

MINISTRATIVE CONTROL BOARD – WASATCH FRONT WASTE AND RECYCLING DISTRICT

MONTHLY MEETING MINUTES - (Minutes Approved at the November 25, 2013 ACB Meeting)

DATE/TIME	LOCATION	ATTENDEES
October 28, 2013 8:30 AM – 10:30 AM <hr/> Next Board Meeting November 25, 2013, 8:30 A.M.	604 W 6960 S Training Room	<u>Board Members:</u> Chair-Coralee Wessman-Moser, Vice-Chair Sabrina Petersen (8:45), Sam Granato, Scott Bracken, Dama Barbour, Jim Brass, Patrick Leary (9:00) <u>Absent:</u> Richard Snelgrove <u>District Staff:</u> Pam Roberts, Stuart Palmer, Craig Adams, Gaylyn Larsen, Andy King, Sean Summerhays, Larry Chipman, Bill Hobbs, Ryan Dyer, Jocelyn Walsh-Magoni, Gavin Andersen <u>Public:</u> None

AGENDA

- 1. Consent Items:** (Approval Requested)
 - 1.1 September 23, 2013 Board Meeting Minutes
 - 1.2 Abatements / Refunds

- 2. Approval Requested:**
 - 2.1 2013 3rd Quarter Financial Report, Stuart Palmer

- 3. Direction Requested:**
 - 3.1 2014 Requested Budget and Fee schedules, Pam Roberts and Stuart Palmer
 - 3.2 Cash Balance with Fee Increase Scenarios, Pam Roberts & Stuart Palmer
 - 3.3 2014 Billing and Collections Plan, Stuart Palmer & Craig Adams
 - 3.4 Schedule the 2014 Budget Adoption Public Hearing

- 4. Requested items for the next Board Meeting, Monday, November 25, 2013 8:30 a.m.**
 - 4.1 Tentative Approval of the 2014 Budget, Pending the Public Hearing in December

TOPICS/ OBJECTIVES	KEY POINTS/ DECISIONS	ACTION ITEMS WHO – WHAT – BY WHEN	STATUS
1.1 Approve Meeting Minutes	Approval of the October 28, 2013 Minutes.	Motion: by Board Member Granato, seconded by Board Member Brass, to approve the Minutes from the October 28, 2013 meeting. Vote: Unanimous (of Board Members present)	Approved October 28, 2013
1.2 Abatements	Pam presented the abatements list and asked for approval to refund two customers for incorrect billing, and release the lien on a UDOT owned property due to a demolished home.	Motion: By Board Member Granato, seconded by Board Member Barbour to approve the refunds and lien release as presented. Vote: Unanimous (of Board Members present)	Approved October 28, 2013
2. Approval Requested: Executive Director's Recommendations			
2.1 2013 3 rd Quarter Financial Report, Stuart Palmer	<p>Stuart presented the 3rd quarter financial report. He reported that \$2.4 million was sent to certification. The key expenditure has been temporary labor on area cleanup due to overtime because of vacant positions as the season nears its completion; we are in line with the projected overtime. Board Member Bracken: temporary labor is running lower than budgeted. Pam responded that it is because overtime is higher to make up for the vacant positions, causing a drop in the regular labor line item.</p> <p>District fuel cost is down a bit due to CNG fuel and truck maintenance, plus a deferral of \$400,000 for the proposed landfill increase since that wasn't approved as planned. Pam: we have an expected \$300,000 in savings next year due to our CNG trucks. Stuart and Pam explained our purchasing of trucks over the last year, and we have not sold any in the third quarter. We currently have two trucks listed for sale. We have a \$1.4 million net gain, and we expect to break even instead of a \$1million loss in operations.</p> <p>Stuart and Pam responded yes to the question about whether the goal is to have our entire truck fleet be CNG. We anticipated saving \$75,000 this year by switching to CNG. While there is an increased expenditure, that is paid for within two years due to our overall fuel savings.</p>		
2.2 District Policy Update for Health Insurance Benefits, Adult Designee, Pam	Pam reported that executive management explored the addition of "adult designee" to our health care coverage, which was implemented by the county. Gaylyn discussed it	Motion: by Board Member Bracken, seconded by Board Member Granato to approve the addition of adult designee to the District's health insurance plan Vote:	Approved October 28,

