



**NAPA-VALLEJO WASTE  
MANAGEMENT AUTHORITY**

Agenda Date: 6/3/2021

Agenda Placement: 8A

## Napa-Vallejo Waste Management Authority Board Agenda Letter

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**TO:** Board of Directors

**FROM:** Richard Luthy - Executive Director  
Napa-Vallejo Waste Management Authority

**REPORT BY:** Richard Luthy, Executive Director, Napa-Vallejo Waste Management - 707-299-1314

**SUBJECT:** Public Hearing Recommended 2021-2022 Fiscal Year Budget

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### **RECOMMENDATION**

#### **9:00 A.M. PUBLIC HEARING - RECOMMENDED FISCAL YEAR 2021-2022 BUDGET**

REQUESTED ACTION: Discussion and possible action on the following related to the Proposed Budgets for Fiscal Year 2021-2022

1. Approval of Recommended Budget for FY 2021/2022; and
2. Adoption of Resolution No. 2022-01 adopting the final recommended Operations and Capital Improvement Budgets for Fiscal Year 2021/2022 (weighted vote required).

### **EXECUTIVE SUMMARY**

The Executive Director and Auditor Controller are submitting for adoption a proposed budget for FY2021-2022. This item has been advertised and noticed for a public hearing. At the conclusion of the Public Hearing, approval of the Budget and adoption of Resolution No. 2022-01 are requested.

### **PROCEDURAL REQUIREMENTS**

1. Open Public Hearing
2. Staff report
3. Public Comment
3. Close Public Hearing
4. Motion, second, discussion and vote on item

**FISCAL & STRATEGIC PLAN IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	This is the proposed operating budget for Fiscal Year 2021-2022. Adoption of a budget is required to continue operations of the Authority in the coming fiscal year.
Is it Mandatory or Discretionary?	Mandatory
Is the general fund affected?	Yes
Future fiscal impact:	The budget covers only one fiscal year, however, decisions made in this fiscal year will impact the Authority's financial stability in the future.
Consequences if not approved:	Expenditures can not be made.
County Strategic Plan pillar addressed:	
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****FY 20-21**Operating Budget

The Authority's FY20-21 budget was based on an assumed waste flow to the Devlin Road Transfer Station (DRTS) of 240,000 tons per year. Actual tonnage to date has been higher than budgeted, and is expected to be between 245,000 and 250,000 tons by the end of the fiscal year. Increases in incoming tonnage produced corresponding increases in both revenue and operating expenses. Overall impacts on Authority finances were not significant.

Total revenue for the fiscal year is expected to be approximately \$19 million, almost entirely from customer fees collected at the transfer station.

Capital Budget

The Outbound Scale project has been completed and placed into operation. That project was budgeted at \$1.5 million, and expenditures totaled \$1.4 million.

The capital budget for FY20-21 also included funds for additional predesign and permitting work for the

proposed upgrades to C&D facility at the transfer station. Costs were significantly lower than anticipated, primarily due to unavoidable delays related to Covid-19.

### Net Revenue and Reserves

Net revenue, which was budgeted at \$0.59 million for the year, will be about \$2.1 million due to increased revenue from additional tonnage, and lower than budgeted Landfill Operation, Household Hazardous Waste and Capital Outlay costs. End of year cash reserves, budgeted at \$17.3 million, are expected to be about \$18.4 million.

### FY 21-22

#### Operating Budget

The proposed Operating budget of \$15.9 million is based on a projected waste flow of 250,000 tons to the DRTS and total anticipated revenue of about \$19.2 million. Transfer Station Operation (\$7.9 million) and Disposal (\$6.2 million) budgets reflect inflationary increases in contracted unit costs for services from Authority service providers.

Revenue projections for FY 21-22 are based on the previously approved rate increase of \$1.00 per ton for both franchise and non-franchise waste customers. These rates will go into effect on July 1, 2021 for non-franchise customers, and on October 1, 2021 for franchise customers. After the rate adjustments, rates will be \$70 per ton for franchise haulers, \$74 per ton for non-franchise waste, and \$40 for minimum loads. We are forecasting a net income from Operations of \$3.4 million, and a year end cash balance of \$20.5 million.

#### Capital Budget

The \$1.2 million Capital Budget includes additional work on design and permitting for the proposed C&D processing facility at the transfer station, maintenance of the wearing surfaces of the floor of the transfer building, and improvements to the leachate disposal line for the landfill.

### Reserves

The Authority Board adopted Operating Reserve and Capital Replacement Reserve policies in 2011 and updated the Operating Reserve Policy in 2017. The Capital Reserve policy was updated in 2015 and 2019.

#### Operating Reserve

The Authority's Operating Reserve Policy requires maintaining an operating reserve no less than 1/6 of annual operating expenses and no more than 1/3 of annual expenses. The recommended Operating Reserve allocation of \$2.6 million is consistent with this policy.

#### Capital Replacement Reserve

The Capital Replacement Reserve establishes a minimum reserve of \$1.0 million and a maximum of \$20.0 million, provided surplus funds are available after funding the Operating Reserve. The recommended allocation to the Capital Reserve for FY 21-22 is \$17.8 million.

### Recommendation

1. Approve the Recommended FY 21-22 Budget.

2. Adopt Resolution No. 2022-01 which sets forth the financing requirements for the Operating and Capital Improvement Programs for Fiscal Year 2021-2022, as follows:

Fund 8100 81000 - Operations

**\$15,875,090**

Fund 8100 81010 - Capital Improvement

**\$1,225,000**

**SUPPORTING DOCUMENTS**

A . NVWMA FINAL DRAFT 21-22 BUDGET

B . Resolution 2022-01

Executive Director: Approve

Reviewed By: Martha Burdick