



DATE: March 12, 2026
TO: Programs & Administration Committee
Planning Committee/Recycling Board
FROM: Justin Lehrer, Administrative Services Director
SUBJECT: Multi-Year Fiscal Forecast

SUMMARY

Each year, as part of the Agency's budget development process, staff conduct an analysis of the organization's fiscal forecast, current fund balance, and reserves. This review helps identify adjustments needed to ensure sufficient resources to continue to deliver impactful programs that advance the Agency's goals while also maintaining adequate contingency funds for the future. This year's analysis reflects the addition of a newly adopted regulatory fee and its impact on the Agency's long-term financial outlook. At the March 12 Programs & Administration and Recycling Board meetings, staff will present an overview of the updated forecast and key findings.

DISCUSSION

Central to the Agency's mission is to accelerate progress toward a thriving circular economy, including advancing a healthy local food system, supporting circularity in organic and inorganic waste streams, and driving innovation and minimizing waste in the Bay Area construction sector. Consistent with this mission and other broader economic factors, solid waste disposal and the associated tonnage fee revenue have declined over time. Landfill tonnage-based fee revenue represents 90% of the Agency's discretionary budget (i.e., General Fund). As landfill-based revenue has declined and operating costs and state-mandated regulatory programs have increased, the Agency has for several years faced a long-term structural deficit. In response, staff and the Board have implemented cost-containment measures over the past three years, including holding expenditures flat by carefully managing vacancies and reducing non-personnel costs, engaging in strategic planning to prioritize core initiatives, and pursuing revenue diversification and regulatory cost recovery. We have also strategically drawn down fund balances as needed to support continued work on strategic priorities.

FORECAST SCENARIOS

Utilizing a forecasting model originally developed with assistance from the consulting firm Crowe, LLP, staff update the Agency's revenue projections each year. The model includes seven scenarios to help determine a range of possible funding trends and associated fiscal measures that support the Agency's operations and mission.

The scenarios described in the table below cover a range of potential circumstances that could occur in the future and the potential impact of these scenarios on the Agency's reserves and fund balance.

Scenario A represents the best case from a revenue perspective, descending to Scenario G, which forecasts the lowest revenues. Scenarios A, B, C, and F are based on historical trends such as disposal changes over a specific timeframe and/or impacts from the 2007-2009 recession. The basis for Scenarios D, E, and G is "goal-based," meaning that the forecasted trends reflect longer-term declines in tonnage based on state and local policy goals, such as those articulated in the [Recycling Plan](#) adopted by the Agency's Recycling Board.

The Agency's revenue has closely tracked Scenario C since inception of the model in 2022, representing an approximate 2% annual decline in tonnage revenue per year.

Scenario	Brief Description of Tonnage Trend	Tonnage Change	Basis
A. Status Quo with Growth	Slight growth based on most recent five years	Increase	Historical
B. Status Quo	Tonnage stays flat	No Change	Historical
C. Economic Cycle	Declines based on most recent 15 years	Decrease	Historical
D. Organics Reduction	Achieve 75% reduction in landfilled organics using a FY 2022 baseline (SB 1383 ¹), then tonnage stays flat	Decrease	Goal-based
E. Organics and Recyclables Reduction	Achieve 75% reduction in landfilled organics using a FY 2022 baseline (SB 1383), then 75% reduction in recyclables by FY 2030	Decrease	Goal-based
F. Recession	Tonnage declines similar to 2008 recession to its recovery	Decrease	Historical
G. Recycling Plan	Achieve Recycling Plan goal of 100% diversion by 2045	Decrease	Goal-based

NEW REGULATORY FEE IMPACTS FORECAST

Because landfill tonnage fee-based revenues are projected to continue declining as landfill disposal declines, the Agency has relied on its fund balance and reserves as a temporary bridge while exploring revenue diversification and cost recovery options. However, absent additional revenue or significant reduction in the programs we provide, all the forecast scenarios included in earlier fund balance analyses showed a risk of exhausting the Agency's funding contingency by FY 2031.

In early 2025, following Board direction and an evaluation of potential revenue options, staff engaged R3 Consulting Group, Inc. to conduct a regulatory fee study. State mandates, including SB 1383 and the statewide ban on single-use plastic bags, were adopted after the Agency's primary discretionary funding sources were established. Under Proposition 26, the Agency may recover the costs of administering and enforcing regulations implementing these mandates through a regulatory fee. R3's study evaluated options to recover those regulatory costs on behalf of the Agency's member jurisdictions.

R3 evaluated collection mechanisms and estimated FY 2027 regulatory costs at approximately \$4.3 million, recommending recovery through a fee on residential and commercial solid waste bills. The study was presented to the WMA Board in September 2025, at which time the Board directed staff to develop a Regulatory Fee Ordinance. On February 25, 2026, the Board adopted Ordinance 2026-01,

¹ Senate Bill 1383 Short-lived climate pollutants. Section 39730.6. Sets a statewide goal to reach a 75% reduction in organics landfilled by 2025. StopWaste is using a FY 2022 baseline for the purposes of the projection.

establishing a regulatory fee projected to generate approximately \$4.1 million annually beginning in FY 2027. This new revenue category is now incorporated into the updated fiscal forecast.

With the adoption of the regulatory fee, which enables StopWaste to recover a significant portion of its regulatory costs, the Agency’s financial projections have materially improved. The additional revenue will recover up to 95% of the Agency’s regulatory expenses, including compliance monitoring, enforcement efforts, and additional activities necessary to support implementation of SB 1383 and the Reusable Bag Ordinance on behalf of our member agencies. **With the regulatory fee in place, there is reduced pressure on the overextended general fund, and revenues are projected to exceed expenditures through FY 2031, restoring structural balance in the medium term.**

Figure 1 below shows the Agency’s projected expenditures, revenues, and fund balances through 2032 as presented to the Board in March 2025. Figure 2 updates the projection through 2034 to include both the new regulatory fee revenue and a revised actual fund balance for FY 2025. Both figures include approximately \$9 million in reserve funds for purposes of comparison. Figure 1 shows a negative fund balance by FY 2031 and Figure 2 shows a balance of \$24.9 million in FY 2031, reflecting the impact of the projected additional regulatory fee revenue over time.

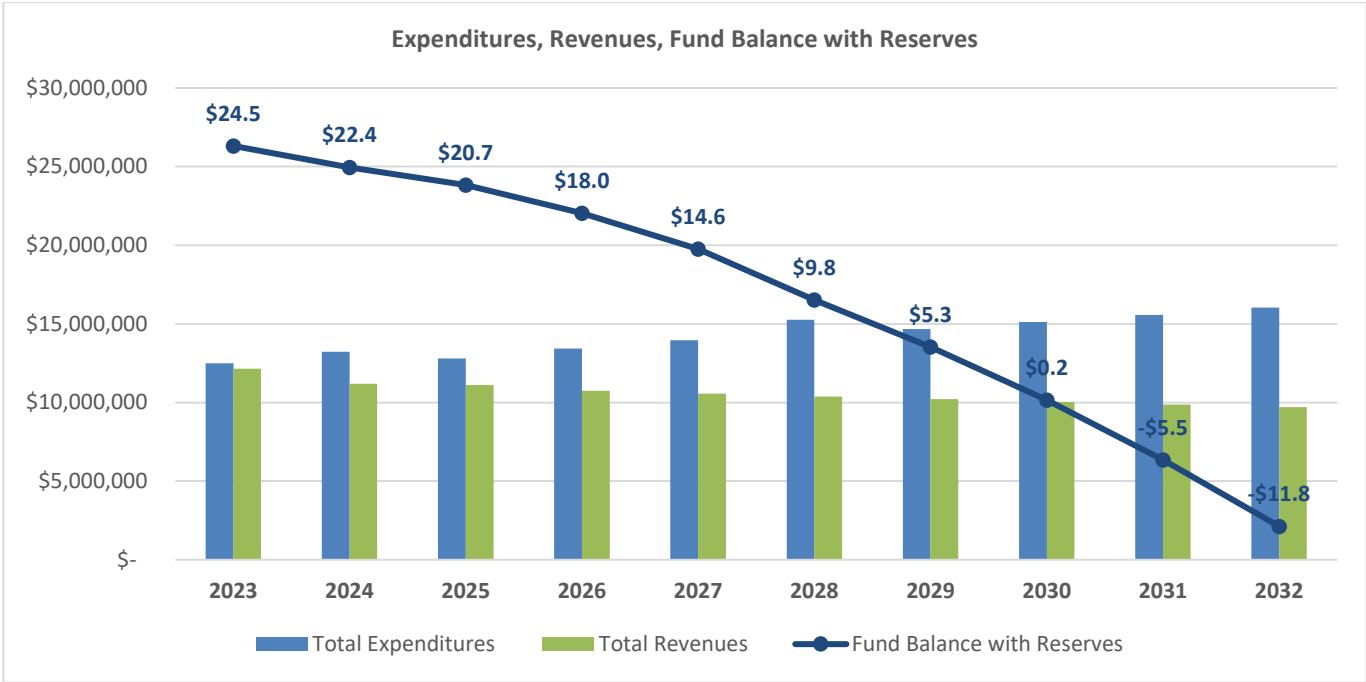


Figure 1: Expenditures, Revenues, and Fund Balance Forecast including reserves; March 2025

