

ADMINISTRATIVE CONTROL BOARD – WASATCH FRONT WASTE AND RECYCLING DISTRICT
MONTHLY MEETING MINUTES

DATE/TIME	LOCATION	ATTENDEES
<p>August 24, 2015 9:00 a.m.</p> <hr/> <p>Next Board Meeting September 28, 2015 9:00 a.m.</p>	<p>Public Works Building 604 W 6960 S Midvale, UT 84047</p>	<p><u>Board Members:</u> Dama Barbour, Scott Bracken, Aimee Newton, Jim Brass, Jim Bradley, Sabrina Petersen, Coralee Moser, Patrick Leary, EXCUSED: Jenny Wilson</p> <p><u>District Staff:</u> Pam Roberts, Gaylyn Larsen, Stuart Palmer, Rachel Heffner, Mark Anderson, Rachel Anderson, Craig Adams, Bill Hobbs, Larry Chipman, Ryan Dyer</p> <p><u>Public:</u> No members of the public were present</p>

AGENDA

- Call to Order:** Dama Barbour, Board Chair
- 1. Introduction and Welcome:** Rachel Heffner, New Executive Assistant and Board Clerk
 - 2. Consent Items: (Approval Requested)**
 - 2.1. June 22, 2015 Board Meeting Minutes
 - 3. Meeting Open for Public Comments:** (Comments are limited to 3 minutes)
 - 4. Business Items**
 - 4.1. Resolution for Risk Management through Utah Local Governments Trust, Pam Roberts & Mark Anderson/Rachel Anderson (**Approval/Adoption Requested**)
 - 4.2. Policy Manual Addition Related to Payroll Deductions, Gaylyn Larsen (**Approval or Direction Requested**)
 - 4.3. Liability Program Award from the Utah Local Governments Trust, Pam Roberts (**Informational**)
 - 4.4. Review the 2nd QTR Financial Report, Stuart Palmer (**Informational**)
 - Recycling Revenue Decline
 - 4.5. First Review of Proposed Resource Requests for the 2016 Budget, Pam Roberts & Stuart Palmer (**Informational/Direction Requested**)

4.6. Follow-up information on the Unincorporated Southeast Islands, Pam Roberts & Stuart Palmer **(Informational)**

5. Requested Items for the September 28th Meeting

- 2016 Requested Budget
- Updated on Curbside Glass Collection Services
- Board Approval of the Executive Director's Appointment of the Deputy Director over Operations

TOPICS/ OBJECTIVES	KEY POINTS/ DECISIONS	ACTION ITEMS WHO – WHAT – BY WHEN	STATUS
1.Introduction and Welcome			
	1.1 Rachel Heffner, New Executive Assistant and Board Clerk		
2.Consent Items (Approval Requested)			
	2.1.June 22, 2015 Board Meeting Minutes		Motion to approve by: Chair Barbour seconded by: Board Member Petersen Vote: All in favor (of Board Members present)
3. Meeting Open for Public Comments	(Comments are limited to 3 minutes)		
	No public comments.		
4. Business Items			
	4.1. Resolution for Risk Management through the Utah Local Governments Trust, Pam Roberts & Mark Anderson/Rachel Anderson (Approval/Adoption Requested)	Pam stated that Mark and Rachel, our legal counsel had reviewed our legal contracts and agreements that we have in place. With the advisement of Legal Counsel and the Utah Local Governments Trust, we recommend having a resolution in place to establish the relationship with the Trust versus a contract or an interlocal agreement. It sustains the Boards approval to sign off the expense of funds for the liability insurance on an annual basis. Mark stated that it's just a one page resolution. The ordinary procedure with interlocal agreements is for the Board to pass a resolution authorizing someone to sign it. However, the way this resolution is designed, it allows the District to purchase insurance under the Utah Local Governments	Motion to approve by: Board Member Moser seconded by: Board Member Petersen Vote: All in favor (of Board Members present)

4.2. Policy Manual Addition Related to Payroll Deductions, Gaylyn Larsen
(Approval or Direction Requested)

Trust. You don't have to sign the contract separately, the resolutions gets you into the pool with other members benefits the District.

