



Agenda Report

TO: CCCSWA BOARD OF DIRECTORS

FROM: PAUL MORSEN, EXECUTIVE DIRECTOR AND JANELLE CAMERON,
ACCOUNTING AND FINANCE OPERATIONS

DATE: JUNE 14, 2010

SUBJECT: FISCAL YEAR 2010/2011 OPERATIONS AND DIVERSION INCENTIVE FUND
BUDGETS

SUMMARY

The CCCSWA's June meeting agenda always contains the Authority's budget for the next fiscal year where it is presented for final approval by the Board. This is preceded by presentation of projects in concept to the Personnel & Projects Committee, the draft budgets to the Finance and Administration Committee, followed by presentation to the full Board in May; all committee comments and direction received through May are included for the Board's consideration.

The purpose of this staff report is to respond to comments and direction received at the May 27, 2010 Board Meeting. The staff report from last month is appended to this document (Attachment D) and the budget line items are set forth on Attachments A, B (from the May staff report) and Attachment C is the balance statement.

RECOMMENDED ACTION

1. Consider Adopting Operations Fund and Diversion Incentive Fund Budgets for Fiscal year 2010/2011 as set forth in Attachment A, B and C.
2. Consider directing Staff to prepare draft policies and information for Board consideration, as set forth below in this Staff Report, in the areas of: Operations Fund reserve; Requests for Proposal; and Signature Authority of Executive Director. Additionally, consider recommended process for review of Member Agency Reserve allocations and amounts for use in rate setting.

DISCUSSION

At the Budget presentation during the May Board Meeting, the Staff was directed to place the FY 2010/2011 Budget on this agenda for consideration and adoption. The budget line item amounts for both the Operations Fund and Diversion Incentive Fund were unchanged during the May Meeting and are contained in Attachments A and B.

While proposed amounts for operations and projects were not changed, the Board had comments and provided direction regarding the desire for policies dealing with expenditures of District funds and questions in the area of Member Agency Reserves used for rate setting purposes.

Financial Policies: It is recommended that the consideration of financial policies for Operations Fund Reserve, Requesting Proposals from Vendors and Service Providers and Signature Authority of the Executive Director be reviewed, changed where appropriate or developed where none exist. Although not specifically requested by the Board, a consideration of a policy regarding Purchasing should be included. The process for developing changes in these areas is recommended to be implemented during the coming fiscal year.

The first proposed step in policy development is to review the Authority's records to surface existing policies in the foregoing areas. A legal review by Counsel would follow to ascertain where California Laws provide guidance and where the CCCSWA must be in compliance. This information is recommended to be brought to the Finance and Administration Committee at their October meeting for discussion. Based on the direction received, Staff will develop proposed policies in the subject areas which will be brought to the Finance and Administration Committee at their March/April Meeting for review and comment. The policies developed by this process will then be brought to the full Board for consideration and approval at their April 2011 Meeting. This will provide policy direction to Staff in the subject areas prior to presentation to the Board of the 2011/2012 fiscal year budget. These policies can then be imputed into that budget for the Operations Reserve, and in any areas where proposals (RFP's) will be requested. The signature authority of the Executive Director can also be considered for adjustment if necessary.

Member Agency Reserves: The RY7 rate setting activity, which will begin in the autumn of 2011, starts with a presentation to the Board in September 2011. Since this is the first rate setting where allocated funds from the DIF will be available, it follows that a review of the allocation policy and disposition of funds to be allocated should be presented to the Board. This will not only speak to comments received at last month's meeting regarding these funds, but allow the members to see the distributions in context with their current reserves.

Sharps Program: The proposed Sharps Program is budgeted for \$45,000 for the coming fiscal year which is the estimate staff has developed to set up the drop-off program. It is Staff's intention to prepare a Request for Proposal (RFP) to licensed vendors that can provide the pick-up, transport and ultimate destruction of Sharps materials. Our goal is to complete the RFP process and be able to recommend a contractor at the December Board Meeting to operate the collection and disposal activity.