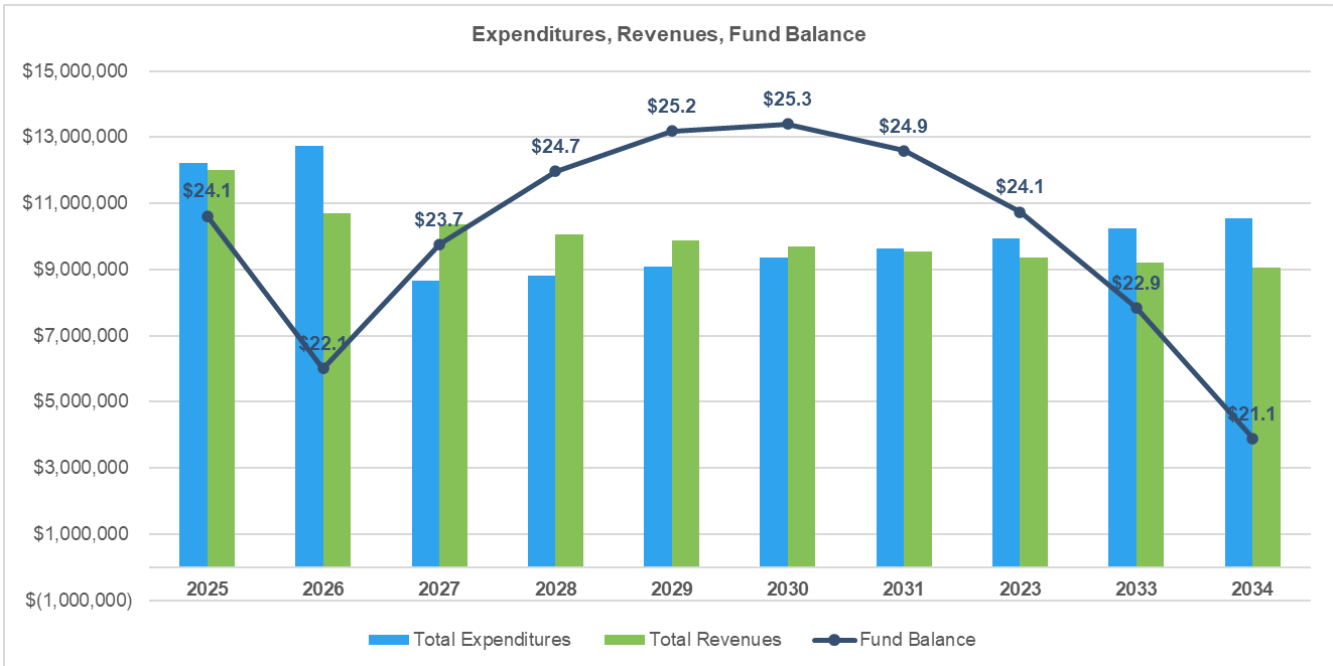


Figure 2: Expenditures, Revenues, and Fund Balance Forecast including reserves, March 2026

Given that reserves are allocated for specific needs and not intended for use as the Agency’s general fund, they are excluded from subsequent forecast charts below. Figure 3 shows the Agency’s projected fund balance excluding reserves. Starting with implementation of the regulatory fee in FY 2027, which, again, is projected to recover approximately 95% of the Agency’s regulatory costs, discretionary revenues will exceed expenditures until FY 2031 at which point the rising costs of operations due to inflation may once again exceed revenue. At that time the Agency projects a \$16.3 million fund balance plus \$9 million in dedicated reserves, providing a sufficient horizon to implement changes that address any fiscal structural imbalance that exists at that time.

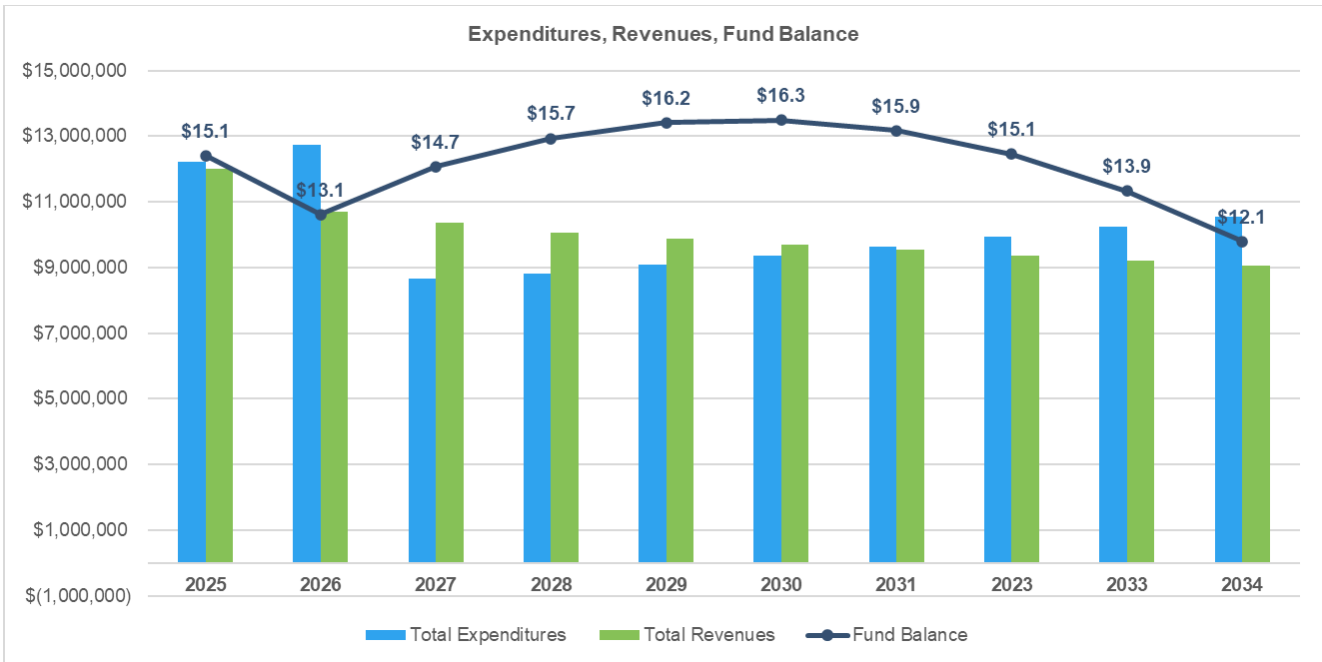


Figure 3: Expenditures, Revenues, and Fund Balance Forecast, excluding reserves

KEY FINDINGS FROM THE SCENARIO ANALYSIS

Staff updated the projection models for this fiscal forecast to include actual figures for last fiscal year (FY 2025) and budgeted figures for the current fiscal year. Here are the key findings from the Agency's current fiscal forecast analysis:

- Based on actual figures and revenues to date, the Agency's fiscal trend continues to closely match Scenario C, reflecting a 2% annual decline in tonnage-based revenue.
- The new regulatory fee is projected to recover approximately 95% of the Agency's regulatory program costs (over \$4 million annually).
- By the end of FY 2027, after implementation of the regulatory fee, the Agency will have accumulated a fund balance, excluding dedicated reserves, totaling approximately \$14.7 million. This is up from \$13.1 million in FY 2026 and provides a sufficient basis for the Agency to continue to deliver impactful programs that advance our mission while maintaining adequate contingency funds for the future.
- Over the next five years, revenues are projected to exceed expenditures. However, rising operating costs and the declining, non-inflation-adjusted nature of landfill and other fee revenues may create renewed structural pressure by FY 2031 absent program or staffing adjustments. At that time, fund balance and reserves are projected to total approximately \$25 million, providing a sufficient horizon to address any emerging structural imbalance.
- Over the longer term (through FY 2034), the forecast shows a decline in fund balances and reserves, with only the worst case scenarios showing the Agency exhausting all fund balances and reserves by FY 2031.
- The Agency's unique circumstances related to revenue generation and the complexity of adjusting the fees that generate revenue continue to expose the Agency to financial risk in the longer term, which warrants maintaining a higher fund balance than other area waste management authorities that have different, more nimble fee structures.

LONGER TERM FORECASTS

While financial forecasting is a valuable tool, the forecasts are estimates that become less accurate the further out data are projected. However, extending the scenarios through FY 2034 still provides insight as shown in Figures 4 and 5 on the next page. The table and chart below reflect estimated fund balance trends without interventions such as expenditure reductions or diversification of revenues.

