



Review: Final FY2026 Budget, Capital Plan & Reserves

Board Meeting - November 20, 2025



A Public Agency

FY2026 Budget Development Timeline

- **Sept 10 - Oct 10** - Staff Draft Budget Development
- **October 14** - Finance Committee Review (no quorum)
- **October 23** - Board Study Session
- **November 20** - Final for Board Consideration

Changes from the Draft Budget

- Reduced Commodity Revenue - \$200K
- Included \$300K Capital Item - MRF Parts Storage Project

Tipping Fee Increases (proposed)

FY 2026 - Proposed Tip Fee Adjustments							
	Actual	Actual	Actual	Proposed			
	1/1/2023	1/1/2024	1/1/2025	1/1/2026	26 vs 25 \$	26 vs 25 %	
Franchise Tip Fees / Ton					incr.	%	
Solid Waste	\$ 139.00	\$ 165.00	\$ 176.55	\$ 185.38	\$ 8.83	5.0%	
Green Waste	\$ 150.00	\$ 178.00	\$ 190.46	\$ 199.98	\$ 9.52	5.0%	
Food	\$ 150.00	\$ 178.00	\$ 190.46	\$ 199.98	\$ 9.52	5.0%	
3rd Party / Ton							
Solid Waste	\$ 150.00	\$ 179.00	\$ 187.50	\$ 194.25	\$ 6.75	3.6%	
Green Waste	\$ 150.00	\$ 187.00	\$ 196.50	\$ 203.57	\$ 7.07	3.6%	
Food	\$ 152.00	\$ 187.00	\$ 196.50	\$ 203.57	\$ 7.07	3.6%	
C&D	\$ 142.00	\$ 177.00	\$ 186.00	\$ 192.70	\$ 6.70	3.6%	
Asphalt Roofing	\$ 136.00	\$ 170.00	\$ 178.50	\$ 184.93	\$ 6.43	3.6%	
Public Dirt /Ton	\$ 123.00	\$ 153.75	\$ 161.40	\$ 169.51	\$ 8.11	5.0%	
Public Tip Fees / Yd	1/1/2023	1/1/2024			26 vs 25 \$	26 vs 25 %	
Solid Waste	\$ 54.00	\$ 67.50	\$ 68.00	\$ 72.00	\$ 4.00	5.9%	
Green Waste	\$ 50.00	\$ 62.50	\$ 62.50	\$ 64.00	\$ 1.50	2.4%	
C&D	\$ 52.00	\$ 65.00	\$ 65.00	\$ 67.00	\$ 2.00	3.1%	

Proposed tip fees are consistent with BOD approved 2026 Forecast

Transfer Station Volume

Total TS Tonnage and Yards Inbound		FY2024 Actual	MY2025 Budget Projection	FY2026 Proposed Budget	Variance to MY2025 Budget	%
Franchise						
SBWMA Solid Waste	tons	167,208	166,513	167,284	771	0.46%
SBWMA Organics	tons	83,705	83,092	99,726	16,634	20.02%
SBWMA Food Waste	tons	18,242	18,764	5,352	-13,411	-71.48%
SBWMA Dirt, Inert, Other	tons	3,765	3,417	3,355	-61	-1.79%
Sub-total Franchise		272,920	271,785	275,718	3,933	1.45%
Non-SBWMA SW	tons	3,243	3,143	3,406	263	8.37%
Non-SBWMA Scrap	tons	4	4	4	0	0.00%
Non-SBWMA FOOD	tons	2,536	2,544	2,335	-209	-8.23%
Non-SBWMA C&D	tons	878	862	628	-234	-27.15%
Non-SBWMA ORGANIC	tons	472	423	72	-351	-82.97%
Non-SBWMA Asphalt Roofing	tons	1,656	1,821	2,082	261	14.31%
Public Weighed Dirt	tons	10,753	10,825	11,046	221	2.04%
Sub-total non-Franchise (tons)		19,541	19,623	19,573	-50	-0.25%
Total Tons Inbound		292,461	291,408	295,291	3,883	1.33%
Public (Yards)						
Public Solid Waste Yards	C/Yards	45,393	44,704	47,655	2,951	6.60%
Public Green Waste Yards	C/Yards	28,241	27,611	27,093	-518	-1.88%
Public C&D	C/Yards	72,577	67,909	71,826	3,917	5.77%
Total Yards Inbound		146,211	140,224	146,574	6,350	4.53%

