



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 7/14/2011

Agenda Placement: 8A

Napa-Vallejo Waste Management Authority **Board Agenda Letter**

TO: Board of Directors
FROM: Richard Luthy - Executive Director
Napa-Vallejo Waste Management Authority
REPORT BY: Martha Burdick, Management Analyst II - 299-1731
SUBJECT: Keller Canyon Contract Extension

RECOMMENDATION

KELLER CANYON

DISCUSSION AND POSSIBLE ACTION: Consideration of possible extension of Keller Canyon Disposal Contract.

EXECUTIVE SUMMARY

Executive Director to report on status of contract renewal discussions with Keller Canyon

FISCAL IMPACT

Is there a Fiscal Impact? No

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

Since the RFP for disposal sites was issued in 2007, market conditions for solid waste disposal have changed dramatically. Tonnages are down at all disposal sites, leading landfill owners to be more competitive in their pricing. In January 2010, a provision of the Keller Canyon contract requiring 3 percent per year price increases became effective. In 2007, The Authority paid \$24.90/ton for Municipal Solid Waste (MSW) disposal and \$14.44 for Alternative Daily Cover (ADC) disposal. The MSW rate included pass-through costs (governmental fees) of \$7.22/ton. Pass-through costs are not added to the ADC rate. Rates for 2011 are \$28.85/ton for MSW and \$16.16/ton for ADC. Pass-through costs have increased to \$8.81/ton for MSW. Rates for 2012 are projected to be \$29.60/ton for MSW and \$16.64 for ADC.

In 2010, the Authority delivered about 140,000 tons of MSW to Keller Canyon, meaning that each \$1.00 in increased disposal fees represents an annual expense to the Authority of approximately \$140,000. Representatives of Keller Canyon are willing to discuss contract changes to lower current and ongoing costs to the Authority, and have agreed to waive a contract provision requiring notification of extension by July 1, 2011. This will allow time for Authority staff and Keller Canyon to discuss potential contract changes prior to the Board making a firm decision on whether or not to extend the contract for another five years.

SUPPORTING DOCUMENTS

None

Executive Director: Approve

Reviewed By: Martha Burdick