

**RAPPAHANNOCK REGIONAL SOLID WASTE
MANAGEMENT BOARD**

REGULAR MEETING AGENDA

**STAFFORD COUNTY
GEORGE L. GORDON GOVERNMENT CENTER
BOARD OF SUPERVISORS CHAMBERS
STAFFORD, VIRGINIA**

**April 15, 2015
1:30 P.M.**

- A. CALL TO ORDER.**
- B. ROLL CALL TO DETERMINE QUORUM**
- C. APPROVE MINUTES OF PRIOR BOARD MEETINGS (Tab 1)
March 12, 2015**
- D. PRESENTATIONS BY THE PUBLIC**
- E. PRESENTATIONS BY R-BOARD MEMBERS**
- F. REPORT OF R-BOARD ATTORNEY**
- G. REPORT OF STAFF (Tab 2)**
 - 1. Personnel Status Update**
 - 2. Environmental Compliance Report**
 - a. Staff Report**
 - b. Consultant Report**
 - 3. Operations Update**
 - a. Belman Road Compactors**
 - b. Cell F1 Filling Status**
 - c. Household Hazardous Waste Day**
 - d. Annual Customer Survey**
- H. REPORT ON FINANCES (Tab 3)**
 - 1. Financial Summary Through March 31, 2015**
 - 2. Weight & Material Analysis Through March 31, 2015**
 - 3. Resident Fee Update**
- I. UNFINISHED BUSINESS (Tab 4)**
 - 1. Supplemental Information Requested at March 12, 2015 Meeting**
- J. NEW BUSINESS (Tab 5)**
 - 1. Proposed FY2016 Budget**
 - 2. RB15-02**
- K. CLOSED SESSION (if needed)**
- L. NEXT SCHEDULED MEETING
May 20, 2015, Board of Supervisors Chambers, George L. Gordon Government Center, 1:30 PM**
- M. ADJOURNMENT**

**C. APPROVE MINUTES
OF PRIOR BOARD MEETINGS (Tab 1)
March 12, 2015**

MINUTES

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

March 12, 2015 9:30 A.M.

George L. Gordon Government Center

ABC Conference Room

Meeting Convened: A Special meeting of the Rappahannock Regional Solid Waste Management Board (R-Board) was convened at 9:30 A.M. on Thursday March 12, 2015, at the George L. Gordon Government Center, ABC conference Room.

Roll Call: The following members were present: Matthew Kelly, Chairman; Paul V. Milde, III, Vice-Chairman; Beverly R. Cameron; Gary Snellings; Anthony J. Romanello; William C. Withers, Jr.

Also in attendance were: Brendan Hefty, Esq., R-Board Attorney; Robert L. Hundley, Resource International, Ltd., Consulting Engineer; Keith C. Dayton, Director & Deputy County Administrator; Jason Pauley, R-Board Superintendent; Diane Jones, Julie Williams-Daves, and Christina Morgan, R-Board staff;

Mr. Romanello motioned, seconded by Mr. Withers, to approve the minutes for February 9, 2015.

By voice, the vote was:

Yea:	(6)	Milde, Kelly, Cameron, Snellings, Romanello, Withers
Nay:	(0)	
Absent:	(0)	

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

Bill Johnson: He stated he did not call the fees insane at the last meeting. He thinks the combined tipping fees and residential gate fees are appropriate. The staff report in the board package defines a transfer station in a very limited way. He is in favor of a facility with the capability to sort trash to retrieve recyclable materials, and sending the commercial haulers elsewhere. He opposes reintroducing the concept of an incinerator.

Wendy Zernick: She owns a small landscaping business and uses a trailer that holds less than ½ ton. Last year going over the scales she had to pay the minimum \$20 per trip for commercial customers and feels the amount is exorbitant. The trailer holds mostly small plant trimmings, mulch, and compostable materials. She does not feel it is fair to pay a commercial rate given the nature of the items she brings to the landfill. In addition, she does not feel safe driving to the commercial side of the landfill.

Presentations by the R-Board Members

Mr. Milde stated that pyrolysis is not incineration and the USEPA classifies it very differently. He used the example of baking a pie versus burning a pie to describe the difference.

Mr. Snellings noted that the incinerator facility in Fairfax is monitored very closely by state and federal regulators. He would like staff to request a tour to see that operation. Mr. Snellings also stressed the need to talk about exceptions for commercially registered vehicles.

Mr. Kelly agreed to take a trip to visit the incinerator in Fairfax and emphasized the need to focus on processes rather than semantics. He wants the R-Board to focus on moving forward on the operational issues, long-term, capital costs, and building back reserves. He is concerned about an apparent lack of urgency. Since 2004 issues with operational costs, competition, and the economy have created a perfect storm. He questioned if the new user fees will get the R-Board in a better financial position. The current agreement between the localities includes the provision that a shortfall of the operations budget will be covered by the localities based on proportional use of the facility. This has not happened and the R-Board has used reserve funds to cover the operational deficit. Mr. Kelly stated that we must understand the reality of the situation and that jurisdictional contributions will be required to make it work. He feels any solution is going to require jurisdictional support. Mr. Kelly recommends that the City discontinue paying any tipping fees until Stafford County pays its share. Mr. Withers stated his support of Mr. Kelly's recommendation. Mr. Milde agreed to the seriousness of the situation and reiterated his disagreement with the resident fees, calling them a disaster, creating lines and illegal dumping.

Report of the R-Board Attorney: Mr. Brendan Hefty attended the meeting in Mr. William Hefty's absence and had nothing to report.

Unfinished Business

Resident Fee Program: Mr. Dayton provided the following summary on the first 10 days of the resident fee program.

The R-Board authorized the resident fee program in January and modified it in early February. The annual passes went on sale on February 4. Sales began very slowly, but accelerated after March 2 when the program began. Staff began a public outreach campaign in late January and intensified it during the month of February. The public outreach includes website postings, leaflets, banners at the convenience centers, and social media. Judging by some residents' comments, staff missed getting the message to many of our customers, but outreach efforts continue. Staff made several adjustments to facilitate the transition to the new program:

- Assigned senior staff and added additional staff at both convenience center locations during the first weekends of the program,
- Adjusted the traffic pattern and waste bins locations at the Belman Road location,
- Allowed cash payment of one-day passes at the Eskimo Hill gatehouse during the initial weekend operations; however, the downside to this was extending the lines entering the facility. Staff has introduced two lanes in-bound and one lane out.

