

MINUTES

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

April 15, 2015 1:30 P.M.

George L. Gordon Government Center
Board of Supervisors Chambers

Meeting Convened: A regular meeting of the Rappahannock Regional Solid Waste Management Board (R-Board) was convened at 1:30 P.M. on Wednesday April 15, 2015, at the Stafford County Administration Center, Board of Supervisors Chambers.

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: Bill 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, R-Board staff;

Mr. Snellings motioned, seconded by Mr. Withers, to approve the minutes for March 12, 2015.

By voice, the vote was:

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

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

Wendy Zernick: Ms. Zernick stated that she owns a small landscaping business and uses a 5 X 10 foot trailer that holds less than ½ ton. She provided the Board with a handout which gave her background, problems with landfill fees and suggested solution. Her proposed solution suggested that the Board consider selling a different color sticker for landscape contractors for their plant waste.

Ruth Carlone: Ms. Carlone is concerned that the Board was considering incinerators for burning tires at the landfill. She felt that this would create emissions of toxic nature. She noted that several schools as well as a hospital were located in the vicinity.

Linda Muller: Ms. Muller wanted to comment on landfill usage. She felt there had been vast improvements to the Eskimo Hill residential site services. She noted that the first couple of weeks that the user fee was put into place it was chaotic, but felt the sticker system was working well. She found that she was entering and exiting with ease in recent weeks. She also noted the importance of recycling. She noted that from a budget perspective, recycling costs were lower than revenues. She would like to see issuing of the annual pass be improved. She commented on pyrolysis. She noted that the EPA and DEQ both consider the process incineration. She felt it was an inefficient alternative with the large capital investment needed.

Presentations by the R-Board Members

Mr. Kelly noted that the Board was exploring all options available for the handling of our waste in the future. He also noted that the Board considers and appreciates public input and comments. He felt the Board needed to look at all sides of the issue.

Report of the R-Board Attorney: Mr. Bill Hefty reported that there were no issues regarding landfills forthcoming in the current Virginia Legislative session.

Report of Staff: Mr. Dayton, Director & Deputy County Administrator, reported on the staffing levels for the R-Board. The R-Board is authorized for 34 employees, but budgeted at 29. At present we are at 26 with recruitment under way for 3 maintenance workers.

Julie Williams-Daves gave the environmental compliance report. DEQ conducted their first quarter of 2015 waste compliance inspection on February 11th, and found the Regional Landfill to be in compliance. The R-Board remains on track to meet regulatory requirements for corrective action with respect to the groundwater exceedance near Area #74. Additional sampling will confirm whether more treatment must be included in next year's budget. Staff continues to measure and report weekly readings to VA DEQ for GP-7 and GP-8. Readings indicate methane levels are decreasing after installation of vent trench and clearing condensation blockage. On April 1st the R-Board submitted our request to maintain the E3 certification, which was approved by DEQ.

Robert Hundley added that additional plans have been made to connect GP-7 and adjacent probes to the active extraction system if the above compliance readings persist. Resource continues to perform weekly samplings at the Fredericksburg landfill due to above compliance readings around the Chaplin Youth Center. Efforts to improve the LFG extraction system appears to be having the desired effect with sampling results improving. Mr. Romanello requested Resource to contact the Chaplin Youth Center regarding this matter. Mr. Hundley replied that he will do so.

Jason Pauley noted that the compactors have been received. The site preparations are waiting on Dominion Power upgrades before they can be installed. The filling status of Cell F1 indicates that 72% of the space has been utilized as of March 31st. Based on current disposal rates, the remaining airspace will be consumed by the end of 2015. A survey is being scheduled for early next fiscal year to look at remaining solid waste disposal capacity.

Diane Jones reported that the R-Board will be hosting its bi-annual Household Hazardous Waste Day on Saturday May 30th at the Eskimo Hill drop-off site. It will run from 9:00 A.M. to 3:00 P.M. Mr. Snellings asked if the event was still free for residents. Ms. Jones said yes. Mr. Snellings asked that staff make sure to get the word out regarding this. He is concerned that participation may drop if residents assume they must pay a user fee. Ms. Jones also noted that R-Board staff has scheduled the second annual customer use survey at the Belman Road and Eskimo Hill resident convenience centers for Saturday, May 2nd thru Friday, May 8th. The results will be reported at an upcoming meeting.

Closed Session: The R-Board went into closed session at 1:49 P.M. and reconvened the open session at 2:45 P.M.

Mr. Snellings motioned, seconded by Mr. Withers, for the R-board to go into closed session to discuss confidential matters of a legal nature.

