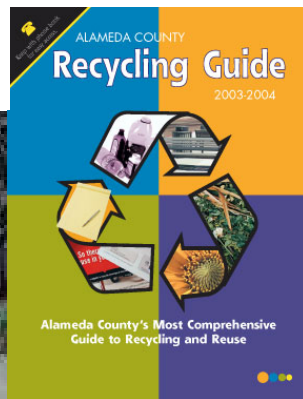


# 5-Year Financial & Compliance Audit

For  
FY's 2001/02 – 2003/04 (Phase One)  
And  
FY's 2004/05 – 2005/06 (Phase Two)

**STOPWASTE.ORG**  
*Reducing the Waste Stream for Alameda County*



Submitted to the  
Alameda County Source Reduction and  
Recycling Board

**July 31, 2007**

**R3** Consulting Group, Inc.  
Resources, Respect, Responsibility

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# Table of Contents

<b>Executive Summary</b> .....	1
Overview .....	1
Findings and Recommendations .....	2
<b>1.0 Introduction</b> .....	5
1.1 Overview .....	5
1.2 The Financial Audit .....	6
1.3 Report Organization .....	7
<b>2.0 Board Finances</b> .....	9
2.1 Summary .....	9
2.2 Background .....	9
2.3 Approach .....	9
2.4 Board Budget .....	10
2.5 Revenues .....	10
2.6 Expenditures .....	12
2.7 Fund Balances .....	17
2.8 Financial & Management Controls .....	19
2.9 Contract Terms .....	19
2.10 Investment Policies .....	19
2.11 Findings & Recommendations .....	20
2.12 Measure D Compliance .....	20
<b>3.0 Member Agency Finances</b> .....	23
3.1 Summary .....	23
3.2 Background .....	23
3.3 Approach .....	23
3.4 Accounting for Measure D Funds .....	24
3.5 Measure D Expenditures and Fund Balances .....	26
3.6 Measure D Reports .....	30
3.7 Contract Terms .....	31
3.8 Investment Policies .....	32
3.9 Findings and Recommendations .....	33
3.10 Measure D Compliance .....	35

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# Table of Contents

3.11 Member Agency Payments from Unexpended Program Monies.....	36
<b>4.0 Grants and Loans</b> .....	39
4.1 Summary .....	39
4.2 Background.....	39
4.3 Approach .....	39
4.4 Grant Recipients .....	39
4.5 Phase One Grant Reviews .....	40
4.6 Phase Two Grant Reviews .....	42
4.6 Revolving Loan Program .....	44
4.7 Findings and Recommendations .....	45
<b>Appendix A</b> - Text of “The Alameda County Waste Reduction and Recycling Initiative Charter Amendment” (Measure D) .....	A - 1
<b>Appendix B</b> - Recycling Board Resolutions & Memos .....	B - 1
<b>Exhibit 1</b> - Revised Annual Measure D Report .....	Exhibit 1 - 1

## Executive Summary

### Overview

The audit is a comprehensive financial review of activity under the Alameda County Source Reduction and Recycling Initiative Charter Amendment (Measure D) as required by Subsection 64.040(C) (See Appendix A for relevant excerpt from County Charter and full text of Measure D.) of Measure D. Activity reviewed includes revenues and expenditures for fiscal years 2001-2002 through 2005-2006 along with monitoring and reporting on compliance with certain mandates of Measure D. The audit was conducted in two phases, Phase One, encompassing fiscal years 2001-2002 through 2003-2004 and Phase Two for the fiscal years 2004-2005 and 2005-2006. The financial audit together with a separately-contracted Programmatic Assessment is used to determine compliance and degree of progress with the recycling policy goals of the initiative.

### Financial Audit

In July 2003, as a result of recommendations produced by the last Five Year Audit covering fiscal years 1996-1997 through 2000-2001, the Board adopted Resolution #RB 2003-11 (See Appendix B for a copy of Resolution #RB 2003-11), which provided that the Financial Audit portion of the Five Year Audit be divided into two phases of three and two years, respectively. This change in the timing of the audit process was implemented in order to reduce the burden on the member agencies of having to provide documentation of Measure D transactions that in some cases were up to six years old by the time the audit occurred. In addition, it allows the auditor and the Board to determine that items noted in the first phase of the audit process have been corrected by the end of the second phase of the audit. The first phase of the audit was designed to cover fiscal years 2001-2002 through 2003-2004 and focused on the receipts and expenditures of Measure D funds of the Agency, and the member agencies along with those not-for-profit agencies receiving Grants from the Agency. In addition, the Phase One audit included compliance testing of Measure D requirements as they related to the receipt and expenditure of those funds. Phase Two, covering fiscal years 2004-2005 and 2005-2006 in addition to testing the areas outlined above, included an examination of the Measure D revolving loan program for the period under review.

### Measure D

Measure D was adopted by the voters in November of 1990. It sets forth countywide goals for the reduction and diversion of non-hazardous solid waste from landfills, creates a framework for comprehensive source reduction and recycling programs, imposes a surcharge on waste landfilled in the unincorporated county to fund these programs, and establishes an Alameda

County Source Reduction and Recycling Board (Recycling Board) to oversee the distribution of funds and the conduct of countywide programs. Pursuant to Measure D, the Recycling Board is mandated to establish recycling programs necessary to meet the recycling policy goals set forth in the initiative that parallel and then exceed those mandated by State law.

## Report Organization

Section 1 presents a brief introduction. Sections 2 and 3 present the results of the financial and compliance audit, with Section 2 focusing on the Recycling Board and Section 3 presenting similar data for the member agencies. The final section, Section 4, presents the results of our review of the Grant Program and our observations noted during the review of the Revolving Loan Program.

## Findings and Recommendations

Following are the primary findings and recommendations for Phase One and Two of the Audit. Specific information related to the actual procedures performed and the results of those procedures are presented in Sections 2 through 4.

### Recycling Board

During our review of the Recycling Board finances, we noted no material items of non-compliance with Measure D requirements.

### Member Agencies

During our review of the member agency finances, we noted the following items.

- The accounting treatment of Measure D monies among the member agencies continues to be inconsistent and produces information that is difficult to compare and review.
- Many of the member agencies do not spend their Measure D monies in the fiscal year in which they are received and in some cases not even within the audit period.
- The methods used to account for these unexpended monies are not consistent among the member agencies.
- The revenues and expenditures reported on many of the Measure D Annual Reports did not agree with the accounting records of the member agency due to mathematical errors or accounting methodologies.

## Grant Programs

During our review of the grant programs, we noted no items of non-compliance with Measure D requirements.

## Revolving Loan Program

During our review of the Revolving Loan Program, we noted no items of non-compliance with Measure D requirements.

# Executive Summary

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## 1.0 Introduction

### 1.1 Overview

The audit is a comprehensive financial review required by Subsection 64.040(C) (Appendix A) of Measure D and includes an examination of revenues and expenditures along with monitoring and reporting on compliance with the mandates of Measure D. The review, together with a separately-contracted 5 Year Programmatic Assessment, is performed to determine compliance and degree of progress with the recycling policy goals of the initiative. The financial audit was conducted in two parts, Phase One covered fiscal years 2001-2002 through 2003-2004. Phase Two included fiscal year 2004-2005 and 2005-2006.

#### 1.1.1 Measure D

Measure D was adopted by the voters in November of 1990. Measure D sets forth countywide goals for the reduction and diversion of non-hazardous solid waste from landfills, creates a framework for comprehensive source reduction and recycling programs, imposes a surcharge (which is presented in Table 2-1) on waste landfilled in the unincorporated county to fund these programs, and establishes a Recycling Board to oversee the distribution of funds and the conduct of countywide programs. Pursuant to the Measure D Initiative, the Recycling Board is mandated to establish recycling programs necessary to meet the recycling policy goals set forth in the initiative that parallel and then exceed those mandated by State law.

#### 1.1.2 Recycling Board

The eleven-member Recycling Board is made up of five elected public officials from the Alameda County Waste Management Authority (Authority) and six professional experts in specified areas of waste reduction, who are appointed by the Alameda County Board of Supervisors. Fifty percent of the landfill surcharge revenues are distributed to participating member agencies for the maintenance and expansion of municipal recycling programs, and fifty percent is budgeted and spent by the Recycling Board in the prescribed areas of grants to non-profit organizations, source reduction, market development, recycled-product procurement, and administration.

#### 1.1.3 The Authority

The Authority operates under an agreement for joint exercise of powers among the County of Alameda, each of the 14 Cities within the County, and two Sanitary Districts that also provide refuse and recycling collection services. The Authority, established in 1976, is governed by a seventeen-member board composed of elected officials appointed by each member agency. Primary funding for the Authority is derived from waste import

# Section 1 Introduction

mitigation fees and facility fees (AB 939 fees) at the Altamont, Tri-Cities, and Vasco Road landfills.

The Authority is responsible for the preparation of Alameda County's Integrated Waste Management Plan and Hazardous Waste Management Plan, and provides support to member agencies in the implementation of those plans. The Authority manages a long-range program for the development of solid waste facility capacity and offers a wide variety of other programs in the areas of waste reduction, market development, technical assistance, and public education.

## 1.1.4 StopWaste.Org

The Authority and the Recycling Board are an integrated agency (now known as "StopWaste.Org") with a staff that assists both entities. Together, the Authority and the Recycling Board offer a wide range of programs in the areas of waste reduction, public education, home composting, recycled product procurement, technical assistance, market development, low-interest loans, and grants to non-profit organizations.

Although the Audit is managed by the Recycling Board and mandated by Measure D, the accounting records are maintained by the Authority. Thus, the term "Agency" is used throughout the Audit to refer collectively to both entities, while the terms "Recycling Board" and "Authority" are used throughout the Review to refer to the Alameda County Source Reduction and Recycling Board and the Alameda County Waste Management Authority, respectively.

## 1.2 The Financial Audit

In July 2003, as a result of recommendations produced by the last Five Year Audit covering fiscal years 1996-1997 through 2000-2001, the Recycling Board adopted Resolution #RB 2003-11(Appendix B), which provided that the Financial Audit portion of the Five Year Audit be divided into two phases of three and two years, respectively. This change in the timing of the audit process was implemented in order to reduce the burden on the member agencies of having to provide documentation of Measure D transactions that in some cases were up to six years old by the time the audit occurred. In addition, the change enables the auditor and the Recycling Board to determine that items noted in the first phase of the audit process were corrected by the end of the second phase. Phase One was designed to cover fiscal years 2001-2002 through 2003-2004 and focused on the receipts and expenditures of Measure D funds of the Agency, and the member agencies along with those not-for-profit agencies receiving Grants from the Agency. In addition, Phase One included compliance testing of Measure D requirements as they relate to the receipt and expenditure of those funds.

The second phase of the Audit focused on the receipts and expenditures of Measure D Funds of the Agency, and the member agencies along with those not-for-profit agencies receiving Grants from the Agency during the fiscal

years 2004-2005 and 2005-2006. In addition, the Phase Two audit included testing of the activities of the Revolving Loan Program.

## 1.3 Report Organization

**Executive Summary:** Includes a condensed version of the audit conclusions and recommendations.

**Section 2 Recycling Board Financial Review:** Contains our discussion of the procedures performed on the financial records of the Recycling Board to determine compliance with the financial requirements of Measure D during the audit period, along with our findings and recommendations.

**Section 3 Member Agency Financial Review:** Contains our discussion of the procedures performed on the financial records of the member agencies to determine compliance with the financial requirements of Measure D during the audit period, along with our findings and recommendations.

**Section 4 Grant and Revolving Loan Programs:** Contains our discussion of the procedures performed on the financial records of grant program recipients to determine compliance, with the financial requirements of the grant agreements during the audit period, along with our findings and recommendations. In addition, a discussion of the procedures performed on the financial records of the Revolving Loan Program to determine compliance during the audit period is included, along with our findings and recommendations.

# Section 1

## Introduction

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## 2.0 Board Finances

### 2.1 Summary

During our review of the Recycling Board finances we noted no material items of non-compliance with Measure D requirements.

### 2.2 Background

#### 2.2.1 Fund Structure

Section 64.060(B) (Appendix A) of Measure D requires that the Recycling Board support recycling programs by disbursing monies from the Recycling Fund as follows:

- Fifty percent on a per-capita basis to the member agencies;
- Ten percent for Non-Profit Grant Programs;
- Ten percent for the Source Reduction Program;
- Ten percent for the Recycled Product Market Development Program;
- Five percent for the Recycled Product Purchase Preference Program; and
- Fifteen percent on a discretionary basis to support any of the previous activities including up to three percent for the costs of administering the Recycling Fund.

The Recycling Board accounts for these programs through the use of the following accounts:

- RB 27 – Municipalities (member agencies)
- RB 6A – Administration
- RB 6B – Discretionary
- RB 6C – Grants to Non-Profits
- RB 6D – Source Reduction
- RB 6E – Product Market Development
- RB 6F – Recycled Product Purchase Preference

### 2.3 Approach

Section 64.040(C) (3) (Appendix A) of Measure D requires the Recycling Board to contract for an audit to include “An evaluation of the Recycling Board’s activities, including, but not limited to, an accounting of the monies

## Section 2

### Board Finances

spent by the Recycling Board” every five years (initially for four years). This chapter of the report discusses the procedures performed to meet that requirement along with the findings and recommendations resulting from those procedures.

## 2.4 Board Budget

We reviewed the budgeting policies and procedures of the Board and found them to be adequate given the objectives of the Board. The budgeting system incorporates the process of tracking financial activity at both the functional and programmatic level. The Agency uses appropriate software to ensure accurate and timely feedback. In addition, we reviewed the audit reports and management letters for the five fiscal years included in the audit period. We found no comments in the management letters related to the budget or the budgeting process for those periods. Although any budgeting system is a work in progress, we believe that the budgeting system and process used by the Agency is appropriate at this time.

## 2.5 Revenues

### 2.5.1 Tonnage Surcharge

Section 64.050(A)(Appendix A) of Measure D requires that “...each landfill or incinerator in (the unincorporated areas of) Alameda County shall collect a surcharge of \$6.00 per ton on all refuse accepted for landfilling or incineration at said landfill or incinerator into a fund....”

By resolution, the Alameda Board of County Supervisors adjusted this amount to \$6.25 effective January 1, 2001. Since that time this surcharge has been adjusted annually as set forth in the following table:

<b>Table 2-1 Measure D Landfill Surcharge Rates</b>	
<b>Effective Date</b>	<b>Surcharge</b>
January 1, 1991-2000	\$6.00 per ton
January 1, 2001	\$6.25 per ton
January 1, 2002	\$6.59 per ton
January 1, 2003	\$6.95 per ton
January 1, 2004	\$7.06 per ton
January 1, 2005	\$7.19 per ton
January 1, 2006	\$7.28 per ton
January 1, 2007	\$7.43 per ton

As part of our test of transactions we interviewed Board staff to obtain an understanding of how these monies are received and accounted for. We then obtained the monthly tonnage reports for the Altamont and Vasco Road landfills for the twelve month periods ended June 30, 2002 through 2006 and

recalculated the Measure D revenues using the information provided in those reports. In performing this test we noted that Measure D revenue was properly calculated and that the \$6.25 surcharge was appropriately adjusted to \$6.59 beginning January 1, 2002, to \$6.95 beginning January 1, 2003, to \$7.06 beginning January 1, 2004, to \$7.19 beginning January 1, 2005 and to \$7.28 beginning January 1, 2006.

During the Audit period the Recycling Board earned approximately \$23,611,700 for Phase One and \$18,917,000 for Phase Two in Measure D monies.

### 2.5.2 Interest Income

Interest income is earned based on the average cash balance on deposit in the three County Treasury accounts for Municipalities (member agencies), the Revolving Loan program and the Recycling Board Funds. The interest income calculation is performed by the County Treasury, as is the case for all funds held on deposit by the County Treasury. Rates of returns and calculation methods are solely the responsibility of the County.

We reconciled interest income per the Authority's accounting records to the audited financial statements and found no discrepancies.

Measure D does not specify where or how interest earnings are to be accounted for or expended. During the Phase One period, the Recycling Board earned approximately \$734,300 while during the Phase Two period \$391,000 in interest was earned, of these totals, approximately \$51,200 in Phase One and \$38,000 in Phase Two was earned on funds in the County Treasury account for member agency monies while the remainder was earned by the Revolving Loan and the Recycling Board Funds. We noted that, in accordance with current Board policies, interest earned on monies in the Municipalities account is distributed to the member agencies, interest earned on monies in the Revolving Loan Fund is retained and utilized in that account, while interest earned on monies in the various Recycling Board Funds is allocated to the Discretionary Fund for use as needed. In accordance with our review of Measure D requirements in this area, these procedures appear appropriate.

### 2.5.3 Other Revenue

During the Phase One period the Recycling Board received approximately \$156,700 in other revenue from the Revolving Loan Fund, while during Phase Two approximately \$167,000 was earned. In accordance with the requirements of Governmental Accounting Standards Board (GASB) 34, those revenues, which represent loan fees and interest earned on the revolving loans, are classified as "other income" while interest earned on cash balances is classified as interest income in the accounting records of the Board.

## Section 2

### Board Finances

#### 2.5.4 Summary of Revenues

Table 2-2 presents a summary of the revenues earned by the Recycling Board during the audit period. These amounts represent the revenues that were earned in each fiscal year and as a result may differ from the monies physically received during those same periods.