Roberts	<p>with PEHP, and there is a fee per year for the coverage. Pam is requesting approval to implement the coverage next year because our costs are coming in lower than expected. There will be approximately a \$4,600 per year increase to our premium with this benefit. Gavin Anderson noted that Salt Lake City and Salt Lake County have recognized an advantage to having this benefit for employees, and there have been only a small percentage of employees who have taken advantage of it. Gaylyn: requested domestic partner coverage instead of adult designee, but because of the insurance pool the District falls in, PEPH only offers the coverage as adult designee – which has the benefit of covering additional people. Gaylyn noted that previously there were tax implications for bringing on an adult designee, but those don't apply now that the Supreme Court's Defense of Marriage Act no longer exists. The DA's Office is exploring how that will impact Salt Lake County and the District under the new Supreme Court ruling. Legal counsel is reviewing an affidavit that needs to be included based on that decision. The affidavit is required as evidence that an employee has a long term relationship with someone that falls under the "adult designee" category. Gavin will present the Board the affidavit once it is reviewed and better suited to our organization.</p>	unanimous (of Board Members present)	2013
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3. Direction Requested

3.1 2014 Requested Budget and Fee schedules, Pam Roberts and Stuart Palmer

Pam mentioned that the Landfill Council is still planning to increase their fees because they are recognizing a budget shortfall. We will increase expenditures of approximately \$1million next year. Our goal is to effectively manage the loss of revenue related to second garbage can returns. Board Member Bracken asked why we have seen such a high return on second cans. Pam: Transparency of billing resulted in a clearer understanding of what people are paying, so people turn in the second can. Pam noted that we have more homes coming on (new builds), which generates more revenue.

Pam: The team evaluated what would happen if we went to a 4 year rather than 3 to 4 year truck replacement schedule. The research shows that it isn't cost effective because the trucks go down in value while maintenance costs and down time increase. The team anticipates the resale value also goes down with older trucks. Pam recommended staying with the current truck replacement schedule.

Board Member Wilde asked what the mandatory employer contribution was for the Affordable Healthcare Act. Gaylyn: The District pays 2% toward taxes that have been imposed on every employer to help pay for the ACA/Obamacare. Our insurance company pays the tax and passes the cost back to the employer. Board Member Bracken asked Gaylyn to provide more detail on the specific taxes for health insurance that she mentioned.

Pam recommends adding glass collection, and the team is planning to initiate an RFP to vendors for processing. She reviewed her list of recommendations.

Management proposes adding another route due to growth in the District, creating a need for 1 Equipment Operator FTE in April, bringing the total to 51 operators. There is also a proposal for 1 Container Specialist (bringing the total to 3) to help with the additional cart delivery to the new builds, and servicing those carts (there are currently 175,000 carts out to our customers). Management expects to ask for another truck and 1 FTE in the future to manage the growth and the green waste program. Board Member Wilde asked how the District arrived at an estimated 2,500 customers interested in green waste. Pam noted that with the news reports and word of mouth, the surveys indicate a strong interest in the service.

To Be Presented To The Board Prior To The November Board Meeting:

Gaylyn will provide further detail on the health insurance taxes.

	<p>The District has a goal of improving employee satisfaction, and Pam is recommending a 3% merit increase for employees on their annual hire date - based on performance. Gaylyn: since this merit increase recommendation was initially sent to the Board, Mayor McAdams recommended a 2% increase for COLA, and he reported that to the employee associations. Board Member Leary noted that the COLA is more in line with a merit increase, and it would be effective January 1, 2014. Gaylyn reported that Davis County has given the same amount in Merit every year. Other districts and cities have not started their projections but are anticipating merit increases in the 3% range. The county gave \$900,000 in market adjustments last year. Gaylyn presented a report indicating other cities' various increases (merit and COLA). Pam: the District's market adjustment average for 2013 is approximately a 5% increase which is similar when taking the other cities into account.</p> <p>The District has a priority to improve our technologies, and Pam stated that we will be implementing the radio frequency program and absorb the cost. It will help with container count and accurate billing. Extra funds from the leaf bag program will be used to pay for the program.</p>		
<p>3.2 Cash Balance with Fee Increase Scenarios, Pam Roberts & Stuart Palmer</p>	<p>With regard to expected revenue, there aren't many changes since last month's report. Stuart explained the fee proposal. Board Member Wilde: with regard to \$425,000 for green, how much will disposal costs be? We currently save \$10 per ton in landfill fees for green waste that is diverted to be used as compost.</p> <p>Stuart reported that we anticipate the green program to pay for itself as a subscription program, and we will break even through 2014. The landfill will process the green, but we are charged less than the regular dumping fee.</p> <p>Stuart discussed operating expenses: we are realizing an increase in miles due to new homes, and green waste collection. The CNG costs line item indicates the amount we save in price per gallon. Pam noted that it doesn't affect our budget, but Fleet plans to work with Questar to build an on-site CNG filling station, and we can fill up overnight. This will save time during routes and mileage from going to an off - site location. Fleet will move to another building next year so we will pay more in building expenses. Stuart</p>	<p>Motion: by Board Member Brass, seconded by Board Member Peterson to adopt Scenario 5 as presented. That being a \$2.00 increase in 2014 and a \$2.00 increase in 2015. Vote: 6 for, 1 against (Board Member Bracken)</p>	

discussed our increases (more bills to send, postage increase).