Scenario	Base Year	Year 3	Year 6	Year 9
	2025	2028	2031	2034
A (Status Quo with Growth)	15.08	16.37	19.29	20.16
B (Status Quo)	15.08	16.96	20.05	20.54
C (Economic Cycle)	15.08	15.67	15.94	12.14
D (Organics)	15.08	15.63	13.94	9.23
E (Organics and Recyclables)	15.08	15.06	13.25	7.89
F (Recession)	15.08	14.70	9.24	(7.16)
G (Recycling Plan)	15.08	4.47	(28.60)	(86.24)

Figure 4: Projected Ending Fund Balance (in millions), excluding reserves – Years 3, 6, and 9

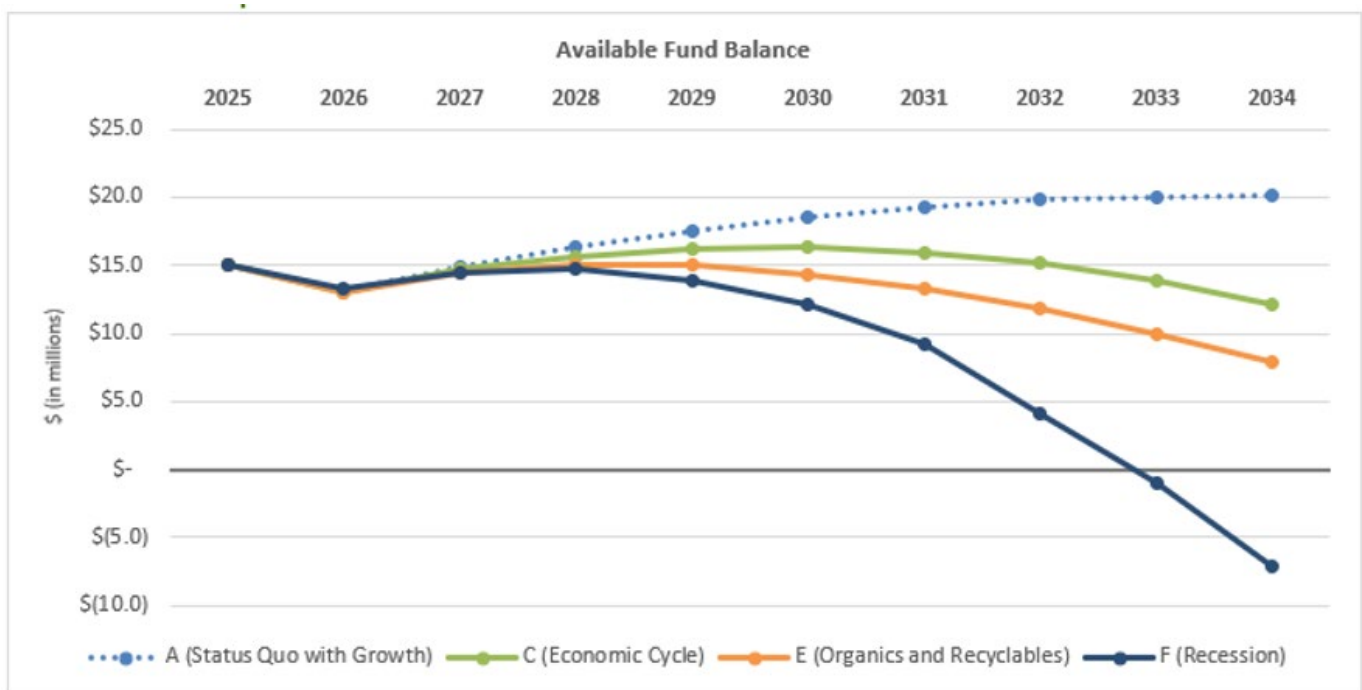


Figure 5: Projected Fund Balance (in millions), excluding reserves

Over the longer term, fund balances decline under all but the best-case scenario as inflation and continued tonnage reductions outpace revenue growth. While the Agency will take steps to minimize the risk of these longer-term forecasts, they do highlight the need to continue to regularly update the forecasting models to help identify trends and to address this fiscal imbalance.

BUDGET IMPACTS FOR FY 2027

Medium-term forecasts indicate that with the regulatory fee revenue in place, the Agency is in a stable financial position for the next several years. This is helpful in preparing for the upcoming budget in that

the Agency has the flexibility to make additional strategic investment in our programs that further our mission without relying on the funding contingency.

RESERVES

In addition to discretionary funds, the Agency maintains reserves that are set aside for specific purposes. At the end of FY 2026, Agency reserves will total approximately \$9.2 million. While the total amount of the reserves has not changed significantly, based on recent analyses the reserve categories and the funding allocated to each reserve category are shown below. Reserve funds are not included in the discretionary fund balance because they are dedicated to specific purposes; however, they provide an additional cushion in the event of unexpected revenue declines.

Reserve	Balance	Purpose
Building Maintenance	\$ 1,420,000	Cover capital costs related to Agency buildings and property.
Fiscal	\$2,600,706	Offset unanticipated decline in revenue that could occur during the year – represents the difference between Scenario C and Scenario F (Recession).
Pension	\$4,000,000	Ensures sufficient funding to achieve a 100% funded status for both CalPERS unfunded accrued liability (UAL) and Other Post-Employment Benefits (OPEB).
Disaster Recovery	\$500,000	Cover costs related to data recovery, restoring essential systems, and implementing enhanced security measures after a cybersecurity attack or natural disaster.
Regulatory	\$200,000	Cover additional regulatory expenses not reimbursed by revenue collected through the regulatory fee.
Five Year Audit	\$81,876	Pay for periodic Recycling Board five-year audit.
Waste Characterization Study (Regulatory)	\$200,000	Covers costs for periodic Waste Characterization Studies.
Contingency	\$220,485	To be used as needed for one-time projects
Total	\$9,223,067	

PLANNING FOR THE FUTURE

The Agency will continue taking proactive measures regarding expenditures, such as carefully managing vacancies, and will continue its practice of monitoring unfunded liabilities and making strategic discretionary payments when feasible to both ensure the adequacy of the pension and post-retirement benefits (OPEB) and reduce annual operating expenses.

The Agency will also continue to use forecasting tools to inform its budgetary and policy decision-making going forward. Active monitoring of the fund balance allows the Agency to proactively manage potential surpluses or deficits.

Staff is in the process of preparing the FY 2027 budget, which will be presented at the joint session of the Boards and the Energy Council on April 22, 2026. While fiscal prudence remains essential, this analysis provides particularly useful information as staff plan initiatives that support the Agency’s broader interests in advancing a healthy local food system, a thriving circular economy, and innovation

in the Bay Area construction sector.

RECOMMENDATION

This item is for information only. Staff will continue to prepare and present annual fiscal forecasts and advise the Boards of any changes in disposal trends which would require significant changes to Agency expenditures and/or revenues.



Fiscal Forecast Update

Justin Lehrer

Administrative Services Director

March 12, 2026



Fiscal Forecast Background

- Budgetary planning tool
- Helps estimate discretionary revenues in future years to identify potential funding issues
- Focus is on revenues that fund Agency's ongoing discretionary expenditures (aka “general fund”)
- Primary source of revenue for discretionary budget is tonnage fees
- Not included: HHW fees, external funding or pass-through funds to Member Agencies
- Regulatory fee introduces a new revenue source in FY 2027

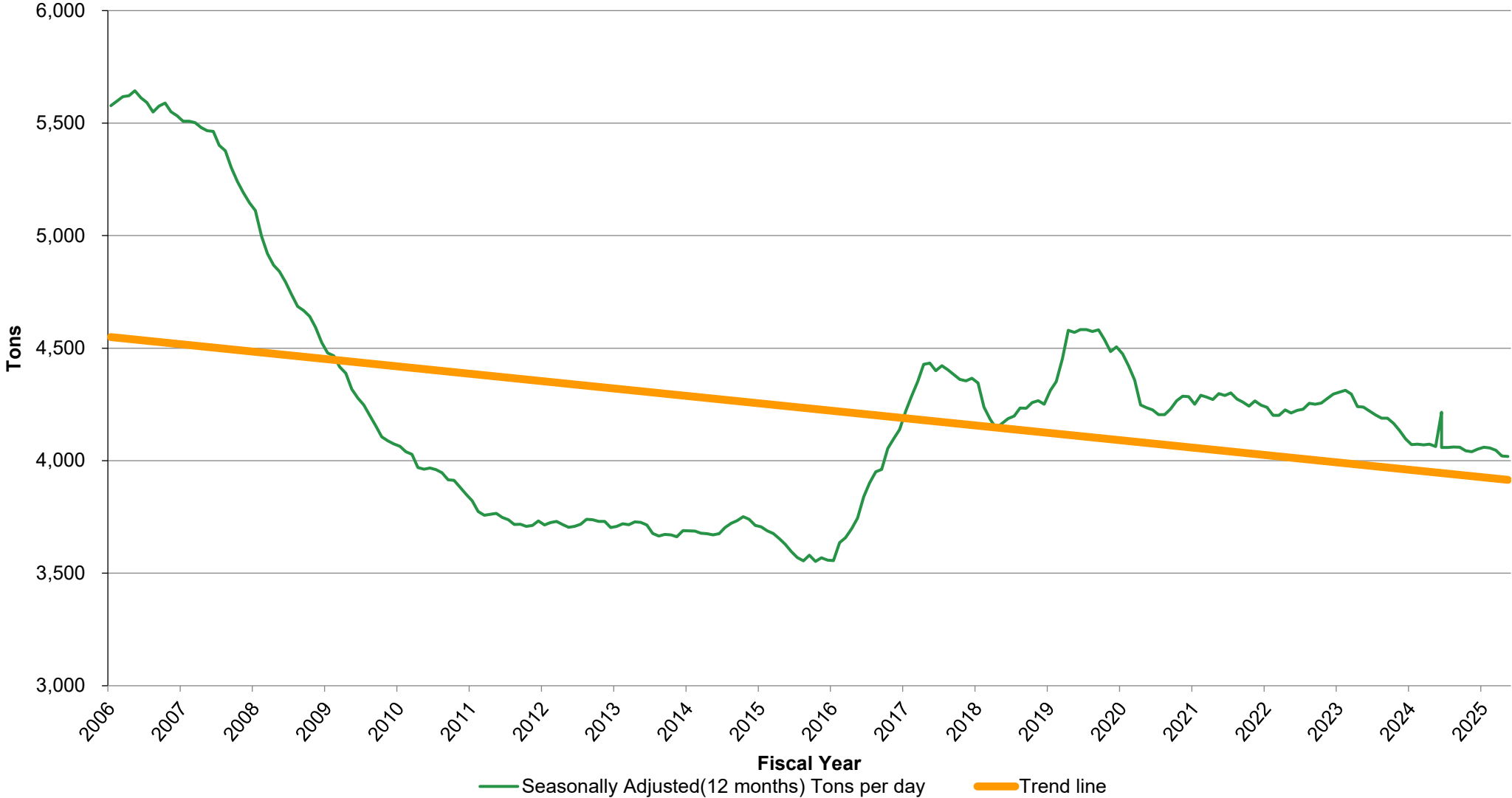
Agency's mission to reduce landfill disposal is tied to a primary source of revenue that will decline as the Agency reaches its goal.

