



BETTY T. YEE
California State Controller

October 12, 2018

Kathy Blackwood, Executive Vice Chancellor
Financial Services
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402

Dear Ms. Blackwood:

The State Controller's Office (SCO) performed a desk review of costs claimed by the San Mateo County Community College District for the legislatively mandated Integrated Waste Management (IWM) Program for the period of July 1, 2003, through June 30, 2004; and July 1, 2005, through June 30, 2011. We did not include the costs claimed for the period of July 1, 2004, through June 30, 2005, in the review period because the statute of limitations to initiate the review has expired. We conducted our review under the authority of Government Code (GC) sections 12410, 17558.5, and 17561. Our review was limited to ensure that offsetting savings were properly reported in accordance with program requirements.

This reissued letter report updates our previous letter report, dated October 20, 2015. The previous letter report identified \$661,373 in unreported offsetting savings for fiscal year (FY) 2003-04, and FY 2005-06 through FY 2010-11. On July 27, 2018, the Commission on State Mandates (Commission) issued a decision in response to an Incorrect Reduction Claim filed by the district for the IWM Program. In its decision, the Commission concluded that our reduction of costs claimed for the first half of FY 2003-04 (which was based on a diversion rate of 50% rather than 25%) was incorrect and that the difference of \$8,197 had been incorrectly reduced. In compliance with the Commission's decision, we reduced the FY 2003-04 offsetting savings findings by \$8,197, from \$84,490 to \$76,293. However, this adjustment does not result in additional allowable costs to the district, as the unreported offsetting savings finding for FY 2003-04 of \$76,293 exceeds the amount claimed (of \$45,560). We advised you of the revision to this letter report via email on September 8, 2018.

The district claimed \$843,392 for the mandated program. Our review found that \$608,751 is allowable (\$618,751 less a \$10,000 penalty for filing a late claim) and \$234,641 is unallowable. The costs are unallowable because the district did not report offsetting savings realized as a result of implementing its IWM plans, as described in the Revised Attachment 1–Summary of Program Costs, Revised Attachment 2–Summary of Offsetting Savings Calculations, and Revised Attachment 3–Review Results. The State paid the district \$608,751.

Kathy Blackwood, Executive Vice
Chancellor

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October 12, 2018

If you have any questions, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/lis

Attachments

RE: S16-MCC-9013R

cc: Christian Osmeña, Vice Chancellor
College Finance and Facilities Planning
California Community Colleges Chancellor's Office
Frances Parmelee, Assistant Vice Chancellor
College Finance and Facilities Planning
California Community Colleges Chancellor's Office
Wrenna Finche, Director of Fiscal Standards and Accountability
College Finance and Facilities Planning
California Community Colleges Chancellor's Office
Chris Ferguson, Assistant Program Budget Manager
Education Systems Unit, California Department of Finance
Keith Nezaam, Staff Finance Budget Analyst
Education Systems Unit, California Department of Finance
Anita Dagan, Manager
Local Government Programs and Services Division
State Controller's Office

**Revised Attachment 1—
Summary of Program Costs
July 1, 2003, through June 30, 2004;
and July 1, 2005, through June 30, 2011**

Cost Elements ¹	Actual Costs Claimed	Allowable per Review	Review Adjustment ²
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits	\$ 34,185	\$ 34,185	\$ -
Fixed assets	1,575	1,575	-
Total direct costs	35,760	35,760	-
Indirect costs	10,256	10,256	-
Total direct and indirect costs	46,016	46,016	-
Less offsetting reimbursements	(456)	(456)	-
Less offsetting savings ³	-	(76,293)	(76,293)
Subtotal	45,560	(30,733)	(76,293)
Adjustment to eliminate negative balance	-	30,733	30,733
Total program costs	<u>\$ 45,560</u>	-	<u>\$ (45,560)</u>
Less amount paid by the State ⁴		-	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Salaries and benefits	\$ 3,054	\$ 3,054	\$ -
Contract services	2,000	2,000	-
Fixed assets	2,339	2,339	-
Total direct costs	7,393	7,393	-
Indirect costs	916	916	-
Total direct and indirect costs	8,309	8,309	-
Less other reimbursements	(1,133)	(1,133)	-
Less offsetting savings ³	-	(272,848)	(272,848)
Subtotal	7,176	(265,672)	(272,848)
Adjustment to eliminate negative balance	-	265,672	265,672
Total program costs	<u>\$ 7,176</u>	-	<u>\$ (7,176)</u>
Less amount paid by the State ⁴		-	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	

