



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 6/2/2011

Agenda Placement: 7D

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: Reserve Policies

RECOMMENDATION

RESERVE POLICIES

REQUESTED ACTION: Discussion and possible adoption of an Operating and a Capital Replacement Reserve Policy for the Authority.

EXECUTIVE SUMMARY

At the May meeting, the Executive Director recommended that the Board consider establishing Operating and Capital Replacement Reserves for the Authority. The Auditor-Controller and Executive Director have prepared draft policies for further consideration by the Board.

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

At the May meeting, the Executive Director recommended that the Board consider establishing Operating and Capital Replacement Reserves for the Authority. The Auditor-Controller and Executive Director have prepared draft policies for further consideration by the Board.

The proposed Operating Reserve Policy would establish an operating reserve balance goal in a range equal to between 30-days and 90-days average cash flow. The Capital Replacement Reserve goal would be to maintain a reserve between \$1 million and \$5 million.

SUPPORTING DOCUMENTS

- A . Draft Operating Reserve Policy
- B . Draft Capital Replacement Reserve Policy

Executive Director: Approve

Reviewed By: Richard Luthy