

August 31, 2011

Subject: Quarterly Disbursement of Measure D Revenues April - June, 2011

StopWaste.Org is the Alameda County Waste Management Authority and the Alameda County Source Reduction and Recycling Board operating as one public agency.

Member Agencies

Alameda County

Alameda

Albany

Berkeley

Dublin

Emeryville

Fremont

Hayward

Livermore

Newark

Oakland

Piedmont

Pleasanton

San Leandro

Union City

Castro Valley

Sanitary District

Oro Loma

Sanitary District

Agency Programs

Bay Friendly Gardening & Landscaping

Green Building in Alameda County

StopWaste Business Partnership

iRecycle@School

Environmentally

Preferable Purchasing

Food Scrap Recycling

Grants to Non-Profits

Household Hazardous Waste Recycling

Multifamily Recycling

Recycling Information

Hotline

Dear Mr./Ms. XXX:

The Alameda County Waste Reduction and Recycling Initiative (Measure D), levies a surcharge on solid waste landfilled in unincorporated Alameda County. Fifty percent of Recycling Fund revenues are disbursed to cities and sanitary districts that meet criteria contained in the law. Funds disbursed to municipalities must be used "...for the continuation and expansion of municipal recycling programs."

Enclosed with the copy sent to your staff Technical Advisory Committee (TAC) representative or designee please find the quarterly Measure D disbursement for your jurisdiction, covering the period April - June 2011.

The "Annual Measure D Programs Report" is also enclosed. The purpose of this form is to account for the use of funds received in FY 2010/2011. The completion and return of this form on or before October 14, 2011 is requested. Please note the use of any Measure D funds used to pay for any recycling or plant debris collection or processing services provided to your jurisdiction under contract by an outside entity. An electronic version of this report form is being emailed to TAC staff at each jurisdiction as well.

In particular, I would like to be sure that Union City, Fremont, and Newark, who have recently joined the Measure D system, are aware of the following: Subsection 64.060(D) of Measure D requires that *"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."* Board policy resolutions on this matter and on other accounting and expenditure rules are available upon request.

If you have any questions about the provisions of Measure D, please contact me or Tom Padia, Source Reduction & Recycling Director, at (510) 891-6500.

Sincerely,

Gary Wolff, Executive Director

Attachments

cc: Authority Representative
TAC Representative

DATE: August 31, 2011
TO: Municipalities Receiving Measure D Disbursements
FROM: Alameda County Recycling Board

SUBJECT: Annual Measure D Programs Report

The Alameda County Source Reduction and Recycling Board requests that cities and sanitary districts complete and submit the attached form as a tracking mechanism to ensure that the Recycling Fund municipal disbursements are appropriately applied to waste reduction efforts. Formal, independent audits of the Fund and of all municipal and countywide programs are conducted periodically, as required by the Initiative. A "Five Year Audit" of Measure D funding and program compliance for fiscal years 2001/2002 through 2005/2006 was completed and accepted by the Recycling Board in August, 2007. The current audit has been broken into two phases covering fiscal years 2006/2007 through 2008/2009 and 2009/2010 through 2010/2011. Phase One of this audit has been completed and accepted by the Recycling Board. Phase Two will commence this fall, once these Annual Reports have been submitted for FY 10/11.

The Phase One report resulted in recommendations for enhancements to this Annual Report and for required documentation for Indirect Administrative Cost Allocations and for Allocations of Personnel Costs. These recommendations were adopted by the Recycling Board at the March 10, 2011 meeting. These recommendations became effective July 1, 2011 and will be reflected in the Annual Report sent out in August, 2012 covering FY 11/12. A copy of the adopted recommendations is attached to the end of this correspondence.

Following are excerpts from the Initiative relating to the appropriate use of funds disbursed to municipalities:

*"Fifty percent (50%)(of the total) shall be disbursed on a per capita basis to municipalities for the continuation and expansion of municipal recycling programs."
(Subsection 64.060 B.1)*

*""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."
(Subsection 64.150 HH)*

*"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.
(Subsection 64.060 D)*

The attached form is for Fiscal Year 2010/2011 (July 2010 through June 2011) and is the same form used in prior years. Please complete and return the attached form by October 14, 2011. If funds received during any given reporting period were accrued pending some future application, please indicate that on the attached form. Please call Tom Padia, Source Reduction and Recycling Director, at 891-6525 with any questions or concerns.

