Del Norte Solid Waste Management Authority

1700 State Street, Crescent City, CA 95531
Phone (707) 465-1100 Fax (707) 465-1300

Transmittal of Comments

Date: **10 April 2014**
To: **William Schoen, R3 Consulting Group, Inc.**
From: **Tedd Ward, M.S. – Acting Director / Program Manager**
Del Norte Solid Waste Management Authority

Attachments:

1. Memo from Authority legal counsel Martha Rice regarding Option # 4
2. Authority Treasurer's Report
3. Correspondence with regulatory agencies regarding R3's Draft Report
4. Current delineation of Permit & Monitoring Activities at the Crescent City Landfill
5. Del Norte Solid Waste Management Authority Internal Fiscal Controls
6. 'Cash Handling Policies and Procedures for the Transfer Station Scale House Facility' RHR Smith & Company
7. Pledge of Revenue Agreement
8. Authority Staff Comments regarding R3's Draft Report
9. Del Norte Solid Waste Management Authority Code of Ethics and Conduct for Board Commissioners and Members Appointed to Commissioners and Committees
10. Additional Comments from Commissioners and others received before 10 April 2014

File Number: **130101 – Assessment of the Authority**
Topic: **Comments regarding the Draft Report Assessment of the Del Norte Solid Waste Management Authority**

Summary / Analysis: In overview, the R3 draft report reached some very significant positive conclusions:

1. **The Del Norte Solid Waste Management Authority, as a single Joint Powers Authority serving both Del Norte County and the City of Crescent City, is the most effective and efficient entity for managing solid waste related functions in Del Norte County. (page 12)**
2. **Current Authority staff has the experience and expertise to effectively handle required solid waste management functions. (page 17)**
3. **The Del Norte County Transfer Station is well run and well maintained by Hambro/WSG, and R3 had no suggestions for operational improvements. (page 21)**
4. **Authority staff is meeting all regulatory requirements in a timely and comprehensive manner. (page 19)**
5. **It is unlikely that any reasonable alternative structure to the JPA would result in a significantly lower cost to ratepayers. (pages 13 & 26)**

This draft Assessment report also includes four Options regarding staffing, including the options to maintain current management and staffing levels. The draft report does not (nor were R3 under contract to) present adequately detailed supporting analysis to justify any 'Options' presented for changing staffing.

Staff agrees with R3 that JPAs are very different and very difficult to compare because they have different responsibilities. We also agree with R3 that the Authority's set of responsibilities is ***unique***. R3 based their main argument for the elimination of Authority staff positions on comparisons to other agencies which, to the extent of our knowledge, seem to have very different responsibilities.

For example, they compare the Authority to Sonoma's JPA. Sonoma's JPA does not own or operate any facilities, operate any scalehouse or gates, or collect any receipts. Sonoma's JPA does not manage a landfill site, has no responsibility for garbage at all, and no responsibilities for franchise procurement, negotiation or management. Nonetheless currently Sonoma employs: an Executive Director, a Department Analyst, one Program Manager for Household Hazardous Waste, another for Education, another for Education/Planning (currently vacant) and one Senior Office Assistant for a total of 6 FTEs plus legal counsel.

Sonoma's JPA programs include countywide waste planning and education, household hazardous waste, composting, and wood waste recycling. Fully two thirds of their staff time is spent on planning and education. Comparing DNSWMA to this JPA is like comparing apples to oranges.

Furthermore, Sonoma's JPA has the same number of staff positions as they did 10 years ago, whereas the Authority permanently eliminated a position during that same period.

R3 also notes that the Authority is most like the Humboldt Waste Management Authority (HWMA), but there are significant differences in that comparison also. Like DNSWMA, HWMA is responsible for numerous contracts related to waste and recycling, but none of those contracts are for collections. Both agencies have closure/post closure responsibilities for one landfill, though admittedly the issues surrounding their landfill are significantly more complicated and their hazardous waste programs are more convenient and comprehensive. Both DNSWMA and HWMA staff one Transfer Station gate/scale house and receipts 358 days a year. In addition, however, DNSWMA is responsible for operating two outlying transfer stations with receipts whereas HWMA is not. Regardless of population size or volume, both agencies must staff those gate houses during posted hours.

Unlike DNSWMA -- HWMA does **not** negotiate any franchise agreements, and they are **not** responsible for regional agency AB9393 reporting requirements, though

they do handle similar reporting for Humboldt County, plus the cities of Eureka and Rio Dell. The other cities in Humboldt have their own city staff address these program and reporting requirements. Regardless of population size or volume, these tasks take a certain amount of staff time.

HWMA has 9 FTE core staff plus 4.5-5 FTE staff on the gate/scale house, plus additional staff to address landfill and household hazardous waste programs for a total of 18 FTE comparable staff positions. This comparison breaks down quickly, however, because these employees are responsible for additional facilities beyond those sketched here, and HWMA has a total of 35 employees. They are much larger and enjoy certain economies of scale. As far as any comparison goes, DNSWMA has 4 FTE core staff positions at present (including the vacant Director position), and 6 part-time gate/scale staff, for a total of 7-8 FTE staff positions. This can be compared to HWMA's 18 employees with similar responsibilities.

Staff acknowledges that this comparison is not complete or definitive. This additional information is provided only to indicate the depth of information needed to avoid an apples-to-oranges style comparison, and that each JPA has a substantially different set of responsibilities. While it may not be worthwhile or cost-effective to develop comprehensive information in an effort to compare agencies with inherently different responsibilities, neither should Board decisions rely upon comparisons based only on the number of partners, population, and volume.

R3 acknowledges that ***"...the question 'What are the appropriate management and administrative staffing levels for the Authority' was not specifically asked and regardless cannot be definitively answered at this point."*** Staff agrees with this statement. The draft report specifically acknowledges that Options #2 and #4 require further analysis and/or legal opinion. Under Option #2, it is not at all clear how R3 can present an Option for permanent reduction in Authority staff – cutting the number of core positions in half - while claiming that this would be 'Status Quo.' Option #3 would also depend on some yet-to-be-produced analysis justifying the consolidation of the Executive Director and Program Manager positions prior to enactment.

In addition to the Options presented, the text of the draft Assessment report also includes the following suggestions:

1. *"Now is an appropriate time for the Commissioners to set a clear direction for the Authority over the next 5 to 10 years,.."* (page 1)
2. *"Authority Commissioners and management staff undertake an annual business planning process ..."* (page 2)
3. *"...that a complete independent review of those (administrative) functions be conducted."* (page 18)
4. *"To support efficient and effective monitoring of the Authority's contracts with Hambro or Recology R3 recommends the creation of a compliance*

checklist that includes all objective contractual requirements and due dates, as applicable, for each contract." (page 20)

Staff believe these suggestions merit further discussion and analysis. A central issue to analysis of the first suggestion is how the Authority Board might review and adopt medium and long-range plans or objectives when each of the Authority Commissioners is appointed annually. Though the Authority could pay for a consultant to assist with the development of a 5 or 10 year strategic plan, the following year a new Authority Board of Commissioners could abandon that plan and adopt a completely new plan the following year. For this reason, the first amended Joint Powers Agreement adopted in 2012 clearly describes the Authority's Purposes for existence, and the associated Work Plan is reviewed annually by the Board of Commissioners as it is renewed.

The other suggestions listed above should be analyzed with respect to potential benefits to the community and the Authority and the costs for implementation of each.

Additional detailed comments on the draft report are presented in the documents attached to this Staff Report.

Background: The R3 Consulting Group had a short period of time to complete the depth of analysis requested by the Authority. Similarly, Authority staff had less than a week to review this document and draft comments for the Board's consideration. Considering the importance and complexity of issues being addressed in this draft report, staff believe that additional factual and numerical information should be presented to the Board justifying all recommendations to enact changes to the Authority, providing comparison to all reasonable alternative courses of action, and a description of related actions and predictable costs associated with implementing such options or recommendations.

Fiscal Impact: Should the Board act on any of the options or recommendations in this report, there could be significant fiscal impact, in planning and preparing for such structural changes, in implementing such changes, in shifting annual operational costs, and in potential future costs associated with permits, consultant and contractor expenses, and potential enforcement actions. As acknowledged by the consultants, the current draft does not provide adequate analysis to assess these potential risks or costs.

Related Issues:

1. Costs of continuing studies

The R3 Draft report clearly recommends additional analysis before acting on any of the Options presented. There would be a cost for the additional analysis - for

additional consulting expenses, for staff analysis of further reports, and for costs or lost opportunities as this agency continues to be understaffed.

2. Reducing staff increases costs for contractors

Since the retirement of the former Director, Authority expenses for legal counsel, Treasurer, County services, and consultants have all increased without any associated improvements in services to the community. This situation can be anticipated to continue until it is addressed.

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MEMORANDUM

TO: DNSWMA BOARD OF COMMISSIONERS

FR: MARTHA D. RICE, LEGAL COUNSEL

DT: APRIL 1, 2014

RE: R3 Draft Report Recommendation Regarding Staffing, Option #4 Contract Scale House Staffing to the Private Sector

A. BACKGROUND

The Authority issued an RFP for an Assessment of the Del Norte Solid Waste Management Authority. As part of the assessment, the Authority posed a number of specific questions for which it sought answers. One of those questions was the following,

> "Is this JPA the most effective and efficient entity for managing solid waste in Del Norte County? If not, what alternatives (including replacement by private enterprise) would likely result in more efficient and effective management and direction of required solid waste-related functions?"

B. R3 RECOMMENDATION

The response to the question from R3 in the Draft Report Executive Summary is the following,

> "Yes, the Authority is the most effective and efficient entity for managing solid waste in Del Norte County."

As part of the Executive Summary response to this question, R3 noted that the Authority has few documented objected standards to serve as a basis for directing the Authority's long term efforts and assessing the Authority's performance. R3 recommends that the board establish medium and long range goals and objectives for the Authority. Due to the lack of established goals and objectives, R3 states that it cannot provide a definitive answer as to appropriate administrative and management staffing levels. Ultimately, R3 sets forth four staffing options for the board to consider moving forward.

Option #1 is to maintain the current management and administrative staffing levels. Option #2 is to reduce management and administration staffing levels to support the status quo. Option #3 is to contract out the executive director position. Option #4 is to contract out the scale house staffing to the private section. It is Option #4 that I feel I must comment upon from a legal standpoint.

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C. CONCERNS REGARDING OPTION #4

Option #4 entails taking what are currently public sector jobs and handing them over to the private sector. There are two serious legal issues implicated with this course of action. The first issue is the recent court action that raises the question of whether it is legally permissible to take a non-specialized public job (such as gate attendant) and contract it out to a private entity. The second issue is one of making sure that the legal limitations of the contract providing for gate attendant services are understood.[1]

1. Privatizing Public Jobs

In August of 2012, a three-judge panel of the 4th Appellate District of California issued an opinion on privatization, which it variously referred to as "outsourcing" or "contracting out." *Cost Mesa City Employees Ass'n v. City of Costa Mesa* (4th Dist. 2012) 209 Cal.App.4th 298. A city-employee association sued the City of Costa Mesa, challenging the City's plan to privatize a vast array of city services. Prior to a trial on the merits, the Court held that a preliminary injunction would issue to halt the implementation of the City's plan while the lawsuit proceeded.

The Court held that the employees had a reasonable possibility of prevailing over the City because of two sections of the Government Code, referred to in the following quote:

> In our view, [Gov't Code] sections 53060 and 37103 are actually quite germane to the plan in that they limit a city's right to contract with private entities. By implication, and as interpreted over the years, the statutes generally prohibit a city from contracting with a private entity for nonspecial services. *Costa Mesa*, 209 Cal.App.4th at 315-316.

These two sections referenced by the Court read as follows:

> **§ 53060. Contracting with persons for special services**
> The legislative body of any public or municipal corporation or district may contract with and employ any persons for the furnishing to the corporation or district special services and advice in financial, economic, accounting, engineering, legal, or administrative matters if such persons are specially trained and experienced and competent to perform the special services required.
>
> The authority herein given to contract shall include the right of the legislative body of the corporation or district to contract for the issuance and preparation of payroll checks.
>
> The legislative body of the corporation or district may pay from any available funds such compensation to such persons as it deems proper for the services rendered. (Emphasis added.)
>
> * * *

[1] A third, non-legal issue, with privatizing the gate attendant staff, is that the Authority would lose the opportunity to use gate attendants for administrative clerical support, another recommendation from R3.

> **§ 37103. Contracts for special services and advice; Compensation** The legislative body may contract with any specially trained and experienced person, firm, or corporation for special services and advice in financial, economic, accounting, engineering, legal or administrative matters. (Emphasis added.)
>
> It may pay such compensation to these experts as it deems proper.

The Court of Appeal did not decide the merits of the *Costa Mesa* case, but a fair interpretation is that the opinion set the stage for a victory by the employees, which will severely restrict the ability of cities (and DNSWMA) to contract out basic services. The case is still pending before the Orange County Superior Court and is not expected to be heard until 2015.

2. *I-Bank Obligation and Qualified Management Contracts*

The second legal issue concerns the I-Bank "loan" from the State.[2] So long as the I-Bank obligation remains outstanding, any contract for gate attendant services must meet the criteria for a "qualified management contract" under IRS regulations. The point of a qualified management contract is to prevent a publicly-financed facility from being used to turn a profit for a private company. IRS Revenue Procedure 97-13, as modified by IRS Revenue Procedure 2001-39, governs management and service contracts between a governmental unit and a for-profit service provider where the public facility has been financed by tax-exempt bonds.

Public facilities financed by tax-exempt bonds cannot support what is referred to as "private business use." IRS Regulation 1.141-3 defines what constitutes a private business use. Generally a contract for services results in a private business use of the property if compensation is based, in whole or in part, on a share of net profits from the operation of the facility. A contract will also be deemed to create a private business use of property if the service provider is treated as the lessee or owner of the financed property. If the contract for gate attendant services is neither of the above types of contract, then it must be evaluated under the IRS Revenue Procedure 97-13, as modified. The procedure requires that the contract be one for a fixed periodic fee[3], adjustable only by a specific, objective, external standard such as the Consumer Price Index, and with a maximum term of 15 years. This may be possible from a logistical standpoint, but it is important when evaluating the options to understand what type of contract is allowed under the regulations.

[2] The I-Bank obligation is a financing arrangement with the California Infrastructure and Economic Development Bank ("I-Bank"), which is structured as a series of leases. The construction of the transfer station was financed through the Infrastructure State Revolving Fund Program ("ISRF") which issues ISRF Program bonds from time-to-time to support the program.

[3] A fixed periodic fee means a stated dollar amount for services rendered for a specified period of time.

Richard D Taylor, C.P.A.
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Treasurer's Report

Date:	March 28, 2014
To:	Del Norte Solid Waste Management Authority Board
From:	Richard D. Taylor, DNSWMA Treasurer / Controller Tedd Ward, DNSWMA Acting Director / Program Manager
Subject:	R3 Consulting Group's Draft Report Assessment of the Del Norte Solid Waste Management Authority

Having served as Authority Treasurer / Controller for over twenty years, in my opinion the creation of a single Management Analyst position to replace the '2.5 full time equivalent administrative staff positions' would reduce the number of cash controls currently in place and would increase the potential for errors and/or theft in accounting for Authority revenues and tracking budgets and expenses.

First, it is important to recognize that the Authority actually has only one administrative staff position with daily financial and administrative responsibilities - the Administrative Assistant. The Account Clerk is not administrative, and has no management oversight responsibilities. Refuse Site Attendant Keith Estes has been cross-training to assist with accounting duties so these functions as well as cash controls can be maintained when other staff have a family emergency, are on sick leave or vacation. This approach does not adversely impact the budget too much as Refuse Site Attendant and entry level account clerk positions are on the same pay scale.

It is worth remembering that one of the Authority's top priorities is to have all facilities open during posted hours. The Del Norte County Transfer Station is open 358 days each year, the Klamath Transfer Station is open 110 days each year, and the Gasquet Transfer Station is open 65 days each year. Part of how the Authority accomplishes this is to have every member of staff – including both the Administrative Assistant and Account Clerk - potentially available to work as a Refuse Site Attendant to cover breaks, lunches, or to fill in for unexpected absences.

There was a time when the Authority relied upon a single Administrative Assistant to provide accounting, invoicing, and clerking functions. This was, however, the same period which in retrospect has raised concerns about how the Authority accounted for checks with insufficient funds, and how changing safe balances were documented. This approach to staffing would put the Authority in the same (potentially vulnerable) position that it was in previously with only one person controlling all of the Authority's cash flow.

The Financial Accounting Standards Board has set Generally Accepted Accounting Standards since 1973, and these standards include internal controls that are designed to deter and detect potential employee fraud, find clerical errors. One of these internal controls for Generally Accepted Accounting Standards is 'separation of duties,' with at least two different individuals – one counting the money and making deposits and another recording the accounts. This was one of the reasons I supported the Authority's actions to separate these duties when the Account Clerk position was first proposed to the Authority Board in 2009. Though the County Auditor does provide additional accounting services, they neither reconcile receipts to deposits, process charge account payments, nor allocate revenues and expenses to accounts.

While some private businesses may choose to not follow such Generally Accepted Accounting Standards, I generally do not support this public agency violating these standards. I do not concur with this course of action without a comprehensive analysis acknowledging this concern and considering alternatives that might reduce the Authority's potential exposure to theft, kiting, or other potential financial malfeasance. R3's draft report did not provide such analysis. I suspect the County Auditor and our external auditor Smith and Newell may also have similar concerns.

If all administrative and accounting staff were combined as suggested in R3's draft report, this single Management Analyst would need to be available every day of every week if the Authority is expected to make daily deposits, prepare cash for station operations, pay bills, receive payments, and track accounts in a timely manner. Any absences of this individual associated with illness, vacations, or other issues would immediately and directly adversely affect the fiscal functions, oversight and operations of the Authority. If this Management Analyst were to quit, retire, die, or become disabled, it is not at all clear to me who would train the replacement or how that transition would be managed.

For example, if Administrative Assistant Isabel Valdez had not trained Refuse Site Attendant Keith Estes to assist with the Authority's accounts, her absence in recent weeks would have resulted in not having claims paid on time and possibly would have delayed invoicing and statements. (Though Keith is being cross-trained, we are careful to always have two different people verifying tills and accounts.) If there was a single Management Analyst fulfilling all financial functions, daily deposits of gate receipts would be delayed any time that person might be absent. Board members may recall that delayed deposits previously were occurring during the same periods with only a single financial person and which have led to current concerns about the Authority's accounts. It is also our policy now to promptly deposit cash and other receipts. This is being checked and verified by myself and an be verified with County Auditor records.

In Appendix G, the draft Job Description for the Solid Waste Manager includes new accounting duties - that should not be the responsibility of either the Director or Program Manger positions – to 'maintain and reconcile scale house bank funds; makes deposits of daily receipts.' It is not clear to me if this is their effort to maintain a separation of duties, but in my observations the current Acting Director / Program Manager does not

have time available to fulfill such additional daily responsibilities without significantly reducing the time available for other duties.

Regarding R3's suggestion that transfer station gate staff should do clerical work, this 'separation of duties' generally limits their activities to filing, answering phones, custodial duties, and non-financial data entry as appropriate. I have observed over the past year that several gate staff are already doing these things during a limited portion of their workdays, though their first work priority is to staff the gates.

The draft report also repeated criticisms I have heard before that the Authority is too reliant on paper recordkeeping, and I feel this information is not current. On March 1st, the main computer at the Del Norte County Transfer Station scalehouse died and the Acting Director and Shawn Slater worked through the weekend to get all systems back up and running. Though the scales were still working, this situation resulted in paper receipts being handwritten for that Saturday, Sunday and part of Monday. This is the first time in the past year and a half that I have seen paper records used in the Authority office. Accounting and bookkeeping at the Authority is done electronically unless computer systems are not available, such as in Gasquet and Klamath, or when these systems are down for repair, such as we saw that weekend.

In working with the Acting Director over the past year addressing the Authority's financial issues, and in the creation of stricter fiscal controls, I consulted with the Authority's external auditing firm Smith & Newell, and they suggested we consider the 'Cash Handling Policies and Procedures for the Transfer Station Scale House Facility' which I have attached. I felt this level of detail was a bit overwhelming and not really appropriate for the Authority's size of operation. I worked with the Acting Director to develop the 'Del Norte Solid Waste Management Authority Internal Fiscal Controls' which is also attached. We felt that a bullet list like this would be more practical for everyone to discuss and follow, and a better fit for the Authority's situation. If need be, I can work with the Acting Director to develop more detailed descriptions of each of these controls.

As part of these fiscal controls, during the past year, there have been three unannounced cash counts of the Authority's accounts. For each of these surprise cash counts, the Authority's records matched their finances to the penny. Two of these cash counts were performed by the County Auditor, and one by the external auditing firm Smith & Newell.

The Authority uses the County's accounting system. The County Auditor provides the Treasurers Report on a modified accrual basis (cash) monthly. The QuickBooks accounting system is already paid for and installed. Our intent is for the Authority to produce a monthly accrual-basis report that better suits an enterprise with significant accounts receivable and accounts payable. Some Commissioners over the past few years have requested the kind of information that such an accrual system could provide. Once in place, since most of the information would already be entered into the QuickBooks system it would be relatively easy to produce an accrual-basis monthly report. Though the Authority maintains a general ledger with an audit trail (as it is the County's records

that are subjected to the annual audit) the QuickBooks system will augment and complement that system. QuickBooks could be updated to QuickBooks Enterprise or some other system if this approach proves advantageous. The County and Authority QuickBooks systems would run concurrently and any differences between the Authority's and County's systems could be readily identified and reconciled.

The same external auditing firm (currently Smith & Newell) audits both the County and the Del Norte Solid Waste Management Authority. Since the Authority uses the County Auditor to produce its financial reports on June 30th, the County accrues the receivables and the payables of the Authority, makes any adjusting entries and produces the financial statements that are then audited by the outside auditor. The County's modified accrual system then tracks the Authority's accounts receivable for three months. So, the July, August and September financial statements from the County are not on a cash basis or an accrual basis, but on a modified accrual basis.

The County's system is designed to ensure that budgets are not over spent, and to protect against theft or errors, and it meets those needs well. An accrual system of accounting is designed to give the user of the financial statement a snap shot of where the entity is, on a certain day by matching all revenues against all expenses. I have asked for many years if the County could add the account receivables and the account payables to its cash basis reports. This additional reporting doesn't fit with the County system. Currently each month, we include a list of the accounts receivable and payable in the Authority's monthly agenda packets.

The Authority's budgeting process starts this month. I suggest that the Authority Board direct staff to develop a budget consistent with the current staffing structure until these issues can be resolved. I am confident the Acting Director has the skills needed to draft and manage the Authority's budget, and I will work with him to create a budget to meet the agencies needs.

Richard Taylor

Tedd Ward

From: Morrison, Gina@Waterboards [Gina.Morrison@waterboards.ca.gov]
Sent: Wednesday, March 05, 2014 11:52 AM
To: 'Tedd Ward'
Cc: Henrioulle, Diana@Waterboards; Leland, David@Waterboards
Subject: RE: Questions regarding Administration of the Crescent City Landfill

Hi Tedd,

Given the timeframe you need this information in, this informal email is the best I can provide for you and the committee.

First off, Appendix B of the report indicates that Cover Design, Drainage and Erosion Control, Gas Monitoring and Control, Post-closure Land Use, Slope Stability, Construction Quality Assurance are only under the purview of CalRecycle/LEA; however they are all regulated by the RWQCB as well.

Any change in responsibility for the facility will require, at a minimum, an update to the Form 200 and the storm water Notice of Intent for the landfill, and an update to the storm water Notice of Intent for the transfer station. The WDR itself may not be updated for some time, but annual fees are invoiced in accordance with the Form 200, not the WDRs.

Changes to the Pledges of Revenue for the landfill will depend on the wording as to responsibilities and who was signatory. I believe it has been DNSWMA, so all the Pledges will probably need to be updated. These pledges need to reflect the responsible party, and if DNSWMA is no longer on the permits, DNSWMA cannot be the responsible party.

The same comment applies to the post-closure maintenance plan. If the plan states that DNSWMA is in charge of something they are not in charge of anymore, the documents must be updated to accurately reflect who is in charge of things. These documents must be submitted to RWQCB, as well as to CalRecycle/LEA.

If sampling responsibility is being shifted to someone else, we would need to have information showing that the new party has been trained to properly collect and handle environmental samples prior to their conducting any sampling. Reporting will continue to require a PE or CEG to sign off and stamp the report. This means that person is responsible for the oversight of the personnel obtaining the data used in the reports. We may reject reports if the sampling is questionable.

If responsibility for the landfill is shifted to only the County, the County would be responsible for everything as far as the Regional Water Board is concerned, even if DNSWMA continued to do work for the County. Any violations, fees, or legal actions would be taken against the County, the named responsible party.

To keep any changes from affecting the current rating appeal, the County should be added to the sign-off of the final results report. That way we know that the potential new "operator" has also vetted the information submitted.

Whatever the parties decide behind the scene does not change the responsible parties to the RWQCB, until the correct and signed paperwork is submitted to and accepted by RWQCB staff.

Once the course of action has been decided, please feel free to contact me regarding specifics.

Gina

From: Tedd Ward [mailto:tedd@recycledelnorte.ca.gov]
Sent: Friday, February 28, 2014 1:35 PM
To: Beatrice.Poroli@CalRecycle.ca.gov; 'Byrne, JoAnne@CalRecycle'; Morrison, Gina@Waterboards; 'Houawa Moua'
Cc: 'Heidi Kunstal'; 'Yekta, Gino'
Subject: Questions regarding Administration of the Crescent City Landfill
Importance: High

Greetings Beatrice, JoAnne, Houawa & Gina:

The Del Norte Solid Waste Management Authority has hired R3 Consulting Group to provide an Assessment of this agency.

The draft report from R3 can be viewed here:
http://www.recycledelnorte.ca.gov/wp/wp-content/uploads/2013/12/Del-Norte-County-Draft-Report-021914.pdf

Among their recommendations on page 16 (page 20 of the pdf) are that all management, maintenance, monitoring and reporting responsibilities currently administered by the Del Norte Solid Waste Management Authority related to the Crescent City Landfill revert to Del Norte County.

Could you please provide answers to the following questions so the Authority Board is aware of the associated potential impacts of pursuing such a course of action?:

1. What actions would the Authority need to take to document shifting all responsibility for permits, maintenance, monitoring and reporting to Del Norte County?
2. Would such action require any revisions to the PostClosure Maintenance Plan or other permits related to the Crescent City Landfill?
3. What actions would the LEA need to take to process and document such changes in responsibility?
4. Would such action also require changes to the Pledge of Revenue Agreement, as this facility is administered by the Del Norte Solid Waste Management Authority?
5. Would such changes to permits and associated documents need to be completed before Del Norte County took full responsibility for the landfill, or could the paperwork follow the action?
6. If Del Norte County became both owner of the landfill property and completely responsible for monitoring and maintenance of this facility, if there was any violation in future, would not Del Norte County be completely responsible for addressing such violations and any associated fines?
7. Could such action impact the Authority's current appeal of Threat / Complexity rating and the associated Waste Discharge Requirement fee, and if so, how?
8. Do you have any other comments relevant to the Options presented in this report?

Thanks for your time and consideration. I would be happy to provide any additional background information you might require.

Our agenda publication deadline for the next Authority meeting is March 6 at noon. If you have answers or comments to the above questions and do not have time for a written response, please call me before that time.

Thanks again,

Tedd Ward, M.S.
Acting Director / Program Manager
Del Norte Solid Waste Management Authority
707-465-1100

Spencer Fine, Integrated Waste Management Specialist for CalRecycle provided the following answers:

Could you please provide answers to the following questions so the Authority Board is aware of the associated potential impacts of pursuing such a course of action?

1. What actions would the Authority need to take to document shifting all responsibility for education and public information to Recology Del Norte, as described in the Countywide Integrated Waste Management Plan and updated through the annual reporting process?

    - Actions regarding the responsibility for education and public information are a local jurisdiction decision.

    - The Authority can contact Spencer either via email or phone call as to who the contact will be at Recology and provide an overview of what Recology will be responsible for.

    - Each year the EAR is completed, the Authority and Recology need to coordinate to ensure all information relating to education and public information is reported on via the EAR.

2. Would the Authority remain responsible for coordination, oversight and monitoring of such outreach activities for reporting under the Electronic Annual Report, or could Recology do that also? Could there be any issues or conflicts associated with a contractor both providing public outreach on behalf of a public agency and reporting on those activities?

