

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

DATE/TIME	LOCATION	ATTENDEES
<p>May 20, 2019 9:00 a.m.</p> <hr/> <p>Next Board Meeting June 24, 2019 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, Brad Christopherson, Kay Dickerson, Shireen Ghorbani (via phone), Steve Gunn, Kris Nicholl (via phone), Brint Peel, Patrick Schaeffer Excused: Jim Brass, Dwight Marchant, Sherrie Ohrn, Robert Paine, Ron Patrick</p> <p><u>District Staff:</u> Anthony Adams, Rachel Anderson, David Ika, Yael Johnson, Paul Korth, Andrea Murdock, Pam Roberts, Ken Simin, Sione Tuione</p> <p><u>Public:</u> Rick Graham (Salt Lake County), Marla Kennedy (Salt Lake County), Mike Reberg (Salt Lake County), Phillip Smith, Ron Stewart (Gilbert & Stewart)</p>

AGENDA

Call to Order: Brint Peel, Board Chair

1. Consent Items:

- 1.1. Oath of Office for New Board Member, Shireen Ghorbani: Anthony Adams, District Clerk
- 1.2. April 22, 2019 Board Meeting Minutes (**Motion & Approve**)

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

3. Business Items

- 3.1. 2018 Independent Financial Audit Report: Ron Stewart, Gilbert & Stewart (**Informational**)
- 3.2. Follow-Up on Employee Turnover Information: Andrea Murdock, Human Resources Manager (**Informational/Direction**)
- 3.3. Abatement, Refund Policy Recommendations: Pam Roberts, Executive Director (**Informational**)
- 3.4. Executive Director’s Reports: Pam Roberts (**Informational/Direction**)
 - 3.4.1. Granite Sandy Annexed Property Withdrawal
 - 3.4.2. WFWRD and Salt Lake County Interlocal Agreement negotiations for Landfill/Transfer Station Services: Pam Roberts and Rachel Andersen, Legal Counsel

3.4.3. Recycling Updates

- 3.4.3.1. Email Message from Vicki Bennett, Salt Lake City Sustainability Department Director
- 3.4.3.2. Recycling Commodities and Associated Costs for WFWRD
- 3.4.3.3. Contract Amendment with Rocky Mountain Recycling

3.5. Follow-up on Additional Cleanup Options to Augment the Annual Area Cleanup: Pam Roberts (**Informational/Direction**)

4. Closed Session (If Needed)

The Administrative Control Board may temporarily recess the meeting to convene in a closed session to discuss the character, professional competence, or physical or mental health of an individual, pending or reasonable imminent litigation, and the purchase, exchange, or lease of real property, or other legally applicable reasons as provided by Utah Code Annotated §52-4-205.

5. Other Board Business

This time is set aside to allow Board members to share and discuss topics.

6. Requested Items for the Next Board Meeting on June 24th, 2019

- District Updates: Loss Prevention, Interlocal Agreement for Landfill/Transfer Station Services, Recycling
- Customer Survey on Recycling

TOPICS/ OBJECTIVES	KEY POINTS/ DECISIONS	ACTION ITEMS WHO – WHAT – BY WHEN	STATUS
1. Consent Items			
<p>1.1 Oath of Office</p> <p>1.2 April 22, 2019 Board Meeting Minutes</p>	<p>Anthony Adams, District Clerk, administered the Oath of Office for Shireen Ghorbani.</p>	<p>Motion to Approve the Minutes by: Board Vice Chair Christopherson Seconded by: Board Member Schaeffer Vote: All in favor (of Board Members present)</p>	<p>Approved May 20, 2019</p>
2. Meeting Open for Public Comments	(Comments are limited to 3 minutes)		
	<p>Phillip Smith, from Holladay, addressed the ACB. He voiced his concern on increasing recycling costs, and if they were to increase too significantly if it is proper to burden the residents with the cost of recycling. He indicated that he understands that it is a complex issue, but asked if there is a way to separate the cost of recycling from the other waste collection fees and allow residents to opt out of recycling and the associated fees. If that is not possible, he requested that the individual collection costs be broken out in the quarterly bills for residents to see the cost associated with each commodity. Board Chair Peel stated that other residents have voiced similar concerns. He confirmed that this topic will be discussed as appropriate.</p>		
3. Business Items			
<p>3.1. 2018 Independent Financial Audit Report: Ron Stewart, Gilbert & Stewart (Informational)</p>	<p>Paul Korth, District Controller, introduced Ron Stewart, partner with Gilbert & Stewart CPAs, who conducted the 2018 Independent Financial Audit for WFWRD.</p> <p>Ron discussed what they do as auditors and what they attempt to accomplish in an audit. One goal is to ensure</p>		

