



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 6/7/2012

Agenda Placement: 7B

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: Public Hearing Recommended 2012-2013 Fiscal Year Budget

RECOMMENDATION

9:00 A.M. PUBLIC HEARING - RECOMMENDED FISCAL YEAR 2012-2013 BUDGET

REQUESTED ACTION: Approval of Authority Resolution #2012-07 adopting the Final Fiscal Year 2012/2013 recommended Operations, Capital Improvement, and Debt Service budgets. (weighted vote required.)

EXECUTIVE SUMMARY

Following budget discussions at the Authority April 12, and May 3, 2012 meetings, the Executive Director and Auditor Controller are submitting for adoption a proposed budget for FY 2012/13. This item has been advertised and noticed for a public hearing. At the conclusion of the Public Hearing, adoption of Resolution No. 2012-07 is requested.

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 2012/2013
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

The Authority's 2011/12 budget was based on an assumed waste flow to the Devlin Road Transfer Station (DRTS) of 170,000 tons per year, and projections of additional revenue of \$300,000 from the solar ground lease at American Canyon Sanitary Landfill (ACSL). It was anticipated that fuel surcharges for the year would be around \$0.58 per ton on average. Waste tonnage to DRTS has been slightly higher than projected, and may exceed 171,000 tons by the end of the fiscal year. Unfortunately, additional income from the solar ground lease has not yet been secured and fuel price surcharges have been higher than anticipated. Fuel surcharges have ranged from \$1.08 to \$1.35 per ton during the first 10 months of the current fiscal year. The FY 11/12 budget anticipated a 3% increase in landfill disposal costs, but more competitive market conditions enabled the Authority to negotiate lower fees with the current disposal contractor. An 18 month disposal contract extension (until December 2013) incorporates reductions that will save the Authority up to \$300,000 in the current fiscal year. An increase of 3% is anticipated for FY 12/13.

The increase in waste flow to DRTS has been helpful to the overall financial picture. As waste volumes increase, the Authority's operating costs per ton decrease due to the impact of fixed costs, which do not change with waste flow. Although revenue from the solar lease agreement has not been received as anticipated, positive cash balance at year end is projected due to delays in expenditures for major rehabilitation work at DRTS. With completion of the DRTS Master Rehabilitation Plan, the stage is set to begin implementing major repair projects in FY 12/13.

The proposed budget for FY 12/13 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, 2012 for Non-franchise and Minimum loads, and on October 1, 2012 for Franchise loads. The proposed budget assumes that the solar power project at ACSL will begin operating, and contractual lease revenue will be received. With the exception of inflation-adjusted cost increases for transfer station operation and disposal, for which the Authority is contractually obligated, and reduced costs for latex paint disposal at the Household Hazardous Waste facility, only minor adjustments to 2011/12 budgeted expenses have been anticipated.

Adoption of Resolution No. 2012-07, which sets forth the final financing requirements for the Operating, Capital Improvement Program and Debt Service budgets for Fiscal Year 2012/2013, is requested as follows:

Fund 2080/40800	Authority Operations & Maintenance	\$10,395,885
Fund 2080/16500	Authority Capital Improvement	\$ 623,219
Fund 2080/18000	Authority Debt Service	\$ 1,200,240

PROCEDURAL REQUIREMENTS

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

SUPPORTING DOCUMENTS

- A . Resolution No. 2012-07
- B . Budget

Executive Director: Approve
Reviewed By: Martha Burdick