    - The ultimate responsibility in terms of reporting via the EAR is the Authority. However, the Authority can grant Recology 'EAR editor' security rights and list Recology as a contact. Then CalRecycle would provide Recology with a webpass. Recology would be able to add/make edits in the EAR, even to the same note field as the Authority staff, up until the time the EAR is submitted. The EAR tracks who makes a change/addition and what is changed based upon the webpass name. Spencer could assist you with explaining how to grant Recology EAR access.

    - We are not aware of any issues or conflicts associated with a contractor providing public outreach on behalf of a public agency and reporting on those activities. Many jurisdictions give access rights to contractors, their haulers, etc.

    - We would recommend the Authority staff coordinate with Recology (or any other contractor) to ensure activities are being accurately reported each year via the EAR.

3. For the Oil Payment Programs and the Division of Recycling grants are there any limitations or restrictions on having private contractors provide outreach and public education?

    - If the private contractor has delegated authority (either through a resolution or through the local jurisdictions own delegating policy method) to provide outreach and public education by the jurisdiction, the contractor is able to perform these tasks on behalf of the jurisdiction.

    - Specifically per question 3 - For Oil Payment Programs (OPP), there are no restrictions for private contractors to be involved in providing outreach/public education, as long as the OPP funds are paying for their involvement in used oil/filter focused activities. Similarly, for Division of Recycling (DOR) BCRF programs, as long as the activities relate to CRV containers.

4. Are you aware of examples of any other rural California communities similar to Del Norte that contract out all of their education and public outreach activities? If so, how effective would you consider their programs? Do you think the Authority Board could anticipate savings or additional costs from such an approach in a rural community?

    - CalRecycle is not in a position to comment on the relative effectiveness or anticipated savings/costs associated with having a contractor implement the education and public outreach activities. We can supply an example of another rural California community, Yuba/Sutter, that contracts out their education and public outreach. Yuba/Sutter (YS) Regional Waste Authority contracts with Recology to manage all education and public outreach activities, as well as manage the Transfer/HHW station. If you need us to research if there are other rural communities doing this, please let us know.

5. Would you have any concerns about a private contractor being responsible for outreach related to programs and services that that contractor does not provide (e.g. Recology would be in the position of promoting household battery recycling, fluorescent bulb recycling, and the household hazardous waste collection event, though they have no role in delivering those services)?

    - We would not have any concerns if the outreach related programs are being implemented. To ensure the programs are effectively implemented, the Authority would need to ensure there is coordination by Recology and any other applicable programs, such as HHW, to

From: Byrne, JoAnne@CalRecycle [mailto:JoAnne.Byrne@CalRecycle.ca.gov]
Sent: Friday, February 28, 2014 2:19 PM
To: Tedd Ward
Cc: Castle, Richard@CalRecycle; Adams, Garth@CalRecycle
Subject: RE: Questions regarding Administration of the Crescent City Landfill

Hi Tedd,
Answer to number 4 & 5 (Financial Assurances)
Yes, the Pledge of Revenue Agreement would require amending to reflect County of Del Norte as the operator. And yes, it must be completed and fully executed BEFORE the change. I will be happy to assist with the revision and expedite it through the approval process. Touch base next week.
Have a nice weekend!
JoAnne Byrne
FAU

From: Tedd Ward [tedd@recycledelnorte.ca.gov]
Sent: Friday, February 28, 2014 1:35 PM
To: Poroli, Beatrice@CalRecycle; Byrne, JoAnne@CalRecycle; 'Morrison, Gina@Waterboards'; 'Houawa Moua'
Cc: 'Heidi Kunstal'; Yekta, Gino@CalRecycle
Subject: Questions regarding Administration of the Crescent City Landfill

Greetings Beatrice, JoAnne, Houawa & Gina:

The Del Norte Solid Waste Management Authority has hired R3 Consulting Group to provide an Assessment of this agency.

The draft report from R3 can be viewed here:
http://www.recycledelnorte.ca.gov/wp/wp-content/uploads/2013/12/Del-Norte-County-Draft-Report-021914.pdf

Among their recommendations on page 16 (page 20 of the pdf) are that all management, maintenance, monitoring and reporting responsibilities currently administered by the Del Norte Solid Waste Management Authority related to the Crescent City Landfill revert to Del Norte County.

Could you please provide answers to the following questions so the Authority Board is aware of the associated potential impacts of pursuing such a course of action?:

1. What actions would the Authority need to take to document shifting all responsibility for permits, maintenance, monitoring and reporting to Del Norte County?
2. Would such action require any revisions to the PostClosure Maintenance Plan or other permits related to the Crescent City Landfill?
3. What actions would the LEA need to take to process and document such changes in responsibility?
4. Would such action also require changes to the Pledge of Revenue Agreement, as this facility is administered by the Del Norte Solid Waste Management Authority?
5. Would such changes to permits and associated documents need to be completed before Del Norte County took full responsibility for the landfill, or could the paperwork follow the action?

6. If Del Norte County became both owner of the landfill property and completely responsible for monitoring and maintenance of this facility, if there was any violation in future, would not Del Norte County be completely responsible for addressing such violations and any associated fines?
7. Could such action impact the Authority's current appeal of Threat / Complexity rating and the associated Waste Discharge Requirement fee, and if so, how?
8. Do you have any other comments relevant to the Options presented in this report?

Thanks for your time and consideration. I would be happy to provide any additional background information you might require.

Our agenda publication deadline for the next Authority meeting is March 6 at noon. If you have answers or comments to the above questions and do not have time for a written response, please call me before that time.

Thanks again,

Tedd Ward, M.S.
Acting Director / Program Manager
Del Norte Solid Waste Management Authority
707-465-1100

Tedd Ward

From: Wochnick, Michael@CalRecycle [Michael.Wochnick@CalRecycle.ca.gov]
Sent: Thursday, April 03, 2014 8:18 AM
To: tedd@recycledelnorte.ca.gov
Cc: Otsubo, David@CalRecycle; Poroli, Beatrice@CalRecycle; Davies, Jr., Frank@CalRecycle
Subject: RE: Questions regarding Administration of the Crescent City Landfill

Here are our best responses. See below.

Michael Wochnick, P.E.
CalRecycle
Closure and Technical Support
916-341-6289
916-319-7334 (fax)

From: Poroli, Beatrice@CalRecycle
Sent: Wednesday, March 05, 2014 10:31 AM
To: Davies, Jr., Frank@CalRecycle
Cc: Wochnick, Michael@CalRecycle; Otsubo, David@CalRecycle
Subject: FW: Questions regarding Administration of the Crescent City Landfill
Importance: High

I am forwarding this email to you since it pertains to a closed landfill under a closure permit.

From: Tedd Ward [mailto:tedd@recycledelnorte.ca.gov]
Sent: Friday, February 28, 2014 1:35 PM
To: Poroli, Beatrice@CalRecycle; Byrne, JoAnne@CalRecycle; 'Morrison, Gina@Waterboards'; 'Houawa Moua'
Cc: 'Heidi Kunstal'; Yekta, Gino@CalRecycle
Subject: Questions regarding Administration of the Crescent City Landfill
Importance: High

Greetings Beatrice, JoAnne, Houawa & Gina:

The Del Norte Solid Waste Management Authority has hired R3 Consulting Group to provide an Assessment of this agency.

The draft report from R3 can be viewed here:
http://www.recycledelnorte.ca.gov/wp/wp-content/uploads/2013/12/Del-Norte-County-Draft-Report-021914.pdf

Among their recommendations on page 16 (page 20 of the pdf) are that all management, maintenance, monitoring and reporting responsibilities currently administered by the Del Norte Solid Waste Management Authority related to the Crescent City Landfill revert to Del Norte County.

Could you please provide answers to the following questions so the Authority Board is aware of the associated potential impacts of pursuing such a course of action?:

1. What actions would the Authority need to take to document shifting all responsibility for permits, maintenance, monitoring and reporting to Del Norte County?

At a minimum the operator would have to follow the requirements contained in 27 CCR 21200 and 21630.

2. Would such action require any revisions to the PostClosure Maintenance Plan or other permits related to the Crescent City Landfill?

Yes, the SWFP would need to be revised to reflect the new owner/operator. The PCM Plan would not need to

be revised if the operator indicates they will comply (i.e., adopt by reference) pursuant to the requirements of 27 CCR 21200. However, the new operator could revise the PCM Plan if they so choose. Any proposed changes would be subject to regulatory agency approval.

3. What actions would the LEA need to take to process and document such changes in responsibility?

The LEA would have to modify the permit to reflect the new owner/operator per 27 CCR 21670.

4. Would such action also require changes to the Pledge of Revenue Agreement, as this facility is administered by the Del Norte Solid Waste Management Authority?

Yes, see previous response from FA Unit.

5. Would such changes to permits and associated documents need to be completed before Del Norte County took full responsibility for the landfill, or could the paperwork follow the action?

Yes, see previous response from FA Unit.

6. If Del Norte County became both owner of the landfill property and completely responsible for monitoring and maintenance of this facility, if there was any violation in future, would not Del Norte County be completely responsible for addressing such violations and any associated fines?

Yes, under the Public Resources Code only the current owner/operator can be subject to enforcement by the LEA and/or CalRecycle. However, the RWQCB can enforce against past owners/operators.

7. Could such action impact the Authority's current appeal of Threat / Complexity rating and the associated Waste Discharge Requirement fee, and if so, how?

Yes, but this would be determined by the RWQCB since it is their authority and jurisdiction. CalRecycle and the LEA have no authority in this matter.

8. Do you have any other comments relevant to the Options presented in this report?

No.

Thanks for your time and consideration. I would be happy to provide any additional background information you might require.

Our agenda publication deadline for the next Authority meeting is March 6 at noon. If you have answers or comments to the above questions and do not have time for a written response, please call me before that time.

Thanks again,

Tedd Ward, M.S.
Acting Director / Program Manager
Del Norte Solid Waste Management Authority
707-465-1100

Current delineation of Permit & Monitoring Activities at the Crescent City Landfill

Agency	Order	Frequency	Activities	Authority Program Manager	Del Norte County	Crescent City	Contractor
Regional Water Quality Control Board	Order 97-90						
Regional Water Quality Control Board	97-90	Jan, Mar, Aug	Surface Water Sampling	Data entry & analysis			North Coast Labs
Regional Water Quality Control Board	97-90	Jan, Aug	Groundwater Sampling	Data entry & analysis	Collecting Samples		North Coast Labs
Regional Water Quality Control Board		Quarterly	Groundwater levels	Data entry & analysis	Collecting Data		
Regional Water Quality Control Board	97-90	Semi-Annual	Semi-Annual Reporting	Analysis, graphs & reporting	Drafting groundwater contours		
Regional Water Quality Control Board		Semi-Annual	GeoTracker Reporting	Reporting			North Coast Labs
Regional Water Quality Control Board	97-90	Every 5 Years	Aerial Survey	Procurement, Review, Reporting			Aerial Surveyor
Regional Water Quality Control Board	97-90	Annual	WDR Fee Payment / Appeal	Analysis, Advocacy, Fee payment			
Regional Water Quality Control Board	97-03-DWQ	Jan, Mar, Nov	Storm Water Sampling	Sampling			North Coast Labs
Regional Water Quality Control Board	97-03-DWQ	7 months/yr	Storm Water Inspection	Inspection			
Regional Water Quality Control Board	97-03-DWQ	Annual	Storm Water Reporting	Reporting, Fee Payment			
Regional Water Quality Control Board	97-03-DWQ	Annual	SMARTS Database Reporting	Reporting			
CalRecycle		Annual	Landfill Post-Closure Multiplier	Analysis and Advocacy			
CalRecycle / RWQCB		As Needed	Erosion Control / Grading	Assessment / Implementation / grading	Assistance from Roads & Eng. Dept.		
		Annual	Vegetation Control	Setup & Supervision			Alder Camp / Fire Safe Council
CalRecycle		Every 5 years	Five Year Closure Permit Review / Update	Report review / comment / submittal			EBA Engineering
CalRecycle		As Needed	Pledge of Revenue	Commitment from DNCTS	BOS Approval		
CalRecycle / RWQCB		Quarterly	Landfill Gas Monitoring	Monitoring & reporting			
CalRecycle		Quarterly	Inspections		LEA Inspections & Report		
Air Quality Management District		Submitted	Landfill Heat Capacity Report	Drafting RFP, Review and Submittal			EBA Engineering

Del Norte Solid Waste Management Authority

1700 State Street, Crescent City, CA 95531
Phone (707) 465-1100 Fax (707) 465-1300

Staff Report

Date:	**04 April 2014**
To:	**Commissioners of the Del Norte Solid Waste Management Authority**
Cc:	**Clinton Schaad, Del Norte County Auditor** **Norm Newell, Smith & Newell Accountants**
From:	**Tedd Ward, M.S. – Acting Director / Program Manager** **Del Norte Solid Waste Management Authority**
File Numbers:	**022102 – Authority Budget** **012101 – Authority Audit** **040501 – Authority Deposits**
Attachments:	**'Del Norte Solid Waste Management Authority Internal Fiscal Controls'**
Topic:	**Fiscal Controls**

Summary / Recommendation: This report summarizes fiscal controls Authority staff have developed and followed in the past few months. The Board may suggest additional controls to improve the fiscal management of the Del Norte Solid Waste Management Authority. Staff will circulate this report for additional comments and possible suggestions from the Del Norte County Auditor and the external auditing firm of Smith & Newell.

Background: Authority Treasurer Richard Taylor agreed to oversee fiscal administration of the Del Norte Solid Waste Management Authority on 26 July 2013 in coordination with the Acting Director.

The primary purposes for this public discussion of these fiscal controls are:

- to provide public reassurance that the Authority has already put procedures in place to accurately and reliably account for the revenues at facilities administered by the Del Norte Solid Waste Management Authority,
- to document for the Board, the Treasurer/Controller, County Auditor, the general public and external auditing firm (Smith & Newell) existing and

5

A Joint Powers Authority of
the City of Crescent City and County of Del Norte
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proposed fiscal controls

- to clarify those fiscal controls that are to be implemented and monitored by Authority staff, the current Acting Director and any successors.

This report summarizes the fiscal controls already in place at the Authority, new fiscal control policies implemented since July 2013 such as the process for writing off 'bad debts' as adopted by the Board in September 2013, and parallel accrual and cash accounting procedures to be implemented in coming months.

Analysis: As part of the Authority's continuing efforts to improve our fiscal management and reporting, staff is presenting a summary of the fiscal controls in place and being implemented as summarized on the attached table. Staff will share copies of this table for review and comment from the Authority's Treasurer / Controller, the Del Norte County Auditor, the Del Norte County Treasurer, and the Authority's external auditor, Smith & Newell. After receiving comments and any suggestions for additional controls, staff will present a final version of this summary of fiscal controls to the Board at a future Authority meeting.

Several new fiscal controls have been introduced since July 2013, and these warrant some additional explanation. The Authority policy adopted in September 2013 for writing off 'bad debt' owed to the Authority added the following regular fiscal controls:

- Regular review of checks with insufficient funds daily
- Conferring with Collections regarding referrals monthly
- Annually preparing a list of 'bad checks' and 'bad debts' that are over three years old, less than $50, or debts owed to the Authority for which additional partial or final collection is unlikely
- Conferring with the DNC Auditor regarding 'bad debts' to be written off annually, with the attached report prepared for review and/or approval by the Authority Board

The Authority is also currently transitioning to a parallel accrual and cash accounting system. The Authority Treasurer / Controller and Acting Director believe that regular fiscal management of this agency is best done using an accrual system of accounting, in which all revenues and debts accrue on the day these occur. For example under accrual accounting, revenues from commercial charge accounts are counted on the day of each charge rather than the date the account balance is paid. Del Norte County's accounting system is done on a modified cash basis, with the three months following the end of each fiscal year accruing all outstanding debts and payments for balancing out each fiscal year after this information is compiled and analyzed.

Authority staff are implementing this accrual accounting system using Scale Management System, QuickBooks, and Excel software. Implementing this new system is a multi-phase process, including entering all outstanding checks (including those with insufficient funds) into QuickBooks. Staff intends that after entering in this historical

data and clarifying with the Del Norte County Auditor which 'bad debts' on the Authority's accounts, we will be able to reconcile the Authority's accounts with the Del Norte County Auditor's records.

Finally, this list of Fiscal Controls also includes two surprise cash counts to be conducted each year by the Authority Treasurer and possibly the Del Norte County Auditor to confirm that the amount in the Authority's safes match accounting documents.

The Authority Board should recognize that the Authority oversees not only the funds received and processed for services associated with the transfer stations, but also has fiscal oversight responsibilities for its contractors. Considering the total amount paid for solid waste and recycling services in Del Norte County, in FY 12/13, Recology Del Norte received 60% of all revenues ($4,155,957), Hambro WSG received 26% of all revenues ($1,769,095) and the Authority received and processed 14% of all revenues ($954,939). The fiscal controls the Authority has over the Recology Del Norte, Hambro WSG, and other contractors are also included in the Authority's fiscal oversight responsibilities, though they have not been described in detail in this report.

Alternatives: The Board may suggest additional fiscal controls, or identify one or more controls on this list that perhaps may be omitted.

Del Norte Solid Waste Management Authority Internal Fiscal Controls

not including fiscal controls relating to Authoirty contractor's **Indicates a fiscal control introduced since July 2013**

When	REVIEWER	DOER		
				Small Volume Transfer Stations: Klamath & Gasquet
Daily	Account Clerk	Site Attendant		Numbered cash receipts - Any missing numbers?
Daily	Account Clerk	Site Attendant		Receipt tape should match deposit
				Del Norte County Transfer Station
Daily	Account Clerk	Site Attendant		Balance Daily Receipts, Charge Accts, Checks, Credit & Debit
Daily	Account Clerk	Site Attendant		Track tickets, comments, weights, voids, etc.
Daily	Director / Treasurer	Admin Asst.	*	Check deposits entered into QuickBooks & Excel
Daily	Admin Asst.	Account Clerk		Trace deposit for a specific date to Reconciliation for that date
Daily	Admin Asst.	Account Clerk		Examine any adjustments or corrections
Daily	Admin. Assist / Director	Account Clerk		**Check to see deposits are made in a timely manner**
				Income
Monthly	DNSWMA	Director		Compare deposits to budgeted income,prior month, and prior year
Monthly	Treas / Controller	Admin Asst.	*	Review checks with insufficient funds, following 'bad check' policy
Monthly	DNSWMA	Director		Earned Revenue comparisons prepared for DNSWMA Board review
Monthly	DNSWMA	Admin Asst.		Monthly cash report prepared for DNSWMA Board review
Monthly	Director	Admin Asst.		Mail Statements in timely manner (in first week of the month)
Monthly	Director	Admin Asst.		Check for any large or dated outstanding balances
Monthly	DNC Treasurer	Admin Asst.	*	Confer with Collections regarding existing and new referrals
Monthly	DNC Treasurer	Admin Asst.		Check on redemption and documentation of bad checks.
Monthly	Director	Admin Asst.		Update list of customers 'not allowed to use checks'
				Expenses
Monthly	DNSWMA	Admin Asst.		Claims signed by Director & Treasurer for DNSWMA Board review
Monthly	DNSWMA	Admin Asst.		Monthly charge report prepared for DNSWMA Board review
Monthly	DNSWMA	DNC Auditor		Monthly Treasurer / Controller Report from County Auditor
Monthly	DNC Auditor	DNSWMA		Claims >$5,000 require Board approval
				Budget Management
Monthly	DNSWMA	Admin. Assist. / Director		Compare claims to budget, PO or Contract to cover claims
Monthly	DNSWMA	Director		Project anticipated expenses
Monthly	DNSWMA	Director		Prepare budget transfers as needed
Monthly	Director / Treasurer	Admin Asst.	*	Implement full parallel accrual and cash accounting (in process)
				Cards
Quarterly	Director	ESP Inc. / Accelerated Payments		Quarterly Scan for 'PCI compliance'
				Safe
Biennial	DNC Auditor	Treasurer	*	Surprise cash count w/ Treasurer & County Auditor
				Audit
Annual	DNSWMA / DNC Auditor / DNC Treas.	Admin Asst. / Treas. / Dir.	*	Confer on bad checks and debts to be 'written off'
Annual	Director / Treasurer	Admin Asst.		Prepare documents related to income & expenses
Annual	Director	Program Manager		Prepare documents related to landfill liabilities
Annual	Director	Admin Asst.		Prepare documents related to depreciation
Annual	Director	Treasurer		Prepare documents related to OPEB requirements
Annual	Director	Treasurer		Preparing California Annual Compensation report.
Annual	Director	ESP Inc. / Accelerated Payments		Questionnaire and scan for PCI Compliance
Annual	DNSWMA / Director	External Auditor		Complete External Audit

TOWN OF ANYWHERE
PUBLIC WORKS DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION

CA$H HANDLING POLICIES AND PROCEDURES FOR THE TRANSFER STATION SCALE HOUSE FACILITY

SAMPLE

ACKNOWLEDGEMENT

This report was prepared by the TOWN OF ANYWHERE
Public Works Depart
Solid Waste Management Division

Revised April 21, 2008

6

CASH HANDLING STANDARD OPERATING PROCEDURES
Table of Contents

1. INTRODUCTION 5
2. PURPOSE 5
3. POLICY STATEMENT 5
4. SCOPE AND IMPLEMENTATION 6
5. DEFINITIONS 7
6. GENERAL RESPONSIBILITIES 7
7. SEPARATION OF INCOMPATIBLE DUTIES 8
8. STANDARD OPERATING PROCEDURES (SOP) 9
9. SOP FORMAT 9
10. FLOW CHART - TRANSFER STATION OPERATIONS 10

11. SOP00001.11- SECURITY 11
    - 5.1 Access Limitations for Keys/Alarm Codes 11
    - 5.2 Key Authorization and Eligibility 11
    - 5.2 Obtaining a Key 12
    - 5.2 Return of Keys 12
    - 5.3 Alarm Code(s) Access Restrictions 12
    - 5.4 Employees Authorized to Open TSSSH 12
    - 5.5 AMSEC Safe 12
    - 5.6 Video Surveillance 13
    - 5.7 Access to Pre-Paid Bag Inventory 13
    - 5.8 Authorization/Approval/Signature Policy 13

12. SOP00001.12 - ADMINISTRATIVE CONTROLS 14
    - 5.1 Market Rate Indicators/Recycled Scrap Metal 15
    - 5.2 Monthly Comparison of In/Outgoing Tonnage 16
    - 5.3 Spot Check for Customer Receipts 16
    - 5.4 "Surprise" Cash Counts 16
    - 5.5 Weigh Master Performance Standards 17

13. SOP00001.13 - OPENING OF SCALE HOUSE 18
    - 5.0 Opening Procedures 18
    - 6.0 Separation of Cashier's Work 19

14. SOP00001.14 - CUSTOMER TRANSACTION PROCESSING 20
    - 5.1 All TOWN Vehicles 20
    - 5.2 Charge Account Customers 21
    - 5.3 Temporary Account Customers 21
    - 7.0 Credit Card Handling Guidelines 23
    - 8.0 Void Transaction Requirements 23
    - 9.0 Customers Who Are Unable To Pay 23
    - 10.0 What To Do If Cash Register Goes Down 24

- o 10.1 Issuing Manual Receipts 24
- o 10.2 Voiding Manual Receipt Transactions 24
- o 11.0 Obtaining Smaller currency 24
- o 12.0 Used Oil Recycling Requirements 25

15. SOP00001.15 - END OF DAY Z-OUT/CLOSING 28
- o 5.0 Weigh Master Z-Out Procedures 29
- o 6.0 Solid Waste Supervisor Z-Out Procedures 29
- o 7.1 Preparing Currency Deposit Slip 30
- o 7.2 Preparing Check Deposit Slip **(Rescinded)** 30
- o 7.3 Preparing Coins Deposit Slip 31
- o 7.4 Preparing Treasury Report Deposit Slip 32
- o 7.5 Handling the Prepared Deposit 33
- o 8.0 Additional Supervisor Closing Responsibilities 33

16. SOP00001.16 - CASHIER'S CHANGE FUND 37
- o 5.0 Size of Change Fund 37
- o 5.2 Custodian of Change Fund 37
- o 5.3 Custodian Responsibilities 38
- o 5.4 Absence of Custodian 38
- o 5.5 Weigh Master Liability for Change Fund Advance 38
- o 5.6 Reconciliation of Change Fund 39

17. SOP00001.17 - ACQUIRING CHANGE 40
- o 5.0 Requirements for Acquiring Change 40

18. SOP00001.18 - TS OPERATIONS CHECKLIST 42
- o 5.0 Requirements for Completing Check List 42

19. SOP00001.19 - Z-OUT REVIEW 43
- o 5.0 Requirements for Reviewing the Z-Out 43

20. SOP00001.20 - USE OF AMSEC SAFE 45
- o 5.0 Opening of Safe 46
- o 6.0 Procedures for Issuing Change 46
- o 7.0 WM Break and Lunch Procedures 46
- o 8.0 Deposit Bag Procedure 47
- o 9.0 Retrieving Deposit Bag from Treasury 47
- o 10.0 General Use of Safe 47

21. SOP00001.21 – ACCOUNTABILITY 48
- o 5.0 Overages and Shortages 48
- o 6.0 Overages and Shortages Indicators 49
- o 7.0 Input Accuracy Indicators 49

22. APPENDICES 50

- A-1 TS Disposal Rates 52
- A-2 Segregation of Duties 53
- A-3 Daily Cash Report Form 55
- A-4 Cash Drawer Recap Form 56
- A-5 Treasury Report Form 57
- A-6 Deposit Bag Log 58
- A-7 Key Request Form 59
- A-8 Change Fund Sub-Voucher 60
- A-9 Promise To Pay Form 61
- A-10 Daily Check List For Z-Out 62
- A-11 Inventory Control Worksheet 63
- A-12 TS Operations Check List 64

SAMPLE

TOWN OF ANYWHERE
PUBLIC WORKS DEPARTMENT
SOLID WASTE MANAGEMENT DIVISION
CASH HANDLING POLICIES AND PROCEDURES
FOR
THE TRANSFER STATION SCALE HOUSE FACILITY

I. INTRODUCTION

Cash is one of the TOWN's most sensitive assets, and therefore clear accountability for the receipt, deposit, and custodianship of cash is required. To prevent mishandling of funds and safeguard against loss, the establishment of strong internal controls over cash and cash-related transactions is necessary. Strong internal controls also protect employees from unwarranted suspicion of mishandling funds by clearly defining responsibilities and assigning in the cash handling process.

II. PURPOSE

The purpose of this document is to provide standard operating procedures for the maintenance of a system of internal controls for handling cash and cash-related transactions, for ensuring timely deposit of payments at the TOWN OF ANYWHERE Treasurer's Office or into a TOWN bank account, and for ensuring that deposits are recorded in the appropriate project account(s).

III. POLICY STATEMENT

To ensure proper and consistent cash handling at the Solid Waste Management Division, Transfer Station Scale House facility, all staff that handles cash must be aware of and show a strong commitment to controls over cash funds. Controls are required to safeguard against loss and to protect employees by clearly defining and assigning responsibilities in the handling of cash. "Cash" may include coin, currency, checks, money orders, credit card transactions, and electronic funds transfers.

Strong internal controls:

- Protect employees who handle money, reconcile accounts, and carry out financial transactions;
- Demonstrate fiscal responsibility for taxpayer monies;
- Safeguard assets;
- Ensure accuracy and reliability of financial records;
- Promote operational efficiency and effectiveness;
- Prevent problems before they occur or detect problems soon after they occur;
- Detect errors and omissions for timely correction; and
- Standardize practices at the Transfer Station Scale House facility in order to ease training and collaboration.

The responsibility for development and implementation of an adequate system of internal control rests with division management. Systems of internal control are established based on needs and circumstances unique to the operation, and should effectively and efficiently control risks related to cash transactions.

In order to establish and maintain an effective system of internal controls, the following policies shall be followed:

A. All personnel handling cash must adhere to approved cash handling procedures.

B. Duties must be adequately segregated between cash handling, recording, and reviewing.

C. All persons handling, recording, and reviewing cash transactions must be adequately trained in their duties and responsibilities. It is the Senior Solid Waste Supervisor's responsibility to ensure all persons are adequately trained. A current procedures manual will be available to all staff that is involved in the cash collection and handling processes. The manual gives step-by-step instructions of duties and responsibilities. Weigh Masters and other staffs that are involved in the cashiering process must be familiar with the contents of this manual.

D. Supervisors of the Solid Waste Management Division's Transfer Station Scale House facility must be familiar with the policy and related procedures, and must ensure that all staff involved in the process understands their responsibilities for maintaining accuracy and security of the cash collected and deposited.