Revenue Sources

FY2026 REVENUE				
Revenue	FY2025 Mid-Year Proposed	FY2026 Proposed Budget	Variance to FY2025 Budget	Variance %
Tip Fee Revenue	\$ 62,161,523	\$ 66,338,577	\$ 4,177,054	7%
<i>Non Franchised</i>	12,812,445	13,743,373	930,927	7%
<i>Franchised</i>	49,349,077	52,595,204	3,246,126	7%
Net Commodity Sales Revenue	9,309,129	9,565,032	255,903	3%
Interest Income	1,000,000	850,000	(150,000)	-15%
Other Revenue	16,800	16,500	(300)	-2%
Total Revenue:	\$ 72,487,452	\$ 76,770,108	\$ 4,282,656	6%

- **Franchise**
 - 5% Tip Fee Increase
 - 2% increased volume over MY2025
- **Non-Franchise**
 - Various Rate Increases on Tonnage and Yardage
 - Volume increase from MY2025
- **Commodity Revenue**
 - Approximately \$0.8M less than 2025 revenue trend

Financial Summary

FY2026 FINANCIAL SUMMARY				
Categories	FY2025 Mid-Year Proposed	FY2026 Proposed Budget	Variance to FY2025 Budget	Variance %
Total Revenue	\$ 72,487,452	\$ 76,770,108	\$ 4,282,656	6%
SBWMA Program	4,293,357	4,542,448	249,091	6%
SB 1383 Compliance	572,086	583,148	11,063	2%
Shoreway Operations	60,893,160	63,956,847	3,063,687	5%
Total Operating Expense	\$ 65,758,603	\$ 69,082,444	\$ 3,323,840	5%
Non-Operating Expense	4,994,732	5,119,126	124,395	2%
Total Expense	\$ 70,753,335	\$ 74,201,570	\$ 3,448,235	5%
Net Revenue and Expense	\$ 1,734,117	\$ 2,568,538	\$ 834,421	48%

Note: Net Revenue & Expense excludes capital purchases and debt principal. See Reserve Cash Flow table.

Key FY2026 Considerations:

- Tonnage Volume slight Increase over MY2025
- Revenue
 - Franchise - 5% Tip Fee Increase + Volume Increase
 - Conservative Commodity Revenue Projection
- Disposal & Shoreway Operations
 - Main Increase due to 5% Shoreway Operations Contractual Increase plus 2% volume.