Staff continues to hear dissatisfaction with the program, particularly about the lines and payment options. Staff posted a FAQ on our website this morning, and will share the document with City and County. The most recent data shows collections of \$123,100 from the sale of approximately 1,575 annual passes, 600 coupon books, and nearly 1,400 one-day passes.

Mr. Snellings would like to see the annual pass pro-rated, possibly quarterly through the year. He asked staff to come back with some recommendations. The biggest complaints he is receiving are confusion about obtaining an annual pass, and being redirected to the commercial side, then being stuck in a long traffic line. He wants to find a way to overcome the congestion at the commercial side of the landfill.

Mr. Milde suggested credit card readers on phones or tablets for busy times similar to those he has seen at private fundraising events. He wondered what it would take to eliminate the resident fees and asked about the real cost of the government subsidy. Mr. Milde feels that landfills can be profitable and wants to focus on lowering the commercial tipping fees to increase business and consider developing waste to energy.

Mr. Romanello addressed the rest of the board on behalf of staff saying that the budget will be a topic at the next R-Board meeting.

Mr. Dayton answered Mr. Milde's question about the government subsidy stating that Stafford's portion of last year's operating deficit would have amounted to 68% of \$700,000, or \$478,000. He said that staff will be watching the resident fee closely, but the program is still too new to predict how much revenue it will generate. He noted that commercial landfills typically accept much higher quantities of waste. The King George landfill takes in about ten times what the Eskimo Hill landfill takes in, creating an enhanced economy of scale. The Eskimo Hill landfill was not designed to process that quantity of waste, and the roads leading to the landfill cannot handle that much traffic. Furthermore, attracting additional waste at this time will fill up Cell F-1 that much faster, while we are pushing to get Cell F-2 constructed prior to reaching capacity.

Mr. Romanello expressed his appreciation to staff for working to get the new user fee program up and running. Mr. Kelly agreed with Mr. Romanello and commented that it was very eye opening to be at Belman Road on the weekend. He then asked why brush is not free under the new program, questioning whether yard waste is recyclable. Mr. Dayton explained that while yard waste is recycled, it is different from the single-stream recyclables or scrap metal that are sold for substantial revenue. Yard waste is ground into mulch that is free to the public. He added that tires are another recycled material that is expensive to handle and process. Mr. Snellings then requested that staff determine the cost to grind the yard waste and report to the R-Board at the next meeting. Mr. Pauley noted that the tub grinder is one of the most expensive pieces of equipment at the landfill.

Mr. Kelly asked about traffic and a decrease in the use of Belman Road. Mr. Dayton acknowledged the dramatic decline at Belman but is not sure why as of yet. It could be people have not bought a pass yet. He also speculated that some of the prior use of Belman was from out of county residents. The Eskimo Hill Road location seems not to have had a decline. Staff is also aware of people "gaming" the system and bringing their commercial waste in for free.

There ensued a discussion regarding the resident fee program on littering. Before the user fee program began, staff took a proactive approach to work with the Sheriff's Office on potential dumping. To date there have been three documented cases of illegal dumping, two of which will be cleaned up by the party who dumped the trash. Staff has set up a database to log the dumping reports and is working with

the Sheriff's Office to prosecute and deter repeat offenders. Mr. Milde stated that even one instance of illegal dumping is a problem.

Mr. Kelly asked for clarification on why coupon books are not sold at Belman Road. Mr. Dayton explained that there is no traffic staging area at Belman and the time each transaction takes creates a backup onto the road. In addition, there are no financial controls at that location. Mr. Milde again suggested handheld credit card readers and a deputy presence on busy days to help control traffic on Eskimo Hill Road. Mr. Withers asked about presenting identification for a daily pass and selling passes at the convenience center locations. Mr. Dayton answered that people have not been asked for their identification for a daily pass. Mr. Dayton also explained that in order to help ease traffic backups we began selling passes at the residential gatehouse with the reminder to individuals that they could then go to the scale house or to any other location to get the annual pass or coupon books.

Mr. Kelly noted that considerable time had been spent on the fee system that simplifying and changing it to accommodate exceptions will likely not achieve the desired results. He reminded the R-Board that the focus should be on the reality of the present financial situation and the long term strategy to get the operation back on solid financial ground.

A general discussion regarding exceptions for commercially registered vehicles ensued. Mr. Cameron provided the example that a particular resident was not allowed to purchase a decal since his vehicle is registered under his business name. Mr. Cameron acknowledged that this suggestion could set a precedent, but he would like a better solution. Mr. Withers agreed and proposed exceptions for small amounts of trash in cars rather than work trucks.

Mr. Snellings asked about accepting credit cards and Mr. Milde voiced his support of credit cards. Mr. Dayton expressed that staff, including both treasurer's offices, were concerned about simultaneously implementing the resident fees along with credit card payments. Staff felt that we would have a better chance of successful implementation of credit card payments if we waited until after the initial phase of the resident fee program. Mr. Dayton committed to exploring the credit card payment system in advance of the sale of 2016 passes.

Mr. Kelly then asked staff to come back with recommendations for the R-Board to consider regarding brush disposal and commercial exceptions to the user fee.

Operational Options

The R-Board considered several options for future operations at the landfill at the February 9th meeting. Staff was requested to further examine the options of selling the landfill, converting to a transfer station, and construction of Cell F-2, and provide more detailed information to the R-Board.

Sell the Landfill

Staff has tentatively identified 507 acres which could be sold that include prior, current, and permitted landfill area, along with the associated operations, maintenance and convenience center facilities, and some additional property for potential expansion. The areas included were outlined in blue on the aerial photo included in the board package. Excluded areas are property unlikely to be used for landfill activities, or otherwise undesirable as a landfill site, the public safety training area, and the Stafford Civil War Park. The estimated value of the assets included in the possible sale is about \$9 million. This is an

estimate based on value listed on our financial statements, but leaves out as 12.7 million cubic yards of permitted airspace. The value for this airspace can vary dramatically, and will be heavily influenced by any conditions placed on the sale of landfill assets.

