



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 9/1/2005

Agenda Placement: 5B

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

TO: Board of Directors
FROM: Jill Pahl for Trent Cave - Manager
Napa-Vallejo Waste Management Authority
REPORT BY: Belinda Yamate, Secretary, 253-4471
SUBJECT: Rate Adjustments.

RECOMMENDATION

RATE ADJUSTMENTS.

REQUESTED ACTION: Direct staff to prepare a fee resolution to adjust rates charged at the Devlin Road Transfer Station.

EXECUTIVE SUMMARY

Staff requests direction on possible rate adjustment mirroring the Allied Waste's service fee CPI increase which will take effect October 1, 2005.

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

During the 2005-06 Budget Process the Board of Directors discussed rising the tipping fee at the Devlin Road Transfer Station. The Board decided to raise the fee from \$54 per ton to \$56 per ton for non-franchise haulers and the minimum fee from \$18 to \$19. The franchise rate of \$54 remained the same. The Board also discussed raising the fee more in anticipation of the cost of living adjustment to the operator contract (Allied Waste) which occurs every year in October. The Board decided to delay that decision until October.

We have been informed by our contactor that the adjustment to the service fee will be \$0.53 increasing the service fee from \$50.36 to \$50.89. Based on the final operating budget the Authority's per ton operating cost is \$59.08 and the average per ton fee is \$54.90 leaving a \$4.18 per ton operating loss. In 1994 the Board raised the rates to \$60.27/ton. In 1999 the Board reduced rates to \$54/ton and in May of this year increased non franchise rates to \$56/ton. The Authority has had a policy of using retained earnings to stabilize rates. The available funds for rate stabilization have diminished over the years. It was anticipated that the Authority will have \$1,226,089 available for rate stabilization in FY 2005-06. However the true amount of funds available for rate stabilization this fiscal year is unpredictable at this time because of the difficulty of determining the timing of the sale of the Oat Hill Quarry and the State Certification of Final Closure of American Canyon Sanitary Landfill.

One concern of the last increase was that user may choose competing facilities. The \$2 per ton increase has not effected the monthly tonnage received at Devlin Road Transfer Station. The Board has also recently expressed concern about the litter in and around the Devlin Road Transfer Station. Many other facilities use price incentives to encourage loads to be covered and have reported a reduction of littering. A \$1 reduction per ton or per minimum load for non-franchise waste that is properly covered should have a positive effect on reducing litter and, in conjunction with an appropriate increase, would not have a negative effect on Authority finances.

Recommendation:

Direct staff to proceed with the preparation of a rate increase of \$2/ton and \$2 per minimum load for non-franchise waste, and a \$1 reduction per ton or per minimum load for non-franchise waste that is properly covered. This effect will result in only a \$1 increase for properly tarped loads.

SUPPORTING DOCUMENTS

A . Rate Review October 2005

Manager: Approve

Reviewed By: Jill Pahl