

**AGENDA**  
**MEETING OF**  
**PLANNING AND ORGANIZATION COMMITTEE**  
**AND**  
**ALAMEDA COUNTY RECYCLING BOARD**

**Thursday, August 13, 2015**

**4:00 p.m.**

**StopWaste Offices**  
**1537 Webster Street**  
**Oakland, CA 94612**  
**510-891-6500**

**Teleconference:**  
**Steve Sherman**  
**Elizabeth Street Inn**  
**232 Southwest Elizabeth Street**  
**Newport, OR 97365**  
**510-287-0818**

**Planning & Organization Committee and**  
**Recycling Board Members**

Daniel O'Donnell, **President**  
Environmental Organization

Tim Rood, **1st Vice President**  
City of Piedmont

Toni Stein, **2nd Vice President**  
Environmental Educator

Adan Alonzo, Recycling Programs

Greg Jones, City of Hayward

Peter Maass, City of Albany

Dianne Martinez, City of Emeryville

Michael Peltz, Solid Waste Industry Representative

Jerry Pentin, City of Pleasanton

Steve Sherman, Source Reduction Specialist

Recycling Materials Processing Industry, Vacant

Meeting is wheelchair accessible. Sign language interpreter may be available upon five (5) days' notice to 510-891-6500.

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. ANNOUNCEMENTS BY THE PRESIDENT**

Page **IV. CONSENT CALENDAR (P&O & RB)**

- |   |  |                    |
|---|--|--------------------|
| 1 | <b>1. Approval of the Draft Minutes of July 9, 2015 (Wendy Sommer)</b>   | <b>Action</b>      |
| 5 | <b>2. Board Attendance Record (Wendy Sommer)</b>                         | <b>Information</b> |
| 7 | <b>3. Written Report of Ex Parte Communications</b>                      | <b>Information</b> |
| 9 | <b>4. Grants Under \$50,000 (RB only (Gary Wolff &amp; Wendy Sommer)</b> | <b>Information</b> |

**V. OPEN PUBLIC DISCUSSION**

An opportunity is provided for any member of the public wishing to speak on any matter within the jurisdiction of the Board, but not listed on the agenda. Each speaker is limited to three minutes.

**VI. REGULAR CALENDAR (P&O & RB)**

- |    |  |                    |
|----|--|--------------------|
| 15 | <b>1. Clean Water Action - Nonprofit Grantee Presentation (Wendy Sommer &amp; Meri Soll)</b><br>This item is for information only.   | <b>Information</b> |
| 17 | <b>2. Recycling Board "Five Year Audit" - Recommendation to Accept Phase I Five Year Financial &amp; Compliance Audit Report – FY 2011/12 – 2013/14 (Wendy Sommer &amp; Tom Padia)</b><br>It is recommended that the Recycling Board accept the Phase I Five Year Financial and Compliance Audit by Crowe Horwath LLP and approve the recommendations therein, subject to the qualifications enumerated in the staff report. | <b>Action</b>      |

**VII. OTHER PUBLIC INPUT**

**VIII. COMMUNICATIONS/MEMBER COMMENTS** **Information**

**IX. ADJOURNMENT**

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**MINUTES OF THE REGULAR MEETING OF THE  
PLANNING & ORGANIZATION COMMITTEE  
AND  
ALAMEDA COUNTY RECYCLING BOARD**

**Thursday, July 9, 2015**

**4:00 P.M.**

**Tesla Factory Tour  
45500 Fremont Boulevard  
Fremont, CA 94538**

**5:30 P.M.**

**Fremont Transfer Station  
41149 Boyce Road  
Fremont, CA 94538  
(510) 252-0500**

**I. CALL TO ORDER - Tesla Factory, 45500 Fremont Blvd, Fremont**

The group convened at the Tesla Motors Customer Delivery Center. Mateo Fabersunne, a Factory Tour Program Associate, began the tour at 4:10 P.M.

**Attendees:**

Board members: Greg Jones, Daniel O'Donnell, Michael Peltz, Jerry Pentin, Tim Rood, Toni Stein, Steve Sherman, and Minna Tao. Staff members: Justin Lehrer, Tom Padia, Wendy Sommer, and Gary Wolff. County Counsel: Audrey Beaman.

**II. TOUR: Tesla Factory**

Justin Lehrer shared that Tesla received a grant from StopWaste's Use Reusables project to support their conversion from disposable cardboard and foam packaging to reusable steel racks. The company has a goal to use all reusable packaging and has thousands of parts that can each be analyzed for opportunities to reduce packaging waste. Mr. Fabersunne fielded questions and took the group on a tram tour of the assembly line, sub-assembly, and parts storage areas of the facility, describing each phase of the preparation and assembly process.

**III. RECESS (travel between tours by personal auto)**

The Tesla tour ended at 5:30 p.m. and the meeting resumed at the Fremont Transfer Station.

**IV. RESUME MEETING – Fremont Transfer Station, 41149 Boyce Rd, Fremont**

President O'Donnell called the meeting to order at 5:45 p.m. Board member Alonzo welcomed everyone to the Transfer Station.

**Present:**

Board members: Adan Alonzo, Greg Jones, Daniel O'Donnell, Michael Peltz, Jerry Pentin, Tim Rood, Toni Stein, Steve Sherman, and Minna Tao. Staff members: Tom Padia, Wendy Sommer, Gary Wolff, and Arliss Dunn. County Counsel: Audrey Beaman.

**Absent:**

Board members: Lorrin Ellis, and Peter Maass.

**V. ANNOUNCEMENTS BY THE PRESIDENT**

**♦ Board member Acknowledgement – Minna Tao**

Wendy Sommer thanked Board member Tao for her thoughtful and insightful comments during her term on the Board as the Recycling Materials Processing Industry representative and her dedication to the recycling field. As a token of appreciation, outgoing Board member Tao was presented with a recycled content serving tray and a Certificate of Appreciation for her tenure on the Recycling Board. Board member Tao stated that her job in San Francisco made it extremely challenging to attend RB meetings, but she will continue to support the agency's good work.

