
MINUTES

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

Special Meeting

April 2, 2014

George L. Gordon Government Center

Board of Supervisors Chambers

Meeting Convened. A special meeting of the Rappahannock Regional Solid Waste Management Board (R-Board) was convened at 2:30 PM, Wednesday, April 2, 2014, at the George L. Gordon Government Center, in the Board of Supervisors Chambers.

Roll Call. The following members were present: Paul V. Milde, III, Chairman; Frederic N. Howe, III, Vice Chairman; Beverly R. Cameron; George Solley; Gary F. Snellings; Anthony J. Romanello arrived immediately following roll call.

Also in attendance were: Bill Hefty, Esq., R-Board Attorney; Robert L. Hundley, Resource International, Ltd.; Keith Dayton, Director; Jason Pauley, R-Board Superintendent; Diane L. Jones, Julie May, and Stephanie Persico, R-Board staff; Brendan Hefty, Esq., Hefty and Wiley, P.C.

Mr. Howe motioned, seconded by Mr. Snellings, to approve the minutes for March 5, 2014.

By voice, the vote was:

Yea: (6) Milde, Howe, Cameron, Solley, Snellings, Romanello

Nay: (0)

Presentation by the Public: The following members of the public desired to speak:

Mr. Bill Johnson, Mountain View Road- Mr. Johnson expressed the following points:

- Concern about the possible pollution if an incinerator was constructed in Stafford, and the need for better fiscal policies.
- Increasing tipping fees by ten percent that would bring between \$350,000 and \$400,000 in additional revenue.
- Diversion of MSW to other landfills would help increase the lifespan of Cell F1 which, in turn, would delay the construction of Cell F2 and reduce expenses to operate the landfill and reduce the amount of toxic materials being placed there.
- The R-Board receives, on average, \$4 per ton for resident waste when it costs \$47.69 per ton to process their waste, and recommended implementing the recommendations in the R-Board package as they would raise around \$1.1 million in revenue, eliminating the budget shortfall and providing funds to begin creation of Cell F2.

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- Informed the Board of the upcoming website, www.stopthestaffordincinerator.com, which will have information about the possibility of the incinerator.

Mr. Milde asked the R-Board staff to monitor the StopTheStaffordIncinerator website, and ensure that the R-Board website information on this subject was correct and up to date.

Report of the R-Board Attorney: Mr. Hefty reported there are no issues to report on at this time.

Mr. Howe then asked about the status of the operational agreement clarification. He asked if a resolution would be ready for the May 21st meeting clarifying and removing certain lease terms in the agreement, and structuring the agreement as a partnership rather than a lease. He noted that the City could bail out at any time from what the agreement says now.

Mr. Milde agreed that the ambiguity needs to be clarified and cleaned up. He also noted that this may not be ready for the May 21st meeting because of the budget time frame. Mr. Hefty stated that he will prepare a draft as directed, but noted that the terms being discussed were policy decisions rather than legal concerns, and are up to the Board to decide. Mr. Hefty, Mr. Cameron and Mr. Romanello agreed to continue work on clarification of the agreement.

Report on Finances:

Financial Summary: Mr. Dayton reported that the R-Board's revenues for February were down and attributed this to the continuing severe winter weather. He stated that although expenses were down, current projections indicate the use of \$300,000 from the reserve fund to cover budget requirements for FY2014. The financial outlook is expected to improve as activity increases this spring and early summer.

Customer Account Status: Mr. Dayton reported that the account status was similar to that reported last month, with the exception that one of our major clients, Waste Management, Inc., had a large delinquency of 60 days. He noted that we will monitor payment on this account.

Waste and Material Analysis: Mr. Dayton reported that non-billable amounts for Stafford were up 15%, and that City amounts, including the Belman collection location, were down about the same amount. He stated that there was a large reduction in non-billable tires, possibly as a result of the change in the tire acceptance policy.