IV. SCOPE AND IMPLEMENTATION

These standard operating procedures apply specifically to cash handling at the Public Works Department, Solid Waste Management Division, Transfer Station Scale House facility, and provides staff with:

A. Information regarding the TOWN OF ANYWHERE, Public Works Department, Solid Waste Management Division's policy and procedure with respect to handling cash.

B. Instructions on handling cash in a consistent manner that reduces confusion about duties related to cash handling.

C. Assistance in separating incompatible duties and responsibilities in authorizing, processing, recording, and reviewing transactions to ensure adequate internal controls over the handling of cash.

V. DEFINITIONS

A. Cash Collections - The collection, control, and deposit of amounts received by the Transfer Station scale House facility from cash (currency and checks) sales, credit card sales, and other sources.

B. **Cash Reconciliation** - Balancing the Cash received between what the computer says is on hand, compared with what is actually in the cash drawer.

C. **Cash Deposit** -The daily preparation, review and verification of the Treasury Report (TR) (See Appendix A-5, for further details) deposit slip.

D. **Cash Deposit Reconciliation and Validation** - The monthly reconciliation of the Treasury Report (TR) deposit slip with FUND$.

D. **Internal Control Standards** – General guidelines for conducting routine cash transactions with reasonable assurance that specific goals and objectives will be met.

VI. GENERAL RESPONSIBILITIES

A. **Weigh Master(s)** - The Weigh Master is responsible for:

- Getting the origin of the load and checking for hazardous materials.
- Collecting payment or a promise to pay from customers.
- Controlling access to the tipping floor and determining the disposal location of incoming materials.
- Providing information to customers with hazardous materials that are not accepted at this facility.
- Providing excellent customer service by weighing vehicles accurately and charging customers accordingly, while being courteous and professional.

B. **Solid Waste Supervisor** - The Solid Waste Supervisor is responsible for:

- Opening and closing the Scale House and Transfer Station.
- Supervising individuals assigned responsibility for cash handling at the Transfer Station Scale House facility to ensure that internal control objectives are achieved.
- Validating and reconciling the daily cash collection activity and the corresponding service provided.

C. **Senior Solid Waste Supervisor** – The Senior Solid Waste Supervisor is responsible for:

- Ensuring compliance with established standards.
- Making timely recommendations to improve policies and procedures

SAMPLE

D. **Senior Solid Waste Supervisor** - Responsible for the review of all cash deposits from the Transfer Station Scale House facility on a daily basis.

E. **Associate Management Analyst** – Responsible for reconciling the Treasury Report (TR) deposit slip with FUND$ on a monthly basis. The Associate Management Analyst is also responsible for reviewing and verifying the revenue received through the sale of recycled scrap metal from the Transfer Station Scale House facility is deposited to the correct account in FUND$.

F. **Manager of Recycling & Solid Waste** – The cash handling function is the ultimate responsibility of the Manager of the Solid Waste Management Division. To facilitate operations and provide convenience and flexibility, parts of the cash handling function have been delegated to the unit manager of the Transfer Station Scale House Operation, the Senior Solid Waste Supervisor.

VII. SEPARATION OF INCOMPATIBLE DUTIES

Eliminating opportunities for any employee to be in a position to both perpetrate and conceal errors or irregularities in the normal course of his/her duties is a critical internal control. One employee shall not have complete control over an entire process or fiscal activity. For example, no employee should be able to prepare a transaction, approve it, process it and then reconcile division records to the FUND$ accounting system. Separation of such incompatible duties is required.

Segregation of duties prevents employees from falsifying records in order to conceal theft of assets entrusted to them, prevents authorization of a fictitious or inaccurate transaction as a means of concealing asset theft.

Mitigating Controls for Incompatible Duties

Assignment of responsibilities shall provide a cross check of duties that shall be segregated by function as follows:

Segregation of Duties

Custodial Functions	Recording Functions	Authorization Functions
Handling Cash	Preparing Source Documents	Transaction Authorization
Handling Assets	Maintaining Journals	
Writing Checks	Preparing Reconciliation's	
Receiving Checks in Mail	Preparing Performance Reports	

If two or three of these functions are the responsibility of a single person, problems can arise.

Failure to adequately separate incompatible duties, or to provide comprehensive oversight when adequate separation of incompatible duties cannot be achieved, places TOWN assets, especially personnel, at risk. If separation is difficult to achieve, high-level management oversight is critical and shall involve the Manager of the Solid Waste Management Division or other high-level division administrator in the financial approval and review process. (See Appendix A-2, Segregation of Duties Matrix that outlines the function and responsibilities of staff involved in the Transfer Station cash handling function).

VIII. STANDARD OPERATING PROCEDURES

The appropriate level authority overseeing the affected activity must sign every Standard Operating Procedure (SOP). SOPs are controlled documents; an unsigned SOP is an uncontrolled copy and is not necessarily valid. If any SOP must be amended, then the details of these procedural changes must be submitted to the Manager of the Solid Waste & Recycling Division for approval.

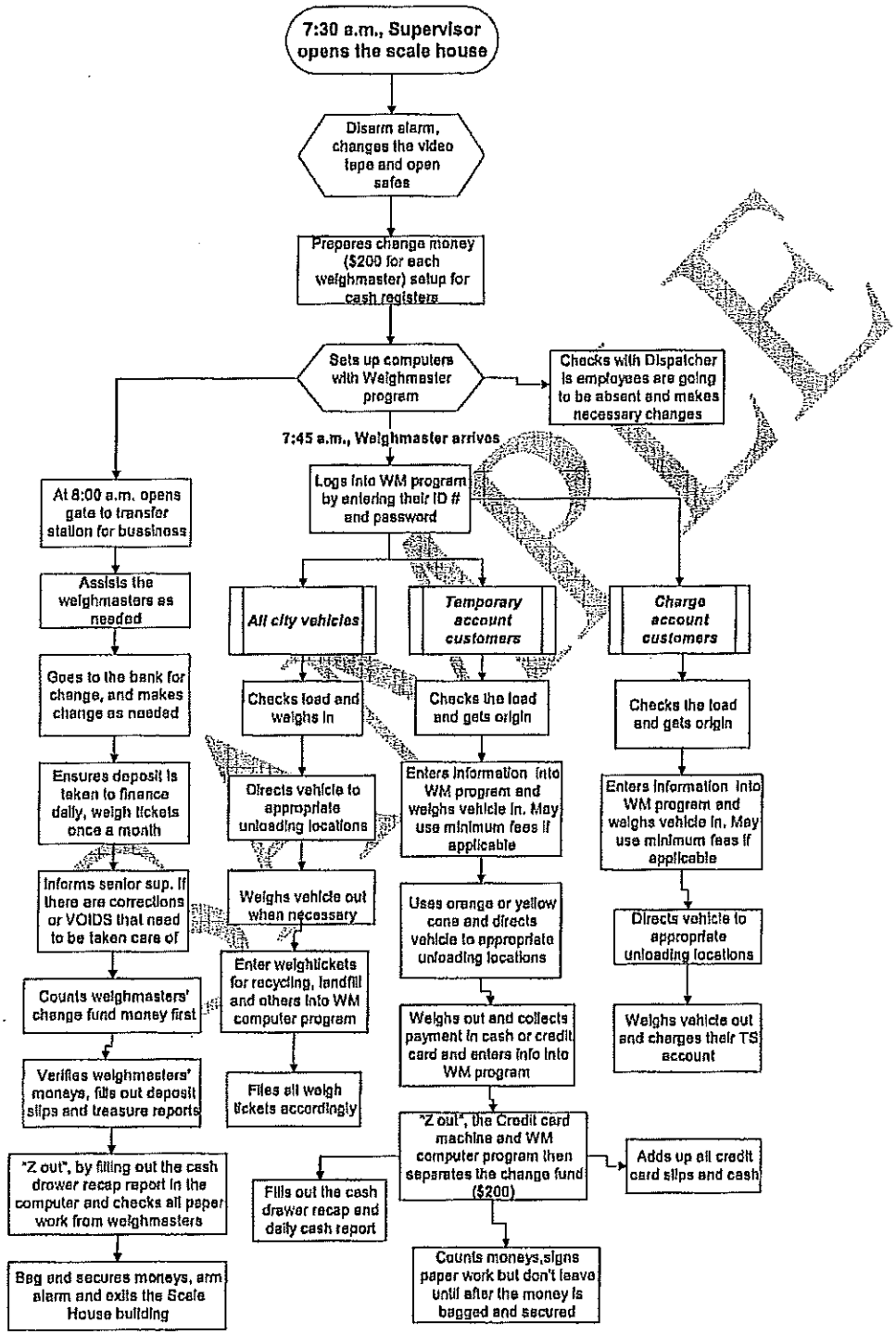
VIV. SOP FORMAT

The format of the SOP begins with a basic overview of the entire Transfer Station operation followed by discussion of specific individual staff responsibilities as they pertain to the cash handling function.

Flow diagrams are provided throughout to facilitate understanding of effective and efficient cash handling activities and to visually document the procedures and activities of the internal control structure of the cash handling process. The flow diagram on the following page depicts the basic workflow cycle followed for the Transfer Station Operation.

SAMPLE

TS Scale House Operation



STANDARD OPERATING PROCEDURE	PWSOP 00001.11
Title: Employee Safety and Site Security	Effective Date:
	Page:

1.0 Purpose

The purpose of this document is to provide a standard operating procedure (SOP) for the security of the Transfer Station Scale House facility and the employees who work there. An effective security program is one that promotes a security-conscious working environment, where sound business practices are the norm rather than the exception.

2.0 Scope

This SOP pertains to employees authorized to open Transfer Station Scale House doors; access limitations for keys, alarm codes, and safe combinations; video surveillance and safeguard of video recorder; change safe combinations, key control; and access to pre-paid bag inventory.

3.0 Responsible Personnel

Solid Waste Supervisor, Senior Solid Waste Supervisor, and Manager of Recycling & Solid Waste.

4.0 Incompatible Duties

See 5.0 security requirements, for further details.

5.0 Requirements for Security at the Transfer Station Scale House Facility

5.1 Access Limitations for Keys, Alarm Codes, and Combinations to Safes

The Manager of Recycling & Solid Waste is authorized to establish and administer regulations and procedures in order to provide physical security of the Transfer Station and Scale House facilities, and its occupants, and to provide for administration and control of Transfer Station keys, alarm codes and combinations to safe(s). The administration of key control, alarm codes, and combinations to safe(s) may be delegated to the Senior Solid Waste Supervisor, or his/her designee.

5.2 Key Authorization and Eligibility

The Director of Public Works, Manager of Recycling & Solid Waste, Senior Solid Waste Supervisor, or their specific designees shall be the only personnel

SAMPLE

authorized to request keys or lock changes within the Transfer Station and Scale House facilities. Transfer Station Scale House designees shall have their authority delegated in writing, on TOWN OF ANYWHERE, Public Works Department, Solid Waste Management Division letterhead, with the original signatures of the Director of Public Works and the Manager of Recycling & Solid Waste. Copies or stamped signatures will not be accepted. The Director of Public Works and the Manager of Recycling and Solid Waste shall carefully consider all requests for keys so that the protection and security of the Transfer Station and Scale House facilities and property are maintained.

In no case shall the same person to whom the keys are to be issued authorize the issuance of keys. The Senior Solid Waste Supervisor and Manager of Recycling & Solid Waste may issue transfer Station building entrance keys to Weigh Masters only if the employee's job responsibility requires such assignment as approved. Master keys will be issued to employees having a continuing need for the key(s) only upon the appropriate justification and the approval of the Manager of Recycling & Solid Waste.

5.21 Obtaining a Key

The Senior Solid Waste Supervisor or designee will fill out and sign a Key Request Form (See Appendix A-7, for further details). All keys shall be picked up and signed for by the individual named on the Key Request form at the office of the Manager of Recycling & Solid Waste. A TOWN OF ANYWHERE employee identification card must be presented when receiving the key. No person shall be issued multiple keys for the same area. Recipients of Transfer Station keys will be responsible for their safekeeping and at no time should leave them unattended.

5.22 Return of Keys

All keys, including access cards for electronic locks, shall be surrendered to the Manager of Recycling & Solid Waste upon termination of employment; transfer to another department, or upon request of the Director of Public Works or Manager or Solid Waste & Recycling.

5.3 Alarm Code(s) Access Restrictions

The type of building electronic security system at the Transfer Station Scale House facility is surveillance system. Access to the alarm code(s) for this system shall be restricted to no more than two authorized employees, the Solid Waste Supervisor and Senior Solid Waste Supervisor.

5.4 Employees authorized to open Transfer Station Scale House doors

The responsibility for opening the Transfer Station and Scale House doors shall be delegated to the Solid Waste Supervisor.

5.5 AMSEC Safe

The Scale House has an American Security (AMSEC) Safe-The Safe Wizard. The AMSEC safe is equipped with an electronic access controlled system named the **Safe Wizard.** Inside the safe are 4-compartments, three of which have a key-locking mechanism and are electronically connected to the Safe Wizard. The fourth compartment is an open compartment. All of the compartments inside the safe are labeled and the three electronically connected to the Safe Wizard are numbered.

5.6 Video Surveillance

The Solid Waste Management Division shall choose sites for video camera installation where surveillance is a necessary and viable deterrent to theft or fraud, such as the front and rear of the Transfer Station Scale House facility. Only the Senior Solid Waste Supervisor shall have access to the monitor operation controls and tape.

Due to the high intensity use of the Transfer Station Scale House facility during the week and on weekends by community users, and due to the random nature of the incidence of crime, the video camera surveillance system shall be in operation virtually 365 days a year and 24 hours per day.

5.7 Restricting access to pre-paid bag inventory

Access to and accountability for pre-paid bags are limited to the Senior Solid Waste Supervisor, and accountability for the custody and use of said bags shall be assigned to the Solid Waste Supervisor. Periodic comparison shall be made of this resource with the recorded accountability to determine whether the two agree. The frequency of the comparison shall depend on the vulnerability of the asset (See Appendix A-11, Inventory Control Sheet, for further details).

5.8 Authorization/Approval/Signature Policy

- The Solid Waste Management Division shall designate an authorized approver(s). The authorized approver shall be at a level of fiscal responsibility that is commensurate with the level of oversight required to safeguard TOWN assets, e.g., Solid Waste Supervisor, Senior Solid Waste Supervisor or Recycling Program Manager.
- The authorized approver accepts responsibility to ensure a document/transaction is appropriate and shall review supporting information to verify the propriety and validity of the document/transaction.
- To avoid improprieties/conflicts of interest and the appearance of such, authorized approvers shall not approve transactions payable to themselves or for their direct benefit. In addition, they shall not approve transactions for those payable to their immediate supervisor or for the direct benefit of their supervisor.
- Signature stamps are not permissible for any signature.

STANDARD OPERATING PROCEDURE	PWSOP NUMBER 00001.12
Title: Administrative Controls	Effective Date:
	Page:

1.0 Purpose

The purpose of this standard operation procedure (SOP) is to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Scrap metals: market rate paid
- Monthly comparison of total in v. total out tonnages
- Spot check for customer receipts
- "Surprise" Cash Count
- Weigh Master Performance Standards for Overages & Shortages

2.0 Scope

This SOP pertains to employees authorized to implement the fiscal administrative objectives identified above in order to provide reasonable assurance regarding their achievement

3.0 Responsible Personnel

The implementation of the fiscal administrative objectives above is the responsibility of the, Senior Solid Waste Supervisor, Associate Management Analyst, and the Manager of Recycling & Solid Waste.

4.0 Incompatible Duties

A basic premise of sound internal control states that one person should not have complete control over an entire process of fiscal activity. For example, no one person should be able to prepare a transaction, approve it, process it and then reconcile division records to the FUNDS accounting system. Failure to adequately separate duties or provide comprehensive oversight when an adequate separation cannot be achieved places TOWN assets, especially personnel, at risk. The Manager of Recycling & Solid Waste Management Division will manage his/her personnel to ensure transactions are properly authorized, processed, and recorded in the FUNDS accounting records (See Appendix A-2, Matrix on the segregation of duties for staff involved in cash handling.

SAMPLE

5.0 Requirements for Administrative Control

5.1 Market Rate Indicators for Recycled Scrap Metals

The Transfer Station receives source-separated loads of scrap metals and metal appliances from the public. In addition, Transfer Station employees salvage scrap metals from the tipping floor. These metals are sold to local scrap metal dealers or brokers. Procedures for scrap metal hauling, sale, payment receipt, and payment reconciliation are detailed below. To ensure that the TOWN receives the best value for its metals, the Senior Solid Waste Supervisor shall track scrap prices through monthly-published indices, and shall survey local markets quarterly.

5.1.1 Work Flow Diagram for Processing Scrap Metal

First

When scrap metal arrives at the Transfer Station, employees will salvage the scrap placed on the tipping floor and deposit in containers.

Then

Once the containers are full, the Solid Waste Supervisor has them placed in a truck and weighed on the scale at the Transfer Station in order to create a weigh ticket prior to selling the scrap metal to a mill.

Next

The scrap metal is taken by truck to the mill where it is again weighed on a scale to create a **cash/slip** weigh ticket. The cash slip weigh ticket generally identifies the total weight in pounds, price per pound, total amount to be paid and the name of the business selling the scrap metal. The TOWN is paid once a month for scrap metal.

After that

The truck driver returns to the Transfer Station with the cash/slip weigh ticket and gives it to the Solid Waste Supervisor who compares the total weight identified at the processor's location against the total weight identified at the Transfer Station location to determine if there are any differences in total weight.

Then

At the end of the month, the Transfer Station receives a check from the scrap metal processor reflecting the total amount to be paid to the TOWN for the total pounds sold.

Finally

Once the check is received in the mail at the Transfer Station, it is given to the Associate Management Analyst who prepares a Treasury Deposit Slip for deposit to the TOWN Treasury. The Analyst will reconcile the amount of the check with the total pounds identified on the weigh tickets from the scrap metal processor against the weight tickets filed and maintained at the Transfer Station, to determine the accuracy of the amount paid and deposited in FUNDS.

5.2 Monthly Comparison of Incoming and Outgoing Tonnages
Significant discrepancies between incoming and outgoing tonnage figures may indicate that loads are not being properly handled upon receipt at the transfer station floor, or are not being recorded or charged properly upon entry. The Associate Management Analyst shall prepare a Weigh Master Summary Report to correlate incoming and outgoing tons by material type on a monthly basis, and after consultation with the Senior Solid Waste Supervisor, shall report his/her findings to the Senior Solid Waste Supervisor.

5.3 Spot check for customer receipts
The Senior Solid Waste Supervisor shall periodically spot check customer receipts on the transfer station floor, when customers have not been given "cones" to indicate weigh-out required, and at the exit after customers have paid. The Solid Waste Supervisor shall spot check customer receipts weekly. The spot check shall include inquiring whether the customer was asked for load origin upon entry.

5.4 "Surprise" Cash Counts
The custodian of every cash fund is responsible for its integrity at all times. Periodic review of cash funds through random "surprise" cash counts can help provide reasonable assurance that errors and irregularities are identified. The Solid Waste Supervisor counts cash turned over by the selected Weigh Master and matches it with the receipts in the cash drawer. The receipts should match what the Supervisor counts and what are on the computer system. This should be performed at least once a month and in some cases more than once with assistance from Internal Audit. The designation of specific responsibility for custody of cash funds is documented by organization charts, operating manuals, position descriptions, or similar written documents.

5.5 Weigh Master Performance Standards for Overages & Shortages
The handling of money will normally generate some overages and shortages. The Solid Waste Supervisor and Senior Solid Waste Supervisor shall establish and maintain performance standards for Weigh Masters, including specific standards for overages and shortages. Overages and shortages shall be reviewed periodically by management to determine whether the discrepancies are significant, recurring, or specific to a certain Weigh Master.

Note: It is recommended that the Public Works Solid Waste Management Division first test the newly installed Weigh Master for Windows Scale House Computer system to determine the reality of the cash handling environment before establishing Weigh Master performance standards for overages and shortages.

5.6 Management Procedures in the event of the absence of the Weigh Master
The Weigh Master is responsible for determining amounts of money to be assessed, collected and/or accounted for based on established fees, and the weight, volume, or type of materials to be dumped at the transfer station.

In the event of the absence of the Weigh Master, the Solid Waste Supervisor will be responsible for performing the aforementioned tasks. When responsibility over Weigh Master tasks and use of the Weigh Master cash register machine is assigned to the Solid Waste Supervisor, the Senior Solid Waste Supervisor shall be responsible for performing the Solid Waste Supervisor responsibilities as outlined on page 7 of this policies and procedures manual. Further, to fulfill this change in assignment, the backup Senior Solid Waste Supervisor shall be responsible for performing the duties of the Senior Solid Waste Supervisor over transfer station operations as outlined on page 7 and 8 of this policies and procedures manual.

5.7 Segregation of duties
Maintaining segregation of duties is especially challenging for the transfer station due to the small number of Weigh Master employees. In an environment with limited number of Weigh Master employees, management needs to be involved in documenting, reviewing, and approving transactions, reports, and reconciliation, as well as implement control procedures to assure segregation of duties exist.

Prepared by Date
Management Date
Quality Assurance Date

STANDARD OPERATING PROCEDURE	PWSOP 00001.13
Title: Opening of Scale House and Transfer Station	Effective Date:
	Page:

1.0 Purpose

The purpose of this document is to define generalized procedures for opening the Scale House and Transfer Station.

2.0 Scope

This procedure covers the duties related to opening the Scale House and Transfer Station, and separation of cashier's work.

3.0 Responsible Personnel

Weigh Masters and Solid Waste Supervisor.

4.0 Incompatible Duties

Weigh Masters cannot open the scale house or transfer station, disarm the alarms, open the safe, or count out the change funds. Weigh Masters cannot share cash drawers, passwords, or IDs.

5.0 Opening Procedures

(a) At 7:30 a.m., Solid Waste Supervisor opens the Transfer Station Scale House and performs the following:

1) Disarms the alarm to Scale House
2) Changes the surveillance camera tape
3) Opens the safe and prepare change fund for each Weigh Master
4) Turns on computers with Weigh Master for Windows Program by typing the appropriate passwords

(b) At 7:45 a.m., the Weigh Master arrives at the Transfer Station and logs in by entering his/her ID and password into the computer system. The Weigh Master prepares his/her cash drawer with a $200.00 deposit provided by the Solid Waste Supervisor from the Cashier's Change Fund.

(c) At 8:00 a.m., the Solid Waste Supervisor opens Transfer Station front gate for business.

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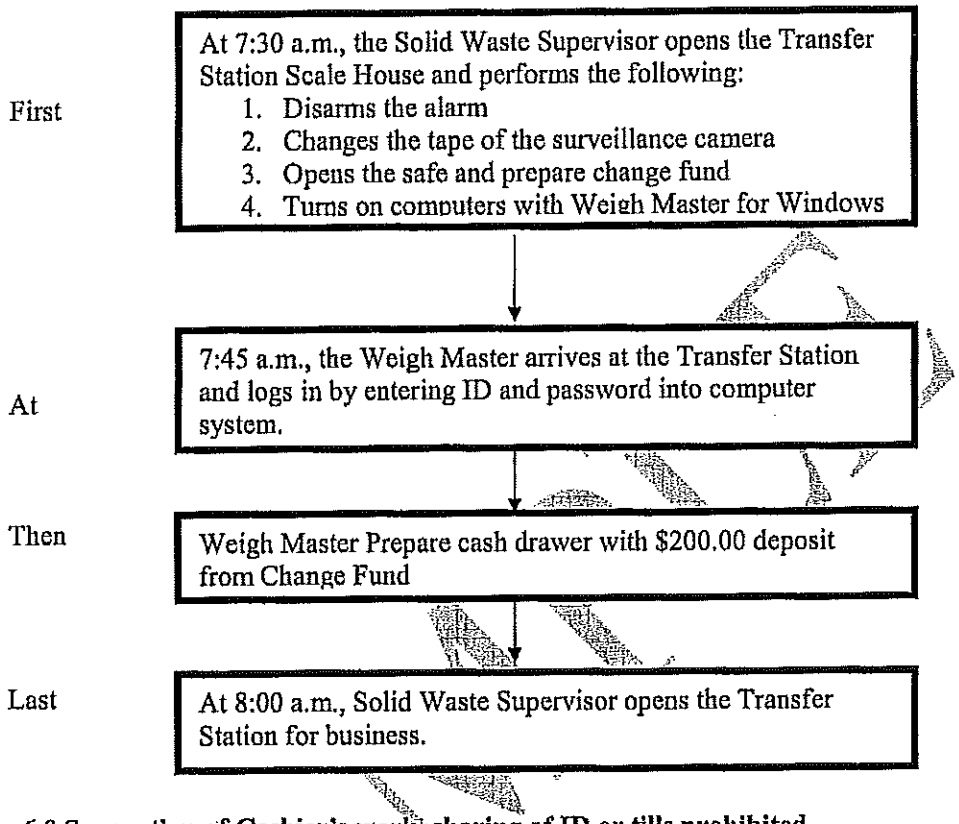
WORK FLOW DIAGRAM FOR START-UP PROCEDURES



6.0 Separation of Cashier's work; sharing of ID or tills prohibited

Control shall be maintained over all cash registers by the use of user ID access codes to preclude the substitution or use of cash registers by unauthorized personnel. Sharing of cash drawers and computer IDs and passwords is prohibited in order to reduce the risk of unauthorized use or loss, and to assign accountability for cash to specific individuals. This prohibition helps protect the employee from unwarranted suspicion of mishandling of funds by clearly assigning responsibility for integrity of the cash fund in each drawer.

Access to the cash register shall be limited to the Weigh Master(s) on duty, as well as the use of user ID codes

Prepared by Date
Management Date
Quality Assurance Date

STANDARD OPERATING PROCEDURE	PWSOP 00001.14
Title: Customer Transaction Processing	Effective Date:
	Page:

1.0 Purpose

The purpose of this document is to provide a standard operating procedure (SOP) for customer transaction processing.

2.0 Scope

This SOP pertains to the achievement of objectives in the following categories:

- Weigh Master transaction processing for TOWN vehicles, charge account customers, and temporary account customers
- Credit Card Handling Guidelines
- Void transaction requirements
- Customers who are unable to pay bill or leave without paying
- What to do if automated cash register goes down
- Recycle oil requirements
- Obtaining smaller currency for Cashier's Change fund

3.0 Responsible Personnel

The implementation of the fiscal administrative objectives identified above is the responsibility of the Weigh Master, Solid Waste Supervisor, and Senior Solid Waste Supervisor.

4.0 Incompatible Duties

See Appendix A-2 Segregation of Duties Matrix, for further details

5.0 Weigh Master Transaction Processing for All TOWN Vehicles, Charge Account Customers, and Temporary Account Customers

5.1 All TOWN Vehicles

1) Check load for hazardous materials.

2) Enter truck# and other appropriate information into the Weigh Master Computer System.

3) Weigh vehicle in and generate a weight slip.

SAMPLE

4) Direct vehicle to appropriate unloading locations on tipping floor for disposal of material.

5.2 Charge Account Customers

1) Check the load for hazardous materials and ask for load origin.

2) Enter the account number and other information into the computer system and weigh vehicle in.

3) Direct vehicle to appropriate unloading location.

4) Weigh vehicle out and charge to customer's account.

5) Print weight slip, have customer sign it, provide customer with the original and file the copy.

5.3 Temporary Account Customers:

Weigh INS

2) Check load for hazardous materials and ask for load origin.

3) Enter information into computer system, weigh vehicle in and use minimum fees, if applicable (330 pounds or less).

4) If minimum fee is applied, collect payment and give customer receipt (Do not weigh out customer).

Weigh Outs

1) Use cone to identify the type of load (yellow for green waste and orange for garbage.

2) Weigh vehicle out and collect payment. Customer payments can be accepted in the form of check, money order, cash, or by a charge card with a Visa or Master Card logo.

3) Enter payment amount into the computer system, cash drawer, and print a weight slip/receipt, and give the original to the customer and file the copy.

SAMPLE

6.0 Check Handling Guidelines (NO LONGER ACCEPT CHECKS)

6.1 Check Examination

Before entering payments into the computer register, checks and money orders must be examined to ensure the following:

a. Amount of payment equals the amount due for the disposal service, as shown on the computer screen for the transaction. Checks should not be made payable for an amount greater than the service or goods being paid for; change shall not be disbursed for payments made by check.

b. Written and numeric amounts match. Banking regulations take written over numeric amount.

c. Checks are signed and not post dated or stale-dated.

d. The payee is the TOWN OF ANYWHERE. Second party checks (i.e. not payable to the TOWN OF ANYWHERE) shall not be accepted.

e. Checks contain customer's a current address.

