



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 3/1/2007
Agenda Placement: 6D
Continued From: 3/2/2006 regular meeting

Napa-Vallejo Waste Management Authority Board Agenda Letter

TO: Board of Directors
FROM: Trent Cave - Manager
Napa-Vallejo Waste Management Authority
REPORT BY: Belinda Yamate, Secretary, 253-4471
SUBJECT: Rates

RECOMMENDATION

RATES

DISCUSSION AND POSSIBLE ACTION: Manager to discuss the proposed disposal rate options for the next fiscal year in advance of preparing the proposed 2007/2008 budget.

EXECUTIVE SUMMARY

Assuming the Board approves the new disposal and operation contracts for Devlin Road Transfer Station (DRTS), effective July 1, 2007; a DRTS tonnage of 260,000; normal inflation of administrative costs; and continuation of the January 1, 2007 approved rates; the Authority would have a surplus of approximately \$1.3 million for fiscal year 2007/2008. Therefore, it will not be necessary to increase rates for FY 2007/2008. However, the Authority should continue to monitor its finances and make necessary adjustments to rates and expenditures as needed to meet its obligations.

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 Bylaws require the Authority Manager (in cooperation with the Auditor-Controller) to submit a proposed budget for the ensuing fiscal year to the Board at its first meeting in April. In order to prepare the proposed budget and alert the franchise haulers in advance of their rate setting processes, the Board will discuss potential rate increases for the ensuing fiscal year in advance of that meeting.

Assuming the Board approves the new disposal and operation contracts for Devlin Road Transfer Station (DRTS), effective July 1, 2007; a DRTS tonnage of 260,000; normal inflation of administrative cost; and continuation of the January 1, 2007 approved rates; the Authority would have a surplus of approximately \$1.3 million for fiscal year 2007/2008.

Estimated Revenues and Expenditures for FY 2007/2008

Operating Revenues	
Transfer Station Tipping Fees	\$ 14,892,000
Gas Collection System Revenues	\$ 100,000
Other Revenues	\$ 50,000
Total Operating Revenues	\$ 15,042,000
Gross Revenues	<u>\$ 15,042,000</u>
Operating Expenses	
Transfer Operations Contract	\$ 6,012,800
Disposal Contract	\$ 5,230,992
General and Administrative Expenses	\$ 805,854
Post-Closure Maintenance	\$ 630,422
Total Operating Expenses	<u>\$ 12,680,068</u>
Net Revenues	\$ 2,311,932
Debt Service - 2004 Revenue Bonds	\$ 1,006,170
Debt Service Coverage Ratio	2.30
Contribution to reserves	\$ 1,305,762

Also of consideration is the value of Oat Hill Quarry which will make a considerable contribution to the Authority's reserves at some point in the future.

Based on the above, it will not be necessary to increase rates for FY 2007/2008. However, the Authority should continue to monitor its finances and make necessary adjustments to rates and expenditures as needed to meet its obligations.

SUPPORTING DOCUMENTS

None

Manager: Approve

Reviewed By: Belinda Yamate