Tom Padia announced that the vacancy announcement for the Recycling Materials Processing Industry is available on the StopWaste website. Applications should be submitted to Supervisor Scott Haggerty's office. The applicant must live in Alameda County and two members of the same company cannot serve simultaneously. The vacancy is open until filled.

President O'Donnell announced that the Bay Friendly Coalition will be presenting a movie "Symphony of the Soil" at the New Parkway Theatre in Oakland on Sunday, July 12<sup>th</sup> 12:30 – 2:30 p.m. Fliers were distributed. Ms. Sommer stated that the producer of the movie, Deborah Koons Garcia (the widow of Jerry Garcia), will be present at the showing.

**VI. CONSENT CALENDAR**

- |   |                    |
|---|--------------------|
| <b>1. Approval of the Draft Minutes of June 11, 2015 (Wendy Sommer)</b> | <b>Action</b>      |
| <b>2. Board Attendance Record (Wendy Sommer)</b>                        | <b>Information</b> |
| <b>3. Written Report of Ex Parte Communications</b>                     | <b>Information</b> |
- Board member Rood made the motion to approve the Consent Calendar. Board member Stein seconded and the motion carried 9-0 (Ellis and Maass absent).

**VII. OPEN PUBLIC DISCUSSION**

Ken Pianin, Solid Waste Manager for the City of Fremont, welcomed the Board to the City.

**VI. REGULAR CALENDAR**

- |   |               |
|---|---------------|
| <b>1. Grants to Nonprofits Program – Additional Funds Request (RB only)<br/>(Wendy Sommer, Tom Padia &amp; Meri Soll)</b> | <b>Action</b> |
|---|---------------|
- Staff recommends amending Project 2040 Grants to Nonprofit budget for FY 15/16  
By adding \$92,000 from the Grants to Nonprofits fund balance.

Tom Padia presented the staff report. The report is available here:

<http://stopwaste.org/GNPFunds/FY15/16.pdf>

Board members voted to approve the increase to the Grants to Nonprofit budget for FY 15/16 by \$92,000 with the stipulation that staff come back to the Board with policy options and recommendations for setting limits on the number of years a non-profit may receive grants from us. Board members voiced concerns that some recurring grant recipients may rely on our funding every year to augment their annual budget and directed staff to encourage grant recipients to seek other sources of funding. There's a concern with the long-term impact of our core budget as worthy

applications continue to increase. Staff will return to the Board at a future date with a policy discussion and recommendation on criteria and filters that could be included when reviewing applications, such as geography, repeat applications, cost, impact, need, etc.

Board member Jones made the motion to approve the staff recommendation. Board member Pentin seconded and the motion carried 9-0 (Ellis and Maass absent)

**2. Tour: Fremont Recycling and Transfer Station**

Board member Alonzo led the tour of the Transfer Station and the Household Hazardous Waste Facility, explaining the various processes and materials flow.

**VII. OTHER PUBLIC INPUT**

There was none.

**VIII. COMMUNICATIONS/MEMBER COMMENTS**

Board member Alonzo acknowledged the resignation of Gary Wolff and inquired about the transition process. Mr. Wolff stated that his tenure lasts through December and the WMA Board, as the hiring body, is scheduled to meet in closed session to discuss this issue. More information will be forthcoming in the next month or two.

**IX. ADJOURNMENT**

The meeting adjourned at 5:40 p.m.

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## 2015 - ALAMEDA COUNTY RECYCLING BOARD ATTENDANCE

	J	F	M	A	M	J	J	A	S	O	N	D
REGULAR MEMBERS												
A. Alonzo	X	X	X	X	X	X	X					
L. Ellis	X	X	A	X	X	A	A					
G. Jones	X	X	X	X	X	X	X					
P. Maass	X	X	X	X	X	X	A					
D. O'Donnell	X	X	X	X	X	X	X					
M. Peltz	X	X	X	A	X	X	X					
J. Pentin	X	X	I	X	X	X	X					
T. Rood	X	X	X	X	X	X	X					
S. Sherman	X	X	X	X	A	X	X					
T. Stein	X	A	X	X	X	X	X					
M. Tao	X	A	X	X	X	A	X					
INTERIM APPOINTEES												
D. Biddle			X									

Measure D: Subsection 64.130, 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.

X=Attended

A=Absent

I=Absent - Interim Appointed

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**DATE:** August 6, 2015  
**TO:** Recycling Board  
**FROM:** Wendy Sommer, Deputy Executive Director  
**SUBJECT:** Written Reports of Ex Parte Communications

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**BACKGROUND**

Section 64.130 (Q)(1)(b) of the Alameda County Charter requires that full written disclosure of ex parte communications be entered in the Recycling Board's official record. At the June 19, 1991 meeting of the Recycling Board, the Board approved the recommendation of Legal Counsel that such reports be placed on the consent calendar as a way of entering them into the Board's official record. The Board at that time also requested that staff develop a standard form for the reporting of such communications. A standard form for the reporting of ex parte communications has since been developed and distributed to Board members.

At the December 9, 1999 meeting of the Recycling Board, the Board adopted the following language:

*Ex parte communication report forms should be submitted only for ex parte communications that are made after the matter has been put on the Recycling Board's agenda, giving as much public notice as possible.*

Per the previously adopted policy, all such reports received will be placed on the consent calendar of the next regularly scheduled Recycling Board meeting.

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**Date:** August 6, 2015

**TO:** Authority & Recycling Boards

**FROM:** Gary Wolff, Executive Director  
Wendy Sommer, Deputy Executive Director

**SUBJECT:** Informational Report on Grants Issued Under ED Signature Authority

The purchasing and grant policies were amended to simplify paperwork and board agendas by giving the Executive Director authority to sign contracts and grant agreements less than \$50,000. A condition of the new grant policy is that staff informs Board members of the small grants issued at the next regularly scheduled Board meeting.