Possible conditions include:

- The assignment of corrective action, closure, and post-closure liability, currently valued at \$6.8 million;
- Restrictions on tipping fees for commercial and/or residential customers;
- Allowing or restricting out of County and City waste;
- Imposing a cap on daily and/or annual tonnage delivered to the landfill;
- Restrictions on operating hours;
- Consideration of services not essential to landfilling trash such as litter control, community clean up, and hazardous waste collections;
- Limitations on the operation of the Eskimo Hill convenience center;
- Status of the Belman Road convenience center; and
- Significant tax liability since current operations are non-taxable.

The sales process would be comprised of the following steps at a minimum:

- Define the extent of the sale offering and any conditions associated with the sale;
- Develop a request for price proposals;
- Solicit, receive and evaluate proposals;
- Obtain approval from the County and City to proceed with the sale, following a public hearing by both localities; and
- Proceed to closing and transition operation of the landfill to the private party.

It is expected that this process would take between one and two years to complete, and would be influenced by how long it took to for the localities to decide on the conditions of the sale.

Convert Operations to a Transfer Station

Use of transfer stations is common practice in Virginia and around the country. Solid waste is delivered to the facility, but received at an enclosed building, loaded into large trailers, and transported to an operating landfill. The option mentioned during the public comment period was actually a “dirty MRF” (material recovery facility), not a transfer station. Material recovery facilities have much higher capital costs for sorting equipment and associated space needs, and the cost estimates provided in the staff report reflect the simpler transfer station facility. Besides the building site, several acres would be required for the facility. The site has not been identified, and the location will influence the final cost.

In addition to detailed engineering, some operational variables must be determined:

- Status of commercial customer use of the transfer station;
- Resident convenience center operations (Eskimo Hill and Belman Road);
- Public versus private operation of the various processes; and
- Location for the facility on landfill property.

Staff calculated a range of estimated capital and operating costs for a transfer station based on information obtained from similar facilities. Assuming the high end of the range, a facility capable of processing 135,000 tons per year has an estimated capital cost of \$5 million and operating costs of

\$900,000. If financed over 20 year period with a 5% interest rate, debt service equals about \$320,000 per year. The other significant costs for this operation are for transport and disposal of the waste. It was noted that there is a range of cost per ton at various facilities in the state, depending upon volume of waste handled, distance to a landfill, and the landfill tipping fee. Based on the evaluation of other localities, staff felt the expected range would be between \$40 and \$55 per ton. Staff was quoted a budget price of \$50 per ton from a firm providing transport and disposal services, and used this value in the analysis. The estimated total cost of disposing of waste using a transfer station would be approximately \$59 per ton, as opposed to the current cost of \$47 per ton under our present landfill operations. A smaller facility limited to only resident waste delivered to our convenience centers, and waste delivered by the City's Department of Public Works, would have an annual estimated operating cost of \$2.3 million, or about \$77 per ton.

Staff noted the following steps would be required to construct a transfer station:

- Design of the transfer station;
- Acquire permits for construction and operation from VDEQ;
- Obtain local government site plan approval;
- Obtain financing for facility, possibly with local government support; and
- Bid and construct the facility.

Staff estimates that it would require a minimum of three years to construct a transfer station.

Construct Cell F-2

This scenario, described in previous staff reports, would cost approximately \$5.2 million, and could be operational before Cell F-1 is filled later this year. If the R-Board desires to construct Cell F-2, staff included a recommended approach which uses a combination of R-Board reserve funds and VRA financing secured by the localities. This strategy, developed by Stafford County's CFO, Maria Perrotte, along with financial advisor PFM, retains reserve funds equivalent to the amount of closure liability to date, plus three months of operating reserve, leaving about \$1 million of reserve funds available to apply towards construction of Cell F-2. This leaves approximately \$4.2 million to be financed by the localities. Conservatively estimating a 5% interest rate, this results in \$700,000 (or less) per year in debt service costs if financed over the 7 year expected life of Cell F-2. This approach requires both City Council and Board of Supervisor authorization for financing. Mr. Dayton explained that to date, revenue has dropped about 13%, but total tonnage has stayed the same. Staff projects a shortfall of about \$700,000 this year added to the estimated \$700,000 in debt service, resulting in the need for about \$1.4 million in new revenue so that there are no additional reductions to the reserve fund.

This same financing strategy could be applied to the construction of a transfer station, although the financing term could be longer, thereby reducing the annual debt service amount.

Possible solutions to create the necessary revenue include increasing the City's tipping fee to \$34 per ton, resulting in \$125,000 in new revenue; setting the resident fees at a rate equivalent to \$34 per ton, resulting in total new revenue of \$750,000; and lowering the commercial rate for waste received over 1,500 tons/month, generating an additional \$525,000 per year. All of these measures combined are estimated to net \$1.4 million in new revenue. It should be noted that the revenue forecasting is challenging given the competitive market for waste streams, and the lack of data on resident fee collections. The increase of \$525,000 from commercial customers is nearly 20% higher than currently projected revenues, but remains consistent with previous years' revenues. Realizing this additional

commercial revenue requires that we receive the majority of waste generated in the City and County, and does not require landfilling of outside waste.

Construction of Cell F-2 means that the R-Board would incur additional closure and post closure costs of approximately \$1,600,000 when this cell is filled. Moving forward with Cell F-2 construction does not preclude selling the landfill or converting to a transfer station at a later date. Staff projects that Cell F-1 will be full by December and constructing Cell F-2 buys another seven years to plan for future options.

Mr. Milde asked staff if the projected deficit of \$700,000 takes into account the user fee revenue that is already at \$123,000 and if the proposed \$34 per ton for residents is an increase to the fee program. Mr. Dayton replied that resident fee collections have not been applied against the projected deficit as there is not yet enough data to accurately project end of year revenue from this source. The original fees were based on traffic flow and estimates of the use of annual passes and discounted coupons, so the actual revenue could fluctuate widely.

Mr. Romanello clarified the proposal provided by Mr. Dayton. He stated that both localities would take on debt for the R-Board, there would be a price reduction for large haulers delivering in excess of 1,500 tons per month, and the City tipping fee and resident fees would each equal \$34 per ton. Mr. Milde noted that there were no good options, but that the Stafford Board of Supervisors would have to decide whether to close the landfill or not.