Shoreway Operations Expense Projections

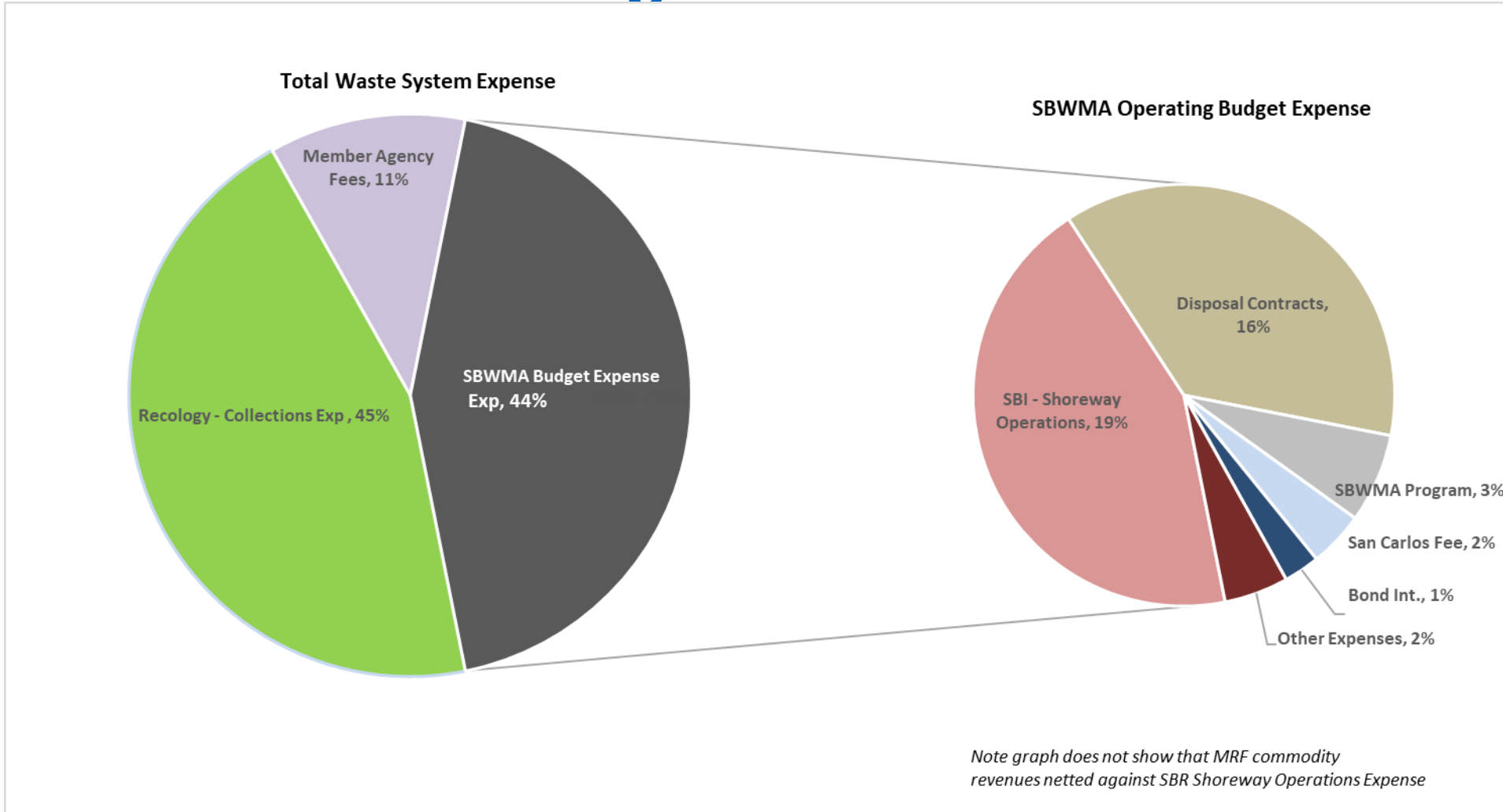
FY2026 SHOREWAY OPERATIONS EXPENSE DETAIL				
Expenditures	FY2025 Mid-Year Proposed	FY2026 Proposed Budget	Variance to FY2025 Budget	Variance %
Shoreway Operations Compensation	\$ 31,078,230	\$ 33,286,385	\$ 2,208,155	7%
Disposal and Processing	26,309,080	27,233,782	924,702	4%
Property Insurance	2,524,850	2,195,680	(329,170)	-13%
Education Center	85,000	60,000	(25,000)	-29%
Credit Cards Charge	121,000	121,000	-	0%
Other Operating Expense	515,000	475,000	(40,000)	-8%
Sewer Charge	75,000	85,000	10,000	13%
Shoreway Projects	185,000	500,000	315,000	170%
Shoreway Operations:	\$ 60,893,160	\$ 63,956,847	\$ 3,063,687	5%
Bond Interest Expense	2,034,600	1,960,083	(74,517)	-4%
Franchise Fee (San Carlos)	2,960,132	3,159,043	198,911	7%
Total Shoreway Operations	\$ 65,887,892	\$ 69,075,973	\$ 3,188,082	5%

Projected Reserve Balance

FY2026 BUDGET: RESERVE BALANCES			
	MY2025 Adopted Budget	FY2026 Proposed Budget	Variance to MY2025 Budget
UNCOMMITTED RESERVE:			
RATE STABILIZATON	\$ 2,837,034	\$ 2,837,034	\$ -
EMERGENCY RESERVE	5,237,034	5,237,034	\$ -
SELF INSURANCE FUNDING ACCOUNT	694,875	694,875	\$ -
CAPITAL RESERVE	1,361,295	402,333	\$ (958,962)
UNDESIGNATED RESERVE			
TOTAL UNCOMMITTED RESERVES	\$ 10,130,237	\$ 9,171,275	\$ (958,962)
COMMITTED RESERVE			
EQUIPMENT REPLACEMENT	\$ 776,789	\$ 776,789	\$ -
TOTAL RESERVES	\$ 10,907,026	\$ 9,948,064	\$ (958,962)