Please return completed forms to:

Alameda County Source Reduction and Recycling Board
1537 Webster St.
Oakland, CA 94612
ATTN: Tom Padia

FAX – 510-893-2308

Email: tpadia@stopwaste.org

ANNUAL MEASURE D PROGRAMS REPORT

Revenue and Fund Balance Information			Municipality Information
Reporting Period: July 1, 2010 - June 30, 2011			
Beginning Measure D Fund Balance for FY 2010/11 (should equal Ending Fund Balance per Measure D Report FY 2009/10)			<i>Municipality Name</i>
Adjustment to beginning Fund Balance (Explain below or on reverse)			<i>Contact Name</i>
Adjusted Beginning Measure D Balance for FY 6/30/10			<i>Phone Number</i>
Measure D Funds Received for FY 10/11 (Provide Detail Below)			
Quarter Ended	Date Received	Amount	<i>Email address</i>
9/30/2010			
12/31/2010			
3/31/2011			
6/30/2011			
Total Measure D Funds Received:			Submittal Deadline: October 14, 2011
Interest on Measure D Fund Balance for FY 10/11:			
Total Program Expenditures FY 10/11:			
Ending Measure D Fund Balance for FY 10/11:			

Program Description and Expenditures

Please provide a brief description of activities financed by your municipality's Measure D allotments and costs incurred during this reporting period.

Administrative costs 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).

Direct costs 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.

Administrative Costs \$

Enter your description here.

Program Description and Expenditures (continued)

Program:
Description:
Direct Cost:

Program:
Description:
Direct Cost:

Program:
Description:
Direct Cost:

Program:
Description:
Direct Cost:

Program:
Description:
Direct Cost:

Program:
Description:
Direct Cost:

Program:
Description:
Direct Cost:

Program:
Description:
Direct Cost:

Program:
Description:
Direct Cost:

Recommendations Adopted March 10, 2011
(To be incorporated into the Annual Report distributed in August 2012 for FY 11/12)

Five Year Financial and Compliance Audit - (Excerpt from) Chapter 5 - Recommendations

Recycling Board

Recommendation RB-2 – Enhance Annual Measure D Programs Report

We recommend that the Recycling Board consider the following enhancements to the Annual Measure D Programs Report:

- Add specific categories of costs under Program Description and Expenditures to refine reporting efforts (e.g., Franchised Recycling Program, Outreach and Education, Physical Assets, Professional Services, Other)
- Identify whether the member agency is using cash or accrual basis accounting for revenues and for expenses reported.
- Provide a cutoff date for allowable revenues and expenses in a given fiscal year (e.g., August 31st)
- Limit member agency expenditures, for a given fiscal year, to the sum of member agency distributions, plus interest earned, plus the available beginning fund balance for that fiscal year. In other words, do not allow negative balances to carry forward year-to-year.
- Update the Annual Measure D Programs Report form. In **Exhibit 5-1**, on pages 5-3 to 5-6, we provide our recommended Annual Measure D programs report. This recommended report builds upon the existing Measure D programs report, and provides the timing of Measure D funds received (cash/accrual basis), incorporates more specific directions related to categorizing costs, and provides direction for the municipality to support allocated program costs.

Member Agencies

Recommendation MA-1 – Provide More Support for Indirect Administrative Cost Allocations

We recommend that member agencies provide more support for their indirect administrative cost allocations. In our Phase I review, some member agencies furnished cost allocation reports in support of these indirect administrative cost allocations, however we found these reports dated or no longer applicable in the current operating environment. Other member agencies just estimated time spent on Measure D activities for each staff member that was allocated to Measure D activities. Member agencies should provide more quantitative support for these allocations (e.g., based on hours spent on Measure D activities and projects in the prior year, or projected for the current year). As depicted in our recommended new Measure D Programs Report shown in Exhibit 5-1, we recommend that the Recycling Board expand the “Administrative costs” language under “Program Description and Expenditures” of the Annual Measure D Program Report with the following language:

Please provide supplemental documentation supporting the methodology used to allocate staff positions, equipment, supplies, services, or any other cost funded with Measure D monies (i.e., when a percentage of a cost is funded with Measure D monies). For each employee that works on Measure D related activities, please provide the following supporting documentation for that employee:

