

MINUTES

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

March 7, 2018

George L. Gordon, Jr., Government Center

Board Chambers

Meeting Convened: A regular meeting of the Rappahannock Regional Solid Waste Management Board (R-Board) was convened at 8:30 a.m. on March 7, 2018, at the George L. Gordon, Jr., Government Center, Board Chambers.

Roll Call: The following members were present: Cindy C. Shelton; Meg Bohmke; Matthew Kelly; William C. Withers, Jr.; Thomas Foley; and Mark Whitley. Tim Baroody was absent.

Also in attendance were: Brandon Hefty, Esq., R-Board Attorney; Rick Markwardt, Landfill Superintendent; Julie Williams-Daves, Assistant Landfill Superintendent; Pamela Timmons, R-Board Clerk; and Keith Dayton, Director.

Election of Chairman: Ms. Shelton motioned, seconded by Mr. Kelly to nominate Meg Bohmke.

By voice, the vote was:

Yea: (6) Shelton, Foley, Bohmke, Kelly, Withers, Whitley

Nay: (0)

Approval of the minutes of prior meeting: Mr. Kelly motioned, seconded by Mr. Withers, to approve the minutes from the November 15, 2017 meeting.

By voice, the vote was:

Yea: (4) Foley, Kelly, Whitley, Withers

Nay: (0)

Abstain: (2) Bohmke, Shelton

Presentations by the Public: No members of the public desired to speak.

Presentations by the R-Board: Mr. Kelly informed the Board that Nabin Bikash Maharjan, from Blue Waste to Value in Katmandu, Nepal, will be visiting March 15-21. During this visit, Board members and staff will tour the Covanta Waste to Energy facility in Arlington, the Waste Management landfill in King George, and the R-Board's facilities.

Report of the R-Board Superintendent: Mr. Markwardt reported on the following:

Cell F2 Filling Status

Mr. Markwardt reported that the filling sequence of Cell F-2 continues to go on without issues. Approximately 627,141 cubic yards, or 36%, of available space has been consumed.

Personnel Status Update

Mr. Markwardt reported that the R-Board is authorized for a total of 35 employees (31 full-time and 4 part-time). Recruitment has been on-going for a part-time Gate Attendant, Heavy Equipment Mechanic, Heavy Equipment Operator, and Maintenance Worker for the litter crew. An offer has been made to fill

the position of Heavy Equipment Mechanic. The Heavy Equipment Operator was filled from within, and the position of Maintenance Worker was filled, with the start date of March 5th. The part-time Gate Attendant is still open at this time.

Environmental Compliance: Ms. Williams-Daves reported that the items from the deficiency notice for the first quarter inspection have been corrected. Draper Aden Associate (DAA) received approval from VADEQ to continue the interim measures of sodium permanganate solution if necessary. Staff is currently monitoring, and it remains below action levels.

The monthly Landfill gas perimeter monitoring, as well as the surface emissions, shows no exceedances. DAA will be on-site on March 8th to continue providing service monitoring.

The permit modification amending the facility boundary to include the VDOT-owned parcel (west side), requests an increase for the daily tonnage, and to adjust operating hours to reflect current practice remain pending. Staff intends to meet with VADEQ to discuss the amendment and any necessary revisions to the proposal. In response to questions regarding the proposed change to the facility boundary, Mr. Dayton explained the effects of the current boundary located in close proximity to the original unlined landfill area, and the difficulty in preventing the migration of minute quantities of regulated constituents off of our property. Mr. Dayton went on to explain that the R-Board took immediate action to treat the constituent to within permissible levels, but that the long term solution is to move the landfill boundary further away from the unlined cell.

Recycling Manager Report: Ms. Jones reported that staff continues to monitor the market fluxes for single-stream recyclable materials. This is a result of China's "National Sword" initiative, which is intended to clean up the recyclable material deliveries to their country. China has placed strict import permits for recycled materials. A decline in price was experienced for products during the months of November and December, but rebounded slightly in January. The decline is only the 3rd time in many years.

The Household Hazardous Waste and Electronic Waste Collection Day is scheduled for May 19th at Stafford Middle School. Rappahannock Goodwill Industries will be invited to participate.

Report on Finances: Mr. Dayton reported on the following:

Financial Summary (FY 2018 – through January):

Mr. Dayton reported that there has been a slight slow-down in revenue over the winter, but the commercial MSW and C&D deliveries remain strong. Recycling revenue is consistent. Staff expects to exceed the budgeted amount - currently projecting about \$1.9 million in revenue over the amount budgeted. Expenditures are tracking close to budgeted amounts, although maintenance is exceeding budget. A transfer of funds into that line has been made.

Weight & Material Analysis (FY 2018 – through January):

Billable solid waste deliveries are up 25%, with debris waste making up the bulk of the increase. Staff has estimated a gross of ~ \$1.7 million from this source so far this year.

FY2017 Financial Statement – Final Report

Mr. Dayton noted that hard copies of the final report were passed out to each R-Board member, and he is available to answer any questions.

