



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 3/6/2008

Agenda Placement: 6B

Napa-Vallejo Waste Management Authority Board Agenda Letter

TO: Board of Directors
FROM: Sandra Linehan for Trent Cave - Manager
Napa-Vallejo Waste Management Authority
REPORT BY: Trent Cave, Manager - 7072534274
SUBJECT: Public Hearing: Rates

RECOMMENDATION

PUBLIC HEARING: RATES

REQUESTED ACTION: Approval of Authority Resolution #08-01, setting disposal rates for the Devlin Road Transfer Station.

EXECUTIVE SUMMARY

The attached resolution would place an additional \$2 per ton to the existing rate, eliminate volume charges, provide a \$5 fee for untarped loads, and provide an incentive for segregating construction and demolition waste.. The new rates will be effective March 22, 2008 for non -franchise haulers October 1, 2008. A \$2 increase is an approximately \$400,000 to \$500,000 increase in revenue per year.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	The proposed resolution would increase Authority revenues to better reflect the cost of doing business.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	If the resolution is not adopted the Authority will spend down its reserves to an

	unsafe level.
Is the general fund affected?	Yes
Future fiscal impact:	The proposed resolution would result in additional revenues to the Authority in the current fiscal year and beyond.
Consequences if not approved:	If not approved, the Authority may not be able to cover its expenses.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is exempt from CEQA per State CEQA Guidelines Section 15273 (Rates, Tolls, Fares and Charges) because the proposed fee increases would recover the operating costs associated with providing services.

BACKGROUND AND DISCUSSION

The Authority experienced an 8% annual reduction in material received at their Devlin Road Transfer Station in FY 2006-07. This was the first reduction in annual tonnage since the opening of the transfer station in 1995. The major cause of this reduction is the influence of the economy in the generation of waste. The major reduction in material occurred in the second half of the FY 2006-2007 and the trend has continued during the first half of FY 2007-2008. If the trend continues the Authority could see another reduction of 7% in FY 2007-2008 when compared to FY2006-2007. While the majority of operating expenses were also reduced, certain fix costs remained with less revenue to offset the expense. Effective July 1, 2007 the Authority entered into new contracts for disposal and operation which will significantly reduce expenses and provide incentives for the new transfer station operator to divert materials from disposal resulting in the avoid cost of transportation and disposal. During the first six months of operation under the new contact the Authority avoided over \$600,000 in expense when compared to the prior contract. The reduced disposal and operating expenses, while significant, may not be sufficient to maintain adequate cash flow and reserves in light of the reduction of material entering the transfer station. Therefore the Authority Board of Directors should consider rate increases in the immediate future.

In recent years the Authority had attempted to use rates to discourage small loads and reduce traffic. The result was a series of volume rates to reduce queuing at the scales. Since the traffic has been reduce by the economic trends there is an opportunity to return to weight based rates. Weight data will give the Authority more accurate information to plan future expansions of the facility.

SUPPORTING DOCUMENTS

A . Resolution

Manager: Approve

Reviewed By: Sandra Linehan