

NEW RIVER SOLID WASTE ASSOCIATION
WORKSHOP MINUTES
May 12, 2016

The New River Solid Waste Association Board of Directors met for a workshop on May 12, 2016 with the following members present:

Commissioner Mark Hartley, Chairman
Commissioner Karen Cossey, Vice-Chairman
Commissioner Eddie Lewis, Secretary/Treasurer
Commissioner Gordon Crews
Commissioner Woody Kitler
Commissioner Kenny Thompson

Others present were: Darrell O’Neal, Executive Director
Perry Kent, Assistant Director
Melissa Waters, Chief Finance Officer
Lydia Greene, Office Manager/Admin. Asst.

Chairman Hartley called the workshop to order.

Chairman Hartley asked for discussion of agenda item #1, Discuss 2016-2017 Budget. Mr. O’Neal said before we start discussing the budget, he would like to show the board our total accounts updated through March 31, 2016. The account balances shown are Operating, Closure, Long Term Care, Depreciation, Cell Construction, and Phase II Initial Development, along with the percentages funded for the escrow accounts and the amounts underfunded. Mr. O’Neal stated by law we are required to be 100% funded for Closure. Long Term Care is part of what Alachua and Levy counties pay for in their disposal rates and we are behind on that account. If these contracts end, the member counties will be responsible for all of those expenses. Depreciation is for replacing equipment and structures with cash. Cell Construction is a five year cycle and we are close to having enough funds for Cell 7. Phase II balance excludes the work that has already been done such as the water management permit. We are almost done with the bridge project and have the borrow operation going. The time frame for Phase II will depend on the Alachua County contract for renewal or not.

Mr. O'Neal said that in developing budgets, the primary role is the Finance Officer's and asked Ms. Waters to present the budget.

Ms. Waters stated for Revenue:

The In Region tonnages are based on the current average tons and tipping fees have been increased to \$28 from \$26 for member counties. This is based on the rate study that was completed a few years ago showing the need to increase tipping fees every 2 years. This will increase revenues by an estimated total of \$84,000.00 from the member counties. Mr. O'Neal said that he had a breakdown by county of the increase. Baker County's increase is projected at \$34,434, Bradford County's is \$36,528 and Union County's is \$17,934. Ms. Waters said Levy County's tonnage is estimated at 20,900 with the same rate of \$32.47 per ton. Looking at the CPI for the past 12 months it looks like no increase to CPI for the next fiscal year. Alachua County's tonnage is estimated at 170,000 which reflects an increase from 167,000 and the rate is shown at \$34.20, based on no CPI increase for an estimated increase in revenue of \$102,600. No changes are shown income from Nextel Lease cell tower and Interest Income appears to be on target and was left the same. Total Revenues is shown as \$7,832,023 for a net increase in revenue of \$186,600.00.

Ms. Waters stated for Expenditures:

Salaries include a requested 3% increase which will also be reflected in overtime and holiday salaries and FICA. Retirement is determined by the State and will be effective July 1st. Total increase for salaries is approximately \$27,800. Overtime and Holiday salaries have been increased slightly. For Life/Health Insurance, there was an 11.8% increase in premiums last year and a 23% increase the year before. This reflects a 15% increase in premiums hoping there will not be an adjustment needed when we get the new premiums, for a total increase of \$33,600. There were no changes to Health Insurance Deductible, Workers Comp, Unemployment and Attorney.

Engineering expenses are based on projects. Engineering – Monitoring has been decreased by \$5000. Mr. O'Neal added that we have the same number of wells and that the cost to monitor has come down and thanked Jones Edmunds for the price reduction. There was no change to Miscellaneous Services. Title V / Gas Services was decreased by \$5000. Asbestos Relocation Assistance project was added for an amount of \$50,000 and has to do with closing the Class III landfill. Mr. O'Neal said that we have removed all the Class III waste except for the asbestos. When the

asbestos relocation project was bid out, the bid amounts received for the project were very high, so we decided not to move the asbestos at that time. Mr. O'Neal said that we are unable to actually close Class III until the asbestos has been relocated and we are having to show funds in long term care for that remaining Class III area, which is approximately $\frac{3}{4}$ acre in size. Mr. O'Neal said we are having to make a plan for removal and budget for the project. Mr. Kent says he feels we will get a better price when we bid it out this time since the waste in the area has been removed and it should be easier to do for the contractor. Borrow Pit Permitting has been completed and has been removed from the budget. No change to LGTE and GCCS Expansion project amount. Rate Study Updates is shown at \$10,000. Operations Permit Renewal and Cell 7 has been reduced by \$250,000. Closure Construction Engineering has been reduced by \$75,000.