Gaylyn stated that when we wrote our policy manual, we tried to make it as stream lined as possible. Recently we realized there were a couple payroll issues that we thought needed to be addressed in our manual.

In section 9.20 of the policy manual, we recommend amending the section to include: If employees are on unpaid leave and they want to continue their benefits then they need to pay for their portion of the benefits. We have given them a couple ways to pay for them.

For section 9.21, we went paperless on our payroll stubs and employees have access to a site to obtain their information.

We are also recommend a new section 9.26, to clarify that if an employee is on unpaid leave, they do not earn leave benefits during that time. Board Member Bracken asked, if an employee is on medical leave than they would need to pay their benefits? Gaylyn stated yes. That even when they are on family medical leave, if they want to continue their benefits, they would need to pay their portion.

Based on the new Section 9.26, all the Personnel sections after the new 9.26 will be renumbered.

Board Member Bracken asked, "How much is short term disability?" Gaylyn responded, we don't have a short term disability program since our sick leave benefits are great, but employees can purchase a policy for long term disability

Motion to approve by: Board Member Newton
seconded by: Board Member Petersen

Vote: All in favor (of Board Members present)

**Approved
August 24, 2015**

<p>4.3 Liability Program Award from the Utah Local Governments Trust, Pam Roberts (Informational)</p>	<p>through PEHP.</p> <p>Board Member Bradley asked on the tuition reimbursement, it's at the sole discretion of the district to determine whether to allow reimbursement with the current employee or not. Do we have some policy that helps guide that decision making? Gaylyn responded that we currently have a standard operating procedure for tuition reimbursement and Gaylyn will check it, but she does believe that it has to be of a benefit to the district. Board Member Petersen asked, do we have any employees currently taking advantage of this program? Gaylyn responded, we have three since we have been separate from the County. Board Member Bradley would like to see some additional information and would like to know how we go through this process. Board Member Petersen stated that she has question as far as the commitment after we paid for their tuition. It benefits us as a district but also benefits the employees as being more marketable to leave this is something that we should also address.</p> <p>Pam stated this is a dividend back to WFWRD from the Trust. We received the award due to our excellent safety program that we have in place and our training. Kudos to our former Deputy Director, Lorna Vogt who put in place a formal and structured system and did the reporting that went out to the Trust to get some money back. The district received just over \$9,300.00 because our employees are very safety conscious.</p> <p>We did have the Trust come present this award to our team at our employee recognition</p>	<p>The board directed the staff to bring back more information on tuition reimbursement and the commitment at the September meeting.</p>	
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4.4. Review the 2nd QTR Financial Report/Recycling Revenue Decline, Stuart Palmer (**Informational**)

celebration last week. We also had the President of the Utah Safety Council, Rod Hansen come to our Employee Recognition Celebration and awarded Gary Reay recognition for his excellent driving record. Gary has been with the District for 23 years and is accident free. He was amongst some stiff competition and while he didn't receive the award, the President wanted to come and recognize Gary. We also gave him an Outstanding Employee Award of \$150.00 for that recognition.

Stuart stated that State Statute requires a quarterly review of financial reports to the ACB. In the second quarter financial report one of the big concerns is the recycle revenue, which is market driven. This past year we budgeted \$15/ton and met with our recycling vendors the first of Spring and now it's down to \$2.50/ton. Board Member Bradley asked is that revenue received for providing to them. Stuart replied, yes, we currently collect about 22,000 tons and receive \$2.50/per ton.

Board Member Newton asked is that because more people are recycling or is that because of the demand? What do you think down the road the reasons are? Board Vice Chair Brass commented, energy prices are way down and it's cheaper to make new aluminum from raw materials than recyclables. Our big concern is that they start storing recyclables in the landfill and fill the landfill. It's something that we need to watch.

Pam stated that ALCOA is the biggest aluminum buyer and they stopped buying. We recently heard from Larry Gibbons from Rocky

Mountain Recycling that ALCOA has started buying again.

Pam stated that she believes that we got comfortable depending on recycling revenue and we might need to look at it as a luxury. We are still in negotiations with Waste Management for price per ton and we are taking most of the southwest recycling tonnages to them. They were looking at charging us and we are looking to negotiate with them to where we receive no revenue.

