



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 6/3/2010

Agenda Placement: 6C

Napa-Vallejo Waste Management Authority Board Agenda Letter

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

RECOMMENDATION

PUBLIC HEARING: 2009/2010 FISCAL YEAR BUDGET

REQUESTED ACTION: Approval of Authority Resolution #2010-13 adopting the Final Fiscal Year 2010-2011 recommended capital improvement, debt service and operations budgets. (weighted vote required.)

EXECUTIVE SUMMARY

Following discussions at the Authority March 5, April 2, and May 7, 2010 meetings, the Manager and Auditor Controller are submitting a proposed budget that maintains the current fee schedule and provides for additional revenue from other sources including the pending solar farm. Also increases were made in expenditures to include anticipated increases to salary and office expenses related to a new manager agreement. The Manager and Auditor Controller are recommending the proposed budget be adopted. This item has been advertised and noticed for a public hearing. At the conclusion of the Public Hearing, adoption of Resolution No. 2010-13 is requested.

FISCAL IMPACT

| | |
|-----------------------------|---|
| Is there a Fiscal Impact? | Yes |
| Is it currently budgeted? | No |
| What is the revenue source? | These are the recommended Operating, Capital Improvement and Debt Service final budgets for FY 2009/2010. |

Is it Mandatory or Discretionary? Mandatory
Is the general fund affected? Yes
Future fiscal impact: None.
Consequences if not approved: Expenditures cannot 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 discussions during Authority Board meetings held on April 2, March 5 and May 7, 2010, the Authority Manager and Auditor-Controller are presenting a proposed budget that incorporates discussions with the Board over the last 3 months. The Budget does not include a fee increase but has identified other sources of revenue. Additional expenses have also been included related to a new management agreement and office space. Also the estimates for FY 2009-2010 have been updated and are consistent with the April 2010 Financial Statements presented by the Auditor.

Additional Revenues

\$180,000 has been added to other revenues in anticipation of Northern and the City of Napa concluding their negotiations of pricing for purchased recyclables during FY 2010-2011. The City has money set aside for this purpose and although these negotiations have been ongoing since 2007, City and Company officials feel that the conclusion is near. This revenue was partially included in FY 2009-2010 but the expenditure estimates currently do not include revenue from this source. Also included in other revenue is \$130,000 from a ground lease with Green Tech Power Group Solar Farm. Negotiations with Green Tech Power Group are under way but will not conclude for several months and potential project revenues are unknown until the Power Purchase Agreements have been finalized. Green Tech Power Group is agreeable to front loading the revenue from the ground lease if necessary but only after generation begins. The current time estimate to production is January 2011. Gross revenues from the Solar Farm are anticipated to be in the 1-2 million dollar range and our existing ground lease with our methane to electricity project receives 15% of the gross revenues. The final ground lease and pricing is still several weeks away, however it is reasonable to assume that \$130,000 in additional revenue can be realized in FY 2010-2011. Also included is a small increase (\$3,394) to gas collection system revenues as a result of better than expected performance due to wet weather, additional wells and increased well maintenance.

Additional Expenses

An additional \$70,486 has been added to General and Administrative Expenses to include new expenses related to a new manager and office space. \$38,086 in Salary and Benefits and \$32,400 in Office Expenses. Office Expenses, which include space leasing costs, are based on preliminary research of currently available small lease space and start-up costs. A cross section of available space was used ranging from 1,000 square feet to 400 square feet. Pending further direction from the Board to proceed with the procurement of space, the higher lease costs were used to estimate the annual lease cost of \$27,000 and \$7,500 for equipment and supplies as start up costs.

Adoption of Resolution 2010-13 which sets forth the final financing requirements, for the Operating, Capital

Improvement Program and Debt Service budgets for Fiscal Year 2009/2010 is requested as follows:

| | | |
|------------------------|---|---------------------|
| Fund 2080/40800 | Authority Operations & Maintenance | \$9,985,850 |
| Fund 2080/18000 | Authority Debt Service | \$ 1,212,267 |
| Fund 2080/16500 | Authority Capital Improvement | \$ 265,225 |

SUPPORTING DOCUMENTS

A . Proposed FY 2011 Budget

Manager: Approve
Reviewed By: Martha Burdick