



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 6/5/2014

Agenda Placement: 7A

Napa-Vallejo Waste Management Authority Board Agenda Letter

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 2014-2015 Fiscal Year Budget

RECOMMENDATION

9:00 A.M. PUBLIC HEARING - RECOMMENDED FISCAL YEAR 2014-2015 BUDGET

REQUESTED ACTION: Approval of Authority Resolution #2015-01 adopting the Final Fiscal Year 2014-2015 recommended Operations and Capital Improvement budgets. (weighted vote required.)

EXECUTIVE SUMMARY

Following budget discussions at the Authority April 3, and May 1, 2014 meetings, the Executive Director and Auditor Controller are submitting for adoption a proposed budget for FY 2014/15. This item has been advertised and noticed for a public hearing. At the conclusion of the Public Hearing, adoption of Resolution No. 2015-01 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 2014/2015.
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 13/14

The Authority's FY 13/14 budget was based on an assumed waste flow to the Devlin Road Transfer Station (DRTS) of 174,000 tons per year. Actual tonnage to date has been running lower than anticipated and we are projecting a fiscal year-end total between 172,000 and 173,000 tons.

Year end revenues are expected to be about \$100,000 lower than projected due to lower waste volumes. However transfer station operating costs are expected to be close to budget in spite of reduced waste flow. This outcome is due to the operational impacts associated with the Devlin Road Transfer Station Floor Rehabilitation project. Replacement of the first half of the floor required that the loading chutes be taken out of service for several months. This resulted in lower haul weights in transfer trailers, and corresponding increases in trucking costs of about \$150,000.

Despite these fluctuations from budget projections, the Authority is expected to end the year with a net positive cash flow of about \$250,000 and an ending cash balance of about \$1,970,000. These results have been achieved while completing a long overdue \$1.2 million replacement of the DRTS tipping floor and initiating the first phase of the \$1.1 million DRTS Pavement Rehabilitation Project.

Overall, in spite of a slowdown in waste flow and increased operating costs in FY 13/14, the Authority has been able to move forward on critical capital projects and maintain both a positive cash flow and a reasonable cash reserve.

FY 14/15

The Proposed Budget for FY 14/15 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, 2014 for non-franchise and minimum loads, and on October 1, 2014 for franchise loads. It is expected that these small annual increases will continue to be necessary until FY 17/18, by which time the

Authority will have built up its reserves to meet the current Board-adopted Capital and Operating Reserve Policies.

The budget is based on a projected flow of 172,000 tons of waste to the DRTS, and total anticipated revenue of \$11,934,000. It anticipates minor inflationary increases in operating costs in some expenditure categories. However, Transfer Station Operation and Disposal services budgets are projected to be lower than the current fiscal year due to the change in total tonnage used to calculate budgeted expenditures. If tonnage exceeds estimates, the Authority will receive higher revenues and will experience higher operating costs, but the impact on net revenue will be positive, resulting in a higher year end cash balance.

The recommended capital budget includes completion of the DRTS Pavement Rehabilitation project and planned installation of two additional leachate collection tanks at ACSL. These tanks hold leachate from the landfill for treatment and storage prior to disposal. The current tank volume has been inadequate for a number of years, and the improvements will significantly improve operational flexibility. The total recommended capital budget for FY 14/15 is \$1,820,000.

If budget projections for FY 14/15 are realized, the Authority will increase its June 30, 2015 year end cash balance by about \$500,000 and continue making progress toward meeting the Board's current policies for Operating Reserve and Capital Reserve balances.

Adoption of Resolution No. 2015-01, which sets forth the financing requirements for the Operating and Capital Improvement Programs for Fiscal Year 2014/15, is requested as follows:

Fund 8100 81000 - Operations
\$9,584,800

Fund 8100 81010 - Capital Improvement
\$1,820,000

SUPPORTING DOCUMENTS

- A . FY 14-15 Budget
- B . FY 14/15 Expenditures
- C . FY 14-15 Budget Detail

Executive Director: Approve

Reviewed By: Martha Burdick