



Agenda Date: 11/8/2012

Agenda Placement: 6C

**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

**Napa-Vallejo Waste Management Authority
Board Agenda Letter**

TO: Board of Directors
FROM: Luthy, Richard - Executive Director
Napa-Vallejo Waste Management Authority
REPORT BY: Richard Luthy, Executive Director, Napa-Vallejo Waste Management - 707-299-1314
SUBJECT: Substitution of Performance Bond for Letter of Credit

RECOMMENDATION

PERFORMANCE BOND

REQUESTED ACTION: Approval and authorization for Authority staff to accept a performance bond in lieu of letter of credit for Northern Recycling Operations and Waste Services, LLC provided that provisions of the performance bond are acceptable to the Executive Director and Authority Counsel.

EXECUTIVE SUMMARY

The Authority's contract with Northern Recycling Operations and Waste Services, LLC (NROWS) for operation of the Devlin Road Transfer Station (DRTS) specifies that NROWS must provide a performance bond or letter of credit in the amount of \$2,000,000, payable to the Authority, as financial security to insure performance of its obligations under the contract in the event of default. NROWS proposes to substitute a performance bond for their existing letter of credit. Staff is requesting Board authorization to accept the performance bond on behalf of the Authority, provided that terms and conditions are satisfactory to the Executive Director and Authority Counsel.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Authority's contract with Northern Recycling Operations and Waste Services, LLC (NROWS) for operation of the Devlin Road Transfer Station (DRTS) specifies that NROWS must provide a performance bond or letter of credit in the amount of \$2,000,000, payable to the Authority, as financial security to insure performance of its obligations under the contract in the event of default. NROWS proposes to substitute a performance bond for their existing letter of credit. Staff is requesting Board authorization to accept the performance bond on behalf of the Authority, provided that terms and conditions are satisfactory to the Executive Director and Authority Counsel.

SUPPORTING DOCUMENTS

None

Executive Director: Approve

Reviewed By: Martha Burdick