



JOHN CHIANG
California State Controller

August 30, 2013

Edwin Eng, Vice Chancellor, Finance and Administration
State Center Community College District
1525 East Weldon Avenue
Fresno, CA 93704

Dear Mr. Eng:

The State Controller's Office reviewed the costs claimed by State Center Community College District for the legislatively mandated Integrated Waste Management Program (Chapter 1116, Statutes of 1992; and Chapter 764, Statutes of 1999) for the period of July 1, 1999, through June 30, 2001; and July 1, 2003, through June 30, 2011. We did not include the costs claimed for the period of July 1, 2001, through June 30, 2003, in the review period because the statute of limitations to initiate the review had expired before we began the review. Our review was limited to ensuring that offsetting savings were properly reported in accordance with program requirements.

The district claimed \$436,519 for the mandated program. Our review found that \$140,311 is allowable and \$296,208 is unallowable. The costs are unallowable because the district did not report any offsetting savings realized as a result of implementing its integrated waste management plan, as described in the attached Summary of Program Costs, Summary of Offsetting Savings Calculations, and the Finding and Recommendation. The State made no payment to the district. The State will pay \$140,311, contingent upon available appropriations.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by phone at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/kw

Attachments

RE: S13-MCC-959

cc: Wil Schofield, Director of Finance
State Center Community College District
Glynn Billings, Accounting Manager
State Center Community College District
Christine Atalig, Specialist, College Finance and Facilities Planning
California Community Colleges Chancellor's Office
Mollie Quasebarth, Principal Program Budget Analyst
Education Systems Unit, California Department of Finance
Mario Rodriguez, Finance Budget Analyst
Education Systems Unit, California Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

**Attachment 1—
Summary of Program Costs
July 1, 1999, through June 30, 2001;
and July 1, 2003, through June 30, 2011**

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits	\$ 16,038	\$ 16,038	\$ —
Fixed assets	14,487	14,487	—
Travel and training	323	323	—
Total direct costs	30,848	30,848	—
Indirect costs	6,136	6,136	—
Total direct and indirect costs	36,984	36,984	—
Less offsetting revenues and reimbursements	(467)	(467)	—
Less offsetting savings ²	—	(10,535)	(10,535)
Total program costs	<u>\$ 36,517</u>	25,982	<u>\$ (10,535)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 25,982</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits	\$ 16,462	\$ 16,462	\$ —
Fixed assets	10,528	10,528	—
Total direct costs	26,990	26,990	—
Indirect costs	5,695	5,695	—
Total direct and indirect costs	32,685	32,685	—
Less offsetting revenues and reimbursements	(236)	(236)	—
Less offsetting savings ²	—	(20,642)	(20,642)
Total program costs	<u>\$ 32,449</u>	11,807	<u>\$ (20,642)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 11,807</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits	\$ 33,081	\$ 33,081	\$ —
Indirect costs	10,364	10,364	—
Total direct and indirect costs	43,445	43,445	—
Less offsetting revenues and reimbursements	(323)	(323)	—
Less offsetting savings ²	—	(29,569)	(29,569)
Total program costs	<u>\$ 43,122</u>	13,553	<u>\$ (29,569)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 13,553</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs:			
Salaries and benefits	\$ 32,326	\$ 32,326	\$ —
Indirect costs	11,800	11,800	—
Total direct and indirect costs	44,126	44,126	—
Less offsetting revenues and reimbursements	(602)	(602)	—
Less offsetting savings ²	—	(31,734)	(31,734)
Total program costs	<u>\$ 43,524</u>	11,790	<u>\$ (31,734)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 11,790</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Salaries and benefits	\$ 44,873	\$ 44,873	\$ —
Indirect costs	16,379	16,379	—
Total direct and indirect costs	61,252	61,252	—
Less offsetting revenues and reimbursements	(375)	(375)	—
Less offsetting savings ²	—	(34,278)	(34,278)
Total program costs	<u>\$ 60,877</u>	26,599	<u>\$ (34,278)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 26,599</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Salaries and benefits	\$ 37,480	\$ 37,480	\$ —
Indirect costs	13,681	13,681	—
Total direct and indirect costs	51,161	51,161	—
Less offsetting revenues and reimbursements	(710)	(710)	—
Less offsetting savings ²	—	(37,027)	(37,027)
Total program costs	<u>\$ 50,451</u>	13,424	<u>\$ (37,027)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 13,424</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs:			
Salaries and benefits	\$ 38,480	\$ 38,480	\$ —
Indirect costs	14,045	14,045	—
Total direct and indirect costs	52,525	52,525	—
Less offsetting revenues and reimbursements	(1,728)	(1,728)	—
Less offsetting savings ²	—	(38,110)	(38,110)
Total program costs	<u>\$ 50,797</u>	12,687	<u>\$ (38,110)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 12,687</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs:			
Salaries and benefits	\$ 39,509	\$ 39,509	\$ —
Indirect costs	14,421	14,421	—
Total direct and indirect costs	53,930	53,930	—
Less offsetting revenues and reimbursements	(1,170)	(1,170)	—
Less offsetting savings ²	—	(40,805)	(40,805)
Total program costs	<u>\$ 52,760</u>	11,955	<u>\$ (40,805)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 11,955</u>	
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs:			
Salaries and benefits	\$ 39,939	\$ 39,939	\$ —
Indirect costs	12,685	12,685	—
Total direct and indirect costs	52,624	52,624	—
Less offsetting revenues and reimbursements	(846)	(846)	—
Less offsetting savings ²	—	(42,729)	(42,729)
Total program costs	<u>\$ 51,778</u>	9,049	<u>\$ (42,729)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 9,049</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs:			
Salaries and benefits	\$ 11,216	\$ 11,216	\$ —
Indirect costs	3,538	3,538	—
Total direct and indirect costs	14,754	14,754	—
Less offsetting revenues and reimbursements	(510)	(510)	—
Less offsetting savings ²	—	(10,779)	(10,779)
Total program costs	<u>\$ 14,244</u>	3,465	<u>\$ (10,779)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 3,465</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>Summary: July 1, 1999, through June 30, 2001; and July 1, 2003, through June 30, 2011</u>			
Direct costs:			
Salaries and benefits	\$ 309,404	\$ 309,404	\$ —
Fixed assets	25,015	25,015	—
Travel and training	323	323	—
Total direct costs	334,742	334,742	—
Indirect costs	108,744	108,744	—
Total direct and indirect costs	443,486	443,486	—
Less offsetting revenues and reimbursements	(6,967)	(6,967)	—
Less offsetting savings	—	(296,208)	(296,208)
Total program costs	<u>\$ 436,519</u>	140,311	<u>\$ (296,208)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 140,311</u>	