By voice, the vote was:

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

Mr. Withers motioned, seconded by Mr. Milde, to certify that only matters discussed during the closed session were those related to the stated reason for the closed session, and to reconvene the open session of the R-Board meeting at 2:45 P.M.

By voice, the vote was:

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

Mr. Kelly directed staff to report back to the R-Board at their next regular meeting on instituting flow control, that is, requiring that all trash generated within the R-Board's jurisdiction be required to come to the landfill in part to cover capital costs.

Report on Finances: Mr. Dayton reported on the following: revenue trends are the same. Commercial hauler revenue continues its slower pace. Recycling revenue has been good. Regarding other revenues streams, we appear on target, except in municipal where as we did not receive the money from Stafford County. We are aggressively controlling expenditures. We have seen an uptick in costs for some areas as we implement the user fee program. Our waste quantities continue to decline from commercial hauler residential and commercial customer sources. County Waste did bring more this month due to the re-flooring of their transfer station. He pointed out that nearly all the waste categories have been moved to the billable column following implementation of the residential user fee program. The litter control program and our cleanup support are the only remaining non-billable categories. There has been a sharp decline in usage at the Belman Road convenience center. A comparison between March of 2014 and 2015 showed a 46% drop in weights. He attributed this to the user fee program which appears to have discouraged non-resident use and deterred commercial customer abuse. Over all waste amounts are up 1%, primarily due to dirt quantities. It is used beneficially for end of day capping activities; however it is not a significant revenue generator. Staff will look at pricing to determine if we are offsetting operations costs.

Resident Fee Program Update: Mr. Dayton provided the following: As of March 31st the program had netted \$250,000. At this time, it stands at \$300,000. Early projections indicate this revenue source could generate up to \$500,000 by December 31st. We will be prorating revenue from annual passes between FY15 and FY16. Revenue from daily passes and coupon books will be booked in the year sold. The majority of annual pass and coupon book sales, 42%, have been purchased at the landfill scalehouse. 100% of the daily pass sales are also sold there. We expected to see a greater distribution of sales among the other locations where passes and coupon books are sold. Logistically, sales at the scales are a problem due to the intermingling of residential traffic with commercial traffic. The annual pass and coupon book holders flow through the residential side in about the same time as prior to the program. Staff believes that a move of all transactions to residential side is desirable, and has begun investigating the necessary measures to implement this change. Our information technology staff has assessed and identified networking and computer deficiencies. We are also investigating

a structure and location to shift this function to the residential side, possibly by the end of this year. Lastly, Mr. Dayton noted that there have been no new illegal dumping reports since the Board met in April.

Mr. Milde asked if we would be able to accept credit cards in the future. Mr. Dayton said we are hoping to implement this option by the end of year along with the other changes. We will need technology upgrades in our computer system as discussed previously.

Unfinished Business

Supplemental Information request at March 12, 2015 Meeting: R-Board members made several requests for additional information at their March 12th meeting. Mr. Dayton directed the Board to the table in the staff report which depicts the major cost centers and estimated costs of these programs. Calculations include personnel, operations, and maintenance costs, with administrative charges prorated across each item. Depreciation is not included in any category. The cost of landfilling waste from either convenience center is not included with that calculation. Approximately 1/3 of total R-board costs are not directly related to landfill activities. The programs identified included Belman Road and Eskimo Hill convenience centers, recycling, public outreach, regulatory compliance, litter crew, household hazardous waste, and mulching operations.

Mr. Dayton suggested that if the Board wants to modify charges for vegetative wastes from landscape companies, to treat these wastes as a commercial fee as it is really not a residential charge. Staff does not recommend another sticker color, due to the logistics involved in ordering, selling and monitoring another decal for very few customers. The minimum fee threshold could be adjusted and continue handling the waste through commercial side if the R-Board felt that relief was desirable. He noted that the services of the Stafford and Fredericksburg Treasurer's Offices have been stressed due to the user fee program, and keeping our options to a minimum will aid them in providing service to us.

Staff assessed issuing of residential passes to commercial customers who have their vehicles under their business name. To date there has been one request. Staff recommends that the Board pass each request individually as an exception. This would mean that the Board could make a motion on each request. The individual would then come to the R-Board office where we have the record of the R-Board action and we would process the pass. Staff believes this is the simplest method for handling such requests.

Mr. Withers motioned, seconded by Mr. Milde, to implement a policy for issuing residential passes to commercial customers who register their standard vehicles under their business by exception on an individual basis through R-Board action. Individuals receiving an annual pass under this policy can only deliver residential solid waste to the convenience centers in a vehicle with no business type signage.

By voice, the vote was:

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

Mr. Withers then motioned, seconded by Mr. Milde, to pass by exception the request for issuance of an annual pass sticker to business owner Joe Wilson.

