



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 5/7/2009

Agenda Placement: 6C

Napa-Vallejo Waste Management Authority Board Agenda Letter

TO: Board of Directors
FROM: Martha Burdick for Cave, Trent - Manager
Napa-Vallejo Waste Management Authority
REPORT BY: Trent Cave, Manager - 7072534274
SUBJECT: 2009-2010 Fiscal Year Proposed Budget

RECOMMENDATION

PROPOSED FISCAL YEAR 2009/2010 BUDGET

REQUESTED ACTION: Discussion and possible action regarding the Operations, Debt Service and Capital Improvement Proposed Budgets for fiscal year 2009/2010.

EXECUTIVE SUMMARY

Following discussions at the Authority March 5 and April 2, 2009 meeting, the Manager and Auditor Controller are submitting seven (7) budget scenarios, 6 of which reflect various fee increases, tonnage increases and decreases and inflation factors. An additional budget scenario was added to reflect a more moderate outlook, and incorporates Capital Improvement Projects through fiscal year 2012/2013. More specific information is included in the Background section of this item.

Pending today's discussion and direction from the Board, staff anticipates returning to the Board on June 4, 2009 with a Final Budget for adoption.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	This is the proposed operating budget for next fiscal year.

Is it Mandatory or Discretionary? Discretionary

Discretionary Justification: A budget must be adopted in order to expend funds to cover the Authority's obligations.

Is the general fund affected? Yes

Future fiscal impact: None. This is only for the upcoming fiscal year.

Consequences if not approved: Expenditures can not be made.

Additional Information:

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

Based on the Authority Board meeting on March 5, the Authority Manager and Auditor-Controller met and developed the following options for maintaining adequate reserves which were presented at the April 2, 2009 meeting:

- A. The minimum funding requirement plus 10% of the annual operating budget or \$2,278,485.
- B. The minimum funding requirement plus annual depreciation (\$278,422) or \$1,478,032.
- C. The minimum funding requirement plus 10% of the annual fixed cost operating expenses (\$131,466) or \$1,331,076.

The Manager and Auditor-Controller recommended that the amount equal to annual depreciation be placed into a Capital Improvement Project (CIP) fund to provide for future repair and replacement of Authority assets. Following that discussion, the Board requested that the Manager and Auditor Controller bring back a five year budet forecast with varying scenarios based on a 10% increase/decrease and inflationary factors over the ensuing years.

The following six scenarios are presented to your Board reflecting the parameters outlined at the April 2 meeting with one additional year being added to relect the fiscal impact of retiring the Authority Bonds. One additional scenario is included to reflect a more moderate approach:

- A. Scenarios 1, 2 and 3 are based on no fee increase, a 3% inflation factor and a variable tonnage factor of 0%, +10%, and -10% respectively; and
- B. Scenarios 4, 5, and 6 are based on a \$2 fee increase (for FY 2008/09 only), a 3% inflation factor, and variable tonnage factors of 0%, +10% and -10% respectively;
- C. Scenario 7 includes recommended Capital Improvement Projects for fiscal years 2009/2010 through 2012/2013 as noted in the Assumptions and is based on a \$2 fee increase with no increase in tonnage and no inflation for fiscal year 2009/20010 and 2.5% tonnage growth and 3% inflation in the out years.

Pending today's discussion and direction from the Board, staff anticipates returning to the Board on June 4, 2009 with a Final Budget for adoption.

SUPPORTING DOCUMENTS

A . Budget Scenarios

Manager: Approve
Reviewed By: Martha Burdick