

**WMA Board & Energy Council**

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Tracy Jensen, **WMA 1<sup>st</sup> Vice President**

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Bob Carling, City of Livermore, WMA, EC

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Shelia Young, Oro Loma Sanitary District, WMA

Jen Cavanaugh, City of Piedmont, WMA, EC

Jack Balch, City of Pleasanton, WMA, EC

Fred Simon, City of San Leandro, WMA, EC

Jeff Wang, City of Union City, WMA, EC

Timothy Burroughs, Executive Director

**AGENDA**

**MEETING OF THE  
ALAMEDA COUNTY WASTE MANAGEMENT  
AUTHORITY BOARD (WMA)  
AND  
THE ENERGY COUNCIL (EC)**

**WEDNESDAY, OCTOBER 23, 2024**

**3:00 P.M.**

***IN PERSON MEETING LOCATION:*  
STOPWASTE BOARD ROOM  
1537 WEBSTER STREET, OAKLAND, CA**

This meeting will be conducted in a hybrid model with both in-person attendance and Teleconference participation:

- Teleconference location #1: 1404 LeRoy Ave. Berkeley, CA
- Teleconference location #2: 118 Glashaus Loop, Emeryville, CA
- Teleconference location #3: Scott Haggerty Heritage House, 4501 Pleasanton Ave, Pleasanton, CA
- Teleconference location #4: 37101 Newark Blvd., Conference Room No. 5, Newark, CA
- Teleconference location #5: 3300 Capitol Ave. Building A, Fremont, CA
- Teleconference location #6: Dublin City Hall, 100 Civic Plaza, Dublin CA
- Teleconference location #7: 806 Pierce Street, Albany, CA
- Teleconference location #8: Heron Bay Regatta Park, 2296 Regatta Way, San Leandro, CA
- Teleconference location #9: Balch Enterprises, Inc., 30960 Huntwood Avenue, Hayward, CA

Members of the public may attend in person at the Board Room, or the addresses listed above or by:

1. Calling US+1 669 900 6833 and using the Webinar ID 890 1325 4858
2. Using the [Zoom](#) website or App and entering meeting code 890 1325 4858

During the meeting the chair will explain the process for members of the public to be recognized to offer public comment. The process will be described on the StopWaste website at

<http://www.stopwaste.org/virtual-meetings> no later than noon, Wednesday, October 23, 2024.

The public may also comment by sending an e-mail to [publiccomment@stopwaste.org](mailto:publiccomment@stopwaste.org). Written public comment will be accepted until 3:00 p.m. on the day prior to the scheduled meeting. Copies of all written comments submitted by the deadline above will be provided to each Board Member and will be added to the official record. Comments will not be read into the record.

In accordance with the Americans with Disabilities Act, if you need assistance to participate in this meeting due to a disability, please contact the Clerk of the Board at (510) 891-6517. Notification 24 hours prior to the meeting will enable the agency to make reasonable arrangements to ensure accessibility to this meeting.

# AGENDA

## I. CALL TO ORDER

## II. ROLL CALL OF ATTENDANCE

III. **ANNOUNCEMENTS BY PRESIDENTS** - *(Members are asked to please advise the Board or the Council if you might need to leave before action items are completed.)*

## IV. OPEN PUBLIC DISCUSSION FROM THE FLOOR

An opportunity is provided for any member of the public wishing to speak on any matter within the jurisdiction of the Boards or Council, but not listed on the agenda.

V. **CONSENT CALENDAR** - The Consent Calendar contains routine items of business. Items in this section will be acted on in one motion for both the WMA and EC, unless removed by a member of either Board. Members of the WMA who are not members of the EC will vote as part of the Consent Calendar vote, but their votes will not be considered in connection with any EC items.

Page

1      1. **Approval of the Draft WMA & EC Minutes of September 25, 2024**

## VI. REGULAR CALENDAR

5      1. **Revenue Stabilization Recommendation (Timothy Burroughs and Pat Cabrera)**

Staff recommends that the WMA Board approve the next phase of revenue stabilization research, which includes conducting a regulatory fee study to assess projects eligible for a regulatory fee and to calculate potential rates and revenue, and conducting opinion research to gather input on Agency programs and services and to inform next steps.

65     2. **Addressing SB 1383 Procurement Requirements: AB 2346 Update (Kelly Schoonmaker and Jennifer West)**

This item is for information only

67     3. **2024 Legislative Year-End Report (Jennifer West)**

This item is for information only

77     4. **Reappointment to the Recycling Board – Board member Jensen (Timothy Burroughs)**

That the Waste Management Authority Board reappoint Board member Jensen to a two-year term on the Recycling Board ending November 13, 2026.

5. **Interim appointment(s) to the Recycling Board for WMA appointee unable to attend future Board Meeting(s) (Arliss Dunn)**

(The joint meeting of the WMA Board, Energy Council, and the Planning Committee & Recycling Board will be held on Wednesday, November 20, 2024 at 3:00 p.m., at StopWaste, 1537 Webster St., Oakland, CA)

## VII. MEMBER COMMENTS AND COMMUNICATIONS FROM THE EXECUTIVE DIRECTOR

VIII. **ADJOURNMENT – TO JOINT WMA, EC, AND PC&RB MEETING ON NOVEMBER 20, 2024 AT 3:00 P.M.**

**DRAFT**

**MINUTES OF THE MEETING OF THE  
ALAMEDA COUNTY WASTE MANAGEMENT  
AUTHORITY BOARD (WMA)  
AND  
THE ENERGY COUNCIL (EC)**

**Wednesday, September 25, 2024  
3:00 P.M.**

***IN PERSON MEETING LOCATION:  
STOPWASTE BOARD ROOM  
1537 WEBSTER STREET, OAKLAND, CA***

**I. CALL TO ORDER**

President Zermeño called the meeting to order at 3:00 p.m. Timothy Burroughs explained the process that would be utilized during the meeting. A link to the process is available here: [Virtual-Meetings- Instructions](#).

**II. ROLL CALL OF ATTENDANCE**

**WMA & EC**

County of Alameda	David Haubert, WMA, EC
City of Alameda	Tracy Jensen, WMA, EC
City of Berkeley	Susan Wengraf, WMA, EC
Castro Valley Sanitary District	Dave Sadoff, WMA
City of Dublin	Jean Josey, WMA, EC
City of Emeryville	David Mourra, WMA, EC
City of Fremont	Yang Shao, WMA, EC
City of Hayward	Francisco Zermeño, WMA, EC (WMA President)
City of Livermore	Bob Carling, WMA, EC
City of Newark	Mike Hannon, WMA, EC (EC President)
City of Oakland	Dan Kalb, WMA, EC
Oro Loma Sanitary District	Shelia Young, WMA
City of Piedmont	Jen Cavanaugh, WMA, EC
City of Pleasanton	Jack Balch, WMA, EC
City of San Leandro	Fred Simon, WMA, EC
City of Union City	Jeff Wang, WMA, EC

**ABSENT**

City of Albany	Jennifer Hansen-Romero, WMA, EC
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**Staff Participating**

Timothy Burroughs, Executive Director  
Pat Cabrera, Administrative Services Director  
Alma Freeman, Communications Manager  
Justin Lehrer, Operations Manager  
Meri Soll, Senior Program Manager  
Cassie Bartholomew, Senior Program Manager  
Arliss Dunn, Clerk of the Board  
Richard Taylor, WMA Legal Counsel

**III. ANNOUNCEMENTS BY PRESIDENTS**

There were none.

**IV. OPEN PUBLIC DISCUSSION FROM THE FLOOR**

There were no public comments.

**V. CONSENT CALENDAR**

**1. Approval of the Draft WMA & EC Minutes of July 24, 2024**

There were no public comments for the Consent Calendar. Board member Jensen moved approval of the Consent Calendar for the WMA & EC, and Board member Sadoff seconded.

The Clerk called the roll: WMA Vote: 18-0 EC Vote: 18-0

(Ayes: Balch, Carling, Cavanaugh, Hannon, Haubert, Jensen, Josey, Kalb, Mourra, Sadoff, Shao, Wang, Wengraf, Young, Zermeño. Nays: None. Abstained: None. Absent: Hansen-Romero, Simon)

**VI. REGULAR CALENDAR**

**1. Consider need for immediate action and, if approved, consider approval of Resolution to Submit Application for Grant Funding to CalRecycle for Solar Panel Recycling and Reuse Project in Alameda County**

That the WMA Board add consideration of this resolution to submit grant application to the agenda for the September 25, 2024 meeting.

That the WMA Board adopt the attached Resolution authorizing the Executive Director to submit the application to CalRecycle’s Household Hazardous Waste Grant Program Cycle 43, Fiscal Year 2024–25, Small Projects for \$100,000 to develop and implement a solar panel recycling and reuse pilot in Alameda County.

Timothy Burroughs provided an explanation of the need for immediate action on this item. The Agency submitted an application to CalRecycle’s Household Hazardous Waste Grant Program: Small projects for \$100,000 to develop and implement a solar panel recycling and reuse pilot in Alameda County. CalRecycle requires that the WMA submit a Board resolution authorizing submittal of the grant application. CalRecycle requires resubmittal no later than October 4, 2024. The deadline requires that the Board take action at its September 25 meeting. There were no objections from the Board to proceeding with the action. Timothy Burroughs provided an overview of the staff report. A link to the report and the presentation is available here: [CalRecycle-Grant-Acceptance-Memo.pdf](#).

There were no public comments on the need for immediate action. Board member Kalb moved approval to accept the need for immediate action and that the WMA Board add consideration of this resolution to submit grant application to the agenda for the September 25, 2024 meeting. Board member Cavanaugh seconded. The motion carried 18-0. The Clerk called the roll:

(Ayes: Balch, Carling, Cavanaugh, Hannon, Haubert, Jensen, Josey, Kalb, Mourra, Sadoff, Shao, Wang, Wengraf, Young, Zermeño. Nays: None. Abstained: None. Absent: Hansen-Romero, Simon)

Additional time was provided to the board for discussion and clarifying questions. An audio link to the discussion is available here: [CalRecycle-Grant-Acceptance-Discussion](#).

Board member Wengraf moved approval that the WMA Board adopt the attached Resolution authorizing the Executive Director to submit the application to CalRecycle’s Household Hazardous Waste Grant Program Cycle 43, Fiscal Year 2024–25, Small Projects for \$100,000 to develop and implement a solar panel recycling and reuse pilot in Alameda County. Board member Wang seconded, and the motion carried 18-0 The Clerk called the roll:

(Ayes: Balch, Carling, Cavanaugh, Hannon, Haubert, Jensen, Josey, Kalb, Mourra, Sadoff, Shao, Wang, Wengraf, Young, Zermeño. Nays: None. Abstained: None. Absent: Hansen-Romero, Simon)

**2. Revision to the Agency’s Purchasing Policy (Timothy Burroughs, Pat Cabrera, & Justin Lehrer)**

That the WMA Board approve the revised purchasing policy resolution, which includes the protest policy.

## DRAFT

Timothy Burroughs introduced the item and Justin Lehrer provided an overview of the staff report. A link to the report is available here: [Purchasing-Policy-Revision-memo.pdf](#). Additional time was provided to the Board for discussion and for clarifying questions. An audio link to the discussion is available here: [Purchasing-Policy-Revision-Discussion](#). Mr. Kumar Shaw provided public comments. President Zermeño thanked Mr. Lehrer for the report.

Board member Carling moved approval of the staff recommendation, and Board member Jensen seconded. The motion carried 19-0. The Clerk called the roll:

(Ayes: Balch, Carling, Cavanaugh, Hannon, Haubert, Jensen, Josey, Kalb, Mourra, Sadoff, Shao, Simon, Wang, Wengraf, Young, Zermeño. Nays: None. Abstained: None. Absent: Hansen-Romero)

### **3. 2024 Waste Prevention Grant Solicitation Funding Awards (Cassie Bartholomew & Meri Soll)**

This item is for information only.

Timothy Burroughs introduced the item. Meri Soll and Cassie Bartholomew provided an update on 2024 Waste Prevention Grant Solicitation Funding Award. StopWaste awards local nonprofits and businesses grant funding for projects focused on waste prevention and upstream infrastructure through repair, reuse, redistribution, and food waste prevention and recovery. A link to the staff report and PowerPoint presentation is available here: [2024-Grants-Update-Memo.pdf](#).

Additional time was provided to the Board for discussion and for clarifying questions. An audio link is available here: [2024-Grants-Update](#). Cher Lei provided public comments. President Zermeño thanked staff for a very inspiring presentation.

### **4. Interim appointment(s) to the Recycling Board for WMA appointee unable to attend future Board Meeting(s) (Arless Dunn) (WMA only)**

(The meeting of the Planning Committee & Recycling Board will be held on Thursday, October 10, 2024 at 4:00 p.m., at StopWaste, 1537 Webster St., Oakland, CA)

Board member Wang requested an interim appointment. Board member Young agreed to serve as the interim appointment. There were no public comments on this item. Board member Carling moved approval of the interim appointment and Board member Wang seconded. The motion carried 19-0: The Clerk called the roll.

(Ayes: Balch, Carling, Cavanaugh, Hannon, Haubert, Jensen, Josey, Kalb, Mourra, Sadoff, Shao, Wang, Wengraf, Young, Zermeño. Nays: None. Abstained: None. Absent: Hansen-Romero, Simon)

## **VII. MEMBER COMMENTS AND COMMUNICATIONS FROM THE EXECUTIVE DIRECTOR**

Mr. Burroughs announced that the monthly topic brief provides information on Safe Sharps Disposal for Households. A link to the topic brief is available [here](#).

Mr. Burroughs provided a brief overview regarding the status of the legislation that we, as an Agency, are sponsoring. AB 2346 is awaiting signature by the Governor. The bill provides flexibility on how local governments can meet the SB 1383 compost procurement requirements. Mr. Burroughs also noted SB 1053 (Blakespear), California's new law on single-use bags. The legislation bans the sale of single-use plastic bags at most stores, including grocery stores, convenience stores, and large retail stores with pharmacies. The ban will take effect on January 1, 2026 and we look forward to working with our member agencies to help with implementation of that legislation.

## **VIII. ADJOURNMENT – TO WMA & EC MEETING – OCTOBER 23, 2024 AT 3:00 P.M.**

The meeting adjourned at 4:35 p.m.

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**DATE:** October 23, 2024

**TO:** Waste Management Authority (WMA) Board

**FROM:** Timothy Burroughs, Executive Director  
Pat Cabrera, Administrative Services Director

**SUBJECT:** Agency Revenue Stabilization Analysis

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## **SUMMARY**

Central to StopWaste’s mission is partnering with Alameda County jurisdictions to accelerate progress toward an equitable, circular economy, including advancing innovations in upstream waste prevention, material reuse and repair, and recycling. As a result of our Agency’s and our partners’ work as well as other broader economic factors, solid waste disposal in Alameda County has declined over time, even as the county population has grown.

As the Board knows, approximately 90 percent of the Agency’s discretionary revenue is derived from landfill tonnage fees. Therefore, as landfill tonnage declines, in order for the Agency to continually improve and evolve our programs and maintain our leadership role in the coming years, we will need to continue to prudently manage the Agency’s fund balance and expenditures as well as diversify and stabilize discretionary (i.e., general fund) revenue sources.

The purpose of this memo is to update the Board on potential additional revenue options. Staff recommends that the Board direct staff to continue to analyze multiple options for Board consideration. These include (i) a potential regulatory fee designed to recover reasonable costs associated with helping our member agencies and regulated entities meet state requirements related to SB 1383 and other laws, and (ii) a special tax that would support the Agency’s efforts to reduce waste and continue tangible progress toward a more climate-resilient Alameda County. Recommended next steps include conducting public opinion research to help continually refine and improve Agency programs.

## **DISCUSSION**

In March 2024, staff provided an update to the Board on the Agency’s fiscal forecast and fund balance and reserves. Staff noted that we would return to the Board with further analysis of a

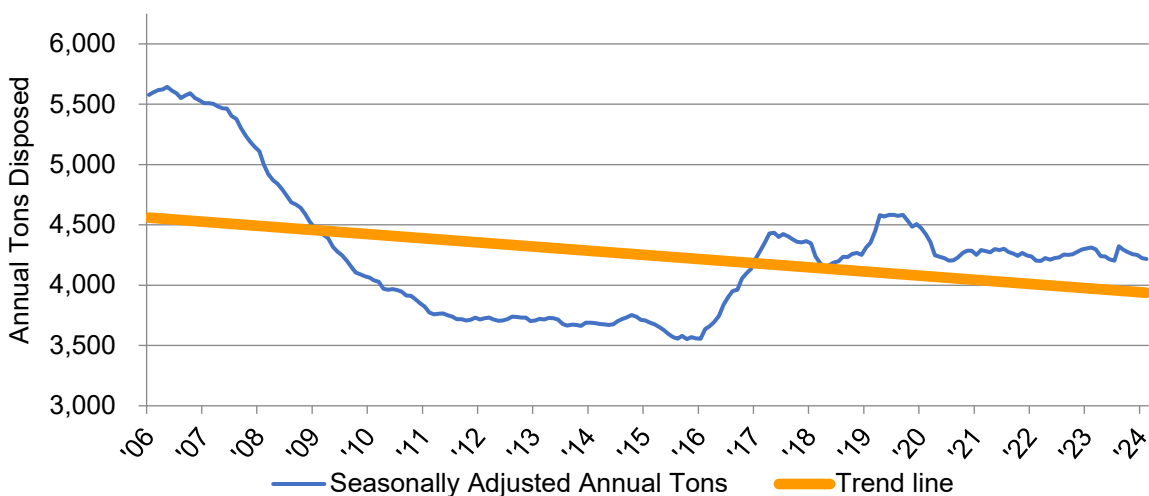
range of options designed to diversify and stabilize discretionary revenues, while also continuing to carefully manage expenditures, Agency investments, and unfunded liabilities.

Staff analysis of potential revenue options is built on earlier analysis of the Agency’s forecasted revenue and expenditure trends. In FY 2022, the Agency engaged the consulting services of Crowe LLP to develop several fiscal forecast scenarios to help the Agency manage its fund balance and reserves to advance the StopWaste mission today, while also providing the means to prepare for the future. See Attachment 1 for the February 2022 report.

The scenario that Agency revenues have aligned with reflects continued tonnage and associated revenue declines, consistent with the 15+ years leading up to the time the analysis was conducted. There have been fluctuations up and down, but overall tonnage and associated revenues have declined approximately two percent per year since 2006. See Exhibits 1 (Disposal Trend) and 2 (Fund Balance Forecast) associated with this scenario below.

**Exhibit 1**

**Annual Solid Waste Disposal Trend for Alameda County**

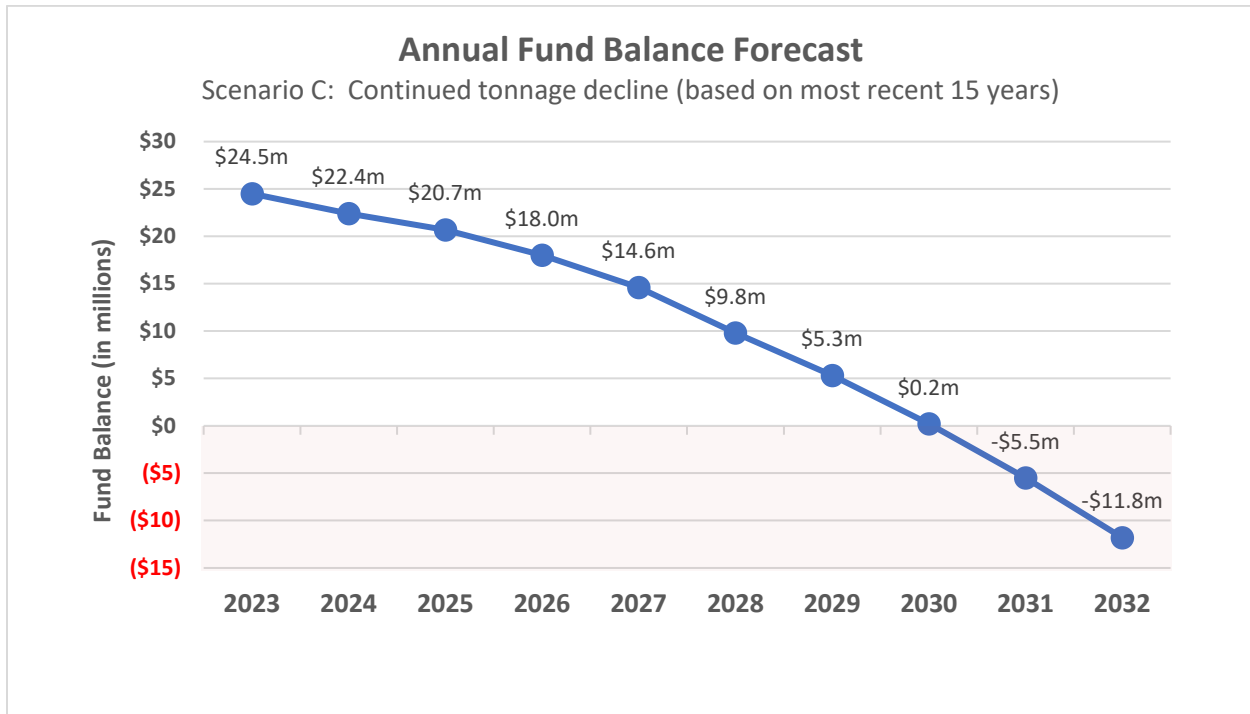


Understanding that Agency revenues will decline over time, the Agency built and has maintained a funding contingency, in the form of a fund balance and reserves, to help fund our work and provide an adequate cushion while the Agency identifies options to diversify its revenue. However, Agency contingency funds are finite, and absent additional revenue or significant reduction in the programs we provide, all of the forecast scenarios included in the fund balance analysis show a risk of exhausting the funding contingency by approximately FY 2031.<sup>1</sup> The Agency’s current fund balance with reserves is estimated at \$22.4M.

<sup>1</sup> See Attachment 1, p.2 for a list of all fund balance scenarios. Updated forecasts since the original Crowe report was published indicate that the Agency’s funding contingency would be exhausted by 2031 for most funding scenarios.



## Exhibit 2



### Potential Revenue Options

Given the need to diversify and stabilize Agency revenues, staff first determined the approximate amount of revenue needed to maintain Agency services and programs for the long term. Staff estimates that approximately \$3 million to \$5 million in additional annual revenues would adequately offset declining tonnage-based revenues moving forward from 2030. In March 2024, staff retained SCI Consulting Group, which specializes in developing financing strategies and plans for public agencies, to identify a range of potential funding options for the Agency that would help meet this revenue target. See Attachment 2 for SCI’s detailed report.

Each of the options identified by SCI has its own advantages and drawbacks, as is described below and in more detail in Attachment 2. The SCI report discusses (i) regulatory and service fees (which can be adopted by a majority vote of the Board), (ii) property-related fees (which require protest proceedings and in some cases a property owner vote), and (iii) special taxes (which require voter approval).

#### Regulatory and Service Fees

Regulatory fees are charges that recover the actual cost of specific regulatory activities. As stated in the SCI report, common examples of eligible activities include “issuing licenses and permits, performing investigations, inspections and audits, and the administrative enforcement and adjudication thereof.” The projects and services in the current FY 2025 budget that are the most likely candidates for such funding pertain to the Agency’s central role

in the implementation of SB 1383, which requires staff to monitor compliance and conduct inspections and enforcement related to a number of state requirements. For a sense of scale, the SCI report includes a preliminary estimate of \$2.7M for the costs that could be recovered if a regulatory fee were applied to the Agency’s SB 1383 implementation programs.

Additional areas of work that impact this estimate may be identified in FY 2025 or future years. Exhibit 3 lists the regulatory activities the Agency undertakes to support SB 1383 and related laws.