6.2 Check Endorsement

1) Weigh Masters are responsible for endorsing all checks immediately upon receipt.

2) Clearly endorse all checks with a rubber endorsement stamp. The endorsement stamp must have the TOWN OF ANYWHERE, Public Works, Solid Waste Management Division, Transfer Station approved format.

3) Endorse the check within the first 1.5" measured from the stub end of the check; the remainder of the back of the check is reserved for bank endorsements. The Federal Reserve mandates this endorsement requirement; failure to endorse checks properly may cause delays in processing and impair efforts to collect on returned checks.

6.3 Returned Checks

The Finance Department's Billing Unit for collection will hold any check that is issued to the TOWN and returned because of insufficient funds or

SAMPLE

for any other reason. The department or division that accepts a check that is subsequently returned unpaid may be charged the amount that is uncollected after all collection proceedings have been carried out.

7.0 Credit Card Handling Guidelines

1) Obtain bank authorization by submitting the transaction to the bank via the electronic capture device. Follow the instructions included in the credit card authorization information packet to ensure proper authorization.

2) Obtain credit cardholder signature. Credit card transactions that are handled in person are not valid without an appropriate signature by the cardholder. Weigh Masters are responsible for ensuring that the person paying by credit card is the authorized user.

8.0 Void Transaction Requirements

When it is necessary to void or cancel a receipt form, the original should be marked "VOID" so that it cannot be reused, and the original attached to the duplicate and triplicate copies and retained. Cash control through the use of pre-numbered receipt forms is only effective when a strict accounting is made of all forms. Each receipt should either be issued to a customer or voided and attached with the receipt book. Missing forms should be investigated or otherwise accounted for by the Solid Waste Supervisor.

The receipt number, receipt date, and the Weigh Master and Solid Waste Supervisor's initials should be noted on any source document that supports the payment. The Solid Waste Supervisor or Senior Solid Waste Supervisor should approve voids, over rings, etc. at the time they occur. If the supervisor is not available to approve the void, then a different Weigh Master will sign the void and the Solid Waste Supervisor will countersign upon his/her return. Voided receipts should be attached to the Daily Cash Report each day.

In many cases, receipt forms are printed in bound pads to facilitate control of the forms issued. When all forms in a bound pad have been issued, the used pad should be returned to the employee responsible for keeping the book inventory of the pre-numbered forms, the Solid Waste Supervisor. The Solid Waste Supervisor shall examine the pad to see that all forms have been properly accounted for and that all copies of "void forms" are in the pad. The Solid Waste Supervisor shall make an appropriate entry on the inventory control records indicating return of the used forms.

9.0 Customers who are unable to pay or leave without paying

When a cash customer who has already unloaded is unable to pay, he/she must complete a Promise to Pay Form (See Appendix A-9, Promise To Pay Form, for

further details). The intent is to document a debt to the TOWN as well as capture the data needed to bill the customer if the customer fails to appear at Finance to pay in person.

If a customer leaves without paying or completing a Promise to Pay Form, the Weigh Master should record the vehicle license plate and call the Berkeley Police Department to make a report.

10.0 What to do if Automated Cash Register System goes down

All transactions must be receipted. If the computerized receipting system is down, the Weigh Master shall issue manual receipts.

10.1 Issuing Manual Receipts

Each completed receipt shall contain the following information:

- Current date
- Amount receipted
- Person from whom money was received
- Purpose of payment
- Fund to which receipt is to be credited
- Type of transaction: cash, check or credit card
- Signature of the person writing the receipt

The original manual (white copy) shall be given to the party making the payment. A duplicate manual receipt shall be maintained in numerical order in the receipt book.

10.2 Voiding Manual Receipt Transactions

Voids (or corrections) must be verified after correction with the Solid Waste Supervisor. Voided receipts should be clearly marked "VOID" on the original receipt and its corresponding copies. The original, voided receipt (white copy), along with its duplicate copies should remain intact in the receipt book. If the original receipt is torn out of the book, it should be stapled to its copies.

11.0 Obtaining Smaller Currency for Cashier's Change Fund

The purpose of the change fund is to provide change necessary for efficient cash sales operations at the Transfer Station Scale House facility. The custodians of

SAMPLE

the change fund shall be the Solid Waste Supervisors assigned to the Transfer Station Scale House Facility. There are currently two (2) Solid Waste Supervisors assigned to the Transfer Station. Their working title is Opening Supervisor and Closing Supervisor. Therefore, each supervisor shall be personally responsible to the Manager of the Solid Waste Management Division for the value of the change fund, its proper safe keeping, and to ensure that all policies and procedures are adhered to. Currently, the authorized amount of the Transfer Station change fund is $1,000. If smaller currency for the cashier's change fund is needed to conduct efficient cash sales operations at the Transfer Station, the Solid Waste Supervisor having custody of the change fund at the time of the request for change shall obtain this currency.

12.0 Used Oil Recycling Requirements

The California Integrated Waste Management Board (CIWMB) encourages the recycling of used motor oil by certifying used oil recycling collection centers throughout the state. The Oil Depot at the TOWN OF ANYWHERE Transfer Station Scale House facility is a certified used oil collection center. Customers who bring used motor oil to the Oil Depot shall be offered 16 cents per gallon payment. The Transfer Station will take up to 5 gallons per customer per visit, or a maximum of 15 gallons per customer per day.

The Oil Depot cannot accept used motor oil if it is contaminated with other fluids such as antifreeze, solvents, gasoline, or water. The Weigh Master shall provide customers with contaminated oil with information on the Alameda County Household hazardous waste program

WORK FLOW DIAGRAM FOR WEIGH MASTER CASH COLLECTIONS TRANSACTION PROCESSING PROCEDURES FOR ALL TOWN VEHICLES

First — Check load for hazardous materials

↓

Then — Enter Truck # and other appropriate information into Weigh Master Computer System, weigh vehicle in and generate a weigh slip. Direct vehicle to appropriate unloading locations on tipping floor for disposal of material

WORK FLOW DIAGRAM FOR WEIGH MASTER CASH COLLECTIONS TRANSACTION PROCESSING FOR CHARGE ACCOUNT CUSTOMERS

First — Check the load for hazardous materials and ask for load origin

↓

Then — Enter the account number and other information into the computer system and weigh vehicle in

↓

After That — Direct vehicle to appropriate unloading location

↓

Next — Weigh vehicle out and charge to customer's account

↓

Finally — Print weight slip, have customer sign it and provide customer with the original and file the copy

WORK FLOW DIAGRAM FOR WEIGH MASTER CASH COLLECTIONS TRANSACTION PROCESSING FOR TEMPORARY ACCOUNT CUSTOMERS

First — Check load for hazardous materials and ask for load origin

↓

Next — Enter information into computer system, weigh vehicle in and use minimum fees, if applicable (330 pounds or less).

↓

Finally	If minimum fee is applied, collect payment and give customer receipt **(Do not weigh out customer)**

WORK FLOW DIAGRAM FOR WEIGH MASTER CASH COLLECTIONS TRANSACTION PROCESSING FOR <u>WEIGH OUTS</u>

First	Use cone to identify the type of load **(yellow for green waste and orange for garbage)**
Then	Weigh vehicle out and collect payment. Customer payments can be accepted in the form of cash, or by charge card with a Visa or Master Card logo.
Upon	Customer payments by credit card first require approval and then must be recorded in the cash register
Finally	Enter payment amount into the computer system cash drawer and print a weight slip (receipt), and give the original to the customer and file the copy

Prepared by Date	
Management Date	
Quality Assurance Date	

STANDARD OPERATING PROCEDURE	PWSOP 00001.15
Title: End of Day Z-Out and Closing Procedures	Effective Date:
	Page:

SAMPLE

1.0 Purpose

The purpose of this document is to provide a standard operating procedure (SOP) for end of the day closing and Z-Out procedures at the Transfer Station Scale House facility.

2.0 Scope

This SOP pertains to the achievement of objectives in the following categories:

- Mitigating controls for incompatible duties
- Cashier overages and shortages
- Accountability for errors and review at higher level
- Dual custody procedures
- Weigh Master Closing and Z-Out procedures
- Solid Waste Supervisor Closing procedures
- Deposit requirements
- Review and approval of Daily Cash Receipt Reconciliation

3.0 Responsible Personnel

The implementation of the fiscal administrative objectives identified above is the responsibility of the Weigh Master, Solid Waste Supervisor, and Senior Solid Waste Supervisor.

4.0 Incompatible Duties

Someone not involved with collecting the cash (i.e. Solid Waste Supervisor) must prepare the deposit slips and Treasury Reports. The employee preparing the deposit slips and Treasury Reports cannot make the deposit at the Treasury or bank.

5.0 Weigh Master Z-Out Procedures

The Weigh Master will perform the daily cash balancing in accordance with the User's Guide for the Weigh Master for Windows (WMW) Scale House 32 System, and through completion of the Daily Cash Report and Cash Drawer Recap Report. The Daily Cash Report and Cash Drawer Recap Report are balancing forms that are used to provide a summary of collection and deposit information that must be reconciled to the receipts in the cash drawer for the day.

The Weigh Master will remove all funds from his/her drawer, and count and report them on the Daily Cash Report and Cash Drawer Recap Report as cash or credit card payments. The Weigh Master will separate the $200 change fund from the daily collection and include it on the Daily Cash Report as "Change Fund." Each credit card transaction receipted by the Weigh Master shall be tallied using the Adding Machine Tape, which must agree with the Weigh Master's total credit card transactions receipted for deposit for that day.

If the money in the cash drawer does not equal the amount shown on the Cash Drawer Recap Report, the Weigh Master shall record the overage(s) or shortage(s) on the Daily Cash Report.

Upon completing the Daily Cash Report and Cash Drawer Recap Report, and all closing procedure as specified in the User's Guide for the Weigh Master for Windows Scale House 32 System, the Weigh Master shall sign his/her Daily Cash Report and Cash Drawer Recap Report, and deliver these balancing forms along with the cash receipts and change fund to the Solid Waste Supervisor, for reconciliation and preparation of the daily deposit.

6.0 Solid Waste Supervisor Z-Out Procedures

The Solid Waste Supervisor will verify that all receipts are included with the Weigh Master's balancing documents (i.e. Daily Cash Report, Cash Drawer Recap Report, etc.). The Solid Waste Supervisor will initial all voided receipts after ensuring that all copies of the voided receipt are present. Any missing receipts must be explained on the Weigh Master's Daily Cash Report and approved by the Solid Waste Supervisor and the Senior Solid Waste Supervisor.

The Solid Waste Supervisor will count and verify all collections as documented by each Weigh Master's receipts, Daily Cash Report, and Cash Drawer Recap Report, and initial these reports next to the Weigh Master's initials. The Solid Waste Supervisor will prepare deposit slips for each Weigh Master's receipts for the day, as described in section 7.0 and the Solid Waste Supervisor and Weigh Master shall both initial the deposit slip.

The Solid Waste Supervisor will then complete the All Cash Drawer Recap Report. If there are any discrepancies, the Solid Waste Supervisor addresses them with the Weigh Master immediately, before they leave for the day. The Supervisor shall research and explain any overages or shortages on the All Cash Drawer Recap Report. The Solid Waste Supervisor will balance all credit card transactions with the credit card receipts and deposits, using the automated credit card reader system.

The daily receipts should remain intact and processed as a batch. Any items that cannot be processed as part of the original batch must be documented as to the reason for the delay. All Weigh Master reports, receipts, deposit slips, and other balancing documents will be maintained in a daily file secured by the Solid Waste Management Division.

7.0 Preparing Deposit Slips, Bags, and Treasury Reports

A separate deposit bag is required for each payment type (currency, checks and coins) for each Weigh Master.

7.1 Procedures for Preparing Currency Deposit Slip and Bag (Note: Checks Are No Longer Accepted)

1) Weigh Master counts the currency while Solid Waste Supervisor observes that the currency is counted correctly.
2) Weigh Master presents the currency to the Solid Waste Supervisor.
3) Solid Waste Supervisor prepares the deposit slip while Weigh Master observes that the information is entered correctly.
4) List each denomination on the deposit slip, followed by the amount for each denomination.
5) Enter current date on the deposit slip.
6) Calculate the total amount of currency and enter on the bottom of the deposit slip.
7) Enter the total again on the side of the deposit slip.
8) Write the bag number on the side of the deposit slip.
9) Weigh Master and the Supervisor who performed the currency count shall initial the deposit slip.
10) Affix the currency label on the currency deposit bag, and enter the deposit amount on the label.
11) Take the numbered bag strip tab off on the deposit bag and staple it on the top right side of the yellow copy of the deposit slip.
12) Place the deposit slip in the small pouch of the deposit bag.
13) Place the currency in the big pouch of the deposit bag.
14) Seal the bag.

7.2 Procedures for Preparing Check Deposit Slip and Bag

1) Weigh Master runs an adding machine tape on the checks, using duplicate tape.

DRAFT

2) Weigh Master gives the Solid Waste Supervisor the checks and tapes.
3) Solid Waste Supervisor runs second tape to confirm the Weigh Master's total for checks, again using duplicate tape. There will be two (white) original tapes and two (yellow) copy tapes.
4) Solid Waste Supervisor prepares the deposit slip while Weigh Master observes that the information is entered correctly.
5) If there are 24 or more checks, enter only the total amount of the checks on the deposit slip, and place a note on the deposit slip "See Attached Tape." If there are less than 24 checks, list each check on the deposit slip.
6) Enter current date on the deposit slip.
7) Calculate the total amount of checks and enter on the bottom of the deposit slip.
8) Enter the total again on the side of the deposit slip.
9) Write the bag number on the side of the deposit slip and the package number from the deposit label for checks.
10) Weigh Master and the Supervisor who performed the check tabulation shall initial the deposit slip.
11) Attach one original copy of the adding machine tape onto the white deposit slip copy, and attach the second original adding machine tape to the yellow deposit slip copy.
12) Affix the checks label on the checks deposit bag, and enter the deposit amount on the label.
13) Take the numbered bag strip tab off on the deposit bag and staple it on the top right side of the yellow copy of the deposit slip.
14) Place the deposit slip in the small pouch of the deposit bag.
15) Place the checks in the big pouch of the deposit bag.
16) Seal the bag.

7.3 Procedures for Preparing Coins Deposit Slip and Bag

1) Weigh Master counts the coins while Solid Waste Supervisor observes that the coins are counted correctly.
2) If the total is less than $5.00, the coins shall be sealed in an envelope, which is initialed by the Solid Waste Supervisor and Weigh Master. If the total is $5.00 or more, the coins shall be bagged according to the following steps.
3) Solid Waste Supervisor prepares the deposit slip while Weigh Master observes that the information is entered correctly.
4) List each denomination on the deposit slip, followed by the amount for each denomination.
5) Enter current date on the deposit slip.
6) Calculate the total amount and enter on the bottom of the deposit slip
7) Enter the total again on the side of the deposit slip.
8) Write the bag number on the side of the deposit slip.
9) Weigh Master and the Supervisor who performed the currency count shall initial the deposit slip.

10) Affix the coin label on the coin deposit bag, and enter the deposit amount on the label.
11) Take the numbered bag strip tab off on the deposit bag and staple it on the top right side of the yellow copy of the deposit slip.
12) Place the deposit slip in the small pouch of the deposit bag.
13) Place the coins in the big pouch of the deposit bag.
14) Seal the bag.

7.4 Procedures for Preparing Treasury Reports

The Treasury Report allows the Solid Waste Management Division employee making the deposit and the Treasurer's office cashiers to document their agreement of the amount of funds deposited, and the posting of these monies to the correct accounts. The Solid Waste Supervisor must complete the Treasury Report (TR) accurately before leaving the Transfer Station.

The Treasury Report has three parts: the original and yellow copy for the Treasury Cashier and the pink copy for the division. **The Treasurer's Office will not accept an altered deposit slip.** Therefore, any revision requires a new deposit slip. The Treasury Report must be completed in **ink.** The Treasury Report shall contain the following information:

- Name of the department/division making the deposit
- Date of the deposit
- Account number [four-digit element object code or Treasury account number (T-1 or T-3)]
- Sub-codes and/or project numbers, if needed
- Amount for each sub-code and/or project number, if needed.
- Overages and/or shortages, if any
- Source of receipt

The T1 account is for revenue received through payment for the disposal of refuse, trash, debris, and compostable organic materials, and special fee items. The T3 account is for revenue received through the sale of recycled scrap metal.

The Solid Waste Supervisor shall complete one Treasury Report per Weigh Master per day. In addition, for each Weigh Master, the Solid Waste Supervisor will attach one yellow copy of the adding machine tape for credit card transactions, and a copy of each Weigh Master's Cash Drawer Recap Report and Deposit Ticket. Lastly, the Solid Waste Supervisor will provide the Treasury's office with an All Z-Out Recap Report and Credit Card Settlement Report.

7.5 Handling the Prepared Deposit

At the end of the day, the Solid Waste Supervisor shall place the daily plastic deposit bags in the safe and lock it. **Note:** This procedure must be done in the presence of a Weigh Master in order to comply with dual custody procedures. To further comply with dual custody procedure, two scale house staffs are to remove and release the daily deposit bags to the TOWN-designated courier (Brink Incorporated.) After releasing the sealed bags, a staff along with the courier representative must sign the Customer Receipt Book attesting the number of bags given, bags numbers, and the amount listed on each bag.

Accounting information relative to the deposit must be updated by the Treasurer's Office within five (5) working days of the date of the deposit through the FUND$ system to assure appropriate validation and reconciliation of deposits is in place.

7.6 Dual Custody during Reconciliation

The Weigh Master and the Solid Waste Supervisor shall maintain **dual custody** during reconciliation, a standard operating procedure under which two (2) individuals shall be present when deposits are being prepared.

8.0 Additional Closing Responsibilities for Solid Waste Supervisor

1) The Solid Waste Supervisor will close the gates to the Transfer Station at 4:30 p.m. All customers waiting in line at closing will be allowed into the Transfer Station.

2) When the last customer has left the premises, the Solid Waste Supervisor will lock the facility and begin the z-out reconciliation.

3) When the z-out is complete, the Solid Waste Supervisor will turn off the Weigh Masters' computers.

4) The Solid Waste Supervisor shall compile all reports (copies of TRs, Cash Drawer Recap Reports, Daily Cash Reports, deposit slips, and tapes) and deliver to the Senior Solid Waste Supervisor for review. After review, the Senior Solid Waste Supervisor shall prepare and sign a cover sheet for the package that indicates its contents and any problems, and deliver the package to the Associate Management Analyst for further review, validation, and subsequent filing.

5) The Senior Solid Waste Supervisor shall complete and maintain an up-to-date **Transfer Station Deposit Bag Log** (See Appendix A-6, for further details).

SAMPLE

This step completes the deposit cycle by validating that the Transfer Station Scale House has received and processed all cash receipts for each project account (Scale House Operations, T1 account and Recycled Scrap Metal, T3 account) that has been deposited in the TOWN Treasury.

6) When all administrative duties are complete, the Solid Waste Supervisor shall turn computers off, lock all doors and windows, and turn on alarm and exit building.

WORK FLOW DIAGRAM FOR WEIGH MASTER CASH COLLECTIONS-END OF DAY CLOSING PROCEDURES

First

Print from the cash register the Z-Out report reflecting total cash collections for the day

Then

Count all cash collections and credit card transactions slips using the Daily Cash Report Form and the Cash Drawer Recap Form. Money is to be separated into different piles for counting as follows:

- The coins are piled into set units
- The notes are put into bundles
- The coins or either rolled or put into plastic bags
- Credit cards are recorded on separate lists

After that

Subtract the Change Fund from the total to check that the cash in the drawer agrees with the total amount printed on the Z-Out report.

Next

If the money in the cash drawer does not agree with the amount shown on the Z-Out report, there is a discrepancy. Recount the money, check your additions and subtractions, and examine the Z-Out report to find out any:

- Refunds
- Voids
- Mistakes
- Inform the Solid Waste Supervisor

Next

Record the total of each pile on the Daily Cash Report and Cash Drawer Recap Report, noting any overages/shortages

Finaly

Take the Change Fund and the cash collections along with the Z-Out report, Daily Cash Report, and Cash Drawer Recap Report to the Solid Waste Supervisor for reconciliation

SOLID WASTE SUPERVISOR CASH RECONCILIATION-END OF DAY CLOSING PROCEDURES

First

Upon receipt of the Daily Cash Report and Cash Drawer Recap Report along with Z-Out Report and credit card batch report from the credit card terminal from each individual Weigh Master, count and compare the cash, credit card amounts, including any voids or mistakes, with what the computer says is on hand. Maintain **dual custody** during reconciliation process

Next

Explain any discrepancy that may exist between the reported cash collections received from each individual Weigh Master cashier and the actual amount of money on hand

Then

Complete the Weigh Master for Windows System "All Cash Drawer Recap Report"

Make copies of the Treasury Report (TR) deposit slips, the All Cash Drawer Recap Report, and Daily Cash Report and place originals and cash collections into a lockable deposit bag and place bag in back room safe for next day delivery to the TOWN Treasury.

After that

Next

Turn off the Weigh Masters' Computers

Then

Take all reports TR deposit slip, Cash Drawer Recap Report, and Daily Cash Report from each individual Weigh Master Cashier, inclusive of receipts for recycling activities to the Senior Solid Waste Supervisor for his/her review and validation. The Senior Solid Waste Supervisor then takes the cash collections documentation package to the Associate Management Analyst for further review, validation and filing

Then

Complete and maintain an up-to-date **Transfer Station Deposit Bag Log.** Step completes the deposit cycle by validating that the Transfer Station Scale House has received and processed all cash collections for each project account (T1/T3), which has been deposited in the TOWN Treasury.

Finally

Turn computers off, lock all doors and windows, turn on alarm, and exit building

Prepared by	Date
Management	Date
Quality Assurance	Date

STANDARD OPERATING PROCEDURE	PWSOP NUMBER 00001.16 (Revised)
Title: Cashier's Change Fund	Effective Date:
	Page:

1.0 Purpose

The purpose of this document is to ensure proper maintenance and security of the Cashier's Change Fund.

2.0 Scope

This document defines procedures for maintaining and using the Cashier's Change Fund.

3.0 Responsible Personnel:

Manager of Recycling & Solid Waste, Solid Waste Supervisor, Senior Solid Waste Supervisor, Weigh Master(s)

4.0 Incompatible Duties

No employee can count change from the Change Fund into his/her own operating cash drawer, nor reconcile return of change to the Change Fund from his/her own cash drawer.

5.0 Size of Change Fund

The Transfer Station Scale House facility change fund shall be established at an amount no greater than that required in conducting normal daily cash sales transactions. The amount currently authorized by TOWN Council of this change fund is $1,000. If the authorized level needs to be increased, the Manager of the Solid Waste & Recycling shall submit a new Change Fund request to the TOWN Council via the TOWN's Finance Director. The Change Fund must be returned or reduced when the need no longer exists or diminishes. Otherwise, the amount of the change fund remains constant. The change fund is subject to periodic surprise audits of cash and records by the TOWN's internal and external auditors.

5.2 Custodian of the Fund

The sole custodian of the Transfer Station Scale House facility Change Fund shall be the Solid Waste Supervisor(s) assigned to the Transfer Station Facility.

SAMPLE

5.3 Custodian Responsibilities

The Solid Waste Supervisor is responsible to the Manager of Recycling & Solid Waste for proper safekeeping of the Change Fund. The Solid Waste Supervisor remains accountable for the Change Fund until custody is formally transferred to another employee or until the fund is formally closed. The Solid Waste Supervisor is personally responsible for the value of the Change Fund and for ensuring that all policies and procedures related to the fund are followed. It is the responsibility of both the Solid Waste Supervisor and Manager of Recycling & Solid Waste to acquire a thorough knowledge of the applicable policies and procedures and to ensure the funds is properly safeguarded.

5.4 Absence of Custodian

During his/her absence or vacation, the Solid Waste Supervisor may place the Change Fund with a Temporary Custodian. The Temporary Custodian and the Solid Waste Supervisor must physically count the Change Fund and prepare a list of cash. The cash must total the authorized value of the Change Fund. The Temporary Custodian signs a copy of the reconciliation as a receipt. The Solid Waste Supervisor retains this receipt since that individual is transferring personal responsibility for the value of the fund. When the Solid Waste Supervisor returns, the same procedures shall be followed with the receipt retained by the Temporary Custodian (See Appendix A-8, **Change Fund Sub-Voucher**, for further details).

5.5 Weigh Master Liability for Change Fund Advance

The Solid Waste Supervisor shall advance $200 from the Change Fund to the Weigh Master to cover normal operating needs. Weigh Masters shall sign a Change Fund Sub-Voucher for the amount of the advance. The Weigh Master is liable for all advanced funds from the time of receipt of the funds, until an acceptable and correct accounting is made at closing.

The change fund advance shall be maintained by the Weigh Master and is limited exclusively for his/her use in making of change in receiving amounts due the TOWN. Each Weigh Master shall have his/her own cash drawer to conduct cash transactions with customers; change funds shall not be commingled with other cash funds. Change funds shall not be used for making petty cash disbursements or cash advances or as check-cashing service. This policy expressly prohibits advances for any purpose from the change fund other than for use in making change.

5.6 Reconciliation of Change Fund

The integrity of the **change fund** must be confirmed daily by completing the reconciliation of this fund. The total of cash must always equal total funds provided.

SAMPLE

STANDARD OPERATING PROCEDURE	PWSOP NUMBER 00001.17
Title: Acquiring Change	Effective Date:
	Page:

1.0 Purpose

The purpose of this standard operation procedure (SOP) is to define procedures for exchanging scale house operating cash at the bank for smaller denominations.

2.0 Scope

The scope of this SOP covers removal of cash from the Weigh Masters' drawers, transportation of the cash to the bank to exchange for smaller denominations, and return of the cash to the drawers.

3.0 Responsible Personnel

Weigh Masters, Solid Waste Supervisors, and Solid Waste Senior Supervisors.

4.0 Incompatible Duties

No employee can remove cash from his/her own drawer and take it to the bank for change.

5.0 Requirements for Acquiring Change

1) The Weigh Master shall advance cash from his/her drawer to the Solid Waste Supervisor, or his/her designee, in an amount that should cover normal operating needs.

2) The Solid Waste Supervisor shall count the cash in the presence of the Weigh Master and sign a sub voucher for the amount of the advance, which the Weigh Master shall keep in his/her drawer.

3) The Solid Waste Supervisor shall take the cash to the bank designated by the Manager of Recycling & Solid Waste, and exchange it for currency of smaller denominations.

SAMPLE

4) Upon return to the Scale House, the Solid Waste Supervisor shall return the full amount of cash to the Weigh Master, who will count it in the presence of the Solid Waste Supervisor. After assuring that the correct amount has been returned, the Weigh Master shall return the sub voucher to the Solid Waste Supervisor.

Prepared by Date	
Management Date	
Quality Assurance Date	

SAMPLE

STANDARD OPERATING PROCEDURE	PWSOP NUMBER 00001.18
Title: Transfer Station Operations Checklist	Effective Date:
	Page:

1.0 Purpose

The purpose of this standard operation procedure (SOP) is to define procedures for completing the Transfer Station Operations Checklist.

2.0 Scope

The scope of this SOP covers inspection of the physical condition of the transfer station site and equipment, and assessment of security measures and customer survey for auditing purposes.

3.0 Responsible Personnel

Solid Waste Supervisors and Senior Solid Waste Supervisors.

4.0 Incompatible Duties

Any employee performing Weigh Master duties cannot complete the "audit" portion of the checklist.

5.0 Requirements for Completing the Transfer Station Operations Checklist

The checklist has two parts: an inspection for auditing purposes, and an inspection of general operations. The first part of the form is intended to ascertain whether customers are being charged the proper service fees, and that standard security measures are fully engaged. The second part is intended to assess the condition of the structures and equipment, and identify the need for additional resources to ensure operational efficiency (See Appendix A-12, Transfer Station Operations Check List, for further details)

The employee completing the form will mark the box either "yes" or "no" for each line of the form, and explain any variances from established standards. The employee will sign and date the form upon completion, and return it to the Senior Solid Waste Supervisor.

Prepared by Date
Management Date
Quality Assurance Date

SAMPLE

STANDARD OPERATING PROCEDURE	PWSOP NUMBER 00001.19 (Revised)
Title: Z-Out Review	Effective Date:
	Page:

1.0 Purpose

The purpose of this standard operation procedure (SOP) is to define procedures for reviewing the daily Transfer Station z-out packet.

2.0 Scope

The scope of this SOP covers review of the daily transfer Station Z-Out packet for completeness and accuracy, and related documentation.

3.0 Responsible Personnel

Weigh Masters, Solid Waste Supervisors, Solid Waste Senior Supervisors, Recycling Program Manager, and Associate Management Analysts.

