

ADMINISTRATIVE CONTROL BOARD (ACB) – WASATCH FRONT WASTE AND RECYCLING DISTRICT (WFWRD)
MONTHLY MEETING MINUTES

DATE/TIME	LOCATION	ATTENDEES
<p>September 26, 2016 9:00 a.m.</p> <hr/> <p>Next Board Meeting October 24, 2016 9:00 a.m.</p>	<p>Public Works Building 604 W 6960 S Midvale, UT 84047</p>	<p><u>Board Members:</u> Scott Bracken, Jim Bradley, Steve Gunn, Aimee Newton, Kris Nicholl (via phone), Craig Tischner, Jenny Wilson EXCUSED: Dama Barbour, Jim Brass</p> <p><u>District Staff:</u> Anthony Adams, Craig Adams, Mike Allan, Rachel Anderson, Bill Hobbs, Cathy Jensen, Gaylyn Larsen, Pam Roberts, Ken Simin</p> <p><u>Public:</u> Mark Hooyer (Trans-Jordan Cities)</p>

AGENDA

Call to Order: Jim Brass, Board Chair

1. Consent Items: (Approval Requested)

1.1. August 22, 2016 Board Meeting Minutes

2. Meeting Open for Public Comments: (Comments are limited to 3 minutes)

3. Business Items

- 3.1. Utah Local Government Trust Address; Steve Hansen, CEO (**Informational**)
- 3.2. Review Driver Turnover/Retention and Recommendations on the Findings of a Market Analysis; Pam Roberts, Executive Director and Gaylyn Larsen, Human Resources (HR) Manager (**Approval Requested**)
- 3.3. 2017 Budget Proposal; Cathy Jensen, Controller; Pam Roberts (**Direction Requested**)
- 3.4. If Needed, Call a Special meeting, to be Held Before the Regularly Scheduled October 24, 2016 ACB Meeting, to Review 2017 Budget; Pam Roberts (**Direction/Approval Requested**)

4. Requested Items for the Next Board Meeting on October 24, 2016 Meeting

- Tentative 2017 Budget Approval
- Schedule Public Hearings for November 14 and December 12

TOPICS/ OBJECTIVES	KEY POINTS/ DECISIONS	ACTION ITEMS WHO – WHAT – BY WHEN	STATUS
1. Consent Items			
1.1 August 22, 2016 Board Meeting Minutes (Approval Requested)		Motion to approve by: Board Member Nicholl Seconded by: Board Member Wilson Vote: All in favor (of Board Members present)	Approved September 26, 2016
2. Meeting Open for Public Comments	(Comments are limited to 3 minutes)		
	No public comments.		
3. Business Items			
3.1. Utah Local Government Trust Address; Steve Hansen, CEO (Informational)	<p>Steve Hansen, CEO of the Utah Local Government Trust (Trust), spoke about their partnership with WFWRD, commenting that WFWRD is one of the best run organizations within the Trust pool. He reviewed the history and purpose of the Trust, and stated that it currently has 527 members that are all government organizations. He mentioned that the Trust provides many programs and training opportunities to improve risk management, cut costs, expand coverage, and enhance the management skills for its members. As the members’ performance and loss ratios improve, those savings are returned to its members as dividends or expansion of coverage.</p> <p>Board members Bracken and Gunn inquired as to potential overlapping liability coverage, and if the rates are the same for all organizations. Steve clarified that each organization’s liability is contained within the organization’s insurance policy. For example, even though Unified Fire Authority (UFA) serves within the City of Cottonwood Heights, Cottonwood Heights’ policy does not cover UFA’s liability coverage. He added that each</p>		

<p>3.2. Review Driver Turnover/Retention and Recommendations on the Findings of a Market Analysis; Pam Roberts, Executive Director; Gaylyn Larsen, HR Manager (Approval Requested)</p>	<p>organization’s premiums are different based on their coverage, performance, and risk factors as determined by insurance underwriters.</p> <p>Board Member Wilson asked for an explanation on the procedures for a member to join and receive dividends. Steve explained that each organization is a member within the trust and has a type of capital account. Premiums are collected, and losses and claims are paid out from those premiums. The Trust’s actuaries evaluate and adjust the reserves semi-annually. A percentage of the premiums is then set aside for past, current and future loss adjustments.</p> <p>Pam Roberts stated that becoming a member of the Trust has benefited WFWRD by expanding our insurance coverage and reducing our insurance risks at lower premiums.</p> <p>Steve indicated that it is vitally important to have the right employees performing the jobs within the organization. The right employees in the right jobs with the right training will drastically reduce risk and insurance claims. The quality of the employee can be tied directly to the amount of loss.</p> <p>Board Member Bradley asked Steve to disclose the Trust’s legal and financial structure. Steve replied that the Trust is a non-profit organization, which is set up through Interlocal Agreements; and 100% compliant with the Utah Money Management Act.</p> <p>Pam requested a wage adjustment for the Equipment Operators and Container Specialists due to a recent market analysis which showed that our salaries for these positions are below the current market rate. Raising our salaries could also potentially increase our applicant pool with a higher starting wage, and help retain current employees.</p>	<p>Motion to approve by: Board Member Newton Seconded by: Board Member Bracken Note: All in favor (of Board Members present)</p>	<p>Approved September 26, 2016</p>
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Staff requests that the proposed adjustment take effect on October 3, 2016.