Table 2-2 Revenues				
Revenue Type	FY 01/02	FY 02/03	FY 03/04	Phase One Total
Tonnage	\$7,469,300	\$ 7,682,400	\$ 8,460,000	\$ 23,611,700
Interest	\$ 322,600	\$ 228,700	\$ 183,000	\$ 734,300
Revolving Loan	\$ 13,500	\$ 72,700	\$ 70,500	\$ 156,700
Total	\$7,805,400	\$ 7,983,800	\$ 8,713,500	\$ 24,502,700
Revenue Type	FY 04/05	FY 05/06	Phase Two Total	Grand Total
Tonnage	\$9,055,728	\$ 9,861,730	\$18,917,458	\$ 42,529,158
Interest	\$ 137,165	\$ 253,502	\$ 390,667	\$ 1,124,967
Revolving Loan	\$ 91,212	\$ 75,713	\$ 166,925	\$ 323,625
Total	\$9,284,105	\$10,190,945	\$19,475,050	\$ 43,977,750

## 2.6 Expenditures

### 2.6.1 Payments to Member Agencies

Payments to member agencies are made approximately two months after the end of the quarter in which the Measure D revenues are earned. For purposes of the Annual Report submitted by member agencies, the Board accounts for payments to member agencies in the fiscal period when they are made. However, in accordance with Generally Accepted Accounting Principles (GAAP), they are recorded as an expense in the annual independent audit when the liability is incurred. As a result, there are timing differences in the amount of Measure D monies reported as disbursed each fiscal year by the independent auditor and the amount of Measure D monies reported as disbursed each fiscal year in the Annual Reports. These timing differences can be reconciled using the annual independent audit reports and the Annual Reports.

During the period under audit, the Recycling Board made actual payments of Measure D monies to member agencies in the amount of \$11,852,324 for Phase One and \$9,490,519 for Phase Two, respectively. These payments represented tonnage surcharge monies and allocated interest earnings. These payments were verified through the examination of Board records and Annual Reports. The details of these expenditures are presented in Table 2-3a and Table 2-3b.



## Section 2

### Board Finances

Table 2-3a Payments to Member Agencies - Phase One				
Member Agency	FY 01/02	FY 02/03	FY 03/04	Total
Alameda	\$ 243,811	\$ 250,594	\$ 272,795	\$ 767,200
Albany	\$ 57,910	\$ 56,266	\$ 61,246	\$ 175,422
Berkeley	\$ 356,910	\$ 351,368	\$ 382,479	\$ 1,090,757
Castro Valley SD	\$ 163,734	\$ 170,431	\$ 185,725	\$ 519,890
Dublin	\$ 108,051	\$ 112,531	\$ 127,112	\$ 347,694
Emeryville	\$ 24,099	\$ 24,522	\$ 27,062	\$ 75,683
Hayward	\$ 439,634	\$ 484,726	\$ 528,311	\$ 1,452,671
Livermore	\$ 247,015	\$ 257,648	\$ 282,439	\$ 787,102
Oakland	\$ 1,331,541	\$ 1,373,224	\$ 1,498,519	\$ 4,203,284
Oro Loma SD	\$ 348,129	\$ 377,364	\$ 411,264	\$ 1,136,757
Piedmont	\$ 37,939	\$ 37,455	\$ 40,707	\$ 116,101
Pleasanton	\$ 217,633	\$ 222,377	\$ 243,177	\$ 683,187
San Leandro	\$ 154,107	\$ 163,859	\$ 178,610	\$ 496,576
<b>Total</b>	<b>\$ 3,730,513</b>	<b>\$ 3,882,365</b>	<b>\$ 4,239,446</b>	<b>\$ 11,852,324</b>

Table 2-3b Payments to Member Agencies - Phase Two			
Member Agency	FY 04/05	FY 05/06	Total
Alameda	\$ 287,590	\$ 316,851	\$ 604,441
Albany	\$ 64,553	\$ 71,097	\$ 135,650
Berkeley	\$ 403,166	\$ 445,396	\$ 848,562
Castro Valley SD	\$ 196,400	\$ 216,455	\$ 412,855
Dublin	\$ 148,240	\$ 167,309	\$ 315,549
Emeryville	\$ 29,667	\$ 33,652	\$ 63,319
Hayward	\$ 558,943	\$ 617,822	\$ 1,176,765
Livermore	\$ 303,818	\$ 337,920	\$ 641,738
Oakland	\$ 1,591,020	\$ 1,753,047	\$ 3,344,067
Oro Loma SD	\$ 434,997	\$ 479,179	\$ 914,176
Piedmont	\$ 42,713	\$ 47,001	\$ 89,714
Pleasanton	\$ 259,758	\$ 286,941	\$ 546,699
San Leandro	\$ 189,021	\$ 207,963	\$ 396,984
<b>Total</b>	<b>\$ 4,509,886</b>	<b>\$ 4,980,633</b>	<b>\$ 9,490,519</b>

### 2.6.2 Member Agency Payments from Unexpended Program Monies

Section 64.120(B)(4)(Appendix A) of Measure D requires that any monies allocated to the Alameda County (government) Recycled Product Purchase Preference (RPPP) Program that are unexpended in any given year be apportioned to member agencies that have established similar price preference and recycled product specifications. Recycling Board Resolution #96-04 (See Appendix B for a copy of Board Resolution #96-04) sets forth

## Section 2

### Board Finances

specific guidelines for distributing those monies. We discussed this requirement with Board staff and reviewed disbursement records of the Board. We found that the Board distributes all unexpended monies from this program to member agencies in accordance with Board policy as a separate disbursement occurring at or after the first disbursement to member agencies in each fiscal year. In addition, Board policy adopted December 9, 2004 (See Appendix B for copy of Memo Dated December 1, 2004) requires that Measure D participating municipalities accumulating more than their last two years' worth of recycled product procurement funds obtain approval from Authority staff for planned uses of funds prior to receiving additional disbursements. If the plan is not implemented by the date indicated by the jurisdiction, no further disbursements will be made until those funds are used.

A review of disbursements of excess funds for Phase One is presented in Table 2-4a, Table 2-4b details the RPPP fund distributions for Phase Two.

Table 2-4a Excess RPPP Program Disbursements – Phase One				
Member Agency	FY 01/02	FY 02/03	FY 03/04	Phase One Total
Alameda	\$ 27,604	\$ 16,973	\$ 17,035	\$ 61,612
Albany	\$ 10,469	\$ 7,688	\$ 7,702	\$ 25,859
Berkeley	\$ 38,566	\$ 21,787	\$ 21,875	\$ 82,228
Castro Valley SD	\$ 19,472	\$ 13,143	\$ 13,185	\$ 45,800
Dublin	\$ 14,972	\$ 10,376	\$ 10,405	\$ 35,753
Emeryville	\$ 7,242	\$ 6,172	\$ 6,178	\$ 19,592
Hayward	\$ 44,744	\$ 28,159	\$ 28,280	\$ 101,183
Livermore	\$ 27,784	\$ 17,310	\$ 17,374	\$ 62,468
Oakland	\$ 128,302	\$ 70,609	\$ 70,952	\$ 269,863
Oro Loma SD	\$ 35,913	\$ 23,030	\$ 23,124	\$ 82,067
Piedmont	\$ 8,565	\$ 6,789	\$ 6,799	\$ 22,153
Pleasanton	\$ 25,217	\$ 15,625	\$ 15,680	\$ 56,522
San Leandro	\$ 19,118	\$ 12,829	\$ 12,870	\$ 44,817
<b>Total</b>	<b>\$ 407,968</b>	<b>\$ 250,490</b>	<b>\$ 251,459</b>	<b>\$ 909,917</b>

Table 2-4b Excess RPPP Program Disbursements - Phase Two			
Member Agency	FY 04/05	FY 05/06	Total
Alameda	\$ 14,839	\$ 13,611	\$ 28,450
Albany	\$ 7,209	\$ 6,933	\$ 14,142
Berkeley	\$ 18,794	\$ 17,074	\$ 35,868
Castro Valley SD	\$ 11,691	\$ 10,856	\$ 22,547
Dublin	\$ 9,418	\$ 8,867	\$ 18,285
Emeryville	\$ 5,963	\$ 5,843	\$ 11,806
Hayward	\$ 24,029	\$ 21,656	\$ 45,685
Livermore	\$ 15,115	\$ 13,853	\$ 28,968
Oakland	\$ 58,910	\$ 52,186	\$ 111,096

Table 2-4b Excess RPPP Program Disbursements - Phase Two			
Member Agency	FY 04/05	FY 05/06	Total
Oro Loma SD	\$ 19,815	\$ 17,967	\$ 37,782
Piedmont	\$ 6,470	\$ 6,287	\$ 12,757
Pleasanton	\$ 13,730	\$ 12,641	\$ 26,371
San Leandro	\$ 11,433	\$ 10,630	\$ 22,063
Total	\$ 217,416	\$ 198,404	\$ 415,820

### 2.6.3 Board Administration

Section 64.130(N) (Appendix A) of Measure D requires that the Board pay staff salaries and benefits related to the implementation of the provisions of the Act out of the monies allocated for administration. Section 64.060(B) (6) (Appendix A) of Measure D limits costs of administering the Recycling Fund to three percent. In accordance with policy, Board staff follows a set methodology in allocating salary and benefit costs to the administrative cost center. These procedures have been in place since the first Measure D audit and appear to have been applied consistently during that period. We reviewed the independent auditor's financial statements and found that administrative expenditures did not exceed three percent of the Measure D revenues. Additional data is presented in Section 2.6.4, Tables 2-6a and 2.6b.

### 2.6.4 Board Members

Section 64.130(M) (Appendix A) of Measure D requires that Board members be paid no more than \$100 per meeting and no more than \$3,000 per year. We discussed this requirement with Board staff; reviewed selected Board minutes to obtain attendance data; compared the actual compensation paid to the attendance records; and compared actual compensation to the potential maximum compensation.

Based on the results of our testing, it appears that payments were based on attendance and Board members were appropriately compensated. A comparison of actual annual expenditures versus maximum potential annual expenditures is presented in Table 2-5.

## Section 2

### Board Finances

Table 2-5 Payments to Board Members		
Fiscal Year	Annual Expenditure	Maximum Potential Expenditure
FY 01/02	\$ 16,700	\$ 33,000
FY 02/03	\$ 18,200	\$ 33,000
FY 03/04	\$ 19,000	\$ 33,000
FY 04/05	\$ 10,900	\$ 33,000
FY 05/06	\$ 11,900	\$ 33,000

### 2.6.5 Summary of Program Disbursements

A summary of program disbursements and percentages for the fiscal year's ended June 30, 2004 and June 30, 2006 for the Phase One (Table 2-6a) and Phase Two (Table 2-6b) audits, respectively, is presented. The financial information is presented on the accrual basis and includes accounts payable and encumbrances.

Table 2-6a Program Disbursements - Phase One				
Program	Recycling Board Accounts	FY 03/04	Allowable Percentage per Measure D	Actual Percentage
Member Agencies	RB 27	\$ 4,230,225	50%	50%
Administration	RB 6A	\$ 253,813	3%	3%
Discretionary	RB 6B	\$ 1,015,254	12%	12%
Non-Profit Grants Program	RB 6C	\$ 846,045	10%	10%
Source Reduction Program	RB 6D	\$ 846,045	10%	10%
Recycled Product Market Development Program	RB 6E	\$ 846,045	10%	10%
Recycled Product Purchase Preference Program	RB 6F	\$ 423,022	5%	5%
<b>Total</b>		<b>\$ 8,460,449</b>	<b>100%</b>	<b>100%</b>

## Section 2

### Board Finances

Table 2-6b Program Disbursements - Phase Two				
Program	Recycling Board Accounts	FY 05/06	Allowable Percentage per Measure D	Actual Percentage
Member Agencies	RB 27	\$ 4,930,866	50%	50%
Administration	RB 6A	\$ 295,851	3%	3%
Discretionary	RB 6B	\$ 1,183,407	12%	12%
Non-Profit Grants Program	RB 6C	\$ 986,173	10%	10%
Source Reduction Program	RB 6D	\$ 986,173	10%	10%
Recycled Product Market Development Program	RB 6E	\$ 986,173	10%	10%
Recycled Product Purchase Preference Program	RB 6F	\$ 493,087	5%	5%
<b>Total</b>		<b>\$ 9,861,730</b>	<b>100%</b>	<b>100%</b>

## 2.7 Fund Balances

Fund balances represent the cumulative amount of revenues over expenditures since the inception of the Measure D program. The monies represented by fund balances may be expended in subsequent years and in fact are often budgeted to be expended in this manner as part of a long-range budget program.

As was discussed in Section 2.1.1 of this report, Measure D specifies that revenues must be expended in six programs (considering Discretionary and Administration as one program) and the Board accounts for the revenues and expenditures in seven fund accounts (accounting for Discretionary and Administration as separate programs). In addition, Measure D provides specific guidance on the types of expenditures that may be made out of each program fund. However, in most cases Measure D does not appear to address the time period in which the expenditures are to be made.

Section 64.060(B)(1) through (6) (Appendix A) indicates that Measure D monies are to be disbursed "...to municipalities..." or "... on a discretionary basis..." or "...applied to..." a grant program for non-profit organizations, the Source Reduction Program, the Market Development Program or the Recycled Product Purchase Preference Program. In addition, Section 64.120(B)(4) (Appendix A) of Measure D specifies that monies remaining after fulfilling the requirements of paragraph 64.120(B) in any given year shall be apportioned to the municipalities.

Therefore, it appears, with the possible exception of Section 64.120(B)(4) (Appendix A), Measure D contains no requirement to expend the monies in a specific period. However, good financial management practices would lead us

## Section 2

### Board Finances

to believe that, to the extent appropriate Measure D expenditures are available, Measure D intended that the monies be reserved for specific future expenditures or expended relatively soon after receipt.

As part of our testing procedures we reviewed the prior years audit reports and discussed the fund balances with Board staff. Our review of the fund balances in each of the seven Measure D Program funds maintained by the Agency indicated that all of the program funds had a fund balance as of June 30, 2006. The ending fund balances as of June 30, 2001 and for each of the years under review are presented in Table 2-7. We noted that year end fund balances include monies that are encumbered (formally set aside for specific expenditures in the next fiscal year) but not yet spent. As a result funds available for FY 06/07 expenditure are less than shown.

Table 2-7 Program Account Fund Balances at Fiscal Year End			
Program Account	FY 00/01	FY 01/02	FY 02/03
RB 27 – Municipalities <sup>(1)</sup>	\$ 2,544	\$ 26,168	\$ 2,891
RB 6A – Administration	\$ 64,505	\$ 96,864	\$ 51,019
RB 6B – Discretionary	\$ 735,006	\$ 840,446	\$ 786,153
RB 6C - Grants to Non-Profits	\$1,083,152	\$1,043,177	\$1,057,401
RB 6D - Source Reduction	\$1,473,251	\$1,061,121	\$1,074,019
RB 6E - Product Market Development	\$ 691,957	\$ 770,778	\$ 502,678
RB 6F - Recycled Product Purchase Preference <sup>(1)</sup>	\$ 407,968	\$ 290,526	\$ 284,046
Program Account	FY 03/04	FY 04/05	FY 05/06
RB 27 – Municipalities <sup>(1)</sup>	\$ 7,514	\$ 38,797	\$ 13,702
RB 6A – Administration	\$ 83,304	\$ 173,545	\$ 264,351
RB 6B – Discretionary	\$ 335,043	\$ 659,387	\$1,023,608
RB 6C - Grants to Non-Profits	\$1,360,618	\$1,428,934	\$1,483,099
RB 6D - Source Reduction	\$1,420,730	\$1,202,823	\$1,134,546
RB 6E - Product Market Development	\$ 799,209	\$ 745,845	\$ 606,019
RB 6F - Recycled Product Purchase Preference <sup>(1)</sup>	\$ 217,416	\$ 198,404	\$ 217,553

(1) Fund balance disbursed in next fiscal year.

The fund balances in program accounts RB 27 – Municipalities (member agencies) and RB 6F – Recycled Product Purchase Preference are the result of timing differences between the fiscal period in which the monies are received and when they are expended. Our testing found that these program accounts normally expend their fund balances within two months after the end of the fiscal year.

The fund balances in program accounts RB 6C – Grants to Non-Profits, RB 6D – Source Reduction, and RB 6E – Product Market Development and the Revolving Loan Account are cumulative and result from a lack of qualified Measure D expenditures in any given fiscal year.

The fund balances in program accounts RB 6A – Administration, and RB 6B – Discretionary, may be expended for a variety of program costs. The administrative program account maintains a very small fund balance as is appropriate. We noted that the Discretionary program account fund balance has ranged from a low of \$335,043 at FY 2003-04 to a high of \$1,023,608 at the end of FY 2005-06.

As we previously noted, there is no prohibition in Measure D against maintaining a fund balance. Our review of Board records indicates that the current budgetary practice of the Board is to match current revenues and expenses and to use fund balances for limited term projects, to fund projected shortfalls, or as a contingency reserve.

## 2.8 Financial & Management Controls

The Recycling Board is audited annually by an independent Certified Public Accounting firm. The audit procedures include a variety of tests and procedures such as; a test of receipts and disbursements for propriety and authorization, the calculation of Measure D revenues based on landfill tonnage reports and surcharge rates, and a review of the distribution of Measure D funds to the required programs. During the period covered by the audit the annual independent auditors have reported no items of noncompliance regarding Measure D funds.

## 2.9 Contract Terms

Section 64.060(D) (Appendix A) of Measure D requires that contracts not exceed five years in length except as approved by the Recycling Board. Board staff indicated that all contracts in excess of \$15,000 must go before the Recycling Board for approval. In addition, staff is not aware of any contract for less than \$15,000 that would have a term of more than five years. We noted no exceptions during our testing.