¹ See Attachment 3, Finding and Recommendation.

² See Attachment 2, Summary of Offsetting Savings Calculations.

**Attachment 2—
Summary of Offsetting Savings Calculations
July 1, 1999, through June 30, 2001;
and July 1, 2003, through June 30, 2011**

Cost Elements	Offsetting Savings Reported	Offsetting Savings Realized			Review Adjustment ¹
		July - December	January - June	Total	
<u>July 1, 1999, through June 30, 2000</u>					
Reedley College:					
Maximum allowable diversion percentage		—	25.00%		
Actual diversion percentage	÷	—	÷	24.57%	
Allocated diversion percentage ²		—	100.00%		
Tonnage diverted	x	—	x	(195.10)	
Statewide average landfill fee per ton	x	—	x	\$36.39	
Offsetting savings, Reedley College		—	(7,100)	(7,100)	
Fresno City College:					
Maximum allowable diversion percentage		—	25.00%		
Actual diversion percentage	÷	—	÷	53.39%	
Allocated diversion percentage		—	46.83%		
Tonnage diverted	x	—	x	(201.55)	
Statewide average landfill fee per ton	x	—	x	\$36.39	
Offsetting savings, Fresno City College		—	(3,435)	(3,435)	
Total offsetting savings, FY 1999-2000	\$ —	\$ —	\$ (10,535)	\$ (10,535)	\$ (10,535)
<u>July 1, 2000, through June 30, 2001</u>					
Reedley College:					
Maximum allowable diversion percentage		25.00%	25.00%		
Actual diversion percentage	÷	24.57%	÷	25.02%	
Allocated diversion percentage ²		100.00%	99.92%		
Tonnage diverted	x	(195.10)	x	(183.50)	
Statewide average landfill fee per ton	x	\$36.39	x	\$36.39	
Offsetting savings, Reedley College		(7,100)	(6,672)	(13,772)	
Fresno City College:					
Maximum allowable diversion percentage		25.00%	25.00%		
Actual diversion percentage	÷	53.39%	÷	53.39%	
Allocated diversion percentage		46.83%	46.83%		
Tonnage diverted	x	(201.55)	x	(201.55)	
Statewide average landfill fee per ton	x	\$36.39	x	\$36.39	
Offsetting savings, Fresno City College		(3,435)	(3,435)	(6,870)	
Total offsetting savings, FY 2000-01	\$ —	\$ (10,535)	\$ (10,107)	\$ (20,642)	\$ (20,642)