<p>3.2. Follow-up on Employee Turnover Information: Andrea Murdock, Human Resources Manager (Information/Direction)</p>	<p>the financial statements are materially correct. The second goal is to review internal controls and ensure they are working properly. The third goal is to conduct required state compliance testing. He reviewed specific steps and tests taken to accomplish these goals, and reported that his firm has provided a clean opinion of the audit. This is the best opinion that can be obtained by an independent audit. There were no challenges, concerns, or material weaknesses identified through the audit. The District has good controls in place, and they are working.</p> <p>Board Chair Peel asked for confirmation regarding the District’s fund balance as an Enterprise Fund. Ron confirmed that what is concerning for an Enterprise Fund is a negative fund balance, but there is no required minimum or maximum fund balance for Enterprise Funds. Board Member Bradley asked what the limits would be for best practices. Ron confirmed that there are no identified limits for Special Service Districts, but there are for General Funds for other governmental entities. Board Chair Peel stated that we are working to maintain a balance between 5% and 15%, but those limits are at the complete discretion of the ACB.</p> <p>Ron concluded by commending Paul Korth, and Craig Adams, Assistant Controller, for their great work with the District’s financials and assistance with the audit.</p> <p>Board Chair Peel requested the following month for Board members to review the Comprehensive Annual Financial Report (CAFR), and to allow a few minutes for any comments or questions at the next meeting.</p> <p>By request of the ACB, Andrea provided specific information regarding the number of voluntary and involuntary employee turnover. She also identified the numbers specific to the Equipment Operator job position, since this job classification reflects the largest number of WFWRD employees.</p>		
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<p>3.4.2 WFWRD and Salt Lake County Interlocal Agreement Negotiations</p>	<p>Vice Chair Christopherson asked if exit interviews are conducted with voluntary separation. Andrea confirmed that exit interviews are conducted. Pam commented that the most common cause for voluntary separation is related to pay. Employees are leaving for a larger paycheck, even if it is for a short-term position. She added that veterans in the industry tend to stay committed to the position. Andrea added that some employees have difficulty adjusting to the District's culture, and sometimes these challenges are not caught in time when drivers are out in the field without close mentoring.</p> <p>Board Vice Chair Christopherson asked if changes can be made to improve the process. Pam answered that we try to control the factors we can, including an increased focus on our culture, but there are also industry factors we cannot control related to driver shortages. Andrea added that we have increased our training program to better prepare our drivers and give them more time to adapt to the District's culture and operating trucks. This has already made a marked difference.</p> <p>Board Member Bracken asked about the length of service for the recent voluntary terminations. Andrea stated that most of the drivers have left with less than three years with the District, on average.</p> <p>Board Member Ghorbani asked about the hiring/onboarding/training costs compared to raising the employee's wages. Pam confirmed that the District has looked into those costs. In 2015, the onboarding cost for each employee was around \$10,000. Recent evaluations indicate that this cost is higher. It was confirmed that the ACB approved a wage increase for Equipment Operators in 2019.</p> <p>Pam introduced Mike Reberg, Salt Lake County Associate Deputy Mayor. Pam reported that she and Rachel have</p>		
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<p>for Landfill/Transfer Station Services: Pam Roberts, Executive Director and Rachel Anderson, Legal Counsel (Informational/Direction)</p>	<p>had one meeting with Salt Lake County Deputy Mayor Catherine Kanter. This was the same meeting reported at last month's ACB Meeting. Associate Deputy Mayor Reberg reported that Salt Lake County Mayor Wilson has been briefed on WFWRD's request to amend the Interlocal Agreement. He stated that the County is in the process of hiring a new Executive Director for the Landfill to assist with and focus on strategic business planning for the Landfill. The position should be filled by July, and the selected individual will need to be given time to come up to speed before contract negotiations continue.</p> <p>Associate Deputy Mayor Reberg also stated that the County is in negotiations in regards to the operation of the Transfer Station. The desire is to hold off on this decision, as well, until the new Executive Director can be brought in to participate in these negotiations.</p> <p>Board Member Bracken asked if the Executive Director would be a new position, and to whom the person would report. Associate Deputy Mayor Reberg confirmed it is a new position, and they would report to the joint Salt Lake County/Salt Lake City partnership of the Landfill.</p> <p>Board Chair Peel requested Associate Deputy Mayor Reberg to relay the difficult position in which this process places WFWRD. The Landfill wants to become more profitable, but it cannot be at the expense of this Special Service District. The delays in negotiations will make it difficult for WFWRD to fulfill its contractual obligations. Associate Deputy Mayor Reberg confirmed that he would take the message back to the appropriate party(ies).</p> <p>Pam added that she will continue to press for continued discussions with Salt Lake County. She added that we have eight collection routes in Taylorsville that deliver their waste to the transfer station owned by Ace Recycling and Disposal. This equates to half of the waste collected</p>		
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in Taylorsville. We are monitoring the efficiencies of this agreement with Ace.