**Grants – June 2015 through August 2015**

Project Name	Grant Recipient	Project Type/Description	Location	Verification	Grant Amount	Board
Community Outreach Grants	League of Volunteers	Non-profit grant funds to promote food scrap recycling to difficult to reach audiences (low-income, non-English speaking communities). Grantee to utilize Agency outreach materials to reach communities using their networks and social media.	Newark	Final Report	\$5,000	RB
Community Outreach Grants	Rebuilding Together	Non-profit grant funds to promote food scrap recycling to difficult to reach audiences (low-income, non-English speaking communities). Grantee to utilize Agency outreach materials to reach communities using their networks and social media.	Albany, Berkeley, Emeryville	Final Report	\$5,000	RB

Community Outreach Grant	Sante Fe Community Development	Non-profit grant funds to promote food scrap recycling to difficult to reach audiences (low-income, non-English speaking communities). Grantee to utilize Agency outreach materials to reach communities using their networks and social media	Oakland	Final Report	\$5,000	RB
Community Outreach Grant	Resources for Community Development	Non-profit grant funds to promote food scrap recycling to difficult to reach audiences (low-income, non-English speaking communities). Grantee to utilize Agency outreach materials to reach communities using their networks and social media	Oakland/various AC cities	Final Report	\$5,000	RB
Mini Grant	California Invasive Plant Council	Grant funds to design a user friendly invasive plant list for the horticulture industry. Supports Bay Friendly materials and outreach.	Alameda County	Comprehensive Plant List	\$5,000	RB
Community Outreach Grant	Fertile Groundworks	Non-profit grant funds to promote food scrap recycling to difficult to reach audiences (low-income, non-English speaking communities). Grantee to utilize Agency outreach materials to reach communities using their networks and social media	Livermore	Final Report	\$5,000	RB
Mini Grant	Reusable Solutions Group/Bagito	Funds to develop two way reusable mailer bags for San Leandro based clothing up-cycler, thredUP. Reusable bag pilot to replace disposable poly	Santa Cruz/San Leandro	Final report on implementation of reusable two way mailer pilot.	\$5,000	RB

		bags with reusable mailers.				
4Rs Student Action Project Kit	Shannon Crossman	4Rs Student Action Project Green Team Kit will provide supplies for 5 <sup>th</sup> grade student Recycling and Composting monitors to assist with lunchtime sorting in cafeteria.	Dublin		Kit valued at \$500	RB
4Rs Student Action Project Kit	Jen Gripman	4Rs Student Action Compost Kit will provide supplies for 5 <sup>th</sup> grade students to learn about the benefits of compost, conduct soil experiments, and develop community outreach materials.	Albany	Final Report	Kit valued at \$500	RB
4Rs Student Action Project Kit	Judy Sinclair	4Rs Student Action Project Green Team Kit will provide supplies for 5 <sup>th</sup> grade student Recycling and Composting monitors to assist with lunchtime sorting in cafeteria	Albany	Final Report	Kit valued at \$500	RB
4Rs Student Action Project Kit	Renee Theriault	4Rs Student Action Compost Kit will provide supplies for 5 <sup>th</sup> grade students to learn about the benefits of compost, conduct soil experiments, and develop community outreach materials.	Albany	Final Report	Kit valued at \$500	RB
4Rs Student Action Project Kit	Samantha Cisneros	4Rs Student Action Reusable Partyware Kit will provide reusable partyware for classes at Kolb Elementary school. Staff, parents and students can sign out the kit for usage at special school events like holiday parties and teacher meetings.	Dublin	Final Report	Kit valued at \$500	RB

4Rs Student Action Project Kit	Kelly Joslin	4Rs Student Action Project Green Team Kit will provide supplies for 5 <sup>th</sup> grade student Recycling and Composting monitors to assist with lunchtime sorting in cafeteria.	Castro Valley	Final Report	Kit valued at \$500	RB
4Rs Student Action Project Kit	Melissa Rusk	4Rs Student Action Reusable Partyware Kit will provide reusable partyware for classes at Vannoy Elementary school. Staff, parents and students can sign out the kit for usage at special school events like holiday parties and teacher meetings.	Castro Valley	Final Report	Kit valued at \$500	RB
4Rs Student Action Project Kit	Teresa Friedheim	4Rs Student Action Compost Kit will provide supplies for 5 <sup>th</sup> grade students to learn about the benefits of compost, conduct soil experiments, and develop community outreach materials.	Fremont	Final Report	Kit valued at \$500	RB
Sheetmulching Student Action Project Mini Grant	Stella Kennedy	Funds to convert lawn and bare soil to sheetmulch school garden and host Piedmont's first student-led Watershed Conservation Festival	Piedmont	Final Report	\$500	RB
Sheetmulching Student Action Project Mini Grant	Jamie Van Kleek	Funds to convert lawn and bare soil to sheetmulch school garden and host Piedmont's first student-led Watershed Conservation Festival	Piedmont	Final Report	\$500	RB
Sheetmulching Student Action Project Mini Grant	John White	Funds to convert lawn and bare soil to sheetmulch school garden and host Piedmont's first student-led Watershed Conservation Festival	Piedmont	Final Report	\$500	RB

4Rs Student Action Project Kit	Karen Rowe	4Rs Student Action Project Green Team Kit will provide supplies for 5 <sup>th</sup> grade student Recycling and Composting monitors to assist with lunchtime sorting in cafeteria	Oakland	Final Report	Kit valued at \$500	RB
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**DATE:** August 6, 2015

**TO:** Planning & Organization Committee/Recycling Board

**FROM:** Wendy Sommer, Deputy Executive Director  
Meri Soll, Senior Program Manager

**SUBJECT:** Clean Water Action - Nonprofit Grantee Presentation

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### **BACKGROUND**

The Recycling Board has awarded grants through the Grants to Nonprofits program for the past seventeen years via an open Request for Proposal process. In that time, the Recycling Board has awarded approximately \$7.65 million dollars in grant funding from the Competitive and Reuse grants program. The Board has requested periodic status reports on grant recipients. Staff has selected Clean Water Action to provide an update and brief presentation to the Recycling Board, highlighting their recent grant work relating to their “ReThink Disposable” program.