Unfinished Business:

Operational Analysis Update

Mr. Dayton noted that hard copies of the final report were passed out to each R-Board member, and he is available to answer any questions.

New Business:

FY2019 Budget Presentation

Mr. Dayton gave an overview of the upcoming FY2019 budget. He noted that staff is continuing to replace capital equipment which has exceeded its useful life, and funding in included to replace a trash compactor (first placed into service in 1987), and a roll-off truck. There is a heavier emphasis on equipment overhaul to extend the service life of certain capital equipment. The debt service for Cell F2 has been accelerated to ensure financing is paid in full prior to construction of Cell F3. Three years of debt service is included in the budget. A new full-time position has been requested. This position will facilitate community outreach in the composting, recycling, and litter prevention/collection programs. There is also a request to convert our part-time intern, to a regular part-time position. There is no effect to the budget – the employee will gain holiday, vacation and sick leave benefits only. The budget relies on the use of about \$530,000 in reserve funds to balance, but Mr. Dayton explained that the revenue budget projections were quite conservative and he expect the use of reserve funds will not be necessary.

A discussion ensued regarding the amount of reserves, and the establishment of reserve categories such as a Capital Project Reserve Fund. Mr. Dayton explained that for the last several years the R-Board had an unrestricted net deficit, with obligations (including categories such as depreciation) exceeding assets. He stated that the deficit should be converted to a surplus at the end of this fiscal year, and more effort would be spent towards managing the reserve fund at that time, as suggested in the Operational Analysis.

R-Board members asked when staff needed to have the budget approved, and if the next meeting would be soon enough. Mr. Dayton reminded R-Board members that the meeting in May was when staff presented various service and purchase contracts for consideration in advance of the start of the fiscal year, and that if members had sufficient information for action at today's meeting, it would be preferable to pass the budget today.

RB18-01 Resolution

Mr. Withers motioned, seconded by Ms. Shelton, to approve Resolution RB18-01.

By voice, the vote was:

Yea: (6) Bohmke, Foley, Kelly, Shelton, Whitley, Withers
Nay: (0)

Resolution RB18-01 reads as follows:

A RESOLUTION ADOPTING THE FISCAL YEAR 2019 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 (City) and Stafford County (County); and

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

WHEREAS, the R-Board desires to retire the debt incurred for construction of Cell F2 prior to construction of Cell F3, resulting in a payment of \$1,681,340 in the current fiscal year; and

WHEREAS, the R-Board recognizes the importance of replacing equipment which has been in service long past its useful service life; and

WHEREAS, the R-Board considers it a priority to inform our customers about ways to divert household waste from the Landfill by recycling and composting, and supports the addition of a full time position for community education and engagement; and

WHEREAS, the proposed budget is responsive to the financial concerns of each locality, as well as our commercial solid waste partners, and demonstrates a commitment to the long term financial sustainability of R-Board operations; and

WHEREAS, the proposed Capital Improvement Program provides for the necessary replacement of capital equipment, continued compliance with our regulatory permits, the timely completion of future solid waste cells and the closure of cells no longer in use;

NOW, THEREFORE BE IT RESOLVED, by the Rappahannock Regional Solid Waste Management Board on this the 7th day of March, 2018, that the proposed Fiscal Year 2019 Budget presented herein and in the amount of Seven Million Five Hundred Thirty-seven Thousand Six Hundred Twenty-eight Dollars (\$7,537,628), be and it hereby is approved; and

BE IT FURTHER RESOLVED that the addition of a full time position to provide community outreach and education regarding solid waste diversion and litter prevention programs is authorized effective July 1, 2018.

Tipping Fee Modifications

Mr. Dayton noted that staff had been tasked with evaluation of an appropriate tipping fee for processed mulch deliveries, and had also investigated changes to commercial MSW rates. Staff has observed a large increase in rough-processed mulch in the past year related to construction projects and development activities, and road projects have increased. It was estimated that there has been approximately 1,600 tons collected so far this year versus less than 200 tons from all of last year. There is currently no tipping fee for this material, and the small amount of material received in the past was

used around the landfill for stabilization or further processed and given away. The current amounts exceed the ability to use onsite, and our efforts to manage and process for free distribution are uncompensated by tipping fees. After analysis, staff recommended a fee of \$25 per ton for mulch deliveries, effective immediately.

Mr. Dayton explained, that in regards to the Commercial MSW, the tipping fee structure rewards companies when they bring larger quantities of MSW by lowering the fee charged on a sliding scale (\$43/\$38/\$36/\$26). This structure was intended to keep the commercial customers coming to us in the face of competition from private landfills. It also incentivized companies to buy out other companies so that they could meet the higher waste thresholds and be rewarded with lower cost per ton. We now have one company responsible for 50% of MSW deliveries to the Landfill. With the passing of Flow Control ordinances by the City and County, tipping fee incentives are no longer necessary. The current fee system has created a competitive disparity against smaller companies.