## 2.10 Investment Policies

Section 64.050(E) (Appendix A) of Measure D states that "...Recycling Fund monies that are not immediately expended may be temporarily invested, under the direction of the Recycling Board and in accordance with accepted principles of financial management, in financial instruments that encourage, to the extent possible, source reduction and recycling while at the same time discouraging non-sustainable uses of natural resources. Any interest or other income resulting from such investments shall accrue to the Recycling Fund. Currently, Measure D monies continue to be pooled and invested with other non-directed County monies.

## 2.11 Findings & Recommendations

We found that the funds and accounts being audited were well organized and properly accounted for during the period under audit. As noted in Section 2.12, we found no instances of non-compliance with Measure D requirements.

## 2.12 Measure D Compliance

- Section 64.050(A) (Appendix A) of Measure D requires the application of the approved tonnage surcharge to all tons disposed in unincorporated Alameda County. As part of our test of transactions we reviewed monthly tonnage reports from the Altamont and Vasco Road landfills.

Based on the results of our testing, we found that the tonnage surcharge was being properly applied during the Phase Two audit period.

- Section 64.060 (Appendix A) (B) of Measure D requires that revenue received from the tonnage surcharge be disbursed to the six major programs in accordance with the 50/10/10/10/5/15 (12/3) percentage rule set forth therein. As part of our transaction testing we reviewed the Recycling Board's audited financial statements. In addition, we reviewed the Recycling Board's records of disbursements to member agencies and reconciled those amounts to the amounts reported received by member agencies. We then recalculated the Measure D disbursement percentages.

Based on the results of our tests, we found that the Recycling Board complied with the requirements of Section 64.060(B) (Appendix A) of Measure D during the period under audit.

- Sections 64.060(A)(1) and (B)(1) (Appendix A) of Measure D require that Measure D revenues be disbursed to member agencies on a per capita basis. As part of our transaction testing we reviewed the per capita calculations used to allocate Measure D monies among the member agencies.

Based on the results of our tests, we found that the Recycling Board complied with the requirements of Sections 64.060(A)(1) and (B)(1) (Appendix A) of Measure D during the period under audit.

- Section 64.060(D) (Appendix A) of Measure D requires that contracts not exceed five years in length except as approved by the Recycling Board. We discussed this matter with Board staff and found that all contracts exceeding \$15,000 had to be approved by the Board. We then examined selected contracts of less than \$15,000 and found none that exceeded five years in duration.



## Section 2

### Board Finances

Based on the results of our tests, we found that the Recycling Board complied with the requirements of Section 64.060(D) (Appendix A) of Measure D during the period under audit.

- Section 64.120(B)(4) (Appendix A) of Measure D requires that excess Recycled Product Purchase Preference Program monies be apportioned to member agencies that have established similar price preference and recycled product specifications. We reviewed this requirement with Board staff. Our review found that the Recycling Board has had unexpended monies in this account each year and that those monies were disbursed to the member agencies as required by Measure D and in accordance with Recycling Board policy.

Based on the results of our procedures, we found that the Recycling Board complied with the requirements of Section 64.120(B)(4) (Appendix A) of Measure D during the period under audit.

- Section 64.130(M) (Appendix A) of Measure D requires that Board members be paid no more than \$100 per meeting and no more than \$3,000 per year. As part of our tests of transactions we reviewed total payments for each year and compared them to the maximum total expense and reviewed Board minutes and attendance records and compared them to payment records.

Based on the results of our procedures we found that the Recycling Board complied with the requirements of Section 64.130(M) (Appendix A) of Measure D during the period under audit.

- Section 64.130(N) (Appendix A) of Measure D requires that salaries and benefits for Recycling Board administrative staff be paid out of Measure D monies allocated to administration. We discussed this requirement with Board staff and found that these costs are allocated based on time incurred by specific staff members.

Based on the results of our tests, we found that the Recycling Board complied with the requirements of Section 64.130(N) (Appendix A) of Measure D during the period under audit.

## Section 2

### Board Finances

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## 3.0 Member Agency Finances

### 3.1 Summary

During our review of the member agencies we noted the following items that are discussed in more detail in Section 3.9, Findings and Recommendations, of this report.

- The accounting treatment of Measure D monies among the member agencies is inconsistent and produces information that is difficult to compare and review.
- Many of the member agencies do not spend their Measure D monies in the fiscal year that it is received and in some cases not even within the two-year audit period.
- The methods used to account for these unexpended monies are not consistent among the member agencies.
- Data provided by member agencies on the Annual Measure D Programs Report is often inaccurate or incomplete.
- The format of the Annual Measure D Programs Report can cause reporting errors and inconsistencies.

### 3.2 Background

Measure D funds are received by thirteen Cities and Special Districts that comprise the member agencies within Alameda County. Section 64.060 (Appendix A) of Measure D requires that these funds be distributed to the member agencies on a per capita basis. To comply with this requirement, the Recycling Board staff utilizes City population data from the State of California Department of Finance and Special District population information from the Association of Bay Area Governments.

### 3.3 Approach

Our audit approach was based on the requirements of Section 64.040 (Appendix A) of Measure D, which requires that the audit report include “an evaluation of the Recycling Board’s activities, including, but not limited to, an accounting of the monies spent by the Recycling Board.” This section of the audit report discusses our procedures, findings, and recommendations related to the expenditure of Measure D funds by the member agencies.

#### 3.3.1 Initial Review

As part of our audit process, we obtained and reviewed records from the Recycling Board related to the expenditure of funds by the member agencies. These records included items such as Measure D program reports, budget

## Section 3

### Member Agency Finances

system printouts of Measure D quarterly payments to member agencies, and lists of total annual payments of Measure D funds to member agencies, along with contact information.

#### 3.3.2 Written Requests, Interviews, and Document Review

After reviewing the initial information received from the Board, written requests for additional information were sent to each of the member agencies. The request indicated that we would like to schedule a site visit with each member agency to interview staff and review the Measure D records. The requested information included items such as the following:

- Details of Measure D expenditures for the three years ended June 30, 2004 for Phase One and details of Measure D expenditures for the two years ended June 30, 2006 for Phase Two
- Supporting documentation for Measure D expenditures, including source documents, invoices, payroll registers, and personnel records
- General ledger
- Information required for the production of financial reports
- Audit reports
- Any other related documents and records

All member agencies responded to our written requests for site visits and provided a variety of documentation. During each site visit we interviewed appropriate personnel to determine how Measure D funds were accounted for. We were specifically interested in whether or not the funds were accounted for separately, through the use of accounting codes or separate funds, or whether they were commingled. In addition, we performed analytical procedures to test the appropriateness of the expenditures and the accuracy of the posting of Measure D receipts. We also compared receipts of Measure D funds as reported on the annual member agency audit and the Annual Measure D Programs Report. Our findings and recommendations related to all procedures are provided below.

### 3.4 Accounting for Measure D Funds

As was noted in the prior Phase One Measure D audit report dated June 1, 2006, Measure D does not provide any guidance or requirements as to the manner in which the member agencies are to account for the receipt and expenditure of Measure D funds. As a result, we found that the member agencies used a variety of methods to account for these funds. The methodologies used have shown a significant improvement between the Phase One audit and the Phase Two audit. When Phase One was conducted, for most member agencies, the monies were pooled with a variety

## Section 3

### Member Agency Finances

of other monies, complicating the testing process. During the Phase Two audit, it was noted that the majority of member agencies accounted for their monies in separate funds or accounts. While not required at this time, this made their activities easy to track and test. On November 9, 2006, the Recycling Board adopted Resolution #2006-12 (See Appendix B for a copy of #RB 2006-12) which required that municipalities participating in the Measure D program utilize either separate accounts or separate and distinct account codes for Recycling Fund revenues and expenditures. This resolution was adopted as based on findings and recommendations made as a result of the Phase One audit.

In those cases in which the monies were pooled, we tested to determine that expenditures for Measure D purposes from the pooled fund were equal to or greater than the Measure D funds received. In addition, we expanded the review to determine how any unspent Measure D funds were accounted for at the end of the fiscal year.

As a result of our testing, we noted no instances in which Measure D funds were not accounted for in accordance with General Accepted Accounting Principles (GAAP). Table 3-1a presents a summary of how each of the member agencies accounts for Measure D funds at the time of the Phase One audit, Table 3-1b shows a summary of the member agencies accounting methods in effect for the Phase Two audit.

Table 3-1a Measure D Accounting Methodology - Phase One		
Member Agency	Revenues	Expenditures
Alameda	Pooled Fund & Separate Account Code	Pooled Fund
Albany	Pooled Fund	Pooled Fund
Berkeley	Pooled Fund & Separate Account Code	Pooled Fund
Castro Valley SD	Pooled Fund & Separate Account Code	Pooled Fund & Separate Account Code
Dublin	Separate Fund (some pooling)	Separate Fund (some pooling)
Emeryville	Separate Fund and Account Code	Separate Fund
Hayward	Pooled Fund	Pooled Fund
Livermore	Pooled Fund	Pooled Fund
Oakland	Pooled Fund	Pooled Fund
Oro Loma SD	Pooled Fund	Pooled Fund
Piedmont	Separate Fund and Account Code (some pooling)	Separate Fund and Account Code (some pooling)
Pleasanton	Separate Fund (some pooling)	Separate Fund (some pooling)
San Leandro	Separate Fund and Account Code	Pooled Fund

## Section 3

# Member Agency Finances

Table 3-1b Measure D Accounting Methodology - Phase Two		
Member Agency	Revenues	Expenditures
Alameda	Pooled Fund & Separate Account Code	Pooled Fund
Albany	Pooled Fund & Separate Account Code	Pooled Fund & Separate Account Code
Berkeley	Pooled Fund & Separate Account Code	Pooled Fund
Castro Valley SD	Pooled Fund & Separate Account Code	Pooled Fund & Separate Account Code
Dublin	Separate Fund (some pooling)	Separate Fund (some pooling)
Emeryville	Separate Fund and Account Code	Separate Fund
Hayward	Separate Fund and Account Code	Separate Fund
Livermore	Separate Fund and Account Code	Separate Fund
Oakland	Separate Fund	Separate Fund
Oro Loma SD	Separate Fund	Separate Fund
Piedmont	Separate Fund and Account Code (some pooling)	Separate Fund
Pleasanton	Separate Fund (some pooling)	Separate Fund (some pooling)
San Leandro	Separate Fund and Account Code	Separate Fund

## 3.5 Measure D Expenditures and Fund Balances

### 3.5.1 Expenditures

As discussed previously, Measure D does not require that member agencies segregate Measure D monies into separate funds. As a result, at the time of the Phase One audit two-thirds of the member agencies were commingling their Measure D monies with other monies, this figure had improved to only about a third of the member agencies commingling at the time of the Phase Two audit. In the instances where commingling occurred, we relied mainly on reconciliation schedules provided by the member agency to determine which expenditures from the fund containing Measure D monies actually represented Measure D expenditures. This activity was then included in the testing process to obtain assurance that the expenditures, and where applicable the remaining fund balances, exceeded the Measure D revenues.

### 3.5.2 Documentation of Expenditures

To determine the appropriateness of the expenditures made with Measure D monies, we selected samples of those expenditures and reviewed the source documents. In most instances we noted that the documentation was properly maintained and that the expenditures were appropriate. During the Phase One audit we noted that in six instances Measure D monies were being used to reimburse payroll expenditures and that the documentation of those expenditures could be improved. In these instances it was determined that

even when the member agency used payroll cards to document time incurred by staff, the payroll cards were not designed to collect data related to the time spent on Measure D programs; instead this figure was estimated by staff. We noted that, beginning with FY 04/05, the Board required that member agencies substantiate the methodology used to allocate payroll costs that are funded with Measure D monies as part of the Annual Measure D report.

For the Phase Two audit, we noted that payroll expenditures were accounted for in accordance with the requirements as set forth by the Board in Resolution #RB 2003-11 (Appendix B) which became effective as of July 1, 2004. In one instance, the actual hours worked was used.

### 3.5.3 Timing of Expenditures

Member agencies are not required to expend Measure D funds in the year received; in fact Measure D does not address the timing of the expenditure of funds at all. During our testing we found that some member agencies expend their Measure D funds in the year received, but many do not. Instead, some member agencies specifically allocate their Measure D monies to expenditures that only occur on a periodic basis, while others expend their funds on projects whose costs fluctuate from year to year. For Phase One and Phase Two, Table 3-2 presents a summary of our findings regarding whether or not a member agency normally expends Measure D monies in the year received, and the method used to account for the unexpended funds.

## Section 3

# Member Agency Finances

Table 3-2 Expenditure of Measure D Monies						
	Phase One			Phase Two		
Member Agency	Measure D Monies Expended in Year Received?	Measure D Monies Received in Phase One Audit Period and Unexpended at 6/30/04	Measure D Fund Balance Tracking Method	Measure D Monies Expended in Year Received?	Measure D Monies Received in Phase Two Audit Period and Unexpended at 6/30/06 (1)	Measure D Fund Balance Tracking Method
Alameda	Yes	\$ -	N/A	Yes	\$ -	N/A
Albany	No	\$ 27,364	Spreadsheet Recon	No	\$ 29,901	Spreadsheet Recon
Berkeley	Yes	\$ -	N/A	Yes	\$ -	N/A
Castro Valley SD	No	\$ 236,193	Accounting System	Yes	\$ -	Accounting System
Dublin	No	\$ 71,850	Spreadsheet Recon	No	\$ 83,172	Spreadsheet Recon
Emeryville	Yes	\$ -	Accounting System	No	\$ 7,968	Accounting System
Hayward	No	\$ 484,697	Accounting System	No	\$ 295,885	Accounting System
Livermore	No	\$ -	Accounting System	No	\$ 405,686	Accounting System
Oakland	Yes	\$ -	N/A	Yes	\$ -	N/A
Oro Loma SD	Yes	\$ -	N/A	No	\$ 29,181	Accounting System
Piedmont	No	\$ 64,792	Accounting System	No	\$ 11,229	Accounting System
Pleasanton	No	\$ 281,338	Spreadsheet Recon	Yes	\$ -	Spreadsheet Recon
San Leandro	No	\$ 102,787	Spreadsheet Recon	No	\$ 118,899	Spreadsheet Recon

(1) Assumes FIFO (first in first out) spending of Measure D monies received, and includes interest earned on unspent fund balance.

### 3.5.4 Fund Balances

As used in this section of the Report, the accounting term *fund balance* means the cumulative revenues remaining after expenditures are subtracted from receipts. As we discussed previously, many of the member agencies do not expend their Measure D monies in the period in which they are received. As a result, several of the accounting funds that member agencies utilize to account for Measure D funds had fund balances at the year end for some or all of the fiscal years covered by the audit years under review. To account for these unexpended Measure D monies, the majority of the member agencies track the balance through the use of manual or electronic spreadsheets, while some record the unexpended Measure D monies as a reservation of fund balance in their audited financial records. Measure D monies that are



## Section 3

### Member Agency Finances

represented as fund balance reserves are in effect restricted and may only be expended for the purpose for which they were reserved.

Table 3-3 presents the changes in fund balance for the 5 Year audit period, the table includes the beginning fund balance, the Measure D monies received, interest income reported in accordance with the revised reporting requirements, monies expended during the 5 Year audit period and the ending fund balance. Prior period and audit adjustments are also included as part of the reconciliation. In reviewing this information it is important to remember neither Measure D nor the Board currently require member agencies to expend Measure D monies in any particular period. It was noted that at the end of the Five Year audit, five member agencies had ending fund balances which exceeded the monies received from the Measure D program over the preceding two years (Castro Valley, Hayward, Livermore, Pleasanton and San Leandro), while two had one year's monies in reserve (Dublin and Piedmont). (See Appendix B for a copy of #RB 2006-12 which requires any municipality participating in the Measure D program with fund balances in excess of the sum of its last eight quarterly payments to present a written expenditure plan to the Board for Approval). This resolution was adopted based on findings and recommendations made as a result of the Phase One audit.

**Table 3-3 Measure D Fund Balance**

Member Agency	Fund Balance at 6/30/01	Monies Received Over Audit Period <sup>(1)</sup>	Monies Expended Over Audit Period <sup>(2)</sup>	Interest Income	Prior Period or Audit Adj <sup>(3)</sup>	Fund Balance at 6/30/06
Alameda	\$ -	\$ 1,371,641	\$ 1,371,641			\$ -
Albany	\$ 15,471	\$ 295,490	\$ 259,823	\$ 3,428		\$ 54,566
Berkeley	\$ -	\$ 2,034,268	\$ 2,034,268			\$ -
Castro Valley SD	\$ 274,735	\$ 973,682	\$ 801,002			\$ 447,415
Dublin	\$ 76,405	\$ 691,450	\$ 663,141	\$ 17,890	\$ 25,832	\$ 148,436
Emeryville	\$ 59,400	\$ 145,344	\$ 179,159	\$ 1,121		\$ 26,706
Hayward	\$ 1,196,886	\$ 2,579,824	\$ 1,891,996	\$ 94,875	\$ (2,122)	\$ 1,977,467
Livermore	\$ 500,000	\$ 1,337,473	\$ 1,703,031	\$ 31,010	\$ 684,298	\$ 849,750
Oakland	\$ -	\$ 7,896,138	\$ 7,896,138			\$ -
Oro Loma SD	\$ 3,000	\$ 2,017,596	\$ 1,991,415			\$ 29,181
Piedmont	\$ -	\$ 215,899	\$ 139,878			\$ 76,021
Pleasanton	\$ 1,343,427	\$ 1,287,074	\$ 1,329,678	\$ 85,143	\$ (251,734)	\$ 1,134,232
San Leandro	\$ 211,750	\$ 928,725	\$ 743,855	\$ 36,816		\$ 433,436

<sup>(1)</sup> Per jurisdiction reporting, after review for adjustments and not adjusted for timing differences with Authority distributions.