Revised Attachment 1 (continued)

Cost Elements ¹	Actual Costs Claimed	Allowable per Review	Review Adjustment ²
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Salaries and benefits	\$ 3,735	\$ 3,735	\$ -
Indirect costs	1,121	1,121	-
Total direct and indirect costs	4,856	4,856	-
Less offsetting savings ³	-	(73,287)	(73,287)
Subtotal	4,856	(68,431)	(73,287)
Adjustment to eliminate negative balance	-	68,431	68,431
Total program costs	<u>\$ 4,856</u>	-	<u>\$ (4,856)</u>
Less amount paid by the State ⁴		-	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs:			
Salaries and benefits	\$ 2,083	\$ 2,083	\$ -
Indirect costs	625	625	-
Total direct and indirect costs	2,708	2,708	-
Less offsetting savings ³	-	(66,407)	(66,407)
Subtotal	2,708	(63,699)	(66,407)
Adjustment to eliminate negative balance	-	63,699	63,699
Total program costs	<u>\$ 2,708</u>	-	<u>\$ (2,708)</u>
Less amount paid by the State ⁴		-	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs:			
Salaries and benefits	\$ 288,480	\$ 288,480	\$ -
Indirect costs	86,544	86,544	-
Total direct and indirect costs	375,024	375,024	-
Less offsetting savings ³	-	(71,103)	(71,103)
Total program costs	<u>\$ 375,024</u>	303,921	<u>\$ (71,103)</u>
Less amount paid by the State ⁴		(303,921)	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	

Revised Attachment 1 (continued)

Cost Elements ¹	Actual Costs Claimed	Allowable per Review	Review Adjustment ²
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs:			
Salaries and benefits	\$ 231,812	\$ 231,812	\$ -
Indirect costs	96,202	96,202	-
Total direct and indirect costs	328,014	328,014	-
Less offsetting savings ³	-	(74,456)	(74,456)
Subtotal	328,014	253,558	(74,456)
Less late filing penalty ⁵	-	(10,000)	(10,000)
Total program costs	<u>\$ 328,014</u>	243,558	<u>\$ (84,456)</u>
Less amount paid by the State ⁴		(243,558)	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs:			
Salaries and benefits	\$ 54,503	\$ 54,503	\$ -
Indirect costs	25,551	25,551	-
Total direct and indirect costs	80,054	80,054	-
Less offsetting savings ³	-	(18,782)	(18,782)
Total program costs	<u>\$ 80,054</u>	61,272	<u>\$ (18,782)</u>
Less amount paid by the State ⁴		(61,272)	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	

Revised Attachment 1 (continued)

Cost Elements ¹	Actual Costs Claimed	Allowable per Review	Review Adjustment ²
<u>Summary: July 1, 2003, through June 30, 2004; and July 1, 2005, through June 30, 2011</u>			
Direct costs:			
Salaries and benefits	\$ 617,852	\$ 617,852	\$ -
Contract services	2,000	2,000	-
Fixed assets	3,914	3,914	-
Total direct costs	623,766	623,766	-
Indirect costs	221,215	221,215	-
Total direct and indirect costs	844,981	844,981	-
Less other reimbursements	(1,589)	(1,589)	-
Less offsetting savings ³	-	(653,176)	(653,176)
Subtotal	843,392	190,216	(653,176)
Adjustment to eliminate negative balance	-	428,535	428,535
Subtotal	843,392	618,751	(224,641)
Less late filing penalty ⁵	-	(10,000)	(10,000)
Total program costs	<u>\$ 843,392</u>	608,751	<u>\$ (234,641)</u>
Less amount paid by the State ⁴		(608,751)	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	

¹ GC section 17558.5(a) allows the SCO to initiate an audit no later than three years from the date on which a reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made, the time to initiate the audit starts from the date on which the SCO makes the initial payment on the claim. The FY 2004-05 claim was fully paid and the three-year statute of limitations to initiate the review had expired by the time we initiated this engagement.

² See Revised Attachment 3, Review Results.

³ See Revised Attachment 2, Summary of Offsetting Savings Calculations.

⁴ Payment information current as of September 24, 2018.

⁵ The district filed its FY 2009-10 annual reimbursement claim after the due date specified in GC section 17560. Pursuant to GC section 17568, the State assessed a late filing penalty equal to 10% of allowable costs, not to exceed \$10,000 (for claims filed on or after August 24, 2007).