### **DISCUSSION**

Clean Water Action was awarded \$45,000 in FY 13/14 to provide technical assistance and outreach to food-related businesses to reduce the amount of take-out packaging and single use products consumed in Alameda County. A major focus of the grant was to promote the “Rethink Disposable” campaign as a recent study has found that take-out food and beverage packaging is the major input of trash to San Francisco Bay. In addition, the study showed that fast food venues, take-out restaurants, cafes, grocery and convenience stores are the major sources for this single use packaging found in the bay. Therefore these types of businesses were targets for the campaign. Staff from Clean Water Action (CWA) will provide outcomes, metrics and lessons learned as a result of grant activities.

Due to CWA’s high-quality work and performance, staff has awarded CWA with subsequent professional services contracts (as opposed to grants) to continue to implement the ReThink Disposable campaign. In FY 14/15, a \$10,000 contract was awarded to CWA to develop a suite of ReThink Disposable videos highlighting business that successfully transitioned from disposable to reusable food ware. Video compilation is in progress and anticipated to be complete end of calendar year 2015. An additional \$10,000 contract has been put in place this fiscal year for CWA to provide training to the Cascadia consulting firm’s StopWaste Business Assistance Team to implement ReThink Disposable program with Alameda County businesses as well as provide ongoing in-field technical support.

Miriam Gordon and Samantha Sommer from Clean Water Action will present the above programs.

### **RECOMMENDATION**

This item is for information only.

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**DATE:** August 6, 2015

**TO:** Alameda County Source Reduction and Recycling Board

**FROM:** Wendy Sommer, Deputy Executive Director

**BY:** Tom Padia, Principal Program Manager

**SUBJECT:** Recycling Board "Five Year Audit" - Recommendation to Accept Phase I Five Year Financial & Compliance Audit Report – FY 2011/12 – 2013/14

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#### **BACKGROUND**

Subsection 64.040 (C) of Measure D requires a comprehensive financial, statistical and programmatic audit and analysis to be performed within four years of the effective date of the Act and every five years thereafter.

The last "5 Year Audit" covered Fiscal Years 2006/07 through 2010/11 and, based upon recommendations from prior audits, the Financial & Compliance Audit was separated from the Programmatic Evaluation and was split into two phases covering a 3 year phase and a 2 year phase so as to make the reviews of financial records more timely and less onerous for the member agencies.

The current 5 Year Financial and Compliance Audit covers Fiscal Years 2011/12 through FY 15/16 and is broken into Phase I (FY 11/12, 12/13 and 13/14) and Phase II (FY 14/15 and 15/16). A competitive RFP process in the summer of 2014 resulted in award of the contract to the firm of Crowe Horwath LLP in November 2014 for a total not-to-exceed amount of \$179,800, per their proposal to the Board. \$97,090 was awarded from the FY 14/15 budget for Phase I of the scope of work, and the remaining \$82,710 was designated in the FY 15/16 budget for Phase II. Phase I work has been completed and is presented to the Board at this meeting. Work on Phase II will commence after the close of FY 15/16.

Compared to the Programmatic Overview and Evaluation, the Financial and Compliance Reviews have tended to be quite succinct and straightforward. There have been no serious "red flags" in any reports regarding misallocation or misuse of any Recycling Fund monies, nor of noncompliance with any County Charter mandates. Past Financial & Compliance Reports have contained recommendations regarding development of Board fiscal policies, procedures and requirements aimed at easier and smoother audit reviews in the future.

## **DISCUSSION**

The Phase I Five Year Financial and Compliance Audit for the Alameda County Source Reduction and Recycling Board may be viewed and downloaded at:

<https://drive.google.com/file/d/0BxeSJml6iICOMWdKM0FWeDdmamM/view?usp=sharing>

Hard copies of the report will be available to Board members at the August 13, 2015 meeting. Mr. Erik Nylund of Crowe Horwath LLP will attend the meeting to present the findings and recommendations to the Board.

As noted in the Executive Summary, the auditors "...found no significant Measure D compliance issues after examining the finances of the Recycling Board, member agencies, and grant recipients." In terms of the recommendations summarized in Exhibit ES-2, staff is supportive of the recommendations with the following qualifications:

**Recommendation RB-2a:** Require consistent sign offs verifying quality control checks of Measure D tonnage reports submitted by landfill companies.

Staff Response: Will implement.

**Recommendation RB-2b:** Tie Measure D tonnage captured in disposal reporting system to Measure D revenues in MUNIS system.

Staff Response: The Disposal Reporting System (DRS) must capture type of material, jurisdiction of origin, use within the landfill (e.g. disposal, Alternative Daily Cover, erosion control, temporary road building, etc.) and route of delivery (i.e. through a transfer station or direct haul). A primary function of the DRS is to supply member agencies with accurate disposal data that are used to determine compliance with CalRecycle diversion requirements. These data needs are separate and apart from the criteria used in calculating fee applicability (with some overlap). Staff has explored the ability of MUNIS, the agency's accounting software, to meet the data needs of disposal reporting and has determined that MUNIS is unable to accommodate the DRS requirements, even if additional "modules" of MUNIS were purchased. Staff has been actively researching new DRS software to replace the dated custom, unsupported program that has been in use for decades. Tonnages from the DRS are used to calculate fees owed, which are entered into MUNIS. Recycling Board Measure D revenues are very straightforward and no errors or discrepancies have been uncovered to date. Staff believe that continuing on the current course of updating the DRS software and continuing to calculate and verify fees owed and paid and enter them into MUNIS is the most feasible and economical path forward.

**Recommendation RB-2c:** Audit Measure D tonnage reports and test validity of transactions to company weight tickets.

Staff Response: Will implement.

**Recommendation RB-4:** Develop list of allowable Measure D categories and expenses that provides interpretations of Measure D expense applicability.

Staff Response: Will implement. Due to the immense range of potentially eligible expenses that may be funded with Measure D revenues (i.e. anything related to the continuation and expansion of municipal recycling programs, broadly defined) and the very specific nature of many questions, staff has resisted enumerating specific guidelines out of concern that it could quickly become a phone book-sized document and still be inadequate to answer the next question. Agency staff have often relied on the “reasonable person” criteria – i.e. Would you (member agency staff person) be comfortable standing before the Recycling Board and defending this proposed expenditure as reasonably related to waste reduction/recycling/market development? That said, there have been common themes and policies that have emerged through the years and staff turnover at the member agencies often results in going over the same ground time and again with new employees. StopWaste staff will return to the Board within the next year with proposed policies, guidelines and specific examples of expenditures that are allowable and not allowable for use of Recycling Funds, and with a proposed process for making future determinations.