<sup>(2)</sup> Not to exceed the total of fund Balance at 6/30/06 plus monies received for the 5 year period under review and interest earnings reported.

<sup>(3)</sup> Adjustments include beginning fund balance changes and misclassifications identified during the audit.

<sup>(4)</sup> The City of Pleasanton used \$845,952 of the fund balance in March 2007 for its food scrap program, this expenditure was encumbered in FY2006 but was not included on the report as an expenditure because the report is prepared on the cash basis.

## Section 3

### Member Agency Finances

#### 3.6 Measure D Reports

The Recycling Board requires member agencies to submit an annual Measure D Program report to document Measure D revenue and expenditures for each fiscal year. As part of our test of procedures, we reconciled the revenues and expenditures reported by each member agency in the annual reports submitted for the two audit periods to the detailed accounting records maintained by the member agency. While performing the reconciliations we noted the following items:

For the Phase One audit:

- In eight instances, revenues reported on the annual reports did not agree with revenues recorded in the accounting records of the member agency.
  - In seven of these instances the differences were the result of member agencies utilizing summary data provided by the Authority to report revenue received instead of reporting revenue from their accounting system. In these seven instances the differences between the summary revenue data provided by the Authority and the revenue as booked by the member agencies resulted from the differences in the accounting methods used to record the revenues (cash versus accrual).
  - In the eighth instance the member agency included other non-Measure D monies received from the Authority in the amount reported as Measure D monies.
- In four instances the detailed information contained in the annual reports did not agree with the detailed information maintained by the member agency. In each of these cases we were able to determine that the differences resulted from mis-postings of accounting data and/or misclassifications that occurred during the preparation of the annual report.
- In eight instances the fund balance reported on the Measure D Annual Report did not agree with the fund balance recorded in the accounts of the member agency. In many of these instances we were able to determine that the differences resulted from the fact that the Measure D funds were accounted for in the same account as other recycling related funds.

For the Phase Two audit period:

- In eight instances, revenues reported on the annual reports did not agree with revenues recorded in the accounting records of the member agency.

- In all these instances the differences between the summary revenue data provided by the Authority and the revenue as booked by the member agencies resulted, in part, from the differences in the accounting methods used to record the revenues (cash versus accrual).
- In two instances the member agency included other non-Measure D monies received from the Authority in the amount reported as Measure D monies.
- In four instances the detailed expenditure information contained in the Phase Two annual reports did not agree with the detailed information maintained by the member agency. In each of these cases we were able to determine that the differences resulted from mis-posting of accounting data and/or misclassifications that occurred during the preparation of the annual report.
- In eight instances the beginning fund balance reported on the Measure D Annual Report did not agree with the ending fund balance from the prior year's Measure D report. In addition, differences were identified between the Measure D report and the fund balance recorded in the accounts of the member agency. In many of these instances we were able to determine that the differences resulted from the fact that the Measure D funds were accounted for in the same account as other recycling related funds.

As discussed previously, all of these types of errors are related to the fact that historically, many of the member agencies did not segregate Measure D monies by fund or account but instead pooled them with a variety of other monies. As a result, there is a significant increase in the potential for simple errors during the compilation of the data needed to complete the annual report. Adjustments were made due to attempts to correct prior errors. In each of the instances noted above, we performed additional procedures and noted that 1) the member agency had properly recorded the Measure D revenues or 2) the member agency had expended more monies from the pooled account on recycling and source reduction programs than they had received from Measure D.

### 3.7 Contract Terms

Section 64.060(D) (Appendix A) of Measure D states that "Contracts using Recycling Fund monies shall be made for periods (of) not more than five years, except that, upon a finding of the Recycling Board that a longer period is necessary in order to capitalize a specific project, the Recycling Board may vote to allow a particular contract to be made for a period of not more than ten years." During the five-year audit period, several member agencies utilized Measure D monies to fund contracts with lives in excess of five years. However, in each case we determined that the contract life was not in excess

## Section 3

### Member Agency Finances

of ten years and noted that the member agency had obtained permission from the Recycling Board as provided for in Measure D.

### 3.8 Investment Policies

Measure D does not provide any specific direction to the member agencies regarding the investment of unspent Measure D monies. To address this issue of earnings on excess funds, the Board adopted Resolution #RB 2003-11 (See Appendix B for a copy of #RB 2003-11) which became effective as of July 1, 2004. This resolution adopted new reporting and expenditure requirements for interest earned on Measure D funds, specifically the resolution requires that *“If, at the start of any fiscal year, the beginning Measure D fund balance for any given municipality is greater than \$300,000 or that municipality’s total population-based disbursements in the prior fiscal year, whichever is greater, then that municipality must, for that year, allocate and report on the interest earned on its Measure D funds in that year, and leave that interest in the Measure D account, subject to the same expenditure restrictions as the Measure D funds disbursed by the Recycling Board.”*

A review of fund balances shows that for the Phase Two audit period, five member agencies exceeded the interest reporting threshold established in Resolution #RB 2003-11 (Appendix B). Of those requiring interest reporting only one failed to report interest earnings. This oversight was discussed with the erring member agency, the explanation provided was that interest was calculated on the fund balance and the calculated interest was identified and informally set aside for Measure D but was not formally transferred to the Measure D fund. The jurisdiction was advised that the appropriate action would be to formally transfer this balance to the Measure D fund. See Table 3-4 for a review of interest income reporting for the Phase Two audit.

Table 3-4 Interest Income Review				
Member Agency	6/30/06 Fund Balance	Must Recognize Interest	Interest Recognized (2 Years)	Implicit Rate
Alameda	\$ -	N	\$ 42,961	N/A
Albany	\$ 54,566	N	\$ 3,428	3.14%
Berkeley	\$ -	N	\$ -	N/A
Castro Valley SD	\$ 447,415	Y	\$ -	0.00%
Dublin	\$ 148,436	N	\$ 17,890	6.03%
Emeryville	\$ 26,706	N	\$ 1,121	2.10%
Hayward	\$ 1,977,467	Y	\$ 94,875	2.40%
Livermore	\$ 849,750	Y	\$ 31,010	1.82%
Oakland	\$ -	N	\$ -	N/A
Oro Loma SD	\$ 29,181	N	\$ -	N/A
Piedmont	\$ 76,021	N	\$ -	N/A
Pleasanton	\$ 1,385,966	Y	\$ 85,143	3.07%
San Leandro	\$ 433,436	Y	\$ 36,815	4.25%

## 3.9 Findings and Recommendations

### 3.9.1 Accounting Records

#### Phase One audit findings and recommendations:

We noted that the member agencies account for the receipt and expenditure of Measure D monies in a variety of ways. Only one of the member agencies accounts for the receipt or expenditure of Measure D monies within a separate fund with no pooling. As a result, it is very difficult to trace the receipt and disbursement of Measure D monies, particularly over a multi-year period. In addition, it is difficult to determine what, if any, portion of the Measure D funds remains unexpended at any particular time. Finally, the pooling of monies increases the potential for errors in the preparation of the annual report.

We recommended that the Recycling Board consider the benefit of requiring the member agencies to segregate, at least at the account level, all Measure D receipts and expenditures within their accounting structure. In addition, we recommended that the Recycling Board restructure the annual report to require additional information, such as a list of the payments and to more clearly explain the request for administrative costs. As a result of this recommendation, the Board passed Resolution #RB 2003-11 (Appendix B) effective July 1, 2004 requiring that Member agencies provide this additional information.

#### Phase Two audit findings and recommendations:

There has been a significant improvement in the way accounting records are maintained by the member agencies when compared to the Phase One audit, five member agencies have modified their reporting methodologies to address the pooled fund issues identified during the Phase One audit. These changes are reflected in Table 3-2b. Although there are still some outstanding issues relating to the reconciliation of fund balance and expenditures, the changes that have been implemented have had a significant positive impact on the quality of the Annual Measure D report.

As a result of the findings and recommendations of the Phase One audit, the Recycling Board passed Resolution #RB 2006-12 (Appendix B) on November 9, 2006 requiring that municipalities participating in the Measure D program utilize either separate accounts or separate and distinct account codes for Recycling Fund revenues and expenditures.

### 3.9.2 Documentation of Measure D Expenditures

#### Phase One audit findings and recommendations:

We noted that several member agencies based Measure D expenditures on estimates of time spent by staff on Measure D programs or on time equipment was used by staff for Measure D program purposes. These estimates were

## Section 3

# Member Agency Finances

not based on any specific documentation, and in some cases had not been revised in several years.

We noted that the Recycling Board has adopted new reporting and documentation requirements for those costs that are based on allocations that became effective as of July 1, 2004.

Phase Two audit findings and recommendations:

We noted that eight of the nine member agencies claiming payroll as a Measure D expense included those expenditures in their adopted budget, per the new Recycling Board guidelines.

### 3.9.3 Measure D Annual Reports

Phase One audit findings and recommendations:

We noted that various information reported on the Measure D Annual Reports did not agree with the amounts recorded by the member agency in their accounting records or the amount reported by the Board or both. In addition, we noted that several of the member agencies did not appear to understand what specific information was to be reported in certain of the sections of the Annual Report.

We recommended that the format of the Annual Report be revised to clarify the specific reporting period to be used when completing the form and to add definitions of items being requested, such as Administrative Costs. At the Board's direction, a revised report format went into effect for the 2005-2006 reporting period, the result was a significant improvement in the accountability of Measure D activity.

Phase Two audit findings and recommendations:

We noted that some information that was reported on the Measure D Annual Reports did not agree with the amounts recorded by the member agency in their accounting records or the amount that was reported by the Board, or both. In addition, we noted that several of the member agencies did not appear to understand what specific information was to be reported in certain sections of the Annual Report, finally a number of the member agencies continue to make errors in the preparation of the annual report. To address these issues we recommend the following:

- Reporting Procedures Manual - Develop a reporting procedures manual for all member agencies to utilize in preparing the various annual reports required to be submitted, including the Measure D report and the RPPP report. The manual would provide member agencies with approved expenditure and revenue reporting guidelines, fund balance tracking procedures and examples of appropriate expenditure documentation.
- We recommend that the format of the Annual Report be revised to provide the ability to restate the beginning Measure D report balance, including a section to describe the reason for the adjustment. This would enable a member agency to account for audit adjustments or any other necessary corrections. (A copy of a revised Annual Report has been included as Exhibit 1 to this report.)

### 3.9.4 Investment Policies

Phase One audit findings and recommendations:

We noted that neither Measure D nor the Recycling Board provides guidance to member agencies regarding the investment of unexpended Measure D monies or the use of any interest earned on those monies. However, as is discussed in Section 3.8 above the Board has adopted new reporting and expenditure requirements for interest earned on Measure D funds that became effective as of July 1, 2004.

Phase Two audit findings and recommendations:

As is discussed in Section 3.8 above, we noted that the Board adopted new reporting and expenditure requirements for interest earned on Measure D funds that became effective as of July 1, 2004. Using the criteria adopted July 1, 2004, all but one of the member agencies reported interest appropriately.

## 3.10 Measure D Compliance

For the period under audit, the following findings and recommendations were noted:

Section 64.060 (B)(1) (appendix A) of Measure D provides guidance for the disbursement of Measure D monies.



## Section 3

### Member Agency Finances

As part of our test of transactions, we noted that Measure D expenditures appeared are documented in accordance with Board requirements and appear appropriate.

Section 64.060(D) (Appendix A) of Measure D states that “Contracts using Recycling Fund monies shall be made for periods (of) not more that five years, except that, upon a finding of the Recycling Board that a longer period is necessary in order to capitalize a specific project, the Recycling Board may vote to allow a particular contract to be made for a period of not more than ten years.” During our test of transactions we noted no instances of non-compliance with this requirement.

### 3.11 Member Agency Payments from Unexpended Program Monies

Section 64.120(B)(4)(Appendix A) of Measure D requires that any monies allocated to the Alameda County (government) Recycled Product Purchase Preference (RPPP) Program that are unexpended in any given year be apportioned to member agencies that have established similar price preference and recycled product specifications. Recycling Board Resolution #96-04 (See Appendix B for a copy of Board Resolution #96-04) sets forth specific guidelines for distributing those monies. In addition, Board policy adopted December 9, 2004 (See Appendix B for copy of Memo Dated December 1, 2004) requires that Measure D participating municipalities accumulating more than their last two years’ worth of recycled product procurement funds obtain approval from Authority staff for planned uses of funds prior to receiving additional disbursements. If the plan is not implemented by the date indicated by the jurisdiction, no further disbursements will be made until those funds are used.

Table 3-5, details the RPPP fund distributions received for the 5 Year audit period as well as the member agency’s RPPP fund balance at June 30, 2006. In addition, an assessment of the member agency’s “two year rule” status is included.

As indicated on the RPPP “two year rule” review (Table 3-6), as of June 30, 2006 five member agencies exceeded the limit requirement. An examination of the subsequent RPPP reports received by the Authority indicates that with the exception of Pleasanton, all member agencies had met the guidelines for spending RPPP monies or established an approved plan to reach the “less than two year” benchmark. In the case of Pleasanton, the original report did not identify a June 30, 2006 fund balance. A subsequent independent review of their fund balance yielded a balance of \$53,269. This balance was determined subsequent to the submission of the RPPP report and precluded them from establishing an appropriate spending plan for approval by the Board prior to the completion of this report.



## Section 3

### Member Agency Finances

Table 3-5 RPPP Program Disbursements					
Member Agency	Phase One 01/02-03/04	Phase Two 04/05-05/06	Total	Fund Balance @ 06/30/06	Violates Two Year Rule
Alameda	\$ 61,612	\$ 28,450	\$ 90,062	\$ 119,070	Yes
Albany	\$ 25,859	\$ 14,142	\$ 40,001	\$ 9,810	No
Berkeley	\$ 82,228	\$ 35,868	\$ 118,096	\$ 15,307	No
Castro Valley SD	\$ 45,800	\$ 22,547	\$ 68,347	\$ 46,787	Yes
Dublin	\$ 35,753	\$ 18,285	\$ 54,038	\$ 1,012	No
Emeryville	\$ 19,592	\$ 11,806	\$ 31,398	\$ 11,622	No
Hayward	\$ 101,183	\$ 45,685	\$ 146,868	\$ 56,066	Yes
Livermore	\$ 62,468	\$ 28,968	\$ 91,436	\$ 24,060	No
Oakland	\$ 269,863	\$ 111,096	\$ 380,959	\$ 175,407	Yes
Oro Loma SD	\$ 82,067	\$ 37,782	\$ 119,849	\$ 25,336	No
Piedmont	\$ 22,153	\$ 12,757	\$ 34,910	\$ -	No
Pleasanton	\$ 56,522	\$ 26,371	\$ 82,893	\$ 53,269	Yes
San Leandro	\$ 44,817	\$ 22,063	\$ 66,880	\$ 360	No
Total	\$ 909,917	\$ 415,820	\$ 1,325,737	\$ 538,106	

Table 3-6 RPPP "Two Year Rule" Review					
Member Agency	Violates Two Year Rule	Projected and Approved Expenditures	Projected FY 2007 Disbursement	Projected 06/30/07 Fund Balance <sup>(1)</sup>	Continued Rule Violation
Alameda	Yes	\$ 141,040	\$ 13,868	\$ 0	No
Castro Valley SD	Yes	\$ 45,800	\$ 11,064	\$ 12,051	No
Hayward	Yes	\$ 78,514	\$ 22,448	\$ 0	No
Oakland	Yes	\$ 229,481	\$ 54,074	\$ 0	No
Pleasanton	Yes	\$ 20,000	\$ 13,090	\$ 46,359	Yes

<sup>(1)</sup> Projected Fund Balance equals Fund balance at 06/30/06 plus approved FY 2007 Disbursement less Projected and Approved Expenditures but not less than \$0 fund balance.

## Section 3

### Member Agency Finances

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## 4.0 Grants and Loans

### 4.1 Summary

During our review of the non-profit Grant program we noted that grant funds were expended in accordance with the terms and conditions of the grants and that the level of documentation maintained by the grantees has continued to improve over that encountered in past reviews.

### 4.2 Background

Section 64.060(B)(2) of Measure D specifies that ten percent of the Measure D monies shall be applied to a grant program for non-profit organizations engaged in maximizing recycling, composting, and reducing waste within Alameda County. In addition, the Recycling Board has determined that Source Reduction and Market Development funds may be used to provide grants to for-profit companies as long as the programs being funded help to accomplish the Measure D diversion goals. Grant agreements with for-profit companies have incorporated the same requirements that were applied to non-profit agencies.

### 4.3 Approach

We reviewed documentation of non-profit grant awards for the years under audit, including the initial staff recommendations and the Board resolutions of the actual awards. We selected a sample of grants to test and developed additional information on those grants. We then contacted the recipients to discuss the type of data we would be reviewing and to schedule a date to visit the site and perform the audit. At the site visit we reviewed the documentation of the amount and type of expenditures made and compared them to the information included in the grant application. In those instances where the purchases were for equipment or other physical assets, we reviewed the invoices or other purchase documentation and attempted to examine the item. In those cases where the proposed expenditures were for services we attempted to review the documentation supporting the provision of those services. In addition, we met with the contact person to discuss the grant and the procedures used to document the expenditure of grant funds. The results of our tests are provided below.

### 4.4 Grant Recipients

During the Phase One of the audit period, the Recycling Board awarded twenty three grants totaling approximately \$1,090,000 to nineteen recipients. Of those awards, we tested nine grants totaling approximately \$600,000. For the Phase Two audit period the Recycling Board awarded thirteen grants totaling \$577,341. Of those awards, we tested nine grants totaling

R3

## Section 4 Grants and Loans

approximately \$398,000. Table 4-1 presents a comparison of the program awards by year in relation to those tested. As can be seen from the information provided in the table, a total of fifty-five percent of the total grant awards for Phase One were tested representing seven organizations, for Phase Two, sixty-nine percent of the total grant awards were tested representing nine organizations. Discussion of the results of our testing is presented in Section 4.5.