**Revised Attachment 2—
Summary of Offsetting Savings Calculations
July 1, 2003, through June 30, 2004;
and July 1, 2005, through June 30, 2011**

Cost Elements	Offsetting Savings Reported	Offsetting Savings Realized			Review Adjustment ¹
		July – December	January – June	Total	
<u>July 1, 2003, through June 30, 2004</u>					
Skyline College:					
Maximum required diversion percentage		25.00%	50.00%		
Actual diversion percentage		÷ 74.41%	÷ 74.05%		
Allocated diversion percentage		33.60%	67.52%		
Tonnage diverted	×	(145.85)	×	(162.80)	
Statewide average landfill fee per ton	×	\$36.83	×	\$38.42	
Offsetting savings, Skyline College		<u>(1,805)</u>	<u>(4,223)</u>	<u>(6,028)</u>	
Cañada College:					
Maximum required diversion percentage		25.00%	50.00%		
Actual diversion percentage		÷ 51.13%	÷ 71.04%		
Allocated diversion percentage		48.89%	70.38%		
Tonnage diverted	×	(94.70)	×	(479.85)	
Statewide average landfill fee per ton	×	\$36.83	×	\$38.42	
Offsetting savings, Cañada College		<u>(1,705)</u>	<u>(12,975)</u>	<u>(14,680)</u>	
College of San Mateo:					
Maximum required diversion percentage		25.00%	50.00%		
Actual diversion percentage		÷ 44.13%	÷ 75.41%		
Allocated diversion percentage		56.65%	66.30%		
Tonnage diverted	×	(293.50)	×	(1,941.75)	
Statewide average landfill fee per ton	×	\$36.83	×	\$38.42	
Offsetting savings, College of San Mateo		<u>(6,124)</u>	<u>(49,461)</u>	<u>(55,585)</u>	
Total offsetting savings, FY 2003-04	\$ -	\$ <u>(9,634)</u>	\$ <u>(66,659)</u>	\$ <u>(76,293)</u>	\$ <u>(76,293)</u>
<u>July 1, 2005, through June 30, 2006</u>					
Skyline College:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 72.90%	÷ 65.86%		
Allocated diversion percentage		68.59%	75.92%		
Tonnage diverted	×	(485.25)	×	(623.65)	
Statewide average landfill fee per ton	×	\$39.00	×	\$46.00	
Offsetting savings, Skyline College		<u>(12,980)</u>	<u>(21,780)</u>	<u>(34,760)</u>	
Cañada College:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 99.05%	÷ 55.19%		
Allocated diversion percentage		50.48%	90.60%		
Tonnage diverted	×	(10,497.40)	×	(144.55)	
Statewide average landfill fee per ton	×	\$39.00	×	\$46.00	
Offsetting savings, Cañada College		<u>(206,664)</u>	<u>(6,024)</u>	<u>(212,688)</u>	

Revised Attachment 2 (continued)

Cost Elements	Offsetting Savings Reported	Offsetting Savings Realized			Review Adjustment ¹
		July – December	January – June	Total	
<u>July 1, 2005, through June 30, 2006 (continued)</u>					
College of San Mateo:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 61.26%	÷ 62.57%		
Allocated diversion percentage		81.62%	79.91%		
Tonnage diverted	×	(380.55)	×	(361.45)	
Statewide average landfill fee per ton	×	\$39.00	×	\$46.00	
Offsetting savings, College of San Mateo		(12,114)	(13,286)	(25,400)	
Total offsetting savings, FY 2005-06	\$ -	\$ (231,758)	\$ (41,090)	\$ (272,848)	\$ (272,848)
<u>July 1, 2006, through June 30, 2007</u>					
Skyline College:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 65.86%	÷ 80.99%		
Allocated diversion percentage		75.92%	61.74%		
Tonnage diverted	×	(623.65)	×	(505.75)	
Statewide average landfill fee per ton	×	\$46.00	×	\$48.00	
Offsetting savings, Skyline College		(21,780)	(14,988)	(36,768)	
Cañada College:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 55.19%	÷ 58.83%		
Allocated diversion percentage		90.60%	84.99%		
Tonnage diverted	×	(144.55)	×	(136.30)	
Statewide average landfill fee per ton	×	\$46.00	×	\$48.00	
Offsetting savings, Cañada College		(6,024)	(5,560)	(11,584)	
College of San Mateo:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 62.57%	÷ 56.74%		
Allocated diversion percentage		79.91%	88.12%		
Tonnage diverted	×	(361.45)	×	(275.40)	
Statewide average landfill fee per ton	×	\$46.00	×	\$48.00	
Offsetting savings, College of San Mateo		(13,286)	(11,649)	(24,935)	
Total offsetting savings, FY 2006-07	\$ -	\$ (41,090)	\$ (32,197)	\$ (73,287)	\$ (73,287)
<u>July 1, 2007, through June 30, 2008</u>					
Skyline College:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 80.99%	÷ 80.99%		
Allocated diversion percentage		61.74%	61.74%		
Tonnage diverted	×	(505.75)	×	(505.75)	
Statewide average landfill fee per ton	×	\$48.00	×	\$51.00	
Offsetting savings, Skyline College		(14,988)	(15,925)	(30,913)	