Board member Bradley mentioned that in terms of Recycling Ethics, have we been too successful? Has there been too much supply? Pam replied that she doesn't think it is based on being too successful and asked for input from Ryan Dyer, Recycling Manager. Ryan replied that it's called the "perfect storm" of recycling. There are so many factors that weigh in: The closure of the LA Ports, China's Green Fence and not shipping as much to China.

In all reality, the economy hasn't come back. There are many factors that there is no one clear answer. The bottom line is that we are saving money in recycling.

Board Member Bradley asked if it is cheaper to put the recyclables in the landfill. Pam replied that there is still savings in diverting waste from the landfills. It might be cheaper to make things new, but we are still drying up our natural resources and taking space in the landfill. It is education and it's important that we continue to educate on recycling. Sean and Ryan do a great job on educating the public.

Board Chair Barbour stated that we are all in agreement that we want to keep our eyes on this.

Stuart mentioned truck sales are lagging at the end of the second quarter. We anticipated selling 6 trucks, but only sold 1 at the end of the quarter. However, we sold 2 trucks in July and 3 trucks in August, which will be accounted for in the third quarter report. We brought in \$619,000 after the sale of the 6 trucks, averaging \$103,000 each. We sell the trucks through TNT Auction, which is under a contract through Salt Lake County Fleet.

Another item for revenue is we changed to quarterly billing for services already received versus billing for services before services were provided. Next week, we will certify quarters three and four of 2014 and quarters one and two of 2015. We are also starting to charge penalty and late fees this year and we will see how this impacts the cash collection and certification. We have collected 40.7% of the budget revenues, compared to the budgeted 50% at mid-year.

At the end of the second quarter, we have spent 44.4% of the personnel budget. We had employee turn-over mainly with our drivers, which will increase overtime because we need to pick up the waste. One increase you may note is the State Unemployment Tax, it was not accurately projecting the 2015 actual costs. The reason was because we didn't have enough information over the last two years since it was paid through the County. We have adjusted the Unemployment Tax for next year's budget to reflect the history as our own organization.

For the Operational costs, fuel costs are about

35%, truck maintenance is at 43.9% of budget. Year to date tonnage shows a 1.52% increase over last year. The bottom line for second quarter shows a \$500,000 net loss against a budgeted \$400,000 gain. However, if we add \$500,000 from the additional truck sales from the third quarter to the second quarter we would have had a break even. Overall, the revenues are at 40.7% and expenditures are at 44.4%.

Capital expenditures, we did purchase 6 trucks in the first and second quarters and we budgeted a total of \$4.4 million. We will purchase six more side load truck plus two front load and a couple pick-up trucks before year-end.

Board Member Bracken asked if the fuel station is up. Pam replied the station was due to open on Friday, August 21st, but didn't think it happened and asked Ryan for clarification. Ryan added that did not happen as planned due to a gas line problem. Pam said that we are hoping to report in September that we are fueling on site.

Board Member Bracken stated this should decrease the mileage. Pam stated that is correct. We are anticipating about \$15,000 saved annually from not having to go to and from the other CNG fueling sites.

Board Member Bradley stated we have expended only 44.4% at the end of the second quarter and would the savings be reflected in the \$422,000. Stuart replied, yes, the \$422,000 reflects that we would have spent everything and currently we have spent less. Board Member Bradley asked do we expect to spend less. Stuart replied, the second quarter expenditures are pretty typical on the 44.4% and last year came in