CASH FLOW TO/FROM TOTAL RESERVE BALANCE			
Enterprise Fund Beginning Balance	\$ 12,557,909	\$ 10,907,026	
Operating Income	1,734,117	2,568,538	
Capital Expense (from reserves)	(1,920,000)	(1,987,500)	
Debt Principal Pmt Current	(1,465,000)	(1,540,000)	
Enterprise Fund Ending Balance	\$ 10,907,026	\$ 9,948,064	

RethinkWaste Budget Allocation



The SBWMA total system revenue is approximately \$170 million



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Capital Plan

2026 Capital Expense Forecast	Next Five Years					Future Years	
	2026	2027	2028	2029	2030	2031 - 2035	Comments
Shoreway Assets							
MRF Equipment							
Sort system equipment							
Infeed system and push walls			161,250				
Routine screen maintenance	-	-	-	-	-	-	every year
Container Line sort system						2,600,000	replace every 10 years
Midfraction optical sorters						2,643,750	
Glass battery sort system					90,000		
Bins and hoppers						575,000	
MCC and controls						1,175,000	
Residue transfer conveyor system					56,250		
Conveyors. Tubes. Blowers					107,500		
Conveyor slider bed replacement		157,500					at 3 years and 6 years then go
EV chargers						117,500	
New Fiber baler				3,850,000			replacement
New Container baler						4,112,500	replacement
Fiber Baler Refurb						208,250	every 5 years
Container Baler Refurb						300,000	every 5 years
Trailer caddies replacement				77,000			one in 2027 and one in 2030
Compressors				198,000			replace one large compressor
Conveyor Rebuilds	-	-	-	-	-	-	every year

Capital Plan Continued

Shoreway Assets	2026	2027	2028	2029	2030	2031 - 2035	Comments
Buildings							
MRF							
Roof office area refuirb						73,500	
Roof MRF replacement						6,000,000	
Lighting. E-lighting	51,250						
Loading docks	51,250						
MRF HVAC				132,000			all at once replacement
Mist system					56,250		
Tip floor repair				385,000			
Bathrooms. Locker rooms			75,250				
Contractor offices						153,125	
Education center					112,500		
FIKE system						120,000	
MRF Equipment Storage project	300,000						
Elevator					56,250		
Public Recycling Center Upgrades	65,000						
Transfer Station							
Tunnel curb and resurfacing	205,000						One time expense
Tunnel and pits and pumps		51,250					every year
Tip floor	500,000		500,000				
Roof and skylights					562,500		
Signs (digital display)					84,375		
Bathrooms. Locker room. Breakroom			134,375				
Shop and shop offices					84,375		
Outdoor education area				82,500			
Misting system				55,000			
Ventilation system		52,500					
Pressure washers		84,000					

Capital Plan Continued

Shoreway Assets	2026	2027	2028	2029	2030	2031 - 2035	Comments
Truck and Bin Shop Buildings (Recology)							
Roof						455,000	
Paint Shop wall panels			107,500				
Sump and sewage							Assessment Required
Electrical							Assessment Required
Fire							Assessment Required
HVAC							Assessment Required
Offices							
Bathroom locker rooms.			53,750				
Air Compressors					16,875		
Bin Pressure wash and sump system		36,750					
Paint Booth Air filter System		82,500					
Overhead shop hoist					50,625		
Recology Offices							
Interior care				66,000			
Roof Coating		78,750					
Alarm system							Assessment Required
HVAC				132,000			replace units with heat pumps
Site							
Refurbishment of Landscape and Outdoor Ed Area	60,000						
Site Signage	60,000	60,000				312,500	replacement of signs installed in
Building fire extinguishers	60,000					60,000	
Scales. Scale house.						72,000	replacement of sensors installed
Curbs and misc. concrete		70,000				70,500	
Fencing and gates and railing					67,500		
Landscape and irrigation	60,000					57,500	
Building apron concrete			69,875				joint repair
Recology Parking Asphalt Patch	100,000	100,000	100,000	100,000	100,000		refresh area
Outside lighting				66,000			replace lights and transformers