**Recommendation RB-5a:** Develop method for member agencies to electronically submit Measure D Expense reports online.

Staff Response: Will implement. Staff will need to scope out what is involved and determine whether this can be accomplished most cost-effectively in-house or by a contractor. Goal will be to have in place by September 2016, when member agency Annual Measure D Reports will be distributed for FY 15/16.

**Recommendation RB-5b:** Provide supporting documentation for Measure D expenditures upon submission of Measure D reports using electronic reporting.

Staff Response: Will implement (see recommendation RB-5a response).

**Recommendation RB-5c:** Reduce field visits of member agencies during the Five Year Audit.

Staff Response: Will implement. This will be the result of implementing recommendations 5a and 5b. Impact will primarily be seen in the next Five Year Audit for FY 16/17 – 20/21, not necessarily for Phase 2 of this audit.

**Recommendation MA-1:** (For Member Agencies) Track labor costs based on actual time reporting where possible, or provide current data supporting labor allocations to Measure D activities.

Staff Response: This is the third Five Year Audit in a row where the consultant has recommended or stated a preference for member agency staff to track on time cards the hours spent on Measure D-related tasks and billed to Recycling Fund revenues. Some agencies already do this, but some do not. StopWaste staff has wanted to avoid adopting a requirement that involves changes to the payroll systems of member agencies, and have tried to find “middle ground” alternatives to tracking every hour. With this recommendation, the consultant again states a preference for actual time tracking, but as a backup position proposes that alternative

methods of labor cost allocation be supported by current (i.e. within the last year, at a minimum) real data. Will implement.

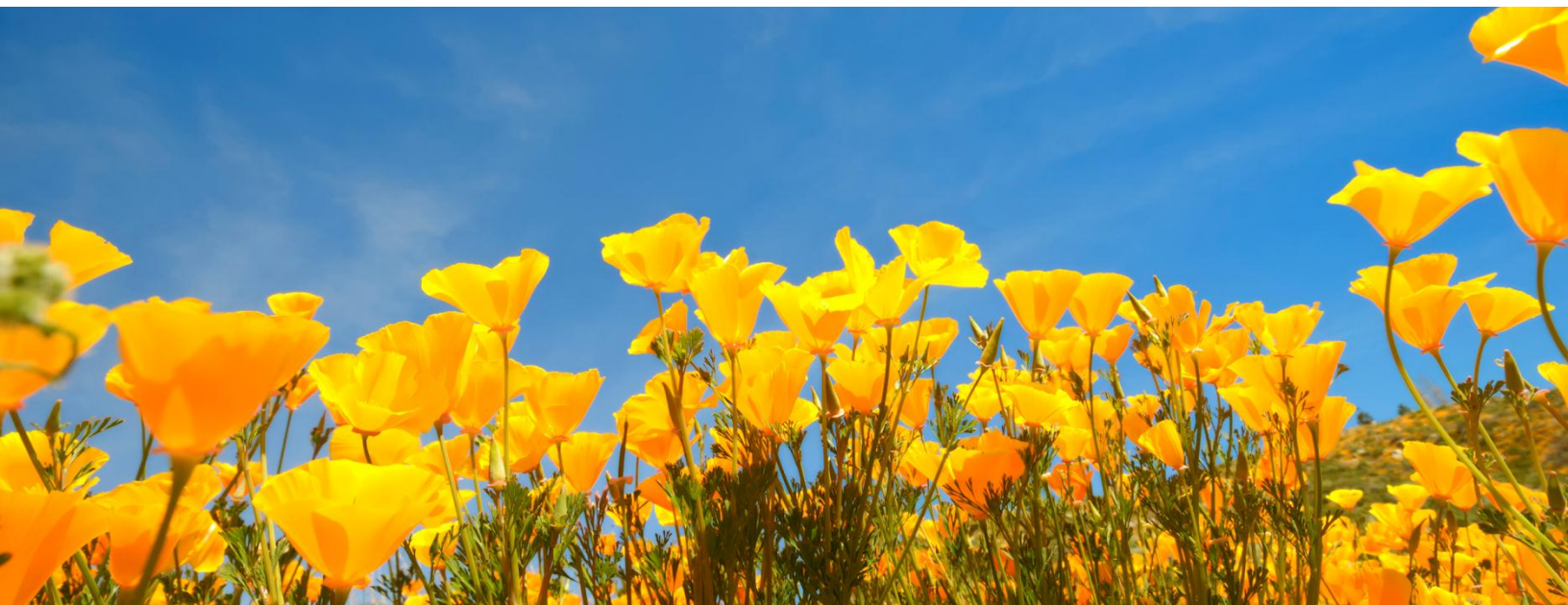
**Recommendation GR-1:** Develop capability to electronically prompt grant managers when contracts are nearing end dates.

Staff Response: Will implement.

### **RECOMMENDATION**

It is recommended that the Recycling Board accept the Phase I Five Year Financial and Compliance Audit by Crowe Horwath LLP and approve the recommendations therein, subject to the qualifications enumerated above.

Attachment: Executive Summary, Five Year Financial & Compliance Audit, Crowe Horwath LLP



# Five Year Financial & Compliance Audit

Fiscal Years 2011/12 – 2013/14



**July 19, 2015**  
Draft Report

**Submitted to:**

Alameda County Waste Management Authority  
Alameda County Source Reduction and Recycling Board  
1537 Webster Street  
Oakland, CA 94612

**Submitted by:**

Lisa Voeller, Principal  
Crowe Horwath LLP  
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<b>Appendix G: Types of Member Agency Measure D Expenses .....</b>	<b>G-1</b>



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## Executive Summary

Crowe Horwath LLP (Crow) conducted this first phase of the Five Year Financial and Compliance Audit of funds raised through the Alameda County Waste Reduction and Recycling Initiative Charter Amendment ("Measure D"). This Five Year Audit will be conducted in two (2) phases. The Phase I portion of the audit covered the three (3) fiscal years of 2011/12, 2012/13, 2013/14. The Phase II audit will cover the two (2) fiscal years of 2014/15 and 2015/16.