By voice, the vote was:

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

New Business:

Discussion to Award Contract to TK Construction for the Construction of Cell F-2; RB15-03

Staff reminded the R-Board of previous actions relative to preparing bid documents and soliciting bids for construction of Cell F-2. We received five bids, with T&K Construction, LLC the lowest responsive bid at \$5,062,968. They are the company that built Cell F1 to our satisfaction. If the R-Board decided to authorize award of a contract to T&K, the authorization would be contingent on both local governments authorizing financing support of \$2 million each. The debt service would be about \$700,000 annually for the 7-year expected life of Cell F-2. Debt service payments in this amount is included in the proposed budget. Mr. Romanello motioned, seconded by Mr. Milde, for RB15-03.

Discussion among R-Board members ensued, with Mr. Cameron questioning the timing and the City commitment. Mr. Dayton said that the financing commitment will be presented for consideration to the Stafford Board at their April 21st meeting. If authorized, Stafford will hold a public hearing May 19th to consider approving the financing support. Mr. Romanello stated that the loan could be part of the summer Virginia Resources Authority pool. It was noted by Mr. Cameron that City Council must also back the debt in order to authorize the debt. It was also noted that the City Council will wait to see if the Stafford Board commits to the financing. Staff reiterated that no contract will be signed until both local governments have authorized the financing support. Mr. Dayton stated that staff could proceed with the contract execution following authorization of financing by both local governments. He noted that there are sufficient reserves that can be used before receiving the revenue from the loan proceeds by including refund language to replenish R-Board reserves once the bonds are sold. He noted that the current financial plan includes the use of approximately \$1 million in R-Board reserves, with the balance of \$4 million being financed.

Mr. Kelly expressed concerns about authorizing a contract when we don't know what action will be taken by the local governments, and that we may have insufficient revenue to fund both cell construction and operations costs.

Mr. Milde stated that he could not imagine the Stafford Board not agreeing to back the debt, since not approving the financial support would result in closing the landfill. Mr. Romanello noted that it is important for the resolution to reflect the reimbursement language from debt proceeds. He asked that the Resolution be amended to include appropriate reimbursement language from debt proceeds written by the R-Board attorney.

On motion by Mr. Romanello, seconded by Mr. Milde, which carried by a vote of 6 to 0, RB15-03 was adopted:

The vote was:

Yea (6) Kelly, Milde, Cameron, Romanello, Snellings, Withers

No (0)

Resolution RB15-03 Reads:

A RESOLUTION AUTHORIZING THE EXECUTION OF A CONTRACT WITH T & K CONSTRUCTION, LLC FOR CONSTRUCTION OF CELL F-2 AT THE RAPPAHANNOCK REGIONAL LANDFILL

WHEREAS, the current operational landfill cell at the Rappahannock Regional Landfill (Landfill) is expected to be filled around the end of 2015; and

WHEREAS, the design for the next planned operational landfill cell, F-2, was completed and offered for public bids; and

WHEREAS, five (5) bids were received, with the lowest bid received from T&K Construction, LLC (T&K), in the amount of \$5,062,968; and

WHEREAS, staff has reviewed this bid and determined that T&K is the lowest responsive bidder; and

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

WHEREAS, funding for construction is proposed to be provided from withdrawing approximately \$1,067,000 from reserve funds, with the balance from financing backed by the City of Fredericksburg and Stafford County; and

WHEREAS, the City Council and Board of Supervisors will consider the matter of financing support for the Landfill at their upcoming meetings; and

WHEREAS, a contract will not be issued until financing support is assured;

NOW, THEREFORE BE IT RESOLVED, by the Rappahannock Regional Solid Waste Management Board on this the 15th day of April, 2015, that the County Administrator or his Designee, be authorized to execute a contract with T&K Construction, LLC for construction of Cell F-2 at the Rappahannock Regional Landfill in an amount not to exceed Five Million, Sixty-two Thousand, Nine Hundred Sixty-eight Dollars, (\$5,062,968) unless modified by a duly executed change order; and

BE IT FURTHER RESOLVED, that the contract with T&K Construction, LLC shall not be executed until financing support from the City of Fredericksburg and Stafford County has been approved; and

BE IT STILL FURTHER RESOLVED that the R-Board intends that funds that have been advanced or may be advanced by the R-Board for costs related to Cell F-2 may be reimbursed from proceeds of the bonds issued by the County and City in accordance with U.S. Treasury Regulation Section 1.1-150.2 and other Treasury regulations.

Proposed FY2016 Budget

Mr. Dayton noted the following about the proposed budget:

- The budget is structurally balanced.
- We are not using or replenishing reserve funds.
- There are no changes in core services.
- The budget does not include any local government subsidies.
- It assumes Cell F-2 will be funded, constructed, and in operation by early 2016.

