

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Budget Appropriation for Pacific Waste Services Payment
DATE: August 29, 2006

Needs: For the City Council adopt a resolution approving a \$14,900 appropriation for a solid waste revenue incentive payment pursuant to an existing agreement with Pacific Waste Services (PWS).

Facts:

1. The Council previously approved a landfill operations agreement with PWS.
2. The agreement provides for an annual revenue incentive payment based upon total revenues exceeding 4% growth rate.
3. The purpose of the revenue incentive provision was to encourage PWS to increase solid waste tonnage deliveries to the municipal landfill.
4. Landfill revenues exceeding the 4% growth rate are to be shared 65% PWS and 35% City.
5. The current operating budget does not contain a budget appropriation for said incentive payment since the amount of the incentive payment was unknown.

Analysis &
Conclusion:

It is desirable that the Council appropriate funds from the General Fund to cover the revenue incentive payment to be made to PWS.

Total revenues for the twelve month period August 1, 2005 through July 31, 2006 totaled \$2,103,105 (excluding the IWMA \$3.00 per ton surcharge) as compared the 4% base growth amount of \$2,009,400. As noted above, PWS receives 65% of any revenues exceeding the base growth amount. Based upon this revenue sharing provision and the first amendment to the landfill operations agreement, PWS is due a payment of \$60,908. However, a recent contract amendment with PWS requires them to reimburse the cost of "general day to day" engineering costs incurred by the City. Additionally, the amendment provides that the incentive and engineering components be "netted".

The engineering costs incurred by the City total \$46,034 providing for a net payment to PWS of \$14,874.

The City's share of the increased revenues was \$32,797.

Fiscal
Impact:

The Public Works budget does not include a budget appropriation for the incentive payment. Thus, the need for this appropriation request.

Options:

- a. Adopt Resolution No. 06-xxx approving a one time budget appropriation in the amount of \$14,900 from the General Fund for payment of the “additional contractor share” to Pacific Waste Services as netted against the amount of general engineering due the City; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 06-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING A BUDGET APPROPRIATION FOR THE CITY'S SOLID WASTE
INCENTIVE PAYMENT TO PACIFIC WASTE SERVICES

WHEREAS, the City has a revenue incentive agreement with Pacific Waste Services; and

WHEREAS, this agreement provides financial incentives based upon annual growth of landfill revenues; and

WHEREAS, landfill revenues exceeded the 4% growth base; and

WHEREAS, the agreement calls for all revenues exceeding to 4% growth base to be split 65% to the contractor and 35% to the City; and

WHEREAS, the current budget does not contain an appropriation for the revenue incentive payment totaling \$14,874 (netted against the engineering payment due the City in the amount of \$46,034); and

WHEREAS, it is desirable to provide a budget appropriation to cover the revenue incentive payment.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles to approve a one time budget appropriation from General Fund reserves in the amount of \$14,900 to budget account 100-310-5224-167 for fiscal year 2006.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 29th day of August 2006 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank Mecham, Mayor

ATTEST:

Deborah Robinson, Deputy City Clerk