Staff believes that fewer tipping fee tiers with a narrower range between the low and high end of the fee scale would be more equitable. Revenues are adequate at the present time for long-term sustainability. After reviewing various options, staff believed that lowering the top tier to \$40/ton (down from \$43), eliminating the \$26 rate altogether, lowering the \$36/ton rate to \$35 for all waste deliveries over 1,500 tons, and maintaining the \$38/ton rate the same is equitable. This structure provides a more modest incentive for the largest customer, maintain virtually the same cost for the mid-range customers, and provides relief to the smaller companies serving customers in our area. Analysis indicated that the largest customer would see an 18% increase in tipping fee charges, and they would look to pass this along to their customers. If the R-Board desired to proceed with these changes, staff recommended they not be effective until July 1, 2018, to allow notification and adjustments for that customer. If the R-Board chose to lower the \$43 fee to \$40 effective April 1, this would result in a loss of revenue of about \$10,000 through the end of this fiscal year.

After discussion, the R-Board determined that proposed Resolution RB18-02 would include only the tipping fee for mulch deliveries, and schedule a public hearing at the May meeting to seek input from our commercial customers and residents regarding the commercial tipping fee changes. Mr. Kelly noted that this would allow companies to provide input before a decision was made.

RB18-02 Resolution

Mr. Withers motioned, seconded by Ms. Shelton, to approve amended Resolution RB18-02, as amended.

By voice, the vote was:

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| Yea: | (6) | Bohmke, Foley, Kelly, Shelton, Whitley, Withers |
| Nay: | (0) | |

Resolution RB18-02 reads as follows:

A RESOLUTION AMENDING THE TIPPING FEE SCHEDULE FOR MULCH DELIVERIES

WHEREAS, the R-Board is committed to ensuring that fees received for services are commensurate with the services provided; and

WHEREAS, the Regional Landfill is receiving large quantities of mulch from commercial customers that require handling and processing, and for which we receive no compensation; and

WHEREAS, the R-Board desires to modify the fee structure to include tipping fees for deliveries of processed mulch; and

WHEREAS, implementation of a tipping fee of \$25 per ton for this material is determined to be adequate compensation;

NOW, THEREFORE BE IT RESOLVED, by the Rappahannock Regional Solid Waste Management Board on this the 7th day of March, 2018, that the tipping fee schedule be and it hereby is amended to add a Twenty-five Dollar (\$25) per ton tipping fee for commercial firms delivering mulch to the Regional Landfill, effective April 1, 2018.

Commercial Request for Annual Pass Exception

Staff received requests for a commercial exception from Philip Henry (314 Association), Manning Harris (Housewares-with-Flare LLC), Wayne King (King's Electrical), Paul Raven (Paul Raven Enterprises, Inc.), Joseph Gibbs, Jr. (Joseph Gibbs, Jr. General Contracting), Jean Louis Mickael Fonteneau (Atelier Fonteneau), and Robert French (Tower Builders and Developers, Inc.). All applicants intend to use their vehicle (free of commercial markings, logos, or advertisements) to dispose of household residential trash at the Landfill. Staff finds these requests consistent with exceptions previously granted by the R-Board and requests the R-Board provide direction by motion.

Mr. Foley motioned, seconded by Mr. Withers, to approve all applicants.

By voice, the vote was:

Yea: (6) Bohmke, Foley, Kelly, Shelton, Withers, Whitley
Nay: (0)

Mr. Dayton also brought to the Board's attention for consideration, Stafford County's intention to submit a Smart Scale application (FY2024-25) to widen Eskimo Hill Road, from Jefferson Davis Highway to the Landfill. This would make this winding, narrow road much safer for the commercial trash trucks and residents using landfill facilities. As proposed, the Smart Scale application would include \$1 million in R-Board revenues, with the balance funded by Smart Scale revenues. As suggested, this funding could be provided at \$200,000 per year over a 5-year period, beginning in FY2020. The Smart Scale application would be for funding available in the FY2024-2025 period. Mr. Kelly expressed concern about using R-Board revenues to fund road projects, particularly as we were still addressing our capital needs. R-Board members requested additional information about this proposal to be provided at the May 16th meeting.

Mr. Kelly asked about the status of the efforts to amend the Operational Agreement to address concerns of the City related to the terms of the agreement. Mr. Whitley advised that conversations had

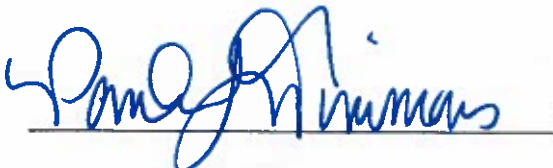
been initiated, but that efforts had been suspended due to the changes in R-Board membership on the part of the County. Mr. Dayton noted that now that the County Board of Supervisors had selected its members, we would re-initiate the conversations once County members were brought up to speed.

Adjournment: The meeting was adjourned at 10:16 a.m.

Future Session: The next regular meeting will be held on May 16, 2018, at the George L. Gordon Government Center, 8:30 a.m., in Conference Room ABC.



Keith C. Dayton, Director



Pamela L. Timmons, Clerk