4.0 Incompatible Duties

No one who is directly involved in the Scale House operations can review the Z-Out, therefore the Recycling Program Manager, or his/her designee, will review the daily z-out.

5.0 Requirements for Reviewing the Z-Out

The Senior Solid Waste Supervisor will provide a z-out packet for review, daily, with a cover sheet that he has signed and dated, which notes whether all required documents have been provided in the packet, and any other comments.

The reviewer will verify the following information:

For the Cover Sheet:

1. Z-out cover sheet is dated and signed by the Senior Solid Waste Supervisor.
2. Z-out packet contains all items as indicated by Senior Solid Waste Supervisor on the cover sheet.

For each Weigh Master:

3. WM Close Out Recap Report, WM Close Out Drawer Report, and WM Close Out Bag Report, WM Close Out Credit Cards Report, are signed or initialed by the Weigh Master and the Weigh Master's supervisor.
4. WM Special Codes Summary Report is included in z-out packet.

SAMPLE

5. Amount entered on the Currency Deposit Slip matches the amount for currency entered in the currency section of the WM Close Out Drawer Report.
6. The counts for each denomination on the WM Close Out Drawer Report match the recorded amounts (i.e. number of bills x denomination value = amount).
7. The sums of denomination counts/amounts match the amounts entered as Currency on the WM Close Out Recap Report and WM Close Out Bag Report.
8. Amounts for cash and credit cards recorded on the WM Close Out Recap Report t match the amounts entered in the WM Close Out Bag Report and Treasury Report.

For the "All" Weigh Master Close Out Recap Report:

9. The amounts entered for cash and credit cards equals the sum of these amounts from the individual WM Close Out Recap Report.
10. The sum of the two credit card terminal tapes equal the amount entered for credit card receipts.

The reviewer will record any discrepancies on the Z-out cover sheet and on Z-Out spreadsheet (FY2005z-out) filed on the shared network drive, and inform the Senior Solid Waste Supervisor immediately upon discovery of any unexplained discrepancies. The Senior Solid Waste Supervisor and the Manager of Recycling & Solid Waste, or his/her designee shall review the z-out spreadsheet monthly.

Prepared by Date	
Management Date	
Quality Assurance Date	

SAMPLE

STANDARD OPERATING PROCEDURE	PWSOP 00001. 20
Title: Use of AMSEC Safe Wizard and Controlling Access to Safe	Effective Date: 1/20/2005
	Page:

1.0 Purpose

The purpose of this standard operating procedure (SOP) is to ensure proper use of the American Security (AMSEC) Safe-The Safe Wizard per the manufacture's instructions. By following these instructions, the user will be able to achieve maximum usage of the safe's security features as outlined in the manufacturer's specifications.

The AMSEC safe is equipped with an electronic access controlled system named the **Safe Wizard.** Inside the safe are 4 compartments, three of which have a key-locking mechanism and are electronically connected to the Safe Wizard. The fourth compartment is an open compartment. All of the compartments inside the safe are labeled and the three electronically connected to the Safe Wizard are numbered.

2.0 Scope

This SOP pertains to the use of the safe as for the storage of cash and cash equivalents or any other items deemed necessary in the operation of the Transfer Station Scale House Facility. Other items covered in this SOP include:

- The Transfer Station's **Principal Change Fund**
- The Weigh Master's **Individual Change Fund**
- Deposit bag procedures and dual custody requirements for cash receipts
- Key Security
- Filling in and signing the Deposit Log Sheet

3.0 Responsible Personnel

Manager of Solid Waste and Recycling, Senior Solid Waste Supervisor, Transfer Station Solid Waste Supervisor, and Weigh Master

4.0 Incompatible Duties

Someone not involved with collecting the cash (i.e. Solid Waste Supervisor) must prepare the deposit slips and Treasury Reports. The employee preparing the

deposit slips and Treasury Reports cannot make the deposit at the Treasury or bank. Weigh Masters shall not exchange individual security codes for their cash register or safe compartment. Each Weigh Master is solely responsible for his/her cash register, as well as and assigned compartment of the AMSEC Safe.

5.0 Opening of Safe – Beginning of Workday Procedures

A. Supervisor

At the beginning of the workday the Supervisor shall open the safe with his password, take out each Weigh Master's change fund bag, hand it to them, and close the door to the safe.

Weigh Master

Each Weigh Master shall count his/her change fund in the presence of the Supervisor, place the change fund in the cash register drawer and after closing the drawer begin processing customer transactions.

6.0 Procedures for Issuing Change

When a Weigh Master is in need of change, the Supervisor shall open the External door to the safe, then open the door to the principal change fund compartment and count out the appropriate amount of change needed. The Supervisor shall then close the door to the principal change fund compartment, as well as the exterior door to the safe (See SOP 00001.16 – Cashier's Change Fund, for further details).

7.0 Weigh Master Break and Lunch Procedures

The Weight Master is responsible for securing his/her monies during all breaks and lunch. The Weigh Master shall remove his/her cash drawer from the cash register and place it into the safe's assigned compartment. Each Weigh Master shall enter his/her assigned code into Safe Wizard system, and then select the assigned slot drawer number for his/her cash drawer. The Weigh Master will then use a key to open the door to the slot, place the cash drawer into the slot drawer, close the slot drawer, remove the key and keep it in his/hers possession to access the safe compartment when he/she returns. After the Weigh Master returns from his/her break or lunch the MW will retrieve the cash drawer and close the door to the safe.

SAMPLE

8.0 Deposit Bag Procedure

After the supervisor has completed the Z out documentation, he will then seal the plastic deposit bag, open the safe main door, and place the bag into the deposit slot. He shall check the deposit slot to in order to ensure the deposit bag has cleared the deposit slot area. The Supervisor then close the principal door to the safe. All of this must be done in the presence of a Weigh Mater to comply with dual custody requirements.

9.0 Retrieving the Deposit Bag for the Treasury Deposit

After the Supervisor has completed the Z out documentation he will then seal the plastic deposit bag, open the safe main door, and place the bag into the deposit slot. He shall check the deposit slot in order to ensure the deposit bag has cleared the deposit slot area. He shall then close the main door to the safe. This must be done in the presence of the Weigh Mater to comply with dual custody requirements.

10.0 General Use of Safe

The safe is programmed with an alarm that will sound if the safe doors are open beyond a programmed time limit. The operator must close all the doors to the safe to deactivate the alarm after it has been activated.

Prepared by Date
Management Date
Quality Assurance Date

SAMPLE

STANDARD OPERATING PROCEDURE	PWSOP 00001. 21
Title: Accountability for Cash Receipts Overages and Shortages, and Cash Register System Input Accuracy	Effective Date: 6/10/2005
	Page:

SAMPLE

1.0 Purpose

The purpose of this standard operating procedure (SOP) is to establish performance standards for cash receipts overages and shortages, and cash register input accuracy, for the Weigh Master cashiers.

2.0 Scope

This SOP pertains to cashiering performance standards for cash receipts overages and shortages, and cash register system input accuracy, for the Weigh Master cashiers.

3.0 Responsible Personnel

Manager of Solid Waste and Recycling, Senior Solid Waste Supervisor, Transfer Station Solid Waste Supervisor, and Weigh Master

4.0 Incompatible Duties

Weigh Masters shall not exchange individual security codes for their cash register or safe compartment. Each Weigh Master is solely responsible for his/her cash register, as well as and assigned compartment of the AMSEC Security Safe.

5.0 Overages and Shortages

a) Weigh Masters will be given written notice at least one (1) week in advance of the implementation of any new elements or performance standards. The performance standards listed herein are additional to the other requirements in this Cash Handling Policies and Procedures Manual.

b) Before the date of implementation, all weigh Masters will be provided a copy of any new performance standards or critical elements.

c) The following time frames and dollar amounts are applicable to an individual Weigh Master in meeting the following performance standards:

6.0 Overages/Shortages Indicators

-No more than $10.00 – Daily

-No More than $20.00 – Weekly

-No more than $20.00 – Monthly

7.0 Input Accuracy Indicators

-Number of Z-Out reporting errors in 22 working days – Not more than four (4) Z-Out Reports inaccurately completed in 22 working days.

d) If the supervisor has identified shortcomings in the Weigh Master's performance, the Weigh Master shall be notified when the problem is perceived. The supervisor will discuss the Weigh Master's performance with the Weigh Master in private surroundings at least twice (2) during the rating period. The supervisor will suggest ways for the Weigh Master to improve his/her work performance.

Prepared by Date	
Management Date	
Quality Assurance Date	

SAMPLE

APPENDICIES

SAMPLE

APPENDICIES

A-1	Transfer Station Disposal Rates
A-2	Segregation of Duties Matrix
A-3	Daily Cash Report Form
A-4	Sample Cash Drawer Recap Report Form
A-5	Treasury Report Deposit Slip Form
A-6	Transfer Station Deposit Bag Log
A-7	Key Request Form
A-8	Change Fund Sub-Voucher
A-9	Promise to Pay Form
A-10	Sample Daily Check List Form for Z Out
A-11	Inventory Control Worksheet
A-12	Transfer Station Operation Check List

SAMPLE

City of Berkeley
Solid Waste Transfer Station
Disposal Rates Effective July 1, 2003

MATERIAL TYPE	NEW FEE
REFUSE, TRASH, DEBRIS	
minimum charge (330 pounds or less)	$13.00
per cubic yard	$19.80
per ton	$78.75
COMPOSTABLE ORGANIC MATERIALS	
minimum charge (330 pounds or less)	$9.00
per cubic yard	$13.00
per ton	$55.25
OTHER	
refrigerated appliances	$31.00
mattresses & box springs	$7.50
television sets & computer monitors	$16.00
automobile tires	$5.00
truck tires	$10.00

Transfer Station A-1

SEPARATION OF DUTIES MATRIX

Functions /Responsibilities	Weigh Master	Weigh Master Trainee	Solid Waste Supervisor	Office Specialist Supervisor	Senior Solid Waste Supervisor	Associate Management Analyst	MSWR
Collection of Cash/Receipts	X	X	X				
Weigh Master Cash Receipts /Deposit Reconciliation Process	X	X	X				
Cashier Overages Performance Standards	X	X	X		X		
Cashier Shortages Performance Standards	X	X	X		X		
Input Accuracy Performance Standards	X	X	X		X		
Supervisor Performance Standards					X		
Opening of Scale House Doors/Implementing Alarm System			X		X		X
Posting of Duplicate Computer Down Receipts	X	X	X				
Verification of Voids (or Corrections)	X		X		X		
Who Can Obtain Smaller Currency for Cashier's Change Fund			X		X		
Implement "Surprise" Cash Counts			X		X		
Implement Customer Transactions							
Implement Recycled Oil Purchases	X	X	X				
Administer Video Surveillance			X		X		
Daily Verification of Cash Receipt Deposits to Finance/Treasury			X		X		
Conduct All Z-Out Reconciliation			X				
Review Accuracy of All-Z-Out Report and Cash Receipts/Deposit Reconciliation					X	X	
Review Reasonableness of Fee Structure			X		X		X
Participate in Cashier Training	X	X	X	X	X	X	X
Establish Performance Measures for Cashiers & Supervisors					X		X
Setting/Changing Fee Rate Structure					X		X
Verification of Cash Receipts/Reconciliation			X		X		
Safe Administrator							X
Manager of Safe					X		

SEPARATION OF DUTIES (Cont'd)

Functions/Responsibilities	Weigh Master	Weigh master Trainee	Solid Waste Supervisor	Office Specialist Supervisor	Senior Solid Waste Supervisor	Associate Management Analyst	MSWR
User of Safe	X	X	X				
Courier for Cash Receipt Deposits To Treasury			X				
Super User of Safe			X				
Access to Main Door of Safe (Exterior Door)	X	X	X				
Access to Change Fund/Keys			X				
Access to Miscellaneous Documents Drawer			X				
Access to Deposits (Dual Custody)			X		X		
Access to Cash Register Drawers	X	X					

Transfer Station A-2

SAMPLE

CITY OF BERKELEY SOLID WASTE TRANSFER STATION PW/SWMD

DAILY CASH REPORT

DATE:_____
month day year

CASH PER COUNT	$_____
CHECKS PER ADDING MACHINE TAPE	$_____
CREDIT CARD	$_____
SUB-TOTAL	$_____
CASH REGISTER CHANGE FUND	($_____)
TOTAL	$_____
RECEIPTS PER COMPUTER Z-OUT	$_____
+OVER/-SHORT	$_____

CASH COUNT

COINS:

DENOMINATION	NUMBER	AMOUNT
$ 0.01		$
$ 0.05		$
$ 0.10		$
$ 0.25		$
$ 0.50		$
$ 1.00		$
Sub-total Coins		$

BILLS:

DENOMINATION	NUMBER	AMOUNT
$ 1.00		$
$ 2.00		$
$ 5.00		$
$ 10.00		$
$ 20.00		$
$ 50.00		$
$ 100.00		$
Sub-total Bills		$

TOTAL CASH $_____

TOTAL DEPOSIT $_____

PREPARED BY:_____ DATE:_____

REVIEWED BY:_____ DATE:_____

DAILY CASH REPORT

C-y of Berkelay- ..olid Waste Mgmt

Cash Drawer Recap Report for WMID: BH @ Site (T2) Transfer Station (2)

FROM Tuesday, September 02, 2003 TO Tuesday, September 02, 2003

Payment Types	Charge	Cash	Check	No Charge	Credit Card	Coupon/Util	Totals
Trans. Counts	21	42	6	1	13	0	83
Tipping Fees	$2,703.58	$635.97	$65.00	$0.00	$400.43	$0.00	$3,804.98
Special Fees	$117.00	$16.00	$7.50	$0.00	$16.00	$0.00	$156.50
Tax Fees	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Fees	$2,820.58	$651.97	$72.50	$0.00	$416.43	$0.00	$3,961.48
Drawer Totals	$2,820.58	$651.97	$72.50	$0.00	$416.43	$0.00	$3,961.48
Edits							
Variances,		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Signature: B. H

WeighMaster for Windows - Cash Drawer Report

Tuesday, September 02, 2003 6:39 PM

Transfer Station A-4

Transfer Station A-3

RHR Smith & Company, CPAs Client Library

Transfer Station A-4

Treas. No. _____

Dept. No. _____

CITY OF BERKELEY

DEPOSITED WITH

THE TREASURER

DEPARTMENT _____ BY _____ 20 _____

NUMBERS FROM	NUMBERS TO	SOURCE OF RECEIPT	AMOUNT	NAME OF FUND	AMOUNT	✓
		TOTAL		TOTAL		

CURRENCY	
DOLLARS	
HALVES	
QUARTERS	
DIMES	
NICKELS	
PENNIES	
CHECKS	
WARRANTS	
TOTAL	

FOR THE DEPARTMENT

APPROVED

20

FOR THE AUDITOR

RECEIVED PAYMENT

20

FOR THE TREASURER

Transfer Station A-5

Transfer Station A-5

TRANSFER STATION DEPOSIT BAG LOG

	DATE BAGGED	DEPOSIT BAG#	WEIGH/MASTR NAME	DESCRIPTION (Checks, Currencies, Credit Cards)	AMOUNT	CARRIER'S BAG #	CARRIER'S NAME	DEPOSIT DATE	COMMENTS
1					$				
2					$				
3					$				
4					$				
5					$				
6					$				
7					$				
8					$				
9					$				
10					$				
11					$				
12					$				
13					$				
14					$				
15					$				
16					$				
17					$				
18					$				
19					$				
20					$				
21					$				
22					$				
23					$				
24					$				
25					$				
26					$				
27					$				

G:\FORMS\deposit bag log

Transfer Station A-6

KEY REQUEST FORM

DATE_____ KEY CONTROL NUMBER_____
(For Key Control Use Only)

This key request must be completed for all Public Works, Solid Waste Management Division keys requested and submitted to the Manager of Solid Waste and Recycling Program or his/her designee. You will be notified when your keys are ready to be picked up.

KEYS REQUESTED FOR

NAME_____ POSITION_____

EMPLOYEE STATUS PERMANENT Yes( ) No ( )

Note:

A. No person may duplicate a City of Berkeley Key or request the unauthorized duplication of a City of Berkeley key.
B. No person may transfer any City of Berkeley key from an individual entrusted with its possession to an unauthorized person, or be in unauthorized possession of the City of Berkeley key.
C. Keys in the possession of unauthorized persons may be confiscated.

KEYS REQUESTED		
BUILDING NAME	AREA/ROOM NUMBER/DESCRIPTION	KEY NUMBER/LOCATION (FOR KEY CONTROL USE ONLY)

Anticipated date these keys are to be returned: _____

KEY AUTHORIZATION:

_____ _____
DEPARTMENT SUPERVISOR DATE

Transfer Station A-8

Transfer Station A-7

CHANGE FUND SUB-VOUCHER

CHANGE FUND ADVANCE	CHANGE FUND RELEASE
Date_____20____	Date_____20____
Received from_____ $_____	Change Fund Released $_____
For_____	
	Acknowledged:_____ Change Fund Custodian
Received by:_____	_____ Change Fund Recipient

Transfer Station A-9

Transfer Station A-8

Solid Waste Management

Date:_____

I promise to pay_____ for refuse disposal services provided at the Berkeley Transfer Station.

Name (print)_____

Street Address _____

City and State_____

Zip Code_____

Driver's License (include State)_____

Vehicle Make_____

Vehicle License_____

I understand that this debt is due in full immediately and that if I do not pay within 30 days that I will be subject to interest and penalty charges and that checks are to be made to the order of The City of Berkeley. I also understand that payment is to be made at the City of Berkeley, Department of Finance, 2020 Center Street, Berkeley, California 98704 by mail or delivered in person. Further, I understand that failure to pay could be considered a criminal act.

Signature of Customer_____

Supervisor contact_____

1201 Second Street, Berkeley, CA 94710 Tel: 510.981.6350 TDD: 510.981-6314 Fax: 510.981-6360
E-mail: recycle@ci.berkeley.ca.us

Transfer Station A-10

Transfer Station A-9

Daily Check List for Z Out
SWMD

Date: Sept. 2, 2003

	YES	NO
Daily Cash Report for (ALL) Operations		✓
Z-OUT Recap Report for (ALL) Operations	✓	
Daily Cash Report for each Operator	✓	
Z-OUT Recap Report for each Operator	✓	
Tapes for Checks & Credit Card attached	✓	
Copies of TR and Deposit Slip attached	✓	
Date with letters	✓	
Signatures	✓	

Comments: _____

Prepared By: [illegible] Date: Sept. 2, 2003

Verefied By: _____ Date: _____

Transfer Station A-11

9/2/2003

Transfer Station A-10

INVENTORY CONTROL WORKSHEET

Custodian Name   Location

Inventory Date   Condition

Record Count	Manufacturer	Model	Serial Number	Description	Cost	Room or Bldg #

Transfer Station A-12

Transfer Station A-11

TRANSFER STATION OPERATION CHECK LIST

Perform a Customer Survey for Auditing Purposes:	YES	NO	Comments or Action Taken
Greeted customer and introduced your self			
Check the origin of the load?			
Check vehicle's load before scale house			
Check for receipt after scale house			
Check if the paper bag box is locked			
Are weighmasters drawer keys left unnatended?			
Check work order for the last metal container			
Is the surveillance system in use?			
Is the recorder locked or inaccessible?			
Are the deposit bag records properly signed?			
Is the change fund/bag unattended?			
Perform the following tasks for general operation:			
Is oil depot area clean?			
Are containers properly labeled?			
Check building structure for damage			
Check the size of garbage pile for hauling assistance			
Check the size of organics pile for hauling assistance			
Check loading pit for cleanliness			
Is Wheeled Loader cleaned and greased?			
Where truck keys turned in?			
Check wash rack for cleanliness and condition			

Date of Inspection:_____

Performed by: _____

9/15/2003

Transfer Station A-13

Transfer Station A-12

RHR Smith & Company, CPAs Client Library

PUBLIC WORKS DEPARTMENT

MISSION STATEMENT

To provide quality services to the Berkeley Community with pride, courtesy, and commitment.

VISION STATEMENT

To make Berkeley a leading TOWN in the country by being an outstanding provider of public services.

CORE VALUES

Respect, Integrity, Cooperation, Reliability, Accountability, Commitment

SAMPLE

060901

California Environmental Protection Agency

Edmund G. Brown Jr., Governor

CalRecycle

DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

1001 I STREET, SACRAMENTO, CALIFORNIA 95814 • WWW.CALRECYCLE.CA.GOV • (916) 322-4027
P.O. BOX 4025, SACRAMENTO, CALIFORNIA 95812

September 26, 2013

Mr. Tedd Ward, M.S.
Program Manager
Del Norte Solid Waste Management Authority
1700 State Street
Crescent City, California 95531

SUBJECT: **FINANCIAL ASSURANCE MECHANISM REVIEW FOR THE CRESCENT CITY LANDFILL, COUNTY OF DEL NORTE, DEL NORTE SOLID WASTE MANAGEMENT AUTHORITY, FACILITY 08-AA-0006**

Dear Mr. Ward:

Financial Assurances Unit (FAU) completed a review of the financial assurance demonstrations for the subject facility as a result of the pending Final Closure Plan and Corrective Action Plan (Non-Water) documents.

The facility is officially closed; Certification of Closure dated February 7, 2007. As a "certified closed" facility, demonstration for closure costs and operating liability is not applicable.

The financial assurance demonstration for postclosure maintenance is a Pledge of Revenue Agreement, as identified in Title 27, CCR, Division 2, Subdivision 1, Chapter 6, Subchapter 3, section 22245. The financial assurance demonstration for postclosure maintenance meets all the requirements of the regulations.

No financial assurance demonstration for corrective action costs at this time. Therefore, does not meet the regulations.

CalRecycle is committed to assist you in complying with the financial assurance regulations. Please contact me at JoAnne.Byrne@CalRecycle.ca.gov or 916.341.6397 **by October 10, 2013** for assistance.

Sincerely,

JoAnne Byrne

Ms. JoAnne Byrne
Research Program Specialist I (Economics)
Financial Assurances Unit

Copy sent via e-mail:

- Ms. Gina Morrison, Region 1, North Coast, RWQCB
- Mr. Brian McNally, County of Del Norte, LEA
- Ms. Beatrice Poroli, CalRecycle, Permits & Assistance North Unit
- Mr. Paul Saldana, CalRecycle, Inspections & Enforcement Agency
- Mr. Gino Yekta, CalRecycle, Closure & Technical Support Section

7

ENT'D OCT 10 20

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060901

CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

LINDA S. ADAMS
SECRETARY FOR ENVIRONMENTAL PROTECTION

ARNOLD SCHWARZENEGGER
GOVERNOR

1001 I STREET, SACRAMENTO, CALIFORNIA 95814 • P.O. BOX 4025, SACRAMENTO, CALIFORNIA 95812-4025
(916) 341-6000 • WWW.CIWMB.CA.GOV

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(916) 341-6016

Tedd Ward, M.S., Program Manager
Del Norte Solid Waste Management Authority
1700 State Street
Crescent City, California 95531

SUBJECT: APPROVAL OF PLEDGE OF REVENUE AGREEMENT FOR POSTCLOSURE MAINTENANCE COSTS FOR THE CRESCENT CITY LANDFILL, FACILITY NO. 08-AA-0006

Dear Mr. Ward:

Thank you for submitting the Pledge of Revenue Agreements and Resolutions as the financial assurance demonstration for Postclosure Maintenance costs. This agreement complies with Title 27, California Code of Regulations (CCR), Division 2, Subdivision 1, Chapter 6, section 22245, and as such, is approved by the California Integrated Waste Management Board (CIWMB).

Enclosed please find two fully executed Pledge of Revenue Agreements with appropriate original signatures.

For your information, the financial assurance requirements are subject to change. From 2003 to the present, the Board and staff have conducted a series of workshops and discussions to discuss the postclosure maintenance period for closed landfills and financial demonstrations to fund postclosure maintenance. As a result of these discussions and workshops, the Board directed staff to initiate the formal rulemaking process amending the postclosure maintenance, corrective action and financial assurance demonstration requirements by sending notice to all interested parties of the proposed amendments to the regulations. This rulemaking effort was partitioned into two phases, as directed by the Board.

Phase I of the regulatory package was approved February 25, 2008 by the Office of Administrative Law and is currently in effect. Phase II is currently underway. The final development of these regulations has commenced and the formal Notice published in the California Regulatory Notice Register on February 27, 2009. For additional information about this regulatory package, please visit CIWMB's webpage at: www.ciwmb.ca.gov/LEACentral/financial/default.htm

CIWMB is committed to assist you in complying with the financial assurance regulations. If you have any questions regarding the above, please contact JoAnne Byrne, Financial Assurances Section, jbyrne@ciwmb.ca.go, or 916.341.6397.

INTEGRATED WASTE MANAGEMENT BOARD

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LN CO AGMT #2008-221

DEL NORTE SOLID WASTE MANAGEMENT AUTHORITY
COUNTY OF DEL NORTE
CITY OF CRESCENT CITY
STATE OF CALIFORNIA

PLEDGE OF REVENUE AGREEMENT ESTABLISHING FINANCIAL ASSURANCE FOR POSTCLOSURE MAINTENANCE OF THE CRESCENT CITY LANDFILL

This agreement establishes a Pledge of Revenue to assure that adequate funds are available to carry out the Postclosure Maintenance of the Crescent City Landfill.

This Agreement shall become effective immediately, and is made and entered into by and between the Del Norte Solid Waste Management Authority (DNSWMA) and the California Integrated Waste Management Board (CIWMB).

WHEREAS, California Public Resources Code (PRC) sections 43500 through 43610.1 and Title 27, of the California Code of Regulations ("Regulations"), Division 2, Chapter 6, Article 2, require operators of solid waste landfills to demonstrate the availability of financial resources to conduct postclosure maintenance activities; and

WHEREAS, sections 22228 and 22245 of the Regulations specify a Pledge of Revenue as an acceptable mechanism to demonstrate financial responsibility for financing postclosure maintenance costs of a solid waste landfill; and

WHEREAS, the DNSWMA maintains the closed Crescent City Landfill under assignment from the County of Del Norte, a solid waste landfill, in conformance with the findings, conditions, prohibitions and requirements contained in the permit, SWIS # 08-AA-0006, issued by the Del Norte County LEA serving as Local Enforcement Agency for CIWMB; and

WHEREAS, the DNSWMA is pledging revenues from tipping fees collected at the Del Norte County Transfer Station (SWIS #08-AA-0018), deposited into the Del Norte Solid Waste Management Authority Fund; and

WHEREAS, the DNSWMA has determined that projected net revenues from tipping fees during the thirty (30) year period of postclosure maintenance, shall, during each year of this period, be greater than the yearly monitoring and postclosure maintenance costs contained in the most recent Cost Estimate for

the Crescent City Landfill, which has been submitted to the CIWMB in accordance with Regulations Title 27, section 21840 of Chapter 4, subchapter 4.

NOW, THEREFORE, the DNSWMA and the CIWMB do agree as follows;

1. The DNSWMA hereby establishes a pledge of revenue to demonstrate financial responsibility for postclosure maintenance of the Crescent City Landfill in accordance with sections 22228 and 22245 of the Regulations.

2. The DNSWMA agrees to pledge net revenues from the tipping fees deposited into the Del Norte Solid Waste Management Authority Fund.

3. The amount of the pledged revenue shall be equal to the most recent monitoring and postclosure maintenance cost estimate for the Crescent City Landfill, estimated in September 2007 to be $106,650 annually for the 30 year period of postclosure maintenance, ending no sooner than February 2036. It is agreed that the amount of this pledge may increase or decrease to match any adjustment to the identified cost estimate which is mutually agreed to by the DNSWMA and the CIWMB.

4. If the DNSWMA ceases at any time to allocate the pledged revenue as identified herein to pay postclosure maintenance costs or to implement required postclosure maintenance activities, the CIWMB may seek appropriate and applicable remedies described within Title 27, Chapter 6, subchapter 4, Article 1 of the Regulations, sections 22270 - 22278.

5. If DNSWMA ceases at any time to retain control of its ability to allocate any pledged revenue to pay postclosure maintenance costs, DNSWMA or its successor shall notify the CIWMB and obtain alternate coverage within 60 days after control lapses, pursuant to section 22245 of the Regulations.

6. In the event that the CIWMB determines that the DNSWMA has failed, or is failing, to perform postclosure maintenance activities as required by law and the Crescent City Landfill Closure and Postclosure Maintenance Plan as amended, the CIWMB may direct the Auditor-Controller to pay to the Solid Waste Director or his/her successor(s) from the pledged revenues such amounts as are necessary to ensure sufficient postclosure maintenance, who shall then

use such funds for postclosure maintenance in accordance with the directives of the LEA, CIWMB, RWQCB, as applicable.