Mr. Kelly asked about the viability of selling the landfill with the accepted trash limited to R-Board jurisdictions. He speculated that it would be necessary to open the landfill to imported trash to guarantee economic viability. He wondered where other localities take their trash if all landfills are restricted similarly to jurisdictional boundaries. He spoke about the need to increase recycling revenue and stated that selling the landfill does not seem to be an option at this time. He noted that there is going to be a cost to the localities, and that none of these options work without local government support.

Mr. Cameron then made a motion to move forward to fund Cell F-2 construction as described in the staff report. Mr. Milde seconded Mr. Cameron's motion. Mr. Romanello asked Ms. Perrotte to elaborate on the details of the construction funding for Cell F-2. Ms. Perrotte stated that since the R-Board does not have authority to issue debt, there are details to work out between the City, County and the R-Board. There will be public hearings required to issue a bond to keep the debt separate. Mr. Withers asked how funds would be obtained if the R-Board is operating with a \$700,000 deficit. Ms. Perrotte replied that it would be structured so that the first revenue received is applied to debt service. Mr. Withers asked that more information be provided on this topic.

Mr. Kelly reiterated that it is time for a realistic discussion about moving forward with the respective boards. He offered to address the Stafford Board of Supervisors on behalf of the City and the R-Board. He addressed the motion on the table and asked for a vote on moving forward with Cell F-2 construction.

R-Board Meeting Minutes
March 12, 2015 Meeting
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By voice, the vote was:

Yea:	(6)	Milde, Kelly, Cameron, Snellings, Romanello, Withers
Nay:	(0)	
Absent:	(0)	

Mr. Dayton asked if the R-Board is ready for staff to approach the respective governments. The consensus was that the timing for the local government consideration of authorizing debt would be decided at the next R-Board meeting.

Mr. Snellings asked for a list of services and costs including litter pick up, shredding mulch, community involvement, satellite locations, and all the other costs that are not specifically landfill operations.

Mr. Dayton suggested that the next meeting be scheduled for Wednesday, April 15 rather than March 18, as the current schedule indicates, to allow staff adequate time to compile the requested information and allow for a better understanding of the fiscal situation three-quarters of the way through the fiscal year.

NEXT REGULAR SCHEDULED MEETING: April 15, 2015 at 1:30 PM at the George L. Gordon Government Center in Stafford County.

Mr. Kelly Adjourned the meeting at 11:20 A.M.

Keith C. Dayton, Director & Deputy County Administrator

Christina Morgan, Clerk

G. REPORT OF STAFF (Tab 2)

- 1. Personnel Status Update**
- 2. Environmental Compliance Report**
 - a. Staff Report**
 - b. Consultant Report**
- 3. Operations Update**
 - a. Belman Road Compactors**
 - b. Cell F1 Filling Status**
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 - d. Annual Customer Survey**



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

To: R-Board Members
From: Julie Williams-Daves
Date: April 15, 2015
RE: Environmental Compliance Report

SWP #589 – Compliance Inspection

The DEQ conducted their solid waste compliance inspection for the first quarter of 2015 on February 11, 2015 and found the Regional Landfill to be in compliance with the Virginia Solid Waste Management Regulations. Staff is expecting the second quarter inspection to happen in early May.

Groundwater – Area #74

The R-Board remains on track to meet regulatory requirements for corrective action. The next groundwater sampling is scheduled for next month. Staff is anticipating the need, but sampling will confirm if additional injections for corrective action will need to be included in next year's budget.

Landfill Gas – Area #74

Staff is still measuring and reporting the weekly readings to the VA DEQ for GP-7 and GP-8. The readings indicate the level of methane is decreasing after the installation of the vent trench and clearing a condensate blockage, but it is taking longer than desired. Staff is working on incorporating the trench into the current gas extraction system and possibly moving the compliance point further away from the edge of the buried waste.

TO: R-Board
FROM: Bob Hundley
DATE: April 8, 2015
SUBJ: R-Board Engineering Consultant's Report
PN: 88071.27
CC: Mike Fiore

Resource offers the following for the R-Board Engineering Consultant's report:

Old Permit No. 74 (Disposal Area 74 - Post Closure)

- Weekly LFG sampling continues at GP-7 and the adjacent probes. Additional plans have been made to connect the ventilation cutoff trench to the active extraction system if above compliance readings persist.
- Resource sampled MW-B and other related wells a third time (January) following the injection well interim measures. The results from the sampling for 1,1-DCA remain under GPS levels.

Permit No. 589 (Cells C/D/E/F-1 - Active)

- Resource prepared for submittal to DEQ the annual LFG Compliance Report for CY 2014 as required by the facility air permit.
- Resource prepared for submittal to DEQ the annual LFG Emissions Update Report for CY 2014.
- Resource prepared for submittal to EPA the annual Greenhouse Gas Report for CY 2014.
- Resource is coordinating with the Landfill Superintendent a design and budget estimate for repairs to two storm water management basins at the landfill.

Fredericksburg Landfill

- Resource is continuing weekly sampling at the landfill due to above compliance readings around the Group Home. Efforts to improve the LFG extraction system performance by the LFG system contractor appear to be having the desired effect as the flare operational time and sampling results appear to be improving.



Rappahannock Regional Solid Waste Management Board

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To: R-Board Members
From: Jason M. Pauley, R-Board Superintendent
Diane Jones, Recycling Manager
Date: April 13, 2015
RE: Operations Update

Belman Road Compactors

The Belman Road compactors have been received. Staff continues with preliminary site layout preparations.

Cell F1 Filling Status

The last ground survey was completed on Cell F1 on December 17, 2014. The airspace utilization density calculated from that survey was used to calculate remaining airspace in Cell F1 to date. Approximately 72% of the airspace in Cell F1 has been consumed as of March 31, 2015. The fill rate of Cell F1 remains in line with the engineers design projections. Current data shows that we are still on schedule to consume all remaining airspace by the end of 2015, based on the current disposal rate. A survey will be scheduled for early in the next fiscal year to look at remaining cell disposal capacity, and to ensure optimization of all remaining airspace.