For Professional Services, contracts were renewed last year for 3 years, so no increase is shown. Also no change to Accounting and Auditing expense. For the remaining expenditures, the only change reflected is the reduction of the Environmental Impairment Insurance by \$60,400 as this is a 3 year policy. Mr. O'Neal added that this saves us money by paying the premium every 3 years instead of annually. Ms. Waters said that Misc Trust Expenses are the fees on the bonds we have with TD Bank. Mr. O'Neal stated that we still have some good bonds with TD and we need to ride those investments out even though the fees reduce the interest income.

Total Direct Costs is \$4,139,495 for a reduction of \$305,500 from the previous year.

Ms. Waters said for Escrow Accounts:

The Closure account will be funded by \$215,000. Cell 7 Construction will be funded by \$1,025,000. Long Term Planning will be funded by \$173,118. Depreciation will not be funded this year. Phase II Development is the \$2.35 surcharge from Alachua County and will be funded by \$399,500. An Other Post Employee Benefits (OPEB) Escrow has been added and will be funded by \$100,000 and this account is currently showing a negative \$891,000 balance. Mr. O'Neal said this is being done at the suggestion of the auditors.

For Equipment:

Horizontal Grinder purchase for an amount of \$373,506. Mr. O'Neal said we got into the grinding business in 2005 and probably undersized the grinder that was needed but was what we could afford at the time. We also do not charge for clean yard waste except for some commercial clean yard waste. Mr. O'Neal asked Mr. Kent to continue the discussion with the board.

Mr. Kent stated we purchased a 2004 Peterson grinder that currently needs \$18,000 in repairs. A contractor has a demo grinder with 138 hours on it. The price of the grinder on state contract is \$465,134. The grinder would be discounted by \$11,000 for the hours it has been used. Mr. Kent said the contractor has a buyer for our Peterson grinder who has offered to purchase the grinder for \$100,000 which will come straight to New River. If we can move forward with this deal soon, he would be willing to sell our old grinder and lease us the new grinder until it can be purchased next fiscal year with all the lease payments to be applied to the purchase. Commissioner Lewis asked if we had the money to purchase the new machine. Mr. O'Neal said not having to pay for repairing the old grinder would help. Chairman Hartley asked about the warranty. Mr. Kent said the grinder comes with a new warranty and will start at the 138 hours that is currently on the machine. Mr. Kent said the new grinder does not have the electronic parts that the Peterson does so it should not be as hard to keep running. Mr. Kent added that we are unable to even get a contractor to come to New River to grind our yard waste. Commissioner Lewis asked if it would be brought up at the board meeting since it is not on the agenda. Mr. O'Neal stated he would ask for discussion under Executive Director Issues.

The 826K compactor was purchased this year so this amount has been removed from the budget. The Frontend loader has been included for an amount of \$177,904 under state contract. Fusion Welder was purchased this year and has been zeroed out. Miscellaneous Equipment, Bioreactor Expansion, LF Gas O&M, GCCS Expansions all remain the same. Borrow Permitting has been completed. Compaction Analysis was increased by \$500 based on this year's expenses. Asbestos Removal project was added for an amount of \$150,000. Mr. O'Neal stated this is for the actual removal of asbestos from our old Class III landfill. Mr. O'Neal added that we no longer accept asbestos and have not for several years now. Commissioner Crews asked why there are 2 amounts for this project. Mr. Kent said one is for Engineering Services for monitoring and other services in case we need them to be onsite, the removal expense is for the contractor and was the cost received last time it was bid out. We're expecting it will be much less this time. Roll-off Replacements has been added for an amount of \$14,000. Mr. O'Neal said this is for 3 roll-off containers, 2-40 yard and 1-20 yard. It's been about 15 years since we have replaced a roll-off.

Ms. Waters said for Host Fees: Union County - \$100,000 and Host Fees to Member Counties to be \$690,000.

Total Indirect Costs are \$3,692,528 for an increase of \$492,100 above last year's budget.

Mr. O'Neal asked for any questions or comments. Commissioner Crews asked about the OPEB Escrow shortage of \$891,000. Is this before or after the \$100,000 to be escrowed this year? Ms. Waters said that is before the amount to be escrowed. Commissioner Crews asked about the high percentage of insurance premiums for the landfill employees. Mr. O'Neal said we are a group of 14 covered employees which affects our rates. Mr. Kent added our group is also considered high risk. Chairman Hartley asked if we are going to look around at other plans. Mr. O'Neal said we look at other insurance plan options every year and compare prices to pick the best deal for New River.

Chairman Hartley asked for any further comments or questions. There were none. Chairman Hartley closed the workshop.