Mr. Snellings expressed concern about residents illegally dumping tires due to the change in the tire acceptance policy, and about fires and mosquitoes as a result of illegal dumping. He noted two locations where there are discarded tires. Mr. Dayton noted that the litter crew is paying special attention to illegally dumped tires to allow us to detect an increase in this activity. Mr. Snellings noted that there are 34 used car lots on Route 1 in Stafford, and is concerned about what these dealers do with their tires. Mr. Dayton stated that dealers would be required to come across the

scales and pay the tipping fee for the tires, and noted that if anyone is caught dumping tires illegally, they would request the Sheriff's Office prosecute them to the fullest extent of the law.

Unfinished Business:

Financial Outlook/Preliminary FY2015 Budget Discussion: Mr. Dayton addressed two questions raised at the March 5th meeting as follows:

1. **Offsetting savings from waste diversion to other landfills.** It was noted that the R-Board would save the entire capital cost for developing landfill space estimated at \$6 per ton, along with a portion of the operational cost estimated at \$11 per ton, for a total offset of about \$17 per ton.

Mr. Howe asked about the downside of turning away C&D. He stated that turning away C&D would extend the life of the landfill as well as save money. Mr. Dayton stated that our primary competitors are the commercial facilities more than the other locality operated landfills. He stated that commercial landfills (Waste Management in King George County and County Waste in Shoosmith) have more flexibility with their charges for collection. They own their own facilities and have tax write-offs. Private entities have made adjustments to their collection practices to improve efficiency levels. Mr. Dayton stated that if commercial business was diverted, revenues would suffer. Mr. Howe explained what type of break-point he was looking for. He asked what it takes to fund the landfill and what it takes to take care of the employees, and if the R-Board does not proceed with a Waste to Energy facility then who handles the costs? Mr. Dayton spoke about the employee and equipment obligations the R-Board currently has and stated he is looking for a break-even point. Mr. Dayton recommended that for MSW we need to hold the \$41 tipping fee with the reductions tier for volume at \$36 and \$34 and raise the 1,500 ton per month tipping fee from \$25 to \$30. Mr. Dayton was asked if he felt the proposed changes to C&D tipping fees would negatively impact local construction. He responded that it was unlikely, as our tipping fees are highly competitive with other area landfills.

2. **Methods used by other localities to collect waste disposal charges from residents.** Mr. Dayton reported that R-Board staff conducted a survey of our neighboring jurisdictions and learned that the primary method of collection for resident's use of landfill services was through property taxes. The second most prevalent method was charging residents at the gate and assessing surcharges for specific items (electronics, fluorescent bulbs, etc.).

Mr. Dayton reported on the preliminary FY2015 budget information provided in the R-Board meeting materials, and discussed the two alternative expense budgets and four alternative revenue budgets. The two expense budgets were consistent with the memorandum provided at the March 5th meeting, except that one expense budget reflected savings from eliminating litter control services, resulting in reducing expenses by \$255,000.

Mr. Dayton also explained the four revenue budgets, each using different assumptions for revenue generation. Mr. Dayton explained that the biggest change in revenue would come from bigger shifts in policy as far as directly charging residents for landfill services, or receiving subsidies from the participating localities for operational losses per the R-Board Operating Agreement.

Mr. Cameron asked for clarification on the table on page 3 of the memorandum about the revenue per agreement. He asked about the revenue per agreement of \$4,496,649 that includes a combined City and County subsidy of \$697,909 and the purpose of that would extinguish the operating loss that was sustained in FY2013. Mr. Cameron asked for clarification about the 'Revenue All Options' option of \$4,671,649. Mr. Dayton explained that this includes the revenue per the agreement plus an additional \$175,000 from eliminating the cap for C&D billing rates, and raising the over 1,500 ton per month tipping fee from \$25 to \$30 per ton. Mr. Cameron asked if the 'Expense All Cuts' expense budget of \$4,043,681 includes both the \$40,000 for service reductions at Belman, and transferring the Litter Crew back to the County. Mr. Dayton noted that it did. Mr. Romanello asked what services would be reduced at the Belman Road facility. Mr. Dayton noted it would include the reduction of C&D, appliances, brush and any other bulky items, leaving only MSW collections. Mr. Dayton also noted that the site will be equipped with trash compactors so there will be a significant savings in transportation of the MSW. Mr. Romanello asked if the Board had already approved the C&D fee change at the last meeting. Mr. Dayton noted that while the matter had been discussed, no action was taken.

