Director to have been present at the subject meeting.

6.1 August 8, 2019 Authority Board Meeting Minutes

Note: To vote on the adoption of the minutes does not require a Director to have been present at the subject meeting.

6.2 Contract with Maze & Associates for Audit and Related Services

1. Authorize the Interim Executive Director to execute the attached Auditing Services Agreement (Attachment 1) and Engagement Letter (Exhibit A to Attachment 1) with Maze & Associates in the amount of \$16,000 to provide the following services and materials for the 2018 – 2019 fiscal year:
 - a. Audit of the Basic Financial Statements and issuance of a Memorandum on Internal Control; and
 - b. Preparation of the Authority's Annual Report of Financial Transactions (Controllers Report) and issuance of a compilation report.
2. Authorize the Interim Executive Director or his successor to approve additional work by Maze & Associates arising from and relevant to the services and materials noted above up to an amount not to exceed an additional \$10,000.

END OF CONSENT CALENDAR

7. STAFF REPORT

Staff will provide updates on recent and upcoming activities.

Process for Addressing Agenda Items Before the Board of Directors

- *Chair reads the agenda item*
- *Staff presents their report*
- *Board questions staff*
- *Public comments are heard*
- *Board discusses item*
- *A motion is made*
- *Final Board discussion*
- *Motion is restated and seconded for the record*
- *Board votes or provides direction to staff*

8. REGULAR AGENDA

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

Receive a presentation from Municipal Resource Group (MRG) on Financial Review of Calendar Years 2014-2018 HHW Program Actual Costs Compared to Budget. Provide direction to staff as necessary.

8.1 Legislative Update Presentation on SB 1383

Receive a presentation from Larry Sweetser of Sweetser & Associates on SB 1383 and its soon-coming implementation requirements.

8.2 Approve FY 2019-2020 Budget

Adopt Resolution 19-03 (Attachment 1):

- Approving the Fiscal Year (FY) 2019-20 Operating Budget (Exhibit A to Attachment 1) in the amount of \$1,183,497, including use of reserves in the amount of \$148,997 to balance the Operating Fund Budget;
- Approving the appropriation of \$70,000 from the Recycling Fund Budget for a CAL PERS UAL- OPEB Consultant and SB 1383 Plan or Technical Assistance;
- Authorizing staff to create a Special Fund specifically designated for CalPERS Unfunded Accrued Liability (UAL) and Other Post-Employment Benefit (OPEB) liabilities;
- Approving the Authority Compensation Plan (Exhibit B to Attachment 1) to reflect Board directed adjustments to the Approved Salary Range Schedule.

8.3 Request for Proposals Related to SB 1383 and Core Services Planning

Review report, direct staff as necessary and authorize staff to release a Request for Proposals for planning assistance in response to SB 1383 organic waste reduction mandates and RecycleMore core services planning.

END OF REGULAR AGENDA

9. BOARD MEMBER AND STAFF ANNOUNCEMENTS

INFORMATION ONLY. Announcement of matters of interest by Board Members, Alternate Board Members, Executive Director and General Counsel.

10. ADJOURNMENT

Consideration of a motion to adjourn. The next regular Board of Directors' Meeting is scheduled for October 10, 2019.



Agenda Report

Date: September 12, 2019
To: West Contra Costa Integrated Waste Management Authority Board
From: Steve Duran, Interim Executive Director
Subject: July 18, 2019 Authority Board Meeting Minutes

ACTION REQUESTED

Consideration of ADOPTION OF A MOTION to approve the subject minutes.

Note: To vote on the adoption of the minutes does not require a Director to have been present at the subject meeting.

BACKGROUND

The minutes of the July 18, 2019 Board meeting are attached.

FISCAL IMPACT

None.

Respectfully Submitted,

Steve Duran

Steve Duran
Interim Executive Director

Attachment 1: July 18, 2019 Board Meeting Minutes

WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS MEETING MINUTES – JULY 18, 2019

Meeting Date | Time 7/18/2019 7:00 PM | Meeting Location San Pablo City Council Chambers, 13831 San Pablo Avenue, San Pablo, CA

Meeting called by Board of Directors

Type of meeting Regular

Authority Staff Present Stan Hakes, Christina Leard, Andy Schneider

Legal Counsel John Bakker

Board Members Present:

Directors: G. Lyman (Chair), El Cerrito; D. Romero, Hercules; P. Murray, Pinole; A. Pineda (Vice Chair), San Pablo; N. Bates, B. Choi, and J. Myrick, Richmond

Absent: F. Glover (Ex-Officio) Contra Costa County

CALL TO ORDER/ROLL CALL

Vice Chair Pineda called the meeting to order at 7:03 P.M. The Roll Call established the existence of a quorum (Bates, Choi, Lyman*, Murray, Myrick, Pineda, and Romero). *Chair Lyman arrived during Closed Session.

CLOSED SESSION

Legal Counsel John Bakker identified the three closed session items.

The Board adjourned into Closed Session at 7:04 P.M.

1. Conference with Labor Negotiators

Agency designated representative: Board Chair
Unrepresented employees: Program Managers

2. Public Employee Performance Evaluation

Title: Executive Director

3. Public Employee Appointment

Title: Executive Director

The Board returned to open session at 8:00 P.M., and Chair Lyman reported that direction had been given on Item 1 to the Executive Director; the Board had spoken with the future Executive Director regarding Executive Director performance on Item 2; and there was nothing to report with respect to Item 3.

PLEDGE OF ALLEGIANCE

Chair Lyman led the Pledge of Allegiance.

EX-PARTE COMMUNICATIONS & DISCLOSURE

Chair Lyman called for ex-parté communications. There were none.

PUBLIC COMMENT

CORDELL HINDLER, Richmond, distributed information on a new musical “Once on this Island” in El Cerrito and invited Directors to the Contra Costa Mayors’ Conference in San Pablo on September 5.

CONSENT CALENDAR

Chair Lyman called for approval of the Consent Calendar consisting of three items.

Vice Chair Pineda pulled Item 6.1 for discussion.

MOTION by Director Myrick to approve Consent Calendar Items 6.0 and 6.2. **SECOND** by Director Romero.

MOTION PASSED unanimously.

Consent Agenda Item 6.1 – Letter Commending Stan Hakes for RecycleMore Service | Presenter Vice Chair Pineda – City of San Pablo

Vice Chair Pineda presented a Certificate of Recognition to Stan Hakes from the City of San Pablo for his four years of outstanding service and offered best wishes for a happy, well-deserved retirement as Executor Director of the West Contra Costa Integrated Waste Management Authority (WCCIWMA), and a thank you for his many years of dedication, loyalty, and commitment to the public sector, not only for Contra Costa County but for the other California agencies in which he had served.

Each Director in turn thanked Mr. Hakes for his service to the WCCIWMA, initially in crises mode, his support of the Board, his emotional forthrightness, and the completion of the JEPA, among other accomplishments, and wished him well in his retirement.

Mr. Hakes thanked the Board for the opportunity to serve the community and for the people he had worked with during his time with the WCCIWMA.

Andy Schneider thanked Mr. Hakes for believing in him and for teaching him what he had during their time together. He also thanked the other staff of the WCCIWMA.

MOTION by Director Romero to approve Consent Calendar Item 6.1 for a letter commending Stan Hakes for RecycleMore Service. **SECOND** by Director Myrick.

MOTION PASSED unanimously.

STAFF REPORT

Staff Report Item 7.0 | Presenter Stan Hakes – Executive Director

Mr. Hakes reported that:

- 1) Indemnification agreements had been received from all agencies to allow the disbursement of surplus reserves, which were in process of distribution.
- 2) The Board had given direction at the June 20, 2019 meeting to bring back the issue of the policy for RecycleMore service and retirement commendations but due to the amount of items on the agenda that had been postponed to another meeting.
- 3) The idea of a Records Management Policy would be discussed with RecycleSmart and the City of San Pablo as well as the new Interim Executive Director to receive input on what needed to be done.
- 4) Municipal Resource Group (MRG) had been hired to do a review of the cost documentation for the Household Hazardous Waste (HHW) programs; the project would be completed in August and an oral report and presentation would be provided in September.

Agenda Item No. 6.0 – Attachment 1

- 5) The 2017/18 Financial Audit field work had been conducted in June, a draft audit was underway, and a major pending item was that the Government Accounting Standards Board (GASB) 74 and 75 standards were relatively new and an actuarial study would be needed for post-employment benefits, and a fully unconditional audit would not be provided without that study. As such, he was working with the auditor and the new Interim Executive Director to hire an actuarial company for a full actuary study for 2018 and an evaluation for the 2018/19 year. The audit would then be completed by the end of August to be on the September agenda.
- 6) Adam Murphy, the Civic Spark Fellow, would complete his work by August 2, and was commended for the work that had been done.
- 7) An HHW Event would be held in El Sobrante on August 10 when mattresses in addition to HHW would be collected, and there would be another HHW in Richmond on September 14 at the Galileo Club where single-use propane cylinders would be collected and exchanged with refillable cylinders.
- 8) Christina Leard was thanked for taking over the HHW Programs and for acting as Board Secretary.

Agenda Item 8.0 – Approve Amended and Restated Joint Exercise of Powers Agreement (JEPA) | Presenter Stan Hakes – Executive Director

The Board determined that there was no need for a lengthy presentation.

Director Murray referred to the recent major JEPA policy issues, Policy Issue 1 and the statement “In the recent past, proposed JEPA language required a unanimous vote of the Board for any Board action to *materially* modify the current rate setting methodology resulting in a reallocation of 5% or more of the cost. On the discussion of that statement, which was shown in the document itself at Section 12.5, the Board agreed to remove the word *materially*.

For Policy Issue 2, Director Murray referred to the recommendation from the San Pablo City Attorney and the recommendation that the Board consider a further condition that a quorum also would require a majority of the Members (three of the five jurisdictions), shown as Section 8.5 in the document itself.

Mr. Bakker stated that language had not been accepted by staff in that it was a policy question for the Board to determine. Specific language had been proposed to indicate that it would require a majority of the total membership of the Board and *a majority of the members* consistent with other language in the JEPA. On the discussion, Directors agreed with the suggestion that the issue would never come up given the consistent representation of the membership, even in an emergency setting. There was no support of the proposed amendment requested by the San Pablo City Attorney.

Director Romero referred to Legal Counsel’s recent JEPA clarification changes, and Mr. Bakker stated the intention of the document was to describe the clarifying changes that had been made in the evolution of the document to clarify certain definitions, define terms that had not been defined, and clarify legislation including the Government Code section to address future OPEB liabilities, the policy of adding items to the agenda, the constitution of a unanimous vote and a majority vote, and HHW programs.

Director Romero objected to the provision proposed for Section 7.5 subject to *reasonable* procedures adopted by the Board of Directors. The Board supported the elimination of the added text.

Director Murray objected to rewording the provision in Section 12.5 requiring unanimous vote for *certain* rate modifications. By consensus, the Board supported the replacement of the word *certain* to *any* since there would have to be a unanimous vote for any rate modifications.

With respect to Vice Chair Pineda’s request to the use of different materials in tonnages at Sections 12.4, 13.1 and 15.1 and the information he had submitted to the Board, Mr. Hakes addressed the question through slides and explained

the process for the post-collection rate allocations. He stated that an errata had been submitted to clarify that situation in the sections referenced, with language that had been included to address that situation in each section to clarify landfill tons, dry waste, and construction demolition. He clarified what had been changed and why the language had been changed in Section 12.4 while leaving the language intact for Sections 13.1 and 15.1.

Chair Lyman advised that the City of El Cerrito had accepted the language.

There were no comments from the public.

MOTION by Director Romero to approve the Amended and Restated Joint Exercise of Powers Agreement (JEPA) subject to amendments as follows:

1. Remove the word *materially* from Section 12.5.
2. Remove the word *reasonable* from Section 7.5.

SECOND by Director Myrick.

MOTION PASSED by a Roll Call vote:

AYES: Bates, Choi, Lyman, Murray, Myrick, Romero

NOES: Pineda

Agenda Item 8.1 – Executive Director Recruitment | Presenter Stan Hakes- Executive Director

Mr. Hakes clarified the action requested that the Board immediately instruct Avery Associates to resume the active recruitment process for a permanent Executive Director.

CORDELL HINDLER, Richmond, provided public comment and supported the staff recommendation.

MOTION by Director Murray to immediately instruct Avery Associates to resume the active recruitment process for a permanent Executive Director. **SECOND** by Director Pineda.

MOTION PASSED unanimously.

Agenda Item 8.2 – Appointment of Steve Duran as Interim Executive Director | Presenter John Bakker, General Counsel

MOTION by Director Romero to make the findings that RecycleMore had commenced and is actively engaged in the recruitment of a permanent Executive Director and that the vacant position requires specialized skills, and authorize the Board Chair to execute the RecycleMore agreement for Employment of an Interim Executive Director between RecycleMore and Steve Duran. **SECOND** by Director Choi.

MOTION PASSED unanimously.

Agenda Item 8.3 – RecycleMore Staffing and Core Services | Presenter Stan Hakes- Executive Director

Mr. Hakes explained that the organization was in transition given that three of the five permanent positions would be vacant by August 1. While a new Interim Executive Director and a Civic Spark Fellow would be hired, other similar JPAs had been researched to compare with RecycleMore's positions of Executive Director, Manager of Office Administration, Program Manager (HHW Programs), Program Manager (PCA Management, State mandates, other duties), and Recycling Coordinator/Administration Assistant positions. RecycleMore's per capita staffing levels are below those JPAs compared. The current staffing positions could maintain the current programs, but there will be additional responsibilities with the upcoming SB 1383 legislation. He described the work that was being done and

the administrative work that was not being done given that not all of the five positions were currently filled. There was a contract with Municipal Resource Group LLC (MRG) to help with administrative services. With respect to the question of how the core services related to the staff duties, he explained that the City Manager's Framework had put together a list of core services that had been listed in the Richmond letter dated July 16, 2018, included in the agenda packet.