Attachment 2 (continued)

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>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 26.11%	÷ 68.95%		
Allocated diversion percentage ²		100.00%	72.52%		
Tonnage diverted	x	(203.20)	x (316.40)		
Statewide average landfill fee per ton	x	\$36.83	x \$38.42		
Offsetting savings, Reedley College		<u>(7,484)</u>	<u>(8,816)</u>	<u>(16,300)</u>	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 53.59%	÷ 50.70%		
Allocated diversion percentage		93.30%	98.62%		
Tonnage diverted	x	(176.90)	x (189.75)		
Statewide average landfill fee per ton	x	\$36.83	x \$38.42		
Offsetting savings, Fresno City College		<u>(6,079)</u>	<u>(7,190)</u>	<u>(13,269)</u>	
Total offsetting savings, FY 2003-04	\$ —	<u>\$ (13,563)</u>	<u>\$ (16,006)</u>	<u>\$ (29,569)</u>	<u>\$ (29,569)</u>
<u>July 1, 2004, through June 30, 2005</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 68.95%	÷ 69.65%		
Allocated diversion percentage		72.52%	71.79%		
Tonnage diverted	x	(316.40)	x (324.75)		
Statewide average landfill fee per ton	x	\$38.42	x \$39.00		
Offsetting savings, Reedley College		<u>(8,816)</u>	<u>(9,092)</u>	<u>(17,908)</u>	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 50.70%	÷ 55.23%		
Allocated diversion percentage		98.62%	90.53%		
Tonnage diverted	x	(189.75)	x (187.95)		
Statewide average landfill fee per ton	x	\$38.42	x \$39.00		
Offsetting savings, Fresno City College		<u>(7,190)</u>	<u>(6,636)</u>	<u>(13,826)</u>	
Total offsetting savings, FY 2004-05	\$ —	<u>\$ (16,006)</u>	<u>\$ (15,728)</u>	<u>\$ (31,734)</u>	<u>\$ (31,734)</u>

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</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 69.65%	÷ 69.25%		
Allocated diversion percentage		71.79%	72.20%		
Tonnage diverted	x	(324.75)	x (319.80)		
Statewide average landfill fee per ton	x	\$39.00	x \$46.00		
Offsetting savings, Reedley College		<u>(9,092)</u>	<u>(10,621)</u>	<u>(19,713)</u>	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 55.23%	÷ 55.04%		
Allocated diversion percentage		90.53%	90.84%		
Tonnage diverted	x	(187.95)	x (189.75)		
Statewide average landfill fee per ton	x	\$39.00	x \$46.00		
Offsetting savings, Fresno City College		<u>(6,636)</u>	<u>(7,929)</u>	<u>(14,565)</u>	
Total offsetting savings, FY 2005-06	\$ —	<u>\$ (15,728)</u>	<u>\$ (18,550)</u>	<u>\$ (34,278)</u>	<u>\$ (34,278)</u>
<u>July 1, 2006, through June 30, 2007</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 69.25%	÷ 67.69%		
Allocated diversion percentage		72.20%	73.87%		
Tonnage diverted	x	(319.80)	x (293.35)		
Statewide average landfill fee per ton	x	\$46.00	x \$48.00		
Offsetting savings, Reedley College		<u>(10,621)</u>	<u>(10,401)</u>	<u>(21,022)</u>	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 55.04%	÷ 51.44%		
Allocated diversion percentage		90.84%	97.20%		
Tonnage diverted	x	(189.75)	x (173.10)		
Statewide average landfill fee per ton	x	\$46.00	x \$48.00		
Offsetting savings, Fresno City College		<u>(7,929)</u>	<u>(8,076)</u>	<u>(16,005)</u>	
Total offsetting savings, FY 2006-07	\$ —	<u>\$ (18,550)</u>	<u>\$ (18,477)</u>	<u>\$ (37,027)</u>	<u>\$ (37,027)</u>