**Exhibit 3**

- |  |
|--|
| <p><b>1383 Regulatory Activities Conducted by the Waste Management Authority</b></p> <ul style="list-style-type: none"><li>• Compliance monitoring</li><li>• Enforcement efforts</li><li>• Compost procurement support</li><li>• Compost capacity planning</li><li>• Food recovery compliance support</li><li>• Development and dissemination of educational resources</li><li>• Grants to food recovery organizations to increase capacity and infrastructure</li><li>• Administration of food recovery network (capacity building)</li></ul> |
|--|

A rough preliminary analysis suggests that a regulatory fee for SB 1383 implementation of \$2.7 million applied to eligible property types (multifamily and commercial) would result in a flat fee of approximately \$13 per residential unit or commercial parcel per year.

As a next step, staff proposes to secure a consultant to conduct a fee study, which includes a precise calculation of potential regulatory fee rates and associated revenue, based on the costs of regulatory programs the fee would support.

Property-Related Fees

The Agency’s existing \$7.80 annual fee on all households for the disposal of household hazardous waste (HHW) is an example of a property-related fee. Property-related fees are governed by Proposition 218, which states that, “Except for fees or charges for sewer, water, and refuse collection services, no property-related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge.” In other words, Proposition 218 exempts fees for water, sewer and refuse collection from a balloting requirement. As noted in the SCI report, property-related fees that are not refuse collection fees can be approved by a majority vote of the landowners paying the fee. As part of the regulatory fee study, staff will consider

whether there are Agency programs other than its HHW services that could be funded by a property-related fee.

Special Taxes

As outlined in the SCI report (Attachment 2, pp. 13-16), a special tax is decided by the voters and requires a two-thirds majority for approval. Special taxes are commonly used to fund numerous local government services and projects, such as police and fire service, road improvements, libraries, parks, and other services. A special tax could be considered to fund StopWaste non-regulatory programs, including services dedicated to waste prevention and increasing recycling and composting, such as technical assistance for businesses, schools and food recovery organizations; outreach and education for residents, businesses, and in schools; and small grants to nonprofits and businesses. In some jurisdictions special taxes have been placed on the ballot through a voter initiative; in that case the voter approval threshold is 50 percent.

The joint powers agreement that created the Agency would need to be amended by the member agency jurisdictions for the Agency to be authorized to place a special tax on the ballot.

The SCI report illustrated potential rates per residential unit and commercial parcel required to generate approximately \$5.3M per year. Staff also added other scenarios in Exhibit 4 below.

**Exhibit 4 – Special Tax: Estimated Revenue Potential and Rates Per Unit/Parcel**

Property Type	Quantity <sup>1</sup>	Rate A	Revenue A	Rate B	Revenue B	Rate C	Revenue C
<b>Residential (1-4)</b>	446,900	\$6	\$2,681,400	\$8	\$3,575,200	\$10	\$4,469,000
<b>Multi Family (5+)</b>	147,106	\$2	\$294,212	\$2	\$294,212	\$3	\$441,318
<b>Commercial</b>	21,000	\$18	\$378,000	\$20	\$420,000	\$20	\$420,000
<b>Total<sup>2</sup></b>			<b>\$3,353,61</b>		<b>\$4,289,412</b>		<b>\$5,330,318</b>

<sup>1</sup> Estimated units/parcels are based on Alameda County Assessor’s data.

<sup>2</sup> Units/Parcels that are completely tax-exempt and publicly owned were not counted, since they are usually exempt from special taxes.

The amount of revenue to be sought via a special tax would depend on whether the Agency were also to pursue a regulatory fee, in which case the rates for the special tax would be lower because less revenue would be needed.

As a next step, staff proposes to secure a consultant to conduct public opinion research on Agency programs and services and to continue to research the feasibility of a special tax, including appropriate rates for each property type.

### **Next Steps and Timelines**

Staff proposes the following next steps:

- **Conduct a regulatory fee study:** Secure a consultant to conduct a regulatory fee study, which includes a precise calculation of potential regulatory fee rates and associated revenue, based on the costs the fee would support, such as SB 1383 implementation. Staff would initiate this step in November 2024.
- **Conduct opinion research to gather input on Agency programs and services:** Secure a polling consultant to gather public input. Staff would also initiate this step in November 2024.

The Agency has funds encumbered from FY 24 and budgeted in the current fiscal year to conduct the regulatory fee study and opinion research. Additional funds would need to be budgeted in subsequent fiscal years if the Agency were to pursue a regulatory fee and/or special tax.

### **STAFF RECOMMENDATION**

Staff recommends that the WMA Board approve the next phase of revenue stabilization research, which includes conducting a regulatory fee study to assess projects eligible for a regulatory fee and to calculate potential rates and revenue, and conducting opinion research to gather input on Agency programs and services and to inform next steps.

### **ATTACHMENTS**

Attachment 1: Crowe Fund Balance and Reserve Analysis

Attachment 2: SCI Consulting Group Funding Options Technical Memorandum



Smart decisions. Lasting value.™

# Fiscal Forecasts and Fund Balance/Reserve Analysis

February 24, 2022



**Submitted to:**

Alameda County Waste Management Authority, the  
Alameda County Source Reduction and Recycling Board,  
and the Energy Council (StopWaste)  
1537 Webster Street  
Oakland, CA 94612

 This report is printed on 100% post-consumer recycled content paper.



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## Executive Summary

In recent history, Alameda County Waste Management Authority, the Alameda County Source Reduction and Recycling Board, and the Energy Council (StopWaste or the Agency) has matched core<sup>1</sup> expenditures with core revenues, but the Agency is now at a point where its expenditures are expected to exceed revenues. The Agency projects that expenditures must continue to increase as cost-of-living increases and revenues are expected to decline as member agency programmatic efforts continue to evolve and advance. The Agency may start entering a period of a structural deficit (where annual expenditures exceed revenues), depending on the actual extent of landfill tonnage declines, and thus, the Agency is proactively conducting an analysis and developing a decision-making tool based on varying scenarios. The services were provided under AICPA Consulting Services only. Section 3 of this report provides the disclosure for this analysis.

Comparisons to six (6) neighboring waste management authorities indicate that comparable relative fund balance/reserve levels are somewhat lower than the Agency's. However, these comparable authorities generally have less extensive program requirements and more stable and controllable and predictable revenue generating capabilities (e.g., through rates charged to customers annually). In contrast, the Agency relies on a landfill fee revenue source which is uncontrollable and in long-term decline. Additionally, the Agency must undergo a multi-year approval timeline to adjust its fees. Consequently, due to the higher risk to meet its budgetary requirements and the less stable revenues, the Agency believes it is justified to maintain a higher relative fund balance/reserve level than comparable waste management authorities.

As part of this scope of work, we assisted the Agency, using their own data, to develop a fund balance model (in Excel). We then used the Agency's model to calculate the impacts of various Agency developed scenarios. The Agency intended for these scenarios to 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<sup>2</sup>. This analysis calculated the impact on the Agency fund/reserve balance under seven (7) scenarios as follows:

1. Scenario A – Status Quo with Growth
2. Scenario B – Status Quo
3. Scenario C – Economic Cycle
4. Scenario D – Organics
5. Scenario E – Organics and Recyclables
6. Scenario F – Recession
7. Scenario G – Recycling Plan (Landfill Obsolescence).

**Exhibit ES-1** provides a brief description and the basis of projection for each scenario. One scenario has tonnage slightly growing, one scenario has tonnage remaining constant, while other five scenarios project decreasing tonnage that range from small to large annual declines. Each scenario is based on either historical changes in tonnage or achieving a diversion goal.

**Exhibit ES-2** profiles the unique assumptions for each scenario, which include tonnage projections and expenditure projections, and number of core full-time equivalents (FTEs). Annual tonnage changes range from +0.5% per year, no change (0%), up to -6% per year. In all scenarios, expenditures in FY 21/22 and FY 22/23<sup>3</sup> match the agency's budgeted expenditures, and FY 23/24 expenditures are projected with +7% inflation<sup>4</sup>. For Scenarios A to E, expenditures in FY 24/25 and beyond is projected at +3% per year. For Scenarios F and G, the +7% annual inflation is maintained for the remaining years. The +7% inflation in

<sup>1</sup> Revenues and expenditures for which the Agency has most discretion; the Energy Council is not core-funded.

<sup>2</sup> Agency defined as total fund balance minus reserves.

<sup>3</sup> Preliminary FY 22/23 budget numbers provided by StopWaste staff, which may change upon budget approval.

<sup>4</sup> Impacts all expenditure categories such as salaries, benefits, hard costs, and hard costs overhead.

FY 23/24 is an assumption in the event that currently elevated inflation levels of 2021 and 2022 is sustained<sup>5</sup>. The number of core FTEs remain the same for all scenarios besides Scenario G (Recycling Plan), where core FTEs escalate from 43.4 starting in FY 23/24 to 50 FTEs by FY 27/28.

**Exhibit ES-1  
Scenario Descriptions**

Scenario	Brief Description	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	Achieve 75% reduction in landfilled organics by Jan 1, 2025 (FY 24/25) using a FY 20/21 baseline (SB 1383 <sup>6</sup> ), then tonnage stays flat	Decrease	Goal-based
E. Organics and Recyclables	Achieve 75% reduction in landfilled organics by Jan 1, 2025 (FY 24/25) using a FY 20/21 baseline (SB 1383), then 75% reduction in recyclables by FY 29/30	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

**Exhibit ES-2  
Scenario Assumptions – Projection Years (Modifications to Scenarios)**

Scenario	Revenue (Tonnage) Projection			Expenditure Projection	
	Annual Change	3-Year Change (FY 23/24)	9-Year Change (FY 29/30)	Annual Expenditures/ Inflation	Core FTEs
A. Status Quo with Growth	+0.5%	+1.5%	+4.6%	FY 21/22 and 22/23 expenditures match budget, 7% in FY 23/24, then 3% per year	43.4 Core FTEs
B. Status Quo	0.0%	0.0%	0.0%		
C. Economic Cycle	-2.0%	-5.9%	-16.6%		
D. Organics	-4.0% (-40,498 tons/year thru FY 24/25)	-11.0%	-14.7%		
E. Organics and Recyclables	-4.0% (-40,498 tons/year thru FY 24/25) -1.5% (-14,399 tons/year thru FY 29/30)	-11.0%	-21.2%		
F. Recession <sup>7</sup>	-4.0%	-11.5%	-30.7%	FY 21/22 and 22/23 expenditures match budget, then 7% per year	43.4 Core FTEs through FY 22/23, then increases to 50 FTEs by FY 27/28
G. Recycling Plan	-6.0%	-16.9%	-42.7%		

<sup>5</sup> CPI for All Urban Consumers (CPI-U). Bureau of Labor Statistics. All items in West urban, all urban consumers, not seasonally adjusted. Series ID: CUUR0400SA0.

<sup>6</sup> Senate Bill 1383 Short-lived climate pollutants. Section 39730.6. Requires local government to reach a 75% reduction in organics landfilled by January 1, 2025. StopWaste is using a FY 20/21 baseline for the purposes of the projection.

<sup>7</sup> Although inflation is typically low during a recession, the Agency used the high expenditure escalation in this scenario to show a higher bound expectation for expenditures over the time period.



**Exhibit ES-3** provides the incremental fund balance and the incremental fund balance with reserves<sup>8</sup> for the various scenarios for FY 20/21. **Exhibit ES-4** provides a summary with a months in incremental fund balance/reserve<sup>9</sup> perspective. The incremental fund balance ranges from \$1.9 million (2 months) to \$6.6 million (6.7 months) depending on the scenario, and average \$4 million (4 months). The incremental fund balance with reserves ranges from \$11.1 million (11.2 months) to \$15.8 million (16 months) and average \$13.2 million (13.3 months). These ranges provide insight into the agency's potential fund balance/reserves amounts through FY 23/24, as of the end of FY 20/21.

For all scenarios, the calculated surplus fund balance at the end of the base year (FY 20/21) ranges from \$11.1 million (11.2 months, worst case) to \$15.8 million (15.9 months, best case), and based on this data the Agency does not believe it will require a fee adjustment at this time<sup>10</sup>. Based on the Agency's current ending fund balance with reserves of \$26.9 million at of the end of FY 20/21, Exhibit ES-3 shows that the Agency would have sufficient surplus fund balance to operate under an annual operating deficit represented by any of the seven scenarios for at least the next three years through FY 23/24.

**Exhibit ES-3**  
**Incremental Fund Balance/Reserves, Surplus Fund Balance (FY 20/21)**

Scenario	Reserve (Base Year)	Incremental Fund Balance in Base Year	Incremental Fund Balance with Reserves in Base Year	Ending Fund Balance with Reserves (Base Year) <sup>11</sup>	Surplus Fund Balance (Base Year)
A. Status Quo with Growth	\$9,200,191	<b>\$1,936,307</b>	<b>\$11,136,498</b>	\$26,900,000	<b>\$15,763,501</b>
B. Status Quo	9,200,191	2,238,143	11,438,334	26,900,000	15,461,666
C. Economic Cycle	9,200,191	3,425,504	12,625,695	26,900,000	14,274,304
D. Organics	9,200,191	4,457,495	13,657,686	26,900,000	13,242,314
E. Organics and Recyclables	9,200,191	4,457,495	13,657,686	26,900,000	13,242,314
F. Recession	9,200,191	4,581,258	13,781,449	26,900,000	13,118,550
G. Recycling Plan	\$9,200,191	<b>\$6,627,017</b>	<b>\$15,827,208</b>	\$26,900,000	<b>\$11,072,792</b>
<b>Average</b>		<b>\$3,960,460</b>	<b>\$13,160,651</b>		<b>\$13,739,349</b>

**Exhibit ES-4**  
**Months in Incremental Fund Balance/Reserves, Surplus Fund Balance (FY 20/21)**

Scenario	Months in Reserve (Base Year)	Months in Incremental Fund Balance in Base Year	Months in Incremental Fund Balance with Reserves in Base Year	Months in Ending Fund Balance with Reserves (Base Year) <sup>12</sup>	Months in Surplus Fund Balance (Base Year)
A. Status Quo with Growth	9.3	<b>2.0</b>	<b>11.2</b>	27.2	<b>15.9</b>
B. Status Quo	9.3	2.3	11.5	27.2	15.6
C. Economic Cycle	9.3	3.5	12.7	27.2	14.4
D. Organics	9.3	4.5	13.8	27.2	13.4
E. Organics and Recyclables	9.3	4.5	13.8	27.2	13.4
F. Recession	9.3	4.6	13.9	27.2	13.2
G. Recycling Plan	9.3	<b>6.7</b>	<b>16.0</b>	27.2	<b>11.2</b>
<b>Average</b>		<b>4.0</b>	<b>13.3</b>		<b>13.9</b>

<sup>8</sup> Defined in Section 1B.

<sup>9</sup> Based on projected monthly expenditures of \$990,610 in FY 21/22

<sup>10</sup> Where the surplus fund balance represents additional fund balance beyond what is needed to meet current reserves

<sup>11</sup> Ending fund balance represents Unrestricted Reserves and Net Position Available Fund Balance (Core) per Agency accounting records.

<sup>12</sup> Ending fund balance represents Unrestricted Reserves and Net Position Available Fund Balance (Core) per Agency accounting records.

**Exhibit ES-5** provides a summary of the six (6) comparative waste management authorities used for the benchmarking analysis, including the primary revenue source (tipping fees or rates), a description of the revenue source, and the implementation timeline to increase rates/fees when an increase is warranted. While it takes Alameda County up to two to three years to implement a tipping fee increase, all neighboring authorities are able to increase fees or rates as often as annually. Below provides a summary of two primary revenue generation categories, collection of tipping fees through a landfill or rates through a hauler:

- Four of the six neighboring authorities generate revenue through rates from residential and commercial solid waste accounts collected by franchised haulers. Rates are subject to periodic reviews and increases to rates can occur as often as annually, if warranted, typically as part of the annual budgeting process. Although subject to public comments, rate adjustments are largely at the board's discretion, which are based on cost of living increases and/or on results of rate reviews
- Two of the six neighboring authorities generate revenue through collecting tipping fees at landfills or a transfer station owned by the authority or county. Of these two authorities, South Bayside owns a transfer station that services their entire county (San Mateo County) and is able to increase fees on an annual basis through broad approval. Similarly, Sonoma County owns the county's landfill (as well as multiple transfer stations) and can also increase fees on an annual basis through board approval. Due to cost of living increases and/or results of fee analyses, South Bayside implements fee increases through an agreement with the transfer station operator and Sonoma County implements fee increases through an agreement with the landfill operator.

Alameda County is completely unique in the way that fee increases must undergo a process requiring a vote from the public, which can take up to two to three years from initiation to implementation. Among all comparable authorities, Alameda County is the only authority relying on tonnage revenue they do not have direct control over. Additionally, Alameda County is subject to declining revenues as landfill tonnage are expected to decline over time due to evolving and advancing programmatic efforts. The longer it takes to implement a fee increase, generally the larger the fund balance/reserve is necessary. The more revenues are expected to decline, the larger the fund balance/reserve is necessary should costs stay constant. The longer it takes to implement a fee increase, the more that risk related to fluctuations (declines) in tonnage should be factored into determining a fund balance/reserve level. In the end, the Agency believes that these factors provide support for a higher fund balance/reserve level for Alameda County compared to neighboring waste management authorities.

**Exhibit ES-5  
Benchmarking – Primary Revenue Sources and Fee Increase Timeline**

Organization	Primary Revenue Source		Description of Primary Revenue Source	Typical Fee Increase Implementation Timeline (if needed)
	Tipping Fees via Landfill/TS	Rates via Hauler		
1. Alameda County Waste Management Authority, the Alameda County Source Reduction and Recycling Board, and the Energy Council	●		Tipping fees generated at Alameda County landfills.	2 to 3 years
2. Central Contra Costa Waste Authority		●	Rates generated from residential and commercial solid waste accounts collected by franchised haulers.	Annually
3. South Bayside Waste Management Authority	●		Tipping fees generated from a South Bayside-owned transfer station that services the entire JPA region.	Annually
4. Marin County Hazardous and Solid Waste		●	Rates generated from residential and commercial solid waste accounts collected by franchised haulers.	Annually
5. Sonoma County Waste Management Agency	●		Tipping fees generated at Sonoma County-owned landfills and transfer stations.	Annually
6. West Valley Solid Waste Management Authority		●	Rates generated from residential and commercial solid waste accounts collected by franchised haulers.	Annually
7. West Contra Costa Waste Authority		●	Rates generated from residential and commercial solid waste accounts collected by franchised haulers.	Annually

## Key Takeaways of Fiscal Forecasts and Fund Balance/Reserve Analysis

Below provides a summary of the key takeaways of this analysis:

- **Incremental Fund Balance** – The incremental fund balance ranges from \$1.9 million (2 months) to \$6.6 million (6.7 months) depending on the scenario, and average \$4 million (4 months)
- **Incremental Fund Balance with Reserves** – The incremental fund balance with reserves ranges from \$11.1 million (11.2 months) to \$15.8 million (16 months) and average \$13.2 million (13.3 months)
- **Surplus Fund Balance** – The calculated surplus fund balance at the end of the base year (FY 20/21) ranges from \$11.1 million (11.2 months, worst case) to \$15.8 million (15.9 months, best case)
- **Fee Adjustment** – Based on the calculated surplus fund balances, the Agency does not believe it will require a fee adjustment at this time
- **Benchmarking** – Alameda County's unique revenue generation and fee adjustment characteristics is exposed to higher risk (less stable revenue source in conjunction with a multi-year approval timeline to adjust fees), which the Agency believes it justifies a greater fund balance/reserve level than comparable waste management authorities who average six (6) months in fund balance with reserves
- **Annual Evaluation** – The Agency can use the tools developed as part of this project on an on-going basis to inform its budgetary and policy decision-making going forward. With active monitoring of the Agency's fund balance, the Agency can more proactively assess and manage potential surpluses or deficits. In the event of a potential deficit three years out, the Agency can, ahead of time, limit or reduce expenditures, or if adjusting expenditures is not sufficient, initiate the two to three year process for approval of a fee increase.

# 1. Incremental Fund Balance with Reserves

This section is organized as follows:

- A. *Scenarios and Assumptions*
- B. *Incremental Fund Balance with Reserves*
- C. *Scenario Projections.*

## A. Scenarios and Assumptions

As nearly 100 percent of core revenues are generated from landfill tonnage, the Agency's fund balance and reserves are extremely sensitive to changes in landfill tonnage (tonnage), especially as fee adjustments require a multi-year period to gain approval and implement. Therefore, the seven scenarios were developed based on varying degrees of changes to tonnage. **Exhibit 1** provides a brief description and the basis of projection for each scenario. One scenario has tonnage slightly growing, one scenario has tonnage remaining constant, while the other five scenarios project decreasing tonnage that range from small to large declines. Each scenario is based on either historical changes in tonnage or achieving a diversion goal. Scenarios based on historical tonnage cover a period of slight growth, no growth, slight declines, moderate declines, and significant declines. The goal-based scenarios are projected to have moderate to significant declines. Page 9 provides the methodology used to determine the tonnage projections for each scenario.

**Exhibit 2** profiles the unique assumptions for each scenario, which include tonnage projections and expenditure projections, and the number of core full time equivalent (FTE) staff levels. Annual tonnage changes range from +0.5% per year, no change (0%), up to -6% per year. In all scenarios, expenditures in FY 21/22 and FY 22/23<sup>13</sup> match the Agency's budgeted expenditures, and FY 23/24 expenditures are projected to increase by +7% (equivalent to high end estimates of current inflation levels)<sup>14</sup>. For Scenarios A to E, expenditures for FY 24/25 and beyond are projected to increase at +3% per year. For Scenarios F to G, expenditures for FY 24/25 and beyond are projected to increase at +7% per year. The +7% inflation in FY 23/24 is an assumption in the event that currently elevated inflation levels of 2021 and 2022 is sustained<sup>15</sup>. The number of core FTEs remain the same for all scenarios besides Scenario G (Recycling Plan), where core FTEs escalate from 43.4 starting in FY 23/24 to 50 by FY 27/28. Together, the scenarios represent a range of best-case, slight revenue growth with moderate expenditure growth, to worst-case, aggressive revenue declines with aggressive expenditure growth, for projected fund balances.

**Exhibit 3** provides the inputs and assumptions for the base year. The base year is FY 20/21 and the inputs used are actuals.

**Exhibit 4** provides the inputs and assumptions that apply to all scenarios. The following summarizes these universal assumptions:

1. No changes to operations – No changes to core operations (no growth, no shrinkage)
2. No fee changes – No fee adjustments
3. No changes to tonnage mix – The tonnage mix between in-county and out-of-county remains constant at 93% in-county and 7% out-of-county
4. No unexpected revenues – No unexpected/ one-time revenues (e.g., from a property easement)
5. No changes to expenditure mix – Hard costs are 20% of total costs, hard costs overhead is 14% of total costs, salaries and benefits remain at 66% of total costs
6. Maintaining existing reserves – Existing Agency reserve levels are maintained.

<sup>13</sup> Preliminary FY 22/23 budget numbers provided by StopWaste, which may change upon budget approval.

<sup>14</sup> Impacts all expenditure categories such as salaries, benefits, hard costs, and overhead.

<sup>15</sup> The current annual average Consumer Price Index (CPI) was 7.0 percent for All Urban Consumers (CPI-U), All items in West urban, all urban consumers, not seasonally adjusted (Series ID: CUUR0400SA0) as prepared by the Bureau of Labor Statistics.

