

**ADMINISTRATIVE CONTROL BOARD – WASATCH FRONT WASTE AND RECYCLING DISTRICT**

**MONTHLY MEETING MINUTES** (Approved at the December 9, 2013 ACB Meeting)

<b>DATE/TIME</b>	<b>LOCATION</b>	<b>ATTENDEES</b>
November 25, 2013 8:30 AM – 10:00 AM <hr/> <b>Next Board Meeting</b> December 9, 2013, 6:00 p.m. (following Public Hearing)	604 W 6960 S Training Room	<u>Board Members:</u> Chair-Coralee Wessman-Moser, Vice-Chair Sabrina Petersen, Richard Snelgrove, David Wilde, Sam Granato, Dama Barbour, Jim Brass (excused at 9:20) Patrick Leary (9:30) <u>Absent:</u> Scott Bracken  <u>District Staff:</u> Pam Roberts, Stuart Palmer, Craig Adams, Gaylyn Larsen, Larry Chipman, Bill Hobbs, Jocelyn Walsh-Magoni, Sean Summerhays, Ken Simin, Lorna Vogt, Gavin Andersen  <u>Public:</u> Cottonwood Heights City Manager John Park
<b>AGENDA</b>		

1. **Consent Items:** (Approval Requested)
  - 1.1 October 28, 2013 Board Meeting Minutes
  - 1.2 Abatements / Refunds
2. **Informational Items:**
  - 2.1 Update on the 2013 Financial Audit, Stuart Palmer
3. **Approval Requested:**
  - 3.1 Addition to the District Policy Manual, Human Resource Section, Gaylyn Larsen
  - 3.2 2014 ACB Meeting Schedule, Pam Roberts
  - 3.3 2014 Tentative Budget and Fee schedules, Pam Roberts, Stuart Palmer & Gaylyn Larsen
  - 3.4 Confirm Public Hearing Date for 2014 Budget Adoption: Monday, December 9, 2013 6:00 p.m.
  - 3.5 District Resolution Recognizing Board Member David Wilde, Completion of His 4 Year Term, Board Chair Moser & Pam Roberts
  - 3.6 2014 Interlocal Agreement with Salt Lake County, Pam Roberts & Gavin Anderson
4. **Direction Requested:**
  - 4.1 Recommendation to Cancel the Monday, December 23, 2013 Board Meeting
  - 4.2 Schedule Board Meeting on Monday, December 9, 2013 after the Public Hearing and Budget
5. **Requested items for the Board Meeting on Monday, January 27, 2014**
  - Formal Transition of Board Vice-Chair to Chair and Elect a new Board Vice Chair
  - Oath of Office for Board Members
  - Oath of Office for Executive Staff

TOPICS/ OBJECTIVES	KEY POINTS/ DECISIONS	ACTION ITEMS WHO – WHAT – BY WHEN	STATUS
1.1 Approve Meeting Minutes	Approval of the October 28, 2013 Minutes.	<b>Motion:</b> by Board Member Brass, <b>seconded</b> by Board Member, Barbour to approve the Minutes from the October 28, 2013 meeting with the noted changes. <b>Vote:</b> All in favor (of Board Members present)	<b>Approved November 25, 2013</b>
1.2 Abatements	Pam presented the abatements list and asked for approval to refund payments made to the Treasurer by two customers, and to release the lien for one customer.	<b>Motion:</b> By Board Member Brass, <b>seconded</b> by Board Member Granato to approve the refunds and lien release as presented. <b>Vote:</b> All in favor (of Board Members present)	<b>Approved November 25, 2013</b>
2. Informational Items			