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</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>67.69%</u>	÷	<u>67.69%</u>	
Allocated diversion percentage		73.87%	73.87%		
Tonnage diverted	x	(293.35)	x	(293.35)	
Statewide average landfill fee per ton	x	<u>\$48.00</u>	x	<u>\$51.00</u>	
Offsetting savings, Reedley College		<u>(10,401)</u>	<u>(11,052)</u>	<u>(21,453)</u>	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>51.44%</u>	÷	<u>51.44%</u>	
Allocated diversion percentage		97.20%	97.20%		
Tonnage diverted	x	(173.10)	x	(173.10)	
Statewide average landfill fee per ton	x	<u>\$48.00</u>	x	<u>\$51.00</u>	
Offsetting savings, Fresno City College		<u>(8,076)</u>	<u>(8,581)</u>	<u>(16,657)</u>	
Total offsetting savings, FY 2007-08	\$ —	<u>\$ (18,477)</u>	<u>\$ (19,633)</u>	<u>\$ (38,110)</u>	<u>\$ (38,110)</u>
<u>July 1, 2008, through June 30, 2009</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>67.69%</u>	÷	<u>67.69%</u>	
Allocated diversion percentage		73.87%	73.87%		
Tonnage diverted	x	(293.35)	x	(293.35)	
Statewide average landfill fee per ton	x	<u>\$51.00</u>	x	<u>\$55.00</u>	
Offsetting savings, Reedley College		<u>(11,052)</u>	<u>(11,918)</u>	<u>(22,970)</u>	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>51.44%</u>	÷	<u>51.44%</u>	
Allocated diversion percentage		97.20%	97.20%		
Tonnage diverted	x	(173.10)	x	(173.10)	
Statewide average landfill fee per ton	x	<u>\$51.00</u>	x	<u>\$55.00</u>	
Offsetting savings, Fresno City College		<u>(8,581)</u>	<u>(9,254)</u>	<u>(17,835)</u>	
Total offsetting savings, FY 2008-09	\$ —	<u>\$ (19,633)</u>	<u>\$ (21,172)</u>	<u>\$ (40,805)</u>	<u>\$ (40,805)</u>

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>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 67.69%	÷ 67.69%		
Allocated diversion percentage		73.87%	73.87%		
Tonnage diverted	x	(293.35)	x (293.35)		
Statewide average landfill fee per ton	x	\$55.00	x \$56.00		
Offsetting savings, Reedley College		(11,918)	(12,135)	(24,053)	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 51.44%	÷ 51.44%		
Allocated diversion percentage		97.20%	97.20%		
Tonnage diverted	x	(173.10)	x (173.10)		
Statewide average landfill fee per ton	x	\$55.00	x \$56.00		
Offsetting savings, Fresno City College		(9,254)	(9,422)	(18,676)	
Total offsetting savings, FY 2009-10	\$ —	\$ (21,172)	\$ (21,557)	\$ (42,729)	\$ (42,729)
<u>July 1, 2010, through June 30, 2011</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	—		
Actual diversion percentage		÷ 67.69%	÷ —		
Allocated diversion percentage		73.87%	—		
Tonnage diverted	x	(146.68)	x —		
Statewide average landfill fee per ton	x	\$56.00	x —		
Offsetting savings, Reedley College		(6,068)	—	(6,068)	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	—		
Actual diversion percentage		÷ 51.44%	÷ —		
Allocated diversion percentage		97.20%	—		
Tonnage diverted	x	(86.55)	x —		
Statewide average landfill fee per ton	x	\$56.00	x —		
Offsetting savings, Fresno City College		(4,711)	—	(4,711)	
Total offsetting savings, FY 2010-11	\$ —	\$ (10,779)	\$ —	\$ (10,779)	\$ (10,779)
Total offsetting savings: July 1, 1999, through June 30, 2001; and July 1, 2003, through June 30, 2011	\$ —	\$ (144,443)	\$ (151,765)	\$ (296,208)	\$ (296,208)

¹ See Attachment 3, Finding and Recommendation.

² Reedley College did not achieve the maximum allowable diversion percentage in 2000 and 2003. Therefore, 100% of the tonnage diverted is offsetting savings realized by the district as necessary to achieve the maximum allowable level.

**Attachment 3—
Finding and Recommendation
July 1, 1999, through June 30, 2001;
and July 1, 2003, through June 30, 2011**

**FINDING—
Unreported offsetting
savings**

The district did not report any offsetting savings on its mandated cost claims for the review period. We determined that the district realized savings of \$296,208 from implementation of its integrated waste management (IWM) plan.

