



DATE: February 11, 2021
TO: Recycling Board
FROM: Meri Soll, Senior Program Manager
SUBJECT: Revisions to Recycling Board Resolution RB 2014-2 to address accumulated Measure D fund balances

SUMMARY

At the January 2021 Recycling Board meeting, the Board accepted the Five Year Financial & Compliance Audit Report for FY 2016/17 – FY 2018/19. One of the audit's recommendations was to consider further revising Resolution 2014-2, the policy addressing accumulated fund balances of Measure D allocations. Staff has reviewed this recommendation and drafted options for the Board to discuss and provide direction regarding next steps for policy revision.

BACKGROUND

The purpose of the policy on accumulated fund balances is to ensure that Recycling Fund monies are used consistently to continue and expand waste reduction programs. Per [current policy](#), at the end of a fiscal year, if a member agency has an unspent fund balance that exceeds the allowable threshold ($\$8 \times$ jurisdiction population)¹ they must submit, and the Recycling Board must approve, an expenditure plan in order to be eligible to continue to receive Measure D per capita monies. The expenditure plan explains how the accumulated funds will be spent down below the allowable threshold. The current policy does not include limits on the number of times a member agency may submit an expenditure plan nor contain controls to ensure member agencies implement submitted plans.

Five jurisdictions have reported accumulated fund balances exceeding the allowable threshold since the policy took effect in 2014, three in the last two fiscal years. The more recent expenditure plan submittals have shown that the current policy lacks adequate monitoring and tracking components to help ensure timely implementation of member agency expenditure plans. In addition, the Board has expressed a desire to develop standard policies and procedures for the distribution of Measure D monies when the allowable threshold has been exceeded. In response to audit recommendations relating to revision of Resolution 2014-2, including an increase in monitoring and tracking of expenditure plans, staff has developed the options below for discussion.

¹ [Current Chart of Allocations, updated 8.2020](#)

ACCUMULATED FUND BALANCE POLICY CONCEPTS FOR CONSIDERATION			
<i>Expenditure Plan Criteria</i>	<i>Balance Above Allowable Threshold After Three (3) Years</i>		<i>Resume Quarterly Payments</i>
	OPTION A	OPTION B	
<ul style="list-style-type: none"> • Submit up to 2 consecutive expenditure plans for Board approval • 3 year maximum time frame to reduce fund balance below allowable threshold per plan (i.e., one 2-year expenditure plan and one 1-year expenditure plan extension) • Submit quarterly reports to staff • Yearly update to Recycling Board 	<p>Municipality is no longer eligible to receive further quarterly Measure D disbursements.</p> <p>Forfeited quarterly disbursement monies shall be distributed to the remaining eligible municipalities on a per capita basis.</p>	<p>Municipality is no longer eligible to receive further quarterly Measure D disbursements.</p> <p>Forfeited quarterly disbursement monies AND funds above allowable threshold held in Measure D account shall be distributed to the remaining eligible municipalities on a per capita basis.</p>	When municipality's Measure D fund balance is 25% below allowable threshold.
<i>Continue with Current Policy</i>			
<ul style="list-style-type: none"> • Board approved plan • Quarterly reports 	N/A	N/A	

At the February 11 meeting, staff will review the options and share feedback from discussion of the policy choices at the February 4 Technical Advisory Committee meeting.

RECOMMENDATION

Provide direction to staff on policy revisions to Resolution 2014-2.

Attachment: [Resolution 2014-2](#)

ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD

RESOLUTION #RB 2014-2

**MOVED: Wozniak
SECONDED: Sherman**

AT THE MEETING HELD NOVEMBER 13, 2014

**REVISION OF RECYCLING BOARD RESOLUTION #RB 2006-12 REGARDING 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, on November 9, 2006 the Recycling Board adopted Resolution #RB 2006-12, including the following:

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.

And **WHEREAS**, the absolute dollar amount and the per capita amount of Recycling Fund municipal allocations have declined significantly since 2006, resulting in a declining threshold represented by the sum of the last eight quarterly Recycling Fund per capita disbursements, and

WHEREAS, municipalities have requested that the Recycling Board revise the “Rule 2” policy to increase the threshold of unspent per capita allocations that triggers the requirement for an approved Expenditure Plan or ineligibility to receive further disbursements,

NOW THEREFORE, BE IT RESOLVED, that the Alameda County Source Reduction and Recycling Board hereby revises and replaces “Rule 2” from Resolution #RB 2006-12 with the following:

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 amount of \$8.00 (eight dollars) multiplied by the population basis used for the first quarterly disbursement of that fiscal year.

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.

Rule 2 will be applied to the Measure D Annual Reports submitted after the end of FY 13/14 and each year thereafter.

Passed and adopted this 13th day of November, 2014 by the following vote:

AYES: Jones, Natarajan, O’Donnell, Peltz, Pentin, Sherman, Tao, Wozniak
NOES: None
ABSTAIN: None
ABSENT: Ellis, Kirschenheuter, Stein



Gary Wolff, Executive Director