**Exhibit 1  
Scenario Descriptions**

Scenario	Brief Description	Tonnage Change	Basis
A. Status Quo with Growth	Slight growth based on the average annual change in tonnage over the most recent five years	Increase	Historical
B. Status Quo	Tonnage remains flat at current levels	No Change	Historical
C. Economic Cycle	Declines based on the average annual change in tonnage over the previous 15 years	Decrease	Historical
D. Organics	Achieve 75% reduction in landfilled organics by January 1, 2025 (FY 24/25) using a FY 20/21 baseline (SB 1383 <sup>16</sup> ), then tonnage stay flat	Decrease	Goal-based
E. Organics and Recyclables	Achieve 75% reduction in landfilled organics by January 1, 2025 (FY 24/25) using a FY 20/21 baseline (SB 1383), and a 75% reduction in recyclables by FY 29/30	Decrease	Goal-based
F. Recession	Tonnage declines similar to the timeframe spanning the 2008 Recession, or from FY 2006/07 2015/16	Decrease	Historical
G. Recycling Plan	Achieve the Authority Recycling Plan goal of 100% diversion by 2045	Decrease	Goal-based

**Exhibit 2  
Scenario Revenue, Expenditure, and Staffing Assumptions**

Scenario	Revenue (Tonnage) Projection			Expenditure Projection	
	Annual Change	3-Year Change (FY 23/24)	9-Year Change (FY 29/30)	Annual Expenditures/ Inflation	Core FTEs
A. Status Quo with Growth	+0.5%	+1.5%	+4.6%	FY 21/22 and 22/23 expenditures match budget, 7% in FY 23/24, then 3% per year	43.4 Core FTEs
B. Status Quo	0.0%	0.0%	0.0%		
C. Economic Cycle	-2.0%	-5.9%	-16.6%		
D. Organics	-4.0% (-40,498 tons/year thru FY 24/25)	-11.0%	-14.7%		
E. Organics and Recyclables	-4.0% (-40,498 tons/year thru FY 24/25)	-11.0%	-21.2%	FY 21/22 and 22/23 expenditures match budget, then 7% per year	43.4 Core FTEs through FY 22/23, then increases to 50 FTEs by FY 27/28
	-1.5% (-14,399 tons/year thru FY 29/30)				
F. Recession <sup>17</sup>	-4.0%	-11.5%	-30.7%		
G. Recycling Plan	-6.0%	-16.9%	-42.7%		

<sup>16</sup> Senate Bill 1383 Short-lived climate pollutants. Section 39730.6. Requires local government to reach a 75% reduction in organics landfilled by January 1, 2025. StopWaste is using a FY 20/21 baseline for the purposes of the projection.

<sup>17</sup> Although inflation is typically low during a recession, the Agency used the high expenditure escalation in this scenario to show a higher bound expectation for expenditures over the time period.

### Scenario A – Status Quo with Growth

- Scenario A assumes a continuation of the recent tonnage increases, which is expected to be a best-case scenario for revenue generation. There was a relatively small total 3% increase in tonnage between FY 16/17 (1,164,838 tons) and FY 20/21 (1,199,933 tons). This 3% increase occurred over 5 years, representing an average annual increase of +0.6% per year (i.e., dividing 3% by 5 years). The +0.6% per year increase is rounded to +0.5% for this scenario.

### Scenario B – Status Quo

- Scenario B assumes that FY 20/21 tonnage of 1,199,933 tons remain flat (0% change).

### Scenario C – Economic Cycle

- Scenario C assumes a repeat tonnage pattern from the past 15 years, between FY 06/07 through FY 20/21. Tonnage declined -27% over 15 years between FY 06/07 (1,642,903 tons) and FY 20/21 (1,199,933 tons), which averages -1.8% per year (i.e., dividing -27% by 15 years). The -1.8% per year decrease is rounded to -2% for this scenario.

### Scenario D – Organics

- Scenario D assumes reaching the Senate Bill (SB) 1383 goal of a 75% reduction in landfilled organics by January 1, 2025 (FY 24/25), using as tonnage in FY 20/21 as a baseline. According to Alameda County's 2017-18 Waste Characterization Study (WCS), at that time the waste stream consisted of 18.2% of landfilled organics (1.8% plant debris, 9.3% food scraps, 7.1% food soiled paper).<sup>18</sup> Using these WCS results, a 75% reduction of the 18.2% of organics represents a reduction target of -13.65% by FY 24/25. The -13.65% reduction is rounded to -13.5% for this scenario. The -13.5% reduction equates to a decrease of -161,991 landfilled tons by FY 24/25 (i.e., multiplying 1,199,933 tons in FY 20/21 by -13.5%). The four-year reduction of -161,991 tons divided by 4 years equates to a reduction of -40,498 per year through FY 24/25, or about -4% per year.

### Scenario E – Organics and Recyclables

- Scenario E expands on Scenario D by using the same approach through FY 24/25, then tonnage declines an additional 6% (from FY 20/21 levels) through FY 29/30. The additional 6% decrease is based on reducing 75% of the 7.9% of landfilled recyclables measured as part of the WCS. A 6% reduction from 1,199,933 tons in FY 20/21 equates to a reduction of -71,996 tons between FY 25/26 and FY 29/30. The five-year reduction of -71,996 tons is divided by five and equates to -14,399 tons per year, or about -1.5% per year between FY 25/26 and FY 29/30. This is in addition to the roughly -4% per year through FY 24/25 as described in Scenario D.

### Scenario F – Recession

- Scenario F assumes similar declines in tonnage to those observed during the 2008 Recession. There was a -39% decline in tonnage between FY 06/07 (1,642,903 tons) and FY 15/16 (999,483 tons). The -39% decrease over 10 years averages -3.9% per year (i.e., dividing -39% by 10 years). The -3.9% per year decrease is rounded to +4% for this scenario.

### Scenario G – Recycling Plan

- Scenario G assumes reaching the Agency's December 2020 Recycling Plan goal of landfill obsolescence (100% diversion) by 2045, which is expected to be a worst-case scenario for revenues. By assuming that 50% of the obsolescence goal is reached by FY 29/30, there would be a reduction of 50% of the 1,199,933 tons (FY 20/21), or a reduction of -599,966 tons. The -599,966 ton decrease over 9 years (FY 20/21 to FY 29/30) equates to -66,663 tons per year or -5.6%. The -5.6% per year decrease is rounded to -6% for this scenario.

<sup>18</sup> 2017-18 Alameda County Waste Characterization Study. September 5, 2018. Table 36.

**Exhibit 3**  
**Scenario Inputs and Assumptions– Base Year (Actuals)**

Input	Value	Assumption / Description / Basis
1. Base Year	Fiscal year 2020/21	The latest fiscal year actual revenues and expenditures
2. Starting Fund Balance with Reserves	<b>\$25,563,526</b>	Available fund balance including reserves at the beginning of FY 2020/21, excludes encumbrances
3. Landfill Tonnage	<b>1,199,933 tons</b> <ul style="list-style-type: none"> <li>• In-county = 1,116,918 tons</li> <li>• Out-of-county = 83,015 tons</li> </ul>	Annual landfill tonnage in FY 20/21
4. Revenues	<b>\$11,336,474</b> <ul style="list-style-type: none"> <li>• Landfill = \$10,035,627</li> <li>• Enforcement = \$397,797</li> <li>• Property = \$538,265</li> <li>• Interest and Other Rev = \$364,785</li> </ul>	Annual revenue in FY 20/21
5. Expenditures	<b>\$10,000,000</b> <ul style="list-style-type: none"> <li>• Salaries = \$4,923,351</li> <li>• Benefits = \$1,820,404</li> <li>• Hard Costs<sup>19</sup> Overhead = \$987,350</li> <li>• Hard Costs = \$2,268,895</li> </ul>	Annual expenditures in FY 20/21
6. Reserves	<b>\$9,200,191</b> <ul style="list-style-type: none"> <li>• Organics Processing Development = \$5,589,709</li> <li>• Pension = \$1,210,482</li> <li>• Building Maintenance = \$150,000</li> <li>• Five-Year Audit = \$150,000</li> <li>• Fiscal Reserve = \$2,100,000</li> </ul>	Reserves in FY 20/21
7. Salary per FTE	<b>\$129,606</b>	Average salary per FTE in FY 20/21 (calculated by dividing the total sum of salaries by the total number of FTEs)

<sup>19</sup> Hard costs are all non-salary and benefits expenditures such as facility costs (property tax, utilities, janitorial, maintenance), service contracts, equipment costs, etc. Hard costs overhead is an allocation of hard costs to the core budget.



**Exhibit 4  
Scenario Inputs and Assumptions – Projection Years (Applies to All Scenarios)**

Input	Value	Assumption / Description / Basis
<b>Revenues</b>		
1. Fee Rates (per landfill ton)	<ul style="list-style-type: none"> <li>AB 939 Facility Fee = \$4.34 per ton</li> <li>Mitigation Fee = \$4.53 per ton</li> <li>Measure D = \$8.23 per ton (45%)</li> </ul>	No change in current fee rates
2. 939 Enforcement Revenue	<ul style="list-style-type: none"> <li>FY 21/22 = \$550,000</li> <li>FY 22/23 = \$1,047,575</li> <li>FY 23/24 = \$753,525</li> <li>FY 24/25 to FY 29/30 = \$750,000</li> </ul>	Projections and assumptions compiled by Agency staff
3. 939 Interest Revenue	\$50,736 per year	Based on FY 20/21 actual interest (represents low-end estimate due to current low-interest environment), assumes no change to balances and interest rates
4. 939 Other Revenue	\$50,000 per year	Miscellaneous revenue not directly from tonnage such as refunds from litigations, reimbursements, based on average between FY 16/17 to FY 20/21; assumes no change
5. Mitigation Property Revenue	\$550,000 per year	Revenue generated from property leases such as for wind power; based on average between FY 16/17 to FY 20/21
6. Mitigation Enforcement	\$66,000 per year	Revenue generated from ordinance citations; based on average between FY 16/17 to FY 20/21, and assumes no change
7. Mitigation Interest	\$74,201 per year	Based on FY 20/21 actual interest (represents low-end estimate due to current low-interest environment); assumes no change to balances and interest rates
8. Measure D Interest	\$127,374 per year	Based on FY 20/21 actual interest (represents low-end estimate due to current low-interest environment); assumes no change to balances and interest rates
<b>Expenditures</b>		
9. Benefits Rate	<ul style="list-style-type: none"> <li>FY 21/22 = 40%</li> <li>FY 22/23 and on = 36.8%</li> </ul>	FY 21/22 based on average between FY 16/17 and FY 20/21; FY 22/23 was adjusted to match preliminary budget then assume no changes
10. Percent of Hard Costs of Total Costs	20%	Based on FY 21/22 budget; over the years, the percentage of hard costs of total core expenditures decreased from 36% in FY 16/17 to 21% in FY 21/22, assume no changes
11. Percent of Hard Costs Overhead of Total Costs	<ul style="list-style-type: none"> <li>FY 21/22 = 14%</li> <li>FY 22/23 and on = 19.3%</li> </ul>	FY 21/22 based on average between FY 16/17 and FY 20/21; FY 22/23 was adjusted to match preliminary budget then assume no changes
12. Five-Year Audit	<ul style="list-style-type: none"> <li>FY 21/22 = \$85,000</li> <li>FY 25/26 = \$125,000</li> <li>FY 27/28 = \$125,000</li> </ul>	Financial and programmatic audits performed in two phases
13. Waste Characterization Study	<ul style="list-style-type: none"> <li>FY 22/23 = \$700,000</li> <li>FY 27/28 = \$700,000</li> </ul>	\$700,000 every 5 years starting in FY 22/23 (last study conducted in FY 17/18)
14. CalPERS and Other Costs	FY 21/22 = \$1,000,000	Unfunded liability payment
<b>Reserves</b>		
15. Organics Processing Development Reserve	\$5,500,000 per year	Maintain current organics processing reserve
16. Pension Reserve	<ul style="list-style-type: none"> <li>\$200,000 (remaining) in FY 21/22<sup>20</sup></li> <li>\$1,200,000 million per year thereafter</li> </ul>	Maintain pension reserve
17. Building Maintenance Reserve	<ul style="list-style-type: none"> <li>\$200,000 in FY 21/22</li> <li>\$250,000 million per year thereafter</li> </ul>	Build and maintain building maintenance reserve
18. Fiscal Reserve	\$2,100,000 million per year	Maintain current fiscal reserve

<sup>20</sup> Although the \$1,000,000 was paid using available fund balance, this demonstrates a drawdown of the reserve

## B. Incremental Fund Balance with Reserves

As part of this project, the Agency developed a tool to calculate an incremental fund balance and an incremental fund balance with reserves under each scenario. Using the Agency's assumptions described in the prior section, the Agency calculated the incremental fund balance under each scenario using these tools. Benefits of determining an incremental fund balance/reserve level include:

- Provides guidance to either draw down, build, or maintain fund balance/reserves by comparing current fund balance/reserve levels against the incremental fund balance/reserves level
- Informs whether future budgeted expenditures should potentially decrease, increase, or remain constant
- Informs whether fee adjustments are potentially necessary.

The Agency defined the incremental fund balance as follows: the incremental ending fund balance during the base year (FY 20/21 in this case) in order to support projected revenues and expenditures over the next three fiscal years (through FY 23/24 in this case) to maintain at least a \$0 balance by the end of Year 3 (FY 23/24 in this case). In other words, the incremental fund balance represents the Agency's operating deficit over the next three fiscal years. The Agency determined that a three-year out view would allow the Agency the opportunity to evaluate whether to initiate the required two to three year process for a fee increase if expenditure reductions are not possible or insufficient. The Agency believes that the combination of fund balance and reserves will allow the Agency to operate during periods of operating deficits.

Under each scenario, the Agency determined the incremental fund balance by integrating the following elements: (1) a four-year time period that includes the base year plus three future years, (2) revenues and expenditures for the base year, which is FY 20/21, the last year with actual balances, (3) revenue and expenditure projections for FY 21/22, FY 22/23, and FY 23/24 under each scenario. Based on a \$0 ending balance in Year 3 (FY 23/24), the calculator reverse calculates the starting fund balance needed for Years 3, 2, 1 and then, lastly, the ending balance of the base year (which is the starting balance of Year 1). The starting balance equation is as follows:

$$\text{Starting Balance} = \text{Ending Balance} + \text{Expenditures} - \text{Revenues}$$

By inputting a \$0 ending balance in Year 3, the ending balance for the Base Year is calculated. The incremental months of fund balance/reserves is calculated by dividing the calculated ending balance in the Base Year with Year 1's monthly expenditures. For each scenario's incremental fund balance calculation, annual revenues and expenditures for Years 1, 2, and 3 are linked to each scenario's projection within the Projection Model. Projected revenues vary from slight growth to aggressive declines among scenarios, while projected expenditures are the same with the exception of higher expenditures for Scenarios F and G. The more tonnage declines, the less revenue, and the higher incremental fund balance. Scenarios with more significant tonnage declines have more significant losses in revenue, which results in a higher incremental fund balance for those scenarios. To put it simply, an individual who makes less money, and spends more will need a larger emergency fund, or cash in the bank, than an individual who makes more money and spends less.

**Exhibit 5** provides the incremental fund balance and the fund balance with reserves for the various scenarios. **Exhibit 6** provides a summary with a months of fund balance/reserves perspective. **Exhibit 7** and **8** provide the incremental fund balance/reserve levels visually. The Agency determined both an incremental fund balance as well as an incremental fund balance with reserves. The incremental fund balance is the lowest balance necessary to maintain three years of operations. The incremental fund balance with reserves is the incremental fund balance plus historical reserves deemed necessary by the Agency. The surplus fund balance is the ending fund balance with reserves in the base year (FY 20/21 in this case) minus the incremental fund balance with reserves.

Exhibit 5 shows that the incremental fund balance ranges from \$1.9 million (2 months) to \$6.6 million (6.7 months) depending on the scenario, and average \$4 million (4 months). The incremental fund balance with reserves ranges from \$11.1 million (11.2 months) to \$15.8 million (16 months) and average \$13.2 million (13.3 months). These ranges provide insight into the agency's potential fund balance/reserves amounts through FY 23/24, as of the end of FY 20/21.

For all scenarios, the calculated surplus fund balance at the end of the base year (FY 20/21) ranges from \$11.1 million (11.2 months, worst case) to \$15.8 million (15.9 months, best case), and based on this data the Agency does not believe it will require a fee adjustment at this time<sup>21</sup>. Based on the Agency's current ending fund balance with reserves of \$26.9 million at the end of FY 20/21, Exhibit 5 shows that the Agency would have sufficient surplus fund balance to operate under an annual operating deficit represented by any of the seven scenarios for at least the next three years through FY 23/24.

Given the range in projected surpluses, if the Agency decided to spend an additional \$1.5 million (about 10 to 12 percent more depending on scenario) during fiscal years 22/23 and 23/24, projected surplus fund balances in FY 20/21 would range from \$8.1 million (worst case) to \$12.8 million (best case) and projected ending fund balances with reserves at the end of fiscal year 23/24 would range from \$17.3 million (worst case) to \$22 million (best case). **Exhibit 9** provides the comparison of the calculated surplus fund balances in FY 20/21 between the original projection (this analysis) and an additional \$1.5 million annually for two years for each scenario. **Exhibit 10** provides the comparison of projected fund balances at the end of FY 23/24 with the additional expenditures. In any scenario, the Agency believes it has the flexibility to increase expenditures by at least \$1.5 million for the next two fiscal years and still have a surplus fund balance.

The Agency can use the tools developed as part of this project on an on-going basis to inform its budgetary and policy decision-making going forward. With active monitoring of the Agency's fund balance, the Agency can more proactively assess and manage potential surpluses or deficits. In the event of a potential deficit three years out, the Agency can, ahead of time, limit or reduce expenditures, or if adjusting expenditures is not sufficient, initiate the two to three year process for approval of a fee increase.

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<sup>21</sup> Where the surplus fund balance represents additional fund balance beyond what is needed to meet current reserves

**Exhibit 5**  
**Incremental Fund Balance/Reserves, Surplus Fund Balance (FY 20/21)**

Scenario	Reserve (Base Year)	Incremental Fund Balance in Base Year	Incremental Fund Balance with Reserves in Base Year	Ending Fund Balance with Reserves (Base Year) <sup>22</sup>	Surplus Fund Balance (Base Year)
A. Status Quo with Growth	\$9,200,191	<b>\$1,936,307</b>	<b>\$11,136,498</b>	\$26,900,000	<b>\$15,763,501</b>
B. Status Quo	9,200,191	2,238,143	11,438,334	26,900,000	15,461,666
C. Economic Cycle	9,200,191	3,425,504	12,625,695	26,900,000	14,274,304
D. Organics	9,200,191	4,457,495	13,657,686	26,900,000	13,242,314
E. Organics and Recyclables	9,200,191	4,457,495	13,657,686	26,900,000	13,242,314
F. Recession	9,200,191	4,581,258	13,781,449	26,900,000	13,118,550
G. Recycling Plan	\$9,200,191	<b>\$6,627,017</b>	<b>\$15,827,208</b>	\$26,900,000	<b>\$11,072,792</b>
<b>Average</b>		<b>\$3,960,460</b>	<b>\$13,160,651</b>		<b>\$13,739,349</b>

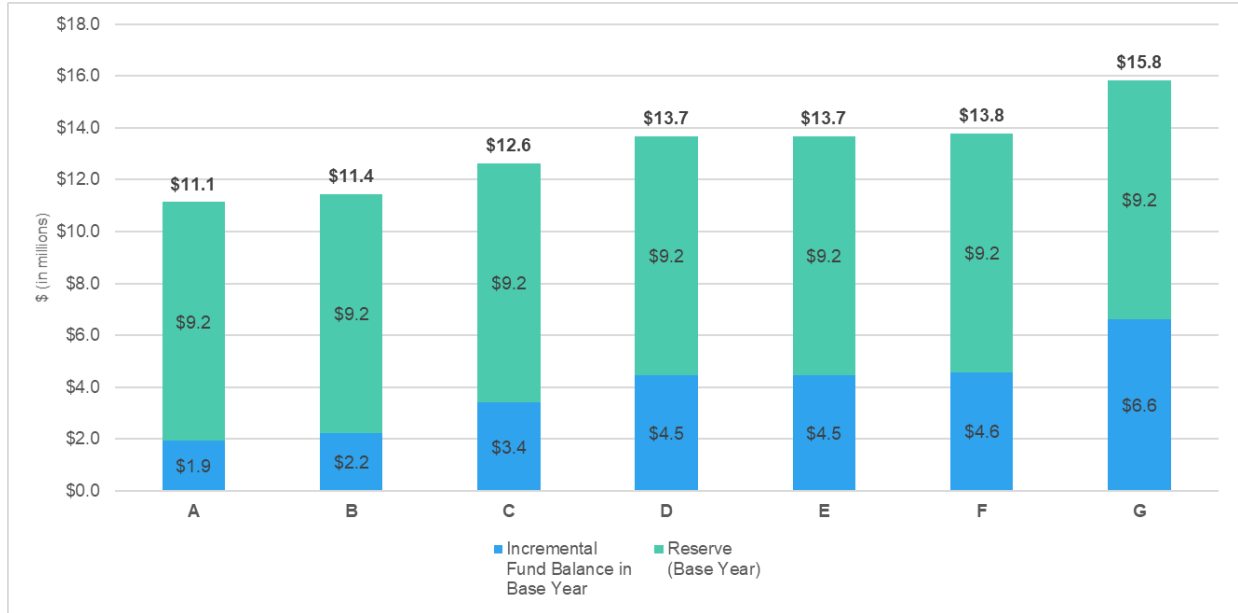
**Exhibit 6**  
**Months in Incremental Fund Balance/Reserves, Surplus Fund Balance (FY 20/21)**

Scenario	Months in Reserve (Base Year)	Months in Incremental Fund Balance in Base Year	Months in Incremental Fund Balance with Reserves in Base Year	Months in Ending Fund Balance with Reserves (Base Year)	Months in Surplus Fund Balance (Base Year)
A. Status Quo with Growth	9.3	<b>2.0</b>	<b>11.2</b>	27.2	<b>15.9</b>
B. Status Quo	9.3	2.3	11.5	27.2	15.6
C. Economic Cycle	9.3	3.5	12.7	27.2	14.4
D. Organics	9.3	4.5	13.8	27.2	13.4
E. Organics and Recyclables	9.3	4.5	13.8	27.2	13.4
F. Recession	9.3	4.6	13.9	27.2	13.2
G. Recycling Plan	9.3	<b>6.7</b>	<b>16.0</b>	27.2	<b>11.2</b>
<b>Average</b>		<b>4.0</b>	<b>13.3</b>		<b>13.9</b>

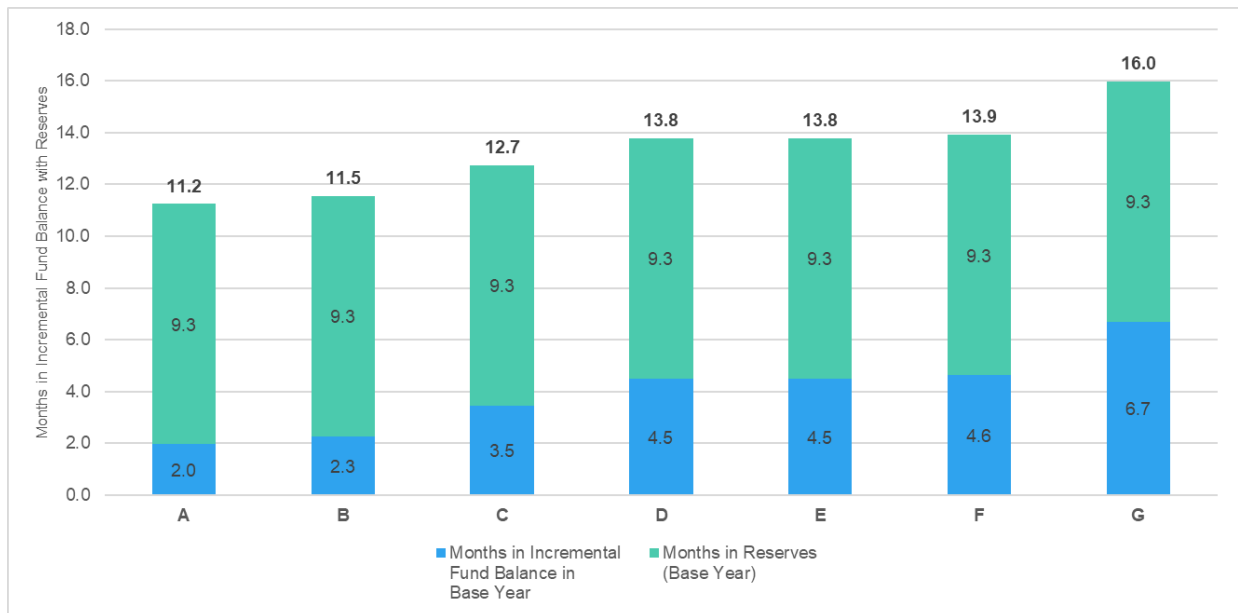
Note: Based on projected monthly expenditures of \$990,610 in FY 21/22

<sup>22</sup> Ending fund balance represents Unrestricted Reserves and Net Position Available Fund Balance (Core) per Agency accounting records.