Revised Attachment 2 (continued)

Cost Elements	Offsetting Savings Reported	Offsetting Savings Realized			Review Adjustment ¹
		July – December	January – June	Total	
<u>July 1, 2007, through June 30, 2008 (continued)</u>					
Cañada College:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 58.83%	÷ 58.83%		
Allocated diversion percentage		84.99%	84.99%		
Tonnage diverted	×	(136.30)	×	(136.30)	
Statewide average landfill fee per ton	×	\$48.00	×	\$51.00	
Offsetting savings, Cañada College		(5,560)	(5,908)	(11,468)	
College of San Mateo:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 56.74%	÷ 56.74%		
Allocated diversion percentage		88.12%	88.12%		
Tonnage diverted	×	(275.40)	×	(275.40)	
Statewide average landfill fee per ton	×	\$48.00	×	\$51.00	
Offsetting savings, College of San Mateo		(11,649)	(12,377)	(24,026)	
Total offsetting savings, FY 2007-08	\$ -	\$ (32,197)	\$ (34,210)	\$ (66,407)	\$ (66,407)
<u>July 1, 2008, through June 30, 2009</u>					
Skyline College:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 80.99%	÷ 80.99%		
Allocated diversion percentage		61.74%	61.74%		
Tonnage diverted	×	(505.75)	×	(505.75)	
Statewide average landfill fee per ton	×	\$51.00	×	\$55.00	
Offsetting savings, Skyline College		(15,925)	(17,174)	(33,099)	
Cañada College:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 58.83%	÷ 58.83%		
Allocated diversion percentage		84.99%	84.99%		
Tonnage diverted	×	(136.30)	×	(136.30)	
Statewide average landfill fee per ton	×	\$51.00	×	\$55.00	
Offsetting savings, Cañada College		(5,908)	(6,371)	(12,279)	
College of San Mateo:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 56.74%	÷ 56.74%		
Allocated diversion percentage		88.12%	88.12%		
Tonnage diverted	×	(275.40)	×	(275.40)	
Statewide average landfill fee per ton	×	\$51.00	×	\$55.00	
Offsetting savings, College of San Mateo		(12,377)	(13,348)	(25,725)	
Total offsetting savings, FY 2008-09	\$ -	\$ (34,210)	\$ (36,893)	\$ (71,103)	\$ (71,103)

Revised Attachment 2 (continued)

Cost Elements	Offsetting Savings Reported	Offsetting Savings Realized			Review Adjustment ¹
		July – December	January – June	Total	
<u>July 1, 2009, through June 30, 2010</u>					
Skyline College:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	80.99%	÷	80.99%	
Allocated diversion percentage		61.74%	61.74%		
Tonnage diverted	×	(505.75)	×	(505.75)	
Statewide average landfill fee per ton	×	\$55.00	×	\$56.00	
Offsetting savings, Skyline College		(17,174)	(17,486)	(34,660)	
Cañada College:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	58.83%	÷	58.83%	
Allocated diversion percentage		84.99%	84.99%		
Tonnage diverted	×	(136.30)	×	(136.30)	
Statewide average landfill fee per ton	×	\$55.00	×	\$56.00	
Offsetting savings, Cañada College		(6,371)	(6,487)	(12,858)	
College of San Mateo:					
Maximum required diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	56.74%	÷	56.74%	
Allocated diversion percentage		88.12%	88.12%		
Tonnage diverted	×	(275.40)	×	(275.40)	
Statewide average landfill fee per ton	×	\$55.00	×	\$56.00	
Offsetting savings, College of San Mateo		(13,348)	(13,590)	(26,938)	
Total offsetting savings, FY 2009-10	\$ -	\$ (36,893)	\$ (37,563)	\$ (74,456)	\$ (74,456)
<u>July 1, 2010, through June 30, 2011</u>					
Skyline College:					
Maximum required diversion percentage		50.00%	---		
Actual diversion percentage	÷	80.99%	÷	---	
Allocated diversion percentage		61.74%	---		
Tonnage diverted	×	(252.88)	×	---	
Statewide average landfill fee per ton	×	\$56.00	×	---	
Offsetting savings, Skyline College		(8,743)	---	(8,743)	
Cañada College:					
Maximum required diversion percentage		50.00%	---		
Actual diversion percentage	÷	58.83%	÷	---	
Allocated diversion percentage		84.99%	---		
Tonnage diverted	×	(68.15)	×	---	
Statewide average landfill fee per ton	×	\$56.00	×	---	
Offsetting savings, Cañada College		(3,244)	---	(3,244)	