Board Chair Peel expressed his frustration on the delays to continue negotiations. We need to do what is best for the District and its residents.

Board Vice Chair Christopherson asked if any major policy decisions by the ACB must be approved by the Salt Lake County Council. Rachel replied that this is not the case. The County Council has delegated all policy and operational authority to WFWRD's ACB.

The County Council only retains authority over boundary annexations, and if we were to impose a property tax or bond. Board Vice Chair Christopherson added that there is a level of frustration that the Salt Lake County Landfill/Transfer Station is a for-profit enterprise for a governmental entity.

He added that there are Dividends are paid to the County and Salt Lake City, which they will not relinquish to reduce operational expenses. Their efforts to make this enterprise more profitable seems inconsistent with government. Board Member Bradley stated that the County has become very "covetous" of that income.

Board Chair Peel added that our boss and their boss are the same people – the residents of Salt Lake County. Pam confirmed that if we were able to negotiate 10% fewer tons to their facilities, it could potentially equate to approximately 16,000 tons less, or approximately \$500,000, annually, to those facilities.

Board Chair Peel added that it would only be a reduction if the County made it too expensive to deliver to their facilities. He concluded that we only want the flexibility to do what is best for our residents. Board Member Bracken commented that we can't change our procedures that quickly, if the County suddenly implements new fees.

3.3 Abatement, Refund Policy
Recommendations, Pam Roberts
and Rachel Anderson
(Direction/Approval)

Pam stated that this policy is one that has been reviewed by staff, and she wanted to update and clarify the definitions and procedures. Rachel added that we wanted clarification on which situations could be handled internally versus those situations that needed to come before the Board for approvals.

Rachel pointed out that the policy has been rewritten rather than edited line-by-line. Definitions have also been added stating that refunds are money given back to property owners due to overpayments, and abatements are a forgiveness of money owed to the District. She clarified various scenarios in which these instances would occur.

One point that was emphasized is that the Executive Director would have the authority to refund or back-bill the prior eight billing cycles (two years). Requests beyond that timeframe would come before the Board for direction and approval.

Board Member Bradley asked if it would be more advantageous to have a monetary cap rather than a timeframe. Pam stated that state statute allows up to four years, and the time limit is a fair and reasonable balance for all parties. It would also be easier to administer than a monetary limit, and it would only involve a few hundred dollars in a worst case scenario.

Board Member Schaeffer asked if we have a lot of overbilling situations. Pam stated that our transparent billing process helped shore up these situations when it was implemented in 2013. Initially, there was a loss of revenue when residents realized what they were paying and returned their extra cans.

Motion to Approve the Abatement/Refund Policy

Revisions by: Board Vice Chair

Christopherson

Seconded by: Board Member Dickerson

Vote: All in favor (of Board Members present)

**Approved
May 20, 2019**

<p>Sustainability Department Director</p>	<p>South. They are converting part of the transfer station into a recycling materials recovery facility (MRF). WM has also reached out to WFWRD to contract use with that facility, which is to be determined. Board Chair Peel asked how much recycling Salt Lake City collects. Pam replied that it is around 11,000 tons annually - approximately half of what WFWRD collects.</p>		
<p>3.4.3.2 Recycling Commodities and Associated Costs for WFWRD</p>	<p>Pam reported that we had the desire to temporarily stop delivering recycling materials to WM due to their price increase to \$72.56 per ton. Beginning in April, all recyclable materials have been delivered to Rocky Mountain Recycling (RMR) at \$47 per ton. As a result, WM cancelled our contract effective June 11, 2019. Pam has a meeting scheduled with WM representatives this Wednesday to discuss and clear up any misunderstandings.</p>		
<p>3.4.3.3 Contract Amendment with Rocky Mountain Recycling (RMR)</p>	<p>As a result of the recycling commodities market, RMR can only remain viable for a limited time. RMR has requested a contract amendment to go back to a market pricing index.</p> <p>Pam emphasized that we need multiple recycling vendors in the valley and we need to keep recycling as a viable option. She reinforced her opinion that recycling is not dead, and pointed out that China has invested in some domestic facilities to increase recycling production in the U.S.</p> <p>Board Vice Chair Christopherson said that it will take time, but the investments are happening now. We should, hopefully, have these additional options within the next couple of years.</p> <p>Pam continued to explain that an amendment to the RMR has been signed, in which we will pay market price for recycling, and it will begin June 1st. It is important to have</p>		