**Exhibit 7**  
**Incremental Fund Balance with Reserves (FY 20/21)**



**Exhibit 8**  
**Incremental Fund Balance with Reserves in Months (FY 20/21)**



**Exhibit 9**  
**Calculated Surplus Fund Balances with Hypothetical Expenditure Increases (FY 20/21)**

Scenario	Projected Surplus Fund Balance (FY 20/21)	
	Original Projection	+\$1.5 million in FY 22/23 +\$1.5 million in FY 23/24
A. Status Quo with Growth	\$15.8 million	<b>\$12.8 million</b>
B. Status Quo	15.5 million	\$12.5 million
C. Economic Cycle	14.3 million	\$11.3 million
D. Organics	13.2 million	\$10.2 million
E. Organics and Recyclables	13.2 million	\$10.2 million
F. Recession	13.1 million	\$10.1 million
G. Recycling Plan	\$11.1 million	<b>\$8.1 million</b>

**Exhibit 10**  
**Projected Fund Balances with Hypothetical Expenditure Increases (FY 23/24)**

Scenario	Projected Ending Balance (FY 23/24)	
	Original Projection	+\$1.5 million in FY 22/23 +\$1.5 million in FY 23/24
A. Status Quo with Growth	\$25.0 million	<b>\$22.0 million</b>
B. Status Quo	24.7 million	21.7 million
C. Economic Cycle	23.5 million	20.5 million
D. Organics	22.4 million	19.4 million
E. Organics and Recyclables	22.4 million	19.4 million
F. Recession	22.3 million	19.3 million
G. Recycling Plan	\$20.3 million	<b>\$17.3 million</b>

## C. Scenario Projections

As part of determining a range of incremental fund balance/reserve levels, long-range projections were performed across the seven scenarios. Specifically, 9-year projections were performed from FY 20/21, as the base year, through FY 29/30. **Exhibit 11** provides the ending fund balances as of Year 3 (FY 23/24), Year 6 (FY 26/27) and Year 9 (FY 29/30). **Exhibit 12** provides the projected fund balance with reserves, by year, through FY 29/30, while **Exhibit 13** provides the months in fund balance with reserves. **Exhibit 14** provides a comparison of three-year changes in tonnage (FY 20/21 to FY 23/24), while **Exhibit 15** provides a comparison of nine-year changes in tonnage (FY 20/21 to FY 29/30). **Appendix A** provides projected fund conditions, projected revenues, and various charts for individual scenarios. Below are several key highlights:

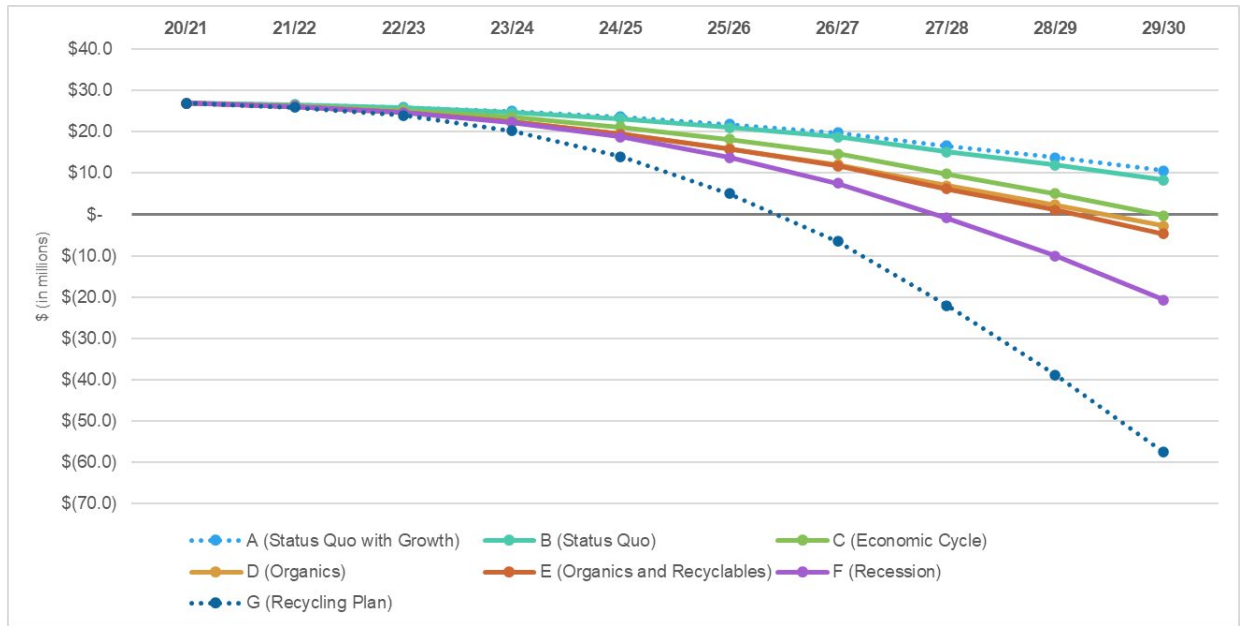
- Fund balance with reserve levels decline every year under all scenarios, even under the best-case Scenario A (Status Quo with Growth). Annual declines (in percentage change) accelerate over the years as the gap between decreasing revenues and increasing expenditures accumulates each year
- Scenarios A and B maintain a positive fund balance with reserves through FY 29/30 while Scenario F (Recession) goes negative by the end of FY 27/28, Scenario G (Recycling Plan) goes negative by the end of FY 26/27, and Scenarios C to E go negative by the end of FY 29/30. Of the scenarios projected to maintain a positive balance, they averaged an ending balance of \$9.5 million and an average total decline of -65% by the end of FY 29/30
- Besides Scenario G (Recycling Plan), the goal-based scenarios, Scenario D (Organics) and Scenario E (Organics and Recyclables) are projected to have a -\$2.8 million (a decline of -110%) and -\$4.7 million (a decline of -118%) ending fund balance with reserves by the end of FY 29/30, respectively
- As expected, Scenario A (Status Quo with Growth) is projected to have the highest ending balance with reserves with \$10.6 million while Scenario G (Recycling Plan) is projected to have the lowest ending balance with reserves at -\$57.5 million by the end of FY 29/30
- The differences among fund balances with reserves between scenarios widens each year. While there was a \$5 million difference in fund balance with reserves between Scenarios A and G by the end of FY 23/24, the difference grows to \$68 million by the end of FY 29/30.

These scenarios together provide a sense of the lower (worst-case) and upper (best-case) bounds of what fund balances could look like in several years should fees remain unchanged and operations stay consistent. The Agency can update these projections over time, for long-term planning purposes.

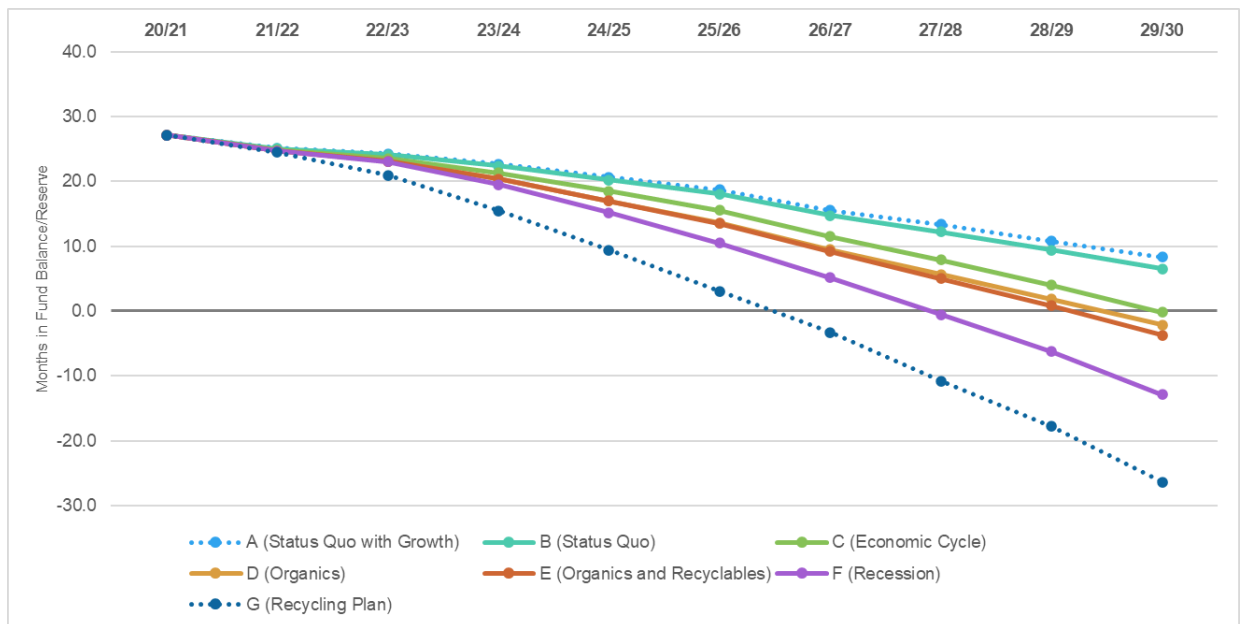
### Exhibit 11 Projected Ending Fund Balance with Reserves – Years 3, 6, and 9

Scenario	Base Year 2020/21	Year 3 2023/24	Year 6 2026/27	Year 9 2029/30
A. Status Quo with Growth	\$26.9 million	\$25.0 million	\$19.8 million	\$10.6 million
B. Status Quo	\$26.9 million	\$24.7 million	\$18.7 million	\$8.3 million
C. Economic Cycle	\$26.9 million	\$23.5 million	\$14.7 million	-\$0.2 million
D. Organics	\$26.9 million	\$22.4 million	\$12.1 million	-\$2.8 million
E. Organics and Recyclables	\$26.9 million	\$22.4 million	\$11.7 million	-\$4.7 million
F. Recession	\$26.9 million	\$22.3 million	\$7.6 million	-\$20.6 million
G. Recycling Plan	\$26.9 million	\$20.3 million	-\$6.6 million	-\$57.5 million

**Exhibit 12**  
**Projected Fund Balance with Reserves (FY 20/21 through FY 29/30)**

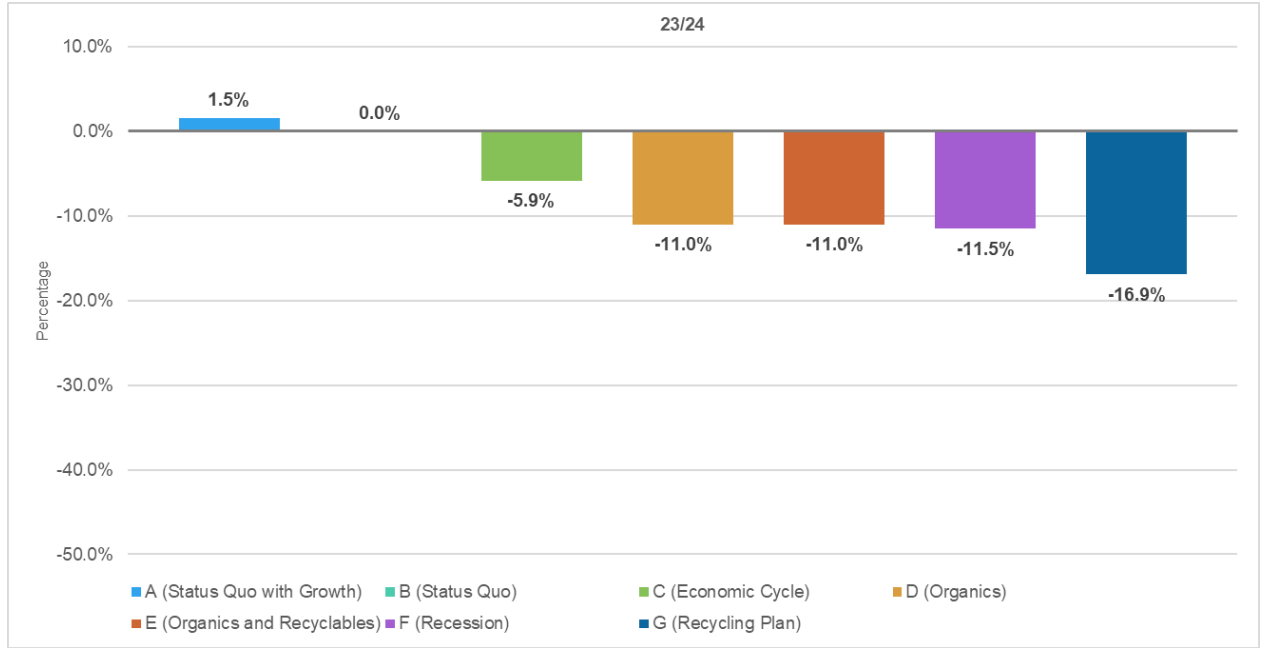


**Exhibit 13**  
**Projected Months in Fund Balance/Reserves (FY 20/21 through FY 29/30)**

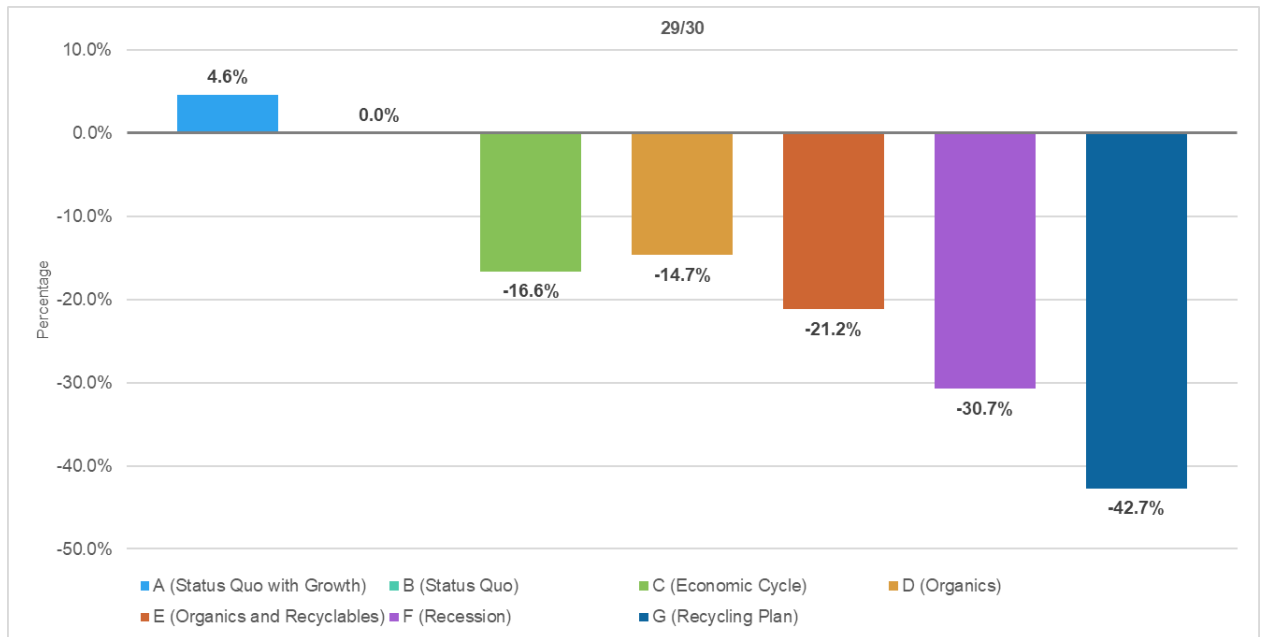




**Exhibit 14**  
**Projected 3-Year Change in Tonnage (by FY 23/24)**



**Exhibit 15**  
**Projected 9-Year Change in Tonnage (by FY 29/30)**



## 2. Benchmarking Results

The Agency directed us to conduct benchmarking of neighboring waste management authorities to assess the comparability of fund balance/reserve (fund balance) levels. We obtained the following data points: (1) months in fund balance with reserves, (2) revenue source and generation, and (3) implementation timeline of fee or rate increases. To determine an appropriate fund balance level, it is important to consider how revenue is generated and how quickly a fee or rate increase can be implemented to maintain or rebuild an appropriate fund balance/reserve level. Revenue is generally more stable and predictable when revenue is generated through rates on solid waste accounts. In contrast, revenues are more unpredictable, less controllable, and potentially less stable when revenues are generated through landfill tipping fees. The Agency determined that we should conduct this industry benchmarking on the following six (6) neighboring Bay Area waste management authorities:

1. Central Contra Costa Solid Waste Authority – Contra Costa County (central), RecycleSmart
2. South Bayside Waste Management Authority – San Mateo County, ReThinkWaste
3. Marin County Hazardous and Solid Waste Authority – Marin County, Zero Waste Marin
4. Sonoma County Waste Management Agency – Sonoma County, Zero Waste Sonoma
5. West Valley Solid Waste Management Authority – Santa Clara County (parts of)
6. West Contra Costa Waste Authority – Contra Costa County (west), RecycleMore.

**Exhibit 16** provides the related county, populations, jurisdictions/member agencies of each authority. The selected authorities for this comparison are located within 60 miles of Alameda County, with the exception of a couple jurisdictions in Sonoma County that are up to 90 miles away. Alameda County covers, by far, the largest population of all comparable authorities with a population of 1.66 million compared to 490,000 for Sonoma County and down to 100,000 for West Valley (parts of Santa Clara County). Alameda County also has the most jurisdictions with 17 compared to 11 for South Bayside (San Mateo County) and Marin County, down to 4 for West Valley.

**Exhibit 17** provides a summary of the six (6) comparative waste management authorities used for the benchmarking analysis, including the primary revenue source (tipping fees or rates), a description of the revenue source, and the implementation timeline to increase rates/fees when an increase is warranted. While it takes Alameda County up to two to three years to implement a tipping fee increase, all neighboring authorities can increase fees or rates as often as annually. Below provides a summary of two primary revenue generation categories, collection of tipping fees through a landfill/transfer station or rates through a hauler:

- Four of the six neighboring authorities generate revenue through rates from residential and commercial solid waste accounts collected by franchised haulers. Rates are subject to periodic reviews and increases to rates can occur as often as annually, if warranted, typically as part of the annual budgeting process. Although subject to public comments, rate adjustments are largely at the board's discretion, which are based on cost of living increases and/or on results of rate reviews
- Two of the six neighboring authorities generate revenue through collecting tipping fees at landfills or a transfer station owned by the authority or county. Of these two authorities, South Bayside owns a transfer station that services their entire county (San Mateo County) and is able to increase fees on an annual basis through broad approval. Similarly, Sonoma County owns the county's landfill (as well as multiple transfer stations) and can also increase fees on an annual basis through board approval. Due to cost of living increases and/or results of fee analyses, South Bayside implements fee increases through an agreement with the transfer station operator and Sonoma County implements fee increases through an agreement with the landfill operator.

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**Exhibit 18** provides the fiscal year 2021/22 budgets, which are the latest available, that includes the months in fund balance/reserves. The comparable authorities average six months in fund balance/reserves based on fiscal year 2021/22 projected ending fund balance and expenditures. All other authorities are carrying a lower fund balance/reserves than Alameda County. The authorities ranged as high as 12 months to as low as one month in fund balance/reserves.

Alameda County is completely unique in the way that fee increases must undergo a process requiring a vote from the public, which can take up to two to three years from initiation to implementation and may not actually pass. Among all comparable authorities, Alameda County is the only authority relying on tonnage revenue they do not have direct control over. Additionally, Alameda County is subject to declining revenues as landfill tonnage are expected to decline over time due to evolving and advancing programmatic efforts. The longer it takes to implement a fee increase, generally the larger the fund balance/reserve is necessary. The more revenues are expected to decline, the larger the fund balance/reserve is necessary should costs stay constant. The longer it takes to implement a fee increase, the more that risk related to fluctuations (declines) in tonnage should be factored into determining a fund balance/reserve level. In the end, the Agency believes that these factors provide support for a higher fund balance/reserve level for Alameda County compared to neighboring waste management authorities.

**Exhibit 16  
Benchmarking – Comparable Authorities  
County, Populations, and Jurisdictions**

Organization	Abbreviated Name	Related County	Population Served (in millions)	Jurisdictions / Member Agencies		
1. Alameda County Waste Management Authority, the Alameda County Source Reduction and Recycling Board, and the Energy Council	StopWaste	Alameda	1.66m	1. Alameda (City) 2. Albany 3. Berkeley 4. Dublin 5. Emeryville 6. Fremont	7. Livermore 8. Hayward 9. Newark 10. Oakland 11. Piedmont 12. Pleasanton	13. San Leandro 14. Union City 15. Oro Loma Sanitary District 16. Castro Valley Sanitary District 17. Unincorporated County
2. Central Contra Costa Waste Authority	RecycleSmart	Contra Costa	0.23m	1. Danville 2. Lafayette	3. Moraga 4. Orinda	5. Walnut Creek 6. Unincorporated County
3. South Bayside Waste Management Authority	ReThinkWaste	San Mateo	0.42m	1. Atherton 2. Belmont 3. Burlingame 4. East Palo Alto	5. Foster City 6. Hillsborough 7. Menlo Park 8. Redwood City	9. San Carlos 10. San Mateo (City) 11. West Bay Sanitary District
4. Marin County Hazardous and Solid Waste	Zero Waste Marin	Marin	0.25m	1. Belvedere 2. Corte Madera 3. Fairfax 4. Larkspur	5. Mill Valley 6. Novato 7. San Anselmo 8. Ran Rafael	9. Ross 10. Sausalito 11. Tiburon
5. Sonoma County Waste Management Agency	Zero Waste Sonoma	Sonoma	0.49m	1. Cloverdale 2. Cotati 3. Healdsburg	4. Petaluma 5. Rohnert Park 6. Santa Rosa	7. Sebastopol 8. Sonoma 9. Windsor
6. West Valley Solid Waste Management Authority	NA	Santa Clara	0.10m	1. Campbell 2. Los Gatos	3. Monte Sereno 4. Saratoga	
7. West Contra Costa Waste Authority	RecycleMore	Contra Costa	0.25m	1. El Cerrito 2. Hercules	3. Pinole 4. Richmond	5. San Pablo 6. Unincorporated County

**Exhibit 17**  
**Benchmarking – Comparable Authorities**  
**Primary Revenue Sources and Fee Increase Timeline**

Organization	Primary Revenue Source		Description of Primary Revenue Source	Typical Fee Increase Implementation Timeline (if needed)
	Tipping Fees via Landfill/TS	Rates via Hauler		
1. Alameda County Waste Management Authority, the Alameda County Source Reduction and Recycling Board, and the Energy Council	●		Tipping fees generated at Alameda County landfills	2 to 3 years <sup>23</sup>
2. Central Contra Costa Waste Authority		●	Rates generated from residential and commercial solid waste accounts collected by franchised haulers	Annually
3. South Bayside Waste Management Authority	●		Tipping fees generated from a South Bayside-owned transfer station that services the entire JPA region	Annually
4. Marin County Hazardous and Solid Waste		●	Rates generated from residential and commercial solid waste accounts collected by franchised haulers	Annually
5. Sonoma County Waste Management Agency	●		Tipping fees generated at Sonoma County-owned landfills and transfer stations.	Annually
6. West Valley Solid Waste Management Authority		●	Rates generated from residential and commercial solid waste accounts collected by franchised haulers	Annually
7. West Contra Costa Waste Authority		●	Rates generated from residential and commercial solid waste accounts collected by franchised haulers	Annually

<sup>23</sup> Implementation depends on a majority vote from the public, and without enough votes, the process can be delayed beyond three years.