Revised Attachment 2 (continued)

Cost Elements	Offsetting Savings Reported	Offsetting Savings Realized			Review Adjustment ¹
		July – December	January – June	Total	
<u>July 1, 2010, through June 30, 2011 (continued)</u>					
College of San Mateo:					
Maximum required diversion percentage		50.00%	---		
Actual diversion percentage		÷ 56.74%	÷ ---		
Allocated diversion percentage		88.12%	---		
Tonnage diverted	×	(137.70)	×	---	
Statewide average landfill fee per ton	×	\$56.00	×	---	
Offsetting savings, College of San Mateo		(6,795)	---	(6,795)	
Total offsetting savings, FY 2010-11	\$ -	\$ (18,782)	---	\$ (18,782)	\$ (18,782)
<u>Summary: July 1, 2003, through June 30, 2004;</u>					
<u>and July 1, 2005, through June 30, 2011</u>					
	\$ -	\$ (404,564)	\$ (248,612)	\$ (653,176)	\$ (653,176)

¹ See Revised Attachment 3, Review Results.

Revised Attachment 3— Review Results July 1, 2003, through June 30, 2004; and July 1, 2005, through June 30, 2011

BACKGROUND—

On March 25, 2004, the Commission adopted its statement of decision, finding that Public Resources Code (PRC) sections 40148, 40196.3, 42920 through 42928; Public Contract Code (PCC) sections 12167 and 12167.1; and the State Agency Model Integrated Waste Management Plan (February 2000) require new activities which constitute new programs or higher levels of service for community college districts within the meaning of Article XIII B, section 6, of the California Constitution, and impose costs mandated by the State pursuant to GC section 17514.

Specifically, the Commission approved the test claim for the increased costs of performing the following specific activities:

- Complying with the model plan (PRC section 42920(b)(3) and the State Agency Model Integrated Waste Management Plan, February 2000);
- Designating a solid waste reduction and recycling coordinator (PRC section 42920(c));
- Diverting solid waste (PRC sections 42921 and 42922(i));
- Reporting to the Integrated Waste Management Board (Board) (PRC sections 42926(a) and 42922(i)); and
- Submitting recycled material reports (PCC section 12167.1).

In March 2007, the California Department of Finance and the Board filed a petition for a Writ of Mandate requesting that the Commission issue new parameters and guidelines giving full consideration to the community colleges' cost savings (e.g. avoided landfill disposal fees) and revenues (from recyclables) generated by complying with the test claim statutes. The Judgment and a Writ of Mandate were issued on June 30, 2008, ordering the Commission to amend the parameters and guidelines to require that community college districts identify, and offset from their claims, cost savings realized as a result of implementing their IWM plans.

On September 26, 2008, the Commission amended the parameters and guidelines for the original period of reimbursement because the court's decision interprets the test claim statutes as a question of law.

In compliance with GC section 17558, the SCO issues claiming instructions to assist community college districts in claiming mandated-program reimbursable costs.

**REVISED FINDING—
Unreported offsetting
savings**

The district did not report any offsetting savings on its mandated cost claims for the review period. We found that the district realized savings of \$653,176 from implementation of IWM plans.