<p>4.5. First Review of Proposed Resource Requests for the 2016 Budget, Pam Roberts & Stuart Palmer (Informational/Direction Requested)</p>	<p>about 3-4% below the budgeted expenditures. We anticipate spending less than budgeted. Pam added on the second quarter fuel savings makes up for the revenue lost on recycling. The fuel savings is going to help offset the recycling revenue loss. By year end, the revenue loss and fuel savings will equal out.</p> <p>Pam stated that this is on the agenda as an informational item, but she encouraged the Board to feel free to give direction especially on any additional information needed on why we have a need for the 4.5 full time employees (FTEs) going forward.</p> <p>Pam reported that the number of households in the district has grown, and we see this mainly in the southwest area in Herriman. We need to add more people and one truck to serve that area.</p> <p>As of July 1st of this year, we added a new equipment operator FTE. On a calendar basis we call that a half FTE for budgeting purposes. As part of the 2016 budget request, we are asking for 2.5 equipment operator FTEs to cover the increase in the number of routes.</p> <p>Based upon industry standards, we have the driver on the route and need a certain number of relief drivers to cover for time-off. We are also on a 4/10 schedule and cover five days per week. When we changed to the 4/10 schedule, we saved in trucks and capital purchased, but needed staff to cover the routes. We currently have a 9:1 relief ratio, which is much higher than the 8:1 industry standard and our ratio will stay the same with these additional FTEs.</p>		
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We feel that right now this ratio is adequate to cover the homes in the district. Each driver covers about 500 homes and run the routes twice a day. First for recycling and then for garbage, which is roughly 1,000 pickups per day. We have found this to be effective and we absorbed much of the growth.

However, as the area has grown, we have seen more vehicles on the road, which means more traffic and this slows our drivers down. We are going to watch and determine if we need to increase that relief ratio because of time.

Pam added that the east/west corridor is a big challenge and we use the Trans Jordan Landfill as well as Waste Management for recycling, which are helpful for efficiencies. For every home being built we figure that there are at least two vehicles on the road.

Currently, we have over 1,300 new homes that came on in the past 18 months. Drivers are coming in later due to increased traffic. On a good note, we are anticipating that the fuel site being here will assist with those late days since the goal is to reduce the trips to and from the gas stations to refuel during the day. We will monitor this going forward.

Along with the number of new homes, we have the curbside green waste program and we added more routes. In 2014, we had 1,600 subscribers and we grew to 1.5 routes each day. We were able to cover that and the growth with the two drivers added in 2014 and the “half person” this year. Coming into 2014 we asked for two drivers, which was in part to cover growth and in part for the green program. The green

program has grown and we currently have just over 2,800 subscribers now. We bumped it up to two routes per day and a couple days we have expanded to three routes.

For 2016, we know we will need three routes for Green, especially if our goal is 4,000 subscribers. Garbage/Recycle routes have grown and we anticipate them to be at least 30 routes in 2016 from 29 now and we will monitor them to see if we need to add another pending growth.

Board Member Petersen commented she didn't see the curbside glass collection. Pam replied we are not providing that direct collection service.

Pam mentioned increase in tonnage, which is strictly garbage and recycling. There has been 2-3% growth in tonnage of garbage. Recycling has a 3% increase, some is due to growth and some is that residents are more diligent.

Pam also added that she would like to add another customer service representative. This is another person to help with answering phones. We have seen an increase with the number of new homes and the green program with services requested.

In the 2016 budget, we would like to expand the RFID project. This system is to assist with keeping an inventory on our cans and technology to assist with routing for residential routes and service orders.

We completed one route with the RFID and we discovered that we were missing \$10,000 in annual revenue. With the technology, we were able to catch this and add the information into

The board directed the staff to bring back more information regarding the need for an additional customer service FTE at the September meeting.

our billing system. Now we have the revenue going forward.

Our goal for 2016, is to tag and record six routes. Board Member Bracken asked is that people that had cans that we did not know about? Pam replied that is correct; there were also homeowners who had second cans they were not being charged for. We now charge them for anything we may have missed. Board Chair Barbour stated the whole homes were missed. Pam commented in some cases yes and with the growth happening so quickly, we may have delivered a can and not recorded it within the system. Board Member Bracken asked, which route was it that we tagged. Pam stated that the entire route was tagged, but we saw most of the errors in the southwest. The ultimate goal would be to tag all the 30- 31 routes.

The GIS Coordinator is instrumental for the RFID project. We currently have a part-time person and we would reduce the hours of the part time and make them fulltime to help with mapping and the RFID project. We need someone with technology based mapping experience to assist.

Pam stated that the costs for all FTE requests is over \$250,000 going into 2016. Where does that money come from? If we look at the anticipated increase of revenue of almost \$281,000 for the base service fee. Stuart added that the revenue increase also includes green subscribers. Pam stated that we would also reduce temporary labor. We would reduce the hours of the current part time customer service representative as well as reduce the GIS Coordinators temp hours and that is almost \$49,000.