**Exhibit 18  
Benchmarking – Comparable Authorities FY 2022 Budgets**

Organization	Budget Fiscal Year End	Starting Balance with Reserves	Projected Revenues	Budgeted Expenditures	Adjustments, Transfers	Projected Fund Balance with Reserves	Months in Fund Balance/Reserves
1. Alameda County Waste Management Authority, the Alameda County Source Reduction and Recycling Board, and the Energy Council <sup>24</sup> (Core)	Jun 2022	\$26,866,275	\$10,818,537	\$10,802,314	\$(1,295,000)	\$25,587,498	28.4
2. Central Contra Costa Waste Authority	Jun 2022	3,099,415	5,710,530	5,349,996	0	3,459,949	7.8
3. South Bayside Waste Management Authority	Dec 2022	16,278,354	54,628,800	53,606,505	0	17,300,649	3.9
4. Marin County Hazardous and Solid Waste	Jun 2022	692,951	4,653,992	4,860,857	0	486,086	1.2
5. Sonoma County Waste Management Agency	Jun 2022	7,936,099	10,499,100	10,917,029	0	7,518,170	8.3
6. West Valley Solid Waste Management Authority	Jun 2022	237,341	888,084	925,425	0	200,000	2.6
7. West Contra Costa Waste Authority	Jun 2022	3,160,919	1,266,477	2,190,217	0	2,237,179	12.3
<b>Average</b>							<b>9.2</b>
<b>Average w/o Alameda County</b>							<b>6.0</b>

<sup>24</sup> The Energy Council is not core-funded.

### 3. Disclosure

As part of performing this forecast and fund balance/reserve analysis work for StopWaste, Crowe assumed the following:

- StopWaste agreed to be responsible to make all management decisions and perform all management functions; designate an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management to oversee our services; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services.
- Our analyses and work product are intended for the benefit and use of StopWaste. This engagement was not be planned or conducted in contemplation of reliance by any other party and is not intended to benefit or influence any other party. Therefore, items of possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party.
- StopWaste reviewed and approved the Excel forecasting model resulting from this work; and StopWaste (not Crowe) determined whether the model contains all factors that StopWaste deemed relevant and met StopWaste's needs.
- The information was developed based on historical client data only.
- Crowe may have relied on the information provided to the firm in connection with the project as accurate and complete without independently verifying the information provided.
- Other factors may influence the actual results of the Fiscal Forecasts and Fund Balance/Reserve Analysis. Crowe cannot control for these factors and Crowe relied on StopWaste provided data and information to identify these factors.

As a CPA firm the following statement is required: Crowe LLP is licensed by the California Board of Accountancy. Note also that Crowe and certain of its owners are licensed by the California State Board of Accountancy, but we are required by law to inform you that Crowe has owners not licensed by the California State Board of Accountancy who may provide services in connection with this engagement. If you have any questions regarding the personnel who will provide the services, please do not hesitate to contact Lisa Voeller.

The services were provided under AICPA Consulting Services only. These services and deliverables did not constitute an audit, review, compilation, agreed-upon procedures or an examination in accordance with standards established by the American Institute of Certified Public Accountants, accordingly Crowe in unable to express an opinion, conclusion, nor provide any assurance on the Deliverables provided for this project. StopWaste agreed that Crowe would not express an opinion, conclusion nor provide any assurance on the Deliverables. Crowe had no obligation to perform any services beyond those listed in the Scope of Work. If Crowe performed additional services beyond those listed, other matters might come to Crowe's attention that would be reported to the Agency. Crowe makes no representations as to the adequacy of the services or any Deliverables for Agency's purposes. It was understood that Crowe prepared the deliverables listed in the Scope of Work (the "Deliverables") reflecting findings of the services outlined in the Scope of Work for use by Agency.

## Appendix A: Individual Scenario Incremental Fund Balance Calculations

This appendix provides supplemental information for each scenario. The following series of exhibits provide snapshots of the Fund Balance Calculator outputs, and graphical comparisons of the calculated incremental fund balance with reserves and projected fund balances with reserves:

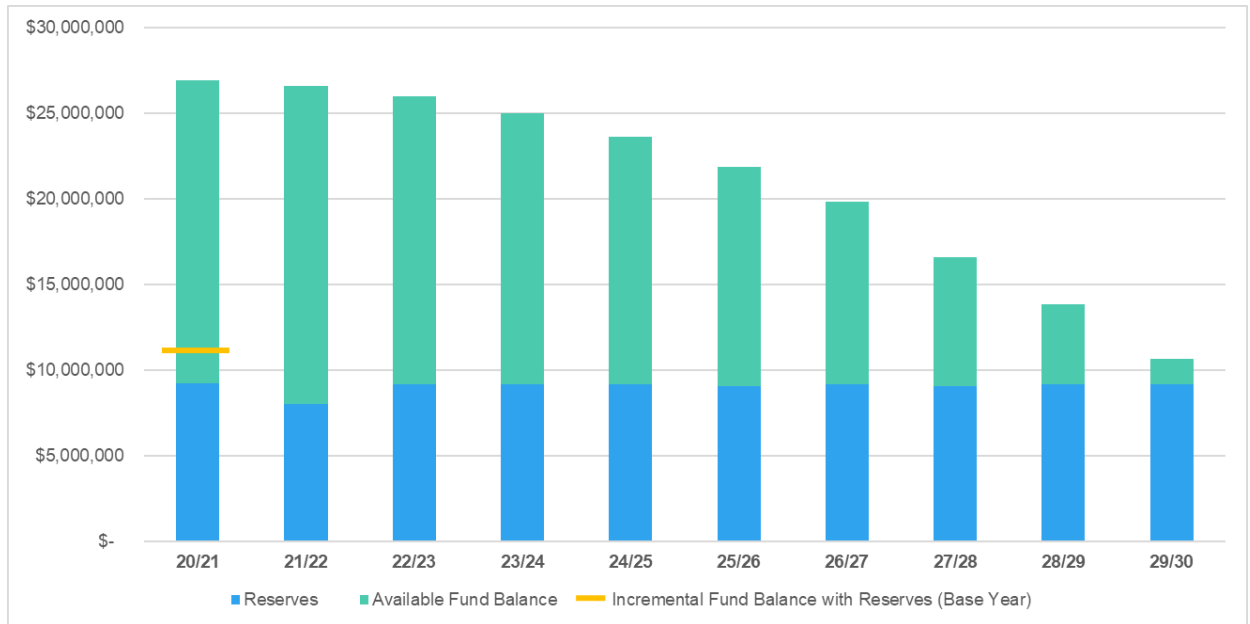
- **Exhibits A-1 and A-2** – Scenario A (Status Quo with Growth)
- **Exhibits A-3 and A-4** – Scenario B (Status Quo)
- **Exhibits A-5 and A-6** – Scenario C (Economic Cycle)
- **Exhibits A-7 and A-8** – Scenario D (Organics)
- **Exhibits A-9 and A-10** – Scenario E (Organics and Recyclables)
- **Exhibits A-11 and A-12** – Scenario F (Recession)
- **Exhibits A-13 and A-14** – Scenario G (Recycling Plan).



**Exhibit A-1**  
**Calculated Incremental Fund Balance, Incremental Fund Balance with Reserves**  
**Scenario A (Status Quo with Growth)**

Fiscal Year	Starting Balance	Tonnage	Change vs Base	Revenue	Expenditures	Change vs Base	Exp/Mo	Annual Activity	Ending Balance
Base 2020/21	\$ 599,834	1,199,933		\$ 11,336,474	\$ 10,000,000		\$ 833,333	\$ 1,336,474	\$ 1,936,307
Year 1 2021/22	1,936,307	1,205,932	0.5%	11,546,162	11,887,314	18.9%	990,610	(341,152)	1,595,156
Year 2 2022/23	1,595,156	1,211,962	1.0%	12,094,127	12,700,000	27.0%	1,058,333	(605,873)	989,282
Year 3 2023/24	989,282	1,218,022	1.5%	11,850,718	12,840,000	28.4%	1,070,000	(989,282)	-
3-Year Expenditure Increase		28.4%		<b>Inc Fund Balance \$1,936,307</b>			<b>Fund Balance with Reserves = \$11,136,498</b>		
Three-Year Tonnage Change (%)		1.5%		<b>Months = 2.0</b>			<b>Months = 11.2</b>		
Three-Year Tonnage Change (tons)		(18,089)							

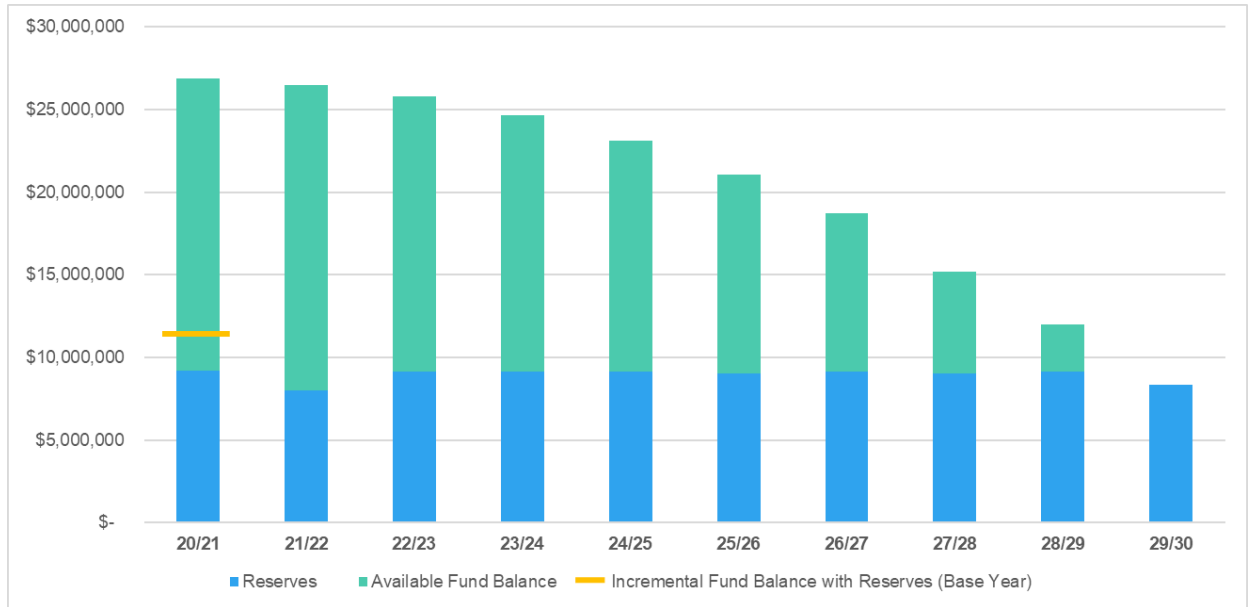
**Exhibit A-2**  
**Projected Fund Balance/Reserves with Incremental Fund Balance with Reserves**  
**Scenario A (Status Quo with Growth)**



**Exhibit A-3**  
**Calculated Incremental Fund Balance, Incremental Fund Balance with Reserves**  
**Scenario B (Status Quo)**

Fiscal Year	Starting Balance	Tonnage	Change vs Base	Revenue	Expenditures	Change vs Base	Exp/Mo	Annual Activity	Ending Balance
Base 2020/21	\$ 901,669	1,199,933		\$ 11,336,474	\$ 10,000,000		\$ 833,333	\$ 1,336,474	\$ 2,238,143
Year 1 2021/22	2,238,143	1,199,933	0.0%	11,496,024	11,887,314	18.9%	990,610	(391,290)	1,846,852
Year 2 2022/23	1,846,852	1,199,933	0.0%	11,993,599	12,700,000	27.0%	1,058,333	(706,401)	1,140,451
Year 3 2023/24	1,140,451	1,199,933	0.0%	11,699,549	12,840,000	28.4%	1,070,000	(1,140,451)	-
3-Year Expenditure Increase		28.4%		<b>Inc Fund Balance \$2,238,143</b>			<b>Fund Balance with Reserves = \$11,438,334</b>		
Three-Year Tonnage Change (%)		0.0%		<b>Months = 2.3</b>			<b>Months = 11.5</b>		
Three-Year Tonnage Change (tons)		-							

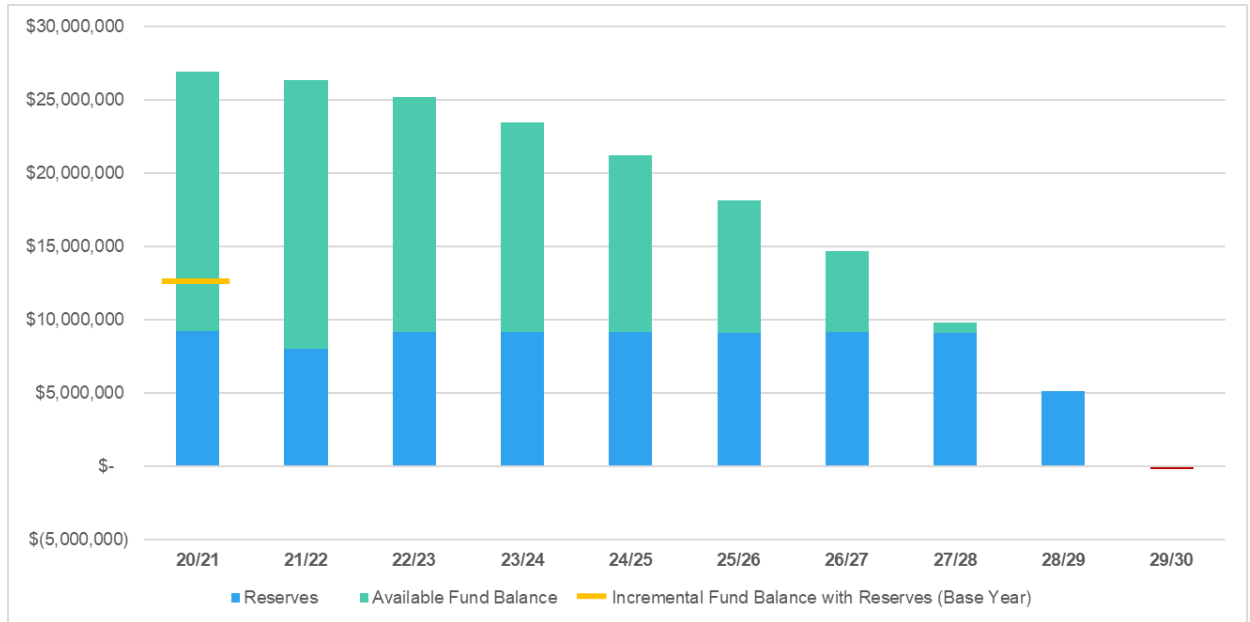
**Exhibit A-4**  
**Projected Fund Balance/Reserves with Incremental Fund Balance with Reserves**  
**Scenario B (Status Quo)**



**Exhibit A-5**  
**Calculated Incremental Fund Balance, Incremental Fund Balance with Reserves**  
**Scenario C (Economic Cycle)**

Fiscal Year	Starting Balance	Tonnage	Change vs Base	Revenue	Expenditures	Change vs Base	Exp/Mo	Annual Activity	Ending Balance
Base 2020/21	\$ 2,089,031	1,199,933		\$ 11,336,474	\$ 10,000,000		\$ 833,333	\$ 1,336,474	\$ 3,425,504
Year 1 2021/22	3,425,504	1,175,934	-2.0%	11,295,470	11,887,314	18.9%	990,610	(591,845)	2,833,660
Year 2 2022/23	2,833,660	1,152,415	-4.0%	11,596,501	12,700,000	27.0%	1,058,333	(1,103,499)	1,730,161
Year 3 2023/24	1,730,161	1,129,367	-5.9%	11,109,839	12,840,000	28.4%	1,070,000	(1,730,161)	-
3-Year Expenditure Increase		28.4%		<b>Inc Fund Balance \$3,425,504</b>			<b>Fund Balance with Reserves = \$12,625,695</b>		
Three-Year Tonnage Change (%)		-5.9%		<b>Months = 3.5</b>			<b>Months = 12.7</b>		
Three-Year Tonnage Change (tons)		70,566							

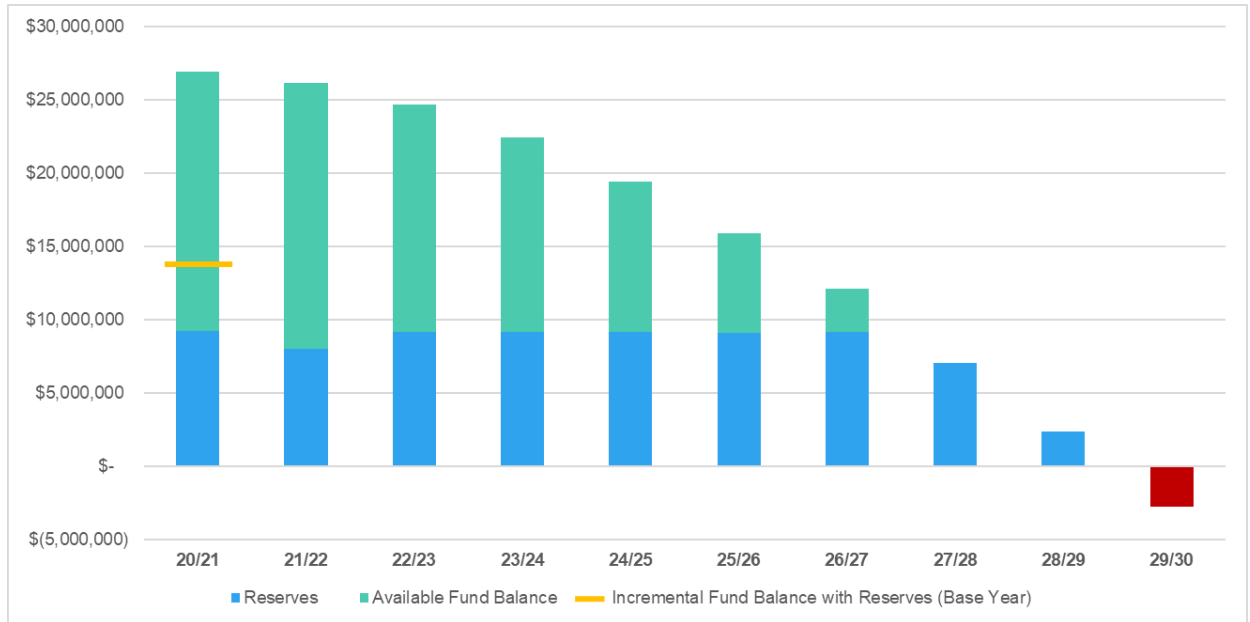
**Exhibit A-6**  
**Projected Fund Balance/Reserves with Incremental Fund Balance with Reserves**  
**Scenario C (Economic Cycle)**



**Exhibit A-7**  
**Calculated Incremental Fund Balance, Incremental Fund Balance with Reserves**  
**Scenario D (Organics)**

Fiscal Year	Starting Balance	Tonnage	Change vs Base	Revenue	Expenditures	Change vs Base	Exp/Mo	Annual Activity	Ending Balance
Base 2020/21	\$ 3,121,021	1,199,933		\$ 11,336,474	\$ 10,000,000		\$ 833,333	\$ 1,336,474	\$ 4,457,495
Year 1 2021/22	4,457,495	1,155,924	-3.7%	11,126,132	11,887,314	18.9%	990,610	(761,182)	3,696,313
Year 2 2022/23	3,696,313	1,111,915	-7.3%	11,253,815	12,700,000	27.0%	1,058,333	(1,446,185)	2,250,127
Year 3 2023/24	2,250,127	1,067,906	-11.0%	10,589,873	12,840,000	28.4%	1,070,000	(2,250,127)	-
3-Year Expenditure Increase		28.4%		<b>Inc Fund Balance \$4,457,495</b>			<b>Fund Balance with Reserves = \$13,657,686</b>		
Three-Year Tonnage Change (%)		-11.0%		<b>Months = 4.5</b>			<b>Months = 13.8</b>		
Three-Year Tonnage Change (tons)		132,027							

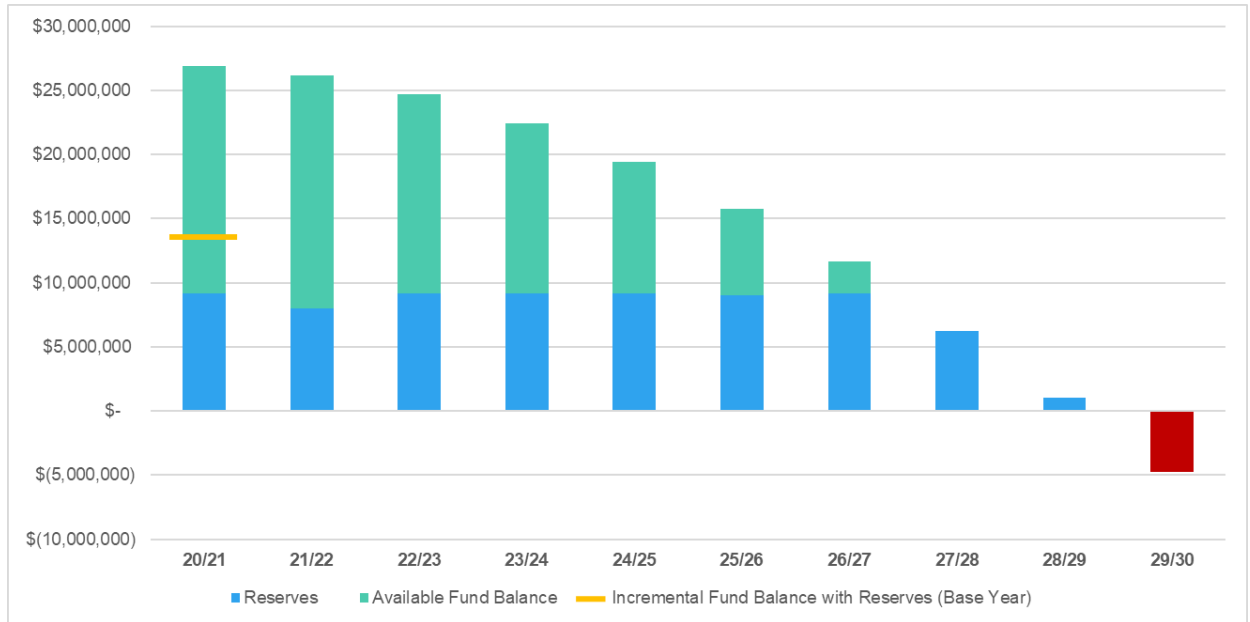
**Exhibit A-8**  
**Projected Fund Balance/Reserves with Incremental Fund Balance with Reserves**  
**Scenario D (Organics)**



**Exhibit A-9  
Calculated Incremental Fund Balance, Incremental Fund Balance with Reserves  
Scenario E (Organics and Recyclables)**