Based on that framework and the July 16, 2018 letter, Mr. Hakes advised that six categories of core services had been identified as State mandates (AB 939, AB 341, AB 1826, SB 1383 and others), HHW Services, Post-Collection Agreement Management, Administration, Education and Public Outreach, and Legislation. He explained that currently there would be one day a week when an MRG staffer would be in the office but three to four days a week there would be no general administration staff in the office.

Mr. Hakes reported there was also a need to designate a Board Secretary, someone who could officially attest that an action had been taken by the Board, and he asked the Board how it wanted to address that situation.

STEVE DURAN, the Interim Executive Director, referred to the suggestion for a special meeting in August to discuss staffing issues and agreed with the need for a special meeting, which was later scheduled for August 8, 2019 at 6:00 P.M. Christina Leard would continue to serve as the Board Secretary until that time.

Agenda Item 8.4 – County Financial Obligation for Kensington HHW Services | Presenter Stan Hakes- Executive Director

Mr. Hakes referred to the direction to receive and file the report and provide direction to staff related to the County's financial obligation for Kensington HHW Services. He provided the background to the situation where HHW services are provided by agreement to limited areas of the County outside of RecycleMore's service area, in this case the specific services provided to Kensington, and the County was to pay Republic Services for service to those areas, although the County had made no payment since March 2018. He estimated the unpaid invoices at \$30,000 and noted that the County had indicated it would only pay a portion of that total. He described the County's reasons for the stopped payments primarily related to a lack of the same services offered to residents in RecycleMore's service area; however, he explained that services had been provided and payment had not been made.

Mr. Hakes clarified that the agreement did not have a 30-day termination notice but it had an annual renewal and if one of the parties prior to a date in June wanted to terminate the contract that party would have to give notice 30 days prior to that June date, which would be the opportunity to give notice to end the services. The agreement did include a ten-day notice for cause to terminate the agreement, and unpaid invoices would be just cause. He clarified that this was not just a financial matter in that RecycleMore was responsible for the permits at the HHW facility at 101 Pittsburg Avenue in Richmond, and it was difficult to get permits for an HHW facility.

Mr. Hakes suggested a potential solution would be that RecycleMore's HHW Consultant, Sweetser and Associates, could be asked to conduct a financial study, review the work the County had already done, and consider the issues identified by the County, particularly since there could be a fiscal impact to RecycleMore if the full amount of the invoices was not paid given the HHW Side Agreement.

Director Romero pointed out that the County was paying for the other County areas and he suggested it was outrageous that the County was not paying for Kensington service. He would be willing to pay for a study only after the County had made its payment.

Agenda Item No. 6.0 – Attachment 1

Director Murray clarified that the hauler in Kensington was Bayside, an independent family-owned hauling company, and verified with Peter Nuti of Republic Services that the door-to-door program only applied to the RecycleMore service area.

In response to questions, Mr. Hakes described the inception of the El Cerrito Facility in 2017, its small, confined size, and the areas it served, along with efforts to avoid overwhelming the facility given liability and safety concerns. He stated that Kensington, Tormey and Crockett residents could use the facility at 101 Pittsburg Ave in Richmond but some of the other services, such as the door-to-door program provided to the service area, were not provided to those residents.

DEIDRA DINGMAN, Contra Costa County, explained that she had calculated the amounts consistent with the contract and the unpaid invoice total of \$29,907.52 had been based on budgeted amounts and not on true costs as required by the agreement. She stated the amount of \$10,000 was how much would be due for a period through 2018 according to her calculations, although that did not cover 2019 because she did not have the cost data for that period. She stated that Republic had changed its invoice methodology in 2018 based on budgeted amounts. The County was responsible for the HHW agreement and had tried to address the difference in invoice methodology and Supervisor Gioia was scheduled to meet with Republic Services to discuss the issues. She stated the County was open to paying its fair share when adequately identified.

Chair Lyman emphasized that although the amount was disputed the County should have been paying the undisputed portion of the unpaid invoices. To not pay for eighteen months was unfair to the service provider and unfair to RecycleMore and its ratepayers.

Director Bates urged a resolution of the situation as soon as possible with a payment of the unpaid invoice as soon as possible and suggested the item be discussed again at the special meeting on August 8.

Vice Chair Pineda agreed that the invoices should be paid and while Kensington did not receive the full range of services as the member agencies, he suggested the County fund a third party assessment to consider that situation. He emphasized that all member agencies were being impacted by the County's lack of payment.

Director Myrick disagreed that RecycleMore should share in the cost of a third party assessment and suggested the County should fund that study alone, and Ms. Dingman stated the County could conduct the study itself as long as it had the data.

PETER NUTI, Republic Services, stated the billing prior to the change was the actuals for that quarter and then in the first quarter of the following year there was a true-up because the actuals were not yet available. The actual billing amount for the entire services had not changed. He stated when Republic had agreed to the balancing account it made the budget the actual since any adjustment would be made the following year. Going forward, the budget would be the actual. Republic's position was that all the services encompassed in the HHW program represented the actual cost regardless of who received what service.

Mr. Nuti added that everyone benefitted from the economy of scale since much of what was done was intermingled with respect to packing, shipping, and disposal.

Chair Lyman clarified Republic Services' intent to bill the same amount as before by utilizing the true up account in the side agreement which might involve overpayment in 2018 that would later be balanced.

Agenda Item No. 6.0 – Attachment 1

Mr. Nuti verified that it was corrected for everybody. The methodology was the same used for each community. He clarified that Republic was not the service provider in Kensington. He urged RecycleMore to participate in the meeting brokered by Supervisor Gioia to address the issue.

LARRY SWEETSER, Sweetser Associates, commented that he had just been brought in and he had not had an opportunity to look at the calculations but suggested that a financial study could be done in 10 to 12 hours. He agreed that the situation related to a policy and contractual issue of what residents who lived beyond the service area were eligible to receive.

Director Romero stated that any meeting between the County and Republic Services would have to include RecycleMore, the three parties to the agreement.

Mr. Nuti explained that the \$29,907.52 due to Republic Services would be credited back to RecycleMore to cover the costs of the HHW program. Republic would only get 15 percent profit margin for its effort.

Chair Lyman requested that staff attend the meeting at Supervisor Gioia's office and Director Romero stated if Republic Services received the payment by August 1, the item would be included on the special agenda of August 8.

Agenda Item 8.5 – Board Discussion of RecycleMore Staffing | Presenter Stan Hakes- Executive Director

Chair Lyman advised that the item had previously been discussed.

BOARD MEMBER AND STAFF ANNOUNCEMENTS

There were no announcements.

ADJOURNMENT

With consensus of the Board, Chair Lyman adjourned the meeting at 10:31 P.M. until the special Board meeting scheduled for August 8, 2019 at 6:00 P.M.

I hereby certify the foregoing to be a true and correct statement of the Official Minutes of the West Contra Costa Integrated Waste Management Authority Board meeting held July 18, 2019.

Board Secretary

Date



Agenda Report

Date: September 12, 2019
To: West Contra Costa Integrated Waste Management Authority Board
From: Steve Duran, Interim Executive Director
Subject: August 8, 2019 Authority Board Meeting Minutes

ACTION REQUESTED

Consideration of ADOPTION OF A MOTION to approve the subject minutes.

Note: To vote on the adoption of the minutes does not require a Director to have been present at the subject meeting.

BACKGROUND

The minutes of the August 8, 2019 Board meeting are attached.

FISCAL IMPACT

None.

Respectfully Submitted,

Steve Duran

Steve Duran
Interim Executive Director

Attachment: August 8, 2019 Board Meeting Minutes

WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS MEETING MINUTES – **AUGUST 8, 2019**

Meeting Date | Time **8/8/2019 6:00 PM** | Meeting Location **San Pablo City Council Chambers, 13831 San Pablo Avenue, San Pablo, CA**

Meeting called by Board of Directors
Type of meeting Special
Authority Staff Present Steve Duran, Christina Leard, Andy Schneider
Legal Counsel None

Board Members Present:
Directors: G. Lyman (Chair), El Cerrito; D. Romero, Hercules; P. Murray, Pinole; A. Pineda (Vice Chair), San Pablo; B. Choi, and J. Myrick, Richmond
Absent: N. Bates, Richmond; F. Glover (Ex-Officio) Contra Costa County

CALL TO ORDER/ROLL CALL

Chair Lyman called the meeting to order at 6:10 P.M. The Roll Call established the existence of a quorum (Choi, Lyman, Murray*, Myrick, Pineda, and Romero). *Director Murray arrived at 6:35 P.M.

CLOSED SESSION: NONE

PLEDGE OF ALLEGIANCE

Chair Lyman led the Pledge of Allegiance.

EX-PARTE COMMUNICATIONS & DISCLOSURE/PUBLIC COMMENT

Chair Lyman called for ex-parte communications. There were none.

There were no comments from the public.

CONSENT CALENDAR

MOTION by Director Myrick to approve Consent Calendar Item 6.0. **SECOND** by Director Romero.
MOTION PASSED unanimously.

STAFF REPORT

Staff Report Item 7.0 | Presenter Steve Duran – Interim Executive Director

Mr. Duran reported that:

- 1) Household Hazardous Waste (HHW) events would be held on August 8 in El Sobrante at the Hilltop Church of Christ, along with an event on September 14 in Richmond at the Galileo Club, both from 8:00 A.M. to 1:00 P.M., and mattresses and box springs would be collected at both events. The Richmond event would also include a one-pound propane cylinder exchange facilitated by the California Product Stewardship Council (CPSC) with funds from the HD 31 grant from CalRecycle.
- 2) The Electronic Annual Report (EAR) had been submitted to CalRecycle, which had identified that over the last year disposal tonnage had increased by 5,000 tons, a 3 percent increase; RecycleMore was working with Republic Services to address that increase. RecycleMore had agreed to submit quarterly plan reports to CalRecycle and

one was due in early August, with information received from Republic Services on July 30 to be analyzed with Republic, and with the report to be prepared and submitted to CalRecycle prior to the end of the month.

- 3) The Interim Executive Director was continuing to meet with Directors, city staff, RecycleMore staff, consultants, CalRecycle, and the County to better understand the Authority and its activities.

Agenda Item 8.0 – RecycleMore Staffing | Presenter Steve Duran – Interim Executive Director

Mr. Duran reported that historically RecycleMore had five staff and one intern, and the Administrative Assistant/Recycling Coordinator position would be eliminated in the new budget. The City of Richmond had suggested a Request for Proposal (RFP) for a consultant to analyze the SB 1383 impacts and build the staffing based on the CalRecycle reporting requirements. He would return with a recommendation. At this point, if that position was needed the question was whether it would be the same or a different position given the programmatic requirements from the state.

On the question of the direction from the Board at the last meeting and whether he had been authorized to fill any of the vacant RecycleMore positions, Mr. Duran stated that according to the JEPA he had technically been authorized to hire any position that had been budgeted. The budget was to be submitted next month. He expressed a desire to move toward filling the Manager of Office Administration position. Municipal Resource Group (MRG) was performing HR and risk management tasks, and with the elimination of the Administrative Assistant position there was no support in-house. He wanted to fill the Manager of Office Administration position with someone who had strong finance and administration capabilities given the need to bring the budget, which Maze & Associates was helping to prepare, internal within the organization.

Director Romero supported filling the Manager of Office Administration position. He also recommended a discussion as to whether to use Cascadia to address the state requirements.

Chair Lyman agreed with the need to designate tasks that would be needed internally and those that could be contracted out, and he agreed that HR, finance, and budget issues should be kept consolidated internally with the other services to be addressed through an outside consultant.

By consensus, the Board provided direction to staff to fill the Manager of Office Administration position. As to how to address the other services, Mr. Duran noted there were firms that could analyze SB 1383 and offer suggestions as to how to do that internally or outsource it. He recommended a discussion after the Legislative Update from Larry Sweetser in September (on SB 1383), which he suggested would be a good time to discuss whether to pursue a consultant or have MRG work with him to consider outsourcing staffing.

Director Romero stated that he and City of Hercules staff had not had an opportunity to review the Richmond letter. He suggested that Mr. Duran be directed to work with Mr. Sweetser to develop a report on SB 1383 in September.

Director Pineda agreed with the recommendations related to the Legislative presentation and sought input from current RecycleMore staff. He was inclined to urge all other Directors to consider fully staffing RecycleMore to continue the better communication with CalRecycle.

Mr. Duran stated he would talk to his staff, the Member Agencies, and consider the RFP process, and expected to be able to make a recommendation in September.

There were no comments from the public.

Agenda Item 8.1 – Update – Financial Obligation for Kensington HHW Services | Presenter Steve Duran – Interim Executive Director

Mr. Duran reported that there had been a good meeting at Supervisor Gioia’s office this date and several people from Kensington had attended, as had Deidra Dingman from the County, Peter Nuti of Republic Services, and others. The issues had been discussed, the existing contract had been found to be old, outdated, and ambiguous in terms of process, and there was no process for dispute resolution. There was a desire to simplify the process and pursue quarterly billing as required by the contract. He had volunteered to help craft the document. There was agreement to get Republic Services paid for everything but the disputed amount. The County had issued a check for over \$15,000 for 2018, and the invoices for 2019 were being verified He added that all the players were on positive footing.

