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April 27, 2016

**To:** Alameda County Waste Management Authority Board (WMA)  
Alameda County Source Reduction and Recycling Board (RB)  
The Energy Council (EC)

**From:** Wendy Sommer, Executive Director  
Pat Cabrera, Administrative Services Director

**Subject:** Proposed FY 2016/17 Budget

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### **SUMMARY**

This memo transmits the proposed FY2016/17 Agency Budget, which includes appropriations by the WMA, RB, and EC (Attachment A), totaling approximately \$38.4 million. The Agency's core budget is similar to FY15/16 totaling \$11.4 million. Estimated total year-end core fund balances and reserves amount to \$20.3 million. A budget presentation will be made by staff at the joint meeting on April 27, 2016. Consideration of action on the WMA and EC parts of the budget is scheduled for May 25, and consideration of action on the RB part of the budget is scheduled for June 9.

### **BACKGROUND**

The core budget reflects projects over which the Boards have significant discretion. We have been proactively increasing our fund balances throughout the years in anticipation of declining revenues due to the end of San Francisco's disposal contract with Waste Management, Inc. Therefore, as discussed at the February 17, 2016 Authority Board meeting we are aware that we will need to use both fund balance and, as appropriate, reserves for the next few years as we work towards achieving both our programmatic and financial goals. We are pleased that our ending "core" fund balance is projected to total approximately \$8.9 million, which is about \$400,000 higher than the projections presented in February.

Additionally whereas in the past regular labor costs were included in projects wholly or partially funded from reserves, we feel that it is more appropriate to only fund hard costs and temporary help from reserve funded projects since these projects tend to be for a limited

duration. Had we followed the previous practice of funding regular labor costs from reserves, our core budget would be about \$10.9 million, half a million dollars less than last year's budget.

Our estimated year-end core fund balances and sensible use of our reserves should enable us to continue to provide beneficial services to our stakeholders, with the ultimate goal of aligning ongoing expenditures with ongoing revenues.

We are implementing some changes to the Product Decision projects as approved by both the WMA and RB Boards in March. In the fall, we will discuss further programmatic prioritization with the Board in order to most efficiently manage our resources while continuing to provide effective programs.

We will keep pursuing external funding to diversify our funding base. This approach is especially relevant for projects in the Product Decisions program group, where our external funding success to date demonstrates the viability of this fiscal strategy.

#### **RECOMMENDATION**

None. This is item is for information only.

Attachment: Draft Annual Budget – Fiscal Year 2016-17