multiple recycling vendors in the valley to keep recycling going.

Board Member Bracken asked if RMR can show how they are increasing their own efficiencies to keep costs low. Pam confirmed that these conversations take place, and RMR does take steps to remain efficient and viable. One of the steps RMR will take is to conduct sample sorts, with our team, to determine the contamination rate of the materials we deliver. Our Sustainability Coordinator, Sean Summerhays, will help in monitoring these recycling commodities markets.

In answer to Board Vice Chair Christopherson's question, these sorts will take place at least quarterly. This will also mean an increase in costs. Board Chair Peel commented that this will cost more than we anticipated, and how will we pay for the additional costs? Paul Korth indicated that we will continue to monitor the situation, since it changes month-to-month. Our recycling budget for 2019 was \$984,000, and we've spent around \$400,000 through April. He stated that we will most likely exceed that particular budget line item, but there may be other areas in which we can supplement. Board Chair Peel voiced his support of being able to absorb those costs.

Board Member Bradley asked if we need to conduct some public relations campaign to encourage continued recycling and reassure the public that recyclables are not being sent to the landfills. Board Chair Peel added that it is our responsibility to educate the public. Pam confirmed that we have always been involved in recycling education, and described past and current efforts. Board Vice Chair Christopherson added that the education flier that went out with the January Bills was very helpful.

Board Member Gunn expressed his frustration that RMR disregarded their original contract terms because they made a bad business decision. They are asking for a significant amount of money in addition to the original

<p>3.5 Follow-up on Additional Cleanup Options to Augment the Annual Area Cleanup (ACU): Pam Roberts (Informational/Direction)</p>	<p>agreement. Board Vice Chair Christopherson stated that RMR could have just cancelled the contract, which would have been more detrimental to WFWRD. Board Chair Peel agreed that it is a hard pill to swallow. It would certainly be worse if we held them to the terms of the contract and they defaulted and went bankrupt. If that happened, we would be forced to take all recyclable materials to the landfills. Pam stated that it was a risk on theirs and our part. We came out ahead for a few months, but they did not anticipate the recycling markets to become this bad. She confirmed that she has the authority to sign contracts without ACB review, but she brought this discussion forward to the ACB because we would be over budget this year with recycling. Board Member Gunn asked if we should be requested concessions from RMR, since we are allowing a change to the original contract. Rachel stated that this amendment is beneficial for both parties, considering the alternative.</p> <p>Pam presented four additional options to consider to augment the ACU program. The Voucher Program and Trailer Rental Program are already available. Municipalities can also sponsor trailers for neighborhoods. Millcreek and Taylorsville already participate in this. There are other community cleanup options which the municipality can sponsor. Big Cottonwood Canyon and Millcreek have taken advantage of this opportunity in the past.</p> <p>Board Vice Chair Christopherson asked if we have an explanation of how ACU is setup and conducted. Things he recommended are: why we do the rotation, and how many trucks and containers we have. He added that this would be a great social media post, even if it is a link back to our website. He also requested us to list the additional options for residents.</p>	<p>Pam will work with staff and post details on the WFWRD website for the Area Cleanup rotation. She will also add links to the Vouchers and Trailer Rentals.</p>	
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4. Closed Session			
	No Closed Session		
5. Other Board Business			
	No Other Board Business Discussed		
6. Requested Items for the Next Board Meeting			
	<ul style="list-style-type: none"> • District Updates: Loss Prevention, Interlocal Agreement for Landfill/Transfer Station Services, Recycling • Customer Survey on Recycling • Follow-up on the Comprehensive Annual Financial Report (CAFR) • Report on Efficiencies with the Contract with Ace Recycling and Disposal 		
ADJOURN		Motion to Adjourn: Board Member Gunn Seconded by Board Member Bradley Vote: All in favor (of Board Members present)	Approved May 20, 2019