Fiscal Year	Starting Balance	Tonnage	Change vs Base	Revenue	Expenditures	Change vs Base	Exp/Mo	Annual Activity	Ending Balance
Base 2020/21	\$ 3,121,021	1,199,933		\$ 11,336,474	\$ 10,000,000		\$ 833,333	\$ 1,336,474	\$ 4,457,495
Year 1 2021/22	4,457,495	1,155,924	-3.7%	11,126,132	11,887,314	18.9%	990,610	(761,182)	3,696,313
Year 2 2022/23	3,696,313	1,111,915	-7.3%	11,253,815	12,700,000	27.0%	1,058,333	(1,446,185)	2,250,127
Year 3 2023/24	2,250,127	1,067,906	-11.0%	10,589,873	12,840,000	28.4%	1,070,000	(2,250,127)	-
3-Year Expenditure Increase		28.4%		<b>Inc Fund Balance \$4,457,495</b>			<b>Fund Balance with Reserves = \$13,657,686</b>		
Three-Year Tonnage Change (%)		-11.0%		<b>Months = 4.5</b>			<b>Months = 13.8</b>		
Three-Year Tonnage Change (tons)		132,027							

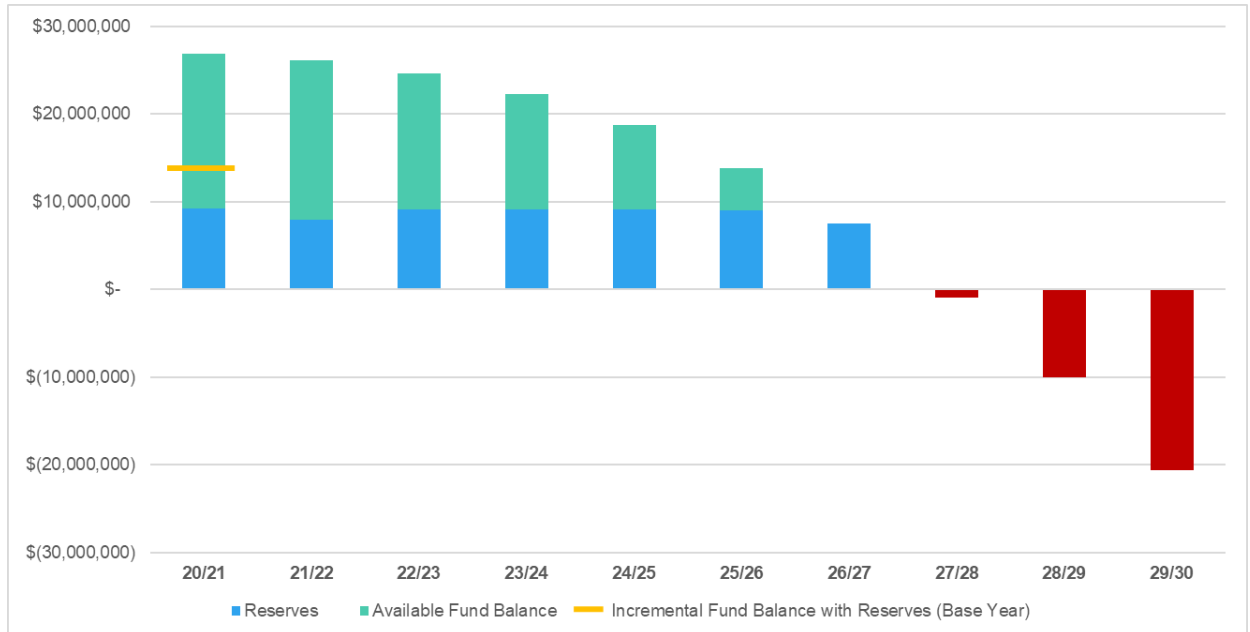
**Exhibit A-10  
Projected Fund Balance/Reserves with Incremental Fund Balance with Reserves  
Scenario E (Organics and Recyclables)**



**Exhibit A-11**  
**Calculated Incremental Fund Balance, Incremental Fund Balance with Reserves**  
**Scenario F (Recession)**

Fiscal Year	Starting Balance	Tonnage	Change vs Base	Revenue	Expenditures	Change vs Base	Exp/Mo	Annual Activity	Ending Balance
Base 2020/21	\$ 3,244,785	1,199,933		\$ 11,336,474	\$ 10,000,000		\$ 833,333	\$ 1,336,474	\$ 4,581,258
Year 1 2021/22	4,581,258	1,151,935	-4.0%	11,094,915	11,887,314	18.9%	990,610	(792,399)	3,788,860
Year 2 2022/23	3,788,860	1,105,858	-7.8%	11,207,426	12,700,000	27.0%	1,058,333	(1,492,574)	2,296,286
Year 3 2023/24	2,296,286	1,061,624	-11.5%	10,543,714	12,840,000	28.4%	1,070,000	(2,296,286)	-
3-Year Expenditure Increase		28.4%		<b>Inc Fund Balance \$4,581,258</b>			<b>Fund Balance with Reserves = \$13,781,449</b>		
Three-Year Tonnage Change (%)		-11.5%		<b>Months = 4.6</b>			<b>Months = 13.9</b>		
Three-Year Tonnage Change (tons)		138,309							

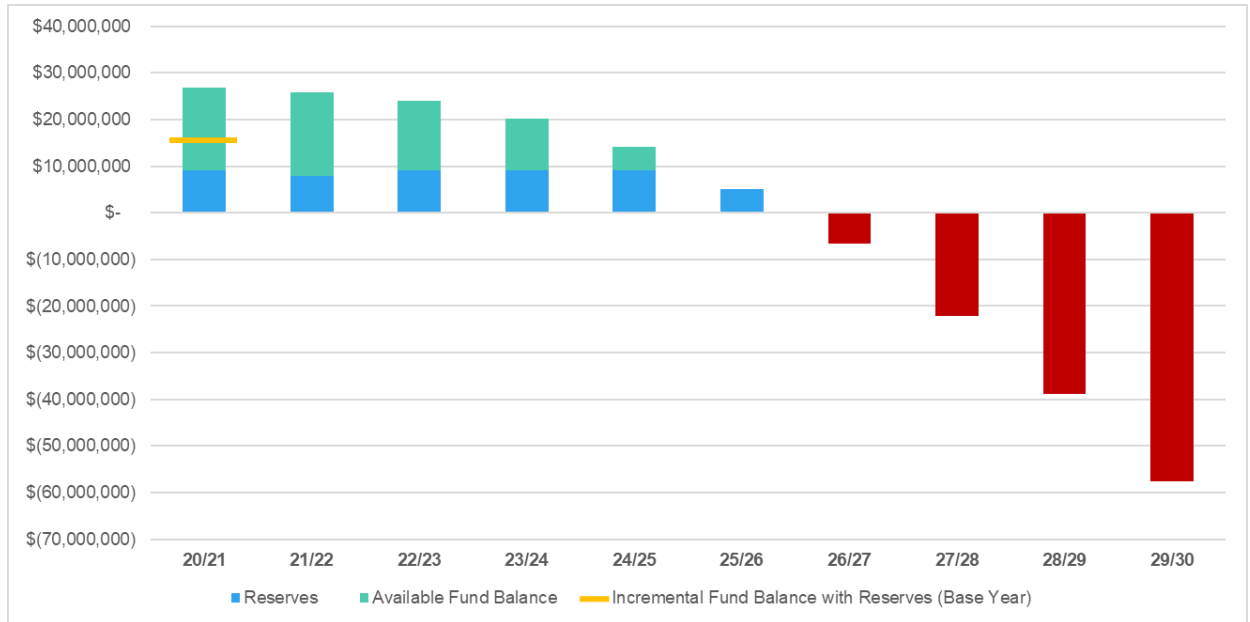
**Exhibit A-12**  
**Projected Fund Balance/Reserves with Incremental Fund Balance with Reserves**  
**Scenario F (Recession)**



**Exhibit A-13**  
**Calculated Incremental Fund Balance, Incremental Fund Balance with Reserves**  
**Scenario G (Recycling Plan)**

Fiscal Year	Starting Balance	Tonnage	Change vs Base	Revenue	Expenditures	Change vs Base	Exp/Mo	Annual Activity	Ending Balance
Base 2020/21	\$ 5,290,543	1,199,933		\$ 11,336,474	\$ 10,000,000		\$ 833,333	\$ 1,336,474	\$ 6,627,017
Year 1 2021/22	6,627,017	1,127,937	-6.0%	10,894,361	11,887,314	18.9%	990,610	(992,953)	5,634,064
Year 2 2022/23	5,634,064	1,060,260	-11.6%	10,826,373	12,700,000	27.0%	1,058,333	(1,873,627)	3,760,437
Year 3 2023/24	3,760,437	996,645	-16.9%	10,000,694	13,761,130	37.6%	1,146,761	(3,760,437)	-
3-Year Expenditure Increase		37.6%		<b>Inc Fund Balance \$6,627,017</b>			<b>Fund Balance with Reserves = \$15,827,208</b>		
Three-Year Tonnage Change (%)		-16.9%		<b>Months = 6.7</b>			<b>Months = 16.0</b>		
Three-Year Tonnage Change (tons)		203,288							

**Exhibit A-14**  
**Projected Fund Balance/Reserves with Incremental Fund Balance with Reserves**  
**Scenario G (Recycling Plan)**



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**Funding Options Technical Memorandum**

Date: October 14, 2024

To: Pat Cabrera, Administrative Services Director  
Alameda County Waste Management Authority

From: John Bliss, President,  
Melanie Lee, Senior Consultant

Subject: **Evaluation of Potential Funding Options for Long-Term Financial Sustainability**

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**Executive Summary**

The Alameda County Waste Management Authority (“The Agency”) is exploring revenue generation strategies to counter significant declining operational discretionary<sup>1</sup> revenues. The quantity of waste into local landfills is declining, and accordingly, the Agency’s associated fees collected per ton of waste into landfills - its’ primary funding source - is also declining. Projections forecast a \$3 million to \$5 million annual operational deficit by 2030, when its current fund balance would be exhausted unless actions are taken to diversify Agency revenues. *(To generate \$3 million to \$5 million through a special tax, the annual cost would range from \$3.20 to \$8.00 per unit for single-family homes and smaller multi-family buildings (1 to 4 units), \$2.40 to \$6.00 per unit for larger apartment complexes (5 or more units), and \$9.60 to \$24.00 per commercial property in Alameda County.)*

This report reviews California’s limited, and somewhat onerous to implement, revenue mechanisms available to local public agencies in the context of the Agency’s financial goals for achieving long-term financial sustainability. These mechanisms have been evaluated and ranked based upon factors such as cost and time required to implement, revenue potential, political and legal limitations and administrative burden.

In order to address its declining revenue and ensure financial sustainability into the future, the Agency should strategically consider and pursue the following five initiatives, in order.

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<sup>1</sup> Operational revenues for this report refer to discretionary (general fund) revenues which come primarily from fees on solid waste disposed in landfills, and fund projects over which the Boards have significant discretion.

1. Conduct a comprehensive evaluation of initiatives 2, 3, 4 and 5, including legal, political and administrative considerations. This process should involve stakeholder engagement, outreach to elected officials, and community outreach, including a community-wide survey. Based on this analysis, a tactical plan should be developed to guide implementation.

This evaluation should begin with a focused evaluation of Regulatory and Service Fees (Initiative #2, below). Concurrently, a rigorous, scientific community survey should be conducted in order to assess the potential political viability of the balloted approaches (Initiatives 4, and 5, below), at specific rates and associated service levels.

2. Maximize the use of Proposition 26-compliant Regulatory and Service Fees, which may have some limitations, but are quick and relatively inexpensive to implement. *(Please note that the Agency is well positioned to implement a regulatory fee which best satisfies the Agency's goals. The Agency's projects and services are based upon clear regulations, and the Agency routinely performs work commonly funded through such fees.)*
3. If additional revenue is required or if the Agency does not pursue option #2 above, implement a Proposition 218-compliant, Non-Balloted Property-Related Fee, utilizing the "refuse collection" exemption from the balloting requirement for eligible Agency services. This approach is similar to the Agency's current household hazardous waste fee, which requires a mailed notification and protest opportunity but does not require a balloting process.
4. If further revenue is needed or if the above options are not pursued, pursue a Proposition 218-compliant Balloted Property-Related Fee, for eligible Agency services. This involves an extensive and costly property owner balloting process, but arguably adds political and legal rigor.
5. Finally, if the tools above do not generate sufficient revenue or are not pursued, pursue a Proposition 13 and 218-compliant Special Tax. While this requires an expensive voter balloting process, it is the most flexible mechanism, capable of funding a broader range of activities. (In some jurisdictions such taxes have been proposed by voter initiative.)

Each of these initiatives will require considerable planning, thorough legal review, a well-designed levy structure, and robust community outreach.

## Introduction

The Alameda County Waste Management Authority, operating as StopWaste, is a public agency dedicated to implementing integrated waste management solutions across Alameda County, focusing on waste prevention, recycling, and environmentally responsible disposal.

The Agency's work is integral to meeting state mandates such as Senate Bill 1383 ("SB 1383"), Assembly Bill 341 ("AB 341"), and Assembly Bill 1826 ("AB 1826"), which target significant reductions

in organic waste disposal and mandate proper sorting of disposed waste at residential, commercial and multi-family properties. Moreover, the Agency oversees the preparation of the Alameda County Integrated Waste Management Plan (“CoIWMP”) and the Alameda County Hazardous Waste Management Plan, both of which are pivotal in coordinating waste management across the County’s jurisdictions to optimize resource recovery and preserve landfill capacity.

Due to a structural deficit from declining landfill revenues and rising compliance costs, the Agency has engaged SCI Consulting Group to perform a comprehensive evaluation of local funding mechanisms and to make recommendations for a path forward. This analysis aims to address the Agency’s forecasted budgetary shortfalls by identifying sustainable funding options that will stabilize and augment finances to ensure the operational viability and financial sustainability of its services. This effort is crucial as the Agency strives to effectively meet its waste reduction and recycling mandates amidst evolving legislative landscapes and financial constraints.

**Background and Financial Challenge**

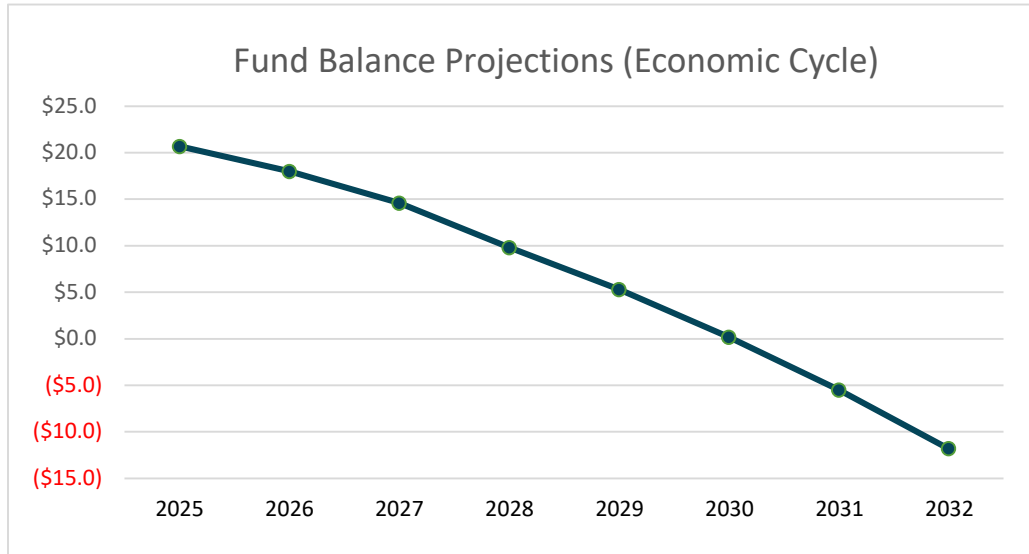
The Agency currently operates an annual operational budget of \$12.6 million, primarily funded by fees paid by waste haulers at the disposal sites, commonly known as ‘tipping fees.’ These fees include the following:

Fee Type	Fee Per Ton
AB 939 Facility Fee	\$4.34
Measure D Fee * 45% of \$8.23 due to pass-through to cities	\$3.70
Mitigation Fee	\$4.53

Although the Agency is likely to continue collecting these tipping fees in the future, this revenue source is declining, largely due to the Agency’s and its member agencies’ success in waste prevention and diversion programs. The Agency’s recent budget report suggests that, without intervention, fund balances could be depleted by FY 2030 or 2031, resulting in a negative fund balance by FY 2031. Without additional revenue, the Agency may be forced to reduce or eliminate some services, potentially compromising its ability to fully implement the state’s mandated waste reduction goals.

Figure 1, on the following page, illustrates the Agency’s long term structural deficit, which is estimated to be \$13 million by year in 2032.

**Figure 1 - Fund Balance Projects through 2032**



The Agency plans to continue collecting tipping fees into the foreseeable future. These fees are estimated to generate approximately \$8 million in 2032. Therefore, this analysis uses a target up to \$5 million per year (\$13 million minus \$8 million) as the funding goal.

### Introduction to New Revenue Mechanisms

The introduction of a new revenue mechanism, or a portfolio of revenue mechanisms, is a tool to diversify the Agency’s revenue sources and therefore increase financial sustainability by reducing reliance on variable and declining waste tonnage revenues. The new revenue mechanisms could be linked to more static property use and size attributes, rather than fluctuating waste streams. This strategic shift necessitates a comprehensive analysis to develop a funding structure that not only supports ongoing compliance with state mandates but also advances the ambitious recycling and waste reduction targets set forth by the State.

The primary revenue mechanisms that the Agency should consider are:

- Regulatory and service fees *(primarily regulated by Prop 26)*
- Property-related fees – balloted or non-balloted *(primarily regulated by Prop 218)*
- Special taxes *(primarily regulated by Props 13 & 218)*

**California’s Current Revenue-Mechanism-Related Legal Landscape**

In California, new sources of revenues for local public agencies typically take the form of fees, taxes, and/or assessments, which are primarily regulated by three voter-approved initiatives: Propositions 13, 218 and 26 (with Propositions 26 and 218 clarifying and expanding on Proposition 13.) The primary approaches, calculated based upon property attributes, that should be considered include:

Funding Approach	Approval Requirement
Regulatory and service fees	Majority of governing board (No Balloting)
Property-related fees - Non-Balloted	Mailed notices (No Balloting)
Property-related fees - Balloted	Property owner balloting (50% Approval Req’d)
Special taxes	Registered voter balloting (66.6%+ Approval Req’d) (or voter initiative with 50% Approval Req’d)

Each of these mechanisms has its own advantages and drawbacks, and each could contribute to the Agency’s financial sustainability goals. Generally, balloted approaches (e.g. balloted property-related fees and special taxes) are less desirable due to the additional cost of the balloting and community outreach, the inherent risk of voter rejection, and the limitations on revenue associated with setting a politically viable rate. Therefore, non-balloted (e.g. regulatory and service fees and non-balloted property-related fees) should be prioritized, researched, and implemented first, provided they meet legal, administrative and political requirements.

The following sections provide descriptions of regulatory fees, property-related fees and special taxes.

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**Regulatory and Service Fees to Fund Agency Operations**

Regulatory and service fees are charges that recover the actual cost of specific “regulatory” activities and of specific services or benefits provided to the fee payor, respectively. While not all of the Agency’s activities are likely to qualify for funding through regulatory fees, it is strongly recommended that the Agency actively pursue this revenue mechanism to the greatest extent possible due to its relatively straightforward implementation.

## **BACKGROUND ON REGULATORY AND SERVICE FEES**

Proposition 26, approved by California voters in 2010, set a clearer definition of the implementation and use of fees. Simply put, fees require justification (typically in the form of a Fee Report prepared by an experienced fee consultant and rigorously reviewed by legal counsel) and majority approval by the Agency's governing board – no balloting is required. Proposition 26 broadly defines every funding mechanism as a tax but provides seven exceptions that allow properly structured fees as well as property-related fees (discussed later in this report), and benefit assessments (not relevant to this report).

Several types of fees are defined through the cited exceptions to the measure's general assertion that all levies are taxes. Among the seven exceptions, several align closely with the Agency's operations:

*(e) As used in this article, "tax" means any levy, charge, or exaction of any kind imposed by a local government, except the following:*

*(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.*

*(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.*

*(3) A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.*

*(4) A charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property.*

*(5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law.*

*(6) A charge imposed as a condition of property development.*

*(7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.*

Exceptions 1, 2, and 3, offer the most promise (and Exception 7 is important in justifying the use of property-related fees, as discussed in the next section). Most of the Agency's operations are driven by regulation and directly support the regulation of or providing services or other benefits to proposed fee payors. For example, the fact that the legislature has required local governments to plan for 15 years of landfill capacity necessitates a regulatory solution - either to develop more landfill capacity or reduce waste.

Exceptions 1 and 2 indicate that if a direct benefit to the payor is established, then a fee is not a tax requiring voter approval. This report refers to such fees as service fees. Exception 3 describes regulatory fees. Common examples of eligible activities under Exception 3 include "issuing licenses and permits, performing investigations, inspections and audits, and the administrative enforcement and adjudication thereof."

### **Use of Regulatory and Service Fees by the Agency**

The implementation and use of regulatory and service fees by the Agency can be divided into three categories:

1. Currently Eligible
  - a. Examples: Development and enforcement of waste reduction regulations, inspection and compliance operations, and the administration of waste management programs.
2. Potentially Eligible with Additional Supporting Analysis
  - a. Example 1: Activities essential for achieving the goals set by California's environmental legislation, including SB 1383, AB 341, and AB 1826, which mandate significant reductions in organic waste and enhancements in recycling efforts.
  - b. Example 2: Preparation, adoption, and amendment of the Countywide Integrated Waste Management Plan (CoIWMP) pursuant to AB 939. The waste management goals of AB 939 are similar to those for groundwater planning as set forth in *California Water Code § 10730, which justifies the use of regulatory fees broadly for groundwater sustainability. The parallels between preserving landfill capacity and groundwater capacity merit further inquiry.*)
3. Likely Ineligible
  - a. General community outreach provided through the Agency's Schools Engagement and Community Engagement projects and services is likely not eligible for funding by service or regulatory fees.

**Revenue Estimates for Regulatory and Service Fees**

Regulatory and service fee rates are precisely calculated based upon the costs of the services they support. As such, until a rigorous fee study is conducted, regulatory and service fee rates cannot be modeled.

To assist with the challenging task of preliminarily estimating the revenue that could be generated from regulatory and service fees, the Agency's FY 2025 budget was analyzed to identify projects and services that are the most likely candidates for such funding. The most directly relevant work is the Agency's implementation support for SB 1383, including the specific activities listed in Figure 2. The current estimate for the potential revenue needed to fund these efforts is approximately \$2.7 million. Additional areas of work may be identified in FY 2025 or future years that impact this estimate, such as compliance monitoring and support for other regulations such as SB 1053, the Single-Use Carryout Bag Ban, which takes effect in January 2026. Considerable caution is advised with this estimate of \$2.7 million revenue; however, it is evident that significant revenue could be generated from regulatory and service fees.

**Figure 2 - 1383 Regulatory Activities Conducted by the Agency**

Compliance monitoring
Enforcement efforts
Compost procurement support
Compost Capacity planning
Food recovery compliance support
Development and dissemination of educational resources
Grants to food recovery organizations to increase capacity and infrastructure
Administration of food recovery network (capacity building)

**Pros and Cons to Regulatory and Service Fees**

**Pros**

- **Quick Implementation:** Fees can be implemented relatively quickly once the cost-of-service analysis is complete, and the fee structure is developed. This allows the Agency to rapidly address funding needs without lengthy delays.
- **Cost-Effective Adoption:** Adopting the fees is generally less costly than other funding mechanisms that require voter approval. The primary expenses are associated with the cost-of-service analysis and public process, rather than with election-related costs.
- **Flexible Fee Adjustments:** Periodic fee increases would follow the same process as the initial adoption, requiring only a brief update of the cost-of-service analysis.



- No Balloting Required: Fees do not require voter approval, reducing administrative hurdles.
- Collect on Property Taxes: Regulatory and service Fees can be collected on annual property taxes which provide significant administrative convenience and revenue reliability.