For Phase I, we found no significant Measure D compliance issues after examining the finances of the Recycling Board, member agencies, and grant recipients. Our work included on-site reviews of the Recycling Board, each of the sixteen (16) member agencies, and a total of fifteen (15) grant recipients. We conducted our Phase I field work between November, 2014, and May, 2015.

In Section 1 of this report, we provide an introduction and background of the audit. In Section 2 of this report, we identify the flow of Measure D monies, from collection by the Recycling Board from landfill operators, to distribution of Measure D monies for programs managed by the Recycling Board, and to the member agencies.

In Section 3 of this report, we provide our financial and compliance assessment results. For each financial and compliance provision of Measure D, we identify whether the applicable entity met the requirement and, if so, how the entity met the requirement (in Exhibit 3-1 and 3-2). We found Alameda County and the Recycling Board in full compliance with nine (9) Measure D compliance areas.

We found the member agencies in compliance with seven (7) Measure D compliance areas, with some minor exceptions. We found some minor variations between expenditure amounts reported by member agencies on their Annual Measure D Programs report and expenditure amounts we identified through our audit. These differences were not considered material. **Exhibit ES-1**, following this page, summarizes our financial and compliance findings.

In Section 4 of this report, we provide our review of Recycling Board waste diversion results for the audit period. We observed that the Recycling Board is using a range of methods to track changes in waste diversion levels, and the Recycling Board's use of the percentage of divertable materials within the refuse container continues to represent a progressive and focused approach for measuring and targeting reductions in curbside disposal volumes.

We found that it is likely that recent reductions in per capita disposal rates are related to economic factors (not program enhancements or increasing curbside recycling or organics participation levels). We found the Recycling Board in full compliance with AB 939 goals, and at 71 percent diversion Countywide in 2013 (on a weighted average basis across the sixteen member agencies), about four (4) percent short of the aggressive 75 percent diversion goal set for 2010. We provided some recommendations for the Recycling Board to consider with disposal and diversion related reporting to member agencies.

In Section 5 of this report, we provide our recommendations from the audit. **Exhibit ES-2** provides a summary of our recommendations. We provide these recommendations in the spirit of simplifying the Measure D reporting and auditing process and clarifying Measure D expense applicability.

There are seven (7) appendices to this report. These appendices provide such information as the Measure D text; related Recycling Board resolutions and memoranda; member agency background; supporting details for our compliance testing; and a summary of grant recipients reviewed.

**Exhibit ES-1**  
**Five Year Financial and Compliance Audit**  
**Summary of Findings**  
**(Phase I: Fiscal Years 2011/12, 2012/13, and 2013/14)**

Entity	Findings
Recycling Board	<ul style="list-style-type: none"> <li>■ RB-1 – Alameda County and the Recycling Board Met Measure D Compliance Requirements</li> <li>■ RB-2 – The Recycling Board Collected Measure D Monies From Landfill Operators in Accordance with Measure D Requirements, and Could Add Benefit from Three Additional Internal Control Procedures</li> <li>■ RB-3 – The Recycling Board Allocated Measure D Monies to Member Agencies, and Required Programs, Consistent with Measure D Requirements</li> <li>■ RB 4 – The Recycling Board Does Not Have Written Guidance on Measure D Applicability</li> <li>■ RB 5 – Annual Measure D Programs Reporting and Associated Five-Year Audit Processes Could Be Streamlined</li> </ul>
Member Agencies	<ul style="list-style-type: none"> <li>■ MA-1 – Member Agencies Met the Compliance Requirements of Measure D</li> <li>■ MA-2 – Member Agencies Spent Measure D Funds on Legitimate Measure D Expenses</li> <li>■ MA-3 – Member Agencies Correctly Reported Interest on Measure D Fund Balances</li> </ul>
Grant Recipients	<ul style="list-style-type: none"> <li>■ G-1 – Grant Recipients Complied with Terms and Conditions of the Grants and With Measure D Requirements</li> </ul>

**Exhibit ES-2**  
**Five Year Financial and Compliance Audit**  
**Summary of Recommendations**  
**(Phase I: Fiscal Years 2011/12, 2012/13, and 2013/14)**

Page 1 of 3

Entity	Recommendation	Summary of Recommendation
Recycling Board	<ul style="list-style-type: none"> <li>Recommendation RB-2a – Require Consistent Sign Offs Verifying Quality Control Checks of Measure D Tonnage Reports Submitted by Landfill Companies</li> </ul>	<ul style="list-style-type: none"> <li>Develop a separate sign off page on each Measure D tonnage report to allow Board staff to sign off once tonnage data is entered into the Disposal Reporting System.</li> <li>At least one staff member that performs the quality control review of data entered into the Disposal Reporting System should sign and date the sign off page to confirm this quality assurance/quality control (QA/QC) function.</li> </ul>
	<ul style="list-style-type: none"> <li>Recommendation RB-2b – Tie Measure D Tonnage Captured in Disposal Reporting System to Measure D Revenues in MUNIS System</li> </ul>	<ul style="list-style-type: none"> <li>Add the capability within the Disposal Reporting System (potentially as a separate module) to tie Measure D tonnage data from the Disposal Reporting System to the revenues that the Board receives from landfill companies.</li> <li>Provide the Board with a link from the Measure D landfill tonnage identified in the Disposal Reporting System to the Measure D revenues received by the Board and reported in MUNIS.</li> </ul>
	<ul style="list-style-type: none"> <li>Recommendation RB-2c – Audit Measure D Tonnage Reports and Test Validity of Transactions to Company Weight Tickets</li> </ul>	<ul style="list-style-type: none"> <li>Select a sample of tonnage data provided in the Measure D monthly reports and request landfill operators to furnish weight tickets in support of the tonnage data.</li> <li>Weight tickets would provide the Recycling Board real-time confirmation that landfill operators are capturing and reporting correct Measure D tonnage data.</li> </ul>
	<ul style="list-style-type: none"> <li>Recommendation RB-4 – Develop List of Allowable Measure D Categories and Expenses that Provides Interpretations of Measure D Expense Applicability</li> </ul>	<ul style="list-style-type: none"> <li>With the wide variety of potential Measure D related expenses, and the constantly evolving nature of recycling programs and other related conservation programs (e.g., water recycling and management), the Board should develop and maintain a detailed list of “allowable” expenses for reference.</li> <li>Identify those expenses that are considered “not allowable.”</li> <li>Augment this list as new expenditures are evaluated. The Board staff can evaluate each new expense on a case by case basis, prior to updating the list.</li> </ul>
	<ul style="list-style-type: none"> <li>Recommendation RB-5a – Develop Method for Member Agencies to Electronically Submit Measure D Expense Reports Online</li> </ul>	<ul style="list-style-type: none"> <li>Develop a method for member agencies to submit Measure D reports electronically to StopWaste through a web-based interface.</li> <li>Enhance the ability for StopWaste to perform expenditure and balance checks and for auditors to audit member agency Measure D reporting.</li> <li>Provide easy checks for mathematical accuracy, and error checks, built into the Measure D online reporting form.</li> </ul>