- **Tracking disposal trends is a high priority**
- **Disposal trends are linked to Agency programs, external operations, economy and population changes**
- **Unique funding structure necessitates a higher contingency (fund balances and reserves)**

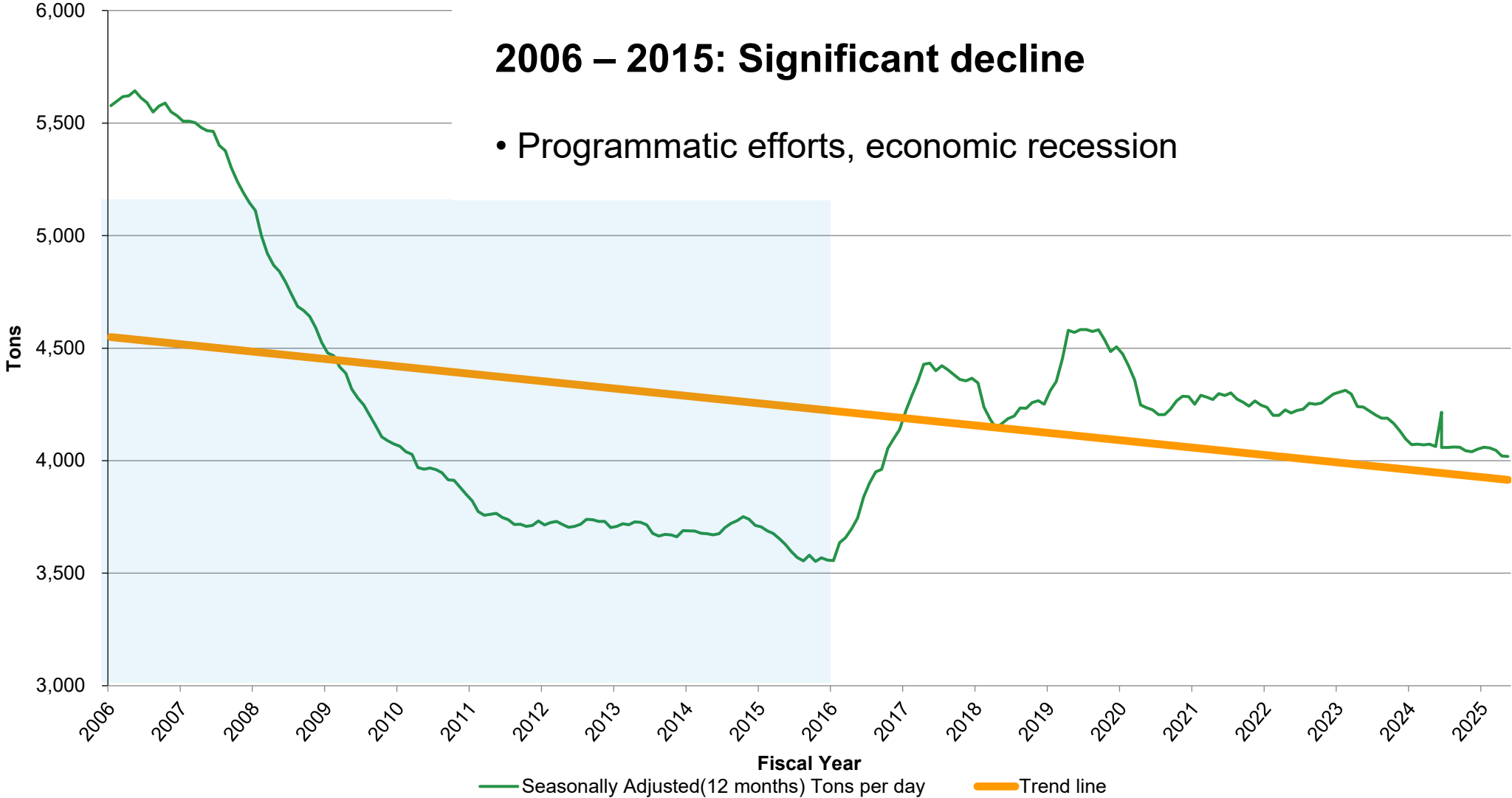
Tonnage Fee Revenues:

- **AB 939 Facility Fee - \$4.34 per ton** on all Alameda County solid waste
- **Measure D Landfill Surcharge – \$8.23 per ton on waste disposed in County landfills** (55% distributed to member agencies)
- **Import Mitigation Fee – \$4.53 per ton** on all out-of-county waste imported and disposed of in Alameda County

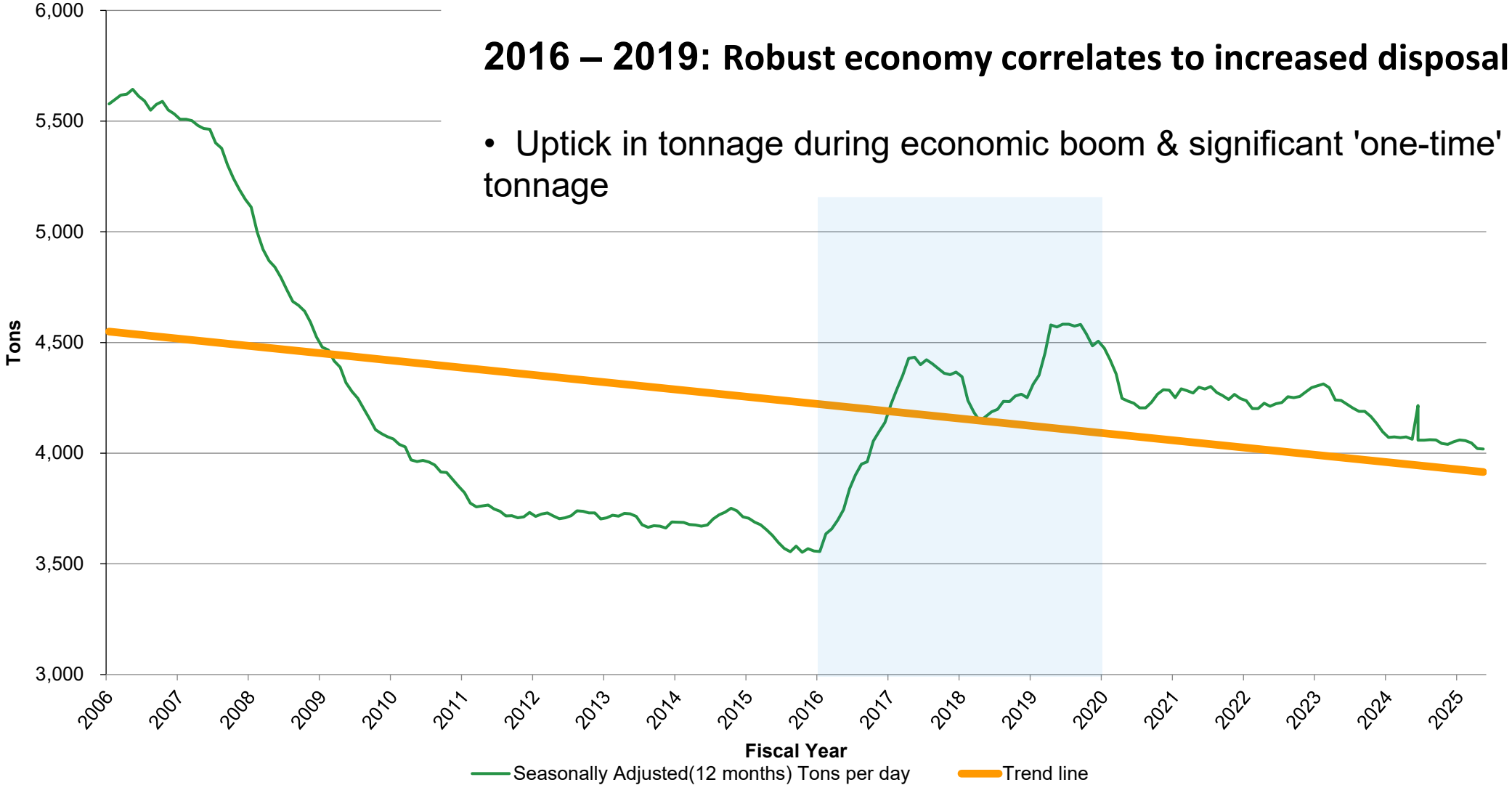
Historical Disposal Trends in Alameda County (2006 - 2025)