Director Murray arrived at this time and Chair Lyman brought him up to date on the Board’s direction related to staffing.

Director Murray advised that the loss of so many staff was a concern and he recommended that the Recycling Coordinator position be reconsidered as might another position given the upcoming state mandates.

There were no comments from the public.

Agenda Item 8.2 – RecycleMore Relocation | Presenter Steve Duran – Interim Executive Director

Mr. Duran reported that the City of San Pablo was expected to move into its new city hall by February 2020, and suggested that RecycleMore would have to be out as well by March or April 2020. He recommended that he be authorized to engage a Real Estate Broker to pursue office space, without cost at this point.

Director Murray noted that RecycleMore used to operate out of the West County Wastewater Authority facility on Hilltop and recommended that location as an option.

Director Myrick reported that the City of Richmond was interested in hosting RecycleMore.

The Board directed Mr. Duran to exhaust the availability of other public spaces for a convenient location in West County, contract with a Broker to look for Class B office space, and see what San Pablo could do to maintain RecycleMore meetings at City Hall on the second Thursday of each month.

There were no comments from the public.

BOARD MEMBER AND STAFF ANNOUNCEMENTS

There were no announcements.

ADJOURNMENT

With consensus of the Board, Chair Lyman adjourned the meeting at 6:52 P.M. until the regular Board meeting scheduled for September 12, 2019 at 6:00 P.M.

I hereby certify the foregoing to be a true and correct statement of the Official Minutes of the West Contra Costa Integrated Waste Management Authority Board meeting held August 8, 2019.

Board Secretary

Date



Agenda Report

Date: September 12, 2019
To: West Contra Costa Integrated Waste Management Authority Board
From: Steve Duran, Interim Executive Director
Subject: Contract with Maze & Associates for Audit and Related Services

RECOMMENDED ACTIONS

1. Authorize the Interim Executive Director to execute the Auditing Services Agreement (Attachment 1) and Engagement Letter (Exhibit A to Attachment 1) with Maze & Associates in the amount of \$16,000 to provide the following services and materials for the 2018 - 2019 fiscal year:
 - a. Audit of the Basic Financial Statements and issuance of a Memorandum on Internal Control; and
 - b. Preparation of the Authority's Annual Report of Financial Transactions (Controllers Report) and issuance of a compilation report.
2. Authorize the Interim Executive Director or his successor to approve additional work by Maze & Associates arising from and relevant to the services and materials noted above up to an amount not to exceed an additional \$10,000.

BACKGROUND

Public agencies are required to be independently audited in order to ensure that financial statements are fairly presented in accordance with generally accepted accounting principles and to report on the fairness of accompanying information in relation to the financial statements.

FISCAL IMPACT

The cost of the services being contracted is \$16,000. There is the potential that the scope of work may reveal the need for additional financial work related to the audit and, therefore, staff is requesting authority to authorize such additional work up to an amount not to exceed an additional \$10,000.

DISCUSSION

2018 – 2019 Audit - RecycleMore has traditionally used the same auditor that audits its Treasurer and Controller, which is now the City of San Pablo. Previously it was the City of Hercules. Using the same auditor saves the Authority time and money because RecycleMore's financial records are in the City of San Pablo accounting system, the controls of which an independent auditor must assess. This arrangement also saves RecycleMore staff from having to do a request for proposals from auditors every three to five years. For 2018-2019, Maze & Associates is the Auditor for the City of San Pablo and is well qualified for this work.

2017 – 2018 Audit - Due to a lack of actuarial information on RecycleMore retirees, the FY 2017 – 2018 has not been finalized. CalPERS is way behind in providing our actuarial information because so many agencies have made similar requests. The actuarial information is needed for an unqualified opinion. Without this information, we will get a qualified opinion noting this deficiency. Since we are almost a year behind and need to start the FY 2018 – 2019 audit, staff has asked the FY 2017 - 2018 auditors, Clifton Larson Allen (CLA) to finish up and provide the qualified opinion. The actuarial information should be available in time for Maze & Associates to provide a clean audit this December.

Earlier this year, the RecycleMore Board authorized extending a contract with Maze & Associates for financial services through June 30, 2020. That scope of services has been completed and in order to ensure clarity and avoid any conflict of interest for Maze, a new contract is in order for auditing services and Maze will not be doing other financial work for RecycleMore as long as they are our auditor.

CONCLUSION

Independent audits being mandatory and providing the public with increased financial transparency; and Maze and Associates being a well qualified firm doing the FY 2018 – 2019 audit for our Treasurer/Controller, the City of San Pablo; staff requests approval of the recommended actions in this report.

Respectfully Submitted,

Steve Duran

Steve Duran
Interim Executive Director

Attachments:

- Attachment 1** – Sample Agreement with Maze & Associates
- Exhibit A to Attachment 1** - Maze & Associates Engagement Letter

**AUDITING SERVICES AGREEMENT BETWEEN
West Contra Costa Integrated Waste Management Authority and
Maze and Associates
FOR
ANNUAL FINANCIAL AUDIT SERVICES**

THIS AGREEMENT for financial audit services is made by and between the West Contra Costa Integrated Waste Management Authority (WCCIWMA) and Maze and Associates (“Auditor”) (together sometimes referred to as the “Parties”) as of July 1, 2018 (the “Effective Date”).

Section 1. SERVICES. Subject to the terms and conditions set forth in this Agreement, Auditor shall provide to the Authority the services described in the Scope of Work attached as Exhibit A at the time and place and in the manner specified therein. In the event of a conflict in or inconsistency between the terms of this Agreement and Exhibit A, the Agreement shall prevail. The Exhibit A may be the engagement letter submitted by Auditor pursuant to the Authority’s Requests for engagement letter dated August 29, 2019.

- 1.1 **Term of Services.** The term of this Agreement shall begin on the Effective Date and shall end on the date of completion specified in Exhibit A, and Auditor shall complete the work described in Exhibit A on or before that date, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Auditor to complete the services required by this Agreement shall not affect the Authority’s right to terminate the Agreement, as referenced in Section 8.
- 1.2 **Standard of Performance.** Auditor shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Auditor is engaged.
- 1.3 **Assignment of Personnel.** Auditor shall assign only competent personnel to perform services pursuant to this Agreement. In the event that Authority, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, Auditor shall, immediately upon receiving notice from Authority of such desire of Authority, reassign such person or persons. Auditor acknowledges and agrees that the persons named in its engagement letter, as described in Exhibit A, shall be assigned to the Authority’s engagement.
- 1.4 **Time.** Auditor shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Subsection 1.2 above and to satisfy Auditor’s obligations hereunder.
- 1.5 **Reserved**

Section 2. COMPENSATION. The Authority hereby agrees to pay Auditor a sum not to exceed \$16,000 for 2018-2019 audit, \$16,000 for 2019-2020 audit and \$16,000 for 2020-2021, notwithstanding any contrary indications that may be contained in Auditor’s engagement letter, for services to be performed and reimbursable costs incurred under this Agreement. In the event of a conflict between this Agreement and Auditor’s engagement letter, attached as Exhibit A, regarding the amount of compensation, the Agreement shall prevail. Authority shall pay Auditor for services rendered pursuant to this Agreement at the time and

in the manner set forth herein. The payments specified below shall be the only payments from Auditor to Authority for services rendered pursuant to this Agreement. Auditor shall submit all invoices to the Authority in the manner specified herein. Except as specifically authorized by Authority in writing, Auditor shall not bill Authority for duplicate services performed by more than one person.

2.1 **Invoices.** Auditor shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- Serial identifications of progress bills; i.e., Progress Bill No. 1 for the first invoice, etc.;
- The beginning and ending dates of the billing period;
- A Task Summary containing the original contract amount, the amount of prior billings, the total due this period, the balance available under the Agreement, and the percentage of completion;
- At Authority's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense;
- The total number of hours of work performed under the Agreement by Auditor and each employee, agent, and subcontractor of Auditor performing services hereunder;
- The Auditor's signature;

2.2 **Monthly Payment.** Authority shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. Authority shall have 30 days from the receipt of an invoice that complies with all of the requirements above to pay Auditor.

2.3 **Final Payment.** The Authority shall pay the last 10% of the total sum due pursuant to this Agreement within 60 days after completion of the services and submittal to the Authority of a final invoice, if all services required have been satisfactorily performed.

2.4 **Total Payment.** The Authority shall pay for the services to be rendered by Auditor pursuant to this Agreement. The Authority shall not pay any additional sum for any expense or cost whatsoever incurred by Auditor in rendering services pursuant to this Agreement. The Authority shall make no payment for any extra, further, or additional service pursuant to this Agreement.

In no event shall Auditor submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement, unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment.

- 2.5 **Hourly Fees.** Fees for work performed by Auditor on an hourly basis shall not exceed the amounts shown on the compensation schedule attached hereto as Exhibit B.
- 2.6 **Payment of Taxes.** Auditor is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes.
- 2.7 **Payment upon Termination.** In the event that the Authority or Auditor terminates this Agreement pursuant to Section 8, the Authority shall compensate the Auditor for all outstanding costs and reimbursable expenses incurred for work satisfactorily completed as of the date of written notice of termination. Auditor shall maintain adequate logs and timesheets to verify costs incurred to that date.
- 2.8 **Authorization to Perform Services.** The Auditor is not authorized to perform any services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from the Executive Director.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Auditor shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the services required by this Agreement. The Authority shall make available to Auditor only the facilities and equipment listed in this section, and only under the terms and conditions set forth herein.

The Authority shall furnish physical facilities such as desks, filing cabinets, and conference space, as may be reasonably necessary for Auditor's use while working with The Authority employees and reviewing records and the information in possession of the Authority. The location, quantity, and time of furnishing those facilities shall be in the sole discretion of The Authority. In no event shall The Authority be obligated to furnish any facility that may involve incurring any direct expense, including but not limited to computer, long-distance telephone or other communication charges, vehicles, and reproduction facilities.

Section 4. INSURANCE REQUIREMENTS. Before fully executing this Agreement, Auditor, at its own cost and expense, unless otherwise specified below, shall procure the types and amounts of insurance listed below against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Auditor and its agents, representatives, employees, and subcontractors. Consistent with the following provisions, Auditor shall provide proof satisfactory to The Authority of such insurance that meets the requirements of this section and under forms of insurance satisfactory in all respects, and that such insurance is in effect prior to beginning work to the Authority. Auditor shall maintain the insurance policies required by this section throughout the term of this Agreement. The cost of such insurance shall be included in the Auditor's proposal. Auditor shall not allow any subcontractor to commence work on any subcontract until Auditor has obtained all insurance required herein for the subcontractor(s) and provided evidence that such insurance is in effect to The Authority. VERIFICATION OF THE REQUIRED INSURANCE SHALL BE SUBMITTED AND MADE PART OF THIS AGREEMENT PRIOR TO EXECUTION. Auditor shall maintain all required insurance listed herein for the duration of this Agreement.

4.1 **Workers' Compensation.**

4.1.1 **General Requirements.** Auditor shall, at its sole cost and expense, maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Auditor. The Statutory Workers' Compensation Insurance and Employer's Liability Insurance shall be provided with limits of not less than \$1,000,000 per accident. In the alternative, Auditor may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor Code. Determination of whether a self-insurance program meets the standards of the California Labor Code shall be solely in the discretion of the Contract Administrator.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the Authority for all work performed by the Auditor, its employees, agents, and subcontractors.

4.1.2 **Submittal Requirements.** To comply with Subsection 4.1, Auditor shall submit the following:

- a. Certificate of Liability Insurance in the amounts specified in the section; and
- b. Waiver of Subrogation Endorsement as required by the section.

4.2 **Commercial General and Automobile Liability Insurance.**

4.2.1 **General Requirements.** Auditor, at its own cost and expense, shall maintain commercial general liability insurance for the term of this Agreement in an amount not less than \$2,000,000 and automobile liability insurance for the term of this Agreement in an amount not less than \$2,000,000 per occurrence, combined single limit coverage for risks associated with the work contemplated by this Agreement. If a Commercial General Liability Insurance or an Automobile Liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from activities contemplated under this Agreement, including the use of owned and non-owned automobiles.

4.2.2 **Minimum Scope of Coverage.** Commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 (most recent edition) covering comprehensive General Liability on an "occurrence" basis. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001, Code 1 (any auto). No endorsement shall be attached limiting the coverage.

4.2.3 **Additional Requirements.** Each of the following shall be included in the insurance coverage or added as a certified endorsement to the policy:

- a. The Insurance shall cover on an occurrence or an accident basis, and not on a claims-made basis.
- b. The Authority, its officers, officials, employees, and volunteers are to be covered as additional insureds as respects: liability arising out of work or operations performed by or on behalf of the Auditor; or automobiles owned, leased, hired, or borrowed by the Auditor.
- c. Auditor hereby agrees to waive subrogation which any insurer or contractor may require from vendor by virtue of the payment of any loss. Auditor agrees to obtain any endorsements that may be necessary to affect this waiver of subrogation.
- d. For any claims related to this Agreement or the work hereunder, the Auditor's insurance coverage shall be primary insurance as respects the Authority, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Authority, its officers, officials, employees, or volunteers shall be excess of the Auditor's insurance and shall not contribute with it.