Table 4-1 Grant Awards Tested			
Fiscal Year	Amount of Awards	Awards Tested	Percentage Tested
FY 01/02	\$ 579,804	\$ 322,204	56%
FY 02/03	\$ 243,059	\$ 149,000	61%
FY 03/04	\$ 266,703	\$ 128,663	48%
<b>Phase One Total</b>	<b>\$ 1,089,566</b>	<b>\$ 599,867</b>	<b>55%</b>
FY 04/05	\$ 395,157	\$ 308,358	78%
FY 05/06	\$ 182,184	\$ 90,000	49%
<b>Phase Two Total</b>	<b>\$ 577,341</b>	<b>\$ 398,358</b>	<b>69%</b>
<b>Grand Total</b>	<b>\$ 1,666,907</b>	<b>\$ 998,225</b>	<b>60%</b>

### 4.5 Phase One Grant Reviews

**East Bay Habitat for Humanity:** Establishment of Re-Store. \$102,604 and Equipment and Marketing Assistance for Re-Store. \$15,000

The initial grant was for the establishment of a building material reuse store (Re-Store) to support Habitat projects. In addition to staff personnel costs, it included funding for the development of a marketing plan and a customer database along with the purchase of a truck.

The second grant was to fund the purchase of equipment and Phase I and Final marketing costs.

During our review of the grantee we noted that the grantee prepared invoices for costs to be reimbursed from grant funds. These costs included personnel costs, operating expenses, promotional costs and equipment purchases. We noted that although the second grant was approved in FY 03/04 funds were not utilized until July 2005. We reviewed the approved grant budget and the original source documents for the invoices and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the grant budget.

**Industrial Surplus Foundation (ISF):** Furniture and Office Supply Reuse Warehouse. \$70,000

This grant was to allow ISF to become a self-sustaining provider of low cost furniture to non-profit organizations and schools.

## Section 4 Grants and Loans

The grant authorized the payment of salaries and benefits for three fulltime positions for ISF. Our review of the source documents, including bank statements and cancelled checks found that the costs funded with grant monies were properly documented and in accordance with the terms of the grant documents and budget.

**St. Vincent de Paul of Lane County:** Book Recycling and Reuse Project. \$149,600 and Mattress Recycling Facility Location \$75,000

The purpose of the book recycling grant was to fund the development of a system to divert books from Alameda County. The grant provided for costs associated with start up and equipment purchase and operation. We reviewed the approved grant, the invoices and the original source documents supporting the invoices, including cancelled checks and payroll records and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the purpose of the grant.

The purpose of the Mattress Recycling Facility Location grant was to move the DDR3 Mattress Recycling Facility to a larger facility to accommodate its rapid growth. The grant provided for costs of moving the facility along with the first months rent and the security deposit. We reviewed the approved grant, invoices and the original source documents supporting the invoices and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the grant budget.

**East Bay Asian Youth Center:** Bicycle Repair and Reuse Project. \$23,183

This grant was to fund salary and benefit costs associated with the Cycles of Change bicycle repair and reuse project. We reviewed the approved grant, invoices, payroll records and other source documents supporting the invoices and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the purpose of the grant.

**Resource Area For Teachers (R.A.F.T.):** Materials Use Warehouse for Teachers and Educators. \$90,480

The purpose of the grant was to allow RAFT to expand its existing activities into Alameda County. Funding was provided for salary and benefit costs for a driver and a warehouse worker along with various operating costs. We reviewed the grant documents, the invoices and the original source documents supporting the invoices, including cancelled checks and payroll records and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the purpose of the grant.

**CompuMentor:** Computer Reuse Case Studies, \$30,000

Grant funds were provided to support the development of new computer reuse and refurbishment programs for schools and non-profit agencies. We reviewed the grant documents, the source documents supporting the expenditures, including and time sheets and payroll records and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the purpose of the grant.

**Sports 4 Kids:** Sporting Goods Swap Shop for Kids. \$44,000

## Section 4 Grants and Loans

Grant funds were provided to provide support for the new Swap Shop facility in Berkeley. Approved costs included personnel costs, database design and management, equipment purchases and various administration costs. We reviewed the grant documents, the original source documents supporting the invoices, including cancelled checks and payroll records and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the purpose of the grant.

### 4.6 Phase Two Grant Reviews

#### **Albany Chamber of Commerce:** Green Albany. \$43,705

The grant was given to provide strategic assistance to businesses in the City of Albany through the Chamber of Commerce to reduce food scraps and other recyclables. The funds were used to recruit, train and manage an outreach team which would assist businesses in the implementation of the food scrap recycling program offered by Waste Management of Alameda County.

The grant authorized the hiring of Applied Compost Consulting to train the outreach team. Our review of the source documents, including bank statements and cancelled checks found that the costs funded with grant monies were properly documented and in accordance with the terms of the grant documents and budget. We noted at the time of the review that a balance of \$3,705 remained from the original grant.

#### **Community Resources for Science:** Environmental Learning Outcomes Research. \$12,230

This grant was provided to extend and support the Cesar Chavez Waste Reduction Service-Learning Workshops by helping teachers create replicable lesson plans and research the learning outcomes of their 4R projects.

The grant did not specifically indicate expenditure requirements but was focused on deliverables, one of the requirements was the presentation of two teacher workshops and an evaluation of the effectiveness of the training and recycling materials generated from the workshops. We reviewed the approved grant, payroll records and workshop evaluation reports prepared at the conclusion of the project. Our review noted that costs appeared to be properly documented and appropriate in terms of the purpose of the grant.

#### **Ecology Center:** Mixed Paper Drive. \$49,823

This grant was issued to increase mixed paper and cardboard recycling volumes by 35 tons per month or 420 tons per year from residential and multifamily households through a concentrated public outreach campaign.

We reviewed the grant documents, the source documents supporting the expenditures, and time sheets and payroll records and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the purpose of the grant,. At the time of the review we noted that expenditures to date were \$18,353, and that a balance of \$31,470 remained

from the original grant. It was also noted that a contract extension was pending.

**Goodwill Industries:** Resource Recovery & Recycling Program. \$85,600

Grant funds were provided to develop systems to discourage illegal dumping and increase the capture rate of materials left for donation. The funds were used to hire a Resource and Recycling Manager, purchase and install surveillance equipment, establish programs to increase recycling and landfill diversion and develop an e-waste recycling program.

Our review of the source documents, including bank statements and cancelled checks found that the costs funded with grant monies were properly documented and in accordance with the terms of the grant documents and budget. At the time of the review a balance of \$8,560 remained from the original grant although we noted that a final claim was submitted on 2/26/07.

**Sports 4 Kids:** Sporting Goods Swap Shop for Kids Expansion. \$44,000

Grant funds were provided to coordinate seasonal clean-up drives coinciding with the soccer and baseball seasons. In addition, funds were to be used to expand partnerships with other reuse organizations and initiate merchandising and marketing events to divert used sporting equipment from the landfill for reuse in the community.

The grant did not identify expenditure requirements but was focused on deliverables, disbursements were tied to quarterly sales targets outlined in the grant document. We reviewed the approved grant, sales records and payroll records. Sales hurdles appear to have been met per grant guidelines and costs appeared to be properly documented and appropriate in terms of the purpose of the grant. We noted at the time of the review that a balance of \$3,000 remained from the original grant.

**St. Vincent de Paul of Alameda County:** Functional Found Art Program. \$43,000

The purpose of the Functional Found Art Program grant was to develop and test prototype products using items diverted from the Alameda County waste stream.

The grant provided for costs associated with the development of internal infrastructure to create products for ongoing sales, including production processes, equipment purchases, staff training and facilities. Funds were also used to develop a marketing plan for the sale and distribution of items produced. We reviewed the approved grant, the invoices and the original source documents supporting the invoices, including cancelled checks and payroll records and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the purpose of the grant. We noted at the time of the review that a balance of \$18,150 remained from the original grant and a final invoice was being prepared for submission.



## Section 4 Grants and Loans

### **The ReUse People:** Compliance with SB 1262, \$30,000

Grant funds were provided to support the development of a new automated accounting and inventory control system to enable the grantee to comply with the provisions of SB 1262. We reviewed the grant documents, the source documents supporting the expenditures, including and time sheets and payroll records and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the purpose of the grant. It was noted at the time of the review that a balance of \$2,750 remained from the original grant.

### **Marcus Foster Educational Institute:** OTX West. \$40,000

The funds were provided to continue and expand the development of new computer reuse and refurbishment programs for schools and non-profit agencies. We reviewed the grant documents, the source documents supporting the expenditures, including and time sheets and payroll records and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the purpose of the grant. We noted at the time of the review that a balance of \$4,000 remained from the original grant, a claim has been submitted.

### **Resource Area For Teachers (R.A.F.T.):** Creative Education and Reuse in Alameda County. \$50,000

The grant was provided to enable RAFT to develop a marketing plan and timeline for teacher development, conduct 8 workshops, expand the enrollment of both teachers and businesses in the Organization and divert 35,000 cu. ft. of materials from the landfill.

We reviewed the grant documents, the invoices and the original source documents supporting the invoices, including cancelled checks and payroll records and found that the costs submitted for reimbursement were properly documented and appropriate in terms of the purpose of the grant. A review of the final distribution request and report showed that the grantee missed the 35,000 cu. ft. diversion goal. The actual diversion amount was 28,116 cu. ft. for a shortfall of 6,884 cu. ft. We noted at the time of the review that a balance of \$5,000 remained from the original grant.

## 4.6 Revolving Loan Program

The Revolving Loan Program made 15 loans during the five years under review. Table 4-2 provides a recap of the lending activity by year and current outstanding balance. We met with Oakland Business Development Corporation (OBDC) to examine their lending processes including, loan development, loan review and loan servicing. This review included an examination of loan documentation prepared by OBDC and a reconciliation of loan servicing activity between OBDC and the Authority. No delinquencies or loan write-offs were noted during the review period. Based on our observations it appears that the Revolving Loan Program is being properly managed and loans made appear to be appropriate.



## Section 4 Grants and Loans

<b>Table 4-2 Revolving Loan Program Review</b>				
<b>Fiscal Year</b>	<b>Number of Loans</b>	<b>Loan Amount</b>	<b>Loan Balance</b>	<b>Delinquencies</b>
FY 01/02	1	\$ 85,000	\$ 142,292	0
FY 02/03	4	\$ 560,000	\$ 189,774	0
FY 03/04	5	\$ 750,000	\$ 413,095	0
FY 04/05	3	\$ 155,000	\$ 108,602	0
FY 05/06	2	\$ 335,000	\$ 327,107	0
<b>Totals</b>	<b>15</b>	<b>\$ 1,885,000</b>	<b>\$ 1,180,870</b>	<b>0</b>

### 4.7 Findings and Recommendations

Based on the procedures we performed as part of review of the Non-profit Grant Programs of the Recycling Board we found that the Board staff is performing a thorough review and evaluation of grant applications prior to recommending grant awards.

In addition we noted that the accounting and documentation systems maintained by the grantees provided the level of detail that is necessary to meet the audit requirements of Measure D.

Section 4  
Grants  
and Loans

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**Appendix A**  
**Text of “The Alameda County Waste Reduction**  
**and Recycling Initiative Charter Amendment”**  
**(Measure D)**

R3

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THE ALAMEDA COUNTY WASTE REDUCTION AND RECYCLING  
INITIATIVE CHARTER AMENDMENT:  
(FINAL TEXT: NOVEMBER 13, 1989)

SECTION 64: WASTE REDUCTION AND RECYCLING

SUBSECTION 64.010: NAME

This Section of the Alameda County Charter shall be known and may be cited as the Alameda County Waste Reduction and Recycling Act of 1990 (hereinafter the "Act").

SUBSECTION 64.020: PURPOSE

The purpose of this Act is to:

- A. Provide for an Alameda County Source Reduction and Recycling Plan (hereinafter the "Recycling Plan") in conformance with new state law requiring all California cities and counties to plan, fund and implement a comprehensive source reduction and recycling program (Paragraph 64.040(B));
- B. Meet, by January 1, 1995, the state-mandated goal of reducing by at least twenty-five percent the refuse landfilled in Alameda County, then meet by January 1, 2000, the further state-mandated goal of fifty percent, and set longer-term goals starting at seventy-five percent (Paragraph 64.040(A));
- C. Ensure that the Recycling Plan provides for at least the following essential elements:
  1. An Alameda County-wide Source Reduction Program (Subsection 64.080) to minimize the generation of refuse;
  2. Residential Recycling Programs (Subsection 64.090) to provide each Alameda County residence with curbside pick-up of recyclable materials;
  3. Commercial Recycling Programs (Subsection 64.100) to reduce the refuse disposal costs of businesses and government agencies;
  4. An Alameda County-wide Recycled Product Market Development Program (Subsection 64.110) to create and strengthen stable markets for recycled materials;  
and

5. A Recycled Product Purchase Preference Program (Subsection 64.120) to further encourage recycled materials markets by maximizing the amount of recycled products purchased by County government agencies;
- D. Fund the Recycling Plan by instituting a six dollar per ton surcharge on materials disposed of in Alameda County landfills (Paragraph 64.050(A));
- E. Create an Alameda County Source Reduction and Recycling Board (hereinafter the "Recycling Board") to coordinate the Recycling Plan (Subsection 64.130);
- F. Prohibit the incineration of refuse within Alameda County (Subsection 64.140).

SUBSECTION 64.030: FINDINGS

The people of Alameda County find and declare that:

- A. The increasing consumption of single-use and environmentally harmful products depletes natural resources, produces huge quantities of refuse -- most of which is disposed of in ways that damage the environment -- and, ultimately, will injure future generations;
- B. The use of terms such as "garbage" and "solid waste" result from -- and serve to reinforce -- wasteful attitudes; the materials referred to by these terms retain their value as natural resources, and should instead be described and treated as "discarded materials" to be recycled rather than incinerated or landfilled;
- C. At least ninety percent of the discarded materials generated within Alameda County are landfilled as are vast quantities of discarded materials from neighboring counties; existing landfill capacity in the Bay Area will be exhausted in less than twenty-five years, while new landfills are increasingly difficult and expensive to site; landfill is neither a long-term, nor a sustainable, nor an environmentally safe option for disposal of discarded materials;
- D. Refuse incinerators are a poor alternative to source reduction and recycling: such incinerators damage the environment by wasting natural resources that could instead be recycled, by accelerating the release of greenhouse gasses -- which worsen global warming -- and by generating toxic substances;
- E. Each person discards materials and should therefore be involved in solving the problems caused by the disposal of such materials; this involvement must include changes in individual behavior resulting from each person's awareness of her or his role in creating or finding solutions to environmental problems; only through such changes can sustainable consumption and disposal patterns be established and the biosphere restored:

- F. The County government shares a responsibility with Alameda County cities and sanitary districts to provide a comprehensive source reduction and recycling program which will foster these necessary changes in individual behavior as well as ensure that the goals set by state law are met; and
- G. The best available method for funding the Recycling Plan is a surcharge on materials disposed of at landfills.

SUBSECTION 64.040: RECYCLING POLICY GOALS AND RECYCLING PLAN

A. Recycling Policy Goals:

1. Consistent with the California Integrated Waste Management Act of 1990 (hereinafter the "CIWMA"), it shall be County policy to reduce, recycle, and compost, by no later than January 1, 1995, at least twenty-five percent (25%), and by no later than January 1, 2000, at least fifty percent (50%), by weight, of all discarded materials generated within Alameda County.
2. The Recycling Board shall establish, not later than January 1, 1999, a date to reduce, recycle, and compost at least seventy-five percent (75%), by weight, of all discarded materials generated within Alameda County, and, as necessary to the establishment of sustainable discarded materials management practices, shall subsequently establish a date (or dates) to reduce, recycle and compost further quantities of discarded materials.

- B. The Recycling Board shall develop, within one (1) year of the effective date of this Act, a plan to establish the recycling programs necessary to meet the recycling policy goals set forth in Subparagraph 64.040(A)(1) (all citations contained in this Act are, unless otherwise noted, to this Act), said plan to be known as the Alameda County Source Reduction and Recycling Plan (Recycling Plan). The Recycling Board subsequently shall amend the Recycling Plan as necessary to meet said recycling policy goals, and as necessary to meet the further recycling policy goals established by the Recycling Board pursuant to Subparagraph 64.040(A)(2). The Recycling Plan shall incorporate all Alameda County recycling programs, whether funded by this Act or not. In developing and amending the Recycling Plan, the Recycling Board shall consult with the Alameda County Board of Supervisors (hereinafter the "Board of Supervisors"), the Alameda County Waste Management Authority (hereinafter the "Authority") and Alameda County municipal governing bodies, and furthermore shall seek to maximize public input as to the contents of the Recycling Plan by holding public hearings and establishing public advisory committees.

- C. The Recycling Board shall contract, not more than four (4) years after the effective date of this Act, and then every five (5) years thereafter, for an audit to determine compliance with the Recycling Plan and the degree of progress toward the recycling policy goal then in effect. Said audits shall be conducted by an independent auditor (or auditors) with experience in source reduction and recycling. The reports of said audits shall be completed within one (1) year and issued to each municipality, the Board of Supervisors and the Authority. Said reports shall include at least the following:
1. A narrative and analytical evaluation of all recycling programs within Alameda County, whether funded through this Act or not, both Alameda County-wide and within each municipality;
  2. A statistical measure of the progress toward the recycling policy goal then in effect;
  3. An evaluation of the Recycling Board's activities, including, but not limited to, an accounting of the monies spent by the Recycling Board; and
  4. Recommendations to the Recycling Board, the Board of Supervisors, the Authority and the municipal governing bodies for the maintenance and expansion of recycling programs, and any necessary resulting amendments to the Recycling Plan.