Gaylyn confirmed that this market analysis was not for all WFWRD positions, but only for our drivers. She echoed that we are having difficulty retaining skilled drivers and are struggling in acquiring qualified applicants. Out of the 16 hired in 2015, only five of them have remained. She began her research with local cities and found that we are competitive at our mid-range salary, but not at our entry-range salary. As a result, we are always working to recruit qualified drivers. Our current entry salary for Equipment Operators is \$16.45 per hour. The average entry salary is \$17.00 per hour. She requested approval to raise our entry salary up 3.35% to \$17.00 for our Equipment Operators. She also asked to raise the entry level salary for our Container Specialists 2.5% to be more competitive. Board Vice Chair Tischner asked if this is just the salary range or if it includes the benefits package. Gaylyn confirmed that this proposal is for the salary range. Pam stated that the salary increase would also affect contributions to benefits for retirement.

Board Member Bracken asked how many drivers leave because of salary versus being let go because of qualification or performance issues. Gaylyn estimated that 65% of the drivers who leave WFWRD do so because they can get a higher salary elsewhere.

Board Member Newton asked if this increase would be enough to attract qualified applicants. She also asked the cost to train a new employee. Gaylyn replied that the Employer Council Study stated the entry pay for this job classification was \$17.00. This is also the average entry pay for the cities evaluated within Utah, which have their own garbage collection services. Board Member Bradley asked if we would really see an increase in the qualified driver pool by increasing the entry salary. Gaylyn stated that we would probably see an increase in related driver

skills, such as cement truck drivers and other drivers skilled in various heavy truck operations. She added that we also offer regular hours and excellent benefits to our drivers. Board Member Bradley then asked how we would pay for this increase. Pam replied that it must come from our fees. Board Member Bradley asked if it would be drawing down our fund balance in 2017 without a fee increase. Pam confirmed that the 2017 budget shows a needed contribution from the fund balance to balance the revenues and operations. Gaylyn stated that it costs about \$10,000 to train each driver from recruitment through their six-month probation. Board Member Newton commented that it is cheaper to increase the salary for our drivers rather than needing to expend these resources to continually train new drivers. She further suggested that we look into the option of redirecting some of the 401k match towards the employees' salary increases and then let the employee decide if they want to put that money towards their retirement fund.

Board Vice Chair Tischner asked about the salary cap for our drivers. Gaylyn answered that the max level is around \$22.00 per hour.

Board Member Wilson asked if we know what the employees want out of the organization beyond pay. For retention, it could be simple things that could be implemented to increase employee morale and retention. She suggested that we hold open interviews with our employees, in a comfortable environment, to discover what other factors can be considered. Board Member Gunn then asked if we are only losing entry level drivers. Gaylyn confirmed that we are losing our entry and experienced drivers. Pam added that the majority of our concern, however, is with our entry level drivers.

Board Vice Chair Tischner stated that it is less expensive to retain talent than to find it. He added that we shouldn't be the organization that trains drivers only to have them

<p>3.3. 2017 Budget Proposal; Cathy Jensen, Controller; Pam Roberts (Direction Requested)</p>	<p>take their skills elsewhere. Board Member Bracken clarified that this increase is in addition to the 1% cost of living allowance (COLA) increase proposed to take effect on January 1, and also the 2% merit increase which will be implemented on the employee’s anniversary date in 2017.</p> <p>Board Vice Chair Tischner requested a cost comparison that includes benefits to better understand our position within the salary ranges. Pam commented that we are comparable to the private hauling companies with our benefits package, but our pension options are better and unique.</p> <p>Pam clarified that we have state and county mandates related to the health and safety of our communities to pick up the waste generated in our service area. As a result, we are required to provide a means for residents to properly dispose of their waste. She provided an overview of WFWRD’s recent history, including program implementation. She reminded board members that if it is determined that we need to cut services, that we consider if such services are required by the County Resolution that was recently amended to define the “basic services”. Board Member Bracken asked if the County would need to approve any cessation of services because of the Resolution. Rachel Anderson, with our legal counsel, will look into this for clarification. Board Member Newton commented that with the township changes, the County does not govern the new incorporated townships and only governs a minority of homes in the various islands. Board Member Wilson added that the County should oversee the transition of asset and legal control to the new townships.</p> <p>Pam reviewed WFWRD’s integrated system and how all of the programs connect with each other to provide a unique service package to the residents that are not provided by any other municipalities. In 2015, over</p>	<p>Gaylyn will create a comparison with the Utah cities from which she surveyed.</p> <p>Rachel Anderson will review the County Resolution to determine procedures, and County oversight, regarding the cessation of services provided by WFWRD.</p>	
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145,000 tons of waste was collected by WFWRD. With the current and expected growth within the District, this number will increase. If one of the programs is removed from the integrated system, other programs will need to increase their ability to absorb that waste. The waste tonnage will not go down because a service is cut, but rather people will find another means such as illegal dumping.