- *A complete description of the actual Measure D related activities that employee performed*
- *A description of the methodology used to allocate that employee’s time to Measure D activities (when that employee spends time on other activities)*
- *Supporting documents that substantiate the allocation of an employee’s time to Measure D activities (e.g., accounting system reports, summaries of employee timesheet records, or a current cost allocation plan that ties exact allocation percentages to those used in this Annual Report). It is not sufficient for a municipality to just estimate an employee’s time spent on Measure D activities, without backup documentation.*

These recommendations were circulated to member agency staff for review and comment in early September, 2010. Feedback was received from two member agencies focusing on the proposed documentation requirements to support allocating a percentage of an employee position to Measure D funding. Some, but not all, member agencies employ time card tracking of staff hours spent on various tasks. Concerns were expressed by a couple of smaller cities who do not employ task-specific timesheets that any such requirement would require a burdensome change to their current practices. NewPoint Group subsequently was asked to clarify the proposed requirements regarding both indirect cost allocation and allocation of personnel costs and they provided the following:

Methodology for Allocating Indirect Costs

Distributing indirect costs (e.g. overhead) to Measure D services requires that a member agency develop an allocation methodology. The member agency has discretion to develop the methodology; however, the methodology shall result in a fair and equitable distribution of costs between Measure D and non-Measure D activities. The methodology shall result in the member agency allocating Measure D costs which are in direct relation to actual Measure D benefits.

Allocation of Personnel Costs

For positions that perform both Measure D and non-Measure D related services or activities, an agency may use a time study, logs, or journals to support the allocation of time between multiple Measure D and non-Measure D services or activities. A member agency may use a spreadsheet to record a periodic representative sampling of Measure D and non-Measure D hours worked for a position, over the course of a fiscal year. As an example, for a full-time position that shares Measure D time with non-Measure D time, a member agency may record hours worked on waste reduction activities, versus solid waste (or other) activities, during one week of each month of the fiscal year. Additionally, for periodic, or episodic, Measure D work performed by a position, the member agency should capture the Measure D time (in hours worked) for that positions' Measure D work effort during the fiscal year. The goal is to come up with a policy that requires a higher level of documentation than is currently kept by some municipalities, but which stops short of requiring daily time cards broken out by task for the entire year.

ACTION BY RECYCLING BOARD

The Recycling Board on March 10, 2011 unanimously approved Recommendations RB-2 and MA-1 as enumerated and clarified above, effective July 1, 2011, and adopted the proposed revised Annual Report form. The adopted changes will apply to the revised Annual Measure D Programs Reports submitted by the member agencies for FY11/12 (to be distributed at the end of August 2012).

In addition to the revisions described above, the approved changes to future Annual Measure D Programs Reports (i.e. for FY 11/12 and beyond) include:

- The Contact Information has been expanded to include "Municipality Payee Information" - i.e. to whom the agency warrants are written, and where they are mailed.
- A signed statement by the agency manager has been added, affirming the accuracy and appropriateness of the reported expenditures.
- Additional detail and explanation has been added describing the potential components of "Administrative Costs" and of "Direct Costs."

Tons disposed during the quarter ended:

Jun-11

By law, 50% of tonnage revenue is allocated to qualifying municipalities.

Population is adjusted to reflect updated population figures (2010) per California Department of Finance.
Population is adjusted to reflect Transfer of 40% from City of San Leandro to Oro Loma Sanitary District.

MUNICIPALITY	ESTIMATED 2010 CENSUS POPULATION	PERCENT OF PARTICIPATING MUNICIPALITIES	50% STATUTORY ALLOCATION
City of Alameda	75,409	5.1332	\$ 53,960
City of Albany	17,021	1.1587	12,180
City of Berkeley	108,119	7.3599	77,367
City of Dublin	48,821	3.3233	34,935
City of Emeryville	10,227	0.6962	7,318
City of Fremont ****	154,871	10.5424	110,821
City of Newark****	31,510	2.1449	22,547
City of Union City****	53,288	3.6274	38,131
City of Hayward	153,104	10.4221	109,556
City of Livermore	85,312	5.8074	61,047
City of Oakland	430,666	29.3163	308,171
City of Piedmont	11,262	0.7666	8,059
City of Pleasanton	70,711	4.8134	50,599
City of San Leandro	49,910	3.3975	35,714
Castro Valley Sanitary District	52,668	3.5852	37,688
Oro Loma Sanitary District	116,132	7.9053	83,100
Total	1,469,031	100.0000	\$ 1,051,193

**** 71% of census population