A general discussion ensued about how the Litter Crew and Belman Road came to be under the control of the R-Board. They discussed the costs of each \$215,000 for Litter Crew and \$40,000 for Belman. They discussed what it would mean for each locality to take back their respective expenses. Mr. Milde noted that taking back the Litter Crew was not an anticipated budget expense for Stafford County. He recalled that initially it was intended to keep the main roadways to the landfill clean, but had expanded to include general roadway cleanup.

Mr. Milde asked if there had been a proposal for elimination of the cap on weight for C&D at the last R-Board meeting. Mr. Dayton stated yes, that the proposal for the elimination on the weight cap was brought up in the last meeting. He pointed out that under the current fee schedule; the haulers were packing the containers approximately double the billed amount, resulting in a significant loss of revenue. He noted that at \$41 per ton for C&D, we are still priced competitively and could collect close to \$150,000 in additional revenue. Mr. Cameron asked about the financial impact of the R-Board removing the cap on weight for C&D, and increasing the tipping fee for the 1,500 ton price break from \$25 to \$30 per ton for commercial haulers, and enacting the locality subsidy per the agreement. Mr. Dayton noted the surplus would be approximately \$400,000.

Mr. Dayton stated that the operation budget would be neutral but that doesn't fund the expense for the construction of Cell F2. Mr. Dayton expressed that Cell F2 has to be operational by December

2015, which will place the expense in the FY2016 budget. Mr. Milde suggested that Mr. Romanello make the financial situation a priority for the next Board of Supervisors meeting. He noted the matter could be discussed at a future Finance, Audit and Budget Committee meeting.

Mr. Cameron stated that both jurisdictions, as written in the existing operating agreement, are bound to cover the operating loss every year. Mr. Romanello stated that with no change, there would be a \$403,000 deficit. Mr. Milde noted the reality of this situation. Mr. Romanello asked the R-Board to agree on the C&D and MSW price breaks for a total of \$175,000, leaving the deficit amount at \$228,000 for the jurisdictions to pay.

Mr. Howe asked about the possibility of funding Cell F2 expansion through both entities putting up credit for locality bonds. Mr. Milde stated that option is not possible as long as the operating agreement between the City and County has terms and is not set for perpetuity. Mr. Howe expressed the importance of getting the operational agreement clarified. Mr. Cameron stated that obtaining credit would be difficult because of the R-Board's current financial situation. Mr. Dayton reported that the unrestricted fund balance is \$13,000.

Mr. Howe motioned, seconded by Mr. Snellings, to adopt the following staff recommendations for revenue options for the FY2015 budget, effective July 1, 2014:

- Eliminating the cap on C&D weights, billing all C&D material at \$41 per ton, and
- Increasing the tipping fee for quantities of MSW greater than 1,500 tons per month from \$25 to \$30 per ton, with the expectation that the total revenue produced through these measures will be \$175,000.

By voice vote, the vote was:

Yea: (6) Cameron, Howe, Milde, Romanello, Snellings, Solley
Nay: (0)

Mr. Milde motioned, seconded by Mr. Howe, to move forward with the FY2015 budget in the amount of \$4,298,681, with no funding designated for the construction of Cell F2 and an increase of the government subsidy of approximately \$228,000 over the \$96,000 currently provided.

By voice vote, the vote was:

Yea: (6) Cameron, Howe, Milde, Romanello, Snellings, Solley
Nay: (0)

Mr. Milde asked for an update on the RFP for a consultant to assist staff with reviewing the alternative waste to energy proposals, and requested that updates be provided at each R-Board meeting. Mr. Dayton stated that staff would be interviewing the shortlisted firms next week.

Future Session: The next meeting will be held on May 21, 2014 at 1:30 P.M. in the Stafford County Administrative Center, Board of Supervisors' Chambers.

Adjournment: The Chairman adjourned the meeting at 3:41 P.M.


Keith Dayton, Director


Stephanie Persico, Clerk