4.2.4 **Submittal Requirements.** To comply with Subsection 4.2, Auditor shall submit the following:

- a. Certificate of Liability Insurance in the amounts specified in the section;
- b. Additional Insured Endorsement as required by the section;
- c. Waiver of Subrogation Endorsement as required by the section; and
- d. Primary Insurance Endorsement as required by the section.

4.3 **Professional Liability Insurance.**

4.3.1 **General Requirements.** Auditor, at its own cost and expense, shall maintain for the period covered by this Agreement professional liability insurance for licensed professionals performing work pursuant to this Agreement in an amount not less than \$2,000,000 covering the licensed professionals' errors and omissions. Any deductible or self-insured retention shall not exceed \$150,000 per claim.

4.3.2 **Claims-Made Limitations.** The following provisions shall apply if the professional liability coverage is written on a claims-made form:

- a. The retroactive date of the policy must be shown and must be before the date of the Agreement.

- b. Insurance must be maintained and evidence of insurance must be provided for at least 5 years after completion of the Agreement or the work, so long as commercially available at reasonable rates.
- c. If coverage is canceled or not renewed and it is not replaced with another claims-made policy form with a retroactive date that precedes the date of this Agreement, Auditor shall purchase an extended period coverage for a minimum of 5 years after completion of work under this Agreement.
- d. A copy of the claim reporting requirements must be submitted to the Authority for review prior to the commencement of any work under this Agreement.

4.3.3 **Additional Requirements.** A certified endorsement to include contractual liability shall be included in the policy.

4.3.4 **Submittal Requirements.** To comply with Subsection 4.3, Auditor shall submit the Certificate of Liability Insurance in the amounts specified in the section.

4.4 **All Policies Requirements.**

4.4.1 **Acceptability of Insurers.** All insurance required by this section is to be placed with insurers with a Bests' rating of no less than A:VII.

4.4.2 **Verification of Coverage.** Prior to beginning any work under this Agreement, Auditor shall furnish The Authority with complete copies of all Certificates of Liability Insurance delivered to Auditor by the insurer, including complete copies of all endorsements attached to the policies. All copies of Certificates of Liability Insurance and certified endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf. If the Authority does not receive the required insurance documents prior to the Auditor beginning work, it shall not waive the Auditor's obligation to provide them. The Authority reserves the right to require complete copies of all required insurance policies at any time.

4.4.3 **Deductibles and Self-Insured Retentions.** Auditor shall disclose to and obtain the written approval of The Authority for the self-insured retentions and deductibles before beginning any of the services or work called for by any term of this Agreement. At the option of the Authority, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Authority, its officers, employees, and volunteers; or the Auditor shall provide a financial guarantee satisfactory to the Authority guaranteeing payment of losses and related investigations, claim administration and defense expenses.

4.4.4 **Wasting Policies.** No policy required by this Section 4 shall include a "wasting" policy limit (i.e. limit that is eroded by the cost of defense).

4.4.5 **Endorsement Requirements.** Each insurance policy required by Section 4 shall be endorsed to state that coverage shall not be canceled by either party, except after 30 days' prior written notice has been provided to the Authority.

4.4.6 **Subcontractors.** Auditor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

4.5 **Remedies.** In addition to any other remedies The Authority may have if Auditor fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, The Authority may, at its sole option exercise any of the following remedies, which are alternatives to other remedies The Authority may have and are not the exclusive remedy for Auditor's breach:

- Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement;
- Order Auditor to stop work under this Agreement or withhold any payment that becomes due to Auditor hereunder, or both stop work and withhold any payment, until Auditor demonstrates compliance with the requirements hereof; and/or
- Terminate this Agreement.

Section 5. INDEMNIFICATION AND AUDITOR'S RESPONSIBILITIES.

Section 6. STATUS OF AUDITOR.

6.1 **Independent Contractor.** At all times during the term of this Agreement, Auditor shall be an independent contractor and shall not be an employee of The Authority. The Authority shall have the right to control Auditor only insofar as the results of Auditor's services rendered pursuant to this Agreement and assignment of personnel pursuant to Subsection 1.3; however, otherwise The Authority shall not have the right to control the means by which Auditor accomplishes services rendered pursuant to this Agreement.

Notwithstanding any other The Authority, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Auditor and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by The Authority, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of The Authority and entitlement to any contribution to be paid by The Authority for employer contributions and/or employee contributions for PERS benefits.

6.2 **Auditor Not an Agent.** Except as the Authority may specify in writing, Auditor shall have no authority, express or implied, to act on behalf of the Authority in any capacity the Authority whatsoever as an agent. Auditor shall have no authority, express or implied, pursuant to this Agreement to bind The Authority to any obligation whatsoever.

Section 7. LEGAL REQUIREMENTS.

- 7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 **Compliance with Applicable Laws.** Auditor and any subcontractors shall comply with all laws and regulations applicable to the performance of the work hereunder, including but not limited to, the California Building Code, the Americans with Disabilities Act, and any copyright, patent or trademark law. Auditor's failure to comply with any law(s) or regulation(s) applicable to the performance of the work hereunder shall constitute a breach of contract.
- 7.3 **Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, Auditor and any subcontractors shall comply with all applicable rules and regulations to which The Authority is bound by the terms of such fiscal assistance program.
- 7.4 **Licenses and Permits.** Auditor represents and warrants to The Authority that Auditor and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature that are legally required to practice their respective professions. Auditor represents and warrants to The Authority that Auditor and its employees, agents, any subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions. In addition to the foregoing, Auditor and any subcontractors shall obtain and maintain during the term of this Agreement valid Business Licenses from The Authority.
- 7.5 **Nondiscrimination and Equal Opportunity.** Auditor shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by Auditor under this Agreement. Auditor shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement, including but not limited to the satisfaction of any positive obligations required of Auditor thereby.

Auditor shall include the provisions of this Subsection in any subcontract approved by the Contract Administrator or this Agreement.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 **Termination.** The Authority may cancel this Agreement at any time and without cause upon written notification to the Auditor.

Auditor may cancel this Agreement upon 30 days' written notice to the Authority and shall include in such notice the reasons for cancellation.

In the event of termination, Auditor shall be entitled to compensation for services performed to the effective date of termination; The Authority, however, may condition payment of such compensation upon Auditor delivering to the Authority any or all documents, photographs, computer software, video and audio tapes, and other materials provided to Auditor or prepared by or for Auditor or the Authority in connection with this Agreement.

- 8.2 **Extension.** The Authority may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Subsection 1.1. Any such extension shall require a written amendment to this Agreement, as provided for herein. Auditor understands and agrees that, if the Authority grants such an extension, The Authority shall have no obligation to provide Auditor with compensation beyond the maximum amount provided for in this Agreement. Similarly, unless authorized by the Contract Administrator, The Authority shall have no obligation to reimburse Auditor for any otherwise reimbursable expenses incurred during the extension period.
- 8.3 **Amendments.** The Parties may amend this Agreement only by a writing signed by all the Parties.
- 8.4 **Assignment and Subcontracting.** The Authority and Auditor recognize and agree that this Agreement contemplates personal performance by Auditor and is based upon a determination of Auditor's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to the Authority for entering into this Agreement was and is the professional reputation and competence of Auditor. Auditor may not assign this Agreement or any interest therein without the prior written approval of the Authority Executive Director. Auditor shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors noted in the proposal, without prior written approval of the Authority Executive Director.
- 8.5 **Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between The Authority and Auditor shall survive the termination of this Agreement.
- 8.6 **Options upon Breach by Auditor.** If Auditor materially breaches any of the terms of this Agreement, The Authority's remedies shall include, but are not limited to, the following:
- 8.6.1 Immediately terminate the Agreement;
 - 8.6.2 Retain the reports, work papers and any other work product prepared by Auditor pursuant to this Agreement;
 - 8.6.3 Retain a different Auditor to complete the work described in Exhibit A not finished by Auditor and charge Auditor the difference between the cost to complete the work described in Exhibit A that is unfinished at the time of breach and the amount that the Authority would have paid Auditor pursuant to Section 2 if Auditor had completed the work.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 **Records Created as Part of Auditor’s Performance.** All reports, work papers, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Auditor prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Authority. Auditor hereby agrees to deliver those documents to the Authority upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for the Authority and are not necessarily suitable for any future or other use. The Authority and Auditor agree that, until final approval by the Authority, all data, plans, specifications, reports and other documents are confidential and will not be released to third parties without prior written consent of both Parties.
- 9.2 **Auditor’s Books and Records.** Auditor shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the Authority under this Agreement for a minimum of 3 years, or for any longer period required by law, from the date of final payment to the Auditor to this Agreement.
- 9.3 **Inspection and Audit of Records.** Any records or documents that Subsection 9.2 of this Agreement requires Auditor to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Authority. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds \$10,000.00, the Agreement shall be subject to the examination and audit of the State Auditor, at the request of The Authority or as part of any audit of the Authority, for a period of 3 years after final payment under the Agreement.

Section 10. MISCELLANEOUS PROVISIONS.

- 10.1 **Attorneys’ Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys’ fees and costs in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 10.2 **Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Contra Costa.
- 10.3 **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

- 10.4 **No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 10.5 **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 10.6 **Use of Recycled Products.** Auditor shall prepare and submit all reports, written studies and other printed material on recycled paper to the extent it is available at equal or less cost than virgin paper.
- 10.7 **Conflict of Interest.** Auditor may serve other clients, but none whose activities within the corporate limits of the Authority or whose business, regardless of location, would place Auditor in a “conflict of interest,” as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Auditor shall not employ any of the Authority official in the work performed pursuant to this Agreement. No officer or employee of the Authority shall have any financial interest in this Agreement that would violate California Government Code Section 1090 *et seq.*

Auditor hereby warrants that it is not now, nor has it been in the previous 12 months, an employee, agent, appointee, or official of the Authority. If Auditor was an employee, agent, appointee, or official of the Authority in the previous 12 months, Auditor warrants that it did not participate in any manner in the forming of this Agreement. Auditor understands that, if this Agreement is made in violation of California Government Code Section 1090 *et seq.*, the entire Agreement is void and Auditor will not be entitled to any compensation for services performed pursuant to this Agreement, including reimbursement of expenses, and Auditor will be required to reimburse the Authority for any sums paid to the Auditor . Auditor understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of California Government Code Section 1090 *et seq.*, and, if applicable, will be disqualified from holding public office in the State of California.

- 10.8 **Solicitation.** Auditor agrees not to solicit business at any meeting, focus group, or interview related to this Agreement, either orally or through any written materials.
- 10.9 **Contract Administration.** This Agreement shall be administered by Steve Duran Interim Executive Director. All correspondence shall be directed to or through the Interim Executive Director or his or her designee.
- 10.10 **Notices.** Any written notice to Auditor shall be sent to:
Vikki Rodriguez, CPA, Principal
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

Any written notice to The Authority shall be sent to:

Steve Duran
Interim Executive Director
13831 San Pablo Av.
San Pablo, CA 94806-3703

- 10.12 **Integration.** This Agreement, including the scope of work attached hereto and incorporated herein as Exhibits A represents the entire and integrated agreement between The Authority and Auditor and supersedes all prior negotiations, representations, or agreements, either written or oral.

Exhibit A Engagement Letter (Scope of Services)

- 10.13 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

The Parties have executed this Agreement as of the Effective Date. The persons whose signatures appear below certify that they are authorized to sign on behalf of the respective Party.

West Contra Costa Integrated
Waste Management Authority

Maze and Associates

Steve Duran Interim Executive Director

Vikki Rodriguez, CPA, Principal

Attest:

Approved as to Form:

The Authority Clerk



August 29, 2019

Steve Duran, Interim Executive Director
West Contra Costa Integrated Waste Management Authority
13831 San Pablo Avenue, Bldg. #5
San Pablo, CA 94806

Dear Steve:

We are pleased to confirm our understanding of the services we are to provide for the West Contra Costa Integrated Waste Management Authority for the year ended June 30, 2019. The services we have been engaged to provide are outlined below, but we are also available to provide additional services at your request:

1. Audit of the Basic Financial Statements and issuance of Memorandum on Internal Control.
2. Preparation of the Authority's Annual Report of Financial Transactions (Controller's Report) and issuance of a compilation report. (See Compilation Attachment for Our Responsibilities and Your Responsibilities related to the compilation report)

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

If the Authority's financial statements are accompanied by supplementary information other than RSI, we will subject the supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and will provide an opinion on it in relation to the financial statements as a whole.

Other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that information.

Audit Objective

The objective of our audit is to express opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of accompanying supplementary information when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our audit of the Authority's financial statements. Our reports will be addressed to the Board of the Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with Authority management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Authority or to acts by management or employees acting on behalf of the Authority. Because the determination of abuse is subjective, *Governmental Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of physical existence of inventories, and direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected customers, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill the Authority for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from management about management's responsibilities for the financial statements; compliance with laws, regulations, contracts and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and the Board internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management's responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. We understand that the Authority will provide us with the Closing Checklist information required for our audit and that the Authority is responsible for the accuracy and completeness of that information.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that it complies with applicable laws, regulations, contracts, agreements and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements, or abuse that we report.