Household Hazardous Waste Day

The R-Board will host its bi-annual Household Hazardous Waste Day on Saturday, May 30th. The event will be held at the Eskimo Hill residential drop-off facility. It will run from 9:00 A.M. until 3:00 P.M.

Annual Customer Survey

Last year the R-Board performed a comprehensive customer survey. The survey is helpful to determine the use of our convenience centers by City and County residents at both residential drop-off sites. Staff will conduct our 2015 annual survey from Saturday, May 2nd thru Friday, May 8th.

H. REPORT ON FINANCES (Tab 3)

- 1. Financial Summary Through March 31, 2015**
- 2. Weight & Material Analysis Through March 31, 2015**
- 3. Resident Fee Update**

FINANCIAL STATUS THROUGH March 31, 2015

EXPENDITURES

Division	FY 15 Adopted Budget	FY 15 Adopted Budget	March 31, 2015	March 31, 2015	FY 15 Expenditures	FY 15 Balance	% Budget Expended	Fiscal YTD Expended (%)	FY 15 Budgeted Revenues	Monthly Target	Monthly Actuals	FY 15 Actual Revenues	% Revenue Collected
R-Board Expenditures	\$4,288,681	\$4,486,949	\$1,401,883	\$1,144,858	\$2,853,428	\$325,987	68%	75%	\$4,288,681	\$358,223	\$534,888	\$2,841,651	68%
TIPPING FEES	\$3,375,000												
RECYCLING	\$280,740												
SLUDGE/UTILITIES	\$145,000												
INTRADEPARTMENTAL	\$50,000												
AMERICO LEASE	\$68,000												
GRANT	\$20,000												
INTEREST	\$35,000												
RESERVE	\$941												

REVENUES
as of
3/31/2015

	ADOPTED FY16	CASH	AIR	Total for Month	FYTD Expended	FY YEAR TO DATE	REVENUE FORECAST
COMMERCIAL	\$3,375,000	\$15,087	\$247,450	\$262,538	75%	\$2,100,641	\$2,608,549
RESIDENTIAL USER FEE		\$220,167		\$220,167	75%	\$250,702	
RECYCLING	280,740	\$23,751		\$23,751	75%	\$280,604	\$375,167
SLUDGE/UTILITIES	145,000				75%	\$109,386	146,249
MUNICIPAL	324,000		\$16,215	\$16,215	75%	\$138,339	170,000
INTRADEPARTMENTAL	50,000				75%	\$2,345	3,135
SALE OF LANDFILL GAS	68,000				75%	\$32,691	41,000
GRANTS	20,000				75%	\$26,944	26,944
INTEREST	35,000				75%		
RESERVE FUND	941				75%		
TOTAL	\$4,288,681	\$268,965	\$263,665	\$534,630		\$2,941,651	\$3,671,044

BUDGET STATUS SUMMARY

	Adopted Budget	Current Est.	Difference
Revenues	\$4,287,740	\$3,606,044	-\$681,696
Expenditures	\$4,288,681	\$4,288,681	\$0
Balance	\$941	\$692,637	(\$691,696)

Unrestricted Fund Balance
(as of June 30, 2014)
(\$675,610)

Through March 31, 2015

Rappahannock Regional Solid Waste Management Board Weight and Material Analysis Report FY2015

CATEGORY	15-Mar Weight	14-Mar Weight	FY2015 Y-T-D Weight	FY2014 Y-T-D Weight	Difference %
Billable					
Commercial Waste	2245	2710	17395	20164	-14%
Residential Waste	1667	1956	15366	28918	-47%
Fredericksburg	816	658	7002	6427	9%
Eskimo Hill	1750	1689	14551	11476	27%
Belman Road	116	216	2009	2186	-8%
Mixed Load-\$71/T	0	0	21	14	50%
Debris Waste	2498	1612	18381	17521	5%
**Dirt	889	80	14583	2307	532%
Tires Commercial	9	6	126	96	31%
Sludge	720	412	6428	6204	4%
BILLABLE TONNAGE	10710	9339	95862	95313	1%
Non-Billable					
Litter/Cleanups	20.6	27.82	156.18	231.81	-33%
Recycling	679	545	4990	4747	5%
TOTAL TONNAGE	11409	9912	101008	100292	1%

** Estimated Weights



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

TO: R-Board Members

FROM: Keith Dayton
Deputy County Administrator

DATE: April 13, 2015

SUBJECT: **Resident Fee Update**

The resident fee program has been in effect for about a month and a half. A summary of key financial and operational results are provided below.

Financial Performance

As of April 2nd, the R-Board has netted just over \$255,000 from the resident fee program. Of that about 68% of this revenue has come from the sale of annual passes (2,324), and 20% from coupons sales (1,715).

While daily cash sales have remained strong, we have started seeing a significant reduction in the use of this method of payment by customers.

To date, the scalehouse has processed 42% of the sales of annual passes and coupon books, followed by the Stafford Treasurer with 24%, the R-Board office at 20%, and Fredericksburg with 14%. It appears that the landfill scalehouse is clearly the most popular location for purchase of passes by our customers.

Although it is still too early for accurate revenue projections, it appears the program could generate approximately \$500,000 in revenue by the end of 2015.

Operational Observations

Belman Road

The Belman Road convenience center has adjusted well to the new program. Lines are typically not more than a couple of vehicles long, and we have seen a marked decrease in customers arriving without either an annual pass or coupon. This is due in part to the maturation of the program, as well as the marked decrease in waste volumes received at Belman. Last month we observed a 46% decrease from March 2014 amounts, and 33% from the previous month.

Eskimo Hill

The modifications made for directing customers into the convenience center, combined with the maturing of the program have resulted in the elimination of significant backups at the residential side of the landfill. We began directing customers wishing to purchase daily cash entry over to the scalehouse along with the annual pass and coupon book customers. This has resulted in a lot of activity at the scalehouse, particularly on weekends. Although we have opened two lines at the scalehouse on weekends, we are seeing considerable backups as one time customers join the line with annual and coupon customers.

We have not observed a drop off in waste volumes at Eskimo Hill.

April 13, 2015

Litter

We have no additional reports of illegal dumping since those we reported at the March 12th R-Board meeting.