<p><b>2.1 Update on the 2013 Financial Audit, Stuart Palmer</b></p>	<p>Stuart: we have engaged the independent CPA firm, Squire and Company, and completed an audit this month (reviewed processes, Accounts Payable, Accounts Receivable, etc.). They found that we are in good standing with regard to our processes since moving away from the county. Special Service Districts are required to have an independent audit. Pam: Stuart has consulted with Ray Bartholomew throughout the year to ensure we are progressing well and making adjustments as we go.</p>		
<p><b>3. Approval Requested</b></p>			
<p><b>3.1 Addition to the District Policy Manual, Human Resource Section, Gaylyn Larsen</b></p>	<p>Gaylyn: the addition of the referenced HR section is one of the changes recommended by the auditor. UCA-49-11 ensures eligible employees are enrolled in the URS plans during new hire orientation.</p>	<p><b>Motion:</b> by Vice-Chair Peterson, <b>seconded</b> by Board Member Brass to add the referenced HR section to the District Policy Manual. <b>Vote:</b> all in favor (of Board Members present)</p>	<p><b>Approved November 25, 2013</b></p>
<p><b>3.2 2014 ACB Meeting Schedule, Pam Roberts</b></p>	<p>Board Chair Wessman-Moser proposed we keep same meeting dates (fourth Monday of the month) but move to 9am instead of 8:30.</p>	<p><b>Motion:</b> by Board Member Granato, <b>seconded</b> by Board Member Snelgrove to keep the ACB meeting dates the same but change the time to 9:00 a.m. <b>Vote:</b> All in favor (of Board Members present)</p>	
<p><b>3.3 2014 Tentative Budget and Fee schedules, Pam Roberts, Stuart Palmer &amp; Gaylyn Larsen</b></p>	<p>Pam: we reviewed a lot of the information regarding the 2014 Tentative budget and Fee Increase during our meetings the past few months; she would like to address any changes or questions that may have come about since then. Gaylyn: the county updated their proposed wage percentage increases for 2014 and is the only one she is aware of that has changed. Pam: our goal is to continue to have excellent employee satisfaction. It has been increasing over the past couple of years and she would like to reinstate merit increases, and they are common with many organizations. She and Stuart put together additional items related to our fund balance regarding finding other revenue. This includes green waste and recycling (we don't pay disposal fees for recycle and we earn revenue): \$19 million in revenue expected next year. They factored in \$2 per month / per home increase, and are requesting 2 FTE's - driver and cart specialist (we will be increasing the number of customers/carts). The cart specialist repairs carts. We have been using a part-time temp but there is a need for another FTE (bringing the total to 3 in 2014). With the additional drivers, we will go from 50 to 51 operators.</p> <p><b>Regarding operating costs:</b> there will be added fuel, truck maintenance and disposal fees. We will be increasing the miles driven in 2014 by 42,000 miles due to growth in the District. More CNG trucks will be purchased (CNG is half</p>	<p><b>Board Direction for Pam:</b></p> <ol style="list-style-type: none"> <li>The team will compare other haulers' replacement schedule and maintenance costs if they are willing to share it and return to the Board as information is available.</li> <li>Report back early next year with a detailed report on truck replacement schedule cost comparisons.</li> </ol> <p><b>Motion:</b> by Board Member Wilde, <b>seconded</b> by Board Member Snelgrove to approve a 2.75% merit based increase. During discussion there was a substitute motion.</p> <p><b>Substitute Motion:</b> by Vice-Chair Petersen, <b>seconded</b> by Board Member Snelgrove to approve a 3% merit based increase scheduled on the employee's merit date. <b>Vote:</b> All in favor (of Board Members present).</p> <p><b>Motion:</b> by Vice-Chair Petersen, <b>seconded</b> by Board Member Snelgrove to approve the tentative budget proposed fee schedule taking off the clause 'no proration' for green</p>	<p><b>Approved November 25, 2013</b></p> <p><b>Approved November 25, 2013</b></p>

cost of diesel). Pam: if we didn't continue with CNG, there would be an additional \$.37 per home per month increased cost. There will also be a shop rate increase of \$5.00 per hour by the county; they are still competitive and below some maintenance rates. We have budgeted \$4million in shop maintenance for 2014. The Landfill Council decided to increase their fees by \$5 per ton beginning Jan 1. The SL Valley landfill is still the best deal for us for the majority of the District's waste. Transjordan, where we take 10% of the District's waste will also go up \$2 per ton on Jan 1.