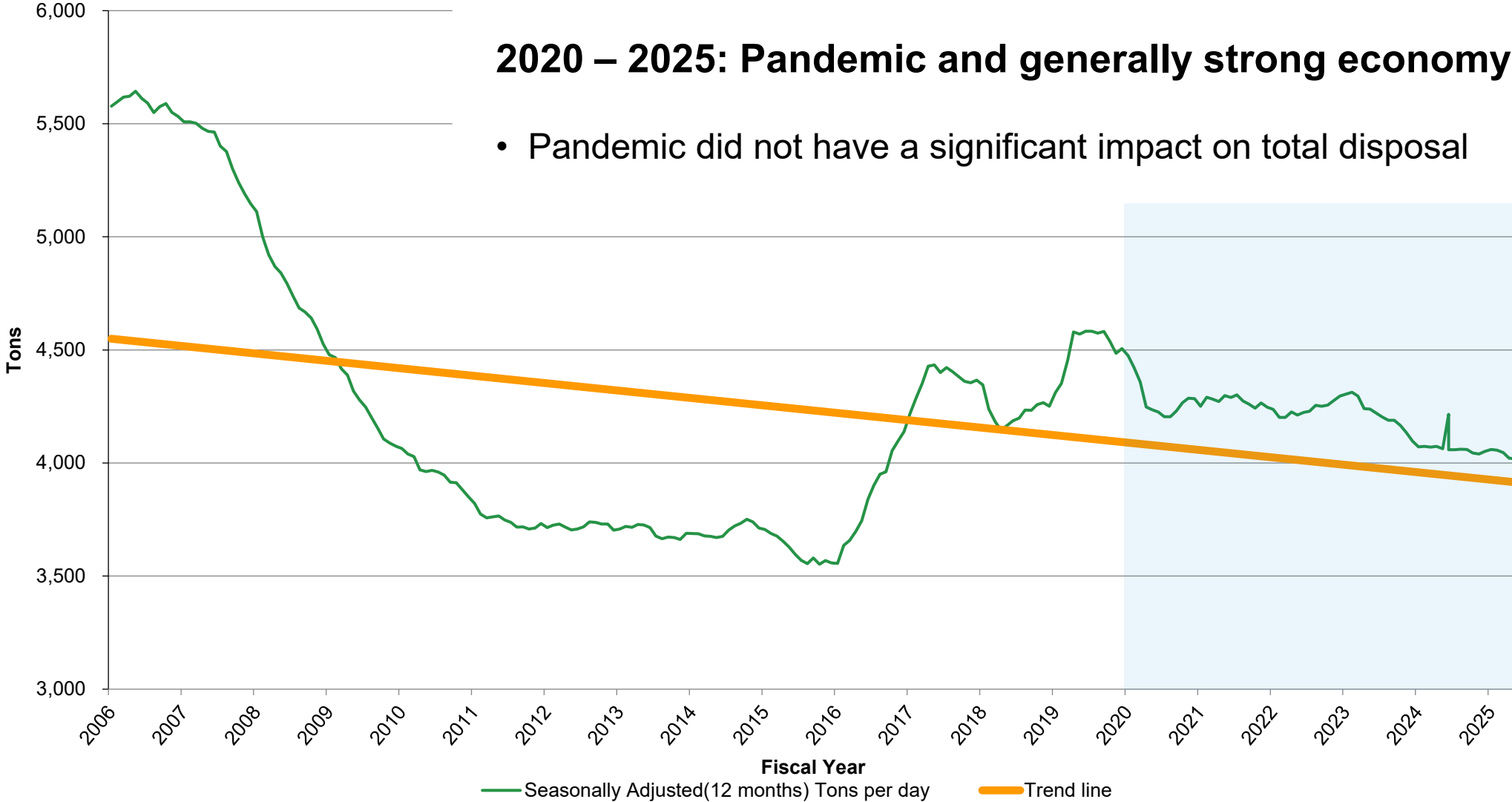
Historical Disposal Trends in Alameda County (2006 - 2025)



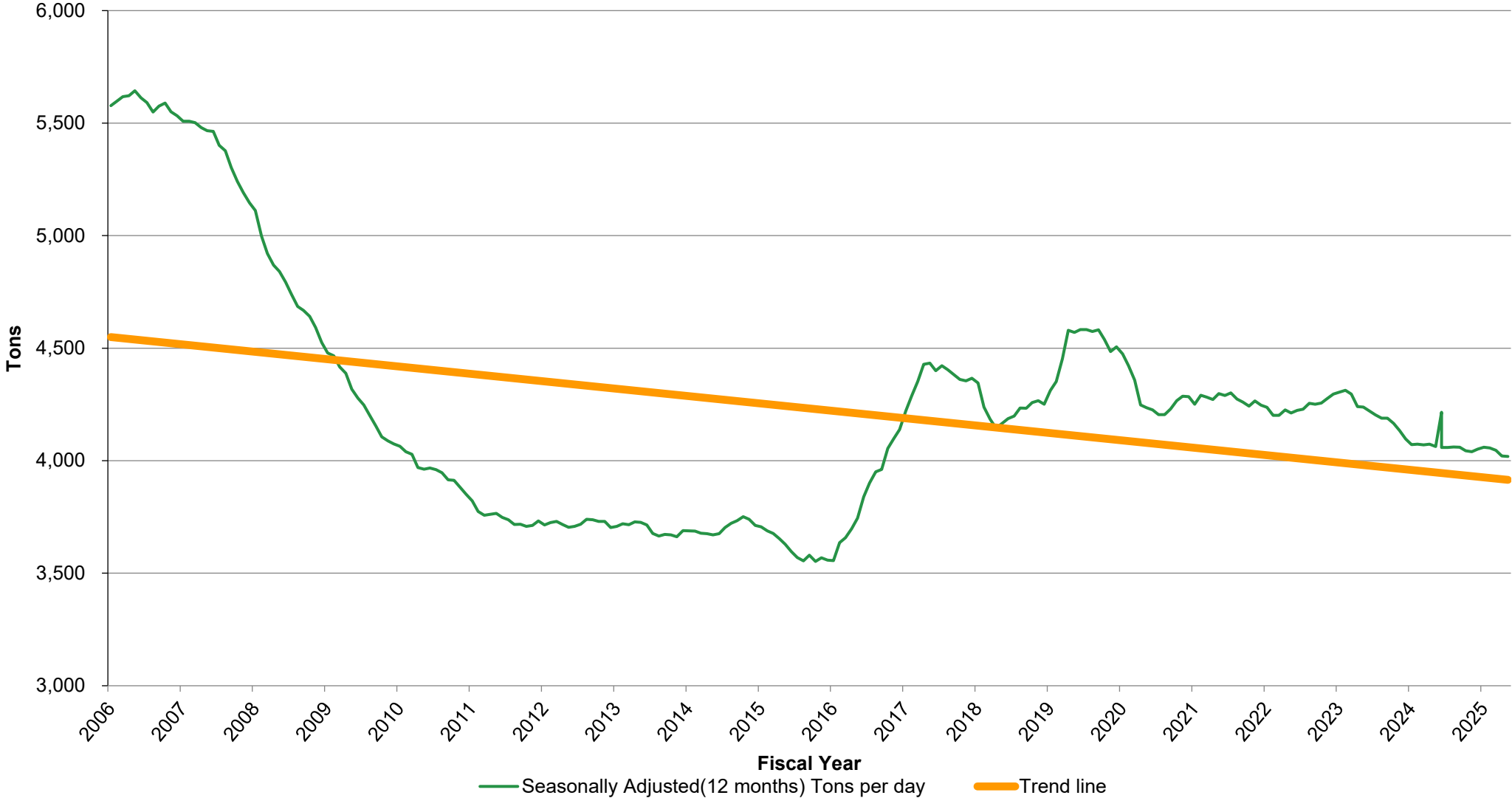
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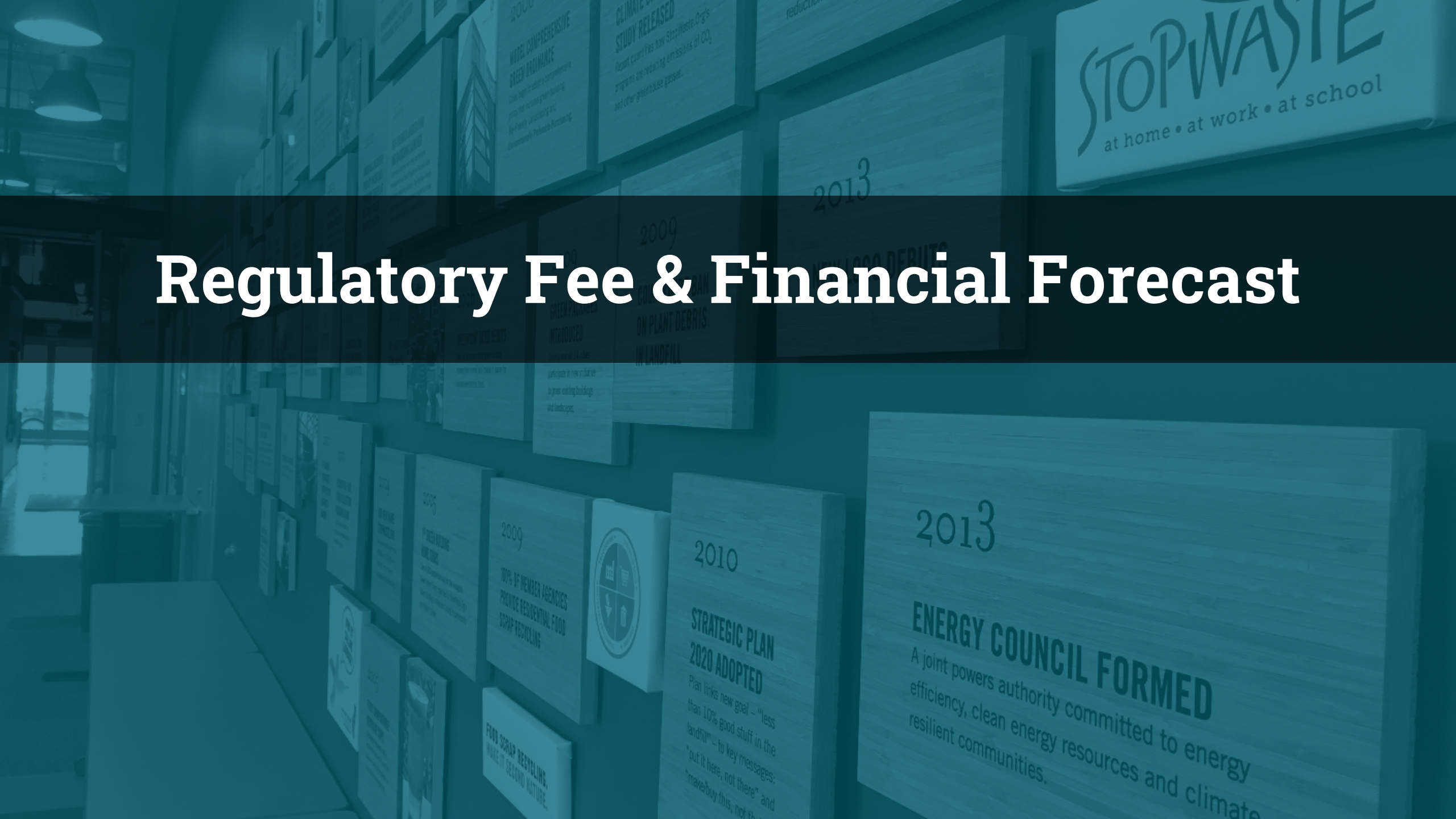
Historical Disposal Trends in Alameda County (2006 - 2025)