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

Fiscal Year	Offsetting Savings Reported	Offsetting Savings Realized	Review Adjustment
1999-2000	\$ -	\$ (10,535)	\$ (10,535)
2000-01	-	(20,642)	(20,642)
2003-04	-	(29,569)	(29,569)
2004-05	-	(31,734)	(31,734)
2005-06	-	(34,278)	(34,278)
2006-07	-	(37,027)	(37,027)
2007-08	-	(38,110)	(38,110)
2008-09	-	(40,805)	(40,805)
2009-10	-	(42,729)	(42,729)
2010-11	-	(10,779)	(10,779)
Total	<u>\$ -</u>	<u>\$ (296,208)</u>	<u>\$ (296,208)</u>

On March 25, 2004, the Commission on State Mandates (CSM) adopted the statement of decision for the IWM Program. The CSM determined that Chapter 1116, Statutes of 1992; and Chapter 764, Statutes of 1999, imposed upon community college districts a state mandate reimbursable under Government Code section 17561, commencing July 1, 1999.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The CSM adopted the parameters and guidelines on March 30, 2005.

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

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

In compliance with Government Code section 17558, the State Controller's Office issues claiming instructions to assist community college districts in claiming mandated-program reimbursable costs.

The amended parameters and guidelines (section VIII – Offsetting Cost Savings) state:

Reduced or avoided costs realized from implementation of the community college districts' Integrated Waste Management Plans 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.

Public Contract Code 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. The revenues are to be 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. We have determined that the district had reduced or avoided costs realized from implementation of its IWM plan that it did not identify and offset from its claims as cost savings.

Offsetting Savings Calculation

The CSM's Final Staff Analysis of the proposed amendments to the parameters and guidelines (Item #8–CSM hearing of September 26, 2008) states:

...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 by the avoided landfill disposal fee, as follows:

$$\begin{array}{rcccl}
 & & \text{Allocated Diversion \%} & & \\
 & & \text{┌───────────┐} & & \\
 & & \text{Maximum} & & \text{Avoided} \\
 \text{Offsetting} & & \text{Allowable} & & \text{Landfill} \\
 \text{Savings} & = & \frac{\text{Diversion \%}}{\text{Actual}} & \times & \text{Tonnage} \times \text{Disposal Fee} \\
 \text{Realized} & & \text{Diversion \%} & & \text{Diverted} \quad \text{(per Ton)}
 \end{array}$$

This calculation determines the cost that the district did not incur for solid waste disposal as a result of implementing its IWM plan. The

offsetting savings calculation is presented in Attachment 2 – Summary of Offsetting Savings Calculations.

Allocated Diversion Percentage

Public Resource Code 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 2001 through 2007, we used the actual diversion percentage reported by the district to CalRecycle (formerly the IWM Board) pursuant to Public Resources Code section 42926, subdivision (b)(1).

In 2000, Fresno City College's Waste Management Annual Report states that the annual report has not been finalized. For both FY 1999-2000 and FY 2000-01, the district claimed costs for diversion activities; therefore, we used the 2001 diversion percentage to calculate the offsetting savings for FY 1999-2000 and FY 2000-01. The district did not provide documentation supporting a different diversion percentage.

In 2008, CalRecycle began focusing on "per-capita disposal" instead of a "diversion percentage." As a result, CalRecycle 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, FY 2008-09, FY 2009-10, and 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 2001 through 2007, we used the actual tonnage diverted, as reported by the district to CalRecycle pursuant to Public Resources Code section 42926, subdivision (b)(1).

As previously noted, in 2000, Fresno City College's Waste Management Annual Report states that the annual report has not been finalized. For both FY 1999-2000 and FY 2000-01, the district claimed costs for diversion activities; therefore, we used the 2001 tonnage diverted amount to calculate the offsetting savings for FY 1999-2000 and FY 2000-01. The district did not provide documentation supporting a different tonnage diverted amount.

As previously noted, in 2008, CalRecycle stopped requiring community college districts to report the actual amount of tonnage diverted. Therefore, we used the tonnage diverted in 2007 to calculate the

offsetting savings for FY 2007-08, FY 2008-09, FY 2009-10, and FY 2010-11. The district did not provide documentation supporting a different tonnage diversion amount.

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 CalRecycle. The district did not provide documentation supporting a different disposal fee.

Recommendation

We recommend that the district offset all savings realized from implementation of the community college district's IWM plan.