



**NAPA-VALLEJO WASTE  
MANAGEMENT AUTHORITY**

Agenda Date: 6/4/2015

Agenda Placement: 7A

## 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 2015-2016 Fiscal Year Budget

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### **RECOMMENDATION**

#### **9:00 A.M. PUBLIC HEARING - RECOMMENDED FISCAL YEAR 2015-2016 BUDGET**

REQUESTED ACTION: Approval of Authority Resolution #2016-01 adopting the Final Fiscal Year 2015-2016 recommended Operations and Capital Improvement budgets. (weighted vote required.)

### **EXECUTIVE SUMMARY**

Following budget discussions at the Authority April 2, and May 7, 2015 meetings, the Executive Director and Auditor Controller are submitting for adoption a proposed budget for FY 2015/2016. This item has been advertised and noticed for a public hearing. At the conclusion of the Public Hearing, adoption of Resolution No. 2016-01 is 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 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 2015/2016
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.
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 14/15**

The Authority's FY 14/15 budget was based on an assumed waste flow to the Devlin Road Transfer Station (DRTS) of 172,000 tons per year. Actual tonnage to date has been significantly higher than initially anticipated due to demolition debris from the August 2014 earthquake and overall improvements in the local economy. The most recent budget revision, adopted by the Board in February, projected both increased disposal expenses and increased revenues as a result of increased tonnage. As of this writing, it appears that total fiscal year incoming tonnage to the transfer station will be around 195,000 tons, a 12.5 percent increase over the FY 13/14 total of 173,000 tons.

The \$1.1 million DRTS Pavement Rehabilitation Project was completed this year and funded entirely from current year revenue. The Authority is expected to end the year with a net positive cash flow of about \$990,000 and an ending cash balance of about \$3.6 million.

#### **FY 15/16**

The Proposed Budget for FY 15/16 includes the previously approved rate increase of \$1.00 per ton for both franchise and non-franchise waste, as well as the \$1.00 increase in the minimum load charge. These rates will go into effect on July 1, 2015 for non-franchise and minimum loads, and on October 1, 2015 for franchise loads. It is expected that these small annual increases will continue to be necessary for a few more years to allow the Authority to build up its reserves to meet the current Board-adopted Capital and Operating Reserve Policies.

The budget is based on a projected flow of 190,000 tons of waste to the DRTS, and total anticipated revenue of \$13,263,283. It anticipates minor inflationary increases in operating costs in some expenditure categories. Transfer Station Operation (\$4,851,457) and Disposal (\$4,125,370) budgets reflect both lower expected tonnage and minor inflationary increases in contracted unit costs for services.

The recommended capital budget includes completion of the ACSL Storage Tank Seismic Upgrades project and

award of the DRTS Phase II Pavement Rehabilitation Project for a total of \$2,675,000 in capital expenditures. If budget projections for FY 15/16 are realized, the Authority will essentially break even and will maintain a cash balance of about \$3.6 million. It is important to point out, however, that a recent change in the California's Industrial General Permit for storm water, which goes into effect July 1, 2015, may require additional capital expenditures at the Devlin Road Transfer Station to meet mandated Best Management Practices (BMPs) for storm water pollution prevention. The Authority's new Storm Water Pollution Prevention Plan is currently in preparation and the scope of potential BMP's and their costs cannot be estimated until later this year. If additional capital expenditures are required to meet storm water BMPs at DRTS, the Authority may need to amend the budget to either shift capital project priorities or draw down reserves for project funding. For the time being, however, staff is recommending entering the fiscal year with adoption of a balanced budget.

Adoption of Resolution No. 2016-01, which sets forth the financing requirements for the Operating and Capital Improvement Programs for Fiscal Year 2015/16, is requested as follows:

Fund 8100 81000 - Operations  
\$10,568,038

Fund 8100 81010 - Capital Improvement  
\$2,675,000

**SUPPORTING DOCUMENTS**

- A . FY 15/16 Proposed Budget
- B . FY 15/16 Budget Detail
- C . FY 15/16 Expenditure Chart
- D . FY 15/16 Budget Resolution No. 2016-01

Executive Director: Approve

Reviewed By: Martha Burdick