Recycle Bank: This program is discussed in the Budget Staff Report from the May Meeting (Attachment D). Questions were posed at the May Meeting regarding Recycle Bank being a "sole source" vendor. Eight months ago when Staff began looking into ways to increase our single family recycling tonnage we could find no other vendor providing a service that could realistically increase the tonnage from this sector. Recycle Bank has the only program of this type that is readily available. Subsequent to the May Meeting, we have again searched for other potential vendors that could provide a program similar to Recycle Bank's, and could find none that match the incentives/reward approach that the Recycle Bank program offers. The communities of Orinda and Moraga were selected for this pilot effort for two reasons: First, the number of residents equals the minimum number needed to make the program practical, and second, our most challenging terrain for solid waste collection is Orinda; if the program works there we could have high confidence it will work in other areas of CCCSWA.

Accordingly, we request the Board consider implementing this effort by approving the budget and a contract with Recycle Bank to test the pilot program. We plan on beginning the program in November 2010 which will allow an evaluation, during the RY8 rate setting analysis, for potential inclusion as a part of the Authority-wide residential recycling program.

Student Reusable Bag Program: This program, set forth in the May Staff Report, engendered quite a bit of discussion last month. Clarifying this effort to increase the use of reusable shopping bags seems in order. The \$20,000 budgeted for the program will entirely be spent for students (intermediate program level) within the CCCSWA Service area. The budgeted monies are for videos, formatted materials for school assemblies, specially designed bags and any other materials to be used within CCCSWA schools. The High School students who will be developing the campaign presentation materials are from the Mt. Diablo School District which is not within our service area. Mt. Diablo has received one of two nation-wide grants for the High School to undertake projects with a useable work product(s) resulting from their work. There will be no expenses for the Mt. Diablo students paid by the Authority. The students who will be working on this will be working closely with Lois Humphreys from TRG Consultants (our schools program contractor) who will coach, mentor and supervise the students and their work products to insure they are useful and appropriate. If this program is successful, the Authority could learn from it and develop a similar program for CCCSWA High School students who in their turn could develop curricula materials for other future campaigns in our schools Program.

Commercial Food Waste Recognition: Recognizing our 105 pilot program participants in the Commercial Food Waste Program who are going the extra step by separating their food wastes is both important for the recognition component and for public recognition. Furthermore, this recognition can serve to promote the program for the new restaurants who we want to begin participation. Staff proposes to contract with RHDG Consultants who will design and create the formatted materials for this use. When we bid the Authority Newsletter last year, RHDG was one of two finalists in the February selection process. Staff was so impressed with their presentation and examples of work that we spoke to them about creating the recognition program. If the Board approves this budget line item and the contract to implement it, the materials must be ready for distribution in the September/October time frame. Should the Board direct that we implement a Request for Proposal in order to evaluate other contractors, the recognition project would be delayed.

Strategic Marketing, Commercial: As we focus our efforts on the commercial sector to improve the diversion from this recycling material-rich portion of our service area, we need to have a focused marketing campaign to support and publicize our programs. Staff located RHDG Consultants during the bidding process for our Newsletter where they were very impressive. Staff would like to move forward with this effort so as to have this marketing program up and running as soon as possible. Should we delay the start of the commercial marketing program by requesting and evaluating proposals, we will not be able to enhance our commercial diversion efforts through marketing beginning in the autumn which is a pressing need for our commercial programs.

Plastics Reduction “Bring Your Own Bag:” Given the potential of a state-wide ban on plastic bags (AB1998) and the problems these items present in our waste stream, Staff believes that a concerted effort should be undertaken to promote the use of reusable bags. By using the services of RHDG Consultants we will be able to introduce this program as soon as possible. If, however, the Board wishes the Staff to use the RFP process to evaluate several vendors we will gladly undertake this effort, but Staff would appreciate the approval of this budget line item so that once the process is complete funds exist for its implementation.

ATTACHMENTS

- A. Operations Budget for FY 2010/2011
- B. Diversion Incentive Fund Budget for 2010/2011
- C. Fund Balance Statement for 2010/2011
- D. Staff Report: Proposed Budgets for FY 2010/2011 from May Board Meeting