Board Member Newton: With the community preservation vote coming up in November, what if a lot of the Sandy islands end up being serviced by Sandy. Does this impact the number of employees in looking ahead to 2017, how will this impact us in needing FTE's or reducing? Pam stated that there might be parts that will vote to go to Sandy. If residents vote to stay as is, would Sandy petition for those areas? Would it make sense to let all of Granite go, but not parts of Willow Creek?

If we do let some areas go, it does cause inefficiencies. There are just over 3,200 homes in the area including the sections that Sandy has already annexed. These homes are serviced one day per week by roughly five people and five trucks. If we spread that over five days, it's one truck with one, or two people.

We've already looked at the attrition rate with the equipment operators. We would manage a possible reduction by not hiring when we experience turnover and not replacing a truck.

Pam added that we ran through the "what if's" and we talked through the attrition. The benefit is that we have a good year to prepare and there are so many logistical things to prepare for including the cans for the area.

Back to the 2016 Resource Requests:

In looking at the 2016 budget, the FTE's would be paid for by the added revenue from 800 new home builds and anticipate roughly 100 new second cans coming aboard. We are looking at historical data to support the projection of the number of new homes.

One thing we are recommending is a fee increase for Green trailer rental from \$35 to \$40. The reasons for this increase are miles traveled, more rentals and maintenance fees increasing. We were notified by Salt Lake County Fleet that the shop rates are increasing in 2016. Pam also stated that our rates are lower than Murray City, who's currently at \$40 for their green trailer. The increase is not only for market, but to ensure we pay for as much of the cost as possible. With the fee increase this would add additional \$5,000 revenue for the District.

For the Curbside Green we have new subscribers and revenue gain. With the FTE's we are looking at \$174,000 plus benefits. Stuart added the adjustment on the unemployment tax for next year. The current information does not include any merit, Cola, workers comp insurance or from PEHP as we have not received that information.

Where would we stand in terms of a fee increase? Stuart commented that there would be about a \$300,000 savings in fuel for next year's projections. This includes increasing the number of CNG trucks going out, lower diesel price and to note that all of the side load trucks will be CNG by end of 2016.

Shop increased rates from County Fleet plus more mileage. We are looking at a disposal increase in the southwest about 20% going to Trans Jordan. Total expenditures are going to increase about \$78,000 overall. We will go back and verify a few of the numbers.

For capital expenditures, Stuart mentioned this

4.6. Follow-up information on the Unincorporated Southeast Islands, Pam Roberts & Stuart Palmer
(Informational)

year \$4.4 million and next year \$3.9 million. This year included two front loaders this year. In 2016, this includes adding one additional side load truck. We are going to spend about \$4 million on trucks with a burn rate of about \$2 million a year. A look at the cash flow scenarios shows a need for a fee increase in 2017 with or without the Southeast Islands.

Continuing with the Southeast Island information: Pam stated that in a worst case scenario, if we lost the 3,200 homes to Sandy City it is a \$680,841 net loss of annual revenue and a \$624,536 reduction in expenditures.

The cash flow scenarios shows an example of losing the homes and not purchasing one truck to offset the reduction in homes. The projections show that the District would need a fee increase in 2017 regardless of the Islands staying or going.

Another question the Board posed in the last board meeting was “would the growth in the southwest area make up for the loss of the Islands?” Answer: It would take 4-5 years to make up for the reduction.

Pam also noted the southeast area did a survey of all their services and we received the highest satisfaction rating.

Board Member Moser asked for the milestones for the next budget year. Pam replied we are looking at bringing the requested budget in September and the tentative 2016 budget to be adopted in October.

5. Requested Items for Next Meeting on Monday, September 28th, 2015	<ul style="list-style-type: none"> • 2016 Requested Budget • Update on Curbside Glass Collection Services • Board Approval of the Executive Director's Appointment of the Deputy Director over Operations 		
ADJOURN		Motion to adjourn: Board Member Bradley seconded by Board Member Petersen Vote: All in favor (of Board Members present)	Approved August 24th, 2015