

TO: James L. App, City Manager  
FROM: Mike Compton, Director of Administrative Services  
SUBJECT: Budget Appropriation for Pacific Waste Services Payment  
DATE: April 5, 2005

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Needs: For the City Council to consider a \$153,700 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  
and

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, 2003 through July 31, 2004 totaled \$2,096,641 (excluding the IWMA \$3.00 per ton surcharge) as compared the 4% base growth amount of \$1,857,800. 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 \$153,636.93.

The City's share of the increased revenues was \$83,594.

Fiscal  
Impact:

The Solid Waste Operations Fund was de-commissioned as an enterprise fund beginning with fiscal year 2002. Franchise fee payments (City share of gate receipts) are now deposited into the General Fund. The Public Works budget does not include a

budget appropriatino for the incentive payment. Thus, the need for this appropriation request.

For the fiscal year ending 6/30/04, the City budgeted \$1,058,600 and received \$1,023,700. The current budget/four financial plan projects revenues of \$991,900, \$1,089,200, \$1,193,200 and \$1,332,700.

The mid-year budget report projected positive year end results for the General Fund in the amount of \$299,900, exclusive of San Simeon Quake related expenditures. This appropriation plus the following additional appropriations would eliminate projected positive year end results:

Telegram Tribune Settlement	\$110,500
Wood Waste Grinding & Removal	35,000
Liner Tear Mitigation	<u>134,100</u>
Sub total	279,600
This request:	<u>153,700</u>
Total	<u>\$433,300</u>

Note: The liner tear mitiagtion expenses are fully reimbursable but it is unknown as to whether or note the reimbursement will occur before 6/30/05.

Options:

- a. Adopt Resolution No. 05-xxx approving a one time budget appropriation in the amount of \$153,700 from the General Fund for payment of the “additional contractor share” to Pacific Waste Services; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 05-

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

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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 \$153,637; 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 \$153,700 to budget account 100-310-5224-167 for fiscal year 2005.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 5<sup>th</sup> day of April 2005 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Frank R. Mecham, Mayor

ATTEST:

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Sharilyn M. Ryan, Deputy City Clerk