**Exhibit ES-2****Five Year Financial and Compliance Audit****Summary of Recommendations****(Phase I: Fiscal Years 2011/12, 2012/13, and 2013/14)** *(continued)*

Page 2 of 3

Entity	Recommendation	Summary of Recommendation
Recycling Board <i>(continued)</i>	<ul style="list-style-type: none"> <li>Recommendation RB-5b – Provide Supporting Documentation for Measure D Expenditures upon Submission of Measure D Reports using Electronic Reporting</li> </ul>	<ul style="list-style-type: none"> <li>Require member agencies to furnish supporting documentation for expenditures in excess of a certain threshold (e.g., \$1,000) at the time the member agency submits its Measure D report.<sup>1</sup></li> <li>Assist Board staff and auditors' in reviewing Measure D reports, assessing transaction applicability, and prioritizing transactions as part of Five-Year audit planning. Perform Five-Year audit work more efficiently in the future.</li> <li>Minimize member agencies having to locate several year old documentation as part of the Five-Year audit process.</li> </ul>
	<ul style="list-style-type: none"> <li>Recommendation RB-5c – Reduce Field Visits of Member Agencies During the Five-Year Audit</li> </ul>	<ul style="list-style-type: none"> <li>Allow some mixture of "desk audits" (conducted from the auditors offices) and "field audits" (conducted at the member agencies location).</li> <li>For example, the Board might scope the audit to include desk audits for half (8) of the member agencies during each phase, reducing the number of onsite visits in half from the current protocol and reducing overall audit costs.</li> <li>Use field visits for just the most risky or largest member agencies.</li> <li>Recognize the majority of review activities can be performed offsite (through desk audit).</li> </ul>
Member Agencies	<ul style="list-style-type: none"> <li>MA-1 – Track Labor Costs Based on Actual Time Reporting Where Possible, or Provide Current Data Supporting Labor Allocations to Measure D Activities</li> </ul>	<ul style="list-style-type: none"> <li>Request that where possible, for Measure D labor costs, member agencies capture the actual time that employees spend on Measure D related activities in time reporting systems.</li> <li>Discourage member agencies from budgeting a percentage of each staff member's time and then "plugging" that budgeted percentage amount into the staff member's timesheet.</li> <li>If a member agency does not have the capability to record employee time by project/task, that member agency should provide evidence supporting current Measure D labor costs and/or cost allocations. Types of documentation supporting labor allocations could include:               <ol style="list-style-type: none"> <li>(1) formal agency-wide cost allocation studies,</li> <li>(2) supporting documentation for cost allocation methods used to allocate shared labor costs to the Measure D program for a recent representative period,</li> <li>(3) records of time worked on Measure D activities captured by employees, outside of time reporting systems, for a recent representative period.</li> </ol> </li> <li>Require cost allocation methods to be reviewed and verified by the member agency, at a minimum, on an annual basis.</li> </ul>

<sup>1</sup> With the exception of support for labor costs.

**Exhibit ES-2****Five Year Financial and Compliance Audit****Summary of Recommendations****(Phase I: Fiscal Years 2011/12, 2012/13, and 2013/14)** *(continued)**Page 3 of 3*

Entity	Recommendation	Summary of Recommendation
Grant Recipients	<ul style="list-style-type: none"> <li>Recommendation GR-1 – Develop Capability to Electronically Prompt Grant Managers when Contracts are Nearing End Dates</li> </ul>	<ul style="list-style-type: none"> <li>Set up a “tickler” system to remind staff in advance of contract end dates.</li> <li>Set up system within the MUNIS system at the point the contract is signed, with targeted reminders at pre-set points in time (3 months, 1 month remaining).</li> </ul>

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Mother Jones

## 4 Big Recycling Myths Tossed Out

*No, "blue bins" are not what's causing America's trash problem.*

By [Luke Whelan](#) | Mon Jul. 13, 2015 6:00 AM EDT

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### Social Title:

4 big recycling myths tossed out

### Social Dek:

No, "blue bins" are not what's causing America's trash problem.

America's recycling system is in crisis.

That's the picture the *Washington Post* recently [painted](#) [1] in a damning story on the state of recycling in the United States. First, the mixed-material "blue bins," designed to decrease the hassle of sorting, are contaminating the recycling coming into facilities—meaning recyclable materials end up getting chucked into landfills along with trash. Second, thanks to lighter packaging, dwindling demand for newsprint, and low oil prices, the commodity prices for recyclables have decreased—so China, which used to buy most of our recycled materials, [no longer has incentive](#) [2] to do so. According to the *Post*, this means that recycling is no longer profitable for waste management companies, and municipalities are stretching to pick up the cost.

So is the end of recycling drawing nigh? Not necessarily. The experts that I spoke to agreed that our system is broken—but for a slightly different set of reasons than those that the *Post* listed. And guess what? They think there's a way to fix it. Let's take a closer look at some of the common myths about recycling:

- **Myth #1: Recycling was invented to reduce waste.** Back in the 1970s, says Samantha MacBride, a sociologist at CUNY's Baruch School of Public Affairs and author of the book [Recycling Reconsidered](#) [3], cities and towns became overwhelmed by the amount of plastic packaging entering the waste stream and started demanding something be done about it. In order to avoid regulation and the banning of plastic products they used, the beverage and packaging industry pushed municipal recycling programs. Decades later, the plastics used for

packaging have barely been regulated—so cities and towns have to deal with more waste than ever before.