Historical Disposal Trends in Alameda County (2006 - 2025)



Regulatory Fee & Financial Forecast



STOP WASTE
at home • at work • at school

2013

2009

Regulatory Fee & Financial Forecast

2013

ENERGY COUNCIL FORMED
A joint powers authority committed to energy efficiency, clean energy resources and climate resilient communities.

2010

STRATEGIC PLAN 2020 ADOPTED
Plan links new goal – “less than 1.0% good stuff in the landfill” – to key messages: “put it here, not there” and “makebuy this, not that”

2009

100% OF MEMBER AGENCIES PROVIDE RESIDENTIAL FOOD SCRAP RECYCLING

2005

FRESH WINDS INITIATIVE

2004

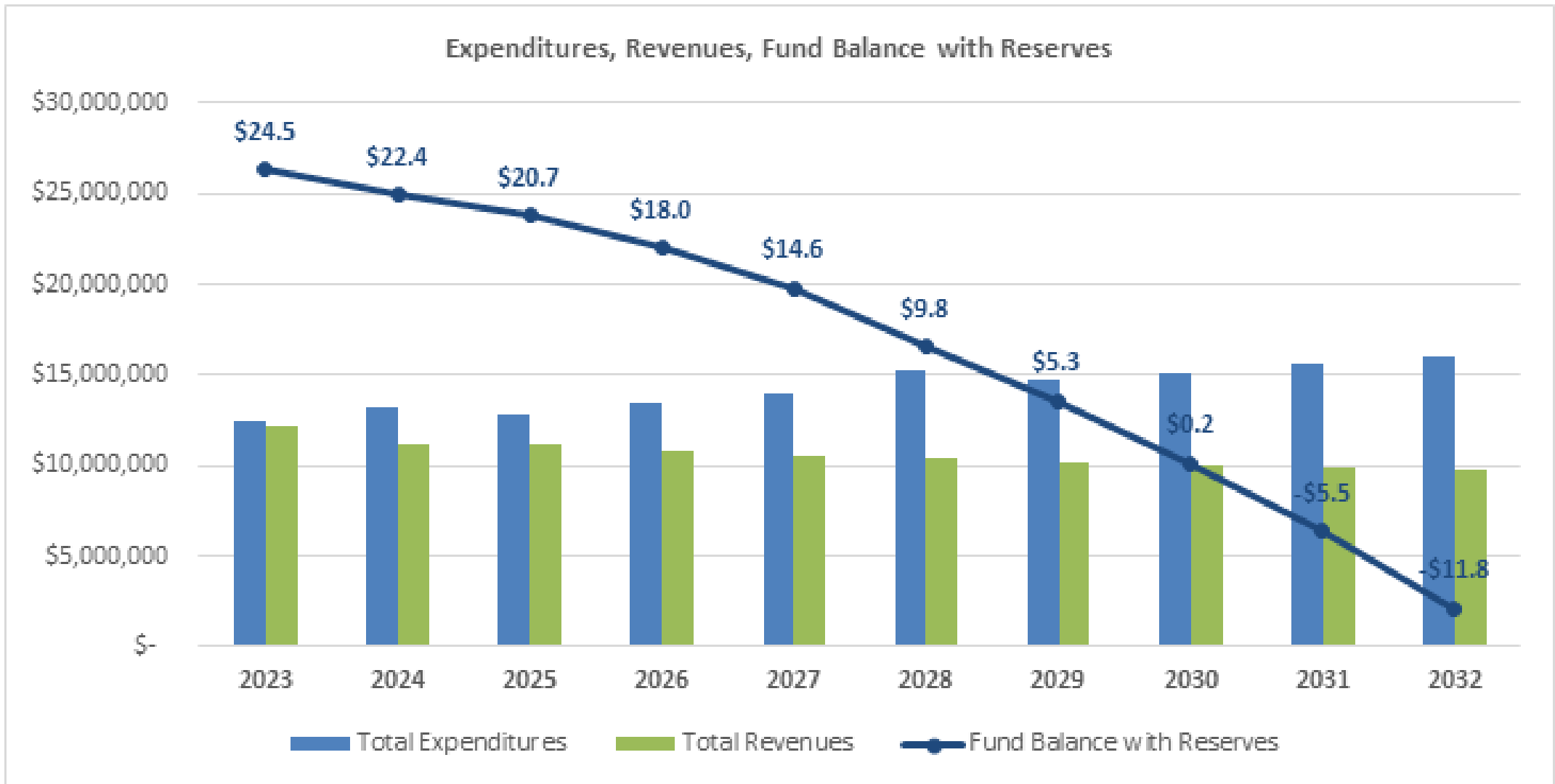
GREEN PARTNERSHIP INTRODUCED

2003

WASTE COMPREHENSIVE GREEN AGREEMENT

Regulatory Fee & Financial Forecast

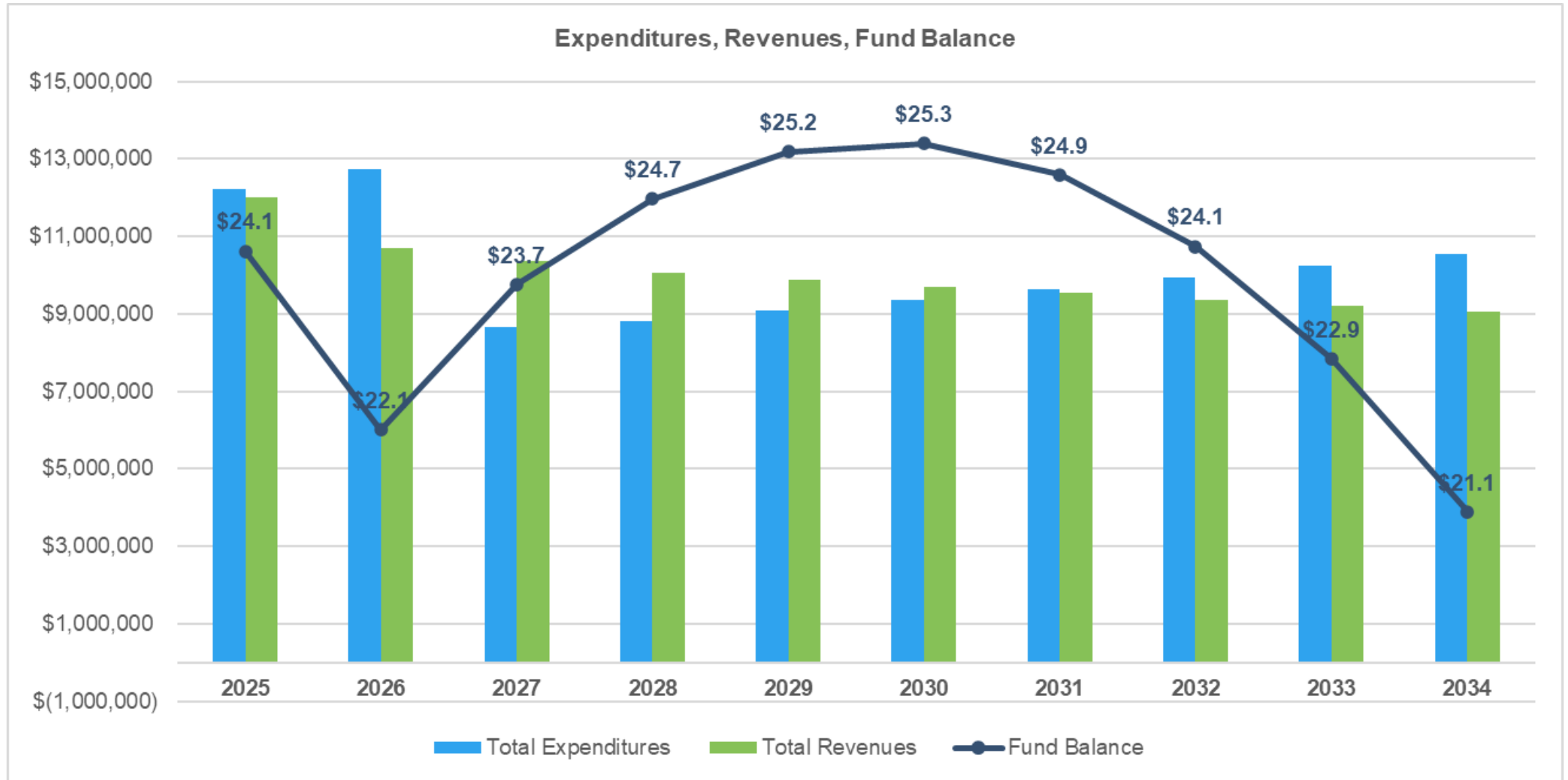
Prior Forecast - March 2025



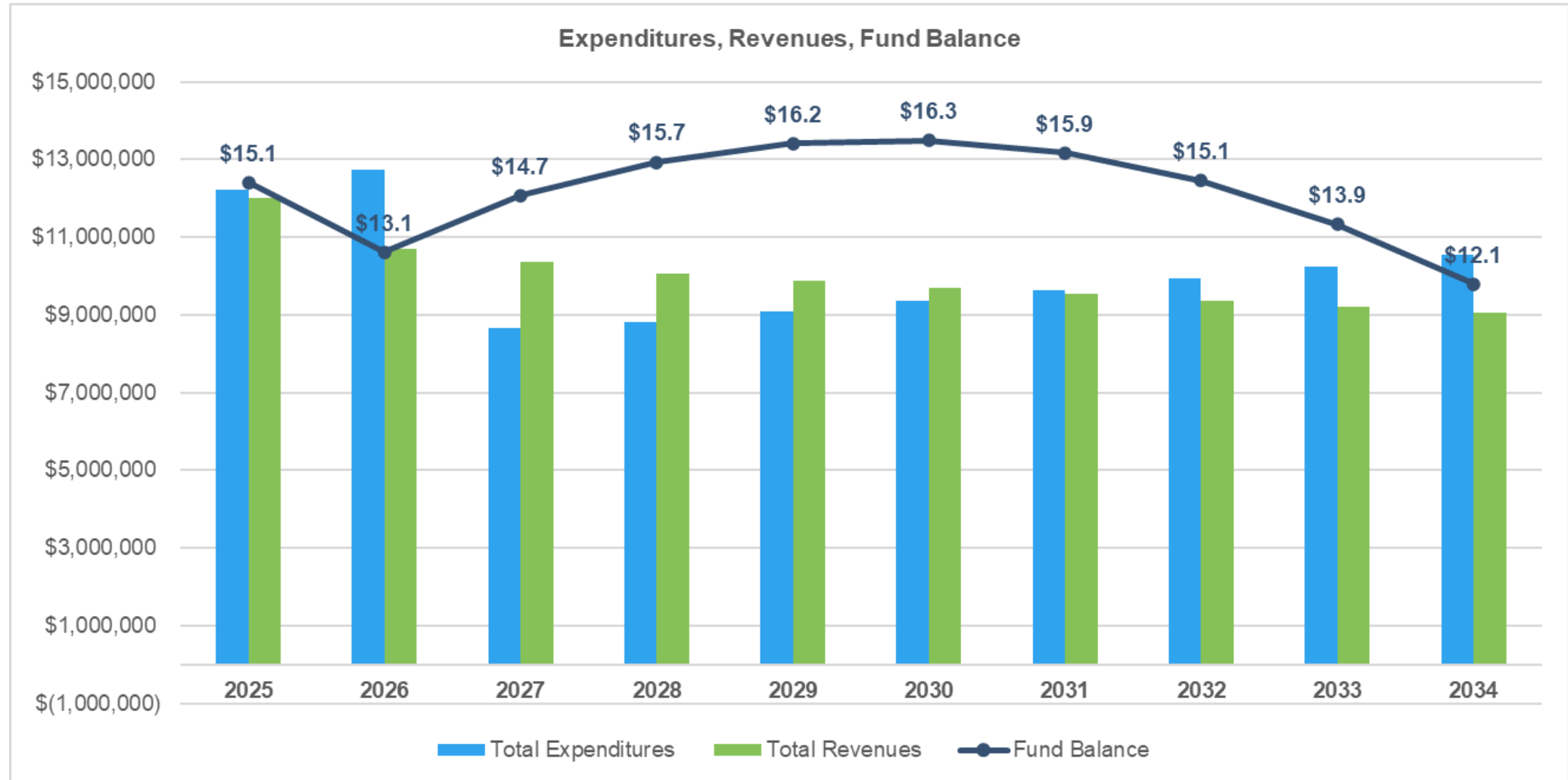
Recovering Agency Regulatory Costs

- Unlike other waste management authorities, StopWaste cannot rely on rates to recover its regulatory costs
- Fee was developed in consultation with member agency staff and haulers
- Fee will be collected on solid waste bills and remitted to StopWaste by the haulers
- Goes into effect on July 1, 2026
- Expected to generate approximately \$4.1M (95% of projected FY 27 regulatory expenses)
- Annual CPI to keep pace with inflationary growth

Forecast with Regulatory Fee – March 2026



Forecast with Regulatory Fee – Excluding Reserves



Key Findings:

- Agency's fiscal trend continues to match Scenario C, reflecting a 2% annual decline in tonnage-based revenue.