With regard to including the auditor's report in an exempt offering document, you agree that the aforementioned auditor's report, or reference to Maze & Associates, will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent will be a separate engagement. With regard to an exempt offering document with which Maze & Associates is not involved, you agree to clearly indicate in the exempt offering document that Maze & Associates is not involved with the contents of such offering document.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the representation letter that: (1) management is responsible for presentation of the supplementary information in accordance with GAAP; (2) that management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objective section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Management agrees to assume all management responsibilities relating to the financial statements and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements and that you have reviewed and approved the financial statements prior to their issuance and have accepted responsibility for them. Further, management agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accepting responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is our property and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request in a timely manner to a federal agency providing oversight of direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Maze & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We will retain audit documentation for this engagement for seven years after the report release date pursuant to state regulations. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in September 2019 and to issue our reports no later than January 31, 2020. Vikki Rodriguez is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

To ensure that Maze & Associates' independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are billed based on our contract with the Authority. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the Authority's account becomes thirty days or more overdue and may not be resumed until the Authority's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

These fees are based on anticipated cooperation from Authority personnel, the completion of schedules and data requested on our Checklists, and the assumption that there will be no unexpected increases in work scope, such as new debt issues, etc., or delays which are beyond our control, as discussed on the Fees Attachment to this letter. If significant additional time is necessary, we will discuss it with Authority management and arrive at a new fee before we incur any additional costs.

We understand you will provide us with basic workspace sufficient to accommodate the audit team assigned to your audit. We understand the basic workspace will be equipped with a telephone and direct Internet access, preferably a temporary network outside of your network, a public IP address and a wired connection. We understand you will also provide us with access to a fax machine and read only access to your general ledger system.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, or services will continue to be governed by the terms of this engagement letter.

Government Auditing Standards require that we provide the Authority with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our most recent peer review report accompanies this letter.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return the entire copy to us.



Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the Authority.

By: _____

Title: _____

Date: _____

**West Contra Costa Integrated Waste Management Authority Engagement Letter
Fees Attachment
June 30, 2019**

Our fees for the work described in the attached engagement letter will be as follows, unless they are adjusted for one or more of the items below:

Service	Fee
Basic Financial Statements SCO Report	\$16,000 Included in above
Total	\$16,000

Additional Services - The above fees are for audit and assurance services described in the accompanying engagement letter. They do not include fees for assisting with closing the books nor providing other accounting services. Should the Authority require assistance beyond audit services we will provide a cost estimate before proceeding.

Report Finalization - Our fee is based on our understanding that all information and materials necessary to finalize all our reports will be provided to us before we complete our year-end fieldwork in your offices. In the case of BFSs, this includes all the materials and information required to print the BFS. As in the past, we will provide final drafts of all our reports before we leave your offices. We will schedule a Final Changes Meeting with you for a date no more than two weeks after we complete our fieldwork. At that meeting, we will finalize all reports for printing. After that date, report changes you make and changes required because information was not received timely will be billed at our normal hourly rates.

Post-Closing Client Adjusting Entries - The first step in our year-end audit is the preparation of financial statement drafts from your final closing trial balance. That means any entries you make after handing us your closing trial balance must be handled as audit adjustments, or in extreme cases, by re-inputting the entire trial balance, even if the amounts are immaterial. If you make such entries and the amounts are in fact immaterial, we will bill you for the costs of the adjustments or re-input at our normal hourly rates.

Recurring Audit Adjustments - Each year we include the prior year's adjusting entries as new steps in our Closing Checklist, so that you can incorporate these entries in your closing. If we are required to continue to make these same adjustments as part of this year's audit, we will bill for this service at our normal hourly rates.

BFS Printing - As a convenience, we can send your BFS to a printer we use locally. We do not charge for delivering camera-ready print masters to any printer of your choice and delivering the BFSs or BFS to you. However, we will bill you for any additional time spent on the BFS printing at our normal hourly rates. This includes changes after the report goes to the printer, obtaining, reviewing and / or delivering printer's proofs, etc.

We can also help with BFS design, including covers, tabs, dividers, color choices, bindings, organization charts, maps, etc. We will estimate these costs for you before proceeding.

Grant Programs Requiring Separate Audit - Grant programs requiring separate audits represent a significant increase in work scope, and fees for these audits vary based on the grant requirements. If you wish us to determine and identify which programs are subject to audit, we will bill you for that time at our normal hourly rates.

Changes in Authority Personnel - Our experience is that changes and /or reductions in Finance Department staff can have a pronounced impact on costs of performing the audit. If such changes occur, we will meet with you to assess their impact and arrive at a new fee before we begin the next phase of our work. However, we reserve the right to revisit this subject at the conclusion of the audit, based on your actual performance and our actual costs.

West Contra Costa Integrated Waste Management Authority
Compilation Attachment
June 30, 2019

The services we have been engaged to provide are outlined below.

- Prepare and Electronically File the following Report for the Authority:
 - Annual Report of Financial Transactions for the Authority

We will prepare and electronically file the Annual Financial Transactions Report(s) for the year ended June 30, 2019 in accordance with the requirements of Government Code Section 53891 and the California State Controller's Office's Cities or Special Authoritys, as applicable, Financial Transactions Report Instructions dated 11/18 and perform a compilation engagement with respect to the Financial Transactions Report. Authority staff will provide us with a detailed trial balance and any supporting general ledger reports or schedules required to prepare the Report(s).

The supplementary information accompanying the Report(s), including the U.S. Bureau of the Census Survey and any others required by the California State Controller's Office, will be presented for purposes of additional analysis. Such supplementary information is the responsibility of management and will not be subject to our compilation engagement.

Our Responsibilities

The objective of our engagement is to-

1. prepare the Report(s) in accordance with the format prescribed by the California State Controller's Office based on information provided by you and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America, and
2. apply accounting and financial reporting expertise to assist you in the presentation of the Report(s) without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the Report(s) in order for them to be in accordance with the format prescribed by the California State Controller's Office.

We will conduct our compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the preparation and electronic filing of the Report(s), and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the Report(s).

Our engagement cannot be relied upon to identify or disclose any Report misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare the Report(s) in accordance with the format prescribed by the California State Controller's Office and assist you in the presentation of the Report(s) in accordance with the format prescribed by the California State Controller's Office. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1. The selection of the format prescribed by the California State Controller's Office as the financial reporting framework to be applied in the preparation of the Report(s).
2. The preparation and fair presentation of the Report(s) in accordance with the format prescribed by the California State Controller's Office.
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Report(s) that are free from material misstatement, whether due to fraud or error.
4. The prevention and detection of fraud.
5. To ensure that the Authority complies with the laws and regulations applicable to its activities.
6. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with-
 - a. access to all information of which you are aware that is relevant to the fair presentation of the Report(s), such as records, documentation, and other matters.
 - b. additional information that we may request from you for the purpose of the compilation engagement.
 - c. unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our preparation and electronic filing of your Report(s). You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the Report(s) and that, accordingly, we do not express an opinion, a conclusion, or provide any assurance on it(them). There may be circumstances in which the Report(s) differ from the expected form and content. If, for any reason, we are unable to complete the compilation of your Report(s), we will not issue a report on such Report(s) as a result of this engagement.

Our report will disclose that the Report(s) are presented in a prescribed form in accordance with the requirements of the California State Controller's Office and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

You agree to include our accountant's compilation report in any document containing the Report(s) that indicates we have performed a compilation engagement on such Report(s) and, prior to inclusion of the report, to obtain our permission to do so.

Agenda Item No. 6.2 - Exhibit A to Attachment 1

Grace Zhang is the engagement partner and is responsible for supervising the compilation portion of the engagement and signing the report or authorizing another individual to sign it.



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Report on the Firm's System of Quality Control

January 31, 2018

To Maze & Associates Accountancy Corporation and the
Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.



recyclemore
WEST CONTRA COSTA INTEGRATED
WASTE MANAGEMENT AUTHORITY

Agenda Report

Date: September 12, 2019
To: West Contra Costa Integrated Waste Management Authority Board
From: Steve Duran, Interim Executive Director and Christina Leard, Program Manager
Subject: Review of Household Hazardous Waste Program Expenditures for the Years 2014-2018

ACTIONS REQUESTED

Receive a presentation from Municipal Resource Group (MRG) on Financial Review of Calendar Years 2014-2018 HHW Program Actual Costs Compared to Budget. Provide direction to staff as necessary.

BACKGROUND

Household hazardous waste (HHW) management services are a core function of RecycleMore. RecycleMore has provided some form of HHW services for our service area and for additional West Contra Costa County areas (by contract) for more than 20 years.

For many years, HHW services were provided through a previous post-collection agreement with Republic Services. On October 10, 2013, the West Contra Costa Integrated Waste Management Authority (also known as RecycleMore) entered into an agreement with Republic Services for Post-Collection recycling and disposal services. This Post-Collection Agreement (PCA) also includes HHW services to be provided by Republic Services.

The PCA includes provisions for an annual HHW budget for operation and administration of the HHW programs provided by Republic as part of the PCA. The PCA does not include provisions for a balancing account. Rather than negotiate with Republic Services each year on the specifics of the HHW Budget, and because there are no provisions for a balancing account in the PCA, in November 2018 the Board approved a side agreement with Republic Services.

The HHW Side Agreement (Side Letter) includes a number of basic conditions and provisions, including provisions for calculating and establishing the annual HHW Program Budget, a deadline for Republic to submit the annual proposed Budget, a process for the RecycleMore Board to approve the Budget, a list of allowable and non-allowable costs and the process to reconcile the HHW Budget vs. actual costs.

RECONCILIATION OF ACTUAL HHW PROGRAM COSTS VS. BUDGET

At the May 9, 2019 Board meeting, the Board authorized an agreement with MRG to complete a review of actual HHW program costs vs. budget. 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 HHW Side Agreement and if the amounts that might be owed to either WCRR or the Authority were correctly determined. As part of this review, MRG reviewed program expenses, including salaries, vendor payments, allocation calculations, and other relevant documentation. With some minor adjustments, overall, MRG found West County Resource Recovery (WCRR) reported expenses to be reasonable, accurate and consistent with the agreement. Additionally, they 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. The final report from MRG is attached (Attachment 1).

MRG gave several recommendations to improve the annual expenditure review process:

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.

Recommendation 2: Similar to property taxes, utilities, fuel and insurance, MRG recommends budgeting an amount each year for site maintenance (based on an 18% allocation rate) and increasing it each year by 0.85% of CPI. This budget amount should be allowed without further reconciliation each year.

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.

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.

FISCAL IMPACT

The recommended action has no fiscal impact.

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. The MRG report states that 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. This MRG review was limited to expenses. Revenues are currently being reviewed by staff.

CONCLUSION

Staff has reviewed the report from MRG and concurs with the findings and recommendations made in the report. Staff will work with Republic Services to modify language in the HHW Side Agreement to update the language to be more accurate with expenditure calculations for future years.

Respectfully submitted,

Steve Duran

Steve Duran
Interim Executive Director

Attachment 1: Review of Household Hazardous Waste Program Expenditures for the Years 2014-2018 prepared by MRG

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

RecycleMore

West Contra Costa Integrated Waste
Management Authority



Prepared by:
Dana Shigley, Consultant
Municipal Resource Group, LLC

August 2019

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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 3 differs from the initial expense reconciliation presented by WCRR (Attachment 2) 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	\$3,134.2	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 HWW 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 HHW 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 (based on an 18% allocation rate) and increasing it each year by 0.85% of CPI. 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 3 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**

=====

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.

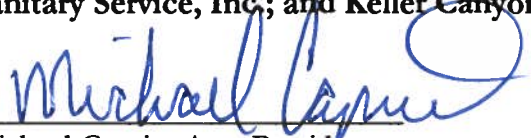
West Contra Costa Integrated Waste Management Authority



Stan Hakes, Executive Director

Dated: 1-3-18 19 *gdt*

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 Contractor's 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	<u>754,039.00</u>	<u>709,228.00</u>	<u>757,252.14</u>	<u>727,667.00</u>	<u>726,184.34</u>	<u>785,465.00</u>	<u>974,624.78</u>	<u>888,096.00</u>	<u>978,993.29</u>	<u>959,813.00</u>	<u>4,191,093.55</u>	<u>4,070,269.00</u>
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	<u>790,796.00</u>	<u>791,144.00</u>	<u>815,813.88</u>	<u>836,817.00</u>	<u>793,949.42</u>	<u>857,285.00</u>	<u>1,054,858.32</u>	<u>978,685.00</u>	<u>1,073,099.19</u>	<u>1,058,785.00</u>	<u>4,528,516.81</u>	<u>4,522,716.00</u>
		348.00		21,003.12		63,335.58		(76,173.32)		(14,314.19)		(5,800.81)

Attachment D

RICHMOND			2018 Actual Allowable	2019 Approved Budget	2019 Estimated Actual	2020 Recommended
			Expenses		Expenses	Budget
Description	Calculation					
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 documentation 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 documentation 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 documentation 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 documentation 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 documentation 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, improvements/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 documentation 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			-	-	-	-

JPA REQUESTED SPECIAL PROGRAMS			2018 Actual Allowable	2019 Approved Budget	2019 Estimated Actual	2020 Recommended
Description			Expenses		Expenses	Budget
Calculation						
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			-	-	-	-



recyclemore
WEST CONTRA COSTA INTEGRATED
WASTE MANAGEMENT AUTHORITY

Agenda Report

Date: September 12, 2019
To: West Contra Costa Integrated Waste Management Authority Board
From: Steve Duran, Interim Executive Director
Subject: Legislative Update Presentation on SB 1383

RECOMMENDED ACTIONS

Receive a presentation from Larry Sweetser of Sweetser & Associates on SB 1383 and its soon-coming implementation requirements.