7. In the event that a participating member of DNSWMA withdraws from the DNSWMA, the withdrawing member shall continue to be financially responsible for postclosure maintenance for Crescent City Landfill when such liability was incurred prior to the withdrawal date. All members of the DNSWMA further agree that postclosure maintenance activities shall not be delayed in order to determine such proportionate share of the withdrawing member's liability.

8. In the event the DNSWMA is dissolved, all members of the DNSWMA agree to make financial assurances prior to dissolution that will ensure continued payment of each members' respective share of any outstanding indebtedness for postclosure maintenance for Crescent City Landfill. All members of the DNSWMA agree that postclosure maintenance activities shall not be delayed in order to determine the members' proportionate shares of such indebtedness.

IN WITNESS HEREOF, the parties have executed this agreement on the date as set forth below.

By DNSWMA this 10th day of September 2008

By CIWMB this 27th day of April 2009

By DNCO this 30th day of September 2008

STATE OF CALIFORNIA
California Integrated
Waste Management Board

By _____
Authorized Officer of CIWMB

DEL NORTE SOLID WASTE MANAGEMENT AUTHORITY

By _____
Chair
Del Norte Solid Waste
Management Authority

APPROVED AS TO FORM
AND PROCEDURE:

By _____
Authorized Counsel of CIWMB

ATTEST:

By _____
ELLEN P. BROWN
Del Norte Solid Waste
Management Authority

DEL NORTE COUNTY

By: _____
David Finigan, Chair
Board of Supervisors

APPROVED AS TO FORM:

By: _____
Robert Black
Del Norte Solid Waste
Management Authority
Counsel

ATTEST:

By: _____
Jeremi Ruiz
Clerk of the Board

The following are Authority staff comments on 'Draft Report Assessment of the Del Norte Solid Waste Management Authority' by R3 Consulting Group, dated March 21, 2014. Prior to preparing these comments, the Authority Acting Director consulted with Authority legal counsel regarding the question "To what extent is staff obliged to identify potential negative consequences of potential actions based on this report?" Legal Counsel Martha Rice advised me that if I perceived a potential cost or issue of concern, I should let the Board know of such. The detailed nature of the following comments is associated with my efforts to follow that legal advice. Staff requests that these comments and attachments be included in their entirety as appendices to the final report when complete.

There are several references made to documents that were included in the Request for Proposals for this project, and to ease cross-reference, those are presented in bold. For clarity, correct names are important. The final R3 report should refer to the Del Norte County Transfer Station (the Del Norte Transfer Station is actually located in southern California) and R3 should refer to the Authority's contractors as 'Hambro/WSG' and 'Recology Del Norte.'

Executive Summary: This section should be revised after addressing all numbered comments that follow and any other comments submitted by the Authority regarding this draft report.

E.1 Please refer to the attached Authority Treasurer's report regarding questions and potential issues associated with the portion of Option #1 that suggests combining '...the 2.5 full time equivalent administrative staff positions into a single new Management Analyst position..."

E.2 Please refer to the attached memo from Authority legal counsel regarding potential issues and concerns associated with 'Option #4 Contract Scale House Staffing to the Private Sector.'

Introduction:

I.1 The paragraphs starting in the middle of page 6 beginning with *'There seems to be a general consensus that the Authority has effectively achieved its original Purpose stated above as that related to developing the Del Norte (County) Transfer Station (sic) and closing the Crescent City Landfill."* does not refer to **any** of the six purposes under the 2012 JPA Agreement. While some persons may have had the mistaken impression that those 'original purposes' were still in the JPA Agreement or that 'achievement' of such could justify staff restructuring, R3 must base its professional assessment on the

quoted purposes as 'stated above' from the 2012 JPA Agreement, without truncating or paraphrasing.

For examples, though the development and construction of Del Norte County Transfer Station is complete (under 2012 Purpose 'A'), the Authority has continuing responsibilities with regards to permitting, reporting, operations oversight, staffing of the scalehouse and financial management. Similarly, while closure construction of the Crescent City Landfill was completed in February 2006, that task is not included under 2012 Purpose 'F,' so it is not clear what relevance that statement has to this assessment. The maintenance, monitoring, and reporting associated with the 30-year post-closure maintenance period will remain responsibilities of the Authority until and unless the Regional Water Quality Control Board, the Air Quality management District, and/or CalRecycle acknowledge that such responsibilities will be addressed by Del Norte County staff or contractors.

If any of these Purposes have been 'achieved,' R3 should provide further explanation as to what is meant specifically with respect to the six purposes from the 2012 JPA Agreement.

1. Organizational Structure:

The draft report acknowledges the relatively unique combination of functions and rural population served by the Del Norte Solid Waste Management Authority. The report does not identify a single agency serving a population of less than 100,000 with responsibilities for operations of three facilities or maintenance of a closed landfill.

1.1 In the final report, for all jurisdictions presented for comparison, please provide a more detailed breakdown of all management and administrative staff into the following categories: Management, Administration, Programs and Finances.

1.2 In the final report, for all jurisdictions presented for comparison on pages 11 and 12, please provide a comparison table indicating how many facilities are staffed by employees of that agency (separating gate, operations, program, administrative, financial and management staff), how many landfills (open or closed) that are managed by each agency, how many transfer stations are operated by that agency, and whether that agency contracts for or provides collection services, household hazardous waste programs, provides education and public information, administers franchise contract or operations contract oversight, or manages and accounts for revenues from facility operations.

1.3 On page 11 of the draft report, the Authority's structure is described as being most similar to the Humboldt Waste Management Authority. Please provide the information requested in comments 1.2 and 1.3 for the Humboldt Waste Management Authority.

1.4 Please provide the same information requested in comments 1.2 and 1.3 for Tehama and Sonoma Counties, as these jurisdictions have contract employees serving as the Executive Director for their respective JPAs.

1.5 The answer to question 1 c. should acknowledge and report, **as demonstrated in the table in Appendix B.3. of the Request for Proposals**, that the Authority's rates at the Del Norte County Transfer Station (as well as the Gasquet and Klamath Transfer Stations) are the lowest per ton rates in the region for solid waste. This would be a standard (if crude) means of measuring regional fiscal efficiency for facility operations, yet this information is not presented - and no alternative means of such assessment is presented either. This table should be included in the final report, or R3 should explain what metric they consider to be a more valid or more readily available means of comparing fiscal efficiency.

Interest in 'privatization' options is generally associated with a presumed potential for cost savings. **This table demonstrates that the per ton disposal rate at every single solid waste facility managed by private enterprise in the region is more expensive than similar rates at every single publicly-managed facility in this region.** Stated or implied assertions that 'private operations are less expensive' with regards to solid waste facilities are simply not supported by any regionally-based factual information.

If additional rate information is included in the final report that compares the Authority's rates to jurisdictions more than 2 hours drive from Crescent City, the final report should also include a discussion about how proximity and access to disposal and processing facilities can affect rates.

1.6 The analysis on page 13 indicates that 'concerns were expressed about…management and administrations staffing levels, cost controls…." Please indicate the proportion of people at the public meeting of 28 January 2014 who expressed those concerns. To the extent that the final report includes a report that any party expressed such concerns, the final report should include discussion of what supporting information was provided as the basis for those concerns. Private comments by individual Commissioners should be respected and noted, but reviewed in context of all relevant available facts.

1.7 The 'Note' on the bottom of page 13 refers to 'the total system revenue *requirement.*' The reported percentages were taken from a chart entitled 'Solid Waste Revenue' included in **Appendix G of the Request for Proposals for this project**. These are not revenue requirements, but a summary of all revenues associated with solid waste management under the Authority's collections franchise, and facility operations agreements. This note would be correct if these were referred to as 'total system revenues.'

1.8 In the brief period of time R3 had to review Authority activities in their visit to Del Norte County, it is not surprising that they did not have time to gain a clear understanding of the regular working relationships between Authority staff, Recology Del Norte, Hambro/WSG, and the County Community Development Department.

To the extent Authority staff can, we already do rely upon County 'technicians' to perform basic water monitoring and sampling functions, as well as to produce the drawings of groundwater contours. The attached spreadsheet "Current delineation of Permit & Monitoring Activities at the Crescent City Landfill," indicates the current delineation of duties with respect to the landfill, and this spreadsheet should be included in the final report.

1.9 On page 15, R3 states *"...we strongly recommend that the Authority review the current responsibilities of the Executive Director (sic) and Program Manager positions and consider contracting certain of these responsibilities..."* With reference to the Work Plan included in Appendix A, R3 should suggest specific tasks that could be contracted for a net savings to the Authority, and the basis for asserting that such action would result in a savings or improved services.

1.10 On page 15, R3 states *"We are in no way suggesting that the County assume responsibility for regulatory compliance, which should remain with the Authority."* Considering the information in the spreadsheet "Current delineation of Permit & Monitoring Activities at the Crescent City Landfill," R3 should explicitly state which of the listed activities they would recommend be 'contracted' to the County. The final report should clarify what additional responsibilities would shift to the County, and how such shifts would be expected to result in a net cost savings. If the Authority is to retain ultimate regulatory responsibility for the landfill, there appears to be relatively few opportunities for substantial shift of these responsibilities to County staff.

For example, though landfill stormwater monitoring could potentially be completed by County field technicians, such sampling must occur during storm events. In the Authority's experience, County staff must carefully schedule their efforts for the Authority in context of their other County responsibilities. As lift stations and other County stormwater management facilities often require inspection and maintenance during such storm events by the same technicians, the Authority has not depended on the County for stormwater monitoring. Furthermore, there may be opportunity for a reduction in the stormwater monitoring requirements at the landfill, but such permit re-negotiation would necessarily take additional time of the Director or Program manager rather than County staff.

Similar challenges arise for monitoring and erosion control, as frequency of inspections, as well as determining the level of effort required to address security or erosion control issues has a direct relationship to the associated maintenance costs. There was a period several years ago when the Authority used a construction contractor

to assist with erosion-control grading work at the landfill. Staff found that the amount of time needed to instruct, supervise, and control such work efforts to avoid cost overruns or damage to the landfill structures was more than the time required for the Program Manager to rent the grading equipment and do the work.

Such analysis could be done for any of the responsibilities listed in the "Current delineation of Permit & Monitoring Activities at the Crescent City Landfill" spreadsheet. The final report should indicate which of these duties R3 recommends be shifted to the County, which County department and personnel would perform which duties, and related actions needed to implement this recommendation. As these would be new and additional duties for County staff, please include a numerical fact-based cost estimate for the County and the Authority to implement this recommendation.

2. Staffing

2.1 Under the Pledge of Revenue (attached), funds must be made available to address expenses related to the closed landfill, and the Authority must have the ability to set rates to enable this compliance structure. The final report should address these local requirements, and if changes are recommended to how those requirements are being addressed, those recommendations should be made explicit.

2.2 The answer on page 17 fails to identify the Pledge of Revenue (attached) tying revenues from the Del Norte County Transfer Station to the Crescent City Landfill as a state or local requirement, yet this (or some other suitable financial assurance mechanism) is required under California Public Resources Code (PRC) sections 43500 through 43610.1 and Title 27 of the California Code of Regulations ("Regulations"), Division 2, Subdivision 1, Chapter 6, Article 2. Please include a discussion of these requirements under this section in the final report. If R3 recommends a different means of addressing these requirements, a fact-based analysis should be included as part of such recommendation, and such analysis should include a discussion of the steps needed to change and obtain approval from CalRecycle for a different means of providing these required financial assurances.

2.3 On page 18, R3 asserts that several *'...duties... may be more cost effectively performed by..."* County staff, Hambro/WSG, or Recology Del Norte. The final report should provide numerical fact-based support for these assertions, including indication that County and contractors are willing and able to assume such duties and how such activities will remain under Authority direction. If this assertion can be supported in terms of projected annual costs, referencing the attached spreadsheet 'Current delineation of Permit & Monitoring Activities at the Crescent City Landfill,' the discussion should also include discussion or estimates of any anticipated costs for implementing such a transition, including but not limited to hiring additional County staff if needed,

revising permit documents, obtaining agency approvals, drafting and adopting Change Orders, revising the Pledge of Revenue, etc.

2.4 On page 18, R3 asserts that Hambro/WSG could *'...more effectively...perform...stormwater monitoring...."* at the Del Norte County Transfer Station. If this assertion is included in the final report, some discussion should be provided regarding what is meant by 'more effectively' providing such function. Specifically, as the owner of the Del Norte County Transfer Station, the Authority has the responsibility for monitoring and reporting on stormwater to the North Coast Regional Water Quality Control Board. Therefore, if Hambro/WSG is to provide stormwater monitoring and reporting, that service would be under a Change Order to the Transfer Station Operations agreement. The final report should discuss any experience Hambro/WSG staff have with stormwater monitoring and reporting, the likely cost for providing these stormwater services if such can be projected, and what responsibilities would remain with the Authority regarding oversight of such stormwater services and potential impacts on the Authority should such service fail to meet the requirements of the regulatory agencies.

2.5 On page 18, R3 asserts that Recology Del Norte may *"more effectively...perform...public education and outreach."* Recology Del Norte already provides high quality public outreach and education for the collection programs they provide for trash, recyclables, and brush. This statement indicates that R3 suggests Recology Del Norte should also be responsible for education and public outreach for programs that otherwise have little or no relation to the other services they provide.

The programs of the Del Norte Solid Waste Management Authority extend far beyond those provided by Recology Del Norte, including all recycling programs at the Del Norte County Transfer Station. Examples of recovery programs at the Del Norte County Transfer Station that do not involve Recology Del Norte include recycling and management of used motor oil from households, used oil filters, used antifreeze, car batteries, appliances, refrigerators, metals, carpeting, televisions and computer monitors, fats oils & greases, paint and architectural coatings, thermostats, fluorescent bulbs, consumer electronics, home-generated sharps collections and drop-off, all household batteries, untreated wood, rocks, soils, and concrete. The Authority also contracts for, permits, promotes, and conducts traffic control for the annual household hazardous waste collection event. Furthermore, Authority staff provide public outreach and education through the Authority website, including meeting agendas, minutes, and other postings, as well as outreach associated with oil recycling and beverage container grants. The Authority also provides composting workshops.

If the final report includes this assertion, additional explanation should be provided as what program-related outreach services described above R3 would recommend be done by Recology Del Norte, how such public outreach would be 'more effectively' provided by a contractor who is not directly related to delivering those services, the projected costs for Recology Del Norte to provide such outreach services

under a Change Order to the Collections Agreement compared to current Authority expenses, and the related issues and costs associated with making such a transition, such as drafting, reviewing and adopting an appropriate Change Order, reviewing and approving outreach materials and methods, and other activities related to managing these contracted services.

The final report should also indicate how these costs might change as new programs are introduced or existing programs are modified or expanded. For example, in the past two years the Authority has introduced collection or recycling of carpeting, home generated sharps, fats oils and greases, and architectural coatings including oil-based paints and stains. If Recology was already responsible for public outreach as R3 suggests, R3 should explain how such program modifications - which can be anticipated to continue - would likely impact the costs of contracted services for public education and outreach. Finally, the final report should acknowledge the potential that the Authority's interest and Recology Del Norte's interests in public outreach might be in conflict (e.g. promotions of community services that could be expected to increase Recology Del Norte's operations costs), and how such conflicts might be addressed or resolved.

2.6 On page 18, R3 suggests that *"Non-essential tasks should be eliminated or deferred and other tasks delegated..."* With reference to the adopted Work Plan included in Appendix A of this draft, in the final report R3 should designate specifically which tasks could be eliminated, deferred, or delegated, and how such a shift of duties would be justified and the steps necessary to enact such specific suggestions.

2.7 On page 18, R3 recommends *"...that a complete independent review of those (administrative) functions be conducted."* In the final report, R3 should indicate what evidence has been presented that there is potentially money to be saved in excess of the cost of such a study, or that such cost savings have potential to result in any significant reduction in rates at the Del Norte County Transfer Station or other Authority-managed facilities.

For example, Authority administrative staff are currently spending a substantial proportion of time addressing this assessment, preparing the annual budget, and addressing staffing issues. If staff had capacity to do so, we would be working on gathering information to support the Authority's appeal for a reduction in the annual waste discharge requirement fees for the Crescent City Landfill. Deferring such activity could cost in excess of $30,000 this fiscal year alone, and such costs may well persist in years to come. So while the Authority could theoretically eliminate administrative staff capable of engaging in such negotiations, this would not necessarily translate into an annual cost savings to the agency or ratepayers. Missing such opportunities incur real costs to the Authority which should be acknowledged in the final report.

2.8 On page 18, the draft report states *"While the evaluation of cost controls was*

removed from our work scope, R3 found no evidence nor did any employee relate to us any type of system where cash control procedures were written down, verified, or audited." Authority Treasurer/Controller Rich Taylor - who R3 did not interview in their preparation of this report - addresses this issue in his letter attached to this report. R3 did not request such information from Authority staff, and it was not included in their scope of work. Staff are somewhat concerned that R3 would make assertions like *'... R3 found no evidence nor did any employee relate to us..'* on subjects for which they did not pose questions or requests for information to Authority staff. R3 is hereby advised that there are many areas of Authority policies and procedures that were not addressed in their inquiries, but exist nonetheless. The final report should not include any assertions of sub-standard policies or procedures unless R3 has specifically inquired regarding such policies.

In short, a list of current fiscal controls was included in the Authority agendas for both the February 11 and March 12 meetings in 2014, and Authority staff is positively eager to have all parties - including the Del Norte County Auditor and our external auditing firm - acknowledge that these fiscal controls are in place. Furthermore, staff has specifically requested comments and suggestions for additional controls from the Del Norte County Auditor and the external auditing firm of Smith & Newell.

In the final report, R3's answer to question 2.c should include reference to the attached letter from the Authority's Treasurer/Controller. Staff also suggest that to the extent R3 makes any assessment of the Authority's financial management practices and fiscal controls in their final report, that R3 interview Mr. Taylor so they may gain a better understanding of our systems of fiscal controls, management, and reporting.

2.9 On page 19, R3 suggests that *"...the Authority and County auditor consider housing the Authority's accounting functions with the County auditor including all deposit and banking duties."* This suggestion, if it is to be pursued, really must be based in a deeper understanding of the daily activities of the Authority and the accounting system administered by the County Auditor.

For a few examples, before deposits from the Del Norte County transfer station are made, all transactions are verified, balanced, and related directly to the receipts for that day's transactions. This activity requires knowledge and access to the Scale Management Software used at the gatehouse, an understanding of the Authority's policies and programs (to verify each charge is appropriate and correct), and awareness of what is acceptable to the County Auditor and the bank. At times, this review process may involve correcting a ticket, having a customer come in to re-write an incorrect check, or communicating with the gate attendant who worked that day to clarify a confusing transaction. In the past, the Authority has been criticized for periods when deposits were not being made in a timely manner. In part, this is associated with the County Treasurer's requirement that all deposits be made before 11:30 AM, and at times not all such information can be verified in the time available.

For preparing statements, invoices, and updating information on commercial charge accounts, these activities may involve changing and/or confirming the persons authorized to charge to an account and matching signatures, faxing copies of receipts or statements to customers, tracking the unpaid balance on accounts, and recording payments. Again, this requires knowledge of and access to the Authority's Scale Management Software and X-Charge (credit/debit card approval system) in addition to the Authority's QuickBooks system, and the County Auditor current performs none of these duties.

As a joint powers authority of the City and County, there is the potential for the financial and fiscal control interests of the Authority to be different from those of the County. The final report should acknowledge this, and discuss how this potential conflict of interests could impact the implementation of this suggestion.

Finally, the County Auditor manages the County's accounts on a modified cash basis, as explained in the memo from Authority Treasurer /Controller Rich Taylor. Authority Commissioners have repeatedly expressed consternation regarding the timeliness and structure of reports from the County Auditor for these reasons. In this context, Authority staff is trying to establish a parallel cash and accrual accounting system to provide more thorough and timely financial reports. These continuing efforts should also be considered and addressed before any process to shift such accounting and reporting responsibilities to the County Auditor.

3. Day to Day Operations

3.1 As a public meeting was convened based on R3s proposal and intended to be included as part of this Assessment, the final report should include some summary and discussion of the public comments provided verbally and in written form. This should be written with respect to the public perceptions reported on the quality, value and efficiency of day to day operations by the Authority and its contractors during the public meeting of 28 January 2014.

3.2 Similarly, R3 should include a brief synopsis of the public comments made or submitted in response to this Draft report at the special meeting held on 01 April 2014 as they relate to the public's perception of the quality of services provided by the Authority or its contractors.

3.2 On page 19, R3 summarizes that the Authority has been meeting regulatory requirements in a timely and comprehensive manner. In this context, if not addressed elsewhere, the final report should make clear what is meant by assertions that such requirements could be met '*more effectively*,' (pages 16 and 18) by pursuing recommendations in this report, and such assertions should be supported by factual evidence.

3.3 On page 20, R3 states that contract oversight for Franchisees and other contractors are not being administered as effectively as it was prior to the retirement of the former Authority Director. The final report should address how permanently reducing the number of management and administrative staff would help to address this issue based on factual evidence.

The final report should also acknowledge that contract oversight efforts include annual review and approval of annual rate adjustments that are based on a percentage of the changes to the Consumer Price Index, and thereby control cost increases to the public throughout the term of these agreements. These provisions are included in Division III, section 5.A.i in the agreement with Hambro/WSG, and in section 7.02 of the Authority's agreement with Recology Del Norte**, as included in Exhibit C of the Request for Proposals for this project.**

3.4 Staff appreciates the suggestion and supports the creation of a compliance checklist for both the Hambro/WSG and Recology Del Norte contracts. The Acting Director is aware of several existing documents that could be easily summarized and combined for this purpose as appropriate for both of these agreements. The final report should address how permanently reducing the number of management and administrative staff, or other recommendations within the report, would help to address this issue based on factual evidence.

3.5 Staff appreciates R3's assessment that the Del Norte County Transfer Station is well run and well maintained, without any specific suggestions for operational improvements. The final report could also acknowledge the many positive public comments made supporting this assessment at the public meeting on 28 January 2014.

3.6 On page 21, R3 states *"We recommend that the Board invite both contractors (Hambro/WSG and Recology Del Norte) to present cost saving ideas to the Board..."* Considering the brief period of time R3 representatives were able to spend in Del Norte County, it is not surprising that they did not have time to gain a proper or accurate understanding of the regular interactions Authority staff has with its contractors or partner agencies.

The Authority and Hambro/WSG have negotiated eighteen Change Orders to the Transfer Station Operations, and nine of these either expanded customer services for public and mutual benefit at the Del Norte County Transfer Station, or implemented procedural changes or modification to bonding requirements. These Change Orders have addressed issues such as universal waste processing, commercial fluorescent tubes, sharps management, carpet recycling, and paint recovery through PaintCare. Similarly the Authority staff and Recology Del Norte have negotiated a Change Order to implement a temporary brush collection service. Authority staff communicate informally, with both Recology and Hambro/WSG management at least twice each month, and coordinate efforts on issues of common interest or concern. For example,

Authority and Recology staff have been meeting more frequently in the past few weeks as we coordinate preparations for the Youth and Family Fair. For this outreach event the Authority and Recology share a room at the fairgrounds promoting our respective programs in a complementary fashion with interactive face-to-face outreach for our respective programs.

Under section 2.Q.v of the Agreement between the Authority and Hambro/WSG, **provided under Appendix C of the Request for Proposals for this project**, Hambro/WSG is offered an on ongoing incentive to make proposals to benefit Authority ratepayers. A similar provision exists in the Recology Del Norte Franchise Agreement for Collection Services in section 7.03.H, as was **provided under Appendix C of the Request for Proposals for this project**. It is not clear how these provisions or regular communications and coordinated efforts described above do not provide adequate opportunity *and incentive* for either Hambro/WSG or Recology Del Norte to suggest or present any cost-saving ideas they might have.

4. Director Position

Task 4 under the Service Agreement with R3 was to provide a response to the following: *"Evaluation of the Director position, and recommendations regarding recruitment and hiring of same including, but not limited to:*

a. *Should the Director position be filled as full time, or are there other staffing alternatives that would improve efficiencies while assuring compliance with legal obligations and responsiveness to the Commission?*
b. *Create a job description for the Director.*
c. *Recommendation of an appropriate salary range for the Director based on the revised description."*

While the job description presented in Appendix G is relatively consistent with the text of their Draft, R3 has not presented the Authority with a job description that has any immediate usefulness in that it cannot be used as presented to hire a Director without first addressing their suggestions to shift responsibilities such as education and public outreach, stormwater monitoring, or landfill maintenance. Until and unless the Authority Board takes action to change the staffing chart, or explicitly agrees with R3's evaluation and recommendations regarding this position, the job description for the Director in R3's final report should complement other Authority staff positions in the adopted staffing chart while being updated to reflect the adopted Authority Purposes, Work Plan, duties and responsibilities under Federal, State, and local program requirements.

In the Draft report, under Option #2 on page 3, the Solid Waste Management Authority Manager (which the R3 Report refers to as 'Executive Director') and the Authority Program Manager positions would be replaced by a single individual to serve

as 'Solid Waste Manager.' The draft job description in Appendix G is an effort to create such a job description. As R3 states on page 2, determining the *"...appropriate management and administrative staffing levels for the Authority was not specifically asked and regardless cannot be definitively answered at this point."* In this context, the job description included in Appendix G does not satisfy the scope of work, as it essentially presumes that the Authority Board has already directed R3 to pursue Option #2, and the Authority Board has not taken such action.

Should the Authority Board take action to combine the "Executive Director and Program Manager' positions based on a yet-to-be-completed, more comprehensive analysis, R3 and/or Authority staff will still need further clarification regarding the specific duties of this new position before such a job description could be finalized for recruitment or hiring. For example, the job description in Appendix G includes duties to *"...maintain and reconcile scale house funds; makes deposits of daily receipts..."* which would be additional daily financial accounting tasks not currently in the job description of the Program Manager or the Solid Waste Management Authority Manager that would significantly reduce the time available to address other job responsibilities.

For this reason, Authority staff request that R3 prepare a revised draft job description for the Authority Director using the most recent adopted staffing chart and other information **included in Exhibit A to the Request for Proposal** as a guide, and submit that separately for additional comment by the Authority prior to any revision for inclusion in the final report.

5. Potential Alternatives to JPA

Staff appreciates and agrees with R3's assessment that the Del Norte Solid Waste Management Authority is the most effective and efficient entity for managing solid waste in Del Norte County, and that *"...given the potential costs associated with dissolution of the Authority it is certainly conceivable that there could be an associated cost increase."*

Comments on Appendix D

Appendix D to this report is intended to summarize 'Regulatory Requirements and Programs.'

D.1. The last bullet on page 4 of 4 is a partial quote from Purpose F from the 2012 JPA. The final report should include this Purpose in its entirety: *"Post-closure maintenance, monitoring, reporting and remediation related to the Crescent City Landfill as required by relevant Orders from the Regional Water Quality Control Board, North Coast Region, the California Department of Resources, Recycling and Recovery*

(CalRecycle) and the North Coast Air Quality Management District."

D.2 Staff appreciates R3's highlighting the need for the Authority to address the requirements of PRC 41821 related to Construction and Demolition materials, as the Authority currently has few programs in place to recover such materials apart from reduced rates for untreated wood and brush, metals, concrete, asphalt, or soils and the extended producer responsibility program to recycle carpeting.

D.3 The final report should include additional references as appropriate to additional regulatory requirements related to:

- Personnel Management (such as those detailed in the adopted MOU with SEIU 1021 **included in Exhibit A of the Request for Proposals for this project**),
- Any and all regulatory requirements related to public financial oversight and reporting (such as the requirement for a bi-annual external audit)
- Any and all training requirements, such as Hazardous Waste Operator trainings and refreshers as may be required under CCR, Title 8, 5192, (e)(1)(A), Ethics training under the Authority's Code of Ethics (attached), and FEMA mandates for IS100(b) and IS 700 classes

D.4 Some reference should be included in the final report that the Authority incurs obligations related to its contracts - such as the agreements with Hambro/WSG and Recology Del Norte - even if just to acknowledge that such agreements often include additional Authority responsibilities that become binding with adoption. These agreements **were included in Exhibit C to the Request for Proposals** and may be referenced for this purpose.