- New regulatory fee projected to recover 95% of Agency regulatory program costs (over \$4 million annually)
- FY 2027 Fund Balance Projection: \$14.7 million - sufficient for advancing our mission
- **Revenues projected to exceed expenditures for the next 5 years**
- Over the longer term (through FY 2034), fund balances are projected to decline once again

Fund Balance and Reserves Strategy

- Agency's main revenue source is unique, creates fiscal vulnerability
- Current discretionary fund balance - currently \$13.1M
- Projected to total approximately \$14.7M at the end of FY 2027
- Build up reserves and pay down unfunded liabilities when feasible
- Present fiscal forecasts annually to committees

Reserves

Reserve	Amount
Building Maintenance	\$1,420,000
Fiscal Reserve	\$2,600,706
Pension	\$4,000,000
Disaster Recovery	\$ 500,000
Regulatory	\$ 200,000
Waste Characterization Study (Regulatory)	\$ 200,000
Contingency – One Time	\$ 220,485
Total	\$ 9,223,067

Next Steps

Preparing FY 2027 budget:

- Fiscal prudence:
 - No increase in hard costs
 - No new staff positions and analyzing upcoming vacancies
- Restore and maintain adequate fund balance to ensure fiscal strength under any scenario
- Internal strategic planning to prioritize resources and maximize positive impact

- **Implement regulatory fee and monitor impacts**
- **Continue to closely monitor disposal trends and adjust as needed**
- **Update forecasting models annually**
- **Advise Boards when critical funding decisions are needed**

Questions?