We have a win-win relationship with Operations-they use the hook lift trucks for winter maintenance and we use them for area cleanup. Postage will increase in 2014 – executive management discussed going to quarterly billing and upon review decided it will be best. Each customer will receive up to 4 bills a year (the details of when bills will be sent is still being decided by staff). 60% of customers currently pay through lock box, and they can also use Xpress bill pay. If they set up online payments, they will not get a paper bill. Board Member Wilde asked whether going to Tooele's landfill would be an option. This was considered and it would increase our costs due to lost efficiencies. That was the purpose of building the transfer station. The transfer station is ideally located with regard to the routes. We will be adding 14 new CNG trucks in 2014. We have a projected \$1.5 million burn rate (a reduction in cash). Stuart reviewed our fund balance sheet-scenarios regarding restricted / unrestricted cash. If we had no fee increase- and with the 2<sup>nd</sup> can revenue-we would see a \$4.2 million revenue loss over the next 4 yrs. He went over 5 scenarios and operating cost increases with lost revenue. Pam: recommends a 3% merit increase based on what is happening in the market.

Update on proposed fee increase and governing bodies approval: Pam and Stuart have been to several city council meetings to discuss the proposed budget increase. Holladay city adopted a resolution for \$2/per month increase in 2014 and up to \$2/per month in 2015; Herriman adopted a resolution for \$2/per home/per month in 2014 and 2015; Taylorsville – Resolution for \$2 per home/per month increase in 2014; Cottonwood Heights will vote tomorrow night. Murray City will meet on December 3<sup>rd</sup> and SL County Council meets November 26<sup>th</sup>.

**Equipment Maintenance/Replacement:** Stuart outlined the equipment replacement fund. We bought 7 side load trucks

waste to allow for proration of monthly fees. **Vote:** All in favor (of Board Members present)

this year, and will sell 14 this year. Board Member Wilde asked if we are maximizing our equipment and whether we could be getting another year out of it. Stuart: we have evaluated going from a 3-4 year replacement schedule and the increased operating costs and difference in resale can be a \$25-30,000 difference. The increased cost and downtime of trucks doesn't make good business sense. Board Member Brass stated that in Murray when the fleet vehicles had a longer replacement schedule, they found the value of the cars went down. It is important that Operations vehicles be newer. He also noted that they had replaced an engine in a fire truck (refurbished) and asked if that was an option for our trucks. Board Chair Wessman-Moser asked if we could look into that as an option. Board Member Snelgrove noted that it is hard to determine the best time to sell the trucks and that the competition drives older equipment. Pam responded that we will compare other haulers' replacement schedule and maintenance costs if they are willing to share it and return with a detailed analysis. Board Member Snelgrove asked if we could look into the used truck market. Stuart reported that we have noticed that the arms break. Andy King, Fleet Manager: the main things the District competes with are that most private haulers run their own shops so they have lower overhead. If they decide to run a truck over 4 years, they typically continue to run it for 15 years. They run a higher relief ratio; 1 relief (backup truck) to every 3, we run 1 relief to every 5. In the past, we ran trucks 6 years, and some had \$120,000 of maintenance costs per truck in one year. At about 4 years, the decision needs to be to either keep them longer and get no salvage after many years, or sell them as we do now, and get about 50% salvage rate. The salvage curve drops at about 6 years. Board Member Snelgrove would like to see if there are better shop deals other than the county, or whether it could be brought in house.

Stuart continued to review the 2014 budget-capital purchases. He finished the discussion of fee increase scenarios and loss of cash flow reflected with each. The District proposes a \$2 increase per home/per month for 2014 and 2015. Vice-Chair Petersen asked if we have to go back to the cities in 2015 even if they vote now for increase in 2015. Gavin said it could probably be left up to the cities. Pam: we need adoption of the proposed fee increases for 2014 now. For the green waste program-she wants to remove the clause prohibiting proration to encourage customers to sign up. Regarding the proposed fee increases for special services, Andy noted there are about 4 events per year. Board Chair