**Cons**

- Legal Limitations: Fees are strictly constrained by legal requirements. Conventional wisdom suggests these fees can only cover specific costs and must correlate to the costs of the services provided. This limitation restricts the ability to flexibly apply fees to emerging needs or services not originally covered by the fee structure.

**Next Steps to Implement a Fee Program**

The success of a fee program will rely heavily on a sophisticated, conservative, and creative team of fee consultants and attorneys to design the fee or fees. This team must be tasked with rigorously evaluating each of the Agency’s projects and services, identifying which elements qualify for funding through a fee, and drafting a supporting fee study.

Figure 3 below summarizes the estimated budget and durations for key tasks required to implement a regulatory fee. Engaging dedicated consultants for each step is strongly recommended.

**Figure 3 - Regulatory Fee Implementation**

Task	Approximate Budget	Approximate Duration* (months)
Planning	\$25,000	3
Survey and Polling	\$40,000	3
Revenue Study	\$150,000	6
Balloting	\$0	0
Outreach	\$50,000	3
<b>Total</b>	<b>\$265,000</b>	<b>12 to 15</b>

*\*Certain tasks may be conducted concurrently with others.*

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**Property-Related Fees to Fund Agency Operations**

The implementation of property-related fees to support eligible Agency activities is more expensive but more flexible than regulatory or service fees, and still less costly than a special tax. Therefore, property-related fees should be considered in both balloted and non-balloted forms, as explained below.

The Agency's existing \$7.80 annual charge on all households for the disposal of household hazardous waste, enacted by its ordinance entitled "An Ordinance Establishing a Household Hazardous Waste Collection and Disposal Fee," is a property-related fee exempt from the balloting requirement. In fact, this mechanism has proven legally sound and has withstood significant legal challenges as in *Crawley v. Alameda County Waste Management* (2015).

Property-related fees were first defined by Proposition 218 in 1996 with the intent to fund essential services like water, sewer, and refuse collection (solid waste). Over time, they have been more broadly applied to stormwater management, weed control and hazardous waste disposal.

Property-related fees must meet the following criteria:

- Revenues derived from the fee shall not exceed the funds required to provide the property-related service.
- Revenues derived from the fee shall not be used for any purpose other than that for which the property-related fee was imposed.
- The amount of a property-related fee imposed on any parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.
- No property-related fee may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees based on potential or future use of service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and require compliance with the assessment section of the code.
- No property-related fee may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services where the service is available to the public at large in substantially the same manner as it is to the property owners.

Proposition 218 imposes specific procedural requirements for imposing or increasing property-related fees. There are two distinct steps:

1. Protest Period: This begins with a notice of the fee mailed to each property owner and a 45-day period during which property owners may file written protests, culminating in a public hearing. If the owners of a majority of the parcels affected by the rates file a written protest, the agency cannot impose the fee. If a majority protest is not formed, the agency may move to the second step.
2. Ballot Proceeding: The agency submits the fees to the electorate, consisting of the affected property owners. Each parcel counts as a vote, and the fee is approved if more votes are cast in favor than against it.

Most significantly, “Except for fees or charges for sewer, water, and refuse collection services, no property-related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge.” In other words, Proposition 218 exempts fees for water, sewer and refuse collection from the balloting requirement.

**To Ballot or Not To Ballot**

Proposition 218 clearly exempts the balloting requirement for the implementation of property-related fees used to support refuse collection. However, since many of the Agency’s services are supportive of, but may not be narrowly considered specifically “refuse collection,” an evaluation should be conducted to determine applicability of this exemption.

If it is determined that some or all of the Agency’s property-related services do not qualify for the refuse collection exemption, a balloting process could be conducted at the reasonable threshold of 50%, with one vote per parcel.

**Revenue Estimates for Property-Related Fees**

Although a nexus is required between costs of service and the fee rate, property-related fees are often set at rates that are lower than the actual costs, particularly for fees that are balloted.

Figure 4 below shows the estimated potential revenue generated for all property types. (These approximate rates are based on previous rates for similar efforts in the San Francisco Bay Area and would be further refined through polling.)

**Figure 4 - Property-Related Fee Revenue Potential - All Property Types**

Property Type	Quantity <sup>1</sup>	Rate	Revenue
Residential (1 - 4)	448,200	\$10.00	\$4,482,000
Multi-Family (5+)	176,300	\$2.50	\$440,750
Commercial <sup>2</sup>	21,000	\$20.00	\$420,000
<b>Total</b>			<b>\$5,342,750</b>

<sup>1</sup> Estimated units/parcels are based on Alameda County Assessor’s data.

<sup>2</sup> Commercial parcels include commercial, school, and institutional properties.

Note: Publicly owned parcels, such as those housing office buildings like City Hall, courthouses, and fire departments, were not included in the parcel count. Additional research is required to accurately identify these properties. Furthermore, fees for public parcels must be invoiced directly to the public agency, as they cannot be included on the property tax bill.

### **Pros and Cons to a Property-Related Fee**

#### **Pros**

- **Moderately Quick Adoption:** Property-related fees can be adopted relatively quickly compared to other funding mechanisms, such as special taxes, which require a ballot measure on a regularly scheduled election. Once the cost-of-service study and public hearings are completed, the fee can be imposed directly on property tax bills or as a separate bill. Even if balloting is required, the process is still quicker than implementing a special tax.
- **Moderately Cost-Effective Implementation:** The implementation of property-related fees is generally less costly than other funding mechanisms that require voter approval. The primary costs involve the cost-of-service study and the printing and mailing of the notices. While balloting, if required, will increase costs, it is still less expensive than a special tax.
- **Easy to Explain and Administer:** Property-related fees are simple to explain because they follow a clear cost-of-service model, where the fee is based solely on the cost of providing services to the property. They are also relatively easy to administer because they require well-defined calculations for proportional costs, making them easier to justify and defend legally.
- **Collect on Property Taxes:** Property-related fees can be collected on annual property taxes which provide significant administrative convenience and revenue reliability.

#### **Cons**

- **New or Increased Fees:** Property owners might resist increases or the introduction of new fees or increases for waste management services, particularly if they are unfamiliar with the Agency's role or existence.
- **Legal Limitations:** The revenue generated from property-related fees must be directly connected to the property and proportionate to the cost of the service provided. The strict proportionality requirements of Proposition 218 can pose significant constraints. This legal framework ensures fees are fair but also limits flexibility in funding broader waste management services.

### **Next Steps to Implement a Property Related Fee**

Figures 5 and 6, on the following page, summarize the approximate budgets and time required for the primary tasks required to implement non-balloted and balloted property-related fees, respectively. It is strongly recommended to engage dedicated consultants for each step.

**Figure 5 - Property Related Fee - Non-Balloted Implementation**

Task	Approximate Budget	Approximate Duration* (months)
Planning	\$25,000	3
Survey and Polling	\$60,000	6
Fee Study	\$150,000	6
Noticing	\$450,000	6
Balloting	\$0	0
Outreach	\$250,000	3
<b>Total</b>	<b>\$935,000</b>	<b>21 to 24</b>

*\*Certain tasks may be conducted concurrently with others.*

**Figure 6 - Property Related Fee - Balloted Implementation**

Task	Approximate Budget	Approximate Duration* (months)
Planning	\$25,000	3
Survey and Polling	\$60,000	3
Fee Study	\$150,000	9
Noticing	\$450,000	6
Balloting	\$550,000	6
Outreach	\$500,000	6
<b>Total</b>	<b>\$1,735,000</b>	<b>24 to 33</b>

*\*Certain tasks may be conducted concurrently with others.*

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### **Special Tax to Fund Agency Operations**

A special tax, if approved by Alameda County voters, would be the easiest to administer, most flexible, and most legally and politically stout of the viable revenue mechanisms under consideration. However, it is also the most time-consuming, costly and politically challenging to implement. Hence, the Agency should consider it only after options for regulatory/service fees and property-related fees have been fully explored.

Special taxes are decided by registered voters and require a two-thirds majority for approval. They are familiar to Californians and are commonly used to fund various services, projects, and programs. They are generally legally robust, offer broad flexibility, and can often support debt issuance, such as loans or bonds. The joint powers agreement that established the Alameda County Waste Management Authority would need to be amended by the member agencies for the Agency to be authorized to place a special tax on the ballot.

Special taxes can also be proposed through the voter initiative process. The voter approval threshold for a voter initiative is 50% instead of 66.7%. As a result, voter initiatives have a significantly higher likelihood of passing. However, this process requires the voter group sponsoring the measure to collect a significant number of signatures (10% of the number of votes cast within the County for all candidates for Governor in the last gubernatorial election) to place the measure on the ballot. Public agencies may not pay the costs for qualifying a voter initiative.

**Revenue Estimates for Special Taxes**

Figure 7 below illustrates the approximate potential rates per residential unit and commercial parcel required to generate approximately \$5.3 million annually to cover the operational deficit. The advantages of this option include long-term sustainability and reduced legal risk, but it will require continued reliance on existing fees to cover the remaining operational expenses.

**Figure 7 - Special Tax - Balloted Revenue Potential**

Property Type	Quantity <sup>1</sup>	Rate	Revenue
Residential (1 - 4)	446,900	\$10.00	\$4,469,000
Multi-Family (5+)	147,106	\$3.00	\$441,318
Commercial	21,000	\$20.00	\$420,000
Total <sup>2</sup>			\$5,330,318

<sup>1</sup> Estimated units/parcels are based on Alameda County Assessor's data.

<sup>2</sup> Parcels that are entirely tax-exempt and publicly owned are not included in the count, as they are typically exempt from special taxes.

**Pros and Cons to Special Tax**

**Pros**

- **Dedicated Revenue Stream:** Special taxes provide a dedicated funding source for specific projects or services. This ensures predictable budgeting and prevents funds from being diverted to other uses.
- **Financial Sustainability:** These taxes support long-term financial sustainability of utility services by allowing adjustments based on service delivery costs, inflation, and other economic factors. However, future increases to keep pace with inflation must be stated in the ballot measure, such as indexing to the Consumer Price Index or setting a fixed annual percentage increase.
- **No Proportionality Requirement:** With no proportionality requirement, the financial analysis is simpler, and the tax structure offers more flexibility. Additionally, popular exemptions such as for low-income residents and seniors can be incorporated.

- Easy to Administer: Special taxes are straightforward to administer due to their simple structure and clear guidelines; they are typically collected through the annual property tax bill. The reduced complexity minimizes the administrative burden.
- Easy to Explain: Special taxes are easy to explain because their specific purpose is clear, which helps in gaining public support. The funds typically go toward projects or services that directly benefit the community, making it easier to show taxpayers the value and positive impact of the special tax.
- Greatest Flexibility to Use: Special taxes offer significant flexibility as they are not tied to specific formulas or proportionality requirements and can cover a broad range of services. This allows the Agency to design a methodology that meets their needs, including adding an annual inflation factor, or exemptions, enabling them to adapt to changing circumstances or projects effectively.
- Collect on Property Taxes: Special Taxes can be collected on annual property taxes which provide significant administrative convenience and revenue reliability.
- Possible Expiration Date: Over the last 20 years, most special taxes have been proposed to voters with expiration dates (also known as “Sunset provisions”), and this has become very popular with voters as it arguably provides a sense of oversight, control and non-permanence. Sunset provisions typically require that a tax is retired anywhere from 5 years to 19 years with 9 or 10 years being the most common.

#### **Cons**

- High Voter Approval Requirement: The two-thirds majority requirement is a significant hurdle, necessitating a strong and well-organized campaign to achieve voter approval. This is a major challenge. The agency may provide objective information about the measure but is not allowed to campaign in support; the same is true of the member agencies. The campaign would need to be carried out by supporters in the community.
- Expensive Implementation: The implementation of a special tax is significantly more costly than other funding mechanisms. The primary expenses are associated with administrative oversight for placing the measure on a ballot and election services.

**Next Steps to Implement a Special Tax**

Figure 8 below summarizes the approximate budgets and time requirements for the primary tasks required to implement a special tax. Engaging dedicated consultants for each step is strongly recommended.

**Figure 8 - Special Tax Implementation**

Task	Approximate Budget	Approximate Duration* (months)
Planning	\$25,000	3
Survey and Polling	\$60,000	3
Tax and Ballot Documents	\$75,000	6
Balloting	\$2,500,000	24
Outreach	\$1,000,000	12
<b>Total</b>	<b>\$3,660,000</b>	<b>24 to 48</b>

*\*Certain tasks may be conducted concurrently with others.*

**Summary of Recommendations and Next Steps**

A summary of the budgets and time requirements for the four recommended funding mechanism approaches is included in Figure 9 below.

**Figure 9 - Approach Summary**

Approach	Approximate Budget	Approximate Duration (months)
Regulatory Fee	\$265,000	12 to 15
Property Related Fee - Non Balloted	\$935,000	21 to 24
Property Related Fee - Balloted	\$1,735,000	24 to 33
Special Tax	\$3,660,000	24 to 48

Following is a summary of the recommended steps:

- Planning and Input: Perform an overall evaluation of recommended funding mechanisms considering legal, political and administrative factors.
  - Legal and Regulatory Analysis: Begin by reviewing relevant state and local laws to assess the Agency's ability to impose regulatory/service fees, property-related fees, or special taxes. This includes evaluating compliance with mandates from legislation such as SB 1383, AB 341, and AB 1826, and ensuring all legal standards and



restrictions are met. Identify any required approvals or voter consent. For property-related fees, ensure compliance with Proposition 218 and majority protest procedures.

- Stakeholder and Elected Official Input: Engage key community stakeholders, including environmental groups, the business community, and homeowners' associations, to gather input and build support.
- Community Input and Polling: Conduct a comprehensive community poll or survey to gauge public priorities, acceptable rates, and preferences for funding waste management and reduction initiatives. This data will provide valuable insights into resident attitudes towards potential funding mechanisms. Understanding public sentiment will enable the Agency to craft a plan that garners broader acceptance, thereby enhancing program sustainability and maximizing community buy-in.
- Develop Implementation Plan: Develop and execute a detailed implementation plan, addressing timelines, billing systems updates, customer notification processes, and administrative setups for fee or tax collection. Ensure the plan accounts for all logistical and operational challenges during implementation.
- Start with Regulatory/Service Fees: The Agency should first implement Proposition 26-compliant fees, which offer a quick and cost-effective way to generate significant revenue within legal parameters.
- Consider Non-Balloted Property Related Fee (if needed): If additional revenue is required, consider introducing a Proposition 218-compliant, non-ballot property fee via mailed notices, similar to the existing household hazardous waste fee. This approach leverages the "refuse collection" exemption and bypasses a lengthy voting process.
- Consider Balloted Property Related Fee (if needed): A Proposition 218-compliant, property-related fee requiring a property owner vote should be pursued only if additional funding for property-related services is essential. Although this option secures funds for specific activities, it involves a more complex and costly process.
- Special Tax for Comprehensive Solution: For the most comprehensive funding approach, the Agency could pursue a Proposition 13 and 218-compliant special tax. This option requires registered voter approval and offers the most flexibility but comes with the highest implementation costs.
- Monitoring and Evaluation: Once implemented, continuously monitor the performance of the fee or tax. Ensure it adequately covers the costs of regulatory activities and adjust as needed based on evolving costs, regulatory requirements, or effectiveness.

- Reporting and Transparency: Regularly report on the use of fee or tax revenues and the outcomes of funded activities. Maintaining transparency is critical for sustaining stakeholder trust and compliance.

There are several other elements of a funding mechanism the Agency should consider that apply to all of the recommended approaches:

- Consumer Price Index Adjustment: It is highly recommended, and common practice, to include an annual rate escalator mechanism approved by the board and linked to a Consumer Price index.
- Sunset Clause: While some funding mechanisms include an expiration date or “sunset” provision to appeal to voters, it is not recommended here, given the fact that the Agency’s operational costs are perpetual.
- Senior Exemptions: Exemptions or discounts for property owners aged 65 years and older are sometimes included with funding mechanisms, especially for school district bond measures, as they tend to increase senior voter support.
- Low-Income Exemptions: Exemptions for low-income property owners are common and highly recommended. Most voters support such exemptions and the overall impact on revenue is minimal.
- Ratepayer equity: Efforts should be made to ensure rates for different property uses are fair and equitable.

**DATE:** October 23, 2024

**TO:** Waste Management Authority (WMA) Board

**FROM:** Kelly Schoonmaker, Senior Program Manager  
Jennifer West, Program Manager

**SUBJECT:** Addressing SB 1383 Procurement Requirements: AB 2346 Update

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### **SUMMARY**

During the 2024 legislative session, StopWaste sponsored [AB 2346](#) which was authored by Assemblymember Alex Lee. This bill addressed the challenges of SB 1383 procurement requirements for local governments and introduced flexibility and options for how to meet these requirements across the state. For mature compost markets like we have in Alameda County, this bill provides new pathways to comply with SB 1383.

### **DISCUSSION**

Since 2022, StopWaste has convened a group of stakeholders interested in proposing solutions to address the conditions of regions with mature compost markets and finding additional ways to meet SB 1383 procurement requirements that accelerate progress toward necessary and ambitious state climate goals. That group included a broad range of local government, composters, and other stakeholders. The bill included ideas that were proposed by stakeholders and vetted by CalRecycle, who supported this work along the way. Other allied organizations also provided feedback and support during the legislative session as well.

The bill provides flexibility to jurisdictions by:

- Adding products that can count toward procurement, such as mulch from city tree trimmings
- Allowing investments in market development to count, such as the development of compost distribution hubs and purchasing spreading equipment
- Giving the option to comply through a five-year target, to allow for annual variation in the demand for compost caused by various market conditions and external factors

In addition, the bill incentivizes progress toward SB 1383 goals by allowing local jurisdictions to calculate their own target based on local organics diversion, rather than statewide average.

The group that came together to support AB 2346 was a broad coalition of supporters from across the state (Attachment 1).

### **RECOMMENDATION**

This item is for information only.

#### **Attachments:**

Attachment 1: ([link](#)) AB 2346 Bill Language

Attachment 2: AB 2346 List of Supporters

## Attachment 2:

### AB 2346 (Lee) - List of Supporters

Alameda County Board of Supervisors	County of Orange
California Chapters of The Solid Waste Association of North America's Legislative Task Force	County of San Mateo
California Environmental Voters (formerly CLCV)	Fremont LEAF
California Food Recovery Coalition	League of California Cities
Californians Against Waste	Little Hoover Commission
City of Alameda	Los Angeles County
City of Chino Hills	Los Angeles County Sanitation Districts
City of Emeryville	Mojave Desert and Mountain Recycling Authority
City of Long Beach	Office of Energy & Sustainable Development, City of Berkeley
City of Oakland	RecycleMore
City of Palmdale	RecycleSmart
City of San Diego	Republic Services - Western Region
City of San Jose	Rural County Representatives of California (RCRC)
City of Santa Rosa	Soiland Co., INC.
City of Thousand Oaks	South Bayside Waste Management Authority (SBWMA) Dba RethinkWaste
City of Visalia	Zero Foodprint
County of Alameda General Services Agency	Zero Waste Marin
	Zero Waste Sonoma



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**DATE:** October 23, 2024

**TO:** Waste Management Authority and Energy Council

**FROM:** Jennifer West, Program Manager

**SUBJECT:** 2024 Legislative Year-End Report

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### **SUMMARY**

The California State Legislature adjourned its 2024 legislative session on August 31, passing 1,206 bills to Governor Newsom to consider signing or vetoing by September 30. He signed 1,017 bills and vetoed 189 bills, with a veto rate of 15.7 percent. The next two-year Legislative Session (2025-26) will start on Monday, December 2, when newly elected members, chosen in the November elections, are sworn in. Legislators can begin introducing new bills on this day.

### **DISCUSSION**

StopWaste’s legislative priorities for 2024:

1. Common sense adjustments to SB 1383 requirements
2. Decarbonization/electrification in the built environment to reduce reliance on carbon-intensive energy and materials in our communities, including pursuing supply-side policies that would support electrification
3. Circular economy solutions and plastic pollution prevention
4. Clear product information for consumers
5. Building healthy food systems

Working with Jason Schmelzer and Priscilla Quiroz of Shaw Yoder Antwih Schmelzer and Lange (our contract lobbyist in Sacramento), we tracked and provided input on priority bills throughout the legislative process. Below is a list of the final status of those bills and our established position. During the presentation, staff will present key takeaways from priority bills and provide high-level background on the strategy to address the state’s budget deficit and potential implications for our legislative priorities.

### **Organics/Composting and SB 1383 Requirement Adjustments**

[AB 2346 \(Lee\) Organic waste reduction regulations: procurement of recovered organic waste products.](#)

StopWaste sponsored this bill. This bill makes numerous changes to recovered organic procurement requirements established through SB 1383 (Lara, 2016), including authorizing local jurisdictions to invest in various activities related to organic materials for credit toward procuring recovered organics, expanding what products are eligible for procurement credit, and making various other changes to the calculations used to establish procurement credits and targets.

Agency position: Sponsor

Support: League of California Cities, City and County of San Francisco, RCRC, & more

Opposition: None listed

Cost to local government: None

Status: Signed by the Governor on September 27, 2024

#### [AB 2902 \(Wood\) Organic waste: reduction regulations: exemptions](#)

This bill makes changes to organic waste policy established under SB 1383 (Lara, 2016), including waiving rural jurisdictions from SB 1383 collection and procurement requirements until Jan 1, 2037, exempting bear bins from the collection bin lid color requirements, and making bear bins eligible for CalRecycle grants.

Agency position: Support

Support: Rural County Representative of California (Sponsor)

Opposition: None listed

Cost to local government: None

Status: Signed by the Governor on September 22, 2024

#### [AB 2313 \(Bennett\) Farmer Equity Act of 2017: Regional Farmer Equipment and Cooperative Resources Assistance Pilot Program](#)

This bill requires the Department of Food and Agriculture, upon appropriation and contingent on passage of Proposition 4, a measure on the November 2024 ballot, to establish the Regional Farmer Equipment and Cooperative Resources Assistance Pilot Program to provide financial and technical assistance for farm equipment sharing and cooperative benefits for socially disadvantaged and limited-resource farmers and ranchers.

Agency position: Support

Support: California Certified Organic Farmers, Nextgen California, Californians Against Waste

Opposition: None listed

Cost to local government: None

Status: Vetoed

**Veto Message:** *I support the author's goal of assisting small-scale farmers and ranchers, but this bill creates a new grant program that lacks the necessary continuous funding to support it. I vetoed a similar bill last year due to budget concerns, and while I understand that this bill is contingent on a potential initial funding source, a new grant program that will require ongoing funding should be considered in the annual budget process.*

*In partnership with the Legislature this year, my Administration has enacted a balanced budget that avoids deep program cuts to vital services and protected investments in education, health care, climate, public safety, housing, and social service programs that millions of Californians rely on. It is important to remain disciplined when considering bills with significant fiscal implications that are not included in the budget, such as this measure.*

#### [SB 972 \(Min\) Methane Emissions: organic waste: landfills](#)

This bill requires CalRecycle to provide technical assistance to local jurisdictions to help them meet state organic waste recycling requirements.

Agency position: Support

Support: League of California Cities (Sponsor)

Cost to local government: None

Status: Vetoed

**Veto Message:** *While I appreciate the author's intent to assist local jurisdictions in meeting California's organic waste reduction and diversion targets established in Senate Bill 1383 (Lara, 2016), this bill is unnecessary and duplicative of existing efforts. CalRecycle currently offers a suite*

*of technical assistance materials and comprehensive staff assistance for all jurisdictions in the state specific to SB 1383. Further, the Local Assistance and Market Development branch within CalRecycle regularly meets with local jurisdictions, including monthly SB 1383 roundtables, and conducts annual site visits to provide customized assistance consistent with each jurisdiction's needs.*

#### [SB 1045 \(Blakespear\) Composting facilities: zoning](#)

Requires the Office of Planning and Research (OPR) to develop and post on their website a technical advisory on best practices to facilitate the siting of compost facilities and requires cities and counties to consider updating the land use element to identify areas where it may be appropriate for compost facilities to be an allowable use.