SUBSECTION 64.050: RECYCLING FUND

- A. Commencing not later than three (3) months after the effective date of this Act, each landfill or incinerator in Alameda County shall collect a surcharge of six dollars (\$6.00) per ton on all refuse accepted for landfilling or incineration at said landfill or incinerator. All monies collected through said surcharge shall be paid by the operators of each landfill or incinerator into a fund, to be known as the Alameda County Recycling Fund (hereinafter the "Recycling Fund"), established for the purpose of receiving and disbursing monies pursuant to this Act. The Board of Supervisors shall ensure the collection of said surcharge, either by modifying the use permits of said landfills and incinerators or by any other necessary means.
- B. Should the collection of said surcharge be found to be in violation of an existing contract or agreement to import refuse generated outside of Alameda County for landfilling or incineration within Alameda County, the Board of Supervisors may vote to waive collection of said surcharge for the refuse described within said contract or agreement. However, any future contract or agreement for the importation of refuse for landfilling or incineration within Alameda County, executed or negotiated after the effective date of this Act, shall provide for the collection of said surcharge for the refuse described within said contract or agreement.



- C. Any necessary costs of collection of said surcharge incurred by landfill or incinerator operators shall not be subtracted from said surcharge but, consistent with Subsection 64.070, shall be passed through to refuse generators by means of the refuse collection rates set by each municipality.
- D. Said surcharge may be adjusted only as follows:
1. The Board of Supervisors may place a ballot measure on the Alameda County ballot for an alternative or additional funding mechanism for the Recycling Fund. Said funding mechanism may levy a surcharge or disposal fee on types of discarded materials. Said ballot measure may also include a provision to adjust said surcharge in direct correlation to the funding resultant from the proposed surcharge or disposal fee.
  2. The Authority may pay monies within its jurisdiction to the Recycling Fund with the intent of mitigating said surcharge. Should the Authority vote to do so, the Board of Supervisors shall adjust said surcharge accordingly, provided that no such adjustment shall result in a net loss to the total receipts to the Recycling Fund within a given year.
  3. The Board of Supervisors may vote at any time to adjust said surcharge in direct accordance with changes in the Consumer Price Index.
  4. Commencing January 1, 1995, and once every five years thereafter, the Board of Supervisors may vote, with the advice of the Authority and/or a double majority of the cities, to pass an ordinance adjusting said surcharge by up to twenty percent (20%). Said ordinance may take effect immediately, but shall be subject to approval or repeal by a vote of the people at the next regularly scheduled Alameda County election.
  5. The Board of Supervisors may vote, with the concurrence of a double majority of the cities, to adjust said surcharge, if either the federal government or the State of California institutes recycling programs that duplicate and fund the recycling programs established by this Act.
- E. The Recycling Board shall administer the Recycling Fund in accordance with the provisions of this Act. Recycling Fund monies that are not immediately expended may be temporarily invested, under the direction of the Recycling Board and in accordance with accepted principles of financial management, in financial instruments that encourage, to the extent possible, source reduction and recycling while discouraging non-sustainable uses of natural resources. Any interest or other income resulting from such investments shall accrue to the Recycling Fund.

SUBSECTION 64.060: SUPPORT FOR RECYCLING PROGRAMS

- A. During the first twenty-seven (27) months after the effective date of this Act, the Recycling Board shall support recycling programs and otherwise fulfill the provisions of this Act by disbursing monies from the Recycling Fund as follows:
1. Eighty percent (80%) of the total shall be apportioned on a per capita basis to municipalities for the planning and implementation of Residential Recycling Programs and/or Commercial Recycling Programs, for new or expanded recycling programs, and for the preparation of the city source reduction and recycling elements, pursuant to the CIWMA. Funds so disbursed shall be used exclusively for supporting municipal recycling programs.
  2. Twenty percent (20%) of the total shall be applied to the following:
    - a. The development and implementation of the Source Reduction Program, the Recycled Product Market Development Program and the Recycled Product Purchase Preference Program;
    - b. The Recycling Board's expenses for the administration of this Act; and
    - c. The preparation of the Alameda County source reduction and recycling element, pursuant to the CIWMA.
- B. Commencing twenty-eight (28) months after the effective date of this Act, the Recycling Board shall support recycling programs and otherwise fulfill the provisions of this Act by disbursing monies from the Recycling Fund as follows:
1. Fifty percent (50%) shall be disbursed on a per capita basis to municipalities for the continuation and expansion of municipal recycling programs.
  2. Ten percent (10%) shall be applied to a grant program for nonprofit organizations engaged in maximizing recycling, composting, and reducing waste within Alameda County. The Recycling Board shall be an organization eligible to receive funds under this Subparagraph, for the purposes of conducting planning, research, and studies directed at furthering the purposes of this Act.
  3. Ten percent (10%) shall be applied to the Source Reduction Program.
  4. Ten percent (10%) shall be applied to the Recycled Product Market Development Program.

5. Five percent (5%) shall be applied to the Recycled Product Purchase Preference Program.
  6. Fifteen percent (15%) shall be disbursed on a discretionary basis by the Recycling Board to support any of the activities described within this Paragraph. A portion of said fifteen percent (15%) may be retained by the Recycling Board to cover the necessary costs of administering the Recycling Fund, provided, however, that said portion shall not exceed three percent (3%) of the total funds paid to the Recycling Fund in a given year.
- C. For the purpose of apportionment of funds under the provisions of this Subsection, and for the purpose of sound discarded materials management, the Recycling Board shall cause accurate, reliable, and up-to-date estimates to be maintained of the amounts and kinds of recycling and refuse generation occurring in each municipality. For the purpose of ensuring comparability of data, any composition study or waste characterization study performed with Recycling Fund monies shall comply with standards to be established by the Recycling Board. Said standards shall include, but shall not be limited to, both methodology and categories of discarded materials. In establishing said standards, the Recycling Board should utilize the categories for discarded materials outlined in Paragraph 64.150(0).
  - D. Contracts using Recycling Fund monies shall be made for periods of not more than five (5) years, except that, upon a finding of the Recycling Board that a longer period is necessary in order to capitalize a specific project, the Recycling Board may vote to allow a particular contract to be made for a period of not more than ten (10) years. No contract using Recycling Fund monies shall provide for an option to renew or any similar provision that would result in the extension of a contract, on a less than fully competitive basis, for a cumulative period of more than five (5) years or, in the case of a contract which the Recycling Board has authorized to be made for a longer period for purposes of capitalization, more than ten (10) years.
  - E. Nothing in this Act shall prevent any municipality, other jurisdiction, or other organization within Alameda County from raising or expending additional funds or taking other actions in support of recycling programs.
  - F. Commencing January 1, 1995, the Recycling Board may vote, with the concurrence of the Board of Supervisors and a double majority of the cities, to adjust the distribution of funds under Paragraph 64.060(B) in order to further progress toward the recycling policy goal then in effect.

SUBSECTION 64.070: MUNICIPAL RATE STRUCTURES

- A. In order to be eligible to receive monies from the Recycling Fund, each municipality must, either by adjusting local refuse collection rates or by instituting a product disposal fee, provide for full reimbursement to its local refuse hauler(s) for the costs of the surcharge established by Paragraph 64.050(A).
  
- B. Upon request of a municipality, the Recycling Board shall cooperate with said municipality, the Alameda County Joint Refuse Rate Review Committee and the refuse hauler(s) serving said municipality to design an incremental refuse collection rate structure which will:
  - 1. Fully reimburse said hauler(s) for the increased costs resulting from the surcharge established by Paragraph 64.050(A);
  - 2. Encourage source reduction and recycling among residents by charging successively higher amounts for each garbage can collected; and
  - 3. Provide residents with the option to use smaller garbage cans at a decreased rate in order to reward source reduction and recycling.
  
- C. Upon request of a municipality, the Recycling Board shall cooperate with said municipality, the Alameda County Joint Refuse Rate Review Committee, and the refuse hauler(s) serving said municipality to design a product disposal fee, to be levied on purchases of products, with emphasis on those products that either are non-recyclable or are environmentally harmful, which will:
  - 1. Allow said municipality to fully reimburse, in lieu of or in addition to an increase in refuse collection rates, said hauler(s) for the increased costs resulting from the surcharge established by Paragraph 64.050(A);
  - 2. Encourage source reduction among residents; and
  - 3. Discourage the purchase of environmentally harmful products.

**SUBSECTION 64.080: SOURCE REDUCTION PROGRAM**

The Recycling Board shall disburse monies allocated in Subparagraphs 64.060(A)(2) and 64.060(B)(3), on a discretionary basis, for the development of an Alameda County-wide Source Reduction Program. Funded components of the Source Reduction Program shall include, but shall not be limited to, the following:

- A. A county waste minimization program with a goal of reducing the weight of County purchases, and with a specific goal of reducing the weight of County purchase of paper

products by ten percent (10%) by January 1, 1995, and by fifteen percent (15%) by January 1, 2000. Said program shall emphasize the conservation of paper products by means of a comprehensive employee education program. The Recycling Board may establish further goals for reduction in County purchases.

- B. An annual non-monetary award program for businesses which demonstrate a significant reduction in the use of packaging materials or the use of materials in manufacturing processes, or waste reduction through the durability and/or recyclability of their products.
- C. An industry and/or university program to research and develop source reduction opportunities and incentives.
- D. An intensive public education campaign to promote alternative individual consumer habits and in-house source reduction programs for businesses and institutions.
- E. Disposal cost reduction studies and waste audit services to demonstrate to businesses and institutions the efficacy of recycling programs.

SUBSECTION 64.090: RESIDENTIAL RECYCLING PROGRAMS

Within two (2) years of the initiation of the Recycling Fund, each municipality receiving monies from the Recycling Fund shall provide a Residential Recycling Program to every resident to whom refuse collection service is offered on a regular schedule which is as frequent as said refuse collection. However, it shall not be mandatory to provide said program to residents more than once a week.

SUBSECTION 64.100: COMMERCIAL RECYCLING PROGRAMS

Within two (2) years of the initiation of the Recycling Fund, each municipality receiving monies from the Recycling Fund shall make an adequate Commercial Recycling Program available to every business, government, and public or private institution to which refuse collection is offered, on a regular schedule. Municipalities may determine that a Recyclable Materials Recovery Program is an appropriate means of satisfying a part of this requirement.

SUBSECTION 64.110: RECYCLED PRODUCT MARKET DEVELOPMENT PROGRAM

The Recycling Board shall disburse monies allocated in Subparagraphs 64.060(A)(2) and 64.060(B)(4) of this Act, on a discretionary basis, for a program to develop and expand markets for recycled products. Funded components of the Recycled Product Market Development Program shall include, but shall not be limited to, the following:

- A. A regional cooperative marketing strategy;
- B. Grants for demonstration projects targeted at new uses of recycled materials and new techniques for recycling materials;
- C. An Alameda County-wide information exchange which targets potential users and sources of recycled products; and
- D. Municipal programs to administer permit assistance to recycling industries.

SUBSECTION 64.120: RECYCLED PRODUCT PURCHASE PREFERENCE PROGRAM

- A. The County shall purchase Recycled Products where they are comparable in function and equal in cost to products manufactured from virgin materials.

- B. The County shall apply, to the extent made possible by the availability of monies under Subparagraphs 64.060(A)(2) and 64.060(B)(5), a price preference of ten percent (10%) to its purchases of Recycled Products where said Recycled Products are comparable in function to products manufactured from virgin materials.
1. Price preferences shall be applied to a full range of recycled product categories, including, but not limited to, recycled paper products, compost and co-compost products, recycled glass, recycled oil, and recycled solvents and paints.
  2. The Recycling Board may establish a price preference which is greater than ten percent (10%) for certain recycled product categories, if it is demonstrated that the manufacturing costs for said recycled product categories are higher than the manufacturing costs for similar products produced with virgin materials such that a ten percent (10%) preference is insufficient for said recycled products to be competitive.
  3. Commencing January 1, 1995, the Recycling Board may reduce the price preference for certain recycled product categories, if it is demonstrated that the manufacturing costs for said recycled product categories are competitive with the manufacturing costs for similar products produced with virgin materials, and that any such reduction will not result in a substantial decrease in the percentage of recycled products purchased in the category affected by the reduction.
  4. Any monies remaining after fulfilling the other requirements of this Paragraph in a given year shall be apportioned by the Recycling Board to municipalities which have established similar price preferences and recycled product specifications.
- C. Consistent with Paragraphs 64.120(A) and (B), the County shall modify its purchasing forms and procedures to ensure that, beginning no later than one (1) year after the effective date of this Act, information as to the recycled content, including both postconsumer discards and secondary discards, of all supplies and materials purchased by the County is available and taken into account during the purchasing process. Said information shall also be obtained for the supplies and materials portions of all public works contract bids that are received by the County.
- D. Any County agency which has responsibility for drafting or reviewing specifications for procurement items shall be required to revise said specifications, within one (1) year of the effective date of this Act, to eliminate exclusions of recovered materials and requirements that said items be manufactured from virgin materials.
- E. To the extent that the practice of accepting bids for multiple products inhibits the purchase of recycled products, the County shall accept bids for individual products and/or bids for fewer products.

- F. The Recycling Board may establish standards for a recycled product category which exceed the levels of postconsumer and secondary discard content established by this Act, provided, however, that said standards will not result in a substantial decrease in the percentage of recycled products purchased in said category.
- G. Notwithstanding any other provision of this Charter, this Subsection shall apply to the supplies and materials portions of all public works contracts made by the County. The County may set minimum amounts of recycled products, both by quantity and by category, to be utilized in the execution of said contracts; and shall contract separately for the supplies and materials portions of said contracts where such separate contracting would result in more complete compliance with this Act while not significantly increasing the cost of a given contract, except as allowed by Paragraph 64.120(B).
- H. It shall be a County policy goal to purchase recycled paper products such that, by January 1, 1995, at least fifty percent (50%) of the total dollar amount of paper products purchased or procured by the County shall be purchased or procured as recycled paper products. Not later than January 1, 1999, the Recycling Board shall recommend to the Board of Supervisors further policy goals for County purchases of all types of recycled products.

SUBSECTION 64.130: RECYCLING BOARD

- A. The Board of Supervisors and the Authority shall appoint an eleven (11) member board, to be known as the Alameda County Source Reduction and Recycling Board (Recycling Board), to administer this Act as well as to carry out any other tasks consistent with the purposes of this Act that may subsequently be given to the Recycling Board by the voters or the Board of Supervisors.
- B. To avoid unnecessary administrative duplication, the Board of Supervisors shall seek the consent of a double majority of the cities for the Recycling Board to serve as the local task force mandated by California Public Resources Code Section 40950 (as enacted by the CIWMA). A failure to obtain such consent shall not be construed to inhibit the establishment of the Recycling Board. In the event that the Recycling Board is not named as said local task force, the Recycling Board shall review any recommendations of a local task force regarding source reduction and recycling.
- C. To further avoid unnecessary administrative duplication, the Authority may, within ninety (90) days of the effective date of this Act, accept the Recycling Board as a subsidiary body of the Authority. Should the Authority not so accept the Recycling Board, or if the Authority at any time ceases to exist, the Recycling Board shall be established as a separate entity within the structure of County government. However,



notwithstanding an initial failure by the Authority to so accept the Recycling Board, the Board of Supervisors may at any time, upon request of the Authority, make the Recycling Board a subsidiary body of the Authority.

D. Members of the Recycling Board shall be appointed in accordance with the following:

1. The Authority may appoint five (5) of its members to sit on the Recycling Board. Should any or all of said five (5) Recycling Board members not be appointed by the Authority within four (4) months of the effective date of this Act, the Board of Supervisors shall cooperate with a double majority of the cities to appoint said member or members, except that a member appointed under such circumstances need not be a member of the Authority, but must be a member of the governing body of a municipality.
2. The Board of Supervisors shall appoint six (6) Alameda County residents to the Recycling Board as follows:
  - a. A representative of an organization engaged primarily in operating recycling programs within Alameda County;
  - b. A source reduction specialist with substantial experience as such;
  - c. A representative of the recyclable materials processing industry;
  - d. A representative of the solid waste industry;
  - e. A representative of an environmental organization with a significant membership active in recycling issues within Alameda County; and
  - f. An environmental educator employed as such on a full-time basis.
3. The membership of the Recycling Board shall reflect expertise in the field of source reduction and recycling.
4. No for-profit corporation, including its divisions, affiliates, parents and subsidiaries, wholly or partially owned, may have more than one (1) employee or representative on the Recycling Board at any one (1) time.
5. All members of the Recycling Board shall be appointed within four (4) months of the effective date of this Act. Members of the Recycling Board shall serve a term of two (2) years, and may be reappointed for one (1) successive term, except that, for the purpose of ensuring continuity in the administration of this Act, the initial terms of two (2) of the members appointed by the Authority and three (3) of the members

appointed by the Board of Supervisors shall be one (1) year. Should a Recycling Board member appointed by the Authority cease to be a member of the Authority, or if a Recycling Board member who is a member of the governing body of a municipality should cease to be a member of said governing body, or if a Recycling Board member ceases to be a resident of Alameda County, her or his seat on the Recycling Board shall be immediately deemed to be vacant.