BACKGROUND

SB 1383 was enacted in 2016 to establish methane gas emissions reduction targets in a statewide effort to reduce emissions of “short-lived climate pollutants.” Since organic waste disposal in landfills is a primary generator of methane emissions, CalRecycle is charged with significantly reducing landfill disposal of organics. RecycleMore is actively responding to State requirements to reduce organic waste generated by businesses under AB 1826; however, SB 1383 requirements expand organic waste mandates and will cover all forms of organic waste within the entire waste stream, with specific targets for reduction starting in 2020.

Larry Sweetser specializes in providing environmental regulatory assistance to local government and the solid waste industry in the area of solid and hazardous waste management. He is a Registered Environmental Assessor, holding an M.S. in Environmental Management from USF and an A.B. in Environmental Science from UC Berkeley. Mr. Sweetser is also a “West County” resident and has been providing a number of Northern California agencies with legislative updates on SB 1383 and its implementation recently.

FISCAL IMPACT

The recommended action has no fiscal impact.

DISCUSSION

A PowerPoint presentation is to be delivered with questions and answers following.

Respectfully Submitted,

Steve Duran

Steve Duran
Interim Executive Director



recyclemore
WEST CONTRA COSTA INTEGRATED
WASTE MANAGEMENT AUTHORITY

Agenda Report

Date: September 12, 2019
To: West Contra Costa Integrated Waste Management Authority Board
From: Steve Duran, Interim Executive Director
Subject: West Contra Costs Integrated Waste Management Authority Fiscal Year 2019-20 Budget

RECOMMENDED ACTIONS

Adopt Resolution 19-03 (Attachment 1):

- Approving the Fiscal Year (FY) 2019-20 Operating Budget (Exhibit A to Attachment 1) in the amount of \$1,183,497, including use of reserves in the amount of \$148,997 to balance the Operating Fund Budget;
- Approving the appropriation of \$70,000 from the Recycling Fund Budget for a CAL PERS UAL-OPEB Consultant and SB 1383 Plan or Technical Assistance;
- Authorizing staff to create a Special Fund specifically designated for CalPERS Unfunded Accrued Liability (UAL) and Other Post-Employment Benefit (OPEB) liabilities;
- Approving the Authority Compensation Plan (Exhibit B to Attachment 1) to reflect Board directed adjustments to the Approved Salary Range Schedule.

BACKGROUND

A FY 2019-20 Budget Workshop was conducted at the May 2019 Board meeting and the Board directed staff to prepare multiple FY 2019-20 Budget options to consider for adoption at the June 2019 Board meeting. At the June Board meeting, the Board directed staff regarding adjustments to the budget and postponed approval of the FY 2019- 20 Budget to the September Board meeting. The Board also approved a Budget Amendment to continue the FY 2018-19 Budget through September 30, 2019. In addition, the Board directed staff to eliminate funding for the Recycling Coordinator/Administrative Assistant position, reduce Professional Services funding by \$39,000 (specifically to reduce the Republic -Cascadia AB 1826 services funding from \$120,000 to \$81,000), reduce AB 939 Professional services by \$30,000 and eliminate funding for purchasing a RecycleMore vehicle. These Board directives are now included in the recommended FY 2019-2020 Budget.

FISCAL IMPACT

Operating Fund Budget - The recommended FY 2019-20 Operating Fund Budget (Fund 780) includes:

1. Total expenses of **\$1,183,497** and total revenues of **\$1,034,500**.
2. Use of reserves in the amount of **\$148,997** to balance FY 2019-20 Operating Budget.
3. Funding for four full time positions.
4. Funding for limited term Civic Spark position.

Recycling Fund Budget - The recommendation for the Recycling Fund Budget (Fund 781) consists of appropriating \$70,000 to provide funds for an OPEB/PERS UAL Side Fund Investment Consultant and a SB 1383 Plan or Technical Assistance.

Special Retirement Liability Fund - Staff is also recommending that the Board authorize the creation of a Special Fund specifically designated for post-employment benefits. This Fund would be designated to address CalPERS Unfunded Accrued Liability (UAL) and Other Post-Employment Benefit (OPEB) liabilities. Staff is not recommending additional funds for this purpose at this time.

DISCUSSION

Summary of the Operating Fund Budget

Operating Fund Revenues - Fiscal Year 2019-20 Operating Fund Recommended Budget revenues expenses are estimated at **\$1,034,500**. There are three primary sources of Operating Fund revenue. The first source is fees paid by Republic to RecycleMore as required under the Post-Collection Agreement. The second is semi-annual payment by the City of El Cerrito to contribute their “fair share” of RecycleMore administrative and operating costs. The final revenue source is interest from the Operating Fund reserve balance.

Republic Services payments	\$ 954,000
El Cerrito Payments	\$ 74,000
Interest	<u>\$ 6,500</u>
Total	\$1,034,500

Operating Fund Expenses - Recommended FY 2019-20 Operating Fund Expenses are **\$1,183,497**. The FY 2018-19 operating expenses were budgeted at \$1,199,499. The recommended FY 2019-20 Operating Fund Budget is \$16,002 (1.33%) less than the FY 2018-19 Budget. The major categories and amounts in the recommended FY 2019-20 Budget are:

Personnel	\$ 510,797
Professional Services	\$ 464,700
Program Direct Expenses	\$114,500
General Expenses	\$82,000
Capital Outlays	<u>\$ 11,500</u>
Total	\$1,183,497

The recommended Fiscal Year 2019-20 Operating Budget expenses are consistent with Board direction at the June 2019 Board meeting, including eliminating funding for the Recycling Coordinator/ Administrative Assistant position, reducing Professional Services funding by \$39,000 (specifically to reduce the Republic -Cascadia AB 1826 services funding from \$120,000 to \$81,000), reducing AB 939 Professional services by \$30,000 and eliminating funding for a RecycleMore vehicle.

Personnel - Recommended FY 2019-20 Budget expenses include staff salaries and benefits of \$510,797 as summarized below:

- 1) Funding for One Position Eliminated - The FY 2019-20 Recommended Budget includes funding for four positions (One Executive Director; Two Program Managers; and One Manager of Administration). Board direction at the June 2019 Board meeting was to eliminate funding for the Recycling Coordinator/ Administrative assistant position, and evaluate the need for that position and/or additional positions in the future. The elimination of funding for this position will save about \$74,500 in FY 2019-2020.
- 2) Interim Position Funding - The FY 2019-20 Recommended Budget includes six (6) months of salaries and benefits for a permanent Executive Director, and nine (9) months of salaries and benefits to fill the vacant Manager of Office Administration position. This will result in a lower level of personnel expenses in FY 2019- 20, compared to FY 2018- 19. This decrease in budgeted expense for these two positions is estimated at about \$105,000 on salaries alone, and about \$150,000 with salaries and benefits included. These savings would be offset by an increase in Professional Services funding, as noted later in this report.
- 3) Employee Benefits - There are no new or enhanced benefits in the recommended FY 2019-20 Budget. There are minor additional expenses for cost increases for maintaining employee benefits at the current level.
- 4) Cost of Living Adjustment - A three-point five percent (3.5%) cost of living adjustment (COLA) for all positions except the Executive Director is included in the recommended FY 2019-20 Budget. The COLA would be retroactive to July 1, 2019. The recommended COLA is based on the United States Department of Labor/Bureau of Labor Statistics Consumer Price Index for all Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward area. The CPI-U for the San Francisco-Oakland-Hayward area increased by 3.5% between February 2018 and February 2019.
- 5) Program Manager Salary Range Adjustment - Per Board direction, the FY 2019-20 Budget includes a recommended adjustment at the top end of the salary range of the Program Manager position. The bottom step of the salary range would be increased by 3.5% to \$6,879 per month, consistent with the recommended COLA. The top step would be increased to \$9,978 per month, which is the same as the top step of the Sr. Environmental Program Analyst position at the City of San Pablo. This salary range adjustment does not guarantee a merit increase for the two (2) RecycleMore employees working as Program Managers. RecycleMore employees are eligible for a merit increase at one year of employment (and on their anniversary date after this time), with the Executive Director completing a performance evaluation to determine if the employee's performance warrants a merit increase.
- 6) Temporary (Partially Grant Funded) Employee - Funding of \$31,000 for a full-time limited term (11 month) Civic Spark Fellow is included in the recommended FY 2019-20 Budget.

Professional Services - Professional Services Expenses in the amount of \$464,700 are included in the recommended Operating Budget. These are funds for ongoing services, such as Legal Counsel, San Pablo Financial services, an Annual Financial Audit and ongoing IT Maintenance services. There are also funds for the Interim Executive Director and administrative services while the Manager of Administration position is vacant. In addition, there are funds for one-time services, such as JEPAs legal services, office moving expenses, Executive Director recruitment, post-collection rate setting analysis and Republic- Cascadia AB 1826 outreach and monitoring/ compliance services.

Per Board direction in June, the Recycling Coordinator/Administrative Assistant position has been eliminated. As such, professional services funding in the amount of \$21,600 for temporary Recycling Coordinator/Administrative Assistant service was eliminated. Staff also reduced funding for the Interim Executive Director from \$108,000 to \$84,000, as the amount needed to pay for the Interim Executive Director is less than the original budget estimate. Republic 1826 Services (Republic/Cascadia) were also reduced by \$39,000. In total, Professional Services was reduced by \$84,600.

Basic Legal counsel	\$50,000				
JEPA Update	\$12,000				
Interim Executive Director (6 mos. Reduced from \$108,000)	\$84,000				
Office Moving Expenses	\$18,000				
Financial Services- San Pablo	\$33,000				
Executive Director Recruitment	\$24,000				
Manager of Admin by Contract (3.5 mos.)	\$46,200				
Recycling Coordinator/Admin Assist Temp (\$21,600 Eliminated)					
Post Collection Rate Setting	\$12,000				
Board meeting Minutes	\$6,000				
Annual Financial Audit	\$16,000				
Republic 1826 Services (Reduced from \$120,000)	\$81,000				
Monthly IT Maintenance Services	\$6,000				
Subtotal (Reduced from \$472,800)	\$388,200				
<table border="0" style="width: 100%;"> <tr> <td>HHW Professional Services</td> <td style="text-align: right;">\$26,500</td> </tr> <tr> <td>All Other Professional Services</td> <td style="text-align: right;">\$60,000</td> </tr> </table>		HHW Professional Services	\$26,500	All Other Professional Services	\$60,000
HHW Professional Services	\$26,500				
All Other Professional Services	\$60,000				
Total (Reduced from \$599,300)	\$464,700				

Program Direct Expenses - Program Direct expenses are used mainly for AB 939 programs supplies and services. The recommended FY 2019-20 Budget includes \$82,000 for Program Direct expenses, which is \$2,500 more than the FY 2018-19 Budget amount.

General Expenses - General Expenses are proposed at \$114,500 compared to last year's \$110,800 (an increase of \$3,700). These are funds used for office supplies, rent, phone, computer and other general office expenses.

Capital Outlays - Capital Outlay Expenses are proposed at \$11,500. Funding would be used for new office furniture, as RecycleMore is scheduled to move offices in early 2020. This item may be revisited as alternatives for a new office location are investigated.

Use of Reserves - The Recommended FY 2019-20 Budget would have total expenses of \$1,183,497 and total revenues of \$1,034,500. Balancing the FY 2019-20 Recommended Budget would require use of reserves in the amount of \$148,997.

Summary of the Recycling Fund Budget

Recycling Fund Revenues - City of San Pablo staff estimates the Recycling Fund will earn about \$22,260 interest during FY 2019-20. There are no other income sources of income for this Fund.

Recycling Fund Expenses - Staff recommends that funds in the amount of \$70,000 be included for two (2) one-time core service projects and studies during FY 2019-20. These projects are:

PERS UAL/OPEB Consultant	\$20,000
SB 1383 Plan - Technical Assistance	\$50,000
Total	\$70,000

Special Fund Specifically Designated for CalPERS Unfunded Accrued Liability (UAL) and Other Post-Employment Benefit (OPEB) liabilities

The FY 2017-18 Budget included \$550,000 to address retirement liabilities (CalPERS UAL and OPEB). These funds were not appropriated in the FY 2018-19 Budget. It has been the Board's intention to include funding to address these two long term liabilities, but the lack of a specific fund to which these monies can be designated has created some confusion, as it appears that these funds are available for other uses.

Therefore, staff is recommending the creation of a Special Fund (Fund 783) specifically designated for CalPERS unfunded accrued liability (UAL) and Other Post-Employment Benefit (OPEB) liabilities. The creation of the separate Fund would allow RecycleMore to keep distinct financial records regarding how the CalPERS UAL and OPEB liabilities are being addressed.

Discussion of Reserves and Major Projects

Staff recommends that a discussion of reserves and the best uses of reserves, including standard and major projects, be postponed. As part of the May 2019 Board Meeting FY 2019-20 Budget Workshop, staff prepared a list of FY 2019-20 annual projects and pending one-time major projects. At that time, staff recommended postponing discussion of standard projects and major projects until an Interim Executive Director was selected. The Interim Executive Director started on July 22nd and needs to gain a complete understanding of RecycleMore fund balances, reserve policies and upcoming projects, including the possible need for tenant improvements in a new office location in early 2020, in order to provide the Board with the information and analysis necessary to the decision-making process. A workshop on these issues would be achievable in an October – November 2019 timeframe.

CONCLUSION

Staff has adjusted the recommended FY 2019-2020 Budget as per direction received from the Board in the May 2019 Budget Workshop and June 2019 Board Meeting. The recommended Budget has been reviewed by the Interim Executive Director with the former Executive Director, Maze Associates and MRG to ensure it accurately reflects the Board's direction reflected in May and June Agenda Reports, Minutes and staff notes.