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Del Norte Solid Waste Management Authority Code of Ethics and Conduct for Board Commissioners And Members Appointed To Commissions and Committees

Statement of Purpose:

The Board of Commissioners for the Del Norte Solid Waste Management Authority desires the highest level of ethical conduct for the members of the Board of Commissioners and members of appointed commissions and committees and the alternates of each body. The residents and businesses of the City of Crescent City and County of Del Norte are entitled to fair and accountable local government and to be represented by public officials who act in an ethical manner. The Del Norte Solid Waste Management Authority's strong desire to fulfill this mission therefore requires that:

- Public officials, both elected and appointed, comply with both the letter and spirit of the laws and policies affecting the operations of government;
- Public officials be independent, impartial and fair in their judgment and actions;
- Public office be used for the public good, not for personal gain; and
- Public deliberations and processes be conducted openly, unless legally confidential, in an atmosphere of respect and civility.

To this end, the Board of Commissioners of the Del Norte Solid Waste Management Authority has adopted this Code of Ethics and Conduct (Code of Ethics) for elected officials and members of appointed commissions and committees to assure public confidence in the integrity of local government and its effective and fair operation. It is intended that this Code of Ethics apply to the designated public officials and candidates for the Board of Commissioners; members of the public seeking appointment to commissions and committees are strongly encouraged to endorse and comply with the provisions of this Code of Ethics. Board of Commissioners members and members of appointed commissions and committees and their alternates are referred to generally as "Public Officials" in this Code of Ethics.

This Code addresses selective aspects of the governance of the Authority and supplements, but does not supplant, other laws and rules that prescribe the legal responsibilities of Public Officials. Those include, among others, the California Constitution, various provisions of the California Government Code (including the Brown Act and the Political Reform Act) and Labor Code, federal laws prohibiting discrimination and harassment, and the provisions of the Authority's own Ordinances and Resolutions. Elected and appointed officials should be familiar with these laws to assure that they exercise their responsibilities properly. In addition, the Authority's General Counsel is available to respond to questions

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about these matters.

It is not possible for a code of this kind to anticipate and provide a rule of conduct for all situations. At bottom, it is expected that officials will manage their behavior in a manner consistent with the rules that follow, respect the chain of command and behave within the bounds of their authority. It is also expected that officials will treat each other, Authority employees, and the residents and business-people within Del Norte County with courtesy and respect in a manner that reflects well on the Authority.

1. Act in the Public Interest

Recognizing that the public interest must be their primary concern, Public Officials will work for the common good of the people of the Del Norte Solid Waste Management Authority and not for any private or personal interest. They will assure fair and equal treatment of all persons, businesses and interests coming before the Del Norte Solid Waste Management Authority Board of Commissioners, commissions, and committees. The professional and personal conduct of Public Officials must be above reproach and avoid even the appearance of impropriety.

2. Comply with the Law

Public Officials shall comply with the laws of the nation, the State of California, and the Del Norte Solid Waste Management Authority in the performance of their public duties. These laws include, but are not limited to: the Constitutions of the United States and California; laws pertaining to conflicts of interest, financial disclosures, employer responsibilities, open processes of government, confidentiality of closed session information; and the Del Norte Solid Waste Management Authority Joint Powers Agreement, Bylaws, Ordinances and Resolutions.

3. Respect for Process

Public Officials shall perform their duties in accordance with the processes and rules of order established by the Board of Commissioners, commissions, and committees governing the deliberation of public policy issues, meaningful involvement of the public, and implementation of policy decisions of the Board of Commissioners by Authority staff.

4. Decisions Based on Merit

Public Officials shall base their decisions on the merits and substance of the matter at hand. Public Officials shall prepare themselves for public issues, listen

courteously and attentively to all public discussions before the body, and focus on the business at hand.

5. Communication

Public Officials shall share substantive information that is relevant to a matter under consideration by the Board of Commissioners, commissions, and committees which they may have received from sources outside the public decision-making process. Public Officials shall avoid improper ex parte communications with parties when the official is sitting in a quasi-judicial role.

Whenever an official is representing the Authority, in or out-of-town, the Public Official is "on-duty" and should behave in a manner that will reflect well on the Authority. When out-of-town or at social events there is a temptation to behave more informally than one might at headquarters, which can lead to awkward or embarrassing situations, and in extreme cases to improper or illegal behavior.

Public Officials shall refrain from abusive conduct, personal charges or verbal attacks upon the character or motives of other members of the Board of Commissioners, commissions and committees, the staff or public. They shall refrain from interrupting other speakers, making personal comments not germane to the business of the body, or otherwise interfering with the orderly conduct of meetings. This provision is not intended to limit the right of a Public Official to comment on the manner in which the business of the Authority is being conducted, but personnel matters related to Authority employees should be addressed to the Authority's Director consistent with his/her responsibilities and recognizes that the board's meeting is a business meeting as well as a public forum.

6. Conflict of Interest

In order to assure their independence and impartiality on behalf of the common good, public officials shall not use their official positions to influence government decisions in which they have a material financial interest or personal relationship which may give the appearance of a conflict of interest. Public Officials shall comply with state law, the Joint Powers Agreement and the Authority's Ordinances regarding disclosure and avoidance of conflicts of interest.

7. Gifts and Favors

Public Officials shall comply with the requirements of the Political Reform Act relating to the acceptance and reporting of gifts.

8. Confidential Information

Public Officials shall not use or disclose information obtained through Authority service for improper purposes. Public Officials often acquire information in performing their duties that is not generally available to the public, including information received in closed sessions. Sometimes this information is confidential or highly sensitive. Information that is not generally available to the public must remain confidential and be used only for the purposes for which it was divulged. Public Officials shall neither disclose confidential information without proper legal authorization, nor use such information to advance their personal interests.

9. Use of Public Resources

Public Officials shall not use public resources not available to the public in general, such as Authority staff time, equipment, supplies or facilities, for private gain or personal purposes. Public Officials shall not utilize the Authority's name or logo for the purpose of endorsing any political candidate or business.

10. Political Contributions

A member or candidate for Board of Commissioners shall not solicit contributions or endorsements from the Authority's employees. This provision is not intended to interfere with an employee's right to endorse or contribute on his/her own or to prohibit soliciting contributions or endorsements from employee bargaining units.

11. Representation of Private Interests

In keeping with their role as stewards of the public interest, members of Board of Commissioners shall not appear on behalf of the private interests of third parties before the Board of Commissioners or any board, commission, committee, or proceeding of the Authority, nor shall members of commissions or committees appear before their own bodies or before the Board of Commissioners on behalf of the private interests of third parties on matters related to the areas of service of their bodies.

12. Advocacy

Public Officials shall represent the official policies or positions of the Board of Commissioners or committee to the best of their ability when designated as delegates for this purpose. Public Officials occasionally speak before other public bodies, neighborhood groups or to the press. When doing so, they should always make it clear whether they are presenting their own point of view or

whether they have been authorized by the body of which they are a member to present a particular view. They should be clear in all oral and written utterances whether they are using their title for identification purposes or because they are speaking in an official capacity. The actions and recommendations of subsidiary bodies are presented to the Board of Commissioners as part of the staff report, and often memorialized in a resolution. If a subsidiary body feels it necessary to supplement these written transmittals, it should expressly authorize one of its members to speak on its behalf.

Authority letterhead must be used with care to avoid misunderstandings. Letterhead may be used to communicate official Authority policy or actions. It is also routinely used by Commissioners to respond to inquiries or communicate their individual opinions, in which event the author should be clear about whose view is being presented.

13. Policy Role of Members

Public Officials shall respect and adhere to the commission-manager structure of the Del Norte Solid Waste Management Authority as outlined in the Authority's policies and procedures and follow the Del Norte Solid Waste Management Authority's Joint Powers Agreement and its ordinances with respect to the Authority's Director's relationship with the Board of Commissioners. In this structure, the Board of Commissioners determines the policies of the Authority with the advice, information and analysis provided by the public, commissions and committees, and Authority staff. Except as provided by the Joint Powers Agreement or ordinance, Public Officials shall not interfere with the administrative functions of the Authority or the professional duties of Authority staff; nor shall they impair the ability of staff to implement board policy decisions.

14. Positive Work Place Environment

Consistent with the Del Norte Solid Waste Management Authority's Core Values, Public Officials shall support the maintenance of a positive and constructive work place environment for Authority employees and for residents and businesses dealing with the Authority. Public Officials shall recognize their special role in dealings with Authority employees and refrain from creating the perception of inappropriate direction to staff.

15. Harassment and Discrimination

Public Officials shall not engage in any form of harassment or unlawful discrimination. The Del Norte Solid Waste Management Authority is committed to providing an environment that is free from unlawful discrimination, including

discrimination or harassment that is based on any legally protected status. The Authority will not tolerate any form of discrimination or harassment that violates this policy. This policy forbids any unwelcome conduct that is based on an individual's age, race, color, religion, sex, national origin, ancestry, marital status, sexual-orientation, veteran status, physical or mental disability, legally protected medical condition or association with anyone who has, or is perceived to have, any protected characteristic, or any other basis protected by state, federal or local law.

16. Implementation of the Code of Ethics

The Del Norte Solid Waste Management Authority Code of Ethics expresses standards of ethical conduct expected for members of the Del Norte Solid Waste Management Authority Board of Commissioners, commissions and committees. Public Officials themselves have the primary responsibility to assure that ethical standards are understood and met, and that the public can continue to have full confidence in the integrity of government.

The chairs of commissions and committees, have the additional responsibility to intervene when actions of members that appear to be in violation of the Code of Ethics are brought to their attention.

Public Officials entering office shall acknowledge that they have read and understood the Del Norte Solid Waste Management Authority Code of Ethics. This Code of Ethics and Conduct shall be reviewed periodically by the Board of Commissioners, commissions, and committees.

17. Compliance and Enforcement

Complaints alleging a violation of this Code of Conduct by a Public Official should be directed to the Authority's Director. Upon receipt of a complaint of a minor nature, the Authority's Director and its General Legal Counsel shall together determine a course of action. The Authority's Director and its General Legal Counsel shall, should they fail to resolve the complaint or should the complaint be of a serious nature, consult with the Chair (unless the Chair is the subject of the complaint, in which event they shall consult with the Vice Chair or other Commissioner, in order of seniority, as is appropriate under the circumstances) in order to determine an appropriate course of action. Serious complaints regarding a commission or committee member shall be directed to the chair person, or vice chair if the chair is named in the complaint. The recipient of the subsidiary body's complaint shall consult with the Authority's Director and the Authority's General Counsel to determine the appropriate course of action.

The goal of enforcement of this Code of Ethics is corrective, rather than penal and a progressive approach of curing violations is encouraged beginning with informal methods and proceeding to more formal methods, as necessary and appropriate, given the circumstances and allegations of the complaint. In appropriate circumstances, informal counseling and instruction shall be utilized to address issues before recommending sanctions. Depending on the severity of the violation, sanctions may be imposed including reprimand, formal censure, referral back to the agency appointing the member with a recommendation for removal from the appointment, loss of committee assignments, exclusion from closed sessions, travel or expense reimbursement restrictions, loss of staff support or use of Authority resources, referral to the Grand Jury or other penalties as may be applicable to the circumstances. The Board of Commissioners also may remove members of commissions and committees from office.

Prior to any sanction being taken against a Public Official, the official shall receive notice of the alleged violation and the proposed sanction. Before a sanction is imposed, the Public Official charged may request a public hearing before the Board of Commissioners and, in such case, a sanction shall not be imposed except upon a majority vote of the Board of Commissioners. The Public Official whose conduct is under scrutiny shall be disqualified from voting upon whether or not sanctions should be imposed. A public hearing need not comply with the formal rules of evidence, but shall afford the Public Official an opportunity to be heard on the proposed sanction.

18. Statement of Commitment

As a member or alternate of the Board of Commissioners of the Del Norte Solid Waste Management Authority or of an Authority board, commission, or committee, I understand and agree to uphold the Code of Ethics and Conduct for elected and appointed officials adopted by the Board of Commissioners. In recognition of this standard I will conduct myself by the following model of behavior:

- Recognize the worth of individual members and appreciate their individual talents, perspectives and contributions;
- Help create an atmosphere of respect and civility where individual members, Authority staff and the public are free to express their ideas and work to their full potential.
- Conduct my personal and public affairs with honesty, integrity, fairness and respect for others;

- Respect the dignity and privacy of individuals and organizations;
- Keep the common good as my highest purpose and focus on achieving constructive solutions for the public benefit;
- Avoid and discourage conduct which is divisive or harmful to the best interests of Del Norte Solid Waste Management Authority;
- Treat all people with whom I come in contact in the way I wish to be treated.

I affirm that I have read and that I understand, accept and support the Del Norte Solid Waste Management Authority Code of Ethics and Conduct.

Crescent
Coastal
Research

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3 March 2014

Del Norte County Solid Waste Authority Board of Commissioners
Attn: Roger Gitlin, Chair
1700 State Street
Crescent City, CA 95531

I am compelled to comment on the draft report 'Assessment of the Del Norte Solid Waste Management Authority' provided by R2 Consulting Group and supported by $33,000 of SWA funds at your request.

As a private consultant who writes a variety of reports to agencies myself (several per year), I was disappointed by the low level of investigation and organization provided to you in the report. The bulk of the text compares the DNSWA with other SWA entities in the state and is comprised of questions contained in the RFP with verbal answers and an analysis that is simply more verbal description, not at all quantitative, and not a normal format for a report of this nature. Since the stated purpose of this entire endeavor is to save the rate payers or the county some money, the lack detailed fiscal assessment is inexcusable.

The approach of comparison with other JPA/SWA entities is worthwhile, but the conclusions drawn are demonstrably inappropriate. R3 noted that the DNSWA is unique for a small population JPA in that they 1) carry out all the landfill closure and monitoring, 2) secure and oversee contract franchise pickup and hauling, 3) Carry out day to day operation of the gates, and 4) take actions to meet waste reduction (AB 939) and other disposal and monitoring requirements, where most other small JPA's are tasked only with (4). One of the main conclusions of the report is that administrative staffing of DNSWA is larger than other small JPA's, but they did not account for the additional duties our SWA performs or present any specific quantitative comparison.

In the comparison with other SWA entities, the report noted that Humboldt County has the most similar situation with respect to their SWA having responsibility for landfill closure and monitoring as well, and yet there was no further comparison, no statement about staffing levels at Humboldt, and no attempt at contact or interview with our neighboring SWA.

Another glaring omission is the lack of any assessment of public opinion contributed at the special meeting intended for exactly that purpose (22 Jan. 2014). The lack of incorporation of public opinion indicates weak reporting.

10

The two main conclusions of the report are interrelated, Page 1 executive summary:
1) 'Appropriate adjustments are made to management and administrative staffing levels; and 2) The Authority Commissioners establish clear and measurable short, medium and long-range goals and objectives for the Authority in support of its defined Purpose and staff and other available resources are aligned to effectively support those goals and objectives. '

The problem is they are exactly backward. You first need to establish the goals and objectives and then you will be able to make adjustments, if any, to staffing levels based on what the personnel are there for. This is actually stated in (2) above, making statement 1 unnecessary.

Also in the executive summary are statements to restructure DNSWA so that the Manager and scale house positions be filled by contract with private sector personnel, but there is absolutely no reference anywhere in the report how this will save money. I suspect that the 'savings' anticipated are in removing retirement and health benefits for those (county wage scale equivalent-) employees. The truth is, as R3 should have assessed, that salary for a private sector director/manager of the caliber indicated is likely to be significantly higher than the current wage scale set by the county.

In any case, there is more at stake in restructuring than a few dollars one way or the other. The institutional and professional knowledge of the remaining manager is a valuable resource that cannot be simply replaced by someone out of the area. You have already reduced capacity and function of our SWA to a large extent in eliminating the prior director.

Finally, Appendix C, Director and Manager Activities, is missing every other page. This appendix would have (if it were made available) more relevant content than much of the rest of the report in depicting exactly what the function of these positions, and indeed the SWA, are. What I did glean from every other page was that the Manager, in his current role as acting director, is overloaded in attempting to maintain both positions. The ability of the SWA to function in its current role is compromised, and maintaining compliance with regulatory agencies is likely in jeopardy, without a dedicated director. It could be possible, by redefining the role and goals of the DNSWA, to have the positions combined into one, but the goals and role of the SWA need to be defined first.

There is more to our SWA than meeting state compliance standards and getting rid of our trash. As exemplified by the prior director, we were leaders in finding creative and responsible solutions to reducing waste and inspiring the public to participate in a usually undesirable aspect of life (dealing with waste). You should be proud of your public JPA and the work it has done both for the county and the city, and as an example to other solid waste management entities throughout the state. Instead you are looking to cut, restructure, privatize, and otherwise degrade the most effective public entity the county has had since I have lived here. Rest assured, the public is watching how this moves forward.

Thank you for your consideration.

Craig S Strong

Tedd Ward

From: Ron Gastineau [rgastineau@cc.crescentcity.org]
Sent: Friday, April 04, 2014 11:06 AM
To: Tedd Ward
Subject: Re: Comments on R3 Draft

Hey Tedd,
Here are my few comments about the R3 Assessment Report for the DNSWMA:

First, minor corrections I saw:
Page 15, bottom paragraph, 9 lines up, third word should be "if."
Page 19, top paragraph, 7 lines down, second word from right should be "vulnerable."
There's probably more, but those two stood out.

Organizational Structure:
My opinion is that all JPAs are unique in that every community that they serve is unique, so the current structure of DNSWMA really can't be compared to other JPAs in either staffing or services provided. The staffing of DNSWMA might be perfect for what we have here in Del Norte County and for what services are provided.
That's the rub... Is the current structure of the DNSWMA what is NEEDED in Del Norte County. Business owners, who were burdened with higher costs to support county wide recycling efforts, don't think so. It would appear that private citizens think what we have now is just fine. So, it comes down to a community wide discussion of what DNSWMA should be doing - bare bones waste collection or leading the State in recycling efforts?
In the coming months, it looks like these discussions will be held and with input from the citizens and business owners of Del Norte County, the future structure of DNSWMA will be determined, hopefully with a fair and balanced rate structure for both while keeping essential State and Federally mandated waste-stream reduction programs running efficiently and effectively.

Staffing:
My opinion is that the DNSWMA needs a strong director that can make decisions about the staffing requirements he/she needs to fulfill the purpose and goals set forth by the people and Board of Commissioners on what DNSWMA's role is in Del Norte County.
The director needs to produce a five-year strategic plan that gives a road map of where DNSWMA will be going to in the future. It will be reviewable on a yearly basis with help from the ever-changing Board of Commissioners, but be followed to ensure continuity in fulfilling the purpose of DNSWMA's mission in serving Del Norte County.
If, for instance, newly mandated waste-stream programs come down from the State or Federal Government, the director should be able to assess workloads of staff and re-assign or hire personnel as needed as long as it is fiscally sound and budgeted. This authority should also extend to any additional special programs concerning recycling or waste stream reduction that can be budgeted for through grants or reserve funds and doesn't add costs on to the users without the approval of the Board of Commissioners.
The director should be able to run the DNSWMA the way he/she wishes as long it supports the purpose of the DNSWMA, follows the Strategic Plan and is fiscally responsible. The Board of Commissioners needs to continue in it's advisory role and take input from the public so that it may suggest policy changes to be carried out by the director.

On Page 18 - "Workload Shifting"
There were a few instances throughout the report about trying to save costs to DNSWMA by shifting jobs handled by them to other entities such as the County, City, Recology or Hambro. Any responsibilities taken up by other entities to do what DNSWMA is doing now will add expenses to those entities in either labor or materials, which have to passed on to someone, usually the consumer in the case of the private companies or a reduction in services in the case of the County or City as they transfer funds to cover these new costs.
Not only do you have to look at comparisons to see if even shifting the jobs to other entities would have cost savings, you have to ask those entities if they even want to take on these other tasks? Or do they even have the personnel with the expertise to complete these tasks? With the people in place now at the DNSWMA, it's my opinion that the JPA was created to help keep costs down and do these jobs efficiently and effectively, so

why try to change it now.

In summary, the role and purpose of the DNSWMA need to be redefined through public meetings to see what the community as a whole wants it to be; There needs to be a strong director who handles the day to day operations of the DNSWMA and is responsible for overseeing the budget process, setting long-term goals, determining staffing levels and working with partner agencies to keep costs down for all consumers; And, the JPA was set up to take on all the responsibilities and tasks of closing the landfill, monitoring it through it's lifetime and managing the waste-stream requirements of Del Norte County, so we should let it do it's job of performing these essential tasks to the best of its abilities.

Ron Gastineau, Council Member
City of Crescent City, California
Sent from my City Council iPad

> On Apr 2, 2014, at 3:07 PM, "Tedd Ward" <tedd@recycledelnorte.ca.gov> wrote:
>
> Dear Commissioners:
>
>
>
> At yesterday's meeting, the Board set a deadline of April
> 9th for additional comments from Commissioners regarding the R3 Draft report.
> If you could submit such comments in a reply e-mail to me by Friday
> (April
> 4) at noon, I will make sure those comments are printed and distributed with
> the agenda for the 09 April Authority meeting. If you bring written
> comments with you to the April 9th meeting that were not included in
> the published agenda, please bring 8 additional copies of those
> comments in case other Commissioners would like to review or discuss
> such comments before submitting them to R3.
>
>
>
> Thanks,
>
>
>
> Tedd Ward, M.S.
>
> Acting Director / Program Manager
>
> Del Norte Solid Waste Management Authority
>
> 465-1100
>
> <winmail.dat>

RE: SUBMITTED AT 01 APRIL PUBLIC HEARING

Bill Lonsdale
135 Maple Tree Lane
Crescent City, CA 95531
707-465-5964

09 March 2014

SUBJECT: Observations and Comments On Draft R3 Assessment

Chair and Members of the Board
Del Norte Solid Waste Management Authority
1700 State Street
Crescent City, CA 95531

Dear Chairman Gitlin and Members of the Board,

This is to provide comments and suggestions regarding the Draft R3 Report, *Assessment of the Del Norte Solid Waste Management Authority*, to be considered at your Board's 12 March Meeting. Specific comments are presented in the order of item appearance in the Draft.

General Observations.

1. This Draft Report appears to be more comprehensive and objective than many of those concerned about the future of the Authority may have expected.

   - It seems to strike a balance between the desire of some Board members for dissolution and/or role reduction and citizen concerns about continuity of ability to respond to regulatory and policy development challenges.
   - It addressed all of the questions posed to R3 in the assessment RFP, although, as indicated in Specific Comments below, some responses may require additional explanation or detail.
   - It is intellectually honest in conceding that our JPA is somewhat unique in its spread of functions and responsibilities, when compared to other "similar" jurisdictions.
   - It properly points out that:
     - Some of the perceived problems with the current JPA are the responsibility of past Authority Boards -- for not providing sufficient measurable goals and objectives for the Authority Staff to meet,
     - Staff reduction and/or reassignment of Staff out of the Public Employee status is as much a policy decision [*i.e.*, what to do about union positions, pay, and benefits] for the Board as it might be a demonstrable cost-saving measure,
     - Authority Staff reductions and transfer of functions to Contractors or City/County Staff might or might <u>not</u> result in cost savings up to $100,000 per year, and
     - Selection of the best option for restructuring the retained JPA "depends on the ultimate goals of the Authority (e.g., keeping public employees versus contacting functions and jobs to the private sector)."

ENT'D APR 01 2014

2. The Draft Report's emphasis on setting measurable goals and objectives, then relating policy decisions to those metrics, suggests to me that the goal-setting should precede any wholesale restructuring of the existing Authority. To do otherwise might result in continuing misalignment of Authority functions and staffing.

Specific Comments.

For ease of reference, the specific comments below are presented in the order of item appearance in the Draft, not necessarily in order of importance.

Pages 5-6, Note, Recommendation puts past concerns into perspective. The call for an annual business planning process places the Board in a strong position to be part of the solution in the future.

Page 7, Answer, 2nd Para., Recognition that the current scope and breadth of the Authority is unique among rural counties places evaluation of future staffing and allocation of responsibilities in a more balanced perspective. It includes the notion that the Board's development of future goals and objectives must address how and whether to continue the non-traditional responsibilities which the Authority now has.

Page 8, JPA Group Descriptions, It is clear from the descriptions and discussion that measuring the workload of Authority Staff against a other JPAs in a single Group would be inappropriate. This suggests that future staffing decisions should be made against the actual requirements and responsibilities of the retained Authority, rather than against a "typical" JPA in one of the Groups.

Pages 8-9, Discussion of Del Norte JPA comparison, The Draft Report did not provide detailed discussion of the Humboldt County JPA for comparison, even though it points out that the "ownership" aspects of our Authority are "most consistent with the Humboldt Waste Management Authority,...." The Board might benefit from inclusion and expanded discussion of the similarities and staffing requirements.

Page 9, Organization Staffing Discussion, Although elsewhere in the Draft Report, R3 analysts point to the uniqueness of our JPA's responsibilities, this section provides an adverse staffing comparison based on population, rather than responsibilities. Recommend that the Board's assessment of our JPA's staffing be based on actual requirements and Board-established goals/objectives, rather than simple population comparisons.

Pages 10-11, Organization Question b, Answer and Analysis, It is gratifying to see that R3 found the Authority to be "the most effective and efficient entity for managing solid waste in Del Norte County...." At the same time, the R3 Draft Report called for adjustments to staffing levels. This is fair, but attention should be paid to R3's accompanying call for Board establishment of future, measurable goals and objectives [against which staffing levels should be adjusted].

Page 11, Option #1, More explanation of scale house staff assumption of clerical support should be included in the R3 Report, focusing on: (a) exactly what clerical support should be assumed, (b) what IT system enhancement might be required to link that support to the Authority system, (c) circumstances under which it would be appropriate for non-Authority scale house staff to be involved in the administration of the Authority.

Page 11, Option #2, Recommendation that the Executive Director position be a contract employee needs additional explanation, to include: (a) relationship to Authority staff who are public sector employees, (b) examination of whether a contractor would be more or less under Board control than a public employee, and (c) what the cost saving might be.

Page 12, Option #3, Additional discussion is needed in the R3 Report, to include an assessment of the economic benefit that might result. Here we have an implication of such benefit, but not an examination. Beyond that, the Board will be faced with a sensitive policy decision regarding the status of public sector employees now in those positions.

Pages 12-13, Organization Question c, Answer and Analysis, Here, the Draft Report confirms that restructuring of the Authority -- even with the recommended Authority Staff reductions -- would not result in a net saving to ratepayers -- due primarily to the recognition that someone, somewhere, has to do the work now required of the Authority Staff. This recognition has been a long time coming, possibly due to the contentious nature of past Board deliberations on the subject. If R3 is correct, then past assertions that proposed changes to -- or elimination of -- the Authority could produce ratepayer savings of "... $20 per month..." are inaccurate.

Page 13, Organization Question d, Answer and Analysis, Discussion of options to replace a dissolved JPA is quite straightforward, and concludes that "...the structure for managing City and County obligations is more effectively achieved ... by maintaining the Authority and effectively restructuring it."

Page 14, Organization Question f, Answer and Analysis, The Draft Report suggests that, if the Authority were to be run in a manner similar to other Del Norte JPAs (i.e., small admin staff with work performed by contractors), the use of contractors might prove less cost effective than having work done by public employees. In my view, there needs to be an assessment of whether the staffing and expertise would exist at the City or County level to meet all of the regulatory and technical requirements.

Page 14, Organization Question g, Answer and Analysis, The Draft Report concedes that a small-staff, contractor-based JPA option would have less direct control than the current JPA. Beyond that, R3 concludes that we should "... not expect that such a configuration would result in a significantly lower cost to the ratepayers."

Pages 16-17, Staffing Question c, Answer and Analysis, More detailed presentation is needed of data used to reach the conclusion of Authority overstaffing. Currently we have only Authority input and a short narrative R3 conclusion. Suggest an additional Appendix to lay out R3's assessment of the workload data. Additionally, more detail is needed on (a) how the County would perform the landfill-related functions, (b) if the County is able/willing, and (c) what that would cost. Finally, the suggestion that Hambro and Recology would perform stormwater monitoring and public education/outreach functions "... more effectively ..." needs explanation and additional contract cost estimation.

Pages 18-19, Operations Question b, Answer and Analysis, What is the correct answer? Authority Staff asserts a current inability to manage franchises effectively, while R3 suggests that such management is not necessary because everything is running smoothly. This area needs more detailed attention in the final report.

While the Draft Report suggests that there is more that Hambro and Recology can do to take over responsibility and workload from the Authority Staff, there is no specific information provided. It appears to me that the two franchisees have put forward a notion to expand their contracts. That's fine, but the Board should have some proposals in writing, along with cost estimates, before it commits to staff reductions based on a non-specific expectation that the franchisees will perform those staff functions.

Page 20, Director Position Question a, Answer, The Draft Report recommends that the combined Executive Director/Program Manager position be "... specifically focused on the short-, medium-, and long-range goals and objectives for the Authority." That begs the question of who will manage the day-to-day operations and responsibilities of the Authority?