The total budget amount reflects a 15.5% increase, primarily due to the debt service of \$700,000 for funding Cell F-2. There are personnel cost increases including a 2% cost of living raise matching Stafford County actions, as well as personnel and operation costs related to the resident fee program. There are 4 new part time, week-end staff positions for the gatehouse locations at both convenience centers. There's an additional \$15,000 in overtime due to the scales being open during weekend resident collection hours. There is a deferral of all capital expenditures except for the Cell F-2 debt service. We will utilize FY15 rollover funds for essential purchases. The expenditure budget does not include any depreciation or closure/post closure costs.

On the revenue side there is an additional \$125,000 from the City due to increasing their tipping from \$20 to \$34 per ton as approved by previous R-Board action. Total revenue of \$750,000 from the residential fee program is included, along with an increase of \$525,000 from commercial haulers tip fees. Total increased revenues are \$1.4 million, which will offset projected FY2015 operational losses, the added debt service and professional services costs for Cell F-2 construction, and the operational costs for the resident fee program.

Recycling revenue has been reduced from FY2015 actual performance, due to more changes in market dynamics causing a reduction in the value of our single stream recycling products. We will continue our aggressive recycling programs; however, net revenue is expected to drop. We have included revenues for recycling of \$286,000.

Staff recommended approval of RB15-02.

Mr. Cameron questioned the proposed increase of County administrative charges by \$29,000. Mr. Romanello explained that the fees are for the County's cost to support R-Board. The charge is based on cost of the services provided and calculated from prior year level of effort. This is also reflected as revenue in the County budget.

Mr. Snellings requested a detailed breakdown of the administrative charges. He also questioned whether it was necessary to vote on the budget today.

Mr. Withers noted that City Council discussed the increase in tipping fees. The Council does not appear to be in support of the higher fees. They question why the City's per-ton fee is higher than major hauler fees over 1,500 tons. The City feels they should have same fee as major haulers. Mr. Dayton noted that the current rate is over 1,500 tons per month is around \$32 per ton. We are still considering lowering these fees to attract more customer waste, but have not done so at present. Mr. Withers stated that he is not sure that City Council would vote for this increase in their budget. Mr. Romanello asked if we could set the City rate consistent with the high volume hauler rates. This would adjust as the fee structure adjusts. Mr. Withers felt that the City might consider that approach, but certainly do not want to pay higher than commercial customers.

Mr. Kelly stated that the City has stepped up to plate and agreed to pay tipping fees. The City is the only one of the partners attempting to comply with the Operational Agreement provisions requiring that all operational deficits shall be split proportionally. The City feels that paying the current tipping fee for their tonnage meets this requirement. Having seen no reciprocation on this front from Stafford has left them questioning their need to pay more. He noted that the City is a much smaller locality and an increase of a few hundred thousand dollars is, for them, difficult to handle. The City still wants to do their part but is not interested in paying more than they are currently paying. He felt the City Council's general consensus is to pay current tip fee.

Mr. Snelling noted his concern with the position taken by the Board of Supervisors. He requested information on the subsidy amount Stafford owes per the agreement for this and the next fiscal year. He will put it on the agenda and ask the Stafford Board to pay the subsidies. Mr. Dayton noted that the subsidy is calculated and due based upon previous years audit statement, so while he has the FY2014 amount, the FY2015 amount is not available yet. Mr. Dayton was instructed to provide the FY2013 and FY2014 amounts.

Mr. Kelly noted that the decisions by Stafford County to not provide funding for R-Board operations, and increasing administrative charges by \$29,000, have affected the position of City Council. He noted that the City is not giving their employees raises, and feels the additional \$525,000 in revenue from commercial haulers is very uncertain. He stated that he is not comfortable with moving forward on the budget at this time.

Mr. Romanello explained the cost allocation formula used by Stafford County. He said the R-Board will be provided with the detailed amounts and their allocation. He noted that the R-Board employees are Stafford employees by agreement. There has been no raise given in 2-years and that there is a 16% increase in employee costs for medical benefits which employees must bear.

Mr. Kelly repeated his concern about the lack of assistance from the County Board and here is a raise in what we are adding in costs to your budget.

Mr. Kelly asked if the Board was ready to move forward on the budget today. The Board decided to defer action on the budget to a later meeting.

NEXT MEETING: May 20, 2015 at 1:30 PM at the George L. Gordon Government Center in Stafford County.

Mr. Kelly Adjourned the meeting at 3:30 P.M.


Keith C. Dayton, Director & Deputy County Administrator



Diane Jones, Acting Clerk