Respectfully Submitted,

Steve Duran

Steve Duran
Interim Executive Director

Attachments:

1. Recommended Resolution 19-03, approving the FY 2019-20 Budget
 - a. Exhibit A-1 - Financial Table - Summarizing Proposed Revenues and Expenses for Operating Budget and Recycling Special Revenue Fund
 - b. Exhibit A-2 - Financial Table - Proposed FY 2018-19 Expenditures Budget
 - c. Exhibit A-3 - FY 2019-20 Operating Budget Compared to 2018-19
 - d. Exhibit B - Approved Salary Range Schedules, Salary adjustments, and merit adjustments based upon performance

RESOLUTION NO.19 – 03

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY
APPROVING THE FINAL FISCAL YEAR 2019/2020 AUTHORITY BUDGET

WHEREAS, the West Contra Costa Integrated Waste Management Authority (“Authority”) is required to adopt annual operating budgets;

WHEREAS, the Authority Board of Directors reviewed the Proposed Fiscal Year 2019/2020 Budget at a public workshop held on May 19, 2018;

WHEREAS, the Authority Board of Directors reviewed budget alternatives and gave staff direction at a public Board Meeting on June 13, 2019; and

WHEREAS, Authority Staff has taken Board direction and presented the Annual Operating Budget to the Authority Board at a public Board Meeting on September 12, 2019;

NOW, THEREFORE, the Board of Directors of the West Contra Costa Integrated Waste Management Authority resolve as follows:

Section 1. The FINAL Fiscal Year 2019/2020 Budget set forth in Exhibit A attached hereto is approved, including:

- a. Approving the Fiscal Year (FY) 2019-20 Operating Budget (Exhibit A) in the amount of **\$1,183,497**, including use of reserves in the amount of **\$148,997** to balance the Operating Fund Budget;
- b. Approving the appropriation of \$70,000 from the Recycling Fund Budget for a CAL PERS UAL- OPEB Consultant and SB 1383 Plan or Technical Assistance;
- c. Authorizing staff to create a Special Fund specifically designated for CalPERS Unfunded Accrued Liability (UAL) and Other Post-Employment Benefit (OPEB) liabilities.

Section 2. Approving the Authority Compensation Plan set forth in Exhibit B attached hereto to reflect Board directed adjustments to the Salary Range Schedule.

ATTEST:

CHAIR OF THE BOARD

Christina Leard, Authority Secretary

Greg Lyman

Date

I hereby certify that the foregoing Resolution was adopted by the Board of Directors of the West Contra Costa Integrated Waste Management Authority at its meeting on September 12, 2019 by the following vote:

AYES: Directors: _____

NOES: Directors: _____

ABSENT: Directors: _____

Christina Leard, Authority Secretary

DRAFT

WCCIWMA PRELIMINARY FISCAL YEAR 2019-20 BUDGET
Preliminary Revenues & Expenditures - Operating and Special Revenue Funds

PRELIMINARY FY 2019-2020 BUDGET

		Operating Fund	Recycling Special Revenue Fund	TOTAL
REVENUES	Revenue from Post-Collection Rates	1,028,000	-	1,028,000
	Increased Tipping Fees	-	-	-
	Interest Income	6,500	22,260	28,760
	Total Revenues	1,034,500	22,260	1,056,760
EXPENDITURES	Personnel Services	510,797	-	510,797
	Professional Services Contracts	464,700	-	464,700
	General Expense	114,500	-	114,500
	Program Direct Expense	82,000	-	82,000
	Grant Awards	-	-	-
	Capital Outlay/Equipment & Vehicles	11,500	-	11,500
	One-Time Programs	-	70,000	70,000
	Total Expenditures	1,183,497	70,000	1,253,497
	Total Revenue Less Expenditures	(148,997)	(47,740)	(196,737)

**WCCIWMA PRELIMINARY FY 2019-2020 OPERATING FUND EXPENDITURES BUDGET
(INCLUDING USED OIL DIRECT PAYMENT FUNDING)**

	Code	Management	Post-	General	HHW Fund	TOTAL	Used Oil / HHW Grant	FY 2019/20 Budget	FY 2018-19	Increase (Decrease)	
		& Admin.	Collection	Fund		OPERATING FUND			Approved Last Year		
		(A)	(B)	(C)	(D = A+B+C)	(E)	(F = D + E)	(G)	(H = F+G)		
Personnel Services:											
Salaries and Benefits	41000	\$ 145,855	\$ 252,809	\$ 59,527	\$ 458,191	\$ 52,606	\$ 510,797	\$ -	\$ 510,797	\$ 743,699	\$ (232,902.51)
Sub-total		\$ 145,855	\$ 252,809	\$ 59,527	\$ 458,191	\$ 52,606	\$ 510,797	\$ -	\$ 510,797	\$ 743,699	\$ (232,902.51)
Professional Services:											
Professional Services	43600	\$ 388,200	\$ 17,000	\$ -	\$ 405,200	\$ 26,500	\$ 431,700	\$ 18,000	\$ 449,700	\$ 245,000	\$ 204,700.00
Part Time	41001	\$ 33,000	\$ -	\$ -	\$ 33,000	\$ -	\$ 33,000	\$ -	\$ 33,000	\$ 27,000	\$ 6,000.00
Sub-total		\$ 421,200	\$ 17,000	\$ -	\$ 438,200	\$ 26,500	\$ 464,700	\$ 18,000	\$ 482,700	\$ 272,000	\$ 210,700.00
General Expenses:											
Travel/Mileage/Stipends	44325	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ 4,500	\$ 500.00
Memberships/Subscriptions	43300	6,000	-	-	6,000	-	6,000	-	6,000	6,000	-
Program Costs&Supplies	43500	43,500	-	-	43,500	-	43,500	-	43,500	43,000	500
Travel/Training Staff	44320	5,500	-	-	5,500	-	5,500	-	5,500	5,000	500
Rent/Building	43900	45,000	-	-	45,000	-	45,000	-	45,000	43,000	2,000
Communications	42001	9,500	-	-	9,500	-	9,500	-	9,500	9,300	200
Sub-total		\$ 114,500	\$ -	\$ -	\$ 114,500	\$ -	\$ 114,500	\$ -	\$ 114,500	\$ 110,800	\$ 3,700.00
Program Direct Expenses:											
Travel/Training Staff	44320	\$ -	\$ 3,500	\$ -	\$ 3,500	\$ 750	\$ 4,250	\$ 1,500	\$ 5,750	\$ 5,750	\$ -
Program Costs&Supplies/Bank Fee	43500	-	69,500	-	69,500	8,250	77,750	34,500	112,250	109,750	2,500
Sub-total		\$ -	\$ 73,000	\$ -	\$ 73,000	\$ 9,000	\$ 82,000	\$ 36,000	\$ 118,000	\$ 115,500	\$ 2,500.00
Grant Awards											
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay:											
Office Furniture & Equipment	46300	11,500	-	-	11,500	-	11,500	-	11,500	16,000	(4,500.00)
Sub-total		\$ 11,500	\$ -	\$ -	\$ 11,500	\$ -	\$ 11,500	\$ -	\$ 11,500	\$ 16,000	\$ (4,500.00)
Total Operating Fund Expenditures		\$ 693,055	\$ 342,809	\$ 59,527	\$ 1,095,391	\$ 88,106	\$ 1,183,497	\$ 54,000	\$ 1,237,497	\$ 1,257,999	\$ (20,503)
Percent of Total		58.6%	29.0%	5.0%	92.6%	7.4%	100.0%				

WCCIWMA PROPOSED FISCAL YEAR 2019-2020 BUDGET
Baseline Revenues & Expenditures - Operating Fund Compared to FY 2018-2019 Budget

PROPOSED FY 2019-2020 BUDGET TO FY 2018-2019 BUDGET

	PROPOSED FY 2019-20 Operating Fund	APPROVED FY 2018-19 Operating Fund	Favorable/ <Unfavorable> TOTAL
REVENUES			
Revenue from Post-Collection Rates	1,028,000	1,013,700	14,300
Increased Tipping Fees			-
Interest Income	6,500	6,500	-
Total Revenues	1,034,500	1,020,200	14,300
EXPENDITURES			
Personnel Services	510,797	739,199	(228,403)
Professional Services Contracts	464,700	254,000	210,700
General Expense	114,500	110,800	3,700
Program Direct Expense	82,000	79,500	2,500
Grant Awards	-	-	-
Capital Outlay/Equipment & Vehicles	11,500	16,000	(4,500)
Total Expenditures	1,183,497	1,199,499	(16,003)
Total Revenue Less Expenditures	(148,997)	(179,299)	(1,703)

**WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY
AUTHORITY EMPLOYEE COMPENSATION PLAN**

EXHIBIT B

**APPROVED SALARY RANGE SCHEDULES
SALARY ADJUSTMENTS AND
MERIT ADJUSTMENTS BASED UPON PERFORMANCE**

1. APPROVED SALARY RANGE SCHEDULES

These salary range schedules are effective July 1, 2019:

A. MANAGEMENT POSITIONS

POSITION	SALARY RANGE (\$/Month)
Executive Director	By Contract – Currently \$12,135
Program Manager	\$6,879 - \$10,513
Manager, Office Administration	\$6,879 - \$9,142

B. NON-MANAGEMENT POSITIONS

POSITION	SALARY RANGE (\$/Month)				
	1	2	3	4	5
Waste Prevention Specialist	\$5,222	\$5,482	\$ 5,755	\$6,043	\$6,346
Office Assistant	\$4,272	\$4,486	\$4,710	\$4,946	\$5,193
Recycling Coordinator/ Administrative Assistant	\$4,280	\$4,516	\$4,763	\$5,026	\$5,301

C. REVISIONS TO APPROVED SALARY RANGES

Any future revisions to the salary ranges identified in Section A and Section B (preceding) shall be determined in accordance with the provisions of Authority Board of Directors Resolution No. 97-6, Authority Policy Regarding Establishment of Salaries for Authority Staff Positions. (1)



recyclemore
WEST CONTRA COSTA INTEGRATED
WASTE MANAGEMENT AUTHORITY

Agenda Report

Date: September 12, 2019
To: West Contra Costa Integrated Waste Management Authority Board
From: Steve Duran, Interim Executive Director
Subject: Request for Proposals Related to SB 1383 and Core Services Planning

RECOMMENDED ACTIONS

Review report, direct staff as necessary and authorize staff to release a Request for Proposals for planning assistance in response to SB 1383 organic waste reduction mandates and RecycleMore core services planning.

BACKGROUND

SB 1383 was enacted in 2016 to establish methane emissions reduction targets in a statewide effort to reduce emissions of “short-lived climate pollutants.” Since organic waste disposal in landfills is a primary generator of methane emissions, CalRecycle is charged with significantly reducing landfill disposal of organics. RecycleMore is actively responding to State requirements to reduce organic waste generated by businesses under AB 1826; however, SB 1383 requirements expand organic waste mandates and will cover all forms of organic waste within the entire waste stream, with specific targets for reduction starting in 2020.

RecycleMore needs to fully understand how CalRecycle will implement SB 1383 in terms of data collection, reporting requirements and other rules in order to determine staffing requirements and what functions are better kept in-house versus outsourced to our franchised hauler (Republic) or other service providers. RecycleMore also needs to determine what programs will be implemented to meet this new and more ambitious organics reduction mandate, as well as the need for software and additional record keeping. As much of the new work required under SB 1383 will be performed by current staff, RecycleMore is requesting that the firm selected for this assignment (Consultant) also consider the overall work of RecycleMore and make recommendations for all current Core Services work defined in the Joint Exercise of Powers Agreement (JEPA).

City of Richmond staff recommended this approach and provided an RFP for similar services that was released by RecycleSmart in 2017 as an example. RecycleMore staff has reviewed the recommendation and the RecycleSmart RFP, agreeing with the benefit of having a consultant make SB 1383 implementation recommendations and adjusting the RecycleMore RFP to meet our current needs.

FISCAL IMPACT

Staff estimates that the Consultant scope of work proposed in the RFP will cost between \$25,000 and \$50,000. The final number will be brought back to the Board with the contract for approval in November.

DISCUSSION

The RFP directs, in greater detail, proposers respond directly to the requirements enumerated below:

1. Provide a description of SB 1383 organics reduction requirements and CalRecycle rulemaking, as of the submission date of your proposal.
2. Provide and analyze current RecycleMore organics collection programs for all sectors, determine the adequacy to support compliance, and provide an estimate of additional collection and/or processing capacity needed to achieve state requirements.
3. Based on analysis of existing RecycleMore program compliance requirements and new compliance requirements under SB 1383, consider the listed activities under all state mandates listed activities and provide recommendations for the most effective implementation of required activities.
4. Provide a recommendation and description for accurate record keeping and monitoring of recommended RecycleMore activities to determine their performance effectiveness and contribution to organics reduction.
5. Recommend how to best staff RecycleMore's full scope of compliance work, including in-house staffing, operator (Republic) dedicated staffing and contractor staffing. Proposals must also include a timeline for service levels to be achieved and the annual staffing costs.

The RFP responses will be evaluated on the following criteria:

1. Specialized knowledge, qualifications and technical competence with recycling in California.
2. Experience with organics reduction/diversion programs.
3. Overall responsiveness to RFP.
4. Proposed cost.