6. Should a Recycling Board member for any reason vacate her or his seat, the governing body (or bodies) that appointed said member shall appoint a new member within two (2) months of the date the seat is vacated, except that if the appointing body is the Authority and the Authority has either ceased to exist or has failed to appoint a new member within said two (2) month period, the Board of Supervisors shall cooperate with a double majority of the cities to make the appointment. All such appointments to the Recycling Board shall otherwise be made in compliance with the requirements that applied to the original appointments.
  7. In the event of temporary incapacity or other inability to attend Recycling Board meetings, a Recycling Board member may request that the governing body (or bodies) that appointed said member appoint an interim Recycling Board member to serve, for a period of no more than three (3) months, in the place of said member.
- E. The Recycling Board shall schedule and conduct regular meetings at least once each calendar month, and shall schedule special meetings and committee meetings as necessary to the business of the Recycling Board. Regular meetings shall be scheduled with at least one (1) month advance notice to the public. Special meetings and committee meetings shall be scheduled with at least one (1) week advance notice to the public.
- F. Recycling Board members shall attend at least three fourths (3/4) of the regular meetings within a given calendar year. At such time as a member has been absent from more than one fourth (1/4) of the regular meetings in a calendar year, or from two (2) consecutive such meetings, her or his seat on the Recycling Board shall be considered vacant.
- G. Consistent with the principle of maximizing public participation in all Recycling Board activities, the Recycling Board may establish advisory committees and shall provide for full participation of the public in the functions of such bodies.
- H. The Recycling Board shall hold its meetings, hearings, public hearings, and other proceedings in such places and at such times as are likely to maximize access to said proceedings by as broad a range of Alameda County residents as is reasonably possible. To this end, the Recycling Board shall hold at least one (1) regularly scheduled evening meeting per year in each supervisorial district in a location accessible by public transit and shall ensure full access to all Recycling Board meetings by the physically disabled.

- I. All hearing, meetings, proceedings or other discussions of the Recycling Board, or of any committee or other subsidiary body of the Recycling Board, shall be open to the public, as shall the minutes, records of proceedings or documents received or discussed by the Recycling Board or its subsidiary bodies. Access to meetings or documents of the Recycling Board may be restricted only in circumstances authorized by those provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), or of the California Public Records Act (California Government Code Sections 6250 et seq.), or of any successor legislation to either said act, relating to actual or imminent litigation or to evaluation of an employee of the Recycling Board. No such restriction shall be lawful unless it is first justified in the relevant written notice of meeting by specific identification of the actual or anticipated litigant or by specific identification of the position of the Recycling Board employee to be evaluated. All Recycling Board documents shall be made available for copying by members of the public for the direct cost of the copies only, not to exceed a limit of ten (10) cents per page. Said limit may be adjusted by the Recycling Board in direct proportion to the Consumer Price Index.
- J. The Recycling Board shall formulate rules for its own procedures and other rules as necessary to facilitate the implementation of the provisions of this Act.
- K. Each Recycling Board member shall have one (1) vote. A quorum for decisions of the Recycling Board shall be a majority of its members, except that a smaller number may vote to adjourn meetings.
- L. The members of the Recycling Board shall elect from their number a chair to be the presiding officer of said Recycling Board. The term of office of said chair shall be no more than one (1) year and shall expire at the end of the calendar year in which the chair sits.
- M. Each Recycling Board member shall receive compensation not to exceed three thousand dollars (\$3,000.00) for one (1) calendar year, not to exceed one hundred dollars (\$100.00) for each regular meeting of the full Recycling Board, or each special meeting or committee meeting of at least two (2) hours duration, which said member has attended.
- N. The Recycling Board shall hire such staff as are required to implement the provisions of this Act. Staff salaries and benefits shall be paid out of the monies allocated for the administration of this Act, pursuant to Subparagraphs 64.060(A)(2) and 64.060(B)(6).
- O. The Recycling Board may apply for, receive and expend supplementary funding grants from private and public sources.
- P. Conflicts of Interest:

1. No Recycling Board member shall participate in any Recycling Board action or attempt to influence any decision or recommendation by any employee of or consultant to the Recycling Board which involves herself or himself, or which involves any entity with which the member is connected as a director, officer, elected official, consultant, or full-time or part-time employee, or in which the member has a direct personal financial interest within the meaning of California Government Code Section 87100, or any successor statute thereto.
2. No Recycling Board member shall participate in any proceeding before any agency of either the County or a municipality as a consultant or in any other capacity on behalf of any solid waste handler, recycling organization, or other person or organization which actively participates in matters before the Recycling Board. Nothing in this Subsection shall be construed to prohibit a representative from a municipality from fully participating in the deliberations of her or his own governing board.
3. For a period of one (1) year after leaving her or his seat on the Recycling Board, a former Recycling Board member shall not act as an agent or attorney for, or otherwise represent, any other person before the Recycling Board by making any formal or informal appearance or by making any oral or written communication to the Recycling Board.

Q. Ex Parte Communications:

1. No Recycling Board member, or person who serves as a consultant or in any other capacity on behalf of a solid waste handler, recycling organization, or other public or private entity which actively participates in matters before the Recycling Board, or other person who intends to influence the decision of a Recycling Board member on a matter before the Recycling Board, excepting a staff member of the Recycling Board acting in her or his official capacity, shall conduct an ex parte communication unless the following steps are taken:
  - a. The Recycling Board member shall notify the person who engaged in the ex parte communication that a full disclosure of said communication must be entered in the Recycling Board's record; and
  - b. Either the Recycling Board member or the person who engaged in said communication shall, prior to the next regularly scheduled meeting of the Recycling Board, submit a full written disclosure of said communication which shall be entered in the Recycling Board's official record.
2. For the purposes of this Paragraph, "ex parte communication" shall mean any oral or written communication concerning matters, other than purely procedural issues, under the jurisdiction of the Recycling Board which are subject to a vote of the Recycling

Board, but shall not mean any such communication performed before the Recycling Board, or any subsidiary body thereto.

- R. Violations of Paragraphs 64.130(P) or (Q) shall be punishable as a misdemeanor.
- S. Upon request of any person or on her or his own initiative, the Alameda County District Attorney may file a complaint in Alameda County Superior Court alleging that a Recycling Board member has knowingly violated Paragraphs 64.130(P) or (Q), including the facts upon which said allegation is based, and asking that said Recycling Board member be removed from office. If, after trial, the court finds that the Recycling Board member has knowingly violated either of said Paragraphs, it shall enter a judgement removing said member from office.
- T. All documents issued by or in the name of the Recycling Board shall be printed double-sided on recycled paper with the highest postconsumer content available.

#### SUBSECTION 64.140: PROHIBITION OF INCINERATION

It shall be unlawful to operate any incinerator within Alameda County. Furthermore, it shall be unlawful to landfill within Alameda County the ash or residue from any incinerator, regardless of the location of said incinerator.

#### SUBSECTION 64.150: DEFINITIONS

The following words and phrases used in this Act shall have, for the purposes of interpreting and applying this Act, the following meanings:

- A. "Act" shall mean this Section, Section 64 of the Alameda County Charter as enacted by the Alameda County Waste Reduction and Recycling Act of 1990.
- B. "Alameda County" shall mean the geographic entity, including both the incorporated and unincorporated areas.
- C. "Authority" shall mean the Alameda County Waste Management Authority.
- D. "Board of Supervisors" shall mean the Alameda County Board of Supervisors.
- E. "Buy-Back Program" shall mean a program to purchase recyclable supplies, materials or goods from the public.
- F. "Charter" shall mean the Alameda County Charter as amended by this Act.

- G. "CIWMA" shall mean the California Integrated Waste Management Act of 1989, presently codified as California Public Resources Code Sections 40000 et seq.
- H. "Commercial Recycling Program" shall mean a program to collect, purchase, receive, process, and/or market discarded materials generated by businesses or institutions, public or private, for the purpose of recycling said discarded materials; and shall include a Recycling Education Program to encourage the participation of said businesses or institutions.
- I. "Compostable materials" shall mean nontoxic materials collected for composting, including, but not limited to, plant debris, putrescibles, wood and soils.
- J. "Composting" means the controlled biological decomposition of organic materials that are separated from the discarded materials stream.
- K. "Composting Program" shall mean a program to collect, purchase, receive, process, and/or market compostable materials, or co-compost said compostable materials with manures, dairy discards, or fish processing discards, with the aim of producing a nontoxic finished product usable as a compost, soil amendment, landfill cover, or potting soil.
- L. "Construction and Demolition Debris Recycling Program" shall mean a program to collect, purchase, receive, process, and/or market discarded materials generated in the construction and/or demolition of improvements to real property.
- M. "Consumer Price Index" shall mean the index for the San Francisco Bay Area issued by the United States Department of Labor.
- N. "County" shall mean the government of Alameda County, including any department, board, commission, agency or duly authorized official thereof.
- O. "Discarded materials," "discarded materials supply" and "discards" shall mean materials that a person, business, industry, or institution has delivered to a disposal facility, or has set in or next to a receptacle that is regularly emptied for disposal, or has abandoned in a public place, but shall not be construed to mean materials that must be handled as hazardous or infectious waste; and shall be composed of the following categories:
1. "Chemicals," including, but not limited to, recyclable and/or reusable solvents, paints, motor oil, and lubricants;
  2. "Crushables," including, but not limited to, rock, ceramics, concrete, and nonreusable brick;

3. "Glass," including, but not limited to, glass containers and window glass;
  4. "Manures," including, but not limited to, sewage sludge that has been dewatered, treated or chemically fixed, and livestock and horse manure;
  5. "Metals," both ferrous and nonferrous, including cans, parts from abandoned vehicles, plumbing, fences, metal doors and screens, and any other discarded metal objects;
  6. "Paper," including, but not limited to, newsprint, ledger paper, computer paper, corrugated cardboard and mixed paper;
  7. "Plant debris," including, but not limited to, leaves, cuttings, and trimmings from trees, shrubs and grass;
  8. "Plastics," including, but not limited to, beverage containers, plastic packaging, tires, and plastic cases of consumer goods such as telephones or electronic equipment;
  9. "Putrescibles," including, but not limited to, garbage, offal, and animal, fruit and vegetable debris;
  10. "Reusable goods," including intact or repairable home or industrial appliances, household goods, and clothing; intact materials in demolition debris, such as lumber or bricks; building materials such as doors, windows, cabinets, and sinks; business supplies and equipment; lighting fixtures; and any other item that can be repaired or used again as is;
  11. "Soils," including, but not limited to, excavation soils from barren or developed land, and excess soils from yards;
  12. "Textiles," including, but not limited to, nonreusable clothing, upholstery and pieces of fabric; and
  13. "Wood," including, but not limited to, nonreusable lumber and pallets.
- P. "Disposal facility" shall mean a facility to receive, purchase, process, incinerate and/or landfill discarded materials.
- Q. "Double majority of the cities" shall mean a majority of the cities representing a majority of the population in the incorporated areas of Alameda County.

- R. "Drop-Off Program" shall mean a program to accept the donation of recyclable materials at a fixed site for the purpose of recycling said materials.
- S. "Hazardous waste" shall mean any material defined as hazardous waste by California Health and Safety Code Section 25117, or by any successor statute thereto, but notwithstanding said section or successor statute shall include ash and/or residue from an incinerator.
- T. "Incinerator" shall mean a facility that burns, as a means of disposal and/or energy production, refuse, refuse-derived fuel, any material recovered from a mixed supply of discarded materials, any type of plastic, and/or any type of hazardous waste, but shall not mean a facility dedicated to burning infectious waste or potentially infectious waste.
- U. "Infectious waste" shall mean any material defined as infectious waste by California Health and Safety Code Section 25117.5, or by any successor statute thereto.
- V. "Landfill" shall mean a facility that buries discards as a means of disposal.
- W. "Municipal recycling programs" shall mean recycling programs within a municipality, or recycling programs administered as a joint effort between municipalities.
- X. "Municipality" shall mean a city or sanitary district located in Alameda County.
- Y. "Postconsumer discards" shall mean finished materials which would have been disposed of as discarded materials, having completed their life cycle as consumer items, and does not include manufacturing discards.
- Z. "Recyclable Material Recovery Program" shall mean a program to receive, separate, and process mixed discarded materials for the purpose of removing materials which will later be used in the fabrication or manufacture of recycled products.
- AA. "Recycle" or "recycling" shall mean a process by which any good, material, supply or other object, which otherwise would be wasted, is recycled, reused, salvaged, or otherwise retrieved, collected, processed and/or marketed for return to use by society, either in its original form or in a new form; but shall not mean, with the exception of compost used for landfill cover, a program for landfilling or incinerating.
- BB. "Recycled product" shall mean a product, good, material, or supply, no less than fifty percent (50%) of the total weight of which consists of secondary and postconsumer discards with not less than ten percent (10%) of its total weight consisting of postconsumer discards; or any product, good, material or supply which has been diverted from the supply of discarded materials by refurbishing and marketing said product, good, material or supply without substantial change to its original form.



- CC. "Recycled Product Market Development Program" shall mean a program to create or improve markets for recycled products, including, but not limited to, one that facilitates the exchange of information between potential sources and users of recycled products; supports the development of techniques, systems, and practices of incorporating recycled materials into finished products; encourages enterprises that use recycled materials in place of non-recycled materials; and/or assists in the establishment of cooperative arrangements or organizations for marketing or purchasing recycled products.
- DD. "Recycling Board" shall mean the Alameda County Source Reduction and Recycling Board established pursuant to this Act.
- EE. "Recycling Education Program" shall mean a program to promote participation in recycling programs and/or disseminate information about the benefits of recycling; and encouraging sound consumption and disposal practices by using language and concepts consistent with achieving a sustainable environment.
- FF. "Recycling Fund" shall mean the Alameda County Recycling Fund established pursuant to this Act.
- GG. "Recycling Plan" shall mean the Alameda County Recycling Plan established pursuant to this Act.
- HH. "Recycling programs" shall mean Buy-Back Programs, Commercial Recycling Programs, Composting Programs, Construction and Demolition Debris Recycling Programs, Drop-Off Programs, Recyclable Material Recovery Programs, Recycled Product Market Development Programs, Recycled Product Purchase Preference Programs, Recycling Education Programs, Residential Recycling Programs, Salvage Programs, Source Reduction Programs, and/or research and planning to implement any of said programs.
- II. "Refuse" shall mean mixed discarded materials that are disposed of by landfilling or incineration, including, but not limited to, discarded materials that have been contaminated and thus rendered non-recyclable during the disposal process, either by being mixed during compaction or by any other process, and discarded products of a manufacturing process which combines natural resources in a manner which renders said resources unrecoverable.
- JJ. "Residential Recycling Program" shall mean a program to collect at least three (3) different kinds of materials, from at least two (2) different categories of discarded materials, by means of one (1) or more containers, separate from conventional garbage containers, where said recyclable materials are placed by residents at the curb or an equivalent location; and shall include a Recycling Education Program to encourage the participation of residents.

- KK. "Salvage Program" shall mean a program to collect, purchase, receive, process and/or market any fabricated good, material, and/or supply for reuse.
- LL. "Secondary discards" shall mean finished products, or fragments of finished products, of a manufacturing process which has converted a resource into a commodity of real economic value, and includes postconsumer discards; but shall not include excess virgin resources of said manufacturing process, such as fibrous wood discards generated during the manufacturing process, including fibers recovered from waste water, trimmings of paper machine rolls (mill broke), wood slabs, chips, sawdust, or other wood residue.
- MM. "Source Reduction Program" shall mean a program that results in a net reduction in the generation of discarded materials, including, but not limited to, a program to reduce the use of non-recyclable materials and hazardous waste; replace disposable materials and products with reusable materials and products; reduce packaging; reduce the amount of plant debris generated; reduce the amount of household hazardous waste generated; establish refuse collection rate structures with incentives to reduce the amount of refuse that generators produce; increase the efficiency of the use of paper, cardboard, glass, metal, plastic, and other materials in the manufacturing process; and/or maintain public education programs to accomplish any of these ends; but shall not be construed to include any steps taken after the material is discarded.
- NN. "Waste" shall mean discarded materials that have been rendered valueless by being incinerated, buried, contaminated, or otherwise destroyed; or the act of incinerating, burying, contaminating, or otherwise destroying the value of discarded materials.

SUBSECTION 64.160: EFFECTIVE DATE

Unless otherwise specified in this Act, the provisions of this Act shall take effect on the date it is accepted for filing by the California Secretary of State.

SUBSECTION 64.170: EFFECT ON OTHER COUNTY LAWS

No provision of this Act shall be construed to bar the enforcement of any existing County ordinances or regulations where the subject matter of said ordinances or regulations is wholly or partly the same as that of this Act, or to bar the enactment of any future such County ordinances and regulations. All County ordinances or regulations involving the subject matter of this Act shall be construed to further the purposes of this Act.

SUBSECTION 64.180: STATUS OF EXISTING CHARTER PROVISIONS

Any provision of the Alameda County Charter in effect prior to the effective date of this Act which conflicts in any way with any provision of this Act is hereby declared to be amended by implication. No such existing provision of said charter shall be construed to affect the application of any provision of this Act in a manner inconsistent with the purposes of this Act.

**SUBSECTION 64.190: SEVERABILITY**

If any subsection, paragraph, subparagraph, sentence, clause, or word of this Act is held unconstitutional or otherwise invalid, either on its face or as applied, the invalidity of said part or application thereof shall not affect the validity of the other parts of this Act, or the applications thereof; and to that end the parts and applications of this Act shall be deemed severable. It is hereby declared, notwithstanding any finding that a part or application of this Act is unconstitutional or otherwise invalid, that each of the parts of this Act would have been enacted separately.