The following table summarizes the unreported offsetting savings amounts by fiscal year:

Fiscal Year	Offsetting Savings Reported	Offsetting Savings Realized	Review Adjustment
2003-04	\$ -	\$ (76,293)	\$ (76,293)
2005-06	-	(272,848)	(272,848)
2006-07	-	(73,287)	(73,287)
2007-08	-	(66,407)	(66,407)
2008-09	-	(71,103)	(71,103)
2009-10	-	(74,456)	(74,456)
2010-11	-	(18,782)	(18,782)
Total	<u>\$ -</u>	<u>\$ (653,176)</u>	<u>\$ (653,176)</u>

Section VIII. (Offsetting Savings) of the amended parameters and guidelines states:

Reduced or avoided costs realized from implementation of the community college districts' Integrated Waste Management Plan shall be identified and offset from this claim as cost savings, consistent with the direction for revenue in Public Contract Code sections 12167 and 12167.1.

PCC sections 12167 and 12167.1 require agencies in state-owned and state-leased buildings to deposit all revenues from the sale of recyclables into the IWM Account in the IWM Fund, which is continuously appropriated to the Board for the purposes of offsetting recycling program costs. For the review period, the district did not deposit any revenue into the IWM Account in the IWM Fund. Our review found that the district realized reduced costs or avoided costs through implementation of its IWM plans that it did not identify and offset from its claims as cost savings.

Offsetting Savings Calculation

The Commission's Final Staff Analysis of the proposed amendments to the parameters and guidelines (Item No. 8 – Commission hearing of September 26, 2008) states, in part:

Cost savings may be calculated from the annual solid waste disposal reduction or diversion rates that community colleges must annually report to the Board pursuant to Public Resources Code section 42926, subdivision (b)(1).

To compute the savings amount, we multiplied the allocated diversion percentage by the tonnage diverted, and then by the avoided landfill disposal fee, as follows:

$$\text{Offsetting Savings} = \frac{\text{Allocated Diversion \%} \times \text{Maximum Allowable Diversion \%}}{\text{Actual Diversion \%}} \times \text{Tonnage Diverted} \times \text{Avoided Landfill Disposal Fee (per Ton)}$$

This calculation determines the costs that the district did not incur for solid waste disposal as a result of implementing its IWM plans. The offsetting savings calculations are presented in Revised Attachment 2—Summary of Offsetting Savings Calculations.

Allocated Diversion Percentage

PRC section 42921 requires districts to achieve a solid waste diversion percentage of 25% beginning January 1, 2002, and a 50% diversion percentage by January 1, 2004. The parameters and guidelines state that districts will be reimbursed for all mandated costs incurred to achieve these levels, without reduction when they fall short of stated goals, but not for amounts used to exceed these state-mandated levels. Therefore, we allocated the offsetting savings to be consistent with the requirements of the mandated program.

For calendar years 2000 through 2007, we used the actual diversion percentage reported by the district to the Board pursuant to PRC section 42926, subdivision (b)(1).

In 2008, the Board began focusing on “per-capita disposal” instead of “diversion percentage.” As a result, the Board stopped requiring community college districts to report the actual amount of tonnage diverted. Consequently, the annual reports no longer identify a “diversion percentage.” Therefore, we used the 2007 diversion percentage to calculate the offsetting savings for FY 2007-08 through FY 2010-11. The district did not provide documentation supporting a different diversion percentage.

Tonnage Diverted

The tonnage diverted is solid waste that the district recycled, composted, and kept out of the landfill. For calendar years 2000 through 2007, we used the actual tonnage diverted, as reported by the district to the Board pursuant to PRC section 42926, subdivision (b)(1).

As the Board stopped requiring community college districts to report the actual amount of tonnage diverted in 2008, we used the tonnage diverted in 2007 to calculate the offsetting savings for FY 2007-08 through FY 2010-11. The district did not provide documentation to support a different amount of tonnage diverted.

Avoided Landfill Disposal Fee (per Ton)

The avoided landfill disposal fee is used to calculate realized savings because the district no longer incurs a cost to dispose of the diverted tonnage at the landfill. For each fiscal year in the review period, we used the statewide average disposal fee provided by the California Department of Resources Recycling and Recovery, which was established in 2010 to replace the Board. The district did not provide documentation to support a different disposal fee.

Recommendation

The IWM Program was suspended in the FY 2011-12 through FY 2017-18 Budget Acts. Furthermore, commencing in FY 2012-13, the district elected to receive block grant funding pursuant to GC section 17581.7, in lieu of filing annual mandated cost claims. If the IWM Program becomes active again and if the district chooses to opt out of receiving block grant funds, we recommend that the district:

- Follow the mandated program's claiming instructions and the parameters and guidelines when filing its reimbursement claims; and
- Offset all savings realized from implementation of the community college district's IWM plans.