Pam presented the fee proposals showing a comparison to 2013 to indicate new fees, and those that would continue (such as the previously approved NSF fees). We will monitor the bulk rentals to determine if a fee increase is necessary in 2015. Board Chair Wessman-Moser asked if Pam could adjust the \$30 to \$35 for the over tonnage charge on bulk trailers. There isn't a proposal to increase the municipal rates, but there is for the special services fee. Pam suggested using \$.05 of the monthly fees to go to special services since the residents use the facilities. Board Chair Wessman-Moser asked if the team could reevaluate that and not impose the residents with any percentage of their monthly fee going to special services.

Pam noted that Board Member Bracken had asked for clarification on why we need to increase fees. She and Stuart presented the five scenarios which showed what happened to our cash flow. Stuart noted that the \$700,000 loss of revenue affects the budget many years ahead, not just once. Board Member Snelgrove asked last month what the impact would be to have a 1.75% vs. 3% merit increase. Stuart showed the cumulative affect including the landfill increase. We were in line with our budget but a loss in revenue and increases affected it significantly. Pam: we have continued to evaluate whether Fleet is in line with their maintenance rates and they are the best deal. They plan to add off-hours swing shifts so the trucks are fixed when the work force is not here. Once that is implemented we may be able to forgo the purchase of another side-loader.

Pam presented six scenarios showing fee increase options, and explained how they would reflect in our budget through 2018. The last fee increase was in 2012 going from \$11 per month to \$12.75 per month. Prior to that there was no increase for five years. Pam proposed scenario five, and she recommends the merit increase (equating to approximately \$53,000 annually) to keep the District in line with the market. We are below market with the hourly rate for temps. Pam suggested putting the extra temporary positions' budget money toward increasing the hourly rate for area cleanup since it would help with retention and hiring. That line item would remain flat in 2014 from this year.

Board Member Bracken asked what our projected fee

increase had been in 2012, and Pam noted that in 2012 a fee increase was expected to take place in 2015 of \$2. She is proposing that the increase take place in 2014 due to the time value of money. Pam: any proposed fee increase would need to be approved by the city and county councils. Four out of the six would need to agree (five cities and Salt Lake County). The Board has the authority to adopt fees, but needs additional approval from the majority of the governing bodies under Salt Lake County Resolution establishing the District as its own organization.

Board Chair Wessman-Moser asked Gavin if the approval from the governing bodies needs to happen before the 2014 budget is adopted. Gavin discussed the process and noted that the budget can be adopted by the Board, but the fee increase cannot be implemented until a majority of the Governing Bodies approves it.

Board Member Brass: the citizen feedback has indicated that they prefer small increases regularly rather than a higher increase every couple of years. Board Member Bracken asked if the Resolution allows for the increase to happen regularly over several years. Pam responded that Executive Management will need to research the clause. Board Member Brass noted that the Board needs to show the residents all the services the District offers and explain why we need to increase fees and they can determine if they want to keep all the services.

There was a discussion among the Board about District costs, how other cities compare, our billing costs, and whether there are other areas we can cut costs to prolong a fee increase.

Pam stated that she and Stuart will present to the councils when the board members meet with them to discuss the fee increase. Pam noted that the most significant impact would be cutting area cleanup and that is the most popular service for our customers and not recommended. The District either needs to raise rates or cut services, there is no other easy fix.

Board Member Bracken requested to see a scenario of \$1 per year increase for multiple years. This was presented, discussed and determined that that scenario would not sustain funds over time.

Pam reiterated that the merit increase would show a 3%

	increase at the high end, it's based on performance. At the November meeting we will need to have a tentative budget approval.		
3.3 2014 Billing and Collections Plan, Stuart Palmer & Craig Adams	<p>Pam went over the 2013 billing cycle and challenges, and the 2014 Billing Proposal. Stuart: we are proposing quarterly billing and the \$700,000 budget line item for that encompasses mailing and other administrative costs. The Board discussed their opinions about the particular scenarios. Board Member Wilde suggested keeping annual billing and letting people pay quarterly or monthly. With the quarterly billing option, customers can still choose to pay annually.</p> <p>Stuart asked for approval of the certification plan for accounts with outstanding balances.</p>		
3.4 Schedule the 2014 Budget Adoption Public Hearing	The date for the Budget Adoption Public Hearing was set for Monday, December 9, 2013.		
ROUND TABLE	Board Member Granato asked about the Emigration Canyon container site. Pam reported that we are waiting for the jersey barricades to be in place by PW Operations, and the contractor is ready to start with the concrete work once those are in.		
4.1 Requested items for the next Board Meeting	Tentative approval of the 2014 Budget, pending the public hearing in December.		
Adjournment (10:45 am)	Motion to Adjourn Meeting	Motion: by Board Member Granato, seconded by Board Member Bracken, to adjourn the meeting.	