Before committing to the combination of the two senior management positions, the Board should know exactly how these day-to-day functions are to be carried out. We've had several months of fairly detailed reports from the Acting Executive Director about what has been falling through the cracks while he has been saddled with both sets of responsibility. It does not appear to me that he has been "crying wolf." The R3 Draft Report seems to ignore the recent record.

The Board will be forced to decide which of the lapsed functions can be dropped, or how they might be filled by other means. Likely that will be part of the "goals and objectives" process recommended by R3.

Page 21, Director Position Question c, Answer, A salary range of $70,000 - $80,000 is recommended, depending on qualifications. What is not clear is whether that would apply to either a public sector or contract employee, or whether it would include benefits or expense accounts of any kind. While the marketplace will determine whether a contractor or new public employee with appropriate experience and expertise would be willing to take on the dual responsibilities envisioned at that salary, a more detailed explanation of how R3 analysts reached the proposed figure is needed. Recommend that the final report include an addendum that lays out R3's methodology.

Page 21, JPA Alternatives Question b, Answer, The Draft Report notes that, in the event of JPA dissolution, "...the City and County would be individually responsible for all mandated functions and would individually be responsible for assuring the mandated functions were effectively accomplished." Given that, it is difficult to see how any cost savings would result, since sufficient and qualified staff at City and County levels would be needed to meet those mandates.

Pages 21-22, JPA Alternatives Question c, Answer, With respect to policy development, regulatory compliance and reporting, rate setting, and enforcement, R3 concludes that the City and County would have separate responsibilities in these areas. Given the inevitable duplication of effort that would result, it is difficult to see that an savings at all would result for ratepayers from JPA dissolution.

3. Overall, I found the Draft Report to be fairly thorough and objective. These comments are respectfully submitted for your Board's consideration, as a means of making a good decision support documents even better.

Respectfully,

Bill Lardale

April1, 2014
Public Hearing
Del Norte Solid Waste Authority
RE: March 21, 2014 R3 Draft Report

I have gone over an over the March 21st R3 Draft Report and was delighted to find one clear recommendation: the JPA should be kept intact because it is the most effective and efficient entity for managing solid waste in Del Norte County. Unfortunately, that is the only clear recommendation. Everything else needs further analysis, studies, goal setting, or is a shot in the dark. An example can be found in the Executive Summary: "There is potential to restructure how the Authority functions for more efficient and cost effective use of staff and other resources." Perhaps they mean that some duties could be more cost-effectively performed by Recology, Hambro, or county and city staff. It isn't made clear and no cost analysis is included – that's a shot in the dark!

The question everyone wanted answered is, "What are appropriate management and administrative staffing levels for the authority" but according to the consultants, it was not specifically asked in the RFP and thus it "cannot be definitively answered at this point." Ask any of the many members of the public who have been faithfully attending meetings and they will give you an immediate answer. The appropriate management and administrative staffing levels for the Authority are, at a minimum: a Director, a Program Manager, an Administrative Assistant, an Account Clerk and the always essential gate staff. Notice I said at a minimum, because this is the number of staff it took to build the status quo. The consultants claim the status quo could be maintained by half the full time staff – that's two- if the Authority sets "modest" short, medium, and long term goals instead of supporting a high level of waste management related activities requiring at least four full time employees. They want us to give up excellence for mediocrity.

It is misleading to suggest that the Authority can pick and choose what it "wants" to do for the next 5 to 10 years. There are "must do" programs in the pipeline after the passage of AB 341 which set a statewide 75% recycling goal by the year 2020. Local stakeholders, like the Authority, are expected to institute programs such as mandatory commercial recycling, Extended Producer Responsibility (EPR) to name just a few. The Authority currently participates in the EPR program with carpet and paint recycling but the mandatory commercial recycling program is dormant. It consists of a two-page document adopted on July 24, 2012, by the Authority board.

Implementing new programs that reduce waste by source-reduction, recycling, And composting, is where public monies should be spent; instead the Authority has spent public monies on pages and pages of dead-end suggestions, assertions without facts, and no useful solutions.

Elizabeth Henry

ENT'D APR 01 2014

To R3 Consulting and the Del Norte Solid Waste Authority and Board of Commissioners

I commend R3 consulting group on a much improved draft report on the Del Norte Solid Waste Authority (Authority) over the preliminary report released in February. The conclusions are reasonable and supported, and remaining needs and options are laid out clearly. Prominent in the report is the lack of evidence for cost saving to be had by 'outsourcing' some jobs they perform. Every staff reduction option provided either compromise the Authority's ability to perform existing jobs, are illegal, or both. (ref. April 1 Triplicate).

The Authority is recommended to instate medium and long range goals so that appropriate staffing levels can be maintained to meet those goals, yet the Authority board is ill informed to establish goals, and the board composition changes often, so there is no assurance of maintaining realistic goals.
I suggest that rather than a timetable of goals, what is needed is a Management Plan. which contains a general Mission Statement. An important element of such a plan is to be adaptive so that the Authority can respond to new regulatory requirements and incorporate innovative ideas. Some text of the Plan can be derived from the job descriptions and activities of the director and manager/analyst, contained as an appendices to the draft report.

I served on the DNSW task force for 2 years in the early 1990's, when the tasks at hand were closing the landfill and siting a transfer station. Since then we have seen nothing but continuing improvement in compliance with regulations, service to customers, and responsible waste management. The Authority is a public agency service to the community, and we as a community would do best by getting the director position back and get out of the way so that they can do their job. I can find nothing in the R3 draft report that points to a better option.

Craig S Strong. 1 April 2014
Del Norte resident 1992 - present

ENT'D APR 01 2014

March 12, 2014

Statement to the DNSWMA

Elizabeth Henry

I have read the R3 Draft Report and was pleased that the first paragraph of the Executive Summary agreed with a majority of the public that the Del Norte Solid Waste Management Authority is the most effective and efficient entity for managing solid waste in Del Norte County.

The Draft Report should have ended there. Instead, it recommends changes without presenting backup facts, figures or adequate analysis. The first recommendation is to reduce staffing levels without any evaluation of actual staffing needs. Quoting from Page 11 of the Draft Report, the rational for decreasing staff is simply "...the current staffing levels of the Authority are much more consistent with the staffing levels in JPAs serving much larger population bases". The Humboldt Waste Management Authority is mentioned as an example of being most similar, yet it has 38 employees! There is no similarity there!

A truer statement would be that the Authority's similarity to larger population JPAs is due to the number of functions it carries out. The Draft Report recommends cutting back Authority functions and staff to some undefined standard referred to on Page 11 as: "bringing them more in line with that required to effectively administer the responsibilities of the Authority." There is no explanation of what "bringing them more in line" means. Is it suggesting that arbitrarily reducing Authority functions and staffing to the size and functions of other small counties JPAs is a reasonable plan? It doesn't make sense!

What does make sense and but missing from the Draft Report is a "As is" option. Positive statements about the Authority, scattered throughout the Draft Report, support that. Instead, the Authority is presented as an entity which has achieved its original purpose and needs to be restructured.

A large amount of money and staff time has been wasted over the years on this issue, a well-functioning agency has been crippled, an excellent Executive Director has been fired, and the remaining employees have suffered undue stress We now have in front of us a 23 page Draft Report and a 6 page job description, a total of 29 pages, the rest being copies of others work. The Authority is paying over $1,000 per page for a very flawed and incomplete document. I suggest the Board of Commissioners end this farce today, negotiate with R3 for some amount of refund and return to their appropriate role as advocates for responsible solid waste disposal and recycling in Del Norte County.

Ralph Johansen
Attorney at Law (inactive)
130 Lakeside Loop
Crescent City, CA 95531
707-465-3570
March 12, 2014

Del Norte County Solid Waste Authority Board
Attn: Roger Gitlin, Chair
1700 State Street
Crescent City, CA 95531

Re: R3 Draft Report 'Assessment of the Del Norte Solid Waste Management Authority'

I have read the R3 Draft Report, including the Executive Summary, answers to the questions posed by the Board and accompanying documents, as well as the responses from Acting Director Tedd Ward, Treasurer's Report by CPA Richard Taylor and the Memorandum from Board Legal Counsel Martha Rice.

R3 states in their Approach and Methodology section (p. 4 of 3/12 Agenda) that they have received from the Authority a list of work priorities for the current fiscal year and a listing of Executive Director and Program Manager activities. They state that they have interviewed a number of people who have had, one can reasonably assume, the most significant experiences with the Authority in their operations over the years. These include, in addition to Board members, all Authority FTE personnel, Hambro's and Recology"s management, the County administrative officer, Crescent City manager, County environmental health specialist, Waste Management Specialists at CalRecycle, and the North Coast Regional Water Control engineer (p. 4).

On the basis of these interviews and observations, together with historical and operational data provided by the Authority, R3 concludes that:

- the Authority has done a good job in complying with all regulatory requirements (p. 1);

- "there seems to be a general consensus that the Authority has effectively achieved its original purpose (p. 3);

- the Authority drafted "the first of its kind Zero Waste Management Plan in the country" (same page);

- the former executive director Kevin Hendrick had been awarded the California Product Stewardship Council's "EPR (Extended Producer Responsibility) Super Hero Award" for "the most outstanding contributions of any individual to the EPR movement" (same page);

In the Questions and Answers section R3 states that

- "...the Authority is the most effective and efficient entity for managing solid waste in Del Norte County provided that..." (p. 10) and here R3 adds provisos, such as reducing staff by more than half, which are not supported by any projected cost savings, or any other discernible rationale (see Richard Taylor's Report (pp. 49-52) containing questions regarding:

  R3's suggestion to "...combine the 2.5 full time equivalent administrative staff positions into a single new Management Analyst position staffed with a person with administrative, financial and accounting skills."

- Authority staff has appropriate experience and expertise to effectively handle the required solid waste management functions (p. 15);

- "regulatory requirements are being met in a timely and comprehensive manner" (p. 17);

- even though "management of the Authority's contracts was the duty of the Executive Director", a position which "has been vacant"... "with that said, R3's review did not identify any regulatory issues or major concerns or complaints regarding the level of service or performance regarding Hambro or Recology" (p. 18).

What for some unclear reason is not specifically mentioned in the Report is the very evident satisfaction of ratepayers: 30 of 33 of those who responded to requests for comments to R3 at the January 22, 2014 meeting all stated that they supported the level of service, staffing functions and rate structure as they are, urging that this protracted matter be quickly laid to rest without any change.

In addition, R3 states that they have observed management and staff performance, transfer facility and scale house operations and otherwise toured the facilities. This, plus the interviews referred to and data furnished with respect to operations is the sum total of what they describe as their "Approach and Methodology" (pp. 4 and 5): This is plainly an ineffective explanation of how this study needed to be structured in

order to answer the questions posed. Interviews, tours and operational and comparative data not responsively quantified cannot standing alone answer the Board's questions. Although they qualify the description of their Approach and Methodology by adding that their review and analysis included, but "was not limited to these approaches and methods", again, nothing in the answers to the Board's questions provides these essential supporting quantitative data. An adequate methodology would evaluate quantified data in reaching conclusions and recommendations on questions posed. How else can the Board place reliance on R3's analysis of staff functions, staff changes and restructuring recommended or presented as an option, without a detailed accounting of anticipated cost benefits and savings?

For example, R3 states (p. 10) that "there were concerns expressed about...whether staff resources have been effectively focused and organized to minimize costs and increase revenues". R3's study provides no facts or figures that address these issues.

They do not even describe how they choose, evaluate and weigh the data that they have collected, and how that relates to the subject of inquiry. Inasmuch as all of that elaboration of methodology is missing, most especially the failure to consider cost/benefit analysis, this accounts in large part for the shallow and inadequate nature of R3's analysis.

As for recommended restructuring, in the section where JPAs are compared and contrasted, R3 characterizes the Authority as "relatively unique" - and as they acknowledge, (p. 9) that is true in terms of staffing as well. The Authority Staff Report responds: "Therefore, we were surprised that R3 based their main argument for the elimination of Authority staff positions on comparison with other agencies which, to our knowledge, seem to have very different responsibilities", citing Sonoma as an example, "which does not own or operate any facilities or collect any receipts--yet currently Sonoma appears to employ two Program Managers as well as a Director, Analyst and Clerk. This is like comparing apples to oranges. R3 also notes that the Authority is most like Humboldt Waste Management Authority (HWMA) but provides no facts about that agency. Staff can provide some comparisons but only as an example of the type of specifics that would be needed." (p. 47; see further comments there)

In summary, their attempt to justify restructuring based on comparative analysis fails as well.

If the Authority was looking for a basis for action in line with their stated purpose, to save money in the operation of the Authority, this Report as it stands fails completely

Regarding elimination of JPA, R3 acknowledges that those interviewed indicated "little interest in eliminating the JPA" (p. 10) and they "could find no cost benefits in doing so". (p. 22)

In addition, Staff Report responds: "The Draft Report repeatedly fails to acknowledge or address information that was included in the background documents distributed with the Request for Proposals for this project..." (p. 46 of agenda)

Regarding staff morale the Staff Report states (p. 47): "Despite R3's acknowledgment that staff has the expertise and experience to perform all their functions and they are meeting requirements, this Draft R3 Report presents options that essentially threaten the jobs of every single Authority employee. As a result, this report has had a severely adverse impact on staff morale. Staff would appreciate any reassurance the Board would care to provide regarding their acknowledgment of the successful efforts of current staff to keep this agency functioning through this extended period of uncertainty and transition."

A visit to the transfer station readily discloses that employees of the Authority work diligently to perform duties related to waste disposal that most of us would not want to do. Staff members who spoke at the meeting on January 22 were virtually in tears due to stress and uncertainty caused by this prolonged threat to staff's employment security, as Board members will recall. Tasks entailed in this essential function of local government can instead be rewarding if supported positively by the community, particularly when supplemented by resourceful staff efforts towards conservation through innovative recycling.

Not only staff but the ratepayers as well will be badly served by any deterioration in staff performance that ensues, in the atmosphere of anxiety and frustration caused by dragging this inquiry out any further. The job of Board member is for a limited time. Threats to staff's career prospects are lifelong and devastating. Surely, this Board would not want to be remembered by Del Norte citizens as having been responsible

for the disruption, dismantling and unwarranted deterioration of what R3 acknowledges is a well-functioning Authority, perhaps the most smoothly functioning of our local government agencies.

I looked into the website of Santa Clarita Valley Waste Management, in what was until recently Chair Gitlin's home area. I found that the local ordinance "requires each occupied residence to maintain weekly trash and recycling services". By comparison, last Friday, our waste collection day, I drove down Vipond for a third of a mile leading to our home on Lakeside Loop. I looked up and down Vipond and my street as well as adjacent China Creek Court. I found that at most one-fourth of the residences there had curbside service, which I now understand has to do with the proximity of the well-run transfer station in a rural area, but which puts added cost on the rate payers opting for curbside pickup service. Imagine my surprise when I looked at the rate structures and services offered and found that, despite Santa Clarita's obvious advantages in economies of scale their rate structure for curbside pickup was only slightly lower and roughly comparable to ours, while offering services that were almost identical. That served to reinforce my conviction that we have an effective service here and a rate structure that is as good as it can be in a rural area. And that is certainly in no small part due to the quality of Authority staffing and oversight. I would hope that on reflection Mr. Gitlin and other Board members would agree.

With respect to proposed privatization of functions, I call the Board's attention to Legal Counsel Martha Rice's comments in her Memorandum (pp. 53-55 of the agenda) on R3's Option #3 recommendation to contract out the scale house staffing to the private sector. She cites the provisions of the recent opinion in Costa Mesa City Employees Association vs. City of Costa Mesa, involving the city's decision to privatize "a vast array of city services." The Court, in issuing a preliminary injunction on the premise that complainant might prevail at hearing, cited Gov. Code secs. 53060 and 37103 limiting a city's right to contract with private entities for non-special services (209 Cal. App. 4th at 315-316). These sections, virtually identical, provide in part that "any public or municipal corporation or district may contract with and employ any persons for the furnishing...special services or advice in financial, economic, accounting, engineering, legal or administrative matters..." including the right to contract out payroll services. While this matter will not be heard on its merits until 2015, Ms Rice comments that the decision "has set the stage for a victory by the

employees, which will severely restrict the ability of cities (and DNSWMA) to contract out basic services". (If I recall correctly, this decision has already been communicated to the Board of Supervisors by Martha Rice's partner Robert Black.)

It might be instructive for Board members to read the legislative history of these code sections, to learn why the legislature enacted these code sections restricting privatization of public services.

Martha Rice also calls attention to an IRS provision that in general states that a public facility financed by tax-exempt public bonds (the case here) cannot turn a profit for a private entity (as apparently is proposed).

As to cash controls, an accrual and cash accounting system is being installed which is designed to address issues there.

With the abundance of information in this Report which concludes that the system is working well, and the lack of supporting data for R3's recommendations for changes in staff and structuring, it is time for this body to let this issue wither and die and move on to constructive matters.

Respectfully submitted,

Ralph Johansen

TO: COLIN WALLACE, R3 CONSULTANTS
FROM: ROGER GITLIN, CHAIR, DNSWMA
RE: COMMENTS ON FINAL DRAFT

APRIL 7, 2014

GOOD MORNING, COLIN:

VIA E MAIL, YOU ASKED ME TO FORWARD MY COMMENTS TO YOU DIRECTLY REGARDING THE FINAL DRAFT OF THE R3 ASSESSMENT OF THE DEL NORTE SOLID WASTE MANAGEMENT AUTHORITY. BEFORE DOING SO, I WISH TO BRING TO YOUR ATTENTION A FEW SYNTAX ERRORS IN THE REPORT:

- PAGE 10, FIVE LINES UP FROM THE BOTTOM. OMIT THE WORD "THE."
- PAGE 15, 26 LINES UP FROM THE BOTTOM, OMIT THE WORD "IS."
- PAGE 15, NINE LINES UP FROM THE BOTTOM, THE WORD "IT' SHOULD BE "IF."
- PAGE 19, SEVEN LINES FROM THE TOP, THE WORD "VENERABLE " SHOULD BE VULNERABLE

I MUST SHARE WITH YOU MY CONCERN THAT TWO DRAFTS WERE RELEASED BY R3 CONSULTANTS. DRAFT TWO AKA THE FINAL DRAFT IS CONSIDERABLY DIFFERENT THAN THE PRELIMINARY DRAFT. THIS PROCESS HAS CAUSED CONFUSION AND ADDED A NEGATIVE ELEMENT TO AN ALREADY SKEPTICAL AND SUSPICIOUS PUBLIC. AFTER THE INTIAL RFELEASE OF THE DRAFT MARCH 7, THE BOARD WAS UNAWARE OF ITS CONTENTS UNTIL SAID DOCUMENT AND ITS ANALYSIS WAS POSTED ON LINE BY THE ACTING DIRECTOR. THE ACTUAL CHRONOLOGY OF THE POSTING OF THE DOCUMENT AND R3 DECISION TO RELEASE A SECOND DRAFT REMAINS UNCLEAR. WHAT IS CLEAR, R3 DECIDED TO AMEND THE DRAFT AS BILL SCHOEN SO ADVISED ME THE FOLLOWING MONDAY, MARCH 10. THE BOARD NEITHER DIRECTED NOR RECOMMENDED TO R3 TO UNDERTAKE AND AMEND THE DRAFT AND I CAN ONLY SPECULATE THE SELF-SERVING INTERESTS AND WHAT I WOULD CONSIDER INAPPROPREIATE AND HIGHLY BIASED COMMENTS IN THE ANALYSIS BY THE ACTING DIRECTOR PERSUADED R3 TO TAKE THIS UNWARRANTED ACTION. THE AUTHORITY BOARD MADE NO SUCH REQUEST FOR AN ADDIONAL DRAFT, AND IT IS CLEAR THE BOARD WAS NOT IN THE LOOP DURING THIS PROCESS. THAT HAVING BEEN SAID, I AS THE CHAIRMAN, WAS TASKED WITH HOW TO PRESENT TWO SEPARATE DRAFTS WHICH PROMPTED NEGATIVE ATTENTION BY SOME WHO FELT I WAS IN VIOLATION OF THE BROWN ACT BY PULLING THE PRELIMINARY DRAFT ITEM FROM THE AGENDA, WHILE AWAITING THE FORTHCOMING DRAFT. BEFORE MAKING THE DECISION TO DELETE THE ITEM, I CONSULTED WITH BOARD COUNSEL MARTHA RICE AS TO THE APPRORPRIATENESS OF PULLING THE ITEM AND SHE ASSURED ME THE ACTION I TOOK WAS LEGALLY WITHIN MY RIGHT AND DUTY AS THE CHAIRMAN

R3 CONSULTANTS SHOULD NOT HAVE UNDERTAKEN THE SECOND DRAFT WITHOUT BOARD CONSULTATION. R3 WORKS FOR THE BOARD, NOT STAFF. I WOULD HOPE IN THE FUTURE,

R3 CONSULANTS WOULD CONFER WITH THE BOARD AND ITS CHAIR BEFORE UNDERTAKING A TASK WHICH WAS NOT REQUESTED.
NOW THE DRAFT...

THE DEL SOLID WASTE MANAGEMENT AUTHORITY CONTRACTED WITH R3 CONSULTANTS TO ANALYZE AND ASSESS AUTHORITY FUNCTIONS SO THE PUBLIC MIGHT BE BETTER SERVED BY SEEKING A DIFFERENT MODEL RATHER THAN THE CURRENT GOVERNMENT MODEL. A MAJOR MOTIVATION IS THE SAVING OF MONEY.

- I THINK IT IMPORTANT TO UNDERSCORE THE BUSINESS COMMUNITY IS SIGNIFICANTLY SUBSIDIZING AND SUPPORTING THE CURRENT LOW RATE STRUCTURE ENJOYED BY THE PUBLIC. THIS FALSE PERCEPTION OF LOWER RATES SHOULD NOT BE OVERLOOKED IN THE FINAL REPORT. THE PUBLIC IS PERHAPS MISLED BY THE LOWER RATES NOT REALIZING THE INEQUITY THE BUSINESS COMMUNITY MUST ABSORB IN TAKING THE IMPACT OF RATES THAT HAVE RISEN 2X-3X HIGHER THAN THE PREVIOUS YEAR. R3 SHOULD MORE CLOSLY EXAMINE THE PUNITIVE RECYLING OPERATIONS THAT BURDEN THE BUSINESS OWNER. THE QUESTION MUST BE ASKED AND ANSWERED : CAN PRIVATE RECYCLERS JULINDRA AND RECOLGY OPERATE MORE EFFICIENTLY SAVING PRECIOUS DOLLARS WHICH WOULD PERHAPS LOWER THE EXORBINATE RATE STRUCTURE?

- TO BETTER UNDERSTAND BOARD OPTIONS AND DIRECTION DNSWMA WILL PERSUE, R3 SHOULD INCLUDE IN ITS FINAL REPORT A SIDE-BY-SIDE PRESENTATION / ANALYSIS OF THE FOUR OPTIONS. LET THE BOARD SEE THE ACTUAL SAVINGS (OR ADDITIONAL COSTS) WHICH WILL BE REALIZED WITH THE ADOPTION OF ONE OF THE OPTIONS. IF THE BOARD WISHES TO COMBINE THE POSITION OF EXECUTIVE DIRECTOR AND PROGRAM MANAGER, OR CONSIDER ELIMINATING A POSITION , IT WOULD BE HELPFUL TO SEE THESE FIGURES IN BLACK AND WHITE. LIKEWISE, I WOULD EXPECT A COST ANALYSIS OF COMBINING CLERICAL STAFF, ADMINISTRATIVE ASSISTANT AND ACCOUNT CLERK INTO A SINGLE POSITION.

- ALL FOUR OPTIONS ALLOW FOR THE MERGING OF ADMINISTRATIVE POSITIONS. PLEASE REPORT ON REALIZED SAVINGS IF THE BOARD CHOOSES TO CHANGE COURSE AND PROVIDE UTILITY-LIKE SERVICES IN OUR RELATIVLY LIGHTLY-POPULATED DEL NORTE COUNTY.

- I WOULD EXPECT IN THE FINAL REPORT A MORE DETAILED ANSWER ON THE CONTRACT AGREEMENT RELATIONSHIP THAT TEHAMA AND LASSEN COUNTIES CURRENTLY EMPLOY.

- P.20-21 *"WE RECOMMEND THAT THE BOARD INVITE BOTH CONTRACTORS TO PRESENT COST SAVING IDEAS TO THE BOARD WITH THE GOAL OF IMPROVING SERVICES, REDUCING COSTS, INCREASING REVENUE AND CREATING A FRAMEWORK FOR A LONG-TERM 5-10 YEAR STATIGIC PLAN. "* R3 CONSULTANTS SHOULD IDENTIFY THE $141 A TON TIPPING FEE AND ALREADY KNOWING THE TRANSPORTATION FACTOR IS APPROXIMATELY $91 OF THAT TOTAL, IDENTIFY THE APPROXIMATE $50 A TON REMAINDER WHICH THE AUTHORITY RETAINS.

- MOVING TRASH INTER-STATE COULD BE PROBLEMATIC. OREGON HAS BEEN WORKING FOR YEARS TOWARD CLOSING ITS LANDFILS DOORS TO DISPOSABLE WASTE PURVEYORS FROM OTHER STATES. WHAT IS THE CONTINGENCY PLAN IF OREGON ULTIMATELY MAKES THE DECISION TO DENY CALIFORNIA THE LANDFILL RIGHTS AT WHITE CITY?

- ZERO WASTE CLAIMS BY THE AUTHORITY ARE MISREPRESENTATED. TRUCKING TONS OF TRASH TO WHITE CITY, OREGON DAILY IS NOT BY ANY STRETCH OF THE IMAGINATION A ZERO WASTE OPERATION. WHAT ABOUT INCINERATION UTILIZING TONS OF SOLID WASTE INTO SUPPLEMENTAL ENERGY.

- I AM SORRY TO SAY THE FINAL R3 DRAFT SHOULD HAVE SUPPORTED ITS ASSESSMENTS WITH VALID COST-BENEFIT ANALYSIS. I DO NOT SEE THIS IN THE FINAL DRAFT.

I REMAIN HOPEFUL MANY OF MY COMMENTS AND ANSWERS WILL FIND THE LIGHT OF DAY IN THE FINAL R3 REPORT.

SINCERELY YOURS,

ROGER GITLIN, CHAIR
DEL NORTE SOLID WASTE MANAGEMENT AUTHORITY

Mr. Collin Wallace, R3

After reviewing your second report, I was disappointed . I felt the second report had been subjected to unauthorized influence of staff, who are self promoting. I believe the original report, in my opinion, more accurately and clearly answers the questions asked by this Board in our proposal.

In hindsight it was a mistake to pull your first rough draft off the agenda as Mr. Schoen recommended. Because we pulled it, the Board could not have any discussion on it at that time and could not provide direction to staff. Consequently, Staff provided R3 with information of which the Board was not aware nor did it approve. Remember, it was the Board who hired R3, not Staff. In your original interviews, R3 gave everyone equal opportunity to provide input, and in that way, you made the conclusions shown in your first rough draft. After only Staff provided an intensive, but unauthorized, document, your second draft report was tainted.

Can you please justify how your executive summary in the original draft report specifically stated that the JPA would be considered "most effective and efficient"... provided that "appropriate adjustments are made to management and administrative staffing levels", to the position now that the JPA is the most effective entity for managing solid waste in Del Norte County. Why such a radical change in opinion?

Staff, of course, in trying to justify their status quo, asked R3 to provide detailed information which would support their position. I would like answers to a reference made on page 11 & 12 of the original draft, where R3 stated that elimination of the JPA would likely result in a net cost increase. Why would that be the case? As the City and County would regain the franchise fees lost when the JPA was formed, doesn't this offset some of their expenses? Also, on page 13, you state that restructuring the JPA is more effective than having the City and County jointly handle the responsibilities. I am curious as to whether there are any California cities or counties that do handle it themselves and how that has worked out for them.

In the new report, on page 12, the question is asked, "is the JPA the most effective and efficient entity for managing solid waste in Del Norte County?" Your answer is Yes. This needs to be changed! It might be effective, but it is definitely not the most efficient. You yourselves back it up in the executive summary of your first draft report.

I was pleasantly surprised with your first draft report, in that you answered all our questions clearly, with definite suggestions for areas needing improvement and change. It makes the work of the Board easier. Definitive compared to nebulous answers is what we wanted and you gave to us. As for your second draft, I am disappointed and feel you need to act more boldly in your recommendations.

Sincerely,

Mary Wilson

Mary Wilson

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