The problem is so overwhelming that many contract with private trash companies, the largest of which is publicly-traded [Waste Management](#) [4], which [brought in nearly \\$14 billion](#) [5] last year. Recycling only [generates a fraction](#) [6] of the revenue of these companies (much more comes from landfill, which requires less labor), but they are able to make some profit from selling bales of recycled materials to countries like China as raw material. When commodity prices are low, they shut down recycling plants and put recyclable materials in landfills, or renegotiate contracts with cities to charge more for their services. In short, these corporations have no incentive to reduce waste.

- **Myth #2: Blue bins are what's mucking up the recycling stream.** In single stream recycling—the "blue bin" model—consumers put all their recyclables in one bin, while in dual stream, the consumer sorts the materials at the curb into different bins. According to Container Recycling Institute president Susan Collins, data does suggest that single stream recycling [leads to more contamination](#) [7] than dual stream—garbage gets thrown into blue bins at a higher rate, spoiling what's actually recyclable.

But MacBride says that contamination rates in single-stream recycling are not actually that much higher than that in dual stream recycling—and that people who complain about blue bins are missing a much larger problem: Because the packaging and beverage industry [has opposed](#) [8] banning even the most troublesome plastics, like polystyrene, there are now "thousands of different kinds of plastics," says MacBride. In 2013, the US [generated](#) [9] 14 million tons of container and packaging plastic. It takes so much work to sort through that mess that it's nearly impossible to make a profit doing it—so companies like Waste Management send it to China. Plus, all of the different kinds of plastics used for packaging confuse consumers. (Can the soda cap be recycled or just the bottle? What about the bag inside the cereal box?)

- **Myth #3: Falling commodity prices mean the end of recycling.** Big, profit-driven trash companies like Waste Management argue that factors like low oil prices, less demand for

newsprint, lighter-weight packaging, and contamination from single stream recycling have slashed commodity prices and made recycling untenable. "It isn't profitable for us, and we have to react by shutting down plants," Waste Management CEO David Steiner [told](#) [10] the *Wall Street Journal*. But Collins says this is "not a surprise to anyone." She and [other recycling advocates](#) [11] point out that recycling markets fluctuate like any commodity; oil prices and the market will eventually adapt and rebound.

- **Myth #4: The solution is to quit recycling—it's just not worth it.** That's the story Big Waste has been peddling. But some smaller recycling outfits aren't buying it. Take the city of St. Paul, Minnesota: Fifteen years ago, city officials [balked](#) [12] when Waste Management raised its rates for the city's curbside pickup program by 40 percent. So St. Paul ditched Waste Management and [contracted with](#) [13] a new partner: a nonprofit called [Eureka Recycling](#) [14]. Since 2001, Eureka reports, its recycling program has generated \$3.5 million in revenue and 100 new jobs. It also diverts 50 percent of its trash away from the landfill, with a goal of 75 percent in the next 5 years\*—an accomplishment it has achieved largely through a program that gives consumers clear instructions about what they can recycle.

Employee-owned [Recology](#) [15] in San Francisco also educates residents about recycling and employs hundreds of people to sort the materials coming into their recycling facility. As a result, while Recology, which saves 92 percent of San Francisco's trash from the landfill, isn't seeing Wall-Street-level profits, it isn't experiencing a crisis either. As Collins points out, when commodity prices are down, the the highest quality bales are sold first, rewarding operations doing the best job recycling.

One way to improve the bales: Ditch the plastics that are hardest to recycle. Indeed, a growing number of cities—including San Francisco—have banned plastic bags and polystyrene. The result is less sorting required at the facility—and better bales. As Recology manager Robert Reed told me, "We are confident that we can move our materials because of the high quality of the bales that we make and the quality of our recycling process."

*Correction: A previous version of this story misidentified the percentage of trash that Eureka Recycling diverts away from landfill.*

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**Source URL:** <http://www.motherjones.com/environment/2015/06/recycling-myths-blue-bins>

**Links:**

- [1] [http://www.washingtonpost.com/local/dc-politics/american-recycling-is-stalling-and-the-big-blue-bin-is-one-reason-why/2015/06/20/914735e4-1610-11e5-9ddc-e3353542100c\\_story.html?postshare=2521434841134845](http://www.washingtonpost.com/local/dc-politics/american-recycling-is-stalling-and-the-big-blue-bin-is-one-reason-why/2015/06/20/914735e4-1610-11e5-9ddc-e3353542100c_story.html?postshare=2521434841134845)
- [2] <http://qz.com/122003/plastic-recycling-china-green-fence/>
- [3] <https://mitpress.mit.edu/books/recycling-reconsidered>
- [4] <http://www.wm.com/index.jsp>
- [5] [http://csimarket.com/stocks/single\\_growth\\_rates.php?code=WM&rev](http://csimarket.com/stocks/single_growth_rates.php?code=WM&rev)
- [6] <http://resource-recycling.com/node/5917>
- [7] <http://www.npr.org/2015/03/31/396319000/with-single-stream-recycling-convenience-comes-at-a-cost>
- [8] <http://www.americanchemistry.com/Media/PressReleasesTranscripts/ACC-news-releases/Website-Launches-to-Oppose-Proposed-Ban-on-Polystyrene-Foam-in-New-York-City.html>
- [9] <http://www.epa.gov/osw/conserve/materials/plastics.htm>
- [10] <http://www.wsj.com/articles/waste-management-swings-to-loss-1430309519>
- [11] <http://www.arow-online.org/Resources/Documents/The%20Cycle%20of%20Recycling%20Press%20Release.pdf>
- [12] <http://www.eurekarecycling.org/page.cfm?ContentID=153>
- [13] <http://www.stpaul.gov/index.aspx?NID=512>
- [14] <http://www.eurekarecycling.org/>
- [15] <http://www.recology.com/>