Future Program Considerations

Overall, staff feels that the operation at Belman Road is satisfactory. Although there are a few customers inconvenienced by the program changes, these numbers have dwindled rapidly. The apparent elimination of abuse by non-residents and commercial customers has resulted in far more efficient operation at that site. When the compactors are operational, we will significantly reduce the expense of transport to Eskimo Hill once again.

The Eskimo Hill site would benefit greatly from a dedicated location to process all resident fees collections and applications. This would accelerate the processing for our customers, free up the scalehouse to focus on commercial customers, and reduce traffic on the commercial side which is not suitable for a large number of vehicles.

Staff met with representatives from Carolina Software, the firm providing our financial software program (Wasteworks), to understand the capability and opportunity for expansion of our service levels. While there are some options available to upgrade the system at the scalehouse, we find the options to move fee collection to the residential side are limited by our network capability. We also are challenged by the lack of adequate structural facilities at that location as well.

Staff is committed to resolving these challenges and shifting all resident fee processing and disposal activities to the convenience center.

KCD:kd

I. UNFINISHED BUSINESS (Tab 4)
1. Supplemental Information Requested at
March 12, 2015 Meeting



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

TO: R-Board Members

FROM: Keith Dayton
Deputy County Administrator

DATE: April 13, 2015

SUBJECT: Supplemental Information Requested at the March 12, 2015 Meeting

At the March 12, 2015 meeting, staff provided the R-Board with an update on Resident Fees after the first two weeks of the new program. During the resulting discussion, R-Board members asked for additional information to be provided at the next meeting. Responses to some of these questions are provided below, while others are addressed with the FY2016 budget report.

Cost of Programs Not Directly Landfill Related

Staff has been able to identify eight programs with significant operational cost that are not required for operation of a landfill. Each of these programs was analyzed to determine operations, maintenance and program management costs. To put them in context with the overall R-Board budget, these costs are listed in the table below.

R-Board Cost Centers	% of Total Budget	TOTAL COST
Landfill Operations	65%	\$2,797,644
Belman Road Convenience Center	6%	\$267,304
Regional Landfill Convenience Center	6%	\$273,964
Recycling	3%	\$124,119
Public Outreach	1%	\$45,773
Regulatory Compliance	9%	\$399,209
Litter Crew	7%	\$285,050
HHW	1%	\$56,107
Mulch	1%	\$49,510
	100%	\$4,298,681

Several observations are noted from this effort as follows:

- Activities which are non-essential to landfill operations account for one-third of the expenses in the R-Board budget.
- Costs to support the Eskimo Hill convenience center are similar to those necessary to support the Belman Center, even though the waste quantities are significantly higher. This is due to the proximity of the Eskimo Hill location to the landfill.
- Recycling operations are generating a revenue stream in excess of the cost to run the program.
- The cost for the mulching operation is comparable to other of our unfunded programs. It should be noted that this cost does not include replacement costs for the tub grinder worth approximately \$350,000.

April 13, 2015

Lowering the Minimum Commercial Charge for Brush

The last R-Board meeting was attended by Wendy Zernick, owner of The Garden Lady, Inc. Ms. Zernick advised that she often delivered vegetative waste to the landfill, where she was charged the minimum fee of \$20, in spite of her loads being well below the weight required to generate a fee that high (~1,000 pounds). She noted that whereas this material was recycled, it should be free of charge, or at least billed with a lower minimum fee.

The minimum fee of \$20 is established by our fee schedule, and is based upon a minimum level of effort necessary to process the waste materials, handle payments and records of transactions, etc. The minimum fee can be reduced at the discretion of the R-Board; however, it will result in collecting revenues below the cost of the service provided.

Commercial Customer Annual Passes

The R-Board raised the question about whether a resident annual pass could be sold to a customer who had no residential vehicle registered in their name, but would attest that they will only transport household waste to landfill facilities.

The resident fee program was established to provide a method of collecting payment from residents who wished to use landfill facilities to dispose of waste materials. The previous system of free service to residents is believed to have been widely abused by both commercial entities and non-residents of the County and City. The system of requiring identification in the form of vehicle registration has proven to be a deterrent to this abuse, as evidenced by the drop in waste collected, particularly at the Belman convenience center, although it appears closer scrutiny of vehicles has altered use patterns at Eskimo Hill as well. Widespread distribution of annual passes to commercial vehicles will make it more difficult for gatehouse staff to prevent abuse of our facilities.

To date, the R-Board has received one request for a waiver on our policy against issuing passes to non-commercial customers. Given the low frequency of these requests to date, staff recommends that if the R-Board desires to allow these exceptions, they are granted by official action of the R-Board. This removes the staff at our various distribution locations from the processing and monitoring of commercial requests for policy waivers. Following affirmative action by the R-Board, the customer would then purchase their annual pass at the R-Board main office, where the official authorization would be on file.

Pro Rate Annual Pass Purchase Price

Staff was asked if the purchase price of annual passes could be prorated to a lower cost as the year progresses. It was suggested that the \$75 (\$100 next year) price of an annual pass be reduced by 25% (\$25) quarterly.

The program was established without prorating the full price, since it was felt that regular customers using the convenience centers would be motivated to purchase their annual passes early to take full advantage of the discounted pricing. New residents arriving well after the beginning of the year had the option of purchasing coupon books with 10 daily passes for \$30. Staff felt that the demand for prorated annual passes would be minimal, and that other options were available.

Following this inquiry, staff asked the treasurers for Fredericksburg and Stafford for their input on this proposal. We heard from both the City and County Treasurer's about this, and they both expressed concern that prorating the cost will add to the confusion and possibly frustration on the part of the citizens and our staff as well.

Should the R-Board desire to implement prorated charges for annual passes according to this suggestion, the timing for the next price adjustment would be July 1, when the charge would be reduced to \$50.