Capital Plan Continued

Shoreway Assets	2026	2027	2028	2029	2030	2031 - 2035	Comments
Utilities							
Fire system and extinguishers			64,500				every year
Fuel system and tanks						100,000	
Storm drain system		65,000			70,000	100,000	Assessment needed
Lighting				275,000		275,000	replace MRF and TS lights and
Back up generators						97,750	system replacement
Security camera system and server						74,750	replacement of system installed
Electrical Switchgear Upgrade	-						Move to Green Bond Fund
SBWMA Offices							
Office 2nd Floor Buildout (Master Plan Com Center)	275,000						
Unanticipated Capital Projects	200,000	200,000	200,000	200,000	200,000		
						Total 2031-2040	
Total	1,987,500	1,038,250	1,466,500	5,618,500	1,715,000	19,753,625	
GREEN BOND FUNDED PROJECTS	2026	2027	2028	2029	2030		
MRF Automation	4,500,000	6,000,000					Optical Sorter Replacement, R
O2E Equipment		5,000,000					
Other Green Bond Funded Items							
Fike System Transfer Station SS	650,000						
EV Charging for Recology trucks	250,000	1,250,000					
MRF Energy Management System		800,000					
Electrical Switchgear Upgrade	800,000						
Total	6,200,000	13,050,000	-	-	-		

10 Year Forecast Baseline - No Bond Issuance

Category	FY2026 Proposed Budget	2027	2029	2031	2033	2035
Total Revenue	\$ 76,770,108	\$ 80,080,886	\$ 86,339,645	\$ 91,112,226	\$ 96,179,351	\$ 101,536,156
<i>Bond interest new issuance</i>			-	-	-	-
Total Expense	\$ 74,201,570	\$ 76,370,095	\$ 80,856,231	\$ 85,492,226	\$ 90,402,638	\$ 95,603,335
Net Revenue/Expense	\$ 2,568,538	\$ 3,710,791	\$ 5,483,415	\$ 5,620,000	\$ 5,776,713	\$ 5,932,821
Other Cash Outflow						
Capital Investments	(1,987,500)	(1,038,250)	(1,768,500)	(1,497,000)	(1,588,167)	(1,684,887)
Bond Principal	(1,540,000)	(1,615,000)	(1,780,000)	(1,965,000)	(2,165,000)	(2,385,000)
<i>Bond principal new issuance</i>			-	-	-	-
Enterprise Fund Net Change	\$ (958,962)	\$ 1,057,541	\$ 1,934,915	\$ 2,158,000	\$ 2,023,546	\$ 1,862,934
Enterprise Fund Balance	\$ 9,948,064	\$ 11,005,606	\$ 14,122,568	\$ 18,250,998	\$ 22,370,995	\$ 26,183,690

- Tonnage volume fixed
- Capital Investments - Funded thru Rates
- 2026 - 2030 Capital = Budget projection
 - 2031 = Avg previous 4 years
 - 3% increase thereafter
- Franchise Revenue
 - 5% Increase thru 2029
 - 3% thereafter
- Non-Franchise Revenue
 - 3.5% Increase thru 2029
 - 3% thereafter

10 Year Forecast - \$40M Bond Issuance

Category	FY2026 Proposed Budget	2027	2029	2031	2033	2035
Total Revenue	\$ 76,770,108	\$ 80,080,886	\$ 88,010,134	\$ 92,872,261	\$ 98,045,654	\$ 103,527,408
<i>Bond interest new issuance - \$40M</i>			1,800,000	1,739,663	1,673,773	1,601,820
Total Expense	74,201,570	76,370,095	82,735,779	87,316,282	92,165,944	97,300,140
Net Revenue/Expense	2,568,538	3,710,791	5,274,355	5,555,978	5,879,710	6,227,268
Other Cash Outflow						
Capital Investments	(1,987,500)	(1,038,250)	(1,768,500)	(1,497,000)	(1,588,167)	(1,684,887)
Bond Principal	(1,540,000)	(1,615,000)	(1,780,000)	(1,965,000)	(2,165,000)	(2,385,000)
<i>Bond principal new issuance - \$40M</i>			(655,662)	(715,999)	(781,889)	(853,842)
Enterprise Fund Net Change	(958,962)	1,057,541	1,725,855	2,093,978	2,126,543	2,157,381
Enterprise Fund Balance	\$ 9,948,064	\$ 11,005,606	\$ 13,913,508	\$ 17,838,774	\$ 22,078,360	\$ 26,381,007

- Tonnage volume fixed
- \$2.5M Annual Debt Svc @ 4.5% interest
- Franchise Revenue
 - 5% Increase 2027 & 2028
 - 7.5% in 2029
 - 3% thereafter
- Non-Franchise Revenue
 - 3.5% Increase 2027 & 2028
 - 5% in 2029
 - 3% thereafter