CONCLUSION

Staff has been carefully considering the implications of SB 1383 and the additional work that will be necessary to comply with the new requirements. We have received input from CalRecycle, Republic and others indicating a significantly increased workload for RecycleMore and Republic/Cascadia. It would be very beneficial to have recommendations from a well-qualified consultant to advise as to the additional requirements and workload created by the implementation of SB 1383 and how to meet CalRecycle requirements for both SB 1383 and AB 1826 in terms of staffing and outsourcing optimization.

Respectfully Submitted,

Steve Duran

Steve Duran
Interim Executive Director

Attachment 1: Request for Proposals



REQUEST FOR PROPOSALS

For Planning Assistance in Response to
SB 1383 Organic Waste Reduction Mandates and
RecycleMore Core Services Planning

ISSUED: September 16, 2019

PROPOSALS DUE: October 24, 2019

Introduction

The West Contra Costa Integrated Waste Management Authority (WCCIWMA), commonly known as "RecycleMore" is responsible for managing the waste processing services of the franchised waste stream (landfill, recyclables processing, composting and household hazardous waste) in its service area in West Contra Costa County. It is a local government joint powers agency created by the Cities of El Cerrito, Hercules, Pinole, Richmond, San Pablo and Unincorporated Contra Costa County charged with ensuring the region is in compliance with the California Integrated Waste Management Act and subsequent related laws and regulations regarding the collection and processing of waste in in the Authority service area. To this end RecycleMore is responsible for managing the Agreement with Republic Services for "Post-Collection Recycling and Disposal Services" and running Household Hazardous Waste Programs.

RecycleMore is seeking assistance in planning and budgeting to support efforts to meet all requirements for ShortLived Climate Pollutant Reduction under SB 1383, which was enacted in 2016. SB 1383 establishes methane emissions reduction targets in a statewide effort to reduce emissions of "short-lived climate pollutants." Since organic waste disposal in landfills is a primary generator of methane emissions, CalRecycle is charged with significantly reducing landfill disposal of organics. RecycleMore is actively responding to State requirements to reduce organic waste generated by businesses under AB 1826. However, SB 1383 requirements expand organic waste mandates and will cover all forms of organic waste within the entire waste stream, with specific targets for reduction starting in 2020.

RecycleMore needs to fully understand how CalRecycle will implement SB 1383 in terms of data collection, reporting requirements and other rules in order to determine staffing requirements and what functions are better kept in-house versus outsourced to our franchised hauler or other service providers. RecycleMore also needs to determine what programs will be implemented to meet this new and more ambitious organics reduction mandate, as well as the need for software and additional record keeping. As much of the new work required under SB 1383 will be performed by current staff, RecycleMore is requesting that the firm selected for this assignment (Consultant) also consider the overall work of RecycleMore and make recommendations for all current Core Services work defined in the Joint Exercise of Powers Agreement (JEPA).

RecycleMore Core Services

Core Services - The core services provided by RecycleMore are outlined in the Joint Exercise of Powers Agreement (JEPA) as follows:

- a. Ensure that the Post Collection Agreement (PCA) terms are being met by the Contractor.
- b. Validate post collection rates to ensure accuracy, reasonableness and consistency with the methodology formula described in the JEPA.
- c. Validate the accuracy of information stated in quarterly, annual, and other reports submitted by the Contractor to the Authority.
- d. Seek to reduce costs to Members in future post collection solid waste activities and agreements.

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- e. Seek to increase the benefits to Members in future post collection solid waste activities and agreements.
- f. Negotiate the lowest possible rates for Members and customers.
- g. Monitor and coordinate compliance with the California Integrated Waste Management Act, Assembly Bill 1826 (2014), Assembly Bill 341 (2011), Senate Bill 1383 (2016), and other State solid waste related legislation and regulatory requirements.
- h. Operate Household Hazardous Waste Programs (HHWP).
- i. Administration and oversight of day to day Authority operations.
- j. Conduct public outreach and education within existing budgeted funding and staffing levels beyond existing Contractor efforts.
- k. Monitor and analyze relevant legislation within existing budgeted funding and staffing levels.

Currently, RecycleMore has a Post Collection Agreement (PCA) with Republic Services for the transfer and disposal of residential, multi-family and commercial solid waste, recycling, and organic waste.

Republic Services has two full-time Recycling Coordinators for this service area serving all sectors. RecycleMore has Two Program Managers dealing with all aspects of residential and commercial post collection waste processing.

An important feature of RecycleMore’s commercial and multi-family recycling and organics services are their availability at no additional cost to existing landfill service fees. Therefore, a business or multi-family can add recycling and organics services at no additional cost, use these services to reduce landfill disposal, and “right-size” landfill service and fees accordingly.

Mandatory Commercial Organics Recycling - AB 1826 requires businesses, including multifamily residences consisting of five or more units, to recycle their organic waste. As of January 1, 2019, businesses and multifamily residences generating more than 4 cubic yards of total solid waste must recycle organics.

RecycleMore is in compliance with AB 1826’s requirements for local jurisdictions because it:

- Has collection and processing services for organic waste materials, including food waste.
- Identifies businesses that must comply with the current 4 cubic yard requirement.
- Monitors commercial participation and provides follow-up to non-compliant accounts.

SB 1383 establishes ambitious targets for organic disposal reduction. This includes a 50% reduction in organic waste disposal from the 2014 level by 2020 and a 75% reduction by 2025. SB 1383 provides CalRecycle enforcement authority needed to incentivize achievement of these targets, including use of monetary penalties.

Given the magnitude of the SB 1383 requirements, the RecycleMore Board has authorized staff to procure outside expertise to assist the Authority in understanding the specific requirements of SB 1383 and help envision additional programs and activities that RecycleMore should consider to support

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compliance with the requirements along with considering what resources are necessary to provide all RecycleMore Core Services under the JEPA.

Note: It is important that responding companies understand that submittals to RecycleMore are considered public information and will be available for public review upon request after the RFP process has concluded and the RecycleMore Board has selected a firm. RecycleMore may, at its sole discretion, enter into contracts with multiple qualified proposers or choose not to enter into a contract.

Anticipated Timeline

The following timeline provides anticipated dates for conduct of this RFP, selection of a contractor(s) and start of work.

1	RecycleMore Issue Request for Proposal	September 16, 2019
2	Respondent Question Submission Deadline	October 3, 2019
3	Proposal Submission Deadline	October 24, 2019
4	RecycleMore Staff Interviews w/Short List Proposers	October 29 - 31
5	Board Consideration and Selection of Firm	November 14, 2019
6	Contract Executed – Work Commencement	December 2, 2019
7	Completion of Work	February 27, 2020

RFP Question Submission - Questions regarding the RFP, or its process, should be submitted in a MS Word document by email to Steve Duran, Interim Executive Director SteveD@recyclemore.com by 5:00 pm, October 3, 2019. Any or all questions and responses may be shared with other proposers.

Proposal Submission Deadline - All proposals must be received no later than 5:00 p.m. October 24, 2019 at the address listed below. Late proposals will not be accepted. Post marks will not be accepted. Incomplete proposals may be disregarded. It is the responsibility of the proposer to ensure that the RFP responses arrive in a timely manner.

Submittal Requirements

RFP responders must submit three (3) hard copies of the proposal to: RecycleMore 13831 San Pablo Avenue, San Pablo, CA 94806 Attention: Christina Leard. Hand carried proposals may be delivered to 13831 San Pablo Avenue, San Pablo, Bldg. 5, between the hours of 9:00 a.m. and 5:00 p.m., Monday through Thursday, excluding holidays observed by the agency. Please call main office line if hand delivering 510-215-3125.

Review all elements of this RFP carefully and follow the format order provided herein. Proposals that do not adequately address the items requested may be considered non-responsive. Any costs incurred by a proposer in the preparation of a response to this RFP are the sole responsibility of the proposer. To be considered responsive to the RFP, proposals must provide the following:

Letter of Introduction - Include background information on the company, company office location, company office phone number and company website address. Describe the experience, qualifications and any other vital information of all key personnel who may be assigned to perform services described

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in this RFP. Key personnel include owners, partners, managers, associates, and other professional staff who will perform work and/or services on this project. Please provide qualifications of all staff.

Experience and Qualifications - The successful firm(s) responding to this RFP shall demonstrate that it has the appropriate professional and technical background, as well as access to adequate resources to fulfill the stated scope of services and timeline for completion. Provide your firm's experience and qualifications for this assignment, as well as a description of the methodology with which your firm will approach the scope of work and what help you will need from RecycleMore staff.

Work Plan - Proposal submissions are requested to respond directly to the following requirements:

1. Provide a description of SB 1383 organics reduction requirements and CalRecycle rulemaking, as of the submission date of your proposal. The description should focus on components of the law and subsequent rule-makings that are important to local government compliance. Please keep in mind that RecycleMore is a multi-jurisdictional agency.
2. Provide and analyze current RecycleMore organics collection programs for all sectors, including processing, and determine adequacy to support compliance with AB 1826 and SB 1383 requirements. Provide an estimate of additional collection and/or processing capacity needed to achieve the SB 1382 requirements.
3. Based on analysis of existing RecycleMore program compliance requirements and new compliance requirements under SB 1383, consider the listed activities under all state mandates and provide recommendations for the most effective implementation of required activities. The recommendation(s) should include a detailed explanation for the recommendation, including:
 - a. Mandatory organics collection for all sectors
 - b. Recovery rate requirements for MRF/processing facilities
 - c. Landfill/transfer station processing to recover organic materials
 - d. Disposal pricing adjustments for loads containing organics
 - e. The proposer may suggest other activities not listed here with similar explanations and projection for reductions
4. Provide a recommendation and description for accurate record and monitoring of recommended RecycleMore activities to determine their performance effectiveness and contribution to organics reduction.
5. Based on required activities and reporting, recommend how best to staff RecycleMore's full scope of compliance work, including in-house staffing, operator (Republic) dedicated staffing and contractor staffing. Proposals must also include a timeline for service levels to be achieved and the annual staffing costs.

The response to each of the five requirements should be kept separate and numbered to correspond to each request (1 through 5).

Proposer (Consultant) Costs. Submitted proposals must include a detailed budget listing all costs required to support Consultant's scope of work described in the proposal. The budget should be

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organized so that proposed scope of work and associated costs correspond with the proposer's work requested in this RFP.

Proposer (Consultant) Staffing - Additionally, the Consultant must submit an hourly fee schedule for all staff members who would be involved in the performance of the tasks outlined in this RFP. Please identify work that will be sub-contracted and include a list of the sub-contractor's key personnel and hourly bill rates. In addition, please clearly identify sub-consultant costs (if any), travel expenses, markups and other pertinent costs.

Samples of Work - Include samples of similar work produced for other clients; preferably environmental related for public agencies. Samples will not be returned. Provide relevant information on projects performed in the past few years that are similar in scope or related to the services requested in this RFP.

Staff Contacts – Include email and/or phone numbers for the companies/jurisdictions listed as past or current clients. A description of the services rendered should be included for those projects that are most comparable to the services requested in this RFP.

References - List of at least three references with contact information, who are clients for whom you have done similar work in the past.

Evaluation of Proposals

The proposals will be evaluated by RecycleMore staff and will be based on the following Proposal Evaluation Criteria list:

1. Specialized knowledge, qualifications and technical competence with recycling in California.
2. Experience with organics reduction/diversion programs.
3. Overall responsiveness to RFP.
4. Proposed cost.

Acceptance or Rejection of Proposal - RecycleMore reserves all its rights and options including, without limitation: To accept or reject any portion of the proposal; To reject any and all proposals that fail to meet the requirements of this RFP; To accept proposals that are, in the sole judgment of the Authority, in the best interest of the Authority; To request clarification from any respondent; To reject any and all non-responsive proposals; To waive irregularities in any proposal that the agency may elect to waive; To reject all proposals without cause; or To issue subsequent requests for new proposals.

Conference call interviews - Depending upon the responses to this RFP, RecycleMore may elect to hold evaluative interviews via conference call. However, the agency reserves the right to select a vendor(s) based on an evaluation of the written proposals received and references, thereby eliminating interviews.

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Award of contract - RecycleMore reserves all its rights in this RFP process, including not selecting a provider/contractor through this process.

Term of Agreement – The term of the Agreement is anticipated to be for a period of approximately ninety (90) days. Once an Agreement is executed, RecycleMore and the selected responder may extend the Agreement up to an additional ninety (90) days with the written approval the RecycleMore Executive Director.

Insurance Requirements:

Consultant shall maintain policy limits of no less than:

1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
3. Worker's Compensation and Employer's Liability: Worker's compensation limits as required by the Labor Code and Employers Liability limits of \$1,000,000 per accident.
4. Errors and Omissions Liability: \$1,000,000 per occurrence.

Consultant must provide Certificates of Insurance and the Authority must be named as an Additional Insured on these policies.

The following documents can be accessed via DropBox link, or by request:

- 1) RecycleMore Joint Exercise of Powers Agreement
<https://www.dropbox.com/s/3xfla2qo6ep021k/Board%20Approved%20Amended%20and%20Restated%20JEPa%20Final%20-%202019.07.18%20.pdf?dl=0>
- 2) RecycleMore Post Collection Agreement
<https://www.dropbox.com/s/0n9zq96ysrhx93q/WCCIWMA%20Post%20Collection%20Agreement%20-%2010-10-13%20Final.pdf?dl=0>
- 3) Republic/RecycleMore Cooperative Agreement
<https://www.dropbox.com/s/mlzx682eptakhhp/Cooperative%20agreement%20with%20Republic%20-%20Final%20-%20Fully%20signed.pdf?dl=0>