	<p>Wessman-Moser clarified that we want to ensure the residents do not subsidize any of the event costs. We didn't see an increase in 2013 and need one in 2014 for these events to cover costs.</p> <p><b>Regarding the proposed merit increases:</b> Gaylyn clarified that most cities are implementing 3% increases; districts who had discussed it internally had approved 3%. SL County is proposing to 4.5% (2.5% toward merit, 2% restoration to 401K with URS) Board Member Snelgrove suggested that to remain competitive, we should do less comparing against cities/counties and rather to the private sector. No one from the private sector would discuss their proposed merit increases with Gaylyn so it's difficult to compare. Gaylyn noted that the districts averaged 2.95% increase for those who shared info. Some other districts won't be discussing their budgets until later in 2014. Board Chair Wessman-Moser mentioned that the proposed merit increase is performance based, given on merit date. Not everyone will qualify for 3% each year. Pam pointed out that the merit increase is strictly for the work force and not for executives.</p>		
<p><b>3.4 Confirm Public Hearing Date for 2014 Budget Adoption: Monday, December 9, 2013 6:00 p.m.</b></p>	<p>Board Chair Wessman-Moser asked if there was any conflict with December 9<sup>th</sup>. Two members of the Board will be unavailable, but there will still be a quorum. We will have a short meeting after the public hearing and cancel December 23<sup>rd</sup> ACB meeting.</p>		
<p><b>3.5 District Resolution Recognizing Board Member David Wilde, Completion of His 4 Year Term, Board Chair Moser &amp; Pam Roberts</b></p>	<p>Board Chair Wessman-Moser complimented Board Member Wilde's institutional knowledge – it has been very helpful for newer board members. A resolution was signed and an award was presented to him by Pam on behalf of the District and staff.</p>	<p><b>Motion:</b> by Board Member Snelgrove, <b>seconded</b> by Board Member Granato to approve the Resolution recognizing Board Member Wilde's completion of a four year term. <b>Vote:</b> all in favor (of Board Members present).</p>	<p><b>Approved November 25, 2013</b></p>
<p><b>3.6 2014 Interlocal Agreement with Salt Lake County, Pam Roberts &amp; Gavin Anderson</b></p>	<p>Gavin-there are six services the county will provide to the district. Coralee asked about the \$80-85 increase, versus \$90 (the second is correct) and Pam noted that it is the \$5 per hour that has been budgeted appropriately. Pam-we are looking at outside sources for Information Services (IS). The county IS has recommended seeking outside sources based on our needs and their security systems block some of the programs we need. Gavin said it is typical for districts to separate from the county after 1 year or so. Gavin reviewed the remaining attachments with regard to what the county will provide.</p>	<p><b>Motion:</b> by Board Member Snelgrove, <b>seconded</b> by Board Member Leary to approve the 2014 Interlocal Agreement with Salt Lake County. <b>Vote:</b> All in favor (of Board Members present).</p>	<p><b>Approved November 25, 2013</b></p>

<p><b>ROUND TABLE</b></p>	<p><b>Board Chair Wessman-Moser:</b> There will be an open position for Vice-Chair as by district policy, Vice-Chair Petersen will become Board Chair. Elections will take place during our January meeting. <b>Board Member Snelgrove</b> asked about selling advertising space as a source of new revenue; potentially sell advertising on our website through Google Adwords. <b>Board Chair Wessman-Moser:</b> we will be looking at glass as another revenue option. <b>Board Member Snelgrove</b> requested that when private haulers have positions available, we ask about their wages. <b>Vice-Chair Petersen</b> asked if we could investigate in-house composting.</p>	<p><b>Board Direction for Pam:</b></p> <ol style="list-style-type: none"> <li>1. Report back to the Board after researching advertising options for the District.</li> <li>2. Investigate in-house composting and report back to the Board as soon as we have additional information.</li> </ol>	
<p><b>4.1 Requested items for the January 27<sup>th</sup> Board Meeting</b></p>	<ul style="list-style-type: none"> <li>• Formal Transition of Board Vice-Chair to Chair and Elect a new Board Vice-Chair</li> <li>• Oath of Office for Board Members</li> <li>• Oath of Office for Executive Staff</li> </ul>		
<p><b>4.2 Schedule Board Meeting on Monday, December 9, 2013 after the Public Hearing and Budget Adoption</b></p>	<p>Board Meeting for December 9<sup>th</sup> was scheduled</p>		
<p><b>Adjournment (10:00 a.m.)</b></p>		<p><b>Motion:</b> by Board Member Granato, <b>seconded</b> by Board Member Petersen, to adjourn the meeting. All in favor</p>	