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# **Appendix B Recycling Board Resolutions & Memos**

## **RESOLUTIONS:**

**Resolution RB 1996-04**

**(Recycled Product Purchase Preference Product -  
Guidelines and Policies for Distribution of “Leftover” Fund)**

**Resolution RB 2003-11**

**Adoption of Policies, Rules and Procedures Based on the “5 Year Audit” Relating  
to Recycling Fund Expenditures, Monitoring and Reporting by Municipalities**

**Resolution RB 2006-12**

**Adoption of Rules Regarding Municipal Accounting and Fund Balances of  
Recycling Fund per Capita Allocations**

## **MEMOS:**

**Memo dated December 1, 2004, adopted December 9, 2004**

**Distribution of Recycled Product Procurement Funds to Member Agencies**

**R3**

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**ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD**

**RESOLUTION #96-04**

**MOVED: WIESKAMP**

**SECONDED: LANDIS**

**AT THE MEETING HELD MAY 9, 1996**

**RECYCLED PRODUCT PURCHASE PREFERENCE PROGRAM -  
GUIDELINES AND POLICIES FOR DISTRIBUTION OF "LEFTOVER" FUNDS**

**WHEREAS**, the Alameda County Source Reduction and Recycling Board (Recycling Board) is responsible for implementation of the Alameda County Waste Reduction and Recycling Initiative Charter Amendment (Measure D); and,

**WHEREAS**, the Recycling Board is responsible for oversight of the Recycled Product Purchase Preference Program mandated in Measure D and implemented by the Alameda County General Services Agency (GSA); and,

**WHEREAS**, the Recycling Board has considered recommended policies that would guide the Board in implementing Subsection 64.120 (B)(4), relating to apportionment of Recycled Product Purchase Preference Program funds remaining at the end of each year;

**NOW, THEREFORE, BE IT RESOLVED**, that the Alameda County Source Reduction and Recycling Board hereby:

1. Finds that "leftover" or "remaining" Recycled Product Purchase Preference Program funds shall be defined as Fund revenues for the months of July through June that are not disbursed to Alameda County for expenses invoiced for the same fiscal year for implementation of the Recycled Product Purchase Preference Program, nor expended by Recycling Board staff for management of said Program.
2. Approves the use of "remaining" Recycled Product Purchase Preference Program funds for both the "Infrastructure" and the "Entitlement" models described in the attached excerpt from a memo by Carla S. Lallatin and Nancy VandenBerg for Markets for Recycled Products, for the Recycling Board, and adopts the following policies and guidelines for the disbursement and use of said funds:

(A) Uses of funds for the implementation of “Infrastructure” projects and services shall be reviewed and approved by the Board as part of the budget development process for any given year.

(B) Funds remaining after budgeting for “Infrastructure” projects and services shall be disbursed to the same municipalities receiving disbursements of 50% of Recycling Fund revenues, according the following guidelines:

(1) Each eligible municipality shall receive a base allocation of \$5000, or the amount calculated by dividing the total funds available by the number of eligible jurisdictions, whichever is less; plus an apportionment of the remainder, if any, according to the same population criteria utilized in disbursement of the 50% of Fund revenues to municipalities.

(2) Eligible municipalities shall complete and submit an application describing current policies, practices and accomplishments in the “Buy Recycled” arena; proposed uses of the “remaining” fund allocation for “Buy Recycled” purposes; and actual use and results of the prior year “remaining” fund allocation, if any, in order to qualify for receipt of funds.

(3) Disbursement of “remaining” funds to municipalities will occur at or after the first quarterly disbursement to municipalities made at the end of August.

3. Authorizes the Executive Director to distribute funds remaining after the close of each Fiscal Year in accord with the above policies and guidelines, beginning with the funds remaining after the close of Fiscal Year 1995/96.

**ADOPTED BY THE FOLLOWING VOTE:**

**AYES:           ABBE, BURRELL, DENNIS, GORDON, LANDIS, NORDMAN,  
                      RUBIN, VALLE, WIESKAMP, RYNIEC**

**NOES:           NONE**

**ABSENT:       MILEY**

**ABSTAINED: NONE**

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Karen Smith  
Executive Director



**ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD**

**RESOLUTION #RB 2003-11**

**MOVED: PIANIN**

**SECONDED: OTT**

**AT THE MEETING HELD JULY 10, 2003**

**ADOPTION OF POLICIES, RULES AND PROCEDURES BASED ON THE "5 YEAR AUDIT"  
RELATING TO RECYCLING FUND EXPENDITURES, MONITORING AND REPORTING BY  
MUNCIPALITIES**

**WHEREAS**, the Alameda County Charter Section 64 (the Alameda County Waste Reduction and Recycling Act of 1990, hereinafter the "Act") states that "The Recycling Board shall formulate rules for its own procedures and other rules as necessary to facilitate the implementation of the provisions of this Act," (Subsection 64.130(J)); and

**WHEREAS**, the Act states that fifty percent of the monies from the Recycling Fund shall be disbursed on a per capita basis to municipalities for the continuation and expansion of municipal recycling programs (Subsection 64.060 (B)(1)); and

**WHEREAS**, Subsection 64.040 (C) of the Act requires the Recycling Board to conduct an independent audit every five years of recycling programs within the County including, but not limited to, an accounting of the monies spent from the Recycling Fund, and to develop recommendations based on the audit findings; and

**WHEREAS**, the Recycling Board has concluded the 5 Year Audit for the period FY 1996/97 through FY 2000/01 and has considered and discussed the recommendations relating to the use, accounting and reporting of Recycling Fund monies by the municipalities; and

**WHEREAS**, the Recycling Board has distributed copies of the "5 Year Audit" Financial Review and Evaluation by Brown, Vence & Associates to both financial and recycling staff of the municipalities and has consulted extensively with municipal staff throughout the County over the past year on these issues and has invited stakeholders to provide input; and

**WHEREAS**, the Recycling Board itself has discussed these issues over the course of the past year at Board and Committee meetings, and has conducted a public hearing on the proposed rules at the meeting held July 10, 2003; and

**WHEREAS**, the Recycling Board hereby finds that the adoption of rules, policies and procedures clearly defining municipal responsibilities to handle, expend, monitor and report on Recycling Fund disbursements will facilitate implementation of the Act;

**NOW, THEREFORE, BE IT RESOLVED**, that the Alameda County Source Reduction and Recycling Board approves and adopts the following policies, procedures and rules:

The member agency "Measure D" Annual Report shall be restructured to include beginning fund balance, receipts, expenditures and ending fund balance per the Audit recommendations. Municipal ability to comply with this reporting requirement shall be in place no later than July 1, 2004 for FY 2004/2005.

Require documentation in the Annual Report of any allocation methodology used by a member agency for "Measure D" expenditures. Municipalities will be required to document prospectively the allocations and allocation methodology used for staff positions, equipment, supplies, services or anything else funded with Recycling Fund monies (i.e. when a percentage of a given expense is funded with Recycling Fund monies).

If, at the start of any fiscal year, the beginning Measure D fund balance for any given municipality is greater than \$300,000 or that municipality's total population-based disbursements in the prior fiscal year, whichever is greater, then that municipality must, for that year, allocate and report on the interest earned on its Measure D funds in that year, and leave that interest in the Measure D account, subject to the same expenditure restrictions as the Measure D funds disbursed by the Recycling Board. This policy will take effect July 1, 2004 for FY 2004/2005.

The Recycling Board will release a Request for Proposals (RFP) for services to conduct financial audits of the municipalities and the Recycling Board itself in stages of 3 yrs./2 yrs. + final report (as opposed to going back five years per audit). The audits will include some compliance verification as well, such as for the use of Recycling Funds for contracts longer than 5 years. The costs indicated in the RFP responses will then be compared to the costs of proposals received in the last Request for Proposals for the full 5 years all at once, and a decision made about how to proceed based on costs and other factors such as timeliness for the municipalities, likelihood of firm stability over a five year period, ability to detect problems earlier, etc.

**ADOPTED BY THE FOLLOWING VOTE:**

**AYES: IRIZARRY, LOCKHART, OTT, PIANIN, SLY, THOMSEN, WAESPI, WAN, WOLFF, YOUNG**

**NOES: NONE**

**ABSENT: BLOOM**

**ABSTAINED: NONE**

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**Karen Smith**  
**Executive Director**

**ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD**

**RESOLUTION #RB 2006-12**

**MOVED: Quan**

**SECONDED: Jeffery**

**AT THE MEETING HELD NOVEMBER 9, 2006**

**ADOPTION OF RULES REGARDING MUNICIPAL ACCOUNTING AND FUND BALANCES  
OF RECYCLING FUND PER CAPITA ALLOCATIONS**

**WHEREAS**, the Alameda County Charter Section 64 (the Alameda County Waste Reduction and Recycling Act of 1990, hereinafter the “Act”) states that “The Recycling Board shall formulate rules for its own procedures and other rules as necessary to facilitate the implementation of the provisions of this Act,” (Subsection 64.130(J)); and

**WHEREAS**, the Act states that fifty percent of the monies from the Recycling Fund shall be disbursed on a per capita basis to municipalities for the continuation and expansion of municipal recycling programs (Subsection 64.060 (B)(1)); and

**WHEREAS**, Subsection 64.040 (C) of the Act requires the Recycling Board to conduct an independent audit every five years of recycling programs within the County including, but not limited to, an accounting of the monies spent from the Recycling Fund, and to develop recommendations based on the audit findings; and

**WHEREAS**, the Recycling Board has concluded “Phase One” of the current 5 Year Financial and Compliance Audit for the period FY 2001/02 through FY 2003/04 and has considered and discussed recommendations relating to the accounting and accumulation of Recycling Fund monies by the municipalities; and

**WHEREAS**, the Recycling Board has distributed copies of the “Phase One 5 Year Financial and Compliance Audit” by R3 Consulting Group, Inc. to staff of the municipalities and has solicited comments from municipal staff on the proposed rules; and

**WHEREAS**, the Recycling Board itself has discussed the proposed rules at the October 12, 2006 meeting and set the November 9, 2006 meeting for final consideration and adoption; and

**WHEREAS**, the Recycling Board hereby finds that the adoption of rules, policies and procedures clearly defining municipal responsibilities to monitor, track and report on Recycling Fund revenues, expenditures and fund balances will facilitate implementation of the Act; and

**WHEREAS**, the Recycling Board hereby finds that the adoption of rules, policies and procedures establishing guidelines regarding municipal use of Recycling Fund per capita disbursements, the accumulation of unspent fund balances, plans for the use of such accumulated funds, and eligibility to receive further per capita disbursements will facilitate implementation of the Act;

**NOW, THEREFORE, BE IT RESOLVED**, that the Alameda County Source Reduction and Recycling Board approves and adopts the following rules:

Rule 1: Municipalities receiving per-capita disbursements of Recycling Fund monies under the Alameda County Waste Reduction and Recycling Act, Section 64.060 shall account for those disbursements in a manner that provides the following information for each fiscal year:

- **the balance of unexpended per capita disbursements at the beginning of each fiscal year;**
- **Recycling Fund per capita disbursements received during each fiscal year;**
- **Recycling Fund per capita monies expended during each fiscal year; and**
- **the ending balance of unspent Recycling Fund per capita disbursements on hand at the end of each fiscal year.**

The disbursements may be accounted for through the use of a pooled or separate account. In the event the Recycling Fund per capita revenues and expenditures are pooled with other monies within the accounts of the municipality, the municipality shall utilize a separate and distinct account code, such as an account number, object code, sub-object code, etc., to segregate the Recycling Fund per capita monies for accounting purposes in a manner that provides the required information.

Rule 2: Any municipality receiving per capita disbursements of Recycling Fund monies under the Alameda County Waste Reduction and Recycling Act, Section 64.060, shall present to the Board for its approval a written expenditure plan if, at the end of any fiscal year, that municipality has an unspent balance of such monies that exceeds the sum of the municipality's last eight quarterly Recycling Fund per capita disbursements.

If the municipality fails to provide that written plan or the Board does not approve that plan, the municipality shall be ineligible to receive further disbursements per Section 64.060. The municipality shall not be eligible for further disbursements until the required plan is submitted and approved by the Board and all such forfeited monies shall be disbursed to the remaining eligible municipalities on a per capita basis.

In evaluating a municipality's proposed expenditure plan, the Board shall consider the following:

- The proposed specific use(s) of the remaining balance and future disbursements.
- The proposed length of time, or schedule over which disbursed funds or fund balances would be used.
- The scope or amount of funds proposed to be expended over the term of the plan.
- The extent to which the plan is designed to meet or promote the provisions, goals or policies of the Act including but not limited to timely expenditure of the funds "for the continuation and expansion of municipal recycling programs."
- Any other objective and reasonable factors that may be presented by the municipality to support its contention that its proposed plan meets or promotes the provisions, goals or policies of the Act.

These proposed rules shall take effect July 1, 2007. Rule 2 will be applied to the Measure D Annual Reports submitted after the end of FY 07/08 and each year thereafter.

**ADOPTED BY THE FOLLOWING VOTE:**

**AYES: Boone, Bourque, Jeffery, Landis, Leider, McCormick, Quan, Spencer, Storti, Wilson**

**NOES: None**

**ABSENT: Henson**

**ABSTAIN: None**

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**Karen Smith, Executive Director**

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## MEMO

December 1, 2004

**TO:** Recycling Board  
**FROM:** Debra Kaufman, Senior Program Manager  
**SUBJECT:** Distribution of Recycled Product Procurement Funds to Member Agencies

### **BACKGROUND**

Measure D provides for a Recycled Product Purchase Preference Program to encourage recycled materials markets by maximizing the amount of recycled products purchased by County government agencies. To help achieve this goal, five percent of the funds collected under Measure D is available for this Program.

The priority use of this money is to provide reimbursement to the County for increased costs that they may incur due to the use of price preferences on recycled content products. In practice, the County has used very little of this money for price preferences since most recycled content products have become competitive with their virgin counterpart. The Recycling Board has also allowed this money to be used for County staffing to implement these goals.

### **DISCUSSION:**

Any monies remaining after reimbursing County and Agency project costs, are distributed to the Measure D-participating municipalities for recycled product purchases and promotion. Annually, approximately \$200-\$250,000 has been distributed.

The Authority asks the member agencies for an annual report covering their use of the previous year funds, including an accounting of any accumulated, unspent funds remaining from any prior years' disbursements.

The member agencies have utilized this funding for a variety of uses, ranging from recycled content plastic benches to staff training on recycled products. Reported uses of these funds include the following recycled content products and services:

- Paper
- Carpet
- Rubber sidewalks

- Plastic picnic tables and benches
- Playground equipment
- Office furniture
- Re-refined motor oil
- Education to staff about recycled products or to attend the Recycled Products Trade Show
- Grants to schools for purchase of recycled content products

In the 2004 report on use of these funds, two jurisdictions reported accumulating more than two year's worth of RPP funds. To ensure that this money is put to the greatest use in the manner intended, staff recommends that the Recycling Board, as part of this year's recycled product procurement funds reimbursement cycle, change the requirement such that member agencies do not accumulate these funds for more than two years, unless they have a specific project that they intend to use the funds for. The money that would otherwise have been accumulated, would be distributed to the jurisdictions with eligible projects the following year.

### **RECOMMENDATION**

Staff recommends that the Recycling Board, as part of this year's recycled product procurement funds reimbursement cycle, change the requirements as follows:

- Measure D participating municipalities accumulating more than their last two years' worth of recycled product procurement funds need to obtain approval from Authority staff for planned uses of funds prior to receiving additional disbursements. If the plan is not implemented by the date indicated by the jurisdiction, no further disbursements will be made until those funds are used.



# Exhibit 1

## Revised Annual Measure D Report

R3

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**ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
ANNUAL MEASURE D PROGRAMS REPORT**

Revenue and Fund Balance Information			Municipality Information
Reporting Period: July 1, 2006 - June 30, 2007			<i>Municipality Name</i> <b>Sample City</b>  <i>Contact Name</i> <b>City Employee</b>  <i>Phone Number</i> <b>(916) 666-5752</b>  <i>Email address</i> <b>CEmployee@Sample.ci.gov</b>
Beginning Measure D Fund Balance for FY 6/30/06 (should equal			
Ending Fund Balance per Measure D Report 6/30/05)			
Adjust. to beginning Fund Bal. (Explain below or on reverse)			
Adjusted Beginning Measure D Balance for FY 6/30/06		-	
<b>Measure D Funds Received for FY 06/07 (Provide Detail Below)</b>			<b>Submittal Deadline:</b> <b>November 19, 2007</b>
<b>Quarter Ended</b>	<b>Date Received</b>	<b>Amount</b>	
9/30/2006			
12/31/2006			
3/31/2007			
6/30/2007			
Total Measure D Funds Received:			-
Interest on Measure D Fund Balance for FY 06/07:			
Total Program Expenditures FY 06/07:			-
Ending Measure D Fund Balance for FY 06/07:			-

Program Description and Expenditures
<p><i>Please provide a brief description of activities financed by your municipality's Measure D allotments and costs incurred during this reporting period.</i></p> <p><b>Administrative costs</b> include contract management, overhead, legal services, etc. (Please provide backup documentation, including allocation methodology, for any allocations used for staff positions, equipment, supplies, services or anything else funded with Measure D monies (i.e. when a percentage of a given expense is funded with Measure D monies).</p> <p><b>Direct costs</b> include collection services, printing, containers, payments to program service providers, etc. Please note any payments made to recycling service providers for performance under a contract with your agency.</p>
<p><b>Administrative Costs :</b> \$ <u>                    -</u></p> <p>Enter your description here.</p>

**ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
ANNUAL MEASURE D PROGRAMS REPORT**

Program Description and Expenditures (continued)	
Program: Description: <b>Direct Cost:</b> \$	-
Program: Description: <b>Direct Cost:</b> \$	-
Program: Description: <b>Direct Cost:</b> \$	-
Program: Description: <b>Direct Cost:</b> \$	-
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