Agency position: Support

Support: California Compost Coalition, Recology, Republic Services

Opposition: California Air Pollution Control Officers Association

Cost to local government: None

Status: Dead. The bill was held in Assembly Appropriations Committee

#### [SB 1046 \(Laird\) Organic waste reduction: program environmental impact report: composting facilities](#)

This bill requires CalRecycle to develop a Program Environmental Impact Report (PEIR) for use in review of small- and medium-sized compost facilities under the California Environmental Quality Act (CEQA).

Agency position: Support

Support: Rural County Representatives of California, League of California Cities, City of Berkeley

Opposition: None listed

Cost to local governments: None

Status: Signed by the Governor on September 22, 2024

### **Decarbonization and Electrification, Low-Carbon Buildings**

#### [AB 593 \(Haney\) Carbon emission reduction strategy: building sector](#)

This bill requires the California Energy Commission to identify an emission reduction strategy for the building sector to support the achievement of the state's 2045 greenhouse gas (GHG) emission reduction goals.

Agency position: Support

Support: Building Decarbonization Coalition, Climate Action California, SPUR

Opposition: California Association of Realtors

Cost to local governments: None

Status: Dead. Held in Senate Appropriations Committee

#### [AB 2513 \(Pellerin\) Gas stoves and ranges: warning label](#)

This bill would prohibit a person from selling or offering for sale a gas stove that is manufactured or sold online on or after January 1, 2025, or sold in a store on or after January 1, 2026, unless that gas stove contains a specified warning label.

Agency position: Support

Support: CALPIRG, American Lung Association, Coalition for Clean Air

Opposition: Association of Home Appliance Manufacturers

Status: Vetoed

***Veto Message:*** *While I appreciate the author's intent to provide consumers with information about the products they purchase, I am concerned that this bill codifies highly prescriptive labeling*

*content that could only be changed by a future statutory amendment. This static approach falls short in enabling timely updates to the labeling content that should align with the latest scientific knowledge so that consumers are accurately informed about their purchases.*

#### [SB 1054 \(Rubio\) Natural gas: customer credit](#)

This bill dedicates all revenue from the sale of any greenhouse gas (GHG) allowances allocated to a natural gas investor-owned utility (IOU) directly to the IOU's residential customers. Specifically, this bill requires the California Public Utilities Commission (CPUC) annually to direct each natural gas IOU to distribute the California Climate Credit to residential customers of the gas IOU.

Agency position: Watch

Support: U.S. Green Building Council, California Apartment Association, Climate Reality Project

Opposition: None

Cost to local governments: None

Status: Dead. Held in Assembly Appropriations Committee

#### [SB 1207 \(Dahle\) Buy Clean California Act: Eligible materials](#)

This bill expands the scope of the Buy Clean California Act to encompass all types of insulation rather than just mineral wood board insulation.

Agency position: Support

Support: California Building Industry Association, NRDC, U.S. Green Building Council

Opposition: None

Cost to local governments: None

Status: Signed by the Governor on September 25, 2024

#### [SB 1221 \(Min\) Gas corporations: ceasing service: priority neighborhood decarbonization zones](#)

Authorizes not more than 30 voluntary pilot projects to retire select portions of the natural gas utility system, so long as adequate substitute energy service is provided to customers within the pilot. Specifically, it requires each gas corporation, by July 1, 2025, and annually thereafter, to submit to the CPUC a map containing certain information, including the location of all potential gas distribution line replacement projects identified in its distribution integrity management plan and other foreseeable gas distribution pipeline replacements. This bill relieves gas utilities of the "obligation to serve" individual customers with gas as long as a 2/3 majority of the neighborhood's customers agree to end gas service.

The PUC will be required to establish a voluntary program to facilitate the cost-effective decarbonization of priority neighborhood decarbonization zones. This includes not more than 30 pilot projects across the state and affects no more than 1% of each gas corporation's customers.

Agency position: Support

Co-Sponsors: Building Decarbonization Coalition, Earthjustice, Natural Resources Defense Council

Opposition: California State Association of Electrical Workers, California State Pipe Trades Council, Coalition of California Utility Employees

Cost to local governments: None

Status: Signed by the Governor on September 25, 2024

#### **Plastic Pollution Prevention, Circular Economy Solutions and Upstream Waste Prevention, including Extended Producer Responsibility**



### [AB 2 \(Ward\) Solar Photovoltaic Module Recycling](#)

This measure implements a multi-pronged strategy for establishing a solar panel collection and recycling program. It would create separate programs for panels that are consumer-owned and not consumer-owned. Panels owned by consumers of all varieties would be managed by California's Covered Electronic Waste Recycling Program. Panels that are not consumer-owned would be managed by their owners. These panels typically fall into two categories: 1) panels owned by manufacturers and leased to a consumer, business, public agency, or utility, and 2) panels owned by a utility or related entity. Owners of these panels would be required to develop a plan, somewhat like that typical of an extended producer responsibility (EPR) program, that would outline how they would meet their obligation to properly manage and recycle their panels at the end of life.

Agency Position: Watch

Support: California Product Stewardship Council (Sponsor)

Opposition: None listed

Cost to local governments: None

Status: Dead. The author did not move the measure forward

### [AB 1238 \(Ward\) Hazardous waste: solar panels](#)

This bill would add consumer-owned solar photovoltaic modules to the definition of covered electronic devices, thereby subjecting consumer-owned solar photovoltaic modules to the act. The bill, on and after January 1, 2030, would require a consumer or a service provider serving the consumer, including a developer or installer of a consumer-owned solar photovoltaic system, to pay a consumer-owned solar photovoltaic module recycling fee in an amount determined by CalRecycle upon the purchase of new consumer-owned solar photovoltaic modules. The bill would require all funds collected from the consumer-owned solar photovoltaic module recycling fee to be deposited into the Consumer-Owned Solar Photovoltaic Module Recycling Fee Subaccount, which the bill would establish within the Electronic Waste Recovery and Recycling Account. This bill would require CalRecycle, and would authorize DTSC, to adopt regulations to implement the provisions of the act related to consumer-owned solar photovoltaic modules.

Agency position: Support

Support: California Product Stewardship Council

Opposition: None listed

Cost to local governments: None

Status: Dead. The author did not move the measure forward

### [AB 863 \(Aguilar-Curry\) Carpet Extended Producer Responsibility Organizations: fines: succession: training](#)

This bill replaces the existing carpet recycling program with a new extended producer responsibility (EPR) program that operates under a single PRO, sets explicit goals that would be accomplished in a stewardship plan, and has enhanced reporting and enforcement. The bill also establishes a 5% post-consumer recycled carpet content requirement.

Agency position: Support

Support: National Stewardship Action Council (Sponsor)

Opposition: The Carpet and Rug Institute, CalChamber

Cost to local governments: None

Status: Signed by the Governor on September 27, 2024

### [AB 1659 \(Gabriel\) Sale of small electronic devices: charging devices](#)

This bill creates a single charging hardware standard for small electronic devices, such as cell phones. The bill requires small electronic devices, such as smartphones, tablets, and laptops, manufactured after 2025 to be universally chargeable with a USB Type-C cable.

Agency position: Support

Support: California Product Stewardship Council, Californians Against Waste, Climate Equity Policy Center, Natural Resources Defense Council

Opposition: Consumer Technology Association

Cost to local governments: None

Status: Dead. Held in Senate Appropriations Committee

#### [AB 2236/SB 1053 \(Bauer-Kahan & Blakespear\) Solid waste: recycled paper bags: standards: carry out bag prohibition](#)

Revises the state's single-use carryout bag ban to eliminate the distribution of thicker film plastic bags and limit the distribution of bags at the point of sale to recycled paper bags. Prohibits stores from providing, distributing, or selling a bag to a consumer at the point of sale except recycled paper bags when sold not less than 10 cents.

Agency position: Support and Suggest Amendments

Support: California Grocers Association, Californians Against Waste

Opposition: Association of Plastic Recyclers, Recycling Partnership, Western Plastics Association

Cost to local governments: None

Status: SB 1053 was signed by the Governor on September 22, 2024

#### [AB 2762 \(Friedman\) Recycling: reusable beverage containers](#)

Establishes rates for the use and the collection for reuse of reusable beverage containers. The measure also requires the beverage manufacturer to demonstrate compliance by submitting a report to CalRecycle that includes the percentage of total volume of beverages produced and sold in reusable beverage containers and the number of single-use beverage containers and reusable beverage containers produced and sold in California in the previous calendar year, specified by the type of beverage, size of container, and container material type. Requires a beverage manufacturer to make the report publicly available on its website.

Agency position: Support

Support: California Product Stewardship Council, Californians Against Waste, NRDC

Opposition: American Beverage Association

Cost to local governments: None

Status: Held in Assembly Appropriations Committee

#### [SB 615 \(Allen\) Vehicle traction batteries](#)

This measure requires vehicle traction battery suppliers to ensure the responsible end-of-life management of a vehicle traction battery; report specified information about the vehicle traction batteries to the Department of Toxic Substances Control (DTSC); and fully fund the costs of the collection of a battery for which they are required to ensure end-of-life (EOL) management. This bill requires DTSC, no later than July 1, 2028, to adopt regulations to implement this bill.

Agency position: Watch

Support: Californians Against Waste, Union of Concerned Scientists

Opposition: None

Cost to local governments: None

Status: Vetoed

**Veto Message:** *I agree with the intent of this bill and the need to responsibly manufacture, recycle, and reuse EV batteries. As California continues to lead the revolution toward a zero-emission transportation future, with a requirement that all new vehicles sold in the state be zero-emission*

*by 2035, responsibly tracking the sale, use, and reuse of these vehicle batteries will be critical. Effective EV battery stewardship also presents an exciting opportunity to develop new innovative industries that use repurposed or recycled batteries.*

*California has successfully implemented many reuse and recycling systems. These market-based solutions significantly reduce waste and create jobs by turning a challenging product into a resource. However, this legislation places a significant burden on DTSC to implement the policy, instead of building on the success of existing producer responsibility models. I encourage the author to continue working with stakeholders to explore if a producer responsibility organization would yield more equilibrium among public agencies and industry in sharing the administrative burden required by this policy.*

#### [SB 1280 \(Laird\) Waste management: propane cylinders: reusable or refillable](#)

This measure would require 1-pound propane cylinders sold in the state to be refillable or reusable by January 1, 2028.

Agency position: Support

Support: California Product Stewardship Council (Sponsor)

Opposition: Worthington Industries

Cost to local governments: None

Status: Signed by the Governor on September 22, 2024

#### [SB 707 \(Newman\) Responsible Textile Recovery Act of 2024](#)

Establishes the Responsible Textile Recovery Act of 2024, which creates an extended producer responsibility (EPR) program for stewardship of waste textiles under the oversight of CalRecycle.

Agency position: Support

Support: California Product Stewardship Council (Sponsor)

Opposition: None.

Cost to local governments: None

Status: Signed by the Governor on September 28, 2024

#### [SB 1066 \(Blakespear\) Hazardous waste: marine flares: manufacturer responsibility](#)

Creates a manufacturer responsibility program for marine flares with oversight from DTSC and requires DTSC to adopt regulations to implement the provisions of this bill with an effective date no later than January 1, 2026.

Agency position: Support

Support: National Stewardship Action Council (Sponsor), Zero Waste Sonoma (Sponsor)

Opposition: National Marine Manufacturers Association, Recreational Boaters of California

Cost to local government: None

Status: Vetoed

**Veto message:** *While I support the author's goal to provide boaters with a safe and responsible method to dispose of their marine flares, this bill lacks a comprehensive program scope to effectively achieve the goal of protecting human and environmental health and would not cover implementation costs incurred by DTSC. Additionally, this bill falls short in providing DTSC with the appropriate enforcement authority to effectively ensure compliance. I encourage the author and stakeholders to work with DTSC next year to craft a more comprehensive framework that will ensure these products are managed responsibly and provide sufficient oversight for DTSC.*

#### [SB 1143 \(Allen\) Paint products: stewardship program](#)

This bill makes changes to the state's paint product stewardship program to expand the number of products covered in program by January 1, 2028, at the latest, and to require manufacturers of

paint products to review their stewardship plan and submit any amendments to CalRecycle for review on a five-year basis.

Agency position: Support

Support: National Stewardship Action Council (Sponsor)

Opposition: None

Cost to local government: None

Status: Signed by the Governor on September 29, 2024

### [SB 1231 \(Allen\) Plastic Pollution Prevention and Packaging Producer Responsibility Act: environmental advertising](#)

This bill establishes a new process by which producers of plastic products under the Plastic Pollution Prevention and Packaging Producer Responsibility Act (SB 54) can petition CalRecycle to authorize a material as meeting the requirements of the state’s recyclability labeling law if it is trending towards the recyclability standard set by the state’s truth in labeling law.

Agency position: Support

Support: National Stewardship Action Council, California Farm Bureau, American Chemistry Council

Opposition: Plastic Pollution Coalition, Beyond Plastics

Cost to local government: None

Status: Dead. Held in Assembly Appropriations Committee

### [SB 1384 \(Dodd\) Powered wheelchairs: repair](#)

This bill requires a manufacturer of powered wheelchairs designed for use by people with physical disabilities to make available to independent repair providers and wheelchair owners, on fair and reasonable terms, the documentation, parts, and tools needed to repair those wheelchairs.

Agency position: Support

Support: iFixit, Disability Rights California

Opposition: None listed

Cost to local governments: None

Status: Signed by the Governor on September 27, 2024

## **Clear Product Information for Consumers**

### [AB 660 \(Irwin\) Food and beverage products: labeling: quality dates, safety dates, and sell by dates](#)

This bill requires food manufacturers, processors, and retailers responsible for the labeling of food items, beginning July 1, 2026, to use “BEST if Used by” to indicate quality, and “Use by” to indicate safety of a food item, and prohibits the use of the term “sell by.”

Agency position: Support

Support: Californians Against Waste (Co-sponsor), Natural Resources Defense Council (Co-sponsor)

Opposition: None

Cost to local governments: None

Status: Signed by the Governor on September 28, 2024

## **Building a Healthy Food System**

### [AB 408 \(Wilson\) Climate-resilient Farms, Sustainable Healthy Food Access, and Farmworker Protection Bond Act of 2024](#)

This bill enacts the \$3.65 billion Climate-Resilient Farms, Sustainable Healthy Food Access, and Farmworker Protection Bond Act of 2024. Specifically, this bill, upon approval by the voters in the

November 5, 2024 statewide general election, enacts the bond to authorize the issuance of \$3.65 billion in general obligation (GO) bonds to finance projects in the following categories: 1) \$1.25 billion for improving agricultural resilience and advancing sustainable agriculture; 2) \$750 million for protecting the health and well-being of California’s farmworkers; 3) \$750 million for sustainable healthy food access and nutrition security; 4) \$915 million for strengthening regional food economies.

Agency position: Support

Support: California Compost Coalition, Californians Against Waste, Ecology Center

Opposition: None

Cost to local governments: None

Status: Dead. Held in Senate Appropriations Committee

#### [AB 2311 \(Bennett\) Greenhouse Gas Reduction Fund: Edible Food](#)

This bill adds recovery of edible food, as specified, to the list activities eligible to receive financial assistance from CalRecycle and requires CalRecycle to consider the increased amount of edible food recovery capacity created when awarding grants to do so.

Agency position: Support

Support: California Food Recovery Coalition, California Compost Coalition, League of California Cities

Opposition: None

Costs to local government: None

Status: Dead. Held in Senate Appropriations Committee

#### [AB 1567 \(Garcia\) Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2024](#)

This bill enacts the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2024. Specifically, this bill, upon approval by the voters enacts the bond to authorize the issuance of \$15 billion in general obligation (GO) bonds to finance projects including: 1) \$1.6 billion for the protection of California’s wildlife, biodiversity, and fisheries from climate risks; 2) \$820 million for protecting farms, ranches, and working lands from the impacts of climate change; and 3) \$1.8 billion for regional climate resilience projects that address multiple risks.

Agency position: Support if amended to include \$200 million towards organic waste infrastructure

Support: The Nature Conservancy, California Urban Forests Council, Placer Land Trust

Opposition: None

Cost to local governments: None

Status: Dead. Held in Senate Appropriations Committee

#### [SB 867 \(Allen\) Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024.](#)

This bill enacts the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, which authorizes a \$10 billion bond to be placed before the state’s voters for approval. The eight funding areas for this bond is the following: (1) \$3.8 billion for Safe Drinking Water, Drought, Flood and Water Resilience; (2) \$1.5 billion for Wildfires and Forest Resilience; (3) \$1.2 billion for Sea Level Rise and Coastal Resilience; (4) \$1.2 billion for Protect Biodiversity and Accelerating Nature-Based Climate Solutions; (5) \$850 million towards Clean Air; (6) \$700 million towards Park Creation and Outdoor Access; (7) \$450 million towards Extreme Heat Mitigation; (8) \$300 million towards Climate Smart, Sustainable & Resilient Farms, Ranches and Working Lands.

Agency position: Watch

Support: Natural Resources Defense Council, SPUR

Opposition: None.

Costs to local government: None

Status: Signed by the Governor. This is now Proposition 4 on the November ballot.

**RECOMMENDATION**

This item is for information only.



**DATE:** October 23, 2024  
**TO:** Waste Management Authority Board  
**FROM:** Timothy Burroughs, Executive Director  
**SUBJECT:** Reappointment to the Recycling Board – Board member Jensen

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**SUMMARY**

Board member Tracy Jensen, City of Alameda, has served one two-year term on the Recycling Board and is eligible for reappointment to a second two-year term. She has indicated a willingness to serve a second two-year term. Her current term expires November 13, 2024.

**RECOMMENDATION**

That the Waste Management Authority Board reappoint Board member Jensen to a two-year term on the Recycling Board ending November 13, 2026.

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**November 2024  
Meetings Schedule**

**Alameda County Waste Management Authority, the Energy Council, Source Reduction &  
Recycling Board, and Programs and Administration Committee**

(Hybrid meetings are held at StopWaste Offices unless otherwise noted)

SUN	MON	TUES	WED	THURS	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11 AGENCY HOLIDAY	12	13	14  9:00 A.M. Programs & Administration Committee Key Items: 1. Investment Policy <hr/> Planning Committee & Recycling Board (NO MEETING DUE TO JOINT MEETING ON 11/20/24)	15	16
17	18	19	20  3:00 P.M. Joint Waste Management Authority, Energy Council and Planning Committee & Recycling Board Key Items: 1. Investment Policy 2. SB 54 Update 3. ORRO Update	21	22	23
24	25	26	27	28	29	30

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**Energy Council**  
**TECHNICAL ADVISORY GROUP (TAG)**

Tuesday, October 15, 2024 – 1:00 pm to 3:00 pm, In-person

**Attendance:**

County of Alameda: Naomi Schroeder (Fellow)

City of Alameda: Danielle Mieler, Jenna MacKouse (Fellow)

City of Albany: Michelle Plouse, Benji Willett (Fellow)

City of Berkeley: Katie Van Dyke

City of Emeryville: Violet Rice (Fellow)

City of Fremont: Kranti Kapur

City of Hayward: Erik Pearson, Mireille Vargas, Stephanie Dumont, Ava Samuels (Fellow), Ben Jex (Fellow)

City of Oakland: Nick Kordesch, Fellows: Ashley Corona, Gabriel Mugalian, Hanser Oh, Omar Guzman

City of Piedmont: Deniz Ergun, Andrew Kaplowitz (Fellow)

City of Pleasanton: Megan Campbell

City of Union City: Mayank Patel, Justin Africawala (Fellow)

Guests: Cait Cady, Ava Community Energy

StopWaste: Jennifer West, Emily Alvarez, Miya Kitahara, Natalia Guerrero, Maria Hart, Robin Plutchok, Heather Larson

**Introductions**

**Legislative Update – Jennifer West, StopWaste**

- StopWaste’s 2024 legislative priorities included decarbonization and electrification in the built environment (including rates).
- Several decarbonization bills were signed into law.
  - SB 1207 added low-carbon insulation to the Buy Clean CA program.
  - SB 1221 requires each gas utility to annually submit a map to the CPUC containing the location of all potential gas distribution line replacement projects (by July 2025), establishes a voluntary program inviting up to 30 communities to replace gas in their neighborhood with an electric or thermal alternative, and relieves the gas utility of an “obligation to serve” that community with gas for those pilots.
- The November ballot includes Proposition 4, which is a \$10B bond measure for climate investments, including safe drinking water, wildfire prevention, sea level rise, extreme heat, and energy infrastructure and shift to renewables.

**Hayward Heat Pump Water Heater Installation Program – Erik Pearson and Mireille Vargas, City of Hayward**

- Hayward presented on a program funded by a settlement with the Russell City Energy Center.
  - In 2021, a natural gas plant had a mechanical failure, resulting in an explosion and fire.
  - The settlement agreement included funds for the city to purchase a new hazmat response vehicle for the City of Hayward, financial support for the Russell City Reparative Justice Project, and Calpine Clean Energy Fund (solar and battery backup for fire station and HPWH installation program for residents).
- The Funding for the HPWH installation is more than \$300k.
  - The purpose of this program is to serve low-income households in the surrounding neighborhood. The city leaders want to use local labor and equitable labor standards, and plan to target older water heaters.

- There are three impacted census tracts with about 1600 households, and this program will likely serve 20-40 households.
  - The city has put out a Request for Proposal (RFP) which will include program design, the application process, a marketing and outreach strategy, and direct install details (with potentially a co-pay by residents).
  - Hayward is working to incorporate portions of the Bay Area High Road Training Partnership (H RTP) Labor Standards, including regional hires, targeted hires, fair wages & benefits, and training and certification.
- The TAG members offered suggestions to include in the program information for households who are not ready to replace a functioning water heater.
- We discussed considerations for non-permitted work, calculations for potential on-bill savings, and how the BAAQMD rules to limit the sale of gas appliances in a few years would factor into the messaging.

#### **Alameda County Small Developer Incubator – Heather Larson, StopWaste**

- StopWaste is partnering with Build it Green and PLACE Initiative on a program facilitated by the Incremental Development Alliance.
- This effort will promote the development of small-scale infill projects (townhomes, ADUs, rehabilitation of commercial spaces).
  - The team would like to engage small developers and government officials in the County.
  - We hope to spark collaboration through a cross-sector cohort sharing resources over time.
- There will be a free introductory workshop to introduce attendees to these concepts. A developer workshop for the cohort will be held in the future.
- StopWaste will convene a host committee of key industry players to customize the curriculum and conduct outreach for the workshop and cohort.
  - We will be providing scholarships to member agencies to participate in the host committee so they can attend for free.

#### **BayREN EASE Program Introduction – Natalia Guerrero, StopWaste**

- BayREN’s former Home+ program served over 5,000 homes in the Bay Area in 2023 and gave out over \$6M in rebates. It was intended to help moderate income households but was technically open to all. The new program in 2025 will be designed to serve only moderate income households.
- EASE (Efficiency and Sustainable Energy) Home program will be a moderate-income qualified program and will target households with limited English proficiency and homes located in high pollution areas. This program will:
  - Provide one on one assistance from a project coordinator through the whole process.
  - Be a direct install program and cover most project costs with a small co-pay.
  - Focus primarily on building envelope upgrades.
  - Make referrals to electrification programs.
  - Provide more services to each home and will serve fewer homes overall.
  - Require more targeted outreach.
- At the moment, rental properties are welcome, but BayREN will be introducing renter engagement pilots in the future to specifically serve this stakeholder group.
- Outreach will be focused on neighborhoods/groups that have the most need, but all households in Alameda County jurisdictions who meet the eligibility requirements will be able to enroll.
  - We have begun outreach to community-based organizations, some which might act as partners for referring and enrolling residents. Others may only be event and outreach focused.
  - Enrollment at the start of this program may be staggered, with priority communities allowed to enroll first followed by broader outreach in future phases.