Additional Slides

Disposal Trends

- **Significant declines from 2006 – 2016:**
 - Economic decline and programmatic efforts
- **Uptick in tonnage from 2016 – 2020:**
 - Some due to one-time tonnage
- **Robust economy correlates to increased disposal – pandemic did not have a significant impact on total disposal**
- **Increase in population**
- **Long term shows modest declines**

Fund Balance and Reserve Analysis

Crowe consulting firm engaged to conduct analysis to help determine:

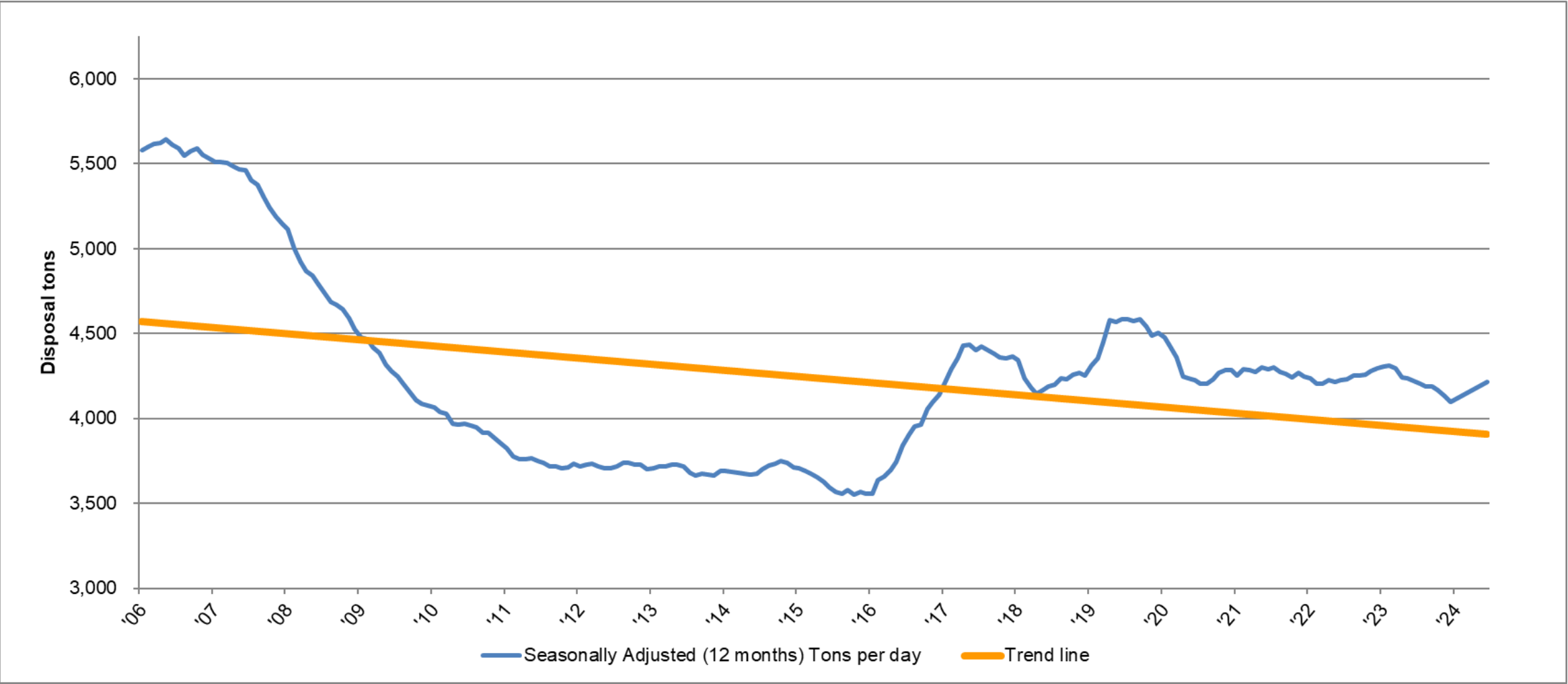
- How much contingency is enough?
- Allow sufficient time to address structural dichotomy
 - Raising or restructuring revenues
 - Expenditure reductions
 - Combination of both

Forecast Scenarios

Best Case Scenario A to Worst Case Scenario G (Revenue Perspective)

- **Scenario A:** Slight revenue growth
- **Scenario B:** Tonnage stays flat
- **Scenario C:** Tonnage declines based on most recent 15 years
- **Scenario D:** Achieve 75% reduction in Organics, tonnage then remains flat
- **Scenario E:** Achieve 75% reduction in Organics, then Recyclables by 2030
- **Scenario F:** Tonnage declines similar to 2008 Recession
- **Scenario G:** Landfill Obsolescence (100% diversion) by 2045

Historical Disposal Trends in Alameda County (2006 - 2024)



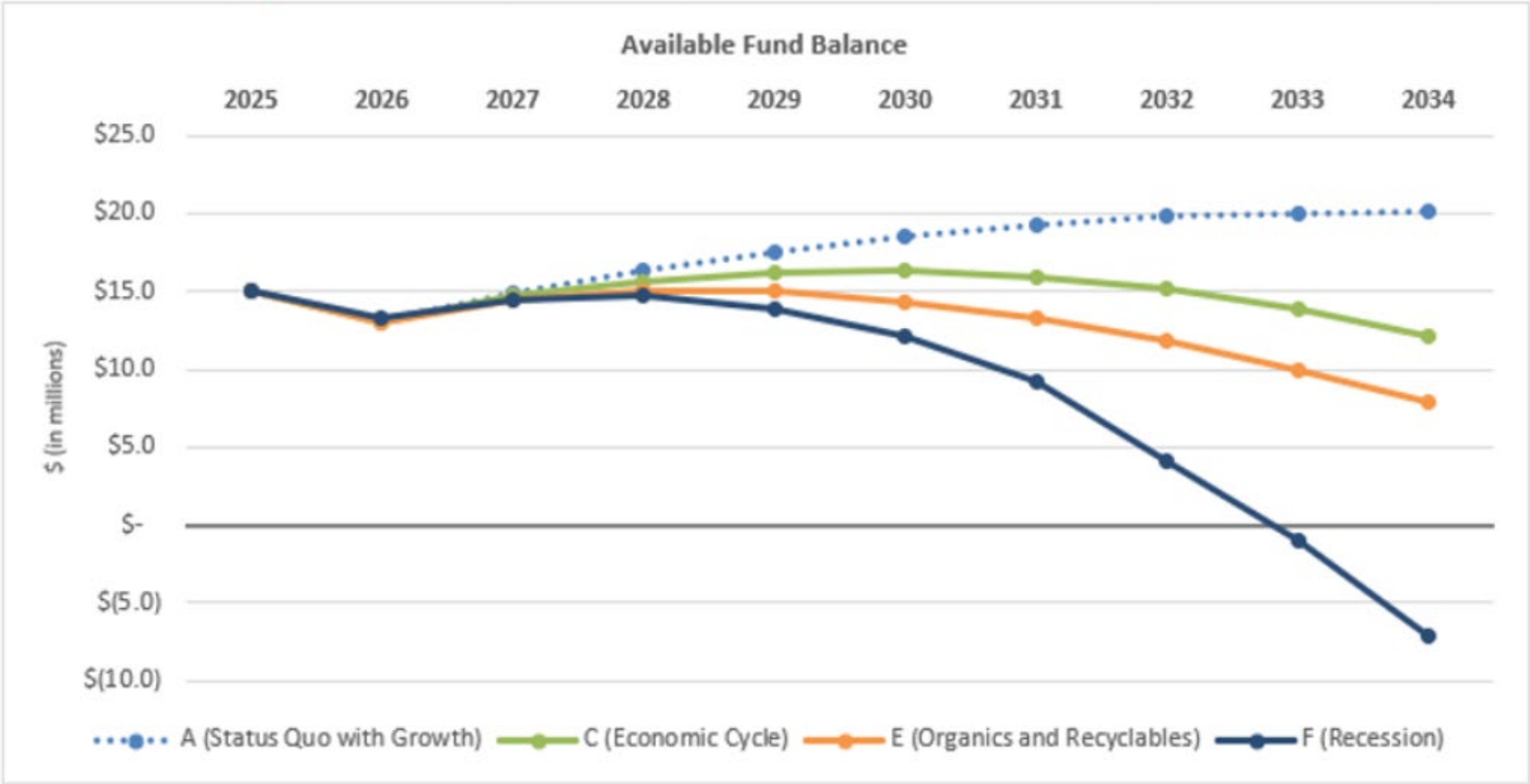
Reserves

Reserves	2026 Balance	2027 Reallocation	2027 recalculated	2027 Transfer out	2027 Transfer In	Balance 2027
Building Maintenance	1,420,000	-	1,420,000			1,420,000
Fiscal	2,600,706		2,600,706			2,600,706
Pension	1,434,511	2,565,489	4,000,000			4,000,000
Disaster Recovery	200,000	300,000	500,000			500,000
Contingency	1,985,974	(1,765,489)	220,485			220,485
Regulatory	-	200,000	200,000			200,000
Five Year Audit	1,340,000	(1,200,000)	140,000	(117,000)	60,000	83,000
WCS- Regulatory	-	-			200,000	200,000
Tota	9,081,191	0	9,081,191	(117,000)	60,000	9,024,191

Fund Balance Forecast:

Scenario	Base Year	Year 3	Year 6	Year 9
	2025	2028	2031	2034
A (Status Quo with Growth)	15.08	16.37	19.29	20.16
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Projected Fund Balance with Reserves (FY 23 – FY 34)



Projected Fund Balance expressed in Months

Months in Fund Balance