J. NEW BUSINESS (Tab 5)
1. Proposed FY2016 Budget



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

TO: R-Board Members

FROM: Keith Dayton
Deputy County Administrator

DATE: April 13, 2015

SUBJECT: **Proposed FY2016 Budget**

Staff has prepared the proposed FY2016 budget for R-Board consideration. In developing this proposed budget, staff has proceeded based on the following premises:

- The budget is structurally balanced, with no decrease or increase in reserve funds.
- There will be no change in core services, and no direct local government subsidies.
- Cell F-2 will be funded and constructed in FY2016, to be operational early in 2016.
- Each line item in the expenditure budget has been scrutinized for potential savings.
- Personnel costs reflect the 2% cost of living raise included in the proposed Stafford County budget.
- Personnel and operational cost increases necessary to support the resident fee program are included.
- With the exception of debt service for Cell F-2, capital expenditures were deferred. Essential purchases will be funded from FY2015 carry over funds.
- The revenue strategy presented to the R-Board at the March 12 meeting has been incorporated.

This has resulted in a proposed FY2016 budget of \$4,964,675. Key issues related to the expenditures and revenues incorporated in this budget are provided below.

Expenditures

The primary expenditure affecting the proposed budget is the \$700,000 debt service cost to fund Cell F-2 construction over the seven year expected service life. Although staff expects actual debt service to be somewhat lower, budgeting in this amount is recommended. This will be a recurring expense in future budgets. Additional project oversight and quality assurance expenses in the amount of approximately \$100,000 are included to manage construction of this project.

Staff has included \$45,000 to regulatory expenses for compliance activities related to the exceedances detected adjacent to the original landfill cell (Area 74). We expect to resolve this matter in the current fiscal year. We have also budgeted \$20,000 for the cost of our EPA air permit.

Staff has included additional personnel costs of approximately \$80,000 to administer the resident fee program, along with another \$10,000 for operational costs of the program.

Stafford County has increased administrative charges for the staff support they provide by approximately 12%, or nearly \$29,000. The total for this charge is now \$270,000.

The net effect of these changes is a proposed budget that is 15.5% higher than the FY2015 adopted budget.

April 13, 2015

Revenues

As noted above, the increases in revenues proposed at the March 12, 2015, R-Board meeting have been incorporated in the revenue budget. This new revenue provides sufficient total revenue to produce a structurally balanced budget, even with the added debt service cost to construct Cell F-2. Specifically, these are:

Increase City Tipping Fee to \$34/ton	\$125,000
Resident Fees Equivalent to \$34/ton	\$750,000
Adjust Commercial Rates Over 1,500 tons/month	\$525,000
TOTAL	\$1,400,000

Other revenue categories reflect data from our FY2015 performance to date, with the exception of recycling revenue. Staff is aware that recycling commodity prices have fallen recently which will result in poorer performance of our recycling returns in FY2016. While we won't have details on amended pricing for recycled products until early in FY2016, we have adjusted our projected revenue down by 24% from current performance. This is slightly above the amount of recycling revenue budgeted in FY2015.

Realizing the additional \$1,400,000 in revenue listed above is dependent upon a number of factors over which the R-Board has varying degrees of control. Actual fiscal performance may vary substantially from the budgeted amounts.

Similar to the FY2015 budget, the proposed FY2016 budget anticipates insufficient revenues to replenish the reserve fund, cover any increases in closure/post-closure costs, or address depreciation expenses.

Staff recommends approval of RB15-02, adopting the FY2016 R-Board budget.

KCD:kd

Attachments:

Proposed FY2016 Budget
Resolution RB15-02

**RAPPAHANNOCK REGIONAL LANDFILL
FISCAL YEAR 2016 PROPOSED BUDGET**

		FY2014	FY2015	FY2016	Inc/Dec	Inc/Dec %
		Actual	Adopted Budget	Proposed Budget	Amount	
10-01	Salaries-Regular	1,191,770	1,235,820	1,260,536	24,716	2.0%
10-02	Salaries-Overtime	70,911	85,000	100,000	15,000	17.6%
10-03	Salaries-Part Time	1,065	0	65,416	65,416	0.0%
21-01	Social Security/Medicare	93,683	94,550	96,922	2,372	2.5%
22-10	VRS	131,148	133,210	136,667	3,457	2.6%
23-01	Anthem	296,268	362,650	357,959	(4,691)	(1.3)%
23-02	IBNR	1,329	0	0	0	0.0%
23-03	Opt-Out	630	1,000	1,000	0	0.0%
24-01	Life Insurance	14,034	14,680	15,088	408	2.8%
25-01	Unemployment	7,314	12,000	12,000	0	0.0%
25-21	Hybrid Disability Program	206				
27-20	Workers Compensation	37,137	53,109	53,109	0	0.0%
28-02	Compensated Absences	5,445	0	0	0	0.0%
28-05	Chg Post-retiremt Benefit	84,705	25,000	0	(25,000)	(100.0)%
28-09	License/Certifications	1,985	3,500	3,500	0	0.0%
28-20	Education/Tuition Assist	150	1,500	1,500	0	0.0%
	Subtotal Compensation	1,937,780	2,022,019	2,103,697	81,678	4.0%
	Acquired Services					
31-08	Physical Exams	533	1,000	1,000	0	0.0%
31-20	Audit Fee's	16,775	17,000	17,000	0	0.0%
31-30	Management Services	187,863	200,000	275,000	75,000	37.5%
31-44	Environmental Monitoring	146,113	150,000	220,000	70,000	46.7%
31-50	Legal Services	17,500	18,000	19,500	1,500	8.3%
31-52	Permit Fee's	16,536	20,000	40,000	20,000	100.0%
31-63	Cleaning Services	2,096	3,500	0	(3,500)	(100.0)%
31-67	CFL & HHW Bulb Disposal	46,979	38,000	55,000	17,000	44.7%
31-68	Tire Disposal	38,888	68,000	55,000	(13,000)	(19.1)%
32-10	Temp Agencies	0	0	0	0	0.0%
	Maintenance					
33-09	Facilities-Buildings	15,287	10,000	8,000	(2,000)	(20.0)%
33-10	Repairs & Maintenance	140,454	165,000	165,000	0	0.0%
33-20	Contracts	13,710	15,000	20,000	5,000	33.3%
	Transportation					
34-05	Transportation	0	1,000	1,000	0	0.0%
	Printing & Binding					
35-01	Printing & Binding	968	1,500	10,000	8,500	566.7%
36-12	Other	3,226	2,000	2,000	0	0.0%
39-10	Litter Control	61,159	70,000	70,000	0	0.0%
	Internal Services					
40-07	Admin Charges-Fiscal Agnt	241,262	241,262	269,929	28,667	11.9%
	Utilities, Vehicle Repair & Office					
51-10	Electrical	18,606	22,000	20,000	(2,000)	(9.1)%
51-30	Water & Sewer	5,035	8,200	6,000	(2,200)	(26.8)%
52-10	Postage	704	700	2,200	1,500	214.3%
52-30	Phone	12,686	18,000	16,000	(2,000)	(11.1)%
52-31	Mobile Phones	7,894	15,000	12,000	(3,000)	(20.0)%
52-38	VOIP Eqp Billing	5,950	10,000	8,000	(2,000)	(20.0)%
53-04	Property	33,950	40,000	44,000	4,000	10.0%
53-05	Motor Vehicle	18,000	25,000	27,500	2,500	10.0%
54-10	Equipment	3,961	8,000	8,000	0	0.0%
54-20	Building or Office	32,963	20,000	20,000	0	0.0%
	Travel & Training					
55-10	Mileage/Parking/Tolls	738	1,000	1,000	0	0.0%
55-40	Seminars & Conferences	2,928	3,000	3,000	0	0.0%
55-41	Meeting Expenses	2,646	3,000	2,000	(1,000)	(33.3)%
58-01	Dues & Membership	930	2,000	1,500	(500)	(25.0)%
	Misc. Supplies					
60-01	Office	7,885	6,500	6,500	0	0.0%
60-03	Agricultural-Lawn Care	1,623	4,500	4,500	0	0.0%
60-05	Custodial-Janitorial	14,554	18,000	12,000	(6,000)	(33.3)%
60-07	Repairs & Maintenance	215,690	250,000	250,000	0	0.0%
60-08	Vehicle Fuels	292,546	330,000	300,000	(30,000)	(9.1)%
60-11	Uniform & Wearing Apparel	16,760	15,000	20,000	5,000	33.3%
60-12	Books/Subscripns/Sf Media	898	1,000	1,000	0	0.0%
60-14	Operating	2,176	2,500	6,000	3,500	140.0%
60-20	Vehicle Parts & Tires	23,361	35,000	30,000	(5,000)	(14.3)%
60-31	Machinery & Equipment	586	15,000	10,000	(5,000)	(33.3)%
60-32	Furniture & Fixtures	0	2,000	1,500	(500)	(25.0)%
60-33	Communications Equipment	90	500	500	0	0.0%
60-34	Computer Equipment	966	1,500	1,500	0	0.0%
60-47	Site Improvements	40,871	50,000	105,000	55,000	110.0%
60-99	Miscellaneous	0	0	0	0	0.0%
	Subtotal Operations	1,714,346	1,928,662	2,148,129	219,467	11.4%
	Capital Costs					
81-01	Machinery & Equipment (Repair)	174,092	220,000	12,849	(207,151)	(94.2)%
82-01	Machinery & Equipment (New)	33,091	128,000	0	(128,000)	(100.0)%
82-11	Improvements to Site-Cell F-2*	264,140	0	700,000	700,000	1000%
82-12	Improvements to Building	18,773	0	0	(0)	1000%
82-13	Road Improvements	0	0	0	(0)	1000%
97-02	Loss on Disposal of F.A.	0	0	0	0	0.0%
	Subtotal Capital	490,096	348,000	712,849	364,849	105%
	TOTAL	4,142,222	4,298,681	4,964,675	665,994	15.5%

* Cell F-2 Construction - Debt Service Only

RAPPAHANNOCK REGIONAL LANDFILL
FISCAL YEAR 2016
PROPOSED REVENUE BUDGET

		Adopted <u>FY15 Budget</u>	Proposed <u>FY16 Budget</u>
315.01-02	Interest	\$ 35,000	\$ 25,000
316.25-01	Recycling	\$ 280,740	\$ 286,675
316.25-02	Commercial	\$ 3,375,000	\$ 3,325,000
324.04-07	Grants	\$ 20,000	\$ 20,000
	Residential Fees		\$ 750,000
			\$ -
324.04-07	Municipal	\$ -	\$ -
316.25-25-04	Fredericksburg	\$ 170,000	\$ 295,000
316.25-25-03	Stafford	\$ 154,000	\$ 40,000
318.92-30	Sludge/Utilities	\$ 145,000	\$ 145,000
	Ameresco Lease	\$ 68,000	\$ 68,000
	Intradepartmental	\$ 50,000	\$ 10,000
	Subtotal	\$ 4,297,740	\$ 4,964,675
341.06-00	Prior Yr Fund Balance	\$ 941	\$ -
		\$ 4,298,681	\$ 4,964,675

PROPOSED
RAPPAHANNOCK REGIONAL
SOLID WASTE MANAGEMENT BOARD

RESOLUTION

At the regular meeting of the Rappahannock Regional Solid Waste Management Board (R-Board) held in the Board of Supervisors Chambers, Stafford County Administration Center, 1300 Courthouse Rd., Stafford, Virginia, on the day of , 2015;

Members:

Vote:

Mathew J. Kelly, Chairman
Paul V. Milde, III, Vice-chairman
Beverly R. Cameron
Anthony J. Romanello
Gary Snellings
William C. Withers, Jr.

On motion of , seconded by , which carried by a vote of to , the following was adopted:

A RESOLUTION ADOPTING THE FISCAL YEAR 2016 R-BOARD BUDGET

WHEREAS, the R-Board is committed to providing high quality solid waste services to the residents and businesses in the City of Fredericksburg and Stafford County; and

WHEREAS, the continuation of these services is dependent on the completion of Cell F-2; and

WHEREAS, the R-Board is also committed operating the Rappahannock Regional Landfill in a cost effective, environmentally responsible manner; and

WHEREAS, the proposed budget addresses those goals in a fiscally responsible manner;

NOW, THEREFORE BE IT RESOLVED, by the Rappahannock Regional Solid Waste Management Board on this the day of , 2015, that the proposed budget presented at the April 15, 2015, meeting be and it hereby is approved.

A Copy, teste:

**RAPPAHANNOCK REGIONAL SOLID WASTE
MANAGEMENT BOARD**

Keith C. Dayton, Director