Board Member Bradley asked about the identified savings. Pam clarified that this is in relation to the Landfill dumping fees, and the savings are identified for the recycling materials and green waste that did not go to the landfill, and processed at a lower fee.

Pam presented a comparison of services provided by the various municipalities within the valley. It shows that WFWRD provides the highest level of services with the widest variety of services to its customers for a very competitive fee. She stated that we are on an uneven playing field with other municipalities, in regards to landfill fees. Trans-Jordan member cities have half-rate dumping fees, whereas we pay the full rate. Salt Lake City receives an owner dividend of \$1.75 per ton from the landfill. Additionally South Salt Lake has no dumping fees at the Transfer Station since it is within their city limits, and South Salt Lake Residents can haul their own waste to the Transfer Station for free on Saturdays. WFWRD subsidizes these differences.

Board Member Newton asked if we charge a set-up fee for new customers. Pam replied that we do not have a set-up fee, but we are proposing a delivery fee of \$10 per can to cover transportation and labor costs for that service, but we can look into a set-up fee for new homes to cover the costs of the new cans at \$50. Vice Chair Tischner voiced his support of a set-up fee that would mainly impact Herriman residents. Board Member Newton suggested

Cathy will include two options for a one-time set-up fee for new homes in the 2017 budget (\$50 and \$100)

looking into whether this set-up fee can be included in a new homeowner's closing costs.

Cathy stated that the budget is showing some shifting in recognizing expenditures. This is to more accurately reflect the costs related to each program.

Gaylyn presented on the personnel aspects of the proposed budget. She stated that Utah Retirement System (URS) is hoping to lower their prices due to current dividend returns. Our health insurance premiums, for our employees, is expected to go up around 5%. For wage adjustments, we are asking for a 1% COLA increase and a 2% merit increase. She added that a 3% wage increase is a nationwide average. Pam commented that we would like to add one full-time position in 2017 to handle the cart deliveries and repairs.

Pam commented that we will soon be accessing our cash reserves. She reminded the Board that they implement policy to maintain 20% of the total revenues at year-end fund balance, which equated to approximately \$3.9 million in cash reserves. In review of cash analysis and spending capital, Cathy is proposing we maintain a \$5 million end of year cash balance. With the proposed 2017 budget, with no fee increase, we can maintain the \$3.9 million at end of 2017. To maintain that in 2018, we will need to increase fees an additional \$1.12 per customer per month in 2018. Fees will continue to escalate in following years. Board Member Newton stated that she would like to see different fee increase scenarios to see how each one impacts future years' cash balances. Board Member Bracken observed that our expenses are increasing faster than our income. Costs of doing business naturally go up every year and we need to prepare for that by considering a standard fee increase each year as a starting point, and adjust that annual amount based on need. He requested a re-evaluation of expense increases in the past several

Rachel Anderson will research the possibility of including the start-up fees with new home purchase closing costs

<p>3.4. If Needed, Call a Special Meeting, to be held Before the Regularly Scheduled October 24, 2016 ACB Meeting, to Review 2017 Budget; Pam Roberts (Direction/Approval Requested)</p>	<p>years to determine a base amount for a standard fee increase and how that will play out going forward.</p> <p>Board Member Bracken asked about the 8% of balance in the fee schedule. Pam and Cathy confirmed that those are the annual certification fees. Pam also clarified that we are proposing an increase in our Special Service and Automated Carts fees so that the residential fees are not subsidizing the governmental services in any way and we cover some of the costs for delivering new cans to new homes.</p> <p>It was decided that a special meeting was not necessary.</p>	<p>Pam/Cathy will evaluate past operational increases and provided this information to consider a standard annual fee increase.</p>	
<p>4. Requested Items for Next Meeting on Monday, October 24, 2016</p>			
	<ul style="list-style-type: none"> • Adopt the 2017 Tentative Budget • Discussion to encourage customers to subscribe to the Green Waste Program • 2016 3rd Quarter Financial Report 		
<p>ADJOURN</p>		<p>Motion to adjourn: Board Member Bracken seconded by Board Member Newton</p> <p>Vote: All in favor (of Board Members present)</p>	